MISR FERTILIZERS PRODUCTION COMPANY

(MOPCO)

(S.A.E)

Consolidated Financial Statements

on September 30 September, 2023

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Translated - the original issued in Arabic

Dr. A. M. Hegazy & Co.
Dr. Khaled A. Hegazy
Accountants & Consultants
A Member of Crowe Global
6 Boulos Hannah St., 5th Floor
Dokki, 12311 Giza, Egypt
Tel. 37600319 - 37600320 - 37618310
Fax. 37600468
www.crowe.com

Auditor's Report on Review of Interim Consolidated Financial Statements

To the Board of Directors of Misr Fertilizers Production Company "MOPCO"

Introduction

We have carried out a limited review of the interim consolidated financial statements of Misr Fertilizers Production Company "MOPCO", represented in the accompanying balance sheet as of 30st September 2023, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the period then ended and a summary of the significant accounting policies and other explanatory notes.

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

Scope of Limited Review

We conducted our review in accordance with Egyptian Standard on Limited Review Engagements No. 2410, "Limited Review of Interim consolidated Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, 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 interim financial statements.

Basis of qualified *Conclusion*

- -1- The financial statements were not affected by the actuarial study of the financial impact of the retirement benefits system and the post-service medical treatment system, in accordance with Egyptian Accounting Standard No. (21) - Accounting and Reporting on Retirement Benefits Systems on September 30st, 2023, and we were not able to perform audit procedures. Alternative.

2- We did not obtain complete a study of the value of the impairment in the value of projects under constructin related to the marine pier. The balance on September 30st, 2023 amounted to EGP 940 509 629 Egyptian pounds, and we were unable to perform alternative audit procedures.

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Qualified Conclusion

Except for what was stated in the two paragraphs of the basis for expressing a qualified conclusion, Based on our limited review referred to above, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of Misr Fertilizers Production Company "MOPCO" (S.A.E) as at September 30, 2023, and of its financial performance and cash flows for the nine-months period then ended in accordance with Egyptian Accounting Standards.

Without considering this as a qualification to our opinion on the consolidated financial statements -

- The parent company measured the acquisition cost on the basis of the book value of the ownership rights of the subsidiary (the Egyptian company for Nitrogenated Products)-"ENPC" - an Egyptian joint stock company - and not on the basis of the fair value of Mopco shares granted to the shareholders of the acquired company on the date of acquisition in violation of paragraph (38) of the Egyptian Accounting Standard No. 29 (Business Combination), which resulted in the recognition of the assets and liabilities of the subsidiary company in the consolidated financial statements at the book value recorded in the books of that company at that date, and not at the fair value of the assets and liabilities acquired and the consequent recognition of the difference in the item of capital contributions within equity in the amount of EGP 1 927 091 200 Egyptian pound from the date of acquisition until the date of the financial statements.

Auditor

Khaled Hegazy

Dr. Khaled A.M. Hegazy

Fellow of the Egyptian Society of Accountants & Auditors
Accountants & Auditors Register "AAR" No. 10945
Financial Regulatory Authority Auditors Register "FRAAA" No. 72
Independent Profesional Practice – Member of Crowe Global

Giza : November 28,2023

Crowe
Dr. Khaled A Hegazy
Dr. A. M. Hegazy & Co
Accountants & Consultants

MISR FERTILIZERS PPRODUCTION COMPANY (MOPCO)
EGYPTIAN JOINT STOCK COMPANY
CONSOLIDATED PERIODICAL STATEMENT OF FINANCIAL POSITION
AS AT September 30, 2023

In Egyptian pound	Note No.	30/09/2023	31/12/2022
Assets			
Non-current assets			
Fixed assets & projects under construction	(5)	36 521 095 531	30 685 487 692
Other assets & projects under construction	(6)	36 095 837	30 436 998
Investments in subsidiaries and associates	(7)	1 566 325	-
Right of use asset	(8)	118 572 682	111 560 725
Other financial assets	(9)	586 489 526	469 985 871
Total non-current assets		**37 263 819 901**	**31 297 471 286**
Current assets			
Inventories	(10)	1 495 301 981	1 248 881 119
Accounts and notes receivables	(11)	863 095 520	1 047 857 845
Debtors and other debit balances	(12)	285 808 005	249 941 449
Due from related parties	(13)	1 431 392	647 766
Suppliers – advance payments		37 229 697	20 792 335
Cash at banks and on hand	(14)	12 722 900 268	9 939 998 059
Total current assets		**15 405 766 863**	**12 508 118 573**
Total assets		**52 669 586 764**	**43 805 589 859**
Equity			
Issued and paid-up capital	(20-B)	2 291 172 320	2 291 172 320
Capital contribution	(21)	1 927 091 200	1 927 091 200
Legal reserve		1 273 786 893	880 394 192
General reserve	(20-C)	352 383 742	352 383 742
Foreign currency translation difference		22 367 544 649	16 062 303 213
Retained earnings		13 996 268 778	13 193 201 693
Total equity attributable to shareholders of the parent compa		**42 208 247 582**	**34 706 546 360**
Non-controlling interest		**12 356**	**9 938**
Total equity		**42 208 259 938**	**34 706 556 298**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	(22)	7 281 263 546	6 173 327 689
Lease liabilities	(16)	132 874 474	118 549 521
Total non-current liabilities		**7 414 138 020**	**6 291 877 210**
Current liabilities			
Current income tax	(15)	1 825 993 181	1 175 288 960
Lease liabilities	(16)	19 983 182	15 512 564
Accounts payables	(17)	689 952 399	954 721 630
Creditors and other credit balances	(18)	165 592 263	300 115 518
Advance payment customers- contract liability		176 054 728	54 563 021
Provisions	(19)	169 613 053	306 954 658
Total current liabilities		**3 047 188 806**	**2 807 156 351**
Total liabilities		**10 461 326 826**	**9 099 033 561**
Total equity & liabilities		**52 669 586 764**	**43 805 589 859**

* The accompanying notes from no(1) to no(39) is an integral part of these consolidated periodical financial statements and to be read therewith.

The company's vice president for financial & economic affairs

Acc. Mohamed El Shayeb

Chief Executive Officer & Managing Director

ENG. Ahmed Mahmoud Elsayed

Limited Review report "attached"

MISR FERTILIZERS PPRODUCTION COMPANY (MOPCO)
EGYPTIAN JOINT STOCK COMPANY
CONSOLIDATED PERIODICAL STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED

In Egyptian pound	Note No.	The nine months ending on SEP 30,2023	The nine months ending on SEP 30,2022	The three months ending on SEP 30,2023	The three months ending on SEP 30,2022
Sales	(23)	13 242 778 193	12 343 717 161	3 823 403 704	3 631 500 981
Cost of sales	(24)	(7 582 484 602)	(5 882 617 002)	(2 051 913 839)	(1 938 462 187)
Gross profit		**5 660 293 591**	**6 461 100 159**	**1 771 489 865**	**1 693 038 794**
Other income	(25)	26 914 142	8 486 598	7 877 266	1 726 022
Selling and marketing expenses	(26)	(281 587 110)	(201 522 685)	(86 734 240)	(83 760 895)
General and administrative expenses	(27)	(281 045 808)	(172 113 968)	(76 897 284)	(59 691 193)
Other Expenses	(28)	(39 661 591)	(44 218 246)	(16 416 625)	(27 293 464)
Capital losses		(30 040 435)	-	(30 040 435)	-
Reversal/(Formed) of expected credit losses	(31)	(316 729)	27 045 616	(585 084)	1 632 399
Operating gain		**5 054 556 060**	**6 078 777 474**	**1 568 693 463**	**1 525 651 663**
Finance income	(30)	779 605 740	194 026 159	262 517 970	88 420 404
Finance costs	(29)	(20 311 658)	(97 265 942)	(7 055 475)	(33 864 696)
Net financial profit		**759 294 082**	**96 760 217**	**255 462 495**	**54 555 708**
Net foreign currency translation gain/ (Loss)		1 155 054 975	171 565 082	(18 433 527)	113 241 002
Net Profit before income tax		**6 968 905 117**	**6 347 102 773**	**1 805 722 431**	**1 693 448 373**
Income tax	(32)	(1 745 454 101)	(1287 474 915)	(553 472 351)	(368 614 647)
Net Profit after income tax		**5 223 451 016**	**5 059 627 858**	**1 252 250 080**	**1 324 833 726**
Distributed as follows:					
Parent company shareholders		**5 223 450 220**	**5 059 626 767**	**1 252 249 736**	**1 324 833 492**
Non-controlling interest		**796**	**1 091**	**344**	**234**
		5 223 451 016	**5 059 627 858**	**1 252 250 080**	**1 324 833 726**
Basic and diluted earnings per share	(33)	**22.80**	**22.08**	**5.47**	**5.78**

* The accompanying notes from no(1) to no(39) is an integral part of these consolidated periodical financial statements and to be read therewith.

MISR FERTILIZERS PPRODUCTION COMPANY (MOPCO)
EGYPTIAN JOINT STOCK COMPANY
CONSILIDATED PERIODICAL STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED

In Egyptian pound	The nine months ending on SEP 30,2023	The nine months ending on SEP 30,2022	The three months ending on SEP 30,2023	The three months ending on SEP 30,2022
Net profit for the period	5 223 451 016	5 059 627 858	1 252 250 080	1 324 833 726
Other comprehensive income				
Accumulated foreign currency translation differences	6 305 241 436	4 034 401 374	(1 352 466)	741 308 977
Total other comprehensive income for the period	**11 528 692 452**	**9 094 029 232**	**1 250 897 614**	**2 066 142 703**
Transferred to retained earnings	-	-	-	-
Total comprehensive income for the period	**11 528 692 452**	**9 094 029 232**	**1 250 897 614**	**2 066 142 703**
Parent company shareholders	**11 528 687 841**	**9 094 025 594**	**1 250 897 114**	**2 066 141 877**
Non-controlling interest	4 611	3 638	500	826
	11 528 692 452	**9 094 029 232**	**1 250 897 614**	**2 066 142 703**

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MISR FERTILIZERS PPRODUCTION COMPANY (MOPCO)
EGYPTIAN JOINT STOCK COMPANY
CONSOLIDATED PERIODICAL STATEMENT OF CHANGE IN EQUITY
FOR THE FINANCIAL PERIOD ENDED September 30, 2023

