



شركة أبو قير للأسمدة والصناعات الكيماوية

Alexandria, June 10, 2024

To: EGX
Disclosure Sector

Dear Sir,

Kindly Find Attached The Following:-

- Interim Financial Statements for the Financial Period Ended March 31, 2024 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 March 31, 2024.

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



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

تليفون : ٠٣/٥٦٠٣٠٥٣ (سبع خطوط)
فاكس الإدارة : ٠٣/٥٦٠٣٠٣٢
فاكس المشتريات : ٠٣/٥٦٠٣٠٤٦
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*Translation of interim separate financial statements
originally issued in Arabic*



**Abu Qir Fertilizers
and Chemical Industries CO.
(S.A.E.)
Interim Separate Financial Statements and
Limited Review Report
For The Financial Period Ended
March 31, 2024**



Hazem Hassan Public Accountants & Consultants

Translation of limited review report
originally issued in Arabic

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Report on Limited Review of Interim Separate Financial Statements To: The Board of Director of 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 March 31, 2024, and the related interim separate statements of profit or loss, comprehensive income, changes in equity, and cash flows for the nine-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 recorded a provision for Training and rehabilitation fund and club amounting to EGP 377 M during the financial year ended June 30, 2023. This amount has been settled directly against retained earnings instead of adjusting comparative figures, contrary to the requirements of Egyptian Accounting Standard No. (5), which stipulates that prior period errors should be settled by adjusting comparative figures.

Qualified conclusion

Based on our limited review, and except for the 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 March 31, 2024, its financial performance and its cash flows for the nine-months then ended in accordance with the Egyptian Accounting Standards.



Hazem Hassan

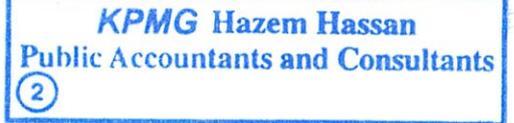
Translation of limited review report
originally issued in Arabic

Other Matters

The interim separate financial statements of Abu Qir Fertilizers & Chemical Industries Company (S.A.E) for the nine-months ended on March 31, 2023, were reviewed by another auditor who expressed an unqualified conclusion on these interim separate financial statements on May 29, 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 an 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 May 26, 2024





**Company Response to the Auditors Limited Review Report on the Interim
Separate Financial Statement as of 31 March 2024**

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.

- The company has assigned the study of applying Egyptian Accounting Standard No. (38) "Employee Benefits" to one of the actuarial experts registered with the Financial Regulatory Authority, who stated in his preliminary report that the company's commitment is limited to the annual contributions paid to private insurance funds registered with the Financial Regulatory Authority, and the company's financial position is not affected by fluctuations in experience, and that the medical treatment system for employees and their families after retirement must be evaluated in accordance with Egyptian Accounting Standard No. (38) "Employee Benefits". The actuarial study has already been prepared and is being audited and discussed with the actuary, and the company's financial statements will be affected by it on June 30, 2024.

2- The Company recorded a provision for Training and rehabilitation fund and club amounting to EGP 37 M during the financial year ended June 30, 2023. This amount has been settled directly against retained earnings instead of adjusting comparative figures, contrary to the requirements of Egyptian Accounting Standard No. (5), which stipulates that prior period errors should be settled by adjusting comparative

- The necessary correction will be made when preparing the company's annual financial statements on June 30, 2024.



Abu Qir Fertilizers and Chemical Industries CO. (S.A.E.)
Interim Separate Statement of Financial Position
As of March 31, 2024

EGP	Note No.	31 March 2024	30 June 2023 Restated and reclassified	01 July 2022 Restated and reclassified
Assets				
Non-current assets				
Fixed assets	(3)	1 129 900 087	1 186 400 030	1 220 753 810
Assets under construction	(4)	836 068 182	511 575 188	425 864 251
Intangible assets under progress	(5)	32 859 189	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)	12 207 278 607	6 400 341 228	4 212 161 325
Other financial assets	(9)	413 795 019	386 765 130	474 120 612
Total non-current assets		14 743 849 802	8 629 745 102	6 344 444 388
Current assets				
Assets held for sale		-	-	1 185 295
Inventories	(10)	2 384 454 130	2 007 481 514	1 432 347 885
Trade and notes receivables	(11)	196 625 762	257 042 674	191 284 992
Due from related parties	(12)	1 259 329 400	10 111 103	99 182 093
Suppliers – Advance payments	(13)	59 370 469	45 842 438	20 687 811
Debtors and other debit balances	(14)	1 087 154 736	670 972 384	543 072 830
Investment in financial assets at amortized cost (treasury bills)	(15)	2 500 260 324	6 251 340 530	10 779 750 852
Cash and cash equivalents	(16)	20 505 367 866	17 400 426 658	2 932 715 657
Total current assets		27 992 562 687	26 643 217 301	16 000 227 415
Total assets		42 736 412 489	35 272 962 403	22 344 671 803
Equity				
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)	5 847 582 575	5 822 733 403	22 145 601
Fair value reserve	(20)	9 196 382 728	4 696 006 259	3 000 166 835
Retained earnings	(21)	15 461 927 184	14 590 978 491	11 379 730 145
Total equity		33 345 112 857	27 948 938 523	17 000 575 492
Liabilities				
Non-current liabilities				
Provisions	(22)	216 912 941	179 038 073	338 235 399
Deferred tax liabilities	(23)	4 036 289 062	1 448 646 051	942 673 008
Total non-current liabilities		4 253 202 003	1 627 684 124	1 280 908 407
Current liabilities				
Trade and notes payables	(24)	87 920 650	41 178 382	29 095 620
Due to related parties	(25)	775 716 150	545 987 593	518 102 100
Customers advance payment - contract liabilities	(26)	504 193 833	211 700 782	318 179 892
Creditors and other credit balances	(27)	2 208 390 930	1 379 822 916	976 524 345
Lease liabilities		-	-	103 997
Current income tax	(28)	1 554 380 272	3 513 184 152	2 211 581 950
Provisions	(22)	7 495 794	4 465 931	9 600 000
Total current liabilities		5 138 097 629	5 696 339 756	4 063 187 904
Total equity and liabilities		42 736 412 489	35 272 962 403	22 344 671 803

* The accompanying notes from (1) to (46) form an integral part of these separate financial statements and to be read therewith.

Auditor's report "attached"

Head of Financial Sectors

Accountant: Khaled Mostafa Sokkar

Chairman and Managing Director

Engineer: Abed Ezz Al Regal



*Translation of interim separate financial statement
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 March 31, 2024

EGP	Note No.	Nine months ended 31 March 2024	Three months ended 31 March 2024	Nine months ended 31 March 2023 Restated and reclassified	Three months ended 31 March 2023 Restated and reclassified
Operating revenue	(29)	14 041 647 277	5 425 590 059	17 300 888 390	6 066 699 881
Cost of revenue	(30)	(7 091 996 945)	(2 782 363 845)	(6 478 633 762)	(2 518 195 634)
Gross profit		6 949 650 332	2 643 226 214	10 822 254 628	3 548 504 247
Other income	(31)	117 657 646	91 973 383	142 395 727	132 038 321
Selling & marketing expenses	(32)	(716 025 180)	(271 169 299)	(438 129 984)	(174 690 636)
General & administrative expenses	(33)	(589 578 534)	(320 106 914)	(541 149 251)	(226 624 028)
Other expenses	(34)	(61 262 904)	(46 457 365)	(13 154 472)	(2 488 204)
(Allowance) /Reversal of expected credit losses	(35)	(108 548 424)	(117 963 329)	(92 131 181)	1 331 425
Operating profit		5 591 892 936	1 979 502 690	9 880 085 467	3 278 071 125
Investment income	(36)	1 401 806 243	1 401 806 243	982 810 000	982 810 000
Finance income	(37)	1 994 015 079	480 564 399	1 272 368 412	456 960 497
Finance cost	(38)	(1 111 855)	(372 704)	(12 340 493)	(295 223)
Foreign currency exchange gains	(39)	6 390 008 182	6 358 332 490	3 853 966 829	2 276 829 124
Net financing income		9 784 717 649	8 240 330 428	6 096 804 748	3 716 304 398
Net profit for the period before income tax		15 376 610 585	10 219 833 119	15 976 890 215	6 994 375 523
Income tax expenses	(40)	(3 234 116 740)	(2 097 651 391)	(3 437 824 905)	(1 428 221 179)
Net profit for the period after income tax		12 142 493 846	8 122 181 728	12 539 065 310	5 566 154 343
Basic and diluted earnings per share	(41)	8.25	5.53	8.53	3.79

