Translation of Interim Financial Statements
Originally Issued in Arabic

Misr Fertilizers Production Company "MOPCO"
"Egyptian Joint Stock Company"
Interim Financial statements
For the Financial Period Ended 30 June 2026
And Review Report

KPMG

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Translation of limited review report originally issued in Arabic

Report on Limited Review of Interim Financial Statements
To: The Board of Director of Misr Fertilizers Production Company SAE (MOPCO)

Introduction

We have performed a limited review for the accompanying interim statement of financial position of Misr Fertilizers Production Company S.A.E (MOPCO) ("The Company") as of 30 June 2026 which comprise:

- The statement of financial position as at 30 June 2026;
- The statement of profit or loss for the three-month and six-month periods ended 30 June 2026;
- The statement of comprehensive income for the three-month and six-month periods ended 30 June 2026;
- The statement of changes in equity for the six-month period ended 30 June 2026;
- The statement of cash flows for the six-month period ended 30 June 2026; and
- The notes to the interim financial statements.

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

Scope of limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements (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 in the Company and applying analytical and other limited review procedures. A limited 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.

The financial statements of Misr Fertilizers Production Company S.A.E (MOPCO) for the financial year ended 31 December 2025, as well as the interim financial statements for the period ended 30 June 2025, were audited/reviewed by another auditor. The auditor expressed an unmodified opinion on the annual financial statements on 9 March 2026 and issued an unmodified conclusion on the interim financial statements on 31 July 2025.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of The company do not present fairly, in all material respect, the financial position of The company as of 30 June 2026, its financial performance and its cash flows for the Six - months then ended in accordance with the Egyptian accounting standards.

Amr Mostafa

Amr Mostafa Mohamed Ahmed
Registered in Auditor's register of the
Financial Regulatory Authority under No. (424)
KPMG Hazem Hassan
Public Accountants and Consultants

KPMG Hazem Hassan
Public Accountants and Consultants
(2)

Cairo 12 August 2026

Misr Fertilizer Production Company (MOPCO)
Egyptian joint stock company
statement of financial position as at June 30, 2026

In Egyptian Pound	Notes No.	30/06/2026	31/12/2025
Assets			
Non-current assets			
Fixed assets & Projects under construction	(3)	38 680 110 236	38 192 488 082
Other assets & Projects under construction	(4)	68 946 669	79 638 512
Right of use assets	(5)	64 030 521	72 034 336
Investments in Associates (Equity method)	(6)	2 424 170	2 424 170
Financial assets at amortized cost	(7)	11 012 130 244	10 659 141 927
Other financial assets	(9)	1 032 753 117	1 010 115 488
Total non-current assets		**50 860 394 957**	**50 015 842 515**
Current assets			
Inventories	(10)	2 567 447 161	1 927 396 704
Accounts receivable	(11)	1 553 702 248	1 446 674 104
Financial assets at amortized cost	(7)	3 050 043 443	1 068 110 027
Financial assets at FVTPL	(8)	4 089 517 584	2 573 762 308
Debtors and other debit balances	(12)	1 082 109 461	1 190 381 129
Cash at banks and on hand	(14)	3 777 832 508	2 971 664 846
Total current assets		**16 120 652 405**	**11 177 989 118**
Total Assets		**66 981 047 362**	**61 193 831 633**
Equity			
Issued and paid-up capital	20-B	28 681 402 630	28 681 402 630
Legal reserve		2 533 129 288	1 968 302 274
General reserve	20- C	352 383 742	352 383 742
Retained earnings		13 451 446 344	16 804 480 294
Total Equity		**45 018 362 004**	**47 806 568 940**
liabilities			
Non-current liabilities			
Lease Liabilities	(16)	106 502 699	119 068 258
Deferred tax liabilities	(21)	6 723 027 782	7 169 688 279
Non-current employee benefits obligation	(22)	773 816 895	692 084 641
Total non-current liabilities		**7 603 347 376**	**7 980 841 178**
Current liabilities			
Current income tax	(15)	3 009 271 093	3 260 993 930
Lease Liabilities	(16)	32 598 546	30 901 794
Trade Payables	(17)	1 206 420 781	571 060 350
Creditors and other credit balances	(18)	9 496 564 694	1 102 966 124
Advanced payments from customers (contract liability)		560 223 857	386 154 612
Provisions	(19)	54 259 011	54 344 705
Total current liabilities		**14 359 337 982**	**5 406 421 515**
Total liabilities		**21 962 685 358**	**13 387 262 693**
Total equity & liabilities		**66 981 047 362**	**61 193 831 633**

The accompanying notes from (1) to (39) are an integral part of the interim financial statements and to be read therewith.

Vice president for financial & economic affairs

Accountant / Mohamed Al-Shayeb

Chairman and Managing Director

Engineer / Ahmed Mahmoud El-Sayed

Review's report "attached"

Misr Fertilizer Production Company (MOPCO)
Egyptian joint stock company
Statement of profit or loss for the financial period ended at

In Egyptian Pound	Note	**The six months ended June 30, 2026**	**The six months ended June 30, 2025**	**The three months ended June 30, 2026**	**The three months ended June 30 , 2025**
Net Sales	(23)	20 209 315 078	13 337 169 466	12 029 608 848	6 994 934 044
Cost of sales	(24)	(8 031 602 675)	(6 474 684 558)	(4 349 509 410)	(3 479 544 289)
Gross profit		**12 177 712 403**	**6 862 484 908**	**7 680 099 438**	**3 515 389 755**
Other income	(25)	65 704 354	207 814 466	31 061 837	200 672 947
Selling and marketing expenses	(26)	(787 284 415)	(252 738 728)	(610 371 950)	(138 797 555)
General and administrative expenses	(27)	(359 328 250)	(289 953 257)	(198 589 363)	(155 786 543)
Other expenses	(28)	(9 144 750)	(10 241 908)	(3 649 583)	(5 480 914)
Expected credit losses	(31)	(30 723 635)	(43 594 448)	2 316 492	34 344 611
Operating profit		**11 056 935 707**	**6 473 771 033**	**6 900 866 871**	**3 450 342 301**
Finance income	(30)	1 185 694 439	1 234 040 280	610 534 483	642 480 835
Finance costs	(29)	(70 769 386)	(45 163 283)	(35 446 931)	(22 536 762)
Net Foreign currency translation gain /(losses)		374 946 496	(452 535 625)	(1 622 707 866)	(351 686 593)
Net finance income		**1 489 871 549**	**736 341 372**	**(1 047 620 314)**	**268 257 480**
Net profit for the period before tax		**12 546 807 256**	**7 210 112 405**	**5 853 246 557**	**3 718 599 781**
Income tax expense	(32)	(3 089 633 458)	(1 579 312 347)	(1 691 930 679)	(812 890 668)
Deferred tax benefit	(32)	446 660 497	186 267 579	462 892 832	98 355 264
Total tax		**(2 642 972 961)**	**(1 393 044 768)**	**(1 229 037 847)**	**(714 535 404)**
Net profit for the period		**9 903 834 295**	**5 817 067 637**	**4 624 208 710**	**3 004 064 377**
Basic and diluted earnings per share	(33)	**3.45**	**2.03**	**1.61**	**1.05**

The accompanying notes from (1) to (39) are an integral part of the interim financial statements and to be read therewith.

Misr Fertilizer Production Company (MOPCO)
Egyptian joint stock company
Statement of other Comprehensive income for the financial period ended at

In Egyptian Pound	The six months ended June 30, 2026	The six months ended June 30, 2025	The three months ended June 30, 2026	The three months ended June 30 , 2025
Net profit for the period	**9 903 834 295**	**5 817 067 637**	**4 624 208 710**	**3 004 064 377**
Other comprehensive income items	**-**	-	**-**	-
Total comprehensive income	**9 903 834 295**	**5 817 067 637**	**4 624 208 710**	**3 004 064 377**

The accompanying notes from (1) to (39) are an integral part of the interim financial statements and to be read therewith.

Misr Fertilizer Production Company (MOPCO)

Egyptian joint stock company

Statement of changes in Equity for the financial period ended 30 June 2026

In Egyptian Pound	Capital	Legal reserve	General reserves	Retained earnings	Result of merge	Total
Balance at Jan 1, 2025	**20,791,840,110**	**1,212,315,306**	**352,383,742**	**15,132,261,531**	**7,889,562,509**	**45,378,363,198**
Comprehensive income						
Net profit of the period	--	--	--	**5 817 067 637**	--	**5 817 067 637**
Total comprehensive income	**--**	**--**	**--**	**5 817 067 637**	**--**	**5,817,067,637**
Transferred to legal reserve 2024	--	755 986 968	--	(755 986 968)	--	-
Dividends to employees and board of directors	--	--	--	(1 545 237 364)	--	(1,545,237,364)
Transactions with the owners of the company						
Capital Increase (Free Shares)	7 889 562 520	--	--	(11)	(7 889 562 509)	-
Dividends to shareholders	--	--	--	(7 277 144 038)	--	(7,277,144,038)
Total transactions with the owners	**7 889 562 520**	**755 986 968**	--	**(7 277 144 049)**	--	**(7 277 144 038)**
Balance at June 30, 2025	**28 681 402 630**	**1 968 302 274**	**352 383 742**	**11 370 960 787**	**--**	**42 373 049 433**
Balance at Jan 1, 2026	**28 681 402 630**	**1 968 302 274**	**352 383 742**	**16 804 480 295**	**-**	**47 806 568 941**
Comprehensive income						
Net profit of the period	--	--	--	9 903 834 295	--	9 903 834 295
Total comprehensive income	**--**	**--**	**--**	**9 903 834 295**	**--**	**9 903 834 295**
Transferred to legal reserve 2025	--	564 827 014	-	(564 827 014)	--	-
Dividends to employees and board of directors	--	--	--	(1 395 500 945)	--	(1 395 500 945)
Transactions with the owners of the company						
Dividends to shareholders	--	--	--	(11 296 540 287)	--	(11 296 540 287)
Total transactions with the owners	**--**	**--**	**--**	(11 296 540 287)	**--**	(11 296 540 287)
Balance at june 30, 2026	**28 681 402 630**	**2 533 129 288**	**352 383 742**	**13 451 446 344**	**--**	**45 018 362 004**

