شركة أبو قير للأسمدة
والصناعات الكيماوية

الإسكندرية في : ٢٠٢١/١١/٢١

السيد الأستاذ / نائب رئيس قطاع الشركات المقيدة
البورصـــــة المصريـــة
١١،٨ شارع طلعت حرب
ص.ب ٨٧٣ – رقم بريدي ٢١١١١ الإسكندرية
فاكس رقم : ٠٣/ ٤٨٤٥٨٥٥

تحية طيبة وبعد ،،،

نتشرف بأن نرفق لسيادتكم طيه ترجمة باللغة الإنجليزية لكل من القوائم المالية والإيضاحات المتممة لها عن الفترة المالية المنتهية في ٢٠٢١/٩/٣٠ وكذا تقريري الجهاز المركزي للمحاسبات ومراقب حسابات الشركة ورد الشركة على تقريري الجهاز المركزي للمحاسبات ومراقب حسابات الشركة.

مرسل برجاء التفضل بالعلم وإتخاذ اللازم.

وتفضلوا سيادتكم بقبول فائق الإحترام والتقدير ،،،

مدير عام علاقات المستثمرين والإعلام	**رئيس القطاعات المالية**
(ومسئول علاقات المستثمرين)	**(ومسئول الإتصال)**
٢٠٢١/١١/٢١	٢٠٢١/١١/٢١
محاسبة / نرفانا صباح عرابي	**محاسب / خالد مصطفى سكر**

Abu Qir Fertilizers & Chemical Industries Co.

الشركة حاصلة على شهادات أيزو٩٠٠١ - أيزو ١٤٠٠١- أيزو١٨٠٠١- أيزو١٧٠٢٥

الإدارة والمصانع :
الطابية - خط رشيد - إسكندرية
كيس بريدى مخصوص
الرقم البريدى : ٢١٩١١
www.abuqir.com

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

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

FERTILIZER FEEDS THE WORLD

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

FINANCIAL STATEMENTS TOGETHER

WITH AUDITORS' REPORTS

FOR THE THREE-MONTHS PERIOD
ENDED SEPTEMBER 30, 2021

mazars

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

We have performed the procedures agreed with the company to translate the financial statements of **Abu Qir Fertilizers and Chemicals Industries Company** (S.A.E.), for the three-months period ended September 30, 2021, which includes auditors' reports on review of interim financial statements - MAZARS Mostafa Shawki and Accountability State Authority – with the response of company's management to those reports in English. These auditors' reports on review comprise our unqualified review report and Accountability State Authority's qualified review report, both reports were issued on these financial statements and originally issued in Arabic dated November 11, 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' review reports of **Abu Qir Fertilizers and Chemicals Industries Company (S.A.E.)** for the three-months period ended September 30, 2021, are in conformity with company's financial statements originally issued in Arabic.

Auditor

Dr. Ahmed Shawki
MAZARS Mostafa Shawki

November 18, 2021.

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

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Translation of Accountability State Authority's review report
originally issued in Arabic

Accountability State Authority
Petrochemical Department

Report on review of interim financial statements

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

Introduction:

We have reviewed the accompanying financial statements of **Abu Qir Fertilizers And Chemical Industries Company (S.A.E)** subject to law No. 159 of 1981 and its executive regulation for the three-months period ended September 30, 2021 which comprise the statement of financial position with total assets amounted to EGP 13.633 billion, statement of income with net profit (after tax) of EGP 1.290 billion, and statements of comprehensive income, changes in shareholders' equity and cash flows for the three-months period then ended and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Egyptian Accounting Standards, our responsibility is to make conclusion on financial statements based on our review.

Scope of review:

We conducted our review in accordance with Egyptian Standard on Review Engagements No. (2410) "Review of interim financial statements performed by the independent auditor of the entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these financial statements.

Basis of qualified conclusion:

- The company has classified its investments in the equity instrument as financial investments by its fair value through the other comprehensive income (OCI) with fair value differences stated in the owners' equity equal EGP 1.211 billion (EGP 1.1 billion are directly adjusted to the owners' equity opening balance on July 1, 2021, and an amount of EGP 110 million (which represent the revaluation differences) are charged to the statement of other comprehensive income) and we did not obtain an advisory report from a specialist concerning the recognized investments revaluation differences.

  We should obtain an advisory report from a certified advisory by Financial Regulatory Authority concerning the recognized investments revaluation differences, these differences should be charged completely to the statement of other comprehensive income.

- Other debit balances include outstanding balances comprise EGP 5 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 September 30, 2021, with the account statement received from them with a difference of EGP 43.34 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 September 30, 2021, is amounted to EGP 622 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.

Qualified conclusion:

Based on our review, except for the matters stated in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim financial statements don't present fairly, in all material respects the financial position of **Abu Qir Fertilizers And Chemical Industries Company (S.A.E)** as of September 30, 2021, and of its financial performance and its cash flows for the three-months period then ended in accordance with Egyptian Accounting Standards.

Without qualifying our conclusion:

- 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.

- Till the report 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 Regulatory 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.

Alexandria, On November 11, 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./ Ahmed Mohamed Raafat
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 September 30, 2021

1. **The company has classified its investments in the equity instrument as financial investments by its fair value through the other comprehensive income (OCI) with fair value differences stated in the owners' equity equal EGP 1.211 billion (EGP 1.1 billion are directly adjusted to the owners' equity opening balance on July 1, 2021, and an amount of EGP 110 million which represent the revaluation differences are charged to the statement of other comprehensive income) and we did not obtain an advisory report from a specialist concerning the recognized investments revaluation differences.**

   We should obtain an advisory report from a certified advisory by Financial Regulatory Authority concerning the recognized investments revaluation differences, these differences should be charged completely to the statement of other comprehensive income.

   Response:

   - According to paragraph (61) Of the Egyptian Accounting Standard (45) – Fair Value measurement – valuation methods – An entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. That which is done by the company already considered the appropriate techniques according to above as mentioned in note (7) in the notes of the financial statements.

     There is no obligation to the company according to this policy to obtain a certified specialized advisory report from the financial regulatory authority about the fair value of the financial investments through the other comprehensive income.

   - Concerning the recognition of the entire revaluation differences for investments at fair value through other comprehensive income in the statement of other comprehensive income, the company will study this and take necessary procedures.

2. **Other debit balances include outstanding balances comprise EGP 5 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 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.

     Concerning creditors - customs clearance account, these accounts are subsequently settled after being reviewed and all observations have been fulfilled.

3. **Non-conformity of custom authority balance in company's books as at September 30, 2021, with the account statement received from them with a difference of EGP 43.34 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 September 30, 2021, is amounted to EGP 622 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. Noting that many of them have been settled, and the remaining are currently being settled, taking into consideration that many letters have been disbursed recently, waiting for the delivery of fees settlement documents to complete this settlement, in addition to some suspended custom 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.

4. **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.

5. **Till the report 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 is operating in all its units since February 2020, and it has achieved all the specifications for the outflowing water except for T.N, and it's 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 to the 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 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.

6. **The company did not implement the Financial Regulatory 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.**

Response:

- The company works according to the law (159) of 1981 and committed by this law so there is no violation. despite that, the company appealed to this decision.

Translation of auditor's review report
originally issued in Arabic

Report on review of interim financial statements

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

Introduction:

We have reviewed the accompanying financial position of **Abu Qir Fertilizers and Chemical Industries Company (S.A.E)** as at September 30, 2021 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Egyptian Accounting Standard no (30) relevant "interim financial statements" and in light of prevailing Egyptian governing laws. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review:

We conducted our review in accordance with Egyptian Standard on Review Engagements No. (2410) "Review of interim financial statements performed by the independent auditor of the entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects the financial position of **Abu Qir Fertilizers and Chemical Industries Company (S.A.E)** as at September 30, 2021, and of its financial performance and its cash flows for the three-months period then ended in accordance with Egyptian Accounting Standards no (30) and in light of prevailing Egyptian governing laws.

Auditor
Dr. Ahmed Shawki
MAZARS Mostafa Shawki

November 11, 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 September 30, 2021
(Amounts expressed in Egyptian Pound)

	Note no.	September 30, 2021	September 30, 2020	June 30, 2021
Assets:		EGP	EGP	EGP
Non-current asset:				
Fixed assets (net)	(3/2, 3/11/1), (4)	973,879,054	1,075,593,097	1,004,125,359
Projects under construction	(3/3), (5)	404,832,916	233,379,503	379,177,991
Right of use assets (lease contracts)	(3/17/2) (6)	191,344	--	--
Investments in equity instrument -at fair value through OCI	(3/4/1) ,(7)	1,552,913,122	337,259,063	340,978,313
Total non-current assets		**2,931,816,436**	**1,646,231,663**	**1,724,281,663**
Current assets:				
Assets held for sale	(9)	--	2,160,650	--
Inventory	(3/6), (10)	1,497,835,469	1,323,542,590	1,282,390,100
Trade receivables and other debtors	(3/7), (11)	669,426,915	567,813,737	615,690,423
Financial investments at amortized cost (Treasury bills)	(3/10), (8)	7,227,610,786	5,401,686,695	6,599,853,793
Cash on hand and its equivalent	(3/8), (12)	1,305,862,131	1,035,531,306	625,628,485
Total current assets		**10,700,735,301**	**8,330,734,978**	**9,123,562,801**
Total assets		**13,632,551,737**	**9,976,966,641**	**10,847,844,464**
Shareholders' equity and liabilities:				
Shareholders' equity:				
Paid up capital	(13/1)	1,892,813,580	1,892,813,580	1,892,813,580
Reserves	(3/14), (13/2)	727,864,932	540,439,612	540,439,614
Revaluation of investments at fair value through OCI	(3/4),(13/3)	1,211,934,810	--	--
Retained earnings	(13/4)	3,522,269,478	2,411,345,793	2,411,345,793
Net profit for the period/year	(3/19)	1,289,617,385	686,557,593	3,516,007,181
Total shareholders' equity		**8,644,500,185**	**5,531,156,578**	**8,360,606,168**
Non-current liabilities:				
Notes payable	(15)	--	24,339,997	--
Finance lease non-current liabilities	(3/17/2),(6/1/2)	69,331	--	--
Non-current provisions	(3/15), (16)	215,635,800	220,300,661	215,954,208
Deferred tax liabilities	(3/17/6), (17)	124,474,867	119,616,234	121,667,572
Grants for financing environmental projects	(3/13)	--	52,778,858	--
Total non-current liabilities		**340,179,998**	**417,035,750**	**337,621,780**
Current liabilities:				
Loans and bank facilities – current installments	(3/5), (14)	--	14,434,722	45,506
Notes payable	(15)	--	17,181,000	--
Trade payables and other creditors	(3/12), (18)	3,534,097,660	3,393,160,007	1,364,622,718
Finance lease current liabilities	(3/17/2),(6/1/2)	132,965	--	--
Creditors – tax authority	(18/6)	1,113,440,929	603,798,584	784,748,292
Provisions	(3/15), (16)	200,000	200,000	200,000
Total current liabilities		**4,647,871,554**	**4,028,774,313**	**2,149,616,516**
Total Liabilities		**4,988,051,552**	**4,445,810,063**	**2,487,238,296**
Total shareholders' equity and liabilities		**13,632,551,737**	**9,976,966,641**	**10,847,844,464**

