



# شركة أبو قير للأسمدة والصناعات الكيماوية

Alexandria, August 29, 2023

To: EGX  
Disclosure Department

Dear Sir,

**Subject: Board of Directors Report**

Kindly find attached Summary of the Board of Directors' report on the company's activities and financial results for the year ended June 30, 2023.

Yours faithfully ,

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 : ٢/٢٣٩٣٤١٧٦

تليفون : ٣/٥٦٠٣٠٥٣ ( سبع خطوط )  
فاكس الإدارة : ٣/٥٦٠٣٠٣٢  
فاكس المشتريات : ٣/٥٦٠٣٠٤٦  
فاكس التسويق : ٣/٥٦٠٣٠٤٧  
E-mail:afc@abuqir.com

الإدارة والمصانع :  
الطابية - خط رشيد - إسكندرية  
كيس بريدي مخصص  
الرقم البريدي : ٢١٩١١  
www.abuqir.com



## **Report Summary Board of Directors (For the fiscal year ending on 30/6/2023)**

### **Gentlemen / shareholders of the company:**

I am pleased to submit to you on behalf of the Board of Directors a summary of the annual report for the fiscal year 2022/2023, including the most important indicators and achievements.

### **Establishment of the company:**

It was established under Ministerial Resolution No. 374 of the year ٧٦ under the laws in force at that time, namely Law 60 of the year 71 and Law 111 of the year 75, then subject to Law 97 of the 83 regarding public sector bodies and companies, then subject to Law 203 of the year 1991 and then turned into Law 159 of the year 81 as of the first of August 1996, the date of publication of the company's articles of association in the Companies Newspaper.

### **Company Address:**

Factories and administration: El Tabia Rashid Alexandria Line  
The company's office in Alexandria: 95 26th of July Road, Chain Tower, Alexandria  
The company's office in Cairo: 5 Sherif El Saghir Street, Cairo  
New Administration Office in Cairo: 150 Arab Forum District – Sheraton

### **Company Purpose:**

Manufacturing all types of nitrogen fertilizers and chemicals, especially chemical fertilizers and materials associated with them or derived from them or necessary for their manufacture, packaging, buying, selling and trading inside the Arab Republic of Egypt or abroad, as well as directing all operations and activities that relate to the same or intermediate purpose mentioned also, the company may have an interest or participate in any way with companies and others that engage in business similar to its business or that may cooperate to achieve its purpose in Egypt or in Abroad It may also merge with, purchase or attach to the previous bodies in accordance with the provisions of the law and its executive regulations.

### **The most important products of the company:**

- Liquid ammonia 99.98%.
- Granular Urea 46.5% N.
- Prilled Urea 46.5% N.
- Ammonia Nitrate 33.5% N.
- UAN 32% N.
- Polyethylene bags





## Board of Directors on 30/6/2023

1 - Engineer / Abed Ezz Regal Abd ElAal	Chef executive officer (CEO) Representative of Egyptian General Petroleum Corporation
2. Engineer / Ebrahem Abdel Qader Mekki	Representative of the Egyptian General Petroleum Corporation
3- Mr. Omar Mohamed Hassan Mehana	Representative of Alpha Oryx Limited
4- Mr. Ahmed Mohamed Ali Al Hamly	
5- Mr. Ahmed Khalil Abdel Fattah Kurdi	Representative of Saudi Egyptian Investment Company
6- Mr. Nasser Abdulaziz Abdullah	
7- Not appointed yet	Representative of Nasser Social Bank
8- Accountant / Emad El-Din Mustafa Khaled	Representative of the Holding Company for Chemical Industries
9- Mr. Ahmed Al-Yamani Abd El Hay	Representative of the labor Union of Shareholders Employee
10- Eng. Hani Sayed Mohamed Dahy	Experienced member
11- Geologist / Alaa Abdel Fattah Al-Batal	Experienced member

Authorized capital: 3 billion pounds

Issued and paid up capital: 1892813580 pound distributed over 1261875720 shares

Nominal value per share: 1.5 pounds per share





## First: Production

- **Abu Qir Production Plant 1**

The total production of ammonia reached 378 thousand tons, an increase of 6% from what is planned, and the total production of prilled urea reached 584 thousand tons, an increase of 17% from what is planned.

