

MISR FERTILIZERS PRODUCTION COMPANY
(MOPCO)
(S.A.E)

Standalone Financial Statements
on September 30, 2023

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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 - 37616310
Fax: 37600468
www.crowe.com

Auditor's Report

on Review of Interim Financial Statements

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

Introduction

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

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

The financial statements were not affected by the actuarial study of the financial impact of the retirement benefits system and the medical treatment system, in accordance with Egyptian Accounting Standard No. (21) - Accounting and Report on Retirement Benefits Systems as of September 30, 2023, and we were unable to conduct alternative audit procedures.



Qualified Conclusion

Except for the effect of the above mentioned qualified paragraph, and 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 30th, 2023, and of its financial performance and cash flows for the nine -months period then ended in accordance with Egyptian Accounting Standards.

Emphasis of Matter:

Without considering the following a qualification to our opinion on the standalone financial statements:

The 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's 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), from the date of acquisition until the date of the financial statements. In accordance to what is stated in details in Note No. (37) attached to the financial statements as of september 30th , 2023 regarding the merger of the Egyptian Nitrogen Products Company (ENPC), a merged company, into the Misr Fertilizer Production Company (MOPCO), a merged company, which results in the resolution of any non-compliance with the requirements of thhe sid paragraph of the aforementioned standard.

Auditor

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 Professional Practice – Member of Crowe Global

Dated: November 14th , 2023



**MISR FERTILIZERS PRODUCTION COMPANY (MOPCO)
EGYPTIAN JOINT STOCK COMPANY
PERIODICAL STANDALONE STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023**

In Egyptian pound	Note No.	30/9/2023	31/12/2022
<u>Assets</u>			
<u>Non-current assets</u>			
Fixed assets & projects under construction	(3)	1 131 752 503	1 174 057 956
Other assets & projects under construction	(4)	14 350 709	13 011 971
Right of use asset	(5)	27 124 215	30 138 017
Investments in subsidiaries and associates	(6)	1 003 403 205	1 001 836 880
Loan to subsidiary	(7)	2 685 698 130	2 142 052 655
Other financial assets	(8)	277 504 526	222 386 871
Total non-current assets		5 139 833 288	4 583 484 350
<u>Current assets</u>			
Inventories	(9)	436 096 488	370 820 463
Accounts receivable	(10)	299 713 684	483 505 865
Loan to subsidiary	(7)		3 865 121 489
Debtors and other debit balances	(11)	125 971 671	63 111 984
Due from related parties	(12)	101 462 061	73 474 672
Suppliers (advance payments)		14 901 947	9 456 857
Cash at banks and on hand	(13)	9 258 835 630	4 384 347 061
Total current assets		10 236 981 481	9 249 838 391
Total assets		15 376 814 769	13 833 322 741
<u>Equity</u>			
Issued and paid-up capital	(19-B)	2 291 172 320	2 291 172 320
Legal reserve		734 200 772	542 474 871
General reserve	(19-C)	352 383 742	352 383 742
Retained earnings		9 264 847 024	7 957 374 710
Total equity		12 642 603 858	11 143 405 643
<u>Liabilities</u>			
<u>Non-current liabilities</u>			
Lease liabilities	(15)	48 895 379	43 624 058
Deferred tax liabilities	(20)	908 435 959	1 137 973 002
Total non-current liabilities		957 331 338	1 181 597 060
<u>Current liabilities</u>			
Current income tax	(14)	1 329 210 713	978 257 525
Lease liabilities	(15)	7 353 451	5 708 337
Trade payables	(16)	225 133 719	312 258 009
Creditors and other credit balances	(17)	91 067 216	156 164 134
Advance payments from customers (contract liability)		53 625 972	7 026 093
Provisions	(18)	70 488 502	48 905 940
Total current liabilities		1 776 879 573	1 508 320 038
Total liabilities		2 734 210 911	2 689 917 098
Total equity & liabilities		15 376 814 769	13 833 322 741

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

The company's vice president for
financial & economic affairs
Acc. Mohamed El Shayeb



Chairman of board of directors &
Managing Director
ENG. Ahmed Mahmoud El-Sayed




Limited review report "attached"

MISR FERTILIZERS PRODUCTION COMPANY (MOPCO)
EGYPTIAN JOINT STOCK COMPANY
PERIODICAL STANDALONE STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD

In Egyptian pound	Note	The nine months ending on	The nine months ending on	The three months ending on	The three months ending on
	<u>No.</u>	<u>September30,2023</u>	<u>September30,2022</u>	<u>September30,2023</u>	<u>September30,2022</u>
Sales	(21)	4 203 735 389	4 729 188 330	1 089 203 322	1 370 250 972
Cost of sales	(22)	(1 761 806 000)	(1 940 367 719)	(508 224 189)	(586 453 293)
Gross profit		2 441 929 389	2 788 820 611	580 979 133	783 797 679
Other income	(23)	14 968 038	3 483 318	3 453 661	815 069
Selling and marketing expenses	(24)	(106 736 490)	(73 864 866)	(33 897 708)	(26 911 106)
General and administrative expenses	(25)	(122 507 673)	(88 736 092)	(36 829 364)	(31 124 872)
Other Expenses	(26)	(39 661 591)	(34 672 431)	(16 416 625)	(17 816 618)
(Formed)/Reversal of expected credit losses	(29)	(868 924)	4 716 029	(580 109)	653 740
Operating profit		2 187 122 749	2 599 746 569	496 708 988	709 413 892
Finance income	(28)	613 925 750	166 447 838	186 487 375	73 622 643
Finance costs	(27)	(1 569 102)	(1 166 813)	(592 289)	(405 524)
Foreign currency translation gains		2 115 748 920	1 254 426 338	(810 274)	247 197 345
Net finance income		2 728 105 568	1 419 707 363	185 084 812	320 414 464
Company's share in the subsidiary's dividends		1 530 854 436	628 973 053	-	-
Net profit before income tax		6 446 082 753	4 648 426 985	681 793 800	1 029 828 356
Income tax	(30)	(1 296 010 316)	(994 458 475)	(307 492 237)	(233 408 132)
Net profit after income tax		5 150 072 437	3 653 968 510	374 301 563	796 420 224
Basic and diluted earnings per share	(31)	22.48	15.95	1.63	3.48

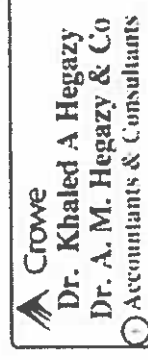
* The accompanying notes from no(1) to no(39) is an integral part of these periodical standalone financial statements and to be read therewith.