- The accompanying notes are an integral part of these interim financial statements.
- Review 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 three months period ended September 30, 2021
(Amounts expressed in Egyptian Pound)

	Note no.	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020
		EGP	EGP
Sales	(3/16/1), (20/1)	2,655,203,505	1,748,606,661
Cost of goods sold	(20/2)	(1,104,775,824)	(1,091,831,744)
Gross profit		**1,550,427,681**	**656,774,917**
Credit interests	(3/16/3), (20/3)	6,657,641	6,653,288
Revenues from investments at amortized cost (Treasury bills)	(3/16/4), (20/4)	222,177,446	177,790,812
Other revenues	(20/5)	3,573,604	23,948,714
Foreign currency exchange differences	(3/1), (20/6)	10,274,066	(3,110,474)
Selling and distribution expenses	(3/17), (20/7)	(92,859,624)	(82,712,918)
Administrative and general expenses	(3/17), (20/8)	(36,092,907)	(35,908,146)
Provisions settlements	(16)	318,407	--
Financing expenses	(3/5), (20/9)	(6,471)	(586,160)
Net profit for the period before tax		**1,664,469,843**	**742,850,033**
Income tax	(3/17/5), (20/10)	(374,852,458)	(56,292,440)
Net profit for the period		**1,289,617,385**	**686,557,593**
Earnings per share	(3/18), (26)	**0,86**	**0,46**

- The accompanying notes are an integral part of these interim 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 three months period ended September 30, 2021
(Amounts expressed in Egyptian Pound)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020
	EGP	EGP
Net profit for the period	1,289,617,385	686,557,593
Other comprehensive income		
Revaluation of investments at fair value through OCI	110,100,695	--
Total other comprehensive income for the period after tax	**110,100,695**	--
Total comprehensive income for the year	**1,399,718,080**	**686,557,593**

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

Head of Financial Sectors
Khaled Mostafa Sokar

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

Statement of changes in shareholders' equity
for the three months period ended September 30, 2021
(Amounts expressed in Egyptian Pound)

	Paid up capital	Legal reserve	Other reserves	Revaluation of investments at fair value through OCI	Retained earnings	Total
September 30, 2020	EGP	EGP	EGP	EGP	EGP	EGP
Balance as at July 1, 2020	1,892,813,580	395,840,737	8,824,308	--	4,502,252,388	6,799,731,013
Net profit for the period ended September 30, 2021	--	--	--	--	686,557,593	686,557,593
Cash dividend	--	--	--	--	(1,955,132,028)	(1,955,132,028)
Transferred to reserves	--	134,690,075	1,084,492	--	(135,774,567)	--
Balance as at September 30, 2020	**1,892,813,580**	**530,530,812**	**9,908,800**	**--**	**3,097,903,386**	**5,531,156,578**
September 30, 2021						
Balance as at July 1, 2021	1,892,813,580	530,530,812	9,908,801	--	5,927,352,974	8,360,606,167
Adjustments to opening balances by the differences in fair value of investments available for sale	--	--	--	1,101,834,115	--	1,101,834,115
Amended opening balance as at July 1, 2021	**1,892,813,580**	**530,530,812**	**9,908,801**	**1,101,834,115**	**5,927,352,974**	**9,462,440,282**
Differences of investments at fair value through OCI	--	--	--	110,100,695	--	110,100,695
Adjustments of previous years	--	--	--	--	(10,877)	(10,877)
Net profit for the period ended September 30, 2021	--	--	--	--	1,289,617,385	1,289,617,385
Cash dividend	--	--	--	--	(2,217,647,300)	(2,217,647,300)
Transferred to reserves	--	175,188,519	12,236,800	--	(187,425,319)	--
Balance as at September 30, 2021	**1,892,813,580**	**705,719,331**	**22,145,601**	**1,211,934,810**	**4,811,886,863**	**8,644,500,185**
Note	(3/20/7,12/1)	(3/14, 12/2)	(3/14, 12/2)	(3/19, 12/3)	(3/19, 12/3)	

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

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

Head of Financial Sectors
Khaled Mostafa Sokar

Translation of Statement of cash flows
Originally issued in Arabic

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

Statement of cash flows
for the three months period ended September 30, 2021

(Amounts expressed in Egyptian Pound)

	Note	September 30, 2021	September 30, 2020
		EGP	EGP
First: Cash flows from operating activities:	(3/8), (3/9)		
Cash sales and proceeds from clients		2,996,705,480	1,737,779,390
Cash purchasing and payments to vendors		(1,090,540,343)	(1,028,702,615)
Salaries and wages payments		(219,936,958)	(205,178,512)
Credit interests	(19/3), (19/4)	6,611,404	6,593,368
Tax payments		(121,926,181)	(74,789,707)
Other proceeds		77,988,092	15,752,023
Other payments		(153,478,657)	(73,795,461)
Net cash flows provided from operating activities no. (1)		**1,495,422,837**	**377,658,486**
Second: Cash flows from investing activities:			
Payments for acquisition of fixed assets (projects under construction)		(44,813,902)	(7,817,202)
Proceeds from investments in equity instrument -at fair value through OCI		2,000	269,646
Payments for investments in equity instrument -at fair value through OCI		(52,500)	(3,857,250)
Payments for investments at amortized cost (Treasury bills)		(3,173,717,782)	(1,758,361,524)
Proceeds from investments at amortized cost (Treasury bills)		2,562,513,724	1,744,585,221
Return on investments at amortized cost (Treasury bills)		166,521,948	125,111,823
Net cash flows used in investing activities no. (2)		**(489,546,512)**	**99,930,714**
Cash flows from financing activities:			
Payment of loans and grants related to Zero Liquid Discharge Project	(12)	(45,506)	(10,882,322)
Paid dividends for the year		(336,595,782)	--
Net cash flows used in financing activities no. (3)		**(336,641,288)**	**(10,882,322)**
Net change in cash and cash equivalents (1) + (2) + (3)		**669,235,037**	**466,706,878**
Cash and cash equivalents, beginning of the period		625,628,485	576,327,552
Foreign currency exchange differences effect	(19/7)	10,998,609	(7,503,123)
Cash and cash equivalents, end of the period	(11)	**1,305,862,131**	**1,035,531,307**

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

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

Head of Financial Sectors
Khaled Mostafa Sokar

NOTES INDEX

(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 September 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 October 28, 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.

(3) Significant accounting policies:

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

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

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

(Amounts expressed in Egyptian pounds)

(3/2) Fixed assets:

(3/2/1) Reporting and valuation:

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

(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:

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

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

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

(3/3) Projects under construction:

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

(3/4) Investments:

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

Investments in equity instruments that measured at fair value as the company at the initial recognition made an irrevocable election to present in other comprehensive income, subsequent changes in the fair value of an investment in an equity instrument and foreign exchange gains or losses within the scope of Egyptian Accounting Standard 47 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which Egyptian Accounting Standard 29 applies. Dividends from that investment shall be recognized in the statement of income. However, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

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

(3/4/2) Investments in subsidiaries :

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

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

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

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

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

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

(3/6) Inventory:

(3/6/1): Finished goods:

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

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

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

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

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

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

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

The finished goods and work in process inventory are physically counted at each financial period-end (it took place on September 30, 2021), other inventories are counted by perpetual method during the year under the supervision of the external auditor and the Accountability State Authority.

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

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

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

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

(3/9) Statement of cash flows:

Statement of cash flows is prepared using the direct method.

(3/10) Financial instruments:

(3/10/1) Objective:

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

(3/10/1/1) Recognition:

- Financial assets and liabilities are initially recognized when the company becomes a party to the contractual provisions of the instrument, and the financial asset or liability is initially measured with fair value.

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

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

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

- The financial liability (or a part of a financial liability) shall be removed from its statement of financial position when is extinguished- ie when the obligation specified in the contract is discharged or cancelled or expires.

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

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

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

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

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

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

- The financial assets will be measured at fair value through other comprehensive income if both of the following conditions are met:
    a. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
    b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

  Trade receivables at initial recognition, are measured at their transaction price if the trade receivables do not contain a significant financing component or when the entity applies the practical expedient.

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

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

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

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

- After initial recognition, the financial assets shall be measured at Amortized cost, fair value through other comprehensive income, or fair value through profit or loss.
- The impairment requirements shall be applied to both the financial assets that are measured at amortized cost and to financial assets that are measured at fair value through other comprehensive income.
- **Financial asset write-off:**

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

  - **For individual clients**, the company has a policy of writing off the carrying value for these clients when a breach of the contract such as failure or delay in payment for a period of more than two years according to prior experience in recovering similar assets.

