



**Minutes of the Ordinary General Assembly Meeting**  
**Egyptian Financial and Industrial Company**  
**held on 30/3/2024**

On 6/3/2024, Mr. Eng. Abdel Aal Tolba Al-Banna, Chairman of the Board of Directors of the Financial Company, directed  
And the Egyptian industrial and the President of the General Assembly Call for the ordinary general assembly meeting in the Great Meeting Hall at the headquarters of the Egyptian Association for Cooperative Studies located (Ismail Serry Street - Kasr Al-Aini - in front of the Medical Syndicate and the French Cultural Center) - Cairo at twelve o'clock in the afternoon on Saturday, the thirtieth of March 2024, headed by the Chairman of the General Assembly of the shareholders, the General Authority for Investment, the Financial Supervisory Authority, the auditors of the Central Auditing Organization and the auditor of the Office of the gentlemen (More Egypt) Chartered Accountants and Consultants.

The shareholders of the company were notified by notice of publication in the newspapers (Al-Alam Al-Youm and Al-Wafd)

- First notification of the newspapers of the world today and the delegation on 7 and 8 March 2024

- A second notification to Al-Alam Al-Youm and Al-Wafd newspapers on March 14 and 15, 2024

In order to consider the following agenda: -

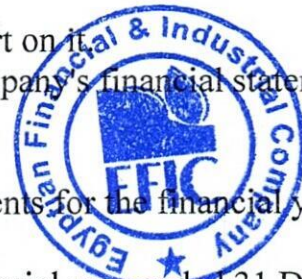
1) Approval of the Board of Directors' report on the company's activities for the financial year ended 31/12/2023

And the governance report and the auditor's report on it

2) Taking note of the auditors' reports on the company's financial statements for the ended financial year on December 31, 2023.

3) Ratification of the company's financial statements for the financial year ended 31 December 2023.

4) Approval of the dividend proposal for the financial year ended 31 December 2023 .





- 5) Increasing the issued and paid up capital from reserves and amending Articles (6 and 7) of the company's articles of association.
- 6) Discharge of the Chairman and members of the Board of Directors for the ended financial year on December 31, 2023.
- 7) Approving the donations made during the financial year ending on 31/12/2023 and authorizing the Board of Directors to donate during the financial year 2024 in excess of one thousand pounds and within the limits prescribed in accordance with the laws in force.
- 8) Ratification of netting contracts concluded during 2023 and authorizing the executive management to renew and conclude new netting contracts.
- 9) Determining the salary and allowances for attendance and transfers of the Chairman and members of the Board of Directors .
- 10) Appointing the company's auditor and determining his fees for the financial year 2024.

At the specified place and time, the Ordinary General Assembly met under the chairmanship of Mr.

Eng. Abdel Aal Tolba Al-Banna, Chairman of the Board of Directors of the Egyptian Financial and Industrial Company, and the shareholders registered in the ordinary general assembly meeting, then the President of the Assembly reviewed based on what was received from the auditors of the Central Auditing Organization and the external auditor at the office of Messrs. (More Egypt) and the collectors of votes that the number of shares of the shareholders present at the meeting amounted to 61.27% .

- The meeting was attended by the Chairman and members of the Board of Directors As following :-

Eng. / Abdel Aal Tolba Metwally Al-Banna Chairman of the Board of Directors and represented in his capacity .

Chemist / Abdul Azim Mohammed Al-Abbasi Managing Director and an experienced representative .

Eng / Hossam Mohamed Abdel Aziz Member of the Board of Directors and representative of the Metal Industries Company

Ms / Naglaa El-Sayed Ali Dagher Member of the Board of Directors and representative of the Metal Industries Company





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Mr. Nafie Fahmy Abdel Meguid Member of the Board of Directors and representative of Med Vert Egypt Investment Company .  
Mr. Ahmed Nafie Fahmy Abdel Meguid Member of the Board of Directors and representative of Med Vert Egypt Investment Company .  
Mr. Mohamed Ali Sayed Gaafar Member of the Board of Directors and representative of Med Vert Egypt Investment Company .  
Ms. Maisa Mahmoud Shmeis Member of the Board of Directors and representative of the National Organization for Social Insurance .  
Mr. Essam Abdulwahab Abdo Member of the Board of Directors and representative of the Saudi Industrial Investment Company .  
Dr. Engineer / Zainab Mohamed Hafez Member of the Board of Directors and an experienced representative .

**Counselor / Saeed Ramadan Arafa was absent from the audience for reasons related to his sovereignty .**

The meeting was also attended by:

Accountant / Adel Ali Shaarawy

First Undersecretary of the Ministry - Deputy Director of the Department - Control of the accounts of the chemical industries (Central Auditing Organization) .

Accountant / Hisham Yousef Al-Arnaoudi

Undersecretary - First Deputy Director of Administration - Control of Chemical Industries Accounts (Central Auditing Organization) .

Accounting / Mona Mohamed Fouad Hegazy General Manager - Deputy Director of Administration - Auditor

Chemical Industries (Central Auditing Organization) .

Accountant / Ahmed Mohamed Amin Ghazi Auditor - More Egypt Office  
( Chartered Accountants & Consultants ) .



The accountant / Mohammed Abbas Abu Hatab was chosen as Secretary General Assembly

Accountant / Sami Abu al-Khair Ghoneim Collector of Voices was also chosen.

Accountant / Mohamed Abdel Halim Al-Arabawi Voice Collector

This nomination was unanimously approved by the General Assembly.



The President of the Assembly opened the meeting by congratulating the month of Ramadan and God willing, our beloved Egypt, the army, the people and the president will return well, and we wish the leading financial company in the phosphate fertilizer industry in the Middle East all progress and prosperity. In this regard, we do not forget to thank the chemist / managing director and the gentlemen of the employees for the extraordinary effort that led to an extraordinary boom within the company and on my own behalf and on behalf of the members of the Board of Directors record this thanks, and reassure the shareholders on the status of the company in Kafr El-Zayyat and Assiut for an unusual boom in the acid factory, which has been operating since 1964 and has been very developed Where the unit was producing 150 tons / day to be developed and modernized unit to produce 200 tons / day, moreover reducing emissions where the single absorption system was changed to the binary system, or for fertilizer, new mills and new machines and new advanced technology were entered and a very large boom occurred on production and the company became in Kafr al-Zayyat in a better place and the same thing in Assiut factories where the unit (Kimi Bao) was rehabilitated and modernized and its production was 300 tons / day and Discontinued since 2008 .

There has been a development and modification from the Single system to the Double system to keep pace with the current environmental laws, and also there will be a great diversity of products after what was sulfuric acid and superphosphate fertilizer only there will be a variety of other products such as (potassium sulfate, magnesium sulfate and zinc sulfate), and I also thank the engineer / managing director and all the general and members of the Board of Directors for their cooperation to raise the status of this company .

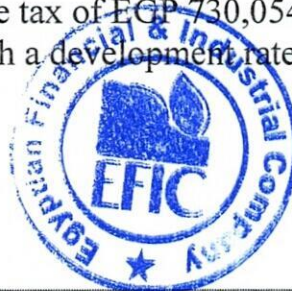
Then the engineer / president of the association started on the agenda:

First item: Ratification of the Board of Directors' report on the company's activities for the financial year ended 31/12/2023

And the governance report and the auditor's report on it .

#### Board of Directors' Report on the Company's Activities & Business Results for the Year Ended 31/12/2023

The Board of Directors of the Financial and Industrial Company has the honor to submit its report to the General Assembly for the fiscal year ended on 31/12/2023, which resulted in a net profit before tax of EGP 730,054 million compared to EGP 620,895 million on 31/12/2022 with a development rate of 118% .





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First: Productive Activity

The company achieved a production at the sale price during the fiscal year 2023 of EGP 2434.824 million compared to EGP 1695.521 million for the year 2022, with a development rate of 144% .

**Production quantities (ton)**

Statement	2023	2022	2021	2020	2019	2018
Commercial sulfuric acid	276 501	236 312	231543	213210	253030	194345
Powder superphosphate fertilizer	431028	344895	339753	390489	444783	434737
Granular superphosphate fertilizer	299902	267749	227444	100104	196666	153999
Total Fertilizer	730930	612644	567197	409593	641449	588736

**1) Production at sale price**

( one thousand pounds )

Statement	2023	2022	2021	2020	2019	2018
Production value at sale price	2434824	1695521	1054630	696725	1035684	910788





2) Inventory

( one thousand pounds )

Statement	2023	2022	2021	2020	2019	2018
Full production	264577	162723	115375	138717	132664	62281
Raw material	216203	108024	80712	30744	47786	56477
Parts	181445	126150	64922	49321	45047	45185
Fuel & Oils	5347	4561	5061	4962	4464	2688
Packaging Materials	13178	36596	12001	12809	15219	18954
Others	168241	71630	8263	757	2663	3520
Total	848991	509684	286334	237310	247843	189105

Second: Marketing Activity

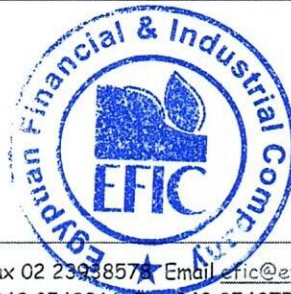
The company achieved sales of EGP 2347.174 million in 2023 compared to EGP 1795.522

year 2022 with a development rate of 131% .

