



شركة أبو قير للأسمدة والصناعات الكيماوية

Alexandria, August 29, 2023

To: EGX
Disclosure Department

Dear Sir,

**Subject: Financial Statements together with Auditor's Review Report for the
Year Ended June 30, 2023**

Kindly find attached:-

- Financial Statements for the year ended June 30, 2023 and related explanatory notes to the financial statements.
- Auditor's review report for the year ended June 30, 2023.

Yours faithfully ,

Mr. Khaled Moustafa Sokkar

Head,
Financial Affairs Sectors

Ms. Nervana Sabbah Oraby

General Manager,
Investor Relations & Media



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



مكتب الأسكندرية: ٩٥ طريق ٢٦ يوليو - برج السلسلة
تليفون: ٠٣/٤٨٧٩٩١١ - ٠٣/٤٨٧٢٢٩
مكتب القاهرة: ٥ شارع شريف الصغير
تليفون وفاكس: ٠٢/٢٣٩٤١٧٦

تليفون: ٠٣/٥٦٠٣٠٥٣ (سبع خطوط)
فاكس الإدارة: ٠٣/٥٦٠٣٠٣٢
فاكس المشتريات: ٠٣/٥٦٠٣٠٤٦
فاكس التسويق: ٠٣/٥٦٠٣٠٤٧
E-mail:afc@abuqir.com

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كيس بريدي مخصص
الرقم البريدي: ٢١٩١١
www.abuqir.com

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

FINANCIAL STATEMENTS TOGETHER
WITH AUDITORS' REPORTS
FOR THE YEAR ENDED JUNE 30, 2023

mazars

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

We have performed the procedures agreed with the company to translate the financial statements of **Abu Qir Fertilizers and Chemicals Industries Company (S.A.E.)**, for the year ended June 30, 2023, in English language. These financial statements were originally issued in Arabic on August 28, 2023.

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

The attached translated financial statements of **Abu Qir Fertilizers and Chemicals Industries Company (S.A.E.)** for the year ended June 30, 2023, are in conformity with company's financial statements originally issued in Arabic.


Auditor
Dr. Mohamed Shawki
MAZARS Mostafa Shawki
August 28, 2023.

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

FINANCIAL STATEMENTS TOGETHER
WITH AUDITORS' REPORTS
FOR THE YEAR ENDED JUNE 30, 2023

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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

Auditor's report

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

Report on the financial statements:

We have audited the accompanying financial statements of **Abu Qir Fertilizers and Chemical Industries Company (S.A.E)** which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, statement of comprehensive income, statement of changes in shareholders' equity, statement of cash flows, and statement of proposed dividend for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Egyptian Accounting Standards and in light of governing laws. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and the prevailing Egyptian laws. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements referred to above present fairly in all material respects the financial position of the company as at June 30, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with Egyptian Accounting Standards and in light of related governing laws.

Emphasis of matter:

The impact of credit risks was studied by the management on June 30, 2023, according to the requirements of Egyptian Accounting Standard no. (47) - Financial Instruments, which confirmed that there are no expected credit losses from the company's point of view (note no. (11/1)).

Report on other legal and regulatory requirements:

The company's accounting records were maintained as required by law and the statute of the company and are in agreement with the accompanying financial statements, the company implements appropriate costing system, the inventory was physically counted by the company's management on a consistent basis.

The financial information included in the Board of Directors' report, prepared according to requirements of law no. 159 of 1981, and its executive regulations is in agreement with the company's records to the extent such information is normally recorded.

Auditor

Dr. Ahmed Shawki
MAZARS Mostafa Shawki

On August 28, 2023.



Translation of statement of financial position
Originally issued in Arabic

Abu Qir Fertilizers
And Chemical Industries Co. (S.A.E.)
Statement of financial position as at June 30, 2023
(Amounts expressed in Egyptian Pound)

	<u>Note</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
		<u>EGP</u>	<u>EGP</u>
<u>Assets:</u>			
<u>Non-current asset:</u>			
Fixed assets (net)	(3/2), (3/11), (4)	1,186,900,748	1,221,254,529
Projects under construction	(3/3), (5)	396,953,847	294,255,347
Right of use assets (lease contracts)	(3/17/2), (6/1/1)	--	95,672
Investments in equity instruments - at fair value through OCI	(3/4), (7)	6,523,789,228	4,223,109,325
Total non-current assets		8,107,643,823	5,738,714,873
<u>Current assets:</u>			
Assets held for sale	(9)	--	1,185,295
Inventory	(3/6), (10)	2,142,817,663	1,563,956,788
Trade receivables and other debit accounts	(3/7), (11)	1,009,611,784	866,781,117
Investment in financial assets at amortized cost (treasury bills)	(3/10), (8)	6,719,140,040	11,268,037,193
Cash and its equivalents	(3/8), (12)	17,445,801,237	2,933,798,595
Total current assets		27,317,370,724	16,633,758,988
Total assets		35,425,014,547	22,372,473,861
<u>Shareholders' equity and liabilities:</u>			
<u>Shareholders' equity:</u>			
Paid up capital	(13/1)	1,892,813,580	1,892,813,580
Reserves	(3/14), (13/2)	6,769,140,193	727,864,932
Revaluation of financial assets at fair value through OCI	(3/4), (13/3)	6,059,362,916	3,871,183,013
Retained earnings	(13/4)	13,864,486	2,260,393,759
Net profit for the year		14,640,225,272	9,054,139,328
Total shareholders' equity		29,375,406,447	17,806,394,612
<u>Non-current liabilities:</u>			
Non-current provisions	(3/15), (14)	179,038,073	338,235,399
Deferred tax liabilities	(3/17/6), (15)	156,887,377	153,713,122
Total non-current liabilities		335,925,450	491,948,521
<u>Current liabilities:</u>			
Trade payables and other credit accounts	(3/12), (16)	2,106,116,783	1,797,878,052
Contracts lease current liabilities	(3/17/2), (6/1/2)	--	103,997
Creditors – tax authority	(16/6)	3,603,099,936	2,266,548,679
Current provisions	(3/15), (14)	4,465,931	9,600,000
Total current liabilities		5,713,682,650	4,074,130,728
Total liabilities		6,049,608,100	4,566,079,249
Total shareholders' equity and liabilities		35,425,014,547	22,372,473,861

- The accompanying notes are an integral part of these financial statements.
- Auditor's reports are attached.

Chairman and Managing Director
Eng.: Abed Ezz Al Regal

Head of Financial Sectors
Acc.: Khaled Mostafa Sokar



Translation of statement of profit or loss
Originally issued in Arabic

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

Statement of profit or loss
for the year ended June 30, 2023

(Amounts expressed in Egyptian Pound)

	<u>Note</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
		<u>EGP</u>	<u>EGP</u>
Sales	(3/16), (19/1)	21,557,858,336	16,330,932,653
Cost of goods sold	(19/2)	(8,938,185,027)	(5,703,316,993)
Gross profit		12,619,673,309	10,627,615,660
Return on investments in equity instruments at fair value through OCI	(3/10/6), (19/3)	982,810,000	430,504,000
Credit interests	(3/10/6/6), (19/4)	615,216,105	59,596,258
Return on financial assets at amortized cost (Treasury bills)	(3/10/6), (19/5)	1,222,291,044	1,023,814,998
Other revenues	(19/6)	70,789,633	41,915,830
Gain on sale of fixed assets	(3/2/4), (19/6/4)	24,849,172	587,802
Foreign currency exchange differences	(3/1), (19/7)	3,869,376,440	235,375,535
Selling and distribution expenses	(3/17), (19/8)	(681,702,180)	(472,363,365)
Administrative and general expenses	(3/17), (19/9)	(352,127,878)	(233,442,677)
Provisions increased	(3/15), (14)	(4,764,398)	(133,410,748)
Provisions reversed	(14)	155,749,595	440,807
Financing expenses	(3/17/1), (19/10)	(11,632,317)	(12,241,548)
Net profit for the year before tax		18,510,528,525	11,568,392,552
Income tax	(3/17/5), (19/11), (19/12)	(3,870,303,253)	(2,514,253,224)
Net profit for the year		14,640,225,272	9,054,139,328
Earnings per share	(3/18), (25)	9.69	6.01

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

Chairman and Managing Director
Eng.: Abed Ezz Al Regal

Head of Financial Sectors
Acc.: Khaled Mostafa Sokar



Translation of statement of comprehensive income
Originally issued in Arabic

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

Statement of comprehensive income
for the year ended June 30, 2023

(Amounts expressed in Egyptian Pound)

	<u>Notes</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
		<u>EGP</u>	<u>EGP</u>
Net profit for the year		14,640,225,272	9,054,139,328
<u>Other comprehensive income</u>			
Revaluation of investments in equity instrument at fair value through OCI	(3/4), (13/3)	<u>2,188,179,903</u>	<u>2,396,426,280</u>
Total other comprehensive income for the year after tax		<u>2,188,179,903</u>	<u>2,396,426,280</u>
Total comprehensive income for the year		<u>16,828,405,175</u>	<u>11,450,565,608</u>

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

Chairman and Managing Director
Eng.: Abed Ezz Al Regal

Head of Financial Sectors
Acc.: Khaled Mostafa Sokar



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

Abu Qir Fertilizers And Chemical Industries Co. (S.A.E.)
Statement of changes in shareholders' equity
for the year ended June 30, 2023
(Amounts expressed in Egyptian Pound)

