



شركة أبو قير للأسمدة والصناعات الكيماوية

Alexandria, December 14, 2023

To: EGX

Disclosure Sector

Dear Sir,

Kindly find attached the following:-

- Interim Financial Statements for the Three Months Ended September 30, 2023 and Related Explanatory Notes to the Financial Statements.
- Auditor's (Hazem Hassan - KPMG) Report on Limited Review of Interim Financial Statements for the Three Months Ended September 30, 2023.
- Company's Response to the Auditor's (Hazem Hassan - KPMG) Limited Review Report on the Interim Financial Statements for the Three Months Ended September 30, 2023.

Yours faithfully,

Acc. Khaled Moustafa Sokkar

Head,
Financial Affairs Sectors

Acc. Nervana Sabbah Oraby

General Manager,
Investor Relations & Media



الشركة حاصلة على شهادات أيزو 9001 - أيزو 14001 - أيزو 18001 - أيزو 17025



مكتب الأسكندرية: ٩٥ طريق ٢٦ يوليو - برج السلسلة
تليفون: ٠٣/٤٨٧٩٩١١ - ٠٣/٤٨٤٧٢٢٩
مكتب القاهرة: ٥ شارع شريف الصغير
تليفون وفاكس: ٠٢/٢٣٩٣٤١٧٦

تليفون: ٠٣/٥٦٠٣٠٥٣ (سبع خطوط)
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فاكس المشتريات: ٠٣/٥٦٠٣٠٤٦
فاكس التسويق: ٠٣/٥٦٠٣٠٤٧
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الرقم البريدي : ٢١٩١١
www.abuqir.com

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

SEPARATE INTERIM FINANCIAL
STATEMENTS AND LIMITED REVIEW
REPORT
FOR THE THREE MONTHS ENDED
SEPTEMBER 30, 2023



Hazem Hassan

Public Accountants & Consultants

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Report on Limited Review of Interim Separate Financial Statements To: Messrs. /Abu Qir Fertilizers & Chemical Industries Company (S.A.E)

Introduction

We have performed a limited review for the accompanying Interim Separate Financial Statements of Abu Qir Fertilizers & Chemical Industries Company (S.A.E) as of 30 September 2023 and the related separate interim statements of profit or loss , comprehensive income , changes in equity and cash flows for the three-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements (2410), "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company and applying analytical and other limited review procedures. A limited 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 interim separate financial statements.

The Base of Qualified Conclusion

- 1- The Company did not calculate the deferred tax liabilities on the unrealized profits of the valuation of financial investments at fair value through other comprehensive income with an amount EGP 1.37 billion, which in our opinion, is not in conformity with the Egyptian Accounting Standard No. (24) "Income taxes". Hence, deferred tax liabilities caption as of 30 September 2023, must be increased with an amount of EGP 1.37 billion, against reduction in the caption of differences in financial investments at fair value recognized in equity.
- 2- The Company did not measure the expected credit losses of its financial assets as of 30 September 2023, to which the expected credit loss requirements applies, which in our opinion is not in conformity with Egyptian Accounting Standard No. (47) "Financial Instruments", and we were unable to determine the financial implications of not measuring the expected credit losses over the Company's interim separate financial statements for the financial period ended on 30 September 2023.



Hazem Hassan

- 3- The Company has classified the strategic (main) spare parts as inventory and has also classified the overhauling costs of the fully depreciated assets as inventory as well, which in our opinion is not in conformity with Egyptian Accounting Standard No. (10) "Fixed Assets", and we were unable to determine the financial implications of these treatments on the Company's interim separate financial statements for the financial period ended on 30 September 2023.
- 4- The Company has formed a liability in favor of the Training and Rehabilitation Fund with an amount of EGP 496 million, as of 30 September 2023, as deduction from retained earnings before annual dividends distribution, which in our opinion does not agree with the requirements of Egyptian Accounting Standards.
- 5- The Company did not apply the requirements of Egyptian Accounting Standard No. 38 "Employee Benefits" in respect of the post-employment benefit of its employees, accordingly we were unable to determine the financial implications on the Company's interim separate financial statements.

Qualified conclusion

Based on our limited review, and except for the possible effects of the aforementioned paragraphs on the separate interim Financial statements, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements of Abu Qir Fertilizers & Chemical Industries Company (S.A.E) do not present fairly, in all material respects, the financial position of Abu Qir Fertilizers & Chemical Industries Company (S.A.E) as of 30 September 2023 , its financial performance and its cash flows for the three-months then ended in accordance with the Egyptian Accounting Standards.

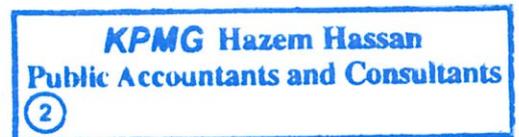
Other Matters

The Interim Separate Financial Statements of Abu Qir Fertilizers & Chemical Industries Company (S.A.E) for the three-months ended on 30 September 2022, were reviewed by another auditor who expressed an unqualified conclusion on these separate interim financial statements on 13 November 2022. Moreover, The Separate Financial Statements of the Company for the financial year ended on 30 June 2023 were reviewed by another auditor as well who expressed an unqualified opinion along with the emphasis of matter paragraph on 28 August 2023.

Khaled Mahmoud Samir
Registered in Auditor's Register of the
Financial Regulatory Authority under No.
(398)

KPMG Hazem Hassan
Public Accountants and Consultants

Cairo 15 November 2023



**Company response to the auditor's limited review report on the interim separate financial statement
as of 30 September 2023**

- 1- The Company did not calculate the deferred tax liabilities on the unrealized profits of the valuation of financial investments at fair value through other comprehensive income with an amount EGP 1.37 billion, which in our opinion, is not in conformity with the Egyptian Accounting Standard No. (24) "Income taxes". Hence, deferred tax liabilities caption as of 30 September 2023, must be increased with an amount of EGP 1.37 billion, against reduction in the caption of differences in financial investments at fair value recognized in equity.

Response:

The appropriate adjustment was made during November 2023.

- 2- The Company did not measure the expected credit losses on its financial assets as of 30 September 2023, to which the expected credit loss requirements applies, which in our opinion is not in conformity with Egyptian Accounting Standard No. (47) "Financial Instruments", We were unable to determine the financial implications resulting from not measuring the expected credit losses over the Company's interim separate financial statements for the financial period ended on 30 September 2023.

Response:

A preliminary study for expected credit losses was made by the company for the outstanding customer balances. The results of the study showed that the outstanding customer balances have a credit term of one month and all these customers pay their dues on a regular basis. Also, these balances are covered by letters of guarantee or cash margins. The company will take into consideration the remaining financial assets subject to the expected credit losses in the future study.

- 3- The Company has classified the strategic (main) spare parts as inventory and has also classified the Shutdown costs of the fully depreciated assets as inventory as well, which in our opinion is not in conformity with Egyptian Accounting Standard No. (10) "Fixed Assets", and we were unable to determine the financial implications of these treatments on the Company's interim separate financial statements for the financial period ended on 30 September 2023.

Response:

The matter is being discussed with the technical authorities to determine inventory strategic items.

- 4- The Company has formed a liability in favor of the Training and Rehabilitation Fund with an amount of EGP 496 million, as of 30 September 2023, as deduction from retained earnings before annual dividends distribution, which in our opinion does not agree with the requirements of Egyptian Accounting Standards.

Response:

According to the article no. 133 and 134 of the unified labor law No. 12 of 2003, which determine the resources of the Training and Rehabilitation Fund which represents 1% of the net profits, the provision of this law is subject to entities which have more than 10 employees. Regarding the calculation, the company confirmed that they are not using the retained earnings as base for calculation but using instead the net profit after tax. The company also filed a lawsuit No. 7234/2007 Civil district of North Cairo against the Minister of Manpower and Immigration. The verdict was rendered at the hearing in 31/05/2012 by suspend the case until disposition of the constitutional case No. 28/46.

- 5- The Company did not apply the requirements of Egyptian Accounting Standard No. 38 "Employee Benefits" in respect of the post-employment benefit of its employees, accordingly we were unable to determine the financial implications on the Company's interim separate financial statements.

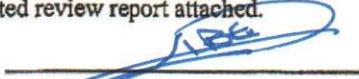
Response:

All post-employment benefits are mainly financed by the employees' profits share (4%). Also, actuarial studies of several pension plans are carried out on a regular basis and are presented to the Board of Directors of the Company to approve the necessary funding from the employees' profits share.