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Dr. Khaled A Hegazy
Dr. A. M. Hegazy & Co
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MISR FERTILIZERS PRODUCTION COMPANY (MOPCO)
EGYPTIAN JOINT STOCK COMPANY
PERIODICAL STANDALONE STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD

In Egyptian pound	The nine months ending on <u>September 30, 2023</u>	The nine months ending on <u>September 30, 2022</u>	The three months ending on <u>September 30, 2023</u>	The three months ending on <u>September 30, 2022</u>
Net profit for the period	5 150 072 437	3 653 968 510	374 301 563	796 420 224
Other comprehensive income	-	-	-	-
Total other comprehensive income for the period	5 150 072 437	3 653 968 510	374 301 563	796 420 224

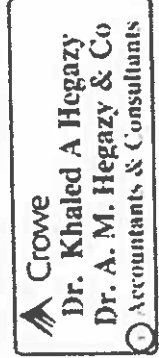
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**MISR FERTILIZERS PRODUCTION COMPANY (MOPCO)
EGYPTIAN JOINT STOCK COMPANY
PERIODICAL STANDALONE STATEMENT OF CHANGE IN EQUITY
FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2023**

<u>In Egyptian pound</u> Description	Issued and paid-up capital	Legal reserve	General reserve	Retained earnings	Total
Balance as at January 1, 2022	2 291 172 320	465 049 128	352 383 742	4 407 182 861	7 515 788 051
<u>Comprehensive income</u>					
Net profit for the period	-	-	-	3 653 968 510	3 653 968 510
Total comprehensive income	-	-	-	3 653 968 510	3 653 968 510
Transferred to legal reserve		77 425 743		(77 425 743)	
<u>Transactions with the owners of the company</u>					
Dividends to employees and board of directors	-	-	-	(152 493 511)	(152 493 511)
Dividends to shareholders	-	-	-	(2 291 172 320)	(2 291 172 320)
Total transactions with the owners	-	77 425 743	-	(2 521 091 574)	(2 443 665 831)
Balance as at September 30, 2022	2 291 172 320	542 474 871	352 383 742	5 540 059 797	8 726 090 730
Balance on January 1, 2023	2 291 172 320	542 474 871	352 383 742	7 957 374 710	11 143 405 643
<u>Comprehensive income</u>					
Net profit for the period	-	-	-	5 150 072 437	5 150 072 437
Total comprehensive income	-	-	-	5 150 072 437	5 150 072 437
Transferred to legal reserve		191 725 901		(191 725 901)	
<u>Transactions with the owners of the company</u>					
Dividends to employees and board of directors	-	-	-	(214 115 742)	(214 115 742)
Dividends to shareholders	-	-	-	(3 436 758 480)	(3 436 758 480)
Total transactions with the owners	-	191 725 901	-	(3 842 600 123)	(3 650 874 222)
Balance as at September 30, 2023	2 291 172 320	734 200 772	352 383 742	9 264 847 024	12 642 603 858


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



**MISR FERTILIZERS PRODUCTION COMPANY (MOPCO)
EGYPTIAN JOINT STOCK COMPANY
PERIODICAL STANDALONE STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD**

In Egyptian pound	Note No.	The nine months ending on September 30 2022	The nine months ending on 2021
<u>Cash flows from operating activities</u>			
Net profit for the period before tax		6 446 082 753	4 648 426 985
<u>Adjusted as follows:</u>			
Fixed asset depreciation	(3)	123 058 361	108 316 097
Amortization of other assets and right of use assets	(5-4)	3 817 829	3 889 030
Provisions formed		11 871 465	13 952 966
Provisions no longer required		-	(300 000)
Company's share in the subsidiary's dividends		(1 530 854 436)	(628 973 053)
Formed (Reversal) of expected credit losses	(29)	868 924	142 062
Net finance income	(27-28)	(612 356 648)	(165 281 025)
Unrealized foreign currency translation changes		(1 846 656 581)	(1 140 543 278)
		<u>2 595 831 667</u>	<u>2 839 629 784</u>
<u>Changes in:</u>			
Inventory		(65 276 893)	(106 877 577)
Accounts receivable		183 792 181	14 355 194
Debtors and other debit balances		(62 859 687)	(545 154)
Due from related parties		(27 987 389)	38 616 243
Suppliers (advance payments)		(5 445 090)	(8 933 439)
Trade payable		(87 124 290)	63 405 816
Creditors and other credit balances		(65 096 918)	112 478 009
Advance payments to customers (lease liability)		46 599 879	55 700 349
Provisions used		-	(28 431 250)
Cash flows generated from operating activities		<u>2 512 433 460</u>	<u>2 979 347 975</u>
Dividends paid to employees and board of directors		(214 115 743)	(152 493 511)
Income tax paid		(1 174 007 769)	(481 403 230)
Net cash flows generated from operating activities		<u>1 124 309 948</u>	<u>2 345 501 234</u>
<u>Cash flows from investing activities</u>			
Received interest		556 843 556	87 217 849
Paid investment in sister companies		(1 566 325)	-
Proceeds from the subsidiary's loans		3 865 121 489	-
Proceeds from investment in subsidiary companies income		1 530 854 436	555 987 790
Payment for the purchase of fixed assets, projects under construction and other assets		(83 204 066)	(76 945 315)
Net cash flows generated from investing activities		<u>5 868 049 090</u>	<u>566 260 324</u>
<u>Cash flows from financing activities</u>			
Dividends paid to shareholders		(3 436 777 597)	(2 291 275 828)
Debit interest paid		(1 569 103)	(1 166 813)
Payment of lease liabilities		(5 097 347)	(2 857 155)
Net cash flows used in financing activities		<u>(3 443 444 046)</u>	<u>(2 295 299 796)</u>
Net changes in cash and cash equivalents		3 548 914 992	616 461 762
The effect of changes in exchange rates on cash and cash equivalent:		1 325 573 577	231 496 581
Cash & cash equivalent at the beginning of the period		4 384 347 061	2 271 940 655
Cash & cash equivalent at the end of the period	13	<u>9 258 835 630</u>	<u>3 119 898 998</u>

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

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

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

1- Company's background

- Misr Fertilizers Production Company "MOPCO" - S. A. E. (formerly Misr Oil Processing Company) – an Egyptian Private Free Zone – was established under the provisions of law no. 8 of 1997 for investments 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 purpose of the Company is the production of fertilizers, ammonia and nitrogen. The Company may also be in benefit from or get involved in any way in the incorporation or formation other companies engaging in activities similar or related to its activities, and 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.
- The extraordinary general assembly held on November 21, 2021, approved to add the below activities:
- 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 Egypt, except for the Sinai Peninsula region, where the approval of the Authority is required in advance.
- The extraordinary general assembly also authorized the Company 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, and 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.
- The Extraordinary General Assembly, held on April 15, 2023, also approved adding an activity:
- Production, distribution and sale of urea solution with different concentrations and used in different applications and uses, including car exhaust treatment.
- The assembly also agreed to extend the term of the company for another twenty-five years, starting from the end of the previous period, and each extension of the term of the company must be approved by the extraordinary general assembly of the company, and a decision issued by the General Authority for Investment and Free Zones (GAFI) for it.
- 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 was registered in Cairo Commercial Register under number 50112 at January 12, 2011.
- 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 September 22, 2022.
- 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 Mohamed El-Sayed
- 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 term is 25 years starting from the date of the Company's registration in the commercial register.

Misr Fertilizers Production Company "MOPCO"

Notes of the periodical standalone financial statements for financial period ended September 30, 2023

2- Basics for preparation of financial statements

2-1 Compliance with accounting standards and laws

- The financial statements have been prepared in accordance with the Egyptian accounting standards and the related Egyptian law and regulations.
- The board of directors approved the issuance of the financial statements on November 14, 2023
November

2-2 Basis of measurement

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

2-3 Functional and presentation currency

The separate financial statements are presented in Egyptian Pound which is the Company's functional currency.

2-4 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, and 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 the future years.

A- Personal judgment

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

Provisions for expected claims and potential liabilities.

Measurement of impairment in asset values.

The useful lives of fixed assets.

B- Uncertain 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, 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 and 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.

Misr Fertilizers Production Company "MOPCO"

Notes of the periodical standalone financial statements for financial period ended September 30, 2023

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 other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based 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.