.The accompanying notes from (1) to (39) are an integral part of the interim financial statements and to be read therewith

Misr Fertilizer Production Company (MOPCO)
Egyptian joint stock company
statement of cash flows For the financial period ended at

In Egyptian Pound	Notes	30/06/2026	30/06/2025
Cash flows from operating activities			
Net profit for the period before tax		**12 546 807 256**	**7 210 112 405**
Adjustment as follows:			
Fixed assets depreciation	(3)	1 157 098 034	1 137 858 419
Amortization of other assets and right of use assets	(5،4)	18 901 337	16 415 989
Employee benefit obligations		24 807 095	2 509 806
Capital (losses) / gains		10 127	2 157 075
Net finance income and cost	(30،29)	(1 114 925 053)	(1 188 876 997)
Loss/(gain) of foreign currency exhange differences		(341 679 444)	402 728 857
		12 291 019 352	**7 582 905 554**
Change in:			
Other financial assets		--	64 143 203
Inventories		(640 050 457)	142 521 424
Account receivable		(107 028 144)	(441 859 966)
Debtors and other debit balances		108 271 668	(20 678 697)
Due from related parties		--	42 873
Trade payable		635 360 431	(115 361 088)
Creditors and other credit balances		(34 798 726)	2 039 115 121
Advance payments from customers (lease liability)		174 069 245	(66 819 788)
Provisions used	-19	(85 694)	(162 070 202)
Cash flows available from operating activities		**12 426 757 675**	**9 021 938 434**
Dividends paid for employees and board of directors		(1 395 500 946)	(1 545 237 364)
Income taxes paid		(3 238 596 669)	(2 965 580 834)
Paid for employee benefits		(10 721 293)	(4 130 280)
Net Cash flows available from operating activities		**7 781 938 767**	**4 506 989 956**
Cash flows from Investing activities			
Received Interest		980 911 662	1 027 953 287
Paid investment in Associate companies		--	(16 519)
Payments for the purchase of financial assets through profit or loss		(1 515 755 276)	(881 716 709)
Payments for investment at amortized cost		(1 889 434 500)	(3 589 872 884)
Payment for the purchase of fixed assets, works ,projects under construction and other assets		(1 643 820 969)	(273 208 535)
Net cash flows (used) in investing activities		**(4 068 099 083)**	**(3 716 861 360)**
Cash flows from Financing activities			
Dividends paid to Shareholders		(2 868 142 986)	(2 079 211 434)
Payment of lease liabilities	(16)	(19 523 062)	(19 383 014)
Net cash flows (used) in financing activities		**(2 887 666 048)**	**(2 098 594 448)**
Net changes in cash and cash equivalents		**826 173 636**	**(1 308 465 852)**
The effect of changes in exchange rates on cash and cash equivalents		(20 005 974)	(66 845 670)
Cash and cash equivalent at the beginning of the year		2 971 664 846	6 679 913 892
Cash and cash equivalent at the end of the period	(14)	**3 777 832 508**	**5 304 602 370**

The accompanying notes from (1) to (39) are an integral part of the interim financial statements and to be read therewith.

MISR FERTILIZERS PRODUCTION COMPANY (MOPCO)
EGYPTIAN JOINT STOCK COMPANY
THE NOTES OF THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED June 30, 2026

1- Company's background

1-1 Legal entity

- 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 Company was registered in Cairo Commercial Register under number 50112 at January 12, 2011.
- 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 extraordinary general assembly decided on November 4, 2023 the merge of the Egyptian Nitrogen Products Company (ENPC) a merged company with Misr Fertilizers Production Company (MOPCO) a merging company and that on book value basis in accordance to the financial statements on December 31, 2022 which is the date used as a base for merge in accordance to the report issued by the economic performance at the General Authority for Investment and Free Zones by the formed committee in accordance to the decision of the Minister of Investment and International Cooperation No. 95 of 2018. The committee's decision was approved by the Chief Executive Officer of General Authority for Investment and Free Zones on September 21, 2023 with the distribution of the capital of the merging company and the merged company on the basis of net equity of the merging company and the merged company according to the market value of the assets of the merging company and the merged company on the date used as a base for merge. This was noted in the commercial register on December 13, 2023.

1-2 The purpose of the Company:

- 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 the below 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.

1-3 The Company's term:

- The Company's term is 25 years starting from the date of the Company's registration in the commercial register.
- The term of the company was extended for another twenty-five years ended on 27/07/2048, and this was noted in the company's commercial register on 31/05/2023.

1-4 The Company's Headquarters:

- 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.

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 11 Augst 2026.

2-2 Basis of measurement

The 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 or by Amortized cost.

2-3 Functional and presentation currency

The 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 contingent liabilities.
- Measurement of impairment in asset values.
- The useful lives of fixed assets.
- employee benefits obligation.

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.

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.

3- Fixed Assets (Net)

Description	**Land**	**Building & constructions**	**Machinery & equipment**	**Vehicles**	**Tools**	**Furniture & Fixtures**	**Computers**	**Projects under construction**	**Total**
In Egyptian pound									
Cost									
Cost at 1 January 2025	**262 021 195**	**498 380 439**	**51 585 299 159**	**143 580 623**	**96 319 792**	**47 907 659**	**135 452 597**	**1 092 621 142**	**53 861 582 606**
Additions	--	--	86 011 097	23 495 480	13 672 549	12 300 024	30 171 155	5 682 418 700	5 848 069 005
Transferred from projects under construction	--	73 588 169	289 026 675	--	19 955 155	1 433 923	4 448 743	(388 452 665)	--
Disposal	--	(1 356 168)	(19 545 314)	(1 373 378)	(1 106 025)	(175 092)	(1 214 605)	--	(24 770 582)
Cost at 31 December 2025	**262 021 195**	**570 612 440**	**51 940 791 617**	**165 702 725**	**128 841 471**	**61 466 514**	**168 857 890**	**6 386 587 177**	**59 684 881 029**
Additions	--	--	--	4 530 153	3 796 012	2 863 803	19 730 378	1 613 809 966	**1 644 730 312**
Transferred from projects under construction	--	23 216 252	--	--	--	200 045	8 851 158	(32 267 455)	--
Disposal	--	--	--	(598 594)	(93 190)	--	(423 240)	--	(1 115 024)
Cost at 30 June 2026	**262 021 195**	**593 828 692**	**51 940 791 617**	**169 634 284**	**132 544 293**	**64 530 362**	**197 016 186**	**7 968 129 688**	**61 328 496 317**
Accumulated depreciation									
Accumulated depreciation 1 January 2025		**130 911 480**	**18 825 815 092**	**87 626 954**	**53 920 123**	**22 440 685**	**108 861 276**	**--**	**19 229 575 610**
Depreciation of the year	--	31 446 117	2 196 541 270	20 249 338	12 627 327	4 989 466	17 356 041	--	**2 283 209 559**
Disposal	--	(1 356 170)	(15 840 276)	(700 054)	(1 106 025)	(175 092)	(1 214 606)	--	**(20 392 223)**
Accumulated depreciation as at 31 December 2025		**161 001 427**	**21 006 516 086**	**107 176 238**	**65 441 425**	**27 255 059**	**125 002 711**	--	**21 492 392 946**
Depreciation of the period	--	23,938,574	1,100,088,301	11,397,352	7,715,024	2,566,281	11,392,500	--	**1,157,098,032**
Disposal	--	--	--	(588,466)	(93,190)	--	(423,241)	--	**(1,104,897)**
Accumulated depreciation as at 30 June 2026	--	**184 940 001**	**22 106 604 387**	**117 985 124**	**73 063 259**	**29 821 340**	**135 971 970**	--	**22 648 386 081**
Net fixed assets at 1 January 2025	**262 021 195**	**367 468 959**	**32 759 484 067**	**55 953 669**	**42 399 669**	**25 466 974**	**26 591 321**	**1 092 621 142**	**34 632 006 996**
Net fixed assets at 31 December 2025	**262 021 195**	**409 611 013**	**30 934 275 531**	**58 526 487**	**63 400 046**	**34 211 455**	**43 855 179**	**6 386 587 177**	**38 192 488 083**
Net fixed assets at 30 June 2026	**262 021 195**	**408 888 691**	**29 834 187 230**	**51 649 160**	**59 481 034**	**34 709 022**	**61 044 216**	**7 968 129 688**	**38 680 110 236**

Fully depreciated assets still working **359 801 745**

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

	30/06/2026	31/12/2025
Building and roads	5 097 740	9 520 228
Machine and equipment	3 563 468 099	2 247 204 261
Computers	--	9 855 422
Furniture and furnishings	--	9 565 920
Advance payment	4 031 449 834	3 836 012 774
Letters of credit	368 114 015	274 428 572
Total	**7 968 129 688**	**6 386 587 177**

*The increase in projects under construction is represented in the value of investment spending on the urea and ammonia plant development project, where the value of what was spent until June 30, 2026 amounted to about 7.53 billion pounds, represented in the machinery and equipment item by about 3.5 billion pounds and the advance payments item by about 4.03 billion pounds.