Abu Oir Fertilizers and Chemical Industries Co. (S.A.E.)
Separate Interim Statement of financial position
as of September 30, 2023

<u>EGP</u>	<u>Note</u>	<u>September 30,</u> <u>2023</u>	<u>September 30, 2022</u>	<u>June 30, 2023</u>
Assets:				
Non-current asset:				
Fixed assets	(3/2), (3/11/2), (4)	1,160,865,249	1,197,217,452	1,186,900,748
Projects under construction	(3/3), (5)	485,218,522	325,030,615	396,953,847
Right of use assets (lease contracts)	(3/17/2), (6/1/1)	-	63,781	-
Investment in equity instruments at fair value through OCI	(3/4), (7)	6,540,317,006	4,382,947,975	6,523,789,228
Total non-current assets		8,186,400,778	5,905,259,823	8,107,643,823
Current assets:				
Inventories	(3/6), (9)	2,237,466,354	1,834,295,916	2,142,817,663
Trade receivables and other debit balance	(3/7), (10)	982,363,861	1,042,046,201	1,009,611,784
Investment in financial assets at amortized cost (treasury bills)	(3/10), (8)	11,934,453,143	10,154,943,670	6,719,140,040
Cash and cash equivalents	(3/8), (11)	14,542,081,557	5,807,015,715	17,445,801,237
Total current assets		29,696,364,914	18,838,301,502	27,317,370,724
Total assets		37,882,765,692	24,743,561,324	35,425,014,547
Equity:				
Issued & paid up capital	(12/1)	1,892,813,580	1,892,813,580	1,892,813,580
Reserves	(3/14), (12/2)	6,793,989,364	6,769,140,193	6,769,140,193
Revaluation of financial assets at fair value through OCI	(3/4), (12/3)	6,075,890,693	4,031,021,663	6,059,362,915
Retained earnings	(12/4)	3,382,544,605	12,915,252	13,864,486
Net profit for the period	(19/3)	2,017,349,040	2,777,482,585	14,640,225,272
Total Equity		20,162,587,283	15,483,373,272	29,375,406,446
Non-current liabilities:				
Provisions	(3/15), (13)	178,688,665	338,235,399	179,038,073
Deferred tax liabilities	(3/17/6), (14)	160,105,549	154,044,371	156,887,377
Total non-current liabilities		338,794,213	492,279,770	335,925,450
Current liabilities:				
Trade payables and other credit accounts	(3/12), (15)	13,336,770,203	5,816,392,846	2,106,116,783
Lease liabilities	(3/17/2), (6/1/2)	-	69,331	-
Tax authority	(15/6)	4,040,536,199	2,937,081,706	3,603,099,936
Provisions	(3/15), (13)	4,077,793	14,364,398	4,465,931
Total current liabilities		17,381,384,195	8,767,908,282	5,713,682,651
Total shareholders' equity and liabilities		37,882,765,692	24,743,561,324	35,425,014,547

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


Chairman and Managing Director
Eng.: Abed Ezz Al Regal


Head of Financial Sectors
Acc.: Khaled Mostafa Sokar



Translation of statement of profit or loss
Originally issued in Arabic

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

Separate interim statement of profit or loss
for the period ended September 30, 2023

<u>EGP</u>	<u>Note</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Sales	(3/16/1), (18/1)	4,331,107,453	4,792,086,840
Cost of goods sold	(18/2)	(2,282,028,951)	(1,626,468,822)
Gross profit		2,049,078,502	3,165,618,018
Credit interests	(3/16/3), (18/3)	253,665,813	48,773,567
Return on financial assets at amortized cost (Treasury bills)	(3/16/4), (18/4)	555,195,770	363,531,454
Other revenues	(18/5)	8,282,557	3,848,947
Foreign currency (gain)/loss	(3/1), (18/6)	20,873,552	166,708,359
Selling and distribution expenses	(3/17), (18/7)	(222,365,128)	(120,754,401)
General and Administrative expenses	(3/17), (18/8)	(90,156,260)	(61,898,720)
Provision Formed	(3/15), (13)	(4,000,000)	(4,764,398)
Provision no longer required	(13)	4,618,687	-
Financing expenses	(3/17/1), (18/9)	-	(6,341,663)
Net profit for the period before tax		2,575,193,493	3,554,721,162
Income tax	(3/17/5), (18/10)	(557,844,452)	(777,238,577)
Net profit for the period		2,017,349,040	2,777,482,585
Earnings per share	(3/18), (24)	1.33	1.84


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 Oir Fertilizers and Chemical Industries Co (S.A.E.)
Separate interim statement of comprehensive income
for the period ended September 30, 2023

	<u>Notes</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
EGP			
Net profit for the period		2,017,349,040	2,777,482,585
<u>Other comprehensive income</u>			
Revaluation of investments in equity instrument at fair value through OCI	(3/4),(12/3)	16,527,778	159,838,650
Total other comprehensive income for the period after tax		16,527,778	159,838,650
Total comprehensive income for the period		2,033,876,818	2,937,321,235


Chairman and Managing Director
Eng.: Abed Ezz Al Regal

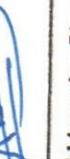

Head of Financial Sectors
Acc.: Khaled Mostafa Sokar



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

**Abu Qir Fertilizers and Chemical Industries Co. (S.A.E.)
Separate Interim Statement of changes in equity
for the period ended September 30, 2023**

	Paid up capital	Legal reserve	Other reserves	Revaluation of investments at fair value through OCI	Retained earnings	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of July 1, 2022	1,892,813,580	705,719,331	22,145,601	3,871,183,013	11,314,533,087	17,806,394,611
Revaluation of investments in equity instruments at fair value through OCI	-	-	-	159,838,650	-	159,838,650
Net profit for the period	-	-	-	-	2,777,482,585	2,777,482,585
Dividends	-	240,687,459	-	-	(11,301,617,835)	(11,060,930,375)
Transferred to other reserves	-	-	5,800,587,802	-	-	5,800,587,802
Balance as of September 30, 2022	1,892,813,580	946,406,790	5,822,733,403	4,031,021,663	2,790,397,837	15,483,373,271
Balance as of July 1, 2023	1,892,813,580	946,406,790	5,822,733,403	6,059,362,915	14,654,089,758	29,375,406,446
Revaluation of investments in equity instruments at fair value through OCI	-	-	-	16,527,778	-	16,527,778
Net profit for the period	-	-	-	-	2,017,349,040	2,017,349,040
Dividends	-	-	-	-	(11,271,545,153)	(11,271,545,153)
Transferred to other reserves	-	-	24,849,172	-	-	24,849,172
Balance as of September 30, 2023	1,892,813,580	946,406,790	5,847,582,575	6,075,890,693	5,399,893,645	20,162,587,283
Note	(12/1)	(3/14, 12/2)		(12/3)	(12/4)	


 Chairman and Managing Director

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.)

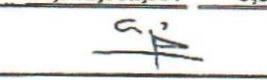
Separate Interim Statement of cash flows

for the period ended September 30, 2023

	<u>Note</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
EGP			
First: Cash flows from operating activities:			
Proceeds from trade receivables	(3/8), (3/9)	4,612,967,657	4,561,675,515
Cash purchases and payments to trade payables		(2,161,663,097)	(1,761,527,955)
Paid salaries and wages		(523,241,249)	(292,347,150)
Credit interests	(18/3)	286,097,638	38,934,444
Paid taxes and fees		(165,042,394)	(159,617,191)
Other proceeds		111,151,977	80,465,963
Other payments		(219,590,714)	(353,570,365)
Net cash flows provided from operating activities no. (1)		1,940,679,819	2,114,013,261
Second: Cash flows from investing activities:			
Payments for purchase of fixed assets (projects under construction)		(95,107,938)	(55,176,816)
Proceeds from investments in other entities		-	95,716,800
Proceeds from sale of fixed assets		-	91,200
Payments for financial assets at amortized cost		(8,047,634,289)	(2,016,491,160)
Proceeds from financial assets at amortized cost		3,105,789,011	3,208,849,229
Return on financial assets at amortized cost	(18/4)	170,688,791	213,460,873
Net cash flows provided from (used in) investing activities no. (2)		(4,866,264,425)	1,446,450,126
Cash flows from financing activities:			
Proceeds from bank facilities		-	388,858,390
Payment of bank facilities		-	(388,858,390)
Dividends paid during the period		-	(867,702,673)
Net cash flows (used in) financing activities no. (3)		-	(867,702,673)
Net (decrease)/ increase in cash and cash equivalents (1) + (2) + (3)		(2,925,584,606)	2,692,760,714
Cash and cash equivalents, beginning of the period		17,445,801,237	2,933,798,595
Foreign currency exchange differences effect	(18/6)	21,864,926	180,456,406
Cash and cash equivalents, end of the period	(11)	14,542,081,557	5,807,015,715


Chairman and Managing Director

Eng.: Abed Ezz Al Regal


Head of Financial Sectors

Acc.: Khaled Mostafa Sokar

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

Notes to the separate financial statement as of September 30, 2023

Translation notes of the separate financial statements Original issued in Arabic

(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.

Board of directors approved the financial statements on October 30, 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 that requires the management to make estimates and assumptions that may affect valuation of assets, liabilities, revenues and expenses during the period. The estimates and assumptions are made based on historical experience and other various factors that are supposed to be reasonable under the circumstances, the results of these assumptions represent the judgment basis for the value of assets and liabilities in more clear way from other sources 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 the actual results may differ from those estimates.

(3) Significant accounting policies:

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

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

The company's functional and reporting currency is the Egyptian Pound (EGP) on initial recognition. Transactions in foreign currencies are recorded in Egyptian Pound (EGP) using the exchange rates as of the transaction date. Also, the monetary assets and liabilities in foreign currencies are translated the same as other transactions. Revaluation exchange differences are charged to the statement of profit or loss.

