



# شركة أبو قير للأسمدة

والصناعات الكيماوية

الإسكندرية في : ٢٠٢١/٠٩/١٢

السيد الأستاذ / نائب رئيس قطاع الشركات المقيدة  
البورصة المصرية

١١٠٨ شارع طلعت حرب

صندوق بريد ٨٧٣ - رقم بريدي ٢١١١١ - الإسكندرية

فاكس رقم ٢٠٣/٤٨٤٥٨٥٥

تحية طيبة وبعد ،،،

نتشرف بأن نرفق طيه ترجمة باللغة الإنجليزية لكل من القوائم المالية والإيضاحات  
المتمة لها عن السنة المالية المنتهية في ٢٠٢١/٠٦/٣٠ وكذا تقريرى الجهاز المركزى  
للمحاسبات و مراقب الحسابات ورد الشركة على تقرير الجهاز المركزى  
للمحاسبات.

مرسل برجاء العلم واتخاذ اللازم .

وتفضلوا بقبول فائق الاحترام "

رئيس القطاعات المالية

ومستول الإتصال



محاسب / خالد مصطفى سكر

مدير عام علاقات

المستثمرين والإعلام

ومستول علاقات المستثمرين



محاسبة / نرفانا صباح عربى



الشركة حاصلة على شهادات أيزو ٩٠٠١ - أيزو ١٤٠٠١ - أيزو ١٨٠٠١ - أيزو ١٧٠٢٥



مكتب الإسكندرية : ٩٥ طريق ٦ يوليو - برج السلسلة  
تليفون : ٣/٤٨٧٩٩١١ - ٣/٤٨٤٧٢٢٩  
مكتب القاهرة : ٥ شارع شريف الصغير  
تليفون وفاكس : ٢/٢٣٩٣٤١٧٦

تليفون : ٣/٥٦٠٣٠٥٣ ( سبع خطوط )  
فاكس الإدارة : ٣/٥٦٠٣٠٣٢  
فاكس المشتريات : ٣/٥٦٠٣٠٤٦  
فاكس التسويق : ٣/٥٦٠٣٠٤٧  
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الإدارة والمصانع :  
الطابية خط رشيد - إسكندرية  
كيس بريد مخصص  
الرقم البريدي : ٢١٩١١  
www.abufiqir.com

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

**FINANCIAL STATEMENTS TOGETHER**  
**WITH AUDITORS' REPORTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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, 2021 which includes auditors' reports - MAZARS Mostafa Shawki and Accountability State Authority – and the response of company's management to those reports in English language. Auditors' reports comprise our unqualified audit report and Accountability State Authority's qualified audit report, both reports were issued on these financial statements and originally issued in Arabic dated August 23, 2021.

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 with auditors' reports and the response of company's management to those reports of **Abu Qir Fertilizers and Chemicals Industries Company (S.A.E.)** for the year ended June 30, 2021, are in conformity with company's financial statements originally issued in Arabic.

Auditor

Dr. Ahmed Shawki

MAZARS Mostafa Shawki

September 12, 2021.



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

**FINANCIAL STATEMENTS TOGETHER**  
**WITH AUDITORS' REPORTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

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**Accountability State Authority  
Petrochemical Department**

**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)** subject to law No. 159 of 1981, and its amendments and its executive regulations which comprise the statement of financial position as at June 30, 2021 with total assets amounted to EGP 10.848 billion, standalone statement of income with net profit (after tax) of EGP 3.516 billion, and standalone statements of comprehensive income, changes in shareholders' equity and cash flows 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 the prevailing Egyptian 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 in light of our audit, Except for the effect of the following paragraphs stated as a basis of our qualified opinion, 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, 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.

**Basis of qualified opinion:**

- Other debit balances include outstanding balances comprise EGP 17.8 million representing suppliers - debit balances some of them is outstanding since 2014 (represented in rejected goods, deficits, customs fees, delay penalties, flooring, and clearance expenses) and EGP 800 thousand representing creditors - custom clearance (debit) is outstanding since 2019 without guarantees to collect that indebtedness.

The company should study and take necessary procedures to preserve company's rights.

- Non-conformity of custom authority balance in company's books as at June 30, 2021, with the account statement received from them with a difference of EGP 6.9 million, of which EGP 376 thousand related to the period from February 2019 till April 2019. The outstanding balance of custom secretariats (debit) as at June 30, 2021, is amounted to EGP 569 thousand of which EGP 497 thousand is pending until submitting the Euro 1 certificate and re-exporting process since 2017.

The company should study these outstanding balances and make appropriate adjustments.

- The income tax and the deferred tax expenses in the statement of income for the year ended June 30, 2021, were understated by EGP 11.3 million, EGP 2 million respectively.

The company should make appropriate adjustments and consider the effect on the financial statements for the year ended June 30, 2021.

- Provisions balances as at June 30, 2021, are adequate to meet expected liabilities.

**Qualified opinion:**

Except for the effect of preceding paragraphs on the financial statements, in our opinion, the financial statements referred to above present fairly in all material respects the financial position of **Abu Qir Fertilizers and Chemical Industries Company (S.A.E)** as at June 30, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with Egyptian Accounting Standards and the prevailing Egyptian laws.

**Without qualifying our opinion:**

- Still, our note about the non-completion of registration of some of the company's lands with area of 2 shares and 4 acres (of which 15 shares, 21 carats, and 1 acre) outside its fence.

We repeat the recommendation that the company must register its lands quickly which is mentioned above.

- Up to date, the company has not been finally delivered The Zero Liquid Project and made modifications and expansions in the project, and this is related to the company's payment of EGP 52.6 million, equivalent to USD 3.341 million on April 1, 2021, due to the lack of fulfillment of the grand condition related to obtaining the certificate of the Ministry of Environment and Expiry of the period granted by the Bank for the project.

The company should study and take necessary procedures to preserve company's rights.

- The company did not implement the Financial Supervisory Authority Board of Directors' decision No. 47 of 2020, issued on March 22, 2020, which prohibits to combine the Chairman and the Managing Director or the Chief Executive Officer for the same company to appeal it to the Administrative Court and it is still under observation to date.

**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 the 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.

**Alexandria**, On August 23, 2021.

**General Manager**  
**Deputy Director of the Department**

**Acc./ Ehab Fawzi Ahmed Soliman**

**Undersecretary of the Ministry**  
**Senior Deputy Director of the Department**

**Acc./ Amr Hassan Nafea**

**Undersecretary of the Ministry**  
**Step - Director of the Department**  
**Acc./ Niazi Moustafa Mahmoud**  
**Represented by/**

**Acc./ Amr Hassan Nafea**



**Response on the notes stated in the audit report of the Accountability State Authority  
On company's financial statements on June 30, 2021**

**Firstly: Notes considered as a qualification by Accountability State Authority:**

- 1. Other debit balances include outstanding balances comprise EGP 17.8 million representing suppliers - debit balances some of them is outstanding since 2014 (represented in rejected goods, deficits, customs fees, delay penalties, flooring, and clearance expenses) and EGP 800 thousand representing creditors - custom clearance (debit) is outstanding since 2019 without guarantees to collect that indebtedness.**

**The company should study and take necessary procedures to preserve company's rights.**

**Response:**

- Concerning suppliers' debts, these debts are related to customs fees charged to suppliers for either not providing Euro 1 certificate, delay fines, floors, clearance fees, rejected goods or deficits, and these are normal in dealing with overseas suppliers, these balances are subsequently adjusted after being reviewed and all observations have been fulfilled. Which also comprise debts related to MAN ENERGY Company amounted to EGP 14.4 million and currently are being cleared at customs.  
Concerning creditors - customs clearance account, these accounts are subsequently settled after being reviewed and all observations have been fulfilled.

- 2. Non-conformity of custom authority balance in company's books as at June 30, 2021, with the account statement received from them with a difference of EGP 6.9 million, of which EGP 376 thousand related to the period from February 2019 till April 2019. The outstanding balance of custom secretariats (debit) as at June 30, 2021, is amounted to EGP 569 thousand of which EGP 497 thousand is pending until submitting the Euro 1 certificate and re-exporting process since 2017.**

**The company should study these outstanding balances and make appropriate adjustments**

**Response:**

- Customs Authority's account is a current account between the company and the authority increased by installments paid by the company and is being settled successively by the exchange documents after technical and financial review and after clearance of company's notes related to them in order to preserve the company's rights. and many customs duties documents have been settled, and unsettled documents are currently being settled, taking into consideration the disbursement of many letters recently, and we are waiting the delivery of fees settlement documents to complete this settlement, in addition to some suspended customs duties documents to recalculate those fees.
- Concerning customs balance (secretariats) large amount has been settled, and the remaining secretariats are currently being researched with the authority to fulfill the documents and to make the appropriate adjustments as the procedures of returning the secretariats need a lot of time.



- 3. The income tax and the deferred tax expenses in the statement of income for the year ended June 30, 2021, were understated by EGP 11.3 million, EGP 2 million respectively.**

**The company should make appropriate adjustments and consider the effect on the financial statements for the year ended June 30, 2021.**

**Response:**

- The company has made the necessary adjustment in August 2021, and the effect will be considered when the tax return for the year 2020/2021 is prepared.

- 4. Provisions balances as at June 30, 2021, are adequate to meet expected liabilities**

**Response:**

- The vision of the management is conformed to the opinion of Accountability State Authority in this regard.

- 5. Still, our note about the non-completion of registration of some of the company's lands with area of 2 shares and 4 acres (of which 15 shares, 21 carats, and 1 acre) outside its fence.**

**We repeat the recommendation that the company must register its lands quickly which is mentioned above.**

**Response:**

- The registration procedures are in process as two requests No. (1075/1000) and (1071/1001) have been submitted to the Real Estate Public Department. And the land which is inside the company's fence is currently and subject to request No. (1071/1001) has been inspected by the Administration of Survey, the rest of the registration procedures are being taken.

- 6. Up to date, the company has not been finally delivered The Zero Liquid Project and made modifications and expansions in the project, and this is related to the company's payment of EGP 52.6 million, equivalent to USD 3.341 million on April 1, 2021, due to the lack of fulfillment of the grand condition related to obtaining the certificate of the Ministry of Environment and Expiry of the period granted by the Bank for the project.**

**The company should study and take necessary procedures to preserve company's rights.**

**Response:**

- The project has been operating in all its units since February 2020, and it has achieved all the specifications for the outflowing water except for T.N and the temperature of the UF, and they are being controlled to reach the plant's capacity so that the company could be able to make the final receipt.
- Regarding the modifications and expansions of the project, they are related to additional treatment lines and units to cope with the increase in the production capacity of factories and future expansions, taking into account the change in the specifications of the canal water for factories.
- Regarding of the payment of the grant, the company has taken the necessary procedures, represented as follow:
- On March 18, 2021, a meeting was held with the National Bank of Egypt to extend the granted



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

*Translation of response on the notes stated  
in the report of the Accountability State Authority  
Originally issued in Arabic*

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- deadline in which was requested to provide the approval of the EPAP II program of the Egyptian Environmental Affairs Agency.
- On April 8, 2021, the EPAP II program of Egyptian Environmental Affairs was contacted to extend the granted period for the loan and the grant. On April 18, 2021, the program stated that there is no objection to the above in case agreement with the National Bank of Egypt.
- Accordingly, the National Bank of Egypt was contacted and the negotiation in this regard is in process.

**Secondly: Notes not considered as a qualification by Accountability State Authority:**

- 7. The company did not implement the Financial Supervisory Authority Board of Directors' decision No. (47) of 2020, issued on March 22, 2020, which prohibits to combine between the Chairman and the Managing Director or the Chief Executive Officer of the company to appeal it to the Administrative Court and it is still under observation to date.**

**Response:**

- Article (85) of the Joint Stock Companies Law No. 159 of 1981 stipulates that the Board may entrust the Chairman with the tasks of the Managing Director.
- Article (25) of the company's articles of association stipulates that the board of directors may entrust the President with the work of the Managing Director.
- Based on the foregoing, the Board of Directors and the General Assembly of the company assigned the tasks and tasks of the Managing Director to the Chairman of the Board of Directors. And according to the decision of the Board of Directors No. (96) on July 25, 2020 to appeal in front of the Administrative Court in Cairo against the decision of the Board of Directors of the General Authority for Financial Supervision No. (47) of 2020, and the appeal is still in circulation in the sessions in front of the Administrative Judiciary of the State Council.

**Translation of auditor's 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, 2021, statements of income, comprehensive income, changes in shareholders' equity and cash flows 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 **Abu Qir Fertilizers and Chemical Industries Company (S.A.E)** as at June 30, 2021, 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.

**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**

August 23, 2021.



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, 2021**

(Amounts expressed in Egyptian Pound)

|   | <u>Note no.</u>    | <u>June 30, 2021</u>         | <u>June 30, 2020</u>        |
|---|--------------------|------------------------------|-----------------------------|
|   |                    | <u>EGP</u>                   | <u>EGP</u>                  |
| <b><u>Assets:</u></b>                               |                    |                              |                             |
| <b><u>Non-current asset:</u></b>                    |                    |                              |                             |
| Fixed assets (net)                                  | (3/2, 3/11/1), (4) | 1,004,125,359                | 1,102,832,505               |
| Projects under construction                         | (3/3), (5)         | 379,177,991                  | 231,574,924                 |
| Available for sale investments                      | (3/4/1), (6)       | 340,978,313                  | 333,501,813                 |
| <b>Total non-current assets</b>                     |                    | <b><u>1,724,281,663</u></b>  | <b><u>1,667,909,242</u></b> |
| <b><u>Current assets:</u></b>                       |                    |                              |                             |
| Assets held for sale                                | (8)                | --                           | 2,160,650                   |
| Inventory   | (3/6), (9)         | 1,282,390,100                | 1,276,052,732               |
| Trade receivables and other debtors                 | (3/7), (10)        | 615,690,423                  | 441,789,956                 |
| Held to maturity investments                        | (3/4/2), (7)       | 6,599,853,793                | 5,347,396,728               |
| Cash on hand and at banks                           | (3/8), (11)        | 625,628,485                  | 576,327,552                 |
| <b>Total current assets</b>                         |                    | <b><u>9,123,562,801</u></b>  | <b><u>7,643,727,618</u></b> |
| <b>Total assets</b>                                 |                    | <b><u>10,847,844,464</u></b> | <b><u>9,311,636,860</u></b> |
| <b><u>Shareholders' equity and liabilities:</u></b> |                    |                              |                             |
| <b><u>Shareholders' equity:</u></b>                 |                    |                              |                             |
| Paid up capital                                     | (12/1)             | 1,892,813,580                | 1,892,813,580               |
| Reserves  | (3/14), (12/2)     | 540,439,614                  | 404,665,045                 |
| Retained earnings                                   | (12/3)             | 2,411,345,793                | 1,807,366,380               |
| Net profit for the year                             | (3/19)             | 3,516,007,181                | 2,694,886,008               |
| <b>Total shareholders' equity</b>                   |                    | <b><u>8,360,606,168</u></b>  | <b><u>6,799,731,013</u></b> |
| <b><u>Non-current liabilities:</u></b>              |                    |                              |                             |
| Non-current loans                                   | (3/5), (13)        | --                           | 45,506                      |
| Notes payable                                       | (14)               | --                           | 28,635,247                  |
| Provisions  | (15)               | 215,954,208                  | 220,300,660                 |
| Deferred tax liabilities                            | (3/17/5), (16)     | 121,667,572                  | 119,150,639                 |
| Grants for financing environmental projects         | (3/13), (17/4/3)   | --                           | 54,014,819                  |
| <b>Total non-current liabilities</b>                |                    | <b><u>337,621,780</u></b>    | <b><u>422,146,871</u></b>   |
| <b><u>Current liabilities:</u></b>                  |                    |                              |                             |
| Provisions  | (3/15), (15)       | 200,000                      | 200,000                     |
| Trade payables and other creditors                  | (3/12), (17)       | 1,364,622,718                | 1,469,948,288               |
| Loans installments                                  | (3/5), (13)        | 45,506                       | 25,605,299                  |
| Notes payable                                       | (14)               | --                           | 17,181,000                  |
| Creditors - tax authority                           | (3/12), (17/6)     | 784,748,292                  | 576,824,389                 |
| <b>Total current liabilities</b>                    |                    | <b><u>2,149,616,516</u></b>  | <b><u>2,089,758,976</u></b> |
| <b>Total liabilities</b>                            |                    | <b><u>2,487,238,296</u></b>  | <b><u>2,511,905,847</u></b> |
| <b>Total shareholders' equity and liabilities</b>   |                    | <b><u>10,847,844,464</u></b> | <b><u>9,311,636,860</u></b> |

