

QALAA FOR FINANCIAL INVESTMENTS S.A.E. AND ITS SUBSIDIARIES AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2022

QALAA FOR FINANCIAL INVESTMENTS (S.A.E). AND ITS SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS



Auditor's report	1 – 2
inancial statements	
onsolidated statement of financial position	
onsolidated statement of profit or loss	
onsolidated statement of comprehensive income	
onsolidated statement of changes in equity	6
onsolidated statement of cash flows	
lotes to the consolidated financial statements	
roup structure	8
Financial position Financial assets and financial liabilities	າາ
Non-financial assets and liabilities	23 60
Equity	74
Performance	
iegment information Profit or loss	77 81
	01
Cash flows information Non-cash investing and financing activities	87
Reconciliation of liabities arising from financing activities	88
Inrecognised items Other information	89 92
Risk	97
	<i>31</i>
Critical estimates, judgement and errors Financial risk management Capital risk management	98



Auditor's report

To the Shareholders of Qalaa for Financial Investments (S.A.E.)

Report on the Consolidated financial statements

We have audited the accompanying consolidated financial statements of Qalaa for Financial Investments (S.A.E.) (the "Company") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as of 31 December 2022 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other notes.

Management's responsibility for the consolidated financial statements

These consolidated financial statements are the responsibility of the Group's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Egyptian Accounting Standards and in light of the prevailing Egyptian laws. Management responsibility includes, designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Except as discussed in the basis for qualification paragraph below, we conducted our audit in accordance with Egyptian Standards on Auditing and in light of prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on these consolidated financial statements.



Auditor's report (continued) Page 2

Basis for qualification

We have not obtained bank confirmations from certain banks with loan balances amounting to EGP 486,736,864 and cash and bank balances amounting to EGP 212,166 as at 31 December 2022. In the absence of a response to our bank confirmation requests, we have not been able to satisfy ourselves by alternative means as to the completeness of balances held with these banks and other unfunded exposures to these banks. We were unable to determine whether adjustments might have been necessary in respect of the 'Loans and borrowings' and 'Cash and cash equivalents' balances in the consolidated statement of financial position as at 31 December 2022, in the consolidated statement of cash flows and the contingent liabilities disclosed in Note 18 to the consolidated financial statements as at and for the year ended 31 December 2022.

Qualified opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves for the matters discussed in the basis for qualified opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Qalaa for Financial Investments (S.A.E.) and its subsidiaries as of 31 December 2022 and of their financial performance and their cash flows for the financial year then ended in accordance with Egyptian Accounting Standards and in light of the related Egyptian laws and regulation.

Emphasis of matter

Without further qualifying our opinion, we draw attention to the below paragraphs:

- As described in note (28)(a)(iii) to the consolidated financial statements, the Group's current liabilities exceeded its current assets by EGP 68 billion and it had accumulated losses of EGP 24.7 billion as at 31 December 2022. In addition, as of that date, some of the Group's subsidiaries were in breach of certain debt covenants and had defaulted in settling the loan instalments on their borrowings on the respective due dates. These events and conditions along with other matters disclosed in note (28)(a)(iii) to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The consolidated financial statements do not include the adjustments that would be necessary if the Group were unable to continue as a going concern.
- Note (2)(e)(i) to the consolidated financial statements sets out the key considerations and critical
 accounting judgements applied by management in concluding that Egyptian Refining Company
 ("ERC") should be consolidated by the Group. Should these judgments change, the Group may
 need to deconsolidate ERC.

Wael Sakr R.A.A. 26144 F.R.A. 381

13 May 2023 Cairo



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

Concolidated statement	of financial pocition	- As of 31 December 2022

The state of the s	Note	2022	2021
Non-current assets			
Fixed assets	6(a)	94,949,498	63,979,478
Right of use assets	6(b)	1,897,001	1,408,523
Intangible assets	6(d)	666,846	557,807
Goodwill	6(e)	205,570	205,570
Biological assets	6(1)	475,754	352,157
Investments in associates and joint ventures	2(f)	668,561	555,241
Financial assets at fair value through other comprehensive income	5(b)	11,286	7,969
Derivative financial instruments	5(e)	339,259	
Trade and other receivables	5(a)	817,242	405,695
Deferred tax assets	6(g)	6,302,057	158,912
Total non-current assets		106,333,074	67,631,352
Current assets			
Inventories	6(h)	6,349,402	3,255,064
Biological assets	6(f)	20,003	17,375
Trade and other receivables	5(a)	22,363,679	6,334,778
Due from related parties	21(a)	497,719	352,796
Investment in treasury bills	5(c)	180	813,714
Restricted cash	5(c)	638,722	434,140
Cash and cash equivalents	5(c)	8,652,942	5,406,555
Total current assets	- 100	38,522,467	16,614,422
Assets classified as held for sale	3(c)	27,126	22,674
Total assets		144,882,667	84,268,448
Equity			
Paid-up capital	7(a)	9,100,000	9,100,000
Legal reserve	7(b)	89,578	89,578
Reserves	7(c)	2,262,865	904,052
Accumulated losses		(24,707,700)	(22,349,936)
Total equity attributable to owners of Qalaa for Financial Investments		(13,255,257)	(12,256,306)
Non-controlling interests		35,626,053	9,882,024
Total equity		22,370,796	(2,374,282)
Non-current liabilities			
Loans and borrowings	5(g)	4,626,680	11,167,509
Lease liabilities	6(b)	1,456,008	1,316,042
Borrowing from financial leasing entities Deferred tax liabilities	6(c)	686,432	650,640
Trade and other payables	6(g)	8,658,311	268,027
Derivative financial instruments	5(d)	445,580	404,398
Total non-current liabilities	5(e)	2,219	295,653
		15,875,230	14,102,269
Current liabilities Provisions	c (i)	4 443 640	2.426.040
Trade and other payables	6(i)	4,442,648	3,436,949
Due to related parties	5(d)	15,682,352 1,857,138	11,983,631
Loans and borrowings	21(b)		1,447,407
Lease liabilities	5(g) 6(b)	82,947,045 370,616	54,641,866 363,155
Borrowing from financial leasing entities	6(c)	89,615	24,510
Financial liabilities at fair value through profit or loss	5(f)	676,325	418,023
Current income tax liabilities	6(j)	568,231	223,137
Total current liabilities	001	106,633,970	72,538,678
Liabilities associated with assets held for sale	3(c)	2,671	1,783
Total liabilities	3/01	122,511,871	
Total equity and liabilities		144,882,667	86,642,730 84,268,448
rassissimis manusica		144,002,007	0~,200,440

The accompanying notes on pages 8 - 136 form an integral part of these consolidated financial statements.

Auditor's report attached

Montaz Farouk Chief Fibancial Officer Hisham Hussein El Khazindar Managing Director Ahmed Mohamed Hassanien Heikal Chairman



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

Consolidated statement of profit or loss - For the year ended 31 December 2022

	Note	2022	2021
Continuing operations			
Revenue	9	97,716,946	45,819,563
Cost of revenue	10	(68,372,830)	(43,673,267)
Gross profit		29,344,116	2,146,296
General and administrative expenses	11/a	(2,553,317)	(2,018,301)
Selling and marketing	11/b	(558,701)	(560,445)
Net impairment of financial assets	12/a	(111,279)	(191,226)
Other losses	12/b	(416,172)	(1,476,257)
Operating profits / (losses)		25,704,647	(2,099,933)
Finance income	14	2,307,424	1,113,042
Finance cost	14	(11,256,246)	(4,390,986)
Share of profit / (loss) of investments in associates	15	4,642	(52,662)
Profit / (loss) before income tax		16,760,467	(5,430,539)
Income tax expense	16	(2,495,369)	(275,876)
Net profit / (loss) from continuing operations		14,265,098	(5,706,415)
Profit / (loss) from discontinued operations	3(b)	24,879	(2,195)
Net profit / (loss) for the year		14,289,977	(5,708,610)
Allocated to			
Owners of the parent company		(2,287,541)	(2,278,374)
Non-controlling interest		16,577,518	(3,430,236)
		14,289,977	(5,708,610)
		(EGP/share)	(EGP/share)
Earnings / (losses) per share from continuing operations:	22		
Basic per share		7.838	(3.135)
Diluted per share		7.838	(3.135)
Earnings / (losses) per share from the net profit / (loss) for the year:	22		
Basic per share		7.852	(3.137)
Diluted per share		7,852	(3.137)



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

Consolidated statement of comprehensive income - For the year ended 31 December 2022

-	Note	2022	2021
Net profit / (loss) for the year		14,289,977	(5,708,610)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations Change in fair value of financial assets at fair value through other		11,681,527	1,348,307
comprehensive income	7(c)	(235)	5,088
Cash flow hedge	7(c)	112,971	41,718
Income tax relating to these items		(25,864)	(9,454)
Other comprehensive income for the year, net of tax		11,768,399	1,385,659
Total comprehensive income / (loss) for the year		26,058,376	(4,322,951)
Total comprehensive income / (loss) for the year allocated to:			
Owners of the parent company		(131,989)	(1,927,053)
Non-controlling interest		26,190,365	(2,395,898)
		26,058,376	(4,322,951)
Total comprehensive income / (loss) for the year arises from:			
Continuing operations		26,033,497	(4,320,756)
Discontinued operations		24,879	(2,195)
		26,058,376	(4,322,951)

QALAA FOR FINANCIAL INVESTMENTS (S.A.E).



AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

Consolidated statement of changes in equity - For the year ended 31 December 2022

		Total equity	attributable t	owners of Qala	Total equity attributable to owners of Qalaa for Financial Investments S.A.E.	estments S.A.E.	
	Paid up capital	Legal	Reserves	Accumulated	Total of the shareholders of the parent	Non- controlling interests	Total equity
Balance 1 January 2021	9,100,000	89,578	575,466	(19,956,797)	(10,191,753)	12,533,535	2,341,782
Total comprehensive loss for the year		•	351,321	(2,278,374)	(1,927,053)	(2,395,898)	(4,322,951)
Dividends distribution	· ·	٠	*	(114,765)	(114,765)	(347,559)	(462,324)
Treasury shares through subsidiaries	ä			3	1	(912)	(912)
Foreign exchange differences of shareholders reserve			2,550	•	2,550		2.550
Non-controlling interests share from increase in the share capital of subsidiaries		•	t:	٠		100,989	100,989
Transactions with non-controlling interests	30		(25,285)	•	(25,285)	(8,131)	(33,416)
Balance at 31 December 2021	9,100,000	89,578	904,052	(22,349,936)	(12,256,306)	9,882,024	(2,374,282)
Balance 1 January 2022	9,100,000	89,578	904,052	(22,349,936)	(12,256,306)	9,882,024	(2,374,282)
Total comprehensive income for the year	5	0	2,155,552	(2,287,541)	(131,989)	26,190,365	26,058,376
Dividends distribution	č	8	5	(70,223)	(70,223)	(365,746)	(435,969)
Treasury shares through subsidiaries		Ö	*	1	•	(10,734)	(10,734)
Foreign exchange differences of shareholders reserve	4	•	(769,855)	•	(769,855)	3	(769,855)
Disposal of subsidiaries	2	•	**		٠	(38,379)	(38,379)
Transactions with non-controlling interests	*	*	(26,884)	•	(26,884)	(31,477)	(58,361)
Balance at 31 December 2022	9,100,000	89,578	2,262,865	(24,707,700)	(13,255,257)	35,626,053	22,370,796



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts are shown in Thousand Egyptian Pounds unless otherwise stated)

Consolidated statement of cash flows - For the year ended 31 December 2022

	Notes	2022	2021
Operating profit before changes in working capital	17(a)	32,998,204	4,304,524
Changes in working Capital:	D. A. C.		
Inventories		(3,134,540)	(603,993)
Trade and other receivables		(16,401,282)	(939,946)
Due from related parties		(1,140,239)	(14,345)
Due to related parties		409,328	65,593
Trade and other payables		100,767	346,178
Provisions used	6(i)	(311,139)	(101,044)
Income tax paid	6(j)	(274,210)	(194,964)
Net cash flow generated from operating activities		12,246,889	2,862,003
Cash flows from investing activities			
Payments to purchase of fixed assets, PUC and intangible assets		(1,938,883)	(1,789,314)
Payment to purchase biological assets		(158,977)	(67,301)
Proceeds from sale of fixed assets		44,570	52,978
Payment for acquisition of associates		(55,455)	51
Treasury bills more than three months		830,656	143,590
Proceeds from sale of subsidiaries		25,993	20
Interest received		945,950	542,610
Net cash flow used in investing activities		(306,146)	(1,117,437)
Cash flows from financing activities			
Proceeds from loans		1,015,803	591,267
Proceeds from financial leasing entities		100,897	638,709
Repayments of loans		(14,849,969)	(1,342,741)
Lease payments		(215,697)	(140,840)
Proceeds from banks – overdrafts		1,545,435	3,181,193
Dividends paid		(435,969)	(462,324)
Payments to purchase of treasury shares		(10,734)	(912)
Restricted cash		(204,582)	228,625
Transactions with non-controlling interests		(58,361)	(33,416)
Interest paid		(932,230)	(1,704,448)
Net cash flow (used in) / generated from financing activities		(14,045,407)	955,113
Net change in cash and cash equivalents during the year		(2,104,664)	2,699,679
Cash and cash equivalents at beginning of the year		5,406,555	2,283,175
Foreign currency translation differences		5,351,051	423,701
Cash and cash equivalents at end of the year	S(c)	8,652,942	5,406,555



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Group structure

1. Introduction

Qalaa for Financial Investments (S.A.E) "The Holding Company" was incorporated in 2004 as an Egyptian joint stock company under Law No. 159 of 1981. It was registered in the commercial registered under number 11121, Cairo on 13 April 2004. The Holding Company's term is 25 years as of the date it is registered in the commercial register and can be renewed. The Holding Company is registered in the Egyptian Stock Exchange.

The Holding Company's head office is located in 31 Arkan Plaza, Sheikh Zayed City, 6th of October, Giza, Arab Republic of Egypt.

The purpose of the Holding company and its subsidiaries (the Group) is represented in providing consultancy in financial and financing fields for different companies and preparing and providing the feasibility studies in the economical, engineering, technological, marketing, financial, administrative, borrowing contracts arrangements and financing studies for projects and providing the necessary technical support in different fields except legal consultancy, in addition to working as an agent of companies and projects in contracting and negotiations in different fields and steps especially negotiations in the management contracts, participation and technical support, managing, executing and restructuring of projects.

The Holding company may have an interest or participate in any way with companies and others that carry out work similar to its work or that may help it to achieve its purpose in Egypt or abroad, and it may also merge with the previous bodies, buy or join them according to the provisions of the law and its executive regulations.

The Extraordinary General Assembly of the Holding company decided on 20 October 2013 to approve the Company's conditions of work in accordance with the Capital Market Law and its Executive Regulations as a company engaged in the purpose of establishing companies and participating in increasing the capital of companies in accordance with the provisions of Article 27 of the Capital Market Law and Article 122 of its executive regulations. The necessary legal procedures have been initiated after completion of all necessary legal procedures to increase the company's capital until the situation is reconciled according to the new capital of the company.

The Holding Company is owned by Citadel Capital Partners Ltd. Company (Malta) by 23.49%.

The consolidated financial statements were authorised to be issued by the Holding company's Board of Directors on 13 May 2023.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

2. Interests in other entities

2(a) Material subsidiaries

Below is a list of material subsidiaries at 31 December 2022 and 31 December 2021.

		Effective shareholding by the Group share%		Non-controlling interest %		
	Country of	31 December	31 December	31 December 3	1 Decembe	
Company name	Incorporation	2022	2021	2022	2021	
Citadel Capital Ltd.	material salaria salaria					
• 39	British Virgin Island	99.99	99.99	0.01	0.01	
Citadel Capital Holding for Financial	British Virgin Island					
Investments-Free Zone		99.99	99.99	0.01	0.01	
Sequoia Williow Investments Ltd.	British Virgin Island	99.99	99.99	0.01	0.01	
Arab Company for Financial Investments	Arab Republic of Egypt	94.00	94.00	6.00	6.00	
Lotus Alliance Limited	British Virgin Island	85.69	85.69	14.31	14.31	
Trimstone Assets Holding Limited – 8VI	British Virgin Island	100.00	100.00	0.00	0.00	
Eco-Logic Ltd.	British Virgin Island	100.00	100.00	0.00	0.00	
Citadel Capital for International Investments Ltd.	British Virgin Island	100.00	100.00	0.00	0.00	
Qalaa Energy Ltd.	British Virgin Island	100.00	100.00	0.00	0.00	
United for Petroleum Refining Consultation	Arab Republic of Egypt	100.00	100.00	0.00	0.00	
Specialized for Refining Consulting	Arab Republic of Egypt	100.00	100.00	0.00	0.00	
National Company for Refining Consultation	Arab Republic of Egypt	100.00	100.00	0.00	0.00	
Citadel Capital Financing Corp.	British Virgin Island	99.99	99.99	0.01	0.01	
Africa Rallways Holding	Republic of Mauritius	66.24	66.24	33.76	33.76	
Andalusia Trading Investments	British Virgin Island	99.99	99.99	0.01	0.01	
Tanweer for Marketing and Distribution	Arab Republic of Egypt					
Company (Tanweer)		99.87	99.87	0.13	0.13	
Financial Unlimited for Financial Consulting	Arab Republic of Egypt	99.87	99.87	0.13	0.13	
Citadel Capital Joint Investment Fund	Republic of Mauritius					
Management Limited	•	99.99	99.99	0.01	0.01	
Darley Dale Investments Ltd.	British Virgin Island	100.00	100.00	0.00	0.00	
International for Refinery Consultation	Arab Republic of Egypt	100 00	100.00	0.00	0.00	
Falcon for Agriculture Investments	British Virgin Island	54.95	54.95	45.05	45.05	
Silverstone Capital Investments Ltd.	British Virgin Island	61.56	61.56	38.44	38.44	
Taga Arabia Company	Arab Republic of Egypt	55.33	55.33	44.67	44.67	
Taga for Marketing Petroleum Products – SAE	Arab Republic of Egypt	55.33	55.33	44.67	44.67	
Gas and Energy Company SAE	Arab Republic of Egypt	55,33	55.33	44.67	44.67	
Taga for Electricity, Water and Cooling – SAE	Arab Republic of Egypt	55.33	55.33	44.67		
Citadel Capital Transportation Opportunities Ltd.	British Virgin Island	67.55	67.55		44.67	
National Company for River Transportation Nile	Dittion Augustoland	07.33	07.55	32.45	32.45	
Cargo S.A.E.	Arab Republic of Egypt	46.46	46.46	53.54	53.54	
National Company for River Ports Management	vian vehanic or cRAht	40,40	40,40	53,54	53.54	
S.A.E.	Arab Republic of Egypt	46.41	46,41	52.50		
National Development and Trading Company	Arab Republic of Egypt			53,59	53,59	
Arab Swiss Engineering Co. (ASEC)		69.28	69.28	30.72	30.72	
ASEC for Manufacturing and Industries Project	Arab Republic of Egypt	69.27	69.27	30.73	30.73	
Co (ARESCO)	Arab Republic of Egypt				- 20	
ASEC Cement Co.	Auch Dec 60: 60	69.27	69.27	30.73	30.73	
ASEC Automation Co.	Arab Republic of Egypt	51,81	51.81	48.19	48.19	
	Arab Republic of Egypt	37.16	37.16	62.84	62.84	
Al Takamol for Cement Ltd. Co.	Sudan	25.99	25,99	74.01	74.01	
Orient Investments Properties Ltd.	British Virgin Island	31.75	31.75	68.25	68.25	
Arab Refining Company – S.A.E.	Arab Republic of Egypt	19.73	19.73	80.27	80.27	
gyptian Refining Company – S.A.E. (indirectly	Arab Republic of Egypt					
wned by Orient Investment Property)		13.08	13.08	86.92	86,92	
awazon for Solid Waste Management (Tawazon)	Arab Republic of Egypt	99.99	99.99	0.01	0.01	
Jnited Foundries Company	Arab Republic of Egypt	67.46	67.46	32.54	32.54	
Inderscore International Holdings Ltd.	British Virgin Island	100.00	100,00	0.00	0.00	