* The accompanying notes from (1) to (46) 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 Comprehensive Income
For The Financial Period Ended March 31, 2024**

<u>EGP</u>	Note No.	Nine months ended 31 March 2024	Three months ended 31 March 2024	Nine months ended 31 March 2023	Three months ended 31 March 2023
				Restated and reclassified	Restated and reclassified
Net profit for the period		12 142 493 846	8 122 181 728	12 539 065 310	5 566 154 343
<u>Other comprehensive income</u>					
Revaluation of investments in equity instrument at fair value through OCI	(20)	5 806 937 379	4 442 804 134	2 661 757 519	1 351 968 581
Income tax for other comprehensive income		(1 306 560 910)	(999 630 930)	(598 895 442)	(304 192 931)
comprehensive income for the period		4 500 376 469	3 443 173 204	2 062 862 077	1 047 775 650
Total comprehensive income for the period		16 642 870 315	11 565 354 932	14 601 927 387	6 613 929 993

* The accompanying notes from (1) to (46) 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 Changes in Equity
For The Financial Period Ended March 31, 2024

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	17 806 394 612
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	11 379 730 146	17 000 575 493
<u>Comprehensive income</u>						
Restated net profit for the period	-	-	-	-	12 539 065 310	12 539 065 310
Revaluation of investments at fair value through OCI	-	-	-	2 661 757 519	-	2 661 757 519
Deferred tax on revaluation of investments at fair value through OCI	-	-	-	(598 895 442)	-	(598 895 442)
Total comprehensive income	-	-	-	2 062 862 077	12 539 065 310	14 601 927 387
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)
Total dividends	-	-	-	-	(5 260 342 574)	(5 260 342 574)
Balance as at March 31, 2023 (Restated)	1 892 813 580	946 406 790	5 822 733 403	5 063 028 912	12 618 126 855	26 343 109 540
Balance as at July 1, 2023	1 892 813 580	946 406 790	5 822 733 403	6 059 362 915	14 654 089 758	29 375 406 446
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	-	-	-	-	12 142 493 846	12 142 493 846
Revaluation of investments at fair value through OCI	-	-	-	5 806 937 379	-	5 806 937 379
Deferred tax on revaluation of investments at fair value through OCI	-	-	-	(1306 560 910)	-	(1306 560 910)
Total comprehensive income	-	-	-	4 500 376 469	12 142 493 846	16 642 870 315
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)
Total dividends	-	-	-	-	(11 246 695 982)	(11 246 695 982)
Balance as at March 31, 2024	1 892 813 580	946 406 790	5 847 582 575	9 196 382 728	15 461 927 183	33 345 112 856
	(17)	(18)	(19)	(20)	(21)	

Note No.

* The accompanying notes from (1) to (46) 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 Cash Flows
For The Financial Period Ended March 31, 2024

<u>EGP</u>	Note No.	31 March 2024	31 March 2023 Restated and reclassified
<u>First: Cash flows from operating activities:</u>			
Proceeds from trade receivables		14 580 038 974	17 629 812 545
Cash purchases and payments to trade payables		(6 809 654 881)	(6 515 878 193)
Paid salaries and wages		(1125 461 794)	(797 771 225)
Paid taxes and fees		(3 986 624 310)	(2 562 242 159)
Other proceeds		716 489 199	364 532 097
Other payments		(1 588 933 763)	(786 070 524)
Employees and Board of directors' members dividends		(1 416 972 257)	(1 411 830 286)
Net cash flows (used in) / provided from operating activities no. (1)		368 881 168	5 920 552 255
<u>Second: Cash flows from investing activities:</u>			
Payments for purchase of fixed assets (Assets under construction)		(294 310 772)	(122 899 152)
Proceeds from investments in other entities		39 473 120	120 273 800
Payments from investments in other entities		-	(112 605 000)
Proceeds from sale of fixed assets		697 680	24 999 529
Payments for Investment in financial assets at amortized cost		(16 166 960 669)	(8 639 225 869)
Proceeds from Investment in financial assets at amortized cost		19 802 587 309	13 410 734 908
Interest income		796 506 833	299 033 135
Return on Investment in financial assets at amortized cost		1 136 090 153	929 432 074
Net cash flows provided from investing activities no. (2)		5 314 083 654	5 909 743 425
<u>Cash flows from financing activities:</u>			
Proceeds from bank facilities		-	753 095 920
Payment of bank facilities		-	(753 095 920)
Shareholders' dividends paid during the period		(8 833 130 040)	(3 241 499 547)
Net cash flows financing activities no. (3)		(8 833 130 040)	(3 241 499 547)
Net (decrease)/ increase in cash and cash equivalents (1) + (2) + (3)		(3 150 165 218)	8 588 796 133
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		6 392 488 312	4 000 521 099
Expected credit losses		(182 756 466)	(108 990 415)
Cash at banks		20 505 367 865	15 414 125 412
Deduct:			
Restricted deposits and cash covered against letter of guarantees and letter of credits		(1 337 566 909)	(839 875 825)
Cash & cash equivalent available at the end of the year	(16)	19 167 800 956	14 574 249 587

* The accompanying notes from (1) to (46) form an integral part of these separate financial statements and to be read



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

Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

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 April 30, 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 March 31, 2024

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.
- Revenue recognition.
- Impairment of assets.

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 recognition 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.



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

Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

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 determined 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.

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.



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3- Material 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

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.

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

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 is not 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.



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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.

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.



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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).

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:

<u>Assets</u>	<u>Depreciation Rates</u>
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.



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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.

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 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.



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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.

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



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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.

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.



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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.

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 31/3/2024, 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.



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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.

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.



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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.

3-26 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.

3-27 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

3-27-1 Credit risk

3-27-2 Liquidity risk

3-27-3 Market risk

This note presents information on the Company's exposure to the above-mentioned risks as well as the Company's objectives, policies and methods for measuring and managing the risk as well as the Company's management of capital and presents some additional quantitative disclosures included in these financial statements.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board also is responsible for identifying and analyzing the risks faced by the Company's to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Company's management aims to establish a controlled and disciplined regulatory environment in which all employees are aware of and understand their role and obligations.

The Board of Directors of the Parent Company is assisted in its oversight role by the Audit Committee and Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board of Directors.

3-27-1 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 equity instruments.

Exposure to Credit risk.

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk as of the date of the separate financial statements as following:

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Related parties	1 309 079 397	10 512 793
Other debit balance	96 985 162	135 950 904
Financial assets at amortized cost	2 914 055 343	6 719 140 039
Trade and notes receivables	199 212 956	260 392 963
Cash and cash equivalent	20 688 124 332	17 445 801 237
	<u>25 207 457 190</u>	<u>24 571 797 188</u>



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- Expected credit losses for financial assets as of the financial position date refer to note (35)

Measurement of credit risk

For the Measurement of credit risk there are 3 categories as the following:

- Balance exposure to losses
- The probability of default
- loss given default

And this is to apply the expected credit losses model required by the Basel committee of Banking Supervision (ECL= loss given default x balance exposure to losses x the probability of default)

Evaluation of Expected Credit Losses for Customers

The company allocates each exposure a credit risk rating based on the data identified to predict loss risks (including, but not limited to, external ratings, management accounts.