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

**Chairman and Managing Director**

**Chemist: Saad Ibrahim Abu El-Maati**

**Head of Financial Sectors**

**Khaled Mostafa Sokar**



Translation of statement of income  
Originally issued in Arabic

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

**Statement of income**  
**for the year ended June 30, 2021**  
(Amounts expressed in Egyptian Pound)

|  | <u>Note no.</u>   | <u>June 30, 2021</u>   | <u>June 30, 2020</u>   |
|--|-------------------|------------------------|------------------------|
|  |                   | <u>EGP</u>             | <u>EGP</u>             |
| Sales  | (3/16/1, 19/1)    | 8,839,412,881          | 7,881,735,379          |
| Cost of goods sold                           | (19/2)            | <u>(4,932,573,761)</u> | <u>(4,997,393,877)</u> |
| <b>Gross profit</b>                          |                   | <b>3,906,839,120</b>   | <b>2,884,341,502</b>   |
| Revenues from available for sale investments | (3/16/2, 7, 19/3) | 107,100,848            | 148,599,750            |
| Credit interests                             | (3/16/3, 19/4)    | 32,090,078             | 55,290,756             |
| Revenues from held to maturity investments   | (3/16/4, 19/5)    | 662,665,071            | 733,920,935            |
| Other revenues                               | (19/6)            | 146,874,903            | 138,081,843            |
| Gain on sale of fixed assets                 | (3/2/4, 19/6/4)   | 12,236,798             | 1,084,492              |
| Foreign currency exchange differences        | (3/1, 19/7)       | 17,541,827             | 10,621,477             |
| Selling and distribution expenses            | (3/17, 19/8)      | (411,820,536)          | (396,430,335)          |
| Administrative and general expenses          | (3/17, 19/9)      | (158,309,129)          | (154,616,443)          |
| Provisions support                           | (3/15, 15)        | (427,680)              | (12,312,374)           |
| Provisions settlement                        | (15)              | 4,774,133              | 100,000                |
| Financing expenses                           | (3/5, 19/10)      | <u>(1,470,270)</u>     | <u>--</u>              |
| <b>Net profit for the year before tax</b>    |                   | <b>4,318,095,163</b>   | <b>3,408,681,603</b>   |
| Income tax                                   | (3/17/5, 19/11)   | <u>(802,087,982)</u>   | <u>(713,795,595)</u>   |
| <b>Net profit for the year</b>               |                   | <b>3,516,007,181</b>   | <b>2,694,886,008</b>   |
| <b>Earnings per share</b>                    | (3/18, 25)        | <u><b>2,33</b></u>     | <u><b>1,79</b></u>     |

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

**Chairman and Managing Director**  
**Chemist: Saad Ibrahim Abu El-Maati**

**Head of Financial Sectors**  
**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, 2021**  
(Amounts expressed in Egyptian Pound)

|  | <u>June 30, 2021</u>        | <u>June 30, 2020</u>        |
|--|-----------------------------|-----------------------------|
|  | <u>EGP</u>                  | <u>EGP</u>                  |
| Net profit for the year                        | 3,516,007,181               | 2,694,886,008               |
| Items related to other comprehensive income    | --                          | --                          |
| <b>Total comprehensive income for the year</b> | <b><u>3,516,007,181</u></b> | <b><u>2,694,886,008</u></b> |

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**Chairman and Managing Director**  
**Chemist: Saad Ibrahim Abu El-Maati**

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**Head of Financial Sectors**  
**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, 2021**

(Amounts expressed in Egyptian Pound)

|   | <b>Paid up<br/>capital</b> | <b>Legal<br/>reserve</b> | <b>Other<br/>reserves</b> | <b>Comprehensive<br/>income</b> | <b>Retained<br/>earnings</b> | <b>Total</b>         |
|---|----------------------------|--------------------------|---------------------------|---------------------------------|------------------------------|----------------------|
|   | <b>EGP</b>                 | <b>EGP</b>               | <b>EGP</b>                | <b>EGP</b>                      | <b>EGP</b>                   | <b>EGP</b>           |
| <b>June 30, 2020</b>                        |                            |                          |                           |                                 |                              |                      |
| Balance as at July 1, 2019                  | 1,892,813,580              | 238,120,020              | 6,105,309                 | --                              | 4,121,386,977                | 6,258,425,886        |
| Net profit for the year ended June 30, 2020 | --                         | --                       | --                        | --                              | 2,694,886,008                | 2,694,886,008        |
| Cash dividend                               | --                         | --                       | --                        | --                              | (2,153,580,881)              | (2,153,580,881)      |
| Transferred to reserves                     | --                         | 157,720,716              | 2,718,999                 | --                              | (160,439,715)                | --                   |
| <b>Balance as at June 30, 2020</b>          | <b>1,892,813,580</b>       | <b>395,840,736</b>       | <b>8,824,308</b>          | <b>--</b>                       | <b>4,502,252,389</b>         | <b>6,799,731,013</b> |
| <b>June 30, 2021</b>                        |                            |                          |                           |                                 |                              |                      |
| Balance as at July 1, 2020                  | 1,892,813,580              | 395,840,736              | 8,824,309                 | --                              | 4,502,252,388                | 6,799,731,013        |
| Net profit for the year ended June 30, 2021 | --                         | --                       | --                        | --                              | 3,516,007,181                | 3,516,007,181        |
| Cash dividend                               | --                         | --                       | --                        | --                              | (1,955,132,027)              | (1,955,132,027)      |
| Transferred to reserves                     | --                         | 134,690,076              | 1,084,492                 | --                              | (135,774,568)                | --                   |
| <b>Balance as at June 30, 2021</b>          | <b>1,892,813,580</b>       | <b>530,530,812</b>       | <b>9,908,801</b>          | <b>--</b>                       | <b>5,927,352,974</b>         | <b>8,360,606,167</b> |
| <b>Note</b>                                 | <b>(3/20/7,12/1)</b>       | <b>(3/14, 12/2)</b>      | <b>(3/14, 12/2)</b>       | <b>(3/19, 12/3)</b>             | <b>(3/19, 12/3)</b>          |                      |

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

**Chairman and Managing Director**  
**Chemist: Saad Ibrahim Abu El-Maati**

**Head of Financial Sectors**  
**Khaled Mostafa Sokar**



*Translation of statement of proposed 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, 2021**  
(Amounts expressed in Egyptian Pound)

|   | <u>Note</u>       | <u>June 30, 2021</u><br><u>EGP</u> | <u>June 30, 2020</u><br><u>EGP</u> |
|---|-------------------|------------------------------------|------------------------------------|
| <b><u>First: Cash flows from operating activities:</u></b>              | (3/8), (3/9)      |                                    |                                    |
| Cash sales and proceeds from clients                                    |                   | 8,912,031,931                      | 8,181,601,738                      |
| Cash purchasing and payments to vendors                                 |                   | (4,702,514,794)                    | (4,876,481,830)                    |
| Salaries and wages payments   |                   | (650,517,858)                      | (625,448,768)                      |
| Credit interests and return on investments available for sale           | (19/3),<br>(19/4) | 32,240,496                         | 55,893,957                         |
| Tax payments  |                   | (732,397,146)                      | (1,032,728,685)                    |
| Other proceeds  |                   | 119,861,806                        | 253,053,635                        |
| Other payments  |                   | (401,196,620)                      | (302,590,580)                      |
| <b>Net cash flows provided from operating activities no. (1)</b>        |                   | <b><u>2,577,507,815</u></b>        | <b><u>1,653,299,467</u></b>        |
| <b><u>Second: Cash flows from investing activities:</u></b>             |                   |                                    |                                    |
| Payments for acquisition of fixed assets (projects under construction)  |                   | (146,587,750)                      | (229,268,790)                      |
| Proceeds from investments in other companies                            |                   | 109,143,458                        | 178,840,355                        |
| Investments in other companies  |                   | (7,582,300)                        | (1,000,000)                        |
| Proceeds from selling of fixed asset                                    |                   | 13,311,205                         | 1,238,356                          |
| Payments of held to maturity investments                                |                   | (9,815,059,343)                    | (10,306,296,767)                   |
| Proceeds from held to maturity investments                              |                   | 8,652,405,526                      | 10,038,017,365                     |
| Return on held to maturity investments                                  |                   | 493,135,579                        | 634,666,108                        |
| Return on Suez Canal certificates                                       |                   | --                                 | 9,687,500                          |
| Proceeds from Suez Canal certificates                                   |                   | --                                 | 250,000,000                        |
| Expenses and commissions related to Zero Liquid Discharge Project       |                   | --                                 | (4,569,997)                        |
| <b>Net cash flows used in investing activities no. (2)</b>              |                   | <b><u>(701,233,625)</u></b>        | <b><u>571,314,130</u></b>          |
| <b><u>Cash flows from financing activities:</u></b>                     |                   |                                    |                                    |
| Re-payment of loans and grants related to Zero Liquid Discharge Project | (12)              | (78,183,345)                       | (45,044,592)                       |
| Paid dividends for the year   |                   | (1,761,307,469)                    | (1,930,589,063)                    |
| <b>Net cash flows used in financing activities no. (3)</b>              |                   | <b><u>(1,839,490,814)</u></b>      | <b><u>(1,975,633,655)</u></b>      |
| <b>Net change in cash and cash equivalents (1) + (2) + (3)</b>          |                   | <b><u>36,783,376</u></b>           | <b><u>248,979,942</u></b>          |
| <b>Cash and cash equivalents, beginning of the year</b>                 |                   | 576,327,552                        | 328,751,839                        |
| <b>Foreign currency exchange differences effect</b>                     | (19/7)            | 12,517,557                         | (1,404,229)                        |
| <b>Cash and cash equivalents, end of the year</b>                       | (11)              | <b><u>625,628,485</u></b>          | <b><u>576,327,552</u></b>          |

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

**Chairman and Managing Director**

**Chemist: Saad Ibrahim Abu El-Maati**

**Head of Financial Sectors**

**Khaled Mostafa Sokar**



*Translation of statement of proposed profits dividends  
Originally issued in Arabic*

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

**Statement of proposed profits dividends  
for the year ended June 30, 2021**  
(Amounts expressed in Egyptian Pounds)

|  | <u>Note</u> | <u>June 30, 2021</u><br><u>EGP</u> | <u>June 30, 2020</u><br><u>EGP</u> |
|--|-------------|------------------------------------|------------------------------------|
| Net profit for the year after tax                                  |             | 3,516,007,181                      | 2,694,886,008                      |
| <b>Add:</b> retained earnings forwarded from prior year            |             | 2,411,345,792                      | 1,807,366,380                      |
| <b>Deduct:</b> transferred reserves (gain on sale of fixed assets) |             | (12,236,798)                       | (1,084,492)                        |
| <b>Distributable Net profit</b>                                    |             | <b><u>5,915,116,175</u></b>        | <b><u>4,501,167,896</u></b>        |
| <b><u>Distributed as follows:</u></b>                              |             |                                    |                                    |
| Legal reserve  | (3/14)      | (175,188,519)                      | (134,690,076)                      |
| Share of the financing fund for training and rehabilitation        | (3/19)      | (35,037,703)                       | (26,938,015)                       |
| Share of social and sports activity                                | (3/19)      | (53,823,229)                       | (42,594,963)                       |
| Shareholders profit share (EGP 1.10 per share)                     | (3/19)      | (1,514,250,864)                    | (1,514,250,864)                    |
| Employees profit share   | (3/19)      | (447,897,931)                      | (344,828,185)                      |
| Board of directors' bonuses  | (3/19)      | (40,450,000)                       | (26,520,000)                       |
| <b>Retained earnings carried forward for the next year</b>         |             | <b><u>3,648,467,929</u></b>        | <b><u>2,411,345,793</u></b>        |
| <b>The value of the proposed coupon</b>                            |             | <b><u>1.20</u></b>                 | <b><u>1.20</u></b>                 |

- The coupon with amount EGP 1.20 / share is disbursed in two installments: first installment dated on October 21, 2021 with EGP 0.30 / share and the second installment dated on December 30, 2021 with EGP 0.90 / share according to the liquidity position of the company.

**Chairman and Managing Director**  
**Chemist: Saad Ibrahim Abu El-Maati**

**Head of Financial Sectors**  
**Khaled Mostafa Sokar**



(Amounts expressed in Egyptian pounds)

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(Amounts expressed in Egyptian pounds)

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**(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 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 August 5, 2021.

**(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.



(Amounts expressed in Egyptian pounds)

**(3) Significant accounting policies:**

A summary of the significant accounting policies 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 differences are charged to the income statement.

Exchange differences are included in the statement of income. 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).

**(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.

**(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 income.
- 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 income 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 solution of urea, ammonia and nitrates and liquid fertilizers                            | 5%               |
| Production equipment and machineries   | 5% - 11%         |
| Production equipment and machineries – Abu Qir Plant (3)   | 5%               |
| Production equipment and machineries for solution of urea, ammonia and nitrates and 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%        |



(Amounts expressed in Egyptian pounds)

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**(3/2/4) Gain or loss on sale of fixed assets:**

Gain or loss on sale of fixed assets resulting from the difference between net replacement value and net book value of disposed asset after deducting its salvage value, are included in the statement of income.

**(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 when it becomes ready for its intended use and will start to be depreciated.

**(3/4) Investments:**

**(3/4/1) Available for sale investments:**

Available for sale investments are stated at fair value and represented as non-current investments, any differences in their fair value are recognized as gain or loss charged directly to other comprehensive income in the Shareholders' equity.

Available for sale investments comprise investments in ownership of Alexandria Fertilizers Company, Helwan Fertilizers Company, and Global Company For Petrochemicals, As these companies do not registered in the stock exchange in an active market and the company couldn't measure its fair value in a reliable way, so they were evaluated at cost and if there is an impairment in its values, their book values will be adjusted accordingly and the differences are stated at reduced by the amount of that decrease which will be stated in the statement of income.

**(3/4/2) Held to maturity investments:**

Held to maturity investments are investments that have a determined or determinable value and a maturity date, also the company has a capability and intend to keep them till its maturity date. These investments comprise the following:

- **Investments in treasury bills:**

Investments in treasury bills are stated at paid amount and represented at nominal value after deducting unearned revenues till the financial statements date.

**(3/4/3) Investments at fair value through profit or loss:**

Investments at fair value through profit and loss are stated and evaluated at fair value, with any resultant gain or loss recognized in the statement of income. Also, any gain or loss from sale these investments are charged directly to the statement of income.

