



# شركة أبو قير للأسمدة والصناعات الكيماوية

Alexandria, April 04, 2024

To: EGX

Disclosure Sector

Dear Sir,

Kindly Find Attached The Followings:-

- Interim Financial Statements for the Financial Period Ended December 31, 2023 and Related Notes to the Financial Statements.
- Auditor's (Hazem Hassan - KPMG) Report on Limited Review of Interim Financial Statements.
- Company's Response to the Auditor's (Hazem Hassan - KPMG) Limited Review Report on the Interim Financial Statements as of December 31, 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 27001



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**Abu Oir Fertilizers**  
**and Chemical Industries CO.**  
**(S.A.E.)**  
**Interim Separate Financial Statements and**  
**Limited Review Report**  
**For The Financial Period Ended**  
**December 31, 2023**



**Abu Qir Fertilizers**  
**and Chemical Industries CO.**  
**(S.A.E.)**  
**Interim Separate Financial Statements and**  
**Limited Review Report**  
**For the Financial Period Ended**  
**December 31, 2023**

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## Hazem Hassan

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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 statement of financial position of Abu Qir Fertilizers & Chemical Industries (“the Company”) (S.A.E) as of December 31, 2023, and the related interim separate statements of profit or loss, comprehensive income, changes in equity, and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim separate financial statements based on our limited review.

#### ***Scope of 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 Basis of Qualified Conclusion***

- 1- The Company did not apply the requirements of Egyptian Accounting Standard No. 38 "Employee Benefits" in respect of its employees' post-employment benefits, and therefore we were unable to assess the financial impact on the Company's interim separate financial statements.
- 2- The Company prepared a claims provision study till year 2017, however the Company didn't update and complete the study till December 31, 2023, and therefore we were unable to determine the financial impact of the completeness and accuracy of the balances 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 December 31, 2023, its financial performance and its cash flows for the six-months then ended in accordance with the Egyptian Accounting Standards.



Hazem Hassan

Translation of limited review report  
originally issued in Arabic

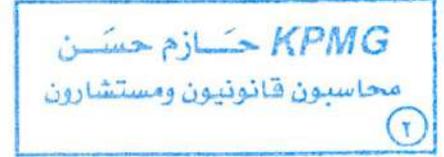
**Other Matters**

The interim separate financial statements of Abu Qir Fertilizers & Chemical Industries Company (S.A.E) for the six-months ended on December 31, 2022, were reviewed by another auditor who expressed an unqualified conclusion on these interim separate financial statements on February 12, 2023. Moreover, The Separate Financial Statements of the Company for the financial year ended on June 30, 2023 were audited by another auditor as well who expressed an unqualified opinion along with the emphasis of matter paragraph on August 28, 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 February 14, 2024

**Company Response to the Auditors Limited Review Report on the Interim  
Separate Financial Statement as of 31 December 2023**

**1- 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, and therefore we were unable to determine the financial implications on the Company's interim separate financial statements.**

- The company assigned a study on the application of Egyptian Accounting Standard No. (38) Employee Benefits to Dr. Ahmed Nagy, as one of the actuaries registered with the Financial Regulatory Authority. His Excellency stated in his initial report that the company's commitment is limited to the subscriptions paid annually to private insurance funds registered with the Financial Regulatory Authority and is not affected. The company's financial position is subject to fluctuations in experience. He also stated that medical treatment systems for workers and their families after retirement must be evaluated in accordance with Egyptian Accounting Standard No. (38) Employee Benefits, and the necessary work will be done as soon as the actuarial study is received.

**2- The company prepared a claims provision study till the year 2017, however the company did not update and complete the study till December 31, 2023, and therefore we were unable to determine the financial implications of the completeness and accuracy of the balances on the Company's interim separate financial statements.**

- Allocations are formed according to the actual claims received by the company, and the position of the allocations is updated according to the claims received by the company at the time.

Abu Qir Fertilizers and Chemical Industries CO. (S.A.E.)  
Separate Interim Statement of Financial Position  
As of December 31, 2023

<u>EGP</u>	Note No.	31 December 2023	30 June 2023 Restated	01 July 2022 Restated
<b>Assets</b>				
<b>Non-current assets</b>				
Fixed assets	(3)	1 145 685 878	1 186 400 030	1 220 753 810
Assets under construction	(4)	729 878 537	511 575 188	425 864 251
Intangible assets under progress	(5)	30 196 032	20 714 808	-
Investment property	(6)	500 718	500 718	500 718
Right of use assets (lease contracts)		-	-	95 672
Investments in associates	(7)	123 448 000	123 448 000	10 948 000
Investment in equity instruments at fair value through OCI	(8)	7 764 474 473	6 400 341 228	4 212 161 325
Other financial assets	(9)	393 250 473	386 765 130	474 120 612
<b>Total non-current assets</b>		<b>10 187 434 112</b>	<b>8 629 745 102</b>	<b>6 344 444 388</b>
<b>Current assets</b>				
Assets held for sale		-	-	1 185 295
Inventories	(10)	2 411 807 479	2 007 481 514	1 432 347 885
Trade and notes receivables	(11)	223 779 459	257 042 674	191 284 992
Due from related parties	(12)	2 905 209	10 111 103	99 182 093
Suppliers - Advance payments	(13)	66 059 619	45 842 438	20 687 811
Debtors and other debit balances	(14)	1 158 525 524	670 972 384	543 072 830
Investment in financial assets at amortized cost (treasury bills)	(15)	3 921 063 145	6 251 340 530	10 779 750 852
Cash and cash equivalents	(16)	12 511 469 524	17 400 426 658	2 932 715 657
<b>Total current assets</b>		<b>20 295 609 959</b>	<b>26 643 217 300</b>	<b>16 000 227 414</b>
<b>Total assets</b>		<b>30 483 044 071</b>	<b>35 272 962 402</b>	<b>22 344 671 802</b>
<b>Equity</b>				
Issued and paid-up capital	(17)	1 892 813 580	1 892 813 580	1 892 813 580
Legal reserve	(18)	946 406 790	946 406 790	705 719 331
Other reserves	(19)	5 847 582 574	5 822 733 403	22 145 601
Fair value reserve	(20)	5 753 209 525	4 696 006 259	3 000 166 835
Retained earnings	(21)	7 339 745 456	14 590 978 491	11 379 730 145
<b>Total equity</b>		<b>21 779 757 925</b>	<b>27 948 938 523</b>	<b>17 000 575 492</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Provisions	(22)	178 688 665	179 038 073	338 235 399
Deferred tax liabilities	(23)	1 760 788 260	1 448 646 051	942 673 008
<b>Total non-current liabilities</b>		<b>1 939 476 925</b>	<b>1 627 684 124</b>	<b>1 280 908 407</b>
<b>Current liabilities</b>				
Trade and notes payables	(24)	61 290 888	41 178 382	29 095 620
Due to related parties	(25)	888 269 469	545 987 593	518 102 100
Customers advance payment - contract liabilities	(26)	324 249 699	211 700 781	318 179 892
Creditors and other credit balances	(27)	4 572 688 523	1 379 822 916	976 524 345
Lease liabilities		-	-	103 997
Current income tax	(28)	913 232 850	3 513 184 152	2 211 581 950
Provisions	(22)	4 077 793	4 465 931	9 600 000
<b>Total current liabilities</b>		<b>6 763 809 222</b>	<b>5 696 339 755</b>	<b>4 063 187 904</b>
<b>Total equity and liabilities</b>		<b>30 483 044 071</b>	<b>35 272 962 402</b>	<b>22 344 671 802</b>

\* The accompanying notes from (1) to (45) form an integral part of these separate financial statements and to be read therewith.

Auditor's report "attached"

Chairman and Managing Director

Engineer: Abed Elz AN Regal



Head of Financial Sectors

Accountant: Khaled Mostafa Sokar





*Translation of interim separate financial statements  
originally issued in Arabic*

**Abu Qir Fertilizers and Chemical Industries CO. (S.A.E.)**  
**Interim Separate Statement of Profit and Loss**  
**For The Financial Period Ended December 31, 2023**

<b>EGP</b>	<b>Note No.</b>	<b>2024/2023</b>		<b>2023/2022</b>	
		<b>Six months ended 31 December 2023</b>	<b>Three months ended 31 December 2023</b>	<b>Six months ended 31 December 2022 Restated</b>	<b>Three months ended 31 December 2022 Restated</b>
Sales / Operating revenue	(29)	8 616 057 218	4 284 949 765	11 234 188 509	6 442 101 669
Cost of sales	(30)	(4 309 633 100)	(2 027 604 149)	(3 960 438 128)	(2 333 969 306)
<b>Gross profit</b>		<b>4 306 424 118</b>	<b>2 257 345 616</b>	<b>7 273 750 381</b>	<b>4 108 132 363</b>
Other income	(31)	25 684 262	12 783 019	10 357 406	6 508 460
Selling & marketing expenses	(32)	(444 855 880)	(222 490 752)	(263 439 348)	(142 684 947)
General & administrative expenses	(33)	(269 471 620)	(134 911 440)	(314 525 223)	(182 982 339)
Other expenses	(34)	(14 805 539)	(3 287 545)	(10 666 268)	(3 553 765)
Reversal of / (allowance) of expected credit losses	(35)	9 414 905	(43 669 591)	(93 462 606)	(100 710 001)
<b>Operating profit</b>		<b>3 612 390 246</b>	<b>1 865 769 307</b>	<b>6 602 014 342</b>	<b>3 684 709 770</b>
Finance income	(36)	1 513 450 680	704 589 097	815 407 915	403 102 895
Finance cost	(37)	(739 151)	(401 870)	(12 045 270)	(5 487 035)
Foreign currency exchange gains	(38)	31 675 692	10 802 140	1 577 137 705	1 410 429 346
<b>Net financing income</b>		<b>1 544 387 222</b>	<b>714 989 367</b>	<b>2 380 500 351</b>	<b>1 808 045 206</b>
<b>Net profit for the period before income tax</b>		<b>5 156 777 468</b>	<b>2 580 758 673</b>	<b>8 982 514 693</b>	<b>5 492 754 977</b>
Income tax expenses	(39)	(1 136 465 350)	(566 342 441)	(2 009 603 726)	(1 229 662 496)
<b>Net profit for the period after income tax</b>		<b>4 020 312 118</b>	<b>2 014 416 232</b>	<b>6 972 910 967</b>	<b>4 263 092 481</b>
<b>Basic and diluted earnings per share</b>	(40)	<b>2.72</b>	<b>1.36</b>	<b>4.74</b>	<b>2.90</b>

\* The accompanying notes from (1) to (45) form an integral part of these separate financial statements and to be read therewith.



*Translation of interim separate financial statements  
originally issued in Arabic*

**Abu Qir Fertilizers and Chemical Industries CO. (S.A.E.)  
Interim Separate Statement of Comprehensive Income  
For The Financial Period Ended December 31, 2023**

<u>EGP</u>	Note No.	Six months ended 31 December 2023	Three months ended 31 December 2023	Six months ended 31 December 2022 Restated	Three months ended 31 December 2022 Restated
Net profit for the period		4 020 312 118	2 014 416 232	6 972 910 967	4 263 092 481
<b><u>Other comprehensive income</u></b>					
Revaluation of investments in equity instrument at fair value through OCI	(20)	1 364 133 246	1 347 605 468	1 309 788 938	1 149 950 288
Income tax for other comprehensive income		(306 929 980)	(303 211 230)	(294 702 511)	(258 738 815)
<b>Total comprehensive income for the period</b>		<b>5 077 515 383</b>	<b>3 058 810 469</b>	<b>7 987 997 393</b>	<b>5 154 303 954</b>

\* The accompanying notes from (1) to (45) form an integral part of these separate financial statements and to be read therewith.