Misr Fertilizers Production Company "MIFCO"

Notes to the standalone periodical financial statements for financial period ended September 30, 2023

3-Fixed assets (net)

In Egyptian pound

Costs	Land	Buildings & constructions	Machinery & equipment	Vehicles	Tools	Furniture & fixtures	Computers	Projects under construction	Total
Cost as at 1/1/2022	-	138 143 730	2 301 310 375	25 792 877	36 282 556	12 250 637	28 080 168	318 267 016	2 860 127 359
Additions	-	28 500	-	3 465 500	1 758 822	933 639	1 014 975	101 010 427	108 211 863
Disposals	-	-	-	(996 900)	-	-	(306 121)	-	(1 303 021)
Transferred from projects under construction	101 809 908	234 164 504	768 749	-	4 634 194	10 030 880	23 803 269	(375 211 504)	-
Cost as at 31/12/2022	101 809 908	372 336 734	2 302 079 124	28 261 477	42 675 572	23 215 156	52 592 291	44 065 939	2 967 036 201
Additions	-	-	-	-	2 303 938	1 435 091	2 641 535	74 680 738	81 061 302
Disposals	-	-	-	(104 900)	-	(289 332)	(587 149)	-	(986 381)
Transferred from projects under construction	-	17 473 593	-	-	3 537 818	-	5 844 086	(26 855 497)	-
Cost as at 30/09/2023	101 809 908	389 810 327	2 302 079 124	28 151 577	48 517 328	24 360 915	60 490 763	91 891 180	3 047 111 122
<u>Accumulated Depreciation</u>									
Accumulated depreciation as at 1/1/2022	-	67 830 750	1 503 915 960	16 875 215	24 214 638	8 169 389	21 251 508	-	1 642 257 460
Depreciation for the year	-	13 073 239	123 755 085	3 860 211	3 508 258	837 629	6 986 092	-	152 021 114
Disposals	-	-	-	(996 900)	-	-	(303 429)	-	(1 300 329)
Accumulated depreciation as at 31/12/2022	-	80 903 989	1 627 671 645	19 738 526	27 722 896	9 007 018	27 934 171	-	1 792 078 245
Accumulated depreciation as at 1/1/2023	-	80 903 989	1 627 671 645	19 738 526	27 722 896	9 007 018	27 934 171	-	1 792 078 245
Depreciation for the period	-	16 963 542	91 722 686	2 671 065	3 203 299	1 362 584	7 134 285	-	123 058 361
Disposals	-	-	-	(109 900)	-	(289 332)	(278 755)	-	(677 987)
Accumulated depreciation as at 30/09/2023	-	97 867 531	1 719 394 331	22 300 591	30 926 195	10 080 270	34 789 701	-	1 915 358 619

Net book value as at 1/1/2022

101 809 908 291 432 745 674 407 479 8 522 951 14 952 676 14 208 138 24 658 120 44 065 939 1 74 057 956

Net book value as at 30/09/2023

101 809 908 291 942 796 582 684 793 5 850 986 17 591 133 14 280 645 25 701 062 91 891 180 1 131 752 803

Assets depreciated in books but still in use

179 229 399

Misr Fertilizers Production Company "MOPCO"

Notes of the periodical standalone financial statements for financial period ended September 30, 2023

- **Projects under construction within fixed assets are represented as follows:**
In Egyptian pound

	<u>30/09/2023</u>	<u>31/12/2022</u>
Building and roads	18 988 914	15 927 381
Machine and equipment	8 895 309	14 106 059
Computers	-	5 065 884
Advance payment	30 353 362	8 057 219
Letters of credit	33 653 595	909 396
Total	91 891 180	44 065 939

4- 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	Projects under construction	Total
<u>COST</u>					
Cost as at 1/1/2022	5 000 000	15 627 372	8 957 122	9 302 292	38 886 786
Additions during the year	-	-	-	887 609	887 609
Cost as at 31/12/2022	5 000 000	15 627 372	8 957 122	10 189 901	39 774 395
Additions during the year	-	-	-	2 142 765	2 142 765
Cost as at 30/09/2023	5 000 000	15 627 372	8 957 122	12 332 666	41 917 160
<u>Accumulated amortization</u>					
Accumulated amortization as at 1/1/2022	5 000 000	11 733 265	8 864 538	-	25 597 803
Amortization during the year	-	1 072 037	92 584	-	1 164 621
Accumulated amortization as at 31/12/2022	5 000 000	12 805 302	8 957 122	-	26 762 424
Amortization during the period	-	804 027	-	-	804 027
Accumulated amortization as at 30/09/2023	5 000 000	13 609 329	8 957 122	-	27 566 451
<u>Net book value</u>					
Net book value as at 1/1/2022	-	3 894 107	92 584	9 302 292	13 288 983
Net book value as at 31/12/2022	-	2 822 070	-	10 189 901	13 011 971
Net book value as at 30/09/2023	-	2 018 043	-	12 332 666	14 350 709

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- Projects under construction within other assets are represented as follows:

In Egyptian pound

	<u>30/09/2023</u>	<u>31/12/2022</u>
Licenses and software	12 332 666	10 189 901
Total	12 332 666	10 189 901

5- 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 as follows:

In Egyptian Pound

Cost	Land
Cost as at 1/1/2023	38 174 821
Addition during the period	-
Cost as at 30/09/2023	38 174 821
<u>Accumulated amortization</u>	
Accumulated amortization as at 1/1/2023	8 036 804
Amortization expense during the period	3 013 802
Accumulated amortization as at 30/09/2023	11 050 606
Net book value as at 31/12/2022	30 138 017
Net book value as at 30/09/2023	27 124 215

6- Investment in subsidiaries and associate companies:

	<u>30/09/2023</u>		<u>31/12/2022</u>	
<u>6-1 Investment in subsidiaries:</u>	<u>Contribution percentage %</u>	<u>Amount in EGP</u>	<u>Contribution percentage %</u>	<u>Amount in EGP</u>
Egyptian Nitrogen Products Company ENPC	99.99996	1 001 836 880	99.99996	1 001 836 880

6-2 Investment in associate companies:

Damietta for Green Ammonia Company	20	1 566 325	-	-
Total		1 003 403 205		1 001 836 880

6-1 Egyptian Nitrogen Products Company ENPC:

- On August 11, 2008, the shareholders of the company entered into an agreement with the shareholders of Egyptian Nitrogen Products Company ENPC (formerly E-Agrium), according to which the company will acquire the rights of the shareholders of the Egyptian Company for Nitrogenous Products ENPC (formerly E-Agrium), in addition to all the advantages and obligations the contractual agreement of the company

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through a share swap contract. The implementation of this contract requires the fulfillment of certain conditions and events, which are expected to be fulfilled after August 31, 2008.

- On November 8, 2008, the extraordinary general assembly unanimously approved the agreement concluded on August 11, 2008 between the shareholders of "MOPCO" and the shareholders of Egyptian Nitrogen Products Company ENPC (formerly E-Agrium) regarding the exchange of shares in light of the allocation of 99 616 188 shares resulting from the capital increase of "MOPCO", with a nominal value of 10 Egyptian pounds per share to the shareholders of the Egyptian Nitrogen Products Company ENPC (formerly E-Agrium) according to the approval of the extraordinary general assembly of the shareholders of "MOPCO" on November 8, 2008, and on January 11, 2009, the ownership of the shares were transferred at the nominal value.
- The balance of investment in Egyptian Nitrogen Products Company ENPC on September 30, 2023 amounted EGP 1 001 836 880 represented in the value of MOPCO's contribution in the capital of Egyptian Nitrogen Products Company "ENPC" as per the acquisition agreement signed between the shareholders of the two companies on 11 August 2008, which recognized in nominal value of the shares resulted from the increase in the capital of MOPCO, which amounted to about 996 million EGP, which the shareholders of Egyptian Nitrogen Products Company obtained on that date, in addition to the cost of obtaining the investment which amounted to 5 675 000 EGP.