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

Borrowing and credit facilities are recognized initially in fair value after deducted any related expenses. These borrowings are represented in balance sheet as current or non-current according to maturity dates.

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 income as incurred.

**(3/6) Inventory:**

**(3/6/1): Finished goods** are stated at the lower of cost or net realizable value (Net realizable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal), Ending finished goods have been stated at cost where it is lower than net realizable value, 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 income statement to ensure the definition of net realizable value.



(Amounts expressed in Egyptian pounds)

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**(3/6/2): Work in process inventory** is stated at cost (till the last production stage reached) or net realizable value whichever is lower, Ending Work in process inventory in Abu Qir (1), (2) and (3) is stated at cost where it is lower than net realizable value.

**(3/6/3): Inventory of raw materials, supplies, spare parts, and packaging materials** are stated at cost where these materials are used for production, Cost of issued materials are stated using weighted 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:**

Costs include those expenses incurred in bringing each item to its present location and condition.

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

The finished goods and work in process inventory are physically counted at the year ended June 30, 2021, other inventories have been counted by perpetual method during the year under the supervision of the external auditor and the Accountability State Authority.

**(3/7) Trade receivables, debtors and other debit balances:**

Trade receivables, debtors and other debit balances are stated at their nominal values and reduced by appropriate decline in its values which represent amounts that are expected to be uncollectible.

**(3/8) Cash and cash equivalent:**

- Cash and cash equivalents are comprised of cash on hand and at banks (current accounts and time deposits).
- Treasury bills are stated at nominal value after deducting unearned revenues till the financial statements date.

**(3/9) Statement of cash flows:**

Statement of cash flows is prepared using the direct method.

**(3/10) Operating segments:**

Operating segment is defined as unit which participates in business activities that the company could generates 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.

**(3/11) Impairment of assets:**

**(3/11/1) Impairment of non-financial assets**

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

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

If the recoverable amount of the cash-generating unit is estimated to be less than its carrying amount, The carrying amount of the cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.



(Amounts expressed in Egyptian pounds)

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Where an impairment loss subsequently reverses the carrying amount of the cash-generating unit is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(3/11/2) Impairment of financial assets:**

Financial assets, other than those at fair value through profit or loss (FVTPL) are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

**(3/12) Creditors and other credit balances:**

Creditors are recorded at historical cost and classified within liabilities for amounts expected to be paid or settled against received goods or services.

**(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 income 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 is must deduct 5% of the company's annual profits again to be transferred to the legal reserve.

**(3/15) Provisions:**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is expected that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of 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 represented as current and non-current provisions.



(Amounts expressed in Egyptian pounds)

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**(3/16) Revenue recognition:**

**(3/16/1) Selling goods:**

Sales revenues are recognized when all ownership risks, rewards, and controls are transferred to the client, the actual delivery of sold goods, measurable economic benefits will flow to the company and the cost of these benefits could be reliably measured, for export sales all ownership risks, rewards and controls are transferred to the client according to shipping terms.

**(3/16/2) Revenues from available for sale investments:**

Revenues from available for sale investments are comprised of dividends received from investing in companies that occurred after the acquisition date and are recognized upon announcement of cash dividends and approval from their general assembly meeting.

**(3/16/3) Credit interests:**

Credit interest revenues are recognized at statement of income according to bank's declared interest rates at accrual bases.

**(3/16/4) Return on treasury bills:**

Return on treasury bills is recognized at the statement of income according to amortized cost using the actual interest rate.

**(3/16/5) Revenues from investments at fair value through profit or loss:**

All revenues of these investments either revaluation or gain on sale of investments are recognized at the statement of income.

**(3/17) Expenses:**

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

**(3/17/1) Debts interests:**

Debt interests are recognized in the statement of income by using the actual interest rate.

**(3/17/2) Rent expenses:**

Rent expenses are recognized in the statement of income using straight-line installments over the rental contract period.

**(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. 79 of 1975. Under this law, Company contributions are charged to the statement of income 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 income including modifying, downsizing, or restructuring the employee benefits program as incurred.



(Amounts expressed in Egyptian pounds)

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**(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 income except for items recognized as other comprehensive income in the owners' equity.

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.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax basis used in the computation of taxable profit and is accounted for using the financial position method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from how the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**(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) Financial instruments and related risks management:**

**(3/20/1) Fair value of financial instruments:**

The financial instruments 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 values at the financial position date.

**(3/20/2) 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.



(Amounts expressed in Egyptian pounds)

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**(3/20/3) 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.

**(3/20/4) 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.

**(3/20/5) 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.

**(3/20/6) 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.

**(3/20/7) 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, return on equity is calculated as net profit divided by total shareholders' equity. 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.

**(3/21) New issues and Egyptian accounting standards amendments:**

On March 18, 2019, The Minister of Investment and International Cooperation has issued decree No. (69) of 2019 to amend some of the Egyptian Accounting Standards that were previously issued by investment minister decree No. (110) of 2015, the decree includes some of the new Egyptian Accounting Standards as well as introducing amendments to certain existing standards this decree was published in Egyptian facts Gazette on April 7, 2019, The Prime Minister then issued a decree No. (1871) of 2020 Postponing the application of Egyptian accounting standards No. (47, 48, 49) to the financial year starting January 2021. And by referring to the Financial Regulatory Authority regarding the start of applying the amendments as the fiscal year starts on July 1, of each year. The Authority stated in its letter of April 4, 2021, that the amendments will be implemented as of July 1, 2021. **Which are as follow:**

**(3/21/1) The new Egyptian Accounting Standard No. (47) - Financial Instruments:**

**(3/21/1/1) A summary of amendments:**

- The new Egyptian accounting standard No. (47) - "Financial instruments" supersedes the corresponding issues included in the accounting standard no. (26) - Financial instruments "Recognition and Measurement". Accordingly, the Egyptian accounting standard No. (26) was amended and reissued after canceling the paragraphs pertaining to the issues addressed in the new standard No. (47) and the scope of the amended standard of (26) was specified to deal only with limited cases of hedging accounting according to the choice of the enterprise.



**(Amounts expressed in Egyptian pounds)**

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- Pursuant to the requirements of the standard financial assets are stated based on their subsequent measurement whether at amortized cost, fair value through other comprehensive income, or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial assets.
- The incurred loss model was replaced by the expected credit loss model when measuring the impairment of financial assets, which requires measuring the impairment of all financial assets which are stated at amortized cost and financial instruments at fair value through other comprehensive income from their initial recognition date regardless of whether there is any indication of impairment in their values.
- **Based on the requirement of this standard the following standards were amended:**
  - Egyptian Accounting Standard No. (1): "Presentation of financial statements" as amended in 2019
  - Egyptian Accounting Standard No. (4): Statement of cash flows
  - Egyptian Accounting Standard No. (25): Financial Instruments: Presentation
  - Egyptian Accounting Standard No. (26): Financial Instruments: Recognition and measurement
  - Egyptian Accounting Standard No. (40) – Financial Instruments: Disclosures

**(3/21/1/2) The possible impact on the financial statements:**

The management is currently assessing the potential impact of implementing the amendments of the standard on the financial statements.

**(3/21/1/3) The date of implementation**

Standard No. (47) Applies to financial periods beginning on or after January 1, 2021, and early implementation is permitted in case of the amended Egyptian Accounting Standard No. (1), (25), (26), and (40) are applied as these standards were amended simultaneously in 2019.

**(3/21/2) The new Egyptian Accounting Standard No. (48) - Revenue from Contract with Customers:**

**(3/21/2/1) A summary of amendments:**

- The new Egyptian Accounting Standard No. (48) – "Revenue from Contract with Customer" shall supersede and repeal both standards Egyptian Accounting Standard No. (8) – "Construction contract " as amended in 2015 and Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015.
- For revenue recognition, the control model is used instead of the risk and rewards model.
- Incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs, as well as the costs of fulfilling the contract are to be recognized as an asset when certain condones, are met.
- The standard requires that the contract must have a commercial substance for the revenue to be recognized.
- Expanding in presentation and disclosure requirements.

**(3/21/2/2) The possible impact on the financial statements:**

The management is currently assessing the potential impact of implementing the amendments of the standard on the financial statements.

**(3/21/2/3) The date of implementation:**

Standard No. (48) Applies to financial periods beginning on/or after January 1, 2020, and early implementation thereof is permitted.



(Amounts expressed in Egyptian pounds)

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**(3/21/3) The new Egyptian Accounting Standard No. (49) – Lease Contract:**

**(3/21/3/1) A summary of amendments:**

- The new Egyptian Accounting Standard No. (49) - Lease Contract shall supersede and repeal standard No. (20) - "Financial Leasing" issued in 2015.
- The standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the right of use of the leased asset as part of the company's assets and recognizes a liability that represents the present value of unpaid lease payments under the company's liabilities taking into account that the lease contract is not classified in respect of the lessee as operating or finance lease contract.
- As for the lessor, the lease contract will be classified either as an operating lease or a finance lease contract.
- As for finance lease contracts, the assets held under these contracts will be recognized by the lessor in the statement of financial position as amounts receivable with an amount of net investment in the lease contract.
- As for operating lease contracts, the lease payments of these contracts will be recognized by the lessor as income either based on the straight-line method or based on any other regular basis.

**(3/21/3/2) The possible impact on the financial statements:**

The management is currently assessing the potential impact of implementing the amendments of the standard on the financial statements.

**(3/21/3/3) The date of implementation:**

This Standard No. (49) Applies to all financial periods beginning on/or after January 1, 2021, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) Revenue from Contracts with the Customer is simultaneously applied.

Except for the above-mentioned date of enforcement, standard no. (49) Applies to lease contract that was subjected to finance lease Law No. (95) of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. (20) – "Accounting rules and standard related to financial leasing" as well as the finance lease contracts that arise under the law of No. (176) of 2018 " financial leasing and factoring activities" starting from the beginning of the annual reporting period in which the law of No. (176) of 2018 " financial leasing and factoring activities" was issued which supersede and repeal the law No. (95) of 1995.

**(3/21/4) The amended Egyptian Accounting Standard No. (38) – Employees Benefits:**

**(3/21/4/1) A summary of amendments:**

Some paragraphs were introduced and amended in order to amend the accounting rules of amendment and settlements of employees' benefits plan.

**(3/21/4/2) The possible impact on the financial statements:**

The management is currently assessing the potential impact of implementing the amendments of the standard on the financial statements.

**(3/21/4/3) The date of implementation:**

This amended standard no. (38) Applies to financial periods beginning on/or after January 1, 2021, and the early implementation thereof is permitted.



(Amounts expressed in Egyptian pounds)

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**(3/21/5) The amended Egyptian Accounting Standard No. (42) - The Consolidated Financial Statements:**

**(3/21/5/1) A summary of amendments:**

Some paragraphs were added related to exclude the investing entities from the consolidation process. This amendment has resulted in introducing amendments to some of the accounting standards related to the subject of the investment entities.

**The standards that were amended are as follows:**

- ESA 15 – Related Party Disclosures
- ESA 17 – Separate Financial Statements
- ESA 18 – Investments in Associates
- ESA 24 – Income Tax
- ESA 29 – Business Combination
- ESA 30 – periodical Financial Statement
- ESA 44 – Discourse of Interests in Other Entities

**(3/21/5/2) The possible impact on the financial statements:**

The management is currently assessing the potential impact of implementing the amendments of the standard on the financial statements.

**(3/21/5/3) The date of implementation:**

This amended Standard No. (42) Applies to financial periods beginning on/or after January 1, 2021, and the early implementation thereof is permitted. The new or amended paragraphs pertaining to the amended standards concerning the investing entities shall be applied in the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statement" as amended in 2019.

**(3/21/6) The amended Egyptian Accounting Standard No. (22) – Earning Per Share:**

**(3/21/6/1) A summary of amendments:**

The scope of Egyptian Accounting Standard No. (22) – "Earning Per Share" was expanded to become mandatory on the separate, consolidated or stand-alone financial statement of all types of firms.

**(3/21/6/2) The possible impact on the financial statements:**

The management is currently assessing the potential impact of implementing the amendments of the standard on the financial statements.

**(3/21/6/3) The date of implementation:**

This amended Standard No. (4) Applies to financial periods beginning on/or after January 1, 2021.

**(3/21/7) The Egyptian Accounting Standard No. (4) – Statement of Cash Flow:**

**(3/21/7/1) A summary of amendments:**

This standard requires that firms present their disclosures so users can evaluate the changes in liabilities which arise from financing activities, in addition to all changes arise from cash or non-cash flows.

**(3/21/7/2) The possible impact on the financial statements:**

The management is currently assessing the potential impact of implementing the amendments of the standard on the financial statements.

**(3/21/7/3) The date of implementation:**

This amended Standard No. (4) Applies to financial periods beginning on/or after January 1, 2021.



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

Notes to the financial statement as at June 30, 2021

Translation notes of the financial statements

Original issued in Arabic

(Amounts expressed in Egyptian pounds)

**(4) Fixed assets (net):**

**(4/1/1) Fixed assets as at June 30, 2021:**

| Description                                  | <u>(Amounts in thousands)</u>                          |                               |                            |               |                                      |                  |
|--|--|-------------------------------|----------------------------|---------------|--------------------------------------|------------------|
|  | Lands,<br>Buildings,<br>construction<br>and facilities | Machinery<br>and<br>equipment | Means of<br>transportation | Tools         | Furniture<br>and office<br>equipment | Total            |
| Cost as at July 1, 2020                      | 473,053  | 2,955,222                     | 48,344                     | 45,221        | 41,427                               | 3,563,267        |
| Additions and adjustments                    | 8,339  | 487                           | 3,629                      | 1,605         | 3,773                                | 17,833           |
| Disposals and adjustments                    | (1,377)  | (2,342)                       | (5,001)                    | (438)         | (399)                                | (9,557)          |
| <b>Cost as at June 30, 2021</b>              | <b>480,015</b>   | <b>2,953,367</b>              | <b>46,972</b>              | <b>46,388</b> | <b>44,801</b>                        | <b>3,571,543</b> |
| Acc. depreciation as at July 1, 2020         | 238,519  | 2,131,703                     | 36,549                     | 29,108        | 24,556                               | 2,460,435        |
| Depreciation                                 | 14,941   | 90,475                        | 3,724                      | 2,372         | 2,854                                | 114,366          |
| Disposals acc. depreciation                  | (1,377)  | (174)                         | (5,001)                    | (438)         | (394)                                | (7,384)          |
| <b>Acc. depreciation as at June 30, 2021</b> | <b>252,083</b>   | <b>2,222,004</b>              | <b>35,272</b>              | <b>31,042</b> | <b>27,016</b>                        | <b>2,567,417</b> |
| <b>Net book value as at June 30, 2021</b>    | <b>227,932</b>   | <b>731,363</b>                | <b>11,700</b>              | <b>15,346</b> | <b>17,785</b>                        | <b>1,004,126</b> |