Abu Qir Fertilizers and Chemical Industries CO. (S.A.E.)  
Interim Separate Statement of Change in Equity  
For The Financial Period Ended December 31, 2023

EGP

	Paid-up capital	Legal reserve	Other reserves	Fair value reserve	Retained earnings	Total
Balance as at July 1, 2022	1 892 813 580	705 719 331	22 145 601	3 871 183 013	11 314 533 087	17 806 394 611
Prior year restatements	-	-	-	(871 016 178)	65 197 059	(805 819 119)
Restated balance as at July 1, 2022	1 892 813 580	705 719 331	22 145 601	3 000 166 835	11 379 730 145	17 000 575 492
<u>Comprehensive income</u>						
Restated net profit for the period	-	-	-	-	6 972 910 967	6 972 910 967
Revaluation of investments at fair value through OCI	-	-	-	1 309 788 938	-	1 309 788 938
Deferred tax on revaluation of investments at fair value through OCI	-	-	-	(294 702 511)	-	(294 702 511)
<b>Total comprehensive income</b>	-	-	-	<b>1 015 086 427</b>	<b>6 972 910 967</b>	<b>7 987 997 393</b>
Prior year adjustments	-	-	-	-	949 234	949 234
Transferred to reserves	-	240 687 459	5 800 587 802	-	(6 041 275 261)	-
<u>Transactions with owners of the company</u>						
Employees and Board of directors' members dividends	-	-	-	-	(1 474 715 414)	(1 474 715 414)
Shareholders' dividends	-	-	-	-	(3 785 627 160)	(3 785 627 160)
<b>Total transactions with owners of the company</b>	-	-	-	-	<b>(5 260 342 574)</b>	<b>(5 260 342 574)</b>
Balance as at December 31, 2022 (Restated)	1 892 813 580	946 406 790	5 822 733 403	4 015 253 261	7 051 972 511	19 729 179 545
<b>Balance as at July 1, 2023</b>	1 892 813 580	946 406 790	5 822 733 403	6 059 362 915	14 654 089 758	29 375 406 446
Prior year restatements	-	-	-	(1 363 356 656)	(63 111 267)	(1 426 467 923)
Restated balance as at July 1, 2023	1 892 813 580	946 406 790	5 822 733 403	4 696 006 259	14 590 978 491	27 948 938 523
<u>Comprehensive income</u>						
Net profit for the period	-	-	-	-	4 020 312 118	4 020 312 118
Revaluation of investments at fair value through OCI	-	-	-	1 364 133 246	-	1 364 133 246
Deferred tax on revaluation of investments at fair value through OCI	-	-	-	(306 929 980)	-	(306 929 980)
<b>Total comprehensive income</b>	-	-	-	<b>1 057 203 265</b>	<b>4 020 312 118</b>	<b>5 077 515 383</b>
Transferred to reserves	-	-	24 849 172	-	(24 849 172)	-
<u>Transactions with owners of the company</u>						
Employees and Board of directors' members dividends	-	-	-	-	(2 413 565 942)	(2 413 565 942)
Shareholders' dividends	-	-	-	-	(8 833 130 040)	(8 833 130 040)
<b>Total transactions with owners of the company</b>	-	-	-	-	<b>(11 246 695 982)</b>	<b>(11 246 695 982)</b>
Balance as at December 31, 2023	1 892 813 580	946 406 790	5 847 582 574	5 753 209 525	7 339 745 456	21 779 757 925
Note No.	(17)	(18)	(19)	(20)	(21)	

\* The accompanying notes from (1) to (45) form an integral part of these separate financial statements and to be read therewith.



*Translation of interim separate financial statements  
originally issued in Arabic*

**Abu Qir Fertilizers and Chemical Industries CO. (S.A.E.)  
Interim Separate Statement OF Cash Flows  
For The Financial Period Ended December 31, 2023**

<b>EGP</b>	<b>Note No.</b>	<b>31 December 2023</b>	<b>31 December 2022 Restated</b>
<b><u>First: Cash flows from operating activities:</u></b>			
Proceeds from trade receivables		8 902 786 880	11 299 126 947
Cash purchases and payments to trade payables		(4 428 271 019)	(4 422 872 488)
Paid salaries and wages		(741 859 160)	(472 359 238)
Paid taxes and fees		(3 785 393 804)	(2 413 254 488)
Other proceeds		500 508 805	163 275 139
Other payments		(1 141 677 690)	( 512 497 314)
Employees and Board of directors' members dividends		(1 411 830 286)	( 867 702 673)
<b>Net cash flows (used in) / provided from operating activities no. (1)</b>		<b>(2 105 736 274)</b>	<b>2 773 715 884</b>
<b><u>Second: Cash flows from investing activities:</u></b>			
Payments for purchase of fixed assets (Assets under construction)		(174 497 724)	(94 519 640)
Proceeds from investments in other entities		-	95 716 800
Payments from investments in other entities		-	(112 600 000)
Proceeds from sale of fixed assets		-	481 709
Payments for Investment in financial assets at amortized cost		(14 117 248 098)	(6 340 205 701)
Proceeds from Investment in financial assets at amortized cost		16 363 863 637	11 364 676 996
Interest income		526 357 647	132 218 184
Return on Investment in financial assets at amortized cost		963 029 091	750 038 404
<b>Net cash flows provided from investing activities no. (2)</b>		<b>3 561 504 553</b>	<b>5 795 806 751</b>
<b><u>Cash flows from financing activities:</u></b>			
Proceeds from bank facilities		-	753 095 920
Payment of bank facilities		-	(753 095 920)
Shareholders' dividends paid during the period		(6 309 378 600)	(3 785 627 160)
<b>Net cash flows (used in) financing activities no. (3)</b>		<b>(6 309 378 600)</b>	<b>(3 785 627 160)</b>
<b>Net (decrease)/ increase in cash and cash equivalents (1) + (2) + (3)</b>		<b>(4 853 610 321)</b>	<b>4 783 895 475</b>
Cash & cash equivalent at the beginning of the year		17 445 801 237	2 933 798 595
Effect of movements in exchange rates on cash held		30 759 689	1 629 091 110
Expected credit losses		(111 481 081)	(25 961 322)
<b>Cash at banks</b>		<b>12 511 469 524</b>	<b>9 320 823 858</b>
<b><u>Deduct:</u></b>			
Restricted deposits and cash covered against letter of guarantees and letter of credits		(883 582 651)	(656 168 541)
<b>Cash &amp; cash equivalent available at the end of the year</b>	<b>(16)</b>	<b>11 627 886 873</b>	<b>8 664 655 316</b>

\* The accompanying notes from (1) to (45) form an integral part of these separate financial statements and to be read therewith.



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

Notes to the Interim Separate Financial Statements for the Financial Period Ended December 31, 2023

## **1- Company overview**

### **1-1 Legal entity**

Abu Qir Fertilizers and Chemical Industries Company (S.A.E.) was incorporated according to Ministerial decision no.374 of 1976 under applicable laws (law no. 60 of 1971, law no. 111 of 1975), The company was registered in the commercial register under no. 87560 on July 20, 1976. Then it was subject to Law 97 of 1983 regarding public sector companies, then it was subject to Law 203 of 1991, then it was transformed into Law 159 of 1981, effective August 1, 1996, the date of publication of the company's bylaws in the Companies Gazette.

### **1-2 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 pursuing the entire operations and activities which are related to mentioned purpose.

The Company's duration is 30 years, and it was extended for 30 years more 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.

The company's headquarters is located in Tabeyah – Rasheed Line – Alexandria.

The company's Chairman and Managing Director is Engineer Abed Ezz Al Regal.

## **2- Basis for preparation of separate financial statements**

The Separate Interim financial statements have been prepared on going concern assumption or on the historical cost basis except for the assets and liabilities which are stated at fair value through profit and loss, or other comprehensive income, and amortized cost.

### **2-1 Compliance with accounting standards and laws**

Financial statements are prepared in accordance with the Egyptian Accounting Standards and relevant laws and regulations.

The significant policies applied in the company were disclosed in the disclosure No. (3).

Board of directors approved the separate interim financial statements on February 13, 2024.

### **2-2 Functional and reporting currency**

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

### **2-3 Use of estimates and assumptions**

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make professional judgments, estimates and assumptions that may affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Modification of accounting estimates are recognised in the period in which the estimate is revised. If the modify affects the period under modification and future periods, these differences are recognised only in the period under modification and future periods.



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

Notes to the Interim Separate Financial Statements for the Financial Period Ended December 31, 2023

*Translation of interim separate financial statements  
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#### **A- Professional judgement**

Information about the judgments used in applying accounting policies that have a significant impact on the amounts presented in the financial statements is included as follows:

- Provisions for expected claims and contingent liabilities.
- Fixed assets useful lives.
- Impairment of assets.
- Net defined benefit plans liabilities
- Revenue recognition.
- Lease contracts classification.

#### **B- Estimation and Assumptions Uncertainty**

Information regarding uncertain assumptions and estimates at the date of the separate financial statements, which may result in a material adjustment to the assets and liabilities book values in the next financial period is represented in:

- Revenue and sales returns accruals recognition (if any).
- Provisions and contingent liabilities recognition and measurement (likelihood and magnitude of resources).
- The expected credit losses measurement of financial assets.
- Deferred tax assets recognition.
- Impairment of investments in Associates.

#### **Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its non - financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) .

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted .

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.



### **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 reporting date, taking into consideration 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.

In the event that some or all of the economic benefits of the provisions are expected to be recovered from a third party, the amount due is recognized as an asset if it is certain that the amount will be recovered and the value of the amount due can be measured reliably.

### **Useful lives of fixed assets**

The management determines the estimated useful life of the fixed assets for the purpose of calculating depreciation. This estimation is made after taking into consideration the expected use of the asset or actual obsolescence. The management reviews the useful life at least annually and the method of depreciation to ensure that the method and periods of depreciation are consistent with the expected pattern of economic benefits for assets.

### **Lease contracts**

The company cannot easily determine the implicit interest rate in the lease contracts, and therefore it uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the interest rate that the company must pay in order to borrow the necessary financing over a similar term and with a similar guarantee to obtain an asset with the same right of use assets value in a similar economic environment. The additional borrowing rate reflects what the company must pay which requires estimation when market interest rates are not available or when they need to be amended to reflect the terms and conditions of the lease contract.

### **Current deferred tax assets and liabilities recognition and measurement**

- The current and deferred income tax are determined in accordance with the requirements of the tax law.
- The company's profits are subject to income taxes, which require the use of estimates to determine the total income tax liability.
- Since, Final tax amounts are difficult to be determined certainly through accounting period the company establishes the current tax liability according to estimates of the extent to which the transactions are finally subject to tax, as well as the extent of the possibility of additional tax arising upon tax examination, and when there are differences between the final tax result and the amounts previously recorded, those differences are recognized in the income tax and current tax liability in the period in which those differences become clear , it is considered as changes in accounting estimates.

In order to recognize deferred tax assets, management uses assumptions about the availability of sufficient future tax profits to allow the use of the recognized deferred tax assets. Management uses assumptions related to determining the tax rate enacted on the date of the financial statements, which is expected that both balances of tax assets and liabilities will be settled in the future.

This process requires the use of multiple and complex estimates in estimating and determining the taxable bases and the temporary deductible and taxable tax differences resulting from the difference between the accounting basis and the tax basis for some assets and liabilities, in addition to estimating the possibility of using deferred tax assets arising from carried forward tax losses, in light of making estimates of future tax profits and future plans for each of the company's activities.



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### **C- Fair value measurement**

Fair value is the price that would be obtained to sell an asset or that would be paid to transfer a liability in a fair transaction between market participants or on the measurement date. The fair value measurement is based on the assumption that the transaction for selling the asset or transferring the liability will occur either in the underlying market for the asset or liability, In the absence of a primary market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions used by market participants when pricing the asset or liability, assuming that market participants will act in their economic interest.

Measuring the fair value of a non-financial asset takes into consideration the ability of the market participant in generating economic benefits by using the asset to its best and best use.

The company uses valuation methods that are considered appropriate according to the circumstances and for which sufficient information is available to measure fair value while maximizing the benefit of relevant observable inputs and unobservable inputs the usage limit.

- All assets and liabilities that are measured or disclosed in the financial statements are classified in the financial statements at fair value are classified into fair value hierarchy categories.

### **3- Significant accounting policies**

The accounting policies, presentation and calculation methods adopted in the preparation of these separate financial statements are consistent with the annual separate financial statements, except for what was disclosed in disclosure No. (45). With the exception of calculating the expected credit losses for the current period, the company has stopped calculating the expected credit losses for treasury bills in the local currency and also for bank current accounts and time deposits in local currency with banks operating in Egypt have a maturity date of one month or less, in accordance with Ministerial Resolution no. 4575 during 2023, which was issued on November 28, 2023, which allowed that the companies have an option of do not calculate an expected credit losses for both debt instruments issued in local currency, bank current accounts, and time deposits in local currency with banks operating in Egypt maturing in one month or less.

#### **3-1 Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency (Egyptian Pound) at the current exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate as of the reporting date. Non - monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated to the exchange rate at the date of the transaction. While items of a non-monetary nature that are measured at fair value in a foreign currency are translated using the spot rates prevailing on the date on which the fair value is determined.

In general, currency differences are recognized in profits and losses, with the exception of currency differences resulting from translation, which are recognized in other comprehensive income items.

#### **3-2 Revenue from contracts with customers**

The company has implemented Egyptian Accounting Standard No. 48 as of January 1, 2021.

- Egyptian Accounting Standard No. 48 supersede Egyptian Accounting Standard No. (11) "Revenue" and Egyptian Accounting Standard No. (8) -"Construction Contracts" and its related interpretations. Egyptian Accounting Standard No. 48 addresses the recognition of revenue from contracts with customers as well as the treatment of additional costs incurred in obtaining a contract with a customer, which will be explained in more detail below:

- Egyptian Accounting Standard No. 48 states that revenue recognition depends on the following five steps:

- 1) Determine the contract with the customer
- 2) Determine the contractual obligation to transfer goods and/or services (known as performance obligations)
- 3) Determine the transaction price.
- 4) Allocating the transaction price to the identified performance obligations on the basis of the stand-alone selling price of each good or service, and
- 5) Recognize revenue when the performance obligation is satisfied.



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In addition, Egyptian Accounting Standard No. 48 includes disclosing of financial information, regarding the nature, amount, timing and uncertainty of revenues and related cash flows.