- **Abu Qir Production Plant 2**

The total production of ammonia reached 362 thousand tons, an increase of 14% from what is planned, and the total production of nitrates reached 814 thousand tons, an increase of 8% than planned.

- **Abu Qir Production Plant 3**

The total production of ammonia reached 446 thousand tons, an increase of 15.5% from what is planned, and the total production of granular urea reached 694 thousand tons, an increase of 24% than planned.

- **Plastic Factory**

The total production reached 18 million bags





## **Second: Marketing**

The company pays attention to the local and global market and gives priority to cover the country's needs of subsidized fertilizers and the company's production of both types of urea has been exported.

### **Abu Qir /1 Factory Sales**

The total sales amounted to 583 thousand tons of prilled urea, of which 509 thousand tons were marketed in the foreign market.

### **Abu Qir /2 Factory Sales**

The total sales amounted to 809 thousand tons of ammonia nitrate fertilizer that were marketed in the entire local market.

### **Abu Qir /3 Factory Sales**

The total sales amounted to 702 thousand tons of granular urea fertilizer, of which 670 thousand tons were marketed in the foreign market.

### **Ammonia Sales**

The total sales amounted to 87 thousand tons of ammonia, of which 81 thousand tons were marketed in the foreign market.

### **Plastic Factory Sales**

The total sales reached 12 thousand bags.

Thus, the total exported of solid fertilizers is about 1179 thousand tons during the current fiscal year

Ammonia exports amounted to 81 thousand tons.





### **Third: Certificates and awards obtained by the company**

The company is keen to continue its commitment to the application of quality, safety and environmental protection standards and the company has obtained a number of certificates and external audits have been carried out in various management systems and their statement as follows:

Laboratory Eligibility Certificate	ISO	17025
Occupational Health and Safety Management System Certification	ISO	45001
Quality System Certification	ISO	9001
Environmental Management System Certificate	ISO	14001
Energy Management System Certificate	ISO	50001

The company is registered in the European Union REACH system.

The company obtained the Product Stewardship Excellence certificate from the International Fertilizer Association IFA under the umbrella of the Protect & Sustain program.

Preparations are underway to submit the subscription file to the Arab Union Award for Fertilizers under the name of De-carbonization

### **Fourth: Occupational safety, health and environmental protection**

#### **First, safety:**

The company adopted a new advanced policy related to safety, protection and sustainability, which had an impact on operating the factories around 10.2 million working hours without injuries during the period from 1/7/2022 to 30/6/2023 and for the fifth consecutive year, through:

1. Securing all works in factories, especially planned and emergency shutdowns.
2. Work is underway in the PSM system, including updating the work permit system.
3. Continue to apply the preventive inspection system on all factories.
4. Continuous updating of risk assessment and the required safety measures and preventive tasks.
5. Applying the experiments of emergency and evacuation plans.
6. Continue the electronic application to report ((Near Misses).





7. Participate in occupational safety and health events and represent the company in all committees and safety, environment and energy assessments for both the Arab and International Fertilizer Associations and their conferences.
8. Follow-up periodic statements and examinations for all professional exposures.
9. Start applying the digitalization system using the SAP application as of 1/7/2023

### **Second, Fire and Civil Defense:**

**Within the framework of the company's continuous measures to comply with the requirements of civil protection, the following has been implemented:**

#### **1- Fire pumps:**

- The installation of pipes and valves by the pipe maintenance sector is completed as well as pumps by the executing company.
- Also, we are in the process of installation of the operating panel and electrical connections done by the executing company by 95 % completion until operating and test run is executed.