**(4/1/2) Fixed assets as at June 30, 2020:**

| Description                                  | <u>(Amounts in thousands)</u>                          |                               |                            |               |                                      |                  |
|--|--|-------------------------------|----------------------------|---------------|--------------------------------------|------------------|
|  | Lands,<br>Buildings,<br>construction<br>and facilities | Machinery<br>and<br>Equipment | Means of<br>transportation | Tools         | Furniture<br>and office<br>equipment | Total            |
| Cost as at July 1, 2019                      | 343,386  | 2,614,020                     | 42,546                     | 36,852        | 36,752                               | 3,073,556        |
| Additions                                    | 136,514  | 394,410                       | 6,448                      | 8,879         | 6,649                                | 552,900          |
| Disposals                                    | (6,847)  | (53,208)                      | (650)                      | (510)         | (1,973)                              | (63,188)         |
| <b>Cost as at June 30, 2020</b>              | <b>473,053</b>   | <b>2,955,222</b>              | <b>48,344</b>              | <b>45,221</b> | <b>41,428</b>                        | <b>3,563,268</b> |
| Acc. depreciation as at July 1, 2019         | 231,554  | 2,102,221                     | 34,475                     | 27,522        | 23,606                               | 2,419,378        |
| Depreciation                                 | 7,034  | 82,658                        | 2,202                      | 2,073         | 2,703                                | 96,670           |
| Disposals acc. depreciation                  | (69)   | (53,176)                      | (128)                      | (487)         | (1,753)                              | (55,613)         |
| <b>Acc. depreciation as at June 30, 2020</b> | <b>238,519</b>   | <b>2,131,703</b>              | <b>36,549</b>              | <b>29,108</b> | <b>24,556</b>                        | <b>2,460,435</b> |
| <b>Net book value as at June 30, 2020</b>    | <b>234,534</b>   | <b>823,519</b>                | <b>11,795</b>              | <b>16,113</b> | <b>16,872</b>                        | <b>1,102,833</b> |



(Amounts expressed in Egyptian pounds)

**(4/2) Fixed assets additions and disposals for the year ended June 30, 2021:**

Total fixed assets additions and disposals and their adjustments for the year ended June 30, 2021 amounted EGP 17,833 thousand, and EGP 9,557 thousand respectively as follows:

| Description   | (Amounts in thousands)    |                           |
|---|---------------------------|---------------------------|
|   | Additions and adjustments | Disposals and adjustments |
| <b><u>First: Abu Qir Plant (1):</u></b>                                 |                           |                           |
| Business time clock building  | --                        | 50                        |
| General Administration of Construction Building                         | --                        | 243                       |
| A new car garage shade in front of gate no.2                            | 244                       | --                        |
| Automatic extinguishing system inside the electrical panels             | 2,246                     | --                        |
| Establishing a fire network for the reception warehouse and spare parts | 1,359                     | --                        |
| Adjustment to reduce ZLD unit's machines with the value of spare parts  | --                        | 1,535                     |
| Electricity current protection device (UPS)                             | --                        | 6                         |
| Buffet store and locker room unit next to time control                  | --                        | 122                       |
| A new location for the cranes garage in the residential city            | 998                       | --                        |
| Mosque attached to the garage of the administrative building            | 85                        | --                        |
| Shot hose for filling prilled urea                                      | 265                       | --                        |
| Furniture, supplies, tools, and transportations                         | 7,818                     | 5,817                     |
| <b>Total Abu Qir Plant (1)</b>  | <b>13,015</b>             | <b>7,773</b>              |
| <b><u>Second: Abu Qir Plant (2):</u></b>                                |                           |                           |
| Nitrate waste warehouse   | 47                        | --                        |
| Automatic extinguishing system inside the electrical panels             | 1,640                     | --                        |
| Modified Ring Burner  | 62                        | --                        |
| Air conditioning in the nitrates filling hall                           | --                        | 96                        |
| Tools   | 38                        | --                        |
| Furniture and supplies  | 1,076                     | 11                        |
| <b>Total Abu Qir Plant (2)</b>  | <b>2,863</b>              | <b>107</b>                |
| <b><u>Third: Abu Qir Plant (3)</u></b>                                  |                           |                           |
| Automatic extinguishing system inside the electrical panels             | 1,720                     | --                        |
| Complete pump for motor and coupling                                    | 160                       | --                        |
| Chemical warehouse building   | --                        | 962                       |
| Furniture, tools, and supplies  | 75                        | --                        |
| <b>Total Abu Qir Plant (3)</b>  | <b>1,955</b>              | <b>962</b>                |
| <b><u>Fourth: Plastic Bags Plant:</u></b>                               |                           |                           |
| Adjustment to reduce the plant's machines with the value of spare parts | --                        | 705                       |
| Furniture and supplies  | --                        | 7                         |
| <b>Total Plastic Bags Plant</b>   | <b>--</b>                 | <b>712</b>                |
| Furniture and supplies  | --                        | 3                         |
| <b>Total Mixed Fertilizes Factory</b>                                   | <b>--</b>                 | <b>3</b>                  |
| <b>Total fixed assets additions and disposals for the year</b>          | <b>17,833</b>             | <b>9,557</b>              |

Fixed assets include EGP 24.6 million represents value of buildings, roads, machines and furniture related to employees' compound city 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.

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

- The historical cost of fully depreciated fixed assets and still working amounted to EGP 2.14 billion.
- A committee has been assembled by administrative decision no. (178) of 2021 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.



(Amounts expressed in Egyptian pounds)

**(4/4) Impairment:**

A committee has been assembled by administrative decision no. (178) of 2021 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.

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

There are no assets neither temporarily disabled or suspended or held for sale and there are no restrictions on ownership of assets at financial position date except for 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, the registration procedures for these lands are in process.

**(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, 2021:

| <u>Description</u>  | <u>(Amounts in thousands)</u> |             |            |
|---|-------------------------------|-------------|------------|
|   | <u>June 30, 2021</u>          |             |            |
|   | <u>EGP</u>                    | <u>EURO</u> | <u>USD</u> |
| Finishing the administrative headquarters of the company in Cairo | 2,392                         |             |            |
| Establishing a sewage network for the company                     | 6,098                         |             |            |
| Auxiliary HP boiler Replacement for Abu Qir Plant (1)             |                               | 10          |            |
| Zero Liquid Discharge Project - local and foreign components      | 7,866                         | 651         |            |
| Demineralization Project - foreign components                     |                               | 151         |            |
| Supplies orders   | 519                           | 15,547      | 414        |

**(5) Projects under construction as at June 30, 2021:**

Projects under construction amounted EGP 379,178 thousand as at June 30, 2021 which comprise as follows:

|  | <u>(Amounts in thousands)</u> |                      |
|--|-------------------------------|----------------------|
|  | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| <b><u>First: Assets components acquisition</u></b>                                 |                               |                      |
| Buildings and constructions  | 27,404                        | 25,021               |
| Machinery and equipment  | 234,492                       | 90,788               |
| Furniture and office equipment   | 12                            | 3,774                |
| Other projects (Abu Qir plants (1) and (3) development and reducing CO2 emissions) | 4,922                         | 2,285                |
| <b>Total assets' components acquisition</b>  | <b>266,830</b>                | <b>121,868</b>       |
| <b><u>Second: Investing expenditures</u></b>                                       |                               |                      |
| Advance payments   | 22,792                        | 10,350               |
| Letters of credit  | 89,556                        | 99,357               |
| <b>Total investing expenditures</b>  | <b>112,348</b>                | <b>109,707</b>       |
| <b>Total projects under construction</b>   | <b>379,178</b>                | <b>231,575</b>       |



(Amounts expressed in Egyptian pounds)

**First: Fixed assets components acquisition:**

**(1) Buildings amounted to EGP 27,404 thousand which comprise as follows:**

| Description   | (Amounts in thousands) |
|---|------------------------|
|   | June 30, 2021          |
| <b>(1/1) Abu Qir Plant (1):</b><br>The new administrative headquarters Cairo, The company's headquarters in the residential city, linking the sewage network project for the plants with the main network and constructing a cooling tower. | 27,382                 |
| <b>(1/2) Abu Qir Plant (3):</b><br>Carbon dioxide emissions reduction and new carbonate storage.  | 22                     |
|   | <b>27,404</b>          |

**(2) Machinery and equipment amounted to EGP 234,492 thousand which comprise as follows:**

| Description   | (Amounts in thousands) |
|---|------------------------|
|   | June 30, 2021          |
| <b>(2/1) Abu Qir Plant (1):</b><br>- The front axle pipes, Leak detection system, the replacement of cooling tower cell, Ammonia gas rotary, and changing the steam toaster and Bfw preheater and Civil protection development project and Oil tank fire networks and syngas water cooler and connecting the nitrogen unit and job orders in workshops. | 128,223                |
| <b>(2/2) Abu Qir Plant (2):</b><br>- Heat Exchanger and Nh3 water preheater and Gas compressor cooler and heat exchanger and Cooling tower fire networks and oil tanks.   | 9,430                  |
| <b>(2/3) Abu Qir Plant (3):</b><br>- Heat exchanger and Oven pipes and Complete Hp scrubber, Cooling tower and oil tanks fire networks, Factory control system update (DCS) and Establishment of a fire water network in the fertilizer handling unit.  | 96,818                 |
| <b>(2/4) Industrial wastewater treatment project:</b><br>- Multi-component measuring device Z.I.D   | 21                     |
|   | <b>234,492</b>         |

**(3) Furniture and office equipment amounted to EGP 12 thousand which comprise as follows:**

| Description   | (Amounts in thousands) |
|---|------------------------|
|   | June 30, 2021          |
| <b>(3/1) Furniture related to Abu Qir Plant (1)</b> | 12                     |
|   | <b>12</b>              |

**(4) Other projects amounted to EGP 4,922 thousand which comprise as follows:**

| Description   | (Amounts in thousands) |
|---|------------------------|
|   | June 30, 2021          |
| <b>(4/1) Abu Qir Plant 3 development and reducing Carbon dioxide emissions.</b> | 3,483                  |
| <b>(4/2) Abu Qir Plant 1 Urea plant development.</b>                            | 1,439                  |
|   | <b>4,922</b>           |



(Amounts expressed in Egyptian pounds)

**Second: Investing expenditures:**

**(1) Advance payments balance amounted to EGP 22,792 thousand which comprise as follows:**

| Description   | (Amounts in thousands) |
|---|------------------------|
|   | June 30, 2021          |
| Renewing electric control system with two elevators in urea and packaging unit in Abu Qir Plant (1)                       | 218                    |
| Licenses of reducing Carbon dioxide emissions project   | 76                     |
| Supply and installation of new automatic fire extinguishing system for 14 buildings and social club                       | 3,879                  |
| Designing and supervision of Cairo office preparation and install an emergency exit door                                  | 4,446                  |
| Manufacturing and replacing the heat exchanger  | 11,400                 |
| Furnishing the administrative building in Cairo   | 608                    |
| Supply and installation of surveillance camera for the administrative sector in the plant and the administrative building | 299                    |
| Study of a project to reduce carbon dioxide emissions at the urea plant (3)   | 70                     |
| Purchase of Shell and Tube Exchanger  | 1,790                  |
| Purchase of thermometer   | 6                      |
|   | <b>22,792</b>          |

**(2) Letters of credit balance amounted EGP 89,556 thousand which comprise as follows:**

| Description   | (Amounts in thousands) |
|---|------------------------|
|   | June 30, 2021          |
| Engineering and supply of Waste Heat Boiler for Abu Qir Plant (2)         | 2,158                  |
| Buying Ammonia Converter Basket for Abu Qir Plant (1)                     | 9,988                  |
| Upgrade for control system for Abu Qir Plant (3)                          | 1,307                  |
| Upgrade the speed control system for Abu Qir Plant (1)                    | 5,107                  |
| Buying High pressure stripper for Abu Qir Plant (3)                       | 45,528                 |
| Buying Containerized Life Support Unit for Abu Qir Plant (1)              | 3,792                  |
| Upgrading control system for Abu Qir (3)                                  | 16,452                 |
| Buying Gas detection system for Abu Qir Plant (2)                         | 2,311                  |
| Buying supply and erection of complete bottom tubes for Abu Qir Plant (2) | 2,328                  |
| Economic and marketing feasibility study for Rakta land                   | 585                    |
|   | <b>89,556</b>          |

**(6) Available for sale investments:**

Available for sale investments balance amounted EGP 340,978 thousand as at June 30, 2021, which comprise as follows:

| Description  | (Million EGP/USD) |                      |                        | (Thousands EGP)                  |                                  |
|--|-------------------|----------------------|------------------------|----------------------------------|----------------------------------|
|  | Paid up capital   | Ownership percentage | Total investing amount | Total Paid amount till 30/6/2021 | Total Paid amount till 30/6/2021 |
| Alexandria Fertilizers Company (USD)                   | 149.25            | 15%                  | 22.3875                | 22.3875                          | 135,912                          |
| Helwan Fertilizers Company (USD)                       | 150               | 17%                  | 25.5                   | 25.5                             | 157,590                          |
| El Wady for Phosphate and Fertilizers Industries (EGP) | 400               | 10%                  | 40                     | 40                               | 40,000                           |
| Abu Tartur for Phosphoric Acid Company (USD)           | 10                | 9.5%                 | 0.950                  | 0.475                            | 7,476                            |
| <b>Available for sale investments</b>                  |                   |                      |                        |                                  | <b>340,978</b>                   |



(Amounts expressed in Egyptian pounds)

**(6/1) El Wady for Phosphate and Fertilizers Industries:**

On April 13, 2020, Abu Qir Fertilizers company has transferred EGP 10 million in favor of El Wady for Phosphate and Fertilizers Industries according to the board of directors' decision, to complete 100% of the company's contribution in the capital of El Wady for Phosphate and Fertilizers Industries so the total amount paid is EGP 40 million represents 10% contribution.

**(6/2) Abu Tartur for Phosphoric Acid Company:**

- On August 26, 2019, the board of directors of Abu Qir Fertilizers company has issued unanimous approval on contribution of Abu Qir fertilizers company in Abu Tartur company for phosphoric Acid (under establishment) , as El Wady company should be notified with the proposal of reducing its share in the new company to the lowest possible percentage and redistribute these reduction to other shareholders, provided that a formal power of attorney for founding agent is released to take all necessary measures to establish the new company (Abu Tartur for Phosphoric Acid Company)
- On July 25, 2020, the board of directors of Abu Qir Fertilizers Company has issued unanimous approval no. (94) to pay the amount of USD 237.5 thousand which represents 25% of Abu Qir the investing amount in Abu Tartur Company that has a total share of 9.5% of the company's capital amounted to USD 10 million.
- On December 6, 2020, a Constituent General Assembly meeting was held for Abu Tartur company for phosphoric Acid Company (Private Free Zone Company) at the headquarters of the Ministry of Petroleum and Mineral Resources.
- On January 13, 2021, the board of directors of Abu Tartur company for phosphoric Acid has issued an approval for calling the second installment of 25% of the issued capital and Abu Qir Fertilizers company must pay the amount of USD 237.5 and the payment procedures are being taken.
- On March 7, 2021, the board of directors of Abu Qir Fertilizers Company has issued unanimous approval no. (34) to pay the amount of USD 237.5 thousand which represents the second installment with the rate of 25% of the company's share in the issued capital of the Abu Tartur Company for phosphoric Acid.

**(6/3) Global Company for Petrochemical Investments:**

- According to the decisions of the ordinary general assembly meeting of the Global Petrochemical Investments Company, held on July 16, 2020, the company received a transfer of USD 45 thousand that represents its share of the company's liquidation, Global Petrochemical Investments Company's registration was removed from the commercial register and the necessary adjustments were made in Abu Qir Fertilizers company's books.

**(7) Held to maturity investments:**

Held to maturity investments balance amounted EGP 6,599,854 thousand as at June 30, 2021, which comprise as follows:

**(7/1) Treasuring bills** is classified as current assets as follows:

|   | <b>(Amounts in thousands)</b> |                      |
|---|-------------------------------|----------------------|
|   | <b>June 30, 2021</b>          | <b>June 30, 2020</b> |
| <b>Treasury bills</b>                                     |                               |                      |
| Nominal value   | 6,907,325                     | 5,603,350            |
| <b>Deduct:</b> unearned revenues                          | (254,854)                     | (215,848)            |
| <b>Deduct:</b> Tax reconciliation                         | (52,617)                      | (40,105)             |
| <b>Total treasury bills - recoverable value - current</b> | <b>6,599,854</b>              | <b>5,347,397</b>     |

- Treasury bills balance included an amount of EGP 402 million 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.