#### **Revenue recognition**

Management evaluated the impact of applying the new standard on the company's financial statements, by applying the five-step model, and concluded that the current basis for revenue recognition is still appropriate because the only performance obligation is to deliver the quantities sold to its customers, whether local or export, as according to the contracts with customers, The company transfers control over the goods sold to customers according to the following:

- **Local sales:** The date on which the goods were authorized to leave the company's gates.
- **Export sales:** according to shipping terms, which is usually the date of shipment at the port.

Therefore, management considers that the initial application of Egyptian Accounting Standard No. 48 does not have any change or significant impact on the company's accounting policies applied to its standalone financial statements.

The consideration is measured at the fair value of the consideration received or due to the entity when there is sufficient expectation that there will be future economic benefits that will flow to the entity, and that the value of this revenue can be measured accurately, and no revenue is recognized in the event that it no probable consideration that the consideration for this revenue will be recovered or its associated costs.

#### **3-3 Investment income**

The investments income is recognized in the statement of profit and loss on the date on which the company has the right to collect the amount arises.

#### **3-4 Investment gain**

Gains from the sale of financial investments are recognized immediately upon receipt of evidence of the transfer of ownership to the buyer, based on the difference between the selling price and their book value on the date of sale. Gains are recognized in the statement of profits or losses on the date the right to receive those distributions arises.

#### **3-5 Finance income and finance costs**

Finance income and costs include the following:

- Credit interest
- Dividends
- Interest expense
- Profits or losses on currency differences of financial assets and liabilities.

Credit interest and interest expense are recognized using the effective interest rate of the amortized cost of the financial asset.

#### **3-6 Income tax**

Current tax and deferred tax are recognized as income or expense in the profits or losses of the period, except in cases where the tax arises from a process or event that is recognized in the same period or in a different period outside the profits or losses, whether in other comprehensive income or within equity directly or business combinations (If any).

#### **Current income tax**

Current taxes for the current period and previous years that have not been paid are recognized as a liability. However, if the taxes that have already been paid in the current period and previous years exceed the value due for these periods then this increase is recognized as an asset, and the values of the current tax liabilities (assets) for the current period are measured and previous years at the value expected to be paid to (recovered from) at the end of the financial year. Dividends are subject to tax as part of the current tax, and no offset of tax assets and liabilities is made except when certain conditions are met.



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### **Deferred tax**

Deferred tax is recognized for temporary differences between the book value of assets and liabilities and the tax basis for those assets and liabilities. Deferred tax is recognized for all temporary differences that are expected to be subject to tax, except for the following:

- The initial recognition of the asset or process that is neither a business combination nor affect the net accounting profit or the tax profit (tax loss).
  - Temporary differences associated with investments in subsidiaries, associate companies, and shares in joint ventures, to the extent that it is possible to control the timing of the reversal of such temporary differences, and it is likely that such differences will not reverse in the foreseeable future.
- The tax asset arising from the carry forward of tax losses, the right to an unused tax deduction, and deductible temporary differences are recognized. When there is a strong possibility that taxable profits can be achieved in the future through which this asset can be used. The future tax profit is determined by the company's future business plan. The position of deferred tax assets that were not previously recognized is re-estimated to the extent that it has become more likely in the future that there will be a tax profit that allows the value of the deferred tax asset to be absorbed.
- Deferred tax is measured using the tax rates expected to be applied when the temporary differences are achieved, using the tax rates in effect or about to be issued.
- When measuring the deferred tax at the end of the financial period, the tax implications of the procedures followed by the company to recover or pay the balance of its assets and liabilities are taken into consideration.
- Tax assets and liabilities are not offset except when certain conditions are met.

### **3-7 Fixed assets and depreciation**

#### **A- Initial recognition and measurement**

Fixed assets are recognized at historical cost, less accumulated depreciation and accumulated impairment losses. If the essential components of an item of fixed assets have different useful lives, they are accounted for as separate items (main components) within those fixed assets, and the gains and losses from the disposal of the fixed assets are recognized in the profits or losses.

#### **B- Subsequent costs**

Cost related to the replacement of fixed assets or any main components are capitalized and any subsequent cost to the acquisition will be capitalized if there is an increase in the future economic return. The carrying amount of the replaced part is derecognized. Any other costs will be recognized as expenses in the statement of profit or loss when incurred. The cost of periodic maintenance is recognized as an expense in the income statement. Also, strategic spare parts (main) as well as spare equipment are suitable as fixed assets when the entity expects to use them within more than one period (that is, when they meet the definition of fixed assets).



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### **C- Depreciation**

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each type of asset or the useful lives of major components of an item of fixed assets which are accounted for individually (land is not subject to depreciation). Depreciation begins for the asset when it is ready for use for the purpose for which it was intended. The following is a statement of the depreciation rates for each type of fixed assets for the purpose of calculating depreciation:

<b><u>Assets</u></b>	<b><u>Depreciation Rates</u></b>
Buildings, construction, and facilities	2% - 6%
Production equipment and machineries	5% - 11%
Machineries for Plastic Bags Plant	4% - 6%
Vehicles Means of transportation	10% - 20%
Tools and equipments	7.5% - 10%
Furniture and office equipment	10%
Computers	25%
Photocopiers	17%
Catalyst Abu Qir Plants	10% - 33%

### **D- Capital gain or loss**

Gains and losses from disposal of fixed assets are determined by comparing net disposal proceeds of an asset to its net book value, resulted gains and losses are recognized in the income statement.

### **3-8 Assets under construction**

Assets under construction are recognized at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use which include inspection cost related to the proper operation of the asset. Assets under construction are transferred to fixed assets caption when they are completed and are ready for their intended use.

### **3-9 Intangible assets**

Intangible assets acquired individually are initially recognized at cost, and after the initial recognition, intangible assets are recognized at cost, less accumulated amortization and accumulated impairment losses. Internally generated intangible assets are not capitalized as an asset, and expenses are recognized in the statement of profits or losses in the period in which they are spent Expenses. The useful lives of intangible assets are determined, either with a finite life or indefinite life. Intangible assets with a finite life are amortized over their specified life and are evaluated for impairment purposes when there is an indication that the intangible asset may be impaired, and the amortization expense is charged to the statement. The profits or losses are also reviewed periodically. The estimated useful lives and the method of amortization. Amortization of intangible assets is calculated on a straight-line method over the useful life of the asset.

### **3-10 Investment properties**

Investment properties are measured at cost, which includes the consideration price and any direct expenses related to it. The fair value of assets classified as investment properties are also disclosed.



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### **3-11 Lease contracts**

The Company, as a lessee, will recognize a right-of-use asset and a lease liability on the lease commencement date.

Upon initial recognition the right of use asset is measured as the amount equal to initially measure lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently the right of use assets will be measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter estimated useful lives of the right-of-use assets or the lease term.

The lease liability is measured upon initial recognition at the present value of the future lease and related fixed services payments over the lease term, discounted with the interest rate implicit to the lease or Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

The right of use assets and lease liabilities will be subsequently remeasured later in the event of the occurrence of any of the following events (change in the lease payments, modifications to the lease contract, change of the lease term).

Leases which are short term in nature (less than 12 months including extension options) and leases of low value items will continue to be expensed in the statement of profit or loss as incurred.

### **3-12 Investments**

#### **Investments in associates**

An associate is an entity over which the Company has a significant influence to participate in the financial and operating policy decisions of this entity but doesn't reach to control or joint control over these policies.

Investments in Associates are carried at cost, In case of an objective evidence that an impairment loss has been incurred on investments in associates at the date of the financial statements, the carrying amount of the investment is reduced to the recoverable amount and impairment losses are recognized immediately in the separate income statement, and the value of the impairment previously recorded in prior periods is reversed. So that the book value of these investments does not exceed their original net value before recording the impairment in the value of the assets.

### **3-13 Financial instruments**

#### **Financial assets**

##### **Classification**

The Company classifying its financial assets into the following measurement categories :

- Financial assets at fair value through profit or loss or other comprehensive income, and
- Financial assets measured at amortized cost.

The classification depends on the Company's business model for managing those financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will be recorded either in the statement of profit or loss or in other comprehensive income.

For investments in equity instruments that are not held for sale, this will depend on whether the Company has made an irrevocable election at the initial recognition of accounting for these investments to be at fair value through other comprehensive income.

The Company reclassifies its investments when and only when its business model for managing those assets changes.



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### **Recognition and derecognition**

The normal way of buying and selling financial assets, on the trade date, which is the date on which the Company has a commitment to buy or sell the financial asset. A financial asset is derecognized when the contractual rights to receive cash flows from the financial asset expire, or those rights are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset have been transferred.

### **Measurement**

On initial recognition, the Company measures the financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss statement, transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are expensed in the statement of profit or loss.

### **Debt instruments:**

The measurement of debt instruments depends on the company's business for managing the asset and characteristics of cash flow of the asset, there are three measurement categories by which the Company classifies debt instruments:

- **Amortized cost:** Assets held to maturity date to collect contractual cash flows, where those cash flows represent only payment of original amount and interest, are measured at amortized cost. Interest income from these financial assets is included in financing income using the interest rate method. Any gains or losses resulting from the disposal of investments are recognized directly in the statement of profit or loss, and they are classified under other income / (expenses). Impairment losses are presented as a separate item in the statement of profit or loss.
- **Fair value through other comprehensive income:** Assets held for the purpose of collecting contractual cash flows and also for the purpose of selling financial assets, where the cash flows of assets represent only payment of original amount and interest, are measured at fair value through other comprehensive income. Changes in carrying amount are taken into other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in the statement of profit or loss. When the financial asset is disposed of, the cumulative gain or loss previously recognized in other comprehensive income from equity is reclassified to profit or loss and recognized in other income/(expenses). Interest income from these financial assets is included in financing income using the interest rate method, and impairment expense is presented as a separate item in the statement of profit or loss.
- **Fair value through profit or loss:** Assets that do not meet the criteria for depreciated cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gains or losses on investment in debt instruments that are subsequently measured at fair value through profit or loss are recognized in profit or loss and are presented under other income / (expenses) in the period in which they arise. Impairment expenses as a separate item in the statement of profit or losses.

### **Equity instruments**

The Company subsequently measures all investments in equity instruments at fair value. When the company's management chooses to present the fair value gains and losses on investments in equity instruments in the statement of other comprehensive income, it is not subsequently reclassified to the statement of profit or loss after disposal of the investment. Dividends from these investments continue to be recognized in the statement of profit or loss as other income when the company's right to receive dividends is established.



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Changes in the fair value of financial assets at fair value through profit or loss are recognized in other income/(expenses) in the statement of profit or loss. Impairment losses (and reversals of impairment losses) on investments in equity instruments that are measured at fair value through other comprehensive income are not recognized separately from other changes in fair value.

#### **Impairment**

At each financial position date, The Company assesses the expected credit losses associated with the investment in debt instruments, which are carried at amortized cost and fair value through other comprehensive income. Expected credit losses of a financial asset occurs when there is one or more adverse events to the expected cash flows of the financial asset.

Evidence of expected credit losses includes the following observable data.

-Breach of contract by defaulting on loan repayment or delaying payment for more than 90 days from the due date.

-Restructuring the loan and the advance payment from the company on terms not in the interest of the company.

-It is probable that the borrower will go bankrupt or other financial scheduling, or the active market will disappear due to financial difficulties.

Provision of financial assets at amortized cost will be deducted from the total amount of assets.

#### **Financial liabilities**

##### **Classification**

Financial liabilities are classified as either financial liabilities (at fair value through profit or loss) or other financial liabilities.

##### **Other financial liabilities**

The Company has classified its financial liabilities as trade payables, due to related parties borrowings and other credit balances, which are initially measured at fair value (proceeds received), net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

##### **Derecognition of financial instruments**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

##### **The effective interest rate method**

The effective interest rate method is used to calculate the amortized cost of financial assets that are debt instruments and to distribute the return over the relevant periods. The effective interest rate is the rate at which future cash receipts (which includes all fees and payments or receipts between parties to the contract that are part of the effective interest rate and also includes transaction costs and any other premiums) are discounted over the estimated life of the financial assets or any appropriate less period.

The return on all debt instruments is recognized on the basis of the effective interest rate, except for those classified as financial assets at fair value through profits or losses, where the return on them is included in the net change in their fair value.



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#### **Expected credit losses measurement**

It is a probability weighted estimate of credit losses, as the present value of all shortage of cash is measured (i.e. the difference between the cash flows outstanding in accordance with the contract and the cash flows that the company expects to receive, and expected credit losses are discounted at the effective interest rate of the financial asset.

#### **Expected credit losses presentation in the statement of financial position**

The expected credit losses for financial assets is deducted from the total amount of the book value of the assets.

#### **Debt write-off**

The total book value of a financial asset is written off when the company does not have reasonable expectations of collecting all or part of the financial asset. For individual customers, the company has a policy of writing off the customer balance is due more than two years, based on historical experience in collecting those assets. For companies customers, the company conducts an assessment individually regarding the timing and amount of write-off based on whether there is a reasonable expectation of collection.

#### **3-14 Inventory**

Inventories are valued at the lower of cost or net realizable value, the net realizable value is determined based on the expected selling price in the normal activity less any other cost needed for execution of the selling process, while raw materials, supplies, spare parts, and packing materials is measured at cost as they are held for the purpose of use in production operations, it is expected that the finished goods that produced from these materials will be sold at a price not less than cost, while the cost of inventories is determined based on the moving average, and includes expenditures incurred in acquiring the inventories and bringing it to its existing location and condition.