1- Sales 2023

( Quantity in tons Value in thousand pounds )

Statement	Local sales		Exports		Total	
	Quantity	Value	Quantity	Value	Quantity	Value
Commercial sulfuric acid	23154	69683	1095	4936	24249	74619
Powder superphosphate fertilizer	412047	972511	=	=	412047	972511
Granular superphosphate fertilizer	73620	245455	189221	1023292	262840	1268747
Superphosphate Fertilizer operation	30678	30107	-	-	30678	30107
Others Products		1190				1190
Total		1318946		1028228		2347174





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**2) Sales (2018:2023)**

one thousand pounds

Statement	2023	2022	2021	2020	2019	2018
Local sales	1318946	917526	668359	625680	625939	685867
Exports	1028228	877996	498841	40667	258585	204179
Total sales	2347174	1795522	1167200	666347	884524	890046

**Third: Wages**

The value of wages disbursed during 2023 amounted to about 250.142 million pounds compared to 219.043 for the year 2022 as shown as follows:

Statement	2023	2022	2021	2020	2019	2018
Number of Employees	1524	1454	1425	1427	1482	1531
Cash wages and benefits in kind	228206	181923	130017	109410	112606	108489
Dividends Distributed	34436	26388	18628	16246	17065	18794
Social Insurance	21936	15732	12633	12338	14345	13681
Total	284578	224043	161278	137994	144016	140946
Worker productivity in thousand pounds	1598	1166	740	488	708	595
Average wage of a worker EGP / month	13678	12840	9431	8059	8209	7672

**Fourth: Replacement and Renewal Projects**

The company's management was keen to carry out replacement and renewal operations on a regular basis to maintain





On the production capacities of factories and product improvement to support the company's position, whether in the local market

Or international, for example:

A contract has been signed to rehabilitate phosphate mills in factories (Kafr al-Zayyat - Assiut) and this will be completed by the beginning of 2024 0

- The rehabilitation of the acid production unit No. (1) in Kafr al-Zayyat factories was completed in the third quarter of 2023

- All installation works for the soft and granular production units in the company's complex in Ain Sokhna were completed in the second quarter of 2023

### **Fifth: New Investments**

Rehabilitation of gas washing towers in factories (Kafr El-Zayat - Assiut) .

- Completion of the supplies of the Chinese acid production unit (Kimei Bao) and the work of its installations in the company's factories in Assiut .

- A project was contracted for two units of magnesium sulfate and zinc sulfate with a production capacity of 80 thousand tons per year in the company's factories in Assiut .

A contract was signed to supply the tasks of a factory for the production of potassium sulfate with a production capacity of 40 thousand tons per year in the company's complex in Ain Sokhna .

- Introducing a complete machine for the production of superphosphate fertilizer in the company's factories in Kafr al-Zayyat .

### **Sixth: Corporate Social Responsibility**

The Egyptian Financial and Industrial Company pays great attention to the surrounding environment, believing that a clean environment has an economic and social return on workers and the surrounding environment, so the evaluation of companies no longer depends on their profitability only, and these companies no longer depend on their reputation on their financial positions only, as modern concepts have emerged that help create a capable work environment.

In line with the rapid developments in the economic, technological and administrative aspects around the world, one of the most prominent of these concepts was the company's social responsibility, and the company's role towards social responsibility ensures to some extent the support of all members of society for its goals and development mission, and in general, the company's social responsibility is based on three criteria:





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Respect and responsibility in the sense of respect for the company for the internal environment (workers) by providing all workers in factories with means of occupational safety and health from industrial security tools and clothes with the provision of a sports and social club in each factory .

Protecting the environment and supporting the community and supporting it in terms of obligations that the industrial drainage has been transferred from the Nile to the Janaj Industrial Bank to preserve the environment inside and outside the factories and provide material and health support to the surrounding environment and care for destitute families.

The company also worked on the compatibility of the product provided by the company to the community with the environment or in terms of the initiative to provide what serves the environment and improves the environmental conditions in the community and address various environmental problems.





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**Seventh: Financial Analysis**

one thousand pounds

Statement	2023	2022	2021	2020	2019	2018
Net Sales	2347174	1795522	1167200	666347	884524	890046
Cost of sales	(1441194)	(1080211)	(715598)	(377179)	(538238)	(669760)
Net profit before tax	730054	620895	269888	102065	175400	132741
Percentage of increase or decrease in sales	31%	54%	75%	(25%)	(1%)	25%
Cost of sales / Net Sales	61%	60%	61%	57%	61%	64%
Total Profit /Net sales	39%	40%	39%	43%	39%	36%
Owners equity	1807977	1627916	1323413	1147404	1148480	1018572
profit before tax/ Sales	31%	35%	23%	15%	20%	15%
Net profit After tax	588241	489948	208720	71991	143824	105830
Total Assets	3289596	2512470	1697461	1493785	1563922	1423182
Net profit after tax/ Sales	25%	27%	18%	11%	16%	12%
Return on assets	18%	20%	12%	5%	9%	7%
Return on Equity	33%	30%	16%	6%	13%	10%
Percentage increase in equity	11%	23%	15%	0%	13%	3%





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**Debt Ratio**

one thousand pounds

Statement	2023	2022	2021	2020	2019	2018
Total Liabilities	1481619	884553	376248	346381	415443	404611
Total Liabilities/ Total Assets	45%	35%	22%	23%	27%	28%
Total Liabilities/ Owners equity	82%	54%	28%	30%	36%	40%

**Eighth: Proposed Dividend Distribution**

Statement	Value
Legal reserve	29412
Statutory reserve	58824
Sports activity	5883
Share of shareholders	509367
Board of Directors Share	21500
Personnel quota	34436
Overload carried	140714



At the conclusion of this report

The Chairman of the Board of Directors of the company extends his sincere thanks and appreciation to the members of the Board of Directors

And Mr. Chemist V Abdul Azim Mohammed Al-Abbasi Executive Managing Director and employees for their sincere cooperation in order to achieve the company's goals and advancement in order to continue to serve the national economy .

The Board of Directors also thanks the auditors (Central Auditing Organization - More Egypt Office) and all parties that cooperate with the company and customers, suppliers and shareholders of the company .

In this regard, the Board of Directors can only extend to them sincere greetings and appreciation for their good efforts, praying to God Almighty that the company achieves all its aspirations, successes and advancement and crowns its efforts with success and progress.



Then the President of the General Assembly reviewed the second item of the agenda as follows:

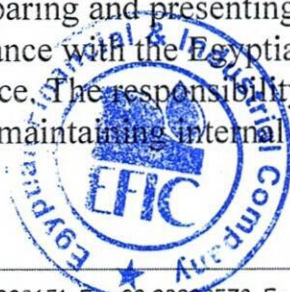
1- Taking note of the auditor's report (Central Auditing Organization) on the company's financial statements for the fiscal year ended 31 December 2023 . He gave the floor to Mr. Accountant / Adel Ali Shaarawy, First Undersecretary of the Ministry (Central Auditing Organization) to present their report, he mentioned at the beginning every year and you are fine and I thank the company's management for its efforts and increase profits by 98 million pounds, with a development rate of 20% over the previous year. We would like to note that we delivered a memorandum to the company on 25/3/2024 regarding the fifth item on the agenda, which is the increase in the issued and paid up capital, the amendment of Articles (6 and 7) in the company's articles of association, and the legality of presenting it to the ordinary assembly of the company, provided that the report is included in full in the minutes of the session, then he referred the floor to Mrs. Accountant / Mona Mohamed Fouad Hegazy, General Manager, who played her role .

**It reviewed the above-mentioned report as follows:-**

To the shareholders of the Egyptian Financial and Industrial Company (Egyptian Joint Stock Company) Report on the standalone financial statements:

We have audited the attached independent financial statements of the Egyptian Financial and Industrial Company (S.A.E) subject to the provisions of Law No. 159 of 1981 promulgating the Law of Joint Stock Companies, Limited Partnership Companies and Limited Liability Companies and its Executive Bylaws and their amendments, represented in the independent statement of financial position as of December 31, 2023, with total assets of about EGP 3.290 billion. The standalone statement of income with net profit after tax of EGP 588.241 million and the standalone statement of comprehensive income, as well as the standalone cash flow statements and change in independent equity for the fiscal year ended on that date, and a summary of significant accounting policies and other supplementary notes. The responsibility of the company's management for the financial statements:

These financial statements are the responsibility of the company's management, as the management is responsible for preparing and presenting the financial statements fairly and clearly in accordance with the Egyptian accounting standards and in light of the Egyptian laws in force. The responsibility of management includes designing, implementing and maintaining internal control related to the





preparation and presentation of financial statements in a fair and clear manner free from any significant and influential distortions, whether resulting from fraud or error, and this responsibility also includes the selection and application of appropriate accounting policies and the work of accounting estimates appropriate to the circumstances.