Translation of Consolidated financial statements originally issued in Arabic

In Egyptian pound

Description	Issued and fully paid-up capital	Capital contributions	Legal reserve	General reserve	Accumulated foreign currency translation differences	Retained Earnings	Parent company shareholders	Non-controlling interest	Total equity
Balance as at January 1, 2022	2 291 172 320	1 927 091 200	634 542 299	352 383 742	6 045 853 180	8 657 611 876	19 908 654 617	3 621	19 908 658 238
Total comprehensive income									
Net profit for the period	-	-	-	-	-	5 059 626 767	5 059 626 767	2 705	5 059 629 472
Accumulated foreign currency translation difference	-	-	-	-	4 034 399 660	-	4 034 399 660	-	4 034 399 660
Total comprehensive income	-				4 034 399 660	5 059 626 767	9 094 026 427	2 705	9 094 029 132
Transferred to legal reserve			245 851 878			(245 851 878)			
Transactions with the owners									
Employees and Board of directors' dividends share	-	-	-	-	-	(415 218 366)	(415 218 366)		(415 218 366)
Shareholders' dividend distribution	-	-	-	-	-	(2.291.172.320.00)	(2 291 172 320)	(257)	(2 291 172 577)
Total Transactions with the owners						(2 706 390 686)	(2 706 390 686)	(257)	(2 706 390 943)
Balance as at SEP 30, 2022	2 291 172 320	1 927 091 200	880 394 177	352 383 742	10 080 252 840	(599 006 483)	26 296 290 358	6 069	26 296 296 427
Balance on January 1, 2023	2 291 172 320	1 927 091 200	880 394 192	352 383 742	16 062 303 213	13 193 201 693	34 706 546 360	9 938	34 706 556 298
Comprehensive income									
Net profit for the period	-	-	-	-	-	5 223 450 220	5 223 450 220	796	5 223 451 016
Accumulated foreign currency translation difference	-	-	-	-	6 305 241 436		6 305 241 436	1 936	6 305 243 372
Total comprehensive income					6 305 241 436	5 223 450 220	11 528 691 656	2 732	11 528 694 388
Transferred to legal reserve			393 392 701			(393 392 701)			
Transactions with the owners									
Employees and Board of directors' dividends share	-	-	-	-	-	(376 116 211)	(376 116 211)	-	(376 116 211)
Shareholders' dividends distribution	-	-	-	-	-	(3 650 874 223)	(3 650 874 223)	(314)	(3 650 874 537)
Total Transactions with the owners						(4 026 990 434)	(4 026 990 434)	(314)	(4 026 990 748)
Balance as at SEP 30, 2023	2 291 172 320	1 927 091 200	1 273 786 893	352 383 742	22 367 544 649	13 996 268 778	42 208 247 582	12 356	42 208 259 938

* The accompanying notes from no(1) to no(39) is an integral part of these consolidated periodical financial statements and to be read therewith.

MISR FERTILIZERS PPRODUCTION COMPANY (MOPCO)
EGYPTIAN JOINT STOCK COMPANY
CONSOLIDATED PERIODICAL STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED

In Egyptian pound	Note No.	The nine months ending on 30/09/2023	The nine months ending on 30/09/2022
Cash flows from operating activities			
Net profit for the period before tax		6 968 905 117	6 347 102 773
Adjustment as follows:			
Fixed assets depreciation	(5)	1 578 938 037	962 335 975
Amortization of other assets and right of use assets	(6,8)	13 717 415	9 712 660
Provisions formed	(19)	51 674 573	-
Reversal of expected credit losses		316 729	-
Capital gains and losses		30 040 435	-
Net Finance income	(29,30)	(747 040 614)	(96 760 217)
Net foreign currency translation differences		(1 232 267 809)	(208 991 616)
		6 664 283 883	**7 013 399 575**
Changes in:			
Inventory		(29 668 446)	(549 898 722)
Accounts and notes receivables		321 055 901	(156 669 223)
Debtors and other debit balances		8 567 669	1 205 312
Due from related parties		(783 626)	(524 872)
Suppliers – advance payments		(5 445 090)	(11 719 787)
Accounts payable		(98 028 630)	182 112 384
Creditors and other credit balances		(87 116 075)	117 882 420
Advance payment customers (contract obligations)		108 083 119	289 285 177
Provisions	(19)	(256 971 319)	(14 778 284)
Cash flows generated from operating activities		**6 623 977 386**	**6 870 293 980**
Employees and board of directors dividends paid		(894 699 173)	(404 556 760)
Income tax paid		(1 491 061 034)	(554 388 492)
Net cash flows generated from operating activities		**4 238 217 179**	**5 911 348 728**
Cash flows from investing activities			
Interest received		732 601 793	188 651 331
Payment for the purchase of fixed assets & projects under construction		(167 415 740)	(144 571 439)
Paid in Investments in subsidiaries and associates		(1 566 325)	-
Net cash flows generated from investing activities		**563 619 728**	**44 079 892**
Cash flows from financing activities			
Shareholders dividends paid		(3 436 777 597)	(2 291 275 828)
Loans paid		-	(1 423 601 949)
Debit interest paid		(15 674 655)	(51 504 691)
Paid from lease obligations		(18 627 034)	(9 893 572)
Net cash flows used in financing activities		**(3 471 079 286)**	**(3 776 276 040)**
Net changes in cash and cash equivalents		**1 330 757 621**	**2 179 152 580**
The effect of changes in exchange rates on cash and cash equivalents		1 325 573 577	115 286 411
Subsidiary company translation difference		126 571 011	635 692 547
Cash & cash equivalent at the beginning of the period		9 939 998 059	4 235 765 749
Cash & cash equivalent at the end of the period	(14)	**12 722 900 268**	**7 165 897 287**

* The accompanying notes from no(1) to no(39) is an integral part of these consolidated periodical financial statements and to be read therewith.

MISR FERTILIZERS PRODUCTION COMPANY (MOPCO)
EGYPTIAN JOINT STOCK COMPANY
THE NOTES TO THE CONSOLIDATED PERIODICAL FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED September 30, 2023

1- Company's background:

1. Legal entity and activity:

- Misr Fertilizers Production Company "MOPCO" - S. A. E. (formerly Misr Oil Processing Company) was established under the provisions of law no. 8 of 1997 for investment guarantees and incentives and its executive regulations and amendments and law no. 159 of 1981 and its executive regulations and amendments issued by law no. 4 of 1998 and Minister of Economy decision no. 25 of 1998 and Capital Stock Market law no. 95 of 1992 and its executive regulations.
- The Company was registered in Cairo Commercial Register under number 50112 on January 12, 2011.
- According to the text of Article 11 of Law no. 114 of 2008 dated May 5, 2008, all licenses for investment projects under the private free zone system in the field of fertilizer industry have been terminated. Accordingly, the Company is no longer operating under the private free zone.
- The company's administrative headquarters has been modified to become: Building 194, New Cairo, North 90th, Sector Two, City Center, Fifth Settlement, Cairo. The main center and location of industrial activity: the public free zone in the new city of Damietta, as shown in the commercial register issued on 22 September 2022.
- The term of the company was extended for another twenty-five years, starting from 28/07/2023 to 27/07/2048, and this was noted in the company's commercial register on 31/05/2023.
- The company is registered in the official list of the stock exchange of the Arab Republic of Egypt.
- Chairman of the Board of Directors and Managing Director is Eng. / Ahmed Mahmoud Elsayed

2. Purpose of the company

The purpose of the Company is the production of fertilizers, ammonia, and nitrogen. Buying, selling, and marketing all nitrogen fertilizer products and their derivatives. Developing, establishing, owning, financing, managing, maintaining and operating a project for the production of melamine and its derivatives.
Marketing, distributing, and selling the melamine product and its derivatives abroad and all over the Republic, except for the Sinai Peninsula region, where the approval of the Authority is required in advance.
Production, distribution, and sale of urea solution with different concentrations and used in different applications and uses, including car exhaust treatment.
The company has the right to have an interest or to participate in any way in the incorporation or formation of other companies that engage in activities similar or related to its activities, which may help it to achieve its purposes inside and outside the Arab Republic of Egypt after the approval of General Authority for Investment and Free Zones (GAFI) and the company must obtain all licenses necessary to carry out its activity.

2. Subsidiary company

- The Egyptian Company for Nitrogenated Products "ENPC" an Egyptian joint stock company that was established according to the provisions of law no. (8) of the year 1997 issuing the investments guarantee and incentives law and was registered in the commercial register under the no. 17968 on 5 March 2006 and according to law no. (114) for the year 2008. The subsidiary's free zone license was terminated on 5 May 2005.
- The direct investments in the subsidiary on 30 September 2023 amounted to 99.99996%.

Acquisition of the subsidiary:

- On 11 August 2008 the subsidiary's shareholders made an agreement with MOPCO, based on it the acquisition of the subsidiary's shareholder's rights was made, in addition to all contractual benefits and obligations of the subsidiary through a share exchange agreement.
- On 8 November 2008 the extraordinary general assembly approved the agreement made on 11 August 2008 between the shareholders of MOPCO and the subsidiary about the share exchange in the light of allocating 99 616 188 shares resulting from an increase in MOPCO capital to a nominal value of 10 Egyptian pounds per share for the subsidiary's shareholders.

2- Basics for preparation of financial statements

4-1 Basis of consolidated financial statements consolidation

- The financial statements have been prepared in accordance with the Egyptian accounting standards and related Egyptian laws and regulations.
- The accounting principles and policies followed are included in note no. (39) bellow.
- The board of directors approved the issuance of the financial statements on November 28, 2023.

4-2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for assets and liabilities, that are stated at fair value through profit and loss.

4-3 Functional currency and presentation currency

The consolidated financial statements are presented in Egyptian pounds referred to as "EGP" which is the company's functional currency.

4-4 Use of estimates and personal judgments

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates, and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

These estimates and associated assumptions are based on management's historical experience and other various factors which could be reasonable in the light of current circumstances and events based on which the carrying amount of assets and liabilities are identified and actual results may differ from these estimates.

These estimates and assumptions are reviewed on an ongoing basis, and any differences in accounting estimates are recognized in the year in which those estimates were changed. If these differences affect the year in which the change was made and future years, then these differences are included in the year in which the adjustment was made and future years.

A- Professional judgment

Information about the judgments used in applying accounting policies that have a significant effect on the values presented in the financial statements is included below:

- Provision for expected claims and potential liabilities.
- Measurement of decline in asset values.
- The useful lives of fixed assets.

B- Unconfirmed assumptions and estimates

Information about uncertain assumptions and estimates at the date of the financial statements, which may result in an effective adjustment in the book value of assets and liabilities in the next financial period, is represented in:

- Recognition and measurement of provisions and liabilities: the underlying assumptions about the likelihood and magnitude of an outflow of resources.

- Measurement of expected credit losses for cash in banks, accounts receivable, notes receivable and other financial assets.

C- Fair value measurement

A number of the company's accounting policies and disclosures require the measurement of the fair values of financial and non-financial assets and liabilities.

The measurement of the fair value of assets and liabilities is mainly based on the available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs to each of the published prices included in Level 1 that are tracked for the asset or liability either directly (like prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not dependent on observable market data (unobservable inputs).

The company recognizes transfers between levels of the fair value hierarchy at the end of the financial period during which the change occurs.

Further information on the assumptions applied when measuring the fair value of financial instruments is included.