The recognition of non-monetary assets and liabilities is stated when it covers the conditions to be stated as a financial instrument included in the Other Comprehensive Income Statement, only to the extent of effective of coverage transaction.

The currency differences related to monetary assets and liabilities are initially recognized when it meets the conditions that qualify them as cash flow hedge tools in other comprehensive income in equity.



(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 profit or loss.

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

- The cost of replacing parts is 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 profit or loss.
- 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 profit or loss 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) Capital gains and losses:

The gain or loss arising from the disposal of an item of fixed assets shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, after deducting its salvage value within statement of Profit and Loss.

(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 the date that the asset is derecognized which is first.



(3/4) Investment:

(3/4/1) Investments available for sale:

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 profit or loss. 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 profit or loss 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 affiliated companies:

Investments in affiliated 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 profit or loss 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 are initially recognized with the borrowed amount which is received and the amounts that are due for payment within a year are recorded as a current liability, while the amounts due for more than one year are recorded as long-term liabilities.

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying asset are capitalized as a part of the cost of asset, otherwise recognized as an expense in the statement of profit or loss as incurred.

(3/6) Inventories:

(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 profit or loss.

(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 June 30, 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 debtors and other debit accounts:

Trade receivables debtors and other debit accounts at initial recognition, shall be recognized at their transaction price if these receivables do not contain a significant financing component or when the entity applies the practical expedient. and it is included in the statement of financial position and reduced by appropriate less any 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 of the financial asset but assumes a contractual liability to pay the cash flows to one or more recipients in an arrangement, only if all the three of the following conditions are met:
 - (a) The entity is not obligated to pay amounts to the financial beneficiaries unless it has received equivalent amounts from the original source, this condition doesn’t invalidate short-term payments by the entity, with the right of full repayment of the lent amounts plus the accrued interest at market values.
 - (b) According to the terms of the transfer agreement, the institution is prohibited from selling or mortgaging the original asset, except as deemed necessary to guarantee cash flow of final beneficiaries.
 - (c) The entity is obligated to transfer any cash flows it receives on behalf of the final beneficiaries with no delay. Additionally, the entity doesn’t have the right to invest such cash flows, except for investment in cash and cash equivalents during the short settlement period from collection date to the required transfer date and the interest earned on such investment should be based on to the final beneficiaries.
- 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 in such case:
 - a. If the entity transfers substantially all the risks and rewards of ownership of the flows financial asset, the entity shall derecognize the financial asset and recognize separately as assets or liabilities.
 - b. 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 entity must classify its financial asset 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 (FVTOCI):

- 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 (FVTPL):

- 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.
- 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 allowed or 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.

(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.

(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.

(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.
- 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 30days 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.

(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 measured at fair value:

Gain or loss resulted from financial asset or financial liability measured at fair value must be recognized in Statement of 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** 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 gain or loss on financial asset or financial liability must be recognized.

(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.
- 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.

(3/10/6/5) 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.

(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 at fair value, and the financial liabilities are recognized at the amounts that will be paid in the future in exchange for goods and services received or rendered.

(3/13) Governmental grants:

Governmental grants related to the acquisition of assets are stated as deferred revenue until fulfilling the grant conditions and when these conditions are met revenue will be distributed over financial periods as due estimated useful life of the assets, and with the same depreciation rates.

(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 capital it shall be deducted 5% of the company's annual profit again to be transferred to the legal reserve.

(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.

(3/16/1) 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.

(3/16/2) Revenue recognition- Identify the contracts:

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



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

Notes to the separate financial statement as of September 30, 2023

Translation notes of the separate financial statements Original issued in Arabic

- 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 discount.
- 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.

(3/16/3) Determine performance obligations:

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.

(3/16/4) 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. when 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.



(3/16/4/1) Measure – variable consideration:

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 liability** if the entity receives consideration from a customer and expect to return some or all of that consideration to the customer. The liability 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 liability (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.

(3/16/4/2) 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.



(3/16/4/3) 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.

(3/16/4/4) 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.

3/16/5 Contract cost:

1- Additional costs of obtaining a contract:

The entity shall recognize the additional costs of obtaining a contract with a customer as an asset if the entity expects to refund 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 granted unless the customer expressly accepts that costs be incurred regardless of whether the contract is obtained or not.

2- 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, EAS 2 Inventory, EAS 10 Fixed Assets and Depreciation, or EAS 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.

(3/17) Expenses:

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

(3/17/1) Debts interests:

Debt interests are recognized in the statement of profit or loss 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 recognition

A lessee may choose 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 regular basis if that basis is more representative of the pattern of the lessee's benefit.

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

(3/17/2/1/2) Recognition:

At the inception of the lease contract, the lessee must recognize right-of-use asset and lease liability.

(3/17/2/1/3) 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.

- **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 payments which are included in the lease liability measurement comprises of the following payments for the right to use the underlying asset during the lease period 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 For example, payments linked to a consumer price index or an indicative interest rate (e.g. LIBOR) or payments that change to reflect changes in market rental rates.
- 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.
- e. **Payments of penalties for terminating the lease**, if the lease term reflects the lessee exercising an option to terminate the lease.



(3/17/2/1/4) 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 apply the Egyptian Accounting Standard No. (31) the impairment of assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

- **Subsequent measurement of the lease contract 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.
- **Reassessment of the lease contract Liability:**
- After the lease commencement date, the lease liability should be remeasured subsequently to reflect changes in lease payments. The lessee may recognize the amount of the re-measurement of the lease liability 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, the lessee must recognize any remaining re-measurement amounts in profit or loss.
- The lease liability is remeasured by discounting the modified lease payments using a modified discount rate, in the following cases:
 - a. If there is a change in the lease period term and the lessee must determine the modified lease payments on the basis of the modified lease period terms.
 - b. If there is a change in the evaluation of the option to purchase the underlying asset, and it is evaluated taking into account the events and circumstances in the context of the purchase option. The lessee must determine the lease payments adjusted to reflect the change in the amounts payable under the purchase option.
 - c. If there is a change in the amounts expected to be payable under the residual value guarantee and the tenant must specify the lease payments adjusted to reflect the change in the amounts expected to be payable.



- d. If there is a change in future lease payments resulting from a change in an index or rate used to determine those payments, including, for example, a change to reflect changes in market rental rates after reviewing market rental rates. The lessee must re-measure the lease liability to reflect modified lease payments, and this is only when there is a change in the cash flows (ie when the modification applies to lease payments). The lessee shall determine the modified lease payments for the remaining lease term on the basis of the modified contractual payment.

(3/17/2/1/5) 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.

- **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.

- **Interest expense on the lease liabilities:**

The interest expense on the lease liability shall be presented in the statement of profit or loss and other comprehensive income, separately from the amortization charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs that require the Egyptian Accounting Standard no. (1) "presentation of the financial statements" to be presented separately in the statement of profit and loss.

- **The statement of cash flows:**

The lessee should classify the following in the statement of cash flow:

- a. Cash payments for the principal portion of the lease liability within financing activities.
- b. Cash payments for the interest portion of the lease liability applying the requirements in Egyptian Accounting Standard no. (4) Statement of Cash Flows for interest paid.

short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities

(3/17/2/2) Lessor:

- the lessor must classify each of its lease contracts at the date of inception of the lease contract based on the essence of the transaction and not on the form of the contract, and the classification is reviewed only if there is an amendment to the lease contract.
- Changes in estimates (for example, changes in estimates of the economic life or residual value of the underlying asset), or changes in circumstances (for example, a lessee defaulting on payments) do not create a new lease classification for accounting purposes. as follows:
 - a. As a finance lease, if it transfers substantially nearly all the risks and rewards of ownership.
 - b. as an operating lease, if it does not transfer substantially nearly all of the risks and rewards of ownership of the origin of the contract.

- **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:**

The initial measurement of lease payments included in the net investment in the lease:

- a. -At the start date of the lease contract, the lessor must recognize the assets held under a finance lease contract in a receivable list in an amount equal to the net investment in the lease contract. *Financial position and presented as the first measurement amounts of the lease payments included in the net investment in the lease contract:
 - On the date of the beginning of the lease contract, the lease payments included in the measurement of the net investment in the lease contract consist of the payments resulting from the right to use the asset subject of the contract during the term of the lease contract that did not You receive it on the start date of the rental contract represented Fixed payments less any rental incentives payable
- b. Variable lease payments that depend on an index or rate, initially measured using an index or rate as at the commencement date of the lease.
- 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. 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.
 - The lessor Shall recognize financing income over the term of the lease contract on the basis of a pattern that reflects a constant periodic rate of return for the lessor's net investment in the lease contract.

- **Operating lease:**

- **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.



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- 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 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 lessor must display the assets subject of the contract under the operating lease contract in its statement of financial position according to the nature of the asset subject of the contract. The lessor must provide the required disclosures in accordance with Egyptian Accounting Standard No. (10) for assets under an operating lease contract (according to the category of the subject matter of the contract) separately from the owned assets held and used by the lessor.

