



شركة أبو قير للأسمدة والصناعات الكيماوية

Alexandria, 11 June, 2023

To: EGX
Disclosure Department
Dear Sir,

Subject: Interim Financial Statements together with Auditors' Review Reports for the nine-months period ended March 31, 2023

Kindly find attached:

- Interim Financial Statements for the nine-months period ended March 31, 2023 and related Explanatory Notes to the Financial Statements.
- Auditors' Review reports for the nine-months period ended March 31, 2023.
- Response on the notes stated in the review report of the Accountability State Authority on company's financial statements on March 31, 2023.

Thank You.

Best Regards,

Mr. Khaled Moustafa Sokkar

Head,
Financial Affairs Sectors

Ms. Nervana Sabbah Oraby

General Manager,
Investor Relations & Media



الشركة حاصلة على شهادات أيزو 9001 - أيزو 14001 - أيزو 18001 - أيزو 27001



مكتب الأسكندرية: ٩٥ طريق ٢٦ يوليو - برج السلسلة
تليفون: ٣/٤٨٧٩٩١١ - ٣/٤٨٤٧٢٢٩
مكتب القاهرة: ٥ شارع شريف الصغير
تليفون وفاكس: ٠٢/٢٣٩٣٤١٧٦

تليفون: ٣/٥٦٠٣٠٥٣ (سبع خطوط)
فاكس الإدارة: ٣/٥٦٠٣٠٣٢
فاكس المشتريات: ٣/٥٦٠٣٠٤٦
فاكس التسويق: ٣/٥٦٠٣٠٤٧
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كيس بريدي مخصص
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ABU QIR FERTILIZERS
AND CHEMICAL INDUSTRIES CO.
(S.A.E.)

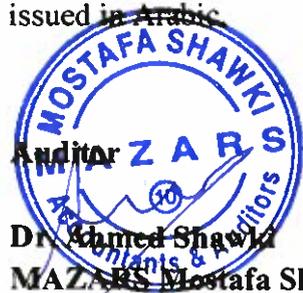
Interim financial statements
together with auditors' reports on review
for the nine-months period ended March 31, 2023

**To the Chairman of / Abu Qir Fertilizers and
Chemical Industries Company (S.A.E)**

We have performed the procedures agreed with the company to translate the financial statements of **Abu Qir Fertilizers and Chemicals Industries Company (S.A.E.)**, for the nine-months period ended March 31, 2023, which includes auditors' reports on review of interim financial statements - MAZARS Mostafa Shawki and Accountability State Authority – with the response of company's management to those reports in English. These auditors' reports on review comprise our unqualified review report and Accountability State Authority's qualified review report, both reports were issued on these financial statements and originally issued in Arabic dated May 29, 2023.

We have fulfilled our mission in accordance with the Egyptian Standard on Related Services no. 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information".

The attached translated financial statements with auditors' review reports of **Abu Qir Fertilizers and Chemicals Industries Company (S.A.E.)** for the nine-months period ended March 31, 2023, are in conformity with company's financial statements originally issued in Arabic.



Dr. Mohamed Shawki
MAZARS Mostafa Shawki

June 8, 2023.

ABU QIR FERTILIZERS
AND CHEMICAL INDUSTRIES CO.
(S.A.E.)

Interim financial statements
together with auditors' reports on review
for the nine-months period ended March 31, 2023

ABU QIR FERTILIZERS
AND CHEMICAL INDUSTRIES CO.
(S.A.E.)

Interim financial statements
for the nine-months period ended March 31, 2023

Index

<u>Description</u>	<u>Page</u>
Accountability State Authority's report on review	3
Response of company's management to Accountability State Authority's report on review	6
MAZARS Mostafa Shawki's report on review	11
Statement of financial position	12
Statement of profit and loss	13
Statement of comprehensive income	14
Statement of changes in shareholders' equity	15
Statement of cash flows	16
Explanatory notes to the financial statements	17

**Accountability State Authority
Petrochemical Department**

Report on review of interim financial statements

**To the Chairman and the Board of Directors of
Abu Qir Fertilizers and Chemical Industries Company (S.A.E)**

Introduction:

We have reviewed the accompanying financial statements of **Abu Qir Fertilizers And Chemical Industries Company (S.A.E)** subject to law No. 159 of 1981 and its executive regulation which comprise the statement of financial position as at March 31, 2023 with total assets amounted to EGP 34.3 billion, statement of income with net profit (after tax) of EGP 13 billion, and statements of comprehensive income, changes in shareholders' equity and cash flows for the nine-months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Egyptian Accounting Standards, our responsibility is to make conclusion on financial statements based on our review.

Scope of review:

We conducted our review in accordance with Egyptian Standard on Review Engagements No. (2410) "Review of interim financial statements performed by the independent auditor of the entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these financial statements.

Basis of qualified conclusion:

- Till the report date, the company has not been finally delivered The Zero Liquid Project (ZLD), and the financial statements for the nine-months period ended March 31, 2023, have not been affected by the amicable settlement that took place with the alliance of Samcrete and Bamag dated February 12, 2023, and its appendix dated February 28, 2023.

Appropriate corrections should be taken and reported.

- The company paid an amount of USD 197 million (as we counted) to Petrotrade during the period from July 1, 2022, till March 31, 2023, as payment for their dues for gas withdrawals in violation of Central Bank of Egypt Law no. (194) of 2020 and its executive regulations and their amendments in terms of dealing inside The Arab Republic of Egypt in Egyptian pounds, in addition to the company's violation of article (8) clause (8-3) of the contract with Petrotrade in terms of payment within ten days from the date of receipt of the invoice or claim, as the company paid an amount of USD 118 million (as we counted) as advanced payments.

Research, study, and verification should take place for the above matter, and both the contract terms and Central Bank of Egypt Law referred to above should be committed to avoid the company any penalties to the law.

- The investments paid by the company have not been revaluated on March 31, 2023, on Abu Tartur For Phosphoric Acid Company amounted to USD 475 thousand and the investments on the Global Company for Methanol and Derivatives amounted to USD 700 thousand, in violation to the Egyptian Accounting Standard No. (47) Financial Instruments.

The referred to above investments should be evaluated, and corrections should be taken in light of the Egyptian accounting standard referred to above.

Translation of Accountability State Authority's review report
originally issued in Arabic

- El Wady for Phosphate and Fertilizers Industries (in which the company invested 10% of its issued capital which is EGP 400 million) has incurred losses amounted to EGP 17 million according to its unaudited financial statements on December 31, 2022, despite the fact that the activity has not started to date, and also Abu Tartur For Phosphoric Acid Company (in which the company invested 9.5% of its issued capital which is USD 10 million, only USD 475 thousand are paid) has incurred losses amounted to USD 1.4 million according to its unaudited financial statements on December 31, 2022, despite the fact that the activity has not started to date, and nothing has come to our attention that causes us to believe that the company is evaluating the position of these investments in light of developments related to the two projects.

The position of investments in the two companies referred to above should be studied in light of the Egyptian Accounting Standard no. (47) Financial Instruments.

- In violation of Egyptian Accounting Standard no. (13) The Effects of Changes in Foreign Exchange Rates, paragraph no. (16), as the foreign currency is evaluated when a sales invoice is issued, despite its previous evaluation when it was paid in advance by customers, and also the down payments to Petrotrade Co. are reevaluated at the date of settlement of invoices received by the company for its gas consumption, which has an impact to misstate the gross income.

Appropriate corrections should be taken, and the Egyptian Accounting Standard referred to above should be adhered to.

- Other debit balances account included an amount of EGP 3 million, representing suppliers' debit balances, some of which have been suspended since 2014 (represented in rejected goods, deficiencies, customs fees, delay fines, guards, floors, and clearance expenses) and an amount of EGP 904 thousand, representing customs clearance (debit), some of which have been suspended since 2019 without the existence of guarantees to collect that indebtedness.

These balances should be studied, and appropriate adjustments should be taken.

- Non-conformity of custom authority balance in company's books as at March 31, 2023, with the account statement received from them with a difference of EGP 34 million, of which EGP 1.24 million related to the period from September 2020 till March 2021. Also, the outstanding balance of custom secretariats (debit) as at March 31, 2023, amounted to EGP 347 thousand of which EGP 286 thousand is pending until submitting the Euro 1 certificate and re-exporting process since 2018.

These outstanding balances should be studied, and appropriate adjustments should be taken.

Qualified conclusion:

Based on our review, except for the matters stated in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim financial statements don't present fairly, in all material respects the financial position of **Abu Qir Fertilizers And Chemical Industries Company (S.A.E)** as at March 31, 2023, and of its financial performance and its cash flows for the nine-months period then ended in accordance with Egyptian Accounting Standards.

Without qualifying our conclusion:

- Still, our note about the non-completion of registration of some of the company's lands with an area of (2 shares and 4 acres) of (which 15 shares, 21 carats, and 1 acre) outside its fence in addition to the company's administrative headquarter in Cairo hasn't been registered yet.

We repeat the recommendation that the referred above company's lands and administrative headquarter should be quickly registered.

- The decrease in the actual consumption rates of natural gas used in the production of ammonia for Abu Qir Plant 1, Abu Qir Plant 2, and Abu Qir Plant 3 below the design and standard consumption rates (according to the data approved by the company), in which decline percentage reached 3.3%, 2.13%, 5.6% respectively, accordingly the increase in the actual capacity of both Abu Qir Plant 1 and Abu Qir Plant 3 over the standard and design capacity with an increase 7.6% and 10%, respectively.

We should be provided with the reasons for the deviations mentioned above, and re-study the standard consumption rates in order to governate the company's funds.

- The company supplied fertilizers with a quantity of 618 thousand tons to the Ministry of Agriculture during the period from July 2022 till March 2023, according to its requests in violation of cabinet resolution no. (170) of November 24, 2021, which defined 55% of the actual production and monthly certificates issued by the external auditor to be delivered to the Ministry of Agriculture, and not according to the design capacity, as stated in the company's response. Noting the following:
 - Violation of cabinet resolution no. (170) dated November 24, 2021, and resolution no. (178) dated January 26, 2022, which defined 55% of the actual production quantities to be delivered to the Ministry of Agriculture, as the ministry received 231 thousand tons represents 43.4% of the production quantity which is 532 thousand tons during the period from July 2022 to September 2022 and an increase in the exported quantities.
 - Based on the minute of the meeting dated September 27, 2022, in the presence of two Ministers of Agriculture and Petroleum, it was agreed to reduce the delivered quantities from Abu Qir Fertilizers to the Ministry of Agriculture to 65 thousand tons per month, in violation of the aforementioned cabinet decision with the aim of reducing the gas consumption, which was not achieved in light of the stability of the actual production quantities which has a negative impact on the selling price of gas according to the Prime Minister's Decree no. (3221) of 2022, and therefore the state's revenues.
The referred to above cabinet resolutions should be adhered to in order to avoid exposing the company to fees and financial penalties.
- Non-compliance with some of the Egyptian Exchange Listing Rules, as follows:
 - Non-compliance with the proportional representation of women on the company's board of directors in accordance with Article no. (6) of the Egyptian Exchange Listing Rules.
 - The company's failure to form an audit committee in accordance with Article no. (37) of the Egyptian Exchange Listing Rules, as the majority of members are not independent.
The Egyptian Exchange Listing Rules should be adhered to.

Alexandria, On May 29, 2023.

General Manager
Deputy Director of the Department

Acc./ Ehab Fwazy Ahmed Mahmoud Suleiman

Undersecretary of the Ministry
First Deputy Director of the Department

Acc./ Mohamed Taher Esmail Hefth Allah

First Undersecretary of the Ministry

Acc./ Adel Ali Shaarawy
Represented by/
Amr Nafea



**Response on the notes stated in the review report of the Accountability State Authority
on company's financial statements on March 31, 2023**

First: Notes that the Accountability State Authority considers as qualified conclusion:

1. Till the report date, the company has not been finally delivered The Zero Liquid Project (ZLD), and the financial statements for the nine-months period ended March 31, 2023, have not been affected by the amicable settlement that took place with the alliance of Samcrete and Bamag dated February 12, 2023, and its appendix dated February 28, 2023.

Appropriate corrections should be taken and reported.

Response:

The project was initially received on March 22, 2023, and the final receipt of the project will take place within six months from the date of successful operation and fulfillment of the notes in accordance with the amicable settlement that took place with the alliance of Samcrete and Bamag, noting that the necessary accounting settlements related to the amicable settlement have been made in May 2023.

2. The company paid an amount of USD 197 million (as we counted) to Petrotrade during the period from July 1, 2022, till March 31, 2023, as payment for their dues for gas withdrawals in violation of Central Bank of Egypt Law no. (194) of 2020 and its executive regulations and their amendments in terms of dealing inside The Arab Republic of Egypt in Egyptian pounds, in addition to the company's violation of article (8) clause (8-3) of the contract with Petrotrade in terms of payment within ten days from the date of receipt of the invoice or claim, as the company paid an amount of USD 118 million (as we counted) as advanced payments.

Research, study, and verification should take place for the above matter, and both the contract terms and Central Bank of Egypt Law referred to above should be committed to avoid the company any penalties to the law.

Response:

The company aimed to benefit the state's economy, as it believed in its role as a leading company in supporting the state organizations in times of crisis, noting that the advance payments were made to the Egyptian General Petroleum Corporation upon its request, as it is one of the sovereign state organizations which owns the natural gas, not Petrotrade company.

Starting March 2023, claims related to natural gas consumption, all bills will be paid in EGP.

3. The investments paid by the company have not been revaluated on March 31, 2023, on Abu Tartur For Phosphoric Acid Company amounted to USD 475 thousand and the investments on the Global Company for Methanol and Derivatives amounted to USD 700 thousand, in violation to the Egyptian Accounting Standard No. (47) Financial Instruments.

The referred to above investments should be evaluated, and corrections should be taken in light of the Egyptian accounting standard referred to above.

Response:

This matter will be studied as both companies are still in the formation stage.

	Abu Qir Fertilizers And Chemical Industries Co. (S.A.E)	
	Financial sectors	<i>Translation of response on the notes stated in the review report of the Accountability State Authority <u>Originally issued in Arabic</u></i>

4. **El Wady for Phosphate and Fertilizers Industries (in which the company invested 10% of its issued capital which is EGP 400 million) has incurred losses amounted to EGP 17 million according to its unaudited financial statements on December 31, 2022, despite the fact that the activity has not started to date, and also Abu Tartur For Phosphoric Acid Company (in which the company invested 9.5% of its issued capital which is USD 10 million, only USD 475 thousand are paid) has incurred losses amounted to USD 1.4 million according to its unaudited financial statements on December 31, 2022, despite the fact that the activity has not started to date, and nothing has come to our attention that causes us to believe that the company is evaluating the position of these investments in light of developments related to the two projects.**

The position of investments in the two companies referred to above should be studied in light of the Egyptian Accounting Standard no. (47) Financial Instruments.

Response:

The company continuously observes the position of investments in both Al-Wadi for Phosphate and Fertilizers Industries and Abu Tartur For Phosphoric Acid Company through their issued financial statements, bearing in mind that the company's statute for Al-Wadi Company has been amended to allow the company to manufacture phosphate fertilizers and mineral raw materials, and to establish, operate and manage dry ports and logistics centers, also to own, manage and operate Zero Liquid Discharge (ZLD) plant. and that studies related to this matter have been postponed until the start of the phosphoric acid project through Abu Tartur Company. Also, Al-Wady and Abu Tartur Companies achieved losses due to the fact that both companies are in the formation stage, and these losses are represented in wages, administrative and general expenses, rents, and depreciation which are normal in all similar projects and until the start of its operations.

5. **In violation of Egyptian Accounting Standard no. (13) The Effects of Changes in Foreign Exchange Rates, paragraph no. (16), as the foreign currency is evaluated when a sales invoice is issued, despite its previous evaluation when it was paid in advance by customers, and also the down payments to Petrotrade Co. are reevaluated at the date of settlement of invoices received by the company for its gas consumption, which has an impact to misstate the gross income.**

Appropriate corrections should be taken, and the Egyptian Accounting Standard referred to above should be adhered to.

Response:

The vision of the auditor agrees with the company's vision regarding the accounting treatment stated in paragraphs (20, 21, 22, 23, 28, 29) of the Egyptian Accounting Standard no. (13) - The Effects of Changes in Foreign Exchange Rates, noting that the accounting treatment in this regard represents the company's constant policy which has not been changed since the application of the standard referred to above, and the company does not reevaluate the advance payments in foreign currencies related to the sales and purchase invoices, but instead, an accounting settlement between the payments and the invoices are being taken since each of them is an independent transaction, According to the above-mentioned standard, transactions denominated in foreign currencies are recorded using the exchange rates prevailing as at the transaction date. Noting that the transaction date is the date where the transaction is qualified to be recognized in accordance with the Egyptian Accounting Standards. Also, the above-mentioned standard did not refer to the date of collecting/paying the sale/purchase invoice whether before, on the same date, or even after the issuance of the invoice.

	Abu Qir Fertilizers And Chemical Industries Co. (S.A.E)	
	Financial sectors	<i>Translation of response on the notes stated in the review report of the Accountability State Authority Originally issued in Arabic</i>

6. **Other debit balances account included an amount of EGP 3 million, representing suppliers' debit balances, some of which have been suspended since 2014 (represented in rejected goods, deficiencies, customs fees, delay fines, guards, floors, and clearance expenses) and an amount of EGP 904 thousand, representing customs clearance (debit), some of which have been suspended since 2019 without the existence of guarantees to collect that indebtedness.**

These balances should be studied, and appropriate adjustments should be taken.

Response:

The suppliers' indebtedness is related to rejected goods, deficiencies, customs fees charged to the suppliers for not receiving a 1 euro certificate, delay fines, floors, and clearance expenses, which are normal matters in dealing with overseas suppliers. These balances are subsequently adjusted after receiving alternatives for deficiencies and rejected goods, being reviewed and all observations have been fulfilled. or by refund from suppliers, through a gained discount on other purchase orders, or by releasing them by the appropriate authority, noting that an amount of EGP 74 thousand of these balances have been settled, of which EGP 62 thousand are outdated balances from 2015 till 2021, and that the above-mentioned balance of EGP 3 million includes EGP 1.26 million representing guard and fine expenses on the SPX cooling company, who approved to deduct it from two supply orders no. 181, 142, for the year 2021/2022, and the remainder of those balances are being studied and settled.

Concerning creditors - customs clearance account, these balances are subsequently settled after being reviewed and all observations have been fulfilled. Many of the original documents have been settled in addition to the presence of other documents by the shipping lines to finalize some belongings on them and other documents by the clearance companies to finish the procedures related to them and all these documents are settled upon receipt and verification.

7. **Non-conformity of custom authority balance in company's books as at March 31, 2023, with the account statement received from them with a difference of EGP 34 million, of which EGP 1.24 million related to the period from September 2020 till March 2021. Also, the outstanding balance of custom secretariats (debit) as at March 31, 2023, amounted to EGP 347 thousand of which EGP 286 thousand is pending until submitting the Euro 1 certificate and re-exporting process since 2018.**

These outstanding balances should be studied, and appropriate adjustments should be taken.

Response:

Customs Authority's account is a current account between the company and the authority increased by installments paid by the company and is being settled successively by the exchange documents after technical and financial review and after clearance of company's notes related to them in order to preserve the company's rights. Noting that many of the customs duties documents have been settled for the mentioned period and in addition to the existence of original customs duties documents with the customs party to recalculate their fees at our request taking into account the original customs documents are handed over to us by the custom clearing companies after completing the procedures related to it and are settled immediately upon receipt and audit, noting that since March 31, 2023, till now, debit balances to the customs authority amounting to EGP 20 million have been settled from the difference between the balance shown in the customs account statement on March 31, 2023, and the book value on the company's books, noting that the above-mentioned difference of EGP 34 million includes EGP 12 million represent customs duties for some of the company's assets which its customs procedures are being finalized (ammonia basket), and also chemicals for plastic plant which were received by the company are being examined, received, and settled.