	Paid up capital	Legal reserve	Other reserves	Revaluation of investments at fair value through OCI	Retained earnings	Total
	EGP	EGP	EGP	EGP	EGP	EGP
June 30, 2023						
Balance as at July 1, 2022	1,892,813,580	705,719,331	22,145,601	3,871,183,013	11,314,533,087	17,806,394,612
Net profit for the year ended June 30, 2023	--	--	--	--	14,640,225,272	14,640,225,272
Revaluation of investments in equity instruments at fair value through OCI	--	--	--	2,188,179,903	--	2,188,179,903
Total comprehensive income for the year	--	--	--	2,188,179,903	14,640,225,272	16,828,405,175
Cash dividend	--	--	--	--	(5,260,342,574)	(5,260,342,574)
Adjustments to R/E	--	--	--	--	949,234	949,234
Transferred to reserves	--	240,687,459	5,800,587,802	--	(6,041,275,261)	--
Balance as at June 30, 2023	1,892,813,580	946,406,790	5,822,733,403	6,059,362,916	14,654,089,758	29,375,406,447
June 30, 2022						
Balance as at July 1, 2021	1,892,813,580	530,530,812	9,908,801	--	5,927,352,974	8,360,606,167
Adjustments to opening balance - the revaluation of investments in equity instrument at fair value through OCI	--	--	--	1,474,756,732	--	1,474,756,732
Amended opening balance as at July 1, 2021	1,892,813,580	530,530,812	9,908,801	1,474,756,732	5,927,352,974	9,835,362,899
Net profit for the year ended June 30, 2022	--	--	--	--	9,054,139,328	9,054,139,328
Revaluation of investments in equity instruments at fair value through OCI	--	--	--	2,396,426,281	--	2,396,426,281
Total comprehensive income for the year	--	--	--	2,396,426,281	9,054,139,328	11,450,565,609
Cash dividend	--	--	--	--	(3,479,523,020)	(3,479,523,020)
Adjustments to R/E (first implementation of Standard no 49 – Lease contracts)	--	--	--	--	(10,876)	(10,876)
Transferred to reserves	--	175,188,519	12,236,800	--	(187,425,319)	--
Balance as at June 30, 2022	1,892,813,580	705,719,331	22,145,601	3,871,183,013	11,314,533,087	17,806,394,612
Note	(13/1)	(3/14, 13/2)	(3/14, 13/2)	(13/3)	(13/4)	

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

Chairman and Managing Director
Eng.: **Abed Ezz Al Regal**

Head of Financial Sectors
Acc.: **Khaled Mostafa Sokar**



Translation of statement of cash flows
Originally issued in Arabic

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

Statement of cash flows
for the year ended June 30, 2023

(Amounts expressed in Egyptian Pound)

	<u>Note</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
		<u>EGP</u>	<u>EGP</u>
<u>First: Cash flows from operating activities:</u>	(3/8), (3/9)		
Proceeds from trade receivables		21,438,634,033	16,746,794,944
Payments to trade payables		(8,799,469,917)	(5,458,902,460)
Salaries and wages payments		(1,190,511,840)	(877,277,908)
Credit interests	(19/4)	561,414,798	54,114,047
Taxes and fees payments		(2,698,925,368)	(1,120,020,949)
Other proceeds		433,903,432	669,858,913
Other payments		(911,870,211)	(759,484,317)
Net cash flows provided from operating activities no. (1)		8,833,174,927	9,255,082,270
<u>Second: Cash flows from investing activities:</u>			
Payments for acquisition of fixed assets and projects under construction		(151,217,124)	(210,452,267)
Proceeds from investments in equity instruments at fair value through OCI		1,030,156,175	103,330
Payments for investments in equity instruments at fair value through OCI		(112,974,000)	(11,097,000)
Proceeds from sale of fixed assets		24,999,529	670,094
Payments for financial assets at amortized cost (Treasury bills)		(11,799,785,366)	(15,468,032,013)
Proceeds from financial assets at amortized cost (Treasury bills)		16,202,676,772	11,034,203,054
Return on financial assets at amortized cost (Treasury bills)	(19/5)	1,123,838,583	596,864,849
Net cash flows provided from (used in) investing activities no. (2)		6,317,694,569	(4,057,739,953)
<u>Cash flows from financing activities:</u>			
Repayment of loans and grants related to Zero Liquid Discharge Project		--	(45,506)
Proceeds from bank facilities		753,095,920	859,587,922
Repayment of bank facilities		(753,095,920)	(859,587,922)
Payments for cash dividend		(4,653,329,833)	(3,238,929,118)
Net cash flows used in financing activities no. (3)		(4,653,329,833)	(3,238,974,624)
Net increase in cash and cash equivalents (1) + (2) + (3)		10,497,539,663	1,958,367,693
Cash and cash equivalents, beginning of the year	(12)	2,933,798,595	625,628,485
Foreign currency exchange differences effect	(19/7)	4,014,462,979	349,802,417
Cash and cash equivalents, end of the year	(12)	17,445,801,237	2,933,798,595

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

Chairman and Managing Director

Eng.: Abed Ezz Al Regal

Head of Financial Sectors

Acc.: Khaled Mostafa Sokar



Translation of statement of profit or loss
Originally issued in Arabic

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

Statement of proposed dividend
for the year ended June 30, 2023

(Amounts expressed in Egyptian Pounds)

	<u>Note</u>	<u>June 30, 2023</u> <u>EGP</u>	<u>June 30, 2022</u> <u>EGP</u>
Net profit for the year after tax		14,640,225,272	9,054,139,328
<u>Add (deduct):</u>			
Retained earnings forwarded from prior year		12,915,253	3,522,280,355
Adjustments to R/E		949,234	(10,876)
Cash dividend		--	(1,261,875,720)
Other reserves (Gain on sale of fixed assets)		(24,849,172)	(587,802)
Distributable net profit		<u>14,629,240,587</u>	<u>11,313,945,285</u>
<u>Distributed as follows:</u>			
Legal reserve	(3/14)	--	(240,687,459)
Reserve expansion contributions on future related parties		--	(5,800,000,000)
The financing fund for training and rehabilitation's share	(3/19)	(146,153,761)	(90,535,515)
Social and sports activity's share	(3/19)	(231,070,992)	(144,597,559)
Shareholders' profit share (EGP 5 per share)	(3/19)	(6,309,378,600)	(3,785,627,160)
Employees' profit share	(3/19)	(1,986,241,189)	(1,194,582,339)
Board of directors' bonuses	(3/19)	(50,000,000)	(45,000,000)
Retained earnings carried forward for the next year		<u>5,906,296,045</u>	<u>12,915,253</u>
Proposed coupon per share		<u>5</u>	<u>3</u>

- The coupon with amount EGP 5 per share is disbursed in two installments: first installment dated on October 26, 2023, with EGP 2 per share and the second installment dated on December 28, 2023, with EGP 3 per share according to the liquidity position of the company.

Chairman and Managing Director

Eng.: Abed Ezz Al Regal

Head of Financial Sectors

Acc.: Khaled Mostafa Sokar



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

Notes to the financial statement as at June 30, 2023

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

(Amounts expressed in Egyptian pounds)

(1) The Company:

Company's name:

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

Legal entity:

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

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

Company's purpose:

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

Company's duration:

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

(2) Basis of accounting:

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

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

Board of directors approved the financial statements on July 31, 2023.

(2/2) Basis of measurement:

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

(2/3) Functional and reporting currency:

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

(2/4) Use of estimates and assumptions:

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

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

(3) Significant accounting policies:

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

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

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

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

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



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

Notes to the financial statement as at June 30, 2023

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

(Amounts expressed in Egyptian pounds)

(3/2) Fixed assets:

(3/2/1) Reporting and valuation:

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

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

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

(3/2/3) Depreciation:

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

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

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

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

(3/3) Projects under construction:

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



(Amounts expressed in Egyptian pounds)

(3/4) Investment:

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

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

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

(3/4/2) Investments in subsidiaries:

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

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

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

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

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

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

(3/6) Inventory:

(3/6/1): Finished goods:

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

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

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

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

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

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

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

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

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

The finished goods and work in process inventory are physically counted at each financial period-end (it took place on June 30, 2023), other inventories are counted by perpetual method during the year under the supervision of the external auditor and the Accountability State Authority.



(Amounts expressed in Egyptian pounds)

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

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

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

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

(3/9) Statement of cash flows:

Statement of cash flows is prepared using the direct method.

(3/10) Financial instruments:

(3/10/1) Objective:

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

(3/10/1/1) Recognition:

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

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

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

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

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



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

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

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

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

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

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

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

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



(Amounts expressed in Egyptian pounds)

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

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

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

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

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

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

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

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

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

(3/10/4) Subsequent measurement:

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

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

Financial asset write-off:

- The gross carrying amount of a financial asset shall be directly reduced when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.



(Amounts expressed in Egyptian pounds)

- a. **For individual clients**, the company has a policy of writing off the carrying value for these clients when a breach of the contract such as failure or delay in payment for a period of more than two years according to prior experience in recovering similar assets.
- b. **For other company's clients**, the company makes an assessment individually regarding the timing and amount of write-off and based on whether there is a reasonable expectation of recovery, However, financial assets that have been written off may still be subject to liability activities in order to comply with the company's procedures for recovering amounts due.

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

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

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

- Effective interest method

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

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

- Modification of contractual cash flows

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

(3/10/5) Impairment:

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

- A loss allowance for expected credit losses shall be recognized on:

- a. The financial assets that are measured at amortized cost.
- b. The financial assets that are measured at fair value through other comprehensive income. However, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.
- c. Lease receivables.
- d. Contract assets or a loan commitment.
- e. Financial guarantee contract to which the impairment requirements apply.

- Indicators of impairment of credit financial assets may include the following:

- a. Significant financial difficulty for the lender or issuer.
- b. Breach of the contract such as failure or delay in payment for a period of more than 90 days.
- c. Restructuring of a loan by the company on the terms that the company takes into account the borrower may enter bankruptcy or other financial reorganization.
- d. Failure of an active stock market due to financial difficulties.



(Amounts expressed in Egyptian pounds)

- Expected credit losses measurement:

- It is the difference between all the contractual cash flows due to the entity in accordance with the contract and all the cash flows that the entity expects to receive (all cash shortfalls) discounted at the original effective interest rate.
- **The lifetime expected credit losses** are the expected credit losses that result from all possible failure events over the expected life of the financial instrument.
- **The expected credit losses for 12-month** are the portion of credit losses that result from failure events that are possible within 12 months after the report date, or a shorter period if the expected life of the instrument is less than 12 months.
- At each reporting date, the entity must measure the impairment loss for the financial instrument at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased substantially since initial recognition. The objective of the impairment requirements is to recognize lifetime expected credit losses. For all financial instruments for which there are significant increases in credit risk since the initial recognition, whether they are evaluated on an individual or collective basis, taking into account all reasonable and supportable information, including those that are forward-looking.
- If the expected credit risk at the reporting date on a financial instrument has not increased significantly since initial recognition, the entity shall measure the impairment loss for that financial instrument at an amount equal to the expected credit losses for the 12-month period in which the entity becomes a party to an irrevocable engagement. It is the date of the initial recognition for the purposes of applying the impairment requirements to commitments to loans and financial guarantee contracts. If the entity had measured the impairment loss of a financial instrument at an amount equal to the expected credit losses over its life in the previous reporting period, but decided at the current reporting date that it is no longer satisfied, then the entity must Measure the impairment loss at an amount equal to the 12-month expected credit loss from the current reporting date
- An entity shall recognize in profit or loss an amount equal to the credit loss (or reversal of the loss) that is required to adjust the impairment loss at the reporting date to the amount that should be recognized in accordance with this Standard as an impairment gain or loss.