(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 profit or loss 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 profit or loss 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 profit or loss except for items recognized as other comprehensive income in the owners' equity .and the 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 arising from temporary time differences between the book value of assets and liabilities is recognized according to the accounting basis and its value according to the tax basis. The deferred tax value is determined on the basis of the expected realization values of each of the assets and liabilities, using the applicable tax rates at the date of preparing the financial statements. The deferred tax assets of the establishment are recognized when there is a strong possibility of achieving profits subject to taxes in the future through which this asset can be used, and the value of the deferred tax assets is reduced by the value of the part from which the expected tax benefit will not be realized during the following years.

(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 generate 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.

(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, 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.



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(4) Fixed assets:

(4/1) Fixed assets as of September 30, 2023:

(Amounts in thousands)

	Lands, Buildings, construction and facilities	Machinery and equipment	Means of transportation	Tools	Furniture and office equipment	Total
Cost as of July 1, 2023	525,479	3,213,140	62,900	52,128	52,807	3,906,454
Additions and adjustments	-	-	-	1,536	1,856	3,392
Disposals and adjustments	-	-	-	-	-	-
Cost as of September 30, 2023	525,479	3,213,140	62,900	53,664	54,663	3,909,846
Acc. depreciation as of July 1, 2023	284,253	2,322,800	45,613	34,356	32,531	2,719,553
Depreciation	4,437	21,735	1,571	707	978	29,428
Disposals acc. Depreciation	-	-	-	-	-	-
Acc. depreciation as of September 30, 2023	288,690	2,344,535	47,184	35,063	33,509	2,748,981
Net book value as of September 30, 2023	236,789	868,605	15,716	18,601	21,154	1,160,865

Within the fixed assets, lands with an area of 120 thousand square meters with a book value amounting 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) Fixed assets as of September 30, 2022:

(Amounts in thousands)

	Lands, Buildings, construction and facilities	Machinery and equipment	Means of transportation	Tools	Furniture and office equipment	Total
Cost as of July 1, 2022	490,326	3,175,390	61,045	47,187	48,573	3,822,521
Additions and adjustments	1,566	2,763	20	650	995	5,994
Disposals and adjustments	-	-	-	-	-	-
Cost as at September 30, 2022	491,892	3,178,153	61,065	47,837	49,568	3,828,515
Acc. depreciation as at July 1, 2022	267,613	2,232,477	39,453	32,239	29,484	2,601,266
Depreciation	3,948	23,073	1,555	614	842	30,032
Disposals acc. depreciation	-	-	-	-	-	-
Acc. depreciation as of September 30, 2022	271,561	2,255,550	41,080	32,853	30,326	2,631,298
Net book value as of September 30, 2022	220,331	922,603	20,057	14,984	19,242	1,197,217



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(4/1) Fixed assets as of June 30, 2023:

(Amounts in thousands)

Description	Lands, Buildings, construction and facilities	Machinery and equipment	Means of transportation	Tools	Furniture and office equipment	Total
Cost as of July 1, 2022	490,325	3,175,390	61,045	47,187	48,574	3,822,521
Additions and adjustments	35,154	59,621	1,859	5,452	4,665	106,751
Disposals and adjustments	-	(21,871)	(4)	(511)	(432)	(22,818)
Cost as of June 30, 2023	525,479	3,213,140	62,900	52,128	52,807	3,906,454
Acc. depreciation as of July 1, 2022	267,613	2,232,477	39,453	32,239	29,484	2,601,266
Depreciation	16,640	97,182	6,165	2,626	3,479	126,092
Disposals Acc. depreciation	-	(6,859)	(5)	(509)	(432)	(7,805)
Acc. dep. as of June 30, 2023	284,253	2,322,800	45,613	34,356	32,531	2,719,553
Net book value as of June 30, 2023	241,226	890,340	17,287	17,772	20,276	1,186,901

(4/2) Additions & disposals for Fixed Assets as of September 30, 2023:

The additions and their settlements amounted to 3,392 thousand pounds and the largest amounts are:

Company	Description	Additions	Disposals	Total
Abu Qir Factory (1)	Tools	1,522	-	1,522
	Furniture and Office Equipment	1,856	-	1,856
				3,378
Abu Qir Factory (2)	Tools	14	-	14
				14
Total additions & disposals				3,392

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

- The historical cost of fully depreciated fixed assets and still working amounted to EGP 2.29 billion.
- A committee has been assembled by administrative decision no. (169) of 2023 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 (Asset devaluation):

A committee has been assembled by administrative decision no. (169) of 2023 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.



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

- 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 date. 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 the acquisition of fixed assets:

Contractual commitments to acquisition of fixed assets are represented in contracts which have not yet been implemented till September 30, 2023:

<u>Description</u>	<u>(Amounts in thousands)</u>		
	<u>September 30, 2023</u>		
	<u>EGP</u>	<u>EURO</u>	<u>USD</u>
Auxiliary HP boiler Replacement for Abu Qir Plant (1)	-	10	-
Supply and installation of the metal structure of the new reactor	-	4,452	-
Supplies orders	90	9,614	3,028

(5) Projects under construction:

Projects under construction amounted EGP 485,219 thousand as of September 30, 2023 which comprise as follows:

	<u>(Amounts in thousands)</u>		
	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>June 30,2023</u>
<u>First: Assets components acquisition</u>			
Buildings and constructions	14,794	29,798	3,302
Machinery and equipment	150,811	145,571	142,866
Tools, furniture, and office equipment	20,233	5,764	15,700
Other projects (Abu Qir Plant 1 and 3 development and reducing CO2 emissions)	2,520	4,992	2,520
Total assets' components acquisition	188,358	186,125	164,388
<u>Second: Investing expenditures</u>			
Advance payments	28,580	25,008	33,364
Letters of credit	268,281	113,898	199,202
Total investing expenditures	296,861	138,906	232,566
Total projects under construction	485,219	325,031	396,954

First: Fixed assets components acquisition:

1 - Buildings amounted to 14,794 thousand pounds, which are:

(1/1) Abu Qir Factory Buildings (1) amounted to 14,625 thousand pounds, related to the construction of a cooling tower and implementation of the foundations for the new ammonia reactor, and the construction of a room next to the RACK ROOM control building.

(1/2) Abu Qir Factory Buildings (3) amounted to 169 thousand pounds, related to developing Abu Qir 3 and reducing CO2 emissions.

2 - Machinery and equipment amounted to 150,811 thousand pounds, consisting of:

(1/2) Abu Qir Factory machines (1) amounted to 135,818 thousand pounds related to BFW PREHEARTER and the primary axle pipes and connecting Nitrogen unit Ammonia Gas Rotary, Upgrade Speed control system, Create a cooling tower, Syngas Water Cooler, change steam superheater, change the nitrogen unit control system, and the new ammonia reactor.

(2/2) Abu Qir Factory machines (2) amounted to 8298 thousand pounds related to Heat Exchanger and FINAL COOLER SYNGAS. (3/2) Abu Qir Factory Machinery (3) amounted to 6,695 thousand pounds, The control system for Unit 386 pertains to nitrogen.



3- Tools, equipment, furniture and office supplies amounted to 20,233 thousand pounds, which are:

(1/3) the SAP system to develop the automated system ERP and miscellaneous, amounted to 20,233 thousand pounds.

4- Other projects amounted to 2,520 thousand pounds, which are:

(1/4) developing Abu Qir 3 and reducing CO2 emissions amounted to 2,520 thousand pounds.

Within investment spending:

1- Advance payments amounted to 28,580 thousand pounds, consisting of:

Purchasing a chlorine cylinder with a capacity of 1 ton for 526 thousand pounds, and supplying and installing a new fire alarm system for 3,880 thousand pounds for 14 buildings in the company and the Social Club, purchasing a compact hand held infrared thermometer for 16 thousand pounds, preparing a report on the structural condition of the base secondary reformer for 86 thousand pounds, purchasing a scanner for an amount of 5 thousand pounds, purchasing and installing a camera surveillance system for 299 thousand pounds, purchasing an induction heater for 95 thousand pounds, purchasing bar code readers within the SAP project for 62 thousand pounds, the process of manufacturing and changing the heat exchanger for 11,400 thousand pounds, purchasing a shell & tube for 1,790 thousand pounds, purchasing a complete natural gas for 505 thousand pounds, developing fire alarm system for 1,639 thousand pounds, purchase of a hydraulic lever for 130 thousand pounds, the process of developing a continuous monitoring system for 941 thousand pounds, the purchase of office chairs for 344 thousand pounds, the purchase of fiber glass for 12 thousand pounds, the implementation of the first phase of developing the automated system for 5,134 thousand pounds, purchase A set of fire pumps for 1,585 thousand pounds, purchase of Hilti dismantling and connecting for 31 thousand pounds.