**Auditor's Responsibility:**

Our responsibility to express an opinion on these financial statements is limited in light of our review of them, and except as described in the paragraphs of the basis of the qualified opinion below, our audit has been conducted in accordance with the Egyptian auditing standards and in light of the Egyptian laws in force. These standards require audit planning and performance to obtain proper assurance that the financial statements are free from any significant and significant misstatement. Audit work includes performing procedures to obtain audit evidence regarding values and disclosures in the financial statements.

The procedures chosen depend on the professional judgment of the controller, including assessing the risks of significant and influential misrepresentation in the financial statements, whether resulting from fraud or error, and when assessing these risks, the controller takes into account the internal control related to the entity's preparation of the financial statements and the fair and clear presentation of them in order to design appropriate audit procedures.

For the circumstances, the audit process also includes assessing the appropriateness of accounting policies and significant accounting estimates prepared by management as well as the soundness of the presentation in which the financial statements were presented.

In our opinion, the audit evidence obtained by us is adequate, appropriate and an appropriate basis for expressing our opinion on the financial statements

**Basis for making a qualified conclusion**

**Note No. (1)**

The company has not completed the issuance of the operating license and industrial register for the financial complex in Ain Sokhna to date, although the company rented it as of April 1, 2023.

The necessary procedures for obtaining the operating license and the industrial register for the company's complex in Ain Sokhna must be quickly completed, as this has a direct impact on its revenue, other than being subjected to fines





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**Company response:**

We went to the Suez Canal Economic Authority, which stated the need to adopt the certificate of validity of the works for the buildings so that we can obtain an operating license.

On 30/7/2023, a request was submitted to Major General A.H./ Vice President of the Suez Canal Economic Authority to approve the certificate of validity, attaching the required documents, and paying the prescribed fee 0

On 18//10/2023, the inspection was carried out by the Authority.

On 30/10/2023, the certificate was approved and received, and it will be submitted to the Suez Canal Economic Authority, and the civil protection report was made by the consultant.

On 06/03/2024, the technical file and the occupational safety and health file of the Economic Authority were reviewed.

On 11/03/2024, the rest of the forms were completed and submitted to the authority to obtain the operating license and industrial register

**Note No. (2)**

- It was found that there are differences between the areas of land in the asset register and between the areas registered in the real estate registry, and we were unable to confirm the existence of infringements on the company's lands or not, and this is evident from the following:

A difference in the area of the company's land on which the Assiut factory is located by about 1 acre, 18 carats and 13 shares between the area in the asset register and conforming to the decision of the Chairman of the Executive Council No. 583 of 1963 and between the minutes of filing No. 1366 of 1980 in the interest of real estate registration and documentation to register the ownership of part of the land area.

The absence of dividing borders that limit the area of the land of the railway link in Assiut with the neighbor, as it was found that Assiut Governorate established a bridge on one side of the land.

· It was found that there is a difference between the area of the company's land in the Kafr El-Zayat factory, which according to the fixed assets register is about 192 thousand meters, and between what is mentioned in the inclusions certificate with an area of about 18 thousand meters.

cadastral survey of the company's lands must be carried out with conformity on the records and provide us with a statement approved by the real estate registry of the owned lands registered in the name of the company.





**Company response:**

The necessary procedures are being taken at the real estate registry and the work of cadastral survey of the company's lands and matching the records

**Note No. (3)**

The company leases some of the lands it owns in its factories in Kafr El-Zayat and Assiut, and the company did not apply the requirements of the Egyptian Accounting Standard No. (34) Real Estate Investment. The above standard must be adhered to and the necessary correction must be made.

**Company response:**

This will be taken into account when preparing the company's financial statements in the next financial position.

**Note No. (4)**

The inventory was inventoried on 31/12/2023 by the company and under its responsibility, and you may notice:

· The existence of inventory differences in the spare parts store at Assiut factory by increasing and decreasing by about EGP 1.7 mn (decrease).

Research, study and investigation shall be carried out in the light of the report of the committee formed to study the inventory differences with the necessary corrections and benefit.

**Company response:**

On 21/02/2024, a committee was formed to research and study the inventory differences in the spare parts store in Assiut factories on 31/12/2023, and the committee concluded to:

- There are errors in the assembly of the item card in the stores, so the assembly was corrected.

The presence of a group of items that were not included in the actual inventory of the printing machine malfunction, so they were printed and included in the actual inventory and matched to the book balance.

- In full, there are no inventory differences and the actual inventory balance is identical to the book balance on 31/12/2023 (Committee report attached).

**Note No. (5)**

The stock of total production of about 264,447 million pounds was evaluated at the industrial cost and the following may be noted:

The cost of the production service centers, which amounted to about EGP 122 million, was distributed to the production centers in fixed proportions without distributing them according to the extent of their actual benefit, and related to the lack of production cost centers





Independent for each production line separately.

2. The cost of granulated fertilizer in Assiut has not been charged with its share of the cost centers of production services according to the actual benefit of those centers, as these centers are distributed to the cost of acid and fine fertilizer only. Our observation still exists regarding the incurrence of production costs by an increase of about EGP 28.7 million in the value of unused energy costs in the sulfuric acid and fertilizer plants in the company's branches in Kafr El-Zayat and Assiut, in violation of paragraph (13) of the Egyptian Accounting Standard No. (2) Inventory, which led to the inflation of the cost of full production and the appearance of the value of the full production stock as of December 31, 2023 is not true

Sound bases shall be laid for the distribution of expenses to cost centers, taking into account the provisions of paragraph (13) of Egyptian Accounting Standard No. (2) in order to tighten control and make the necessary correction in light of the above.

**Company response:**

As for me, the cost of the production service centers, amounting to December 31, 2023, was distributed about 122 million pounds to the production centers in fixed proportions without distributing them according to the extent of their actual benefit, and related to the lack of independent production cost centers for each production line separately:

Study and implementation are underway according to the results of the study

- For me, the cost of granulated fertilizer in Assiut has not been charged with its share of the cost centers of production services according to the actual benefit of those centers, as these centers are distributed to the cost of acid and soft fertilizer only:

The costs of production centers are charged to the costs of fine manure and all costs of fine manure are transferred to granulated manure

Therefore, the costs of the production centers are not charged to the cost of granulated fertilizer so as not to duplicate the cost on the granulated fertilizer, as there is a separate cost of its own due to the presence of a specialized team for granulated fertilizer and other sections of the production service centers are not used.

for the burden of production costs by increasing by about 28.7 million pounds, the value of unused energy costs in sulfuric acid and fertilizer plants in the company's branches in Kafr El-Zayat and Assiut, in violation of paragraph (13) of Egyptian Accounting Standard No. (2) Inventory, which led to the inflation of the cost of







complete production and the appearance of the value of the complete production stock on December 31, 2023 is not true:

The exploitation of the available production capacity is related to the life of the machines and equipment that have been used for decades, and according to a technical report approved by the Center for Studies and Consultations, Faculty of Engineering, Assiut University, dated 08/11/2020 on the production capacities of the Kafr El-Zayat and Assiut factories, it turns out that production is within the limits of available capacities due to the long experience of workers

Production is still within the available capacities – and the company's production is seasonal not for storage and according to market requirements so that the company does not bear unjustified financing burdens.

Note that the application of the ERP system is being completed, as a result of which the above is fulfilled.

**Note No. (6)**

- The company reduced about 13,174 thousand tons of fine manure production concentration of 16% (Assiut factory) moisture levels by mistake and its health The effect of producing granulated fertilizer.

It is necessary to correct because of the direct impact on the cost of producing a ton of fine and granular fertilizer.

**Company response:**

The company reduces the moisture levels of fine manure that is used to produce granulated manure, because the moisture of fine manure used to produce granulated fertilizer is 7-8% and the moisture of the resulting granulated fertilizer is 2.5% 0

The production process requires the use of 1.060 tons of fine fertilizer to produce 1 ton of granular fertilizer.

The actual production is fine manure, while granulation is a process of converting from soft image to granulator, not an industrial process, but rather a process of changing the shape of the product only.

Coursing:-

Moisture levels from granulated manure and not fine manure must be reduced, as the granulation process is a separate process and soft manure is one of the inputs of that stage and loss occurs as a result of the granulation process.

**Note No. (7)**

The stock of spare parts included stagnant items costing about EGP 1.6 mn, which was taken into account the decay of about EGP 1 million.

The decay and the speed of economic disposition of it must be re-examined for the benefit of the company.



**Company response:**

The company will benefit from the spare parts referred to in the note to save the company the cost of purchasing new spare parts at a higher cost than the cost of the mentioned spare parts.

**Note No. (8)**

- The company's failure to study the expected credit losses on some of its financial assets on 31/12/2023 in violation of Egyptian Accounting Standard No. (47) Financial Instruments and its impact on the financial statements.

Egyptian Accounting Standard No. (47) Financial Instruments must be adhered to and the necessary correction made.

**Company response:**

Work is underway to study the provision for losses against credit losses for the rest of the financial assets.