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

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



(Amounts expressed in Egyptian pounds)

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

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

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

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

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

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

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

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

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

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

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



(Amounts expressed in Egyptian pounds)

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

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

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

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

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

- A gain or loss on a financial liability that is designated as at fair value through profit or loss shall be presented as follows:
 - a. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income.
 - b. The remaining amount of change in the fair value of the liability shall be presented in profit or loss.
- If treatment of the effects of changes in the credit risks of the obligation creates an accounting inconsistency within the profits or losses or leads to an increase in it, then the entity must present all the gains or losses from that obligation (including the effects of changes in the credit risks of that obligation) within the profits or losses.

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

- A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the entity shall account for the cumulative gain or loss that was previously recognized in other comprehensive income. Interest calculated using the effective interest method is recognized in profit or loss.

(3/10/6/6) Credit interests:

- Credit interest revenues are recognized at statement of profit or loss according to bank's declared interest rates at accrual bases.

(3/11) Non-financial assets:

- At the end of each fiscal year, the company reviews the book value of the company's non-financial assets other than inventory, work in progress and deferred tax assets to determine if there is an indication of impairment, and if so, the company makes an estimate of the asset's recoverable value.



(Amounts expressed in Egyptian pounds)

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

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

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

(3/13) Governmental grants:

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

(3/14) Legal reserve:

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

(3/15) Provisions:

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

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

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

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



(3/16) Revenue from contracts with customers:

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

(3/16/1) Applying Egyptian Accounting Standard No. (48):

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

- Step 1: Identify the contract(s) with a customer** - a contract is an agreement between two or more parties that creates enforceable rights and obligations. The requirements of Egyptian Accounting Standard No. (48) apply to each contract that has been agreed upon with a customer and meets specified criteria.
- Step 2: Identify the performance obligations in the contract** - a contract includes promises to transfer goods or services to a customer. If those goods or services are distinct, the promises are performance obligations and are accounted for separately.
- Step 3: Determine the transaction price** - the transaction price is the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, The transaction price can be a fixed amount of customer consideration, but it may sometimes include variable consideration or consideration in a form other than cash. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component and for any consideration payable to the customer. If the consideration is variable, an entity estimates the amount of consideration to which it will be entitled in exchange for the promised goods or services. The estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- Step 4: Allocate the transaction price to the performance obligations in the contract** - an entity typically allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract. If a stand-alone selling price is not observable, an entity estimates it. Sometimes, the transaction price includes a discount or a variable amount of consideration that relates entirely to a part of the contract. The requirements specify when an entity allocates the discount or variable consideration to one or more, but not all, performance obligations (or distinct goods or services) in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation** - an entity recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For performance obligations satisfied over time, an entity recognizes revenue over time by selecting an appropriate method for measuring the entity's progress towards complete satisfaction of that performance obligation.

(3/16/2) Revenue from contracts with customers:

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

- a. The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations.
- b. The entity can identify each party's rights regarding the goods or services to be transferred.
- c. The entity can identify the payment terms for the goods or services to be transferred.
- d. The contract has commercial substance (ie the risk, timing, or amount of the entity's future cash flows is expected to change as a result of the contract); and



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

(3/16/3) Determine performance obligations:

At the inception of the contract, the entity must evaluate the promised goods or services in the contract with the customer and must determine each An undertaking to transfer any of the following to the customer as a performance obligation:

- a. A good, service, or bundle of goods or services that is distinct in itself.
- b. A series of distinct and substantially similar goods or services that are transferred to the customer in the same manner.

(3/16/4) Measurement Determine the transaction price:

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

- a. The variable return.
- b. Limitations on Variable Compensation Estimates.
- c. The presence of a significant financing component in the contract.



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- d. Non-monetary consideration.
- e. The consideration is payable to the customer.

(3/16/4/1) Measure - corresponding to change:

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

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

(3/16/4/2) The presence of a significant financing component in the contract:

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



(3/16/4/3) non-monetary consideration:

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

(3/16/4/4) Consideration to be paid to the customer:

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

3/16/5 Contract cost:

- Additional costs of obtaining a contract:

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

- Costs of fulfilling a contract:

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

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

(3/17) Expenses:

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

(3/17/1) Debts interests:

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



(3/17/2) Lease contracts:

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

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

(3/17/2/1) Lessee:

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

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

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

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

The Recognition asset and the lease liability are recognized at the inception date of the lease.

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

- **Right-of-use asset:**

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

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

- **Lease liability:**

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

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

- a. **Fixed payments** including in-substance fixed payments, less any lease incentives receivable.
- b. **Variable lease payments** that depend on an index or a rate, initially measured using the index or rate as at the commencement date For example, payments linked to a consumer price index or an indicative interest rate (e.g. LIBOR) or payments that change to reflect changes in market rental rates.
- c. amounts expected to be payable by the lessee under **residual value guarantees**.
- d. **The exercise price of a purchase option** if the lessee is reasonably certain to exercise that option.
- e. **Payments of penalties for terminating the lease**, if the lease term reflects the lessee exercising an option to terminate the lease.



(3/17/2/1/4) Subsequent measurement:

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

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

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

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

- **Subsequent measurement of the lease liability**

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

- a. increasing the carrying amount to reflect interest in the lease liability.
 - b. reducing the carrying amount to reflect the lease payments made; and
 - c. remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.
- Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate or if applicable the revised discount rate.
 - After the commencement date, a lessee shall recognize in profit or loss, unless the costs are included in the carrying amount of another asset applying other applicable Standards, both:

(a) interest on the lease liability; and

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

- **Reassessment of the lease contract obligation :**

After the lease commencement date, the lease liability should be remeasured subsequently to reflect changes in lease payments. The lessee may recognize the amount of the re-measurement of the lease liability **as an adjustment to the 'right-of-use' asset**. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the lessee must recognize any remaining re-measurement amounts in profit or loss.

- The lease obligation is remeasured by discounting the modified lease payments using a modified discount rate, in the following cases:
 - a. If there is a change in the lease term and the lessee must determine the modified lease payments on the basis of the term, I Amended lease agreement.
 - b. If there is a change in the evaluation of the option to purchase the underlying asset, and it is evaluated taking into account the events and circumstances in the context of the purchase option. The lessee must determine the lease payments adjusted to reflect the change in the amounts payable under the purchase option.
 - c. If there is a change in the amounts expected to be payable under the residual value guarantee and the tenant must specify the lease payments adjusted to reflect the change in the amounts expected to be payable.



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

(3/17/2/1/5) lease contract- presentation:

- **Presentation of the right-of-use asset:**

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

- **Presentation of lease liabilities:**

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

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

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

- **The statement of cash flows:**

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

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

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

(3/17/2/2) Lessor:

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

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

- a. the lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- b. the lessee has the option to purchase the underlying asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception date, that the option will be exercised;



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

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

- **Finance leases recognition and measurement:**

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

- At the commencement lease contract date, a lessor shall recognize assets held under a finance lease in its statement of financial position and present them as receivable at an amount equal to the net investment in the lease.
- From the beginning date of the lease under the lease agreement, the financial position is correct and presented as receivable in an amount equal to the net investment in the lease.
 - a. Fixed payments less any rental incentives payable
 - b. Variable lease payments that depend on an index or rate, initially measured using an index or rate as at the commencement date of the lease.
 - c. Any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.
 - d. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
 - e. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.
- The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease. In the case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease.
- The lessor Shall recognize financing income over the term of the lease contract on the basis of a pattern that reflects a constant periodic rate of return for the lessor's net investment in the lease contract.

- **Operating lease:**

- **Recognition and measurement:**

- A lessor shall recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.
- **Any costs, including amortization**, incurred in earning the lease income lessor should be recognized as an expense.



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- Otherwise, the **initial direct costs** incurred in obtaining an operating lease shall be added to the carrying amount of the underlying asset and recognized as an expense over the lease term on the same basis as the lease income.
- The underlying asset subject to an operating lease should be evaluated to determine whether is impaired and to account for any impairment loss identified.
- **Operating lease modifications:**
Operating lease modifications should be recognized as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.
- **Presentation:**
- The lessor must display the assets subject of the contract under the operating lease contract in its statement of financial position according to the nature of the asset subject of the contract. The lessor must provide the required disclosures in accordance with Egyptian Accounting Standard No. (10) for assets under an operating lease contract (according to the category of the subject matter of the contract) separately from the owned assets held and used by the lessor.

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

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

(3/17/4) Employees' benefits:

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

(3/17/5) Income tax:

The income tax on profit for the period comprises current tax, and deferred tax, the accrued income tax is directly charged to the statement of profit or loss except for items recognized as other comprehensive income in the owners' equity .and the Current income tax is calculated according to the laws and applicable regulations using the prevailing tax prices on the date of the financial statements including any tax differences for previous years.

(3/17/6) Deferred tax:

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

(3/18) Earnings per share:

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

(3/19) Cash dividend:

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



(3/20) Operating segments:

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

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

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

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

(3/21/2) Foreign currency risk:

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

(3/21/3) Liquidity risk:

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

(3/21/4) Credit risk:

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

(3/21/5) Interest rate risk:

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

(3/21/6) Market risk:

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

(3/21/7) Capital management:

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



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(4) Fixed assets (net):

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

(Amounts in thousands)

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

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

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

(Amounts in thousands)

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



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(4/2) Fixed assets additions and disposals for the year ended June 30, 2023:

Total fixed assets additions and disposals and their adjustments for the year ended June 30, 2023, amounted EGP 106,751 thousand and EGP 22,818 thousand respectively as follows:

Description	(Amounts in thousands)	
	Additions and adjustments	Disposals and adjustments
<u>First: Abu Qir Plant (1):</u>		
Detection system for gas leak	1,325	--
Automatic extinguishing system	6,709	--
Zero Liquid Discharge project (Z.L.D)	25,137	15,697
Finishing of the new administrative headquarter	47	--
Civil protection system development	4,320	--
Demineralization Project	2,460	--
The sewage network project of the company	27,403	--
Furniture and supplies	4,462	491
Tools	4,998	408
Means of transportation	1,829	4
Total Abu Qir Plant (1)	78,690	16,600
<u>Second: Abu Qir Plant (2):</u>		
Detection system for gas leak	1,438	--
Unit (8) Ammonia synthesis	--	3,242
Tools, furniture and supplies	482	8
Changing complete WHB (Approval 63/2020-2021)	21,922	--
Control system update DCS	--	1,459
Means of transportation	30	--
Total Abu Qir Plant (2)	23,872	4,709
<u>Third: Abu Qir Plant (3)</u>		
Carbon warehouse	1,566	--
Pump for formaldehyde injection	480	--
Complete bottom boiler	1,445	--
Tools, furniture, supplies and means of transportation	163	35
Control system update DCS	--	1,474
Changing the central air-conditioning system	522	--
Total Abu Qir Plant (3)	4,176	1,509
<u>Fourth: Plastic Bags Plant:</u>		
Tools	5	--
Furniture and supplies	8	--
Total Plastic Bags Plant	13	--
Total fixed assets additions and disposals for the year	106,751	22,818

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

- The historical cost of fully depreciated fixed assets and still working amounted to EGP 2.26 billion.
- A committee has been assembled by administrative decision no. (169) of 2023 to reconsider the estimated useful life of fixed assets that were not fully depreciated; the committee has finished its work and concluded that the present virtual life of assets is appropriate.