2- Letters of Credit amounted to 268,281 thousand pounds, which are:

- Upgrade the speed control system for Abu Qir Factory (1) for 5,434 thousand pounds.
- Purchasing of Revamping AFC PES for Abu Qir Factory (3) for 4,025 thousand pounds.
- Purchase of Ammonia Converter Basket for Abu Qir Factory (1) for 71,437 thousand pounds.
- Purchase of Process License for The Urea Plant Revamp for Abu Qir Factory (3) for 20,508 thousand pounds.
- Purchase of License and process Design Package for Abu Qir Plant (3) for 4,650 thousand pounds.
- Purchase of Cooling Tower for Ammonia for Abu Qir Factory (1) for 56,923 thousand pounds.
- Purchasing DCS and ESD revamp project for Abu Qir Factory (1) for 15,017 thousand pounds.
- Purchase of Completed Heat Exchanger For Abu Qir Factory (2) for 30,418 thousand pounds.
- Purchase of Completed HPCC for Abu Qir Factory (3) for 55,905 thousand pounds.
- Purchase Modified Catalyst Basket for Abu Qir Factory (2) for 3,964

(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 profit or loss and this contract has been terminated and not renewed as at April 2023.



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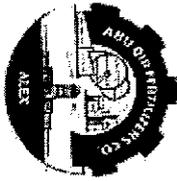
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(6/1/1) Right of use assets (lease contracts):

<u>Description</u>	<u>(Amounts in thousands)</u>		
	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>June 30,2023</u>
Balance as of July 1, 2023	-	383	-
Adjustments to the opening balance (initial measurement)	-	-	383
Additions and adjustments	-	-	-
Cost as of September 30, 2023	-	383	383
Acc. amortization as of July 1, 2023	-	287	287
Adjustments to the opening balance (initial measurement)	-	-	-
Amortization	-	32	96
Acc. amortization as of September 30, 2023	-	319	383
Net book value as of September 30, 2023	-	64	-

(6/1/2) Lease contracts liabilities:

<u>Description</u>	<u>(Amounts in thousands)</u>		
	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>June 30,2023</u>
Balance as at July 1, 2023	-	104	104
Adjustments to the opening balance (initial measurement)	-	-	-
Paid installments	-	(35)	(104)
Lease liabilities	-	69	-
Lease contracts current liabilities	-	69	-
Lease contracts non-current liabilities	-	-	-



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(7) Investments in equity instruments - at fair value through OCI:
Investments in equity instruments - at fair value through OCI balance amounted to EGP 6,540,317 thousand on September 30, 2023, which comprise investments in equity instruments and investment in associates' companies amounted to EGP 6,416,869 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 6,416,869 thousand as on September 30, 2023, which comprise as follows:
(Million EGP/USD) (Thousand EGP)

Description	Investment currency	Paid up capital	Ownership percentage	Total investing amount	Total Paid amount till	Balance as at 30/9/2023	Balance as at 30/9/2022	Balance as of 30/6/2023
Investments in Alexandria Fertilizers Company	(USD)	149.25	15%	22.3875	22.3875	3,571,839	2,078,948	2,078,948
Fair Value Adjustments						9,292	79,789	1,492,891
Balance of Alexandria Fertilizers Company	(USD)	149.25	15%	22.3875	22.3875	3,581,131	2,158,737	3,571,839
Investments in Helwan Fertilizers Company	(USD)	150	17%	22.5	22.5	2,781,026	2,085,737	2,085,737
Fair Value Adjustments						7,235	80,049	695,289
Balance of Helwan Fertilizers Company	(USD)	150	17%	25.5	25.5	2,788,261	2,165,786	2,781,026
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						6,416,869	4,372,000	6,400,341



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(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. The fair value of both companies Alexandria Fertilizers Co. and Helwan Fertilizers Co. has also been updated by the Baker Tilly office, and the necessary adjustments have been made which affected the financial statements for the year ended June 30, 2023 and the necessary adjustments were made in the light of the exchange rate on the date of preparing the company's Financial position on September 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 for Phosphoric Acid Company that has a total share of 9.5% of the company's capital amounting to USD 10 million.

On May 11, 2022, Shareholders of Abu Tartur for Phosphoric Acid Company recommended at their assembly meeting to search for an external investor to provide finance in parallel with the bank alliance, Afexim / AFC, in a manner that guarantees the implementation of the project and the preservation of its economy, and there are no confirmed developments until the date of the financial statements.

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

Investments in Associates balance amounted to EGP 123,448 thousand on September 30, 2023, which comprises as follows:

Description	Currency	(Million EGP/USD)			Thousands (EGP)			
		Paid up capital	Ownership percentage	Total investing amount	Total Paid amount till 30/9/2023	Balance as of 30/9/2023	Balance as of 30/9/2022	Balance as of 30/6/2023
Global Company for Methanol and Derivatives	(USD)	20	35%	7	0.7	10,948	10,948	10,948
North Abu Qir Company for Agricultural Nutrients	(EGP)	1000	45%	450	112.5	112,500	-	112,500
Total Investments in Associates - at fair value through OCI						123,448	10,948	123,448



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(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.
- There are no confirmed developments related to Global Company for Methanol and Derivatives until the date of the financial statements.

(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.
- On May 21, 2023, the first founding assembly of North Abu Qir Company for Agricultural Nutrients was held in which:
 - a. The general assembly unanimously approved the evaluation in-kind share provided by the Egyptian General Petroleum Corporation at an amount of EGP 450 million according to the report issued by the General Authority for Investment and Free Zones.
 - b. The general assembly unanimously approved the company's primary contract, its articles of association, and the shareholders' agreement on October 12, 2022, and its approval and consideration as part of the company's articles of association and complementary to its statute.
 - c. The general assembly unanimously approved the founders' report regarding what took place during the establishment period and till the date of convening the constituent assembly and releasing them of their obligation during the establishment period.
 - d. The general assembly unanimously decided to delegate the Board of Directors all the legal authority that helps it to manage the company to achieve its purpose and determine the authority of the chairman of the Board of Directors and the Managing Director, except for what is legally reserved for the ordinary and extraordinary general assembly, the company has also formed the first Board of Directors of seven members.
 - e. The general assembly unanimously decided to delegate the Board of Directors the Board of Directors to approve the expenses and payments during the establishment period and to authorize the Board to conclude reciprocal contracts. Attendance and transportation allowances were also determined, and the Board was delegated to recall capital in the manner and timings determined by the board in accordance with the actual needs and the release of the paid-up capital, The company's auditor and legal advisor were also appointed.



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- 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 owns 45%), the Egyptian General Petroleum Corporation, (which owns 45% "In-kind shares"), and the Egyptian Petrochemical Holding Company (which owns 10%), and the establishment procedures are being finished.

(8) Investments in financial assets at amortized cost -:

Investments in financial instruments at amortized cost – Treasury bills which are classified as current assets are amounted to EGP 11,934,453 thousand as of September 30, 2023, which comprise the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
<u>Treasury bills</u>			
Nominal value	12,381,875	10,517,525	7,275,150
<u>Deduct:</u> unearned revenues	(304,350)	(231,559)	(481,305)
<u>Deduct:</u> Tax reconciliation	(143,072)	(131,022)	(74,705)
Total treasury bills - recoverable value – current	11,934,453	10,154,944	6,719,140

- Treasury bills balance included an amount of EGP 438 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 333 million

(9) Inventories:

Inventories balance are amounted to EGP 2,237,466 thousand as of September 30, 2023, which comprises the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
Raw materials	388,283	218,210	338,736
Fuel and oil	10,602	6,235	11,099
Spare parts and supplies	1,121,047	879,960	999,157
Packing materials	31,372	17,646	29,499
Recyclables	1,871	590	1,875
Work in Process	47,636	79,072	112,841
Finished Goods	342,954	440,089	337,342
Inventory held with others	141,629	120,375	142,527
Letter of Credit	152,072	72,114	169,742
Scrap Accessories	-	5	-
	2,237,466	1,834,296	2,142,818



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- a. **Inventory with others** as of September 30, 2023, amounted EGP 141,629 thousand, which comprise as spare parts amounted 6,938 thousand pounds, Nuvo Pignene books amounted 4,501 thousand pounds, Platinum networks amounted 128,481 thousand pounds, and other devices with 1,709 thousand pounds.

b. **Work in process:**

Work in process balances as at September 30, 2023, can be represented as follows:

	<u>September 30, 2023</u>		<u>July 1, 2023</u>	
	<u>Quantity in ton</u>	<u>Amounts in thousands</u>	<u>Quantity in ton</u>	<u>Amounts in thousands</u>
Ammonia (1)	1,542.24	12,093	5,011.48	38,671
Ammonia (2)	2,247.90	14,050	3,971.90	24,233
Ammonia (3)	3,053	19,833	7,334.70	48,477
Nitric Acid	706.552	1,660	665.496	1460

c. **Finished goods:**

Finished goods balances as of September 30, 2023, can be represented as follow:

	<u>September 30, 2023</u>		<u>July 1, 2023</u>	
	<u>Quantity in ton</u>	<u>Amounts in thousands</u>	<u>Quantity in ton</u>	<u>Amounts in thousands</u>
Prilled urea	14,153.15	72,398	33,035.61	162,483
Granular nitrate	3,682.49	12,790	6154.88	19,988
Granular urea	61,471.21	257,465	36,806.35	154,571
Liquid fertilizer	126.46	301	126.46	301

(10) **Trade receivables and other debit accounts:**

Trade receivables and other debit accounts amounted to EGP 982,364 thousand as at September 30, 2023 which comprises the following:

	<u>(Amounts in thousands)</u>		
	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>June 30, 2023</u>
Trade receivables	309,857	313,775	260,572
Sundry debtors	111,787	72,674	97,701
Other debit accounts	509,712	624,133	605,497
Vendors debit balances	51,008	31,464	45,842
	<u>982,364</u>	<u>1,042,046</u>	<u>1,009,612</u>

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

Trade receivables balance amounted to EGP 309,857 thousand as of September 30, 2023 which comprises the following:

	<u>(Amounts in thousands)</u>		
	<u>September 30, 2023,</u>	<u>September 30, 2022</u>	<u>June 30, 2023</u>
Clients - local	221,058	232,479	259,879
Clients – foreign	88,345	80,479	97,701
Notes receivables	454	817	693
	<u>309,857</u>	<u>313,775</u>	<u>260,572</u>



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(10/2) Sundry debtors:

Sundry debtors balance amounted to EGP 111,787 thousand as of September 30, 2023 which comprises the following:

	<u>(Amounts in thousands)</u>		
	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>June 30, 2023</u>
Deposits with others	13,011	550	12,456
Employees advances	868	95	740
Value added tax authority	97,512	71,469	84,101
Custom authority	396	560	404
	<u>111,787</u>	<u>72,674</u>	<u>97,701</u>

(10/3) Other debit accounts:

Other debit account balances amounted to EGP 509,712 thousand as at September 30, 2023, which comprise EGP 450,109 thousand, and EGP 59,603 thousand representing debtors and other debits respectively as follows:

(10/3/1) Debtors:

	<u>(Amounts in thousands)</u>
	<u>September 30, 2023</u>
Debtors - cars loans and traffic fines	3,426
Residential city loan	6,763
Youth and workers housing loans	5,000
Prepaid expenses	3,776
National Paper Company	186
Residential city assets	24,569
Estimated consumption of platinum	36,175
Tossun project loan	5,245
Methanol project	3,191
Alexandria Fertilizers Company	946
Cooperative housing	525
Accrued time deposits interest	33,517
The company's contribution to the Methanol Project	1,246
Tax authority	17,343
Funds balances	304,126
Man energy	113
North Abu Qir Company for Agricultural Nutrients	3,372
Others	590
Total	<u>450,109</u>



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- Debtor's balance includes EGP 24.6 million represents value of buildings, roads, machines and furniture related to employees' residential city asset 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 304,126 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 64 million and EGP 90 million both related to workers treatment funds and pension treatment fund.
- **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 Abu Qir 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.

(10/3/2) Other debit balances:

Other debit balances balance is amounted to EGP 59,603 thousand as at September 30, 2023 which comprise the following:

	<u>(Amounts in thousands)</u> <u>September 30, 2023</u>
Tax authority (Real estate tax, withholding tax)	48,090
Customs authority	11,361
Other	152
	<u>59,603</u>

(10/4) Vendors debit balances:

Vendors debit balances amounted to EGP 51,008 thousand as of September 30, 2023 as follows:

	<u>(Amounts in thousands)</u>		
	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>June 30, 2023</u>
Vendors - public sector	625	308	2,178
Vendors - private sector	24,551	22,372	26,397
Vendors - foreign sector	25,832	8,784	17,267
	<u>51,008</u>	<u>31,464</u>	<u>45,842</u>

(11) Cash and its equivalents:

Cash and its equivalents are representing in cash on hand and at banks balances amounted to EGP 14,542,082 as at September 30, 2023, which comprises the following:

	<u>(Amounts in thousands)</u>		
	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>June 30, 2023</u>
Time deposits	14,398,024	4,857,652	17,291,570
Current accounts with return	143,748	949,102	154,071
Cash on hand	310	262	160
Total	<u>14,542,082</u>	<u>5,807,016</u>	<u>17,445,801</u>



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Time deposits as of September 30, 2023 which comprises of the following:

Description	Amount	Total
Time deposit for 3 months	14,398,024	14,398,024

- 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 59 thousand which is reserved by Banque du Caire.
 - An amount of USD 23 million which is reserved by Export Development Bank.
 - An amount of USD 7 million which is reserved by Qatar National Bank in exchange of letters of credit.

(12) Shareholders' equity:

(12/1) Paid up capital:

The company's authorized capital is amounted to EGP 3 billion, paid up and issued capital as of September 30, 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)				
	Nationality	Ownership percentage	No. of Shares	Paid up capital
Alpha Oryx Limited	United Arab Emirates	21.52%	271,573,655	407,360
Saudi Egyptian Investment Company	Saudi	20.33%	256,580,245	384,870
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	22.64%	285,534,637	428,302
		100 %	1,261,875,720	1,892,813

(12/2) Reserves:

Reserves balance amounted to EGP 6,793,989 thousand as of September 30, 2023, which comprises the following:

(Amounts in thousands)			
	September 30, 2023	September 30, 2022	June 30, 2023
Legal reserve	946,407	946,407	946,407
Other reserves	5,847,582	5,822,732	5,822,733
	6,793,989	6,769,139	6,769,140

- The addition to the legal reserve during the year, amounting to EGP 24,849 thousand, is represented in the balance transferred from dividends for the year 2022/2023, and represent gain amounting to 24,849 according to the ordinary general assembly meeting held on September 30, 2023.
- Other reserves amounted EGP 5,847,582 thousand which comprise Reserve for expansion for 5.8m thousand pounds, Gain on sale of fixed assets which is 47,548 thousand pounds, Gain on sale of spare parts and fittings which is 5 pounds, and Environment fund reserve for 29 pounds.



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(12/3) Revaluation of investments at fair value through OCI:

Revaluation of investments at fair value through OCI amounted to EGP 6,075,891 thousand as at September 30, 2023 which comprises the following:

Description	(Amounts in thousands)		
	Balance as of September 30, 2023	Balance as of September 30, 2022	Balance as of June 30, 2023
Alexandria Fertilizers Co.	3,445,220	2,022,825	3,435,927
Helwan Fertilizers Co.	2,630,671	2,088,197	2,623,436
	<u>6,075,891</u>	<u>4,031,022</u>	<u>6,059,363</u>

(12/4) Retained earnings:

Retained earnings amounted to EGP 3,382,545 thousand as of September 30, 2023 which comprises the following:

Description	(Amounts in thousands)		
	Balance as of September 30, 2023	Balance as of September 30, 2022	Balance as of June 30, 2023
Retained earnings - beginning balance	13,864	2,260,394	2,260,394
Add (Deduct):			
Adjustments for previous year	-	-	949
Cash Dividends	3,368,681	(2,247,479)	(2,247,479)
Retained earnings – ending balance	<u>3,382,545</u>	<u>12,915</u>	<u>13,864</u>

- Retained earnings amounted to EGP 3,368,681 thousand as of September 30, 2023 which comprises undistributed shareholders' share in profit for year 2023/2024 according to the ordinary general assembly meeting held on September 30, 2023.

(13) Provisions:

Total non-current and current provisions balances are amounted to EGP 182,766 thousand as of September 30, 2023 which is represented as follows:

Description	(Amounts in thousands)					
	Balance as at 1/7/2023	Additions	Provisions used	Settled in income	Provisions reversed	Balance as at 30/9/2023
First: Tax provisions:						
Corporate tax	135,216	-	-	-	-	135,216
Sales tax	42,648	-	119	231	350	42,298
Real-estate tax	1,174	-	-	-	-	1,174
Stamp tax	-	-	-	-	-	-
Total income tax provisions	<u>179,038</u>	<u>-</u>	<u>119</u>	<u>231</u>	<u>350</u>	<u>178,688</u>
Second: Other provisions:						
Lawsuit	4,466	4,000	-	4,388	4,388	4,078
Payroll tax inspection's differences	-	-	-	-	-	-
Total other provisions	<u>4,466</u>	<u>4,000</u>	<u>-</u>	<u>4,388</u>	<u>4,388</u>	<u>4,078</u>
Total provisions	<u>183,504</u>	<u>4,000</u>	<u>119</u>	<u>4,619</u>	<u>4,738</u>	<u>182,766</u>
Total short-term provisions						<u>4,078</u>
Total long-term provisions						<u>178,688</u>



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The provision additions amounted to EGP 4,000 thousand which comprise the following:

Description	(Amounts in thousands)	
	September 30, 2023	
The increase in lawsuit provision related to case no. 178/2021 related to court fees for alleging not supplying urea to BGNANT company,		4,000
		4,000

The provision reversed amounted to EGP 4,738 thousand which comprise the following:

- Description**
- Exclusion from sales tax allocation amounted to 350 thousand pounds due to the issuance of a ruling by the supreme administrative court in Cairo in appeal no. (74146) of Judicial Year 67 in favor of the company to cancel the contested decision, recover the amount of 231 thousand pounds and settle 119 thousand pounds with the Tax Authority account.
 - Exclusion from the allocation for regular cases at a value of 4,388 thousand pounds pertaining to Case no. 8 16/79 Q (judicial fees) filed by (Hema plastic company), due to the issuance of a final judicial ruling in favor of the company exonerating it from that lawsuit.