- **For other company's clients**, the Company makes an assessment individually regarding the timing and amount of write-off and based on whether there is a reasonable expectation of recovery, However, financial assets that have been written off may still be subject to liability activities in order to comply with the Company's procedures for recovering amounts due.

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

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

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

- **Effective interest method**

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

a. purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

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

- **Modification of contractual cash flows**

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

(3/10/5) Impairment:

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

- **A loss allowance for expected credit losses shall be recognized on:**
  a. the financial assets that are measured at amortized cost,
  b. the financial assets that are measured at fair value through other comprehensive income. However, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position,
  c. lease receivables,
  d. contract assets or a loan commitment, and
  e. financial guarantee contract to which the impairment requirements apply.

- **Indicators of impairment of credit financial assets may include the following:**
  a. significant financial difficulty for the lender or issuer,
  b. breach of the contract such as failure or delay in payment for a period of more than 90 days,
  c. restructuring of a loan by the company on the terms that the company takes into account the borrower may enter bankruptcy or other financial reorganization,
  d. failure of an active stock market due to financial difficulties.

- **Expected credit losses measurement:**

The expected credit losses measurement is an estimate of credit losses probability where the present value of all cash shortages is measured (The difference between the cash flows due to the company according to the contract and the cash flows that the company expects to receive, and the expected credit losses are discounted at the effective interest rate of the financial asset).

- The lifetime expected credit losses are the expected credit losses that result from all possible failure events over the expected life of the financial instrument.
- The expected credit losses for 12-month are the portion of credit losses that result from failure events that are possible within 12 months after the report date, or a shorter period if the expected life of the instrument is less than 12 months.
- At each reporting date, an entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. whether assessed on an individual or collective basis — considering all reasonable and supportable information, including that which is forward-looking. Otherwise, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.
- If an entity has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on that financial instrument has not increased significantly since initial recognition, the entity shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.
- An entity shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized in accordance with the preceding paragraphs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

At initial recognition, the company made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument and foreign exchange gains or losses within the scope of Egyptian Accounting Standard 47 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which Egyptian Accounting Standard 29 applies. Dividends from that investment shall be recognized in the statement of income.

- Dividends are recognized in profit or loss only when:
  a. the entity's right to receive payment of the dividend is established,
  b. it is probable that the economic benefits associated with the dividend will flow to the entity, and
  c. the amount of the dividend can be measured reliably.

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

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

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

- A gain or loss on a financial liability that is designated as at fair value through profit or loss shall be presented as two parts, First, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, and second, the remaining amount of change in the fair value of the liability shall be presented in profit or loss.

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

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

(3/11/2) Non-financial assets:

- At the end of each fiscal year, the company reviews the book value of the company's non-financial assets other than inventory, work in progress and deferred tax assets to determine if there is an indication of impairment, and if so, the company makes an estimate of the asset's recoverable value.
- To perform an impairment test, assets are grouped together into the smallest group of assets that includes the asset, which generates cash inflows from continuing use and completely independent of cash inflows from other assets or groups of assets - cash generating units and the acquired goodwill is distributed upon business consolidation to the cash generating units or groups of these units in the concerned company, which are expected to benefit from the consolidation process.
- The recoverable amount of an asset or a cash-generating unit is its fair value less costs to sell or its value in use, whichever is greater, the value in use of an asset is the present value of the expected future cash flows discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.
- An impairment loss is recognized if the book value of the asset or cash-generating unit is greater than its recoverable amount.

- The impairment loss (if any) is recognized in the profit or loss and distributed first to achieve the book value of the goodwill distributed to the cash-generating unit, and then to reduce the other assets of the unit in proportion to the book value of each asset separately.
- The loss resulting from the impairment of the goodwill value may not be reversed subsequently, and for other assets, the impairment loss may be reversed to the extent that it does not exceed the book value that would have been determined (net of depreciation and amortization) unless the loss resulting from the impairment is recognized for the asset in previous years.

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

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

(3/13) Governmental grants:

Governmental grants related to the acquisition of assets are stated as unearned revenue until fulfilling the grant conditions and when these conditions are met revenue will be recognized in the statement of 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 shall be deducted 5% of the company's annual profits again to be transferred to the legal reserve.

(3/15) Provisions:

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

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

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

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

(3/16) Revenue recognition:

(3/16/1) Revenue from contracts with customers:

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

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

e. it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether the collectability of an amount of consideration is probable, an entity will consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.

Applying Egyptian Accounting Standard No. (48):

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

Step 1: **Identify the contract(s) with a customer**—a contract is an agreement between two or more parties that creates enforceable rights and obligations. The requirements of Egyptian Accounting Standard No. (48) apply to each contract that has been agreed upon with a customer and meets specified criteria.

Step 2: **Identify the performance obligations in the contract**—a contract includes promises to transfer goods or services to a customer. If those goods or services are distinct, the promises are performance obligations and are accounted for separately.

Step 3: **Determine the transaction price**—the transaction price is the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, The transaction price can be a fixed amount of customer consideration, but it may sometimes include variable consideration or consideration in a form other than cash. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component and for any consideration payable to the customer. If the consideration is variable, an entity estimates the amount of consideration to which it will be entitled in exchange for the promised goods or services. The estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Step 4: **Allocate the transaction price to the performance obligations in the contract**—an entity typically allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract. If a stand-alone selling price is not observable, an entity estimates it. Sometimes, the transaction price includes a discount or a variable amount of consideration that relates entirely to a part of the contract. The requirements specify when an entity allocates the discount or variable consideration to one or more, but not all, performance obligations (or distinct goods or services) in the contract.

Step 5: **Recognize revenue when (or as) the entity satisfies a performance obligation**—an entity recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For performance obligations satisfied over time, an entity recognizes revenue over time by selecting an appropriate method for measuring the entity's progress towards complete satisfaction of that performance obligation.

- If the consideration promised in a contract includes a variable amount, an entity shall estimate the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer by using either of the following methods:
    a. The expected value—the expected value is the sum of probability-weighted amounts in a range of possible consideration amounts. An expected value may be an appropriate estimate of the amount of variable consideration if an entity has a large number of contracts with similar characteristics.

b. The most likely amount—the most likely amount is the single most likely amount in a range of possible consideration amounts (ie the single most likely outcome of the contract). The most likely amount may be an appropriate estimate of the amount of variable consideration if the contract has only two possible outcomes (for example, an entity either achieves a performance bonus or does not).

- An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The promised consideration can also vary if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event. For example, an amount of consideration would be variable if either a product was sold with a right of return or a fixed amount is promised as a performance bonus on achievement of a specified milestone.
- in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component that may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

(3/16/2) Revenues from investments in equity instruments:

At initial recognition, the company made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument and foreign exchange gains or losses within the scope of Egyptian Accounting Standard 47 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which Egyptian Accounting Standard 29 applies. Dividends from that investment shall be recognized in profit or loss only when:

a. the entity's right to receive payment of the dividend is established,
b. it is probable that the economic benefits associated with the dividend will flow to the entity, and
c. the amount of the dividend can be measured reliably.

(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 financial investments at amortized cost:

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 in profit or loss as financing revenues.

(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 in the financing income.

(3/17/2) Lease contracts:

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

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

- **Lessee:**

At the commencement lease contract date (except for lease contracts for short-term leases or leases for which the underlying asset is of low value), a lessee shall recognize a right-of-use asset and a lease liability.

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

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

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

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

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

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

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

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

  - If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  - A lessee shall test the impairment of assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

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

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

- **Lease liability:**

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

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

a. fixed payments including in-substance fixed payments, less any lease incentives receivable;
b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c. amounts expected to be payable by the lessee under residual value guarantees;
d. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
e. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

- **Subsequent measurement of the lease liability**

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

a. increasing the carrying amount to reflect interest on the lease liability;
b. reducing the carrying amount to reflect the lease payments made; and
c. remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

- Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate or if applicable the revised discount rate.
- After the commencement date, a lessee shall recognize in profit or loss, unless the costs are included in the carrying amount of another asset applying other applicable Standards, both:

  (a) interest on the lease liability; and

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

- After the commencement date, the lease liability should be remeasured subsequently to reflect changes to the lease payments. and the amount of the remeasurement of the lease liability should be recognized as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, any remaining amount of the remeasurement will be recognized in profit or loss.
- `The lease liability should be remeasured by discounting the revised lease payments using a revised discount rate, if there is a change in the lease term, or there is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances.

- **Presentation of lease liabilities:**

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

- **Lessor:**

Depending on the substance of the transaction rather than the form of the contract a lessor shall classify each of its leases as either an operating lease or a finance lease. Lease classification is made at the inception date and is reassessed only if there is a lease modification. Otherwise, Changes in estimates (for example, changes in estimates of the economic life or of the residual value of the underlying asset), or changes in circumstances (for example, default by the lessee), do not give rise to a new classification of a lease for accounting purposes.

- Finance lease:

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

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

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

- Finance leases recognition and measurement:

At the commencement lease contract date, a lessor shall recognize assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease.

- Initial measurement:

The net investment in the lease comprises the initial direct costs and the lease payments.

- Initial direct costs, other than those incurred by manufacturer or dealer lessors, are included in the initial measurement of the net investment in the lease and reduce the amount of income recognized over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the net investment in the lease; there is no need to add them separately.
- The lease payments at the commencement date, included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:
    a. fixed payments less any lease incentives payable;
    b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
    c. any residual value guarantees provided to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee;
    d. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
    e. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

- The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease. In the case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease.

- **Subsequent measurement:**

A lessor shall recognize finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Finance income should be allocated over the lease term on a systematic and rational basis. The lease payments relating to the period should be applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

A lessor shall apply the derecognition and impairment requirements in Egyptian Accounting Standard no 47 "Financial Instruments" to the net investment in the lease. A lessor shall review regularly estimated unguaranteed residual values used in computing the gross investment in the lease. If there has been a reduction in the estimated unguaranteed residual value, the lessor shall revise the income allocation over the lease term and recognize immediately any reduction in respect of amounts accrued.