- The finished and semi-finished goods was counted on 31/12/2023, and the company follows a periodic inventory method for the remaining inventory items.

- Spare parts and maintenance equipment are usually kept as inventory and recognized as an expense in profit or loss (income statement) as they are used. However, strategic spare parts (main) as well as spare equipment are suitable as fixed assets when the entity expects to use them within more than one period (that is, when they meet the definition of fixed assets).

#### **3-15 Receivables and other debit balances**

Receivables, debtors, and other debit balances are recorded at face value, and recognition is given to the amounts expected to be collected against goods and services delivered or rendered. These amounts disclosed in the financial statement in net of any bad debt which are amounts that the company is not expected to collect. These are estimated when it is unlikely that the full amount will be collected. Additionally, after identification, bad debts are recorded, and other debit balances are recognized at cost net of any impairment losses in the value of financial assets.

#### **3-16 Cash and cash equivalents**

For the purpose of preparing statement of cash flows, cash and cash equivalents comprise cash at banks and on hand, time deposits, which have maturity date less than three months and bank overdrafts are deducted if they exist.

#### **3-17 Legal reserve**

In application of the provisions of Law No. 159 of 1981 and the company's bylaws, 5% of the annual distributable profits are deducted as a legal reserve. The deduction may be stopped if the legal reserve reaches 50% of the issued capital, and when the reserve decreases than that, the deduction must be returned until it reaches 50%. From the company's issued capital again.

#### **3-18 Borrowing cost**

Borrowing costs are recognized as expense in the income statement when incurred using the effective interest rate., Borrowing costs related to the acquisition or constructions of qualifying assets are capitalized during the construction period, and this capitalization is stopped during temporary stopping periods of construction, and capitalization ceases when the activities necessary to prepare the asset for its intended use.



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### **3-19 Provisions**

Provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

The company settles tax liabilities and forms provisions for taxes based on claims, whether actual, disputed, or potential for years not yet examined, and by measuring tax disputes that are unresolved judicially in previous years, in accordance with the principle of prudence and in a manner that achieves the greatest degree of financial security for the company.

Provisions are reviewed at the balance sheet date, and revised - when necessary - to reflect the current best estimate.

-They are classified as short-term within current liabilities and long-term within non-current liabilities.

### **3-20 Statement of cash flows**

The cash flow statement is prepared using the direct method.

### **3-21 Dividends**

Dividend distributions are recognized as liabilities in the period in which they are declared.

### **3-22 Employees profit share**

The company pays a 10% portion of cash dividend distributions to employees, not exceeding the total annual salaries of the company's employees, in addition to a 4% portion for employee funds. The employees' profit shares are recognized in the statement of changes in equity and as a liability during the financial period in which the company's shareholders declare the distribution. No liability is recognized for the employees' share regarding undistributed dividends.

### **3-23 Earnings per share**

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

### **3-24 Employee benefits**

#### **Employee retirement benefits**

The Company pays its contributions to the Social Insurance Authority on a mandatory basis in accordance with Social Insurance Law No. 79 of 1975, and its amendments. The Company has no other obligations as soon as it pays its obligations. Regular contributions are recognized on an accrual basis as a periodic cost in their due year and are included in the cost of labor in the statement of income.

#### **Defined contribution plan**

-The cost for defined contribution plan (private insurance and supplementary pension) are charged to the statement of profits or losses according to the accrual basis, and the company does not have any other obligations once it pays its obligations.

### **3-25 Operating segments**

Operating segments are disclosed in a manner consistent with internal reporting information provided to the operating decision maker responsible for allocating resources and evaluating the performance of operating segments which is the company's board of directors.



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### **3-26 Risk management**

#### **Fair value of financial instruments**

The company's financial instruments are represented by financial assets and liabilities. Financial assets include cash balances on hand, deposits at banks, and debtors and other debit balances. Financial liabilities also include creditors and other credit balances, and the tax authority dues. The company measures the fair value of these instruments to ensure that they represent an estimate. Its fair value at the date of the financial position is reasonable.

#### **Currency risk**

The Company is exposed to currency risk on financial assets that are denominated in foreign currencies, represented in exchange rate fluctuations that affect payments and receipts in foreign currencies, as well as the revaluation of balances of assets and cash liabilities in foreign currencies.

The company retains a reasonable balance of foreign currencies against its foreign currency obligations to mitigate the impact of this risk.

#### **Liquidity risk**

Liquidity risk is the lack of liquidity necessary to meet financial obligations, and the company reviews bank balances daily to meet financial obligations according to the expected payment schedules in the short, medium and long term.

#### **Credit risk**

Credit risk is the risk that one party to a financial instrument fail to fulfill its obligation and expose the other party to financial loss. This risk is mainly associated with the Company's customers and other receivables, The company distributes customers to various sectors with credit control. Impairment losses are recorded appropriately with an accurate assessment of credit risks.

#### **Interest rate risk**

Interest rate risk is represented in the changes in the interest rates of the company's debt to banks in the form of loan balances. Regarding interest payable on deposits, the management works regularly on obtaining the best prevailing interest rates in the banking market, thus mitigating the risk associated with these interest rates.

#### **Market risk**

Market risk is the risk of changes in market prices such as foreign exchange rates, interest rates and equity prices that could affect the Company's revenues and expenses or the value of its financial instruments.

The objective of market risk management is to manage and control market risk exposure within acceptable parameters while maximizing return.

#### **Capital management**

The company's board of directors' policy is to maintain a strong capital structure to maintain the confidence of investors, creditors, and the market to meet future developments in activities and to maximize returns generated from operations. The board monitors the return on equity defined by the company as net profit for the year divided by total shareholders' equity. Additionally, the board monitors dividend distributions to shareholders and seeks to maintain a strong capital position to achieve the highest return rate. There have been no changes in the company's capital management strategy during the year and there are no external requirements or restrictions on the company regarding its capital management.



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**3- Fixed assets**

**Fixed assets as at 31 December 2023**

Cost	Lands & Buildings	Machines & equipment	Vehicles & means of transportation	Tools & equipment	Furniture & office equipment	Total
Balance at 01/07/2023	525 479 337	3 213 139 673	62 900 225	52 127 915	52 806 749	3 906 453 900
Additions	684 061	12 925 532	-	3 793 939	4 807 425	22 210 957
Disposals	(500 718)	(5 957 938)	(3 862 397)	(970 509)	(83 016)	(11 374 579)
<b>Balance at 31/12/2023</b>	<b>525 662 680</b>	<b>3 220 107 267</b>	<b>59 037 828</b>	<b>54 951 345</b>	<b>57 531 158</b>	<b>3 917 290 278</b>
<b>Accumulated Depreciation and impairment losses</b>						
Balance at 01/07/2023	284 253 077	2 322 800 178	45 613 463	34 355 707	32 530 726	2 719 553 151
Depreciation	8 877 434	42 328 130	3 120 820	1 453 216	2 543 690	58 323 290
Disposals	-	(1 356 118)	(3 862 397)	(970 509)	(83 017)	(6 272 041)
<b>Balance at 31/12/2023</b>	<b>293 130 511</b>	<b>2 363 772 190</b>	<b>44 871 886</b>	<b>34 838 414</b>	<b>34 991 399</b>	<b>2 771 604 400</b>
<b>Net book value as at 31/12/2023</b>	<b>232 532 169</b>	<b>856 335 077</b>	<b>14 165 942</b>	<b>20 112 931</b>	<b>22 539 759</b>	<b>1 145 685 878</b>

**Fixed assets as at 30 June 2023**

Cost	Lands & Buildings	Machines & equipment	Vehicles & means of transportation	Tools & equipment	Furniture & office equipment	Total
Balance at 01/07/2022	489 824 231	3 175 390 101	61 045 788	47 186 434	48 573 431	3 822 019 985
Additions	35 154 389	59 620 632	1 858 855	5 452 520	4 665 455	106 751 851
Disposals	-	(21 871 060)	(4 418)	(511 039)	(432 137)	(22 818 654)
<b>Balance at 30/06/2023</b>	<b>524 978 620</b>	<b>3 213 139 673</b>	<b>62 900 225</b>	<b>52 127 915</b>	<b>52 806 749</b>	<b>3 905 953 182</b>
<b>Accumulated Depreciation and impairment losses</b>						
Accumulated depreciation as at 01/07/2022	267 612 708	2 232 476 820	39 453 739	32 238 684	29 484 224	2 601 266 175
Depreciation	16 640 369	97 182 293	6 164 142	2 626 175	3 478 639	126 091 618
Disposals	-	(6 858 934)	(4 418)	(509 152)	(432 137)	(7 804 641)
<b>Balance at 30/06/2023</b>	<b>284 253 077</b>	<b>2 322 800 179</b>	<b>45 613 463</b>	<b>34 355 707</b>	<b>32 530 726</b>	<b>2 719 553 152</b>
<b>Net book value as at 30/06/2023</b>	<b>240 725 543</b>	<b>890 339 494</b>	<b>17 286 762</b>	<b>17 772 208</b>	<b>20 276 023</b>	<b>1 186 400 030</b>

- The historical cost of the fully depreciated fixed assets which are still operate are amounted to EGP 2.3 billion.

- The appropriateness of the current expected useful lives of the assets and the absence of any losses resulting from impairment in value is in accordance with the decision of the committee formed by Administrative Resolution (169) for the year 2023.

- There are no assets that are temporarily idle and there are no assets with book value that are no longer in use or held for disposal. There are also no restrictions on the ownership of assets and liabilities at the date of the financial position. The non-utilization of the production capacity of the liquid fertilizer plant during the period is due to demand and operating conditions.

- Legal procedures are being completed to register some of the company's lands, an area of 2 shares, 4 acres, including about 15 shares, 21 karats, 1 acre outside the company's walls, as well as registering the company's administrative headquarters in Cairo.

**Contractual and Capital commitments that have not yet been implemented as of December 31, 2023 are:**

- Auxiliary Hp boiler Replacement for Afc (1) project with an amount equals to EUR 10,000.

- Various purchase orders amounting to EUR 10.783 M, USD 2.263 M, and EGP 90,000.



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**4- Assets Under Construction**

	<b>31/12/2023</b>	<b>30/06/2023</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Assets under installation	198 491 324	148 687 668
Advance payment	25 685 317	28 349 910
Letters of credit	318 897 566	199 201 461
Strategic inventory	186 804 330	135 336 149
	<b><u>729 878 537</u></b>	<b><u>511 575 188</u></b>

**5- Intangible assets under progress**

	<b>31/12/2023</b>	<b>30/06/2023</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Net opening balance for the period / year	20 714 808	0
Addition during the period	9 481 224	20 714 808
<b>Net ending balance for the period / year</b>	<b><u>30 196 032</u></b>	<b><u>20 714 808</u></b>

The amounts above represent what was spent on the SAP information system and the implementation of the ERP system for digital transformation (Solex).

**6- Investment property**

It represents lands leased to Alexandria Fertilizers, Par gas, Med gas, and Air Liquid companies. The fair value of these investments on 31/12/2023 amounted to EGP 504 M according to the latest study in this regard during the year 2023. Noting that these leases have resulted in revenues with an amount equals to EGP 11 M. The historical cost of these lands is as follows:

	<b>31/12/2023</b>	<b>30/06/2023</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Balance at the beginning of the period / year	500 718	500 718
<b>Balance at the ending of the period / year</b>	<b><u>500 718</u></b>	<b><u>500 718</u></b>

**7- Investments in associates**

	<b>Percentage</b>	<b>Currency</b>	<b>31/12/2023</b>	<b>30/06/2023</b>
			<b><u>EGP</u></b>	<b><u>EGP</u></b>
Global Company for Methanol and Derivatives	35%	US dollars	10 948 000	10 948 000
North Abu Qir Company for Agricultural Nutrients	45%	Egyptian Pounds	112 500 000	112 500 000
			<b><u>123 448 000</u></b>	<b><u>123 448 000</u></b>



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- The total amount paid for the contribution in the capital of the Global Methanol and Derivatives Company amounted to EGP 10.948 M equivalent to USD 700,000 representing a 10% share of the company's shares, which constitutes 35% of the issued capital of the company and amounting to USD 20 M. The authorized capital is amounted to USD 200 M.
- The project purpose to produce 1 million tons of methanol and 400 thousand tons of ammonia annually and is located within the Economic Zone in Ain Sokhna.
- The first general assembly meeting of the company was held on 16/12/2021, and the contract for the establishment of the associate company was signed on 21/12/2021.
- The possibility of changing the company's activity to align with the country vision of establishing friendly environmental projects (green economy) is currently being studied.
- The total amount paid for the contribution in the capital of the North Abu Qir Company for Agricultural Fertilizers amounted to EGP 112.500 M representing a 25% share of the company's shares, which constitutes 45% of the issued capital of the company and amounting to EGP 1 billion. The authorized capital is EGP 10 billion.
- The project purpose is to establish ammonia production facility with a production capacity of 1200 tons/day, a nitric acid production plant with a production capacity of 1830 tons/day, and a plant to produce mined ammonium nitrate with a production capacity of 2400 tons/day on the plot owned by the Egyptian General Petroleum Authority (land of Rakta).
  - On May 21, 2023, the inaugural general assembly of North Abu Qir Agricultural Fertilizers Company was held.
  - On January 2, 2024, a memorandum of understanding was signed between North Abu Qir Agricultural Fertilizers Company, ABB Group, MPS for Sustainable Infrastructure Solutions, and Petrojet to supply the North Abu Qir Agricultural Fertilizers project with green hydrogen and renewable electricity necessary for the production of green ammonia, which is considered the raw material for the production of ammonium nitrate fertilizer.