(14) Deferred tax liabilities:

Deferred tax liabilities amounted to EGP 160,105 thousand as of September 30, 2023 which comprises the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
Balance at the end of the period	160,105	154,044	156,887
Balance at the beginning of the period	(156,887)	(153,713)	(153,713)
Balance for current period	3,218	331	3,174

(15) Trade payables and other credit accounts:

Trade payables and other credit accounts amounted to EGP 13,336,770 thousand without tax authority account as of September 30, 2023 which comprises the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
Trade payables	608,573	650,231	582,353
Sundry creditors	43,512	67,007	43,903
Distribution creditors	10,303,217	3,787,327	1,272
Other credit accounts	1,891,751	1,157,340	1,266,888
Clients - credit balances	489,717	154,488	211,701
	13,336,770	5,816,393	2,106,117

(15/1) Trade payables:

Trade payables balance amounted to EGP 608,573 thousand as of September 30, 2023, which comprises the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
Vendors - private sector	21,505	12,869	558,487
Vendors - public sector	580,775	622,619	13,767
Vendors - foreign sector	6,293	14,743	10,099
	608,573	650,231	582,353



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(15/2) Sundry creditors:

Sundry creditors balance amounted to EGP 43,512 thousand as of September 30, 2023, which comprises the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
Deposits for others	24,972	26,415	23,766
Tax authority - Value Added Tax (VAT)	5,597	17,672	-
Public Authority for Social Insurance	8,403	18,070	17,013
Customs authority	4,540	4,850	3,124
	43,512	67,007	43,903

(15/3) Distribution creditors:

Distribution creditor's balance amounted to EGP 10,303,217 thousand as of September 30, 2023, which comprises the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
Shareholders' profit share	8,834,149	3,786,799	1,019
Employees' profit share (other)	1,469,068	528	253
	10,303,217	3,787,327	1,272

- The shareholders' profit share amounted to 8,834,149 thousand pounds, where the balance of stock coupons not reserved centrally, with a value 1,019 thousand pounds where the balance is transferred to the Tax Authority in accordance with the text of article 147 of law 91 of 2005, in addition to the coupon balance for the year 2022/2023 amounted to 8,833,130 pounds at a rate of 7 pounds/share distributed in 3 installments. The first on 10/26/2023 at 2 pounds/share, the second one on 12/28/2023 at 3 pounds/share, and the third installment on 1/31/2024 at 2 pounds/share as an exceptional distribution in the light of the company's business results for year 2022/2023 and the company's liquidity position.

(15/4) Other credit accounts:

Other credit accounts amounted to EGP 1,891,751 thousand as of September 30, 2023 which comprise EGP 1,870,344 thousand representing creditors, and EGP 21,406 thousand representing other credit balances respectively as follows:



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(15/4/1) Creditors:

Description	Amount	Description	Amount	Description	Amount
Private insurance fund	29,717	Expenditure for transportation	3,891	Accrued donations	7,912
Land rent (Bargas)	221	Credit balance for employees (tax reconciliations)	21,613	Club and sport activities against treasury bills and current accounts	390,468
Cost of constructing company's buildings	24,569	Land rent (Airleced)	130	Infrastructure fund against deposits and current accounts	4,796
Family treatment fund	204,420	Methanol Project	3,592	Deposits under settlements	2,005
Housing Loan Fund	16,184	Shareholders employees' union	1,351	Collections for road maintenance	3,034
Supplementary pension fund	37,918	Sales tax related to the dispute of letters of credit for Abu Qir plant (3)	53,458	Auto loan fund	5,832
Social services fund subscriptions	482	Training and rehabilitation fund	496,412	General Authority for Financial Supervision-Development fee	2,244
Reserved amounts to finance pensions fund	6,005	Wages and trusts due	44,700	Collections for guarding railway crossing	298
Death Cases Fund	218	Reserved amounts to finance employee's fund	368,664	Alexandria Fertilizers Company rents	15,600
Receipts from the profits of employees (Tusson land)	413	Work dropout's dues (out of work employees)	1,222	Creditors – fixed assets purchase	13,199
Fee of the Agricultural Professions Syndicate	3,056	Amounts reserved to finance the additions of the residential city	1,683	Checks not submitted for disbursement	928
Trade committee Fund	1,791	Fees under settlement	1,680	Estimated unearned returns for treasury bills related to funds	6,799
Carbon Corporation and Environmental Fund deposits	11,109	Applied stamp	400	Borrowing from Nalco Co.	197
Lord international rent	193	Comprehensive health insurance fund	81,724	Others	198
Total					1,870,344



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Creditor's accounts include:

- EGP 496,412 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 390,468 thousand represents liability to sport activity and club against their treasury bills and current account at banks at financial statements date.
- EGP 4,796 thousand represents liability to infrastructure fund against its time deposits and current account at banks at financial statements date.
- EGP 11,109 thousand represents liability to environment fund against its time deposits and current account at banks at financial statements date.
- EGP 204,420 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 September 30, 2023, are amounted to EGP 23,166 thousand for the period from October 1, 2006, till December 31, 2020, except for the return of investing these amounts amounted to EGP 5,935 thousand and total expenditures of these revenues related to environmental aspects are amounted to EGP 17,992 thousand which comprise the following:

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

- a. Certificates for the period from January 1, 2021, till June 30, 2023, have not been issued yet and there is an agreement to sell them immediately after their issuance.



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(15/4/2) Other credit balances:

	<u>(Amounts in thousands)</u>
	<u>September 30, 2023</u>
Ezz ELDin Mohamed Project	4,192
Borg El-Arab Project	16,596
Other	618
	<u>21,406</u>

(15/5) Client's credit balances (Advance payments):

The clients' credit balances as of September 30, 2023 are amounted to EGP 489,717 thousand which comprise the following:

	<u>(Amounts in thousands)</u>		
	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>June 30, 2023</u>
Clients - foreign sector	468,856	146,932	156,107
Clients - private sector	18,154	5,905	53,693
Clients - public sector	2,707	1,651	1,901
	<u>489,717</u>	<u>154,488</u>	<u>211,701</u>

(15/6) Tax authority:

Tax authority's credit balance as of September 30, 2023 amounted to EGP 4,040,536 thousand which comprise the following:

	<u>(Amounts in thousands)</u>		
	<u>September 30, 2023</u>	<u>September 30, 2022</u>	<u>June 30, 2023</u>
Tax authority – Income tax	3,974,114	2,926,726	3,530,527
Tax authority – Payroll tax	63,767	8,175	70,472
Withholding tax, stamp, and real estate tax	2,655	2,181	2,101
	<u>4,040,536</u>	<u>2,937,082</u>	<u>3,603,100</u>

(16) Tax position as of September 30, 2023:

Income Tax:

- 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.
- For the years 2018/2020 the 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.



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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 year 2018.
- For years 2019 and 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 the law of real estate tax promulgated 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.

(17) Legal position as of September 30 2023:

The company raised some lawsuits against others representing 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, 2023, and it was appealed in cassation, obliging the company to pay EGP 77,793
BG NINT company	Demanding judicial fees	Reject the case	4,000,000	December 19, 2023, for documents

- 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 October 24, 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.



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(18) Statement of profit or loss:

(18/1) Sales for the year ended September 30, 2023, is amounted to EGP 4,331,107 thousand which comprise the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
Sales revenues	4,293,420	4,773,120	21,521,336
Sold services (Included sale of casual products)	44,471	26,037	50,956
Operation for other revenues	71	15	2,458
Sold wastes	1,201	698	4,735
Deduct: Sale of casual products	(8,056)	(7,783)	(21,627)
	4,331,107	4,792,087	21,557,858

(18/2) Cost of goods sold: for the year ended September 30, 2023, is amounted to EGP 2,282,029 thousand which comprise the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
Raw materials and supplies	1,887,945	1,652,164	7,737,824
Salaries, wages and benefits	266,791	160,361	1,131,688
Operating fixed assets depreciation	25,572	26,397	107,826
Other manufacturing expenses	50,185	33,486	151,653
Change in inventory of finished goods	(5,612)	(199,912)	(97,166)
Change in inventory of un-finished goods	65,204	(38,244)	(72,013)
Deduct: Sale of casual products	(8,056)	(7,783)	(21,627)
	2,282,029	1,626,469	8,938,185

(18/3) Credit interests: for the year ended September 30, 2023, is amounted to EGP 253,666 thousand which comprise the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
Realized interest	220,149	33,061	549,267
Unrealized interest	33,517	15,713	65,949
	253,666	48,774	615,216

(18/4) Return on financial assets at amortized cost (Treasury bills): for the year ended September 30, 2023, is amounted to EGP 555,196 thousand which comprise the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
Realized return	102,153	453,043	848,768
Unrealized return	87,315	276,216	373,523
	555,196	363,531	1,222,291

(18/5) Other revenues: for the quarter ended September 30, 2023, is amounted to EGP 8,283 thousand which comprise the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
Rent revenues	5,115	3,346	13,856
Compensation and penalties	108	303	3,733
Sundry revenues	3,060	200	53,201
	8,283	3,849	70,790



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(18/5/1): Rent revenues for the quarter ended September 30, 2023, is amounted to EGP 5,115 thousand which comprise the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30,2023
Land Leased to Alexandria Fertilizers Co.	4,488	2,847	11,638
Water Pump Sub-Station, land, tanks, and cafeteria	362	252	1,201
Land Leased to Air Liquid Co. Medical Gases Co. and Med Gas Co.	265	247	1,017
	<u>5,115</u>	<u>3,346</u>	<u>13,856</u>

(18/5/2) Compensation and penalties revenues for the quarter ended September 30, 2023, is amounted to EGP 108 thousand which comprise the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30,2023
Vendors and transportation companies	97	279	3,661
Misr insurance	11	-	32
Other compensation revenues	-	24	40
	<u>108</u>	<u>303</u>	<u>3,733</u>

(18/5/3) Sundry revenues at September 30, 2023, is amounted to EGP 3,060 thousand which comprise the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30,2023
Carbon	-	-	-
Gain on sale of scrap, raw materials, supplies and others	3,060	200	53,201
Total	<u>3,060</u>	<u>200</u>	<u>53,201</u>

(18/6) Foreign currency exchange differences at September 30, 2023, is amounted to EGP 20,874 thousand against currency differences gain amounted to EGP 166,708 thousand.