Concerning customs balance (secretariats) there is communication with the suppliers to obtain the Euro 1 certificate and refund related secretariats which amounted to EGP 286 thousand, and the rest of the secretariats are currently being researched with the authority to fulfill the documents and to make the appropriate adjustments as the procedures of refunding the secretariats require need a lot of time. noting that an amount of EGP 31 thousand has been settled, and an amount of EGP 45 thousand is currently being settled from those balances which are related to outstanding for re-export since 2018.

	Abu Qir Fertilizers And Chemical Industries Co. (S.A.E)	
	Financial sectors	<i>Translation of response on the notes stated in the review report of the Accountability State Authority Originally issued in Arabic</i>

Second: Notes that the Accountability State Authority do not considers as qualified conclusion:

8. Still, our note about the non-completion of registration of some of the company's lands with an area of (2 shares and 4 acres) of (which 15 shares, 21 carats, and 1 acre) outside its fence in addition to the company's administrative headquarter in Cairo hasn't been registered yet.

We repeat the recommendation that the referred above company's lands and administrative headquarter should be quickly registered.

Response:

Regarding the unregistered lands of the company, the cadastral determination of the plot of land has been extracted and sent to the competent real estate registration office, and following any procedures until the real estate registration is completed.

Regarding the registration of the company's administrative headquarters in Cairo, the cadastral identification list of the headquarters was extracted and sent to the competent real estate registry office, and following any improvements until the real estate registration is completed.

9. The decrease in the actual consumption rates of natural gas used in the production of ammonia for Abu Qir Plant 1, Abu Qir Plant 2, and Abu Qir Plant 3 below the design and standard consumption rates (according to the data approved by the company), in which decline percentage reached 3.3%, 2.13%, 5.6% respectively, accordingly the increase in the actual capacity of both Abu Qir Plant 1 and Abu Qir Plant 3 over the standard and design capacity with an increase 7.6% and 10%, respectively.

We should be provided with the reasons for the deviations mentioned above, and re-study the standard consumption rates in order to governate the company's funds.

Response:

Regarding the decrease in the actual consumption rates of natural gas used in the production of ammonia for the company's plants, below the standard and design rates, this is due to:

Other factors that contribute to increasing production capacity, the most important of which are modernization and continuous development of equipment and control systems, commitment to implement annual overhauls of factories, and commitment to change auxiliary factors to make it at the highest points of efficiency and in light of its expected useful life and low temperatures during the winter season which helps to raise the operational efficiency of the plants, as well as technical workers with expertise, which will affect the continuation of the operational process with the maximum possible capacity while preserving the equipment, and the standard consumption rates of the company will be reconsidered.

10. The company supplied fertilizers with a quantity of 618 thousand tons to the Ministry of Agriculture during the period from July 2022 till March 2023, according to its requests in violation of cabinet resolution no. (170) of November 24, 2021, which defined 55% of the actual production and monthly certificates issued by the external auditor to be delivered to the Ministry of Agriculture, and not according to the design capacity, as stated in the company's response. Noting the following:

- Violation of cabinet resolution no. (170) dated November 24, 2021, and resolution no. (178) dated January 26, 2022, which defined 55% of the actual production quantities to be delivered to the Ministry of Agriculture, as the ministry received 231 thousand tons represents 43.4% of the production quantity which is 532 thousand tons during the period from July 2022 to September 2022 and an increase in the exported quantities.

	Abu Qir Fertilizers And Chemical Industries Co. (S.A.E)	
	Financial sectors	<i>Translation of response on the notes stated in the review report of the Accountability State Authority Originally issued in Arabic</i>

- Based on the minute of the meeting dated September 27, 2022, in the presence of two Ministers of Agriculture and Petroleum, it was agreed to reduce the delivered quantities from Abu Qir Fertilizers to the Ministry of Agriculture to 65 thousand tons per month, in violation of the aforementioned cabinet decision with the aim of reducing the gas consumption, which was not achieved in light of the stability of the actual production quantities which has a negative impact on the selling price of gas according to the Prime Minister's Decree no. (3221) of 2022, and therefore the state's revenues.**

The referred to above cabinet resolutions should be adhered to in order to avoid exposing the company to fees and financial penalties.

Response:

The company affirms its commitment to supply the monthly required quota to the Ministry of Agriculture and in accordance with the decisions of the Coordinating Committee entrusted with determining the monthly quotas for fertilizer plants, the company obtains certificates supporting that from the Ministry of Agriculture.

The company confirms that there is a decrease in the quantities of natural gas consumption during the second and third quarters compared to the first quarter, noting that the company's quota during those periods which amounted to 65 thousand tons was determined by the Ministry of Agriculture, and the company committed to supplying them.

11. Non-compliance with some of the Egyptian Exchange Listing Rules, as follows:

- Non-compliance with the proportional representation of women on the company's board of directors in accordance with Article no. (6) of the Egyptian Exchange Listing Rules.**
- The company's failure to form an audit committee in accordance with Article no. (37) of the Egyptian Exchange Listing Rules, as the majority of members are not independent.**

The Egyptian Exchange Listing Rules should be adhered to.

Response:

Regarding the proportional representation of women, Board of Directors Decree no. (152-2022/2023) dated March 29, 2023, approving the nomination of Mrs. Maha Marwan Abdullah Arafa to the membership of the company's board of directors (independent member), provided that will be presented the ordinary general assembly meeting in its first session, pursuant to the decision of the General Authority for Financial Supervision in this regard.

Regarding forming the audit committee, Board of Directors Decree no. (137-2022/2023) dated March 1, 2023, approving the forming of the audit and governance committee headed by Mrs. Maha Marwan Abdullah Arafa (independent member), pursuant to the decision of the Financial Supervisory Authority in this regard.

On April 5, 2023, the General Authority for Financial Supervision was addressed to give the company a deadline to reconcile the situation by the end of September 2023 so that the company could hold the ordinary and extraordinary general assembly to approve the necessary amendments in the company's statute to include independent members and then approve the formation of the new board of directors.

**Translation of auditor's review report
originally issued in Arabic**

Report on review of interim financial statements

**To the Chairman and the Board of Directors of
Abu Qir Fertilizers and Chemical Industries Company (S.A.E)**

Introduction:

We have reviewed the accompanying financial position of **Abu Qir Fertilizers and Chemical Industries Company (S.A.E)** as at March 31, 2023 and the related statements of profit and loss, comprehensive income, changes in shareholders' equity and cash flows for the nine-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Egyptian Accounting Standard no (30) relevant "interim financial statements" and in light of prevailing Egyptian governing laws. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review:

We conducted our review in accordance with Egyptian Standard on Review Engagements No. (2410) "Review of interim financial statements performed by the independent auditor of the entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects the financial position of **Abu Qir Fertilizers and Chemical Industries Company (S.A.E)** as at March 31, 2023, and of its financial performance and its cash flows for the nine-months period then ended in accordance with Egyptian Accounting Standards no (30) and in light of prevailing Egyptian governing laws.

Auditor

**Dr. Ahmed Shawki
MAZARS Mostafa Shawki**

May 29, 2023.



Translation of statement of financial position
Originally issued in Arabic

Abu Qir Fertilizers
And Chemical Industries Co. (S.A.E.)
Statement of financial position as at March 31, 2023
(Amounts expressed in Egyptian Pound)

	<u>Note no.</u>	<u>March 31, 2023</u> <u>EGP</u>	<u>March 31, 2022</u> <u>EGP</u>	<u>June 30, 2022</u> <u>EGP</u>
Assets:				
Non-current asset:				
Fixed assets (net)	(3/2, 3/11/2),(4)	1,164,458,929	962,731,667	1,221,254,529
Projects under construction	(3/3), (5)	367,868,073	504,925,201	294,255,347
Right of use assets (lease contracts)	(3/17/2), (6/1/1)	--	127,562	95,672
Investments in equity instrument - at fair value through OCI	(3/4), (7)	6,997,366,844	2,806,273,799	4,223,109,325
Total non-current assets		8,529,693,846	4,274,058,229	5,738,714,873
Current assets:				
Assets held for sale	(9)	--	--	1,185,295
Inventory	(3/6), (10)	2,136,125,617	1,480,521,684	1,563,956,788
Trade receivables and other debit accounts	(3/7), (11)	1,847,372,934	1,312,194,269	866,781,117
Financial investments at amortized cost (Treasury bills)	(3/10), (8)	6,296,824,157	9,927,751,536	11,268,037,193
Cash on hand and its equivalent	(3/8), (12)	15,523,115,828	2,366,016,323	2,933,798,595
Total current assets		25,803,438,536	15,086,483,812	16,633,758,988
Total assets		34,333,132,382	19,360,542,041	22,372,473,861
Shareholders' equity and liabilities:				
Shareholders' equity:				
Paid up capital	(13/1)	1,892,813,580	1,892,813,580	1,892,813,580
Reserves	(3/14), (13/2)	6,769,140,193	727,864,932	727,864,932
Revaluation of investments at fair value through OCI	(3/4), (13/3)	6,532,940,531	2,454,347,486	3,871,183,013
Retained earnings	(13/4)	13,864,486	3,522,269,479	2,260,393,759
Net profit for the period/year	(3/19)	12,958,722,010	6,964,526,491	9,054,139,328
Total shareholders' equity		28,167,480,800	15,561,821,968	17,806,394,612
Non-current liabilities:				
Non-current provisions	(3/15), (14)	278,810,270	215,635,800	338,235,399
Deferred tax liabilities	(3/17/6), (15)	156,494,745	124,272,346	153,713,122
Total non-current liabilities		435,305,015	339,908,146	491,948,521
Current liabilities:				
Trade payables and other credit accounts	(3/12), (16)	2,544,924,030	1,742,137,328	1,797,878,052
Lease liabilities	(3/17/2), (6/1/2)	--	138,663	103,997
Creditors – tax authority	(16/6)	3,179,456,607	1,714,935,936	2,266,548,679
Provisions	(3/15), (14)	5,965,930	1,600,000	9,600,000
Total current liabilities		5,730,346,567	3,458,811,927	4,074,130,728
Total liabilities		6,165,651,582	3,798,720,073	4,566,079,249
Total shareholders' equity and liabilities		34,333,132,382	19,360,542,041	22,372,473,861

- The accompanying notes are an integral part of these interim financial statements.
- Reports on review are attached.

Chairman and Managing Director

Eng.: Abed Ezz Al Regal

Head of Financial Sectors

Acc.: Khaled Mostafa Sokar



Translation of statement of income
Originally issued in Arabic

**Abu Qir Fertilizers
And Chemical Industries Co.
(S.A.E.)**

**Statement of profit and loss
for the nine-months period ended March 31, 2023**
(Amounts expressed in Egyptian Pound)

	Note no.	Nine-months period from 1/7/2022 till 31/3/2023	Nine-months period from 1/7/2021 till 31/3/2022	Three-months period from 1/1/2023 till 31/3/2023	Three-months period from 1/1/2022 till 31/3/2022
		EGP	EGP	EGP	EGP
Sales	(3/16/1), (19/1)	17,300,888,390	12,043,277,849	6,066,699,881	5,797,661,568
Cost of goods sold	(19/2)	(6,478,633,762)	(4,067,952,425)	(2,518,195,634)	(1,727,811,033)
Gross profit		10,822,254,628	7,975,325,424	3,548,504,247	4,069,850,535
Return on financial assets measured at fair value through (OCI)	(3/16/2), (7), (19/3)	982,810,000	430,504,000	982,810,000	430,504,000
Credit interests	(3/16/3), (19/4)	360,208,316	31,729,043	185,578,563	12,175,004
Return on investments at amortized cost (Treasury bills)	(3/16/4), (19/5)	912,160,096	690,637,650	271,381,934	261,287,860
Other revenues	(19/6)	63,087,899	20,183,161	53,370,645	5,184,135
Gain on sale of fixed assets	(3/2/4), (19/6/4)	24,849,172	446,445	24,426,620	231,445
Foreign currency exchange differences	(3/1), (19/7)	3,853,966,829	185,041,139	2,276,829,123	160,868,620
Selling and distribution expenses	(3/17), (19/8)	(438,129,984)	(318,556,795)	(174,690,636)	(121,608,627)
Administrative and general expenses	(3/17), (19/9)	(216,180,785)	(142,459,298)	(83,472,419)	(63,711,021)
Provisions support	(3/15), (14)	(4,764,398)	(1,546,590)	--	(46,590)
Provisions settlements	(14)	54,458,656	318,407	54,241,056	--
Financing expenses	(3/17/1), (19/10)	(11,632,317)	(7,614,515)	(3,134)	(6,439,723)
Net profit for the period before tax		16,403,088,112	8,864,008,071	7,138,975,999	4,748,295,638
Income tax	(3/17/5), (19/11)	(3,444,366,102)	(1,899,481,580)	(1,414,545,958)	(986,814,089)
Net profit for the period		12,958,722,010	6,964,526,491	5,724,430,041	3,761,481,549
Earnings per share	(3/18), (25)	8.58	4.63	3.79	2.50

- The accompanying notes are an integral part of these interim financial statements.

Chairman and Managing Director

Eng.: Abed Ezz Al Regal

Head of Financial Sectors

Acc.: Khaled Mostafa Sokar



Translation of statement of comprehensive income
Originally issued in Arabic

Abu Qir Fertilizers
And Chemical Industries Co.
(S.A.E.)

Statement of comprehensive income
for the nine-months period ended March 31, 2023
(Amounts expressed in Egyptian Pound)

	Note no.	Nine-months period from 1/7/2022 till 31/3/2023	Nine-months period from 1/7/2021 till 31/3/2022	Three-months period from 1/1/2023 till 31/3/2023	Three-months period from 1/1/2022 till 31/3/2022
		<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period		12,958,722,010	6,964,526,491	5,724,430,041	3,761,481,549
<u>Other comprehensive income</u>					
Revaluation of investments at fair value through OCI	(13/3)	2,661,757,519	979,590,754	1,351,968,581	651,300,487
Total comprehensive income for the period after tax		<u>2,661,757,519</u>	<u>979,590,754</u>	<u>1,351,968,581</u>	<u>651,300,487</u>
Total comprehensive income for the period		<u>15,620,479,529</u>	<u>7,944,117,245</u>	<u>7,076,398,622</u>	<u>4,412,782,036</u>

- The accompanying notes are an integral part of these interim financial statements.

Chairman and Managing Director

Eng.: **Abed Ezz Al Regal**

Head of Financial Sectors

Acc.: **Khaled Mostafa Sokar**



Translation of statement of changes in shareholders' equity
Originally issued in Arabic

Abu Qir Fertilizers And Chemical Industries Co. (S.A.E.)

Statement of changes in shareholders' equity
for the nine-months period ended March 31, 2023
Amounts expressed in Egyptian Pound)

	Paid up capital	Legal reserve	Other reserves	Revaluation of investments at fair value through OCI	Retained earnings	Total
	EGP	EGP	EGP	EGP	EGP	EGP
March 31, 2023						
Balance as at July 1, 2022	1,892,813,580	705,719,331	22,145,601	3,871,183,013	11,314,533,087	17,806,394,612
Revaluation of investments in equity instrument at fair value through OCI	--	--	--	2,661,757,518	--	2,661,757,518
Net profit for the period ended March 31, 2023	--	--	--	--	12,958,722,010	12,958,722,010
Cash dividend	--	--	--	--	(5,260,342,574)	(5,260,342,574)
Adjustments to R/E	--	--	--	--	949,234	949,234
Transferred to reserves	--	240,687,459	5,800,587,802	--	(6,041,275,261)	--
Balance as at March 31, 2023	1,892,813,580	946,406,790	5,822,733,403	6,532,940,531	12,972,586,496	28,167,480,800
March 31, 2022						
Balance as at July 1, 2021	1,892,813,580	530,530,812	9,908,803	--	5,927,352,974	8,360,606,169
Adjustments to opening balance - the revaluation of investments in equity instrument at fair value through OCI	--	--	--	1,474,756,732	--	1,474,756,732
Amended opening balance as at July 1, 2021	1,892,813,580	530,530,812	9,908,803	1,474,756,732	5,927,352,974	9,835,362,901
Revaluation of investments in equity instrument at fair value through OCI	--	--	--	979,590,754	--	979,590,754
Net profit for the period ended March 31, 2022	--	--	--	--	6,964,526,491	6,964,526,491
Cash dividend	--	--	--	--	(2,217,647,300)	(2,217,647,300)
Adjustments to R/E (first implementation of Standard no 49 – Lease contracts)	--	--	--	--	(10,878)	(10,878)
Transferred to reserves	--	175,188,519	12,236,798	--	(187,425,317)	--
Balance as at March 31, 2022	1,892,813,580	705,719,331	22,145,601	2,454,347,486	10,486,795,970	15,561,821,968
Note	(13/1)	(3/14, 13/2)	(3/14, 13/2)	(13/3)	(13/4)	

- The accompanying notes are an integral part of these interim financial statements.

Chairman and Managing Director

Eng.: Abed Ezz Al Regal

Head of Financial Sectors

Acc.: Khaled Mostafa Sokar



*Translation of statement of cash flows
Originally issued in Arabic*

**Abu Qir Fertilizers
And Chemical Industries Co.**
(S.A.E.)

**Statement of cash flows
for the nine-months period ended March 31, 2023**

(Amounts expressed in Egyptian Pound)

	Note	Nine-months period from 1/7/2022 till 31/3/2023 <u>EGP</u>	Nine-months period from 1/7/2021 till 31/3/2022 <u>EGP</u>
<u>First: Cash flows from operating activities:</u>			
Cash sales and proceeds from clients	(3/8), (3/9)	17,629,812,545	12,265,931,616
Cash purchasing and payments to vendors		(6,515,878,193)	(3,385,595,767)
Salaries and wages payments		(797,771,225)	(549,062,718)
Credit interests	(19/4)	299,033,135	30,834,956
Tax payments		(2,562,242,159)	(1,026,581,123)
Other proceeds		364,532,097	238,508,866
Other payments		(786,070,524)	(598,603,268)
Net cash flows provided from operating activities no. (1)		<u>7,631,415,676</u>	<u>6,975,432,562</u>
<u>Second: Cash flows from investing activities:</u>			
Payments for acquisition of fixed assets and projects under construction		(122,899,152)	(175,840,636)
Proceeds from investments in equity instrument at fair value through OCI		120,273,800	103,330
Payments for investments in equity instrument at fair value through OCI		(112,605,000)	(11,097,000)
Proceeds from sale of fixed assets		24,999,529	508,948
Payments for investments at amortized cost (Treasury bills)		(8,639,225,869)	(13,354,034,218)
Proceeds from investments at amortized cost (Treasury bills)		13,410,734,909	10,052,532,973
Return on investments at amortized cost (Treasury bills)	(19/5)	929,432,074	535,025,150
Net cash flows provided from (used in) investing activities no. (2)		<u>5,610,710,291</u>	<u>(2,952,801,453)</u>
<u>Third: Cash flows from financing activities:</u>			
Repayment of loans and grants related to Zero Liquid Discharge Project		--	(45,506)
Proceeds from bank facilities		753,095,920	--
Repayment of bank facilities		(753,095,920)	(576,318,374)
Paid dividends for the period		(4,653,329,833)	(1,977,053,398)
Net cash flows used in financing activities no. (3)		<u>(4,653,329,833)</u>	<u>(2,553,417,278)</u>
Net change in cash and cash equivalents (1) + (2) + (3)		<u>8,588,796,134</u>	<u>1,469,213,831</u>
Cash and cash equivalents, beginning of the period		2,933,798,595	625,628,485
Foreign currency exchange differences effect	(19/7)	4,000,521,099	271,174,007
Cash and cash equivalents, end of the period	(12)	<u>15,523,115,828</u>	<u>2,366,016,323</u>

- The accompanying notes are an integral part of these interim financial statements.