(Amounts expressed in Egyptian pounds)

**(8) Assets held for sale:**

Assets held for sale balance has no amount as at June 30, 2021, which comprises as follows:

|                                   | <u>(Amounts in thousands)</u> |                      |
|-----------------------------------|-------------------------------|----------------------|
|                                   | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| Abu Qir (2) control system        | --                            | 1,495                |
| Mixed fertilizer factory machines | --                            | 666                  |
|                                   | <u>--</u>                     | <u>2,161</u>         |

**(9) Inventory:**

Inventory balance is amounted to EGP 1,282,390 thousand as at June 30, 2021, which comprises as follows:

|                             | <u>(Amounts in thousands)</u> |                      |
|-----------------------------|-------------------------------|----------------------|
|                             | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| Raw materials               | 174,527                       | 289,703              |
| Fuel and oil                | 5,067                         | 4,225                |
| Spare parts and supplies    | 809,632                       | 713,884              |
| Packing materials           | 13,497                        | 9,571                |
| Wastes                      | 589                           | 1,112                |
| Work in process             | 44,652                        | 56,520               |
| Finished goods              | 81,681                        | 139,705              |
| Inventory with others       | 131,208                       | 28,410               |
| Letters of credit           | 21,527                        | 32,829               |
| Supplies under construction | 10                            | 94                   |
|                             | <u>1,282,390</u>              | <u>1,276,053</u>     |

- a. **Inventory with others** as at June 30, 2021, amounted EGP 131,208 thousand, which comprise as follows:

| <u>Description</u>     | <u>Company</u>            | <u>(Amounts in thousands)</u><br><u>June 30, 2021</u> |
|------------------------|---------------------------|---|
| Platinum networks      | Johnson Matte Company     | 105,097   |
| Rotors (for repairing) | Man Turbo Machine         | 22,277  |
| Rotors (for repairing) | Siemens Company           | 1,204   |
| Memory Flash tcr       | Voice Company             | 68  |
| Rotors                 | Nuvo Pignene              | 1,299   |
| Spare Parts            | Man Energy                | 440   |
| Bearings               | Arab Company for Supplies | 19  |
| Others                 | Others                    | 804   |
|                        |                           | <u>131,208</u>  |

- b. **Work in process:**

Work in process balances as at June 30, 2021, can be represented as follows:

|             | <u>June 30, 2021</u>           |                                 | <u>June 30, 2020</u>       |                                 |
|-------------|--------------------------------|---------------------------------|----------------------------|---------------------------------|
|             | <u>Quantity in<br/>ton/bag</u> | <u>Amounts<br/>in thousands</u> | <u>Quantity<br/>in ton</u> | <u>Amounts<br/>in thousands</u> |
| Ammonia (1) | 3,096.67                       | 11,809                          | 2,447.37                   | 9,025                           |
| Ammonia (2) | 4,488.30                       | 14,488                          | 3,576.50                   | 12,856                          |
| Ammonia (3) | 5,252.60                       | 18,165                          | 9,767.70                   | 34,308                          |
| Nitric Acid | 157.54                         | 190                             | 278.08                     | 331                             |
|             |                                | <u>44,652</u>                   |                            | <u>56,520</u>                   |



(Amounts expressed in Egyptian pounds)

**c. Finished goods:**

Finished goods balances as at June 30, 2021, can be represented as follow:

|                   | June 30, 2021   |                      | June 30, 2020   |                      |
|-------------------|-----------------|----------------------|-----------------|----------------------|
|                   | Quantity in ton | Amounts in thousands | Quantity in ton | Amounts in thousands |
| Prilled urea      | 14,490.43       | 35,476               | 30,365.85       | 75,714               |
| Granular nitrate  | 270.79          | 483                  | 342.57          | 637                  |
| Granular urea     | 19,804.50       | 44,079               | 24,729.37       | 54,903               |
| Liquid fertilizer | 1,016.53        | 1,643                | 4,649.01        | 8,261                |
| Plastic bags      | --              | --                   | 42,000.00       | 190                  |
|                   |                 | <b>81,681</b>        |                 | <b>139,705</b>       |

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

Trade receivables and debit accounts amounted to EGP 615,690 thousand as at June 30, 2021 which comprises as follows:

|  | (Amounts in thousands) |                |
|--|------------------------|----------------|
|  | June 30, 2021          | June 30, 2020  |
| Trade receivables and notes receivable | 160,835                | 77,466         |
| Sundry debtors                         | 67,370                 | 63,935         |
| Other debit accounts                   | 351,190                | 263,064        |
| Vendors debit balances                 | 36,295                 | 37,325         |
|  | <b>615,690</b>         | <b>441,790</b> |

**(10/1) Trade and notes receivable:**

Trade and notes receivable balance amounted to EGP 160,835 thousand as at June 30, 2021 which comprises as follows:

|                          | (Amounts in thousands) |               |
|--------------------------|------------------------|---------------|
|                          | June 30, 2021          | June 30, 2020 |
| Clients - private sector | 159,280                | 75,765        |
| Notes receivables        | 1,555                  | 1,701         |
|                          | <b>160,835</b>         | <b>77,466</b> |

**(10/2) Sundry debtors:**

Sundry debtors balance amounted to EGP 67,370 thousand as at June 30, 2021 which comprises as follows:

|                           | (Amounts in thousands) |               |
|---------------------------|------------------------|---------------|
|                           | June 30, 2021          | June 30, 2020 |
| Deposits with others      | 553                    | 808           |
| Employees advances        | 228                    | 345           |
| Value added tax authority | 66,020                 | 61,436        |
| Custom authority          | 569                    | 1,346         |
|                           | <b>67,370</b>          | <b>63,935</b> |



(Amounts expressed in Egyptian pounds)

**(10/3) Other debit accounts:**

Other debit account balances amounted to EGP 351,190 thousand as at June 30, 2021, which comprise EGP 312,560 thousand, and EGP 38,630 thousand representing debtors and other debit balances respectively as follows:

**(10/3/1) Debtors:**

|  | <u>(Amounts in thousands)</u> |
|--|-------------------------------|
|  | <u>June 30, 2021</u>          |
| Debtors- cars loans and traffic fines              | 3,853                         |
| Residential loans                                  | 12,782                        |
| Youth and workers housing loans                    | 6,958                         |
| Debtors- Gasoline bills                            | 134                           |
| Bamaj Egypt and Samcret Egypt                      | 33,292                        |
| Bargas Co.   | 256                           |
| Prepaid expenses                                   | 2,254                         |
| Cooperative housing                                | 1,568                         |
| Water seminar debtors                              | 155                           |
| Balances under settlement -Tax authority           | 24,159                        |
| Rakta Company                                      | 507                           |
| Estimated consumption of platinum                  | 19,755                        |
| Tossun project loan                                | 9,578                         |
| Med gas co.  | 246                           |
| Methanol Project                                   | 2,939                         |
| The company's contribution to the Methanol Project | 1,184                         |
| Tax authority                                      | 27,182                        |
| Funds balances                                     | 164,452                       |
| Vodafone Company                                   | 263                           |
| National Papers Co.                                | 435                           |
| Accrual Deposits Interests                         | 392                           |
| Others   | 216                           |
|  | <u><b>312,560</b></u>         |

- Debtors include amount of EGP 164,452 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 held to maturity investments amounted to EGP 228 million and EGP 189 million respectively related to Families Treatments and Sporting Activities.
- **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 amount from the employees to finance the project.
- **Methanol Project:** represents what was spent on the project, While Abu Qir's contribution to the methanol project represents the company's paid share in the project.



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

Notes to the financial statement as at June 30, 2021

Translation notes of the financial statements

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(Amounts expressed in Egyptian pounds)

### (10/3/2) Other debit balances:

|  | <u>(Amounts in thousands)</u> |
|--|-------------------------------|
|  | <u>June 30, 2021</u>          |
| Customs authority                                | 11,590                        |
| Tax authority (Real estate tax, withholding tax) | 27,040                        |
|  | <b><u>38,630</u></b>          |

### (10/4) Vendors debit balances:

Vendors debit balances amounted to EGP 36,295 thousand as at June 30, 2021 which comprises advance payments and vendors – foreign sector of rejected goods as follows:

|                          | <u>(Amounts in thousands)</u> |                      |
|--------------------------|-------------------------------|----------------------|
|                          | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| Vendors - public sector  | 201                           | 172                  |
| Vendors - private sector | 15,435                        | 11,263               |
| Vendors - Foreign sector | 20,659                        | 25,890               |
|                          | <b><u>36,295</u></b>          | <b><u>37,325</u></b> |

### (11) Cash on hand and at banks:

Cash on hand and at banks balances amounted to EGP 625,628 thousand as at June 30, 2021 which comprises as follows:

|                              | <u>(Amounts in thousands)</u> |                       |
|------------------------------|-------------------------------|-----------------------|
|                              | <u>June 30, 2021</u>          | <u>June 30, 2020</u>  |
| Time deposits (three months) | 515,960                       | 465,913               |
| Current accounts with return | 109,480                       | 110,022               |
| Cash on hand                 | 188                           | 393                   |
|                              | <b><u>625,628</u></b>         | <b><u>576,328</u></b> |

- 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 EGP 8,429 thousand equivalent to USD 540 thousand which is reserved by the National Bank of Egypt in exchange of letters of credit.
- Current accounts include an amount of EGP 987 thousand which is reserved by the National Bank of Egypt which is related to Zero Liquid Discharge Project (ZLD) until the final adjustments.

### (12) Shareholders' equity:

#### (12/1) Paid up capital:

The company's authorized capital amounted EGP 3 billion, paid up and issued capital as at June 30, 2021 amounted 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:

|  | <u>(Amounts in Pounds)</u>  |                           |                             |
|--|-----------------------------|---------------------------|-----------------------------|
|  | <u>Ownership percentage</u> | <u>No. of Shares</u>      | <u>Paid up capital</u>      |
| National Investment Bank               | 24.88%                      | 313,972,680               | 470,959,020                 |
| Egyptian General Petroleum Corporation | 19.11%                      | 241,153,540               | 361,730,310                 |
| Industrial Development Authority       | 12.67%                      | 159,869,040               | 239,803,560                 |
| Misr Insurance Company                 | 3.19%                       | 40,305,635                | 60,458,453                  |
| Ahly Capital Holding Co.               | 8.11%                       | 102,326,110               | 153,489,165                 |
| Investment Funds and Individuals       | 10.71%                      | 135,089,633               | 202,634,450                 |
| <b>Carried forward</b>                 | <b><u>78.67%</u></b>        | <b><u>992,716,638</u></b> | <b><u>1,489,074,958</u></b> |



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

Notes to the financial statement as at June 30, 2021

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Original issued in Arabic

(Amounts expressed in Egyptian pounds)

|   | <u>(Amounts in Pounds)</u>      |                      |                        |
|---|---------------------------------|----------------------|------------------------|
|   | <u>Ownership<br/>percentage</u> | <u>No. of Shares</u> | <u>Paid up capital</u> |
| <b>Brought forward</b>                  | <b>78.67%</b>                   | <b>992,716,638</b>   | <b>1,489,074,958</b>   |
| Nasser Social Bank                      | 5.90%                           | 74,477,970           | 111,716,955            |
| Holding Company for Chemical Industries | 6.52%                           | 82,305,368           | 123,458,052            |
| Egypt Life Insurance Company            | 1.93%                           | 24,366,384           | 36,549,575             |
| Union of Shareholder Employees          | 4.28%                           | 54,000,000           | 81,000,000             |
| Egyptian Chemical Industries- Kima      | 2.70%                           | 34,009,360           | 51,014,040             |
|   | <b>100 %</b>                    | <b>1,261,875,720</b> | <b>1,892,813,580</b>   |

**(12/2) Reserves:**

Reserves balance amounted to EGP 540,440 thousand as at June 30, 2021, which comprise as follows:

|                | <u>(Amounts in thousands)</u> |                      |
|----------------|-------------------------------|----------------------|
|                | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| Legal reserve  | 530,531                       | 395,841              |
| Other reserves | 9,909                         | 8,824                |
|                | <b>540,440</b>                | <b>404,665</b>       |

- The legal reserve has been increased by an amount of EGP 134,690 thousand which represent 5% of net profit for the year 2019/2020.
- The other reserves have been increased by an amount of EGP 1,085 thousand during the period which is derived from dividends for the year 2019/2020, this amount equal total gain on sale of fixed assets during the year ended June 30, 2020, which is transferred according to company's ordinary general assembly decision dated on September 26, 2020.
- Other reserves amounted EGP 9,909 thousand which comprise the following:

|  | <u>(Amounts in thousands)</u> |                      |
|--|-------------------------------|----------------------|
|  | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| Gain on sale of fixed assets             | 9,876                         | 8,791                |
| Gain on sale of spare parts and fittings | 5                             | 5                    |
| Environment fund reserve                 | 28                            | 28                   |
|  | <b>9,909</b>                  | <b>8,824</b>         |

**(12/3) Retained earnings:**

Retained earnings amounted to EGP 2,411,346 thousand as at June 30, 2021 which comprise the following:

|   | <u>(Amounts in thousands)</u> |                      |
|---|-------------------------------|----------------------|
|   | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| Retained earnings - beginning balance     | 1,807,366                     | 964,254              |
| Net profit for the prior year             | 2,694,886                     | 3,157,133            |
| Cash dividends                            | (1,955,132)                   | (2,153,581)          |
| Transferred to legal and other reserves   | (135,774)                     | (160,440)            |
| <b>Transferred to retained earnings</b>   | <b>603,980</b>                | <b>843,112</b>       |
| <b>Retained earnings – ending balance</b> | <b>2,411,346</b>              | <b>1,807,366</b>     |

Retained earnings amounted to EGP 2,411,346 thousand as at June 30, 2021 include undistributed shareholders' share in profit for year 2019/2020 with amount of EGP 603,980 thousand, other than the transferred balance of previous years that amounted EGP 1,807,366 thousand according to the ordinary general assembly meeting held on September 26, 2020, where this balance is added to the shareholders' equity before the next year's distributions.



(Amounts expressed in Egyptian pounds)

**(13) Loans:**

Loan balance as at June 30, 2021 amounted to EGP 46 thousand which represents the domestic loan balance after completing the payment of the foreign loan which represented 80% of Zero Liquid Discharge Project (ZLD).