5-Fixed assets & projects under construction

In Egyptian pound	Land	Buildings & constructions	Machines, equipment and catalysts (line 3)	Machines, equipment & catalysts (line 1 & 2)	Vehicles	Tools & supplies	Furniture & office equipment	Computers	Projects under construction	Total
Cost										
Cost as at 1/1/2022	81 506 430	144 822 236	2 301 310 375	24 570 317 986	46 976 576	46 809 940	20 278 777	56 438 220	822 346 323	28 090 806 863
Additions	-	1 188 084	-	953 300	24 113 586	10 258 711	1 613 310	4 150 115	148 195 898	190 473 004
Disposals	-	-	-	-	(1 155 739)	-	(705 186)	(306 121)	-	(2 167 046)
Translation differences	46 902 720	3 843 127	-	14 139 233 917	18 443 183	7 524 079	3 411 195	16 706 130	305 953 702	14 542 018 053
Transferred from projects under construction	101 809 908	234 518 394	768 749	-	-	5 762 125	10 030 880	23 803 269	(376 693 325)	-
Cost as at 31/12/2022	**230 219 058**	**384 371 841**	**2 302 079 124**	**38 710 505 203**	**88 377 606**	**70 354 855**	**34 628 976**	**100 791 613**	**899 802 598**	**42 821 130 874**
Additions	-	508 266		104 346 214		7 896 396	1 881 727	11 461 335	39 179 064	165 273 000
Disposals	-			(86 655 071)	(109 900)		(289 332)	(587 148)		(87 641 451)
Transferred from projects under construction	-	17 473 592		2 567 066				-	(20 040 661)	
Translation differences	31 835 848	2 997 219		9 595 204 714	14 904 306	6 916 621	2 324 213	11 783 112	214 036 147	9 880 002 180
Cost as at 30/09/2023	**262 054 906**	**405 350 918**	**2 302 079 124**	**48 325 968 126**	**103 172 012**	**85 167 872**	**38 545 584**	**123 448 912**	**1 132 977 148**	**52 778 764 603**
Accumulated Depreciation										
Accumulated depreciation as at 1/1/2022	-	68 781 276	1 503 915 960	5 495 636 395	29 511 527	26 276 888	14 161 022	43 006 568	-	7 181 289 636
Depreciation for the year	-	13 279 940	123 755 685	1 227 701 201	9 903 113	5 329 035	1 502 788	11 064 933	-	1 392 536 695
Accumulated depreciation of disposals	-	-	-	-	(1 155 739)	-	(705 186)	(303 429)	-	(2 164 354)
Translation differences	-	610 061	-	3 537 132 168	9 067 281	1 742 396	2 234 861	13 194 438	-	3 563 981 205
Accumulated depreciation as at 31/12/2022		**82 671 277**	**1 627 671 645**	**10 260 469 764**	**47 326 182**	**33 348 319**	**17 193 485**	**66 962 510**		**12 135 643 182**
Accumulated depreciation as at 1/1/2023	-	82 671 277	1 627 671 645	10 260 469 764	47 326 182	33 348 319	17 193 485	66 962 510	-	12 135 643 182
Depreciation for the period	-	17 247 106	91 722 685	1 437 307 382	10 929 662	6 680 518	2 272 547	12 778 138	-	1 578 938 038
Accumulated depreciation of disposals	-	-		(56 614 647)	(109 900)	-	(289 332)	(278 757)	-	(57 292 636)
Translation differences	-	445 622		2 580 274 599	7 057 654	1 486 474	1 536 314	9 579 825	-	2 600 380 488
Accumulated depreciation as at 30/09/2023		**100 364 005**	**1 719 394 330**	**14 221 437 098**	**65 203 598**	**41 515 311**	**20 713 014**	**89 041 716**		**16 257 669 072**
Net book value as at 1/1/2022	**81 506 430**	**76 040 960**	**797 394 415**	**19 074 681 591**	**17 465 049**	**20 533 052**	**6 117 755**	**13 431 652**	**822 346 323**	**20 909 517 227**
Net book value as at 31/12/2022	**230 219 058**	**301 700 564**	**674 407 479**	**28 450 035 439**	**41 051 424**	**37 006 536**	**17 435 491**	**33 829 103**	**899 802 598**	**30 685 487 692**
Net book value as at 30/09/2023	**262 054 906**	**304 986 913**	**582 684 794**	**34 104 531 027**	**37 968 414**	**43 652 561**	**17 832 570**	**34 407 196**	**1 132 977 148**	**36 521 095 531**

* The book value of depreciated assets that are still operating at the date of the financial position amounted to 478,107,242 Egyptian pounds.

* The syndicated loan of the subsidiary company was paid in full on December 29, 2022, and procedures are underway to release the first-degree commercial mortgage in favor of (Bank of Egypt) on its behalf and in its capacity as a security agent for the mortgaged creditors, including all machinery and equipment owned by the registered company and the amendment to the commercial registry.

* The accompanying notes from no(1) to no(39) is an integral part of these consolidated periodical financial statements and to be read therewith.

- **Projects under construction as part of fixed assets are represented as follows:**

In Egyptian pound

	30/09/2023	31/12/2022
Marine constructions for the subsidiary	940 594 865	855 736 659
Building and roads	18 988 914	15 927 381
Machine and equipment	109 386 413	14 106 059
Computers	-	5 065 884
Advance payment	30 353 362	8 057 219
Letters of credit	33 653 594	909 396
Total	**1 132 977 148**	**899 802 598**

6- Other assets & projects under construction

In Egyptian Pound	The Company's contribution in assets not owned by it and serve its purposes	Gas pipeline	License and software	Marine construction*	Projects Under construction	Total
COST						
Cost as at 1/1/2022	5 000 000	15 627 372	8 957 122	11 060 363	9 302 292	49 947 149
Additions during the year	-	-	-	-	887 609	887 609
Translation differences	-	-	-	6 364 665	-	6 364 665
Cost as at 31/12/2022	**5 000 000**	**15 627 372**	**8 957 122**	**17 425 028**	**10 189 901**	**57 199 423**
Additions during the period	-	-	-	-	2 142 765	2 142 765
Translation differences	-	-	-	4 320 101	-	4 320 101
Cost as at 30/09/2023	**5 000 000**	**15 627 372**	**8 957 122**	**21 745 129**	**12 332 666**	**63 662 289**
Accumulated amortization						
Accumulated amortization as at 1/1/2022	5 000 000	11 733 265	8 864 538	-	-	25 597 803
Amortization during the year	-	1 072 038	92 584	-	-	1 164 622
Accumulated amortization as at 31/12/2022	**5 000 000**	**12 805 303**	**8 957 122**	-	-	**26 762 425**
Amortization during the period	-	804 027	-	-	-	804 027
Accumulated amortization as at 30/09/2023	**5 000 000**	**13 609 330**	**8 957 122**	-	-	**27 566 452**
Carrying amounts						
Net book value as at 1/1/2022	-	**3 894 107**	**92 584**	**11 060 363**	**9 302 292**	**24 349 346**
Net book value as at 31/12/2022	-	**2 822 069**	-	**17 425 028**	**10 189 901**	**30 436 998**
Net book value as at 30/09/2023	-	**2 018 042**	-	**21 745 129**	**12 332 666**	**36 095 837**

- *** Projects under construction as part of other assets are represented as follows:**

	30/09/2023	31/12/2022
License and software	12 332 666	10 189 901
Total	**12 332 666**	**10 189 901**

* Represents an amount of 30 441 441 USD spent in the construction of a dock according to the decision of the Prime Minister No. (555) for the year 2007 which grants the company a license to construct, operate, and maintenance of a specialized dock in the port of Damietta by the B.O.T system, used in shipping, emptying, and exporting petrochemical products in the light of law no. (1) for the year 1996 amended by law no. (22) for the year 1998. The dock's license period is 25 years from the production date or the expiration of 5 years from the date of receiving the dock.

- In 1/2/2015 the parent company signed a memorandum of understanding with the Ministry of Defense, based on it the following was agreed upon:
- The company agreed to end the existing dispute with the New Urban Communities Authority with the authority receiving the plot of land and the subsidiary paying the rent due on it on conditions:
- Provide an alternative location to the dock land with a guarantee from specialized authority to renew all required agreements and licenses from the concerned authorities of the new locations and the renewal of the Prime Minister license no. (555) for the year 2007 for the new location, in addition, to provide a suitable space behind the dock for storage and provide a service road between the dock and the factory.
- Compensate the company for the piece of land it owned by granting it an alternative piece of land.
- Compensate the company for the expenses and costs it incurred.
- An agreement memorandum signed between MOPCO and Damietta Authority.
- Prepare a lease contract with the Damietta Port Authority on the new dock location and settle the unpaid claims of Damietta Port Authority about the lease of the current port.
- On 25 March 2018 the founding stone was set for the new dock with the attendance of the Minister of Petroleum and the Minister of Transportation
- On 19 March 2018 the ENPC board of directors' assembly no. (114), the board of directors unanimously agreed on the memorandum and it's to be referred to the ordinary general assembly of the company.
- On 20 March 2018 in the general assembly of ENPC company in the light of the Engineer / the assembly president listing the events of what was accomplished in the dock, the assembly unanimously agreed to authorize Engineer / Ibrahim Abdul Salam – chairman of the board of directors of ENPC company which is owned by MOPCO by the percentage of 9.999967% in signing the new dock location license contract with the Damietta Port Authority and take necessary actions to receive the new dock location land and to submit the old location and take all actions to end all financial procedures of the old license by agreement, court ruling, or through sovereign decisions.
- On 5 March 2019 during the ENPC board of directors' assembly no. (122) the board was notified of authorizing the Engineer/chairman of the board of directors and managing director of MOPCO to sign the new dock location license contract with the Damietta Port Authority. In that, he can take all necessary actions to finish all contractual procedures.

7- Investments in subsidiaries and associates:

Investment in associate companies:

In Egyptian Pound	30/09/2023	30/09/2023	31/12/2023	31/12/2023
Damietta for Green Ammonia Company	20	1 566 325	-	-
Total		**1 566 325**	-	-

- Damietta for Green Ammonia Company:

- The Company has contributed in the establishment of a new company to produce green ammonia inside the public free zone in Damietta (Damietta for Green Ammonia Company) a joint stock company by free zone regulation with capital amounting to 1 000 000 US dollars in which the Company contributes 20% in it together with the Egyptian Petrochemicals Holding Company and Scatec Norwegian company.
- Investments in the company at September 30, 2023 amounted to 1 566 325 Egyptian Pound equivalents to (50 thousand US dollars) 25% of issued capital.

8- Right-of-use assets

The right of use assets is represented in the rental value for the remaining period of the leased land contract on which the factory is located in the public free zone in Damietta, and its information is as follows:

In Egyptian Pound

Cost	30/09/2023	31/12/2023
Cost at the beginning of the period	141 310 228	103 638 994
Addition during the period	-	-
Translation differences	25 569 823	37 671 234
Cost at	**166 880 051**	**141 310 228**
Accumulated amortization		
Accumulated amortization at the beginning of the period	29 749 503	10 907 601
Amortization expense during the period	12 913 448	12 338 012
Translation differences	5 644 418	6 503 890
Accumulated amortization	**48 307 369**	**29 749 503**
Net book value	**118 572 682**	**111 560 725**

9- Other financial assets

In Egyptian pound	30/09/2023	31/12/2022
Restricted Deposits *	540 723 750	433 298 250
Letters of guarantee **	45 842 476	36 738 932
	586 566 226	470 037 182
Expected credit losses	(76 700)	(51 311)
	586 489 526	**469 985 871**

* The restricted deposit in Bank Misr represents the amount in return for issuing a letter of credit for EGAS company according to the agreement between the parties to import gas for the amount of 10 million dollars. In addition, an amount of 7.5 million American dollars in return of frozen deposits in the Export Development Bank to issue a letter of credit in return of importing capital assets to the company.

** The amount represents fully covered letters of guarantee according to long-term contracts with different agencies and parties (a letter of guarantee in favor of GASCO in the amount of 1 320 000 US dollars in return for the supply of gas - a letter of guarantee in favor of the Public Free Zone in Damietta in return for insuring the factory land rent in the amount of 163 000 US dollars and another in the amount of 20,000 Egyptian pounds) .