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Interests in other entities (continued)

		Effective shareholding by the Group share%		Non-controlling interest %	
	Country of	31 December 3			31 December
Company name	Incorporation	2022	2021	2022	2021
Sphinx Egypt for Financial Consulting Company	Arab Republic of Egypt	69.88	69.88	30.12	30.12
Africa Joint Investment Fund	Republic of Mauritius	30.87	30.87	69.13	69.13
Mena Joint Investment Fund	Luxembourg	73.25	73.25	26.75	26.75
ASEC company for mining (ASCOM)	Arab Republic of Egypt	54.05	54.05	45.95	45.95
ASCOM Carbonate & Chemical Manufacture Company	Arab Republic of Egypt	54.04	54.04	45.96	45.96
Glassrock Insulation Company	Arab Republic of Egypt	51.21	50.56	48.74	49.44
Grandview Investment Holding Corp.	British Virgin Island	48.02	48.02	51.98	51.98
National Printing Company	Arab Republic of Egypt	31.37	25.25	68.63	74.75
Modern Shorouk for Printing & Packaging	Arab Republic of Egypt	30.65	24.65	69.35	75.35
El Baddar for Packages	Arab Republic of Egypt	30.65	25.22	69.35	74.78
Uniboard	Arab Republic of Egypt	15.94	12.87	84.06	87.13
ASEC Trading Company	Arab Republic of Egypt	99.80	99.80	0.20	0.20

2(b) Key financial information for significant subsidiaries

		Total	Total	Net Profit /
31 December 2022	Total Assets	Equity	Revenue	(Loss)
Orient Investment Properties Ltd.	109,917,313	39,887,950	74,750,168	19,360,589
Silverstone Capital Investment Ltd. Group	14,849,667	2,581,668	10,727,836	546,919
National Development and Trading Company	10, 122, 804	(5,689,824)	4,583,441	(4,143,167)
ASEC Company for Mining (ASCOM)	2,220,241	(286,409)	1,362,494	(82,548)
Citadel Capital Transportation Opportunities Ltd.	1,040,999	(1,380,262)	370,832	500,351
United Foundries Company	328,556	(1,104,163)	413,348	(360,083)
Grandview Investment holdings	4,403,994	1,126,956	4,270,998	934,725
Falcon for Agriculture Investments Group	1,827,867	(227,434)	1,266,425	(46,582)

31 December 2021	Total Assets	Total Equity	Total Revenue	Net Profit / (Loss)
Orient Investment Properties Ltd.	59,437,086	10,107,657	28,501,763	(3,363,244)
Silverstone Capital Investment Ltd. Group	12,039,164	1,926,652	9,102,016	502.126
National Development and Trading Company	5,806,829	(4,959,224)	3,105,027	(2,032,844)
ASEC Company for Mining (ASCOM)	1,360,263	(171,572)	937,663	(90,897)
Citadel Capital Transportation Opportunities Ltd.	894,398	(1,472,215)	253,128	(174,255)
United Foundries Company	221,895	(744,080)	275,998	35,696
Grandview Investment holdings	2,835,684	570,782	2,604,516	219,031
Falcon for Agriculture Investments Group	1,505,711	125,289	1,013,812	(28,687)

Al-Takamol cement company (Subsidiary of National Development and Trading) operates in a hyperinflationary economy, the central bank of Sudan among other measures imposed certain restrictions on processing of client payments by banks and on the purchase of foreign currency on the interbank market.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Interests in other entities (continued)

2(c) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-Group eliminations.

	1 0		0.00		4 - 4
(i	l VII	ımmarise	id tina	ncial r	nocition

31 December 2022	Silverstone	ссто	NDT	Orient *	Ascom	Grandview
Current assets	9,267,731	276,888	4,073,855	20,675,558	850,493	3,046,194
Current liabilities	8,658,972	2,334,998	6,326,581	60,963,963	1,334,808	2,629,115
Net current assets	608,759	(2,058,110)	(2,252,726)	(40,288,405)	(484,315)	417,079
Non-current assets	5,581,937	764,112	6,048,949	89,241,755	1,369,747	1,357,800
Non-current liabilities	3,609,027	86,263	9,486,046	9,065,400	1,171,842	647,923
Non-current net assets	1,972,910	677,849	(3,437,097)	80,176,355	197,905	709,877
Accumulated NCI	633,457	(282,615)	3,841,272	15,441,373	(100,860)	624,703
31 December 2021	Silverstone	ссто	NDT	Orient *	Ascom	Grandview
Current assets	8,169,232	133,376	2,503,374	3,640,627	542,593	1,515,336
Current liabilities	(7,607,676)	(2,123,306)	(5,335,910)	(40,234,794)	(740,106)	(1,604,109)
Net current assets	561,556	(1,989,930)	(2,832,536)	(36,594,167)	(197,513)	(88,773)
Non-current assets	3,869,932	761,022	3,303,455	55,796,459	817,670	1,320,348
Non-current liabilities	(2,504,836)	(243,307)	(5,430,143)	(9,094,635)	(791,729)	(660,793)
Non-current net assets	1,365,096	517,715	(2,126,688)	46,701,824	25,941	659,555
Accumulated NCI	642,174	(463,228)	1,600,647	4,015,297	(84,099)	482,825

^{*} Orient is the holding company for ERC and the above figures mainly represent ERC figures

(ii) Summarised comprehensive income

31 December 2022	Silverstone	ССТО	NDT	Orient	Ascom	Grandview
Revenue					1,362,49	
	10,727,836	370,832	4,583,441	74,750,168	4	4,270,998
Profit / (loss) for the year	546,919	500,351	(4,143,167)	19,360,589	(82,548)	934,725
Other comprehensive income / (loss)	50,770	(9,073)	1,211,415	-	(4,984)	18,823
Total comprehensive income			(2,931,752			
	597,689	491,278)	19,360,589	(87,532)	953,548
Profit / (loss) allocated to NCI	32,941	180,613	2,387,213	11,426,076	(24,513)	220,389
Dividends to NCI	(55,876)		(14,599)	-	- 29	(48,160)



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Interests in other entities (continued)

31 December 2021	Silverstone	ссто	NDT	Orient	Ascom	Grandview
Revenue	9,102,016	253.128	3.105,027	28,501,763	937.663	2,604,516
Profit / (loss) for the year	502,126	(174,255)	(2,032,844)	(3,363,244)	(90,897)	219.031
Other comprehensive income / (loss)	32,512	(5,810)	1,211,415		(4,984)	12,054
Total comprehensive income	534,638	(180,065)	(821,429)	(3,363,244)	(95,881)	231,085
Profit / (loss) allocated to NCI	163,557	(50,658)	562,269	(1,986,929)	(6,138)	177,666
Dividends to NCI	(68,819)		(69,924)			(30,840)

(iii) Summarised cash	flows					
31 December 2022	Silverstone	ссто	NDT	Orient	Ascom	Grandview
Cash flows generated from ,	/ (used in)					
- Operating activities	675,390	700,258	(865,676)	18,128,532	19,524	715,856
 Investing activities 	(366,168)	882,876	(2,535,615)	(356,225)	(251,687)	(330,429)
 Financing activities 	545,687	(1,706,790)	3,510,435	(16,155,671)	289,635	(408,741)
Net increase/ (decrease) in cash equivalent	eash and 854,909	(123,656)	109,144	1,616,636	57,472	(23,314)
31 December 2021	Silverstone	ссто	NDT	Orient	Ascom	Grandview
Cash flows generated from /	(used in)					
- Operating activities	344,879	110,868	1,477,200	1,355,437	37,924	(51,559)
 Investing activities 	(298,523)	4,999	(2,091,199)	(220,304)	(93,482)	(333,935)
 Financing activities 	2,874,175	(60,158)	589,454	(919,245)	41,353	446,760
Net increase/ (decrease) in	cash and					

2(d) Transactions with non-controlling interest

2,920,531

During the year ended 31 December 2022, the Group had the following transactions with non-controlling interest.

55,709

(24,545)

215,888

(14,205)

61,266

- A) The Group's management through Asec for Mining (ASCOM) acquired an additional 1.2% of the issued capital of its subsidiary "Glassrock".
- B) The Group's management through "a Subsidiary of Grandview" acquired an additional 6% of the issued shares of "National printing".

2(e) Significant judgements

cash equivalent

(i) Consolidation of Arab Refining Company – S.A.E "ARC" and its subsidiary Egyptian Refining Company – (S.A.E) ("ERC")

The Group currently holds 31.75% in Orient Investment Properties Ltd, which is the majority shareholder of ARC. ARC has a shareholding of 66.6% in ERC. Through the various shareholding structures, the Group holds an effective 13.1% shareholding in ERC and consolidates the ERC entity. ERC represents the most substantial portion of Orient and ARC's operations.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Interests in other entities (continued)

ERC was set up for the purpose of constructing and operating refinery project and aims to provide benefits for its stakeholders such as debt and equity financiers in addition to cost savings to Egyptian General Petroleum Corporation (EGPC). The Group was involved with the setup and design of ERC.

In August 2019, ERC started its pre-completion operations which resulted in supplying EGPC with LPG, reformate, JET fuel, diesel and fuel oil products.

The full operation phase started at the beginning of the year 2020, however as at 31 December 2022 the technical criteria for the project completion has not yet been met.

According to the clauses in ERC Deed of Shareholders Support the Group shall prior to the project completion and for two years thereafter, have control over ERC's decision-making, management and operations. Contractually with these clauses, the Group has the full ability to direct the relevant activities of ERC until two years post to the project completion terms have been met. The Group will need to reassess control if the Deed of Shareholders Support clauses no longer apply as this may result in control being lost by the Group at this date.