- Zero Liquid Discharge Project (ZLD) with an estimated cost of USD 24 million has been financed by two loans from the National Bank of Egypt which are represented in a foreign loan to finance 80% of the Zero Liquid Discharge Project (ZLD) and a domestic loan to finance the remaining. There are no guarantees for these loans except for presenting the signature of the borrower's authorized representative on the loan contract. which are as follows:

| Description               | First loan  | Second loan  |
|---------------------------|---|--|
| Amount                    | USD 16 million including 20% grant under the shadow of Egyptian Environmental Affairs Agency (EEAA) after adding USD 8 million which has been reduced from second loan. | EGP 88 million was reduced by USD 8 million (the extra loan) which is included in first loan and the remaining around EGP 32.4 million under company's control of the exchange started in February, 2016 |
| Withdrawal duration       | Two years from signing the loan contract which ends on April 2, 2015, and was extended till June 30, 2015   | Three years ending on September 1, 2016  |
| Grace period              | One year from the expiry date of the withdrawal period ending on April 2, 2016  | Three years ending on September 1, 2016  |
| Installments              | Monthly installments (60 equal installment) starting the month after the expiration of withdrawal and grace period considering from May 2016                            | Monthly installments (60 equal installment) starting the month after the expiration of withdrawal and allowance period considering from October, 2016  |
| Debit interest rate       | 2% + Libor rate 6 months  | 1.25% + the price of Corridor lending per year   |
| Paid loan installments    | All installments were paid  | 57 installments were paid  |
| Current loan installments | --  | EGP 46 thousand  |

**Balance of loans as at June 30, 2021 is represented as follows:**

| Description                       | (Amounts in thousands) |                        |                           |                         |
|-----------------------------------|------------------------|------------------------|---------------------------|-------------------------|
|                                   | Balance as at 1/7/2020 | Paid loan installments | Revaluation exchange rate | Balance as at 30/6/2021 |
| Foreign currency loan (USD)       | 25,423                 | (25,423)               | --                        | --                      |
| Local currency loan (EGP)         | 228                    | (182)                  | --                        | 46                      |
| <b>Total loans</b>                | <b>25,651</b>          | <b>(25,605)</b>        | <b>--</b>                 | <b>46</b>               |
| <b>Current loans installments</b> | <b>25,605</b>          |                        |                           | <b>46</b>               |
| <b>Non-current installments</b>   | <b>46</b>              |                        |                           | <b>--</b>               |

- With respect to the loan in local currency, only EGP 912 thousand were used for this loan and the rest of the loan was canceled.



(Amounts expressed in Egyptian pounds)

**(14) Notes payable:**

- The balance of the Notes payable owed by the company in March 31, 2021 which amounted EGP 32.9 Million has been settled in light of the settlement agreement concluded between our company and by Petro Trade Company on April 13, 2021 for exceeding the gas withdrawal limit In implementation of the Prime Minister's Resolution No (94) dated June 3, 2020 to approve some exemptions for industrial customers from debts arising from the application of the contractual clauses of gas supply contracts, which are reflected in (Delayed interest accrued, Minimum fine, Maximum fine) according to the percentages of exemptions established in the aforementioned decision, with linking the industrial customers' benefit from these exemptions to paying / scheduling the debts they owe Therefore, the balances of Notes payable as at June 30, 2021 is represented as follows:

|                           | <u>(Amounts in thousands)</u> |                      |
|---------------------------|-------------------------------|----------------------|
|                           | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| Current notes payable     | --                            | 17,181               |
| Non-current notes payable | --                            | 28,635               |
|                           | <u>--</u>                     | <u>45,816</u>        |

**(15) Provisions:**

Total non-current and current provisions balance are amounted to EGP 216,154 thousand and EGP 200 thousand respectively as at June 30, 2021 which is represented as follows:

| <u>Description</u>                          | <u>Balance as at 1/7/2020</u> | <u>Additions</u>  | <u>Provisions used</u> | <u>Provisions settled by income</u> | <u>Balance as at 30/6/2021</u> |
|---|-------------------------------|-------------------|------------------------|-------------------------------------|--------------------------------|
| <b><u>First: Income tax provisions:</u></b> |                               |                   |                        |                                     |                                |
| Corporate tax                               | 165,023                       | --                | --                     | --                                  | 165,023                        |
| Sales tax                                   | 47,341                        | --                | --                     | 4,694                               | 42,647                         |
| Real-state tax                              | 2,011                         | 428               | --                     | --                                  | 2,439                          |
| Stamp tax                                   | 426                           | --                | --                     | 81                                  | 345                            |
| <b>Total income tax provisions</b>          | <b><u>214,801</u></b>         | <b><u>428</u></b> | <b><u>--</u></b>       | <b><u>4,775</u></b>                 | <b><u>210,454</u></b>          |
| <b><u>Other provisions:</u></b>             |                               |                   |                        |                                     |                                |
| Lawsuit                                     | 200                           | --                | --                     | --                                  | 200                            |
| Labor tax differences                       | 5,500                         | --                | --                     | --                                  | 5,500                          |
| <b>Total other provisions</b>               | <b><u>5,700</u></b>           | <b><u>--</u></b>  | <b><u>--</u></b>       | <b><u>--</u></b>                    | <b><u>5,700</u></b>            |
| <b>Total provisions</b>                     | <b><u>220,501</u></b>         | <b><u>428</u></b> | <b><u>--</u></b>       | <b><u>4,775</u></b>                 | <b><u>216,154</u></b>          |
| <b>Total current provisions</b>             | <b><u>200</u></b>             |                   |                        |                                     | <b><u>200</u></b>              |
| <b>Total non-current provisions</b>         | <b><u>220,301</u></b>         |                   |                        |                                     | <b><u>215,954</u></b>          |

- The Additions amounted to EGP 428 thousand represents creating a provision to cover the claim from the Real Estate Tax Authority in Alexandria to pay the tax on the company's garage.
- The disposal amounted to EGP 4,775 thousand represents an amount of EGP 2,604 thousand which represents a settlement in sales tax provision concerns a dispute in production input for the period from January 1995 till March 1996 this is due to the Administrative Court issuing their final ruling in case no. 40927/69 in favor of the company and an amount of EGP 2,090 thousand which represents a dispute in production input for the period from May 1998 till February 1999 this is due to the Administrative Court issuing their final ruling in case no. 5370/75 in favor of the company, and an amount of EGP 81 thousand which represents a settlement in Stamp tax regarding examination differences of the year 2017/2018 after fulfilling its purpose after an agreement with the internal committee of the Senior Funders Center.
- Current provisions represent labor lawsuits, which are usually do not last more than a fiscal period.
- Non-current provisions represent tax lawsuits that do last more than a fiscal year.



(Amounts expressed in Egyptian pounds)

**(16) Deferred tax liabilities:**

Deferred tax liabilities balance is amounted to EGP 121,668 thousand as at June 30, 2021 which is represented as follows:

|                                       | <u>(Amounts in thousands)</u> |                      |
|---------------------------------------|-------------------------------|----------------------|
|                                       | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| Balance at the beginning of the year  | (119,151)                     | (79,338)             |
| Deferred tax of the year – (expenses) | (2,517)                       | (39,813)             |
| <b>Balance at the end of the year</b> | <b>(121,668)</b>              | <b>(119,151)</b>     |

**(17) Trade payables and other credit accounts:**

Trade payables and other credit accounts amounted to EGP 1,364,623 thousand without tax authority account as at June 30, 2021 which comprise as follows:

|                           | <u>(Amounts in thousands)</u> |                      |
|---------------------------|-------------------------------|----------------------|
|                           | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| Trade payables            | 455,689                       | 483,901              |
| Sundry creditors          | 32,767                        | 27,551               |
| Distribution creditors    | 1,526                         | 1,481                |
| Other credit accounts     | 789,986                       | 757,665              |
| Clients - credit balances | 84,655                        | 199,350              |
|                           | <b>1,364,623</b>              | <b>1,469,948</b>     |

**(17/1) Trade payables:**

Trade payables balance amounted to EGP 455,689 thousand as at June 30, 2021, which comprises as follows:

|                          | <u>(Amounts in thousands)</u> |                      |
|--------------------------|-------------------------------|----------------------|
|                          | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| Vendors - public sector  | 11,440                        | 14,243               |
| Vendors - private sector | 437,364                       | 455,015              |
| Vendors - foreign sector | 6,885                         | 14,643               |
|                          | <b>455,689</b>                | <b>483,901</b>       |

**(17/2) Sundry creditors:**

Sundry creditors balance amounted to EGP 32,767 thousand as at June 30, 2021, which comprises as follows:

|                                       | <u>(Amounts in thousands)</u> |                      |
|---------------------------------------|-------------------------------|----------------------|
|                                       | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| Insurances for others                 | 16,751                        | 20,698               |
| Tax authority (Value Added Tax)       | 8,393                         | --                   |
| Public Authority for Social Insurance | 7,623                         | 6,571                |
| Customs authority                     | --                            | 282                  |
|                                       | <b>32,767</b>                 | <b>27,551</b>        |

**(17/3) Distribution creditors:**

Distribution creditor's balance amounted EGP 1,526 thousand as at June 30, 2021, which comprises as follows:

|                            | <u>(Amounts in thousands)</u> |                      |
|----------------------------|-------------------------------|----------------------|
|                            | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| Shareholders' profit share | 1,290                         | 1,290                |
| Employees' profit share    | 236                           | 191                  |
|                            | <b>1,526</b>                  | <b>1,481</b>         |

- Shareholders' profit share balance as of June 30, 2021, amounted to EGP 1,290 thousand which will be transferred to the Tax Authority following article 147 of law no. 91 of 2005.



(Amounts expressed in Egyptian pounds)

**(17/4) Other credit accounts:**

Other credit accounts amounted to EGP 789,986 thousand as at June 30, 2021 which comprise EGP 784,804 thousand representing creditors, and EGP 5,182 thousand representing other credit balances respectively as follows:

**(17/4/1) Creditors:**

| Description   | (Amounts in thousands) |
|---|------------------------|
|   | June 30, 2021          |
| Private insurance fund  | 1,848                  |
| Supplementary pension fund  | 1,740                  |
| Cost of constructing company's buildings                                    | 24,596                 |
| Family treatment fund against treasury bills and current account            | 59,764                 |
| Housing Loan Fund   | 7,166                  |
| Sports Professions Syndicate  | 135                    |
| Social services fund subscription   | 435                    |
| Reserved amounts to finance pensions fund                                   | 6,005                  |
| Proceeds from Employees profits (Toson Land)                                | 476                    |
| Syndicate of agriculture – fee  | 2,445                  |
| Trade union committee fund  | 636                    |
| Carbon Co. and environment fund deposits                                    | 4,828                  |
| Estimated unearned returns for treasury bills related to funds              | 6,167                  |
| Shareholders employees' union   | 577                    |
| Comprehensive health insurance  | 24,289                 |
| Death cases fund  | 178                    |
| Transportation companies VAT  | 3,891                  |
| Credit balance for employees (tax reconciliations)                          | 27,505                 |
| Bonus for external missions   | 448                    |
| Methanol Project  | 3,530                  |
| Reserved amounts for employees' funds                                       | 5,060                  |
| Sales tax related to the dispute of letters of credit for Abu Qir plant (3) | 53,485                 |
| Training and rehabilitation fund  | 224,685                |
| Wages and trusts due  | 144,713                |
| Work dropouts' dues (out of work employees)                                 | 1,858                  |
| Reserved amounts to finance residential city's additions                    | 1,656                  |
| Bamaj company - fine  | 24,895                 |
| Fees under settlement   | 202                    |
| Air liquid Co.  | 227                    |
| Alexandria Fertilizers Company – rents                                      | 982                    |
| Applied stamp   | 328                    |
| Accrued donations   | 6,018                  |
| Club and sport activities against treasury bills and current accounts       | 88,122                 |
| Infrastructure fund against deposits and current accounts                   | 3,744                  |
| Deposits under settlements  | 186                    |
| Collections for road maintenance  | 3,034                  |
| Auto loan fund  | 6,530                  |
| General Authority for Financial Supervision- Development fee                | 102                    |
| Collections for guarding railway crossing                                   | 399                    |
| <b>Carried forward</b>  | <b>742,885</b>         |



(Amounts expressed in Egyptian pounds)

| Description                                  | (Amounts in thousands) |
|--|------------------------|
|  | June 30, 2021          |
| <b>Brought forward</b>                       | <b>742,885</b>         |
| Creditors – fixed assets purchase            | 36,405                 |
| Checks not submitted for disbursement        | 901                    |
| Creditors - products transportation expenses | 4,343                  |
| Others                                       | 270                    |
|  | <b>784,804</b>         |

**Creditor's accounts include:**

- EGP 224,685 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 88,122 thousand represents liability to sport activity and club against their treasury bills and current account at banks at financial statements date.
- EGP 3,744 thousand represents liability to infrastructure fund against its time deposits and current account at banks at financial statements date.
- EGP 4,828 thousand represents liability to environment fund against its time deposits and current account at banks at financial statements date.
- EGP 59,764 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, 2021, are amounted to EGP 18,345 thousand, in addition to the return of investing these amounts amounted to EGP 4,472 thousand and Total expenditures of these revenues related to environmental aspects are amounted to EGP 17,989 thousand which are represented as follows:

| Description   | (Amounts in thousands) |
|---|------------------------|
|   | June 30, 2021          |
| Environmental monitoring stations and devices.            | 2,798                  |
| Bank expenses   | 7                      |
| Constructing Rakta canal's bridge and its purification    | 670                    |
| Garbage disposal  | 860                    |
| Medical clinic (9)  | 144                    |
| Rehabilitations of Ali Maher Road                         | 2,175                  |
| Schools' rehabilitation and restoration project           | 569                    |
| Planting the surrounding roads                            | 250                    |
| Occasion's hall development in employees' compound city   | 244                    |
| Purchasing insecticide spraying motors and combating reed | 300                    |
| Zero Liquid Discharge equipment-Al'amia                   | 200                    |
| Developing environmental projects in Alexandria           | 226                    |
| Zero Liquid Discharge project in Edfina                   | 46                     |
| Purchasing charcoal oven                                  | 115                    |
| Medical caravans  | 894                    |
| Tools and machines  | 1,230                  |
| Fire engines, ambulances, and medical equipment           | 3,261                  |
| Waste recycle plant                                       | 4,000                  |
|   | <b>17,989</b>          |



**(Amounts expressed in Egyptian pounds)**

- Certificates for the period from November 26, 2012 to April 18, 2015 and the period from April 19, 2015 to March 31, 2020 have been sold for EURO 864 thousand, and also certificates for the period from January 11, 2019 to December 31, 2020 have been sold for USD 1.34 Million, The company's share in the certificates' revenue for the year ended June 30, 2021 which is amounted to EGP 36,981 thousand was included in the statement of income as other revenues.
- Certificates for the period from April 1, 2020 to June 30, 2021 has not yet been issued and there is an agreement to sell it immediately after its issuance.

**(17/4/2) Other credit balances:**

|                                       | <u>(Amounts in thousands)</u> |
|---------------------------------------|-------------------------------|
|                                       | <u>June 30, 2021</u>          |
| Borg El-Arab Project                  | 5,061                         |
| Etisalat Company installments debtors | 106                           |
| Others                                | 15                            |
|                                       | <u>5,182</u>                  |

**(17/4/3) Grants to finance environmental projects:**

**Grant of Zero Liquid Discharge project:**

Due to the lack of fulfillment of the grant condition related to obtaining the Ministry of Environment certificate and the expiration of the period granted by the bank to repay the loan and obtain the certificate, the company paid to the National Bank of Egypt the total grant balance on April 1, 2021, and the company has taken the following measures in this regard: -

- On March 18, 2021 a meeting was held with the National Bank of Egypt to extend the granted deadline which requested the approval first of the program EPAP II affiliated to the Environmental Affairs Agency.
- On April 8, 2021 the program EPAP II affiliated to the Environmental Affairs Agency was contacted to have their approval to extend the term of the loan and grant, and on April 18, 2021 the program has reported there is no objection to extending the term of the loan and grant if an agreement is reached with the National Bank of Egypt.
- Therefore, the National Bank of Egypt was contacted to let them know that the program EPAP II affiliated to the Environmental Affairs Agency have no objection to extending the term of the loan and grant and they are being contacted to extend the grant.