**Note No. (9)**

- Our observation still exists regarding the company's deduction of 1.5 million pounds value-added tax on inputs by december 2020 for the amount of 21 thousand tons of fine fertilizer 12% sold to the Suez Company for the manufacture of fertilizers as an export process through another party in the absence of a true copy of the form 13 indicating that it is not permissible to use it for tax refund by the Suez Company for the manufacture of fertilizers and approved by its mission, as the concessions are on the form (13) For those quantities in the name of the Suez Company for the manufacture of fertilizers, which must be with: -

· Refund of Drupak fees for re-exported goods with these declarations with the Suez Fertilizer Manufacturing Company charging VAT according to the table price as it is local sales other than the invalidity of deducting EGP 1.5 million value-added tax on inputs.

The company's loss of price differences between local and export (if any) as well as the possibility of the company's exposure to fines and additional tax for violating the requirements of Law 67 of 2016 and its executive regulations and amendments.

Related to this, the company, as well as some fertilizer and acid customers, export themselves with a final export system and not a dropback system, which leads to the company not recovering the Drupak fees for those shipments, which amounted to about 9,534 thousand tons of fertilizer and about 2,326 thousand tons of acid during the years 2021 and 2022.

And the period (January - December) 2023, as well as the fact that some customers export in their name and do not waive Form (13) in favor of the company in accordance with the fatwa issued by the Tax Authority regarding export through





another party, which exposes the company to bear value-added tax on those sales by about 3,137 million pounds and the related additional tax, as well as the price differences between local and export (if any).

The matter must be achieved and the Suez Company must be charged with these amounts and refer to these customers with the value of the non-refundable Drupak and the speed of obtaining forms (13) assigned in favor of the company in order to preserve its funds and make the necessary correction.

**Company response:**

- The export of 21 thousand tons of fine fertilizer 12% sold to the Suez Company for the manufacture of fertilizers was through the Suez Company for the manufacture of fertilizers.

- Suez Company has waived the quantities sold according to the following:

1 - Waiver of the amount of 15,000 tons of fine fertilizer 12% subject of Form 13 No. 11261 dated 06/08/2020 attached his photo.

2- Waiver of the amount of 6120 tons of fine fertilizer 12% subject of Form 13 No. 12479 dated 31/08/2020 attached his photo.

It is not permissible to refund the drawback fees for this letter, as the export forms are in the name of the Suez Company and not the financial company.

- Fertilizer is exported in the name of the Egyptian Financial and Industrial Company starting from 2023, and accordingly, the company recovers the Drupak fees.

- As for customers exporting in their names, there is insurance until the company is provided with the waiver of Form 13.

**Coursing:-**

Based on the company's response to the quantity of 21 thousand tons of the customer / Suez Fertilizer Manufacturing, it is clear that the financial company can bear the value-added tax for that quantity, considering that it is local sales in light of the failure to meet the waiver requirements for the 13 forms contained in the company's response in accordance with the special fatwa in this regard referred to above.

- With regard to the company's obtaining insurance from customers who export themselves until the company is provided with waivers of forms, we point out in this regard that the value collected from customers as insurance is not commensurate with the value of the lost drupak on the company and with the value-added tax due on those sales in the event that forms 13 do not meet the waiver requirements referred to above.





Note No. (10)

- The balance of the suppliers debit (Assiut) on 31/12/2023 included about 200 thousand pounds for the supplier, Al-Fahd Steel Import Company, paid to him from under the account of the work of filling and welding granulated fertilizer packages paid to him on 15/11/2022 in the category of filling per ton 40 pounds, other than tax, the company has not yet charged the company's expenses with the value of the executed works, as well as the match with the customer to verify the balance Tarfa.

The order must be investigated, matched with the supplier and the necessary correction made.

**Company response:**

Al-Fahd Steel Company for Import packed 13,849 tons in a packing category of 40 pounds per ton other than VAT in the amount of 553,960 pounds other than VAT, and a down payment of 200,000 pounds was paid until the final settlements, but the supplier did not provide the company with the invoice for the possibility of settling the account and is communicating with him in this regard.

This was a temporary experiment to change the locking system from sewing to welding and study the feasibility of that and take the best decision for the benefit of the company.

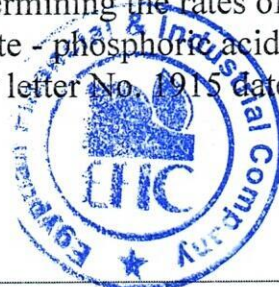
**Note No. (11)**

- Our observation still exists regarding the company's failure to recover the value of value-added tax on exported fertilizer sales amounting to about EGP 17.4 million for the years 2017/2018 in accordance with the Value Added Tax Law 67 of 2016 and its executive regulations and their amendments, especially in light of the company's contracting with a specialized office (according to the company's statement) to end this, and the company did not study the impairment in its value. We must be informed of what has been done regarding tax refunds, taking into account the impact on the financial statements and making the necessary correction.

**Company response:**

- The company applied for a refund of EGP 17.4 mn for the years 2017/2018 on the sales of exported fertilizer in accordance with the provisions of Law 67 of 2016 and Article 28 of the Executive Bylaws of the same law.

- The General Administration of Tax Research, Executive Affairs Sector, was addressed to issue a letter for the purpose of determining the rates of use and the rates of waste of raw materials (sulfur - phosphate - phosphoric acid) used in the production of mono superphosphate fertilizer by letter No. 1915 dated 17/05/2021





The General Administration of Tax Research has transferred the file to the

Industrial Control Authority to prepare a report in this regard on 23/05/2021

The Industrial Control Authority visited the headquarters of the Egyptian Financial and Industrial Company and reviewed all the samples, concentrations that are used, usage rates, and preparing the report at the required rates and the ratios used, and the report was prepared and addressed to the General Administration of Tax Research on 12/09/2021, which in turn addressed the mission of the tax center for major financiers on 15/09/2021.

- On September 15, 2021, the tax center of major financiers regarding the tax refund for the mentioned period was addressed and discussed during several sessions and the data required by the company necessary for the refund work was completed.

After all the discussions, the mission reported the following:

The VAT balance was not recognized by the tax examination for the period (2017-2018) in the examination minutes for those years.

2- The VAT refund has been reversed by the Tax Refund Department in accordance with the practice, as the credit balance for the period (2017-2018) has not been recognized in the examination note according to what is followed in previous years, and the tax refund is settled by submitting documents to the Tax Refund Department, and the documents are examined and accordingly the refund is made.

The company has proceeded with the procedures for examining the periods (2019 to 2022) to prove the credit balance in favor of the company in the examination for those periods (2017 to 2022) and prove the credit balance in the examination note to enable tax refund.

4- The examination work is being completed and all documents related to the examination of that period and the balance are being completed.

#### **Note No. (12)**

The accounting profit was adjusted by refunding about EGP 2.265 million in the value of the depreciation of usufruct assets (for the purposes of calculating income tax for the year 2023), although it is considered one of the deductible costs in violation of Article (34) of Law No. 176 of 2018.

The necessary correction shall be made, and the provisions of the aforementioned law shall be complied with.

#### **Company response:**

According to the decision of the Minister of Investment and International Cooperation to amend some provisions of the Egyptian accounting standards, including the addition of the Egyptian Accounting Standard No. (49) on lease contracts, which obligated recognition, measurement and presentation in





accordance with item No. (22) to recognize the asset and the usufruct right of cost within the assets.

In accordance with Law 176 of 2018, Article III, which stipulated the contracts concluded before the date of entry into force of this law, the same provisions and rules prescribed for tax at the time of their conclusion, until the expiry of their term, as the conclusion of financial leasing contracts for Corplis Company dates back to 2010 and 2011, so the company retained tax treatment before applying Standard No. (49) and in accordance with Law 176 of 2018.

Coursing:-

Correction in light of the Company's response to our reports on the limited examination of the Company's periodic financial statements as at 30 September 2023 that the effect will be taken into account in the final declaration.

**Note No. (13)**

- The income statement was loaded with about 587 thousand pounds the value of the differences in examining the work gain tax for the year 2020, in addition to about 181 thousand pounds the value of the component of the disputed tax allocations to meet the delay fines for that amount in violation of the requirements of Law No. (91) of 2005 and its executive regulations and their amendments. The necessary correction should be made in light of Law No. (91) of 2005 and its executive regulations and their amendments, taking into account the impact on the calculation of income tax on December 31, 2023.

**Company response:**

- For me, the income statement was loaded with about 587 thousand pounds, the value of the differences in examining the work gain tax for the year 2020:

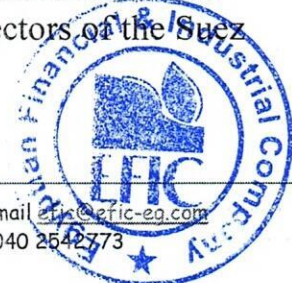
The differences in examining the work gain tax will be studied in the amount of 587 thousand pounds for the year 2020, and in the case of arrival for workers, it will be collected from them 0

- For me, apart from about 181 thousand pounds, the value of the component of the disputed tax allocations to meet the delay fines for that amount:

According to the law, all allocations are refunded to the tax base, so the allocations are subject to tax (according to the attached declaration).