6-2 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 equivalents to (50 thousand US dollars) 25% of issued capital.

7- Loan to the subsidiary company

7-1 Non-current portion

Description	Currency	Balance as at 30/09/2023	Balance as at 31/12/2022	Equivalent in EGP 30/09/2023	Equivalent in EGP 31/12/2022
Interest	USD	86 920 016	86 512 976	2 685 698 130	2 142 052 655
Total				2 685 698 130	2 142 052 655

7-2 Current portion

Description	Currency	Balance as at 30/09/2023	Balance as at 31/12/2022	Equivalent in EGP 30/09/2023	Equivalent in EGP 31/12/2022
Loan	USD	-	156 104 083	-	3 865 121 489
Total				-	3 865 121 489

- No specific timetable was set for repaying the loan between the parent company and the subsidiary, so the loan was initially classified as a non-current asset.
- The balance is represented in the loan granted to the Egyptian Company for Nitrogen Products ENPC (a subsidiary) according to the joint guarantee contract signed on 12/15/2009, where the company (the joint sponsor) and the main shareholder in the Egyptian Company for Nitrogen Products ENPC by 100% Approximately % by issuing a joint guarantee in favor of the guarantee agent for the loan granted to the

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Egyptian Nitrogen Products Company ENPC (on behalf of the participating banks), according to which all financial obligations of the Egyptian Company for Nitrogen Products ENPC arising from that loan are secured, provided that the interest calculation method is as follows With the joint loan to the subsidiary company "The Egyptian Company for Nitrogen Products ENPC". The loan will be repaid in the same currency in which the withdrawal or use was made, from the revenues of the subsidiary company, "The Egyptian Company for Nitrogen Products ENPC." After the completion of that project, from the project revenues on September 26, 2013, the company's extraordinary general assembly agreed to increase the shareholding percentage from 130 million US dollars to be 200 million dollars, and on May 4, 2014, the extraordinary general assembly of the company agreed to increase the shareholding percentage to become 275 million US dollars.

- On December 19, 2021, the ordinary general assembly of the subsidiary company agreed to pay the loan principal and interest (the Egyptian portion) granted to the subsidiary company, and accordingly, the subsidiary company paid the full amount.

- On December 31, 2022, the subsidiary has paid the full installments of the syndicated loan balance and the accrued interest.

- On January 11, 2023, the subsidiary repaid the loan principal (dollar portion) amounting to 156 104 083 US dollars by paying an amount of 106,104,083 US dollars and an amount of 1,496,095,000 Egyptian pounds equivalent to an amount of 50 million US dollars at the transfer price on the date of the transaction, the principal of the loan (dollar portion) was classified as part of the current loan on December 31, 2022.

8- Other financial assets

In Egyptian pound	<u>30/09/2023</u>	<u>31/12/2022</u>
Letters of guarantee *	45 842 476	36 738 932
Pledged Deposits **	231 738 750	185 699 250
Expected credit losses	(76 700)	(51 311)
	<u>277 504 526</u>	<u>222 386 871</u>

*Letters of guarantee are fully covered amounts according to long-term contract terms with various authorities 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 securing the factory land rent in the amount of 163 000 US dollars and another in the amount of 20,000 Egyptian pounds)

** The deposits represent the equivalent of US\$ 7.5 million against frozen deposits with the Export Development Bank in exchange for the issuance of a letter of credit for the supply of capital assets to the company

9- Inventory

In Egyptian pound	<u>30/09/2023</u>	<u>31/12/2022</u>
Spare parts	214 581 249	197 608 764
Finished goods at cost	95 444 883	87 685 216
Work in process at cost	50 851 680	30 718 924
Supplies	36 013 256	26 018 402
Goods in transit	26 280 972	20 736 358
Raw material	12 260 152	7 269 700
Oils and fuels	664 296	783 099
	<u>436 096 488</u>	<u>370 820 463</u>

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10- Accounts and notes receivable

In Egyptian pound	Note no.	30/09/2023	31/12/2022
Accounts receivable		299 796 337	483 639 486
Expected credit losses	(29)	(82 653)	(133 621)
		299 713 684	483 505 865

11- Debtors and other debit balances

In Egyptian pound	30/09/2023	31/12/2022
Accrued credit interest	64 162 394	17 158 462
Employees' advances and Installments	16 887 489	20 603 247
Deposits with others	9 982 098	10 020 959
Other debtors	10 883 912	6 207 904
Prepaid expenses	7 493 303	9 121 412
Tax Authority	16 562 475	-
	125 971 671	63 111 984

12- Transactions with related parties

A- Related parties represent:

– Egyptian Petrochemicals Holding Company "ECHEM"	Major shareholder by 31.25 %
– Misr Insurance Company	Major shareholder by 1.15 %
– Egyptian Nitrogen Products Company "ENPC"	Affiliate company by 99.9 %
– Suez Methanol Derivatives Company	A demerged company (subsidiary 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	30/09/2022
	In EGP		
Misr Insurance Company	Insurance services	15 416 480	8 833 976
Egyptian Nitrogen Products Company	Payments on behalf of the company/cost and expense apportionment agreement	101 783 934	322 529 545
	Loan interest	10 078 262	73 855 179
	Dividends "Equivalent in EGP"	1 530 854 436	628 973 053
Suez Methanol Derivatives Company	Services rendered / Payments on behalf of the company. demerged	783 626	2 054 205

* On December 9, 2015, the company signed an agreement for the operating cost's allocation over the subsidiary company's factories "Egyptian Nitrogen Products Company- ENPC", for cost saving, and for the optimal utilization for both of company's resources, and operating expense. According to the agreement the workers of the company will be used to operate the subsidiary company's production lines, therefore, two thirds of the direct, and indirect labor cost in case of operating two production lines of the subsidiary company, in addition of incurring two thirds of all the contracts' costs and services expenses that serve the two companies. The agreement was activated on January 1, 2016.

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- * Each company incurs the cost of direct service and procurement contracts. In the case of joint contracts which serves both companies together, the cost is allocated by the percentage of one third to the parent company and two thirds for the subsidiary for example (the cost of employee transportation contracts – security contracts – administrative building rent contracts)
- * On December 15, 2019, MOPCO and ENPC agreed to cancel the work of the aforementioned agreement, and another agreement was concluded, where two-thirds of the costs incurred by the parent company were limited to the service contracts that serve the two companies together, and any new contracts to be agreed upon in the future. The new agreement was activated on 01/01/2020.
- * Related parties are dealt with at market value at the time of the transaction

C- The following balances resulted from the above transactions:

Due from related parties

In Egyptian pound	30/09/2023	31/12/2022
Egyptian Nitrogen Products Company	100 030 669	72 826 906
Suez Methanol Derivatives Company	1 431 392	647 766
	101 462 061	73 474 672

13- Cash at banks and on hand

In Egyptian pound	Note no.	30/09/2023	31/12/2022
Banks current accounts		43 040 636	218 355 650
Time Deposits		7 873 229 649	4 167 655 973
Treasury bills (Less than 3 months)		1 345 124 410	-
		9 261 394 695	4 386 011 623
Expected credit losses	(29)	(2 559 065)	(1 664 562)
		9 258 835 630	4 384 347 061

* Treasury bill investments are calculated less accrued interest and taxes

14- Current income tax

In Egyptian pound	30/09/2023	31/12/2022
Current income tax	1 347 035 129	1 002 183 284
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	1 329 210 713	978 257 525