(4/4) Impairment:

A committee has been assembled by administrative decision no. (169) of 2023 to study and reconsider if there are any indications of impairment in fixed assets' values over their book values that are available to recovery; the committee has finished its work and concluded that there is no impairment considered.



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

-There are no assets neither temporarily disabled or suspended or held for sale and there are no restrictions on ownership of asset and liabilities at financial position date. Also, the failure to exploit the production capacity of the liquid fertilizer factory is due to the conditions of demand and operating economics.

- The completion of the registration of some of the company's lands with an area of 2 shares, 4 acres of which about 15 shares, 21 carats, and 1 acre outside the company's fence, are in process, and registering the headquarter of the company in Cairo.

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

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

<u>Description</u>	<u>(Amounts in thousands)</u>		
	<u>June 30, 2023</u>		
	<u>EGP</u>	<u>EURO</u>	<u>USD</u>
Auxiliary HP boiler Replacement for Abu Qir Plant (1)	--	10	--
Zero Liquid Discharge Project - local and foreign components	4,653	122	--
Supply and installation of the metal structure of the new reactor	4,187	--	--
Supplies orders	8,929	10,962	2,800

(5) Projects under construction:

Projects under construction amounted EGP 396,954 thousand as at June 30, 2023 which comprise as follows:

	<u>(Amounts in thousands)</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<u>First: Assets components acquisition</u>		
Buildings and constructions	3,302	24,886
Machinery and equipment	142,866	146,453
Tools, furniture, and office equipment	15,700	309
Other projects (Abu Qir Plant 1 and 3 development and reducing CO2 emissions)	2,520	4,992
Total assets' components acquisition	164,388	176,640
<u>Second: Investing expenditures</u>		
Advance payments	33,364	25,227
Letters of credit	199,202	92,388
Total investing expenditures	232,566	117,615
Total projects under construction	396,954	294,255

First: Fixed assets components acquisition:

(1) Buildings amounted to EGP 3,302 thousand which comprise as follows:

<u>Description</u>	<u>(Amounts in thousands)</u>
	<u>June 30, 2023</u>
<u>(1/1) Abu Qir Plant (1):</u>	
Constructing a cooling tower, implementation of the basis of the new ammonia reactor.	3,133
<u>(1/2) Abu Qir Plant (3):</u>	
Abu Qir Plant (3) development, Carbon dioxide emissions reduction.	169
	3,302



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(2) Machinery and equipment amounted to EGP 142,866 thousand which comprise as follows:

Description	(Amounts in thousands)
	June 30, 2023
(2/1) Abu Qir Plant (1): The front axle pipes BFW PREHEATER, connecting the nitrogen unit, ammonia gas rotary, changing the steam toaster, syngas water cooler and construct a cooling tower, upgrade speed control system, changing the flow of the nitrogen unit control system and the new ammonia reactor.	127,873
(2/2) Abu Qir Plant (2): Heat exchanger and final cooler syngas.	8,298
(2/3) Abu Qir Plant (3): The nitrogen unit 386 control system	6,695
	142,866

(3) Tools, furniture and office equipment amounted to EGP 15,700 thousand which comprise as follows:

Description	(Amounts in thousands)
	June 30, 2023
(3/1) Furniture related to Abu Qir Plant (1) and the SAP system for the development of the ERP system.	15,700
	15,700

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

Description	(Amounts in thousands)
	June 30, 2023
(4/1) Abu Qir Plant (3) development and reducing carbon dioxide emissions.	2,520
	2,520

Second: Investing expenditures:

(1) Advance payments balance amounted to EGP 33,364 thousand which comprise as follows:

Description	(Amounts in thousands)
	June 30, 2023
Purchase of a 1-ton chlorine cylinder	526
Supply and installation of new fire extinguishing system for 14 buildings and social club	3,880
Purchase of electric welding machine	283
Purchase of Samsung WMA	134
Purchase of Kiriazi refrigerator 10 feet	12
Supply and installation of the metal structure of the new reactor	4,187
Supply and installation of surveillance camera for the administrative sector in the plant and the administrative building	299
Development of the fire extinguishing system for warehouses	564
Manufacturing and changing the heat exchanger for the acid plant	11,400
Purchase of shell and tube exchanger	1,790
Purchase of complete natural gas	504
Purchase of barrel vacuum cleaner	16
Carried forward	23,595



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	<u>(Amounts in thousands)</u>
	<u>June 30, 2023</u>
Brought forward	23,595
Purchase of cation vertical	1,613
The process of installing a continuous monitoring system	941
Purchase of fiber glass	112
Implementation of the first phase of developing the SAP system	5,014
Supply of office chairs	344
Purchase of barcode reader devices	62
Purchase of aspirator blower	2
Purchase of fire pump set	1,585
Purchase of abrasive machine	3
Purchase of lab balance	10
Purchase of electrical impact wrench	15
Purchase of television and TV stand	68
	<u>33,364</u>

(2) Letters of credit balance amounted EGP 199,202 thousand which comprise as follows:

<u>Description</u>	<u>(Amounts in thousands)</u>
	<u>June 30, 2023</u>
Upgrade the speed control system for Abu Qir Plant (1)	5,434
Buying revamping AFC PES for Abu Qir Plant (3)	4,025
Buying ammonia converter basket for Abu Qir Plant (1)	71,007
Buying process license for the urea plant revamp for Abu Qir Plant (3)	20,508
Buying license and process design package for Abu Qir Plant (3)	4,650
Buying cooling tower for ammonia for Abu Qir Plant (1)	46,279
Buying DCS and ESD revamp project for Abu Qir Plant (1)	12,814
Buying completed heat exchanger for Abu Qir Plant (2)	30,334
Buying completed HPCC for Abu Qir Plant (3)	188
Buying modified catalyst basket for Abu Qir Plant (2)	3,963
	<u>199,202</u>

(6) Lease contracts:

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

The lease contracts of the company represented in land of Abee's garage next to the house of English in Alexandria for the company's cars parking for a period of three years with the option of renewing the contract with the consent of all parties after the end of the lease period and the company is prohibited from making any sub-leasing arrangements and this contract was previously classified as an operating lease and the rental expense is recognized in the Statement of profit or loss and this contract has been terminated and not renewed as at April 2023.



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

Description	(Amounts in thousands)	
	June 30, 2023	June 30, 2022
Balance as at July 1, 2022	--	--
Adjustments to the opening balance (initial measurement)	383	383
Additions and adjustments	--	--
Cost as at June 30, 2023	383	383
Acc. amortization as at July 1, 2022	287	--
Adjustments to the opening balance (initial measurement)	--	159
Amortization	96	128
Acc. amortization as at June 30, 2023	383	287
Net book value as at June 30, 2023	--	96

(6/1/2) Lease contracts liabilities:

Description	(Amounts in thousands)	
	June 30, 2023	June 30, 2022
Balance as at July 1, 2022	104	--
Adjustments to the opening balance (initial measurement)	--	234
Paid installments	(104)	(130)
Lease liabilities as at June 30, 2023	--	104
Lease contracts current liabilities	--	104
Lease contracts non-current liabilities	--	--



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

Investments in equity instruments - at fair value through OCI balance amounted to EGP 6,523,789 thousand on June 30, 2023, which comprise investments in equity instruments and investment in associates' companies amounted to EGP 6,400,341 thousand and EGP 123,448 thousand respectively as follows:

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

Investments in equity instruments - at fair value through OCI amounted to EGP 6,400,341 thousand as on June 30, 2023, which comprise as follows:

Description	Investment currency	(Million EGP/USD)				(Thousand EGP)		
		Paid up capital	Ownership percentage	Total investing amount	Total Paid amount till 30/6/2023	Balance as at 1/7/2022	Revaluation of investments at fair value through OCI	Balance as at 30/6/2023
Alexandria Fertilizers Company	(USD)	149.25	15%	22.3875	22.3875	2,078,948	1,492,891	3,571,839
Helwan Fertilizers Company	(USD)	150	17%	25.5	25.5	2,085,737	695,289	2,781,026
El Wady for Phosphate and Fertilizers Industries	(EGP)	400	10%	40	40	40,000	--	40,000
Abu Tartur for Phosphoric Acid Company	(USD)	10	9.5%	0.950	0.475	7,476	--	7,476
Total Investments in equity instruments - at fair value through OCI						4,212,161	2,188,180	6,400,341



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

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

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

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

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

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

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

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

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

Description	Currency	(Million EGP/USD)			(Thousands EGP)			
		Paid up capital	Ownership percentage	Total investing amount	Total Paid amount till 30/6/2023	Balance as at 1/7/2022	Additions during the year	Balance as at 30/6/2023
Global Company for Methanol and Derivatives	(USD)	20	35%	7	0.7	10,948	--	10,948
North Abu Qir Company for Agricultural Nutrients	(EGP)	1000	45%	450	112.5	--	112,500	112,500
Total Investments in Associates - at fair value through OCI					113.2	10,948	112,500	123,448



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

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

- The project's objective is to produce 1 million tons of methanol and 400 thousand tons of Ammonia annually.
- The project is located in the Economic Zone in Ain El-Sokhna.
- On August 24, 2021, the three founders (Abu Qir Fertilizers Company, Helwan Fertilizers Company and Ahly Capital Holding Co.) have signed an agreement to establish the Global Company for Methanol and Derivates with share percentage 35%, 35%, 30% respectively in the presence of his excellence Mr. Tarek El Mulla – minister of petroleum and chairmen of economic zone, the president of the National Bank of Egypt, chairmen of board of directors of both Abu Qir Fertilizers Company, and Helwan Fertilizers Company.
- The company's authorized capital amounted to USD 200 million and issued capital USD 20 million.
- The establishment procedures have been assigned to Mohamed Sameh Amr - law firm and the establishment procedures have been completed.
- On December 16, 2021, the Global Company for Methanol and Derivatives' first ordinary general assembly meeting was held, and the first board of directors was appointed.
- On December 21, 2021, the contract for the construction of the Global Company for Methanol and Derivatives in the industrial area El Ein El Sokhna was signed.
- There are no confirmed developments related to Global Company for Methanol and Derivatives until the date of the financial statements.