#### **2- Automatic alarm and automatic extinguishing:**

- All installations for automatic alarm in the remaining and agreed places (about 30 sites) are completed and the system is in service.
- All electrical and mechanical installations of automatic extinguishing systems with gases and liquid foam for 26 places in the company are completed and the system is in service.

#### **3- Other works:**

- Completion of the modernization and development of the safety and firefighting operations room.





### **Third: Sustainability and Social Responsibility:**

**Sustainability:** The third sustainability report is being prepared in partnership with the consultant de Carbon according to the rules of the GR

#### **Social Responsibility:**

- Our company provides the Ministry of Agriculture with around 16 million fertilizer bags during the year.
- Establishing an agreement with the Egyptian Food Bank to supply 4000 cartons of dry food and meat to be distributed to financially unable residents of the neighboring areas.

#### **Health Sector:**

- Our company financially support Alexandria Governorate hospitals with medical devices and equipment.
- Financially Support the Drug Fund in Beheira Governorate.
- Bear the costs of treatment for the unable people of the surrounding areas.
- Supporting Ahl Masr Hospital (the burns hospital).

#### **Education Sector:**

- Financing the construction of a school in Khartoum village under the umbrella of a decent life.
- Paying school and university fees for those who are financially incapable.
- Training university students and celebrating outstanding employees' children.

#### **Infrastructure:**

- Repair and paving of the road from the Air Defense College to the Naval College at a cost of up to EGP 60 m in cooperation with Alexandria Fertilizer Company
- Participation in the financing of Edko Road in Beheira Governorate.
- Financing the construction of a pedestrian bridge between the Rakta slipway and the residential city
- Participation with Alexandria Company in paving and expanding the road connecting from the Mahmoudia axis to the general road (ammia road).





#### **Fourth, environmental protection**

##### **- Environmental protection**

The company is interested in applying the latest scientific technology and all environmental activities are followed up to maintain a clean environment and follow up on environmental measurements values concerning:

1. Industrial drainage.

- Where the industrial drainage treatment unit was operated efficiently and the analyzes are followed up first Powell.

2. Gas emissions of chimneys

- Continuous self-monitoring systems for product chimney emissions have been installed and linked, and arrangements are being finalized for the installation of sensors.
- A purchase order is being prepared for the installation of boiler chimneys and linking them to the Environmental Affairs Agency.

3. Solid waste

- Ordinary solid waste: An annual amount of 30 tons has been collected and recycled in garbage recycling plants.
- Hazardous solid waste: It is collected and classified in the hazardous waste warehouse, where 420 plastic barrels were directed to recycling and avoiding burial, and 30 tons were buried during the year.
- Medical waste: It is collected and safely disposed of by burial through one of the approved contractors in the amount of 147 kg.
- Returned oils: 23 tons were collected during the year and recycled by them to Al-Siham Petroleum Company working in this field.

● **Civilized coordination:**

1. Increase the green areas by 11140 m<sup>2</sup> to become a total area of 93600 m
2. Planting 25 decorative palm trees with 60 ponciana trees.
3. Follow up the greenhouse in the residential city and supply its production to the social club.





### **Fifth: The most important capital works**

The following is a statement of the most important capital works of the company during the current fiscal year within the framework of the replacement and renovation plan for the various factories of the company's units, including works that have been implemented or paid part of their value during the current fiscal year:

#### **Abu Qir Factory 1:**

- Ammonia Converter
- Construction of the foundations of the new ammonia reactor
- MP S/H Steam Toaster
- Boiler Feed Water Heater Preheater BFW.
- Ammonia Booster compressor and saturator
- Pipes of the first / primary axis.
- Nitrogen connection line between Abu Qir (1) and Abu Qir (2).
- The process of replacing and renovating the cooling tower with a new one.
- Syngas Water Cooler
- Inter-stage Cooler
- Installation. Gas Warning System