10- Inventories

In Egyptian pound	30/09/2023	31/12/2022
Spare parts	635 801 775	492 179 795
Finished goods at cost	449 956 351	486 050 515
Work in process	213 475 306	147 452 691
Supplies	36 013 256	26 018 402
Goods in transit	147 130 845	89 126 916
Raw material	12 260 152	7 269 700
Oils and fuels	664 296	783 100
	1 495 301 981	**1 248 881 119**

11- Accounts and notes receivable

In Egyptian pound	30/09/2023	31/12/2022
Accounts receivable	863 292 065	1 048 105 535
Expected credit losses	(196 545)	(247 690)
Balance	**863 095 520**	**1 047 857 845**

12- Debtors and other debit balances

In Egyptian pound	30/09/2023	31/12/2022
Other credit accounts with the tax authority	139 661 388	161 307 455
Prepaid expenses	42 698 034	33 425 482
Employees' advances and installments	16 887 489	20 603 247
Accrued interest	64 162 394	17 158 462
Insurance with others	9 982 098	10 020 959
Miscellaneous debtors	10 883 912	6 207 904
Letters of guarantee covers	1 564 979	1 258 002
	285 840 294	**249 981 511**
Expected credit losses	**(32 289)**	**(40 062)**
	285 808 005	**249 941 449**

13- Transactions with Related Parties

A- Related parties represent:

– Egyptian Natural Gas Holding Co. "EGAS"	Major shareholder by 8.46 %
– Misr Insurance Company	Major shareholder by 1.15 %
– Suez Methanol Derivatives Company	A demerged company (subsidy to the holding company of petrochemicals)

B- Related parties' transactions

The following is a summary of transactions with related parties:

Description	Nature of transactions	The financial period ended in 30/09/2023 EGP	30/09/2022 EGP
Egyptian Natural Gas Holding Co. "EGAS"	Gas supply	5 077 798 017	3 028 059 173
Misr Insurance Company	Insurance services	11 748 904	8 833 976
Suez Methanol Derivatives Company	Services rendered / Payments on behalf of the company.	2 329 565	2 054 205

C- Transaction with related parties resulted in the following balances:

Due from related parties In Egyptian pound	30/09/2023	31/12/2022
Suez Methanol Derivatives Company	1 431 392	647 766
	1 431 392	**647 766**

* Related parties are dealt with at market value at the time of the transaction

14- Cash at banks and on hand

In Egyptian pound	30/09/2023	31/12/2022
Banks current accounts	379 452 133	5 774 840 413
Time Deposits	10 666 454 049	4 167 655 973
Treasury bills (Less than 3 months)	1 680 038 041	-
Cash on hand	34 977	-
Total	**12 725 979 200**	**9 942 496 386**
Expected credit losses	(3 078 932)	(2 498 327)
Balance	**12 722 900 268**	**9 939 998 059**

Treasury bill investments are calculated less accrued interest and taxes

15- Current income tax

In Egyptian pound	30/09/2023	31/12/2022
Current income tax	1 843 817 597	1 199 214 719
Tax differences	-	9 438 121
Payments on account of tax	-	(5 000 000)
Deductions on account of tax	(17 824 416)	(28 363 880)
Balance	**1 825 993 181**	**1 175 288 960**

16- Lease Obligations

The current value of the total obligations arising from the rights of use is as the following:

In Egyptian pound	30/09/2023	31/12/2022
Beginning balance of the period/year	134 062 085	94 532 745
Interest during the period / year	4 637 014	4 378 687
Translation difference	32 785 620	50 774 378
Payments during the period / year	(18 627 063)	(15 623 725)
	152 857 656	**134 062 085**
Current lease obligations	19 983 182	15 512 564
Non-current lease obligations	132 874 474	118 549 521
	152 857 656	**134 062 085**

17- Accounts payable

In Egyptian pound	30/09/2023	31/12/2022
Egyptian Company for Natural Gas "EGAS"	296 750 275	492 149 635
Gas supplier (GASCO)	182 257 783	253 986 792
Other suppliers	205 862 515	199 859 508
Fixed assets purchasing creditors	5 081 826	8 725 695
	689 952 399	**954 721 630**

18- Creditors and other credit balances

In Egyptian pound	30/09/2023	31/12/2022
Accrued expenses	44 661 771	49 486 975
General authority for health insurance	41 046 735	64 920 283
Insurance from others	29 084 010	25 199 081
Other credit balances	15 600 478	12 133 566
Value added tax	10 147 570	18 692 811
Salary tax	8 707 685	12 743 678
Due to minor shareholders	6 908 601	6 998 952
Shareholders' dividends payable	3 758 606	3 832 423
Social insurance due	3 540 074	2 943 900
Credit balance due to other companies	1 056 524	991 131
Income tax	1 080 209	3 879 500
Employees' credit balances	-	98 293 218
	165 592 263	**300 115 518**

19- Provisions

In Egyptian pound	Balance as at 1/1/2023	Formed	Used	Currency differences	Balance as at 30/09/2023
Contingent liabilities	306 954 658	51 674 572	(263 754 725)	74 738 548	169 613 053
	306 954 658	**51 674 572**	**(263 754 725)**	**74 838 548**	**169 613 053**

Information related to the provision was not disclosed, which usually disclosed about the provision according to Egyptian accounting standards No. 28; because the company's management believes that such disclosure will impact the negotiation results with other parties.

20- Share Capital

A- Authorized capital

- The company's authorized capital amounts to EGP 2 040 million Egyptian pounds (two billion and forty million).
- On May 4, 2014, according to the extraordinary assembly general meeting the company decided to increase the authorized capital to EGP 2 300 million (Egyptian Pound 2 billion and 3 hundred million) and it was registered in the commercial register of the company on January 28, 2015.

B- Issued and fully paid-up Capital

- The issued and paid-up capital as of September 30, 2023, amounted to EGP 2 291 million Egyptian pounds (two billion and two hundred ninety-one million), on December 31, 2014, amounted to 1.992 million Egyptian Pound (one billion and nine hundred ninety-two million), and on December 31, 2010, amounted to EGP 1 984 million Egyptian Pound (one billion and nine hundred eighty-four million). During the year 2011, the amount of the overdue installments was paid. Therefore, the issued capital was fully paid and was recorded in the commercial register on June 9, 2011, which was previously registered in the commercial register on January 26, 2009, as a result of the acquisition of Egyptian Nitrogen Products Company "ENPC" (S.A.E), this acquisition according to the shares exchange with the shareholders of Egyptian Nitrogen Products Company "ENPC" based on the evaluation prepared for this purpose which results in a fair value for the two companies amounted to US Dollars 1 266 million. Therefore, the company's extraordinary general assembly dated November 8, 2008, decided to increase the company's capital by 100% in favor of the shareholders of Egyptian Nitrogen Products Company "ENPC" and the acquisition of Egyptian Nitrogen Products Company "ENPC" and record the investment by the nominal value of the share at EGP 10 each.
- On May 4, 2014, the ordinary general assembly decided to increase the issued capital of the company by the amount of 298 484 560 Egyptian pounds through the distribution of free shares through the dividend distributions for the profit of the financial year ended December 31, 2013, accordingly the issued capital becomes EGP 2 291 172 320 distributed among 229 117 232 shares with a share value of 10 Egyptian pounds recorded in the commercial register of the company dated January 28, 2015.
- The structure of the shareholders of the company is as follows:

Shareholder	%	No. of shares	Amount EGP
Egyptian Petrochemicals Holding Co. "ECHEM"	31.25%	71 591 627	715 916 270
Saudi Egyptian Investment Company	25.56%	58 554 015	585 540 150
Abu Dhabi Investment Holding Company (Alfa Oryx Limited)	20%	45 823 446	458 234 460
Egyptian Natural Gas Holding Co. "EGAS"	8.46%	19 382 606	193 826 060
The Arab Petroleum Investments Corp. "APICORP"	3.03%	6 950 283	69 502 830
IPO	11.7%	26 815 255	268 152 550
	100%	**229 117 232**	**2 291 172 320**

C- General reserve

The amount 352 383 742 EGP represents the amount transferred to the general reserve from the total shareholders' equity according to the decision of the head of The General Authority for Investment and Free Zones no. 65 for the year 2013, which authorized the establishment of the demerged company in Suez as a result of the split of Misr Fertilizers Production Company ''MOPCO''.

21- Capital contributions

Capital contributions balance at 30 September 2023 amounted to 1 927 091 200 Egyptian pounds and it represents the difference between the book value of shareholder's equity of "Egyptian Nitrogen Products Company" at the date of the acquisition and the book value recorded resulting from an increase of the parent company capital amounting to 996 million Egyptian pounds which the shareholders of the Egyptian Nitrogen Products Company "ENPC" received before the acquisition at that date.

22- Deferred Tax liabilities

In Egyptian pound	30/09/2023	31/12/2022
Fixed assets and other assets	6 500 373 753	5 303 856 236
Foreign currency translation differences	794 943 649	878 252 221
Tax assets – provisions	(1 161 073)	(8 036 708)
Lease obligations	(12 892 783)	(744 060)
	7 281 263 546	**6 173 327 689**

23- Sales

In Egyptian poun	The nine months ending on 30/09/2023	The nine months ending on 30/09/2022	The three months ending on 30/09/2023	The three months ending on 30/09/2022
Export sales	9 617 554 391	8 175 002 133	2 690 242 803	2 343 446 173
Domestic sales	3 625 223 802	4 168 715 028	1 133 160 901	1 288 054 808
	13 242 778 193	**12 343 717 161**	**3 823 403 704**	**3 631 500 981**

Segment reports

The chief operating decision maker has been identified as the company's board of directors. The board of directors reviews the Group's internal reports to assess its performance and allocate resources, mainly from a geographical perspective.

In Egyptian pound	30/09/2023			30/09/2022		
Item	Urea	Ammonia	Total	Urea	Ammonia	Total
Export	9 134 106 504	483 447 887	**9 617 554 391**	7 991 680 020	183 322 113	**8 175 002 133**
Domestic	2 973 115 250	652 108 552	**3 625 223 802**	3 502 124 757	666 590 271	**4 168 715 028**
	12 107 221 754	1 136 556 439	**13 242 778 193**	11 493 804 777	849 912 384	**12 343 717 161**

24- Cost of Sales

In Egyptian pound	The nine months ending on 30/09/2023	The nine months ending on 30/09/2022	The three months ending on 30/09/2023	The three months ending on 30/09/2022
Gas	5 072 410 812	4 406 040 310	1 340 205 933	1 477 381 099
Other material	255 330 668	192 082 923	17 219 465	53 959 203
Salaries and wages	331 844 467	241 769 794	108 670 473	79 358 152
Depreciation and amortization	1 596 062 932	861 180 632	498 256 518	273 506 494
Security expenses	28 377 957	11 183 589	6 621 919	3 554 476
Factory insurance expenses	14 569 266	8 288 752	4 363 279	2 557 057
Maintenance expenses	154 291 810	56 611 552	46 820 781	12 202 301
Transportation expense	21 237 260	27 897 844	6 974 990	2 060 721
Other expenses	108 359 430	77 561 606	22 780 481	33 882 684
	7 582 484 602	5 882 617 002	2 051 913 839	1 938 462 187

25- Other income

In Egyptian pound	The nine months ending on 30/09/2023	The nine months ending on 30/09/2022	The three months ending on 30/09/2023	The three months ending on 30/09/2022
Other income	26 914 142	8 186 598	7 877 266	1 726 022
Provision no longer required	-	300 000	-	-
	26 914 142	**8 486 598**	**7 877 266**	**1 726 022**