The simplified approach was used to measure the credit risk for customer facilities and receivables by categorizing customers into groups with similar characteristics, defining the historical period used to calculate the loss rate between two and five years, and determining the loss rate based on historical data, taking into account expected changes in macroeconomic indicators (growth rate, inflation rate, unemployment rate). These rates are multiplied by numerical factors to reflect differences between the economic conditions during the year in which the historical data was collected and the current conditions.

Expected credit losses for Customers as following:

	Net book value	Expected credit losses	Credit-impaired
31 March 2024			
Balances not yet due	170 611 194	819 030	No
Due balance from 1-30 day	13 049 734	392 148	No
Due balance from 31-60 day	5 419 401	367 279	No
Due balance from 61-90 day	529 380	48 412	No
Due balance More than 90 day	9 603 247	960 325	No
	199 212 956	2 587 194	

	Balance	Expected credit losses	Credit-impaired
30 June 2023			
Balances not yet due	200 603 072	1 220 430	No
Due balance from 1-30 day	58 088 911	1 968 487	No
Due balance from 31-60 day	136 692	9 327	No
Due balance from 61-90 day	509 651	46 582	No
Due balance More than 90 day	1 054 637	105 464	No
	260 392 963	3 350 289	



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Assessment of expected credit losses of cash and cash equivalents and other assets.

The company limits its exposure to credit risks by investing only in debt instruments issued by the Egyptian government and in cash and deposits with banks that have a credit rating.

The general approach is used to calculate the expected credit losses related to the company's investments in treasury bills, cash and cash equivalent, and other financial assets using external ratings from institutions mentioned in the Central Bank's instructions for managing credit risk. Future data were also used to determine if there is a significant increase in the credit risks of financial assets by using some macroeconomic indicators of the Egyptian economy (GDP growth rate, annual inflation rate, unemployment rate).

The company Stopped calculating expected credit losses for treasury bills in local currency, as well as for current accounts and deposits in local currency with banks operating in Egypt, with a maturity of one month or less. This is in accordance with Cabinet Resolution No. 4575 of 2023, issued on November 28, 2023, which allows for not calculating expected credit losses for debt instruments issued in local currency and for current accounts and deposits in local currency with banks operating in Egypt with a maturity of one month or less.

The credit rating has been adopted according the ratings of Standard & Poor's, and the creditworthiness of banks has been determined based on the credit rating of the country where the bank's headquarters are located.

Financial assets according to the credit rating

The outstanding balance subject to expected credit losses amounted to EGP 21 836 231 932, as treasury bills in local currency, as well as current accounts and deposits in local currency with banks operating in Egypt with a maturity of one month or less, were not included, in accordance with Ministerial Resolution no. 4575 during 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.

The balance of expected credit losses as of March 31, 2024, amounted to EGP 24 357 673 (compared to EGP 134 709 249 as of June 30, 2023).

3-27-2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for an appropriate period including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The company also monitors the level of incoming cash flows from customers and debtors alongside the outgoing cash flows to suppliers and creditors.



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As of December 31, 2023, the available cash flows from cash and cash equivalents, financial assets at amortized cost, receivables, and other current assets due from related parties and maturing within one year amounted to EGP 24 793 662 171 (compared to EGP 24 176 608 525 as of December 31, 2022). The potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters , have not been taken into account.

Cash flows for financial obligations as following:

	Net book value	Cash flow	Due during the year
March 31 2024			
Creditors and other credit balance	2 208 390 930	2 208 390 930	2 208 390 930
Due to related parties	775 716 150	775 716 150	775 716 150
Notes receivables	87 920 650	87 920 650	87 920 650
	3 072 027 730	3 072 027 730	3 072 027 730
June 30 2023			
Creditors and other credit balance	1 379 822 916	1 379 822 916	1 379 822 916
Due to related parties	545 987 593	545 987 593	545 987 593
Notes receivables	41 178 382	41 178 382	41 178 382
	1 966 988 891	1 966 988 891	1 966 988 891

3-27-3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk for the company as following:

A- Currency risk

The Company is exposed to currency risk are denominated in foreign currencies, represented in exchange rate fluctuations that affect payments and collection in foreign currencies The company is exposed to currency risk primarily in US dollars.

In respect of other monetary assets and liabilities denominated in other foreign currencies, the company ensures that its net exposure to currency risk is minimized, considering the company's surplus in net foreign currency balances.

The net foreign currency balances amounted to EGP 19.9 billion, equivalent to \$423 million (with the exchange rate at the closing date being EGP 47.1469 per dollar).

Sensitivity

A 10% increase or decrease in the interest rate may result in an increase or decrease in equity and net profit or net loss of approximately EGP 3.2 billion, assuming that all other variables remain constant.



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B-Interest rate risk

The interest rate risk arises from changes in interest rates affecting the company's debt to banks or any long-term liabilities. The company does not have any long-term loans or financial obligations as of the financial statement's date.

3-28 Capital management

The company's board of directors' policy is to maintain a strong capital base, to maintain investors, creditors and market confidence and to sustain future development of the business, and to maximize returns generated from operations.

The company's board of directors' monitors the return on capital, which the Company defines as net profit for the period divided by total shareholders' equity, the Board of Directors also monitors the level of dividends to shareholders.

The company's board of directors' seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a share capital position.

There were no changes in the company's approach to capital management during the period; the Company is not subject to externally imposed capital requirements.



3- Fixed assets

Fixed assets as at 31 March 2024

<u>Cost</u>	<u>Lands & Buildings</u>	<u>Machines & equipment</u>	<u>Vehicles & means of transportation</u>	<u>Tools & equipment</u>	<u>Furniture & office equipment</u>	<u>Total</u>
Balance at 01/07/2023	524 978 620	3 213 139 673	62 900 225	52 127 915	52 806 749	3 905 953 182
Additions	684 061	20 172 889	1 516 862	7 406 737	5 251 309	35 031 858
Disposals and Settlements	-	(5 957 938)	(3 862 397)	(1191 417)	(173 268)	(11 185 020)
Balance at 31/3/2024	525 662 681	3 227 354 624	60 554 690	58 343 235	57 884 790	3 929 800 020
Accumulated Depreciation and impairment losses						
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	13 322 825	62 867 226	4 721 067	2 297 702	3 721 161	86 929 981
Disposals	-	(1 356 117)	(3 862 397)	(1191 417)	(173 268)	(6 583 199)
Balance at 31/3/2024	297 575 902	2 384 311 287	46 472 133	35 461 992	36 078 619	2 799 899 933
Net book value as at 31/3/2024	228 086 779	843 043 337	14 082 557	22 881 243	21 806 171	1 129 900 087

Fixed assets as at 30 June 2023

<u>Cost</u>	<u>Lands & Buildings</u>	<u>Machines & equipment</u>	<u>Vehicles & means of transportation</u>	<u>Tools & equipment</u>	<u>Furniture & office equipment</u>	<u>Total</u>
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)
Balance at 30/06/2023	524 978 620	3 213 139 673	62 900 225	52 127 915	52 806 749	3 905 953 182
Accumulated Depreciation and impairment losses						
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)
Balance at 30/06/2023	284 253 077	2 322 800 179	45 613 463	34 355 707	32 530 726	2 719 553 152
Net book value as at 30/06/2023	240 725 543	890 339 494	17 286 762	17 772 208	20 276 023	1 186 400 030

- 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.