#### **8- Investment in equity instruments at fair value through OCI**

	Percentage	Currency	31/12/2023	30/06/2023
			<u>EGP</u>	<u>EGP</u>
Alexandria Fertilizers Company	15%	US dollars	3 622 891 254	3 571 838 696
Helwan Fertilizers Company	17%	US dollars	4 094 106 719	2 781 026 032
El Wady for Phosphate and Fertilizers Industries	10%	Egyptian Pounds	40 000 000	40 000 000
Abu Tartur for Phosphoric Acid Company	9.5%	US dollars	7 476 500	7 476 500
			<u>7 764 474 473</u>	<u>6 400 341 228</u>

- The total amount paid for the contribution in the capital of Alexandria Fertilizers Company amounted to EGP 226.52 M equivalent to USD 22.3875 M with a fair value of EGP 3.623 billion representing 100% of the company's share which is 15% of the issued capital of the company amounting to USD 14.925 M. The authorized capital is USD 500 M.



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- On October 23, 2022, Board Resolution No. 66 was issued unanimously approving the proposal to enter the leased land, on which Alexandria Fertilizers Company is established, as an in-kind contribution to the capital of Alexandria Fertilizers Company. A specialized entity approved by the Financial Regulatory Authority is commissioned to conduct a study to evaluate the land owned by Abu Qir Fertilizers Company and to study the fair value of Alexandria Fertilizers Company. Board Resolution No. 59 of the meeting held on December 6, 2023, unanimously approved the extension of leasing the land to Alexandria Fertilizers Company as increasing the distribution in light of the proposed ratio for Abu Qir Company will not compensate for the expenses resulting from the lease contract, and negotiations will be conducted with Alexandria Fertilizers Company in this regard.
- The total amount paid for the contribution in the capital of Helwan Fertilizers Company amounted to EGP 157.59 M equivalent to USD 25.5 M with a fair value of EGP 4.094 billion representing 100% of the company's shares, which is 17% of the issued capital of the company amounting to USD 150 M. The authorized capital is USD 700 M.
- The total amount paid for the contribution in the capital of El Wadi for Phosphates and Fertilizers amounted to EGP 40 M representing 100% of the company's shares, which is 10% of the issued capital of the company amounting to EGP 400 M. The authorized capital is EGP 4 billion.
- The company is working to find activities that ensure its continuity and achieve its objectives. It has prepared a comprehensive study to enter into a project to increase the concentration of phosphoric ores, achieving quality and manufacturing compound phosphate fertilizers. It is also in the process of completing the necessary documents to obtain licenses for phosphate ore consumption rights.
- The company is also studying the purchase of raw materials and fertilizers from other joint-stock and local companies and selling them for its own benefit while achieving a profit margin.
- The total amount paid for the contribution in the capital of Abu Tartur for Phosphoric Acid amounted to EGP 7.476 M equivalent to USD 475 thousand dollars representing 50% of the company's share which is 9.5% of the issued capital of the company amounting to USD 10 M. The authorized capital is USD 100 M.
- The company actively participated in the due diligence conducted by relevant consultants from the alliance banking financing the project and the general contractor alliance structure was modified to include CSCEC/ECEC instead of CSCEC/WENGFY based on the contractor's request.

#### 9- Other financial assets

	31/12/2023	30/06/2023
	<u>EGP</u>	<u>EGP</u>
letter of guarantees against treasury bills	393 250 473	395 188 663
	<u>393 250 473</u>	<u>395 188 663</u>
Expected credit losses (35)	-	(8 423 533)
	<u>393 250 473</u>	<u>386 765 130</u>

- Other financial assets are represented in the recoverable amount of treasury bills at banks pledged to cover letter of guarantees amounted to EGP 332 M.



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### 10- Inventories

	<u>31/12/2023</u>	<u>30/06/2023</u>
	<u>EGP</u>	<u>EGP</u>
Raw material	576 666 405	338 735 952
Oils and fuels	10 164 019	11 098 480
Spare parts	1 014 602 930	863 820 794
Packing	32 894 349	29 499 199
Wastes	1 266 887	1 875 058
Finished goods at cost	478 286 806	337 342 440
Work in process at cost	91 534 128	112 841 105
Inventory held at third party	2 558 929	142 526 744
Letter of credits	203 833 026	169 741 742
	<u>2 411 807 479</u>	<u>2 007 481 514</u>

### 11- Trade and notes receivable

	Note no.	<u>31/12/2023</u>	<u>30/06/2023</u>
		<u>EGP</u>	<u>EGP</u>
Accounts receivable private sector		224 780 694	259 699 863
Notes receivable		965 977	693 100
		<u>225 746 671</u>	<u>260 392 963</u>
Expected credit losses	(35)	<u>(1 967 212)</u>	<u>(3 350 289)</u>
		<u>223 779 459</u>	<u>257 042 674</u>

### 12- Due from Related Parties

#### A- Related parties:

– Alexandria Fertilizers Company	Shareholder by 15 %
– Helwan Fertilizers Company	Shareholder by 17 %
– Global Company for Methanol and Derivatives	Major shareholder by 35 %
– North Abu Qir Company for Agricultural Nutrients	Major shareholder by 45 %

#### B- Related parties transactions

The following is a summary of transactions with related parties:

<u>Description</u>	<u>Nature of transactions</u>	<u>31/12/2023</u>	<u>30/06/2023</u>
		<u>EGP</u>	<u>EGP</u>
Alexandria Fertilizers Company	Services / distribution	21 325 445	465 599 113
Helwan Fertilizers Company	Services / distribution	-	589 664 800
Global Company for Methanol and Derivatives	Payments for the project	-	369 000
North Abu Qir Company for Agricultural Nutrients	Payments for the project	23 777	-
		<u>21 349 222</u>	<u>1 055 632 913</u>



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**C- Transactions balances**

**Due from related parties**

	<b>Note no.</b>	<b>31/12/2023</b>	<b>30/06/2023</b>
		<b><u>EGP</u></b>	<b><u>EGP</u></b>
Alexandria Fertilizers Company		175 258	2 727 284
Global Company for Methanol and Derivatives		-	4 437 034
North Abu Qir Company for Agricultural Nutrients		3 372 252	3 348 475
		<u>3 547 510</u>	<u>10 512 793</u>
Expected Credit losses	(35)	(642 301)	(401 690)
		<u><b>2 905 209</b></u>	<u><b>10 111 103</b></u>

**D- Significant contracts with related parties**

Lease contracts with Alexandria Fertilizers Company include the land on which the factory is built, vacant land, land with a water pumping station, and a residential building (company headquarters). Additionally, there is a contract for ammonia shipment to utilize the logistics for our company to export quantities of ammonia produced by Alexandria Fertilizers Company.

**13- Suppliers – Advance payments**

	<b>31/12/2023</b>	<b>30/06/2023</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Suppliers - public sector	2 644 726	2 178 274
Suppliers - private sector	34 975 710	26 396 939
Suppliers - foreign sector	28 439 183	17 267 225
	<u><b>66 059 619</b></u>	<u><b>45 842 438</b></u>



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#### 14- Debtors and other debit balances

	Note no.	31/12/2023	30/06/2023
Retentions with others		13 014 141	12 455 798
Employees loans and Installments		9 960	739 972
Tax Authority (Settlements)		-	18 968 918
Sales tax		124 574 862	84 100 579
Custom Authority (Trusts)		361 501	404 202
Property tax		2 424 000	2 424 000
Salary tax (Sport activities)		349 032	401 534
Withholding tax		12 445 563	31 327 215
Custom Authority (Current)		13 053 629	33 902 927
Sales tax		-	1 991 436
Accrued interests		47 018 785	65 948 512
Environmental and infrastructure debit balances		11 634 656	11 112 722
Employees pension debit balances (family healthcare - employee services)		454 960 181	62 364 993
Social and sport activities debit balances		405 997 360	196 618 132
Burj El Arab Project		25 641 940	14 690 803
Residential city assets		24 569 340	24 569 340
Prepaid expenses		286 978	1 451 256
Petty cash		3 467 858	-
Employees loans		24 188 582	21 798 616
Estimated consumption of platinum		5 192 172	89 548 864
Other debit balances		538 734	700 877
		<b>1 169 729 274</b>	<b>675 520 696</b>
Expected credit losses	(35)	(11 203 750)	(4 548 312)
		<b>1 158 525 524</b>	<b>670 972 384</b>

- Debtors and other debit balances included an amount of EGP 898.234 M related to current accounts, deposits, and treasury bills related to (sports and social activities, the healthcare fund, infrastructure, the environment fund, and the Burj Al Arab project) for recognizing this amount in the credit balances. Noting that the cash flows statement of the company include inflows from investments at amortized cost with an amount equals to EGP 129 M and outflows with an amount equals to EGP 165 M.



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**15- Investment in financial assets at amortized cost (treasury bills)**

	Note no.	31/12/2023 EGP	30/06/2023 EGP
Nominal value		3 808 691 423	6 054 026 050
<b>Add:</b> accrued revenues		140 464 653	716 042 618
<b>Deduct:</b> Treasury bills accrued tax		(28 092 931)	(446 117 292)
		<b>3 921 063 145</b>	<b>6 323 951 376</b>
Expected credit losses	(35)	-	(72 610 846)
		<b>3 921 063 145</b>	<b>6 251 340 530</b>

**16- Cash and cash equivalents**

		31/12/2023 EGP	30/06/2023 EGP
Banks - current accounts		448 815 280	154 071 558
Time Deposits		12 173 851 321	17 291 570 120
Cash on hand		284 004	159 559
		<b>12 622 950 605</b>	<b>17 445 801 237</b>
Expected credit losses	(35)	(111 481 081)	(45 374 579)
<b>Cash at banks</b>		<b>12 511 469 524</b>	<b>17 400 426 658</b>
<b>Deduct:</b>			
Restricted deposits and cash covered against letter of guarantees and letter of credits		(883 582 651)	(924 713 325)
<b>Cash and cash equivalent for cash flow workings</b>		<b>11 627 886 873</b>	<b>16 475 713 333</b>

- Short-term deposits are dominated in USD to pay the company's current obligations in foreign currency.
- Within the cash accounts on 31/12/2023 (time deposits) restricted at the Banque de Caire with an amount equals to USD 59 thousand, the Ebank with an amount equals to USD 21 M, and Qatar National Bank with an amount equals to of USD 8 M against letter of credits, and the current accounts in banks also include an amount of EGP 307 M transferred from the company's shareholders' union to disburse the profits of the bonds related to employees.



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## 17- Shareholders' Equity

### A-Authorized capital

The Company's authorized capital is amounting to EGP 3 billion.

### B-Issued and fully paid-up Capital

Issued and paid in capital is amounting to EGP 1 892 813 580 divided into 1 261 875 720 shares of EGP 1.5 par value each shareholder. Share types are common and cash shares and are fully registered at the central bank. The structure of the shareholders of the Company as follows:

Shareholder	Nationality	%	No. Of shares	Amount EGP
Alpha Oryx Limited	United Arab Emirates	21.52	271 573655	407 360483
Saudi Egyptian Investment Company	Saudi Arabia	20.40	257 405245	386 107867
Egyptian General Petroleum Corporation	Egyptian	19.11	241 153540	361 730310
Nasser Social Bank	Egyptian	5.90	74 477 970	111 716955
Holding Company for Chemical Industries	Egyptian	5.47	69 055 673	103 583509
Union of shareholder Employee	Egyptian	5.03	63 500 000	95 250 000
Investment Funds and Individuals	Multinational	22.57	284 709637	427 064456
		<b>100%</b>	<b>1 261 875 720</b>	<b>1 892 813 580</b>

## 18- Legal reserve

Reserves balance amounted to EGP 946 406 790 which is equivalent to 50% of the company's issued and paid in capital in accordance with the company's investment gazette.

	31/12/2023 EGP	30/06/2023 EGP
Legal reserve	946 406 790	946 406 790
	<b>946 406 790</b>	<b>946 406 790</b>

## 19- Other reserves

	31/12/2023 EGP	30/06/2023 EGP
Expansions reserve	5 800 000 000	5 800 000 000
Other reserves	47 582 574	22 733 403
	<b>5 847 582 574</b>	<b>5 822 733 403</b>

## 20- Other comprehensive income

	31/12/2023 EGP	30/06/2023 EGP
<u>Revaluation of investments at fair value through OCI</u>		
Alexandria Fertilizers Company	2 702 409 068	2 662 843 334
Helwan Fertilizers Company	3 050 800 457	2 033 162 925
	<b>5 753 209 525</b>	<b>4 696 006 259</b>



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- On January 2, 2024, the company assigned the task of determining the fair value of its investments in Alexandria Fertilizers Company and Helwan Fertilizers Company to Baker Tilly. Required adjustments were made on December 31, 2023, based on the study results regarding the fair value determination of both companies. The income and market approaches were utilized in the calculation process to arrive at the expected fair value per share for both companies. This was done according to the data provided in the latest audited financial statements for both companies as of December 31, 2022, and the subsequent financial positions until December 31, 2023, considering the exchange rate on the date of preparation of the company's financial statements on December 31, 2023.