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
COST					
Cost as at 1/1/2025	**5 000 000**	**15 627 372**	**67 457 608**	**10 857 418**	**98 942 398**
Additions during the year	**--**	**--**	3 940 455	26 994 821	30 935 276
transfer from projects under construction	**--**	**--**	24 739 238	(24 739 238)	--
Cost as at 31/12/2025	**5 000 000**	**15 627 372**	**96 137 301**	**13 113 001**	**129 877 674**
Additions during the period	-	-	-	205 679	205 679
Cost as at 30/06/2026	**5 000 000**	**15 627 372**	**96 137 301**	**13 318 680**	**130 083 353**
Accumulated amortization					
Accumulated amortization as at 1/1/2025	5 000 000	14 949 378	10 777 945	**--**	**30 727 323**
Amortization during the year	--	677 994	18 833 845	--	19 511 839
Accumulated amortization as at 31/12/2025	**5 000 000**	**15 627 372**	**29 611 790**	**--**	**50 239 162**
Amortization during the period	--	--	10 897 522	--	10 897 522
Accumulated amortization as at 30/06/2026	**5 000 000**	**15 627 372**	**40 509 312**	**--**	**61 136 684**
Net book value					
Net book value as at 1/1/2025	--	**677 994**	**56 679 663**	**10 857 418**	**68 215 075**
Net book value as at 31/12/2025	--	--	**66 525 511**	**13 113 001**	**79 638 512**
Net book value as at 30/06/2026	--	--	**55 627 989**	**13 318 680**	**68 946 669**

Fully depreciated assets that are still in use amounting to EGP 29 584 494

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

In Egyptian pound

	30/06/2026	31/12/2025
Licenses and software	13 318 680	13 113 001
Total	**13 318 680**	**13 113 001**

5- Right-of-use assets

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

In Egyptian Pound

Cost	30/06/2026	31/12/2025
At the beginning of the period/ year	152 072 489	152 072 489
Additions during the period/ year	--	--
Cost as at the end of the period/ year	**152 072 489**	**152 072 489**
Accumulated amortization		
At the beginning of the period/ year	80 038 153	64 030 522
Amortization expense during the period/ year	8 003 815	16 007 631
Accumulated amortization as at the end of the period/ year	**88 041 968**	**80 038 153**
Net book value as at the end of the period/ year	**64 030 521**	**72 034 336**

6- Investment in associates using equity method:

	31/3/2026	31/12/2025
Investments	**2 424 170**	**2 424 170**
Contribution percentage	**%25**	**%25**

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 10,000,000 US dollars in which the Company contributes 25% in it together with the Egyptian Petrochemicals Holding Company and Scatec Norwegian company.
- The amount paid from the company's contribution to the capital of Damietta Green Ammonia Company has reached EGP 2,424,170 equivalent to USD 20,000 out of the company's total share in the capital of Damietta Green Ammonia Company which represents 25% of the company's issued capital amounting to USD 10 million. The authorized capital is USD 100 million. This investment has been classified as an investment in an associate and is accounted for using the equity method.
- On September 29, 2024, a non-binding memorandum of understanding was signed regarding the principles of the agreement to purchase green ammonia between the Yara Norwegian company and the Damietta Green Ammonia Company in the city of Damietta, which was contributed in by the Egyptian Petrochemical Holding Company "ECHEM", which owns 31.47% of the capital share of MOPCO, Misr Fertilizers Production Company "MOPCO" and Scatec ASA (Norwegian company) Scatec

7- Investment at amortized cost

7-1 Financial assets at amortized cost (non-current portion):

In Egyptian Pound	30/06/2026	31/12/2025
Government Bonds at par value	11 137 096 324	10 783 328 695
Unearned returns (amortized cost)	(101 921 881)	(111 273 038)
	11 035 174 443	**10 672 055 657**
Expected credit losses (Note 31)	(23 044 199)	(12 913 730)
Net book value	**11 012 130 244**	**10 659 141 927**

- Represented in securities and deposits with maturity dates exceeding 12 months from the date of the financial position, and includes investments held till maturity for the purpose of collecting cash flows from interest and the principal at maturity.

The following is government bonds as at the statement of financial position date:

	30/06/2026		31/12/2025	
due date	**Number of Documents**	**at par value**	**Number of Documents**	**at par value**
2028	15 000	738 364 500	15 000	714 910 500
2029	74 700	3 677 055 210	74 700	3 560 254 290
2030	40 650	2 000 967 795	40 650	1 937 407 455
2032	15 000	738 364 500	15 000	714 910 500
2033	80 902	3 982 344 319	80 902	3 855 845 950
	226 252	**11 137 096 324**	**226 252**	**10 783 328 695**

7-2 Financial assets at amortized cost (current portion):

In Egyptian pound	30/06/2026	31/12/2025
Government bonds at par value	2 900 000 000	742 553 706
Unearned returns (amortized cost)	(152 119 579)	(7 653 695)
Independent tax base	(24 709 182)	--
Accrued Interest on Financial assets at amortized cost "long-term" (7)	333 915 818	334 099 282
	3 057 087 057	**1 032 999 329**
Expected credit losses (31)	(7 043 614)	(889 266)
Net book value	**3 050 043 443**	**1 068 110 0027**

Represented in treasury bills, which are investments held till maturity for the purpose of collecting cash flows from interest and the principal at maturity.

8- Financial assets at fair value through profit or loss:

	30/06/2026	31/12/2025
Cost as at Beginning balance	2 573 762 308	2 869 467 104
Additions	8 672 143 017	10 065 694 152
Discounts	(7 530 256 353)	(11 096 492 155)
Currency exchange rate	36 577 983	--
Balance before evaluation	**3 752 226 955**	**1 838 669 101**
Fair value at the date of the financial position	4 089 517 584	2 573 762 308
Change in fair value up to the financial statements date	**337 290 629**	**735 093 207**

Represented in investments in funds available at banks for short-term trading and quick profits.

9- Other financial assets

In Egyptian pound	Note no.	30/06/2026	31/12/2025
Letters of guarantee *		20 000	20 000
Pledged Deposits **		1 058 322 450	1 024 705 050
		1 058 342 450	**1 024 725 050**
Expected credit losses	(31)	(25 589 333)	(14 609 562)
		1 032 753 117	**1 010 115 488**

* Letter of guarantee cover against the authority's facilities insurance for the construction of additional floors at the firefighting building at MOPCO (against securing the factory land rent with an amount of 20,000 Egyptian pounds).

** The value of the letters of guarantee and documentary credits issued by the banks on behalf of the company and for the benefit of others is US$21 million, where the value of the cash cover held in trust for those letters and credits amounted to 100% of their value.

10- Inventories

In Egyptian pound	30/06/2026	31/12/2025
Spare parts	1 212 794 172	1 165 871 912
Finished goods at cost	761 271 119	363 601 453
Work in process at cost	136 666 696	93 358 831
Miscellaneous Materials and Supplies	152 302 958	122 843 624
Letter of credit	115 860 590	40 993 826
Raw material	164 693 533	122 470 143
Oils and fuels	23 858 093	18 256 915
	2 567 447 161	**1 927 396 704**

11- Accounts receivable

In Egyptian pound	Note no.	30/06/2026	31/12/2025
Accounts receivable		1 561 218 481	1 454 123 446
Expected credit losses	(31)	(7 516 233)	(7 449 342)
		1 553 702 248	**1 446 674 104**

12- Debtors and other debit balances

In Egyptian pound	Note no.	30/06/2026	31/12/2025
Employees' advances and Installments		58 610 545	77 580 770
Deposits with others		20 128 690	20 187 691
Other debtors		37 386 463	23 117 822
Prepaid expenses		20 773 972	24 197 976
Tax Authority "sales"		147 686 500	270 980 549
Advance payments to the tax authority		46 172 520	46 172 520
suppliers "Advance payments"		98 666 425	75 072 047
*Debit balances to employees		653 624 141	653 624 141
		1 083 049 256	**1 190 933 516**
Expected credit losses	(31)	(939 795)	(552 387)
		1 082 109 461	**1 190 381 129**

* This amount is invested for the benefit of the employees in the form of a deposit in a local bank, in implementation of the Board of Directors' decision and Article (55) of the company's Articles of Association. This amount is matched by a similar amount as a liability of the company. The amount was avoided to the employees' special schemes in accordance with Board of Directors decision No. (2304) at its meeting No. (430) held on October 19, 2025.

13- Transactions with related party

The related party comprise the associated companies and affiliated companies, as well as individual who have the ability to control or exercise significant influence over the company's financial and operating policies. They also include entities that are owned or controlled by such individuals or are subject to their influence.