**Note No. (14)**

- Investment revenues on 31/12/2023 included about EGP 247 million The company's share in the dividends of the Suez Fertilizer Manufacturing Company for the year 2023 without providing us with the distribution account approved by the General Assembly of the Suez Fertilizer Manufacturing Company, and related to this is the failure to include the revenues of the Financial and Industrial Company its share in the distributions of the Board of Directors of the Suez





Fertilizer Manufacturing Company for the same year in violation of Articles 236 to 238 of the Executive Regulations of Law No. (159) of 1981 and its amendments, and in violation of the provisions of Law No. 91 For the year 2005 and its amendments and executive regulations.

We must be informed of the resolutions of the General Assembly of the Suez Fertilizer Manufacturing Company and make the necessary correction.

**Company response:**

The decision of the Board of Directors of the financial company No. 41/2024 was issued to disburse the full value of the share of the company's financial representatives in the board of directors of Suez Company in the dividends of the Suez Fertilizer Manufacturing Company for the year 2023 to the company's financial representatives directly through Suez Company.

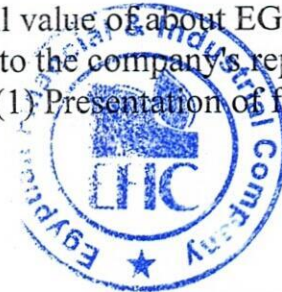
Coursing:-

The management is still in its opinion, as the company did not address in its response to include its revenues for its share in the dividends of the Suez Fertilizer Manufacturing Company without providing us with the decisions of the General Assembly of the Suez Company to verify the validity of that share and that the company has the right to receive those distributions in accordance with the requirements of paragraph No. (12) of the Egyptian Accounting Standard No. (17) Independent Financial Statements

The company's revenues must also include the value of its share in the distributions of the members of the Board of Directors of the Suez Fertilizer Manufacturing Company in its capacity as a member of the Board of Directors in accordance with Article No. (236) of the Executive Bylaws of Law No. (159) of 1981 and charge what is disbursed as a reward to the company's representatives in the membership of the Board of Directors of Suez Company on the company's expenses and subject it to payroll tax and the like in accordance with the provisions of Law No. (91) of 2005 and its amendments, and taking into account the impact of this when preparing the tax return. for the fiscal year 2023.

**Note No. (15)**

Our observations are still valid regarding the inclusion of miscellaneous revenues for the year 2022 about EGP 4.4 mn by mistake The value of 50% of the company's membership remuneration in the board of directors of Suez Fertilizer Manufacturing Company determined from the dividend account for the fiscal year 2022 and its validity Loading revenues with the full value of about EGP 8.8 mn with charges of expenses with what was disbursed to the company's representatives in violation of Egyptian Accounting Standard No. (1) Presentation of financial statements and





The impact on the due income tax and the work gain tax were not taken into account in violation of the provisions of Law No. (91) of 2005 and its amendments and executive regulations, nor did we fulfill what was disbursed to the company's representatives in the board of directors of the subsidiary company for the year 2022.

The necessary correction must be made and provided to us with what has been disbursed to the representatives of the Financial and Industrial Company in the Board of Directors of the Suez Company.

**Company response:**

Suez Fertilizer Manufacturing Company has been assigned to disburse 50% of the value of the remuneration of its board members directly representing the financial company based on the company's financial board of directors decision No. 135/2019

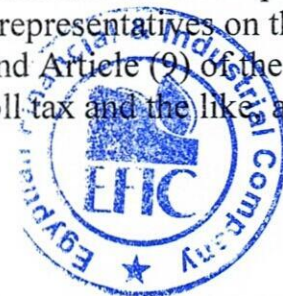
And the remaining 50% is obtained by the financial company .

general, the tax base was not affected, as the Suez Company refunded the membership reward, whether obtained by the members directly or obtained by the financial company for the tax base pursuant to the provision of Article 52 of the Income Tax Law No. 91 of 2005, as the company bears its tax within the tax base on the profits of legal persons and is not subject to tax on salaries and the like in accordance with the provision of Article 9 of the same law.

Coursing:-

The management is still in its opinion, as the company's revenues must include the full value of its share in the distributions of the members of the Board of Directors of the Suez Fertilizer Manufacturing Company in its capacity as a member of the Board of Directors in accordance with Article No. (236) of the Executive Bylaws of Law No. (159) of 1981 and charging what is disbursed as a reward to the company's representatives in the membership of the Board of Directors of the Suez Company on the company's expenses and subjecting it to payroll tax and the like in accordance with the provisions of Law No. (91) of 2005

And its amendments and taking into account the impact of this when returning the tax for the fiscal year 2023 and providing us with what was disbursed to the company's representatives in the board of directors of the subsidiary company for the year 2022, as the company is correct in its response, as Article (52) of Law No. (91) of 2005 and its amendments apply to what is disbursed from companies to the members of their board of directors and not to their representatives on the boards of directors of the companies in which they share, and Article (9) of the same law referred to The company's refund is subject to payroll tax and the like all that is







due to the financier (company representative), whatever the names, pictures or reasons for these entitlements.

**Note No. (16)**

- The income statement of 1% of the company's net profits was not charged to the Training and Rehabilitation Fund in violation of Article No. (134) of the Labor Law No. (12) of 2003 and its amendments, and related to the company's formation of a provision of about EGP 2.5 million during the year.

The necessary correction must be made with the study of the allocation formed during the year.

Company response:

The Egyptian Financial and Industrial Company has a special training regulation for the company in (Chapter Eleven) of the company's internal regulations, which were stipulated in Article (197) that a higher committee for training is formed in the company headed by the Managing Director and the membership of at least three heads of sectors

There is also a special budget for training, developing a plan for training and following up its evaluation.

Article No. (223) of the regulations stipulates that when choosing a trainer, he must have a scientific degree or practical experience commensurate with the level of the training subject.

It is worth mentioning that a number of specialized bodies have been assigned to hold training courses for all employees of the Egyptian Financial and Industrial Company under lectures throughout the year in theory, but in practice, it is the use of those with craft and industrial expertise to train workers in the company's financial factories, which resulted in upgrading the level of the company and increasing its production.

On the one hand, and on the other hand, the legislator established this fund to provide services estimated that it is inevitable for any worker to enjoy them, and if it is also estimated that not all existing establishments are able to carry out these services to their workers, this fund was established to carry out these tasks for the establishments subject to its provisions. Workers in other establishments where there is no one to provide them with these services, which achieves the reconciliation of other categories of workers and ensures that the services of this fund are not given to those who do not need them.

Whereas the financial and industrial company has developed a program for the rehabilitation and training of its workers in accordance with the above,  
From the above it is clear:





The text of Article No. (134) paragraph (1) of the Labor Law does not apply to the company, as the company is subject to a special regulation for its employees and a special training system for employees is included in it in accordance with the regulation.

Coursing:-

The administration is still of the opinion of the need to abide by Article No. 134 of the Labor Law No. (12) of 2003 and its amendments, as paragraph (1) did not address the exemption of companies that have a special regulation for workers.

**Note No. (17)**

The supplementary notes to the financial statements did not include the disclosures required in accordance with Egyptian Accounting Standard No. (14) The cost of borrowing regarding the non-disclosure of the conditions for the company to obtain grants related to loans and their amount.

The company shall comply with the requirements of the aforementioned standard.

**Company response:**

Included in the amended financial statements on 31\12\2023 with Note No. 17 for loans.

Coursing:-

The necessity of disclosing the grants related to the loans, the conditions for obtaining them and their amount in compliance with the Egyptian Accounting Standard No. (14), especially the loan subsidized by EBAB to support the company's environmental project and related support.

**Note No. (18)**

The proposal of the Board of Directors for the distribution account did not include a statement of the extent to which these distributions affect the company's performance of its cash obligations on time in accordance with Article (43) of Law No. 159 of 1981 and Article No. (198) of its Executive Bylaws and their amendments.

Related to this is the inclusion of the proposed distribution account of the distribution of capital gains resulting from the sale of some of the company's assets during the year without presenting them to the general assembly of the company in accordance with Article No. (195) of the Executive Bylaws of Law No. (159) of 1981 and its amendments, as well as the employees' share of profits was calculated at less than the 10% specified in Article (196) of the same regulations.

The provisions of Law No. (159) of 1981 and its executive regulations and their amendments must be complied with, with the amendment of the proposed distribution account and the statement.





**Company response:**

- There is no impact of these distributions on the company's performance of its cash obligations on time, as the cash obligations owed by the company to the banks dealing with it are paid on time according to the payment schedules received from the banks and there is no cash obligation on the company late in payment. Capital gains of EGP 1,081,000 will be excluded from the net distributable profit and added to the carry-over surplus and the distribution proposal will be presented to the company's general assembly at its next meeting.

**Coursing:-**

The management is still in its opinion, as the company violated the requirements of the articles of the law referred to above, and this is evident from the following:

1. In its response, the company did not address the non-compliance with the employees' share in the profits to be distributed by no less than 10% of them and did not exceed the total annual wages, nor did it amend the proposed distribution account in this regard.
2. The company did not clarify the extent of the impact of the proposed distributions on the performance of its cash obligations in light of its obtaining loans and banking facilities in local and foreign currency, amounting to about 986 million pounds on December 31, 2023, as well as in light of the Central Bank of Egypt's decisions to liberalize the exchange rate, as well as increasing the interest rate by 6% during the month of March 2024, which has an impact on increasing the company's obligations.