## 21- Retained earnings

	31/12/2023	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Retained earnings - beginning balance	13 864 486	2 260 393 759
<b>Add (Deduct):</b>		
Adjustments for previous years	(63 111 267)	(62 162 033)
Adjustment for Cash Dividends	3 368 680 119	(2 247 478 507)
Net profit for the period	4 020 312 118	14 640 225 272
<b>Retained earnings – ending balance</b>	<b><u>7 339 745 456</u></b>	<b><u>14 590 978 491</u></b>

The balance of retained earnings on 31/12/2023 includes the undistributed balance of the shareholders' share for the year 2022/2023, with a value of EGP 3 368 680 119 in accordance with the decision of the company's ordinary general assembly on 09/30/2023.

## 22- Provisions

### A- Non-current provisions

	31/12/2023	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Beginning balance	179 038 073	338 235 399
Provision formed during the period	-	-
Provision no longer required	(230 548)	(154 009 787)
Provision used during the period	(118 860)	(5187 539)
<b>Ending balance as at 31/12/2023</b>	<b><u>178 688 665</u></b>	<b><u>179 038 073</u></b>

### B- Current provisions

	31/12/2023	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Beginning balance	4 465 931	9 600 000
Provision formed during the period	4 000 000	4 764 398
Provision no longer required	(4 388 138)	(1 739 807)
Provision used during the period	-	(8 158 660)
<b>Ending balance as at 31/12/2023</b>	<b><u>4 077 793</u></b>	<b><u>4 465 931</u></b>



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The addition to provisions during the period amounting to EGP 4000 thousand are consist of:

- Increase in the provision amount of ordinary cases in Case No. 178/2021 concerning a claim for alleged non-delivery of Urea to BGNENT.

Provisions no longer required during the period amounting to EGP 4738 thousand are consist of:

- Provision no longer required for the sales tax amounted to EGP 350 thousand for the judgement of the Supreme Administrative Court of Cairo in appeal No. 74146 for a judicial 67 in favor of the company by cancelling the appealing decision and recovering the amount of EGP 231 thousand and settling EGP 119 thousand with the tax authority.
- Provision no longer required for ordinary cases amounted to EGP 4388 thousand in respect of suit No. 8,16/79 (legal fees filed by Hima Plastic Company) for a final judgement in favor of the company on its acquittal from such action.

### **23- Deferred tax liabilities**

	<b>31/12/2023</b>	<b>30/06/2023</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Fixed assets and other assets	160 435 562	156 887 377
Investments fair value adjustments	1 670 286 636	1 363 356 656
<b>Deduct:</b>		
Foreign currency exchange differences	(620 258)	-
Expected credit losses	(28 191 227)	(30 309 581)
Provisions (unrecognized deferred tax liabilities)	(41 122 453)	(41 288 401)
	<b><u>1 760 788 260</u></b>	<b><u>1 448 646 051</u></b>

### **24- Trade and notes payables**

	<b>31/12/2023</b>	<b>30/06/2023</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Suppliers - public sector	28 560 354	13 767 457
Suppliers - private sector	27 106 349	17 312 028
Suppliers - foreign sector	5 433 351	10 098 897
	<b><u>61 100 054</u></b>	<b><u>41 178 382</u></b>
Note payable	190 834	-
	<b><u>61 290 888</u></b>	<b><u>41 178 382</u></b>

### **25- Due to Related Parties**

#### **A- Related parties:**

- Global Company for Methanol and Derivatives Major shareholder by 35 %
- Egyptian Natural Gas GASCO – Petro trade Founder affiliate
- Shareholders employees' union Shareholder by 5.03 %



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**B-Related parties transactions**

The following is a summary of transactions with related parties:

<u>Description</u>	<u>Nature of transactions</u>	<u>The financial year ended in</u>	
		<u>31/12/2023</u> <u>EGP</u>	<u>30/06/2023</u> <u>EGP</u>
Shareholders employees' union	Payment of employees dues	21 320 019	146 277 951
Egyptian Natural Gas GASCO – Petro trade	Gas supply	3 364 397 549	6 983 591 092
		<b><u>3 385 717 568</u></b>	<b><u>7 129 869 043</u></b>

**C-Transactions balances**

**Due to related parties**

	<u>Note no.</u>	<u>31/12/2023</u> <u>EGP</u>	<u>30/06/2023</u> <u>EGP</u>
Global Company for Methanol and Derivatives		-	3 592 265
Shareholders employees' union		307 312 502	1 220 928
Egyptian Natural Gas GASCO – Petro trade		580 956 967	541 174 400
		<b><u>888 269 469</u></b>	<b><u>545 987 593</u></b>

- The credit balance for Petro trade included disputed amount at the court equals EGP 279.9 M.

**D- Significant contracts with related parties**

- A contract to supply natural gas to the company's factories with the Egyptian Natural Gas Company - GASCO, one of the companies affiliated with the Egyptian General Petroleum Corporation. Natural gas is supplied to the company's factories at a price of USD 5.75/million thermal units (TU), effective from 01/11/2021 till 12/09/2022. From September 13, 2022, the selling price of natural gas supplied to the fertilizer industry was determined according to a price formula that takes into account the selling prices of the Ministry of Agriculture and export prices according to the average price of international bulletins, so that the minimum selling price is not less than USD 4.5/million British thermal units (BTU).

**26- Customers – Advance payments (contract liabilities)**

	<u>31/12/2023</u> <u>EGP</u>	<u>30/06/2023</u> <u>EGP</u>
Customers - public sector	1 632 646	1 900 583
Customers - private sector	57 466 936	53 692 766
Customers - foreign sector	265 150 117	156 107 432
	<b><u>324 249 699</u></b>	<b><u>211 700 781</u></b>



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**27- Creditors and other credit balances**

	<b>31/12/2023</b>	<b>30/06/2023</b>
	<b>EGP</b>	<b>EGP</b>
Insurance	27 064 465	23 765 693
Salary tax	82 628 318	70 471 598
Industrial, commercial and stamp tax	2 725 167	2 101 291
Value added tax	35 711 498	3 124 038
Accrued social insurance	-	17 012 909
Distributors	2 529 960 440	1 271 633
Fixed assets purchases	7 425 628	18 617 655
Comprehensive health insurance fund	25 474 061	68 790 323
Training and rehabilitation fund	536 614 751	350257869
Sales tax related to the dispute of letters of credit for Abu Qir plant (3)	53 484 950	53 484 950
Employees fund	541 400 517	143 096 125
Social and sports activities	448 496 949	184 411 750
Accrued wages and trusts	132 862 871	283 981 410
Burj Al Arab	25 574 290	16 379 214
Cars and housing loans	13 812 015	22 281 029
Carbon Corporation and Environmental Fund deposits	5 114 813	5 110 469
Environmental and infrastructure deposits	11 130 957	10 211 303
Credit balance (employees) retention from employees	21 613 109	28 719 527
Residential city assets	24 569 340	24 569 340
Other credit balances	47 024 384	52 164 790
<b>Total</b>	<b><u>4 572 688 523</u></b>	<b><u>1 379 822 916</u></b>

**28- Current Income Tax**

	<b>31/12/2023</b>	<b>30/06/2023</b>
	<b>EGP</b>	<b>EGP</b>
Current income tax	930 575 745	3 530 527 047
Disputes with tax authority	32 522 755	-
Tax advances	(49 865 650)	(17 342 895)
	<b><u>913 232 850</u></b>	<b><u>3 513 184 152</u></b>



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### 29- Sales / Operating Revenue

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Urea sales	3 004 634 111	3 509 516 365
Nitrate sales	2 031 930 063	1 834 849 134
Granulated urea sales	3 223 953 368	4 805 790 389
Ammonia sales	280 374 281	1 059 550 398
<b>Sales revenue</b>	<b>8 540 891 823</b>	<b>11 209 706 286</b>
Revenue from operating to others		
Services revenue	172 427	110 500
Wastes revenue	87 122 458	34 664 687
<b>Deduct:</b>	<b>2 530 965</b>	<b>2 193 468</b>
Sale of casual products	(14 660 455)	(12 486 432)
	<b>8 616 057 218</b>	<b>11 234 188 509</b>

### 30- Cost of sales

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Materials and supplies	3 794 125 403	3 853 535 982
Salaries and wages	502 862 116	355 609 606
Depreciation	49 091 536	53 241 279
Othe operating cost	97 851 889	65 794 155
Change in inventory (Finished goods)	(140 944 366)	(287 429 024)
Change in inventory (work in progress)	21 306 976	(67 827 438)
<b>Deduct:</b>	<b>(14 660 454)</b>	<b>(12 486 432)</b>
Sale of by products	(14 660 454)	(12 486 432)
	<b>4 309 633 100</b>	<b>3 960 438 128</b>

### 31- Other income

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Rent	10 543 210	6 767 369
Capital gain	-	422 552
Compensation and penalties	3 253 445	515 461
Provision no longer required	4 618 687	217 600
Wastes gain	6 943 222	2 392 016
Other	325 698	42 408
	<b>25 684 262</b>	<b>10 357 406</b>



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**32- Sales and marketing expenses**

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Salaries and wages	156 219 055	98 203 084
Packing accessories	120 431 136	66 822 192
Depreciation	2 853 425	2 399 073
Other selling and marketing expenses	165 352 264	96 014 999
	<u>444 855 880</u>	<u>263 439 348</u>

**33- General and administrative expenses**

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Salaries and wages	76 613 079	58 061 905
Depreciation	2 546 486	3 785 425
Chairman and board of directors allowances	5 163 609	2 886 417
Social contribution	25 474 061	34 092 730
Training and rehabilitation fund	40 203 121	72 338 694
Employees club	644 597 18	115 796 119
Other	55 011 546	27 563 933
	<u>269 471 620</u>	<u>314 525 223</u>

**34- Other expenses**

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Donations	4 263 088	4 796 575
Employees benefits	1 066 048	-
Capital losses	190 708	1 105 295
Compensations	4 932 800	-
Other provisions	4 000 000	4 764 398
Other	352 895	-
	<u>14 805 539</u>	<u>10 666 268</u>



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**35- Reversal of / (allowance) of expected credit losses**

EGP	01/07/2023	Formed	Used	Provision no longer required	31/12/2023
Cash and cash equivalent	45 374 579	80 811 795	-	(14 705 294)	111 481 080
Accounts and notes receivables	3 350 289	-	-	(1 383 076)	1 967 213
Debtors and other debit balances	4 548 312	8 293 553	-	(1 638 115)	11 203 750
Due from related parties	401 690	304 452	-	(63 841)	642 301
Treasury bills	72 610 846	-	-	(72 610 846)	-
Other financial assets	8 423 533	-	-	(8 423 533)	-
	<b>134 709 249</b>	<b>89 409 800</b>	<b>-</b>	<b>(98 824 705)</b>	<b>125 294 344</b>

**36- Finance income**

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Interest income	507 427 920	174 629 753
Return on investments at amortized cost	1 006 022 760	640 778 162
	<b>1 513 450 680</b>	<b>815 407 915</b>

**37- Finance cost**

	31/12/2023	31/12/2022
	<u>EGP</u>	<u>EGP</u>
Bank charges	491 291	197 201
Letter of guarantees commission	137 023	139 046
Foreign currency hedge commission	110 837	79 840
Interests	-	11 629 183
	<b>739 151</b>	<b>12 045 270</b>



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### 38- Foreign currency exchange gains

	31/12/2023 <u>EGP</u>	31/12/2022 <u>EGP</u>
Gains or (losses) on revaluation differences in foreign currency balances at banks	(2 756 702)	1 561 093 905
Gains or (losses) on the currency sales, revaluation of monetary amounts and other adjustments	34 432 394	16 043 800
	<u>31 675 692</u>	<u>1 577 137 705</u>

### 39- Income taxes

	31/12/2023 <u>EGP</u>	31/12/2022 <u>EGP</u>
<b><u>Current income taxes</u></b>		
Current income tax	930 575 745	1 899 295 682
Tax on dividends received	-	-
Special tax base (treasury bills)	201 204 552	128 155 632
Tax settlements	(527 176)	262 813
<b>Total Current taxes</b>	<u>1 131 253 121</u>	<u>2 027 714 127</u>
<b><u>Deferred taxes</u></b>		
Fixed assets and other assets	3 548 185	2 106 017
Foreign currency exchange differences	(620 258)	-
Investments fair value adjustments	306 929 980	294 702 511
Other comprehensive income deferred tax	(306 929 980)	(294 702 511)
Provisions formed deferred tax	165 948	812 669
Expected credit losses deferred tax	2 118 354	(21 029 087)
<b>Deferred income taxes</b>	<u>5 212 229</u>	<u>(18 110 401)</u>
<b>Income tax at income statement</b>	<u>1 136 465 350</u>	<u>2 009 603 726</u>
<b><u>Effective tax rate</u></b>		
	<u>31/12/2023 <u>EGP</u></u>	<u>31/12/2022 <u>EGP</u></u>
Profit before income tax	5 156 777 468	8 982 514 693
Income tax "22.5%"	1 160 274 930	2 021 065 806
Non-deductible expenses	25 459 248	24 244 401
Revenue exempted from tax	(255 158 433)	(146 014 525)
Tax on dividend received	-	-
Special tax base (treasury bills)	201 204 552	128 155 632
Tax adjustments	(527 176)	262 813
Deferred tax	5 212 229	(18 110 401)
<b>Current income tax</b>	<u>1 136 465 350</u>	<u>2 009 603 726</u>
<b>Effective income tax rate</b>	<u>22.04%</u>	<u>22.37%</u>



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#### 40- Basic and diluted earnings Per Share

	31/12/2023	31/12/2020
	<u>EGP</u>	<u>EGP</u>
Net profit after tax	4 020 312 118	6 972 910 967
<b>Deduct:</b>		
Employees dividends	(559 343 696)	(972 998 378)
Board of directors dividends	(25 000 000)	(22 500 000)
Shareholders profit share	3 435 968 421	5 977 412 589
Number of issued shares	1 261 875 720	1 261 875 720
<b>Basic and diluted earnings Per Share</b>	<b>2.72</b>	<b>4.74</b>

#### 41- Tax Position

##### Corporate 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 tenure by letters and legal procedures concerning this matter and this to reserve all the company's rights till the settlement.