A- Related parties represent:

– Egyptian Petrochemicals Holding Company "ECHEM"	Major shareholder by 31.47 %
– Egyptian Natural Gas Holding CO." EGAS"	Major shareholder by 9.89 %
– Egyptian Natural Gas CO." GASCO"	Major shareholder by 0.48 %
– Misr Insurance Company	Affiliate company by 1.15 %
– Suez Methanol Derivatives Company	A demerged company

B- Related parties' transactions

The following is a summary of transactions with related parties:

Description	Nature of transactions	The financial year ended in	
	In EGP	30/06/2026	30/06/2025
Misr Insurance Company	Insurance services	52 412 947	47 516 357
Egyptian Natural Gas Holding CO." EGAS"	Gas Supplier	4 002 251 399	2 576 202 039
Egyptian Natural Gas CO." GASCO"	Gas Supplier	2 171 075 220	1 376 374 873
Suez Methanol Derivatives Company	Services rendered / Payments on behalf of	176 254	272 001
Salaries and benefits of senior management		30 550 291	31 423 627

C- The following balances resulted from the above transactions:

Due from related parties In Egyptian pound	Note no.	30/06/2026	31/12/2025
Suez Methanol Derivatives Company		722 556	663 272
		722 556	**663 272**
Expected credit losses	(31)	(722 556)	(663 272)
		--	**--**

14- Cash at banks and on hand

In Egyptian pound	Note no.	30/06/2026	31/12/2025
Banks current accounts		254 938 482	67 945 615
Time Deposits		3 529 424 960	2 907 302 700
		3 784 363 442	**2 975 248 315**
Expected credit losses	(31)	(6 530 934)	(3 583 469)
		3 777 832 508	**2 971 664 846**

15- Current income tax

In Egyptian pound	30/06/2026	31/12/2025
Current income tax	3 039 029 618	3 313 149 715
Withdraw on account of tax	(29 758 525)	(52 155 785)
Balance	**3 009 271 093**	**3 260 993 930**

16- Lease liabilities

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

In Egyptian pound	Note No.	30/06/2026	31/12/2025
Beginning balance		149 970 052	191 575 804
Interest during the period/ Year	(29)	3 122 936	7 072 409
Foreign currency translation		5 531 319	(10 686 345)
Payments during the period/ Year		(19 523 062)	(37 991 816)
		139 101 245	**149 970 052**
Non-Current lease liability		106 502 699	119 068 258
Current lease liability		32 598 546	30 901 794
		139 101 245	**149 970 052**

17- Trade Payables

In Egyptian pound	30/06/2026	31/12/2025
*Egyptian Natural Gas Holding CO."EGAS"	637 888 801	242 117 821
*Gas supplier (GASCO)	339 224 351	98 802 881
Other suppliers	229 307 629	230 139 648
	1 206 420 781	**571 060 350**

- Egyptian Natural Gas Holding Co. "EGAS "shareholder of the company with share percentage of 9.89%.
- Egyptian Natural Gas Co. "GASCO" shareholder of the company with share percentage of 0.48%.

18- Creditors and other credit balances

In Egyptian pound	30/06/2026	31/12/2025
Deposits from others	22 878 957	29 750 230
General Authority for Health Insurance	54 589 151	73 054 925
Value added tax	83 863 681	52 160 260
Due to the minor shareholders from shares selling auction	6 895 380	6 895 380
Shareholder dividends payable	8 429 259 242	861 940
Due to the Petroleum Authority	--	29 054 116
Other credit balances	146 865 086	93 896 151
Credit balances to other companies	57 918 073	52 277 636
Payroll tax	25 306 873	14 474 813
Accrued social insurance	6 075 362	4 722 983
Accrued expenses	6 379 218	87 859 370
Withholding tax	2 909 530	4 334 179
Credit balances to employees *	653 624 141	653 624 141
	9 496 564 694	**1 102 966 124**

*****As explained in note "12".

19- Provisions

	30/06/2026	31/12/2025
Beginning balance	54 344 705	255 256 008
Provisions formed during the period/ year	-	668 304
Provisions used during the period / year	(85 694)	(41 362 731)
Provisions that have no purpose during the period/ year	-	(160 216 876)
	54 259 011	**54 344 705**

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

20- Share Capital

A- Authorized capital

- The extraordinary general assembly decided in its meeting held on November 4, 2023 to specify authorized capital to an amount of 50 billion EGP and this was noted in the commercial register on December 13, 2023.

B- Issued and paid-up Capital

- The issued and paid-up capital on June 30, 2026 amounted to 28,681,402,630 Egyptian pounds, which was distributed over 2,868,140,263 shares at a nominal value of EGP 10 per share.
- The Extraordinary General Assembly, in its session held on April 12, 2025, approved an increase in the company's issued share capital of EGP 7,889,562,520 through a legitimate partnership. This increase was directly funded by the subsidiary, "The Egyptian Company for Nitrogen Production," as shown in the financial statements for the fiscal year ending December 31, 2024, representing retained earnings. The issued and paid-up capital is EGP 28,681,402,630, distributed as EGP 2,868,140,263 (nominal value of EGP 10 per share). The increase was registered in the Commercial Register on June 29, 2025.
- **The structure of the shareholders of the Company is as follows**:

Shareholder	%	No. Of shares	Amount EGP
Egyptian Petrochemicals Holding Co. "ECHEM"	31.47%	902 688 489	9 026 884 890
The Saudi Egyptian Investment Company	24.04%	689 402 596	6 894 025 960
Abu Dhabi Investment Holding Company (Alfa Oryx Limited)	20.00%	573 628 046	5 736 280 460
Egyptian Natural Gas Holding Co. "EGAS"	9.89%	283 695 208	2 836 952 080
Egyptian Natural Gas Company "GASCO"	0.48%	13 794 547	137 945 470
IPO	14.12%	404 931 377	4 049 313 770
	100%	**2 868 140 263**	**28 681 402 630**

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".

21- Deferred Tax Liabilities / (benefits)

In Egyptian pound	30/06/2026	31/12/2025
Fixed assets and other	6 111 628 404	6 278 317 339
Foreign currency exchange differences	804 371 439	1 059 059 257
Employee benefits provision	(174 108 801)	(155 719 044)
Other Provisions	(2 801 263)	(2 820 544)
Provision for Expected credit losses	(16 061 997)	(9 148 729)
	6 723 027 782	**7 169 688 279**

22- Employee benefits obligation:

22-1 Plan description:

The company applies a defined benefits plan that is not funded at present value, and the amounts paid upon the end of employees' services are calculated in accordance with the plan on the basis of what the company actually bears in terms of treatment for retirements employees.

EGP	30/06/2026	31/12/2025
Benefits of treatment for retired workers and their families		
Beginning balance of the period/ year	579 023 099	472 141 015
Current service cost	21 407 903	25 474 774
Interest expense	57 135 360	68 724 846
Actuarial Loss	--	20 599 199
Payments during the period/ year	(5 362 309)	(7 916 735)
	652 204 053	**579 023 099**
End of Service Bonus Benefits		
Beginning balance of the period/ year	113 061 543	62 299 032
Current service cost	3 399 192	5 019 611
Interest expense	10 511 091	14 020 085
Actuarial Loss	--	38 695 178
Payments during the period/ year	(5 358 984)	(6 972 363)
	121 612 842	**113 061 543**
	773 816 895	**692 084 461**

22-2 Amounts recognized in profit or loss statement:

EGP	Note NO.	30/06/2026	30/06/2025
Current service cost, treatment benefits		21 407 903	2 509 806
Current service cost, end-of-service bonus		3 399 192	--
Interest expense	(29)	67 646 450	41 381 908
		92 453 545	**43 891 714**

-Actuarial assumptions for the benefits of treatment plan:

EGP	30/06/2026	31/12/2025
Discount rate	20.56%	20.56%
Inflation rate	11.60%	11.60%
Benefits increase rate	17.25%	17.25%

-The expected benefits through the next years:

The first year	9 152 489
The second year	13 341 181
The third year	18 592 416
The fourth year	26 369 377
The fifth year	37 979 001
The next five years	431 340 101

-Sensitivity analysis of actuarial assumptions:

	Change in assumptions		Change in Liabilities	
	Increase	Decrease	Increase	Decrease
Discount rate	%.0.5	%0.5	(533 598 555)	629 998 761
Discount rate	%0.5	%0.5	628 111 192	(535 272 836)

Actuarial Assumptions End of Service Benefit Plan:

	30/06/2026	31/12/2025
Discount rate	19.48%	19.48%
Inflation rate	12.30%	12.30%
Benefits increase rate	12%	12%

-The expected benefits through the next five years:

The first year	10 768 428
The second year	8 614 509
The third year	14 717 139
The fourth year	17 554 517
The fifth year	21 102 850
The next five years	123 320 875

Sensitivity analysis of actuarial assumptions:

	Change in assumptions		Change in Liabilities	
	Increase	Decrease	Increase	Decrease
Discount rate	%0. 5	%0. 5	(108 533 296)	117 939 011
Discount rate	%0. 5	%0. 5	113 061 543	(113 061 543)

23- Net Sales

In Egyptian pound	The six months Ended on 30/06/2026	The six months Ended on 30/06/2025	The three months Ended on 30/06/2026	The three months Ended on 30/06/2025
Export Sales	16 177 975 019	10 956 235 366	9 753 670 729	5 979 882 528
Domestic Sales	4 031 340 059	2 380 934 100	2 275 938 119	1 015 051 516
	20 209 315 078	**13 337 169 466**	**12 029 608 848**	**6 994 934 044**

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.