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4- Assets Under Construction

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Assets under installation	225 539 395	148 687 668
Advance payment for Capex	17 116 452	28 349 910
Letters of credit for Capex	413 590 931	199 201 461
Strategic inventory	179 821 404	135 336 149
	836 068 182	511 575 188

5- Intangible assets under progress

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Net opening balance for the period / year	20 714 808	-
Addition during the period	12 144 381	20 714 808
Net ending balance for the period / year	32 859 189	20 714 808

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 31/3/2024 amounted to EGP 810 M according to the latest study in this regard during the year 2024. Noting that these leases have resulted in revenues with an amount equal to EGP 16 M. The historical cost of these lands is as follows:

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Balance at the beginning of the period / year	500 718	500 718
Balance at the ending of the period / year	500 718	500 718

7- Investments in associates

	Percentage	Currency	31/3/2024	30/06/2023
			<u>EGP</u>	<u>EGP</u>
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
			123 448 000	123 448 000



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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 general assembly meeting of North Abu Qir Company for Agricultural Nutrients was held.
 - On January 2, 2024, a memorandum of understanding was signed between North Abu Qir Company for Agricultural Nutrients, 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	31/3/2024	30/06/2023
			<u>EGP</u>	<u>EGP</u>
Alexandria Fertilizers Company	15%	US dollars	6 176 215 139	3 571 838 696
Helwan Fertilizers Company	17%	US dollars	5 983 586 968	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
			12 207 278 607	6 400 341 228

- 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 6.18 billion representing 100% of the company's share which is 15% of the issued capital of the company amounting to USD 149.250 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 5.98 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

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
letter of guarantees against treasury bills	413 795 019	395 188 663
	413 795 019	395 188 663
Expected credit losses (35)	-	(8 423 533)
	413 795 019	386 765 130

- 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

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Raw material	360 771 925	338 735 952
Oils and fuels	10 013 988	11 098 480
Spare parts	1 061 202 142	863 820 794
Packing	51 305 450	29 499 199
Wastes	1 270 379	1 875 058
Finished goods at cost	359 298 330	337 342 440
Work in process at cost	75 420 136	112 841 105
Inventory held at third party	192 122 675	142 526 744
Letter of credits	273 049 105	169 741 742
	<u>2 384 454 130</u>	<u>2 007 481 514</u>

11- Trade and notes receivable

	Note no.	31/3/2024	30/06/2023
		<u>EGP</u>	<u>EGP</u>
Trade receivable		198 378 764	259 699 863
Notes receivable		834 192	693 100
		<u>199 212 956</u>	<u>260 392 963</u>
Expected credit losses	(35)	(2 587 194)	(3 350 289)
		<u>196 625 762</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>	31/3/2024	30/06/2023
		<u>EGP</u>	<u>EGP</u>
Alexandria Fertilizers Company	Services / distribution	704 831 738	465 599 113
Helwan Fertilizers Company	Services / distribution	663 794 788	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	92 177	-
		<u>1 368 718 703</u>	<u>1 055 632 913</u>



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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

C- Transactions balances from other debit.

Due from related parties

	Note no.	31/3/2024	30/06/2023
		<u>EGP</u>	<u>EGP</u>
Alexandria Fertilizers Company	-	681 317 077	2 727 284
Helwan Fertilizers Company		624 321 668	-
Global Company for Methanol and Derivatives		-	4 437 034
North Abu Qir Company for Agricultural Nutrients		3 440 652	3 348 475
		<u>1 309 079 397</u>	<u>10 512 793</u>
Expected Credit losses	(35)	(49 749 997)	(401 690)
		<u>1 259 329 400</u>	<u>10 111 103</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 and Helwan Fertilizers Company.

13- Suppliers – Advance payments

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Suppliers - public sector	3 551 841	2 178 274
Suppliers - private sector	26 331 873	26 396 939
Suppliers - foreign sector	29 486 755	17 267 225
	<u>59 370 469</u>	<u>45 842 438</u>



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14- Debtors and other debit balances

	Note no.	31/3/2024 <u>EGP</u>	30/06/2023 <u>EGP</u>
Retentions with others		13 014 141	12 455 798
Employees loans and Installments		152 454	739 972
Tax Authority (Settlements)		-	18 968 918
Sales tax		95 416 599	84 100 579
Custom Authority (Trusts)		1 757 402	404 202
Property tax		2 424 000	2 424 000
Salary tax (Sport activities)		-	401 534
Withholding tax		28 940 728	31 327 215
Custom Authority (Current)		15 282 281	33 902 927
Sales tax		-	1 991 436
Accrued interests		55 255 817	65 948 512
Environmental and infrastructure debit balances		12 274 032	11 112 722
Employees pension debit balances (family healthcare - employee services)		407 697 694	62 364 993
Social and sport activities debit balances		373 837 354	196 618 132
Burj El Arab Project		28 342 704	14 690 803
Residential city assets		24 569 340	24 569 340
Prepaid expenses		2 471 135	1 451 256
Petty cash		4 868 671	-
Employees loans		21 722 576	21 798 616
Estimated consumption of platinum		4 618 352	89 548 864
Other debit balances		2 673 471	700 877
		1 095 318 751	675 520 696
Expected credit losses	(35)	(8 164 015)	(4 548 312)
		1 087 154 736	670 972 384

- Debtors and other debit balances included an amount of EGP 782 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 244 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.	31/3/2024 <u>EGP</u>	30/06/2023 <u>EGP</u>
Nominal value		2 393 511 626	6 054 026 050
Add: accrued revenues		133 435 872	716 042 618
Deduct: Treasury bills accrued tax		(26 687 174)	(446 117 292)
		<u>2 500 260 324</u>	<u>6 323 951 376</u>
Expected credit losses	(35)	-	(72 610 846)
		<u>2 500 260 324</u>	<u>6 251 340 530</u>

16- Cash and cash equivalents

		31/3/2024 <u>EGP</u>	30/06/2023 <u>EGP</u>
Banks - current accounts		317 477 425	154 071 558
Time Deposits		20 370 308 797	17 291 570 120
Cash on hand		338 110	159 559
		<u>20 688 124 332</u>	<u>17 445 801 237</u>
Expected credit losses	(35)	(182 756 466)	(45 374 579)
Cash at banks		<u>20 505 367 866</u>	<u>17 400 426 658</u>
Deduct:			
Restricted deposits and cash covered against letter of guarantees and letter of credits		<u>(1 337 566 910)</u>	<u>(924 713 325)</u>
Cash and cash equivalent for cash flow workings		<u>(19 167 800 956)</u>	<u>16 475 713 333</u>

- Short-term deposits are dominated in USD to pay the company's current obligations in foreign currency.
- Within the cash accounts on 31/3/2024 (time deposits) restricted at the Banque de Caire with an amount equals to USD 59 thousand, the Ebank with an amount equals to USD 20 M, and Qatar National Bank with an amount equals to of USD 8 M against letter of credits.

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	271 573 655	407 360 483
Saudi Egyptian Investment Company	Saudi Arabia	20.40	257 405 245	386 107 867
Egyptian General Petroleum Corporation	Egyptian	19.11	241 153 540	361 730 310
Nasser Social Bank	Egyptian	5.90	74 477 970	111 716 955
Holding Company for Chemical Industries	Egyptian	5.47	69 055 673	103 583 509
Union of shareholder Employee	Egyptian	5.03	63 500 000	95 250 000
Investment Funds and Individuals	Multinational	22.57	284 709 637	427 064 456
		<u>100%</u>	<u>1 261 875 720</u>	<u>1 892 813 580</u>



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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

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.

	<u>31/3/2024</u>	<u>30/06/2023</u>
	<u>EGP</u>	<u>EGP</u>
Legal reserve	946 406 790	946 406 790
	946 406 790	946 406 790

19- Other reserves

	<u>31/3/2024</u>	<u>30/06/2023</u>
	<u>EGP</u>	<u>EGP</u>
Expansions reserve	5 800 000 000	5 800 000 000
Other reserves	47 582 575	22 733 403
	5 847 582 575	5 822 733 403

20- Other comprehensive income

	<u>31/3/2024</u>	<u>30/06/2023</u>
	<u>EGP</u>	<u>EGP</u>
<u>Revaluation of investments at fair value through OCI</u>		
Alexandria Fertilizers Company	4 681 235 078	2 662 843 334
Helwan Fertilizers Company	4 515 147 650	2 033 162 925
	9 196 382 728	4 696 006 259

The company assigned Baker Tilly to conduct a fair value assessment of its investments in Alexandria Fertilizers Company and Helwan Fertilizers Company on March 31, 2024. Necessary adjustments were made based on the study's results regarding the fair value determination of both companies. The income and market approaches were utilized in the valuation process, leading to the estimated 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, 2023, and considering the exchange rate on the date of preparation of the company's financial position on March 31, 2024.