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

- The total amount paid from our company's contribution to the capital of Abu Qir Agricultural Nutrients Company amounts to EGP 112.5 million, representing 25% of the company's share, which amounts to 45% of the company's issued capital, amounting to EGP one billion. The company's authorized capital is EGP 10 billion.
- On May 21, 2023, the first founding assembly of North Abu Qir Company for Agricultural Nutrients was held in which:
 1. The general assembly unanimously approved the evaluation in-kind share provided by the Egyptian General Petroleum Corporation at an amount of EGP 450 million according to the report issued by the General Authority for Investment and Free Zones.
 2. The general assembly unanimously approved the company's primary contract, its articles of association, and the shareholders' agreement on October 12, 2022, and its approval and consideration as part of the company's articles of association and complementary to its statute.
 3. The general assembly unanimously approved the founders' report regarding what took place during the establishment period and till the date of convening the constituent assembly and releasing them of their obligation during the establishment period.
 4. The general assembly unanimously decided to delegate the Board of Directors all the legal authority that helps it to manage the company to achieve its purpose and determine the authority of the chairman of the Board of Directors and the Managing Director, except for what is legally reserved for the ordinary and extraordinary general assembly, the company has also formed the first Board of Directors of seven members.
 5. The general assembly unanimously decided to delegate the Board of Directors the Board of Directors to approve the expenses and payments during the establishment period and to authorize the Board to conclude reciprocal contracts. Attendance and transportation allowances were also determined, and the Board was delegated to recall capital in the manner and timings determined by the board in accordance with the actual needs and the release of the paid-up capital, The company's auditor and legal advisor were also appointed.



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- The project aims to establish a plant to produce ammonia with a production capacity of 1200 tons/day, a plant to produce nitric acid with a production capacity of 1830 tons/day, and a plant to produce granulated ammonium nitrate with a production capacity of 2400 tons/day, on the plot of land owned by the Egyptian General Petroleum Corporation (the land of the former Rakta company). This project is supposed to be financed by 70% bank loans and 30% self-financing between each of the Abu Qir Fertilizers Company, (which owns 45%), the Egyptian General Petroleum Corporation, (which owns 45% "In-kind shares"), and the Egyptian Petrochemical Holding Company (which owns 10%), and the establishment procedures are being finished.

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

Investments in financial instruments at amortized cost – Treasury bills which are classified as current assets are amounted to EGP 6,719,140 thousand as at June 30, 2023, which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<u>Treasury bills</u>		
Nominal value	7,275,150	11,878,825
<u>Deduct:</u> unearned revenues	(481,305)	(499,582)
<u>Deduct:</u> Tax reconciliation	(74,705)	(111,206)
Total treasury bills - recoverable value – current	<u>6,719,140</u>	<u>11,268,037</u>

- Treasury bills balance included an amount of EGP 438 million which is mortgaged bills for letters of guarantee issued by banks on behalf of the company and in favor of others with the worth of EGP 343 million (note 20).

(9) Assets held for sale:

Assets held for sale opening balance on June 30, 2022, is represented in the extracted catalyst from the renewal of the Abu Qir plant (3) which have been disposed of during the year ended June 30, 2023.

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

(10) Inventory:

Inventory balance is amounted to EGP 2,142,818 thousand as at June 30, 2023, which comprises the following:

	<u>(Amounts in thousands)</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Raw materials	338,736	196,632
Fuel and oil	11,099	4,299
Spare parts and supplies	999,157	850,409
Packing materials	29,499	22,577
Wastes	1,875	591
Work in process	112,841	40,828
Finished goods	337,342	240,177
Inventory with others	142,527	118,224
Letters of credit	169,742	90,168
Supplies under construction	--	52
	<u>2,142,818</u>	<u>1,563,957</u>



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- a. **Inventory with others** as at June 30, 2023, amounted EGP 142,527 thousand, which comprise as follows:

Description	Company	(Amounts in thousands)
		June 30, 2023
Spare parts	Siemens Company	7,106
Rotors	Nuvo Pignene	4,501
Rotors	Man Energy	440
Platinum networks	Johnson Matte Company	129,073
Others	Others	1,407
		142,527

- b. **Work in process:**

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

	June 30, 2023		June 30, 2022	
	Quantity in ton	Amounts in thousands	Quantity in ton	Amounts in thousands
Ammonia (1)	5,011.48	38,671	3,030.77	14,350
Ammonia (2)	3,971.90	24,233	1,673.90	6,818
Ammonia (3)	7,334.70	48,477	4,386.20	19,502
Nitric Acid	665.496	1,460	109.086	158
		112,841		40,828

- c. **Finished goods:**

Finished goods balances as at June 30, 2023, can be represented as follow:

	June 30, 2023		June 30, 2022	
	Quantity in ton	Amounts in thousands	Quantity in ton	Amounts in thousands
Prilled urea	33,035.61	162,483	30,782.68	93,355
Granular nitrate	6,154.88	19,988	808.68	1,740
Granular urea	36,806.35	154,571	49,836.51	144,781
Liquid fertilizer	126.46	301	126.46	301
		337,343		240,177

- (11) **Trade receivables and other debit accounts:**

Trade receivables and other debit accounts amounted to EGP 1,009,612 thousand as at June 30, 2023 which comprises the following:

	(Amounts in thousands)	
	June 30, 2023	June 30, 2022
Trade receivables	260,572	191,611
Sundry debtors	97,701	67,293
Other debit accounts	605,497	587,189
Vendors debit balances	45,842	20,688
	1,009,612	866,781



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(11/1) Trade receivables:

Trade receivables balance amounted to EGP 260,572 thousand as at June 30, 2023 which comprises the following:

	<u>(Amounts in thousands)</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Clients - private sector	259,879	190,688
Notes receivables	693	923
	<u>260,572</u>	<u>191,611</u>

* The credit risk for the balances of trade receivables as at June 30, 2023, have been studied and all the balances were found to be good and covered by letters of guarantee and cash deposits, Accordingly, there is no expected credit loss for those balances from the management point of view.

(11/2) Sundry debtors:

Sundry debtors balance amounted to EGP 97,701 thousand as at June 30, 2023 which comprises the following:

	<u>(Amounts in thousands)</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Value added tax authority	84,101	66,020
Deposits with others	12,456	550
Employees advances	740	138
Custom authority	404	585
	<u>97,701</u>	<u>67,293</u>

(11/3) Other debit accounts:

Other debit account balances amounted to EGP 605,497 thousand as at June 30, 2023, which comprise EGP 535,450 thousand, and EGP 70,047 thousand representing debtors and other debits respectively as follows:

(11/3/1) Debtors:

	<u>(Amounts in thousands)</u>
	<u>June 30, 2023</u>
Funds balances	284,787
Estimated consumption of platinum	89,549
Accrued time deposits interest	65,948
Residential city assets	24,569
Balances under settlement -Tax authority	18,969
Tax authority	17,343
Debtors - cars loans and traffic fines	3,613
Residential city loan	7,078
Youth and workers housing loans	5,098
Man energy	113
Cooperative housing	534
National Paper Company	139
Misr Insurance Company	282
Tossun project loan	5,477
Methanol project	3,191
North Abu Qir Company for Agricultural Nutrients	3,348
The company's contribution to the Methanol Project	1,246
Prepaid expenses	1,451
Alexandria Fertilizers Company	2,548
Others	167
	<u>535,450</u>



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- Debtor's balance includes EGP 24.6 million represents value of buildings, roads, machines and furniture related to employees' residential city asset which is financed by the share of social services and housing association for employees against liability by the same amount stated in credit balances for control purposes, taking into consideration that these assets are not depreciated.
- Debtors include amount of EGP 284,787 thousand related to current accounts, time deposits and treasury bills which is related to (sport and social activities, treatment fund, infrastructure projects, environment fund, Borg El-Arab project, and Methanol project) against liabilities to these funds stated in other credit balances.
- The statement of cash flow of the company includes inflows and outflows from investments at amortizes (treasury bills) cost amounted to EGP 26 million and EGP 197 million both related to workers treatment funds and pension treatment fund.
- **Infrastructure projects** represent infrastructure projects outside the company that are being financed by the difference between borrowing interest rate of German development construction bank that granted to Egyptian central bank for Abu Qir Plant (2) and re-borrowing interest rate of Egyptian central bank to the company.
- **Environment fund projects** represent expenses disbursed on environmental works on the surrounding areas of the company that financed by the return of selling carbon certificates which a part of this return is spent on the environmental aspects.
- **Borg El-Arab Project** represents the collected amounts from the employees to finance the project.
- **Methanol Project** balance represents the collections from the shareholders of Global Methanol Co. and is available to be spent on the project.