	30/06/2026 In Egyptian pound			30/06/2025 In Egyptian pound		
	Export	Domestic	Total	Export	Domestic	Total
Urea	15 235 791 184	2 467 197 524	**17 702 988 708**	10 269 440 564	1 489 577 360	**11 759 017 924**
Ammonia	941 517 537	1 563 994 611	**2 505 512 148**	686 794 802	891 238 214	**1 578 033 016**
Other	666 298	147 924	**814 222**	-	118 526	**118 526**
	16 177 975 019	**4 031 340 059**	**20 209 315 078**	**10 956 235 366**	**2 380 934 100**	**13 337 169 446**

24- Cost of Sales

In Egyptian pound	The six months Ended on 30/06/2026	The six months Ended on 30/06/2025	The three months Ended on 30/06/2026	The three months Ended on 30/06/2025
Gas	6 173 326 619	3 952 576 912	3 460 583 181	1 844 877 318
Other materials	451 879 844	495 464 332	263 146 923	243 328 643
Salaries and wages	453 757 223	366 109 898	251 906 951	187 018 546
Depreciation and amortization	1 115 399 102	1 097 194 521	555 604 898	544 597 186
Cost of pension obligations	16 713 271	1 648 553	8 463 468	824 276
Other industrial expenses	261 504 147	297 641 175	165 967 237	157 001 525
Change in Finished Goods and Work In Process inventory	(440 977 531)	264 052 167	(356 163 248)	501 896 795
	8 031 602 675	**6 474 684 558**	**4 349 509 410**	**3 479 544 289**

25- Other income

In Egyptian pound	The six months Ended on 30/06/2026	The six months Ended on 30/06/2025	The three months Ended on 30/06/2026	The three months Ended on 30/06/2025
Supplier and customer Gratuities	64 384 312	47 261 630	29 958 829	40 421 218
Scrap metal sales	381 949	335 960	200 746	40 443
Other revenue	938 093	--	902 262	--
Provision no longer required	--	160 216 876	--	160 211 286
	65 704 354	**207 814 466**	**31 061 837**	**200 672 947**

26- Selling and marketing expenses

In Egyptian pound	The six months Ended on 30/06/2026	The six months Ended on 30/06/2025	The three months Ended on 30/06/2026	The three months Ended on 30/06/2025
Packaging materials	173 207 627	111 865 829	78 844 678	59 545 473
Salaries and wages	48 988 267	38 109 645	27 432 032	19 359 831
Depreciation	31 132 879	31 002 945	15 598 217	20 280 768
Products shipping and transportation expenses	64 806 492	54 826 746	30 041 986	31 015 369
Cost of pension obligations	1 890 198	174 589	1 001 528	87 294
Export Development Fees	450 937 985	--	450 937 985	--
Other Selling and marketing expenses	16 320 967	16 758 974	6 515 524	8 508 820
	787 284 415	**252 738 728**	**610 371 950**	**138 797 555**

*During April 2026, the Minister of Investment and Foreign Trade issued Decrees No. (190) and (203) of 2026 imposing an export duty on exported fertilizers at a rate of US$90 per ton, effective May 2026.

- On June 25, 2026, the Minister of Investment and Foreign Trade issued Decree No. (258) of 2026, amending the export duty imposed on nitrogenous fertilizers of all types to 10% of the export value (FOB), and repealing Decrees No. (190) and (203) of 2026.

- On July 30, 2026, the Minister of Investment and Foreign Trade issued Decree No. (340) of 2026, repealing the aforementioned Ministerial Decrees Nos. (258, 203, and 190) of 2026, effective August 1, 2026.

27- General and administrative expenses

In Egyptian pound	The six months Ended on 30/06/2026	The six months Ended on 30/06/2025	The three months Ended on 30/06/2026	The three months Ended on 30/06/2025
Administrative salaries and wages	171 116 814	145 018 424	96 460 138	74 357 930
Contribution to comprehensive health insurance	54 589 151	36 547 018	27 621 244	19 190 703
Administrative depreciation	29 467 389	26 079 943	14 173 563	13 038 941
Attendance allowances for BOD	2 357 000	1 648 000	1 402 000	975 000
Cost of pension obligations	6 203 626	686 664	2 938 551	343 331
Accounting fees	1 158 508	410 650	977 008	298 650
Other General and administrative expenses	94 435 762	79 562 558	55 016 859	47 581 988
	359 328 250	**289 953 257**	**198 589 363**	**155 786 543**

28- Other Expenses

In Egyptian pound	The six months Ended on 30/06/2026	The six months Ended on 30/06/2025	The three months Ended on 30/06/2026	The three months Ended on 30/06/2025
Donation	9 134 623	8 084 833	3 639 456	2 401 763
Capital losses	10 127	2 157 075	10 127	3 079 151
	9 144 750	**10 241 908**	**3 649 583**	**5 480 914**

29- Finance cost:

In Egyptian pound	Note N0.	The six months Ended on 30/06/2026	The six months Ended on 30/06/2025	The three months Ended on 30/06/2026	The three months Ended on 30/06/2025
Lease liability interest	(16)	3 122 936	3 781 375	1 623 706	1 845 808
Employee benefits obligation interest	(22-2)	67 646 450	41 381 908	33 823 226	20 690 954
		70 769 386	**45 163 283**	**35 446 931**	**22 536 762**

30- Finance income:

In Egyptian pound	The six months Ended on 30/06/2026	The six months Ended on 30/06/2025	The three months Ended on 30/06/2026	The three months Ended on 30/06/2025
Revenue from financial assets at amortized cost "Treasury bills"	253 019 201	--	143 818 195	**--**
Revenue from financial assets at amortized cost "Government bonds"	499 125 832	686 055 751	258 010 864	375 266 511
Change in the fair value from financial assets at Fair value through profit or loss	337 290 628	381 307 243	148 500 639	192 825 066
Other credit interest	96 258 778	166 677 286	60 204 785	74 389 258
	1 185 694 439	**1 234 040 280**	**610 534 483**	**642 480 835**

31- Expected credit losses

In Egyptian pound	Note no.	01/01/2026	Formed	Reversed	30/06/2026
Cash and cash equivalent	(14)	3 583 469	2 947 465	--	6 530 934
Financial investments at amortized cost	(7)	13 802 997	19 344 574	(3 059 758)	30 087 813
Accounts receivable	(11)	7 449 342	182 673	(115 782)	7 516 233
Related parties	(13)	663 272	116 971	(57 687)	722 556
Debtors and other debit balances	(12)	552 387	387 408	--	939 795
Other financial assets	(9)	14 609 562	12 884 514	(1 904 743)	25 589 333
		40 661 029	**35 863 605**	**(5 139 970)**	**71 386 664**

32- Income tax

In Egyptian pound	The six months Ended on 30/06/2026	The six months Ended on 30/06/2025	The three months Ended on 30/06/2026	The three months Ended on 30/06/2025
Current income tax				
Current income tax.	3 039 029 618	1 579 312 347	1 663 167 040	812 890 668
Independent tax base	50 603 840	--	28 763 639	--
Current income tax	**3 089 633 458**	**1 579 312 347**	**1 691 930 679**	**812 890 668**
Deferred income tax				
Fixed and other assets	(166 688 935)	(113 187 031)	(82 310 374)	(68 224 714)
Foreign currency exchange differences	(254 687 818)	(90 613 993)	(370 931 337)	(69 733 734)
Provision for employee benefits liability	(18 389 757)	(8 946 322)	(9 149 641)	(4 413 123)
Other Provisions	19 281	36 288 520	19 281	36 288 772
Provision for Expected credit losses	(6 913 268)	(9 808 753)	(520 761)	7 727 535
Deferred income tax	**(446 660 497)**	**(186 267 579)**	**(462 892 832)**	**(98 355 264)**
Income tax	**2 642 972 961**	**1 393 044 768**	**1 229 037 847**	**714 535 404**

Adjustments to calculate income tax effective tax rate:

	30/06/2026	30/06/2025
Profit before income tax	12 546 807 256	7 210 112 405
Income tax as per tax law "22.5%"	**2 823 031 632**	**1 622 275 291**
Non-deductible expenses	14 460 511	7 269 541
Independent tax base	50 603 840	--
Revenue exempted from tax	(245 123 023)	(236 500 064)
Income tax	**2 642 972 961**	**1 393 044 768**
Effective tax rate	**%21.06**	**%19.32**

33- Basic and diluted earnings Per Share

In Egyptian pound	The six months Ended on 30/06/2026	The six months Ended on 30/06/2025	The three months Ended on 30/06/2026	The three months Ended on 30/06/2025
Net profit for the period	9 903 834 295	5 817 067 637	4 624 208 710	3 004 064 377
Weighted average no. of shares	2 868 140 263	2 868 140 263	2 868 140 263	2 868 140 263
	3.45	**2.03**	**1.61**	**1.05**

The Ordinary General Assembly, held on April 6, 2026, approved the company's dividend distribution for the financial year ending December 31, 2025, as follows:
* Shareholders' dividends of EGP 3.94 per share. Total income: EGP 11,296,540,287.
* Employees' distribution: EGP 1,355,584,834.
* Board of Directors' remuneration: EGP 39,916,112

34- Fair Value of Financial Instruments and Related Risk Management:

- The company's financial instruments represent its financial assets and liabilities. Financial assets include cash and cash equivalents held at banks, balances due from customers, balances due from related parties, and certain other debit balances. Financial liabilities include loans and credit facilities, balances due from related parties, balances due from suppliers, and certain other credit balances.
- In carrying out its operational, investment, and financing activities, the company is exposed to a number of financial risks, including market risks (including risks related to fluctuations in foreign exchange rates, interest rates, and product prices), credit risks, and liquidity risks. Given the nature of the company's business and its reliance on exporting products and importing certain services and spare parts, it is particularly exposed to fluctuations in foreign exchange rates, as well as risks related to changes in investment interest rates and price volatility in fertilizers and petrochemical products in local and international markets.
  The company's financial risk management framework aims to identify, measure, monitor, and continuously manage these risks to minimize potential negative impacts on the company's financial and operational performance. The executive management and board of directors are responsible for developing and periodically reviewing appropriate risk management policies and procedures to ensure the company maintains financial solvency and achieves its strategic objectives.