- **Lease modifications:**

A lessor shall account for a modification to a finance lease as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets, and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract. reduction in respect of amounts accrued.

- **Operating lease:**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

- **Recognition and measurement:**

A lessor shall recognize lease payments from operating leases as income on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Any costs, including depreciation, incurred in earning the lease income lessor should be recognized as an expense. otherwise, the initial direct costs incurred in obtaining an operating lease shall be added to the carrying amount of the underlying asset and recognized as an expense over the lease term on the same basis as the lease income.

The depreciation policy for depreciable underlying assets subject to operating leases shall be consistent with the lessor's normal depreciation policy for similar assets.

The underlying asset subject to an operating lease should be evaluated to determine whether is impaired and to account for any impairment loss identified.

- **Operating lease modifications:**

Operating lease modifications should be recognized as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

- **Presentation:**

The underlying assets subject to operating leases should be presented in its statement of financial position according to the nature of the underlying asset.

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

The company contributes to the government social insurance system for the benefit of its personnel under the Egyptian social insurance law no. 148 of 2019. Under this law, Company contributions are charged to the statement of 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.

(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.

(3/17/5/1) Current income tax:

Current income tax is calculated according to the laws and applicable regulations using the prevailing tax prices on the date of the financial statements including any tax differences for previous years.

(3/17/5/2) Deferred tax:

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) 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. Not every part of an entity is necessarily an operating segment or part of an operating segment.

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

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

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.

(3/21/2) Foreign currency risk:

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

(3/21/3) Liquidity risk:

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

(3/21/4) Credit risk:

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

(3/21/5) Interest rate risk:

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

(3/21/6) Market risk:

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

(3/21/7) Capital management:

The management aims to maintain a strong capital structure to maintain the confidence of investors, creditors, and other stakeholders and to meet future developments while maximizing returns, 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.

(3/22) Changes in significant accounting policies:

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 و the company implemented these amendments starting from July 1, 2021, because the company's fiscal year begins on July 1 of each year.

(3/22/1) The Egyptian Accounting Standard No. (4) – Statement of Cash Flow:

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. Implementing this amendment did not have any potential impact on the company's financial statements.

(3/22/2) The Egyptian Accounting Standard No. (22) – Earning Per Share:

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. Implementing this amendment did not have any potential impact on the company's financial statements.

(3/22/3) The Egyptian Accounting Standard No. (38) – Employees Benefits:

Some paragraphs were introduced and amended in order to amend the accounting rules of amendment and settlements of employees' benefits plan. Implementing this amendment did not have any potential impact on the company's financial statements.

(3/22/4) The amended Egyptian Accounting Standard No. (42) - The Consolidated Financial Statements:

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. Implementing this amendment did not have any potential impact on the company's financial statements.

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

(3/22/5) The Egyptian Accounting Standard No. (47) - Financial Instruments:

The Egyptian Accounting Standard (47) Sets the requirements for the recognition and measurement of financial assets and financial liabilities and replace the following Standards:

- ESA 25 – Financial instruments "Presentation",
- ESA 26 – Financial instruments "Recognition and Measurement" and
- ESA 40 – Financial instruments "Disclosures"

And requires amendments on:

- ESA 1– Presentation of financial statements,

To understand the requirement for the new Egyptian Accounting Standard (47) please refer to paragraph (3/10) above.

(3/22/6) The Egyptian Accounting Standard No. (48) - Revenue from Contract with Customers:

The Egyptian Accounting Standard (48), defines a comprehensive framework for determining the amount and timing of revenue recognition, and this standard replaces the following Egyptian standards:

- ESA 11 – "Revenue" and
- ESA 8 – "Construction contract "

Revenue is recognized when the customer is able to control the goods or services. Determining the timing of the transfer of control -over a certain period of time or at a point in time- requires a degree of personal judgment and there was no impact from implementing this standard on the company's financial statements.

(3/22/7) The Egyptian Accounting Standard No. (49) – Lease Contract:

The Egyptian Accounting Standard No. (49) replaces Egyptian Accounting Standard No. (20) – "Accounting rules and standard related to financial leasing".

To understand the requirement for the new Egyptian Accounting Standard (49) please refer to paragraph (3/17/2) above.

(4) Fixed assets (net):

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

(Amounts in thousands)

Description	Lands, Buildings, construction and facilities	Machinery and equipment	Means of transportation	Tools	Furniture and office equipment	Total
Cost as at July 1, 2021	480,015	2,953,367	46,971	46,389	44,801	3,571,543
Additions and adjustments	111	18,326	1,815	124	933	21,309
Disposals and adjustments	(24,475)	(56)	(2)	(593)	(342)	(25,468)
Cost as at September 30, 2021	**455,651**	**2,971,637**	**48,784**	**45,920**	**45,392**	**3,567,384**
Acc. depreciation as at July 1, 2021	252,083	2,222,004	35,272	31,042	27,016	2,567,417
Depreciation	3,793	20,920	890	593	762	26,958
Disposals acc. depreciation	--	(19)	(2)	(591)	(258)	(870)
Acc. Dep. as at September 30, 2021	**255,876**	**2,242,905**	**36,160**	**31,044**	**27,520**	**2,593,505**
Net book value as at September 30, 2021	**199,775**	**728,732**	**12,624**	**14,876**	**17,872**	**973,879**

- Within the fixed assets, lands with an area approximately 120 thousand square meters with a book value equals EGP 496 thousand are leased to Alexandria fertilizers company, Bargas company, Med gas company and Air liquid company and all of these contracts are not including the transfer of the ownership in the end of the contract and its book value is low value so it considered as operational contracts for the company.

(4/1) Fixed assets as at September 30, 2020:

(Amounts in thousands)

Description	Lands, Buildings, construction and facilities	Machinery and Equipment	Means of transportation	Tools	Furniture and office equipment	Total
Cost as at July 1, 2020	473,053	2,955,222	48,343	45,221	41,428	3,563,267
Additions	--	--	3,457	393	65	3,915
Disposals	--	(1,870)	(2,275)	(65)	(80)	(4,290)
Cost as at September 30, 2020	**473,053**	**2,953,352**	**49,525**	**45,549**	**41,413**	**3,562,892**
Acc. depreciation as at July 1, 2020	238,519	2,131,703	36,549	29,108	24,556	2,460,435
Depreciation	3,666	23,482	918	603	684	29,353
Disposals acc. depreciation	--	(69)	(2,275)	(65)	(80)	(2,489)
Acc. Dep. as at September 30, 2020	**242,185**	**2,155,116**	**35,192**	**29,646**	**25,160**	**2,487,299**
Net book value as at September 30, 2020	**230,868**	**798,236**	**14,333**	**15,903**	**16,253**	**1,075,593**

(4/1/2) Fixed assets as at June 30, 2021:

(Amounts in thousands)

Description	Lands, Buildings, construction and facilities	Machinery and Equipment	Means of transportation	Tools	Furniture and office equipment	Total
Cost as at July 1, 2020	473,053	2,955,222	48,343	45,221	41,428	3,563,267
Additions	8,339	487	3,629	1,605	3,773	17,833
Disposals	(1,377)	(2,342)	(5,001)	(438)	(399)	(9,557)
Cost as at June 30, 2021	**480,015**	**2,953,367**	**46,971**	**46,388**	**44,802**	**3,571,543**
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)
Acc. Dep. as at June 30, 2021	**252,083**	**2,222,004**	**35,272**	**31,042**	**27,016**	**2,567,417**
Net book value as at June 30, 2021	**227,932**	**731,363**	**11,699**	**15,346**	**17,786**	**1,004,126**

(4/2) Fixed assets additions and disposals for the three months period ended September 30, 2021:

Total fixed assets additions and disposals and their adjustments for the three months period ended September 30, 2021 amounted EGP 21,309 thousand, and EGP 25,468 thousand respectively as follows:

(Amounts in thousands)

Description	Additions and adjustments	Disposals and adjustments
First: Abu Qir Plant (1):		
Completing car garage shade	111	--
Tracking and detection system for the internal smuggling	5,384	--
Lands, buildings and machines for the residential city	--	24,512
Oil tanks Fire works	48	--
Changing cooling tower cell	12,290	--
Boring machine	--	19
Means of transportations	1,815	2
Tools, Furniture and supplies	1,050	716
Total Abu Qir Plant (1)	**20,698**	**25,249**
Second: Abu Qir Plant (2):		
Cooling tower fireworks and oil tanks	215	--
Tools, Furniture and supplies	2	192
Total Abu Qir Plant (2)	**217**	**192**
Third: Abu Qir Plant (3)		
Cooling tower fireworks and oil tanks	214	--
Establishment of a fire water network in the handling unit	175	--
Tools	--	12
Furniture and supplies	5	13
Total Abu Qir Plant (3)	**394**	**25**
Fourth: Plastic Bags Plant:		
Furniture and supplies	--	2
Total Plastic Bags Plant	--	**2**
Total fixed assets additions and disposals for the period	**21,309**	**25,468**

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

- The historical cost of fully depreciated fixed assets and still working amounted to EGP 2.196 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.