(11/3/2) Other debit balances:

Other debit balances balance is amounted to EGP 70,047 thousand as at June 30, 2023 which comprise the following:

	<u>(Amounts in thousands)</u>
	<u>June 30, 2023</u>
Tax authority (Real estate tax, withholding tax)	34,153
Customs authority	33,903
Sales tax on products	1,991
	<u>70,047</u>

(11/4) Vendors debit balances:

Vendors debit balances amounted to EGP 45,842 thousand as at June 30, 2023 which comprises advance payments and vendors – foreign sector of rejected goods as follows:

	<u>(Amounts in thousands)</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Vendors - public sector	2,178	1,034
Vendors - private sector	26,397	10,592
Vendors - foreign sector	17,267	9,062
	<u>45,842</u>	<u>20,688</u>

(12) Cash and its equivalents:

Cash and its equivalents are representing in cash on hand and at banks balances amounted to EGP 17,445,801 as at June 30, 2023, which comprises the following:

	<u>(Amounts in thousands)</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Time deposits (three months)	17,291,570	2,601,152
Time deposits (one year)	--	6,000
Current accounts with return	154,071	326,368
Cash on hand	160	279
	<u>17,445,801</u>	<u>2,933,799</u>



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- The short-term time deposits are due to the company's need to keep its time deposits in USD to settle its liabilities in foreign currency.
- Time deposits** include:
 - An amount of USD 124 thousand which is reserved by Banque du Caire.
 - An amount of USD 27.25 million which is reserved by Export Development Bank.
 - An amount of USD 2.6 million which is reserved by Qatar National Bank in exchange of letters of credit.
- The company obtained **credit facilities** during the year which amounted to EGP 753 million from the National Bank of Kuwait with an interest rate of 8% annually. It was used to pay natural gas withdrawals and other government payments, and it was fully repaid during the year.

(13) Shareholders' equity:

(13/1) Paid up capital:

The company's authorized capital is amounted to EGP 3 billion, paid up and issued capital as at June 30, 2023 amounted to EGP 1,892,813,580 divided into 1,261,875,720 shares of EGP 1.5 par value each shareholder's structure comprises as follows:

(Amounts in thousands)				
	<u>Nationality</u>	<u>Ownership percentage</u>	<u>No. of Shares</u>	<u>Paid up capital</u>
Alpha Oryx Limited	United Arab Emirates	21.52%	271,573,655	407,360
Saudi Egyptian Investment Company	Saudi	20.11%	253,820,364	380,731
Egyptian General Petroleum Corporation	Egyptian	19.11%	241,153,540	361,730
Nasser Social Bank	Egyptian	5.90%	74,477,970	111,717
Holding Company for Chemical Industries	Egyptian	5.47%	69,055,673	103,584
Union of shareholder Employee	Egyptian	5.03%	63,500,000	95,250
Investment Funds and Individuals	Various	22.86%	288,294,518	432,441
		100 %	1,261,875,720	1,892,813

- On August 10, 2022, a sale bargain has been accomplished by Saudi Egyptian Investment Company to acquire 20.11% of Abu Qir Fertilizers company's shares (10.079% from The Industrial Development Authority, 4.185% from Al-Ahly Capital Holding Company, 3.17% from Misr Insurance Company, and 2.676% from other shareholders).

(13/2) Reserves:

Reserves balance amounted to EGP 6,769,140 thousand as at June 30, 2023, which comprises the following:

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

- The addition to the legal reserve during the year, amounting to EGP 240,688 thousand, is represented in the balance transferred from dividends for the year 2021/2022, and accordingly, the balance of the legal reserve becomes 50% of the company's issued and paid-up capital.



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- Other reserves amounted EGP 5,822,733 thousand which comprise the following:

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

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

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

Revaluation of investments at fair value through OCI amounted to EGP 6,059,363 thousand as at June 30, 2023 which comprises the following:

<u>Description</u>	<u>(Amounts in thousands)</u>		
	<u>Balance as at July 1, 2022</u>	<u>Revaluation of investments at fair value through OCI</u>	<u>Balance as at June 30, 2023</u>
Alexandria Fertilizers Co.	1,943,036	1,492,891	3,435,927
Helwan Fertilizers Co.	1,928,147	695,289	2,623,436
	<u>3,871,183</u>	<u>2,188,180</u>	<u>6,059,363</u>

(13/4) Retained earnings:

Retained earnings amounted to EGP 13,864 thousand as at June 30, 2023 which comprises the following:

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

- Retained earnings amounted to EGP 13,864 thousand as at June 30, 2023 which comprises EGP 12,915 undistributed shareholders' share in profit for year 2021/2022 according to the ordinary general assembly meeting held on September 24, 2022, in addition to settlements related to the prior year real estate tax which is amounted to EGP 949 thousand.



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(14) Provisions:

Total non-current and current provisions balances are amounted to EGP 183,504 thousand as at June 30, 2023 which is represented as follows:

Description	(Amounts in thousands)					
	Balance as at 1/7/2022	Additions	Provisions used	Settled in income	Provisions reversed	Balance as at 30/6/2023
First: Tax provisions:						
Corporate tax	288,887	--	--	(153,670)	(153,670)	135,217
Sales tax	42,647	--	--	--	--	42,647
Real-estate tax	1,174	--	--	--	--	1,174
Stamp tax	27	--	(8)	(19)	(27)	--
Total income tax provisions	332,735	--	(8)	(153,689)	(153,697)	179,038
Second: Other provisions:						
Lawsuit	9,600	4,764	(8,158)	(1,740)	(9,898)	4,466
Payroll tax inspection's differences	5,500	--	(5,180)	(320)	(5,500)	--
Total other provisions	15,100	4,764	(13,338)	(2,060)	(15,398)	4,466
Total provisions	347,835	4,764	(13,346)	(155,749)	(169,095)	183,504
Total current provisions	9,600					4,466
Total non-current provisions	338,235					179,038

(14/1) **The provision additions** amounted to EGP 4,764 thousand which comprise the following:

Description	(Amounts in thousands) June 30, 2023
the increase in lawsuit provision related to case no. 8, 16/78 related to court fees for (Hema Plast) case.	4,764
	4,764

(14/2) **The provision reversed** amounted to EGP 169,096 thousand which comprise the following:

Description	(Amounts in thousands) June 30, 2023
Reversed corporate tax provision due to the judgment of the administrative court in Alexandria in case no. (8673) of the judicial year 1974, in favor of the company to cancel the contested decision and all its consequences for the periods from 1989-1992 and the judgment of the administrative court in Alexandria in case no. (15085) of the judicial year 1976 was issued in favor of the company by charging the administrative authority to repay the amount of the tax paid in excess of year (2000/2001).	153,670
According to the judgments issued in lawsuits related to stamp tax inspection differences, the dispute has been settled by paying EGP 8 thousand to the tax authority against the provision and the rest has been reversed.	27
lawsuit provision for Hema Plast case (an amount of EGP 8,159 thousand has been used and EGP 1,740 thousand has been reversed).	9,899
According to the judgments issued in lawsuits related to labor tax inspection differences, the dispute has been settled by recognizing a liability of EGP 5,180 thousand to the tax authority against the provision, and the rest (EGP 320) has been reversed.	5,500
	169,096



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(15) Deferred tax liabilities:

Deferred tax liabilities amounted to EGP 156,887 thousand as at June 30, 2023 which comprises the following:

	<u>(Amounts in thousands)</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Balance at the beginning of the year	153,713	121,668
Deferred tax for the year (expense)	3,174	29,881
Adjustments for prior years	--	2,164
Balance at the end of the year	<u>156,887</u>	<u>153,713</u>

(16) Trade payables and other credit accounts:

Trade payables and other credit accounts amounted to EGP 2,106,117 thousand without tax authority account as at June 30, 2023 which comprises the following:

	<u>(Amounts in thousands)</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Trade payables	582,353	539,612
Sundry creditors	43,903	47,435
Distribution creditors	1,272	1,427
Other credit accounts	1,266,888	891,224
Clients - credit balances	211,701	318,180
	<u>2,106,117</u>	<u>1,797,878</u>

(16/1) Trade payables:

Trade payables balance amounted to EGP 582,353 thousand as at June 30, 2023, which comprises the following:

	<u>(Amounts in thousands)</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Vendors - private sector	558,487	520,511
Vendors - public sector	13,767	11,292
Vendors - foreign sector	10,099	7,809
	<u>582,353</u>	<u>539,612</u>

(16/2) Sundry creditors:

Sundry creditors balance amounted to EGP 43,903 thousand as at June 30, 2023, which comprises the following:

	<u>(Amounts in thousands)</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Deposits for others	23,766	21,095
Public Authority for Social Insurance	17,013	19,548
Tax authority - Value Added Tax (VAT)	--	6,661
Customs authority	3,124	131
	<u>43,903</u>	<u>47,435</u>

(16/3) Distribution creditors:

Distribution creditor's balance amounted to EGP 1,272 thousand as at June 30, 2023, which comprises the following:

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

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



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(16/4) Other credit accounts:

Other credit accounts amounted to EGP 1,266,888 thousand as at June 30, 2023 which comprise EGP 1,250,509 thousand representing creditors, and EGP 16,379 thousand representing other credit balances respectively as follows:

(16/4/1) Creditors:

Description	(Amounts in thousands) June 30, 2023
Training and rehabilitation fund	350,258
Wages and trusts due	266,477
Club and sport activities against treasury bills and current accounts	184,411
Family treatment fund	122,622
Comprehensive health insurance fund	68,790
Sales tax related to the dispute of letters of credit for Abu Qir plant (3)	53,485
Credit balance for employees (tax reconciliations)	28,720
Cost of constructing company's buildings	24,569
Creditors – fixed assets purchase	18,617
Accrued donations	17,439
Housing Loan Fund	16,292
Supplementary pension fund	15,993
Estimated unearned returns for treasury bills related to funds	12,949
Carbon Corporation and Environmental Fund deposits	10,865
Creditors – Product transfer expense	7,783
Reserved amounts to finance pensions fund	6,005
Auto loan fund	5,989
Infrastructure fund against deposits and current accounts	4,601
Transportation companies VAT	3,891
Fee of the Agricultural Professions Syndicate	3,757
Deposits under settlements	3,752
Methanol Project	3,592
Private insurance fund	3,520
Collections for road maintenance	3,034
General Authority for Financial Supervision- Development fee	2,244
Amounts reserved to finance the additions of the residential city	1,683
Alexandria Fertilizers Company rents	1,293
Shareholders employees' union	1,221
Work dropout's dues (out of work employees)	1,178
Trade committee Fund	961
Fees under settlement	822
Social services fund subscriptions	477
Checks not submitted for disbursement	423
Receipts from the profits of employees (Tusson land)	422
Applied stamp	374
Carried forward	1,248,509



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Description	(Amounts in thousands)
	June 30, 2023
Brought forward	1,248,509
Death Cases Fund	292
Collections for guarding railway crossing	274
Expenditure	263
Borrowing from Nalco Co.	197
Bonus for external missions Al-Baraka bank	170
Holy Land Company	134
Others	670
	1,250,509

Creditor's accounts include:

- EGP 350,258 thousand represents liability to Rehabilitation and Training Fund in the Directorate of Manpower and Immigration, a lawsuit no. 7234/2007 (holistic civil) was raised in front of Northern Cairo Elementary court, the case has been suspended on May 31, 2012, until the determination of case No. 46 of year 28, it's still considered in front of the judiciary till financial statements date.
- EGP 184,411 thousand represents liability to sport activity and club against their treasury bills and current account at banks at financial statements date.
- EGP 4,601 thousand represents liability to infrastructure fund against its time deposits and current account at banks at financial statements date.
- EGP 10,865 thousand represents liability to environment fund against its time deposits and current account at banks at financial statements date.
- EGP 122,622 thousand represents liability to treatment fund against its treasury bills and current account at banks at financial statements date.