#### **Abu Qir Factory 2:**

- Installation of Waste Heat Boiler.
- Installation of Gas Warning System

#### **Abu Qir Factory 3:**

- Establishment of the new carbonate warehouse.
- Replacement and renewal of the central air conditioning unit for Control Devices 3

#### **Joint Ventures:**

- Completion of the company's sewage network project.
- Completion of the installation of automatic extinguishing systems with gases and liquid foam for 26 places in the company.
- Completion of the installation of the automatic alarm system in about 30 locations.
- Providing the company's needs of PC devices, printers and their inclusions and furniture
- Completing the work of applying the ERP system to digitize the company using the SAP application and starting operation as of 1/7/2023.
- Purchase of a modern equipped ambulance.





### Sixth: the Company's investments in other companies:

Million USD/EGP

Statement	Alexandria Fertilizers Company (USD)	Helwan Fertilizers Company (USD)	El Wadi Phosphate Fertilizers Company (EGP)	Abu Tartur company for phosphoric acid (in dollars)	International Company for the production of methanol and its derivatives (in dollars)	North Abu Qir Agri-Nutrients Company (EGP)
Company Capital	149.25	150	400	10	20	1000
Contribution Percentage	15%	17%	10%	9.5%	35%	45%
Value of contribution paid	22,39	25,5	40	0,475	0,700	112.50

### Seventh: The financial results of the company's business for the fiscal year 2022/2023

The company's net profit before tax amounted to EGP 18511 million during the current year compared to EGP 11568 million during the previous year, an increase of 60%.

As a result of the operating economics policy followed by the company to maximize return, Our sales revenues for this year amounted to EGP 21521 million compared to EGP 16281 million for the previous year, an increase of 32% as a result of the increase in average export prices in Egyptian pounds, free sale, associations, and an increase in the amount of solid fertilizer sales.

### The following is a summary of the results of the business:

Million Pounds

Statement	2022/2023	2021/2022	Percentage change/growth
Revenues of current activity	21558	16331	132 %
Gross Revenue	28479	18608	153 %
Surplus before tax	18511	11568	160 %
Surplus after tax (distributable)	14640	9054	162 %
Proposed coupon value ( EGP )	5	3	167 %
Number of shares ( Million )	1262	1262	





## 2023/2024 Work Plan Planning Budget

### General framework of the planning budget for production:

The planning budget was prepared on the basis of operating the factories for a period of 330 days, except for the Abu Qir 1 plant due to the overhaul with the availability of gas in full according to the plan:

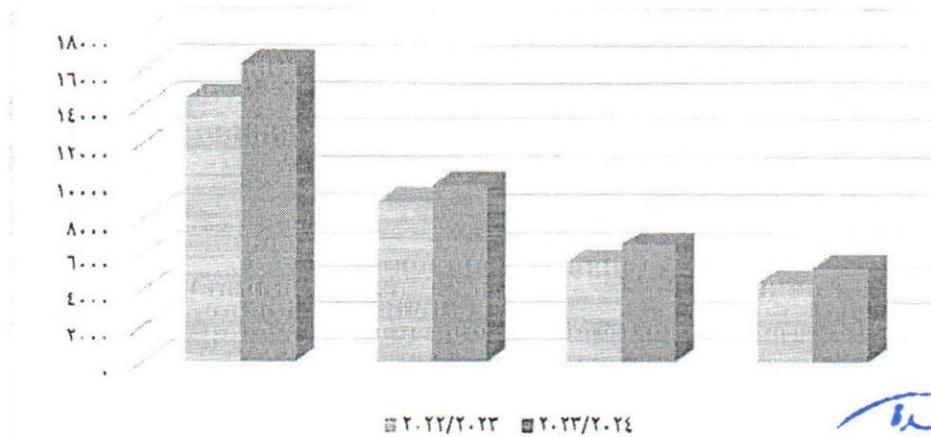
- **Abu Qir Factory 1:** 465 thousand tons / year prilled urea.
- **Abu Qir 2 Factory:** 784.8 thousand tons / year ammonia nitrate.
- **Abu Qir 3 Factory:** 577.5 thousand tons / year granular urea.
- **Plastic factory:** 25 million bags
- The plan to sell the amount of 126 thousand tons of ammonia.