34-1 Market risk:

A. Interest rate risk

The company's interest rate risk is primarily related to returns on fixed-income financial investments, particularly investments in treasury bills and bank deposits, as well as the impact of changes in market interest rates on the valuation of certain financial instruments measured at fair value through profit or loss.
Changes in prevailing market interest rates may affect the expected future returns on short-term investments and may also impact the fair value of some financial investments, depending on the nature and conditions of each financial instrument.
The group does not use any derivative financial instruments or hedging arrangements to manage interest rate risk This risk is managed through continuous monitoring of market interest rate trends, diversification of investments, and the selection of an appropriate mix of investment instruments in accordance with treasury management policies and the company's objectives of maintaining liquidity and maximizing returns.
Management regularly monitors and analyses interest rate risk and assesses the impact of potential changes in market interest rates on financing income and the fair value of financial investments. This is done to mitigate any potential negative effects on the company's operating results and financial position.
The following table shows the total financial investments of the group exposed to interest rate risk as of the balance sheet date:

Fixed interest rate

In Egyptian pound	**30/06/2026**	**31/12/2025**
Time deposits	3 529 424 960	2 907 302 700
Financial assets at amortized cost (non-current)	11 012 130 244	10 659 141 927
Financial assets at amortized cost (current)	3 050 043 443	1 068 110 027
	17 591 598 647	**14 634 554 654**

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:

Financial assets	Foreign currencies	Equivalent in Egyptian pound
USD	305 228 245	15 024 646 700
EURO	1 468 031	82 470 752

Financial liability	Foreign currencies	Equivalent in Egyptian pound
USD	269 537	13 267 770
EURO	4 798	269 541

Below are the major foreign exchange rates

	Closing rate		Average rate	
In Egyptian pound	**30/06/2026**	**31/12/2025**	**30/06/2026**	**30/06/2025**
USD	49.2243	47.6607	50.3082	50.4683
EURO	56.1778	56.0149	58.7518	54.3192
Sterling pound	65.2813	64.2228	67.6782	64.9157

C- Risk of change in market price :

- The company is primarily exposed to this risk through its investments in investment funds measured at fair value through profit or loss, as the fair value of these investments may be affected by changes in the prices of the assets comprising those funds.
- The company's management monitors the performance of these investments periodically by reviewing periodic reports issued by the fund managers and monitoring relevant performance indicators. Management believes that the current level of exposure to market price risk is limited, given that these investments are managed by financial institutions and investment managers with reliable professional experience, and are subject to appropriate policies, procedures, and risk management measures by these financial institutions.

34-2 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.

Foreign 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.

Financial Investments:

- The company is exposed to limited credit risks with respect to its financial investments, including investments in debt instruments and investment funds, as it deals with financial institutions and investment managers with experience and a good professional reputation, and these investments are subject to periodic review and follow-up by management.

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.

In Egyptian pound	Note no.	30/06/2026	31/12/2025
Financial assets at amortized cost	(7)	14 062 173 687	11 727 251 954
Financial assets at fair value through profit or loss	(8)	4 089 517 584	2 573 762 308
Other financial assets	(9)	1 032 753 117	1 010 115 488
Accounts receivable	(11)	1 553 702 248	1 446 674 104
debtors and other debit balances	(12)	115 185 903	179 427 797
Cash at banks and on hand	(14)	3 777 832 508	2 971 664 846
		24 631 165 047	**19 908 896 497**

34-3 Liquidity risk

Liquidity risk represented in the possibility that the company may be unable to meet its financial obligations when it due to insufficient liquidity. The company manages this risk by maintaining adequate cash and cash equivalents and continuously monitoring projected cash flows to ensure the availability of the necessary financial resources to meet its operating, investing, and financing obligations as they fall due. Management believes that the company's liquidity risk is limited, given its strong cash position, highly liquid cash and short-term financial investments, and stable operating cash flows generated from its activities.
The following is a statement of the balances that are at risk of liquidity as of the date of the financial center:

	Net book value	Expected cash flow	1 year or less	1-5 years
Suppliers Non-interest-bearing	1 206 420 781	1 206 420 781	1 206 420 781	-
Accrued expenses	6 379 218	6 379 218	6 379 218	-
Dividends to shareholders	8 429 259 242	8 429 259 242	8 429 259 242	-
Lease obligations	139 101 245	150 403 768	32 598 546	117 805 222
other	413 681 311	413 681 311	413 681 311	-
Balance at 30 June 2026	**10 194 841 797**	**10 206 144 320**	**10 088 339 098**	**117 805 222**

	Net book value	Expected cash flow	1 year or less	1-5 years
Suppliers Non-interest-bearing	571 060 350	571 060 350	571 060 350	-
Accrued expenses	87 859 370	87 859 370	87 859 370	-
Dividends to shareholders	861 940	861 940	861 940	-
Lease obligations	149 970 052	163 843 807	30 901 794	132 942 013
other	448 480 043	448 480 043	448 480 043	-
Balance at 31 December 2025	**1 258 231 755**	**1 272 105 510**	**1 139 163 497**	**132 942 013**

34-4 Capital Management

- The company's capital management aims to maintain its viability as a continuing operating entity, maximize shareholder returns, and preserve a robust capital structure that supports its operational and investment plans, while providing the necessary financial flexibility to address economic changes and market conditions.
- The group monitors its capital structure periodically by tracking key financial performance indicators, liquidity levels, and solvency, ensuring a strong financial position and the ability to meet its obligations and expand its activities when needed.
- Given the absence of substantial outstanding loans or credit facilities as of the balance sheet date, the capital risks associated with leverage are limited. The group primarily relies on equity and cash flows generated from its operations to finance its activities and investments.

	30/06/2026	31/12/2025
Total liabilities	**21 962 685 358**	**13 387 262 693**
deduct Cash and cash equivalents	(3 777 832 508)	(2 971 664 846)
Net	**18 184 852 850**	**10 415 597 847**
Total Equity	**45 018 362 004**	**47 806 568 941**
	0.4	**0.21**

34-5 Other Risks

On 28 February 2023, Regional parties entered into a military conflict in the Middle East region, which led to increased geopolitical tensions and heightened uncertainty regarding future economic conditions. Such developments were reflected in the company's activities, particularly through fluctuations in energy and commodity prices, in addition to disruptions in supply chain availability. However, since the preparation date of the financial statements, management has not been able to determine or measure the financial impact of these events in a manner that can be reasonably estimated due to the unclear timeline of the economic impact. To date, no material direct effect on the company's financial position or business results has been identified.

35- Important and subsequent events

- The company's Board of Directors, in its meeting held on March 9, 2026, resolved to finalize a financing agreement for $150 million with Qatar National Bank, in addition to other contributing entities, as part of the company's financing strategy.

36- 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 June 30, 2026. The following table shows these significant contracts:

in Million	Total contract value as at 30/06/2026	Completed contracts as at 30/06/2026	Incomplete contracts as at 30/06/2026
Contracts in Egyptian pound	3 527	1 595	1 932
Contracts in USD	11	4	7
Contracts in EURO	189	112	77

Tax Position

First: 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.

Years from 1999 to the year ending December 31, 2021: -
The Company has been inspected and the tax differences were settled, and paid.

From 2022 to 2023:
The company was notified of the audit for the years 2022 and 2023 and submitted the required documents to the Egyptian tax system. The audit results are pending.

From January 1, 2024, to December 31, 2025:
The annual return was prepared and submitted within the legal deadline, and payment was made through the Egyptian General Petroleum Corporation.

Second: Income Tax
Years from the start of operations until the year ending December 31, 2023:
Audited, assessed, and paid.
Years from January 1, 2024, to June 30, 2026:
The company has consistently withheld and remitted taxes on time. The company also complies with the provisions of Law No. 91 of 2005 and its executive regulations.

Third: Stamp tax
Years from the beginning of the activity till year ended December 31, 2022

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

Years from 1/1/2023 to 30/6/2026

- The company is paying the tax.

Fourth :Sales tax and Value added tax
Years from the beginning of the activity till year ended December 31, 2023

- The Company has been inspected and the tax was paid together with the due additional tax differences.

Years from 1/1/2024 till 30/6/2026:

- The company applies Law No. 67 of 2016 and Law No. 206 of 2020, and submits monthly value added tax returns on the due dates.

Fifth: Property tax
The company is subject to property tax starting from July 1, 2013.
- The company was notified by the Kafr Al-Batikh Property tax office request to conduct an observation inspection for the Company's industrial buildings.
- The property tax committee attended, and the observation inspection was conducted with a full explanation and description of the facilities.
- The Company pays the property tax in regular basis.
- The Prime Minister's Decision No. 61 of 2022 that charging the Ministry of Finance with the full value of the due property tax on the buildings used in industrial activities mentioned exclusively in the decision -which includes the company's activity, starting from 1/1/2022 for a period of three years, The decision has been renewed till 1/1/2027.

Tax position of the merged company:

A- Corporate tax

- The Egyptian Company for Nitrogen Products (ENPC) was established as an Egyptian joint stock company in accordance with the provisions of Law No. 8 of 1997 issuing the Investment Guarantees and Incentives Law, the company was registered in the commercial register under No. 17968 dated 5/3/2006 and its tax registration number 036/456/237 and it is charged at the tax center of major financiers.
- In accordance with the provisions of Law No. 114 of 2008 dated May 5, 2008, all licenses for investment projects in the system of private free zones in the field of fertilizer industry have been terminated, and accordingly, from this date, the company does not enjoy the provisions of special free zones.
- The company was marked with delisting from the commercial register on 13 December 2023.

Years from beginning of activity till 2023

The company was inspected and the tax was paid.

B- Payroll tax

Years from beginning of activity to 2022

The company were inspected and the tax were paid.

From 1/1/2023 to 13/12/2023 (Merger Date)

The company is regular in payment until the date of the merger and the company has not been notified of the examination form until this date

C- Sales and value added tax:

Years from beginning of activity to 31/12/2023 (Merger Date)

The company was inspected and the tax was paid.