Chairman and Managing Director

Eng.: Abed Ezz Al Regal

Head of Financial Sectors

Acc.: Khaled Mostafa Sokar



NOTES INDEX

<u>Note</u>	<u>Description</u>	<u>Pages</u>
1	The company	18
2	Basis of accounting	18
3	Significant accounting policies	18
4	Fixed assets	40
5	Projects under construction	42
6	Lease contracts	45
7	Investments in equity instrument -at fair value through OCI	46
8	Investments in financial instruments at amortized cost - Treasuring bills	48
9	Assets held for sale	49
10	Inventory	49
11	Trade receivables and other debit accounts	50
12	Cash on hand and its equivalent	52
13	Shareholders' equity	53
14	Provisions	54
15	Deferred tax liabilities	55
16	Trade payables and other credit accounts	55
17	Tax position	59
18	Legal position	60
19	Statement of income	60
20	Contingent liabilities	65
21	Operating segments	65
22	Related parties	67
23	Important contracts with related parties	67
24	Comparative figures	68
25	Earnings per share	68
26	Emergency conditions and subsequent events	68
27	Significant events (amending some provisions of Egyptian Accounting Standards)	69



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

*Translation notes of the financial statements
Original issued in Arabic*

(Amounts expressed in Egyptian pounds)

(1) The Company:

Company's name:

Company's name is Abu Qir Fertilizers and Chemicals Industries Company S.A.E.

Legal entity:

Abu Qir Fertilizers and Chemicals Industries Company was incorporated according to Ministerial decision no.374 of 1976 under applicable laws (law no. 60 of 1971, law no. 111 of 1975, public sector law no. 97 of 1983 and then law no. 203 of 1991). The company was registered in the commercial register under no. 87560 on July 20, 1976.

On August 1, 1996, the company was transferred to be under law no. 159 of 1981.

Company's purpose:

Manufacturing all types of fertilizers, chemicals and other related materials or derived from it or materials which are necessary for its manufacturing, packing, purchasing, and selling for both domestic and global market and also pursuing the entire operations and activities which are related to mentioned purpose.

Company's duration:

The Company's duration was extended for 30 years starting from July 20, 2006, the date that the company has been reregistered in commercial register according to extraordinary general assembly meeting held on June 10, 2006.

(2) Basis of accounting:

(2/1) Compliance with accounting standards and laws:

Financial statements are prepared in accordance with the Egyptian Accounting Standards and in light of governing laws.

(2/1/1) Changes in significant accounting policies:

On March 18, 2019, The Minister of Investment and International Cooperation has issued decree No. (69) of 2019 to amend some of the Egyptian Accounting Standards that were previously issued by investment minister decree No. (110) of 2015, the decree includes some of the new Egyptian Accounting Standards as well as introducing amendments to certain existing standards this decree was published in Egyptian facts Gazette on April 7, 2019, The Prime Minister then issued a decree No. (1871) of 2020 Postponing the application of Egyptian accounting standards No. (47, 48, 49) to the financial year starting January 2021. And by referring to the Financial Regulatory Authority regarding the start of applying the amendments, the company implemented these amendments starting from July 1, 2021, because the company's fiscal year begins on July 1 of each year.

Board of directors approved the financial statements on April 18, 2023.

(2/2) Basis of measurement:

The financial statements are presented using the historical cost convention, by assuming continuity assumption except for investments available for sale which is recorded by its fair value.

(2/3) Functional and reporting currency:

The financial statements are prepared in Egyptian pound which is the functional and reporting currency for major activities in the company.

(2/4) Use of estimates and assumptions:

The preparation of financial statements in conformity with Egyptian Accounting Standards requires use of estimates and assumptions that may affect valuation of assets, liabilities, revenues and expenses. Although, these estimates are made based on management's experience and best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and related assumptions are reviewed on a regular basis, and if changes in the estimate relating to the current period, it will be recognized therein, but if related to the annual year and future years, it will be recognized in both.

(3) Significant accounting policies:

A summary of the significant accounting policies that the company applies it with fixed method through financial periods and that completely agree with the accounting policies of the most recent yearly financial statements is as follows:



(Amounts expressed in Egyptian pounds)

(3/1) Translation of foreign currencies and exchange differences policy:

The company's functional and reporting currency is the Egyptian Pound. Transactions denominated in foreign currencies are recorded using the exchange rates prevailing as at the transaction date. Monetary assets and liabilities denominated in currencies other than the Egyptian Pounds are translated using the exchange rates prevailing as at the financial statement date. Revaluation exchange differences are charged to the statement of income.

Non-monetary assets and liabilities which were stated at historical cost (or fair value) are translated to Egyptian pounds using the rates prevailing at the date of transaction (or when determining the fair value).

(3/2) Fixed assets:

(3/2/1) Reporting and valuation:

Fixed assets are recorded at historical cost less accumulated depreciation and accumulated impairment losses (if there are any indications of impairment in their values). Fixed assets cost include all company's expenditures to acquire the asset until it reaches the company site and be ready for intended use, The cost of assets manufactured internally include cost of direct material, direct labor and its share from other overhead costs until it reaches its site and be ready for intended use in addition to the cost of asset removal at end of its useful life, Components which have difference useful lives are registered separately. Gain or loss on fixed assets disposal is recognized in the statement of income.

(3/2/2) Subsequent cost after acquisition of assets:

- Any subsequent costs such as replacement parts are capitalized to fixed asset as a separate item as their useful lives differ from the main asset, old replaced or renewed items are removed from accounting records, other repairs and maintenance expenses are charged to the statement of income.
- Major spare parts and backup equipment are capitalized to fixed assets only if these costs are determinable and derive future economic benefits more than one financial year.

(3/2/3) Depreciation:

Fixed assets are depreciated using straight-line method over their estimated useful lives for all assets except lands, Depreciation is charged to the statement of income and is calculated when the asset is rendered ready for its intended purpose according to the following approved rates:

<u>Assets</u>	<u>Dep. Rate</u>
Buildings, construction, and facilities	2% - 6%
Buildings for liquid fertilizers	5%
Production equipment and machineries	5% - 11%
Production equipment and machineries – Abu Qir Plant (3)	5%
Production equipment and machineries for liquid fertilizers	6.5%
Machineries for Plastic Bags Plant	4% - 6%
Means of transportation	10% - 20%
Cranes	10%
Tools	7.5% - 10%
Furniture and office equipment	10%
Computers	25%
Photocopiers	17%
Catalyst Abu Qir Plants (1), (2), (3)	10% - 33%

(3/2/4) Derecognition of fixed assets:

The carrying amount of an item of property, plant, and equipment shall be derecognized on disposal; or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant, and equipment shall be included in profit or loss when the item is derecognized. Gains shall not be classified as revenue. The gain or loss arising from the derecognition of an item of property, plant, and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.



(3/3) Projects under construction:

All amounts paid to acquire fixed assets are recorded as projects under constructions at cost less any impairment (if any), the asset is transferred to fixed assets, and depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

(3/4) Investment:

(3/4/1) Investments in equity instruments:

Investments in equity instruments that measured at fair value through other comprehensive income, as the company at the initial recognition made an irrevocable election to present in other comprehensive income, subsequent changes in the fair value of an investment in an equity instrument, and foreign exchange gains or losses within the scope of Egyptian Accounting Standard (47). Dividends from that investment shall be recognized in the statement of income. However, the loss allowance for expected credit losses on a financial asset shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

Available for sale investments comprise investments in ownership of Alexandria Fertilizers Company, Helwan Fertilizers Company, El Wady for Phosphate and Fertilizers Industries and Abu Tartur For Phosphoric Acid Company.

(3/4/2) Investments in subsidiaries:

Investments in subsidiaries are stated at cost less accumulated impairment losses (if there are any indications of impairment in their values). Impairment loss is recognized in the statement of income separately for each investment. According to cost method, revenues are recognized due to cash dividends received from investments after acquiring date.

(3/4/3) Investments in sister companies:

Investments in sister companies are stated at cost less accumulated impairment losses (if there are any indications of impairment in their values). Impairment loss is recognized in the statement of income separately for each investment. According to cost method, revenues are recognized due to cash dividends received from investments after acquiring date.

(3/5) Borrowing and the policy followed in borrowing cost treatment:

Borrowing and credit facilities shall be measured at their fair value plus or minus, through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Borrowing costs is capitalized to relate acquired, constructed, or created asset only if capitalization conditions are met otherwise recognized as an expense in the statement of income as incurred.

(3/6) Inventory:

(3/6/1): Finished goods:

Finished goods are stated at the lower of cost or net realizable value (Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale), Issued finished goods are evaluated using its book value. In case there is a decline in net realizable value for obsolete or slow motioned inventory under its cost, the difference charged to the statement of income.

(3/6/2): Work in process inventory:

Work in process inventory is stated at cost (till the last production stage reached) or net realizable value whichever is lower.

(3/6/3): Inventory of raw materials, supplies, spare parts, and packaging materials:

Inventory of raw materials, supplies, spare parts, and packaging materials are measured at the lower of cost and net realizable value. (Noting that these materials are used to produce finished goods which are sold with profit margin), Cost of issued materials is assigned by using the moving average method.



(3/6/4): Inventory of scrap and waste are stated at cost or net realizable value whichever is lower.

(3/6/5): Cost of inventory:

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(3/6/6): Inventory physical count:

The finished goods and work in process inventory are physically counted at each financial period-end (it took place on March 31, 2023), other inventories are counted by perpetual method during the year under the supervision of the external auditor and the Accountability State Authority.

(3/7) Trade receivables and other debit accounts:

Trade receivables and other debit accounts at initial recognition, shall be measured at their transaction price if these receivables do not contain a significant financing component or when the entity applies the practical expedient. and it stated in the financial position statement and reduced by appropriate decline in its values which represent amounts that are expected to be uncollectible.

(3/8) Cash and cash equivalent – treasury bills:

Cash and cash equivalents are comprised of cash on hand and at banks (current accounts and time deposits).

(3/9) Statement of cash flows:

Statement of cash flows is prepared using the direct method.

(3/10) Financial instruments:

(3/10/1) Objective:

The objective of the Egyptian Accounting Standard no 47 “Financial instruments “ is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing, and uncertainty of an entity’s future cash flows.

(3/10/1/1) Recognition:

The facility must recognize a financial asset or financial liability in its statement of financial position only when the facility becomes a party to the contractual provisions of the instrument, and the asset or financial liability is classified and measured in accordance with Egyptian Accounting Standard No. (47).

(3/10/1/2) Derecognition of the financial asset:

- The financial asset shall be derecognized when:
 - (a) the contractual rights to the cash flows from the financial asset expire.
 - (b) the financial asset is transferred, and the transfer qualifies for derecognition if, it either:
 - Transfers the contractual rights to receive the cash flows of the financial asset.
 - Retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.
 - When an entity transfers a financial asset, it shall evaluate the extent to which it retains the risks and rewards of ownership of the financial asset and whether the control of the financial asset has been retained.
 - If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer.
 - If the entity retains substantially all the risks and rewards of ownership of the financial asset, the entity shall continue to recognize the financial asset.
 - On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in profit or loss.



(3/10/1/3) Derecognition of financial liabilities:

- The financial liability (or a part of a financial liability) shall be removed from its statement of financial position when is extinguished- ie when the obligation specified in the contract is discharged or cancelled or expires.
- An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.
- The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

(3/10/2) Classification of financial assets:

- The financial asset is classified as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss based on both:
 - a. the entity's business model for managing the financial assets.
 - b. the contractual cash flow characteristics of the financial asset.
- Financial assets are not reclassified after the initial recognition unless the company changes its business model for managing the financial assets or the contractual cash flow characteristics of the financial asset are changed, if so, the financial assets will be reclassified on the first day of the following report period after the change in the business model.

(3/10/2/1) The financial assets measured at amortized cost:

- The financial assets will be measured at amortized cost if both of the following conditions are met:
 - a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
 - b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(3/10/2/2) The financial assets measured at fair value through other comprehensive income (OCI):

- The financial assets will be measured at fair value through other comprehensive income if both of the following conditions are met:
 - a. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
 - b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- The actual amount includes the fair value for the financial asset at initial recognition.
- The interest includes the time value for money, and credit risk related to the actual amount at a specific period of time and risk of other credit essential and cost, addition to gross profit.

(3/10/2/3) Financial assets measured at fair value through profit or loss:

- All financial assets will be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.
- **the principal amount** is defined as its fair value for the financial asset at initial recognition, and



(Amounts expressed in Egyptian pounds)

- **the interest** consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.
- However, an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income (OCI).
- At initial recognition, entity may, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

(3/10/2/4) Classification of financial liabilities:

- All financial liabilities are classified as subsequently measured at amortized cost, except for:
 - a. financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
 - b. financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
 - c. financial guarantee contracts.
 - d. commitments to provide a loan at a below-market interest rate.
 - e. contingent consideration recognized by an acquirer in a business combination applies to which Egyptian Accounting Standard 29 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.
- At initial recognition, a financial liability can be irrevocably designated and measured at fair value through profit or loss when doing so results in more relevant information, because either:
 - a. it eliminates or significantly reduces a measurement or recognition inconsistency.
 - b. A group of financial liabilities or financial assets and financial liabilities is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.
- Financial liability shall not be reclassified.

(3/10/3) Initial measurement of financial assets and financial liabilities:

(3/10/3/1) Trade receivables:

Trade receivables at initial recognition, are measured at their transaction price according to the Egyptian accounting standards number (48), if the trade receivables do not contain a significant financing component or when the entity applies the practical method.

When the company expect at the beginning of the contract, the period between the transferring goods or services to the client and the client pays for it in a year or less.

(3/10/3/2) Financial assets and financial liabilities (except for trade receivables):

Except for trade receivables at initial recognition, financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

However, if the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, and if that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. An entity shall recognize the difference between the fair value at initial recognition and the transaction price as a gain or loss.



(Amounts expressed in Egyptian pounds)

(3/10/4) Subsequent measurement:

(3/10/4/1) Subsequent measurement of financial assets:

- After initial recognition, the financial assets shall be measured as follows:
 - a. At Amortized cost.
 - b. Fair value through other comprehensive income.
 - c. Fair value through profit or loss.
- The impairment requirements shall be applied to both the financial assets that are measured at amortized cost and to financial assets that are measured at fair value through other comprehensive income.

Financial asset write-off:

- The gross carrying amount of a financial asset shall be directly reduced when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.
 - a. **For individual clients**, the company has a policy of writing off the carrying value for these clients when a breach of the contract such as failure or delay in payment for a period of more than two years according to prior experience in recovering similar assets.
 - b. **For other company's clients**, the company makes an assessment individually regarding the timing and amount of write-off and based on whether there is a reasonable expectation of recovery, However, financial assets that have been written off may still be subject to liability activities in order to comply with the company's procedures for recovering amounts due.

(3/10/4/2) Subsequent measurement of financial liabilities:

- After initial recognition, the financial liabilities shall be measured in accordance with the same approach in initial recognition.

(3/10/4/3) Amortized cost measurement:

Effective interest method

Interest revenue shall be calculated by using the effective interest method. This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. Purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Modification of contractual cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with this Standard, an entity shall recalculate the gross carrying amount of the financial asset and shall recognize a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) or, when applicable, the revised effective interest rate calculated. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.



(Amounts expressed in Egyptian pounds)

(3/10/5) Impairment:

(3/10/5/1) Recognition of expected credit losses:

- **A loss allowance for expected credit losses shall be recognized on:**
 - a. The financial assets that are measured at amortized cost.
 - b. The financial assets that are measured at fair value through other comprehensive income. However, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.
 - c. Lease receivables.
 - d. Contract assets or a loan commitment.
 - e. Financial guarantee contract to which the impairment requirements apply.
- **Indicators of impairment of credit financial assets may include the following:**
 - a. Significant financial difficulty for the lender or issuer.
 - b. Breach of the contract such as failure or delay in payment for a period of more than 90 days.
 - c. Restructuring of a loan by the company on the terms that the company takes into account the borrower may enter bankruptcy or other financial reorganization.
 - d. Failure of an active stock market due to financial difficulties.
- **Expected credit losses measurement:**
- It is the difference between all the contractual cash flows due to the entity in accordance with the contract and all the cash flows that the entity expects to receive (all cash shortfalls) discounted at the original effective interest rate.
- **The lifetime expected credit losses** are the expected credit losses that result from all possible failure events over the expected life of the financial instrument.
- **The expected credit losses for 12-month** are the portion of credit losses that result from failure events that are possible within 12 months after the report date, or a shorter period if the expected life of the instrument is less than 12 months.
- At each reporting date, the entity must measure the impairment loss for the financial instrument at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased substantially since initial recognition. The objective of the impairment requirements is to recognize lifetime expected credit losses. For all financial instruments for which there are significant increases in credit risk since the initial recognition, whether they are evaluated on an individual or collective basis, taking into account all reasonable and supportable information, including those that are forward-looking.
- If the expected credit risk at the reporting date on a financial instrument has not increased significantly since initial recognition, the entity shall measure the impairment loss for that financial instrument at an amount equal to the expected credit losses for the 12-month period in which the entity becomes a party to an irrevocable engagement. It is the date of the initial recognition for the purposes of applying the impairment requirements to commitments to loans and financial guarantee contracts. If the entity had measured the impairment loss of a financial instrument at an amount equal to the expected credit losses over its life in the previous reporting period, but decided at the current reporting date that it is no longer satisfied, then the entity must Measure the impairment loss at an amount equal to the 12-month expected credit loss from the current reporting date
- An entity shall recognize in profit or loss an amount equal to the credit loss (or reversal of the loss) that is required to adjust the impairment loss at the reporting date to the amount that should be recognized in accordance with this Standard as an impairment gain or loss.



(Amounts expressed in Egyptian pounds)

(3/10/5/2) Determining significant increases in credit risk:

- Assessment should be made whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, to make that assessment, an entity shall compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. An entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.
- When information that is more forward-looking than past due status (either on an individual or a collective basis) is not available without undue cost or effort, an entity may use past-due information to determine whether there have been significant increases in credit risk since initial recognition. Regardless of the way in which an entity assesses significant increases in credit risk, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. An entity can rebut this presumption if the entity has reasonable and supportable information that is available without undue cost or effort, which demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due. When an entity determines that there have been significant increases in credit risk before contractual payments are more than 30 days past due, the rebuttable presumption does not apply.

(3/10/5/3) Purchased or originated credit-impaired financial assets:

- At the reporting date, only the cumulative changes in lifetime expected credit losses should be recognized since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets. and the amount of the change is recognized in profit or loss as an impairment gain or loss. The favorable changes in lifetime expected credit losses should be recognized as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

(3/10/5/4) Simplified approach for trade receivables, contract assets, and lease receivables:

- The loss allowance shall always be measured at an amount equal to lifetime expected credit losses for:
 - a. **Trade receivables or contract assets** that result from transactions that are within the scope of Egyptian Accounting Standard 48, and that do not contain a significant financing component (or when the entity applies the practical expedient), or contain a significant financing component in accordance with Egyptian Accounting Standard 48, if the entity chooses as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses. That accounting policy shall be applied to all such trade receivables or contract assets but may be applied separately to trade receivables and contract assets.
 - b. **Lease receivables** that result from transactions that are within the scope of Egyptian Accounting Standard 49, if the entity chooses as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses. That accounting policy shall be applied to all lease receivables but may be applied separately to finance and operating lease receivables.

(3/10/5/5) Measurement of expected credit losses:

- The expected credit losses of a financial instrument shall be measured in a way that reflects:
 - a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
 - b. the time value of money.
 - c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
- The maximum period to consider when measuring expected credit losses is the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if that longer period is consistent with business practice.