15- Lease liabilities

The present 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	49 332 395	34 786 325
Interest during the period / year	1 569 102	1 529 430
Translation difference	12 013 782	18 590 804
Payments during the period / year	(6 666 449)	(5 574 164)
	56 248 830	49 332 395
Current lease liability	7 353 451	5 708 337
Non-current lease liability	48 895 379	43 624 058
	56 248 830	49 332 395

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16- Trade Payables

In Egyptian pound	<u>30/09/2023</u>	<u>31/12/2022</u>
Gas supplier (GASCO)	182 257 783	253 986 792
Other suppliers	37 794 110	49 545 522
Fixed asset purchasing creditors	5 081 826	8 725 695
	<u>225 133 719</u>	<u>312 258 009</u>

17- Creditors and other credit balances

In Egyptian pound	<u>30/09/2023</u>	<u>31/12/2022</u>
Deposits from others	19 378 668	21 678 496
General Authority for Health Insurance	17 370 945	25 507 128
Value added tax	10 147 570	18 692 811
Due to the minor shareholders from shares selling auction	6 908 601	6 998 952
Shareholder dividends payable	3 758 606	3 832 423
Other credit balances	15 600 478	12 133 566
Credit balances to other companies	1 056 524	991 131
Salary tax	8 707 685	12 743 678
Accrued social insurance	3 540 074	2 943 900
Accrued expenses	3 517 854	17 335 626
Withholding tax	1 080 211	3 879 500
Employees' credit balances	-	29 426 923
	<u>91 067 216</u>	<u>156 164 134</u>

18- Provisions

In Egyptian pound	<u>Balance as at 01/01/2023</u>	<u>Formed</u>	<u>Currency differences</u>	<u>Balance as at 30/09/2023</u>
Claims provision*	48 905 940	11 871 465	9 711 097	70 488 502
	<u>48 905 940</u>	<u>11 871 465</u>	<u>9 711 097</u>	<u>70 488 502</u>

*Information related to provision were 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.

19- Share Capital

A- Authorized capital

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

B- Issued and paid-up Capital

- The issued and paid-up capital as of September 30, 2023, amounted to EGP 2 291 million (two billion and two hundred ninety-one million Egyptian Pound), on December 31, 2014 amounted to EGP 1.992 million

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(one billion and nine hundred ninety-two million Egyptian Pound), and on December 31, 2010 amounted to EGP 1 984 million (one billion and nine hundred eighty-four million Egyptian Pound). During 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 has 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". Also, decided 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 capital of the company with amount of EGP 298 484 560 through the distribution of free shares through the dividend's payments 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 EGP 10 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
The 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	11.70%	26 815 255	268 152 550
	100%	229 117 232	2 291 172 320

C- General reserve

This amount EGP 352 383 742 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 S for year 2013, which authorized the establishment of the demerged company in Suez as a result of the split of Misr Fertilizers Production Company "MOPCO".

20- Deferred Tax liabilities

In Egyptian pound	<u>30/09/2023</u>	<u>31/12/2022</u>
Fixed assets and other assets	126 385 093	145 498 080
Foreign currency translation differences	794 943 649	1 000 511 630
Provisions	(12 892 783)	(8 036 708)
	908 435 959	1 137 973 002

21- Net Sales

In Egyptian pound	<u>The nine months ending on 30/09/2023</u>	<u>The nine months ending on 30/09/2022</u>	<u>The three months ending on 30/09/2023</u>	<u>The three months ending on 30/09/2022</u>
Domestic Sales	1 584 161 354	1 829 703 230	395 989 166	507 895 964
Export Sales	2 619 574 035	2 899 485 100	693 214 156	862 355 008
	4 203 735 389	4 729 188 330	1 089 203 322	1 370 250 972

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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 in order to assess its performance and allocate resources, mainly from a geographical perspective.

The following information is provided on a regular basis to the chief operating decision maker and is measured consistently with the financial statements.

	30/09/2023 In Egyptian pound			30/09/2022 In Egyptian pound		
	Urea	Ammonia	Total	Urea	Ammonia	Total
Domestic	1 084 554 908	499 606 446	1 584 161 354	1 163 112 959	666 590 271	1 829 703 230
Export	2 492 947 788	126 626 247	2 619 574 035	2 716 162 987	183 322 113	2 899 485 100
	3 577 502 696	626 232 693	4 203 735 389	3 879 275 946	849 912 384	4 729 188 330

22- Cost of Sales

In Egyptian pound	<u>The nine months ending on</u>	<u>The nine months ending on</u>	<u>The three months ending</u>	<u>The three months ending on</u>
	<u>30/09/2023</u>	<u>30/09/2022</u>	<u>30/09/2023</u>	<u>30/09/2022</u>
Gas	1 396 262 962	1 646 174 391	414 421 594	505 770 890
Other materials	82 272 069	66 225 849	8 107 189	7 253 132
Salaries and wages	100 451 683	78 798 425	32 577 223	26 703 453
Depreciation and amortization	112 479 542	98 985 401	34 199 052	31 269 462
Security expenses	12 630 272	11 183 589	566 436	3 554 476
Factory insurance expenses	14 569 266	8 288 752	4 363 279	2 557 057
Maintenance expenses	13 321 228	7 729 604	3 085 036	1 999 577
Governmental fees and industrial security permits	3 916 370	5 105 547	600 153	1 827 326
Technical labor and external	15 747 685	9 783 613	6 055 483	2 489 704
Transportation expenses	7 464 885	5 911 149	2 942 611	2 270 059
Other expenses	2 690 038	2 181 399	1 306 133	758 157
	1 791 806 000	1 940 367 719	508 224 189	586 453 293

23- Other income

In Egyptian pound	<u>The nine months ending on</u>	<u>The nine months ending on</u>	<u>The three months ending on</u>	<u>The three months ending on</u>
	<u>30/09/2023</u>	<u>30/09/2022</u>	<u>30/09/2023</u>	<u>30/09/2022</u>
Other income	14 968 038	3 183 318	3 453 661	815 069
Provision no longer required	-	300 000	-	-
	14 968 038	3 483 318	3 453 661	815 069

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24- Selling and marketing expenses

	<u>The nine months ending on</u> <u>30/09/2023</u>	<u>The nine months ending on</u> <u>30/09/2022</u>	<u>The three months ending</u> <u>30/09/2023</u>	<u>The three months ending on</u> <u>30/09/2022</u>
Packaging materials	67 474 751	41 828 787	20 956 389	17 271 014
Salaries and wages	13 057 523	9 646 765	4 646 385	3 570 122
Depreciation	2 728 372	2 635 013	904 846	878 337
Products shipping and transportation	17 702 933	14 270 087	4 044 896	3 339 467
Advertising	652 235	537 564	125 919	94 072
Other expenses	5 120 676	4 946 650	3 219 273	1 758 094
	106 736 490	73 864 866	33 897 708	26 911 106

25- General and administrative expenses

	<u>The nine months ending on</u> <u>30/09/2023</u>	<u>The nine months ending on</u> <u>30/09/2022</u>	<u>The three months ending on</u> <u>30/09/2023</u>	<u>The three months ending on</u> <u>30/09/2022</u>
In Egyptian pound				
Administrative salaries and wages	56 561 919	40 126 236	20 097 839	14 278 716
Contribution to comprehensive health	17 370 945	15 383 114	3 195 431	6 060 865
Administrative depreciation	9 887 531	5 431 905	3 621 955	2 553 136
Public relations expenses	4 171 796	2 516 921	702 992	522 414
Allowances, travel and buffet	5 482 736	4 291 277	1 339 932	1 387 643
Security and cleaning expenses	5 459 526	3 818 062	1 477 968	532 042
Government fees and subscriptions to foreign and local authorities	4 891 774	2 402 773	743 797	418 213
Electricity and water	2 397 383	2 092 749	726 608	845 218
Attendance allowances for BOD	2 371 167	2 940 333	1 633 666	1 675 833
Maintenance expenses	2 297 208	819 116	411 609	429 943
Insurance expenses	691 941	113 743	515 112	-
Professional and consulting fees	7 326 521	4 957 441	2 039 248	1 584 248
Other tax expenses	668 305	544 538	-	215 372
Other expenses	2 928 921	3 297 884	323 207	621 229
	122 507 673	88 736 092	36 829 364	31 124 872