Total collected revenues from Carbon company in favor of environment fund till June 30, 2023, are amounted to EGP 23,167 thousand for the period from October 1, 2006, till December 31, 2020, except for the return of investing these amounts amounted to EGP 5,690 thousand and total expenditures of these revenues related to environmental aspects are amounted to EGP 17,992 thousand which comprise the following:

Description	(Amounts in thousands)
	June 30, 2023
Waste recycle plant	4,000
Fire engines, ambulances, and medical devices	3,261
Environmental monitoring stations and devices.	2,798
Rehabilitations of Ali Maher Road	2,175
Tools and machines	1,230
Medical caravans	894
Garbage disposal	860
Constructing Rakta canal's bridge and its purification	670
Schools' rehabilitation and restoration project	569
Purchasing insecticide spraying motors and combating reed	300
Planting the surrounding roads	250
Carried forward	17,007



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Description	(Amounts in thousands)
	June 30, 2023
Brought forward	17,007
Occasion's hall development in employees' residential city	244
Developing environmental projects in Alexandria	226
Zero Liquid Discharge equipment-Alamia	200
Medical clinic (9)	144
Purchasing charcoal oven	115
Zero Liquid Discharge project in Edfina	46
Bank expenses	10
	17,992

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

(16/4/2) Other credit balances:

	(Amounts in thousands)
	June 30, 2023
Borg El-Arab Project	16,379
	16,379

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

The clients' credit balances as at June 30, 2023 are amounted to EGP 211,701 thousand which comprise the following:

	(Amounts in thousands)	
	June 30, 2023	June 30, 2022
Clients - foreign sector	156,107	305,313
Clients - private sector	53,693	11,396
Clients - public sector	1,901	1,471
	211,701	318,180

(16/6) Tax authority:

Tax authority's credit balance as at June 30, 2023 amounted to EGP 3,603,100 thousand which comprise the following:

	(Amounts in thousands)	
	June 30, 2023	June 30, 2022
Tax authority – Income tax	3,530,527	2,222,525
Tax authority – Payroll tax	70,472	41,201
Withholding tax, stamp, and real estate tax	2,101	2,823
	3,603,100	2,266,549

(17) Tax position as at June 30, 2023:

Income Tax:

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

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



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Payroll tax:

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

Sales Tax:

- a. For years from January 1994 till June 2003 the tax disputes are in front of Administrative Judiciary, excluding the period from January 1995 to March 1996 and May 1998 to February 1999 as the Administrative Judiciary judged in favor of the company.
- b. For the period from July 2005 till December 2009, tax disputes are in front of Administrative Judiciary.
- c. Company's accounts were inspected by tax authority till 2015/2016.

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

Value added tax:

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

Stamp tax:

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

Real estate tax:

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

(18) Legal position as at June 30 2023:

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

Name	Lawsuit's subject	Company's requests in lawsuits	Provision according to Legal Affairs sector opinion (EGP)	Notes
Abd El Salam Aly Ismael Sakr	Demanding a remuneration for membership of the board of directors, Sessions, attendance fees & In exchange for vacations balance	Reject the case	77,793	A final judgment was issued on July 6, 2023, and it was appealed in cassation, obliging the company to pay EGP 77,793
As Minister of Justice	Demanding judicial fees	Reject the case	4,388,138	July 12, 2023, for documents

- Within cases raised by others against the company claim No. 2694 of 2015 adjusted currently with no 148 for year 2020 raised by Petro Trade Company concerning gas prices' differences from January 1, 2012, till December 1, 2012, as well as penalties for delaying payments of gas prices' differences from January 1, 2012, till August 31, 2014, and postponed till July 25, 2023. In this regard, the company's legal view is that fines for delaying payments of gas prices' differences from January 1, 2012 and the legal benefits related to them should not be recognized because they revolve with the original debt and the conclusion of the reconciliation and settlement agreement on August 31, 2014 is independent of the gas supply



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- **Legal position as at June 30 2023 – (continued):**

contract as it is a private contract and private restricts the general and was edited to settle the differences between Abu Qir Fertilizers and petrol companies (EGAS - Gasco – Petro Trade) the creation of the provision will be considered when returned to the court and decide on the defense of the company regarding the unconstitutionality of approvals and decisions to increase the price of natural gas retroactively, in this regard, the decision of the Board of Directors, No. (46) on April 21, 2015 is unanimously approved not to create provision pending to the end of the judgment of the Court.

(19) Statement of profit or loss:

(19/1) Sales for the year ended June 30, 2023, is amounted to EGP 21,557,858 thousand which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
Sales revenues	21,521,336	16,280,569
Sold services (Included sale of casual products)	50,956	66,978
Operation for other revenues	2,458	1,323
Sold wastes	4,735	4,998
Deduct: Sale of casual products	<u>(21,627)</u>	<u>(22,935)</u>
	<u>21,557,858</u>	<u>16,330,933</u>

(19/2) Cost of goods sold: for the year ended June 30, 2023, is amounted to EGP 8,938,185 thousand which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
Raw materials and supplies	7,737,824	4,969,498
Salaries, wages and benefits	1,131,688	699,540
Operating fixed assets depreciation	107,826	93,375
Other manufacturing expenses	151,653	118,510
Re-evaluation of finished goods	(97,166)	(158,495)
Re-evaluation of un-finished goods	(72,013)	3,824
Deduct: Sale of casual products	<u>(21,627)</u>	<u>(22,935)</u>
	<u>8,938,185</u>	<u>5,703,317</u>

(19/3) Return on investments in equity instruments at fair value through OCI: for the year ended June 30, 2023, is amounted to EGP 982,810 thousand which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
Alexandria Fertilizers Company	461,250	217,800
Helwan Fertilizers Company	521,560	212,704
	<u>982,810</u>	<u>430,504</u>

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



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(19/4) Credit interests: for the year ended June 30, 2023, is amounted to EGP 615,216 thousand which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
Realized interest	549,267	53,722
Unrealized interest	65,949	5,874
	615,216	59,596

(19/5) Return on financial assets at amortized cost (Treasury bills): for the year ended June 30, 2023, is amounted to EGP 1,222,291 thousand which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
Realized return	848,768	467,784
Unrealized return	373,523	556,031
	1,222,291	1,023,815

(19/6) Other revenues: for the year ended June 30, 2023, is amounted to EGP 70,790 thousand which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
Rent revenues	13,856	11,637
Compensation and penalties	3,733	3,995
Sundry revenues	53,201	26,284
	70,790	41,916

(19/6/1): Rent revenues for the year ended June 30, 2023, is amounted to EGP 13,856 thousand which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
Land Leased to Alexandria Fertilizers Co.	11,638	9,731
Water Pump Sub-Station, land, tanks, and cafeteria	1,201	940
Land Leased to Air Liquid Co. Medical Gases Co. and Med Gas Co.	1,017	966
	13,856	11,637

(19/6/2) Compensation and penalties revenues for the year ended June 30, 2023, is amounted to EGP 3,733 thousand which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
Vendors and transportation companies	3,661	1,512
Misr insurance	32	2,483
Other compensation revenues	40	--
	3,733	3,995



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(19/6/3) Sundry revenues for the year ended June 30, 2023, is amounted to EGP 53,201 thousand which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
Carbon	--	5,478
Gain on sale of scrap, raw materials, supplies and others	53,201	20,806
	53,201	26,284

(19/6/4) Gains on sale of fixed assets for the year ended June 30, 2023, amounted to EGP 24,849 thousand which represented in selling vehicles and catalyst.

(19/7) Foreign currency exchange differences for the year ended June 30, 2023, is amounted to EGP 3,869,376 thousand against currency differences gain amounted to EGP 235,376 thousand for the year ended June 30, 2023, which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
<u>Foreign currency exchange differences</u>		
Banks	170,752	159,515
Other monetary assets and liabilities	3,698,624	75,861
Net charged to statement of profit or loss	3,869,376	235,376

(19/8) Selling and distribution expenses for the year ended June 30, 2023, is amounted to EGP 681,702 thousand which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
Salaries, wages and benefits	308,811	187,391
Packing materials	162,165	123,553
Fixed assets depreciation	4,835	4,544
Other selling expenses	205,891	156,875
	681,702	472,363

(19/9) Administration and general expenses for the year ended June 30, 2023, is amounted to EGP 352,128 thousand which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
Salaries, wages and benefits	174,816	114,279
Fixed assets depreciation	7,515	6,846
Other administrative and general expenses	162,552	104,643
Chairman and board of directors 'compensation	7,245	7,675
	352,128	233,443

- Other administrative and general expenses include losses on sale of catalyst for the year ended June 30, 2023, which amounted to EGP 1,105 thousand.
- Other administrative and general expenses include donations for the year ended June 30, 2023, which amounted to EGP 15 million.