(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 September 30, 2021:

Description	(Amounts in thousands) September 30, 2021		
	EGP	EURO	USD
Finishing the administrative headquarters of the company in Cairo	1,892	--	--
Establishing a sewage network for the company	4,020	--	--
Paving the road on the path of the drainage network	6,250	--	--
Establishing a sewage pumping line	6,300	--	--
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	26,418	14,830	397

(5) Projects under construction:

Projects under construction amounted EGP 404,833 thousand as at September 30, 2021 which comprise as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
First: Assets components acquisition			
Buildings and constructions	32,041	26,205	27,404
Machinery and equipment	232,692	103,937	234,492
Tools, furniture, and office equipment	32	383	12
Other projects (Abu Qir 3 development and reducing CO_2 emissions)	4,922	1,033	4,922
Total assets' components acquisition	**269,687**	**131,558**	**266,830**
Second: Investing expenditures			
Advance payments	30,454	14,500	22,792
Letters of credit	104,692	87,322	89,556
Total investing expenditures	**135,146**	**101,822**	**112,348**
Total projects under construction	**404,833**	**233,380**	**379,178**

First: Fixed assets components acquisition:

(1) Buildings amounted to EGP 32,041 thousand which comprise as follows:

Description	(Amounts in thousands) September 30, 2021
(1/1) Abu Qir Plant (1): The new administrative headquarters in Cairo, linking the sewage network project for the plants with the main network, constructing a cooling tower, job orders in workshops.	31,848
(1/2) Abu Qir Plant (3): Abu Qir plant (3) development, Carbon dioxide emissions reduction, new carbonate storage and replacing the central air conditioner system.	193
	32,041

(2) Machinery and equipment amounted to EGP 232,692 thousand which comprise as follows:

Description	(Amounts in thousands) September 30, 2021
(2/1) Abu Qir Plant (1): • The front axle pipes BFW PREHEATER, LUS LIFE SUPOPORT UNITE, WATER COOLER, connecting the nitrogen unit, changing 2 of cooling tower cell, Ammonia gas rotary, changing the steam toaster, Civil protection development project, connecting the sewage network with the main network and job orders in workshops.	115,898
(2/2) Abu Qir Plant (2): • Heat Exchanger, New mod ring burner modification, Gas compressor cooler, heat exchanger and WATER PREHEATER.	9,212
(2/3) Abu Qir Plant (3): - Heat exchanger, Oven pipes, control system (DCS), COMPLETE HP SCUBBER, COMPLETE BOTTOM BOILER TUBES.	107,561
(2/4) Industrial wastewater treatment project: - Multi-component measuring device Z.L.D.	21
	232,692

(3) Furniture and office equipment amounted to EGP 32 thousand which comprise as follows:

Description	(Amounts in thousands) September 30, 2021
(3/1) Furniture related to Abu Qir Plant (1)	12
(3/2) Job orders and others	20
	32

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

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

Second: Investing expenditures:

(1) Advance payments balance amounted to EGP 30,454 thousand which comprise as follows:

Description	(Amounts in thousands) September 30, 2021
Renewing and replacing electric control system with two elevators in urea and packaging unit in urea plant and Abu Qir Plant (1)	218
Licenses of reducing Carbon dioxide emissions project	75
Supply and installation of new automatic fire extinguishing system for 14 buildings and social club	3,879
Designing, finishing and furnishing for the new administrative headquarters of the company in Cairo	5,730
Manufacturing and changing the heat exchanger for the acid plant	11,400
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 using laser method in measuring	6
Purchase of a sewage pumping line	1,575
Purchase of Computers and printers	35
Purchase of thermometer	55
Purchase of alumetal discs	23
Fabrication and supply of nitrogen cooler	425
Logitech USB 4k video camera	41
Supply and installation of central air conditioning units	3,388
Changing the cooling tower cell in Abu Qir (1)	735
Purchase of Two Toyota cars	710
	30,454

(2) Letters of credit balance amounted EGP 104,692 thousand which comprise as follows:

Description	(Amounts in thousands) September 30, 2021
Upgrade the speed control system for Abu Qir Plant (1)	5,107
Buying High pressure stripper for Abu Qir Plant (3)	45,529
Upgrading control system for Abu Qir plant (3)	16,452
Buying Gas detection system for Abu Qir Plant (2)	2,625
Buying upgrade for control system of linde air separation for Abu Qir Plant (3)	1,307
Buying Ammonia Converter Basket for Abu Qir Plant (1)	9,988
Buying Engineering and supply of the Waste Heat Boiler for Abu Qir Plant (1)	2,158
Feasibility study for Rakta land	585
Buying Process Design package & process license for the urea plant revamp for Abu Qir plant (3)	11,406
Buying License and process Design package	1,644
Buying Cooling tower for Ammonia for Abu Qir plant (1)	7,891
	104,692

(6) Lease contracts:

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

The lease contracts of the company represented in land of Abees garage next to house of English in Alexandria for the company's cars parking for a period of three years with the option of renewing the contract with the consent of all parties after the end of the lease period and the company is prohibited from making any sub leasing arrangements and this contract was previously classified as an operating lease and the rental expense is recognized in the statement of income.

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

(Amounts in thousands)

Description	September 30, 2021	September 30, 2020	June 30, 2021
Balance as at July 1, 2021	--	--	--
Adjustments to the opening balance (initial measurement)	383	--	--
Period additions and adjustments	--	--	--
Cost as at September 30, 2021	**383**	--	--
Acc. depreciation as at July 1, 2021	--	--	--
Adjustments to the opening balance (initial measurement)	160	--	--
Period depreciation	32	--	--
Acc. depreciation as at September 30, 2021	**192**	--	--
Net cost of right to use assets as at September 30, 2021	**191**	--	--

(6/1/2) Finance lease liabilities:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Balance as at July 1, 2021	--	--	--
Adjustments to opening balance *	234	--	--
Period adjustments	(32)	--	--
Finance lease current liabilities as at September 30, 2021	**202**	--	--
Finance lease current liabilities	**133**	--	--
Finance lease non-current liabilities	**69**	--	--

- Finance lease liabilities opening balance has been adjusted by an amount of EGP 234 thousand which represent the initial measurement at the commencement date with an amount of EGP 383 thousand (the present value for lease contract liabilities) less adjustments to lease contract liabilities for the period from the commencement date till June 30, 2021, with an amount of EGP 149 thousand.

(7) **Investments in equity instruments - at fair value through OCI:**
Investments in equity instruments - at fair value through OCI balance amounted EGP 1,552,913 thousand as at September 30, 2021, which comprise as follows:

Description	Investment currency	Paid up capital (Million EGP/USD)	Ownership percentage (Million EGP/USD)	Total investing amount (Million EGP/USD)	Total Paid amount till 30/9/2021 (Million EGP/USD)	Balance as at 1/7/2021 (Thousand EGP)	Adjustments to opening balance (Thousand EGP)	Amended balance as at 1/7/2021 (Thousand EGP)	Revaluation of investments at fair value through OCI (Thousand EGP)	Balance as at 30/9/2021 (Thousand EGP)	Balance as at 30/9/2020 (Thousand EGP)
Alexandria Fertilizers Company	(USD)	149.25	15%	22.3875	22.3875	135,912	692,959	828,871	76,352	**905,223**	**135,912**
Helwan Fertilizers Company	(USD)	150	17%	25.5	25.5	157,590	408,875	566,465	33,749	**600,214**	**157,590**
El Wady for Phosphate and Fertilizers Industries	(EGP)	400	10%	40	40	40,000	--	40,000	--	**40,000**	**40,000**
Abu Tartur for Phosphoric Acid Company	(USD)	10	9,5%	0.950	0.475	7,476	--	7,476	--	**7,476**	**3,757**
Total Investments in equity instruments - at fair value through OCI						**340,978**	**1,101,834**	**1,442,812**	**110,101**	**1,552,913**	337,259

The Revaluation of investments at fair value through OCI was measured as follows:

- The company has developed a regulatory accounting framework to measure the fair value of the company's investments in Alexandria Fertilizers Company and Helwan Fertilizers Company so that this framework ensures a review of the fair value according to the different levels of the hierarchies referred below. the measurement of the fair value of the investments in equity instruments depend mainly on the available market data as well as the book value of the company's share as reflected in the financial statements of those companies and the data that is relied upon in the assessment is classified according to the following hierarchy:
- Level (1): the announced prices according to the last sale transaction for the shares of these companies.
- Level (2): the inputs of the prices declared at level (1) and the book value for the share on the date of the sale transaction.
- Level (3): the book value of the share announced in the approved financial statements of these companies on the date of preparing the financial position of Abu Qir Fertilizers company the company recognizes transfer between previous levels in the fair value hierarchy at the end of the financial period during which the adjustments are made and according to what is explained in note no. (13/3).

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

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

(7/2) Abu Tartur for Phosphoric Acid Company:

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

(7/3) Global Company for Methanol and Derivates:

- The project's objective is to produce 100 million tons of methanol and 400 thousand tons of Ammonia annually.
- The project is located in Economic Zone in Ain El-Sokhna.
- On August 24, 2021, the three founders (Abu Qir Fertilizers company, Helwan Fertilizers Company and Ahly Capital Holding Co.) have signed an agreement to establish the Global Company for Methanol and Derivates with share percentage 35 %, 35%, 30% respectively in the presence of his excellency Mr / Tarek El Mulla – minister of petroleum and chairmen of economic zone, the National Bank of Egypt, Abu Qir Fertilizers company, and Helwan Fertilizers Company.
- The company's authorized capital amounted USD 200 million and issued capital USD 20 million.
- The establishment procedures have been assigned to Mohamed Sameh Amr law firm and the establishment procedures are being completed.

(8) Investments at amortized cost - Treasuring bills:

Investments at amortized cost - Treasuring bills which are classified as current assets are amounted EGP 7,227,611 thousand as at September 30, 2021, which comprise as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Treasury bills			
Nominal value	7,555,175	5,617,200	6,907,325
Deduct: unearned revenues	(270,808)	(170,871)	(254,854)
Deduct: Tax reconciliation	(56,756)	(44,642)	(52,617)
Total treasury bills - recoverable value - Current	**7,227,611**	**5,401,687**	**6,599,854**

- Treasury bills balance included an amount of EGP 503 million which is mortgaged bills for letters of guarantee issued by banks on behalf of the company and in favor of others with the worth of EGP 342 million (note 21).

(9) Assets held for sale:

Assets held for sale balance has no amount as at September 30, 2021 as these assets have been sold during the year 2020/2021.