**(17/5) Client's credit balances:**

The clients' credit balances (down payments) as at June 30, 2021 are amounted to EGP 84,655 thousand which comprise as follows:

|                          | <u>(Amounts in thousands)</u> |                      |
|--------------------------|-------------------------------|----------------------|
|                          | <u>June 30, 2021</u>          | <u>June 30, 2020</u> |
| Clients - public sector  | 1,643                         | 4,824                |
| Clients - private sector | 8,137                         | 44,454               |
| Clients - foreign sector | 74,875                        | 150,072              |
|                          | <u>84,655</u>                 | <u>199,350</u>       |



(Amounts expressed in Egyptian pounds)

**(17/6) Tax authority:**

Tax authority's credit balance as at June 30, 2021 amounted to EGP 784,748 thousand which comprise as follow:

|  | <u>(Amounts in thousands)</u> |                       |
|--|-------------------------------|-----------------------|
|  | <u>June 30, 2021</u>          | <u>June 30, 2020</u>  |
| Tax authority – Payroll tax                | 7,344                         | 22,983                |
| Withholding tax, stamp, and real state tax | 1,444                         | 2,418                 |
| Tax authority – Corporate tax              | 775,960                       | 551,423               |
|  | <b><u>784,748</u></b>         | <b><u>576,824</u></b> |

**(18) Legal and tax position as at June 30, 2021:**

**(18/1) Tax position:**

**Corporate Tax:**

1. For the years 1989/1992 the tax disputes are in front of Administrative Judiciary.
2. For the year 2001/2002 the tax disputes are in front of the Administrative Judiciary.
3. For the year 2005/2006 the tax disputes are in front of Administrative Judiciary.
4. For the years 2006/2008 the tax disputes are in front of Administrative Judiciary.
5. For the year 2014/2015 company's accounts were inspected by tax authority.
6. For the years 2015/2018 the dispute of tax inspection is in progress.

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

**Payroll tax:**

1. For year of 2005, the dispute is in front of Administrative Judiciary.
2. Company's accounts were inspected by Tax Authority till year 2015.

**Sales Tax:**

1. 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.
  2. For period from July 2005 till December 2009, tax disputes are in front of Administrative Judiciary.
  3. 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 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 (creditors balances in the statement of financial position) until final settlement with the tax authority.

**Value added tax:**

The company is obligated to implement Law No. 67 of 2016 regarding value added tax.

**Stamp tax:**

1. For period from January 2001 till July 2004, tax dispute is in front of Administrative Judiciary.
2. Company's accounts were inspected by tax authority till 2018.

**Real state tax:**

- Annual tax assessment was made in accordance with law of real state tax promulgated by Law No. 196 of 2008 and amended by Law No. 117 of 2014.
- A claim was received to increase the annual assessment of the company's real estate tax, and it is currently being discussed with the real estate tax department in Alexandria.



(Amounts expressed in Egyptian pounds)

**(18/2) Legal position:**

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

| <u>Name</u>                  | <u>Lawsuit's subject</u>   | <u>Company's requests in lawsuits</u> | <u>Provision according to Legal Affairs sector opinion (EGP)</u> | <u>Notes</u>  |
|------------------------------|--|---------------------------------------|--|---|
| Ahmed Nasr Wahba             | Post-work dropout benefits   | Reject the case                       | 100,000  | Failure to accept the appeal at a hearing on July 5, 2021 |
| Abd El Salam Aly Ismael Sakr | Demanding a remuneration for membership of the board of directors & Session attendance fees & In exchange for vacation balance | Reject the case                       | 100,000  | Re-application dated July 31, 2021                        |
| <b>Total</b>                 |  |                                       | <b>200,000</b>   |   |

Within cases raised by others against the company claim No. 2694 of 2015 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 November 2, 2021. In this regard, the company's legal view is that fines for delaying payment 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 that the conclusion of the reconciliation and settlement agreement on August 31, 2014 is independent of the gas supply contract as it is a private contract and private restricts the general and was edited to settle the differences between Abu Qir Fertilizers and petrol companies (EGAS - Gasco – Petro Trade) the creation of the provision will be considered when returned to the court and decide on the defense of the company regarding the unconstitutionality of approvals and decisions to increase the price of natural gas retroactively, in this regard, the decision of the Board of Directors, No. (46) on April 21, 2015 is unanimously approved not to create provision pending to the end of the judgment of the Court.

**(19) Statement of Income:**

**(19/1) Sales** for the year ended June 30, 2021 is amounted to EGP 8,839,413 thousand which comprise the following:

|  | <u>(Amounts in thousands)</u>       |                                     |
|--|-------------------------------------|-------------------------------------|
|  | <u>The year ended June 30, 2021</u> | <u>The year ended June 30, 2020</u> |
| Sales revenues                                       | 8,788,089                           | 7,842,576                           |
| Sold services<br>(Included sales of casual products) | 68,465                              | 54,568                              |
| Operation for other revenues                         | 1,389                               | 3,852                               |
| Sold wastes  | 1,569                               | 2,033                               |
| <b><u>Deduct:</u></b> Sale of casual products        | (20,099)                            | (21,294)                            |
|  | <b>8,839,413</b>                    | <b>7,881,735</b>                    |



(Amounts expressed in Egyptian pounds)

**(19/2) Cost of goods sold:** for the year ended June 30, 2021 is amounted to EGP 4,932,574 thousand which comprise the following:

|                                     | <b>(Amounts in thousands)</b>           |   |
|-------------------------------------|---|---|
|                                     | <b>The year ended<br/>June 30, 2021</b> | <b>The year ended<br/>June 30, 2020</b> |
| Raw materials and supplies          | 4,123,011                               | 4,240,158                               |
| Salaries, wages and benefits        | 555,152                                 | 552,765                                 |
| Operating fixed assets depreciation | 100,404                                 | 79,796                                  |
| Other manufacturing expenses        | 104,215                                 | 129,454                                 |
| Re-evaluation of finished goods     | 58,023                                  | (6,088)                                 |
| Re-evaluation of un-finished goods  | 11,868                                  | 22,603                                  |
| <b>Deduct:</b>                      |   |   |
| Sale of casual products             | (20,099)                                | (21,294)                                |
|                                     | <b>4,932,574</b>                        | <b>4,997,394</b>                        |

**(19/3) Return on investments available for sale** for the year ended June 30, 2021 is amounted to EGP 107,101 thousand which comprise the following:

|                            | <b>(Amounts in thousands)</b>           |   |
|----------------------------|---|---|
|                            | <b>The year ended<br/>June 30, 2021</b> | <b>The year ended<br/>June 30, 2020</b> |
| Alexandria Fertilizers co. | 29,216                                  | 68,632                                  |
| Helwan Fertilizers co.     | 77,885                                  | 79,968                                  |
|                            | <b>107,101</b>                          | <b>148,600</b>                          |

- Return on investments in Alexandria Fertilizers Co. is amounted to EGP 29,216 thousand which is equivalent to USD 1.866 million represented in Abu Qir's share in its dividends for the year 2020 which represents 15% of its cash dividends which are amounted to USD 12.438 million according to the ordinary general assembly meeting of Alexandria Fertilizers Co. dated March 9, 2021.
- Return on investments in Helwan Fertilizers Co. are amounted to EGP 77,885 thousand which is equivalent to USD 4.964 million represented in Abu Qir's share in its dividends for the year 2020 which represents 17% of its cash dividends which are amounted to USD 29.200 million according to the ordinary general assembly meeting of Helwan Fertilizers Co. dated March 24, 2021.

**(19/4) Credit interest** for the year ended June 30, 2021 is amounted to EGP 32,090 EGP thousand which comprise the following:

|                     | <b>(Amounts in thousands)</b>           |   |
|---------------------|---|---|
|                     | <b>The year ended<br/>June 30, 2021</b> | <b>The year ended<br/>June 30, 2020</b> |
| Realized interest   | 31,698                                  | 54,792                                  |
| Unrealized interest | 392                                     | 499                                     |
|                     | <b>32,090</b>                           | <b>55,291</b>                           |

**(19/5) Return on held to maturity investments** for the year ended June 30, 2021 is amounted to EGP 662,665 thousand which comprise return on treasury bills which comprise as following:



(Amounts expressed in Egyptian pounds)

**(19/5/1) Return on Suez Canal certificates** There is no return on Suez Canal certificates for the year ended June 30, 2021 as in September 2019 Suez Canal certificates were redeemed

|                   | <b>(Amounts in thousands)</b>           |   |
|-------------------|---|---|
|                   | <b>The year ended<br/>June 30, 2021</b> | <b>The year ended<br/>June 30, 2020</b> |
| Realized return   | --                                      | 7,564                                   |
| Unrealized return | --                                      | --                                      |
|                   | <b>--</b>                               | <b>7,564</b>                            |

**(19/5/2) Return on treasury bills** for the year ended June 30, 2021 is amounted to EGP 662,665 thousand which comprise the following:

|                     | <b>(Amounts in thousands)</b>           |   |
|---------------------|---|---|
|                     | <b>The year ended<br/>June 30, 2021</b> | <b>The year ended<br/>June 30, 2020</b> |
| Realized interest   | 399,577                                 | 525,832                                 |
| Unrealized interest | 263,088                                 | 200,525                                 |
|                     | <b>662,665</b>                          | <b>726,357</b>                          |

**(19/6) Other revenues** for the year ended June 30, 2021 is amounted to EGP 146,875 thousand which comprise the following:

|                            | <b>(Amounts in thousands)</b>           |   |
|----------------------------|---|---|
|                            | <b>The year ended<br/>June 30, 2021</b> | <b>The year ended<br/>June 30, 2020</b> |
| Rent revenues              | 12,152                                  | 12,015                                  |
| Compensation and penalties | 538                                     | 97,857                                  |
| Sundry revenues            | 134,185                                 | 28,210                                  |
|                            | <b>146,875</b>                          | <b>138,082</b>                          |

**(19/6/1): Rent revenues** for the year ended June 30, 2021 is amounted to EGP 12,152 thousand which comprise the following:

|  | <b>(Amounts in thousands)</b>           |   |
|--|---|---|
|  | <b>The year ended<br/>June 30, 2021</b> | <b>The year ended<br/>June 30, 2020</b> |
| Land Leased to Alexandria Fertilizers Co.                        | 9,927                                   | 10,340                                  |
| Water Pump Sub-Station, land, tanks, and cafeteria               | 1,341                                   | 922                                     |
| Land Leased to Air Liquid Co., Medical Gases Co. and Med Gas Co. | 884                                     | 753                                     |
|  | <b>12,152</b>                           | <b>12,015</b>                           |

**(19/6/2) Compensation and penalties revenues** for the year ended June 30, 2021 is amounted to EGP 538 thousand which comprise the following:

|                                      | <b>(Amounts in thousands)</b>           |   |
|--------------------------------------|---|---|
|                                      | <b>The year ended<br/>June 30, 2021</b> | <b>The year ended<br/>June 30, 2020</b> |
| Vendors and transportation companies | 473                                     | 1,721                                   |
| Misr insurance                       | 2                                       | 96,029                                  |
| Other compensation revenues          | 63                                      | 107                                     |
|                                      | <b>538</b>                              | <b>97,857</b>                           |



**(Amounts expressed in Egyptian pounds)**

**(19/6/3) Sundry revenues** for the year ended June 30, 2021 is amounted to EGP 28,210 thousand which comprise the following:

|   | <b>(Amounts in thousands)</b>           |   |
|---|---|---|
|   | <b>The year ended<br/>June 30, 2021</b> | <b>The year ended<br/>June 30, 2020</b> |
| Carbon  | 36,981                                  | 17,971                                  |
| Gain on sale of scrap, raw materials, supplies and others | 97,204                                  | 10,239                                  |
|   | <b>134,185</b>                          | <b>28,210</b>                           |

- Sundry revenues include EGP 19,969 thousand represent correction for pricing error in receipt voucher No. (4626) dated on June 23, 2020. which related to 28.57 tons of formaldehyde, according to what was presented in the company's ordinary assembly meeting held on September 26, 2020.
- The other miscellaneous income includes an amount of EGP 61,970 resulting from the settlement of balances owed by the company in light of the settlement agreement between our company and Petro-trade Petroleum Trading Services Company on April 13, 2021, regarding exceeding the maximum limit for gas withdrawals, and in implementation of the decision of Mr. Engineer / Prime Minister No. (94) session of June 3, 2020, to approve some exemptions for industrial customers from debts arising from the application of the contractual clauses of gas supply contracts, represented by (the accrued delay interest. Minimum fine. Maximum fine. According to the disclosed exemptions rates in the referred above decision and attach the benefit gained by industrial customers from those exemptions whether by payment or scheduling the indebtedness owed to them.

**(19/6/4) Gain on sale of fixed assets** for the year ended June 30, 2021 is amounted to EGP 12,237 thousand which represented in selling scrap iron, devices, vehicles spare parts, Clarke and tubes for the primary axle (nickel chrome).

**(19/7) Foreign currency exchange differences** for the year ended June 30, 2021 is amounted to EGP 17,542 thousand against currency differences gain amounted to EGP 10,621 thousand during the same period of the previous year and are as follows:

|  | <b>(Amounts in thousands)</b>           |   |
|--|---|---|
|  | <b>The year ended<br/>June 30, 2021</b> | <b>The year ended<br/>June 30, 2020</b> |
| <b>Foreign currency exchange differences</b> |   |   |
| Banks  | 25,380                                  | (1,141)                                 |
| Other monetary assets and liabilities        | (7,838)                                 | 11,762                                  |
| <b>Net charged to statement of income</b>    | <b>17,542</b>                           | <b>10,621</b>                           |

**(19/8) Selling and distribution expenses** for the year ended June 30, 2021 is amounted to EGP 411,821 thousand which comprise the following:

|                              | <b>(Amounts in thousands)</b>           |   |
|------------------------------|---|---|
|                              | <b>The year ended<br/>June 30, 2021</b> | <b>The year ended<br/>June 30, 2020</b> |
| Salaries, wages and benefits | 154,163                                 | 139,054                                 |
| Packing materials            | 96,762                                  | 101,495                                 |
| Fixed assets depreciation    | 4,825                                   | 7,882                                   |
| Other selling expenses       | 156,071                                 | 147,999                                 |
|                              | <b>411,821</b>                          | <b>396,430</b>                          |

**(19/9) Administration and general expenses** for the year ended June 30, 2021 is amounted to EGP 158,309 thousand which comprise the following:

|   | <b>(Amounts in thousands)</b>           |   |
|---|---|---|
|   | <b>The year ended<br/>June 30, 2021</b> | <b>The year ended<br/>June 30, 2020</b> |
| Salaries, wages and benefits                  | 76,642                                  | 66,098                                  |
| Fixed assets depreciation                     | 6,299                                   | 3,487                                   |
| Other administrative and general expenses     | 69,380                                  | 80,385                                  |
| Chairman and board of directors' compensation | 5,988                                   | 4,646                                   |
|   | <b>158,309</b>                          | <b>154,616</b>                          |



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

Notes to the financial statement as at June 30, 2021

Translation notes of the financial statements

Original issued in Arabic

(Amounts expressed in Egyptian pounds)

**(19/10) Financing expenses** for the year ended June 30, 2021 is amounted to EGP 1,470 thousand which comprise the following:

|                           | (Amounts in thousands)          |                                 |
|---------------------------|---------------------------------|---------------------------------|
|                           | The year ended<br>June 30, 2021 | The year ended<br>June 30, 2020 |
| Financing Expense – Loan  | 246                             | --                              |
| Financing Expense – Grant | 1,224                           | --                              |
|                           | <b>1,470</b>                    | <b>--</b>                       |