The company's response stated that the proposed distribution account will be amended to exclude about EGP 1,081 mn from the distributable profit and to present the distribution proposal to the company's general assembly, and to date it has not approved this amendment by the Board of Directors and disclosed it in accordance with the requirements of the EGX listing and listing rules.

This necessitates the amendment of the proposed distribution account in light of the above and the need to present the necessary data and reports to the ordinary general assembly of the company in order to take the necessary decisions in the interest of the company.

**Note No. (19)**

The company has not registered its ownership of some of its assets, including the following:

- Part of the land on which the company's factory in Assiut is built with an area of about 36 acres and 10 carats.
- The land of the residential colony in Assiut with an area of 1 acre, 15 carats and 13 shares.





- The land of the railway link of 16 acres, 19 carats and 13 shares.
  - The land of the company's complex in Ain Sokhna, with an area of about 256 thousand meters.
  - The new administrative headquarters is in the Fifth Settlement.
- Work must be done to complete the registration of all the company's assets in order to preserve its funds.

**Company response:**

The necessary measures are being taken to register the lands shown in the note.

Note No. (20)

- We did not provide a certificate of inclusions for each of the plots of the land of Bani Ghalib and the land of the financial complex in Ain Sokhna, nor did we provide the negative certificate of the land of the financial complex in Ain Sokhna. The negative certificates and the certificate of inclusions referred to must be provided to us.

**Company response:**

- As for the negative certificate of the plot of land of Bani Ghalib and parts of the land of the railway in Assiut:

Attached is a copy of the negative certificate - the certificate of inclusions is being extracted and you will be provided with it.

- As for the negative certificate for the land of the financial complex in Ain Sokhna:

It will be obtained after completing the land registration procedures.

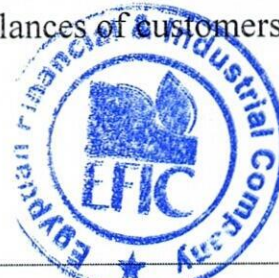
**Note No. (21)**

The balance of customers debit on 31/12/2023 amounted to about 25 million pounds, and the balances suspended for years amounted to about 17.9 million pounds, by 68%, dating back to 2019, and cases are circulating and judicial rulings were issued in favor of the company, and the company took into account the decay in its value by the full value, in addition to about 300 thousand pounds, balances with acid customers that the company did not study the decay in their value. Work shall be done to expedite the implementation of the judgments issued in respect of these debts in order to settle the company's dues to their parties.

**Company response:**

The legal sector follows up on the speed of implementation of judgments in the aforementioned cases to collect the company's dues by these customers according to what was stated in the memorandum of the legal sector dated 01/02/2024 attached copy and the study of the decay of the balances of customers acids referred to.

**Note No. (22)**





We did not provide a certificate of customs trust balance, the balance of which as of December 31, 2023 is about EGP 2,974 million.

We must quickly be provided with the aforementioned certificate to verify the validity of the balance.

**Company response:**

- A certificate of customs trust balance is being obtained on 31/12/2023 and will be provided to you.
- During the year 2024, the Customs Authority refunded an amount of 2141871.72 pounds according to the notice of adding Banque Misr Kafr El Zayat, and follow-up is underway with the Customs Authority to recover the rest of the trust amount.

**Note No. (23)**

- The absence of some (13) forms stating the export of a quantity of 795 tons of acid during the period January 2022 until December 2023, which may lead to the company bearing value-added tax on those sales other than delay fines. Such forms must be obtained expeditiously to avoid incurring VAT and related fines.

**Company response:**

Getting the remaining 13 models.

**Note No. (24)**

- The balance of overdrafts and loans on 31/12/2023 amounted to about EGP 986 million (including loans of about EGP 319 million), an increase of about EGP 404 million over the balances of December 31, 2022, for which the company incurred about EGP 174,420 million financing expenses.

It is necessary to reduce overdrafts because of the direct impact on the company's profitability

**Company response:**

The company is currently studying and analyzing the financing structure of the company and ways to provide the necessary liquidity to reduce overdrafts to avoid financing burdens.

**Note No. (25)**

- The balance of the suppliers debit (Kafr El-Zayat) on 31/12/2023 included about 1.5 million pounds, a suspended balance from the previous year because the supplier did not supply a quantity of 1300 tons of phosphate concentration of 30% due to the end of the supply period in the contract, as the contract included a clause that missed the company the opportunity to meet its needs in addition to the loss of the price difference in the unexecuted quantity (an implementation period starting from the date of the contract and ending on 31/7/2022 or the end of the quantity, whichever is earlier).





Research, study, investigation and benefit must be carried out.

**Company response:**

The matter is being finalized with the Valley Company, which offered us to receive the quantity at higher prices than the agreed upon, and it was rejected by us, and the financial company insisted on receiving the quantity at the same prices as the supply order, as the default on the part of the valley due to the lack of raw concentration of 30%, and due to the change of the Board of Directors of the valley, the request to postpone the agreement currently for the first of April 2024 so that the problem can be solved radically and receive other concentrations or the same concentration of 30%, but at prices to be agreed upon in a way that preserves the right of our company.

**Note No. (26)**

The expenses were charged to the amount of 90 thousand pounds for the control costs of the Central Auditing Organization for the fiscal year 2023, bringing the total dues of the Authority shown in the company's books about 910 thousand pounds on December 31, 2023

Without paying them, in violation of Article 22 of Law No. 53 of 1973 on the State Budget and Article 90 of the Regulations of the Central Auditing Organization's employees.

The audit dues shall be paid in accordance with the claims received from the Authority, as they represent sovereign revenues of the State and are included in the State's general budget.

**Company response:**

fatwa was issued by the General Assembly of the Fatwa and Legislation sections of the State Council on 21/02/2012 to the ineligibility of the Central Auditing Organization to receive compensation for these audits from the entities subject to its control because the Central Auditing Organization was established as a technical body specialized in auditing budgets and accounts to achieve state control over its funds and the funds of other public persons and other persons that the legislator estimated to extend the control of the device to suspend its purposes to achieve a public benefit and the origin that the Central Auditing Organization does not receive a fee for these financial reviews from The entities subject to its supervision, as the purpose of the work assigned to him by the legislator is not to achieve a special service for these bodies, but the intention is to protect the funds owned by the state, public benefit entities and other bodies that are subject to its control in accordance with its own law. The Central Auditing Organization filed a lawsuit No. 7/2024 civil government against the company before the Kafr El-Zayat





Court and is still circulating to claim the costs of monitoring the inspection and audit work of the company for the years from 2017 to 2021 (five years).

**Note No. (27)**

- Credit balances still include about EGP 1.603 mn dividend creditors carried forward since previous years.

Research, study and benefit must be done.

**Company response:**

This amount is carried over from previous years and the documents with the Public Prosecution in Case No. 9718 of 2013 Kafr El-Zayat filed against the former head of the financial sector of the company and the company will follow up in this regard.

**Note No. (28)**

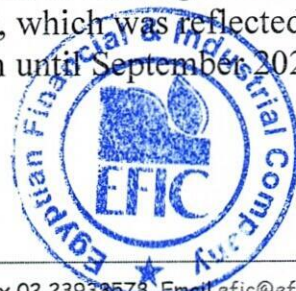
On 9/12/2020, the company concluded a contract with SOLEX to implement SAP systems, as well as train its employees using these systems, provided that the project is completed within 6 months in addition to a month of technical support, but to date the company has not completed the implementation of SAP systems, despite the company's bearing of about EGP 2,152 million until History The value of what was paid to Solex other than about 7,435 million pounds The value of what was paid to SAP The value of the annual license for the right to use the system Related to the above, on 12/7/2023, a new contract was concluded with SOLEX to cancel all the data previously entered on the SAP system by the financial company and amend the date of the start of data entry from what it was in the first contract with a total value of \$ 30,000, equivalent to about EGP 930,000. We must be provided with the status of the implementation of the project in light of the failure to comply with the deadlines for its completion.

**Company response:**

The project has been completed in all its aspects for the company's sectors, and the basic data for 2022 has been raised, which represents the opening balance for the year 2023, and the accumulated movements for the period January 2023 - September 2023 have been entered.

The period was matched monthly and the result was successful and the rest of the months are now being completed.

- The reasons for the delay are due to the old age of the company and the lack of a previous electronic system that can be built upon, as well as the lack of knowledge of workers in this modern style, and this resulted in training workers several times to reach this purpose and raise their efficiency, which was reflected in project management and data entry on the new system until September 2023 and the rest of the months are being completed.





-A translated copy will be obtained and will be provided to you when obtained.

**Note No. (29)**

The company's failure to form the Audit Committee in accordance with Article (37) of the EGX Listing Rules by an odd number and most of them are independent, as all members are not independent.

The rules of listing and delisting securities at the Egyptian Exchange must be adhered to.