Whilst Egyptian General Petroleum Corporation (EGPC - significant shareholder in ERC) and ERC have entered into several contractual arrangements, which will be effective during the operational phase, these have been assessed and do not provide Egyptian General Petroleum Corporation (EGPC) with the control to direct the relevant activities of ERC. The Deed of Shareholders Support would override any such clauses in other contractual arrangements including any shareholder agreements of ARC or Orient Investment Properties if such clauses are contrary to the Group having control.

As at 31 December 2020, ERC defaulted on certain of the loans with lenders. This has not impacted the rights afforded to the Group to direct the relevant activities via the Deed of Shareholders support.

The Group is exposed to variable returns with the involvement with ERC. Variable returns consist of equity returns, fees for service contracts, guarantee fees incurred by the Group on behalf of ERC and exposure to reputational risk.

Management is of the view that the Group has control over ERC by virtue of shareholders agreements, exposure, or rights, to variable returns from its involvement with ERC; and can use its control over ERC to affect the amount of the Group's variable returns. Management considers that the relevant activities that most significantly affect variable returns will not be derived during the construction phase of the project but rather during the operational phase.

Furthermore, management has applied judgement in determining if the Group controls Orient and ARC. It should be noted that ERC represents the most significant variable returns of both Orient and ARC. As such, whatever conclusion is reached for ERC would be considered appropriate for Orient and ARC.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Interests in other entities (continued)

In determining the appropriate accounting treatment for ERC, Orient and ARC management applied significant judgement. If management's judgements were to change, this would result in the deconsolidation of ARC and its subsidiary ERC. ERC currently has consolidated assets and liabilities impacting the consolidated financial position amounting to approximately EGP 109.92 billion and EGP 70.03 billion respectively as of 31 December 2022 and with a consolidated profit of EGP 19.36 billion for the twelve-month period. The primary assets and liabilities making up these totals are represented in the fixed assets amounted EGP 80.6 billion, trade receivables amounted to 15.6 billion, trade and other payables amounted to EGP 6.2 billion and loans liabilities amounted to EGP 52.9 billion.

(ii) Functional currencies of different entities of the Group.

Different entities within the Group have different functional currencies, based on the underlying primary economic environment in which the entities operate. Determining the functional depends on the currency which an entity generates and expends cash. The functional currency is the currency which is:

- Mainly influences prices for goods and services,
- official for the country that mainly determine the prices according to competitive forces and regulations.
- influences labour, material and other costs of providing goods and services.

In some instances, it is not clear from the above what the functional currency should be, and consideration would be given to the currency financing is obtained and currency receipt of cash is retained. Management have exercised judgement in assessing the functional currency of some of the entities.

Specifically, in determination of the functional currency of the Egyptian Refining Company (ERC), the Group based its judgement on the fact that the company operates in a market where the price the goods and services are determined is based on global commodity markets. As such, the USD mainly influences prices of goods and services in ERC as well as a large proportion of labour, material and other costs. Moreover, the US Dollar is the currency in which ERC's business risks and exposures are managed, financing is obtained and cash from operating activities are retained. On this basis, management determined the functional currency for ERC to be USD.

(iii) Control Grandview Investment Holdings Corporation (Grandview)

Management have considered the accounting treatment and the principals in EAS 42 "Consolidated financial statements" and have determined that Grandview is controlled by the Group. In determining the appropriate accounting treatment for Grandview, management applied significant judgement and if management's judgements were to change, this would result in the deconsolidation of Grandview.

In 2005, Grandview Investment Holdings Corporation ("Grandview") was set up by the Group to undertake private equity investment in mid-cap companies in various industry sectors in the Middle East and North Africa. At the inception of Grandview, the Group initially owned 13%.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Interests in other entities (continued)

The Group appointed its subsidiary Sphinx Capital to manage the investments to be held by Grandview. This agreement was formalised through a participation arrangement which gave Sphinx Capital the majority of the voting rights and appointed the majority of the Board of Directors in Grandview and therefore power to control its relevant activities. In 2014 the Group increased its investment in Grandview to 48%.

The following are the key considerations and judgements applied by management in concluding that the Group had control over Grandview:

- The Group is able to appoint 5 of the 9 Board members of Grandview.
- Sphinx Capital has power over Grandview, which is demonstrated by the terms of the Participation agreement, whereby it has full discretion and responsibility over Grandview.

Accordingly, the Group consolidated "Grandview Investment Corporation and its subsidiaries" in the consolidated financial statements.

In determining the appropriate accounting treatment for Grandview, management applied significant judgement. If management's judgement were to change, this would result in the deconsolidation of Grandview and its subsidiaries. Grandview currently has consolidated assets and liabilities impacting the consolidated financial position amounting to approximately EGP 4.4 billion and EGP 3.28 billion respectively as of 31 December 2022 and with a consolidated profit of EGP 934.7 million for the twelve-month period. The primary assets and liabilities making up these totals are represented in the fixed assets amounted EGP 1.14 billion, Trade and other receivables amounted to EGP 1.18 billion, inventory amounted to EGP 966.5 million and loans liabilities and overdrafts amounted to EGP 1.97 billion.

1(a) Investments in associates and joint ventures

	Place of business	Place of business		olding %	Carrying amount		
	/ country of incorporation	Nature of relationship	31 December 2022	31 December 2021	31 December 2022	31 December 2021	
Zahana Cement Company	Algeria	Associate	35%	35%	365,013	352,848	
Allmed Medical Industries	UK	Associate	30%	30%	124,834	87,063	
Dar AL Sherouk Company	British Virgin Islands	Associate	58.51%	58.51%	124,238	132,052	
Ascom Precious Metals (APM)	Ethiopia	Associate	35.54%	35.54%	103,168	89,831	
Ostool Transport and Logistics**	Egypt	Associate	10%		49,979	10,002	
Wathba for Petroleum Services***	Egypt	Joint venture	49.9%	_	12,475		
Engineering Tasks Group (ENTAG)	Egypt	Associate	31%	31%	,	4,593	
Al Kateb Co for Marketing and	Egypt					,,025	
Distribution*		Associate	48.88%	48.88%		1.4	
Castrol Egypt *	Egypt	Associate	49%	49%	-		
Egyptian Company for Solid Waste	Egypt						
Recycling (ECARU)*		Associate	31%	31%	_		
Total					779,707	666,387	
Accumulated impairment loss					(111,146)	(111,146)	
Net					668,561	555,241	



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Interests in other entities (continued)

- * The Group management has stopped recognizing its share of losses for Castrol Egypt, Egyptian Company for Solid Waste Recycling (ECARU) and Al Kateb Co for Marketing and Distribution as the Group's share of losses exceeded its investment with no further obligations. The unrecognised share of loss of these associates is EGP 2,627K for 2022 (Cumulative: EGP 63,173K).
- ** On 6 June 2022, the Group's management through "Citadel Capital Transportation Opportunities Ltd." has purchased 10% of "Ostool Transport and Logistics" Company's shares which represent 8,660,163 shares amounting to EGP 42.9M from one of Ostool's shareholders.
- *** On 4 September 2022, a new Company was established under the name of "Wathba for Petroleum Services". The Company's total issued capital is EGP 100M where Qalaa Capital's share is 49.9% with a total of EGP 49.9M, Qalaa has paid 25% of the total mentioned amount (EGP 12.4M) as paid-up capital as of 31 December 2022.

The management have assessed the Company as a joint venture due to the following facts:

- A) Qalaa has 49.9% of the ownership interest of "Wathba for Petroleum Services".
- B) Qalaa has 4 out of 8 of the board members of "Wathba for Petroleum Services" with a joint management control and equal voting rights.

(i) Nature of activities

	Activities
Al Kateb Co for Marketing and Distribution	Marketing and distributing books including books and magazines, musical and cinematic, television and recording works.
Castrol Egypt	Castrol is a leading distributor and marketer of premium lubricating oils, greases and related services to automotive, industrial, marine, aviation, oil exploration and production.
Dar AL Sherouk Company	Sale and distribution of literary and artistic products of all kinds, including books and magazines, musical and cinematic, television and recording works.
Egyptian Company for Solid Waste Recycling (ECARU)	the production of natural organic fertilizers as an alternative to house moss, the production of wood panels from agricultural crop residues and other activities.
Engineering Tasks Group (ENTAG)	Design and manufacture of industrial machinery and equipment, production lines and restructuring of factories. And Execution management for industrial projects, utility projects, and technical and administrative restructuring of factories.
Zahana Cement Company	Cement manufacturing
Ascom Precious Metals (APM) Allmed Medical industries	Exploration of Gold – Ethiopia Manufacturing and distributing an end-to-end range of consumables Haemodialysis for Renal Care Therapies.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Interests in other entities (continued)

Ostool Transport and Logistics

Transportation of goods, land freight of goods, unloading and storage of goods (except for the storage of dangerous chemicals) and management of transport projects for goods, import and export within the limits of the purpose of the company.

Wathba for Petroleum Services

Designing, constructing, managing, producing or maintaining electricity and energy generation stations of all kinds, as well as their distribution and sale networks. Establishment of warehouses for filling and storing crude oil and petroleum products, as well as filling butane gas. Establishment and operation of a factory for the production and refining of petroleum products, natural gas and petrochemicals, preliminary, intermediate and final, and filling the gas. Wholesale and retail trade of petroleum products of all kinds, especially refined petroleum products.