The company assigned Baker Tilly to conduct a fair value assessment of its investments in Wadi Phosphate Industries and Abu Tartur for Phosphoric Acid on March 31, 2024. The study concluded that due to the absence of a future plan for both companies that could be relied upon for evaluation using either the discounted cash flow method or the multiples method, as neither company had commenced operations as of the valuation date, the book value for both companies as per December 31, 2023 financial statements represents their value as of March 31, 2024.



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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

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

21- Retained earnings

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Retained earnings - beginning balance	14 590 978 491	11 379 730 145
Add (Deduct):		
Adjustments for previous years	-	(127 359 092)
Transfer to reserve	(24 849 172)	(6 041 275 261)
Dividends	(2 413 565 941)	(1 474 715 413)
Shareholders dividends	(8 833 130 040)	(3 785 627 160)
Net profit for the period	12 142 493 846	14 640 225 272
Retained earnings – ending balance	<u>15 461 927 184</u>	<u>14 590 978 491</u>

The balance of retained earnings on 31/3/2024 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

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Beginning balance	179 038 073	338 235 399
Provision formed during the period	38 224 276	-
Provision no longer required	(230 549)	(154 009 787)
Provision used during the period	(118 859)	(5187 539)
Ending balance as at 31/3/2024	<u>216 912 941</u>	<u>179 038 073</u>

B- Current provisions

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Beginning balance	4 465 931	9 600 000
Provision formed during the period	7 418 001	4 764 398
Provision no longer required	(4 388 138)	(1 739 807)
Provision used during the period	-	(8 158 660)
Ending balance as at 31/3/2024	<u>7 495 794</u>	<u>4 465 931</u>

The addition to provisions during the period amounting to EGP 45 642 thousand are consist of:

- Increase the provision for the corporate tax in light of the study prepared for this purpose, with an amount of 28 287 thousand pounds.
- Increase the provision for value-added tax in light of the study prepared for this purpose, with an amount of 9 937 thousand pounds.
- Increase the provision for ordinary cases in lawsuit No. 178/2021, concerning a claim alleging non-delivery of urea for the benefit of BG ANTI, with an amount of 7 418 thousand pounds



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

Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

Provisions no longer required during the period amounting to EGP 4 738 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 4,388 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

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Fixed assets and other assets	161 069 193	156 887 377
Investments fair value adjustments	2 669 917 566	1 363 356 656
Foreign currency exchange differences	1 310 527 244	-
Deduct:		
Expected credit losses	(54 732 976)	(30 309 581)
Provisions	(50 491 965)	(41 288 401)
	4 036 289 062	1 448 646 051

24- Trade and notes payables

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Suppliers - public sector	27 767 042	13 767 457
Suppliers - private sector	48 514 264	17 312 028
Suppliers - foreign sector	11 543 923	10 098 897
	87 825 229	41 178 382
Note payable	95 421	-
	87 920 650	41 178 382

25- Due to Related Parties

A- Related parties:

Helwan Fertilizers Company	Major shareholder by 17 %
- 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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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

B-Related parties transactions

The following is a summary of transactions with related parties:

<u>Description</u>	<u>Nature of transactions</u>	<u>31/3/2024</u> <u>EGP</u>	<u>30/06/2023</u> <u>EGP</u>
Shareholders employees' union	Payment of employees dues	338 589 619	146 277 951
Egyptian Natural Gas GASCO – Petro trade	Gas supply	5 237 054 245	6 983 591 092
		<u>5 575 643 864</u>	<u>7 129 869 043</u>

C-Transactions balances

Due to related parties

	<u>31/3/2024</u> <u>EGP</u>	<u>30/06/2023</u> <u>EGP</u>
Helwan Fertilizers Company	27 133 928	-
Global Company for Methanol and Derivatives	-	3 592 265
Shareholders employees' union	2 094 278	1 220 928
Egyptian Natural Gas GASCO – Petro trade	746 487 944	541 174 400
	<u>775 716 150</u>	<u>545 987 593</u>

- 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 to 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>31/3/2024</u> <u>EGP</u>	<u>30/06/2023</u> <u>EGP</u>
Customers - public sector	1 615 599	1 900 583
Customers - private sector	19 790 829	53 692 766
Customers - foreign sector	482 787 405	156 107 433
	<u>504 193 833</u>	<u>211 700 782</u>



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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

27- Creditors and other credit balances

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Insurance	27 364 384	23 765 693
Salary tax	11 740 141	70 471 598
Industrial, commercial and stamp tax	2 386 689	2 101 291
Value added tax	18 907 247	3 124 038
Accrued social insurance	21 177 263	17 012 909
Distributors	802 406	1 271 633
Fixed assets purchases	3 781 518	18 617 655
Comprehensive health insurance fund	56 358 320	68 790 323
Training and rehabilitation fund	617 830 449	350257869
Sales tax related to the dispute of letters of credit for Abu Qir plant (3)	53 484 950	53 484 950
Employees fund	525 130 679	143 096 125
Social and sports activities	548 864 778	184 411 750
Accrued wages and trusts	145 213 351	283 981 410
Burj Al Arab	29 412 557	16 379 214
Cars and housing loans	13 567 114	22 281 029
Carbon Corporation and Environmental Fund deposits	5 249 267	5 110 469
Environmental and infrastructure deposits	11 635 879	10 211 303
Credit balance (employees) retention from employees	12 735 122	28 719 527
MOPCO fertilizer company	39 614 374	-
Residential city assets	24 569 340	24 569 340
Other credit balances	38 565 102	52 164 790
Total	<u>2 208 390 930</u>	<u>1 379 822 916</u>

28- Current Income Tax

	31/3/2024	30/06/2023
	<u>EGP</u>	<u>EGP</u>
Current income tax	1 571 723 167	3 530 527 047
Disputes with tax authority	32 522 755	-
Tax advances	(49 865 650)	(17 342 895)
	<u>1 554 380 272</u>	<u>3 513 184 152</u>



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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

29- Operating Revenue

	From July 1 2023 to March 31 2024	From January 1 2024 to March 31 2024	From July 1 2022 to March 31 2023	From January 1 2023 to March 31 2023
Urea sales	4 965 775 583	1 961 141 472	5 378 021 571	1 868 505 206
Nitrate sales	3 010 142 149	978 212 086	2 711 110 172	876 261 038
Granulated urea sales	5 375 637 755	2 151 684 387	7 513 901 896	2 708 111 507
Ammonia sales	554 755 609	274 381 328	1 667 557 063	608 006 665
Plastic bags sales	1 825 000	1 825 000	-	-
Sales Revenue	13 908 136 096	5 367 244 273	17 270 590 702	6 060 884 416
Revenue from operating to others	287 427	115 000	36 000	(74 500)
Services revenue	148 111 832	60 989 373	44 027 066	9 362 379
Wastes revenue	4 264 256	1 733 291	3 218 273	1 024 805
Deduct:				
Sale of casual products	(19 152 334)	(4 491 878)	(16 983 651)	(4 497 219)
	14 041 647 277	5 425 590 059	17 300 888 390	6 066 699 881

The Ministry during meeting number 170 on November 24, 2021, decided to mandate the company to deliver 55% of its production to the Ministry of Agriculture at a selling price of 4500 EGP per ton, the price no including transportation costs. Additionally, 10% of the production to the local market at the market price. The decision also not allowed companies from exporting except upon receipt of an official letter from the Ministry of Agriculture confirming the company's commitment to supply its share to the Ministry of Agriculture and the local market according to the decision.