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(19/10) Financing expenses for the year ended June 30, 2023, is amounted to EGP 11,632 thousand which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
Financing Expense (Credit facilities)	11,623	12,220
Financing expenses (Lease contract)	9	22
	<u>11,632</u>	<u>12,242</u>

(19/11) Income tax for the year ended June 30, 2023, is amounted to EGP 3,870,303 thousand which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>The year ended June 30, 2023</u>	<u>The year ended June 30, 2022</u>
Income tax	3,530,527	2,222,525
Deferred tax	3,174	29,882
Tax on treasury bills	244,458	204,763
Tax on dividends	98,281	43,050
Tax settlements on income tax and deferred tax	(6,137)	14,033
	<u>3,870,303</u>	<u>2,514,253</u>

(19/12) Reconciliation to calculate the income tax for the year ended June 30, 2023, according to the terms of law which comprise the following:

	<u>(Amounts in thousands)</u>	
	<u>Subtotal</u>	<u>The year ended June 30, 2023</u>
Net profit before tax for the year ended June 30, 2023		18,510,529
Add:		
Effect of non-deductible expenses	46,319	
Comprehensive health insurance refund	68,790	
Effect of provisions (added)	4,764	
Deduct:		119,873
Effect of non-taxable revenues	(2,742,703)	
Effect of provisions (reversed)	(169,096)	
Effect of depreciation difference	(27,372)	
		(2,939,171)
Total tax base For the year ended June 30 , 2023		<u>15,691,231</u>
Income tax rate (22.5%)		3,530,527
Add:		
Deferred tax (expense) for the year ended June 30, 2023		3,174
Tax on dividends for the year ended June 30, 2023		98,281
Treasury bills tax for the year ended June 30, 2023		244,458
Settlement income of the previous year		(6,137)
Total current income tax at for the year ended June 30, 2023		<u>3,870,303</u>
Actual income tax rate on net profit for the year ended June 30, 2023		<u>20.91%</u>

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



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

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

(20) Contingent liabilities:

- On March 19, 2015, the Company received a claim from Petrotrade - Petroleum Trading Service Co. for accrued delay interests till the date of the claim with an amount of EGP 37.9 million on the amounts paid after the grace period (from January 1, 2014, till December 31, 2014) which amounted to EGP 187.7 million.
- On April 5, 2015, and April 8, 2015, Abu Qir responded to both Petrotrade - Petroleum Trading Service Co. and the Egyptian Natural Gas Holding Company (EGAS) by stating that the claim of Petrotrade - Petroleum Trading Service Co. is completely free of truth and reality, and the agreement of reconciliation and settlement of August 31, 2014, between Abu Qir Fertilizers and GASCO company that was signed by the companies (EGAS) and Petrotrade, It was clarified in the response that the benefit of the delay they claimed is not valid because it is subject to lawsuit No. 3988 for 2013 (civil North Cairo primary) in accordance with the reconciliation agreement and settlement which dated on August 31, 2014, pending the court's judgment.
- The matter was submitted to the company's board of directors on April 21, 2015, and council decision no. (46) was unanimously approved that no provision will be made in this regard pending the court's judgment.
- The outstanding letters of guarantee issued by banks for the company and others as at June 30, 2023 amounted to EGP 343 million which are totally covered by treasury bills that amounted to EGP 438 million.

(21) Operating segments:

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

Operating segments:

Company's operating segments comprise as follows:

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

First: Operating segments - assets and liabilities:

	(Amounts in thousands)						
<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	952,668	194,480	342,668	5,134	88,905	--	1,583,855
Unassigned segments' assets	--	--	--	--	--	33,841,160	33,841,160
Total assets	952,668	194,480	342,668	5,134	88,905	33,841,160	35,425,015
Unassigned segments' liabilities	--	--	--	--	--	6,049,608	6,049,608
Total liabilities	--	--	--	--	--	6,049,608	6,049,608



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Second: Operating segments - net profit:

(Amounts in thousands)

	<u>Abu Qir Plant (1)</u>	<u>Abu Qir Plant (2)</u>	<u>Abu Qir Plant (3)</u>	<u>Ammonia</u>	<u>Plastic Bags Plant</u>	<u>Others</u>	<u>Total</u>
Sales revenue	6,996,131	3,655,773	8,960,661	1,945,113	180	--	21,557,858
Costs goods sold	(2,779,221)	(2,658,615)	(2,878,611)	(621,637)	(101)	--	(8,938,185)
Sector's gross profit	4,216,910	997,158	6,082,050	1,323,476	79	--	12,619,673
Revenue of investments at fair value through OCI	--	--	--	--	--	982,810	982,810
Credit interest	--	--	--	--	--	615,216	615,216
Treasury bills returns	--	--	--	--	--	1,222,291	1,222,291
Other revenues	--	--	--	--	--	70,790	70,790
Gain on sale of fixed assets	--	--	--	--	--	24,849	24,849
Foreign currency differences (gains)	--	--	--	--	--	3,869,376	3,869,376
Selling and distribution expenses	(194,435)	(260,548)	(209,928)	(16,791)	--	--	(681,702)
Administrative and general expenses	(98,051)	(136,041)	(118,036)	--	--	--	(352,128)
Provisions increased	--	--	--	--	--	(4,764)	(4,764)
Provisions reversed	--	--	--	--	--	155,749	155,749
Financing expenses	--	--	--	--	--	(11,632)	(11,632)
Net profit for the year before tax	3,924,424	600,569	5,754,086	1,306,685	79	6,924,685	18,510,528
Income tax for the year	(820,545)	(125,571)	(1,203,102)	(273,210)	(16)	(1,447,859)	(3,870,303)
Net profit for the year	3,103,879	474,998	4,550,984	1,033,475	63	5,476,826	14,640,225

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



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(22) Related parties:

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

(Amounts in thousands)					
Description	Sharing percentage	Relationship	Transactions	Balance as at 30/6/202	Balance nature
Egyptian Natural Gas GASCO – Petro trade (Subsidiary to Egyptian General Petroleum Corporation)	19.11%	Vendor Subsidiary to shareholder	Gas supply (consumption's volume)	6,983,591	Raw materials cost
			Credit balances (Legal suit)	279,913	Credit balances
			Credit balances (Gas consumption)	261,261	Credit balances
			Services, loans and other transactions (transaction's volume)	25,490	Sales revenues
Alexandria Fertilizers Co.	15%	Invested in	paid dividends	415,125	Debit balances
			Credit balances (rents and loans)	1,332	Credit balances
			Debit balances (Current account)	2,538	Debit balances
			board of director's reward	24,984	Debit balances
Helwan Fertilizers Co.	17%	Invested in	Paid dividends	478,976	Sales revenues
			Services	105	Sales revenues
			Attendance fees	12	Credit balances
			board of director's reward	24,544	Debit balances
Al Wadi Company for Phosphate Industries and Fertilizers	10%	Invested in	Attendance fees	4	Credit balances
Abu Tartur for Phosphoric Acid Co.	9.5%	Invested in	Attendance fees	7	Credit balances
Global Company for Methanol and Derivatives	35%	Invested in	Feasibility studies and establishment expenses	1,246	Debit balances
			Methanol expenses	3,190	Debit balances
			Proceeds from methanol's shareholders	3,592	Credit balances

(23) Important Contracts with related parties:

- A contract for supplying natural gas to the company's plants with the Egyptian Natural Gas Company - GASCO, (one of the subsidiaries of the Egyptian General Petroleum Corporation), for USD 5.75 per million thermal units starting from November 1, 2021 till September 12, 2022, And as of September 13, 2022 the selling price of natural gas supplied to the fertilizer industry was determined according to a price equation that takes into account the selling prices of the Ministry of Agriculture and export prices according to the average price of international publications, so that the minimum selling price is not less than USD 4.5 per million British thermal units.
- Lease contracts with the Alexandria Fertilizers Company that include land on which its plant is located, a vacant land, a land on which a water pumping station is built and a residential building (the company's administrative headquarter). And an ammonia shipment contract to use Abu Qir Company's onshore and offshore facilities to export quantities of ammonia produced by Alexandria Fertilizers Company.



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(24) Comparative figures:

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

(25) Earnings per share:

Description	The year ended June 30, 2023	The year ended June 30, 2022
Net profit after tax	14,640,225,272	9,054,139,328
<u>Deduct:</u>		
Share of social and sports activity	(231,070,992)	(144,597,559)
Share of training and rehabilitation fund	(146,153,761)	(90,535,515)
Employees' profit share	(1,986,341,188)	(1,194,582,339)
Board of directors' share	(50,000,000)	(45,000,000)
Basic earnings attributable to shareholders	12,226,659,331	7,579,423,915
No. of shares	1,261,875,720	1,261,875,720
Earnings per share	9.69	6.01

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

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



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(27) Significant events (amendments to some of Egyptian Accounting Standards):

On March 6, 2023, Prime Minister decree no. (883) of 2023, to amend some of Egyptian Accounting Standards, which are as follows:

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

Amendment summary:

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

Possible impact on the financial statements:

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

Application date:

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

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

Application date:

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

Possible Impact on the Financial:

The standard has no impact on the financial statements.



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Application date:

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

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

Amendment summary:

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

Possible impact on the financial statements:

The standard has no impact on the financial statements.

Application date:

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

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

Amendment summary:

- This standard was re-issued in 2023, to enable the entity to choose either the fair value model or the cost model to the exploration and evaluation assets as its accounting policy for measurement after the initial recognition.
- An entity shall apply either the cost model or the revaluation model to the exploration and evaluation assets. If the revaluation model is applied, provided that the evaluation should be carried out by specialized experts in evaluation and pricing and among those registered in a register designated by the Ministry of Petroleum (either the model in the Egyptian Accounting Standard no. (10) “Fixed Assets and their Depreciation” or the model used on the Egyptian Accounting Standard no. (23) “Intangible Assets”) it shall be consistent with the classification of the assets according to the paragraph no. (15) according to The Egyptian Accounting Standard No. (36), amended 2023.

Possible impact on the financial statements:

The standard has no impact on the financial statements.

Application date:

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



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

Amendment Summary:

- This standard defines the principles for insurance contracts that fall within the scope of this standard and determines their measurement, presentation and disclosure. The objective of the standard is to ensure that the entity provides appropriate information that faithfully reflects those contracts, and this information provides users of the financial statements with the necessary basis for evaluating the impact of those insurance contracts on the company's financial position, financial performance and cash flow.
- Egyptian Accounting Standard no. (50) replaces and cancels the Egyptian Accounting Standard no. (37) “Insurance Contracts”.
- Any reference on the other Egyptian Accounting Standards to the Egyptian Accounting Standard no. (37) is replaced by the Egyptian Accounting Standard no. (50)
- This resulted in an amendment in some of the Egyptian Accounting Standards to comply with the Egyptian Accounting Standards no. (50) “Insurance Contracts”, such as:
 - The Egyptian Accounting Standard no. (10) “Fixed Assets and their Depreciation”
 - The Egyptian Accounting Standard no. (23) “Intangible Assets”
 - The Egyptian Accounting Standard no. (34) “Investment Property”

Potential impact on the financial statements:

The standard has no impact on the financial statements.

Application date:

Egyptian Accounting Standard no. (50) could be applied to the financial periods starting from or after July 1, 2024, and if this standard was applied for a previous period the company is required to disclose this fact.