(ii) Group share in results of associates and joint ventures

	Dar Al-Sherouk BVI		Ascom Precious Metals (APM)		Allmed Medical Industries	
	2022	2021	2022	2021	2022	2021
Opening at 1 January	132,052	124,219	89,831	125,800	87,063	101,201
Group share in profit / (loss) for						
the year	(7,675)	2,987	12,987	(36,508)	(12,220)	(13,944)
Group share in other						
comprehensive income/ (loss)	(139)	4,846	350	5 3 9	49,991	(194)
	124,238	132,052	103,168	89,831	124,834	87,063
Accumulated impairment	(111,146)	(111,146)	-		-	-
Carrying amount at 31 December	13,092	20,906	103,168	89,831	124,834	87,063
Net Assets	22,376	35,731	290,287	252,760	416,113	290,210
Group's share in %	58.51%	58.51%	35.54%	35.54%	30%	30%
Group's share in EGP	13,092	20,906	103,168	89,831	124,834	87,063

	Egyptian Company for Solid Waste Recycling (ECARU)		Engineering Tasks Group (ENTAG)		Zahana Cement Company	
	2022	2021	2022	2021	2022	2021
Opening at 1 January Group share in profit / (loss) for	-	1,436	4,593	6,297	352,848	354,852
the year Group share in other	-	(1,436)	(4,828)	(1,704)	9,379	(2,057)
comprehensive income/ (loss)	-	-	235	-	2,786	53
	-		-	4,593	365,013	352,848
Accumulated impairment		- 17:00	-			-
Carrying amount at 31 December			- 1	4,593	365,013	352,848
Net Assets	-			14,816	1,042,894	1,008,137
Group's share in %	31%	31%	31%	31%	35%	35%
Group's share in EGP			-	4,593	365,013	352,848



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Interests in other entities (continued)

	Ostool Tran	CONTRACTOR OF THE SECOND	Wathba for Petroleum service	
	2022	2022	2022	2021
Opening at 1 January	_	-		
Additions	42,980	-	12,475	
Group share in profit / (loss) for the year	6,999	39		
Group share in other comprehensive income/ (loss)				
	49,979		12,475	
Accumulated impairment				2
Carrying amount at 31 December	49,979		12,475	
Net Assets	499,790		25,000	
Group's share in %	10%	-	49.90%	
Group's share in EGP	49,979	12	12,475	-

(iii) Summarised financial information for associates

31 December 2022	Total assets	Total shareholders' equity	Total revenue	Net profit / (loss) for the year
Ascom Precious Metals (APM)	330,375	290,287		(277,166)
Dar Al Sherouk Company	254,776	115,774	98,269	(13,116)
Castrol Egypt	211,634	(62,191)	131,149	(484)
Al Kateb Co for Marketing and Distribution	25,643	3,122	25,417	2,605
Allmed Medical Industries	1.397.212	349,738	1,271,494	(40,731)
Egyptian Company for Solid Waste Recycling (ECARU)	282,470	11,286	351,543	8,037
Engineering Tasks Group (ENTAG)	45,038	(758)	9,530	(18,232)
Ostool Transport and Logistics	1,345,692	156,581	607,117	69,999
Wathba for Petroleum services	250,000	250,000		700
Zahana Cement Company	9,753,181	1,042,894	994,457	26,794

31 December 2021	Total assets	Total shareholders' equity	Total revenue	Net profit / (loss) for the year
Ascom Precious Metals (APM)	850,300	252,760		(102,724)
Dar Al Sherouk Company	278,270	132,052	51,371	5,105
Castrol Egypt	90,168	59,268	02,072	3,203
Al Kateb Co for Marketing and Distribution	19,045	(1,323)	22,003	2,476
Allmed Medical Industries	1,386,273	290,210	797,671	(46,480)
Egyptian Company for Solid Waste Recycling (ECARU)	264,848	4,349	192,263	(29,393)
Engineering Tasks Group (ENTAG)	72,453	14,816	20,226	(6,890)
Zahana Cement Company	6,130,374	1,008,137	530,081	(5,877)



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Interests in other entities (continued)

Significant judgement

- A) The Group have determined that they do not control Dar Elsherouk Company even though the Group owns 58.5% of the issued capital of this entity. It is not a controlled entity because the Group is not able to use its power over the entity to affect those returns as result of the contractual agreement signed between the group and other shareholder that give the other shareholders the right to control as the chairman and the majority of board members hired by the other shareholder. If consolidation was required, the total assets would increase by EGP 255M (2021: EGP 278M) and total liabilities would increase by EGP 139M (2021: EGP 146M).
- B) The Group have determined that they have significant influence over "Ostool Transport and Logistics" Company even though the Group owns only 10% of the issued capital of the Company, this is due to an active exercisable call option which grants the Group an additional 27% of "Ostool Transport and Logistics" which is planned to be exercised in 2023.

3. Discontinued operation

3(a) Description

Group management through National company for development and trading S.A.E (NDT) approved the full sale of its shares in its subsidiary "Al Ahram for equipment company S.A.E." (one of the subsidiaries of ASEC for Manufacturing and Industrial projects S.A.E (ARESCO) – A subsidiary of NDT) and the sale transaction has been completed on 26 December 2022 for an amount of EGP 25.9M. The sale resulted in a gain of EGP 28.7 M.

3(b) Profit / (loss) from discontinued operations

Discontinued operations after tax are represented in the following:

	Subsidiary of National company for development and trading S.A.E	Total
31 December 2022		
Operating income	-	-
Operation cost	(3,903)	(3,903)
Operating losses	(3,903)	(3,903)
Gain on sale of investment in subsidiary	28,782	28,782
Net profit for the year	24,879	24,879
Income tax		•
Profit from discontinued operations, net of tax	24,879	24,879



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Interests in other entities (continued)

	Subsidiary of National company for development and trading S.A.E	Total
31 December 2021		
Operating income	6,513	6,513
Operation cost	(8,630)	(8,630)
Operating losses	(2,117)	(2,117)
Gain on sale of investment in subsidiary	•	
Net loss for the year	(2,117)	(2,117)
Income tax	(78)	(78)
Loss from discontinued operations, net of tax	(2,195)	(2,195)

Details of the sale

	2022	2021
Consideration received	25.993	-,
Carrying amounts of net assets sold	2,789	
Gain on sale after income tax	28,782	23

3(c) Assets and liabilities of disposal Groups classified as held for sale

(i) Assets

	Ledmore				
	El Baddar	Holding Limited	Asenpro	Total	
31 December 2022	X70 (1000.00			
Fixed assets	11,118		4,850	15,968	
Trade receivables and other debit balances		6,045		6,045	
Cash and cash equivalents		5,113		5,113	
	11,118	11,158	4,850	27,126	
Impairment					
Balance	11,118	11,158	4,850	27,126	
		Ledmore			
	El Baddar	Holding Limited	Asenpro	Total	
31 December 2021					
Fixed assets	9,877		5,728	15,605	
Trade receivables and other debit balances		3,830	19	3,830	
Cash and cash equivalents		3,239		3,239	
	9,877	7,069	5,728	22,674	
Impairment	7.47	140			
Balance	9,877	7,069	5,728	22,674	



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Discontinued operation (continued)

(ii) Liabilities

unities				
	Mena Home Furnishing Malls Ltd.	Ledmore Holding Limited	Asenpro	Total
31 December 2022				
Trade payables and other credit balances Deferred tax liabilities	1,302	1,120	240	2,422
			249	249
Balance	1,302	1,120	249	2,671
	Mena Home Furnishing Malls Ltd.	Ledmore Holding Limited	Asenpro	Total
31 December 2021				William 1
Trade payables and other credit balances	826	711	- 0	1,537
Deferred tax liabilities			246	246
Balance	826	711	246	1.783

4. Hyper-inflationary economies

During the year of 2018, the Group adopted IAS 29, "Financial Reporting in Hyperinflationary Economies". The Sudanese economy have been considered to be hyperinflationary. Accordingly, the results, cash flows and financial position of the Group's subsidiary "Al-Takamol for Cement Company" have been expressed in terms of the current measuring unit at the reporting date.

Significant judgement

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates is currency of a hyperinflationary economy.

Various characteristics of the economic environment of Sudan are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- prices are quoted in a relatively stable foreign currency;
- sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- interest rates, wages and prices are linked to a price index;
- and the cumulative inflation rate over three years is approaching, or exceeding, 100%.

Management exercises judgement as to when a restatement of the financial statements of a Group entity becomes necessary. Following management's assessment, the Group's subsidiary in Sudan, Al-Takamol for Cement has been accounted for as entities operating in hyperinflationary economies.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Hyper-inflationary economies (continued)

The results, cash flows and financial positions of Al-Takamol for Cement have been expressed in terms of the current measuring units at the reporting date. The inflation adjusted financial information, are stated in terms of current Sudanese Pound at the reporting date using Consumer Price Index (CPI) for Sudanese supplied by the Central Statistical Office. The general price indices used in adjusting the results, cash flows and the financial position of Al-Takamol for Cement set out below is based on the Consumer Price Index (CPI) published by Sudan Bureau for Statistics. Management applied the below conversion factors as fixed assets additions took place during all of these years.

<u>Index</u>	Conversion factor
67.600.05	4.55
67,680.35	1.25
36,131.06	1.63
8,639.50	1.77
2,291,21	1.21
1,489.8	1.23
861.5	1.76
688.37	2.25
527.59	2.74
468.6	3.24
372.9	4.29
	67,680.35 36,131.06 8,639.50 2,291.21 1,489.8 861.5 688.37 527.59 468.6

The net monetary gains from operating activities are as follows:

In thousand Sudanese Pound	Closing Position	Closing purchasing power	Inflation adjustments
Fixed assets	686,757	117,697,894	59,821,535
Project under construction	995,043	1,502,778	(407,338)
Share capital	1,205,705	213,191,765	(99,380,231)
Retained earnings / (Accumulated losses)	(3,712,026)	(72,723,252)	25,903,851
Inventories	17,738,212	31,686,903	(58,469,516)

The effect on the consolidated statement of profit or loss is as follows:

In thousand Sudanese Pound	2022	2021
Increase in revenues	15,676,171	25,355,208
Decrease in EBITDA	(13,570,478)	(8,389,778)
Net monetary gain	3,954,183	6,763,887
(Decrease) / increase in profit after tax	(14,199,509)	2,114,900

Exchange rate used

Management exercised judgement in determining the appropriate rate to use for purposes of presenting the financial statements from Sudanese Pounds to Egyptian Pounds. Generally, only the official exchange rate should be used which is currently SDG 0.0427 to EGP 1.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial position

5. Financial assets and financial liabilities

The Group holds the following financial instruments:

Financial assets	Notes	FVTPL	Debt instruments at amortised cost	Equity instruments at FVOCI	Financial assets at amortised cost	Total
As at 31 December 2022	0		***			
Trade and other receivables *	S(a)	- 2		12	21,543,220	21,543,220
Financial assets at fair value through						
other comprehensive income	5(b)	(-		11,286		11,286
Investment in treasury bills	5(c)					
Restricted cash	5(c)	2		- 2	638,722	638,722
Cash and cash equivalents	5(c)		(3)		8,652,942	8,652,942
Derivative financial assets	5(e)	16	5+3	339,259	20	339,259
Due from related parties	21(a)				497,719	497,719
			-	350,545	31,332,603	31,683,148

Financial assets	Notes	FVTPL	Debt instruments at amortised cost	Equity instruments at FVOCI	Financial assets at amortised cost	Total
As at 31 December 2021	100 - 100 m		23 04 - 72			
Trade and other receivables *	5(a)	-			5,477,930	5.477.930
Financial assets at fair value throu	gh				-	
other comprehensive income	5(b)	-	82	7,969	- 2	7,969
Investment in treasury bills	5(c)	-	813,714		50	813,714
Restricted cash	5(c)		19		434,140	434,140
Cash and cash equivalents	5(c)	2	-		5,406,555	5,406,555
Due from related parties	21(a)				352,796	352,796
	-		813,714	7,969	11,671,421	12,493,104

^{*} Excluding prepayments, advance to suppliers and contract assets.