(3/10/5/6) Presentation of the expected credit losses provision:

- The loss provision for financial assets measured at cost is deducted from the total book value of the assets.
- The impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income, However, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

(3/10/6) Gains and losses on a financial asset and financial liability:

(3/10/6/1) A gain or loss on a financial asset or financial liability that is measured at fair value shall be recognized in profit or loss unless:

- a. it is part of a hedging relationship.
- b. it is an investment in an equity instrument and the entity has elected to present gains and losses on that investment in other comprehensive income.
- c. it is a financial liability designated as at fair value through profit or loss and the entity is required to present the effects of changes in the liability's credit risk in other comprehensive income.
- d. it is a financial asset measured at fair value through other comprehensive income and the entity is required to recognize some changes in fair value in other comprehensive income.

(3/10/6/2) Investments in equity instruments:

- At initial recognition, an irrevocable election might be made to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument and foreign exchange gains or losses within the scope of Egyptian Accounting Standard 47 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which Egyptian Accounting Standard 29 applies. Dividends from that investment shall be recognized in the statement of income.
- **Dividends** are recognized in profit or loss only when:
 - a. the entity's right to receive payment of the dividend is established.
 - b. it is probable that the economic benefits associated with the dividend will flow to the entity.
 - c. the amount of the dividend can be measured reliably.

(3/10/6/3) Financial asset and financial liability that is measured at amortized cost:

- A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, reclassified out of the amortized cost measurement category and into the fair value through profit or loss measurement category, through the amortization process or in order to recognize impairment gains or losses.
- A gain or loss on a financial liability that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial liability is derecognized and through the amortization process for guidance on foreign exchange gains or losses.

(3/10/6/4) Liabilities designated as at fair value through profit or loss:

- A gain or loss on a financial liability that is designated as at fair value through profit or loss shall be presented as follows:
 - a. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income.
 - b. The remaining amount of change in the fair value of the liability shall be presented in profit or loss.



(Amounts expressed in Egyptian pounds)

(3/10/6/5) Assets measured at fair value through other comprehensive income:

- A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the entity shall account for the cumulative gain or loss that was previously recognized in other comprehensive income. Interest calculated using the effective interest method is recognized in profit or loss.
- If treatment of the effects of changes in the credit risks of the obligation creates an accounting inconsistency within the profits or losses or leads to an increase in it, then the entity must present all the gains or losses from that obligation (including the effects of changes in the credit risks of that obligation) within the profits or losses.

(3/11) Non-financial assets:

- At the end of each fiscal year, the company reviews the book value of the company's non-financial assets other than inventory, work in progress and deferred tax assets to determine if there is an indication of impairment, and if so, the company makes an estimate of the asset's recoverable value.
- To perform an impairment test, assets are grouped together into the smallest group of assets that includes the asset, which generates cash inflows from continuing use and completely independent of cash inflows from other assets or groups of assets - cash generating units and the acquired goodwill is distributed upon business consolidation to the cash generating units or groups of these units in the concerned company, which are expected to benefit from the consolidation process.
- The recoverable amount of an asset or a cash-generating unit is its fair value less costs to sell or its value in use, whichever is greater, the value in use of an asset is the present value of the expected future cash flows discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.
- An impairment loss is recognized if the book value of the asset or cash-generating unit is greater than its recoverable amount.
- The impairment loss (if any) is recognized in the profit or loss and distributed first to achieve the book value of the goodwill distributed to the cash-generating unit, and then to reduce the other assets of the unit in proportion to the book value of each asset separately.
- The loss resulting from the impairment of the goodwill value may not be reversed subsequently, and for other assets, the impairment loss may be reversed to the extent that it does not exceed the book value that would have been determined (net of depreciation and amortization) unless the loss resulting from the impairment is recognized for the asset in previous years.

(3/12) Suppliers, creditors and other credit balances:

Suppliers, creditors and other credit balances as financial liabilities are initially recognized when the company becomes a party to the contractual provisions of the instrument, and the financial liability is initially measured with fair value. The financial liability (or a part of a financial liability) shall be removed from its statement of financial position when is extinguished- when the obligation specified in the contract is discharged or cancelled or expires.

(3/13) Governmental grants:

Governmental grants related to the acquisition of assets are stated as unearned revenue until fulfilling the grant conditions and when these conditions are met revenue will be recognized in the statement of income over the estimated useful life of the related asset by the same depreciation rate.

(3/14) Legal reserve:

Under corporate law no. 159 of 1981 and the company's articles of association, at least 5% of the annual profits are required to be transferred to legal reserve until this reserve equals at least 50% of the issued capital, whenever legal reserve is decreasing from 50% of the issued.



(3/15) Provisions:

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, the amount of the obligation can be reliably estimated, and it is probable that an outflow of economic benefit will be required to settle the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

According to the conservatism principle, the company creates income tax provisions in light of actual claims, dispute matters, and probable claims for unexamined years based on prior experience with the tax authority.

Provisions are reviewed at the end of each financial period and restated to reflect management estimates, the amount recognized as a provision should represent the present value of the expected outflows to settle the obligation which is represented as current and non-current provisions.

(3/16) Revenue from contracts with customers:

The company has implemented the Egyptian Accounting Standard No. (48) as of July 1, 2021

Applying Egyptian Accounting Standard No. (48):

The core principle of Egyptian Accounting Standard No. (48) is that the revenue is recognized to categorize the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The company recognizes revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer - a contract is an agreement between two or more parties that creates enforceable rights and obligations. The requirements of Egyptian Accounting Standard No. (48) apply to each contract that has been agreed upon with a customer and meets specified criteria.

Step 2: Identify the performance obligations in the contract - a contract includes promises to transfer goods or services to a customer. If those goods or services are distinct, the promises are performance obligations and are accounted for separately.

Step 3: Determine the transaction price - the transaction price is the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, The transaction price can be a fixed amount of customer consideration, but it may sometimes include variable consideration or consideration in a form other than cash. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component and for any consideration payable to the customer. If the consideration is variable, an entity estimates the amount of consideration to which it will be entitled in exchange for the promised goods or services. The estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Step 4: Allocate the transaction price to the performance obligations in the contract - an entity typically allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract. If a stand-alone selling price is not observable, an entity estimates it. Sometimes, the transaction price includes a discount or a variable amount of consideration that relates entirely to a part of the contract. The requirements specify when an entity allocates the discount or variable consideration to one or more, but not all, performance obligations (or distinct goods or services) in the contract.



Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation - an entity recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For performance obligations satisfied over time, an entity recognizes revenue over time by selecting an appropriate method for measuring the entity's progress towards complete satisfaction of that performance obligation.

(3/16/1) Revenue from contracts with customers:

The company has applied the Egyptian Accounting Standard No. (48) as of July 1, 2021, the contract with a customer is accounted for only when all of the following criteria are met:

- a. The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations.
 - b. The entity can identify each party's rights regarding the goods or services to be transferred.
 - c. The entity can identify the payment terms for the goods or services to be transferred.
 - d. The contract has commercial substance (ie the risk, timing, or amount of the entity's future cash flows is expected to change as a result of the contract); and
 - e. It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether the collectability of an amount of consideration is probable, an entity will consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.
- In evaluating the contract has commercial substance, i.e. it is expected that the risk, timing or amount of future cash flows of the entity will change as a result of the contract. It is likely that the facility will collect the consideration to which it will have a right in return for the goods or services that will be transferred to the sale.
 - In evaluating whether the collectability of an amount of consideration is probable, an entity will consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession (a price reduction).
 - If a contract with a customer meets the criteria for revenue recognition at the inception of the contract, the facility may not re-evaluate those conditions unless there is an indication of a fundamental change in the facts and circumstances surrounding the contract at its inception. For example, if there has been a material deterioration in the customer's ability to pay the consideration, the entity must reassess whether it is likely to collect the consideration to which it would be entitled for the remaining goods or services to be transferred to the customer.
 - When a contract with a customer does not meet the revenue recognition criteria and the facility obtains consideration from the customer, the facility must recognize the consideration received as revenue only when either of the following events occurs:
 - a. The facility no longer has remaining obligations to transfer goods or services to the customer, and all or nearly all of the consideration promised by the customer has been received by the facility, and it is not refundable.
 - b. The contract has been terminated, and the consideration received from the customer is not refundable.
 - The facility must recognize the consideration received from the customer as a liability until one of the two events mentioned in the previous paragraph occurs or until the revenue recognition criteria are met later. Depending on the facts and circumstances related to the contract, the obligation recognized represents the entity's obligation to either transfer goods or services in the future or to refund the consideration received. In either case, the obligation must be measured at the amount of consideration received from the customer.



3/15/3 Determine performance obligations:

- a. At the inception of the contract, the entity must evaluate the promised goods or services in the contract with the customer and must determine each An undertaking to transfer any of the following to the customer as a performance obligation: a. A good, service, or bundle of goods or services that is distinct in itself.
- b. A series of distinct and substantially similar goods or services that are transferred to the customer in the same manner

3/15/4 Measurement Determine the transaction price:

The entity shall take into account the terms of the contract and its normal business practices in determining the transaction price. The transaction price is the amount of consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties (eg value-added tax). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. In determining the transaction price, the entity shall consider the effect of all of the following:

- a. The variable return.
- b. Limitations on Variable Compensation Estimates.
- c. The presence of a significant financing component in the contract.
- d. Non-monetary consideration.
- e. The consideration is payable to the customer.

3/15/4/1 Measure - corresponding to change:

If the consideration promised in the contract includes a variable amount, the facility must estimate the amount to which the facility will have a right in return for transferring the promised goods or services to the customer. using one of the following two methods:

- a. **Expected amount:** as sum of the amounts weighted by their probability in the range of possible consideration amounts. The expected value may be an appropriate estimate of the variable consideration if the entity has a large number of contracts with characteristics similar.
 - b. **Most Likely Amount:** The most likely amount is the single most likely amount in the range of possible consideration amounts ie (the single most likely outcome of the contract). The most weighted amount may be an appropriate estimate of the amount of variable consideration if the contract has only two possible outcomes (for example, either the entity achieves a performance bonus or it does not).
- The consideration amount can change due to discounts, rebates, refunds, entitlements to be settled on future purchases, price concessions, incentives, performance bonuses, penalties or other similar items. The promised consideration can change - also - if the right of the entity in consideration depends on the occurrence or non-occurrence of a future event. For example, the amount of consideration will be variable if a product is either sold with a right of return or a fixed amount is pledged as a performance bonus if a specific achievement point is achieved.
 - An entity shall recognize **a refund obligation** if the entity receives consideration from a customer and expects to return some or all of that consideration to the customer. The obligation to refund is measured at the amount of consideration received or due (a payment to which the entity does not expect to be entitled (i.e., amounts not included in the transaction price). The refund obligation (and the corresponding change in the transaction price and, accordingly, the change in the liability relating to the contract) must be updated at the end of each reporting period.



(Amounts expressed in Egyptian pounds)

3/15/4/2 The presence of a significant financing component in the contract:

- When determining the transaction price, the facility must adjust the amount of consideration promised to reflect the effects of the time value of money if the timing of payments agreed upon between the parties to the contract either (explicitly or implicitly) provides the customer or the facility with an important benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. There may be a significant financing component regardless of whether the promised financing is expressly provided for in the contract or implied by the terms of payment agreed upon between the parties to the contract.
- The facility must use the discount rate that is reflected in a separate financing transaction between the facility and its customer at contract inception. This rate reflects the credit characteristics of the party obtaining financing in the contract, in addition to any mortgage or guarantee provided by the customer or the facility, including the assets that are transferred under the contract. The facility may be able to determine this rate by determining the rate that deducts the nominal amount of the promised consideration to the cash price that the customer pays for the goods or services when (or in the course of) transferring them to him. After the inception of the contract, the facility may not update the discount rate with changes in interest rates or other circumstances (such as a change in the assessment of the customer's credit risk).
- The facility must display the effects of financing (credit interest and debit interest) in the income statement separately from revenues of contracts with customers. When accounting for a contract with a customer, the credit or debit interest is recognized according to the amount from which a contract asset (or amount receivable) or a contract liability.

3/15/4/3 non-monetary consideration:

- price for contracts in which the customer undertakes a consideration in a non-cash form, the entity must measure the non-monetary consideration or the promise of non-cash consideration at fair value, and if the entity is unable to reasonably estimate the fair value of the non-monetary consideration, it must measure the consideration in a reasonable manner. Indirectly by reference to the independent selling prices of goods or services promised to a customer (or class of customers) in exchange for consideration.

3/15/4/4 Consideration to be paid to the customer:

- The consideration payable to the customer includes the monetary amounts that the facility pays or expects to be paid by the facility to the customer or to other parties that purchase the goods or services of the facility from the customer. The consideration payable to the customer also includes accruals related to future purchases or other items (for example, coupons and vouchers) that can be used in exchange for amounts due to the facility or other parties purchasing the goods or services of the facility from the customer). The facility must account for the consideration payable to the customer as a reduction in the transaction price, and then a reduction
- This is an evaluation of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the facility. If the consideration payable to the customer includes a variable amount, the facility must estimate the transaction price (including) the extent to which there are restrictions on estimating the variable consideration. Your account for the purchase of the good or service in the same way that your account for other purchases from suppliers.

3/15/5 Contract cost:

Additional costs of obtaining a contract:

- The entity shall recognize the incremental costs of obtaining a contract with a customer as an asset if the entity expects to recover those costs. Otherwise, costs of obtaining a contract should be recognized as an expense when incurred, if they are to be incurred regardless of whether the contract is awarded unless the customer expressly accepts that costs be incurred regardless of whether the contract is obtained or not.



- Costs of fulfilling a contract:

If the costs incurred to fulfill a contract with a customer do not fall within the scope of another standard (for example, IAS 2 Inventory, IAS 10 Fixed Assets and Depreciation, or IAS 23 Intangible Assets) An entity should recognize as an asset the costs incurred to fulfill the contract only if those costs meet all of the following conditions:

- a. The costs relate directly to a contract or to a prospective contract that the entity can specifically identify (for example, costs related to services to be provided under the renewal of an existing contract, or costs to design an asset to be transferred under a specific contract that has not yet been approved).
- b. That the costs will generate or improve the entity's resources that will be used to fulfill (or continue to fulfill) future performance obligations.
- c. Cost recovery is expected.

(3/16/2) Revenues from investments in equity instruments:

At initial recognition, the management made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument and foreign exchange gains or losses within the scope of Egyptian Accounting Standard 47 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which Egyptian Accounting Standard 29 applies. Dividends from that investment shall be recognized in profit or loss only when:

- a. the entity's right to receive payment of the dividend is established,
- b. it is probable that the economic benefits associated with the dividend will flow to the entity, and
- c. the amount of the dividend can be measured reliably.

(3/16/3) Credit interests:

Credit interest revenues are recognized at statement of income according to bank's declared interest rates at accrual bases.

(3/16/4) Return on financial investments at amortized cost:

Return on treasury bills is recognized at the statement of income according to amortized cost using the actual interest rate.

(3/16/5) Revenues from investments at fair value through profit or loss:

All revenues of these investments either revaluation or gain on sale of investments are recognized in profit or loss as financing revenues.

(3/17) Expenses:

All operating costs, selling expenses, and general and administrative expenses are recognized and charged to the statement of income as incurred according to accrual basis.

(3/17/1) Debts interests:

Debt interests are recognized in the statement of income by using the actual interest rate in the financing income.

(3/17/2) Lease contracts:

The Egyptian Accounting Standard No. (49) on lease contracts has been applied from July 1, 2021, as follows:

At the inception of a contract, the contract should be assessed whether it is or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. and it will be reassessed subsequently whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.



(3/17/2/1) Lessee:

(3/17/2/1/1) Exemptions from confession

At the commencement lease contract date (except for lease contracts for short-term leases or leases for which the underlying asset is of low value), a lessee shall recognize a right-of-use asset and a lease liability.

A lessee may elect not to apply the requirements of The Egyptian Accounting Standard No. (49) on lease contracts for short-term leases or leases for which the underlying asset is of low value, if so, the lease payments associated with those leases should be recognized as an expense on either a straight-line basis over the lease term or another systematic basis. The lessee shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

- The company elected to apply the previous exception on lease contracts for short-term leases or leases for which the underlying asset is of low value.

(3/17/2/1/2) Initial measurement

- Right-of-use asset:

At the commencement date, a lessee shall measure the right-of-use asset at cost which comprises:

- a. the amount of the initial measurement of the lease liability, as described later;
- b. any lease payments made at or before the commencement date, less any lease incentives received;
- c. any initial direct costs incurred by the lessee; and
- d. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

(3/17/2/1/3) Subsequent measurement:

- Subsequent measurement of the right-of-use asset:

After the commencement date, a lessee will measure the right-of-use asset applying a cost model, unless if a lessee applies the fair value model in The Egyptian Accounting Standard No. (34) Investment Property to its investment property, the lessee will also apply that fair value model to right-of-use assets that meet the definition of investment property in The Egyptian Accounting Standard No. (34)

To apply a cost model, a lessee shall measure the right-of-use asset at cost less any accumulated amortization and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

- If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.
- A lessee shall test the impairment of assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

(3/17/2/1/4) lease contract- presentation:

- Presentation of the right-of-use asset:

The right-of-use assets shall be either presented in the statement of financial position or disclosed in the notes separately from other assets. If a lessee does not present right-of-use assets separately in the statement of financial position, the lessee shall include right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned; and disclose which line items in the statement of financial position include those right-of-use assets.



(Amounts expressed in Egyptian pounds)

- **Lease liability:**

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The lease liability comprises the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a. fixed payments including in-substance fixed payments, less any lease incentives receivable.
- b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- c. amounts expected to be payable by the lessee under residual value guarantees.
- d. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- e. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

- **Subsequent measurement of the lease liability**

After the commencement date, a lessee shall measure the lease liability by:

- a. increasing the carrying amount to reflect interest in the lease liability.
- b. reducing the carrying amount to reflect the lease payments made; and
- c. remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

- Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate or if applicable the revised discount rate.

- After the commencement date, a lessee shall recognize in profit or loss, unless the costs are included in the carrying amount of another asset applying other applicable Standards, both:

(a) interest on the lease liability; and

(b) variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

- After the commencement date, the lease liability should be remeasured subsequently to reflect changes to the lease payments. and the amount of the remeasurement of the lease liability should be recognized as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, any remaining amount of the remeasurement will be recognized in profit or loss.

- The lease liability should be remeasured by discounting the revised lease payments using a revised discount rate, if there is a change in the lease term, or there is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances.

- **Presentation of lease liabilities:**

Lease liabilities shall be either presented in the statement of financial position or disclosed in the notes separately from other liabilities. If the lessee does not present lease liabilities separately in the statement of financial position, the lessee shall disclose which line items in the statement of financial position include those liabilities.

- **At the date of initial application of Egyptian Accounting Standard no. 49- lease:**

At the date of initial application of Egyptian Accounting Standard no. 49- lease (July 1, 2021), lease liabilities are recognized for leases previously classified as an operating lease, these lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. Also, right-of-use assets are recognized and measured at their carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.



(Amounts expressed in Egyptian pounds)

(3/17/2/2) Lessor:

Depending on the substance of the transaction rather than the form of the contract a lessor shall classify each of its leases as either an operating lease or a finance lease. Lease classification is made at the inception date and is reassessed only if there is a lease modification. Otherwise, Changes in estimates (for example, changes in estimates of the economic life or of the residual value of the underlying asset), or changes in circumstances (for example, default by the lessee), do not give rise to a new classification of a lease for accounting purposes.

- **Finance lease:**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Examples of situations and indicators that individually or in combination would normally lead to a lease being classified as a finance lease are:

- a. the lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- b. the lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised;
- c. the lease term is for the major part of the economic life of the underlying asset even if title is not transferred;
- d. at the inception date, the present value of the lease payments amounts to at least substantially all of the fair value of the underlying asset; and
- e. the underlying asset is of such a specialized nature that only the lessee can use it without major modifications.
- f. if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
- g. gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (for example, in the form of a rent rebate equaling most of the sales proceeds at the end of the lease); and
- h. the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

The examples and indicators mentioned above are not always conclusive. If it is clear from other features that the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset, the lease is classified as an operating lease.