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26- Other Expenses

	<u>The nine months ending on</u>	<u>The nine months ending on</u>	<u>The three months ending on</u>	<u>The three months ending on</u>
In Egyptian pound	<u>30/09/2023</u>	<u>30/09/2022</u>	<u>30/09/2023</u>	<u>30/09/2022</u>
Donation	27 790 127	20 719 465	12 181 342	11 009 715
Provisions formed	11 871 464	13 952 966	4 235 283	6 806 903
	39 661 591	34 672 431	16 416 625	17 816 618

27- Finance cost

	<u>The nine months ending on</u>	<u>The nine months ending on</u>	<u>The three months ending on</u>	<u>The three months ending on</u>
In Egyptian Pound	<u>30/09/2023</u>	<u>30/09/2022</u>	<u>30/09/2023</u>	<u>30/09/2022</u>
Lease liability interest	1 569 102	1 166 813	592 289	405 524
	1 569 102	1 166 813	592 289	405 524

28- Finance income

	<u>The nine months ending on</u>	<u>The nine months ending on</u>	<u>The three months ending on</u>	<u>The three months ending on</u>
In Egyptian pound	<u>30/09/ 2023</u>	<u>30/09/2022</u>	<u>30/09/2023</u>	<u>30/09/2022</u>
Credit interest (subsidiary company's loan)	10 078 261	92 592 659	-	57 854 263
Investments income at amortized cost	119 708 934	26 874 050	40 647 697	-
Other credit interest	484 138 555	46 981 129	145 839 678	15 768 380
	613 925 750	166 447 838	186 487 375	73 622 643

29- Expected credit losses

In Egyptian pound	<u>Note no.</u>	<u>01/01/2023</u>	<u>Formed</u>	<u>Reversed</u>	<u>30/09/2023</u>
Cash and cash equivalent	(13)	1 664 562	894 503	-	2 559 065
Accounts receivable	(10)	133 621	10 138	(61 106)	82 653
Other financial assets	(8)	51 311	25 389	-	76 700
		1 849 494	930 030	(61 106)	2 718 418

* Expected credit losses on financial assets are calculated according to the expected credit loss model according the Egyptian standard no (47) financial instruments .

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30- Income tax

In Egyptian pound	<u>The nine months ending on</u>	<u>The nine months ending on</u>	<u>The three months ending on</u>	<u>The three months ending on</u>
	<u>30/09/2023</u>	<u>30/09/2022</u>	<u>30/09/2023</u>	<u>30/09/2022</u>
<u>Current tax</u>				
Current income tax	1 347 035 130	734 278 540	154 894 890	199 931 875
Subsidiary company dividend tax	154 570 443	72 985 262	154 570 443	-
Independent tax pool	23 941 787	5 374 810	8 129 540	-
Current income tax	1 525 547 360	812 638 612	317 594 873	199 931 875
<u>Deferred income tax</u>				
Fixed and other assets	(19 112 987)	(19 038 603)	(5 999 380)	(6 271 192)
Foreign currency translation differences	(205 567 982)	203 282 417	(960 819)	40 695 361
Provisions	(4 856 075)	(2 578 614)	(3 142 437)	(947 912)
Lease liability	-	154 663	-	-
Deferred income tax	(229 537 044)	181 819 863	(10 102 636)	33 476 257
Income tax	1 296 010 316	994 458 475	307 492 237	233 408 132

Adjustments to calculate income tax effective tax rate:

In Egyptian pound	<u>30/09/2023</u>	<u>30/09/2022</u>
<u>Current tax</u>		
Profit before income tax	6 446 082 753	4 648 426 985
Income tax as per tax law "22.5%"	1 450 368 619	1 045 896 072
Non-deductible expenses	11 571 715	17 767 928
Revenue exempted from tax	(344 442 248)	(147 565 598)
Tax dividend collected	154 570 443	72 985 263
Independent tax pool	23 941 787	5 374 810
Current income tax	1 296 010 316	994 458 475
Effective tax rate	20.11%	21.39%

31- Basic and diluted earnings Per Share

In Egyptian pound	<u>The nine months ending on</u>	<u>The nine months ending on</u>	<u>The three months ending on</u>	<u>The three months ending on</u>
	<u>30/09/2023</u>	<u>30/09/2022</u>	<u>30/09/2023</u>	<u>30/09/2022</u>
Net profit for the period	5 150 072 437	3 653 968 510	374 301 563	796 420 224
Number of issued shares	229 117 232	229 117 232	229 117 232	229 117 232
Basic and diluted earnings Per Share	22.48	15.95	1.63	3.48

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 and Board of Directors in the amount of 200 584 514 Egyptian pounds.
- Remuneration for members of the Board of Directors in the amount of 13 531 228 Egyptian pounds.

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32- Fair value of financial instruments and management of its related risk:

Financial instruments are represented in financial assets (balances of cash and cash equivalent, subsidiary loan, 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 rate 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 in order 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 or loss. The following table shows the balances of financial assets at the date of the financial position with fixed and variable interest rates.

<u>Fixed interest rate</u>	<u>30/09/2023</u>	<u>31/12/2022</u>
In Egyptian pound		
Time deposits	8 104 968 400	4 167 655 973
Treasury bills	1 345 124 410	-
	9 450 092 810	4 167 655 973
	<u>30/09/2023</u>	<u>31/12/2022</u>
<u>Variable interest rate</u>		
Loan to subsidiary	-	3 865 121 485
	-	3 865 121 485

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 own 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 balance 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 position, the net assets / (liabilities) of the main foreign currencies adjusted in Egyptian pounds, are as follows:

<u>Financial assets</u>	<u>Foreign currencies</u>	<u>Equivalent in Egyptian pound</u>
USD	335 412 075	10 363 729 999
EURO	78 384	2 561 299

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<u>Financial liability</u>	<u>Foreign currencies</u>	<u>Equivalent in Egyptian pound</u>
USD	(5 978 387)	(184 723 190)
EURO	(17 274)	(564 450)

Below are the major foreign exchange rates

<u>In Egyptian pound</u>	<u>Closing rate</u>		<u>Average rate</u>	
	<u>30/09/2023</u>	<u>31/12/2022</u>	<u>30/09/2023</u>	<u>30/09/2022</u>
USD	30.8985	24.7599	30.1833	17.8935
EURO	32.6763	26.4959	32.6020	19.0363
Sterling pound	37.6931	29.9397	37.5061	22.4204

- The Central Bank of Egypt decided, in its session held on October 27, 2022, to announce the implementation of a flexible exchange rate system for pricing foreign exchange, provided that the buying and selling prices of currencies are determined in Egyptian pounds based on the conditions of supply and demand, and accordingly the exchange rate of the US dollar and other currencies increased in exchange for The Egyptian pound, which led to its increase from 19.69 to about 30 Egyptian pounds at the end of January 31, 2023 .

C. 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.

All customers' balances have been collected during the subsequent period from the date of issuance of the financial statements.