Financial liabilities	Notes	FVTPL	Equity instruments at FVOCI	Financial liabilities at amortised cost	Leases	Total
As at 31 December 2022	VIII A H					
Trade and other payables **	5(d)	35	-	13,384,917	3.00	13,384,917
Derivative financial liabilities	5(e)/5(f)	676,325	2,219		-	678,544
Loans and borrowings	5(g)	-		87,573,725	-	87,573,725
Lease liabilities	6(b)(2)				1,826,624	1,826,624
Due to related parties	21(b)			1,857,138	-	1,857,138
		676,325	2,219	102,815,780	1,826,624	105,320,948



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

Financial liabilities	Notes	FVTPL	Equity instruments at FVOCI	Financial liabilities at amortised cost	Leases	Total
As at 31 December 2021		-				
Trade and other payables **	5(d)		70	10,424,724		10,424,724
Derivative financial liabilities	5(e)/5(f)	418,023	295,653	2	-	713,676
Loans and borrowings	5(g)	-	43	65,809,375		65,809,375
Lease liabilities	6(b)(2)	40	**	3) ₃₀	1,679,197	1,679,197
Due to related parties	21(b)		7.0	1,447,407	•	1,447,407
		418,023	295,653	77,681,506	1,679,197	80,074,379

^{**} Excluding non-financial liabilities.

5(a) Trade and other receivables

	4 111	2022			2021		
	Non-			Non-			
	Current	current	Total	Current	current	Total	
Trade receivables – government Trade receivables – non-	17,827,122	>	17,827,122	3,496,506	94	3,496,506	
government Impairment for credit losses (note	2,421,162	193,745	2,614,907	1,573,470	71,565	1,645,035	
26(c-2))	(490,755)	-	(490,755)	(347,844)	-	(347,844)	
	19,757,529	193,745	19,951,274	4,722,132	71,565	4,793,697	
Other receivables*	1,583,547	1,122,141	2,705,688	940,469	751,441	1,691,910	
Contract Assets Impairment of contract assets and	201,248	96 81 <u>.</u>	201,248	190,094	· -	190,094	
other receivables (note 26(c 2))	(615,098)	(498,644)	(1,113,742)	(589,933)	(417,744)	(1,007,677)	
	1,169,697	623,497	1,793,194	540,630	333,697	874,327	
Prepayments	1,436,453	•	1,436,453	1,072,016	433	1,072,449	
Total trade and other receivables	22,363,679	817,242	23,180,921	6,334,778	405,695	6,740,473	

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business (segment information, note 8). If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 60 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in note 28(j)(iv) and note 28(o) respectively.

(iii) Other receivables

These amounts generally arisen from transactions outside the usual operating activities of the Group. No interest is usually charged on other receivables. The non-current other receivables are due and payable within three years from the end of the reporting period. The amount presented is discounted, the balance mainly represents the refundable deposits, due from sale of investments and due from contractors from supply of assets.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

The balance relates to refundable deposits mainly represents deposits paid for recurring services received by components like deposits for gas in ERC and deposits for electricity consumption in TAQA. Other balances were not considered significant.

An amount of EGP 1,114M (2021: EGP 1,008M) related to impairment of the other receivable balances are included under impairment of ECL.

(iii) Contract assets

The contract assets mainly relate to unbilled work in progress in Aresco and TAQA and have substantially similar risk characteristics as the trade receivables for the same types of contracts.

(iv) Prepayments

The balance mainly represents the advance to suppliers EGP 699,827 (2021: EGP 554,915), prepaid expenses EGP 169,054 (2021: EGP 93,631) and tax authorities balance EGP 567,572 (2021: EGP 423,470).

(v) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(vi) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 26(c), note 26(b)(i) and note 26(b)(iii) respectively.

(vii) Significant estimates

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

5(b) Financial assets at fair value through other comprehensive income

	2022	2021
Non-current assets		
Unlisted equity securities	11,286	7,969
	11,286	7,969



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

(i) Classification of Financial Assets at Fair Value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprises:

Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to be recognised in this category. These are strategic investments, and the Group considers this classification to be more relevant.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

(ii) Amounts recognised in profit or loss and other comprehensive income

During the year, the following (losses) / gains were recognised in profit or loss and other comprehensive income.

	2022	2021
(losses) / gains recognised in other comprehensive income (note 7(c))	(235)_	5,088
	(235)	5,088
	31 December 2022	31 December 2021
Impairment formed (note 12(b))		2.5

(iii) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in note 5(h).

5(c) Cash and cash equivalents, restricted cash and investment in treasury bills

	2022	2021
Current assets		
Treasury bills	4,838,697	4,759,092
Banks - current accounts	3,921,135	1,439,489
Time deposits	425,352	431,648
Cheques under collection	51,129	19,084
Letters of guarantee	44,945	17,591
Cash on hand	20,860	8,080
Gross carrying amount	9,302,118	6,674,984
Impairment on banks accounts	(10,454)	(20,575)
Net Carrying value	9,291,664	6,654,409
Less:		
Investment in treasury bills with maturity more than three month (ii)	-	(813,714)
Restricted cash (iii)	(638,722)	(434,140)
Cash and cash equivalents	8,652,942	5,406,555



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

_(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

(i) Classification as cash equivalents

Term deposits are held with banks and presented as cash equivalents if they have a maturity of three months or less from the date of placement and are repayable with 24 hours' notice with no loss of interest. Treasury bills included under cash and cash equivalents have original maturities of not more than three months from the date of acquisition, are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. See note 28(p) for the Group's other accounting policies on cash and cash equivalents.

The Group's cash and bank balances for the year ended 31 December 2022 and 2021 are held with reputable financial institutions with Moody's and Standard & Poor's credit ratings of A+ to B2.

(ii) Treasury bills

The investment in treasury bills is related to Taqa with maturity date more than three month but less than one year.

(iii) Restricted cash

The restricted cash represent in EGP 44.9M (2021: 17.6M), which are placed with banks as cash cover for letters of guarantee issued in favour of the Group, and EGP 411.4M (2021: 416M) in time deposits related to Taqa that are held by HSBC bank as collateral against the loan granted to Citadel Capital for International Investments on 24 December 2019 for a period of 6 months. Also, an amount of EGP 182.3M related to orient which represent the amount in the trustee debt service accrual account that the company used to pay the interest of the loans.

The average effective interest rate on deposits at 31 December 2022 is 11.2% (2021: 8.75%). Time deposits and current accounts with banks are placed with local banks under the supervision of the Central Bank of Egypt.

5(d) Trade and other payables

		2022		STATE OF THE PARTY	2021	
	THE STATE OF THE S	Non-		DO STILL TO BE	Non-	EFUS III
	Current 1	current 3	Total	Current 1	current ³	Total
Trade payables ²	8,679,398	445,580	9,124,978	7,016,624	404,398	7,421,022
Accrued expenses	1,762,534	100	1,762,534	1,472,223		1,472,223
Advances from customers and	100					
contract advances	1,498,370	-	1,498,370	785,679		785,679
Tax authority payable 4	1,114,442	-	1,114,442	1,064,351		1,064,351
Social insurance authority	130,203	_	130,203	113,275	_	113,275
Other credit balances	2,497,405	-	2,497,405	1,531,479	_	1,531,479
Total trade and other payables	15,682,352	445,580	16,127,932	11,983,631	404,398	12,388,029



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

5(e) Derivatives financial instruments

	2022	2021
Interest rate swap contracts (ERC)	313,631	(220,367)
Interest rate swap contracts (Taqa)	25,628	(73,067)
Written call option agreement	(2,219)	(2,219)
	337,040	(295,653)

At 31 December 2022 and 31 December 2021, the Group held the following instruments to hedge exposures to changes in interest rates.

The table below discloses the profile of the timing of the nominal amount of the hedging instruments:

		2022			2021	4-34
	Less than 1 year	1-5 years	More than 5 years	Less than 1 year	1-5 years	More than 5 years
Interest rate risk						
Nominal amount	4,643,257	7,387,745	11,063	2,921,647	6,137,698	
Average fixed interest rate	2,8823%	2.8823%	-	2.8823%	2.8823%	152

(i) Interest rate swap contracts (ERC)

Egyptian Refining Company (a subsidiary) has entered into five Interest Rate Swap transactions with the following parties:

- Société General Corporate & Investment Banking.
- HSBC Bank Middle East Limited.
- KFW IPEX-Bank GMBH.
- Mitsubishi UFJ Securities International PLC.
- Standard Chartered Bank

The main terms of hedging instrument are as follows:

Trade date: 25 June 2012. Effective date: 3 July 2012.

Termination date: 20 December 2024.

Fixed portion of the rate paid by the Company is 2.3475%. Floating rate paid by the bank is USD - LIBOR - BBA 6 months.

Payment date: Semi – annually on 24 instalment commencing 20 December 2012.