The following is a summary of the general framework of the planning budget:

Million Pounds

Statement	2023/2024	2022/2023	Percentage change
Total Revenue	16344.6	14460	13%
Total Expenses	9775.4	8934	9%
Surplus before tax	6569.2	5526	19%
Surplus after taxes	5240.6	4390	19%

Chart Title





## Projects and the company's future plans

The company pays great attention to its project system to develop and increase the production capacity of its production units in all the company's factories as much as possible, so investments have been included in the investment planning budget for the year 2023/2024 with a total value of EGP 2681 million, including EGP 1673 million expected to be paid in the fiscal year.

The company also pays great attention to providing the state's needs of fertilizers in line with the state's policy to increase the agricultural area to achieve self-sufficiency in food through national projects such as the project of one and a half million acres, as well as the national policy on raising the added value of the natural resources of the country,

So the company is directing itself and in partnership with companies and other parties towards the establishment of new projects

The following is a summary of the most important projects and participations carried out by the company in this regard:

- **The company's contribution to the establishment of new projects:**

- The project of North Abu Qir Company for Agricultural Nutrients to be established on the plot of land owned by the General Petroleum Corporation next to Rakta Company in partnership with both the Egyptian General Petroleum Corporation and the Holding Company for Petrochemicals and the company's contribution is 45% of the company's capital of one billion pounds and 25% of the company's share in the issued capital has been paid and other amounts are expected to be paid according to the results of feasibility studies and actual needs, The constituent assembly of the Abu Qir North Company for Agricultural Nutrients was held on 21/5/2023

- Abu Tartur Phosphoric Acid Company's Project: The Company has paid \$ 475000, representing 50% of the company's share in the issued capital.

**Finally, we can only extend on behalf of the company's board of directors and all the employees sincere thanks and great appreciation**

To all attendees, shareholders and external auditors, companies, bodies and banks related to their sincere cooperation and continuous support to the Board of Directors, which had an impact on achieving great results.

The Board of Directors of the company also extends its thanks and appreciation to all officials who contributed to the service of the company and the achievement of its goals.

In the name of the Board of Directors and all employees, we pledge to you to exert more effort in achieving the desired goals of the company, hoping for more success and progress.

**Chief Executive Officer**

**Engineer / Abed Ezz Al-Regal Abd El Aal**



*Handwritten signature*



**Annual Board of Directors Report attached to the financial statements**  
**In accordance with the provisions of Article (40) of the EGX Listing Rules**

In preparing the report of its Board of Directors prepared for presentation to the General Assembly, the company shall abide by the data contained in Appendix No. 1 attached to the Executive Bylaws of Law 159 of the year of 1981, in addition to what is stated in the following form:

Company Name	Abu Qir Fertilizers & Chemical Industries Company
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**Basic data:**

Company purpose	Manufacturing all kinds of fertilizers, chemicals and other materials related to them or derived from them or necessary for their manufacture, packaging, buying and selling them inside and outside the Arab Republic of Egypt.
Company Time Interval	30 years from the date of registration in the register and renewed for another 30 years from 20/7/2006
Stock Exchange Listing Date	12/9/1994
The company governing law	Law 159 of the year 1981
Nominal value per share	1.5 pounds per share
Last Authorized Capital	3000 million pounds
Last Paid Up capital	1893 million pounds
Issued capital	1893 million pounds
Commercial Registration Number	87560
Date of registration in the Commercial Register	20/7/1976