- **Finance leases recognition and measurement:**

At the commencement lease contract date, a lessor shall recognize assets held under a finance lease in its statement of financial position and present them as receivable at an amount equal to the net investment in the lease.

- **Initial measurement:**

The net investment in the lease comprises the initial direct costs and the lease payments.

- **Initial direct costs**, other than those incurred by manufacturer or dealer lessors, are included in the initial measurement of the net investment in the lease and reduce the amount of income recognized over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the net investment in the lease; there is no need to add them separately.
- **The lease payments** at the commencement date, included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:
 - a. fixed payments less any lease incentives payable;
 - b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

*Translation notes of the financial statements
Original issued in Arabic*

(Amounts expressed in Egyptian pounds)

- c. any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee;
 - d. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
 - e. and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.
- The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease. In the case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease.
- **Subsequent measurement:**

A lessor shall recognize finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Finance income should be allocated over the lease term on a systematic and rational basis. The lease payments relating to the period should be applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

A lessor shall apply the derecognition and impairment requirements in Egyptian Accounting Standard no 47 "Financial Instruments" to the net investment in the lease. A lessor shall review regularly estimated unguaranteed residual values used in computing the gross investment in the lease. If there has been a reduction in the estimated unguaranteed residual value, the lessor shall revise the income allocation over the lease term and recognize immediately any reduction in respect of amounts accrued.
 - **Lease modifications:**

A lessor shall account for a modification to a finance lease as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets, and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract. reduction in respect of amounts accrued.
 - **Operating lease:**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.
 - **Recognition and measurement:**

A lessor shall recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Any costs, including amortization, incurred in earning the lease income lessor should be recognized as an expense. Otherwise, the initial direct costs incurred in obtaining an operating lease shall be added to the carrying amount of the underlying asset and recognized as an expense over the lease term on the same basis as the lease income.

The amortization policy for depreciable underlying assets subject to operating leases shall be consistent with the lessor's normal amortization policy for similar assets.

The underlying asset subject to an operating lease should be evaluated to determine whether is impaired and to account for any impairment loss identified.
 - **Operating lease modifications:**

Operating lease modifications should be recognized as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.
 - **Presentation:**

The underlying assets subject to operating leases should be presented in its statement of financial position according to the nature of the underlying asset.



(Amounts expressed in Egyptian pounds)

(3/17/3) Social insurance and retirement plan for employees:

The company contributes to the government social insurance system for the benefit of its personnel under the Egyptian social insurance law no. 148 of 2019. Under this law, Company contributions are charged to the statement of income as incurred according to an accrual basis.

(3/17/4) Employees' benefits:

Accumulated actuarial gain or loss are recognized (if any) as a liability against defined employees benefits and charged directly to other comprehensive income, realized benefits are charged to statement of income including modifying, downsizing, or restructuring the employee benefits program as incurred.

(3/17/5) Income tax:

The income tax on profit for the period comprises current tax, and deferred tax, the accrued income tax is directly charged to the statement of income except for items recognized as other comprehensive income in the owners' equity.

(3/17/5/1) Current income tax:

Current income tax is calculated according to the laws and applicable regulations using the prevailing tax prices on the date of the financial statements including any tax differences for previous years.

(3/17/6) Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax basis used in the computation of taxable profit and is accounted for using the financial position method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from how the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(3/18) Earnings per share:

Earnings per share are calculated by dividing the net profit (loss) for the financial period attributable to shareholders of the company by the weighted average of the outstanding shares during the financial period, If share dividend is issued or split during the financial period, the weighted average of the registered shares during the financial period is recalculated as if the issuance of share dividend or shares splitting were done at the beginning of the first period presented.

(3/19) Cash dividend:

The cash dividend is recorded as liabilities upon announcement and being approved by the company's ordinary general assembly meeting.

(3/20) Operating segments:

Operating segment is defined as unit which participates in business activities that the company could generates revenues and incur expenses, The company reviews on timely bases the performance of operating segments to evaluate its financial performance and make important decisions to reallocate resources for each segment, financial information for each segment should be disclosed separately. Not every part of an entity is necessarily an operating segment or part of an operating segment.



(Amounts expressed in Egyptian pounds)

(3/21) Financial instruments and related risks management:

(3/21/1) Fair value of financial instruments:

Financial instruments are represented in balances of cash and banks, debtors, balances due from related parties, certain other debit accounts, creditors, balances due to related parties, and certain other credit accounts. The company measures the fair value of these instruments to ensure that they represent a reasonable estimate of their fair value at the financial position date.

(3/21/2) Foreign currency risk:

Foreign currency risk is represented in foreign currency fluctuations in exchange rates affecting the Company's cash inflow and outflow in foreign currencies and also the exchange differences arising from the translation of monetary assets and liabilities in foreign currencies. The company maintains a reasonable balance of foreign currencies against its liabilities in foreign currencies in order to avoid that risk.

(3/21/3) Liquidity risk:

Liquidity risk represents the Company's inability to settle its financial liabilities on maturity dates. The company inspects its balances at banks daily to ensure that sufficient cash is maintained to meet funding requirements according to short, med, and long-term cash flow.

(3/21/4) Credit risk:

Credit risk represents the Company's inability to collect its financial assets on maturity dates. The company distributes its customers in various sectors with strict credit control. Impairment losses are properly demonstrated with an accurate credit risk assessment.

(3/21/5) Interest rate risk:

Interest rate risk represents the effect of changes in interest rate, which might adversely affect both the bank liabilities which represent loan balances, and the credit interest on bank deposits. To prevent the credit interest risk, the company works on revising its banking plans for getting the best available prices in the market regularly.

(3/21/6) Market risk:

Market risk is represented in the changes in market prices that resulting from changes in foreign exchange rates, interest rates, equity instruments prices, that affect the company's revenues, the company aims to manage those risks within acceptable parameters while maximizing returns.

(3/21/7) Capital management:

The management aims to maintain a strong capital structure to maintain the confidence of investors, creditors, and other stakeholders and to meet future developments while maximizing returns, return on equity is calculated as net profit divided by total shareholders' equity. Management reviews the company's distributions to shareholders and trying to maintain a strong capital structure and maximizing returns. There are no changes in management strategy in this matter during the year also there are no requirements or any external constraints on the company in respect of their management of capital.



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(4) Fixed assets (net):

(4/1/1) Fixed assets as at March 31, 2023:

(Amounts in thousands)

Description	Lands, Buildings, construction and facilities	Machinery and equipment	Means of transportation	Tools	Furniture and office equipment	Total
Cost as at July 1, 2022	490,325	3,175,390	61,046	47,187	48,573	3,822,521
Additions and adjustments	1,566	27,133	236	3,644	2,574	35,153
Disposals and adjustments	--	(4,715)	(1)	(304)	(236)	(5,256)
Cost as at March 31, 2023	491,891	3,197,808	61,281	50,527	50,911	3,852,418
Acc. depreciation as at July 1, 2022	267,612	2,232,477	39,454	32,239	29,484	2,601,266
Depreciation	11,825	69,562	4,634	1,930	2,559	90,510
Disposals acc. depreciation and adjustments	--	(3,278)	(1)	(302)	(236)	(3,817)
Acc. dep. as at March 31, 2023	279,437	2,298,761	44,087	33,867	31,807	2,687,959
Net book value as at March 31, 2023	212,454	899,047	17,194	16,660	19,104	1,164,459

- Within the fixed assets, lands with an area of 120 thousand square meters with a book value amounted to EGP 496 thousand are leased to Alexandria Fertilizers Company, Bargas Company, Med Gas Company, and Air Liquid Company. and all of these contracts are not transferred substantially all the risks and rewards incidental to ownership of underlying assets to the lessee and its book value is low value, so these contracts are classified as operating lease contracts.

(4/1/2) Fixed assets as at March 31, 2022:

(Amounts in thousands)

Description	Lands, Buildings, construction and facilities	Machinery and Equipment	Means of transportation	Tools	Furniture and office equipment	Total
Cost as at July 1, 2021	480,015	2,953,367	46,971	46,389	44,801	3,571,543
Additions and adjustments	34,284	24,011	2,620	2,797	1,929	65,641
Disposals and adjustments	(24,698)	(1,235)	(20)	(2,285)	(566)	(28,804)
Cost as at March 31, 2022	489,601	2,976,143	49,571	46,901	46,164	3,608,380
Acc. depreciation as at July 1, 2021	252,083	2,222,004	35,272	31,042	27,016	2,567,417
Depreciation	11,637	62,081	2,934	1,790	2,276	80,718
Disposals acc. depreciation	(42)	(862)	(20)	(1,081)	(482)	(2,487)
Acc. dep. as at March 31, 2022	263,678	2,283,223	38,186	31,751	28,810	2,645,648
Net book value as at March 31, 2022	225,923	692,920	11,385	15,150	17,354	962,732



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(4/1/3) Fixed assets as at June 30, 2022:

Description	<u>(Amounts in thousands)</u>					
	Lands, Buildings, construction and facilities	Machinery and equipment	Means of transportation	Tools	Furniture and office equipment	Total
Cost as at July 1, 2021	480,015	2,953,367	46,971	46,389	44,801	3,571,543
Additions and adjustments	35,009	295,477	14,094	3,198	4,485	352,263
Disposals and adjustments	(24,698)	(73,454)	(20)	(2,400)	(713)	(101,285)
Cost as at June 30, 2022	490,326	3,175,390	61,045	47,187	48,573	3,822,521
Acc. depreciation as at July 1, 2021	252,083	2,222,004	35,272	31,042	27,016	2,567,417
Depreciation	15,572	83,554	4,201	2,394	3,097	108,818
Disposals acc. depreciation	(42)	(73,081)	(20)	(1,197)	(629)	(74,969)
Acc. depreciation as at June 30, 2022	267,613	2,232,477	39,453	32,239	29,484	2,601,266
Net book value as at June 30, 2022	222,713	942,913	21,592	14,948	19,089	1,221,255

(4/2) Fixed assets additions and disposals for the nine-months period ended March 31, 2023:

Total fixed assets additions and disposals and their adjustments for the nine-month period ended March 31, 2022, amounted EGP 35,153 thousand and EGP 5,256 thousand respectively as follows:

Description	<u>(Amounts in thousands)</u>	
	Additions and adjustments	Disposals and adjustments
<u>First: Abu Qir Plant (1):</u>		
Detection system for gas leak	1,325	--
Tools, furniture, supplies and means of transportation	6,105	510
Total Abu Qir Plant (1)	7,430	510
<u>Second: Abu Qir Plant (2):</u>		
Detection system for gas leak	1,438	--
Tools, furniture, supplies and means of transportation	172	1
Unit (8) Ammonia synthesis	--	3,241
Changing complete WHB (Approval 63/2020/2021)	21,922	--
Total Abu Qir Plant (2)	23,532	3,242
<u>Third: Abu Qir Plant (3)</u>		
Carbon warehouse	1,566	--
Tools, furniture, supplies and means of transportation	163	30
Pump for formaldehyde injection	480	--
Control system update DCS	--	1,474
Complete bottom boiler	1,446	--
Changing the central air-conditioning system	522	--
Total Abu Qir Plant (3)	4,177	1,504
<u>Fourth: Plastic Bags Plant:</u>		
Tools	5	--
Furniture and supplies	9	--
Total Plastic Bags Plant	14	--
Total fixed assets additions and disposals for the period	35,153	5,256



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

*Translation notes of the financial statements
Original issued in Arabic*

(Amounts expressed in Egyptian pounds)

(4/3) Reconsidering the assets estimated useful lives:

- The historical cost of fully depreciated fixed assets and still working amounted to EGP 2.2 billion.
- A committee has been assembled by administrative decision no. (149) of 2022 to reconsider the estimated useful life of fixed assets that were not fully depreciated; the committee has finished its work and concluded that the present virtual life of assets is appropriate.

(4/4) Impairment:

A committee has been assembled by administrative decision no. (149) of 2022 to study and reconsider if there are any indications of impairment in fixed assets' values over their book values that are available to recovery; the committee has finished its work and concluded that there is no impairment considered.

(4/5) Assets temporarily disabled or suspended and restrictions on ownership of assets:

- There are no assets neither temporarily disabled or suspended or held for sale and there are no restrictions on ownership of asset and liabilities at financial position Also, the failure to exploit the production capacity of the liquid fertilizer factory is due to the conditions of demand and operating economics.
- The completion of the registration of some of the company's lands with an area of 2 shares, 4 acres of which about 15 shares, 21 carats, and 1 acre outside the company's fence, are in process, and registering the headquarter of the company in Cairo.

(4/6) Contractual commitments to acquisition of fixed assets:

Contractual commitments to acquisition of fixed assets are represented in contracts which have not yet been implemented till March 31, 2023:

<u>Description</u>	<u>(Amounts in thousands)</u>		
	<u>March 31, 2023</u>		
	<u>EGP</u>	<u>EURO</u>	<u>USD</u>
Auxiliary HP boiler Replacement for Abu Qir Plant (1)	--	10	--
Zero Liquid Discharge Project - local and foreign components	7,370	651	--
Demineralization Project - foreign components	--	78	--
Supplies orders	90	9,441	2,815

(5) Projects under construction:

Projects under construction amounted EGP 367,868 thousand as at March 31, 2022 which comprise as follows:

	<u>(Amounts in thousands)</u>		
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
<u>First: Assets components acquisition</u>			
Buildings and constructions	36,794	22,529	24,886
Machinery and equipment	145,256	313,480	146,453
Tools, furniture, and office equipment	12,794	324	309
Other projects (Abu Qir Plant 3 development and reducing CO2 emissions)	2,520	7,821	4,992
Total assets' components acquisition	197,364	344,154	176,640
<u>Second: Investing expenditures</u>			
Advance payments	32,464	46,429	25,227
Letters of credit	138,040	114,342	92,388
Total investing expenditures	170,504	160,771	117,615
Total projects under construction	367,868	504,925	294,255



First: Fixed assets components acquisition:

(1) Buildings amounted to EGP 36,794 thousand which comprise as follows:

Description	(Amounts in thousands)
	March 31, 2023
(1/1) Abu Qir Plant (1): Linking the sewage network project for the plants with the main network, installing and automatic extinguishing system, constructing a cooling tower, implementation of the basis of the new ammonia reactor and Zero Liquid Discharge (ZLD) plant.	36,625
(1/2) Abu Qir Plant (3): Abu Qir plant (3) development, Carbon dioxide emissions reduction.	169
	36,794

(2) Machinery and equipment amounted to EGP 145,256 thousand which comprise as follows:

Description	(Amounts in thousands)
	March 31, 2023
(2/1) Abu Qir Plant (1): The front axle pipes BFW PREHEATER, connecting the nitrogen unit, ammonia gas rotary, changing the steam toaster, civil protection development project, connect the fire network, connect the sewage network with the main network, syngas water cooler and construct a cooling tower, upgrade speed control system, changing the flow of the nitrogen unit control system, Zero Liquid Discharge (ZLD) plant and the new ammonia reactor.	136,958
(2/2) Abu Qir Plant (2): Heat exchanger and final cooler syngas.	8,298
	145,256

(3) Tools, furniture and office equipment amounted to EGP 12,794 thousand which comprise as follows:

Description	(Amounts in thousands)
	March 31, 2023
(3/1) Linking the sewage network project with the main network for Abu Qir Plant (1).	306
(3/2) Furniture related to Abu Qir Plant (1) and the SAP system for the development of the ERP system.	12,488
	12,794

(4) Other projects amounted to EGP 2,520 thousand which comprise as follows:

Description	(Amounts in thousands)
	March 31, 2023
(4/1) Abu Qir Plant 3 development and reducing carbon dioxide emissions.	2,520
	2,520



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

*Translation notes of the financial statements
Original issued in Arabic*

(Amounts expressed in Egyptian pounds)

Second: Investing expenditures:

(1) Advance payments balance amounted to EGP 32,464 thousand which comprise as follows:

Description	(Amounts in thousands)
	March 31, 2023
Purchase of hydraulic hand pump	20
Purchase of a 1-ton chlorine cylinder	526
Supply and installation of new automatic fire extinguishing system for 14 buildings and social club	3,879
Designing, finishing and furnishing for the new administrative headquarters of the company in Cairo	47
Purchase of electric welding machine	86
Purchase of dl ultrasonic	132
Purchase of Kiriazi refrigerator 10 feet	12
Supply and installation of the metal structure of the new reactor	4,187
Purchase of flow serve durco	72
Supply and installation of surveillance camera for the administrative sector in the plant and the administrative building	299
Supply and installation of automatic fire extinguishing system	389
Purchase of SCBA (self contained breathing apparatus)	164
Manufacturing and changing the heat exchanger for the acid plant	11,400
Purchase of shell and tube exchanger	1,790
Purchase of complete natural gas	505
Purchase of paper wrapping machine	8
Purchase of cation vertical	1,613
The process of installing a continuous monitoring system	313
Purchase of fiber glass	112
Implementation of the first phase of developing the SAP system	5,014
Supply of a modern ambulance car	1,834
Purchase of barcode reader devices	62
	32,464

(2) Letters of credit balance amounted EGP 138,040 thousand which comprise as follows:

Description	(Amounts in thousands)
	March 31, 2023
Upgrade the speed control system for Abu Qir Plant (1)	5,216
Buying revamping AFC PES for Abu Qir Plant (3)	1,956
Buying ammonia converter basket for Abu Qir Plant (1)	63,830
Buying process license for the urea plant revamp for Abu Qir Plant (3)	20,508
Buying license and process design package for Abu Qir Plant (3)	1,644
Buying cooling tower for ammonia for Abu Qir Plant (1)	44,886
	138,040



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(6) Lease contracts:

(6/1) Right of use assets (lease contracts):

The lease contracts of the company represented in land of Abee's garage next to the house of English in Alexandria for the company's cars parking for a period of three years with the option of renewing the contract with the consent of all parties after the end of the lease period and the company is prohibited from making any sub-leasing arrangements and this contract was previously classified as an operating lease and the rental expense is recognized in the statement of income.