¹ Current trade payables are unsecured and are usually paid within 60 days of recognition.

² This balance includes the amount of EGP 759M (2021: EGP 540 million) that is payable to Egyptian General Petroleum Corporation (EGPC) represented in purchases of unrefined petroleum products.

² The carrying amounts of the current trade and other payables are considered to be the same as their fair values due to their short-term nature.

³The non- current trade payable balance mainly represents the long-term retentions.

⁴The balances owing to the Tax authority do not include balances related to income taxes.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

Maximum notional amount covered under these transactions are;

- US\$ 789,445,078 by Standard Chartered Bank
- US\$ 450,970,501 by Société General Corporate and Investment Banking
- US\$ 435,971,044 by HSBC Bank Middle East Limited
- US\$ 107,759,253 by KFW IPEX Bank GMBH
- US\$ 189,466,819 by Mitsubishi UFJ Securities International PLC

During December 2020, ERC defaulted on the loans related to the interest rate swaps which resulted in all loans becoming due and payable immediately and loans are currently being renegotiated. As such, the interest cash flows on the hedges were no longer considered highly probable and the hedges were discontinued and all fair value movements in OCI were recycled to the profit and loss.

(ii) Interest rate swap contracts (Taga)

TAQA Solar company (a subsidiary) has entered into a finance agreement with International Finance Corporation to obtain a loan to finance the Solar energy project.

Hedging instrument terms: Effective date: 2 July 2018

Termination date: 15 January 2032.

Fixed rate paid by the company is 3.417% and receive floating rate of USD six months Libor from IFC.

(iii) Call option agreement

According to the call option agreement signed between the Group and one of its shareholders, the agreement grants the shareholder the right but not the obligation to buy 2% of one of Qalaa for Financial Investments subsidiaries' issued capital (the Call Option) which can only be exercised upon the failure of Citadel Capital International Investment ltd. "CCII" (a subsidiary of the Group) to repay the borrowed principle on maturity date.

5(f) Financial liabilities at fair value through profit or loss

	2022	2021
Opening balance at 1 January	418,023	396,527
Financial liability fair value change through profit or loss	(9,637)	8,179
Interest expense	17,554	14,076
Foreign currency translation differences	250,385	(759)
	676,325	418,023

On 31 December 2014, Citadel Capital for International Investment Ltd. Company "CCII" and Qalaa for Financial Investments S.A.E. entered into swap agreement with former shareholder, through which CCII will acquire the former shareholders' shareholding in one of the Group platforms against subscription in share capital increase of Qalaa for Financial Investments.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

On 31 December 2014, the same parties have commercially agreed, and Qalaa for Financial Investments S.A.E. thus guarantees, that the disposal by the Company of the investment shares shall achieve to the former shareholders a specific target cash return of USD 25,378K (Target return), to be unconditionally made available to the former shareholder no later than the longstop date on 30 March 2017. Therefore, the Group management at the end of each reporting period is measuring the fair value of Qalaa for Financial Investments capital shares by reference to quoted market price of the share and measure the outstanding liability to reach the agreed target return.

Also, the parties agreed that the due amount shall bear 4% compound monthly interest, accordingly CCII recognized the difference between the fair value of the invested shares of Qalaa for Financial Investments and the target return plus the 4% monthly interest through the consolidated statement of profit and loss statement.

Fair value of the outstanding liability recognized as of 31 December 2022 is US \$27,380K (31 December 2021: US \$26,711K).

5(g) Loans and borrowings

		2022		Section 1	2021	
		Non-	100	THE REPORT OF THE PARTY OF THE	Non-	
	Current	current	Total	Current	current	Total
Secured						
Bank loans	68,744,861	3,813,494	72,558,355	44,661,048	10,459,528	55,120,576
Loans from related parties	5,921,973	813,186	6,735,159	3,246,042	707,981	3,954,023
	74,666,834	4,626,680	79,293,514	47,907,090	11,167,509	59,074,599
Secured and Unsecured						
Short term facilities and						
bank overdrafts*	8,280,211	-	8,280,211	6,734,776		6,734,776
	8,280,211	•	8,280,211	6,734,776	-	6,734,776
Total borrowings	82,947,045	4,626,680	87,573,725	54,641,866	11,167,509	65,809,375

Qalaa for Financial Investments S.A.E

^{*} During the year ended 31 December 2022, the Company obtained a bridge loan from a third-party entity amounting to EGP 1.15 billion which is secured against post-dated checks. The loan is repayable in one year and classified accordingly as under current liabilities.



QALAA FOR FINANCIAL INVESTMENTS (S.A.E). AND ITS SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

(i) Secured liabilities and assets pledged as security

The secured loans are secured by partial pledges, negative pledge, first degree mortgages and bank guarantees that imposes certain covenants on the subsidiary that has received those loans.

Below is list of key securities provided by the Group and its entities as security for borrowings:

Below is list of key so	ecurines p	below is list of key securities provided by the Group and its entities as security for borrowings:	ecurity tor be	orrowing	.s:					
THE DESTRUCTION	Interest	Collaterals, debt covenants. repayments & loan		Non-	Accrued				Accrued	
loan	rate	negotiations	Current	current	interest	Total 2022	Current	Non - current	interest	Total 2021
Arab Financial Investments Company (AFIC) Commercial International Bank	Fixed	Collaterals: Pledge for the shares owned by COI in Asec Cement which cover more than 100% from the liability, in addition to pledge of all tangible and intangible assets.	174,599	3	44,414	219,013	195,195	ä	26,120	221,315
		Repayment terms: The loan is repayable on demand.								
		<u>Loan negotiations:</u> Negotiations are currently in progress with the bank to reschedule loan installment.								
Arab Swiss Engineering Co.										
Ahii United Bank	corridor + margin	Collaterals: Granted by the administrative building owned by the company.	11,700	50,349	9	62,049	62,424	ĸ	P)	62,424
		Repayment terms: The loan is repayable on demand.								
		Negotlation: On April 18, 22, the Company restructured its debt. An amount of EGP 78 M to be paid over 6 years with a one-year grace period and a return of 2% annually on the remaining balance. The rest of the outstanding balance would be waived subject to compilance with all loan terms.								



QALAA FOR FINANCIAL INVESTMENTS (S.A.E). AND ITS SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

	1,934
	164,521
	36,021
	395,697
	14,561
	296,208
	84,928
	Colleterabi: - First degree mortgage for all property and real estate on the project. - First degree commercial mortgage on calcium carbonate production line. - Deposit all earnings resulting from future sale contracts related to calcium carbonate production in operating account. - The company undertakes not to change, pledge, mortgage, sell or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the bank. - The waiver of the value of final letter is acceptable to the Bank and is expressly waived in favor of the Bank. - Opening the account of the insurance proceeds with
	Ubor + margin
ASCOM company for chemicals and carbonates manufacturing	Ahli United Bank

202,476

Debt covenants:

- Maintain certain financial ratios as well as some commitments related to new borrowing operations, dividents and new investments.

- The debt service ratio is not less than 1.2 for the entire period and the financial leverage shall not exceed 1.8 during the financing period.

the bank.

Repayment terms:
The Company restructured its outstanding debt in March 2022, the key terms of the restructuring

agreement are set out below, 1- The debt to be repaid over 5 years. 2- The interest reduced to 4.5% above libor. -32-



QALAA FOR FINANCIAL INVESTMENTS (S.A.E). AND ITS SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Collaterals: Pledge on the land of the factory, machinery and equipment of ALTakamol for Cement Ltd. Co. Repayment terms:
ine ioan is repayable on demano.
Collaterals: - first degree lien contract of shares owned by the Company in National Development and Trading Company first degree lien contract on the equity shares owned by the Company in International Company for Mining Consulting first degree lien contract on the shares owned by the Company in United Foundries Company first degree lien contract on the shares owned by the Campany in United Foundries Company first degree lien contract on the shares owned by the Company in ASEC Cement Company first degree lien contract on the shares owned by the Company in ASEC Cement Company First degree lien contract on the shares owned by the Company in ASEC Company for Mining (ASCOM). Debt covenants: - The Company must ensure that the consolidated tangible net worth is not at any time less than U.S.5400 million The Company must ensure that the ratio of cash
available for debt service to net finance costs is not, can y measurement period, less than 1.35:1. The Company must ensure that its aggregate interests (directly or indirectly) in its largest two investments



QALAA FOR FINANCIAL INVESTMENTS (S.A.E). CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND ITS SUBSIDIARIES

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

(as identified in the most recently delivered Valuation) shall not represent more than 85% of the Value of the

- The ratio of its current assets to current liabilities is not less than 1.2:1 interests held by the Company.
- The aggregate amount of advisory fees actually received by the Company and Citadel Capital Ltd. in cash in each financial year of the Company are at least equal to 85% of the budgeted advisory fees for that financial year.
 - The ratio of United Foundries Company (UCF) Financial Indebtedness to (UCF) tangible net worth is
 - not more than 2:1
- The ratio of ASCOM financial indebtedness to ASCOM's tangible net worth is not more than 2:1. The ratio of NDT's total liabilities to NDT tangible net

 - worth is not more than 1:1

 The ratio of NOT financial indebtedness to NDT tangible net worth is not more than 2:1
- The ratio of Gozour financial indebtedness to Gozour tangible net worth is not more than 2:1. The ratio of Taga Arabia financial indebtedness to Taga Arabia tangible net worth is not more than 2:1. The ratio of ERC financial indebtedness to ERC tangible
- net worth is not more than 2.5.1.
 The ratio of Africa Railways financial indebtedness to
 Africa Railways tangible net worth is not more than

Repayment terms:

The loan is repayable on demand.