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Control system - Abu Qir (2)	--	1,495	--
Mixed fertilizer factory machines	--	666	--
	--	**2,161**	--

(10) Inventory:

Inventory balance is amounted to EGP 1,497,835 thousand as at September 30, 2021, which comprises as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Raw materials	183,344	188,369	174,527
Fuel and oil	4,589	3,818	5,067
Spare parts and supplies	859,972	740,682	809,632
Packing materials	9,316	18,763	13,497
Wastes	589	1,114	589
Work in process	29,915	30,807	44,652
Finished goods	171,211	242,954	81,681
Inventory with others	113,295	64,623	131,208
Letters of credit	125,558	32,332	21,527
Supplies under construction	46	81	10
	1,497,835	**1,323,543**	**1,282,390**

a. **Inventory with others** as at September 30, 2021, amounted EGP 113,295 thousand, which comprise as follows:

(Amounts in thousands)

Description	Company	September 30, 2021
Platinum networks	Johnson Matte Company	105,097
Rotors (for repairing)	Man Turbo Machine	3,828
Rotors (spare parts)	Siemens Company	1,204
Memory Flash ter	Voice Company	68
Rotors	Nuvo Pignene	1,299
Spare Parts	Man Energy	439
The lower part	Green combustion	124
Others	Others	1,236
		113,295

b. **Work in process:**

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

	September 30, 2021		June 30, 2021	
	Quantity in ton/bag	Amounts in thousands	Quantity in ton	Amounts in thousands
Ammonia (1)	2,606.87	10,036	3,096.67	11,809
Ammonia (2)	1,330.60	4,153	4,488.30	14,488
Ammonia (3)	4,518.00	15,584	5,252.60	18,165
Nitric Acid	127,704	142	157.54	190
		29,915		**44,652**

c. **Finished goods:**

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

	September 30, 2021		June 30, 2021	
	Quantity in ton	Amounts in thousands	Quantity in ton	Amounts in thousands
Prilled urea	44,475.13	107,608	14,490.43	35,476
Granular nitrate	452.82	742	270.79	483
Granular urea	27,025.07	61,674	19,804.50	44,079
Liquid fertilizer	729.65	1,187	1,016.53	1,643
		171,211		**81,681**

(11) Trade receivables and debit accounts:

Trade receivables and debit accounts amounted to EGP 669,427 thousand as at September 30, 2021 which comprises as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Trade receivables and notes receivable	170,072	124,288	160,835
Sundry debtors	69,179	77,587	67,370
Other debit accounts	412,290	325,240	351,190
Vendors debit balances	17,886	40,699	36,295
	669,427	**567,814**	**615,690**

(11/1) Trade and notes receivable:

Trade and notes receivable balance amounted to EGP 170,072 thousand as at September 30, 2021 which comprises as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Clients – private sector	169,901	92,818	159,280
Clients - foreign sector	--	29,356	--
Notes receivables	171	2,114	1,555
	170,072	**124,288**	**160,835**

(11/2) Sundry debtors:

Sundry debtors balance amounted to EGP 69,179 thousand as at September 30, 2021 which comprises as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Deposits with others	554	545	553
Employees advances	97	201	228
Value added tax authority	67,906	76,098	66,020
Custom authority	622	743	569
	69,179	**77,587**	**67,370**

(11/3) Other debit accounts:

Other debit account balances amounted to EGP 412,290 thousand as at September 30, 2021, which comprise EGP 332,654 thousand, and EGP 79,636 thousand representing debtors and other debits respectively as follows:

(11/3/1) Debtors:

	(Amounts in thousands) September 30, 2021
Debtors- cars loans and traffic fines	4,776
Residential loans	11,355
Youth and workers housing loans	6,703
Prepaid expenses	1,424
Bamaj Egypt and Samcret Egypt	33,293
Debtors – Gasoline bills	111
Cooperative housing	1,573
Bargas Co.	256
Water seminar debtors	155
Balances under settlement -Tax authority	24,149
Rakta Company	529
Estimated consumption of platinum	3,081
Tossun project loan	8,664
Buildings of the residential city	24,569
Methanol Project	3,145
Med gas co.	246
The company's contribution to the Methanol Project	1,184
Tax authority	27,182
Funds balances	178,903
Vodafone Company	266
National Papers Co.	457
Alexandria company for fertilizers	74
Accrual Deposits Interests	438
Others	121
	332,654

- Debtors balance 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. These assets has been reclassified from fixed assets account and into debtors since July 1, 2021.
- Debtors include amount of EGP 178,903 thousand related to current accounts, time deposits and treasury bills which is related to (sport and social activities, treatment fund, infrastructure projects, Environment fund, Borg El-Arab project, and Methanol project) against liabilities to these funds stated in other credit balances.
- The statement of cash flow of the company includes inflows and outflows from investments at amortizes (treasury bills) cost amounted to EGP 52 million and EGP 7 million both related to Families Treatments fund.

- **Infrastructure projects** represent infrastructure projects outside the company that are being financed by the difference between borrowing interest rate of German development construction bank that granted to Egyptian central bank for 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.

(11/3/2) Other debit balances:

	(Amounts in thousands) September 30, 2021
Commercial syndicate	2
Customs authority	46,297
Tax authority (Real estate tax, withholding tax)	33,337
	79,636

(11/4) Vendors debit balances:

Vendors debit balances amounted to EGP 17,886 thousand as at September 30, 2021 which comprises advance payments and vendors – foreign sector of rejected goods as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Vendors - public sector	312	726	201
Vendors - private sector	11,699	14,238	15,435
Vendors - Foreign sector	5,875	25,735	20,659
	17,886	**40,699**	**36,295**

(12) Cash on hand and its equivalent:

Cash on hand and at banks balances amounted to EGP 1,305,862 thousand as at September 30, 2021 which comprises as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Time deposits (three months)	900,983	408,552	515,960
Current accounts with return	404,581	626,659	109,480
Cash on hand	298	320	188
	1,305,862	**1,035,531**	**625,628**

- The short-term time deposits are due to the company's need to keep its time deposits in USD to settle its liabilities in foreign currency.
- Time deposits include an amount of USD 540 thousand equivalent to EGP 8,446 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.

(13) Shareholders' equity:

(13/1) Paid up capital:

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

(Amounts in Pounds)

	Ownership percentage	No. of Shares	Paid up capital
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
Carried forward	**56.66%**	**714,995,260**	**1,072,492,890**

(Amounts in Pounds)

	Ownership percentage	No. of Shares	Paid up capital
Brought forward	**56.66%**	**714,995,260**	**1,072,492,890**
Misr Insurance Company	3.19%	40,305,635	60,458,453
Ahly Capital Holding Co.	7.25%	91,479,127	137,218,690
Investment Funds and Individuals	11.57%	145,936,616	218,904,924
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	36,549,576
Union of Shareholder Employees	4.28%	54,000,000	81,000,000
Egyptian Chemical Industries- Kima	2.70%	34,009,360	51,014,040
	100 %	**1,261,875,720**	**1,892,813,580**

(13/2) Reserves:

Reserves balance amounted to EGP 727,865 thousand as at September 30, 2021, which comprise as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Legal reserve	705,719	530,531	530,531
Other reserves	22,146	9,909	9,909
	727,865	**540,440**	**540,440**

- The legal reserve has been increased by an amount of EGP 175,188 thousand which represent 5% of net profit for the year 2020/2021.
- The other reserves have been increased by an amount of EGP 12,237 thousand during the period which is derived from dividends for the year 2020/2021, this amount equal total gain on sale of fixed assets during the year ended September 30, 2021, which is transferred according to company's ordinary general assembly decision dated on September 25, 2021.
- Other reserves amounted EGP 22,146 thousand which comprise the following

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Gain on sale of fixed assets	22,113	9,876	9,876
Gain on sale of spare parts and fittings	5	5	5
Environment fund reserve	28	28	28
	22,146	**9,909**	**9,909**

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

(Amounts in thousands)

Description	Balance as at 1/7/2021	Adjustment to opening balance	Amended balance as at 1/7/2021	Revaluation of investments at fair value through OCI	Balance as at 30/9/2021	Balance as at 30/9/2020
Alexandria Fertilizers Co.	--	692,959	692,959	76,352	769,311	--
Helwan Fertilizers Co.	--	408,875	408,875	33,749	442,624	--
	--	**1,101,834**	**1,101,834**	**110,101**	**1,211,935**	--

(13/4) Retained earnings:
Retained earnings amounted to EGP 3,522,270 thousand as at September 30, 2021 which comprise the following:

		(Amounts in thousands)	
	September 30, 2021	September 30, 2020	June 30, 2021
Retained earnings - beginning balance	**2,411,346**	**1,807,366**	**1,807,366**
Net profit for the prior year	3,516,007	2,694,886	2,694,886
Cash dividends	(2,217,647)	(1,955,132)	(1,955,132)
Transferred to legal and other reserves	(187,425)	(135,774)	(135,774)
Retained earnings from dividends 2020/2021	**1,110,935**	**603,980**	**603,980**
Add (Deduct): Adjustment	(11)	--	--
Retained earnings from dividends 2020/2021	**1,110,924**	**603,980**	**603,980**
Retained earnings – ending balance	**3,522,270**	**2,411,346**	**2,411,346**

- Retained earnings amounted to EGP 3,522,270 thousand as at September 30, 2021 include undistributed shareholders' share in profit for year 2020/2021 with amount of EGP 1,110,935 thousand, and adjustments for previous years amounted EGP 11 thousand other than the transferred balance of previous years that amounted EGP 2,411,346 thousand according to the ordinary general assembly meeting held on September 25, 2021, where this balance is added to the shareholders' equity before the next year's distributions.