26- Selling and marketing expenses

In Egyptian pound	The nine months ending on 30/09/2023	The nine months ending on 30/09/2022	The three months ending on 30/09/2023	The three months ending on 30/09/2022
Packing materials	218 349 233	114 503 635	65 476 566	31 273 715
Salaries and wages	33 490 560	23 921 265	11 944 592	8 655 845
Depreciation	2 728 372	2 635 013	904 846	878 337
Expenses for transporting and shipping products	18 984 935	53 407 389	4 458 014	40 616 724
Advertising	2 865 534	-	683 150	-
Other expenses	5 168 476	7 055 383	3 267 072	2 336 274
	281 587 110	**201 522 685**	**86 734 240**	**83 760 895**

27- General and administrative expenses

In Egyptian pound	The nine months ending on 30/09/2023	The nine months ending on 30/09/2022	The three months ending on 30/09/2023	The three months ending on 30/09/2022
Salaries and wages	124 496 457	86 785 177	44 276 278	31 493 311
Contribution to comprehensive health insurance	17 370 945	15 383 114	3 195 431	6 060 865
Attendance and transportation allowances for BOD	24 958 038	14 849 678	2 197 628	4 812 964
Professional fees, car permit fees, and rewards for non-workers	7 776 453	7 215 360	2 275 264	2 002 461
Depreciation	13 731 760	7 416 074	4 923 442	3 708 012
Electricity and watar	9 969 882	2 092 749	8 299 107	845 218
Board Members Attendance Allowances	3 924 766	3 037 484	2 233 799	512 148
Maintenance expenses	11 178 050	3 524 458	1 398 931	1 155 274
Other expenses	67 639 367	31 809 874	8 097 404	9 100 940
	281 045 808	**172 113 968**	**76 897 284**	**59 691 193**

28- Other Expenses

In Egyptian pound	The nine months ending on 30/09/2023	The nine months ending on 30/09/2022	The three months ending on 30/09/2023	The three months ending on 30/09/2022
Donation and grants	27 790 127	30 265 250	12 181 342	20 486 561
Provision formed	11 871 464	13 952 996	4 235 283	6 806 903
	39 661 591	**44 218 246**	**16 416 625**	**27 293 464**

29- Finance cost

In Egyptian pound	The nine months ending on 30/09/2023	The nine months ending on 30/09/2022	The three months ending on 30/09/2023	The three months ending on 30/09/2022
Interest of lease obligation	-	(55 934 801)	-	(20 130 658)
Syndicated loan finance expenses	-	(15 427 959)	-	(552 593)
Syndicated loan cost amortization	(4 637 014)	(3 188 580)	(1 611 432)	(1 110 630)
Bank expenses	(15 674 644)	(22 714 602)	(5 444 044)	(12 070 815)
	(20 311 658)	**(97 265 942)**	**(7 055 476)**	**(33 864 696)**

30- Finance income

In Egyptian pound	The nine months ending on 30/09/2023	The nine months ending on 30/09/2022	The three months ending on 30/09/2023	The three months ending on 30/09/2022
Investment income at	659 896 806	128 307 550	221 870 273	53 914 543
Other interest income	119 708 934	65 718 609	40 647 697	34 505 861
	779 605 740	**194 026 159**	**262 517 970**	**88 420 404**
	759 294 082	**96 760 217**	**255 462 495**	**54 555 708**

31- Expected credit losses

In Egyptian pound	Balance as at 1/1/2023	Formed	Reversal	Foreign currency translation difference	Balance as at 30/09/2023
Accounts receivable	247 690	10 138	(27 726)	(33 557)	196 545
Debtors and other debit balances	40 062	-	(17 250)	9 477	32 289
Other financial assets	51 311	25 389	-	-	76 700
Cash and cash equivalents	2 498 327	894 503	(507 219)	193 321	3 078 932
	2 837 390	930 030	(552 195)	169 241	3 384 466

*Expected credit losses on financial assets are calculated according to the expected credit loss model according Egyptian accounting standard no 47

32- Income tax

In Egyptian pound	30/09/2023	30/09/2022
Current tax		
Current income taxes	1 831 041 040	734 278 540
tax on dividends	154 570 443	72 985 263
Treasury Bill Taxes	23 941 787	5 374 810
	2 009 553 270	**812 638 613**
Deferred tax		
Fixed assets and other assets	(82 042 637)	(3 418 876)
Foreign currency translation differences	(176 973 926)	(40 360 363)
Tax loss carry forward	-	521 222 571
Tax assets – provisions	(4 856 075)	(2 578 614)
Lease contracts obligations	(226 531)	(27 416)
Deferred income tax	**(264 099 169)**	**474 837 302**
Net income tax	**1 745 454 101**	**1 287 474 915**

33- Basic and diluted earnings Per Share

In Egyptian pound	The three months ending on 30/09/2023	The three months ending on 30/09/2022	The three months ending on 30/09/2023	The three months ending on 30/09/2022
:t profit after tax cost	5 223 451 016	5 059 627 858	1 252 250 080	1 324 833 726
Number of issued shares	229 117 232	229 117 232	229 117 232	229 117 232
Basic and diluted earnings Per Sl	**22.8**	**22.08**	**5.47**	**5.78**

The General Assembly, held on April 15, 2023, approved the following distributions:
- Dividend distribution to shareholders in the amount of 3 436 758 480 at 15 Egyptian pounds per share.
- Dividend distributions for employees in the amount of 200 584 514 Egyptian pounds.
- Remuneration for the board of directors in the amount of 13 531 228 Egyptian pounds.

34- Financial instruments and management of its related risk

Financial instruments are represented in financial assets (cash and cash equivalent, due from related parties, advance payment suppliers, and monetary items included in the debtors and other debit balances), in addition to financial liabilities (due to related parties, and monetary items included in creditors and other credit balances). According to the basis of evaluation applied to the company's assets & liabilities, the carrying amounts for these financial instruments provide a reasonable estimate of their fair values.

- Interest risk
- Foreign exchange risk
- Credit risk
- Liquidity risk

A. Interest risk

This risk is represented in the effect of changes in interest rates adversely on the value of the company's assets and liabilities. The company's management invests its cash investments in channels with fixed interest rates and for short-term periods to avoid the adverse effect of interest rate changes on the value of its assets and the return on them. The company follows up and analyses the interest rate risks regularly and calculates the impact of movements in market interest rates on the statement of profit and loss.
The following table shows the balances of financial assets at the date of the financial statements with fixed and variable interest rates.

Fixed interest rate	**30/09/2023**	**31/12/2022**
In Egyptian pound		
Time deposits	10 666 454 049	4 167 655 973
Treasury bills (less than 3 months)	1 680 038 041	-
	12 346 492 090	**4 167 655 973**

B. Foreign exchange risk

The company carries out some of its operational activities in foreign currencies, and therefore the company is exposed to the risk of fluctuations in foreign currencies with regard to payment schedules or collection of obligations or rights in currencies different from its recording currency.

These obligations and rights are usually related to operational spending that is made with suppliers in currencies other than the Egyptian pound and revenues arising from some services rendered to clients abroad in addition to the loan granted to the subsidiary in US dollars. The company monitors the risk of fluctuations in foreign currencies arising from operational activities.

At the end of the financial period, the net assets / (liabilities) of the main foreign currencies, valued in Egyptian pounds, are as follows:

Financial assets	Foreign currencies	Equivalent in Egyptian pound
USD	335 412 075	10 067 085 598
EURO	766 296	25 310 987

Financial liability	Foreign currencies	Equivalent in Egyptian pound
USD	(5 978 387)	(431 254 755)
EURO	(17 274)	(2 642 127)

Below are the major foreign exchange rates

	Closing rate		Average rate	
In Egyptian pound	**30/09/2023**	**31/12/2022**	**30/09/2023**	**30/09/2022**
USD	30.8957	24.7599	30.1833	17.7101
EURO	32.6763	26.4959	32.5937	19.0228
GBP	37.6931	29.9397	37.4854	22.4859

B: credit risk

The credit risk for the company is related to the failure of the contracting parties to fulfill contractual obligations, especially with regard to balances due from customers, financial instruments, bank balances, and the like.

It is possible to analyze the credit risks the company is exposed to at the level of each sector as follows:

Local clients

Local customers are granted a credit period of up to 15 days, as customers are inquired before agreeing to grant them the said period to make sure they are creditworthy.

External clients

The credit risk of external customers is limited because most of the company's external customers are reputable customers and letters of credit or advance payment policy are used in return for the sale.

Cash balances at banks

The credit risk associated with cash balances and cash equivalents is very limited, as the group deals with banks with good reputations in the market.

In Egyptian pound	**30/09/2023**	**31/12/2022**
Accounts receivable	863 095 520	1 047 857 845
Debtors and other debit balances	285 808 005	249 941 449
Cash at banks	12 722 900 268	9 939 998 059
	13 871 803 793	**11 237 797 353**

C. Liquidity risk

Liquidity risk is represented in the factors that may affect the company's ability to pay all its obligations. The management monitors liquidity risk resulting from the uncertainty associated with the cash inflows and outflows by maintaining an adequate level of cash balances.

35- Capital Commitments

Capital commitments are represented in the value of contracts that the company signed to obtain or to construct a fixed asset and it's still not finished as of June 30, 2023. The following is the mentioned contracts' information:

	Total contract	Completed contract	incomplete contract
Contracts in Egyptian pound	165 302 405	117 691 973	47 340 432
Contracts in USD	4 127 428	1 705 844	2 421 584
Contracts in EURO	13 970 000	2 726 400	11 243 600

36- Tax position

A. Parent company

- Misr Fertilizers Production Company- MOPCO, an Egyptian joint stock company, was established under the provisions of law no. 8 of 1997. The company was registered in the commercial register under the no. 33300 Suez on the date July 26, 1998, with tax registration number 205/022/790 and charged through the tax center for senior taxpayers according to Law No.91 for the year 2005 and its executive regulations.
- The company was inspected for corporate income tax from the start of its activity until the year ended 31 December 2021.

The Company's position on tax exemption according to Article Three of Law 91 of 2005.

- After the issuance of Law No. 91 of 2005, the beginning of the company's taxable activity according to the law was determined to be November 7, 2007, based on the letter of the General Authority for Investment issued on February 22, 2010.
  - With the issuance of the law, the company became privileged with tax exemption for the five years following the start of production, from 2008 to 2012, according to Article 3 of the law.
  - Accordingly, on October 21, 2010, the company applied to the General Authority for Investment to obtain tax exemption, but it received a response rejecting the request from the head of the investment sector at the Authority.
  - The company appealed against the decision of the head of the investment sector in the Authority, and the matter ended with the issuance of a decision by the Ministerial Committee for Settlement of Investment Disputes at the headquarters of the Ministry of Investment on 3/11/2016, rejecting the company's request for its entitlement to enjoy the legally established tax exemptions.
  - The company did not record the tax for the years mentioned, and during the inspection of those years, the Tax Authority supported the decision of the General Authority for Investment that the company was not eligible for the tax exemption and referred the dispute to the internal and specialized committees up to the appeal committee, which confirmed the company's ineligibility for the exemption.
  - The company paid the principal of the debt to stop calculating delay fines, and Law No. 173 of 2020 was issued on August 16, 2020 to override delay fines. The tax expense was reduced by 96.3 million pounds after accepting the company's request to override the fines.
  - The company filed lawsuits No. 13250 for the year 73 and No. 28906 for the year 73 to gain the tax exemption privilege for the 5 years and the case is being considered.