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

Local customers

The credit risk of local customers is limited, as local customers are granted a credit period of up to 15 days from the date of issuing the invoice, as credit customers are inquired before agreeing to grant them the said period to ensure the creditworthiness of those companies.

External customers

The credit risk of external customers is limited because most of the company's external customers are reputable customers and sales are made to them in exchange of letters of credits or advance payment policy.

Cash balances at banks:

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

Subsidiary loan:

The company's management believes that the credit risk related to the subsidiary company's loan is a very limited risk, given that Misr Fertilizers Company - MOPCO owns almost all of the subsidiary company's shares, in addition to the subsidiary company high creditworthiness, whether at the level of the banks it deals with or through its dealings with the parent company.

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In Egyptian pound	Note no.	30/09/2023	31/12/2022
Subsidiary loan	(7)	2 685 698 130	6 007 174 144
Other financial assets	(8)	277 504 526	222 386 871
Accounts receivable	(10)	299 713 684	483 505 865
Debits and other debit balances	(11)	125 971 671	63 111 984
Due from related parties	(12)	101 462 061	73 474 672
Cash at banks and on hand	(13)	9 258 835 630	4 384 347 061
		12 749 185 702	11 234 000 597

D. Liquidity risk

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

33- Contingent liabilities

The value of letters of guarantee and letters of credit issued by banks for the Company and for the benefit of third parties on September 30, 2023 amounted to 8.983 million US dollars, and the value of the cash cover withheld on account of those letters of guarantee and credit amounted to 100% of their value, which is included in other financial assets and the goods in transit.

34- Capital Commitments

Capital commitments are represented in the value of contracts that the company signed to gain or construct a fixed assets and still not yet completed as at September 30, 2023. The following table shows these significant contracts:

	<u>Total contract value as at 30/09/2023</u>	<u>Completed contracts as at 30/09/2023</u>	<u>Incomplete contracts as at 30/09/2023</u>
Contracts in Egyptian pound	134 750 405	110 323 973	24 426 438
Contracts in USD	2 188 804	500 177	1 688 627
Contracts in EURO	6 500 000	-	6 500 000

35- Tax Position

A. Corporate Tax

- 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 accounted for through the center of key taxpayers.

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

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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 recognize the tax for the aforementioned years, and during the examination of those years, the Tax Authority supported the decision of the General Authority for Investment that the company was not eligible to enjoy 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 to override delay fines on August 16, 2020. The tax expense was reduced by 96.3 million pounds after accepting the company's request to bypass the fines.

- The company filed lawsuits No. 13250 for the year 73 and No. 28906 for the year 73 against the committee's decision for the years 2009/2010, and the ruling rejected the company's request.

Years from 1999 to the year ending December 31, 2021: -

- The Company has been inspected and the tax was paid
- **Year 2022**
- The Company submitted the tax returns according to law No. 91 for year 2005 and its amendments in the legal due dates and the tax was paid through the Egyptian General Petroleum Corporation.

B. Salaries tax

Years from the beginning of the activity till year ended December 31, 2020

- The Company has been inspected and the tax was paid.

Years from 2021 till 30/09/2023:

- The Company is regularly deducting the tax and remitting it regularly on legal dates. Also, the company regularly applies the provisions of Law No. 91 of 2005 and its executive regulations, and Law No. 206 of 2020.

C. Stamp tax

Years from the beginning of the activity till year ended December 31, 2021

- The Company has been inspected, and the tax was paid.

D. Sales tax and Value added tax

Years from the beginning of the activity till year ended December 31, 2021

- The Company has been inspected and the accrued additional tax differences were paid.

Years from 2022 till 30/09/2023

- The company regularly applies Law No. 67 of 2016 and Law No. 6 of 2020, and submits monthly value added tax returns on the legal due dates.

E. Property tax

- The company is subject to property tax starting from June 1, 2013:
- Letter of the Kafr Al-Batikh Property tax office was received to enable them to conduct an inspection of the Company's industrial facilities.
- The committee attended, and the inspection was conducted in light of a full explanation and description of the facilities.
- The Company regularly pays the property tax.
- The Prime Minister's Decision No. 61 of 2022 stipulated that the Ministry of Finance bear the full value of the tax on built-up properties used in the practice of industrial activities mentioned exclusively in the decision, which includes the company's activity, starting from 1/1/2022 for a period of three years.

36- Disputes

36-1 The New Urban Communities Authority and the New Damietta Development and Reconstruction Authority filed Case No. 1486 of 2012, Kafr Saad against each of the Egyptian Petrochemical Holding Company (Echem) as a first defendant and the Company as a second defendant, in which the plaintiffs

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demanding that the second defendant (the company) be required to pay a value for the right of use of a land area of 608,324 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. / month), which is contrary to the applicable law (6 pounds / meter / year). The company's management believes that the Urban Communities Authority is not entitled to claim these values. On 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 paying the subsidiary 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 a piece of land it owns by giving it an alternative piece of land.

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

A ruling was issued obligating the company to pay the amount of thirty-eight million and seven thousand pounds, and the ruling was appealed.

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 prejudice to 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.

36-2 The company received a claim from Petrotrade in the amount of 4 million pounds represented in the interests of delay in the payment of gas bills. The company and its legal advisor consider that Petrotrade has no right to claim the delay benefits according to the gas supply contract.

36-3 On 16/12/2019, the company filed suit 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 management of the public free zone in Damietta before the Administrative Court, in order to cancel the decision of the Board of Directors of the General Authority for Investment to increase in exchange for the right of 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 right of use consideration throughout the project license period (25 years) starting from 2005 and ending in 2030 according to the contract concluded 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 ruling, and a hearing has not yet been set for the ruling.

37- Significant Events

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.

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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.

38- Significant Accounting policies applied

38-1 Foreign currency translation

The company's accounts are maintained (in Egyptian pounds), and transactions in foreign currencies are recorded in the books on the basis of the exchange rates in effect for foreign currencies at the time of recording the transactions. On the date of the financial position, the balances of monetary assets and liabilities in foreign currencies are translated into the currency of dealing using the exchange rates in effect on that date. Non-monetary balances that are measured on a historical cost basis in foreign currencies are translated using the exchange rate at the date of the transaction. Currency differences in profit or loss resulting from transactions during the year and from revaluation at the date of the financial position are included in the profit or loss statement.

38-2 Fixed Assets and their depreciation

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 resulted 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 in the purpose for which the management decided asset to be acquired for.
- 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 for 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 in a specific purpose.
- The cost of internal 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 of acquiring

The cost of replacing a component of an asset is recognized in the cost of the asset after dispose the cost of that component when the company incurs the replacement cost and if it is probable that future economic benefits will flow to the company as a result of replacing this component, on condition of the possibility of

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measuring its cost with a high degree of accuracy. Other costs are recognized in the income statement as an expense 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 following: -

	<u>Depreciation rate</u>
- Buildings and construction	4% - 25%
- Vehicles and transportation	20%
- Machines, production lines*	5% - 20%
- Tools and equipment	15%
- Aid factors	10-50%
- Furniture and movables	10%
- Central	15%
- Computers	25%

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

- * The Board of Directors No. 231, that held on October 2, 2013, approved by decision No.1094 to modify the useful lives of machines and equipment from 25 to be 20 years starting from January 1, 2013, in addition, agreed to modify the useful life of Gas Cooler from 20 to be 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 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.

38-3 Projects under construction

Projects under construction is 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.

38-4 Other assets

A. Recognition

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

B. Measurement

Other assets are measured at cost, being the cash price at 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 the acquisition of other assets is capitalized only when such expenditure increases the future economic benefits of the asset to which it relates. All other expenses are charged to the statement of profit or loss when incurred.