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30,2023
Foreign currency exchange differences			
Banks	(3,192)	145,986	170,752
Other monetary assets and liabilities	24,066	20,722	3,698,624
Net charged to statement of profit or loss	<u>20,874</u>	<u>166,708</u>	<u>3,869,376</u>

(18/7) Selling and distribution expenses at September 30, 2023, is amounted to EGP 222,365 thousand which comprise the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30,2023
Salaries, wages and benefits	82,309	43,034	308,811
Packing materials	57,708	33,550	162,165
Fixed assets depreciation	1,344	1,197	4,835
Other selling expenses	81,0041	42,973	205,891
Total	<u>222,365</u>	<u>120,754</u>	<u>681,702</u>

(18/8) Administration and general expenses for the quarter ended September 30, 2023, is amounted to EGP 90,156 thousand which comprise the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30,2023
Salaries, wages and benefits	44,324	30,784	174,816
Fixed assets depreciation	2,349	2,004	7,515
Other administrative and general expenses	40,262	27,689	162,552
Chairman and board of directors 'compensation	32215	1,422	7,245
	<u>90,156</u>	<u>61,899</u>	<u>352,128</u>



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(18/9) Financing expenses at September 30, 2023.

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
Financing expense (Credit facilities)	-	6,339	11,623
Financing expenses (Lease contract)	-	3	9
Total	-	6,342	11,632

No finance expenses for the period on 30/9/2023 compared to 6,342 thousand pounds related to debit interest related to the credit facility granted by the National Bank of Kuwait to company during December 2022.

(18/10) Income tax at September 30, 2023, is amounted to EGP 557,844 thousand which comprise the following:

	(Amounts in thousands)		
	September 30, 2023	September 30, 2022	June 30, 2023
Income tax	443,587	704,201	3,530,527
Deferred tax	3,218	331	3,174
Tax on treasury bills	111,039	72,706	244,458
Tax on dividends	-	-	98,281
Tax settlements on income tax and deferred tax	-	-	(6,137)
	557,844	777,238	3,870,303

(18/11) Reconciliation to calculate the income tax as of September 30, 2023, according to the terms of law which comprise the following:

	(Amounts in thousands)		
	Subtotal	Subtotal	September 30, 2023
Net profit before tax for the period ended September 30, 2023	2,575,193		2,575,193
Add:			
Effect of non-deductible expenses	10,299		
Comprehensive health insurance refund	12,934		
Effect of depreciation difference	2,868		
Effect of provisions (added)	4,000	30,101	
Deduct:			
Effect of non-taxable revenues	(629,059)		
Effect of provisions (reversed)	(4,738)		
Tax base		(633,797)	1,971,497
Income tax rate (22.5%)			443,587
Add:			
Deferred tax (expense) for the year ended September 30, 2023			3,218
Treasury bills tax for the year ended September 30, 2023			111,039
Total current income tax at for the period ended September 30, 2023			557,844
Actual income tax rate on net profit for the period ended September 30, 2023			21.66%

- 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.



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(18/12) 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 leakage outside the company. The company also contributes to finance employees' treatment fund and their families and pensioners (by the proceeds from road maintenance, transportation 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 disbursements that occur during the year are under the supervision and control of the company.

(19) 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 June 30, 2023 amounted to EGP 333 million which are totally covered by treasury bills that amounted to EGP 438 million.

(20) 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 segments:

Company's operating segments 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 segments - assets and liabilities:

	(Amounts in thousands)						
Description	Abu Qir Plant (1)	Abu Qir Plant (2)	Abu Qir Plant (3)	Liquid fertilizer	Plastic Bags Plant	Others	Total
Operating segments' assets	973,472	188,993	391,035	4,972	87,612	-	16,460,084
Unassigned segments' assets	-	-	-	-	-	36,236,682	36,236,682
Total assets	973,472	188,993	391,035	4,972	87,612	36,236,682	37,882,766
Unassigned segments' liabilities	-	-	-	-	-	17,720,178	17,720,178
Total liabilities	-	-	-	-	-	17,720,178	17,720,178



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Second: Operating segments - 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	1,732,188	980,575	1,385,385	232,959	-	4,331,107
Costs goods sold	(777,043)	(701,633)	(663,672)	(139,681)	-	(2,282,029)
Sector's gross profit	955,145	278,942	721,713	93,278	-	2,049,078
Treasury bills returns	-	-	-	-	808,862	808,862
Other revenues	-	-	-	-	8,282	8,282
Foreign currency differences (gains)	-	-	-	-	20,873	20,873
Selling and distribution expenses	(61,288)	(93,594)	(55,386)	(12,097)	-	(222,365)
Administrative and general expenses	(24,867)	(34,861)	(22,910)	-	(7,518)	(90,156)
Provisions increased	-	-	-	-	(4,000)	(4,000)
Provisions reversed	-	-	-	-	4,619	4,619
Net profit for the period before tax	868,990	150,487	643,417	81,181	831,118	2,575,193
Income tax for the period	(188,243)	(32,599)	(139,378)	(17,586)	(180,038)	(557,844)
Net profit for the period	680,747	117,888	504,039	63,595	651,080	2,017,349

- The unassigned segments' assets in the first report are represented in investments in equity instruments at fair value through OCI, investment in financial assets at amortized cost (treasury bills), and current assets.
- The unassigned segments' liabilities in the first report are represented in current and non-current liabilities.
- The other revenues in the second report are represented in Return on investments in equity instruments at fair value through OCI, return on financial assets at amortized cost (treasury bills), credit interests, gain on sale of fixed assets and other revenues.



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(21) 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:

Description	Sharing percentage	Relationship	Transactions	(Amounts in thousands)	
				Balance as at 30/9/2023	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)	1,679,431	Raw materials cost
			Credit balances (Legal suit)	279,913	Credit balances
			Credit balances (Gas consumption)	271,703	Credit balances
Alexandria Fertilizers Co.	15%	Invested in	Services, loans and other transactions (transaction's volume)	26,836	Sales revenues
			Credit balances (rents and loans)	15,342	Credit balances
			Debit balances (Current account)	945	Debit balances
Abu Qir Company for Phosphate Industries and Fertilizers	45%	Invested in	Abu Qir Expenses	3,372	Debit balances
Abu Tartur for Phosphoric Acid Co.	9.5%	Invested in	Attendance fees	2	Credit balances
Global Company for Methanol and Derivatives	35%	Invested in	Feasibility studies and establishment expenses	1,246	Debit balances
			Methanol expenses	3,191	Debit balances
			Proceeds from methanol's shareholders	3,592	Credit balances

(22) 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 USD 4.5 per million British thermal units.
- 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.



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(23) Comparative figures:

Financial statements on September 30, 2023, represent the fourth and last period of the financial year (2022/2023) and it was compared with the financial statements of comparative period on September 30, 2022, and with the financial statements of comparative period ended at June 30,2023

(24) Earnings per share:

	September 30, 2023	September 30, 2022	June 30, 2023
Net profit after tax	2,017,349,040	2,777,482,585	14,640,225,272
Deduct:			
Share of social and sports activity	32,189,919	44,434,014	231,070,992
Share of training and rehabilitation fund	20,173,490	27,774,826	146,153,761
Employees' profit share	273,347,988	377,163,324	1,986,341,188
Board of directors' share	12,500,000	11,250,000	5,000,000
Basic earnings attributable to shareholders	1,679,137,643	2,316,860,421	12,226,659,331
No. of shares	1,261,875,720	1,261,875,720	1,261,875,720
Earnings per share	1.33	1.84	9.69

(25) Emergency conditions and subsequent events (expected effects of the Russian-Ukrainianwar):

- Due to the current critical situation countries are going through because 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 operations of shipping, transportation and spare parts supply.
- The company's management is currently following this closely and evaluating the impact related to these event 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 at the end of this event and its effects.
- In light of the current information available to us, the company expect that 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 event 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.