B. Subsidiary:

Egyptian Nitrogen Products Company "ENPC" was established according to the provisions of law no.8 for the year 1997. The company was registered in the commercial register under the no. 17968 on 5/3/2006 and its tax registration number is 036/456/237 charged through the tax center for senior taxpayers according to Law No.91 for the year 2005 and its executive regulation and law no. 206 for the year 2020.

37- Disputes

37-1 The New Urban Communities Authority and the New Damietta Development and Reconstruction Authority filed Case No. 1486 of 2012, Kafr Saad Civil against each of the Egyptian Petrochemical Holding Company (Echem) as a first defendant and the company as a second defendant, in which the plaintiffs demanded that the second defendant (the company) be required to pay a value for the use of a land area of 324 608 square meters east of the navigational canal, which belongs to the subsidiary company "The Egyptian Company for Nitrogen Products ENPC" at an amount of 157 million pounds, in addition to interest and compensation and that's for the use of the mentioned land assuming that the price of a meter is (6 pounds / meter / month) which is different from the actually used price which is (6 pounds / meter / year). The company's management believes that the Urban Communities Authority is not entitled to claim these values. In 1/2/2015, the company signed a memorandum of understanding with the Ministry of Defense according to which the following was agreed upon:

- The company agrees to end the existing dispute with the New Urban Communities Authority with the authority receiving the plot of land and the subsidiary paying the rent due on it.

- The Ministry of Transport / Damietta Port Authority provides an alternative site for the dock land with a guarantee from the competent authorities to renew all necessary approvals and licenses from the concerned authorities for the new site and renew the license of the Prime Minister No. (555) for the year 2007 for the new site as well as providing a suitable space behind the dock for storage and to provide a service corridor between the dock and the factory.

- Compensating the subsidiary for the piece of land it owned by giving it an alternative piece of land.

- Compensating the subsidiary for the losses and costs it incurred because of evacuating the sites.

On 31/10/2019 a ruling was issued obligating the company to pay the amount of thirty-eight million and seven thousand pounds, and the ruling was appealed and a session on 17/2/2020 was set to look into the appeal.

On 20/2/2021 a ruling was issued to accept the appeal in the matter and reject it in fact and support the first ruling -

MOPCO and the Egyptian Company for Nitrogen Products appealed the ruling before the Court of Appeal, which decided to reject the two appeals and uphold the appealed ruling without removing the company's right to appeal within the legal period against the ruling before the Court of Cassation within the legal deadlines.

In January 2022, the company settled and appealed in cassation, which does not stop the execution of the ruling, and did not set a session to consider the appeal to date.

37-2 The company received a claim from Petrograd in the amount of 4 million pounds represented in the benefits of delay in the payment of gas bills. The company and its legal advisor consider that Petrograd has no right to claim the delay benefits according to the gas supply contract.

37-3 On 12/16/2019, the company filed lawsuit No. 53592 for the year 75 against both - the Minister of Investment - the head of the General Authority for Investment and Free Zones - the head of the central administration of the public free zone in Damietta before the Administrative Court, to cancel the decision of the board of directors of the General Authority for Investment to increase the return in exchange for the use of the factory land in the free zone in Damietta from $1.75/m2 annually to $5/m2 annually, and the requirement to fix the benefits return throughout the project license period (25 years) starting from 2005 and ending in 2030 according to the contract signed between the two parties.

The court decided to accept the lawsuit in form and in the matter, acquitting the company of the amount claimed by the General Authority for Investment and Free Zones and obligating the defendant to pay the expenses.

The General Investment Authority has appealed the verdict, and a hearing has not yet been set for the verdict.

37-4 The Damietta Port Authority filed lawsuit no. (3770) for the year 6 and lawsuit no. (758) for the year 7 and lawsuit no. (2913) for the year 9 to the administrative court in Ras El Bar to oblige MOPCO and ENPS to pay the return of usufruct right of the dock land from years 2012 till 2020 of a compensation value up to

4 598 565 million USD, in addition to the interest accrued and the litigation procedures reached the following:

- Lawsuit no. (3770) for the year 6 amounting to 246 000 USD, the lawsuit was accepted in the matter and in fact in paying the mentioned amount. The company appealed on 22 June 2021 and the appeal was referred to the commissioner body and the amount was not yet paid.
- Lawsuit no. (758) for the year 7 amounting to 2 372 440 USD, forwarded to the expert's office and still not considered to date.
- Lawsuit no. (2913) for the year 9 amounting to 1 980 125 USD, forwarded to the expert's office and still not considered. The company doesn't deem it necessary to form a provision for this lawsuit currently.

38- Significant events:

The central bank of Egypt decided in its assembly dated 27 October 2022, announced the application of a flexible exchange rate in pricing foreign currency and the Egyptian currency exchange prices are to be determined through supply and demand. Based on that, the US dollar exchange price kept increasing relative to the Egyptian pound, which lead to its increase from 19.69 to around 30 Egyptian pounds on the financial statements issue date.

- The Prime Minister issued exceptional decree no. (1847) for the year 2023 on dealing with the exceptional economic decision about floating the foreign currency exchange rates through adding an additional option to paragraph no. (28) in the Egyptian accounting standards and its amendment no. (13) " the implications of change in foreign currency exchange rates" which requires recognizing the currency exchange differences within the income statement in the period these differences arise, in which the standard allows the recognition of debit and credit currency exchange differences resulting from the translation of foreign currency denominated monetary assets and liabilities at the end of 31 December 2023 within the items of other comprehensive income according to paragraph no. (9) in the amended standard appendix. Also, paragraph no. (10) in the amendment allowed including the foreign currency differences resulting from translating monetary items, which is presented in the items of the other comprehensive income according to paragraph no. (9) of the appendix, in retained earnings(deficit) at the end of the same financial period.
- The company is currently in the process of merging with the subsidiary (the Egyptian Company for Nitrogenated Products), as the Board of Directors approved on June 5, 2022 to approve the merger schedule.

  On November 4, 2023, the Extraordinary General Assembly approved the following :

  1- Approval of the merge of the Egyptian Nitrogen Products Company (ENPC), an Egyptian joint-stock company (merged company), into the Misr Fertilizer Production Company (MOPCO), an Egyptian joint-stock company (merge company), on the basis of the book value according to the financial statements of the merge company and the merged company. 31/12/2022, which is the date taken as the basis for the merge, provided that the capital is distributed according to the actual market value determined in the report of the committee formed by the General Authority for Investment and Free Zones.

  2- Approval of the report of the committee formed by the General Authority for Investment and Free Zones in accordance with the Minister of Investment's Resolution No. 226 of 2019 approved by the CEO of the General Authority for Investment and Free Zones on 21/9/2023 regarding determining the net owner's equity of the Egyptian Fertilizer Production Company (MOPCO). The merge company and the Egyptian Nitrogen Products Company (ENPC) are a merged company for the purpose of the merge.

3- Approval to determine the authorized capital of the Misr Fertilizer Production Company (MOPCO) after the merge at 50 billion Egyptian pounds, and to determine the issued capital of the company after the merge at 20,791,840,110 Egyptian pounds.

4- Approval of the draft merge contract and amendment of Articles No. (55, 32, 7, 6) of the company's article of association.

5- Approval of the transfer of all equity and liabilities of the Egyptian Nitrogen Products Company (ENPC) (merged company) to the Misr Fertilizer Production Company (MOPCO) (merged company) after completing the merge procedures.

6- Approval of authorizing Mr. Engineer / Chairman of the Board of Directors and Managing Director to introduce any amendments that the managerial authority deems appropriate to the decisions of the extraordinary general assembly and the minutes of the meeting or to amend any of the provisions of the company's article of association and to sign the amendment contract, and for the purpose to take all necessary procedures. In this regard, until the merge process is completed in accordance with the provisions of the law.

39- Significant Accounting policies applied

39-1 Basis of financial statements preparation:

The consolidated financial statements represent the financial statements of the parent company and the company under its control (subsidiary) at each balance sheet date. Control happens when the parent company does the following:

- Authority on the investee
- Subject to or has the right to returns through its contribution to the investee.
- The ability to exercise its authority on the investee to affect the value of returns that it gains from it.

The parent company has to reevaluate the control it has over the investee if circumstances show that there's a change in one or two of the control conditions mentioned above.

The consolidated income statement includes revenues and expenses of the subsidiary whether its acquisition or disposed throughout the year and that is starting from the actual date of the acquisition or disposal according to its state. The total income of the subsidiary is distributed between the parent company shareholders and the non-controlling interest even if that leads to the appearance of a negative balance in non-controlling interest (deficit).

The necessary adjustments to the financial statements are made to either company whenever this was necessary to make the accounting policies consistent with the accounting policies of either company.

When consolidating, all transactions, balances, revenues, and expenses between the parent company and its subsidiary are eliminated.

The non-controlling interest of the subsidiary company is presented separately from the group equity in it.

When the group loses its absolute or joint control on a subsidiary and instead retains significant influence on it, in this case, the company recognizes the remaining investment as an investment in an associate company and measures it using fair value on the date of losing control. The fair value of the remaining investment on the date of losing control is considered as cost in the initial recognition of the investment in the associate company.

39-2 Business combinations:

Business combination (acquisition) transaction is accounted for using the acquisition method. The transferred return of a business combination transaction is measured at fair value which is calculated based on total fair values at the date of the acquisition of assets transferred from the group and liabilities incurred by the group in favor of the previous shareholders of the acquired company and equity instruments issued by the group in exchange of control of the acquired company.

Goodwill is measured on the basis that it represents an increase in (1) the sum of: the value of transferred consideration, the amount of non-controlling interest, and the fair value of previous equity interest the company owned before the acquisition date (if any) minus (2) net value: of acquired assets and liabilities incurred at the acquisition date. And if it appeared after revaluation that the net assets acquired and liabilities incurred at the date of the acquisition are more than the sum of: the value of transferred consideration, the amount of non-controlling interest, and the fair value of previous equity interests the company owned before acquisition date, then the direct increase is recognized in the profit or loss of the year as a gain from a bargain purchase.

As for the non-controlling interests, which represent current equity and entitle their holders to a proportional share of the net assets in case of liquidation, it's possible to be measured after the initial recognition either by fair value or by the relative share percentage of non-controlling interest holders in the recognized value of net assets of the acquired company and the basis of measurement is chosen for each acquisition separately.

The initial measurement of the non-controlling interest in the acquisitioned company is measured based on the relative share percentage of non-controlling interest holders in the fair value of assets and liabilities at the date of the acquisition.

39-3 Foreign currencies:

The financial statement of either company is presented in the currency of its economic environment that controls the transactions of the company (record currency in the books).

For the purpose of preparing the consolidated financial statements, the financial statements of both companies are presented in Egyptian pounds which is the main presentation currency of the parent company and the consolidated financial statements.

When preparing the financial statements of each company, transactions in foreign currencies are recorded according to the prevailing exchange rate at the time of the transaction, and the balances of monetary assets and liabilities are translated at the end of each period according to the prevailing exchange rates. As for the non-monetary assets and liabilities recorded at fair value, it is translated at the end of each financial period according to the prevailing exchange rates. Non-monetary items denominated in foreign currency that are measured on a historical cost basis, are re-translated.

The profit or loss of the translation is included in the income statement for the year except for the differences resulting from the translation of the balances of non-monetary assets and liabilities that are measured at fair value which is included in the change of its fair value.