(14) Loans:
All loan balances obtained by the company to finance the zero liquid discharge project (ZLD) have been paid, which are represented 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 and the used amount of EGP 912 thousand has been sufficient for using this loan.
Withdrawal duration	Two years from signing the loan contract which ends on April 2, 2015, and was extended till September 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	All installments were paid
Current loan installments	--	--

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

(Amounts in thousands)

Description	Balance as at 1/7/2021	Paid loan installments	Revaluation exchange rate	Balance as at 30/9/2021	Balance as at 30/9/2020
Foreign currency loan (USD)	--	--	--	--	14,253
Local currency loan (EGP)	46	46	--	--	182
Total loans	**46**	**46**	--	--	**14,435**

(15) Notes payable:

All notes payable owed by the company has been paid and settled in light of the settlement agreement concluded between our company and Petro Trade Company on April 13, 2021 for exceeding the maximum 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 applying the contractual clauses of gas supply contracts, which are reflected in (Delayed interest accrued, Minimum fine, Maximum fine) according to the percentages of exemptions approved in the aforementioned decision, with linking the industrial customers' benefit from these exemptions by paying / scheduling the debts they owed Therefore, the balances of Notes payable as at September 30, 2021 is represented as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Current notes payable	--	17,181	--
Non-current notes payable	--	24,340	--
	--	**41,521**	--

(16) Provisions:

Total non-current and current provisions balances are amounted to EGP 215,636 thousand and EGP 200 thousand respectively without depreciation as at September 30, 2021 which is represented as follows:

Description	Balance as at 1/7/2021	Additions	Provisions used	Provisions settled by income	Balance as at 30/9/2021
First: Income tax provisions:					
Corporate tax	165,023	--	--	--	165,023
Sales tax	42,647	--	--	--	42,647
Real-state tax	2,439	--	--	--	2,439
Stamp tax	345	--	--	318	27
Total income tax provisions	**210,454**	--	--	**318**	**210,136**
Other provisions:					
Lawsuits	200	--	--	--	200
Labor tax differences	5,500	--	--	--	5,500
Total other provisions	**5,700**	--	--	--	**5,700**
Total provisions	**216,154**	--	--	**318**	**215,836**
Total current provisions	**200**				**200**
Total non-current provisions	**215,954**				**215,636**

- The disposal amounted to EGP 318 thousand which represents a Stamp tax provision which was added on revenue due to the Administrative Court issuing their final judgment in case no. 23080/73 in favor of the company for annulment of the contested decision.
- Current provisions represent labor lawsuits, which are usually do not exceed one fiscal year.
- Non-current provisions represent tax lawsuits that exceed one fiscal year.

(17) Deferred tax liabilities:

Deferred tax liabilities balance is amounted to EGP 124,475 thousand as at September 30, 2021 which is represented as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Balance at the beginning of the period (liability)	(121,668)	(119,151)	(119,151)
Deferred tax of the period (expenses)	(643)	(465)	(2,517)
Adjustments of prior years	(2,164)	--	--
Balance at the end of the period (liability)	**(124,475)**	**(119,616)**	**(121,668)**

(18) Trade payables and other credit accounts:

Trade payables and other credit accounts amounted to EGP 3,534,098 thousand without tax authority account as at September 30, 2021 which comprise as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Trade payables	617,101	622,377	455,689
Sundry creditors	57,915	45,489	32,767
Distribution creditors	1,642,232	1,764,398	1,526
Other credit accounts	854,438	801,243	789,986
Clients - credit balances	362,412	159,653	84,655
	3,534,098	**3,393,160**	**1,364,623**

(18/1) Trade payables:

Trade payables balance amounted to EGP 617,101 thousand as at September 30, 2021, which comprises as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Vendors - public sector	10,939	14,528	11,440
Vendors - private sector	601,160	594,386	437,364
Vendors - foreign sector	5,002	13,463	6,885
	617,101	**622,377**	**455,689**

(18/2) Sundry creditors:

Sundry creditors balance amounted to EGP 57,915 thousand as at September 30, 2021, which comprises as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Insurances for others	22,618	18,193	16,751
Tax authority (Value Added Tax)	20,624	15,545	8,393
Public Authority for Social Insurance	11,873	11,313	7,623
Customs authority	2,800	438	--
	57,915	**45,489**	**32,767**

(18/3) Distribution creditors:

Distribution creditor's balance amounted EGP 1,642,232 thousand as at September 30, 2021, which comprises as follows:

(Amounts in thousands)

	September 30, 2021	September 30, 2020	June 30, 2021
Shareholders' profit share	1,641,729	1,515,541	1,290
Employees' profit share	503	248,857	236
	1,642,232	**1,764,398**	**1,526**

- Shareholders' profit share that represented centrally in unreserved shares of coupons balance as at September 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. Other than the coupon 2020/2021 which equals to 1.30 EGP/share amounted to EGP 1,641,729 thousand distribute it 0.30 EGP/share on October 21, 2021 and the rest equals to 1 EGP/share distribute on December 30, 2021.

(18/4) Other credit accounts:

Other credit accounts amounted to EGP 854,438 thousand as at September 30, 2021 which comprise EGP 846,878 thousand representing creditors and EGP 7,560 thousand representing other credit balances respectively as follows:

(18/4/1) Creditors:

Description	(Amounts in thousands) September 30, 2021
Private insurance fund	21,544
Supplementary pension fund	20,555
Cost of constructing company's buildings	24,569
Family treatment fund against treasury bills and current account	110,039
Housing Loan Fund	5,233
Sports Professions Syndicate	135
Social services fund subscriptions	441
Reserved amounts to finance pensions fund	6,005
Proceeds from Employees profits (Toson Land)	470
Syndicate of agriculture – fee	2,352
Trade union committee fund	1,255
Carbon Co. and environment fund deposits	4,926
Comprehensive health insurance	7,246
Estimated unearned returns for treasury bills related to funds	1,328
Lord Company	159
Death cases fund	253
Transportation companies VAT	3,891
Credit balance for employees (tax reconciliations)	36,456
Bonus for external missions	455
Methanol Project	3,530
Shareholders employees' union	3,702
Sales tax related to the dispute of letters of credit for Abu Qir plant (3)	53,485
Training and rehabilitation fund	259,722
Wages and trusts due	12,125
Work dropouts' dues (out of work employees)	1,899
Reserved amounts to finance residential city's additions	1,683
Bamaj company - fine	24,895
Fees under settlement	215
Reserved amounts for employees' funds	38,060
Returned Penalties	44
Alexandria Fertilizers Company – rents	7,994
Applied stamp	328
Accrued donations	3,970
Club and sport activities against treasury bills and current accounts	139,172
Infrastructure fund against deposits and current accounts	3,822
Carried forward	**801,958**

Description	(Amounts in thousands) September 30, 2021
Brought forward	**801,958**
Deposits under settlements	236
Collections for road maintenance	3,034
Auto loan fund	6,462
General Authority for Financial Supervision- Development fee	102
Collections for guarding railway crossing	421
Creditors – fixed assets purchase	33,238
Checks not submitted for disbursement	857
Air liquid Co.	113
Bargas Co.	193
Others	264
	846,878

Creditor's accounts include:

- EGP 259,722 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 139,172 thousand represents liability to sport activity and club against their treasury bills and current account at banks at financial statements date.
- EGP 3,822 thousand represents liability to infrastructure fund against its time deposits and current account at banks at financial statements date.
- EGP 4,926 thousand represents liability to environment fund against its time deposits and current account at banks at financial statements date.
- EGP 110,039 thousand represents liability to treatment fund against its treasury bills and current account at banks at financial statements date.

Total collected revenues from Carbon company in favor of environment fund till September 30, 2021, are amounted to EGP 18,345 thousand for the period from October 1, 2006 till June 30, 2014, in addition to the return of investing these amounts amounted to EGP 4,285 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) September 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
Carried forward	**8,443**

Description	(Amounts in thousands) September 30, 2021
Brought forward	**8,443**
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
	17,989

- Certificates for the period from April 1, 2020, to September 30, 2021, have not been issued yet and there is a negotiation to sell them immediately after its issuance.

(18/4/2) Other credit balances:

	(Amounts in thousands) September 30, 2021
Borg El-Arab Project	7,006
Etisalat Company installments debtors	321
Others	233
	7,560

(18/5) Client's credit balances:

The clients' credit balances (down payments) as at September 30, 2021 are amounted to EGP 362,412 thousand which comprise as follows:

	September 30, 2021	September 30, 2020	June 30, 2021 (Amounts in thousands)
Clients - public sector	2,693	1,874	1,643
Clients - private sector	8,832	11,731	8,137
Clients - foreign sector	350,887	146,048	74,875
	362,412	**159,653**	**84,655**

(18/6) Tax authority:

Tax authority's credit balance as at September 30, 2021 amounted to EGP 1,113,441 thousand which comprise as follows:

	September 30, 2021	September 30, 2020	June 30, 2021 (Amounts in thousands)
Tax authority – Payroll tax	8,347	35,480	7,344
Withholding tax, stamp, and real state tax	1,529	2,631	1,444
Tax authority – Corporate tax	1,103,565	565,688	775,960
	1,113,441	**603,799**	**784,748**

(19) Legal and tax position as at September 30, 2021:

(19/1) 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.

(Amounts expressed in Egyptian pounds)

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 the deduction of sales tax on capital goods, an amount of EGP 53.5 million was reserved in sub account and this amount is related to sales tax on machines of Abu Qir plant (3) only and offset by the same value of (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 June 2003 till July 2004, the 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.

(19/2) Legal position:

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

Name	Lawsuit's subject	Company's requests in lawsuits	Provision according to Legal Affairs sector opinion (EGP)	Notes
Ahmed Nasr Wahba	Post-work dropout benefits	Reject the case	100,000	Procedures are underway to implement the judgment in friendly manner
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	Obligating judgment on September 30, 2021 and waiting for the judgment copy.
Total			**200,000**	

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 February 16, 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 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.