**Communication and Investor Relations Officers:**

Head of financial affairs sectors Contact Person	Accountant / Khaled Mustafa Sokkar Accountant / Mohamed Hassan Abdel Hady Al-Salahy	Phone fax E-mail Address	5603040/03 5603041/03 <a href="mailto:lgs@abugir.com">lgs@abugir.com</a>
Investor Relations Officer	Accountant / Nervana Sabah Oraby	Phone E-mail Address	5603054/03 <a href="mailto:nervana.sabbah@abugir.com">nervana.sabbah@abugir.com</a>
Head Office Address	Tabia Rasheed Road- Alexandria Postal code 21911	Website	<a href="http://www.abugir.net">www.abugir.net</a>





**Controller:**

Auditor Name	Ahmed Mustafa Shawky
Date of appointment	30/9/2017
Authority Registration Number	4200

**Shareholders' Structure and Ownership Percentage of Board Members on 30/6/2023:**

Holders of 5% of the company's shares or more	Number of shares at the date of the financial statements	Rate %
Alpha Oryx Limited	271573655	21.52%
Saudi Egyptian Investment Company	253820364	20.12%
Egyptian General Petroleum Corporation	241153540	19.11%
Nasser Social Bank	74477970	5.90%
Holding Company for Chemical Industries	69055673	5.47%
Shareholders Employees Union of Abu Qir Fertilizers Company	63500000	5.03%
Total	973581202	77.15%





**First: - Formation of the Board of Directors and the qualities of the members on 30/6/2023:**

M	Name	Function	Representation	Occupation
1	Eng. Abed Ezz El-Regal Abd El Aal	Chef Executive officer (CEO)	Egyptian General Petroleum Corporation	Executive
2	Eng. Ibrahim Abdel Qader Mekki	Board Member		Non-Executive
3	Mr. Omar Mohamed Hassan Mehanna	Board Member	Alpha Oryx Limited	Non-Executive
4	Mr. Ahmed Mohamed Ali Al Hamly	Board Member		Non-Executive
5	Mr. Ahmed Khalil Abdel Fattah Kurdi	Board Member	Saudi Egyptian Investment Company	Non-Executive
6	Mr. Nasser Abdulaziz Abdullah	Board Member		Non-Executive
7	Not Appointed yet	Board Member	Nasser Social Bank	Non-Executive
8	Accountant / Emad El-Din Mustafa Khaled	Board Member	Holding Company for Chemical Industries	Non-Executive
9	Mr. Ahmed Al-Yamani Abd El Hay Abdel Dayem	Board Member	Employees Union	Executive
10	Eng. Hany Sayed Mohamed Dahy	Board Member	Experienced member	Non-Executive
11	Geologist / Alaa Abdel Fattah Al-Batal	Board Member	Experienced member	Non-Executive

**Changes in the composition of the Board of Directors during the year: -**

Representation in the Board of Directors	Former Member	Current Member	Reviews
Saudi Egyptian Investment Company	Appoint	Ahmed Khalil Abd El , Fattah Al , Kurdy	Board of Directors Resolution No. (10) Session 23/8/2022
	Appoint	Nasser Abdul aziz Abdullah	Board of Directors Resolution No. (18) Session 28/12/2022
Nasser Social Bank	Mohammad Hamdan Ashmawi	Not yet determined	Board of Directors Resolution No. (20) Session 28/12/2022
Egyptian General Petroleum Corporation	Saad Mohammad Helal	Ibrahim Abdel qader Mekki	Board of Directors Resolution No. (25) Session 1/3/2023
Independent Membership	Appoint	Maha Marwan Abdullah Arafa	Board of Directors Resolution No. (152) Session 29/3/2023





**Second: Report of the Board of Directors prepared for presentation to the General Assembly of the Company:**

**The general condition of the company, the result of the business and its future:**

Million Pounds

Statement	2022/2023	2021/2022
Revenues of current activity	21558	16331
Profit after tax	14640	9054

-Present value of assets – if the book value is significantly different from the current market. (Almost identical).