(6/1/1) Right of use assets (lease contracts):

Description	(Amounts in thousands)		
	March 31, 2023	March 31, 2022	June 30, 2022
Balance as at July 1, 2022	383	--	--
Adjustments to the opening balance (initial measurement)	--	383	383
Ended contracts	(383)	--	--
Cost as at March 31, 2023	--	383	383
Acc. amortization as at July 1, 2022	287	--	--
Adjustments to the opening balance (initial measurement)	--	159	159
Period amortization	96	96	128
Ended contracts	--	--	--
Acc. amortization as at March 31, 2023	383	255	287
Net book value as at March 31, 2023	--	128	96

(6/1/2) Lease contracts liabilities:

	(Amounts in thousands)		
	March 31, 2023	March 31, 2022	June 30, 2022
Balance as at July 1, 2022	104	--	--
Adjustments to the opening balance (initial measurement)	--	234	234
Paid installments	(104)	(95)	(130)
Finance lease current liabilities as at March 31, 2023	--	139	104
Finance lease current liabilities	--	139	104
Finance lease non-current liabilities	--	--	--



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(7) Investments in equity instruments - at fair value through OCI:

Investments in equity instruments - at fair value through OCI balance amounted to EGP 6,997,367 thousand on March 31, 2023, which comprise investments in equity instruments and investment in associates' companies amounted to EGP 6,873,919 thousand and EGP 123,448 thousand respectively as follows:

(7/1) Investments in equity instruments - at fair value through OCI:

Investments in equity instruments - at fair value through OCI amounted to EGP 6,873,919 thousand as on March 31, 2023, which comprise as follows:

Description	(Million EGP/USD)					(Thousand EGP)			
	Investment currency	Paid up capital	Ownership percentage	Total investing amount	Total Paid amount till 31/3/2023	Balance as at 1/07/2022	Revaluation of investments at fair value through OCI	Balance as at 31/3/2023	Balance as at 31/03/2022
Alexandria Fertilizers Company	(USD)	149.25	15%	22.3875	22.3875	2,078,948	1,328,709	3,407,657	1,254,879
Helwan Fertilizers Company	(USD)	150	17%	25.5	25.5	2,085,737	1,333,048	3,418,785	1,492,970
El Wady for Phosphate and Fertilizers Industries	(EGP)	400	10%	40	40	40,000	--	40,000	40,000
Abu Tartur for Phosphoric Acid Company	(USD)	10	9.5%	0.950	0.475	7,477	--	7,477	7,477
Total Investments in equity instruments - at fair value through OCI						4,212,162	2,661,757	6,873,919	2,795,326



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(7/1/1) The revaluation of investments in equity of Alexandria and Helwan Fertilizers Companies at fair value through OCI:

- On April 21, 2022, the company assigned the process of studying the determination of the fair value of its investments in both companies Alexandria Fertilizers Co. and Helwan Fertilizers Co. to the Baker Tilly office, and the necessary adjustments had been made which affected the financial statements for the year ended June 30, 2022, in light of the results of the study regarding determining the fair value of both companies. Where both the income and market approaches were relied upon in the calculating process to reach the weighted fair value of the shares of both companies and according to the data contained in the last approved annual financial statements for both companies on December 31, 2021. It was also updated in light of the exchange rates for USD against the EGP as on March 31, 2023, and waiting for updating the fair value study on June 30, 2023.
- On October 23, 2022, the Board of Directors issued decree No. 66 unanimously approving, in principle, the proposal to enter the value of the leased land on which the Alexandria Fertilizer Company is based as a share in the capital of the Alexandria Fertilizer Company, with the assignment to one of the specialized agencies approved by the Financial Supervisory Authority to conduct a study to evaluate the plot of land owned by the Abu Qir Fertilizer Company And studying the determination of the fair value of the Alexandria Fertilizer Company, and the rest of the procedures are being completed to take the final decision in this regard.

(7/1/2) El Wady for Phosphate and Fertilizers Industries:

Abu Qir Fertilizers Company has paid EGP 40 million which represents 100% of the company's contribution to the capital of El Wady for Phosphate and Fertilizers Industries which is equal to EGP 400 million. So, the total amount represents a 10% contribution to the capital of El Wady for the Phosphate and Fertilizers Industries.

(7/1/3) Abu Tartur for Phosphoric Acid Company:

Abu Qir Fertilizers Company has paid the amount of USD 475 thousand which represents 50% of the company's investment in Abu Tartur Company that has a total share of 9.5% of the company's capital amounted to USD 10 million.

- On September 21, 2022, the ordinary general assembly of Abu Tartour Phosphoric Acid Company was held. The report of the Board of Directors presented to the Assembly included the following:
 - Extension of the validity of the prices of the general contractor contract for the factory, as most of the main documents of the project have been completed in order to cover the financing requirements.
 - Determining several alternatives to provide a berth for shipping, exporting and importing phosphoric acid product and the materials needed for production (Safaga - Ain Sukhna)
 - Preparing a draft water supply contract until the final price is agreed, and the study of phosphate ore reserves for the phosphoric acid plant is being completed with the French company Sofrico.
- Finalizing the signing of the initial contract to finance the phosphoric acid production plant from all parties and appointing consultants for the final review phase due to ignorance, in the technical, commercial, environmental, social, insurance, legal, financial and tax aspects.

(7/2) Investments in Associates - at fair value through OCI:

Investments in Associates balance amounted to EGP 123,448 thousand on March 31, 2023, which comprise as follows:

Description	Currency	(Million EGP/USD)			(Thousands EGP)		
		Paid up capital	Ownership percentage	Total investing amount	Total Paid amount till 31/3/2023	Balance as at 31/3/2023	Balance as at 30/6/2022
Global Company for Methanol and Derivatives	(USD)	20	35%	7	0.7	10,948	10,948
North Abu Qir Company for Agricultural Nutrients	(EGP)	1000	45%	450	112.5	112,500	--
Total Investments in Associates - at fair value through OCI					113.2	123,448	10,948



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

*Translation notes of the financial statements
Original issued in Arabic*

(Amounts expressed in Egyptian pounds)

(7/2/1) Investments in Global Company for Methanol and Derivatives:

Abu Qir Fertilizers Company invested 35% of the company's capital which amounted to USD 20 million and paid an amount of USD 700 thousand equivalents to EGP 10,948 thousand which represents 10% of the total investment in Global Company for Methanol and Derivatives.

- The project's objective is to produce 1 million tons of methanol and 400 thousand tons of Ammonia annually.
- The project is located in the Economic Zone in Ain El-Sokhna.
- On August 24, 2021, the three founders (Abu Qir Fertilizers company, Helwan Fertilizers Company and Ahly Capital Holding Co.) have signed an agreement to establish the Global Company for Methanol and Derivates with share percentage 35%, 35%, 30% respectively in the presence of his excellence Mr. Tarek El Mulla – minister of petroleum and chairmen of economic zone, the president of the National Bank of Egypt, chairmen of board of directors of both Abu Qir Fertilizers Company, and Helwan Fertilizers Company.
- The company's authorized capital amounted to USD 200 million and issued capital USD 20 million.
- The establishment procedures have been assigned to Mohamed Sameh Amr - law firm and the establishment procedures have been completed.
- On December 16, 2021, the Global Company for Methanol and Derivatives' first ordinary general assembly meeting was held, and the first board of directors was appointed.
- On December 21, 2021, the contract for the construction of the Global Company for Methanol and Derivatives in the industrial area El Ein El Sokhna was signed.

(7/2/2) Investments in North Abu Qir Company for Agricultural Nutrients (under establishment):

- The total amount paid from our company's contribution to the capital of Abu Qir Agricultural Nutrients Company amounts to EGP 112.5 million, representing 25% of the company's share, which amounts to 45% of the company's issued capital, amounting to EGP one billion. The company's authorized capital is EGP 10 billion.
- The project aims to establish a plant to produce ammonia with a production capacity of 1200 tons/day, a plant to produce nitric acid with a production capacity of 1830 tons/day, and a plant to produce granulated ammonium nitrate with a production capacity of 2400 tons/day, on the plot of land owned by the Egyptian General Petroleum Corporation (the land of the former Rakta company). This project is supposed to be financed by 70% bank loans and 30% self-financing between each of the Abu Qir Fertilizers Company, (which sharing with 45%), the Egyptian General Petroleum Corporation, (which sharing in In-kind shares with 45%), and the Egyptian Petrochemical Holding Company (which sharing with 10%), and the establishment process are being finished.

(8) Investments in financial instruments at amortized cost - Treasuring bills:

Investments in financial instruments at amortized cost – Treasury bills which are classified as current assets are amounted to EGP 6,296,824 thousand as at March 31, 2023, which comprise the following:

	<u>(Amounts in thousands)</u>		
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
<u>Treasury bills</u>			
Nominal value	6,805,000	10,712,625	11,878,825
<u>Deduct:</u> unearned revenues	(446,896)	(725,656)	(499,582)
<u>Deduct:</u> Tax reconciliation	(61,280)	(59,217)	(111,206)
Total treasury bills - recoverable value – current	<u>6,296,824</u>	<u>9,927,752</u>	<u>11,268,037</u>

- Treasury bills balance included an amount of EGP 469 million which is mortgaged bills for letters of guarantee issued by banks on behalf of the company and in favor of others with the worth of EGP 343 million (note 20).



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(9) Assets held for sale:

Assets held for sale balance amounted to EGP 1,185 thousand as at June 30, 2022, in the extracted catalyst from the renewal of Abu Qir plant (3) which have been disposed of during the period ended March 31, 2023.

	<u>(Amounts in thousands)</u>		
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
Catalyst	--	--	1,185
	<u>--</u>	<u>--</u>	<u>1,185</u>

(10) Inventory:

Inventory balance is amounted to EGP 2,136,126 thousand as at March 31, 2023, which comprises the following:

	<u>(Amounts in thousands)</u>		
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
Raw materials	575,019	241,281	196,632
Fuel and oil	7,437	5,288	4,299
Spare parts and supplies	924,581	909,461	850,409
Packing materials	25,620	15,412	22,577
Wastes	1,876	587	591
Work in process	118,670	40,264	40,828
Finished goods	319,311	113,679	240,177
Inventory with others	12,882	112,169	118,224
Letters of credit	150,730	42,016	90,168
Supplies under construction	--	365	52
	<u>2,136,126</u>	<u>1,480,522</u>	<u>1,563,957</u>

a. **Inventory with others** as at March 31, 2023, amounted EGP 12,882 thousand, which comprise as follows:

<u>Description</u>	<u>Company</u>	<u>(Amounts in thousands)</u>
		<u>March 31, 2023</u>
Spare parts	Siemens Company	8,142
Rotors	Nuvo Pignene	3,677
Rotors	Man Energy	440
Others	Others	623
		<u>12,882</u>

b. **Work in process:**

Work in process balances as at March 31, 2023, can be represented as follows:

	<u>March 31, 2023</u>		<u>June 30, 2022</u>	
	<u>Quantity in ton</u>	<u>Amounts in thousands</u>	<u>Quantity in ton</u>	<u>Amounts in thousands</u>
Ammonia (1)	6,396.58	48,331	3,030.77	14,350
Ammonia (2)	1,667.40	10,098	1,673.90	6,818
Ammonia (3)	9,206.30	60,009	4,386.20	19,502
Nitric Acid	109.802	232	109.086	158
		<u>118,670</u>		<u>40,828</u>



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

c. Finished goods:

Finished goods balances as at March 31, 2023, can be represented as follow:

	March 31, 2023		June 30, 2022	
	Quantity in ton	Amounts in thousands	Quantity in ton	Amounts in thousands
Prilled urea	48,440.07	228,983	30,782.68	93,355
Granular nitrate	336.63	1,049	808.68	1,740
Granular urea	21,912.66	88,978	49,836.51	144,781
Liquid fertilizer	126.46	301	126.46	301
		319,311		240,177

(11) Trade receivables and other debit accounts:

Trade receivables and other debit accounts amounted to EGP 1,874,373 thousand as at March 31, 2023 which comprises the following:

	(Amounts in thousands)		
	March 31, 2023	March 31, 2022	June 30, 2022
Trade receivables	204,551	282,856	191,611
Sundry debtors	141,861	79,649	67,293
Other debit accounts	1,457,572	927,996	587,189
Vendors debit balances	43,389	21,693	20,688
	1,847,373	1,312,194	866,781

(11/1) Trade receivables:

Trade receivables balance amounted to EGP 204,551 thousand as at March 31, 2023 which comprises the following:

	(Amounts in thousands)		
	March 31, 2023	March 31, 2022	June 30, 2022
Clients – private sector	203,801	258,050	190,688
Clients - foreign sector	--	24,578	--
Notes receivables	750	228	923
	204,551	282,856	191,611

(11/2) Sundry debtors:

Sundry debtors balance amounted to EGP 141,861 thousand as at March 31, 2023 which comprises the following:

	(Amounts in thousands)		
	March 31, 2023	March 31, 2022	June 30, 2022
Deposits with others	10,753	556	550
Employees advances	219	62	138
Value added tax authority	130,542	78,424	66,020
Custom authority	347	607	585
	141,861	79,649	67,293

(11/3) Other debit accounts:

Other debit account balances amounted to EGP 1,457,572 thousand as at March 31, 2023, which comprise EGP 1,396,463 thousand, and EGP 61,109 thousand representing debtors and other debits respectively as follows:



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(11/3/1) Debtors:

	<u>(Amounts in thousands)</u>
	<u>March 31, 2023</u>
Debtors - cars loans and traffic fines	4,107
Residential loans	7,870
Youth and workers housing loans	5,173
Debtors on Advance	2,378
Bamaj Egypt and Samcret Egypt	33,399
Cooperative housing	692
Spent on Rakta land	3,089
National Paper Company	139
Water seminar debtors	143
Balances under settlement -Tax authority	18,969
Estimated consumption of platinum	505
Tossun project loan	6,023
Methanol project	3,190
Bonuses and distributions of Alexandria Fertilizers Company	440,109
North Abu Qir Company for Agricultural Nutrients	100
Buildings of the residential city	24,569
The company's contribution to the Methanol Project	1,246
Tax authority	10,943
Funds balances	295,678
Prepaid expenses	1,218
Alexandria Fertilizers Company	119
Rewards and distributions of Helwan Fertilizers Company	469,404
Accrued deposit interest	65,629
Others	1,771
	<u>1,396,463</u>

- Debtor's balance includes EGP 24.6 million represents value of buildings, roads, machines and furniture related to employees' compound city which is financed by the share of social services and housing association for employees against liability by the same amount stated in credit balances for control purposes, taking into consideration that these assets are not depreciated.
- Debtors include amount of EGP 295,678 thousand related to current accounts, time deposits and treasury bills which is related to (sport and social activities, treatment fund, infrastructure projects, environment fund, Borg El-Arab project, and Methanol project) against liabilities to these funds stated in other credit balances.
- The statement of cash flow of the company includes inflows and outflows from investments at amortizes (treasury bills) cost amounted to EGP 144 million and EGP 162 million both related to workers treatment funds.
- **Infrastructure projects** represent infrastructure projects outside the company that are being financed by the difference between borrowing interest rate of German development construction bank that granted to Egyptian central bank for Plant (2) and re-borrowing interest rate of Egyptian central bank to the company.
- **Environment fund projects** represent expenses disbursed on environmental works on the surrounding areas of the company that financed by the return of selling carbon certificates which a part of this return is spent on the environmental aspects.
- **Borg El-Arab Project** represents the collected amounts from the employees to finance the project.
- **Methanol Project** balance represents the collections from the shareholders of Global Methanol Co. and is available to be spent on the project.



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

*Translation notes of the financial statements
Original issued in Arabic*

(Amounts expressed in Egyptian pounds)

(11/3/2) Other debit balances:

Other debit balances balance is amounted to EGP 61,109 thousand as at March 31, 2023 which comprise the following:

	<u>(Amounts in thousands)</u>
	<u>March 31, 2023</u>
Tax authority (Real estate tax, withholding tax)	24,885
Customs authority	36,097
Others	127
	<u>61,109</u>

(11/4) Vendors debit balances:

Vendors debit balances amounted to EGP 43,389 thousand as at March 31, 2023 which comprises advance payments and vendors – foreign sector of rejected goods as follows:

	<u>(Amounts in thousands)</u>		
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
Vendors - public sector	766	844	1,034
Vendors - private sector	35,861	13,649	10,592
Vendors - foreign sector	6,762	7,200	9,062
	<u>43,389</u>	<u>21,693</u>	<u>20,688</u>

(12) Cash on hand and its equivalent:

Cash on hand and at banks balances amounted to EGP 15,523,116 as at March 31, 2023 which comprises the following:

	<u>(Amounts in thousands)</u>		
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
Time deposits (three months)	15,087,628	664,060	2,601,152
Time deposits (one year)	--	--	6,000
Current accounts with return	435,326	1,701,760	326,368
Cash on hand	162	196	279
	<u>15,523,116</u>	<u>2,366,016</u>	<u>2,933,799</u>

- The short-term time deposits are due to the company's need to keep its time deposits in USD to settle its liabilities in foreign currency.
- **Time deposits** include:
 - An amount of USD 125 thousand which is reserved by Banque du Caire.
 - An amount of USD 24.5 million which is reserved by Export Development Bank.
 - An amount of USD 2.6 million which is reserved by Qatar National Bank in exchange of letters of credit.
- The company obtained **credit facilities** during the period which amounted to EGP 753 million from the National Bank of Kuwait with an interest rate of 8% annually. It was used to pay natural gas withdrawals and other government payments, and it was fully repaid during the period.



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(13) Shareholders' equity:

(13/1) Paid up capital:

The company's authorized capital is amounted to EGP 3 billion, paid up and issued capital as at March 31, 2023 amounted to EGP 1,892,813,580 divided into 1,261,875,720 shares of EGP 1.5 par value each shareholder's structure comprises as follows:

(Amounts in thousands)				
	<u>Nationality</u>	<u>Ownership percentage</u>	<u>No. of Shares</u>	<u>Paid up capital</u>
Alpha Oryx Limited	United Arab Emirates	21.52%	271,573,655	407,360
Saudi Egyptian Investment Company	Saudi	19.82%	250,122,208	375,183
Egyptian General Petroleum Corporation	Egyptian	19.11%	241,153,540	361,730
Nasser Social Bank	Egyptian	5.90%	74,477,970	111,717
Holding Company for Chemical Industries	Egyptian	5.47%	69,055,673	103,584
Union of shareholder Employee	Egyptian	5.03%	63,500,000	95,250
Investment Funds and Individuals	Various	23.15%	291,992,674	437,989
		100 %	1,261,875,720	1,892,813

- On August 10, 2022, a sale bargain has been accomplished by Saudi Egyptian Investment Company to acquire 19.82% of Abu Qir Fertilizers company's shares (10.079% from The Industrial Development Authority, 4.185% from Al-Ahly Capital Holding Company, 3.17% from Misr Insurance Company, and 2.386% from other shareholders).

(13/2) Reserves:

Reserves balance amounted to EGP 6,769,140 thousand as at March 31, 2023, which comprises the following:

(Amounts in thousands)			
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
Legal reserve	946,407	705,719	705,719
Other reserves	5,822,733	22,146	22,146
	6,769,140	727,865	727,865

- The addition to the legal reserve during the period, amounting to EGP 240,687 thousand, is represented in the balance transferred from dividends for the year 2021/2022, and accordingly, the balance of the legal reserve becomes 50% of the company's issued and paid-up capital.
- Other reserves amounted EGP 5,822,733 thousand which comprise the following:

(Amounts in thousands)			
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
Reserve for expansions	5,800,000	--	--
Gain on sale of fixed assets	22,700	22,113	22,113
Gain on sale of spare parts and fittings	5	5	5
Environment fund reserve	28	28	28
	5,822,733	22,146	22,146

- The addition to the other reserves during the period, amounting to EGP 5,800,588 thousand, is represented in the balance transferred from dividends for the year 2021/2022, which comprise reserve for expansion projects amounted to EGP 5,800,000 thousand, and capital reserve amounted to EGP 588 thousand.



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(13/3) Revaluation of investments at fair value through OCI:

Revaluation of investments at fair value through OCI amounted to EGP 6,532,941 thousand as at March 31, 2023 which comprises the following:

Description	(Amounts in thousands)		
	March 31, 2023	March 31, 2022	June 30, 2022
Alexandria Fertilizers Co.	3,271,746	1,118,967	1,943,036
Helwan Fertilizers Co.	3,261,195	1,335,380	1,928,147
	6,532,941	2,454,347	3,871,183

(13/4) Retained earnings:

Retained earnings amounted to EGP 13,864 thousand as at March 31, 2023 which comprises the following:

Description	(Amounts in thousands)		
	March 31, 2023	March 31, 2022	June 30, 2022
Retained earnings - beginning balance	2,260,394	2,411,346	2,411,346
Add (Deduct):			
Net profit for the prior period /year	9,054,139	3,516,007	3,516,007
Cash dividends	(5,260,343)	(2,217,648)	(3,479,523)
Transferred to legal and other reserves	(6,041,275)	(187,425)	(187,425)
	(2,247,479)	1,110,934	(150,941)
Adjustments to R/E	949	(11)	(11)
Retained earnings – ending balance	13,864	3,522,269	2,260,394

- Retained earnings amounted to EGP 13,864 thousand as at March 31, 2023 include undistributed shareholders' share in profit for year 2021/2022 with amount of EGP 12,915 thousand, according to the ordinary general assembly meeting held on September 24, 2022, in addition to settlements related to the prior year real estate tax which is amounted to EGP 949 thousand.