At the date of the consolidated financial statements the assets and liabilities of the financial statements of foreign subsidiaries and local subsidiaries with presentation currency other than the Egyptian pound are translated based on the prevailing exchange rates at the date of preparing the consolidated financial statements and the equity is translated according to historical exchange rates at the date of acquiring or founding. The revenue and expenses items are translated according to the average exchange rate prevailing throughout the financial year. The translation differences of subsidiaries are classified in the statement of financial position as a reserve for translation differences within equity.

The Prime Minister issued exceptional decree no. (1847) for the year 2023 on dealing with the exceptional economic decision about floating the foreign currency exchange rates through adding an additional option to paragraph no. (28) in the Egyptian accounting standards and its amendment no.(13) " the implications of change in foreign currency exchange rates" which requires recognizing the currency exchange differences within the income statement in the period these differences arise, in which the standard allows the recognition of debit and credit currency exchange differences resulting from the translation of foreign currency denominated monetary assets and liabilities at the end of 31 December 2023 within the items of other comprehensive income according to paragraph no. (9) in the amended standard appendix. Also, paragraph no. (10) in the amendment allowed including the foreign currency differences resulting from translating monetary items, which is presented in the items of the other comprehensive income according to paragraph no. (9) of the appendix, in retained earnings(deficit) at the end of the same financial period.

39-4 Fixed assets

Recognition and measurement

- Fixed assets that are used in production, providing goods & services, or for administrative purposes are stated at historical cost less accumulated depreciation and cumulative impairment losses resulting from impairment in the values of fixed assets. Cost includes expenditures that are directly attributable to the acquisition of the asset and necessary to have the asset ready for use for the purpose for which the asset was acquired.

- When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.
- Assets are stated in the construction phase for production or rent or for administrative purposes at cost less cumulative impairment losses. Cost includes professional fees and all direct costs related to the asset. Depreciation of these assets starts when they are completed and prepared for use for a specific purpose.
- The cost of self-constructed assets includes the cost of materials, direct labor, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Subsequent costs

- Cost related to the replacement of fixed assets or any main components are capitalized and any subsequent cost to the acquisition will be capitalized if there is an increase in the future economic return. The carrying amount of the replaced part is derecognized. Any other costs will be recognized as expenses in the statement of profit or loss when incurred.

Depreciation

- Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of each type of asset or the useful life of major components of an item of fixed assets which are accounted for individually. (Land is not subject to depreciation). The estimated useful lives of the fixed assets for depreciation calculation are as follows: -

	Depreciation and Amortization
- Buildings and construction	4%-25%
- Vehicles and transportation	20%
- Machinery of production units*	5%-20%
- Tools and equipment	15%
- Aid factors	10-50%
- Furniture	10%
- Telephone	15%
- Computers	25%

- Fixed Assets are depreciated when it ready for use for the intended purpose.

* The board of directors' assembly no. (231), held on October 2, 2013, approved decision no. (1094) to modify the useful lives of machinery and equipment from 25 to 20 years starting from January 1, 2013, in addition, agreed to modify the useful life of the Gas Cooler from 20 to 8 years by decision no. (1128) starting from January 1, 2014, and for three years.

Profit and loss from disposal of fixed assets:

Profit and losses from the disposal of fixed assets are identified by comparing the disposal return with the net book value of the asset, and the resulting profits or losses are recorded in the statement of profit or loss.

39-5 Projects under construction

Projects under construction are recorded at cost less accumulated impairment in value, if any, and the cost includes all costs directly related to the asset and necessary to prepare the asset to the state in which it is operated and for the purpose for which it was acquired. Projects under construction are transferred to the item of fixed assets when they are completed and available for the purpose for which they were acquired, and then their depreciation begins using the same bases used in the depreciation of similar items of fixed assets.

39-6 Other assets

A. Recognition

Identifiable non-monetary assets acquired for business purposes and from which future returns are expected to flow are treated as other assets. Other assets consist of the company's contribution to assets not owned by it and serve its purposes, for example, the gas pipeline.

B. Measurement

Other assets are measured at cost, being the cash price at the recognition date.

If payment is deferred beyond the normal credit terms the difference between the cash price equivalent and the total payment is recognized as interest over the period of credit. Other assets are presented net of accumulated amortization and accumulated impairment losses

C. Subsequent expenditures

Subsequent expenditure on capitalized other assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recorded as incurred in the statement of profit and loss.

D. Amortization

Amortization is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Other assets with indefinite useful life are systematically tested for impairment at each statement of financial position date. Other assets are amortized from the date they are available for use as follows:

Description	Amortization
- The Company's contribution in assets not owned to it and serve its purposes.	20%
- Gas pipeline	4%
- License and software	25%

39-7 Impairment in the value of tangible and intangible assets

The company, on an annual basis - or whenever necessary - reviews the book values of its tangible assets to determine whether there are indications of a possible impairment in their value. If such indications are available, the group estimates the recoverable value of each asset separately to determine impairment loss in value. If it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If logical and fixed bases are used to distribute assets to cash-generating units, the general assets of the group are also distributed to those units. If this cannot be achieved, the general assets of the group are distributed to the smallest group of cash-generating units that the group can identify using logical and fixed foundations.

With regard to intangible assets that do not have a specified default life or are not yet available for use, an annual test is conducted for impairment in their value, or as soon as there is any indication of the exposure of these assets to impairment.

The recoverable amount of the asset or the cash-generating unit is represented in the "fair value less selling costs" or "value in use", whichever is greater.

The estimated future cash flows from the use of the asset or the cash-generating unit are discounted using a pre-tax discount rate to arrive at the present value of those flows, which express their use value. This rate reflects current market assessments of the time value of money and the risks associated with that asset, which were not taken into account when estimating the future cash flows generated from it. If the estimated recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of that asset (or cash-generating unit) is reduced to reflect its recoverable amount.

Impairment losses are recognized immediately in the income statement. And when the impairment loss recognized in previous periods is canceled out in a subsequent period, the book value of the asset (or cash-generating unit) is increased in line with the new estimated recoverable amount, provided that the revised book value after the increase does not exceed the original book value the asset would reach it if the loss resulting from impairment was not recognized in its value in previous years. Such reverse adjustment of impairment losses is recognized immediately in the profit or loss statement.

39-8 Revenue from contracts from customers

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

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

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

Step 1: Identify the contract(s) with the customer

Step 2: Identify performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Revenue is recognized when (or whenever) the entity fulfills the performance obligation.

In addition, Egyptian Accounting Standard No. 48 includes disclosure of financial statements, concerning the nature, amount, timing, and uncertainty of revenue and related cash flows.

- **Revenue recognition**

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

A. Export sales

According to the shipping terms, which is usually the date of shipment at the port.

B. Domestic sales

The date on which the goods were authorized to leave the company.

Therefore, management considers that the initial recognition of Egyptian Accounting Standard No. 48 has no significant change or impact on the company's accounting policies applied to its consolidated financial statements.

- The value of the revenue is measured at the fair value of the return received or due to the entity when there is sufficient expectation that there will be future economic benefits that will flow to the entity, and that the value of this revenue can be measured accurately, and no revenue is recognized in the event of uncertainty about the recovery of this revenue or associated costs.

39-9 Financial Instruments

Financial assets:

As of January 1, 2021, the company has applied the new Egyptian Accounting Standard No. 47 "Financial Instruments".

1. Classification:

As of January 1, 2021, the Company classifies its financial assets into the following measurement categories:

• Those that will subsequently be measured at fair value (either through other comprehensive income or through profit or loss), and

• Those that will be measured at amortized cost.

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

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

For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable decision at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI).
The Company reclassifies its investments only when its business model for managing those assets changes.

2. Recognition and exclusion

The usual way of buying and selling financial assets is on the date on which the company commits to buy or sell the financial asset. A financial asset is de-recognized when the contractual rights to receive cash flows from the financial asset expire, or those rights are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

3. Measurement

On initial recognition, the Company measures the financial asset at its fair value plus or minus, in the case of a financial asset not measured at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognized as an expense in the statement of profit or loss.
Financial assets that contain derivatives are considered when determining whether their cash flows are solely payments of principal and interest.

4. Impairment

At the financial statements date, the company evaluates whether there is a credit impairment of financial assets that are measured at amortized cost and securities valued at FVTOCI. Credit impairment of an asset occurs when there is an adverse event affecting the expected future cash flows of the asset.
Indicators of credit impairment include the following:

- Violation of the contract through the inability of repaying the loan on due dates.
- Restructuring of the loan or the advance payment on unfavorable conditions to the company.
- It's probable that the borrower will go bankrupt, or the disappearance of the active market of the asset because of financial difficulties.

Provisions of financial assets at amortized cost are deducted from the total value of the asset.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories by which the company classifies debt instruments:

• **Amortized cost**: Assets held to maturity to collect contractual cash flows, as those cash flows represent only payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gains or losses resulting from the disposal of investments are recognized directly in the statement of profit or loss and are classified under other income / (expenses). Impairment losses are presented as a separate line item in the statement of profit or loss.

• **Fair value through other comprehensive income**: Assets held for the purpose of collecting contractual cash flows and also for the purpose of selling financial assets, where cash flows of assets represent only payments of principal and interest, are measured at fair value through other comprehensive income. Changes in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income, and foreign exchange gains and losses, which are recognized in the statement of profit or loss. When a financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to the statement of profit or loss and recognized in other income / (expenses). Interest income from these financial assets is included in financing income using the effective interest rate method, and impairment expense is presented as a separate item in the statement of profit or loss.

• **Fair value through profit or loss**: Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. Gains or losses on investment in debt instruments that are subsequently measured at fair value through profit or loss are recognized in profit or loss and presented net within other income / (expenses) in the period in which they arise.

Equity instruments
The company subsequently measures all investments in equity instruments at fair value. And when the company's management chooses to present fair value gains and losses on investments in equity instruments in the statement of other comprehensive income, it is not subsequently reclassified to the statement of profit or loss after disposing of the investment. Dividends from these investments continue to be recognized in the profit or loss statement as other income when the company's right to receive such distributions is established.
Changes in the fair value of financial assets at fair value through profit or loss are recognized in the other income / (expenses) item in the statement of profit or loss, as the case may be. Impairment losses (and the reversal of impairment losses) on investments in equity instruments that are measured at fair value through other comprehensive income are not recognized separately from other changes in fair value.
Financial obligations
Financial liabilities are classified as either "at fair value through profit or loss" financial liabilities or other financial liabilities.
Other financial obligations
Other financial liabilities include loan balances, suppliers, balances due to related parties, and other credit balances. The first financial liabilities are recognized at fair value (the value received) after deducting the cost of the transaction, provided that they are subsequently measured at amortized cost using the effective interest rate and the distribution of interest expense on related periods based on the actual return.
The effective interest rate method is a method of calculating the amortized cost of financial liabilities and charging interest expense over the relevant periods.
The effective interest rate is the rate that exactly discounts future cash payments through the estimated life of the financial liability, or a shorter appropriate period.
Derecognition of financial instruments from the books
A financial asset is derecognized when the company transfers substantially all the risks and rewards of ownership of the asset to a party outside the company. on the financial asset. If the company continues to control the transferred financial asset, then it recognizes the interest it retains in the asset and a corresponding liability representing the amounts it may have to pay.
But if the transaction results in the company retaining substantially all the risks and benefits of ownership of the transferred financial asset, then the company continues to recognize the financial asset, provided it also recognizes the amounts received as a loan against the guarantee of that asset.
Financial liabilities are derecognized when they are either settled, canceled, or contractually expired.
Effective interest rate method
The effective interest rate method is used to calculate the amortized cost of financial assets that represent debt instruments and to distribute the return over the relevant periods. The effective interest rate is the rate based on which future cash receipts are discounted (which includes all fees, payments, or receipts between the parties to the contract, which are considered part of the effective interest rate as well as the transaction cost and any other premiums) over the estimated life of the financial assets or any less appropriate period.
The return on all debt instruments is recognized based on the effective interest rate, except for those classified as financial assets at fair value through profit or loss, where the return on them is included in the net change in their fair value.