-Statement of shares and bonds issued during the year. There isn't any

**The percentage of turnover and net profit or loss distributed over the various main activities of the company.**

Million Pounds

Statement	ABUQir(1)	ABUQir (2)	ABUQir (3)	UAN	Other	Total
Net Profit 2022/2023	3104	475	4551	-	6510	14640
Net Profit 2021/2022	3048	1029	3187	2	1788	9054

**Export:**

Thousand tons

Statement	2022/2023	2021/2022
Prilled urea	508.9	526.5
Granular urea	670.5	609.7
Ammonia	81.5	35.8





## A statement of what the company has done through social responsibility:

A thousand pounds

2022/2023	2021/2022
24860	9998

These contributions represent government and local units, government-supervised hospitals, well-known NGOs, scientific houses and scientific research institutions, individuals, and others.

### **Sustainability and Social Responsibility:**

**Sustainability:** Initiation of the procedures of the third sustainability report of the company in accordance with the standards of GR

### **Social Responsibility:**

- Our company provides the Ministry of Agriculture with about 16 million fertilizer bags during the year.
- Establishing an agreement with the Egyptian Food Bank to supply 4000 cartons of dry food and meat to be distributed to financially unable residents of the neighboring areas

#### **1. Health Sector:**

- Our company financially supports Alexandria Governorate hospitals with medical devices and equipment.
- Financially support the Drug Fund in Beheira Governorate.
- Bear the costs of treatment for the unable people of the surrounding areas.
- Supporting Ahl Masr Hospital (the burns hospital).

#### **2. Education Sector:**

- Financing the construction of a school in Khartoum village under the umbrella of a decent life.
- Paying school and university fees for those who are financially incapable.
- Training university students and celebrating outstanding employees' children.

#### **3. Infrastructure:**

- Repair and paving of the road from the Air Defense College to the Naval College at a cost of up to EGP 60 million in cooperation with Alexandria Fertilizer Company
- Participation in the financing of Edko Road in Beheira Governorate.
- Financing the construction of a pedestrian bridge between the Rakta slipaway and the residential city
- Participation with Alexandria Company in paving and expanding the road connecting from the Mahmoudia axis to the general road (ammia road)





**The main activities of the company and its subsidiaries and any change in the ownership of the subsidiaries during the year:**

Manufacture of all types of nitrogen fertilizers and chemicals, especially chemical fertilizers and materials associated with, derived from or necessary for their manufacture, packaging, purchase, sale and trade.

- Proposed dividends to be distributed to shareholders: Distribute 5 pounds / share,
- Suggestions for conversion to reserves: None.
- Number of meetings of the Board of Directors during the year: 12 times.
- Number of times the Audit Committee convenes during the year: 7 times.

**Audit and Governance Committee:**

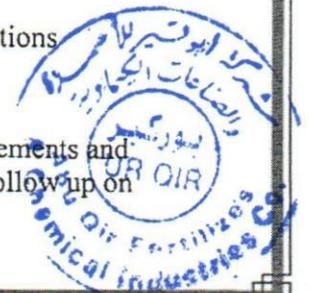
The last formation of the Audit and Governance Committee until 30/6/2023:

Name	Representation	
Mrs. Maha Marwan Abdullah Arafa	Independent	Chairman
Accountant / Emad El-Din Mustafa Khaled	Holding Company for Chemical Industries	Member
Mr. Omar Mohamed Hassan Muhanna	Alpha Oryx Limited	Member
Mr. Nasser Abdulaziz Abdullah	Saudi Egyptian Investment Company	Member
Mr. Ahmed Khalil Abdel Fattah Kurdi		Member
Accountant / Khaled Mustafa Sokkar	Head of Financial Affairs Sectors	Rapporteur

**Statement of the terms of reference of the Committee and the tasks entrusted to it:**

The Committee carries out its work independently of the company's management and submits to the Board of Directors of the company directly a report on its work and includes its proposals and recommendations, which are as follows:

- Study the internal control system and prepare a written report on its opinion and recommendations thereon.
- Study the financial statements before presenting them to the Board of Directors and expressing its opinion and recommendations thereon.
- Study the accounting policies used and give their opinion and recommendations thereon.
- Review the auditor's audit plan and make comments thereon.
- Study the auditors' observations and recommendations on the financial statements and others contained in the management letter received from the auditors and follow up on what has been done in this regard.