30- Cost of sales

	From July 1, 2023, to March 31 2024	From January 1, 2024, to March 31 2024	From July 1, 2022, to March 31 2023	From January 1, 2023, to March 31 2023
Materials and supplies	6 017 014 052	2 222 888 649	5 838 923 966	1 985 387 984
Salaries and wages	865 291 074	362 428 958	626 671 510	271 061 904
Depreciation	74 204 438	25 112 902	79 541 476	26 300 197
Othe operating cost	139 174 636	41 322 747	107 455 970	41 661 815
Change in inventory (Finished goods)	(21 955 890)	118 988 476	(79 134 160)	208 294 864
Change in inventory (work in progress)	37 420 968	16 113 991	(77 841 349)	(10 013 911)
Deduct:				
Sale of by products	(19 152 334)	(4 491 878)	(16 983 651)	(4 497 219)
	7 091 996 945	2 782 363 845	6 478 633 762	2 518 195 634



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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

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

31- Other income

	From July 1 2023 to March 31 2024	From January 1 2024 to March 31 2024	From July 1 2022 to March 31 2023	From January 1 2023 to March 31 2023
Rent	16 119 772	5 576 562	10 310 485	3 543 116
Capital gain	612	612 000	24 849 172	24 426 620
Compensation and penalties	4 709 577	1 456 132	603 787	88 326
Provision no longer required	4 618 687	-	54 458 656	54 241 056
Wastes gain	7 601 637	658 415	2 601 673	209 657
Other Revenues	83 995 973	83 670 274	49 571 954	49 529 546
	117 657 646	91 973 383	142 395 727	132 038 321

32- Sales and marketing expenses

	From July 1 2023 to March 31 2024	From January 1 2024 to March 31 2024	From July 1 2022 to March 31 2023	From January 1 2023 to March 31 2023
Salaries and wages	243 820 923	87 601 868	169 607 422	71 404 338
Packing accessories	189 599 696	69 168 560	107 879 805	41 057 613
Depreciation	3 924 385	1 070 960	3 569 852	1 170 779
Other selling and marketing expenses	278 680 176	113 327 911	157 072 905	61 057 906
	716 025 180	271 169 299	438 129 984	174 690 636

33- General and administrative expenses

	From July 1 2023 to March 31 2024	From January 1 2024 to March 31 2024	From July 1 2022 to March 31 2023	From January 1 2023 to March 31 2023
Salaries and wages	121 778 777	45 165 698	99 872 366	41 810 461
Depreciation	5 198 434	2 651 948	5 742 129	1 956 704
Chairman and board of directors allowances	7 585 329	2 421 720	4 580 750	1 694 333
Social contribution	56 358 320	30 874 259	56 424 048	22 331 318
Training and rehabilitation fund	121 418 818	81 215 697	129 338 728	57 000 034
Employees club	192 199 982	127 740 264	204 727 987	88 931 868
Other	85 038 873	30 027 327	40 463 243	12 899 310
	589 578 534	320 096 913	541 149 251	226 624 028



34- Other expenses

	From July 1 2023 to March 31 2024	From January 1 2024 to March 31 2024	From July 1 2022 to March 31 2023	From January 1 2023 to March 31 2023
Donations	10 096 727	4 767 591	7 281 178	2 484 603
Capital losses	207 891	17 183	1 105 295	-
Compensations	4 962 800	30 000	-	-
Other provisions	45 642 278	41 642 278	4 764 398	-
Other	353 208	313	3 601	3 601
	61 262 904	46 457 365	13 154 472	2 488 204

35- Expected credit losses

EGP	01/07/2023	Formed	Used	Provision no longer required	31/4/2024
Cash and cash equivalent	45 374 579	152 087 181	-	(14 705 293)	182 756 466
Accounts and notes receivables	3 350 289	619 981	-	(1 383 076)	2 587 194
Debtors and other debit balances	4 548 312	8 293 553	-	(4 677 850)	8 164 015
Due from related parties	401 690	49 412 149	-	(63 841)	49 749 998
Treasury bills	72 610 846	-	-	(72 610 846)	-
Other financial assets	8 423 533	-	-	(8 423 533)	-
	134 709 249	210 412 864	-	(101 864 440)	243 257 673

The company assigned the task of studying and determining the value of expected credit losses for its assets as of 31/03/2024 to Baker Tilly. Necessary adjustments were made in light of the study results regarding the determination of the expected credit losses:

- The simplified approach was used to measure credit risk for customer facilities and receivables by categorizing customers into groups with similar characteristics and determining the historical period used to calculate the loss rate between two and five years. The loss rate was determined based on historical data while considering expected changes in economic indicators (growth rate, inflation rate and unemployment rate) and then the expected credit losses were calculated by multiplying the (loss given default x Balance exposure to risk x The probability of default)
- The general approach was used to calculate the expected losses related to the company's investments in deposits, current accounts, and other financial assets using external ratings from institutions as per the Central Bank's credit risk management instructions. Future data was also used to determine whether there was a significant increase in credit risk for financial assets by using some macroeconomic indicators (GDP growth rate, annual inflation rate, unemployment rate) under three scenarios (base, best, worst) in line with Egyptian Accounting Standard No. 47. The methodology for calculating expected credit losses also referenced the Basel explanatory note on the internal ratings-based approach and risk weights.



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- It was considered that the loss rate for government debt instruments and deposits for one month or less in Egyptian pounds was zero from 28/11/2023, according to the Prime Minister's decision in this regard. The credit loss rate was used when measuring credit losses for other receivables and amounts due from related parties at 45%.
- The company excluded government debt instruments issued by the Egyptian government in local currency (treasury bills) as well as current accounts and local currency deposits with banks operating in Egypt with a maturity of one month or less from the financial statement date from the recognition and measurement of expected credit losses.

36- Investment income

	From July 1 2023 to March 31 2024	From January 1 2024 to March 31 2024	From July 1 2022 to March 31 2023	From January 1 2023 to March 31 2023
Alexandria fertilizer company	708 115 500	708 115 500	461 250 000	461 250 000
Halwan fertilizer company	693 690 743	693 690 743	521 560 000	521 560 000
	1 401 806 243	1 401 806 243	982 810 000	982 810 000

37- Finance income

	From July 1 2023 to March 31 2024	From January 1 2024 to March 31 2024	From July 1 2022 to March 31 2023	From January 1 2023 to March 31 2023
Interest income	785 724 959	278 297 039	360 208 316	185 578 563
Return on investments at amortized cost	1 208 290 120	202 267 360	912 160 096	271 381 934
	1 994 015 079	480 564 399	1 272 368 412	456 960 497

38- Finance cost

	From July 1 2023 to March 31 2024	From January 1 2024 to March 31 2024	From July 1 2022 to March 31 2023	From January 1 2023 to March 31 2023
Bank charges	751 797	260 506	404 649	207 448
Letter of guarantees commission	206 546	69 523	209 512	70 466
Foreign currency hedge commission	153 512	42 675	94 014	14 174
Interests	-	-	11 632 317	3 134
	1 111 855	372 704	12 340 492	295 222



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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

39- Foreign currency exchange gains

	From July 1 2023 to March 31 2024	From January 1 2024 to March 31 2024	From July 1 2022 to March 31 2023	From January 1 2023 to March 31 2023
Unrealized Foreign currency exchange gain	5 824 565 529	5 827 322 231	3 678 787 399	2 117 693 494
Realized Foreign currency exchange gain	565 442 653	531 010 259	175 179 430	159 135 630
	6 390 008 182	6 358 332 490	3 853 966 829	2 276 829 124

On March 6, 2024, the Central Bank of Egypt decided to raise the overnight deposit and lending rates by 600 basis points to reach 27.25% and 28.25%, respectively. Also, the credit and discount rate were raised by also 600 points to reach 27.75% with allowing the use of a flexible exchange rate driven by market mechanisms, as a result the company currency exchange gains on March 7, 2024, amounting to EGP 7 260 million. This gain represents the difference between the rate at the date of decision at (EGP 49.43 per USD, EGP 53.72 per EUR) and the rate before the decision (EGP 30.83 per USD, EGP 33.45 per EUR). Subsequent exchange rate movements led to a final impact on the income statement as of March 31, 2024, amounting to EGP 6,390 million.