(14) Provisions:

Total non-current and current provisions balances are amounted to EGP 284,775 thousand as at March 31, 2023 which is represented as follows:

Description	Balance as at 1/7/2022	Additions	Provisions used	Settled in income	Provisions derecognized	Balance as at 31/3/2023
First: Income tax provisions:						
Corporate tax	288,887	--	--	53,898	53,898	234,989
Sales tax	42,647	--	--	--	--	42,647
Real-estate tax	1,174	--	--	--	--	1,174
Stamp tax	27	--	27	--	27	--
Total income tax provisions	332,735	--	27	53,898	53,925	278,810
Second: Other provisions:						
Lawsuit	9,600	4,764	8,159	240	8,399	5,965
Labor tax differences	5,500	--	5,180	320	5,500	--
Total other provisions	15,100	4,764	13,339	560	13,899	5,965
Total provisions	347,835	4,764	13,366	54,458	67,824	284,775
Total current provisions	9,600					5,965
Total non-current provisions	338,235					278,810

- The additions on the provisions during the period amounted to EGP 4,764 thousand, representing the increase in lawsuit provision related to case no.16.8/78 related to court fees for (Hema Plast) case.



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

*Translation notes of the financial statements
Original issued in Arabic*

(Amounts expressed in Egyptian pounds)

- Total provisions derecognized during the period amounted to EGP 67,824 thousand, represented in the exclusion from corporate tax provision amounted to EGP 53,898 thousand, due to the judgment of the administrative court in Alexandria in case no. (8673) of the judicial year 74, in favor of the company to cancel the contested decision and all its consequences for the periods from 89-92. And the stamp tax provision amounted to EGP 27 thousand to settle the differences in the stamp tax examination, where the payment was made in favor of the tax authority according to the judgments issued in lawsuits, and the lawsuit provision amounted to EGP 8,399 thousand, and the labor tax differences provision amounted to EGP 5,500 thousand, in order to prove eligibility to the tax authority in an amount of EGP 5,180 thousand, and settling EGP 320 thousand in revenues, according to the final judgments issued in lawsuits.

(15) Deferred tax liabilities:

Deferred tax liabilities amounted to EGP 156,495 thousand as at March 31, 2023 which comprises the following:

	<u>(Amounts in thousands)</u>		
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
Balance at the beginning of the period (liability)	153,713	121,668	121,668
Deferred tax for the period (expenses)	2,782	440	29,881
Adjustments for prior years	--	2,164	2,164
Balance at the end of the period (liability)	156,495	124,272	153,713

(16) Trade payables and other credit accounts:

Trade payables and other credit accounts amounted to EGP 2,544,924 thousand without tax authority account as at March 31, 2023 which comprises the following:

	<u>(Amounts in thousands)</u>		
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
Trade payables	657,687	578,755	539,612
Sundry creditors	62,476	75,938	47,435
Distribution creditors	1,272	1,636	1,427
Other credit accounts	1,121,368	804,050	891,224
Clients - credit balances	702,121	281,758	318,180
	2,544,924	1,742,137	1,797,878

(16/1) Trade payables:

Trade payables balance amounted to EGP 657,687 thousand as at March 31, 2023, which comprises the following:

	<u>(Amounts in thousands)</u>		
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
Vendors - public sector	29,353	10,130	11,292
Vendors - private sector	618,158	560,585	520,511
Vendors - foreign sector	10,176	8,040	7,809
	657,687	578,755	539,612

(16/2) Sundry creditors:

Sundry creditors balance amounted to EGP 62,476 thousand as at March 31, 2023, which comprises the following:

	<u>(Amounts in thousands)</u>		
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
Deposits for others	22,290	26,115	21,095
Tax authority - Value Added Tax	21,503	29,873	6,661
Public Authority for Social Insurance	15,443	13,676	19,548
Customs authority	3,240	6,274	131
	62,476	75,938	47,435



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

*Translation notes of the financial statements
Original issued in Arabic*

(Amounts expressed in Egyptian pounds)

(16/3) Distribution creditors:

Distribution creditor's balance amounted to EGP 1,272 thousand as at March 31, 2023, which comprises the following:

	(Amounts in thousands)		
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>June 30, 2022</u>
Shareholders' profit share	1,019	1,171	1,172
Employees' profit share	253	465	255
	<u>1,272</u>	<u>1,636</u>	<u>1,427</u>

- Shareholders' profit share balance represented in the balance of the shares of the coupons that are not centrally preserved which amounted to EGP 1,019 thousand which will be transferred to the Tax Authority following article 147 of law no. 91 of 2005.

(16/4) Other credit accounts:

Other credit accounts amounted to EGP 1,121,368 thousand as at March 31, 2023 which comprise EGP 1,105,169 thousand representing creditors, and EGP 16,199 thousand representing other credit balances respectively as follows:

(16/4/1) Creditors:

<u>Description</u>	<u>(Amounts in thousands)</u>
	<u>March 31, 2023</u>
Private insurance fund	2,811
Expense	106
Cost of constructing company's buildings	24,569
Family treatment fund	108,843
Pension treatment fund	611
Housing Loan Fund	5,005
Supplementary pension fund	1,975
Social services fund subscriptions	472
Reserved amounts to finance pensions fund	6,005
Death Cases Fund	147
Receipts from the profits of workers (Tusson land)	428
Fee of the Agricultural Professions Syndicate	2,717
Trade Union Fund	1,135
Carbon Corporation and Environmental Fund deposits	10,645
Alexandria Fertilizers Company rents	4,625
Solidarity Contribution Fund	56,424
Transportation companies VAT	3,891
Credit balance for employees (tax reconciliations)	28,719
Bonus for external missions	514
Methanol Project	3,592
Shareholders employees' union	1,078
Sales tax related to the dispute of letters of credit for Abu Qir plant (3)	53,485
Training and rehabilitation fund	350,258
Wages and trusts due	100,313
Carried forward	<u>768,368</u>



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

<u>Description</u>	<u>(Amounts in thousands)</u>
	<u>March 31, 2023</u>
Brought forward	768,368
Holy Land Company	283
Benefits of those who are out of work	1,222
Amounts Reserved to finance the city's residential additions	1,683
Bamag Fine	24,895
Dedicated to workers' funds	49,280
Fees under settlement	977
Applied stamp	372
Accrued donations	2,398
Club and sport activities against treasury bills and current accounts	194,218
Infrastructure fund against deposits and current accounts	4,432
Deposits under settlements	4,370
Collections for road maintenance	3,034
Auto loan fund	6,067
General Authority for Financial Supervision- Development fee	1,549
Collections for guarding railway crossing	250
Creditors – fixed assets purchase	26,765
Checks not submitted for disbursement	913
Estimated unearned returns for treasury bills related to funds	12,901
Borrowing from Nalco Co.	197
Mid Gas company	142
Others	853
	<u>1,105,169</u>

Creditor's accounts include:

- EGP 350,258 thousand represents liability to Rehabilitation and Training Fund in the Directorate of Manpower and Immigration, a lawsuit no. 7234/2007 (holistic civil) was raised in front of Northern Cairo Elementary court, the case has been suspended on May 31, 2012, until the determination of case No. 46 of year 28, it's still considered in front of the judiciary till financial statements date.
- EGP 194,218 thousand represents liability to sport activity and club against their treasury bills and current account at banks at financial statements date.
- EGP 4,432 thousand represents liability to infrastructure fund against its time deposits and current account at banks at financial statements date.
- EGP 10,645 thousand represents liability to environment fund against its time deposits and current account at banks at financial statements date.
- EGP 109,454 thousand represents liability to treatment fund against its treasury bills and current account at banks at financial statements date.

Total collected revenues from Carbon company in favor of environment fund till March 31, 2023, are amounted to EGP 23,167 thousand for the period from October 1, 2006 till December 31, 2020, except for the return of investing these amounts amounted to EGP 5,470 thousand and total expenditures of these revenues related to environmental aspects are amounted to EGP 17,992 thousand which comprise the following:



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

Description	(Amounts in thousands)
	March 31, 2023
Environmental monitoring stations and devices.	2,798
Bank expenses	10
Constructing Rakta canal's bridge and its purification	670
Garbage disposal	860
Medical clinic (9)	144
Rehabilitations of Ali Maher Road	2,175
Schools' rehabilitation and restoration project	569
Planting the surrounding roads	250
Occasion's hall development in employees' compound city	244
Purchasing insecticide spraying motors and combating reed	300
Zero Liquid Discharge equipment-Alamia	200
Developing environmental projects in Alexandria	226
Zero Liquid Discharge project in Edfina	46
Purchasing charcoal oven	115
Medical caravans	894
Tools and machines	1,230
Fire engines, ambulances, and medical devices	3,261
Waste recycle plant	4,000
	17,992

- Certificates for the period from January 1, 2021, till March 31, 2023, have not been issued yet and there is an agreement to sell them immediately after their issuance.

(16/4/2) Other credit balances:

	(Amounts in thousands)
	March 31, 2023
Borg El-Arab Project	15,784
Others	415
	16,199

(16/5) Client's credit balances (Advance payments):

The clients' credit balances as at March 31, 2023 are amounted to EGP 702,121 thousand which comprise the following:

	(Amounts in thousands)		
	March 31, 2023	March 31, 2022	June 30, 2022
Clients - public sector	1,561	2,674	1,471
Clients - private sector	15,458	4,564	11,396
Clients - foreign sector	685,102	274,520	305,313
	702,121	281,758	318,180



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

*Translation notes of the financial statements
Original issued in Arabic*

(Amounts expressed in Egyptian pounds)

(16/6) Tax authority:

Tax authority's credit balance as at March 31, 2023 amounted to EGP 3,179,457 thousand which comprise the following:

	(Amounts in thousands)		
	March 31, 2023	March 31, 2022	June 30, 2022
Tax authority – Payroll tax	16,386	9,271	41,201
Withholding tax, stamp, and real estate tax	2,461	1,836	2,823
Tax authority – Corporate tax	3,160,610	1,703,829	2,222,525
	3,179,457	1,714,936	2,266,549

(17) Tax position as at March 31, 2023:

Corporate Tax:

- For the year 2001/2002 the tax disputes are in front of the Administrative Judiciary.
- For the year 2005/2006 the tax disputes are in front of Administrative Judiciary.
- For the years 2006/2008 the tax disputes are in front of Administrative Judiciary.
- For the year 2014/2015 company's accounts were inspected by tax authority.
- For the years 2015/2018 the dispute of tax inspection is in progress.

The company's due balance according to "9A form - reservation " which was received from the Tax Authority was verified in the company's records with the company's right to object in the legal times by letters and legal procedures concerning this matter and this to reserve all the company's rights till the settlement.

Payroll tax:

Company's accounts were inspected by Tax Authority till year 2019.

Sales Tax:

- For years from January 1994 till June 2003 the tax disputes are in front of Administrative Judiciary, excluding the period from January 1995 to March 1996 and May 1998 to February 1999 as the Administrative Judiciary judged in favor of the company.
- For the period from July 2005 till December 2009, tax disputes are in front of Administrative Judiciary.
- Company's accounts were inspected by tax authority till 2015/2016.
 - In light of the issuance of Law No. 9 of 2005 which related to the deduction of sales tax on capital goods, an amount of EGP 53.5 million was reserved in sub account and this amount is related to sales tax on machines of Abu Qir plant (3) only and offset by the same value of (credit balances) until final settlement with the tax authority.

Value added tax:

- The company is obligated to implement Law No. 67 of 2016 regarding value added tax.
- For the years 2016/2018 the inspection is in progress.

Stamp tax:

- Company's accounts were inspected by tax authority till 2018.
- For years 2019 & 2020 the dispute is in front of the internal committee of the large taxpayers.

Real estate tax:

- All the tax due was paid till December 31, 2021, in accordance with law of real estate tax promulgated of the disputes in front by Law No. 196 of 2008 and amended by Law No. 117 of 2014.
- The decision of the council of ministers no 61 for year 2022 was implemented which state that the ministry of finance will bear the real estate tax of the company's factories for three years till December 31, 2024, and the procedures are in progress with the real estate tax authority and demanding a refund of EGP 1.25 million already paid and related to period of the previously mentioned decision.



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(18) Legal position as at March 31, 2023:

The company raised some lawsuits against others represent labor lawsuits, in other hand there are some Lawsuits against the company, lawsuits provisions are created according to company's Legal Affairs Sector point of view.

Name	Lawsuit's subject	Company's requests in lawsuits	Provision according to Legal Affairs sector opinion (EGP)	Notes
Abd El Salam Aly Ismael Sakr	Demanding a remuneration for membership of the board of directors, Sessions, attendance fees & In exchange for vacations balance	Reject the case	77,793	A final judgment was issued on July 6, 2022, and it was appealed in cassation, obliging the company to pay EGP 77,793
Hassan Ibrahim Elmahdy and others	The right to have exceptional bonus	Reject the case	1,500,000	For the judgment on March 7, 2022, the review on the judgment is being monitored
As Minister of Justice	Demanding judicial fees	Reject the case	4,388,138	May 15, 2023, for monitoring

- Within cases raised by others against the company claim No. 2694 of 2015 adjusted currently with no 148 for year 2020 raised by Petro Trade Company concerning gas prices' differences from January 1, 2012, till December 1, 2012, as well as penalties for delaying payments of gas prices' differences from January 1, 2012 till August 31, 2014 and postponed till February 4, 2023. In this regard, the company's legal view is that fines for delaying payments of gas prices' differences from January 1, 2012 and the legal benefits related to them should not be recognized because they revolve with the original debt and the conclusion of the reconciliation and settlement agreement on August 31, 2014 is independent of the gas supply contract as it is a private contract and private restricts the general and was edited to settle the differences between Abu Qir Fertilizers and petrol companies (EGAS - Gasco – Petro Trade) the creation of the provision will be considered when returned to the court and decide on the defense of the company regarding the unconstitutionality of approvals and decisions to increase the price of natural gas retroactively, in this regard, the decision of the Board of Directors, No. (46) on April 21, 2015 is unanimously approved not to create provision pending to the end of the judgment of the Court.

(19) Statement of income:

(19/1) Sales revenues for the nine-months period ended March 31, 2023, is amounted to EGP 17,300,888 thousand which comprise the following:

	(Amounts in thousands)		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Sales revenues	17,270,591	12,001,969	16,280,569
Sold services			
(Included sale of casual products)	44,027	54,957	66,978
Operation for other revenues	36	684	1,323
Sold wastes	3,218	3,996	4,998
Deduct: Sale of casual products	(16,984)	(18,328)	(22,935)
	17,300,888	12,043,278	16,330,933



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(19/2) Cost of goods sold: for the nine-months ended period March 31, 2023, is amounted to EGP 6,478,634 thousand which comprise the following:

	(Amounts in thousands)		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Raw materials and supplies	5,838,924	3,565,700	4,969,498
Salaries, wages and benefits	626,671	401,683	699,540
Operating fixed assets depreciation	79,542	70,049	93,375
Other manufacturing expenses	107,456	76,458	118,510
Re-evaluation of finished goods	(79,134)	(31,998)	(158,495)
Re-evaluation of un-finished goods	(77,841)	4,388	3,824
Deduct: Sale of casual products	(16,984)	(18,328)	(22,935)
	6,478,634	4,067,952	5,703,317

(19/3) Investment Revenue: for the nine-months period ended March 31, 2023, is amounted to EGP 982,810 thousand which comprise the following:

	(Amounts in thousands)		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Alexandria Fertilizers Company	461,250	217,800	217,800
Helwan Fertilizers Company	521,560	212,704	212,704
	982,810	430,504	430,504

- Alexandria Fertilizers Company's investment revenues amounted to EGP 461,250 million, equivalent to USD 15 million, which represents the company's share of dividends in 2022 at a distribution rate of 15% of the total shareholders' share amounted to USD 100 million, according to the decision of the ordinary general assembly of Alexandria Fertilizers Company held on March 20, 2023.
- Helwan Fertilizers Company's investment revenues amounted to EGP 521,560 million, equivalent to USD 17 million, which represents the company's share of dividends in 2022 at a distribution rate of 17% of the total shareholders' share amounted to USD 100 million, according to the decision of the ordinary general assembly of Helwan Fertilizers Company held on March 8, 2023.

(19/4) Credit interests: for the nine-months period ended March 31, 2023, is amounted to EGP 360,208 thousand which comprise the following:

	(Amounts in thousands)		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Realized interest	294,579	30,443	53,722
Unrealized interest	65,629	1,286	5,874
	360,208	31,729	59,596

(19/5) Return on investments at amortized cost – treasury bills: for the nine-months period ended March 31, 2023, is amounted to EGP 912,160 thousand which comprise the following:

	(Amounts in thousands)		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Realized interest	605,759	394,555	467,784
Unrealized interest	306,401	296,083	556,031
	912,160	690,638	1,023,815



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(19/6) Other revenues: for the nine-months period ended March 31, 2023, is amounted to EGP 63,088 thousand which comprise the following:

	<u>(Amounts in thousands)</u>		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Rent revenues	10,310	8,723	11,637
Compensation and penalties	604	4,227	3,995
Sundry revenues	52,174	7,233	26,284
	63,088	20,183	41,916

(19/6/1): Rent revenues for the nine-months period ended March 31, 2023, is amounted to EGP 10,310 thousand which comprise the following:

	<u>(Amounts in thousands)</u>		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Land Leased to Alexandria Fertilizers Co.	8,708	7,300	9,731
Water Pump Sub-Station, land, tanks, and cafeteria	844	701	940
Land Leased to Air Liquid Co., Medical Gases Co. and Med Gas Co.	758	722	966
	10,310	8,723	11,637

(19/6/2) Compensation and penalties revenues for the nine-months period ended March 31, 2023, is amounted to EGP 604 thousand which comprise the following:

	<u>(Amounts in thousands)</u>		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Vendors and transportation companies	544	1,729	1,512
Misr insurance	33	2,483	2,483
Other compensation revenues	27	15	--
	604	4,227	3,995

(19/6/3) Sundry revenues for the nine-months period ended March 31, 2023, is amounted to EGP 52,174 which comprise the following:

	<u>(Amounts in thousands)</u>		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Carbon	--	5,478	5,478
Gain on sale of scrap, raw materials, supplies and others	52,174	1,755	20,806
	52,174	7,233	26,284

(19/6/4) Gains on sale of fixed assets for the nine-months period ended March 31, 2023, amounted to EGP 24,849 thousand which represented in selling vehicles and catalystr.



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(19/7) Foreign currency exchange differences for the nine-months period ended March 31, 2023, is amounted to EGP 3,853,967 thousand against currency differences gain amounted to EGP 185,041 thousand for the nine-months ended March 31, 2022, which comprise the following:

	<u>(Amounts in thousands)</u>		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Foreign currency exchange differences			
Banks	3,678,788	105,641	159,515
Other monetary assets and liabilities	175,179	79,400	75,861
Net charged to statement of income	3,853,967	185,041	235,376

(19/8) Selling and distribution expenses for the nine-months period ended March 31, 2023, is amounted to EGP 438,130 thousand which comprise the following:

	<u>(Amounts in thousands)</u>		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Salaries, wages and benefits	169,607	108,114	187,391
Packing materials	107,880	72,227	123,553
Fixed assets depreciation	3,570	3,352	4,544
Other selling expenses	157,073	134,864	156,875
	438,130	318,557	472,363

(19/9) Administration and general expenses for the nine-months period ended March 31, 2023, is amounted to EGP 216,181 thousand which comprise the following:

	<u>(Amounts in thousands)</u>		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Salaries, wages and benefits	99,872	61,193	114,279
Fixed assets depreciation	5,742	5,143	6,846
Other administrative and general expenses	105,986	70,451	104,643
Chairman and board of directors 'compensation	4,581	5,672	7,675
	216,181	142,459	233,443

- Other administrative and general expenses include losses on sale of catalyst for the nine-months period ended March 31, 2023, which amounted to EGP 1,105 thousand.