##### Payroll tax

- Company was inspected by Tax Authority till year 2019.

##### Sales Tax

- For periods 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. Considering the issuance of Law No. 9 of 2005 which related to the deduction of sales tax on capital goods, an amount of EGP 53.5 million was reserved in sub account and this amount is related to sales tax on machines of Abu Qir plant (3) only and offset by the same value of (credit balances) until final settlement with the tax authority.

##### Value added tax

- The company is obligated to implement Law No. 67 of 2016 regarding value added tax.
- For the period 2016/2018 the company was inspected by the tax authority.

##### Stamp tax

- The company was inspected by tax authority till year 2018.
- For the years 2019 and 2020 the dispute is in front of the internal committee of tax authority.



#### **Real estate tax**

- a- The dispute regarding the start of connecting the Abu Qir 3 factory is being discussed in front of the court with an amount equal to EGP 1.174 million which was paid by the company.
- b- 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.
- c- The decision of the council of ministers no 61 for the 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 had already been paid and related to a period of the previously mentioned decision.

#### **42- Legal position**

The company raised some lawsuits against others representing labour lawsuits, in other hand there are some Lawsuits against the company, lawsuits provisions are created according to company's legal affairs sector assessment.

Regarding cases raised by others against the company claim No. 2694 of 2015 adjusted by 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. A judgement was handed down on November 28, 2023, hearing not to accept the claim for the existence of an arbitration clause. In this regard, the company's legal assessment 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 as the contract is a private contract, and the special law derogates the general law in case of inconsistency and was edited to settle the differences between Abu Qir Fertilizers and petrol companies (EGAS - Gasco – Petro Trade) the formation of the provision will be considered when returned to the court and decide on the defence 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 from provision pending to the end of the judgment of the Court.

#### **43- Contingent liabilities**

- On March 19, 2015, the Company received a claim from Petro trade - Petroleum Trading Service Co. for accrued delay interests till the date of the claim with an amount of EGP 37.9 M on the amounts paid after the grace period (from January 1, 2014, till December 31, 2014) which amounted to EGP 187.7 M.
- On April 5, 2015, and April 8, 2015, Abu Qir responded to both Petro trade - Petroleum Trading Service Co. and the Egyptian Natural Gas Holding Company (EGAS) by stating that the claim of Petro trade - Petroleum Trading Service Co., contradicts the truth 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 Petro trade, 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 of December 31, 2023 amounted to EGP 332 M which are totally covered by treasury bills that amounted to EGP 664 million.



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#### 44- Operating segments

The operating segment is one of the entity's elements that participate in the business activities 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 should be available for these operating segments, 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:

- 1- Abu Qir Plant (1)
- 2- Abu Qir Plant (2)
- 3- Abu Qir Plant (3)
- 4- Ammonia and nitric acid
- 5- Plastic Bags Plant
- 6- Other

#### First: Operating segments - assets and liabilities:

**(Amounts in thousands)**

<u>Description</u>	<u>Abu Qir Plant (1)</u>	<u>Abu Qir Plant (2)</u>	<u>Abu Qir Plant (3)</u>	<u>Liquid fertilizer</u>	<u>Plastic Bags Plant</u>	<u>Others</u>	<u>Total</u>
Operating segments assets	1 053 465 693	181 627 941	379 667 505	4 810 977	86 340 277	-	1 705 912 392
Unassigned segments assets	-	-	-	-	-	28 777 131 679	28 777 131 679
<b>Total assets</b>	<b>1 053 465 693</b>	<b>181 627 941</b>	<b>379 667 505</b>	<b>4 810 977</b>	<b>86 340 277</b>	<b>28 777 131 679</b>	<b>30 483 044 071</b>
Operating segments liabilities	-	-	-	-	-	8 703 286 147	8 703 286 147
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 703 286 147</b>	<b>8 703 286 147</b>



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**Second: Operating segments - net profit of the period:**

**(Amounts in thousands)**

<b>Description</b>	<b>Abu Qir Plant (1)</b>	<b>Abu Qir Plant (2)</b>	<b>Abu QirPlant (3)</b>	<b>Ammonia</b>	<b>Other</b>	<b>Total</b>
Sales / operating revenue	3 077 268 541	2 034 461 028	3 223 953 368	280 374 281	-	8 616 057 218
Costs goods sold	(1 354 679 913)	(1 361 372 888)	(1 439 160 735)	(154 419 563)	-	(4 309 633 100)
<b>Sector's gross profit</b>	<b>1 722 588 628</b>	<b>673 088 139</b>	<b>1 784 792 633</b>	<b>125 954 718</b>	<b>-</b>	<b>4 306 424 118</b>
Other revenues	-	-	-	-	25 684 262	25 684 262
Selling and marketing expenses	(113 432 708)	(196 870 262)	(117 781 578)	(16 771 331)	-	(444 855 880)
General and administrative expenses	(71 402 521)	(114 041 841)	(84 027 259)	-	-	(269 471 620)
Other expenses	-	-	-	-	(14 805 539)	(14 805 539)
Expected credit losses	-	-	-	-	9 414 905	9 414 905
Finance income	-	-	-	-	1 513 450 680	1 513 450 680
Finance cost	-	-	-	-	(739 151)	(739 151)
Foreign currency differences gains / (losses)	-	-	-	-	31 675 692	31 675 692
<b>Net profit for the period before tax</b>	<b>1 537 753 399</b>	<b>362 176 036</b>	<b>1 582 983 796</b>	<b>109 183 387</b>	<b>1 564 680 850</b>	<b>5 156 777 468</b>
Income tax for the period	(338 894 487)	(79 817 389)	(348 862 491)	(24 062 147)	(344 828 836)	(1 136 465 350)
<b>Net profit for the period</b>	<b>1 198 858 912</b>	<b>282 358 647</b>	<b>1 234 121 305</b>	<b>85 121 240</b>	<b>1 219 852 014</b>	<b>4 020 312 118</b>

- The operating segments assets that are not included in the first segment report are represented in the investment available for sale and current assets.



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**45- The comparative figures have been restated and reclassified to be consistent with the presentation of the financial statements as at 31/12/2023.**

The impact of reclassification and restatement on the statement of financial position as at 30/06/2023:

<u>Description</u>	As previously stated	Reclassification	Restatement	Balances after reclassification and restatement
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<b>Assets</b>				
<b>Non-current assets</b>				
Fixed assets	1 186 900 748	(500 718)	-	1 186 400 030
Assets under construction	396 953 847	114 621 341	-	511 575 188
Intangible assets under progress	-	20 714 808	-	20 714 808
Investment property	-	500 718	-	500 718
Investments in associates	-	123 448 000	-	123 448 000
Investment in equity instruments	6 523 789 228	(123 448 000)	-	6 400 341 228
Other financial assets	-	395 188 663	(8 423 533)	386 765 130
<b>Total non-current assets</b>	<b>8 107 643 823</b>	<b>530 524 812</b>	<b>(8 423 533)</b>	<b>8 629 745 102</b>
<b>Current assets</b>				
Inventories	2 142 817 663	(135 336 149)	-	2 007 481 514
Trade and notes receivables	-	260 392 963	(3 350 289)	257 042 674
Due from related parties	-	10 512 793	(401 690)	10 111 103
Suppliers – Advance payments	-	45 842 438	-	45 842 438
Debtors and other debit balances	1 009 611 784	(334 091 088)	(4 548 312)	670 972 384
Investment in financial assets at	6 719 140 040	(395 188 664)	(72 610 846)	6 251 340 530
Cash and cash equivalents	17 445 801 237	-	(45 374 579)	17 400 426 658
<b>Total current assets</b>	<b>27 317 370 724</b>	<b>(547 867 707)</b>	<b>(126 285 716)</b>	<b>26 643 217 300</b>
<b>Total assets</b>	<b>35 425 014 547</b>	<b>(17 342 895)</b>	<b>(134 709 249)</b>	<b>35 272 962 402</b>
<b>Equity</b>				
Issued and paid-up capital	1 892 813 580	-	-	1 892 813 580
Reserves	6 769 140 193	(6 769 140 193)	-	-
Legal reserve	-	946 406 790	-	946 406 790
Other reserves	-	5 822 733 403	-	5 822 733 403
Other comprehensive income	6 059 362 915	-	(1 363 356 656)	4 696 006 259
Retained earnings	13 864 486	14 640 225 272	(63 111 267)	14 590 978 491
Profits / losses of the year	14 640 225 272	(14 640 225 272)	-	-
<b>Total equity</b>	<b>29 375 406 446</b>	<b>-</b>	<b>(1 426 467 923)</b>	<b>27 948 938 523</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Provisions	179 038 073	-	-	179 038 073
Deferred tax liabilities	156 887 377	-	1 291 758 674	1 448 646 051
<b>Total non-current liabilities</b>	<b>335 925 450</b>	<b>-</b>	<b>1 291 758 674</b>	<b>1 627 684 124</b>
<b>Current liabilities</b>				
Trade and notes payables	-	41 178 382	-	41 178 382
Due to related parties	-	545 987 593	-	545 987 593
Customers advance payment -	-	211 700 781	-	211 700 781
Creditors and other credit	2 106 116 783	(726 293 867)	-	1 379 822 916
Current income tax	3 603 099 936	(89 915 784)	-	3 513 184 152
Provisions	4 465 931	-	-	4 465 931
<b>Total current liabilities</b>	<b>5 713 682 651</b>	<b>(17 342 895)</b>	<b>-</b>	<b>5 696 339 755</b>
<b>Total equity &amp; liabilities</b>	<b>35 425 014 547</b>	<b>(17 342 895)</b>	<b>(134 709 249)</b>	<b>35 272 962 402</b>



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

Notes to the Interim Separate Financial Statements for the Financial Period Ended December 31, 2023

*Translation of interim separate financial statements  
originally issued in Arabic*

**The comparative figures have been amended by reclassifying some comparative figures in the statement of financial position for the fiscal year ending June 30, 2023, as shown below:**

- The lands leased to Alexandria Fertilizers, Med gas, Par gas and Air liquide companies amounted to around EGP 501,000 have been reclassified to investment properties.
- The expenditure on the SAP system and ERP system, amounting to around EGP 21M, has been transferred from the projects under construction caption to intangible assets under progress.
- Some types of spare parts were reclassified as strategic spare parts amounted to around EGP 135M from inventory to projects under construction.
- Investments in subsidiaries amounting to around EGP 123 M have been reclassified as separate line on the face of the financial statements from investments at fair value through other comprehensive income.
- Pledged treasury bills were reclassified to cover letters of guarantee amounting to around EGP 395 M at other financial assets.
- Trade and notes receivable amounting to around EGP 260 million, due from related parties amounting to around EGP 11 million, and suppliers advance payments amounting to around EGP 46 million were reclassified from the debtors and other debit balances caption.
- The Tax Authority debit balance amounting to around EGP 17 M has been reclassified from the caption of debtors and other debit balances to the financial statement line current income tax.
- The net profit for the period amounting to around EGP 14.6 billion has been reclassified to retained earnings.
- The legal reserve amounting to around EGP 946 million has been reclassified from other reserves.
- Trade and notes payable amounting to around EGP 41M were reclassified, and due to related parties amounting to around EGP 546 M, customers advance payments amounting to around EGP 211 M, and an amount of EGP 72 M of the Tax Authority credit balance from the financial statement line creditors and other credit balances.
- The fair value difference in investments at fair value through other comprehensive income and other reserves was reclassified at EGP 5.8M.