Company response:

This will be taken into account in the future.

**Note No. (30)**

- We did not find out the latest procedures to implement the judgment issued in Case No. 9718 of 2013 Kafr El-Zayat against the former head of the financial sector with the company's right to refund the amount of EGP 28.5 million previously embezzled and fined him an equal amount.

We shall be kept informed of the latest procedures and continue our efforts to implement the aforementioned provision.

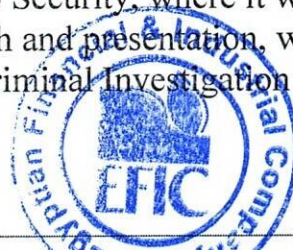
Company response:

- The financial company submitted to the Department of Execution of Judgments at the Tanta Criminal Court (the authority entrusted with the implementation of the judgment) with the judgment issued in favor of our company in Case No. 9718 of 2013 and there is follow-up by the legal sector of the company

To complete the implementation procedures - note that the company addressed the Ministry of Interior by letter dated 22/9/2019 to speed up the implementation of the judgment - a letter was sent to the Major General, Minister of Interior, and a letter to the Assistant Major General, Minister of Interior dated 29/03/2021, 17/08/2021, 21/12/2023.

- The legal sector submitted a copy of the aforementioned judgment removed in the executive formula of the General Administration for the implementation of judgments more than once in Tanta, Cairo, Kafr El-Zayat, and many distress calls were sent to both the Major General / Minister of Interior and the Assistant Minister of Interior for the implementation of judgments, the latest of which was on 14/11/2022 attached to his photo.

On 31/10/2023, a complaint containing a copy of the aforementioned judgment was sent to the Major General V Director of Cairo Security, where it was marked by referring it to the Interior Inspector for research and presentation, where it was referred to the Major General V Director of the Criminal Investigation Department







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to verify this complaint and re-presentation, and work is underway on it and follow-up by the legal sector with the Interior Inspector.

The report of Mr. Shereen Murad Nour El-Din, the company's auditor, was presented.

More Egypt Office for the financial year ended 31/12/2023 0

To the Shareholders of the Egyptian Financial and Industrial Company - (Egyptian Joint Stock Company)

Report on the financial statements

We have audited the attached standalone financial statements of the Egyptian Financial and Industrial Company (Egyptian Joint Stock Company) represented in the standalone statement of financial position as at 31 December 2023, as well as the standalone statements of income, comprehensive income, changes in equity and cash flows for the fiscal year ended on that date, a summary of significant accounting policies and other notes.

**Management's responsibility for standalone financial statements**

These independent financial statements are the responsibility of the company's management, the management is responsible for preparing and presenting the financial statements fairly and clearly in accordance with the Egyptian accounting standards and in light of the Egyptian laws in force, and the responsibility of management includes designing, implementing and maintaining internal control related to the preparation and presentation of financial statements in a fair and clear presentation free of any important and influential distortions, whether resulting from fraud or error, and this responsibility also includes the selection and application of appropriate accounting policies and the work of Accounting estimates appropriate to the circumstances.

**Auditor's Responsibility**

Our responsibility is limited to expressing an opinion on these independent financial statements in light of our review of them, and our audit has been conducted in accordance with the Egyptian auditing standards and in light of the Egyptian laws in force and requires these

Standards from us to comply with the requirements of professional conduct, planning and performance of the audit to obtain appropriate assurance that the financial statements are free from any significant and influential misstatements.





Audit work includes performing procedures to obtain audit evidence on values and disclosures in the standalone financial statements. The procedures selected are based on the professional judgment of the controller, including assessing the risk of significant and significant misrepresentation in the standalone financial statements, whether resulting from fraud or error.

In assessing these risks, the auditor shall take into account the internal control related to the entity's preparation of the independent financial statements and the fair and clear presentation thereof in order to design audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the efficiency of the internal control in the entity. The audit also includes assessing the appropriateness of accounting policies and significant accounting estimates prepared by management as well as the soundness of the presentation of the standalone financial statements.

In our opinion, the audit evidence obtained by us is sufficient and appropriate and is an appropriate basis for expressing our opinion on the standalone financial statements.

The basis of a conservative opinion

#### Note ( 1 )

The lands included balances of the company in the financial complex in Ain Sokhna purchased since 2008 from the Suez Industrial Development Company and the book value of 38 million Egyptian pounds with an area of 256 thousand m<sup>2</sup> and the company has not registered and transferred ownership to date and responsible for the procedures for transferring ownership according to the contract is the seller in accordance with the sixth item of the purchase contract and within a month of collecting the first installment.

Company response:

- The registration of the land requires the work of a permanent license for the complex, and accordingly, on 30/07/2023, an application was submitted to the Suez Canal Economic Authority to approve the certificate of validity of works for buildings so that we can obtain an operating license, on 18/10/2023, the inspection was carried out by the Suez Canal Economic Authority.

On 30/10/2023, the certificate was approved and received, and it will be submitted to the Suez Canal Economic Authority, and the civil protection report was made by the consultant.

- On 06/03/2024, the technical file and the occupational safety and health file of the Economic Authority were reviewed.





- On 11/03/2024, the rest of the forms were completed and submitted to the authority to obtain the operating license and the industrial register.

Note ( 2 )

In detail in Clarification No. (31), a judgment was issued against Mr. / former head of the financial sector in his presence in the case filed against him by the company accusing him of embezzling an amount of about 28.5 million Egyptian pounds, and the judgment stipulated that the aforementioned amount was returned to the company and fined him an equal amount.

Company response:

- The financial company submitted to the Judgment Enforcement Department at the Tanta Criminal Court (the authority entrusted with the implementation of the judgment) the judgment issued in favor of our company in Case No. 9718 of 2013, and there is follow-up by the legal sector of the company to complete the implementation procedures - Note that the company addressed the Ministry of Interior with a letter dated 22/9/2019 to speed up the implementation of the judgment - and a letter was sent to the Major General, Minister of Interior and a letter to the Assistant Major General, Minister of Interior dated 29/03/2021, 17/08/2021, 21/12/2023.

The legal sector submitted a copy of the aforementioned judgment removed by the executive formula of the General Administration for the implementation of judgments more than once in Tanta, Cairo, Kafr El-Zayat, and many distress calls were sent to both Major General / Minister of Interior and Mr. Major General / Assistant Minister of Interior for the implementation of judgments, the latest of which was on 14/11/2022, whose photo is attached.

On 31/10/2023, a complaint containing a copy of the aforementioned judgment was sent to the Major General / Director of Cairo Security, where it was marked by referring it to the Interior Inspector for research and presentation, where it was referred to the Major General / Director of the Criminal Investigation Department to verify this complaint and re-presentation, and work is underway on it and follow-up by the legal sector with the Interior Inspector.

Then the Engineer / Chairman of the Assembly presented to the shareholders the list of dividends distribution, and after discussion, the Assembly approved the amended distribution list as follows:

**Adjusted dividend for the year ended 31 December 2023**

	Value at pound
Dividends carried over from 2022	211894559
Net profit for 2023	<u>587160479</u>
<i>Net distributable profit</i>	<u>799055038</u>





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Deduct:

Reserves

Legal 5% (29358024)

Regular 10% (58716048)

Sports activity (5800000)

the rest (93874072)

Deduct:

5% of the capital Primary distribution to shareholders and employees

First distribution of shareholders' share 1946990

Personnel quota 34436367

the rest

(36383357)

Deduct:

668797609

Remuneration of the Board of Directors

(21500000)

the rest

647297609

Deduct:

Second distribution of shareholders' share

(507420008)

the rest

139877601

Add: Capital Gains

1081000

Carried surplus

140958601

In light of the discussions that took place to report the auditors on the company's financial statements for the fiscal year ending on 31/12/2023 .

The Ordinary General Assembly approved the following resolutions:

First: Ratification of the Board of Directors' report on the company's activities for the financial year ended 31/12/2023

Including the corporate governance report for the financial year ended 31 December 2023 and the auditor's report thereon.

Second: Taking note of the auditors' reports on the company's financial statements for the financial year ended December 31

2023 and ratify the company's response to these observations .

Third: Ratification of the company's financial statements for the financial year ended 31 December 2023 .



Fourth: Approval of the distribution account for the Financial year ending on December 31, 2023 by

Seven pounds per share, to be paid to the shareholders in three installments as follows (two pounds on 30/4/2024, two pounds on 20/10/2024, three pounds on 1/12/2024) and the share of the Board of Directors is distributed to twelve shares for the Managing Director two shares, and the Chairman and members of the Board of Directors ten shares, and authorizing the chemist / managing director to distribute the share of the employees as he deems appropriate .

Fifth: Approval of increasing the issued and paid up capital from 727667140 pounds to 1 billion pounds, to be financed

From the precautions and amendment of Articles (6 and 7) of the Company's Articles of Association.

Sixth: Approval of the discharge of the Chairman and members of the Board of Directors for the ended fiscal year on 31 December 2023 .

Seventh: Approving donations of EGP 559666 made during the fiscal year ending on 31/12/2023

And licensing the Board of Directors to donate during the fiscal year 2024 in excess of one thousand pounds and within the limits prescribed in accordance with the laws in force .