(19/10) Financing expenses for the nine-months period ended March 31, 2023, is amounted to EGP 11,632 thousand which comprise the following:

	<u>(Amounts in thousands)</u>		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Financing Expense (Credit facilities)	11,623	7,596	12,220
Financing expenses – Lease contract	9	18	22
	11,632	7,614	12,242



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

(19/11) Income tax for the nine-months period ended March 31, 2023, is amounted to EGP 3,444,366 thousand which comprise the following:

	<u>(Amounts in thousands)</u>		
	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Income tax	3,160,608	1,703,829	2,222,525
Deferred tax	2,782	441	29,882
Tax on treasury bills	182,432	138,128	204,763
Tax on dividends	98,281	43,050	43,050
Tax settlements on income tax and deferred tax	263	14,034	14,033
	3,444,366	1,899,482	2,514,253

(19/12) Reconciliation to calculate the income tax at March 31, 2023 according to the terms of law which comprise the following:

	<u>(Amounts in thousands)</u>	
	Subtotal	Nine-months period ended March 31, 2023
Net profit before tax at March 31, 2023		16,403,088
Add:		
Effect of non-deductible expenses	20,569	
Comprehensive health insurance refund	56,424	
Effect of provisions (added)	4,764	
Deduct:		81,757
Effect of non-taxable revenues	(2,354,414)	
Effect of provisions (derecognized)	(67,824)	
Effect of depreciation difference	(15,458)	
		(2,437,696)
Total tax base at March 31, 2023		14,047,149
Income tax rate (22.5%)		3,160,608
Add:		
Deferred tax (expense) at March 31, 2023		2,782
Tax on dividends at March 31, 2023		98,281
Treasury bills tax at March 31, 2023		182,432
Settlement income and deferred tax of the previous year		263
Total current income tax at March 31, 2023		3,444,366
Actual income tax rate on net profit at March 31, 2023		20.93%

- The tax due represents the tax payable less the previous deducted from third parties (tax on treasury bills, distribution tax, withholding tax, ...) based on certificates supported by banks and companies.



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

*Translation notes of the financial statements
Original issued in Arabic*

(Amounts expressed in Egyptian pounds)

(19/13) The company contributes to the supplementary pension fund, private insurance and services fund within miscellaneous service expenses in order to achieve loyalty to the company and to overcome the problems of employment work dropout outside the company. The company also contributes to finance employees' treatment fund and their families and pensioners (by the proceeds from road maintenance, transportations companies and 4% from transportation invoices, starting from the year 2019/2020 and time deposit return of EGP 6 million for social services and housing for employees in light of previous laws in accordance with the Board of Directors' Decision No. 94 on November 27, 2008).

- The company includes the contribution of employees from their share in annual profits to finance their funds within the credit balances, any disbursement occurs during the year are under the supervision and control of the company.

(20) Contingent liabilities:

- On March 19, 2015, the Company received a claim from Petrotrade - Petroleum Trading Service Co. for accrued delay interests till the date of the claim with an amount of EGP 37.9 million on the amounts paid after the grace period (from January 1, 2014, till December 31, 2014) which amounted to EGP 187.7 million.
- On April 5, 2015, and April 8, 2015, Abu Qir responded to both Petrotrade - Petroleum Trading Service Co. and the Egyptian Natural Gas Holding Company (EGAS) by stating that the claim of Petrotrade - Petroleum Trading Service Co. is completely free of truth and reality, and the agreement of reconciliation and settlement of August 31, 2014, between Abu Qir Fertilizers and GASCO company that was signed by the companies (EGAS) and Petrotrade, It was clarified in the response that the benefit of the delay they claimed is not valid because it is subject to lawsuit No. 3988 for 2013 (civil North Cairo primary) in accordance with the reconciliation agreement and settlement which dated on August 31, 2014, pending the court's judgment.
- The matter was submitted to the company's board of directors on April 21, 2015, and council decision no. (46) was unanimously approved that no provision will be made in this regard pending the court's judgment.
- The outstanding letters of guarantee issued by banks for the company and others as at March 31, 2023 amounted to EGP 343 million which are totally covered by treasury bills that amounted to EGP 469 million.

(21) Operating segments:

The operating segment is one of the entity's elements that participate in the business in which the entity can earn revenues and incur expenses. The results of the operating segments are regularly reviewed by the chief executive officer of the company's operating decision-making to make decisions about the resources to be allocated to the segment and assess its performance. Separate financial information on these operating segments is available, and not necessarily every part of the entity is an operating segment or part of an operating segment.

Operating sectors:

Company's operating sectors comprise as follows:

- Abu Qir Plant (1)
- Abu Qir Plant (2)
- Abu Qir Plant (3)
- Liquid Fertilizers Plant
- Ammonia and nitric acid
- Plastic Bags Plant
- Others

First: Operating sectors - assets and liabilities:

<u>Description</u>	<u>(Amounts in thousands)</u>						
	<u>Abu Qir Plant (1)</u>	<u>Abu Qir Plant (2)</u>	<u>Abu Qir Plant (3)</u>	<u>Liquid fertilizer</u>	<u>Plastic Bags Plant</u>	<u>Others</u>	<u>Total</u>
Sectors' assets	931,670	167,100	338,063	5,295	90,199	--	1,532,327
Unloaded assets	--	--	--	--	--	32,800,805	32,800,805
Total assets	931,670	167,100	338,063	5,295	90,199	32,800,805	34,333,132
Sectors' liabilities	--	--	--	--	--	6,165,652	6,165,652
Total liabilities	--	--	--	--	--	6,165,652	6,165,652



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

Translation notes of the financial statements
Original issued in Arabic

(Amounts expressed in Egyptian pounds)

Second: Operating sectors - Net profit:

(Amounts in thousands)

	<u>Abu Qir Plant (1)</u>	<u>Abu Qir Plant (2)</u>	<u>Abu Qir Plant (3)</u>	<u>Ammonia</u>	<u>Others</u>	<u>Total</u>
Sales revenue	5,405,959	2,713,471	7,513,901	1,667,557	--	17,300,888
Costs goods sold	(1,921,232)	(1,938,085)	(2,174,645)	(444,671)	--	(6,478,633)
Sector's gross profit	3,484,727	775,386	5,339,256	1,222,886	--	10,822,255
Revenue of investments at fair value through OCI	--	--	--	--	982,810	982,810
Credit interest and treasury bills returns	--	--	--	--	1,272,368	1,272,368
Other revenues	--	--	--	--	63,088	63,088
Capital gains	--	--	--	--	24,849	24,849
Foreign currency differences (gains)	--	--	--	--	3,853,967	3,853,967
Selling and distribution expenses	(123,346)	(162,678)	(140,143)	(11,963)	--	(438,130)
Administrative and general expenses	(56,860)	(79,178)	(71,753)	--	(8,390)	(216,181)
Provisions support	--	--	--	--	(4,764)	(4,764)
Provisions settlements	--	--	--	--	54,458	54,458
Financing expenses	--	--	--	--	(11,632)	(11,632)
Net profit for the year before tax	3,304,521	533,530	5,127,360	1,210,923	6,266,754	16,403,088
Income tax for the year	(693,892)	(112,032)	(1,076,657)	(254,273)	(1,307,512)	(3,444,366)
Net profit for the year	2,610,629	421,498	4,050,703	956,650	4,919,242	12,958,722

- The unassigned sectors' assets in the first report are represented in investments available for sale and current assets.
- The unassigned sectors' liabilities in the first report represented in current and non-current liabilities.
- The other revenues in the second report represented in investment revenues, credit interests, return of held to maturity investments (treasury bills) capital gains and other revenues.



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

*Translation notes of the financial statements
Original issued in Arabic*

(Amounts expressed in Egyptian pounds)

(22) Related parties:

Related parties' transactions are conducted on the same basis as applied to external parties according to the terms granted by the board of directors. During the period, many financial transactions between the company and related parties took place. The most important of these transactions are as follows:

(Amounts in thousands)

Description	Sharing percentage	Relationship	Transactions	Balance as at 31/3/2023	Balance nature
Egyptian Natural Gas GASCO – Petro trade (Subsidiary to Egyptian General Petroleum Corporation)	19.11	Vendor Subsidiary to shareholder	Gas supply (consumption's volume)	5,301,351	Raw materials cost
			Credit balances (Legal suit)	279,913	Credit balances
			Credit balances (Gas consumption)	301,932	Credit balances
			Services, loans and other transactions (transaction's volume)	25,178	Sales revenues
Alexandria Fertilizers Co.	15	Invested in	Accrued dividends	440,109	Debit balances
			Credit balances (rents and loans)	4,625	Credit balances
			Debit balances (Current account)	119	Debit balances
			Paid dividends	95,717	Sales revenues
Helwan Fertilizers Co.	17	Invested in	Accrued dividends	469,404	Debit balances
			Services	105	Sales revenues
			Credit balances (clients)	1	Credit balances
			Attendance fees	12	Credit balances
Al Wadi Company for Phosphate Industries and Fertilizers	10	Invested in	Attendance fees	5	Credit balances
Abu Tartur for Phosphoric Acid Co.	9.5	Invested in	Attendance fees	6	Credit balances
Global Company for Methanol and Derivatives	35	Invested in	Feasibility studies and establishment expenses	1,246	Debit balances
			Methanol expenses	3,190	Debit balances
			Proceeds from methanol's shareholders	3,592	Credit balances

(23) Important Contracts with related parties:

- A contract for supplying natural gas to the company's plants with the Egyptian Natural Gas Company - GASCO, (one of the subsidiaries of the Egyptian General Petroleum Corporation), for USD 5.75 per million thermal units starting from November 1, 2021 till September 12, 2022, And as of September 13, 2022 the selling price of natural gas supplied to the fertilizer industry was determined according to a price equation that takes into account the selling prices of the Ministry of Agriculture and export prices according to the average price of international publications, so that the minimum selling price is not less than 4.5 dollars / million British thermal units.



Abu Qir Fertilizers and Chemical Industries Co. (S.A.E)

Notes to the financial statement as at March 31, 2023

*Translation notes of the financial statements
Original issued in Arabic*

(Amounts expressed in Egyptian pounds)

- Lease contracts with the Alexandria Fertilizers Company that include land on which its plant is located, a vacant land, a land on which a water pumping station is built and a residential building (the company's administrative headquarter). And an ammonia shipment contract to use Abu Qir Company's onshore and offshore facilities to export quantities of ammonia produced by Alexandria Fertilizers Company.

(24) Comparative figures:

Financial statements for the nine-months ended March 31, 2023, represents the second period of the financial year (2022/2023) and it was compared with the financial statements for the comparable period ending on March 31, 2022, as well as the company's financial statements for the financial year ending on June 30, 2022.

(25) Earnings per share:

Description	Nine-months period ended March 31, 2023	Nine-months period ended March 31, 2022	The year ended June 30, 2022
Net profit after tax	12,958,722,010	6,964,526,491	9,054,139,328
<u>Deduct:</u>			
Share of social and sports activity	(204,727,987)	(110,794,520)	(144,597,559)
Share of training and rehabilitation fund	(129,338,728)	(69,640,800)	(90,535,515)
Employees' profit share	(1,759,247,857)	(911,766,767)	(1,194,582,339)
Board of directors' share	(33,750,000)	(30,337,500)	(45,000,000)
Basic earnings attributable to shareholders	10,831,657,438	5,841,986,904	7,579,423,915
No. of shares	1,261,875,720	1,261,875,720	1,261,875,720
Earnings per share	8.58	4.63	6.01

(26) Emergency conditions and subsequent events (expected effects of COVID-19 and the Russian-Ukrainian war):

- Due to the current critical situation countries are going through because of the outbreak of the new epidemic of corona virus (Covid-19) and the Russian-Ukrainian war resulted in necessary economic and financial effects associated with them, and the impact of this on the economic slowdown locally and globally.
- The associated effects on the company are represented in the additional burdens that the company has incurred to spend on hygiene and disinfection supplies and medical devices to reduce this epidemic, and the company is still borne by the company so far, especially in light of the fourth wave of the Corona virus, as well as the conditions related to the Russian-Ukrainian war and its impact on shipping, transportation and spare parts supply.
- The company's management is currently following this closely and evaluating the impact related to these two events to maintain operational and marketing activities and protect workers, suppliers and customers in light of the information available to us, and these events may affect the financial statements for future periods and it is difficult to determine the amount of this impact at the present time The size of the impact according to the expected extent and the time period that is expected.
- In light of the current information available to us, the company does not expect that Covid-19 will have a significant impact on the future results of the company's operations, while the Russian-Ukrainian war will have significant effects related to prices and the availability of supplies, and this was evident in the high selling prices. Then in the end of these events and their impact the cost of natural gas and the rest of the requirements and its reflection on the company's net profit during the period prepared for the company's financial position.



(Amounts expressed in Egyptian pounds)

(27) Significant events (amending some of the provisions of the Egyptian Accounting Standards):

On March 6, 2023, Prime Minister decree no. (883) of 2023, to amend and re-issue some of the provisions of the Egyptian Accounting Standards, which comprise as follows:

(27/1) The new Egyptian Accounting Standard no. (10) amended 2023 “Fixed Assets and their Depreciation” and Egyptian Accounting Standard no. (23) amended 2023 “Intangible Assets”

Amendment summary:

- These two standards were re-issued in March 2023, to enable the entity to choose either the cost model or the revaluation model as its accounting policy for measurement after initial recognition of its fixed assets and intangible assets.
- This resulted in an amendment in the paragraphs related to the use of the revaluation model in some of the Egyptian Accounting Standards, such as:
 - The Egyptian Accounting Standard no. (5) “Accounting Policies, Changes in Accounting Estimates and Errors”
 - The Egyptian Accounting Standard no. (24) “Income Taxes”
 - The Egyptian Accounting Standard no. (30) “Interim Financial Statements”,
 - The Egyptian Accounting Standard no. (31) “Impairment of Assets”,
 - The Egyptian Accounting Standard no. (35) “Agriculture” and
 - The Egyptian Accounting Standard no. (49) “Leases”.

Possible impact on the financial statements:

The standard has no impact on the financial statements as the company uses the cost model.

Application date:

The amendments related to the use of the revaluation model could be applied to the financial periods starting from or after January 1, 2023, retrospectively with the demonstration of the cumulative effect to apply the revaluation model shall be recognized in other comprehensive income and accumulated in equity under the heading of “revaluation surplus account” in the statement of owner’s equity at the beginning of the financial period in which the company is applying this model for the first time.

(27/2) The new Egyptian Accounting Standard no. (34) amended 2023 “Investment Property”:

Application date:

- This standard is re-issued in March 2023, to enable the entity to choose either the fair value model or the cost model for all investment properties as its accounting policy for measurement after initial recognition of its investment properties.
- This resulted in an amendment in the paragraphs related to the use of the revaluation model in some of the Egyptian Accounting Standards, such as:
 - The Egyptian Accounting Standard no. (1) “Presentation of Financial Statements”
 - The Egyptian Accounting Standard no. (5) “Accounting Policies, Changes in Accounting Estimates and Errors”
 - The Egyptian Accounting Standard no. (13) “The Effects of Changes in Foreign Exchange Rates”
 - The Egyptian Accounting Standard no. (24) “Income Taxes”
 - The Egyptian Accounting Standard no. (30) “Interim Financial Statements”,
 - The Egyptian Accounting Standard no. (31) “Impairment of Assets”,
 - The Egyptian Accounting Standard no. (32) “Non-current Assets Held for Sale and Discontinued Operations.”
 - The Egyptian Accounting Standard no. (49) “Leases”.

Possible Impact on the Financial:

The standard has no impact on the financial statements.



Application date:

The amendments related to the use of the revaluation model could be applied to the financial periods starting from or after January 1, 2023, retrospectively with the demonstration of the cumulative effect to apply the revaluation model shall be recognized in other comprehensive income and shall be added to the retained earnings at the beginning of the financial period in which the company is applying this model for the first time.

(27/3) The new Egyptian Accounting Standard no. (35) amended 2023 “Agriculture”:

Amendment summary:

- This standard was re-issued in March 2023, as amendments have been applied to paragraphs (1-5), (8), (24), (44) and adding paragraphs (5a) - (5c) and (63) related to the accounting treatment of the fruiting plants and accordingly amended the Egyptian Accounting Standard no. (10) “Fixed assets and their Depreciation”.
- According to paragraph No. 28 - (f) of the Egyptian Accounting Standard no. (5) “Accounting Policies, Changes in Accounting Estimates and Errors” The entity is not required to disclose the quantitative information required for the current period in which the company is applying the new Egyptian Accounting Standard no. (35) amended 2023 “Agriculture” or the new Egyptian Accounting Standard no. (10) amended 2023 “Fixed Assets” for the first time concerning the fruiting plants, but the presentation of the quantitative information is required under paragraph 28 (f) of the Egyptian Accounting Standard No. (5) for each previous period.

Possible impact on the financial statements:

The standard has no impact on the financial statements.

Application date:

These amendments shall be applied for the annual periods on or after January 1, 2023, retroactively with the cumulative effect of the accounting treatment of the fruiting plants by adding it to the retained earnings balance at the beginning of the financial period in which the company applies the treatment for the first time.

(27/4) The new Egyptian Accounting Standard No. (36), amended 2023 “Exploration and Evaluation of Mineral Resources”:

Amendment summary:

- This standard was re-issued in 2023, to enable the entity to choose either the fair value model or the cost model to the exploration and evaluation assets as its accounting policy for measurement after the initial recognition.
- An entity shall apply either the cost model or the revaluation model to the exploration and evaluation assets. If the revaluation model is applied, provided that the evaluation should be carried out by specialized experts in evaluation and pricing and among those registered in a register designated by the Ministry of Petroleum (either the model in the Egyptian Accounting Standard no. (10) “Fixed Assets and their Depreciation” or the model used on the Egyptian Accounting Standard no. (23) “Intangible Assets” – amended in March 2023) it shall be consistent with the classification of the assets according to the paragraph no. (15).

Possible impact on the financial statements:

The standard has no impact on the financial statements.

Application date:

The amendments related to the use of the revaluation model will be applied on the financial periods starting from or after January 1, 2023, retrospectively with the demonstration of the cumulative effect to apply the revaluation model shall be recognized in other comprehensive income and accumulated in equity under the heading of “revaluation surplus account” in the statement of owner’s equity at the beginning of the financial period in which the company is applying this model for the first time.



(27/5) The new Egyptian Accounting Standard no. (50) amended 2023 “Insurance Contracts”:

Amendment Summary:

- This standard requires that an insurer shall change its accounting policies for insurance contracts if, and only if, the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable, or more reliable and no less relevant to those needs. An entity shall judge the relevance and reliability of the financial position of the Company, its financial performance, and its cash flows.
- This standard defines the principles for insurance contracts that fall within the scope of this standard and determines their measurement, presentation and disclosure. The objective of the standard is to ensure that the entity provides appropriate information that faithfully reflects those contracts, and this information provides users of the financial statements with the necessary basis for evaluating the impact of those insurance contracts on the company's financial position, financial performance and cash flow.
- Egyptian Accounting Standard no. (50) replaces and cancels the Egyptian Accounting Standard no. (37) “Insurance Contracts”.
- Any reference on the other Egyptian Accounting Standards to the Egyptian Accounting Standard no. (37) is replaced by the Egyptian Accounting Standard no. (50)
- This resulted in an amendment in some of the Egyptian Accounting Standards to comply with the Egyptian Accounting Standards no. (50) “Insurance Contracts”, such as:
 - The Egyptian Accounting Standard no. (10) “Fixed Assets and their Depreciation”
 - The Egyptian Accounting Standard no. (23) “Intangible Assets”
 - The Egyptian Accounting Standard no. (34) “Investment Property”

Potential impact on the financial statements:

The standard has no impact on the financial statements.

Application date:

Egyptian Accounting Standard no. (50) could be applied to the financial periods starting from or after January 1, 2023, and if this standard was applied for a previous period the company is required to disclose this fact.