40- Income taxes

<u>Current income taxes</u>	From July 1, 2023, to March 31 2024	From January 1, 2024, to March 31 2024	From July 1, 2022, to March 31 2023	From January 1, 2023, to March 31 2023
Current income tax	1 571 723 168	641 147 423	3 160 608 647	1 261 312 965
Tax on dividends received	140 180 624	140 180 624	98 281 000	98 281 000
Special tax base (treasury bills)	241 658 024	40 453 472	182 432 019	54 276 387
Tax settlements	(527 176)	-	262 813	-
Total Current taxes	1 953 034 640	821 781 519	3 441 584 479	1 413 870 352



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<u>Current income taxes</u>	<u>From July 1 2023 to March 31 2024</u>	<u>From January 1 2024 to March 31 2024</u>	<u>From July 1 2022 to March 31 2023</u>	<u>From January 1 2023 to March 31 2023</u>
Fixed assets and other assets	4 181 817	633 632	2 781 622	675 605
Foreign currency exchange differences	1 310 527 244	1 311 147 502	-	-
Investments fair value adjustments	1 306 560 910	999 630 930	598 895 442	304 192 931
Other comprehensive income deferred tax	(1 306 560 910)	(999 630 930)	(598 895 442)	(304 192 931)
Provisions formed deferred tax	(9 203 565)	(9 369 513)	14 188 320	13 375 651
Expected credit losses deferred tax	(24 423 395)	(26 541 749)	(20 729 516)	299 571
Deferred income taxes	1 281 082 101	1 275 869 872	(3 759 574)	14 350 827
Income tax at income statement	3 234 116 740	2 097 651 390	3 437 824 905	1 428 221 179

Effective tax rate as of March 31 2024

Profit before income tax	15 376 610 587	15 976 890 215
Income tax "22.5%"	3 459 737 382	3 594 800 298
Non-deductible expenses	68 328 246	38 387 553
Revenue exempted from tax	(1 956 342 461)	(472 579 205)
Tax on dividend received	140 180 624	98 281 000
Special tax base (treasury bills)	241 658 024	182 432 019
Tax differences	(527 176)	262 813
Deferred tax	1 281 082 101	(3 759 574)
Current income tax	3 234 116 740	3 437 824 905
Effective income tax rate	%21.03	%21.52

41- Basic and diluted earnings Per Share

	<u>From July 1 2023 to March 31 2024</u>	<u>From January 1 2024 to March 31 2024</u>	<u>From July 1 2022 to March 31 2023</u>	<u>From January 1 2023 to March 31 2023</u>
Net profit after tax	12 142 493 845	8 122 181 727	12 539 065 310	5 566 154 343
Deduct:				
Employees dividends	(1 694 613 458)	(1 135 269 762)	(1 747 265 259)	(774 266 881)
Board of directors dividends	(37 500 000)	(12 500 000)	(33 750 000)	(11 250 000)
Shareholders profit share	10 410 380 387	6 974 411 965	10 758 050 051	4 780 637 462
Number of issued shares	1 261 875 720	1 261 875 720	1 261 875 720	1 261 875 720
Basic and diluted earnings Per Share	8.25	5.53	8.53	3.79



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42- Tax Position

Corporate Tax

- a- For the year 2014/2015 company's accounts were inspected by tax authority.
- b- For the years 2015/2018 the dispute of tax inspection is in progress.
- c- For the years 2018/2020 company's accounts were inspected by tax authority .
- d- 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 to the settlement.

Payroll tax

Company was inspected by Tax Authority to year 2019.

Sales Tax

- a- For periods from January 1994 to 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.
- b- For the period from July 2005 to December 2009, tax disputes are in front of Administrative Judiciary.
- c- Company's accounts were inspected by tax authority to 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

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

Stamp tax

The company was inspected by tax authority to year 2019/2020.

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 to 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 to 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.
- d- The company assigned the provision study on March 31st, 2024, to the Abani and Partners office (the company's tax advisor), and necessary settlements were made based on the study prepared for this purpose.



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43- 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, to December 1, 2012, 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 Board of Directors of Abu Qir Fertilizers Company, made decision number 108 dated April 30, 2024, approved an amicable settlement of the legal dispute regarding the increased price of gas supply and the associated interest and delay penalties. The Chairman and Managing Director have been authorized to sign the agreement, and the remaining procedures are currently being finalized.

44- Contingent liabilities

44-1 The capital commitments and contracts that have not yet been executed as of March 31, 2024, as following:

- Auxiliary HP Boiler Replacement for AFC (1) Amount: 10 000 EUR
- Project Number (39) 2022/2021 SAP Operating System and Application Licenses Amounts: 3 232 USD and 6 126 EGP
- Various Supply Orders Amounts: 2 000 000 EUR, 10 000 000 USD and 90 000 EGP

44-2 The unpaid portion of the capital invested in companies:

	Investment currency	%	Contribution value in the investment currency	Paid amount in the investment currency	Not paid amount in the investment currency	Not paid amount EGP
Global Company for Methanol and Derivatives	USD	35%	70 000 000	700 000	63 000 000	2 970 254 700
North Abu Qir Company for Agricultural Nutrients	EGP	45%	112 500 000	112 500 000	337 500 000	337 500 000
Abu Tartur for Phosphoric Acid Company	USD	9.5%	950 000	475 000	475 000	22 394 777
						3 330 149 477

44-3 The letters of guarantee held by banks for the benefit of others as of March 31, 2024, amounted to EGP 332 million. These are covered by treasury bills with a value of EGP 497 million.



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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

45- 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	1 078 381 816	192 497 986	425 548 851	4 649 571	85 068 640	-	1 786 146 864
Unassigned segments assets	-	-	-	-	-	40 950 265 624	40 950 265 624
Total assets	1 078 381 816	192 497 986	425 548 851	4 649 571	85 068 640	40 950 265 624	42 736 412 488
Operating segments liabilities	-	-	-	-	-	9 391 299 631	9 391 299 631
Total liabilities	-	-	-	-	-	9 391 299 631	9 391 299 631



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Second: Operating segments - net profit of the period:

Description	(Amounts in thousand)					Total	
	Abu QirPlant(1)	Abu QirPlant(2)	Abu QirPlant(3)	Ammonia	Plastic Bags		Other
Sales / operating revenue	5 095 022 509	3 014 406 404	5 375 637 755	554 755 609	1 825 000	-	14 041 647 277
Costs goods sold	(2 258 406 664)	(2 138 110 113)	(2 406 639 114)	(287 721 076)	(1 119 977)	-	(7 091 996 944)
Sector's gross profit	2 836 615 845	876 296 291	2 968 998 641	267 034 533	705 023	-	6 949 650 333
Other revenues	-	-	-	-	-	117 657 646	117 657 646
Selling and marketing expenses	(179 276 369)	(326 098 670)	(185 438 039)	(25 212 102)	-	-	(716 025 179)
General and administrative expenses	(162 874 374)	(242 141 753)	(184 562 408)	-	-	-	(589 578 535)
Other expenses	-	-	-	-	-	(61 262 904)	(61 262 904)
Expected credit losses	-	-	-	-	-	(108 548 424)	(108 548 424)
Finance income	-	-	-	-	-	1 994 015 079	1 994 015 079
Operating profit	2 494 465 102	308 055 869	2 598 998 194	241 822 432	705 023	1 941 861 396	7 585 908 016
Investment income	-	-	-	-	-	1 401 806 243	1 401 806 243
Finance cost	-	-	-	-	-	(1 111 855)	(1 111 855)
Foreign currency differences gains / (losses)	-	-	-	-	-	6 390 008 182	6 390 008 182
Net profit for the period before tax	2 494 465 102	308 055 869	2 598 998 194	241 822 432	705 023	9 732 563 968	15 376 610 586
Income tax for the period	(524 653 421)	(64 792 474)	(546 639 555)	(50 861 792)	(148 285)	(2 047 021 213)	(3 234 116 740)
Net profit for the period	1 969 811 681	243 263 395	2 052 358 639	190 960 639	556 737	7 685 542 755	12 142 493 846

- 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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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

46- The comparative figures have been restated and reclassified to be consistent with the presentation of the financial statements as at 31/3/2024.