(20) Statement of Income:

(20/1) Sales revenues for the three-months period ended September 30, 2021 is amounted to EGP 2,655,204 thousand which comprise the following:

(Amounts in thousands)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Sales revenues	2,642,531	1,737,242	8,788,089
Sold services (Included sale of casual products)	19,042	18,518	68,465
Operation for other revenues	76	18	1,389
Sold wastes	582	743	1,569
Deduct: Sale of casual products	(7,027)	(7,914)	(20,099)
	2,655,204	**1,748,607**	**8,839,413**

(20/2) Cost of goods sold: for the three-months period ended September 30, 2021 is amounted to EGP 1,104,776 thousand which comprise the following:

(Amounts in thousands)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Raw materials and supplies	1,029,399	1,021,216	4,123,011
Salaries, wages and benefits	109,260	104,285	555,152
Operating fixed assets depreciation	23,633	25,834	100,404
Other manufacturing expenses	24,304	25,947	104,215
Re-evaluation of finished goods	(89,530)	(103,249)	58,023
Re-evaluation of un-finished goods	14,737	25,713	11,868
Deduct:			
Sale of casual products	(7,027)	(7,914)	(20,099)
	1,104,776	**1,091,832**	**4,932,574**

(20/3) Credit interest: for the three-months period ended September 30, 2021, is amounted to EGP 6,658 thousand which comprise the following:

(Amounts in thousands)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Realized interest	6,220	6,095	31,698
Unrealized interest	438	558	392
	6,658	**6,653**	**32,090**

(20/4) Return on investments at amortized cost – treasury bills: for the three-months period ended September 30, 2021, is amounted to EGP 222,177 EGP thousand which comprise the following:

(Amounts in thousands)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Realized interest	53,197	38,115	399,577
Unrealized interest	168,980	139,676	263,088
	222,177	**177,791**	**662,665**

(20/5) Other revenues for the three-months period ended September 30, 2021, is amounted to EGP 3,574 thousand which comprise the following:

(Amounts in thousands)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Rent revenues	2,917	2,918	12,152
Compensation and penalties	490	128	538
Sundry revenues	167	20,903	134,185
	3,574	**23,949**	**146,875**

(20/5/1): Rent revenues for the three-months period ended September 30, 2021, is amounted to EGP 2,917 thousand which comprise the following:

(Amounts in thousands)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Land Leased to Alexandria Fertilizers Co.	2,439	2,494	9,927
Water Pump Sub-Station, land, tanks, and cafeteria	236	228	1,341
Land Leased to Air Liquid Co., Medical Gases Co. and Med Gas Co.	242	196	884
	2,917	**2,918**	**12,152**

(20/5/2) Compensation and penalties revenues for the three-months period ended September 30, 2021 is amounted to EGP 490 thousand which comprise the following:

(Amounts in thousands)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Vendors and transportation companies	466	128	473
Misr insurance	24	--	2
Other compensation revenues	--	--	63
	490	**128**	**538**

(20/5/3) Sundry revenues for the three-months period ended September 30, 2021 is amounted to EGP 167 thousand which comprise the following:

(Amounts in thousands)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Carbon	--	--	36,981
Gain on sale of scrap, raw materials, supplies and others	167	20,903	97,204
	167	**20,903**	**134,185**

(20/6) Foreign currency exchange differences for the three-months period ended September 30, 2021, is amounted to EGP 10,274 thousand against currency differences loss amounted to EGP 3,110 thousand for the three-months period ended September 30, 2021 which comprise the following:

(Amounts in thousands)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Foreign currency exchange differences			
Banks	3,056	(7,503)	25,380
Other monetary assets and liabilities	7,218	4,393	(7,838)
Net charged to statement of income	**10,274**	**(3,110)**	**17,542**

(20/7) Selling and distribution expenses for the three-months period ended September 30, 2021 is amounted to EGP 92,860 thousand which comprise the following:

(Amounts in thousands)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Salaries, wages and benefits	29,554	27,787	154,163
Packing materials	21,957	24,766	96,762
Fixed assets depreciation	1,123	1,173	4,825
Other selling expenses	40,226	28,987	156,071
	92,860	**82,713**	**411,821**

(20/8) Administration and general expenses for the three-months period ended September 30, 2021 is amounted to EGP 36,093 thousand which comprise the following:

(Amounts In thousands)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Salaries, wages and benefits	15,437	14,338	76,642
Fixed assets depreciation	1,789	1,166	6,299
Other administrative and general expenses	17,474	18,608	69,380
Chairman and board of directors 'compensation	1,393	1,796	5,988
	36,093	**35,908**	**158,309**

(20/9) Financing expenses for the three-months period ended September 30, 2021 is amounted to EGP 6 thousand which comprise the following:

(Amounts in thousands)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Financing expenses – Loan	1	168	246
Financing expenses – Grant	--	418	1,224
Financing expenses – Lease contract	5	--	--
	6	**586**	**1,470**

(20/10) Income tax for the three-months period ended September 30, 2021 is amounted to EGP 374,852 thousand which comprise the following:

(Amounts in thousands)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Income tax	316,370	123,334	775,960
Deferred tax	643	465	2,517
Tax on treasury bills	44,435	35,317	132,533
Tax on dividends	--	--	10,710
Tax settlements	13,404	(102,824)	(119,632)
	374,852	**56,292**	**802,088**

- The tax due represents the tax payable less the previous deducted from third parties (tax on treasury bills, distribution tax, withholding tax, ….) based on certificates supported by others.
- 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 year are under the supervision and control of the company.

(21) 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 on August 31, 2014, pending the court's judgment.

- The matter was submitted to the company's board of directors on April 21, 2015, and council decision no. 46 was unanimously approved that no provision will be made in this regard pending the court's judgment.
- The outstanding letters of guarantee issued by banks for the company and others as at September 30, 2021 amounted to EGP 342 million which are totally covered by treasury bills that amounted to EGP 503 million (note 8).

(22) 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)
- Abu Qir Plant (2)
- Abu Qir Plant (3)
- Liquid Fertilizers Plant
- Ammonia and nitric acid
- Plastic Bags Plant
- Others

First: Operating sectors - assets and liabilities:

(Amounts in thousands)

Description	Abu Qir Plant (1)	Abu Qir Plant (2)	Abu Qir Plant (3)	Liquid fertilizer	Plastic Bags Plant	Others	Total
Sectors' assets	833,097	181,628	259,092	6,767	98,128	--	1,378,712
Unloaded assets	--	--	--	--	--	12,253,840	12,253,840
Total assets	**833,097**	**181,628**	**259,092**	**6,767**	**98,128**	**12,253,840**	**13,632,552**
Sectors' liabilities	--	--	--	--	--	4,986,454	4,986,454
Total liabilities	--	--	--	--	--	**4,986,454**	**4,986,454**

Second: Operating sectors - Net profit:

(Amounts in thousands)

	Abu Qir Plant (1)	Abu Qir Plant (2)	Abu Qir Plant (3)	Liquid fertilizer	Ammonia	Plastic bags Plant	Others	Total
Sales	718,950	624,156	1,075,148	2,333	233,040	1,577	--	2,655,204
Costs goods sold	(268,240)	(354,405)	(382,076)	(941)	(97,837)	(1,277)	--	(1,104,776)
Gross profit	**450,710**	**269,751**	**693,072**	**1,392**	**135,203**	**300**	--	**1,550,428**
Credit interests and Revenues from held to maturity investments	--	--	--	--	--	--	228,835	228,835
Other revenues	--	--	--	--	--	--	3,574	3,574
Foreign currency differences (gains)	--	--	--	--	--	--	10,274	10,274
Selling and distribution expenses	(25,356)	(34,251)	(30,961)	(7)	(2,285)	--	--	(92,860)
Administrative and general expenses	(8,178)	(14,850)	(11,490)	(36)	--	---	(1,539)	(36,093)
Provision settlement	--	--	--	--	--	--	318	318
financing expenses	--	--	--	--	--	--	(6)	(6)
Net profit before tax	**417,176**	**220,650**	**650,621**	**1,349**	**132,918**	**300**	**241,456**	**1,664,470**
Income tax for the period	(93,952)	(49,692)	(146,525)	(304)	(29,934)	(68)	(54,378)	(374,853)
Net profit for the period	**323,224**	**170,958**	**504,096**	**1,045**	**102,984**	**232**	**187,078**	**1,289,617**

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

(23) 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 30/9/2021	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)	336,432	Cash and investments at amortized cost
Misr Insurance Co.	3.19%	Shareholder	Insurance coverage (insurance's volume)	9,185	Other expenses
			Debit balances	7	Other debtors
			Compensations	41	Other revenues

To be continued..

(Amounts expressed in Egyptian pounds)

Related parties (continue):

Egyptian Natural Gas GASCO – Petro trade (Subsidiary to Egyptian General Petroleum Corporation)	19.11%	Vendor Subsidiary to shareholder	Gas supply (consumption's volume)	766,594	Raw materials cost
			Credit balances (Legal suit)	279,913	Other creditors
			Credit balances (Gas consumption)	303,992	Other creditors
Alexandria Fertilizers Co.	15%	Invested in	Services and other transactions (transaction's volume)	636	Sales revenues
			Credit balances (rents)	12,062	Other creditors
			Selling packing materials	107	Sales revenues
			Debit balances (clients)	--	Other debtors
			Debit balances(current)	191	Other debtors
Helwan Fertilizers Co.	17%	Invested in	Selling packing material	--	Sales revenues
			Debit balances (clients)	--	Debit balances

(24) 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 37 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 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.

(25) Comparative figures:

Financial statements related to the three-months ended September 30, 2021 represents first quarter of the financial year (2021/2022) and was compared with the financial statements of comparative period (the three-months ended September 30, 2020) and the financial statements for the year ended June 30, 2021.

(26) Earnings per share:

(Amounts in pounds)

	Three-months period ended September 30, 2021	Three-months period ended September 30, 2020	The year ended June 30, 2021
Net profit for the period / year	**1,289,617,385**	**686,557,593**	**3,516,007,181**
Deduct:			
Share of social and sports activity	20,805,873	9,285,625	53,823,229
Share of training and rehabilitation fund	12,896,174	6,865,576	35,037,704
Employees' profit share	165,385,076	88,122,792	447,897,930
Board of directors' share	10,112,500	6,630,000	40,450,000
Basic earnings attributable to shareholders	**1,080,417,762**	**575,653,600**	**2,938,798,318**
No. of shares	1,261,875,720	1,261,875,720	1,261,875,720
Earnings per share	**0,86**	**0.46**	**2.33**

(27) 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 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 is still handling it especially in light of the fourth wave of Covid-19.

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.

In light of the current information available to us, the company does not expect that Covid-19 will have a significant impact on the future results of the company's operations. This was evident in the increase in sales, export prices and the company's net profit during the period prepared for the financial position.