Eighth: Approval of sale and purchase netting contracts that took place from 1/1/2023 to 31/12/2023 and licensing

To the executive management of the company to renew these contracts or conclude new contracts with related parties, provided that this is the same Prices prevailing in the market without any price discrimination.

Ninth: Approval of the payment of attendance allowance and transportation expenses for the Chairman and members of the Board of Directors 15,000 pounds (300 pounds attendance allowance + 14,700 pounds transportation expenses) as of January 2024.

Tenth: Approval of the appointment of accountant / Sherine Murad Nour El-Din - (More Egypt Office) to work as an external auditor for the company for the year 2024 and determine the annual fees in the amount of two hundred and fifty thousand pounds only, other than transportation and living expenses in the event that the company does not do it.





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Mr. Eng. Abdel Aal Tolba Al-Banna or Mr. Accountant / Mohamed Abdel Halim Abdel Sadiq Al-Arabawy or Mr. Mohamed El-Sayed Al-Banna or whoever is authorized by Mr. Eng. Chairman of the Board of Directors was authorized to take all procedures for ratifying this minutes before the competent sector of the General Authority for Investment, the Financial Supervisory Authority and Misr Company for Central Clearing, Depository and Registry, as well as the right to sign with the necessary notation before the commercial registry and the chamber.

Commercial and investment newspaper and signing the amendment contract before the real estate registry and the termination of all work related to the approval of what has been approved.

Collector: Accountant / Sami Abu al-Khair Ghoneim  
Accountant / Mohamed Abdel Halim Al-Arabawi  
Secretary of the General Assembly: Accountant / Mohammed Abbas Abu Hatab

President of the General Assembly

Engineer / Abdel Aal Tolba Al-Banna





**Minutes of the Extra Ordinary General Assembly Meeting**  
**Egyptian Financial and Industrial Company**  
**held on 30/3/2024**

On 6/3/2024, Mr. Eng. Abdel Aal Tolba Al-Banna, Chairman of the Board of Directors of the Financial Company, directed  
And the Egyptian industrial and the President of the General Assembly Call for the ordinary general assembly meeting in the Great Meeting Hall at the headquarters of the Egyptian Association for Cooperative Studies located (Ismail Serry Street - Kasr Al-Aini - in front of the Medical Syndicate and the French Cultural Center) - Cairo at twelve o'clock in the afternoon on Saturday, the thirtieth of March 2024, headed by the Chairman of the General Assembly of the shareholders, the General Authority for Investment, the Financial Supervisory Authority, the auditors of the Central Auditing Organization and the auditor of the Office of the gentlemen (More Egypt) Chartered Accountants and Consultants.

The shareholders of the company were notified by notice of publication in the newspapers (Al-Alam Al-Youm and Al-Wafd)  
- First notification of the newspapers of the world today and the delegation on 7 and 8 March 2024  
- A second notification to Al-Alam Al-Youm and Al-Wafd newspapers on March 14 and 15, 2024

In order to consider the following agenda: -  
Amendment of Article (4) of the Company's Articles of Association.

At the specified place and time, the Extraordinary General Assembly met under the chairmanship of Mr.  
Eng. Abdel Aal Tolba El-Banna, Chairman of the Board of Directors of the Egyptian Financial and Industrial Company, and the shareholders registered in the extraordinary general assembly meeting, then the President of the Assembly, based on what was received from the auditors of the Central Auditing Organization, the external auditor in the office of Messrs. (More Egypt) and the collectors of votes that the number of shares of the shareholders present at the meeting amounted to 61.27% according to what is fixed in the attendance book .



The meeting was attended by the Chairman and members of the Board of Directors, namely:

Eng. / Abdel Aal Tolba Metwally Al-Banna

Chairman of the Board of Directors and represented in his capacity

Chemist / Abdul Azim Mohammed Al-Abbasi

Managing Director and an experienced representative

Eng. Hossam Mohamed Abdel Aziz

Member of the Board of Directors and representative of the Metal Industries Company

Ms. Naglaa El-Sayed Ali Dagher

Member of the Board of Directors and representative of the Metal Industries Company

Mr. Nafie Fahmy Abdel Meguid Member of the Board of Directors and representative of Med Vert Egypt Investment Company

Mr. Ahmed Nafie Fahmy Abdel Meguid

Member of the Board of Directors and representative of Med Vert Egypt Investment Company

Mr. Mohamed Ali Sayed Gaafar Member of the Board of Directors and representative of Med Vert Egypt Investment Company

Ms. Maisa Mahmoud Shmeis Member of the Board of Directors and representative of the National Organization for Social Insurance

Mr. Essam Abdulwahab Abdo Member of the Board of Directors and representative of the Saudi Industrial Investment Company

Dr. Engineer / Zainab Mohamed Hafez Member of the Board of Directors and an experienced representative

Counselor / Saeed Ramadan Arafa was absent from the audience for reasons related to his sovereignty .

The meeting was also attended by:

Accountant / Adel Ali Shaarawy

First Undersecretary of the Ministry - Deputy Director of the Department - Control of the accounts of the chemical industries (Central Auditing Organization)

Accountant / Hisham Yousef Al-Arnaoudi

Undersecretary - First Deputy Director of Administration - Control of Chemical Industries Accounts (Central Auditing Organization)







Accounting / Mona Mohamed Fouad Hegazy General Manager - Deputy Director  
of Administration - Auditor  
Chemical Industries (Central Auditing Organization  
Accountant / Ahmed Mohamed Amin Ghazi Auditor - More Egypt Office  
( Chartered Accountants & Consultants )

The accountant / Mohammed Abbas Abu Hatab was chosen as Secretary General  
Assembly

Accountant / Sami Abu al-Khair Ghoneim Collector of Voices was also chosen.

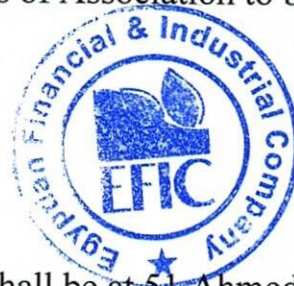
Accountant / Mohamed Abdel Halim Al-Arabawi Voice Collector

The Extraordinary General Assembly unanimously approved this nomination.

The Eng. / Chairman of the Board of Directors and Chairman of the Assembly  
began the meeting by welcoming the shareholders and auditors and attendees, then  
he reminded him that a new administrative headquarters has been purchased on  
North Teseen Street - Fifth Settlement in Cairo, and accordingly, the Extraordinary  
Assembly was invited to amend Article (4) of the Company's Articles of  
Association by adding this new headquarters and then moved to the agenda:  
- Amendment of Article IV of the Company's Articles of Association

After discussions, the Extraordinary General Assembly approved the following  
resolutions:

Amending Article IV of the Company's Articles of Association to become:  
Article (4) before the amendment



The company's head office and legal domicile shall be at 51 Ahmed Maher Street,  
Kafr El-Zayat City - Gharbia Governorate .

The Board of Directors may establish branches, offices or agencies in Egypt or  
abroad.

With the exception of the Sinai Peninsula region, the approval of the General  
Authority for Investment is required in advance to open branches there, taking into  
account the provisions of the Prime Minister's Decree No. 350 of 2007 and the



decision of the President of the Arab Republic of Egypt No. 356 of 2008 and the law

Decree No. 14 of 2012 on integrated development in the Sinai Peninsula  
Article (4) after amendment

1- The company's head office and legal domicile shall be at 51 Ahmed Maher Street, Kafr El-Zayat City - Gharbia Governorate.

2- Administrative branch: 255 Rabat Mall - North Teseen Street - Fifth Settlement - Cairo Governorate 0

The Board of Directors may establish branches, offices or agencies in the Arab Republic of Egypt or abroad, except for the Sinai Peninsula region, where the approval of the General Authority for Investment is required in advance to open branches therein, taking into account the provisions of the Prime Minister's Decree No. 350 of 2007 and the decision of the President of the Arab Republic of Egypt No. 356 of 2008 and Law No. 14 of 2012 on the integrated development in the S Peninsula.

And was authorized Mr. Engineer V Abdel Aal Tolba Al-Banna or Mr. Accountant V Mohamed Abdel Halim Abdel Sadiq Al-Arabawi

Or Mr. Mohamed El-Sayed El-Banna or whoever is authorized by Mr. Eng. Chairman of the Board of Directors to take all procedures for ratifying this record before the competent sector of the General Authority for Investment, the Financial Supervisory Authority, Misr Company for Central Clearing, Depository and Registration, as well as the right to sign by notation as necessary before the commercial registry, the Chamber of Commerce and the investment newspaper, and to sign the amendment contract before the real estate registry and to terminate all work related to the approval of what has been approved.

Collector: Accountant / Sami Abu al-Khair Ghoneim *Sami*  
Accountant V Mohamed Abdel Halim Al-Arabawi *Mohamed*  
Secretary of the General Assembly: Accountant / Mohammed Abbas Abu Hatab *Abu Hatab*

President of the General Assembly

Engineer / Abdel Aal Tolba Al-Banna