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D. Amortization

Amortization is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of other assets. Other assets with indefinite useful live 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 following:

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

38-5 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 or indications of a possible impairment in their value. If such indications are available, the group estimates the recoverable value of each asset separately in order to determine impairment loss in its 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. In the event that 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 basis.

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 costs to sell" 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 get the present value of those flows, which express their use value. This rate reflects current market estimates 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 that could have been 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.

38-6 Revenue from contracts with 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: Define the contract 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.

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In addition, Egyptian Accounting Standard No. 48 includes disclosure of financial statements, with respect to 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 foreign, 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. Domestic sales

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

B. Export sales

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

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 separate financial statements.

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

38-7 Financial Instruments

Financial assets

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

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 selection at the time of initial recognition to account for the equity investment at FVTOCI.

The Company reclassifies its investments when and only when its business model for managing those assets changes.

Recognition and disposal

The usual way of buying and selling financial assets, on the trade-off date, is 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 benefits of the ownership of the financial asset are transferred.

Measurement

On initial recognition, the Company measures the financial asset at its fair value plus or minus, in the case of a financial asset not at 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 embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

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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 tools

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 recognized separately from other changes in fair value.

Impairment

At the date of the financial statements, the Company assesses whether there is credit impairment of financial assets that are measured at amortized cost and securities that are measured at fair value through other comprehensive income. Credit impairment of a financial asset occurs when there is an event or detrimental events to the expected cash flows of the financial asset.

Evidence of credit impairment includes the following observable data:

- Breach of contract by defaulting on repaying the loan on the due date
- Restructuring the loan or advance payment from the company on terms that are not in the company's favor.
- It is probable that the borrower will go bankrupt or any other financial event, or the disappearance of an active market for the asset due to financial difficulties.

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

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, if any, accounts payable, 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

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using the effective interest rate and the distribution of interest expense on related periods on the basis of the effective return.

The effective interest rate method is a method of calculating the amortized cost of financial liabilities and of 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 benefits of ownership of the asset to a party outside the company. 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 on the basis of 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 appropriate shorter period.

The return on all debt instruments is recognized on the basis of the effective interest rate, except for those classified as financial assets at fair value through profit or loss, where the return on them is included in the net change in their fair value.

38-8 Lease contracts

In January 1, 2021, the management made a detailed assessment of the impact of applying Egyptian Accounting Standard No. (49) on the company's independent 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 right of use asset and the lease contract obligations at the commencement date of the lease.
- With initial recognition, 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 right of use 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.
- Right of use assets and lease contract liability are subsequently remeasured if one of the following events occurs:
 - The change in the lease price due to the index or rate that became effective in the period of the financial statements.
 - Amendments to the lease contract
 - Re-evaluation of the lease term

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- 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 on the basis of 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.

38-9 Investments in the subsidiary company

- Investments in subsidiaries are accounted for at cost - and if some indications and indications of the possibility of impairment losses in the value of investment in subsidiaries appear on the date of the financial statements, the book value of those investments is reduced to their recoverable value and the resulting impairment losses are immediately included in the list of profits or losses.

38-10 Inventories

- Inventories are stated at lower of cost and net realisable value. Net realisable 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 the 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.

38-11 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 maturity not exceeding three months and are represented net of banks - overdraft (if any) which is paid on demand and which is an integral part of the company's money management.

38-12 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

38-13 Employee benefits

1- Employee retirement benefits

The Company contributes in Social Insurance for the benefits 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. Normal principles are recognized as a labor cost in the statement of profit or loss when they incurred.

2- Defined contribution plans

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

38-14 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. And the Company did not realize liability for profit sharing to its employees for non- distributed profits.

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38-15 Legal reserve

According to the companies' law and the Company's status, at least 5% of the net profit is retained to form 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 where the ordinary general assembly meeting been approved to decide the increase of the reserve.

38-16 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 independent 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 on the basis of the tax base determined according to the laws, regulations and instructions in force in this regard and using the tax rates in force 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 tax rates and tax laws in force 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 the equity, so the related deferred tax is also dealt directly within the 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.

38-17 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 performance of the operating segments, has been identified as the Company's Board of Directors.

38-18 Earnings per share

Basic and diluted earnings per share is calculated 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.

38-19 Statement of Cash Flows

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

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

On 03/6/2023, Prime Minister's Decision No. 883 of 2023 was issued amending the provisions of some Egyptian accounting standards, which include some new accounting standards and amendments to some existing standards. The management is currently studying the impact of these amendments on the financial statements, and the following are the most important amendments:

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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"	<p>1- 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."</p> <p>2- The purpose of this standard is to make sure that the company presents proper information that fairly represents these contracts, and provides information to the users of the financial statements as the required basis to measure the impact of these insurance contracts on the financial position of the company, its financial performance, and cash flows.</p>	No Effect	Standard No. (50) applies to financial periods beginning on July 1, 2024
Amended Egyptian Accounting Standard No. (10) "Fixed Assets"	<p>1. All establishments were allowed, upon the subsequent measurement of fixed assets, to use either the cost model option or the revaluation model option</p> <p>Based on this amendment, the following have been modified:</p> <p>1- Egyptian Accounting Standard No. (1) "Presentation of Financial Statements: Adding Paragraph (A) to the definition of other comprehensive income in Paragraph No. (7) (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) Investment Property Amending Paragraph No. (96) to read as follows: (96) "Reclassification adjustments" do not arise from changes in the</p>	Management wants to continue using the cost model	Amended Standard No. (10) applies to financial periods beginning on January 1, 2023.

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New or amended standards	Summary of the most important modifications	Potential impact on the financial statements	Application date
	<p>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, and the revaluation surplus can be transferred to retained earnings in subsequent periods or when disposed of according to accounting standard No. (47).</p> <p>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.</p> <ul style="list-style-type: none"> - 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) "Periodical Financial Statements" - Egyptian Accounting Standard No. (49) "Lease Contracts" 		

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New or amended standards	Summary of the most important modifications	Potential impact on the financial statements	Application date
	- 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"	<ol style="list-style-type: none"> 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 right-of-use 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 right-of-use 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 right-of-use assets. 4. Amending Paragraph No. (56) of Standard (49) to become: -If the right-of-use assets meet the definition of investment property, the lessee must apply the disclosure requirements contained in Egyptian Standard No. (34) "Investment Property". In this 	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 No. (10)

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New or amended standards	Summary of the most important modifications	Potential impact on the financial statements	Application date
	<p>case, the lessee is not required to provide the disclosures contained in Paragraph 53 (A), (F), (H), (J) of those "right-of-use" assets.</p>		
<p>Amended Egyptian Accounting Standard No. (34) "Investment Property"</p>	<p>All establishments were allowed, upon the subsequent measurement of their investment properties, to use either the option of the cost model or the option of the fair value model, while obligating investment properties funds only to use the fair value model upon the subsequent measurement of all their property assets.</p> <p>-With the recognition of the increase in the fair value upon the subsequent measurement of the investment property within the items of other comprehensive income instead of profits or losses and accumulating it within equity in an account called "investment property valuation surplus at fair value" (see paragraphs 35 and 35a of the Egyptian Accounting Standard No. (34)</p> <p>Based on this, the following have been amended:</p> <p>-Egyptian Accounting Standard No. (32) "non-current assets held for sale and discontinued operations."</p> <p>-Egyptian Accounting Standard No. (31) "Impairment of Assets".</p>	<p>No Effect.</p>	<p>This amendment applies to financial periods beginning on or after January 1, 2019.</p>