D- Stamp tax

From beginning of activity to 13/12/2023 (Merger Date)

The company was inspected and the tax was paid.

37- Disputes

- The New Urban Communities Authority and the New Damietta Development Authority filed a lawsuit (Case No. 1486 of 2012, Civil Court of Kafr Saad) against the Egyptian Petrochemicals Holding Company and the subsidiary, demanding payment of EGP 157 million for the use of a 324,608 m² plot of land, in addition to interest and compensation, based on a rate of EGP 6/m²/month. The subsidiary disputes this rate, asserting it should be EGP 6/m²/year.

- On February 1, 2015, a memorandum of understanding was signed with the Ministry of Defense to resolve the dispute. This agreement included the handover of the land, the provision of an alternative site, and appropriate compensation for the subsidiary for the land and losses incurred.

- A judgment was issued obligating the subsidiary to pay approximately EGP 38 million. This judgment was appealed but upheld. The subsidiary then appealed to the Court of Cassation and paid the amount in January 2022. It should be noted that the appeal does not suspend the execution of the judgment, and no hearing date has been set to date..

37-1 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.

37-2 On March 26, 2007, the Egyptian Nitrogen Products Company (a subsidiary of Mobco) purchased a 150,000 m² plot of land in the Al Rehab Industrial Zone in New Damietta for a total of $4.5 million and EGP 3.75 million. The full price was paid, and the transfer procedures were completed in the company's favor, in accordance with the approvals of the Urban Communities Authority.

Despite the company commencing the development of the land for environmentally friendly industrial projects, it was surprised in August 2023 by an objection from the New Damietta Development Authority, which claimed ownership of the land.

The company presented the dispute to the Ministerial Committee for Investment Dispute Resolution, with the support of legal authorities and initial approval from the Prime Minister. After deliberations, the committee issued a decision—approved by the Cabinet on June 4, 2025—obligating the Urban Communities Authority to rescind its decision to cancel the land allocation, thus confirming Mobco's ownership rights.

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

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 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 to acquisition

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 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: -

Description	Depreciation rate
- Buildings and construction	2.56% - 25%
- Vehicles and transportation	20%
- Machines, production lines*	4% - 20%
- Tools and equipment	14.29% - 15%
- Aid factors	10% - 50%
- Furniture and movables	10% - 20%
- Central	15%
- Computers	25%-33.33%

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

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.

39-3 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.

39-4 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.

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:

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

39-5 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.

39-6 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.

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 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.

39-7 Financial Instruments

Financial Assets:

Recognition and Initial Measurement:

On initial recognition, financial assets are classified according to the business model in which those financial assets are managed and their contractual cash flows, according to one of the following categories:

(1) Debt instruments at amortized cost.

(2) Debt instruments at fair value through other comprehensive income, "with profits or losses being reclassified to the statement of profit or loss upon disposal."

(3) Equity instruments at fair value through other comprehensive income, "without reclassifying profits or losses to the statement of profit or loss upon disposal."

(4) Financial assets at fair value through profit or loss, including equity instruments and derivatives.

Debt Instruments at Amortized Cost:

A financial asset is measured at amortized cost if it meets the following two conditions, and is not measured at fair value through profit or loss:

The asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and

The contractual terms of the financial assets give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount repayable.

Debt instruments at fair value through other comprehensive income:

Debt instruments are measured at fair value through other comprehensive income (with profits or losses being reclassified to the statement of profit or loss upon disposal) only if the following two conditions are met and were not measured at fair value through profit or loss:

The asset is held within a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets, and

The contractual terms of the financial assets give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount repayable.

Debt instruments at fair value through other comprehensive income:

Upon initial recognition of an investment in shares that are not held for trading, the company may choose "irreversibly" to measure subsequent changes in fair value within the items of other comprehensive income "without reclassifying profits or losses to the statement of profit or loss upon disposal." This selection is made on an investment-by-investment basis.

Financial assets at fair value through profit or loss:

All other financial assets are classified as at fair value through profit or loss.

In addition, upon initial recognition, the company may irrevocably designate a financial asset that meets the requirements to be measured at amortized cost or at fair value through other comprehensive income, as at FVTPL, if doing so It will eliminate or significantly reduce an accounting mismatch that might otherwise arise.

Subsequent measurement:

Debt Instruments at Amortized Cost:

After initial measurement, debt instruments are measured at amortized cost using the effective interest rate method, less provision for impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Expected credit losses are recognized in the statement of profit or loss when the value of the investments is impaired.

Debt instruments at fair value through other comprehensive income:

Debt instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. Interest income and foreign exchange gains and losses are recognized in the statement of profit or loss in the same way for financial assets measured at amortized cost.

The method for calculating the expected credit losses for debt instruments at fair value through other comprehensive income. When a company has more than one investment in the same security, it is considered to have been disposed of on a first-in, first-out basis. On derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to the statement of profit or loss.

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss are recognized in the statement of financial position at fair value. Changes in fair value are recognized in the statement of profit or loss. The interest earned on assets that are obligatory to be measured at fair value is also recognized in the statement of profit or loss using the contractual interest rate, as explained in Note (3-25-1-4). Dividend income from equity instruments measured at fair value through profit or loss is recorded in the statement of profit or loss as other operating income when the right to payment is established.

Reclassification of Financial Assets:

The company does not reclassify its financial assets after initial recognition.

Disposal of the financial asset:

Derecognition from the books other than a material modification:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

A. The right to receive cash flows from the asset has expired, or
B. The Company has transferred its right to receive cash flows from the asset or assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; In addition to:

- The company has transferred substantially all the risks and rewards associated with the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards associated with the asset but has transferred control of the asset.

The Company considers control to be transferred if, and only if, the transferee has the practical ability to sell the entire asset to an unrelated third party and can exercise that ability unilaterally and without additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Company's continuing involvement, in which case the Company also recognizes an associated liability. The transferred assets and its associated liabilities are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing participation that takes the form of a guarantee over the transferred asset is measured at the lower of the original book value of the asset and the maximum amount the company could be required to pay.

Derecognition from the books because of a material modification of the terms and conditions:

The Company derecognizes the financial asset when the terms and conditions are renegotiated to the extent that the financial asset becomes, to a large extent, a new instrument, with the difference being recognized as a gain or loss because of derecognition of the asset. In the case of amortized cost debt instruments, newly recognized loans are classified as stage 1 for the purposes of measuring ECL.

In assessing whether to derecognize a financial instrument, among other things, the Company considers the following factors:

- Change in the currency of the debt instrument.
- Introducing the equity instrument functionality.
- Change to the other side.
- If the adjustment is such that the instrument no longer meets the criterion of cash flows that are only principal and interest payments on the principal amount repayable.

If the adjustment does not result in substantially different cash flows, the adjustment does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate, the company records an adjustment gain or loss.

Impairment of Financial Assets:

The Company recognizes an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. The expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at the appropriate effective interest rate.

To assess the extent of impairment in the value of financial assets, financial assets are classified at the date of the financial statements into three stages:

The first stage: financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for them for a period of 12 months.

The second stage: the financial assets that have witnessed a significant increase in credit risk since the initial recognition, and the expected credit loss is calculated for them over the life of the asset.

The third stage: the financial assets that have experienced impairment in their value, which requires calculating the expected credit losses for them over the life of the asset based on the difference between the book value of the instrument and the present value of the expected future cash flows.

The Company's investments in debt instruments consist only of treasury bills, government treasury bonds, and bonds rated in the top investment category (Very Good and Good) by international independent credit agencies and, therefore, are considered investments with low credit risk. It is the Company's policy to measure the expected credit losses on these instruments on a 12-month basis. When the credit risk of any bond deteriorates, the company sells the bonds and buys bonds that meet the required investment grade.

The Company considers a financial asset to be impaired (credit impaired) when contractual payments are past due 90 days or more. However, in some cases, the Company may also consider a financial asset to have defaulted on when internal or external information indicates that it is unlikely that the Company will receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Measurement of Expected Credit Loss for Investments in Debt Instruments:

The company calculates ECL based on scenarios for measuring the expected cash shortfall, discounted at the appropriate effective interest rate. The cash shortage is the difference between the cash flows owed to the company in **accordance** with the contract and the cash flows the business expects to receive.

When estimating ECL, the company considers three scenarios (base case, upside, and downside).

The following are the main mechanisms and elements for measuring ECL:

a) Probability of default: It is an estimate of the probability of default within a certain period. Failure is assessed only if the financial asset's balance has not been previously derecognized and is still recognized in the financial statements. The probability-to-failure model consists of a macroeconomic outlook and a segmentation of the portfolio of financial assets.

b) Loss in the event of failure: It is an estimate of the loss arising in the event of failure. It is based on the difference between the contractual cash flows due and those the lender expects to receive, including cash flows from the sale of retained security or other credit enhancements.

c) Balance at risk: An estimate of the balance at risk of failure at the future date of failure at the borrower's level, considering expected changes in the balance at risk after the end of the financial period, including interest accrued from missed payments.

The company classifies its financial assets subject to ECL calculations into one of the following categories, which are defined as follows:

(a) Stage one: 12-month expected credit loss

The financial instrument is classified as low risk upon initial recognition in the first stage and the credit risk is monitored on an ongoing basis by the company's management. The 12-month ECL is calculated as the portion of the long-term ECL that is the expected credit loss from default events on the financial instrument that is possible within 12 months after the reporting date. The Company calculates the 12-month ECL based on an expectation of default occurring in the 12 months after the reporting date. The 12-month forecasted odds of default are applied to the defaulted balance multiplied by the default loss and discounted at the appropriate effective interest rate. This calculation is made for each of the three scenarios, as described above. Interest income is computed on the total carrying amount of the financial asset (without deducting the provision for expected credit losses).