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

<u>Description</u>	As previously issued	Reclassification	Restatement	Balances after reclassification and restatement
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Assets				
<u>Non-current assets</u>				
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
Total non-current assets	8 107 643 823	530 524 812	(8 423 533)	8 629 745 102
<u>Current assets</u>				
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)	670 972 383
Investment in financial assets at amortized cost (treasury bills)	6 719 140 040	(395 188 663)	(72 610 847)	6 251 340 530
Cash and cash equivalents	17 445 801 237	-	(45 374 579)	17 400 426 658
Total current assets	27 317 370 724	(547 867 706)	(126 285 717)	26 643 217 300
Total assets	35 425 014 547	(17 342 894)	(134 709 250)	35 272 962 402
<u>Equity</u>				
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 of the year	14 640 225 272	(14 640 225 272)	-	-
Total equity	29 375 406 446	-	(1 426 467 923)	27 948 938 523
<u>Liabilities</u>				
<u>Non-current liabilities</u>				
Provisions	179 038 073	-	-	179 038 073
Deferred tax liabilities	156 887 377	-	1 291 758 674	1 448 646 051
Total non-current liabilities	335 925 450	-	1 291 758 674	1 627 684 124
<u>Current liabilities</u>				
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
Total current liabilities	5 713 682 651	(17 342 895)	-	5 696 339 755
Total equity & liabilities	35 425 014 547	(17 342 895)	-	35 272 962 402



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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

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 5.823M.

Adjusting the comparative numbers to be consistent with the presentation of the financial statements on 31/03/2024

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.



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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

*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 issued</u>	<u>Reclassification</u>	<u>Restatement</u>	<u>Balances after reclassification and restatement</u>
<u>Assets</u>				
<u>Non-current assets</u>				
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 fair value	4 223 109 325	(10 948 000)	-	4 212 161 325
Other financial assets	-	474 840 190	(719 578)	474 120 612
Total non-current assets	5 738 714 873	606 449 094	(719 578)	6 344 444 388
<u>Current assets</u>				
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 amortized cost	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
Total current assets	16 633 758 989	(617 391 918)	(16 139 656)	16 000 227 414
Total assets	22 372 473 861	(10 942 824)	(16 859 234)	22 344 671 802
<u>Equity</u>				
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)	-	-
Total equity	17 806 394 611	-	(805 819 120)	17 000 575 492
<u>Liabilities</u>				
<u>Non-current liabilities</u>				
Provisions	338 235 399	-	-	338 235 399
Deferred tax liabilities	153 713 122	-	788 959 876	942 673 008
Total non-current liabilities	491 948 522	-	788 959 876	1 280 908 407
<u>Current liabilities</u>				
Trade and notes payables	-	29 095 620	-	29 095 620
Due to related parties	-	518 102 100	-	518 102 100
Customers advance payment - contract liability	-	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
Total current liabilities	4 074 130 728	(10 942 824)	-	4 063 187 904
Total equity & liabilities	22 372 473 861	(10 942 824)	(16 859 234)	22 344 671 802



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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

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 31/3/2024

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 deferred tax liability 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 March 31, 2024

The effect of reclassifications and restatements the income statement on 31/3/2023:

<u>Description</u>	As previously issued	Reclassification	Restatement	Balances after reclassification and restatement
Sales / Operating revenue	17 300 888 390	-	-	17 300 888 390
Cost of sales	(6 478 633 762)	-	-	(6 478 633 762)
Gross profit	10 822 254 628	-	-	10 822 254 628
Other income	63 087 899	79 307 828	-	142 395 727
Selling & marketing expenses	(438 129 984)	-	-	(438 129 984)
General & administrative expenses	(216 180 785)	9 098 249	(334 066 715)	(541 149 251)
Other expenses	-	(13 154 472)	-	(13 154 472)
Capital gain	24 849 172	(24 849 172)	-	-
Expected credit losses expense	-	-	(92 131 181)	(92 131 181)
Provisions formed	(4 764 398)	4 764 398	-	-
Provisions no longer required	54 458 656	(54 458 656)	-	-
Operating gain	10 305 575 188	708 175	(426 197 896)	9 880 085 467
Financing income:				
Investment income	982 810 000	-	-	982 810 000
Finance income	-	1 272 368 412	-	1 272 368 412
Finance costs	(11 632 317)	(708 175)	-	(12 340 493)
Foreign currency exchange gains / (Losses)	3 853 966 829	-	-	3 853 966 829
Credit interest	360 208 316	(360 208 316)	-	-
Treasury bills income	912 160 096	(912 160 096)	-	-
Net financing income	5 114 702 924	(708 175)	-	5 113 994 748
Net profit for the year before income tax	16 403 088 112	-	(426 197 896)	15 976 890 215
Income tax	(3 444 366 101)	-	6 541 196	(3 437 824 905)
Net profit for the year after income tax	12 958 722 011	-	(419 656 700)	12 539 065 310
Basic and diluted earnings per share	8.58	-	(0.05)	8.53

- 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 31/3/2023.
- 2- The income statement on 31/3/2023 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 31/3/2023 has been amended with both the Training and Rehabilitation Fund share and the sports and social activity share.



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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

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

The effect of reclassifications and restatements on the statement of cash flows on 31/3/2023:

<u>Description</u>	<u>As previously issued</u>	<u>Reclassification</u>	<u>Restatement</u>	<u>Balances after reclassification and restatement</u>
<u>First: Cash flows from operating activities:</u>				
Proceeds from trade receivables	17 629 812 545	-	-	17 629 812 545
Cash purchases and payments to trade payables	(6 515 878 193)	-	-	(6 515 878 193)
Paid salaries and wages	(797 771 225)	-	-	(797 771 225)
Paid taxes and fees	(2 562 242 159)	-	-	(2 562 242 159)
Credit interest	299 033 135	(299 033 135)	-	-
Other proceeds	364 532 097	-	-	364 532 097
Other payments	(786 070 524)	-	-	(786 070 524)
Employees and Board of directors' dividends paid	-	(1 411 830 286)	-	(1 411 830 286)
Net cash flows (used in) / provided from operating activities no. (1)	7 631 415 676	(1 710 863 421)	-	5 920 552 256
<u>Second: Cash flows from investing activities:</u>				
Payments for purchase of fixed assets (projects under construction)	(122 899 152)	-	-	(122 899 152)
Proceeds from investments in other entities	120 273 800	-	-	120 273 800
Payments from investments in other entities	(11 260 500)	-	-	(11 260 500)
Proceeds from sale of fixed assets	24 999 529	-	-	24 999 529
Payments for financial assets at amortized cost	(8 639 225 869)	-	-	(8 639 225 869)
Proceeds from financial assets at amortized cost	13 410 734 908	-	-	13 410 734 908
Return on financial assets at amortized cost	929 432 074	-	-	929 432 074
Credit interest	-	299 033 135	-	299 033 135
Net cash flows provided from investing activities no. (2)	5 610 710 291	299 033 135	-	5 909 743 425
<u>Cash flows from financing activities:</u>				
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)	1 411 830 286	-	(3 241 499 547)
Net cash flows (used in) financing activities no. (3)	(4 653 329 833)	1 411 830 286	-	(3 241 499 547)
Net (decrease)/ increase in cash and cash equivalents (1) + (2) + (3)	8 588 796 134	-	-	8 588 796 134
Cash & cash equivalent at the beginning of the year	2 933 798 595	-	-	2 933 798 595
Foreign currency exchange differences effect	4 000 521 099	-	-	4 000 521 099
Expected credit losses	-	-	(108 990 415)	(108 990 415)
Cash at banks	15 523 115 828	-	(108 990 415)	15 414 125 413
<u>Deduct:</u>				
Restricted deposits and cash covered against letter of guarantees and letter of credits	-	-	(839 875 825)	(839 875 825)
Cash & cash equivalent available at the end of the period	15 523 115 828	-	(948 866 240)	14 574 249 588



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Notes to the Interim Separate Financial Statements for the Financial Period Ended March 31, 2024

- 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.