**(19/11) Income tax** for the year ended June 30, 2021 is amounted to EGP 802,088 thousand which comprise the following:

|                       | (Amounts in thousands)          |                                 |
|-----------------------|---------------------------------|---------------------------------|
|                       | The year ended<br>June 30, 2021 | The year ended<br>June 30, 2020 |
| Income tax            | 775,960                         | 524,829                         |
| Deferred tax          | 2,517                           | 39,813                          |
| Tax on treasury bills | 132,533                         | 135,280                         |
| Tax on dividends      | 10,710                          | 14,860                          |
| Tax settlements       | (119,632)                       | (986)                           |
|                       | <b>802,088</b>                  | <b>713,796</b>                  |

- **Reconciliation to calculate the internal tax at June 30, 2021 according to the terms of law** which comprise the following:

|  | (Amounts in thousands) |                                 |
|--|------------------------|---------------------------------|
|  | Subtotal               | The Year ended<br>June 30, 2021 |
| <b>Net profit before tax for the year ended June 30, 2021</b>                      |                        | 4,318,095                       |
| <b>Add:</b>  |                        |                                 |
| Effect of non-deductible expenses  | 18,197                 |                                 |
| Comprehensive health insurance   | 24,289                 |                                 |
| Effect of provisions (added)   | 428                    |                                 |
| Effect of depreciation differences   | 9,250                  |                                 |
| <b>Deduct:</b>   |                        | 52,164                          |
| Effect of non-taxable revenues   | (916,771)              |                                 |
| Effect of provisions (deducted)  | (4,774)                | (921,545)                       |
| <b>Total tax Base for the year ended June 30, 2021</b>                             |                        | <b>3,448,714</b>                |
| Income tax rate (22.5%)  | 775,961                |                                 |
| <b>Add:</b>  |                        |                                 |
| <b>Deferred income tax for the year ended June 30, 2021</b>                        | 2,517                  |                                 |
| Income tax on dividends for the year 2020 /2021                                    | 10,710                 |                                 |
| Treasury bills tax and other adjustments for the year 2020/2021                    | 132,533                |                                 |
| Settlement the differences of "9A form – reservation" and the previous year return | (119,633)              |                                 |
| <b>Total current income tax for the year ended June 30, 2021</b>                   |                        | <b>802,088</b>                  |
| <b>Actual income tax rate on net profit for the year ended June 30, 2021</b>       |                        | <b>18.58%</b>                   |

- The tax due represents the tax payable less the previous deducted from third parties (treasury bills, distribution tax, withholding tax, ...) based on certificates supported by others.
- Income tax includes EGP 119,632 thousand related to the settlement of tax authority account according to "9A form – reservation" which received in August 2020, in addition to tax return settlements for the year 2019/2020.



(Amounts expressed in Egyptian pounds)

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(19/11) - The company contributes to the supplementary pension fund, private insurance and service fund within miscellaneous service expenses in order to achieve loyalty to the company and to overcome the problems of employment work dropout outside the company. The company also contributes to finance employees treatment fund and their families and pensioners (by the proceeds from road maintenance, transportations 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 disbursement occurs during the period 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 delay interests due from the company 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 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 on behalf the company and in favor of others as at June 30, 2021 are amounted to EGP 343 million which are totally covered by treasury bills which are amounted to EGP 402 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 sectors:**

Company's operating sectors comprise as follows:

- |  |                            |
|--|----------------------------|
| - Abu Qir Plant (1)                          | - Liquid Fertilizers Plant |
| - Abu Qir Plant (2)                          | - Ammonia and nitric acid  |
| - Abu Qir Plant (3)                          | - Plastic Bags Plant       |
| - Solution of Urea, Ammonia and Nitrate Unit | - Others                   |



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

Notes to the financial statement as at June 30, 2021

Translation notes of the financial statements

Original issued in Arabic

(Amounts expressed in Egyptian pounds)

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

| Description              | (Amounts in thousands) |                   |                   |                   |                    |                  |                   |
|--------------------------|------------------------|-------------------|-------------------|-------------------|--------------------|------------------|-------------------|
|                          | Abu Qir Plant (1)      | Abu Qir Plant (2) | Abu Qir Plant (3) | Liquid fertilizer | Plastic Bags Plant | Others           | Total             |
| Sectors' assets          | 839,171                | 194,928           | 237,061           | 7,188             | 99,427             | 5,528            | 1,383,303         |
| Unloaded assets          | --                     | --                | --                | --                | --                 | 9,464,541        | 9,464,541         |
| <b>Total assets</b>      | <b>839,171</b>         | <b>194,928</b>    | <b>237,061</b>    | <b>7,188</b>      | <b>99,427</b>      | <b>9,470,069</b> | <b>10,847,844</b> |
| Sectors' liabilities     | --                     | --                | --                | --                | --                 | 2,486,717        | 2,486,717         |
| <b>Total liabilities</b> | <b>--</b>              | <b>--</b>         | <b>--</b>         | <b>--</b>         | <b>--</b>          | <b>2,486,717</b> | <b>2,486,717</b>  |

### Second: Operating sectors - Net profit:

| Description   | (Amounts in thousands) |                   |                   |                   |                  |                    |                |                  |
|---|------------------------|-------------------|-------------------|-------------------|------------------|--------------------|----------------|------------------|
|   | Abu Qir Plant (1)      | Abu Qir Plant (2) | Abu Qir Plant (3) | Liquid fertilizer | Ammonia and acid | Plastic bags Plant | Others         | Total            |
| Sales   | 2,633,350              | 2,530,602         | 3,232,726         | 32,770            | 396,006          | 13,959             | --             | 8,839,413        |
| Costs of sales  | (1,445,655)            | (1,430,310)       | (1,710,968)       | (13,686)          | (319,859)        | (12,096)           | --             | (4,932,574)      |
| <b>Gross profit</b>   | <b>1,187,695</b>       | <b>1,100,292</b>  | <b>1,521,758</b>  | <b>19,084</b>     | <b>76,147</b>    | <b>1,863</b>       | <b>--</b>      | <b>3,906,839</b> |
| Investment's revenue  | --                     | --                | --                | --                | --               | --                 | 107,101        | 107,101          |
| Credit interests and Revenues from held to maturity investments | --                     | --                | --                | --                | --               | --                 | 694,755        | 694,755          |
| Other revenues  | --                     | --                | --                | --                | --               | --                 | 146,875        | 146,875          |
| Gain on sale of fixed assets                                    | --                     | --                | --                | --                | --               | --                 | 12,237         | 12,237           |
| Foreign currency differences (gains)                            | --                     | --                | --                | --                | --               | --                 | 17,542         | 17,542           |
| Selling and distribution expenses                               | (122,350)              | (136,896)         | (137,675)         | (2,773)           | (12,127)         | --                 | --             | (411,821)        |
| Administrative and general expenses                             | (34,086)               | (47,609)          | (39,524)          | (681)             | --               | --                 | (36,409)       | (158,309)        |
| Provision support   | --                     | --                | --                | --                | --               | --                 | (428)          | (428)            |
| Provision settlement  | --                     | --                | --                | --                | --               | --                 | 4,774          | 4,774            |
| financing expenses  | --                     | --                | --                | --                | --               | --                 | (1,470)        | (1,470)          |
| <b>Net profit before tax</b>                                    | <b>1,031,259</b>       | <b>915,787</b>    | <b>1,344,559</b>  | <b>15,630</b>     | <b>64,020</b>    | <b>1,863</b>       | <b>944,977</b> | <b>4,318,095</b> |
| Income tax for the year   | (191,557)              | (170,108)         | (249,752)         | (2,903)           | (11,892)         | (346)              | (175,530)      | (802,088)        |
| <b>Net profit for the year</b>                                  | <b>839,702</b>         | <b>745,679</b>    | <b>1,094,807</b>  | <b>12,727</b>     | <b>52,128</b>    | <b>1,517</b>       | <b>769,447</b> | <b>3,516,007</b> |

- The unassigned sectors' assets in the first report represent in investments available for sale and current assets.
- The unassigned sectors' liabilities in the first report represent in current and noncurrent liabilities.
- The other revenues in the second report represent in investment revenues, credit interests, return of held to maturity investments (treasury bills and interests of Suez Canal certificates), capital gain and other revenues.



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

Notes to the financial statement as at June 30, 2021

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(Amounts expressed in Egyptian pounds)

**(22) Related parties:**

Related parties' transactions are conducted on the same basis as applied to external parties according to the terms granted by the boards of directors, the most important transactions are represented as follows:

(Amounts in thousands)

| Description  | Sharing percentage | Relationship                        | Transactions   | Balance as at 30/6/2021 | Balance nature   |
|--|--------------------|-------------------------------------|--|-------------------------|--|
| National Bank of Egypt (represented by El-Ahly Capital Holding Co.)                                | 8.11%              | Shareholder                         | Local and foreign current accounts, time deposits and treasury bills (Debit balance) | 328,010                 | Included in cash and held to maturity investments                  |
|  |                    |                                     | Insurance coverage (insurance's volume)  | 37,858                  | Included in other expenses   |
| Misr Insurance Co.   | 3.19%              | Shareholder                         | Compensations  | 117                     | Included in other revenues   |
|  |                    |                                     | Debit balances   | 12                      | Included in other debtors  |
| Egyptian Natural Gas GASCO – Petro trade<br>(Subsidiary to Egyptian General Petroleum Corporation) | 19.11%             | Vendor<br>Subsidiary to shareholder | Gas supply (consumption's volume)  | 3,634,995               | Included in raw materials cost                                     |
|  |                    |                                     | Credit balances (Legal suit)   | 279,913                 | Included in other creditors  |
|  |                    |                                     | Credit balances (Gas consumption)  | 152,459                 | Included in other creditors  |
|  |                    |                                     | Services and other transactions (transaction's volume)                               | 21,176                  | Included in sales revenues   |
| Alexandria Fertilizers Co.   | 15%                | Invested in                         | Dividends  | 33,665                  | Included in investment revenues, other debtors and other creditors |
|  |                    |                                     | Credit balances (rents)  | 982                     | Included in other creditors  |
|  |                    |                                     | Selling packing materials  | 6,907                   | Included in sales revenues   |
|  |                    |                                     | Debit balances (clients)   | 532                     | Included in other debtors  |
|  |                    |                                     | Debit balances   | 22                      | Included in other debtors  |
| Helwan Fertilizers Co.   | 17%                | Invested in                         | Selling packing material   | 7,469                   | Included in sales revenues   |
|  |                    |                                     | Dividends  | 78,515                  | Included in investment revenues, other debtors and other creditors |
|  |                    |                                     | Debit balances (clients)   | 8                       | Included debit balances  |



(Amounts expressed in Egyptian pounds)

**(23) Important Contract with related parties:**

- An insurance coverage contract with Misr Insurance Company for the company's plants (engineering - fire and explosion - loss of revenue .... etc.) with an annual value amounted to EGP 36 million.
- A contract for supplying natural gas to the company's plants with the Egyptian Natural Gas Company - GASCO, (one of the companies affiliated to the Egyptian General Petroleum Corporation), for USD 4.5 per million thermal units.
- Lease contracts with the Alexandria Fertilizers Company that include the land on which the its plant is located, a vacant lot, 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.

**(24) Comparative figures:**

Financial statements for the year ended June 30, 2021 represent the 4<sup>th</sup> and last financial period of the financial year (2021/2020) and it was compared with the financial statements of last year (2020/2019)

The separation of cash at banks and investment balances that related to employees' funds and other projects within the debit balances, and the changing in accounting treatment for plastic bags inventory resulted in amendments in the comparative figures in cash balances, investment balances, debtors, the inventory of packing materials, cost of production, and selling and distribution expenses, Accordingly, the comparative figures in statements of financial position, income and cash flows were amended as follows:

| Description  | (Amounts in thousands) |                 |                                 |
|--|------------------------|-----------------|---------------------------------|
|  | June 30, 2020          |                 |                                 |
|  | Before amendment       | After amendment |                                 |
| Packing material inventory                         | 438                    | 9,571           | Statement of financial position |
| Work in process inventory                          | 65,842                 | 56,520          |                                 |
| Finished Goods inventory                           | 139,516                | 139,705         |                                 |
| Trade receivables and debit accounts               | 295,896                | 441,790         |                                 |
| Held to maturity investments                       | 5,481,723              | 5,347,397       |                                 |
| Cash on hand and at banks                          | 587,896                | 576,328         |                                 |
| Cost of goods sold                                 | 5,015,643              | 4,997,394       | Statement of income             |
| Gross profit                                       | 2,866,092              | 2,884,342       |                                 |
| Selling and distribution expenses                  | 378,181                | 396,430         |                                 |
| General and administrative expenses                | 153,313                | 154,616         |                                 |
| Board of directors' compensation                   | 1,303                  | --              |                                 |
| Credit interests                                   | --                     | 55,894          | Statement of cash flows         |
| Other proceeds                                     | 221,327                | 433,132         |                                 |
| Other payments                                     | 291,813                | 302,591         |                                 |
| Returns on held to maturity investments            | --                     | 634,666         |                                 |
| Proceeds from returns on Suez Canal certificates   | --                     | 9,688           |                                 |
| Cash and cash equivalents, beginning of the period | 403,129                | 328,752         |                                 |
| Cash and cash equivalents, end of the period       | 587,896                | 576,328         |                                 |



(Amounts expressed in Egyptian pounds)

**(25) Earnings per share:**

|  | <b>(Amounts in pounds)</b>              |   |
|--|---|---|
|  | <b>The year ended<br/>June 30, 2021</b> | <b>The year ended<br/>June 30, 2020</b> |
| <b>Net profit for the year</b>                     | <b>3,516,007,181</b>                    | <b>2,694,886,008</b>                    |
| <b>Deduct:</b>                                     |   |   |
| Share of social and sports activity                | 53,823,229                              | 42,594,964                              |
| Share of training and rehabilitation fund          | 35,037,704                              | 26,938,015                              |
| Employees profit share                             | 447,897,930                             | 344,828,185                             |
| Board of directors' share                          | 40,450,000                              | 26,520,000                              |
| <b>Basic earnings attributable to shareholders</b> | <b>2,938,798,318</b>                    | <b>2,254,004,844</b>                    |
| No. of shares                                      | 1,261,875,720                           | 1,261,875,720                           |
| <b>Earnings per share</b>                          | <b>2.33</b>                             | <b>1.79</b>                             |

**(26) Emergency conditions and subsequent events (Corona virus Pandemic – COVID -19):**

Due to the current critical situation countries are going through as a result of the outbreak of the new epidemic of corona virus (Covid-19) resulted in necessary measures that have taken to prevent the spread of the epidemic, which has economic and financial impacts, **which comprise as follows:**

- The decrease of average export prices in the foreign market through period from July 1, 2020 till December 31, 2020, and its impact on export sales. Noting that export prices have been reformed through the quarter of the fiscal year 2020/2021
- The decrease of free sale prices in the local market as a result of the decrease in global prices through the first half of the fiscal year 2020/2021 and effect of that on the free market sales.
- The decrease of banks interest rate by 3.5%, and its impact on the return on cash investments.
- The extra burden which the company suffers resulting from what was spent on the cleaning, disinfection, and medical equipment to prevent the epidemic spread.

The company's management is currently evaluating the impact related to the epidemic and taking all precautionary procedures to maintain operational and marketing activities and protect employees, suppliers, and customers in light of the available information .These events may affect the future financial statements and at the current time it is hard to specify the amount of impact, as the size of impact differs according to the expected extend and the period of ending these events and its impact.