(B) The second stage: the expected credit loss over the life - with no impairment of credit value

The second stage includes financial assets that have had a significant increase in credit risk since initial recognition, but there is no objective evidence of impairment. Expected credit losses are recognized over the life of those assets, but interest income continues to be calculated on the total carrying amount of the assets. Lifetime ECL is the expected credit loss resulting from all possible defaults over the expected life of the financial instrument, according to mechanisms like those described above, including the use of multiple scenarios, but the PD and PLN valuesare estimated on the life of the financial asset. Expected losses are discounted at the appropriate effective interest rate.

At the end of each reporting period, the Company assesses whether there has been a significant increase in the credit risk of financial assets since the first recognition. The Company uses both quantitative and qualitative information to determine whether there has been a significant increase in credit risk based on the characteristics of the financial asset. Quantitative information can be a downgrade in the credit rating below the investment grade. Qualitative information is obtained by monitoring current or expected adverse changes in business, financial or economic conditions that are expected to cause a material (negative) change in the debtor's ability to meet its obligations to the company. In general, the Company will consider a default on payment for a period of more than 30 days after the due date as an automatic indicator of a significant increase in credit risk.

If a significant increase in material risk is identified, this results in the transfer of all instruments in the range held with that party from Stage 1 to Stage 2.

(C) Stage Three: Lifetime Expected Credit Loss - Credit Impairment:

The third stage includes financial assets for which there is objective evidence of impairment at the date of the financial statements; For these assets, lifetime expected credit losses are recognized. Interest income is recognized on an amortized cost basis discounted by the expected credit losses from impairment. For debt instruments considered credit-impaired, the Company recognizes lifetime ECLs for such instruments, according to mechanisms like those described above, with the probability of default set at 100%.

The company identifies financial assets for which there is objective evidence of impairment under Egyptian Accounting Standard No. (47) by applying the definition of default used for credit risk management purposes. The company defines default as: any counterparty is unable to meet its obligations (regardless of the amount involved or the number of days due), or when the counterparties have more than 90 days of arrears.

When applying this definition, the following information may serve as evidence that a financial asset is credit-impaired:

* a breach of contract such as failure or late payment.

* It is probable that the borrower will enter bankruptcy or other financial reorganization; or

. * The borrower is facing great financial difficulty due to the disappearance of an active market.

Change between stages (first, second, third):

(a) Change from the second stage to the first stage:
The financial asset is not transferred from the second stage to the first stage until after all the quantitative and qualitative elements of the first stage are met and the full arrears of the financial asset and the returns are paid.

(B) Change from the third stage to the second stage:
The financial asset may not be transferred from the third stage to the second stage until all the following conditions are met:

- Completion of all quantitative and qualitative elements of the second stage.
- Paying 20%of the outstanding balances of the financial asset, including the accrued interest set aside/marginalized.
- Regular payment for at least 12 months.
-

Measuring Expected Credit Loss:

The company has four types of financial assets that are subject to the ECL model:

1. Return receipts resulting from sales contracts with customers.

2. Interests in delaying the payment of the returned receipts.

3. The company's investments in debt instruments are measured according to the amortized cost method.

4. The company's investments in debt instruments are measured at fair value through other comprehensive income.

While cash and cash equivalents are also subject to impairment requirements for financial assets in accordance with Egyptian Accounting Standard No. (47) Financial Instruments, the measured impairment losses were not significant.

- Expected credit losses on financial assets as of June 30, 2026, were measured using an accounting firm, as follows:

• Simplified Approach: This approach was applied to customer balances by grouping them with similar risk characteristics and determining loss rates based on historical data, taking into account future expectations for macroeconomic indicators (such as growth rate, inflation rate, and unemployment rate). Expected credit losses were calculated using the formula:

Loss Rate × Balance at Risk × Probability of Default.

• Comprehensive Approach: This approach was applied to the company's investments in debt instruments at amortized cost, bank balances and deposits, and other financial assets, using external credit ratings in accordance with the Central Bank's guidelines for credit risk management. Future information was also considered to assess

the occurrence of a substantial increase in credit risk, based on multiple economic scenarios (baseline, optimistic, and pessimistic) according to macroeconomic indicators.

• The loss rate for government debt instruments and one-month or shorter term deposits in Egyptian pounds was set at zero, in accordance with the Prime Minister's directives on this matter. • For measurement, the credit rating of the Arab Republic of Egypt was used, assuming a loss-at-default rate of 45%.

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 liabilities:

Financial liabilities are classified as either "at fair value through profit or loss" financial liabilities or other financial liabilities.

Other financial liabilities:

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 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.

39-8 Lease contracts

- 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
  - 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.

39-9 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.

39-10 Inventories

- Inventories are stated at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost to completion and selling expenses. The cost of inventory is determined as follows: -
- Raw materials, supplies, fuel, oil and spare parts are valued at actual cost on 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.

39-11 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.

39-12 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.

39-13 Employee benefits

1-Employee benefits:

A-Short term Employee benefits:

- Wages and salaries Liabilities, including leave and allowances, expected to be paid in full within the twelve months following the end of the period during which employees provide the relevant service are recognized under employee services until the end of the disclosed financial period.
- They are measured on the basis of the amounts expected to be paid when the liability is settled, and the liabilities appear as current employee bonus liabilities in the statement of financial position.

B-Long term employee benefits:

-- Long-term employee benefits obligations are measured by the present value of the expected future payments that will be paid for the services provided by employees until the end of the disclosed financial period using the expected unit credit method and are recorded as a non-current liability and take into account the expected future increase in salaries and previous rates of workforce reduction and periods of service. Future payments are discounted using market returns at the end of the disclosed financial period on high-quality corporate bonds and government bonds with terms and currencies that match as closely as possible the estimated future cash outflows.

- The re-measurement is recognized resulting from the actuarial assumptions in the statement of other comprehensive income.

-Liabilities are presented as current liabilities in the statement of financial position unless the company has an unconditional right to postpone payment for a period of at least 12 months after the disclosed financial period, regardless of the date of actual payment.

B-1 Health care after retirement (Defined Benefit Plan):

- The company provides post-retirement health care benefits to eligible retirees and their dependents throughout their lives and accrues the expected costs of these benefits over the period of employment using a similar accounting method as that used in defined benefit programs.
- Remeasurement gains and losses resulting from adjustments and changes based on actuarial assumptions are charged to the statement of other comprehensive income in the period in which they arise, and the obligations are evaluated annually by an actuarial expert.

-Accounting for these programs requires the Company to make certain assumptions regarding discount rates used to measure future liabilities and expenses, inflation rates, trend rates for health care costs and mortality, and other assumptions, and these assumptions are subject to change significantly.

Actuarial valuations, market conditions, and changes in contracted benefits. The testing of assumptions is based on past trends and future estimates based on economic and market conditions at the valuation date. However, actual results may differ materially from the estimates based on the significant assumptions used.

B-2 End of service benefits upon retirement on a pension:

-The actuarial evaluation process takes into account the provisions of the work system and company policy.
-The net liability recognized in the stated statement of financial position for the post-employment defined benefit program represents the present value of the expected defined benefit obligation less the fair value of the program assets (if any) at the date of the financial statements.
-Defined benefit obligations are remeasured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using interest rates for high-quality corporate bonds that are denominated in the currency in which the benefits are paid and that have maturity periods similar to the duration of the relevant obligations.
-In countries where there are no markets for such types of bonds, market rates for government bonds are used.
-The net interest cost is calculated by applying discount rates to the net balance of the defined benefit obligation and the fair value of the program assets, if any.
-Current service costs are calculated using the actuarially determined pension cost rate at the end of the previous year adjusted to account for significant market fluctuations and any significant non-recurring events such as plan modifications, curtailments and adjustments.
-In the absence of these significant market fluctuations and one-time events, the actuarial obligations are extended based on the assumptions at the beginning of the year.
-If there are material changes to the assumptions or arrangements during the initial period, consideration should be given to remeasuring those obligations and related costs.
-Remeasurement gains or losses arising from changes in actuarial assumptions in the period during which they occur are included in the statement of other comprehensive income.
-Changes in the present value of the defined benefit obligation resulting from program modifications or workforce reductions are recognized directly in the profit or loss statement as past service costs.
-When the benefits program is modified, the portion of benefits related to employees' prior service is recognized as an expense or revenue.
-Current and past service costs related to post-service benefits are immediately recognized in the income statement with the reversal of the liability according to the discount rates used and include transfer costs and any changes in the net liability that are directed to the actuarial evaluation process, and changes in assumptions are considered as remeasurements in other comprehensive income items.

B-3 Employee retirement pension liabilities

The company pays its contributions to the systems of the General Authority for Social Insurance on a mandatory basis in accordance with Social Insurance Law No. 79 of 1975 and its amendments, and the company does not have any other obligations once it pays its obligations. Regular contributions are recognized as a periodic cost in the year they are due and are included in the labor cost in the statement of profit or loss.

Expenses resulting from the specified subscription system are charged to the statement of profit or loss according to the accrual basis.

39-14 Employees profit share:

The Company pays a minimum of 10% of its cash dividends as profit sharing to its employees provided that it will not exceed total employees' annual salaries. Any amount exceeding the total salaries is invested in funds for the benefit of the employees.

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.

39-15 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.

39-16 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 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.

39-17 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.

39-18 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 year.

39-19 Statement of Cash Flows

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