- Ensure the company's commitment to follow the internal and external laws, regulations and laws in accordance with the reports submitted to it by the concerned departments of the company
- Evaluate the performance, independence, qualifications and competence of the auditor and recommend to the Board of Directors the appointment of one or more auditors for the company and determine his fees
- Recommending the approval of the auditor to carry out additional operations other than auditing and recommending the approval of what he receives for such operations in proportion to his annual fees.
- Discussing the adoption of the annual plan for the internal audit department, following up on its efficiency and ensuring its comprehensiveness to all departments and activities of the company.
- Review the internal audit reports, identify the aspects and causes of deficiencies in the company, if any, and follow up on corrective actions
- Study and evaluate the system of securing information and data and how to protect them from any internal and external intrusions
- Study the observations and violations received from the regulatory authorities and follow up on what has been done in this regard.
- Invite the auditor or the company's internal audit manager or whoever it deems appropriate from inside and outside the company to attend its meetings whenever necessary.
- Review the accounting treatment and disclosure of each investment transaction and ensure that it is submitted in accordance with the Egyptian Accounting Standard.

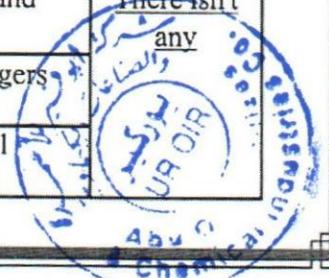
Have the committee's reports been presented to the company's board of directors?	Yes
Did the Committee's reports contain substantive observations that needed to be addressed?	Yes
Has the Board of Directors addressed the substantive observations	Yes

**The average number of employees in the company during the year and the average income of the worker:**

Average number of employees in the company during the year	2577
Average income of a worker during the year	627 thousand EGP

**1. Reward and motivation system for employees and managers of the company (if any):**

Total available shares according to the reward and incentive system for employees and managers	There isn't any
Total bonus and incentive shares granted to employees and managers during the year	
Number of beneficiaries of the reward and motivation system for employees and managers	
Total bonus and motivation shares have been granted to employees and managers since the implementation of the system	
Names and attributes of each person who has acquired 5% or more of the total available shares (or 1% of the company's capital) in accordance with the Law	





2. Any measures taken against the company, its board members or its manager by the Authority or the Stock Exchange related to violations of the Capital Market Law, its Executive Bylaws and Listing Rules. There isn't any
3. Any measures taken against the company, members of its board of directors or its manager by regulatory or judicial authorities. There isn't any
4. Netting contracts concluded by the company with one of the founders of it or its main shareholders:

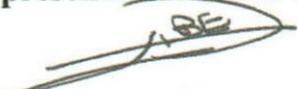
Subject of the contract	Related Parties	Main Shareholder	Contract Value
Insurance coverage	Misr Insurance Company	Misr Insurance Company	EGP 55 million
Natural Gas Supply Contract	GASCO Company	Egyptian General Petroleum Corporation	\$300 million

5. The company is committed to applying the text of Article (66) of Law No. 159 of the year 1981 and Article (220) of the Executive Regulations.
6. Are there major changes in the company's administrative structure: - None
7. Is there a conflict of interest between the company, its board members, the main shareholders, the company's managers and their associated groups, as described in Article (40) paragraph (h) of the Egyptian Stock Exchange Listing Rules? There isn't any.

Company Seal

**Chef Executive Officer (CEO)**

**Legal Representative of the Company**

  
**Engineer / Abed Ezz Al-Regal Abd El Aal**