**Adjusting the comparative numbers to be consistent with the presentation of the financial statements on 12/31/2023**

The amendment to the comparative figures includes the following:

- 1- Calculating a deferred tax amounting to about EGP 1.3 billion on the differences in the fair value of investments at fair value through comprehensive income.
- 2- Calculating the expected credit losses for financial assets amounting to around EGP 135 million and its impact of the retained earnings.
- 3- Calculating a deferred tax (tax asset) amounting to around EGP 71M for the balances of provisions and expected credit losses and its impact on the retained earnings and deferred tax liabilities.



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

Notes to the Interim Separate Financial Statements for the Financial Period Ended December 31, 2023

*Translation of interim separate financial statements  
originally issued in Arabic*

The impact of reclassification and restatement on the statement of financial position as at 01/07/2022:

<u>Description</u>	<u>As previously stated</u>	<u>Reclassification</u>	<u>Restatement</u>	<u>Balances after</u>
<b>Assets</b>				
<b><u>Non-current assets</u></b>				
Fixed assets	1 221 254 529	(500 718)	-	1 220 753 810
Assets under construction	294 255 347	131 608 904	-	425 864 251
Right of use assets (lease contracts)	95 672	-	-	95 672
Investment property	-	500 718	-	500 718
Investments in associates	-	10 948 000	-	10 948 000
Investment in equity instruments at	4 223 109 325	(10 948 000)	-	4 212 161 325
Other financial assets	-	474 840 190	(719 578)	474 120 612
<b>Total non-current assets</b>	<b>5 738 714 873</b>	<b>606 449 094</b>	<b>(719 578)</b>	<b>6 344 444 388</b>
<b><u>Current assets</u></b>				
Assets held for sale	1 185 295	-	-	1 185 295
Inventories	1 563 956 789	(131 608 904)	-	1 432 347 885
Trade and notes receivables	-	191 610 843	(325 851)	191 284 992
Due from related parties	-	99 563 016	(380 923)	99 182 093
Suppliers – Advance payments	-	20 687 811	-	20 687 811
Debtors and other debit balances	866 781 117	(322 804 494)	(903 793)	543 072 830
Investment in financial assets at	11 268 037 193	(474 840 190)	(13 446 151)	10 779 750 852
Cash at banks and cash equivalents	2 933 798 595	-	(1 082 938)	2 932 715 657
<b>Total current assets</b>	<b>16 633 758 989</b>	<b>(617 391 918)</b>	<b>(16 139 656)</b>	<b>16 000 227 414</b>
<b>Total assets</b>	<b>22 372 473 861</b>	<b>(10 942 824)</b>	<b>(16 859 234)</b>	<b>22 344 671 802</b>
<b><u>Equity</u></b>				
Issued and paid-up capital	1 892 813 580	-	-	1 892 813 580
Reserves	727 864 932	(727 864 932)	-	-
Legal reserve	-	705 719 331	-	705 719 331
Other reserves	-	22 145 601	-	22 145 601
Other comprehensive income	3 871 183 013	-	(871 016 178)	3 000 166 835
Retained earnings	2 260 393 759	9 054 139 328	65 197 058	11 379 730 145
Profits / losses of the year	9 054 139 328	(9 054 139 328)	-	-
<b>Total equity</b>	<b>17 806 394 611</b>	<b>-</b>	<b>(805 819 120)</b>	<b>17 000 575 492</b>
<b><u>Liabilities</u></b>				
<b><u>Non-current liabilities</u></b>				
Provisions	338 235 399	-	-	338 235 399
Deferred tax liabilities	153 713 122	-	788 959 876	942 673 008
<b>Total non-current liabilities</b>	<b>491 948 522</b>	<b>-</b>	<b>788 959 876</b>	<b>1 280 908 407</b>
<b><u>Current liabilities</u></b>				
Trade and notes payables	-	29 095 620	-	29 095 620
Due to related parties	-	518 102 100	-	518 102 100
Customers advance payment -	-	318 179 892	-	318 179 892
Creditors and other credit balances	1 797 878 052	(821 353 707)	-	976 524 345
Lease liabilities	103 997	-	-	103 997
Current income tax	2 266 548 679	(54 966 729)	-	2 211 581 950
Provisions	9 600 000	-	-	9 600 000
<b>Total current liabilities</b>	<b>4 074 130 729</b>	<b>(10 942 824)</b>	<b>-</b>	<b>4 063 187 904</b>
<b>Total equity &amp; liabilities</b>	<b>22 372 473 861</b>	<b>(10 942 824)</b>	<b>(16 859 234)</b>	<b>22 344 671 802</b>



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

Notes to the Interim Separate Financial Statements for the Financial Period Ended December 31, 2023

*Translation of interim separate financial statements  
originally issued in Arabic*

**The comparative figures have been amended by reclassifying some comparative figures in the statement of financial position on July 1, 2022, as shown below:**

- The lands leased to Alexandria Fertilizers, Med gas, Par gas and Air liquide companies amounted to around EGP 501,000 have been reclassified to investment properties.
- Some types of spare parts were reclassified as strategic spare parts amounted to around EGP 131M from inventory to projects under construction.
- Investments in subsidiaries amounting to around EGP 11 M have been reclassified as separate line on the face of the financial statements from investments at fair value through other comprehensive income.
- Pledged treasury bills were reclassified to cover letters of guarantee amounting to around EGP 474 M at other financial assets.
- Trade and notes receivable amounting to around EGP 191 million, due from related parties amounting to around EGP 100 million, and suppliers advance payments amounting to around EGP 21 million were reclassified from the debtors and other debit balances caption.
- The Tax Authority debit balance amounting to around EGP 11 M has been reclassified from the financial statement line of debtors and other debit balances to the caption current income tax.
- The net profit for the period amounting to around EGP 9 billion has been reclassified to retained earnings.
- The legal reserve amounting to around EGP 705 million has been reclassified from other reserves.
- Trade and notes payable amounting to around EGP 29 were reclassified, and due to related parties amounting to around EGP 518 M, customers advance payments to amounting to around EGP 318 M, and an amount of EGP 44 M of the Tax Authority credit balance from the financial statement line creditors and other credit balances.
- The fair value difference in investments at fair value through other comprehensive income and other reserves was reclassified at EGP 22.145M.

**Adjusting the comparative numbers to be consistent with the presentation of the financial statements on 31/12/2023**

The comparative figures restatement includes the following:

- 1- Calculating a deferred tax amounting to around EGP 871 M on the differences in the fair value of investments at fair value through comprehensive income.
- 2- Calculating the expected credit losses for financial assets amounting to around EGP 17 M and its impact on the retained earnings.
- 3- Calculating a deferred tax (tax asset) amounting to around EGP 82 M for the balances of provisions and expected credit losses and its impact on the retained earnings and deferred tax liabilities.



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

Notes to the Interim Separate Financial Statements for the Financial Period Ended December 31, 2023

*Translation of interim separate financial statements  
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The effect of reclassifications and restatements the income statement on 31/12/2022:

<u>Description</u>	<u>As previously stated</u>	<u>Reclassification</u>	<u>Restatement</u>	<u>Balances after reclassification and restatement</u>
Sales / Operating revenue	11 234 188 509	-	-	11 234 188 509
Cost of sales	(3 960 438 128)	-	-	(3 960 438 128)
<b>Gross profit</b>	<b>7 273 750 381</b>	-	-	<b>7 273 750 381</b>
Other income	9 717 254	640 152	-	10 357 406
Selling & marketing expenses	(263 439 348)	-	-	(263 439 348)
General & administrative expenses	(132 708 366)	6 317 957	(188 134 814)	(314 525 223)
Other expenses	-	(10 666 268)	-	(10 666 268)
Capital gain	422 552	(422 552)	-	-
Expected credit losses expense	-	-	(93 462 606)	(93 462 606)
Provisions formed	(4 764 398)	4 764 398	-	-
Provisions no longer required	217 600	(217 600)	-	-
<b>Operating gain</b>	<b>6 883 195 675</b>	<b>416 087</b>	<b>(281 597 420)</b>	<b>6 602 014 342</b>
<b>Financing income:</b>				
Finance income	-	815 407 915	-	815 407 915
Finance costs	(11 629 183)	(416 087)	-	(12 045 270)
Foreign currency exchange gains / (Losses)	1 577 137 705	-	-	1 577 137 705
Credit interest	174 629 753	(174 629 753)	-	-
Treasury bills income	640 778 162	(640 778 162)	-	-
<b>Net financing income</b>	<b>2 380 916 437</b>	<b>(416 087)</b>	-	<b>2 380 500 351</b>
<b>Net profit for the year before income tax</b>	<b>9 264 112 113</b>	-	<b>(281 597 420)</b>	<b>8 982 514 693</b>
Income tax	(2 029 820 144)	-	20 216 418	(2 009 603 726)
<b>Net profit for the year after income tax</b>	<b>7 234 291 969</b>	-	<b>(261 381 002)</b>	<b>6 972 910 967</b>
<b>Basic and diluted earnings per share</b>	<b>4.79</b>	-	<b>(0.05)</b>	<b>4.74</b>

- 1- Some items of the income statement have been reclassified to be consistent with the current presentation of the income statement for the financial year ended on 31/12/2023.
- 2- The income statement on 31/12/2022 has been amended with both expected credit losses for financial assets and deferred tax resulting from expected credit losses for financial assets and for provisions.
- 3- The income statement on 31/12/2022 has been amended with both the Training and Rehabilitation Fund share and the sports and social activity share.



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

Notes to the Interim Separate Financial Statements for the Financial Period Ended December 31, 2023

*Translation of interim separate financial statements  
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The effect of reclassifications and restatements on the statement of cash flows on 31/12/2022:

Description	As previously stated	Reclassification	Restatement	Balances after reclassification and restatement
<b>First: Cash flows from operating activities:</b>				
Proceeds from trade receivables	11 299 126 947	-	-	11 299 126 947
Cash purchases and payments to trade payables	(4 422 872 488)	-	-	(4 422 872 488)
Paid salaries and wages	(472 359 238)	-	-	(472 359 238)
Paid taxes and fees	(2 413 254 488)	-	-	(2 413 254 488)
Credit interest	132 218 184	(132 218 184)	-	-
Other proceeds	163 275 139	-	-	163 275 139
Other payments	(512 497 314)	-	-	(512 497 314)
Employees and Board of directors' dividends paid	-	(867 702 673)	-	(867 702 673)
<b>Net cash flows (used in) / provided from operating activities no. (1)</b>	<b>3 773 636 742</b>	<b>(999 920 857)</b>	<b>-</b>	<b>2 773 715 884</b>
<b>Second: Cash flows from investing activities:</b>				
Payments for purchase of fixed assets (projects under construction)	(94 519 640)	-	-	(94 519 640)
Proceeds from investments in other entities	95 716 800	-	-	95 716 800
Payments from investments in other entities	(112 600 000)	-	-	(112 600 000)
Proceeds from sale of fixed assets	481 709	-	-	481 709
Payments for financial assets at amortized cost	(6 340 205 701)	-	-	(6 340 205 701)
Proceeds from financial assets at amortized cost	11 364 676 996	-	-	11 364 676 996
Return on financial assets at amortized cost	750 038 404	-	-	750 038 404
Credit interest	-	132 218 184	-	132 218 184
<b>Net cash flows provided from investing activities no. (2)</b>	<b>5 663 588 567</b>	<b>132 218 184</b>	<b>-</b>	<b>5 795 806 751</b>
<b>Cash flows from financing activities:</b>				
Proceeds from bank facilities	753 095 920	-	-	753 095 920
Payment of bank facilities	(753 095 920)	-	-	(753 095 920)
Dividends paid during the period	(4 653 329 833)	867 702 673	-	(3 785 627 160)
<b>Net cash flows (used in) financing activities no. (3)</b>	<b>(4 653 329 833)</b>	<b>867 702 673</b>	<b>-</b>	<b>(3 785 627 160)</b>
<b>Net (decrease)/ increase in cash and cash equivalents (1) + (2) + (3)</b>	<b>4 783 895 475</b>	<b>-</b>	<b>-</b>	<b>4 783 895 475</b>
Cash & cash equivalent at the beginning of the year	2 933 798 595	-	-	2 933 798 595
Foreign currency exchange differences effect	1 629 091 110	-	-	1 629 091 110
Expected credit losses	-	-	(25 961 322)	(25 961 322)
<b>Cash at banks</b>	<b>9 346 785 179</b>	<b>-</b>	<b>(25 961 322)</b>	<b>9 320 823 858</b>
<b>Deduct:</b>				
Restricted deposits and cash covered against letter of guarantees and letter of credits	-	-	(656 168 541)	(656 168 541)
<b>Cash &amp; cash equivalent available at the end of the period</b>	<b>9 346 785 182</b>	<b>-</b>	<b>(682 129 863)</b>	<b>8 664 655 316</b>



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

Notes to the Interim Separate Financial Statements for the Financial Period Ended December 31, 2023

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- 1- The interest income has been reclassified from cash flows resulting from operating activities to cash flows from investing activities.
- 2- Dividend distributed to employees and the Board of Directors have been reclassified from cash flows from financing activities to cash flows resulting from operating activity.
- 3- Net cash at the end of the period has been affected by expected credit losses.
- 4- The net cash at the end of the period has been affected by restricted deposits and cash covers against letters of guarantees and letter of credits.