39-10 Lease contracts
On January 1, 2021, the management made a detailed assessment of the impact of applying Egyptian Accounting Standard No. (49) on the company's consolidated financial statements.
- Egyptian Accounting Standard No. 49 replaced the previous Egyptian Accounting Standard No. 20 "Accounting Rules and Standards Related to Financial Leasing Operations". Under the new leasing standard, the assets leased by the company are recorded in the Company's statement of financial position with the corresponding liability recorded.
- During the year 2021, the company made a detailed assessment of the impact of Egyptian Accounting Standard No. 49, and the impact of applying Standard No. 49 was as follows:
• The company, as a lessee, recognized the usufruct asset and the lease contract obligations at the commencement date of the lease.

• With initial recognition, the right of use has been measured as the amount equal to the initial measurement of the lease liability, adjusted for past lease payments, initial direct cost, lease incentives, and the discounted present value of the estimated liability for disposal of the asset. Subsequently, the right-of-use asset will be measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the usufruct assets or the lease term, whichever is shorter.
• The lease liability was measured at initial recognition at the present value of the future lease and related fixed service payments over the lease term, discounted at the interest rate implicit in the lease or the company's incremental borrowing rate. Generally, the company uses the incremental borrowing rate as the discount rate. The subsequent lease liability is measured at amortized cost using the effective interest method.
• Usufruct assets and lease liability are subsequently remeasured if one of the following events occurs:
- The change in the lease price due to the rate that became effective in the period of the financial statements.
- Adjustments to the lease contract.
- Re-evaluation of the lease term.
- Leases that are short-term in nature (less than 12 months including extension options) and leases of low-value items will continue to be recognized as expenses in the profit or loss statement as incurred.

- Transitional rules:

The company adopted the Egyptian Accounting Standard No. 49 calculated based on the remaining period of the contract, and the comparison numbers were not modified, based on Paragraph C8 of the appendix to the standard regarding the rules regarding the effective date and the transitional rules.

39-11 Inventories

- Inventories are stated at lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost to completion and selling expenses. The cost of inventory is determined as follows: -
- Raw materials, supplies, fuel, oil, and spare parts are valued at actual cost on a moving average basis.
- Catalysts are valued at the actual purchase.
- Finished goods and work in progress are valued at actual production cost which includes direct materials, direct labor, and its share of manufacturing fixed and variable overheads.

39-12 Cash and cash equivalent

For the purpose of preparing the statement of cash flows, cash, and cash equivalents comprise cash at banks and on hand, time deposits and treasury bills - with a maturity not exceeding three months –checks under collection, and bank overdraft balances (if any) which is paid on demand and which is an integral part of the company's financial management.

39-13 Contingent liabilities and provisions

Provisions are recognized when there is an existing legal obligation or inferred from surrounding circumstances as a result of a past event and it is probable that an outflow of economic benefits will be used to settle that obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, then the value of the provisions is determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks related to the obligation, if appropriate.

The balance of provisions is reviewed on the date of the financial position and adjusted (if necessary) to reflect the current best estimate

39-14 Employee benefits

1- Employee retirement benefits

The company contributes to Social Insurance for the benefit of its employees in accordance with the Social Insurance Law No. 79 of 1975 and its amendments, and there are no other liabilities towards the company when this liability is paid. Contributions are recognized as labor costs in the statement of profit or loss when they are incurred.

2- Defined contribution plans

Expenses resulting from contributions to defined contribution plans are charged to the statement of profit or loss according to the accrual basis.

39-15 Employees share in income

The company pays 10% of its cash dividends as profit sharing to its employees provided that it will not exceed total employees' annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the company's shareholders. The company does not recognize a liability for employees' profit share for non-distributed profits.

39-16 Legal reserve

According to the corporate law and the company's articles of association, at least 5% of the net profit is retained to form a legal reserve till it reaches 50% of the issued capital, transferring to the legal reserve stops when it reaches 50% of the issued capital. When the legal reserve declines below 50%, the company starts retaining at least 5% of its net profit till it reaches 50% of the issued capital again. This reserve is not subject to distribution but may be used to increase capital or mitigate losses. Legal reserve is recognized in the financial year when the ordinary general assembly meeting is accredited to decide the increase of the reserve.

39-17 Accounting for income tax

Income Taxes and deferred taxes

A provision is formed to meet possible tax liabilities and disputes from the management point of view in light of the received tax claims and after conducting the necessary studies in this regard.

- The company's consolidated profit or loss statement is periodically charged with an estimated tax burden for each fiscal period, which includes both the current tax value and the deferred tax, provided that the actual tax burden is established at the end of each fiscal year.

- Deferred tax assets and liabilities represent the expected tax effects of the temporary differences resulting from the difference in the value of assets and liabilities according to tax rules and between the book values of those assets and liabilities according to the accounting principles used in preparing the separate financial statements.

- The current tax is calculated based on the tax base determined according to the laws, regulations, and instructions prevailing in this regard and using the prevailing tax rates at the date of preparing the financial statements, while the deferred tax value is determined using the tax rates expected to be applied in the periods during which the obligation will be settled or the asset will be used based on the prevailing tax rates and tax laws in at the date of the financial statements.

- The deferred tax is recorded as an expense or revenue in the income statement, except for those related to items that are directly recorded within equity, so the related deferred tax is also recorded directly within equity.

- In general, all deferred tax liabilities (resulting from taxable temporary differences in the future) are recognized, while deferred tax assets (resulting from taxable temporary differences) are not recognized unless there is a strong probability or other convincing evidence of achieving sufficient tax profits in the future. The statement of financial position method is used to calculate the deferred tax assets and liabilities and they are classified as non-current assets/liabilities.

39-18 Segment report

Operating segments are disclosed in a manner consistent with the internal reporting information provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the company's board of directors.

39-19 Earnings per share

Basic and diluted earnings per sharearecalculated by dividing the profit or loss attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the period.

39-20 Statement of Cash Flows

The statement of cash flows is prepared using the indirect method.

39-21 New versions and amendments made to the Egyptian Accounting Standards

On 6/03/2023 the Prime Minister issued decision no. 883 of 2023 amending some provisions of the Egyptian Accounting Standards Which includes some new accounting standards and amendments to some existing standards. The management is currently studying the impact of these amendments on the financial statements. The following are the most important amendments:

New or amended standards	*Summary of the most important modifications*	*Potential impact on the financial statements*	*Application date*
New Egyptian Accounting Standard No(50) insurance contracts	The new Egyptian Accounting Standard No. (50) "Insurance Contracts" replaces the corresponding topics in Egyptian Accounting Standard No. (37) "Insurance Contracts: Recognition, Measurement, and Disclosure." "	No Effect.	Standard No. (50) applies to financial periods beginning on July 1, 2024
Amended Egyptian Accounting Standard No. (10) "Fixed Assets"	1. All establishments were allowed, upon the subsequent measurement of fixed assets, to use either the cost model option or the revaluation model option Based on this amendment, the following have been amended: 1- Egyptian Accounting Standard No. (1) "Presentation of Financial Statements: Adding Paragraph (A) to the definition of other comprehensive income in Paragraph No. (7)	Management wants to continue using the cost model .	Amended Standard No. (10) applies to financial periods beginning on January 1, 2023.

	(A) Changes in the revaluation surplus / fair value see Egyptian Accounting Standard No. (10) "Fixed Assets" and Standard No. (23) "Intangible Assets" and Standard (34) Real Estate Investment Amending Paragraph No. (96) to read as follows: (96) "Reclassification adjustments" do not arise from changes in the revaluation surplus recognized in accordance with Egyptian Accounting Standard No. (10) and Egyptian Accounting Standard No. (23) or remeasurement of the defined benefit system that was recognized in accordance with Egyptian Accounting Standard No. (38) These items are recognized in "Other Comprehensive Income" and are not reclassified to profits or losses (income statement) in subsequent periods, reclassification adjustments do not arise when cash flow hedges or accounting for the time value of an option contract (or the forward component of a forward contract) or basis points for foreign currency differences result in amounts being removed from the cash flow hedge reserve or a separate component of equity, On the arrangement and adding these amounts directly to assets or liabilities. - Egyptian Accounting Standard No. (5) "Accounting policies, changes in accounting estimates and errors." Egyptian Accounting Standard No. (13) Effects of changes in foreign exchange rates. - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Statements"		

	- Egyptian Accounting Standard No. (49) "Lease Contracts" - Egyptian Accounting Standard No. (31) "Impairment of Assets"		
Amended Egyptian Accounting Standard No. (23) "Intangible Assets"	All establishments were allowed, upon subsequent measurement of intangible assets, to use either the cost model option or the revaluation model option	Management wants to continue using the cost model .	Amended Standard No. (23) applies to financial periods beginning on January 1, 2023.
Amended Egyptian Accounting Standard (49)"Lease Contracts"	1. Introducing some amendments to Standard No. (49) issued during 2019 as a result of amending and re-issuing Egyptian Accounting Standard No. (10) "Fixed Assets" amended in 2023 2. **Adding Paragraph No. (35) to Standard No. 49 as follows:** -If the usufruct asset is related to a category of fixed assets in which the lessee applies the revaluation model contained in Egyptian Accounting Standard No. (10) "Fixed Assets", then the lessee can choose to apply the revaluation model to all usufruct assets related to that category of Fixed assets. 3. **Adding Paragraph No. (57) to Standard (49) as follows:** If the lessee measures the right-of-use assets at amounts revalued in accordance with standard (10), the lessee must disclose the information required by paragraph (77) of standard No. (10) on those usufruct assets. 4. **Amending Paragraph No. (56) of Standard (49) to become:** -If the usufruct assets meet the definition of real estate investment, the lessee must apply the disclosure requirements contained in Egyptian Standard No. (34) "Real Estate Investment". In this case, the lessee is not	Management wants to continue using the cost model .	The amendments to the amended Standard No. (49) shall be applied to the financial periods beginning on January 1, 2023 when applying the amended Standard (10)

	required to provide the disclosures contained in Paragraph 53 (A), (F), (H, (J) of those "usufruct" assets.		
Amended Egyptian Accounting Standard No. (34) "Real Estate Investment"	All establishments were allowed, upon the subsequent measurement of their real estate investments, to use either the option of the cost model or the option of the fair value model, while obligating real estate investment funds only to use the fair value model upon the subsequent measurement of all their real estate assets. -With the recognition of the increase in the fair value upon the subsequent measurement of the real estate investment within the items of other comprehensive income instead of profits or losses and accumulating it within equity in an account called "Real estate investment valuation surplus at fair value" (see paragraphs 35 and 35a of the Egyptian Accounting Standard No. (34) **Based on this, the following have been amended:** -Egyptian Accounting Standard No. (32) "non-current assets held for sale and discontinued operations." -Egyptian Accounting Standard No. (31) "Impairment of Assets".	No Effect .	This amendment applies to fiscal periods beginning on or after January 1, 2019.