Loans negotiation:

Negotiations are currently in progress with lenders to reschedule the debt repayment.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

656'0E		7,821,639
*		143,368
30,959		7,678,271
•		9,176,287
÷		479,489
ti.		*
£.		8,696,798
Collaterab: - Insurance documents against all risks on the assets of the company covering at least 110% of the value of the existing financing. - The bank provides an undertaking from the Citadel Holding Company (SAE) and the Investment Company for Dairy Products (SAE) to cover the debt service rate throughout the financing period. - Executing first-class commercial mortgage and real estate mortgage to cover all financing.	<u>Repayment terms:</u> The loan balance is fully paid in 2022.	Collaterals and debt covenants: The major covenants and guarantees for Egyptian Refining Company S.A.E. FERC*I syndicated loans with some exceptions to the general rules as stated in the common term's agreement are: - Commercial mortgage - Real mortgage for any acquisition or construction having a book value of more than a specific amount. - Predige for the shares of Arab Refining Company and Specialized Refining Consultancy S.A.E. - Promissory notes. - Guarantee contracts with ElB and KEXIM. - ERC shall not incur or permit to subsist any Financial Indebtedness. - ERC shall not undertake any material capital or operating expenditures except for certain conditions as stated in the common term's agreement. - ERC shall not create or permit to subsist any security interest over all or any of its assets. - ERC shall not create or permit to subsist any security interest over all or any of its assets there in a single transaction or a series of business.
(Falcon) corridor + margin		Ubor + margin
Dina for Agriculture (Falcon) HSBC Bank Egypt corrido margin		Egyptian Refining Company - S.A.E Japan Bank for International Cooperation (JBIC)



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

 ERC shall not acquire any company or entity or any shares or any business or undertaking (or, in each case, any interest in any of them) or incorporate any company

- ERC shall not enter into any amalgamation, demerger,
 - Restrictions on entering into loans and guarantees' merger, reconstruction, consolidation or winding-up.
- ERC shall not repurchase, cancel or redeem its shares or otherwise reduce its share capital or make payments
- in respect of any convertible or hybrid instrument other than distributions permitted under the Finance unless such shares or other instruments are listued to a Government Entity, in which case they shall be subject to an irrevocable power of attorney. All shares and other instruments issued by ERC shall be subject to security as envisaged by the "common terms agreement" and the "Deed of Shareholder Support" Documents.

Repayment terms:

reporting period because the Lenders didn't waive their The Company defaulted on the repayment of the loan. The Lenders had the option to call these loans. The right to request immediate redemption before the loans are classified as current at the end of the reporting period.

Loans negotiation:

Negotiations are currently in progress with lenders regarding debt restructuring.

Collaterals and debt covenants: Ubor + margin

Commercial Banks (NEXI Covered Group of

- The Company shall not incur or permit to subsist any financial indebtedness except for certain conditions which are mentioned in the agreement.
 - capital or operating expenditures except for certain conditions which are mentioned in the agreement. The Company shall not undertake any material
- The Company shall not incur or permit to subsist any security interest overall or any of its assets except for certain conditions which are mentioned in the
 - agreement. The Company shall not sell or dispose any material part of its assets either in a single or a serious of

5,203,070 84,224 6,049,862 5,118,846 251,997 5,797,865



QALAA FOR FINANCIAL INVESTMENTS (S.A.E). CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND ITS SUBSIDIARIES

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

transactions except for certain conditions which are	mentioned in the agreement

- The Company shall not acquire any company, entity,
 - conditions which are mentioned in the agreement. shares, security or any business except for certain
 - guarantee except for certain conditions which are The Company shall not make any loan, credit or mentioned in the agreement.
- The Company shall not alter any right attaching to conditions which are mentioned in the agreement. any share or loan capital of ERC except for certain
- The Company shall not enter into any amalgamation, demerger, merger, reconstruction, consolidation or
 - The Company shall not engage in any activity which winding-up.
 - association without prior consent of the Global amendments to its memorandum or article of The Company shall not make or permit any is not directly associated with the project. Facility Agent.

Repayment terms: The loan is repayable on demand.

Loans negotiation: Negotiations are currently in progress with lenders regarding debt restructuring.

The Company shall not incur or permit to subsist any financial indebtedness except for certain conditions Collaterals and debt covenants:

Libor + margin

Export – Import Bank of Korea (KEXIM)

8,968,276

152,484

10,497,328 8,815,792

512,116

9,985,212

The Company shall not incur or permit to subsist any capital or operating expenditures except for certain conditions which are mentioned in the agreement. security interest overall or any of its assets except for certain conditions which are mentioned in the

The Company shall not undertake any material

which are mentioned in the agreement

transactions except for certain conditions which are The Company shall not sell or dispose any material part of its assets either in a single or a serious of mentioned in the agreement. -37-



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

- guarantee except for certain conditions which are The Company shall not make any loan, credit or mentioned in the agreement.
 - The Company shall not alter any right attaching to conditions which are mentioned in the agreement. any share or loan capital of ERC except for certain
- The Company shall not enter into any amalgamation, demerger, merger, reconstruction, consolidation or winding-up.
 - The Company shall not engage in any activity which is not directly associated with the project.
 - association without prior consent of the Global amendments to its memorandum or article of The Company shall not make or permit any Facility Agent.

Repayment terms:

The loan is repayable on demand.

coans negotiation:

Negotiations are currently in progress with lenders to reschedule debt repayment.

Libor + margin				
Financial	Institutions	(KEXIM Initial	Guaranteed	facility lenders)

Collaterals and debt covenants:

The Company shall not incur or permit to subsist any financial indebtedness except for certain conditions which are mentioned in the agreement.

- capital or operating expenditures except for certain conditions which are mentioned in the agreement. The Company shall not undertake any material
- The Company shall not incur or permit to subsist any security interest overall or any of its assets except for certain conditions which are mentioned in the
- The Company shall not acquire any company, entity, conditions which are mentioned in the agreement. shares, security or any business except for certain mentioned in the agreement.

transactions except for certain conditions which are

The Company shall not sell or dispose any material

part of its assets either in a single or a serious of

2,601,688 42,265 3,027,060 2,559,423 128,127 2,898,933



QALAA FOR FINANCIAL INVESTMENTS (S.A.E). CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND ITS SUBSIDIARIES

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

- guarantee except for certain conditions which are mentioned in the agreement. The Company shall not make any loan, credit or
 - conditions which are mentioned in the agreement. The Company shall not alter any right attaching to any share or loan capital of ERC except for certain
 - The Company shall not enter into any amalgamation, demerger, merger, reconstruction, consolidation or winding-up.
 - The Company shall not engage in any activity which is not directly associated with the project.
 - amendments to its memorandum or article of association without prior consent of the Global The Company shall not make or permit any Facility Agent.

Repayment terms:
The loan is repayable on demand.

Negotiations are currently in progress with lenders regarding debt restructuring.	Collaterals and debt covenants: The Company shall not incur or permit to subsist any financial indebtedness except for certain conditions which are mentioned in the agreement. The Company shall not undertake any material
	Ubor + margin
	Guarantors of European Investment Bank (EIB)

6,308,756

125,366

7,676,369 6,183,390

401,334

7,275,035

50 52	4 2 V 5	50 52	## F 5	0 5 6 0	2 0 = E	3 5 5 2	a c c £	끝 내 오 및	- × ×	= 3 7 7	0 2 9 2	F 12 - 2 12	9 -	E 2 5 %	- a	7 2 2 3	O a 2 %	- 2.0	- 6 8 9	25 6 25		# A B	X O a v	e = 0	* 9 > T	× 2 - 9	₩ F Z	조는 연약	9 2 2 3		D 2 2	44 44 55			
					0 2 0 0	e a g	e it	ove ition all n	over itions tions all no	overa ttions v all not either	overall tions w all not either i	overall o ttions wh tall not se either in	overall or tions whic tall not sell either in a	overall or a ttions which tall not sell either in a	overall or ar ttions which tall not sell o	overall or am ttions which a tall not sell or either in a sir	overall or any ttions which are tall not sell or d either in a sing	overall or any o ttions which are tall not sell or dis either in a singli	overall or any of tions which are n tall not sell or disp either in a single	overall or any of it tions which are mu hall not sell or disponential	overall or any of its itions which are me tall not sell or dispo:	overall or any of its attions which are men hall not sell or dispose either in a single or a	overall or any of its as itions which are menti hall not sell or dispose either in a single or a	overall or any of its assitions which are mention in our dispose a lall not sell or dispose a either in a single or a s	overall or any of its asse titions which are mention tall not sell or dispose an either in a fingle or a se	overall or any of its asset titions which are mentione tall not sell or dispose any either in a single or a seri	overall or any of its assets titions which are mentioned and in or sell or dispose any is either in a single or a serie.	overall or any of its assets etitions which are mentioned itions which are mentioned all not sell or dispose any mether in a fingle or a seriou	overall or any of its assets exitions which are mentioned in titions which are mentioned in all not sell or dispose any maeither in a single or a serious	overall or any of its assets excitions which are mentioned in tions which sell or dispose any mat either in a lingle or a serious.	overall or any of its assets exce titions which are mentioned in the tall not sell or dispose any mater either in a single or a serious of	security interest overall or any of its assets excep for certain conditions which are mentioned in the agreement. The Company shall not sell or dispose any materix part of its assets either in a single or a serious of	security interest overall or any of its assets except for certain conditions which are mentioned in the agreement. The Company shall not sell or dispose any material part of its assets either in a single or a serious of	overall or any of its assets except itlons which are mentioned in the lall not sell or dispose any material either in a single or a serious of	overall or any of its assets except itions which are mentioned in the all not sell or dispose any material either in a single or a serious of

The Company shall not incur or permit to subsist any capital or operating expenditures except for certain

conditions which are mentioned in the agreement.

The Company shall not acquire any company, entity, transactions except for certain conditions which are shares, security or any business except for certain conditions which are mentioned in the agreement. mentioned in the agreement.

-30-



QALAA FOR FINANCIAL INVESTMENTS (S.A.E). FOR THE YEAR ENDED 31 DECEMBER 2022 CONSOLIDATED FINANCIAL STATEMENTS AND ITS SUBSIDIARIES

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

- conditions which are mentioned in the agreement. The Company shall not alter any right attaching to any share or loan capital of ERC except for certain
- The Company shall not enter into any amalgamation, demerger, merger, reconstruction, consolidation or winding-up.
 - The Company shall not engage in any activity which is not directly associated with the project.
 - amendments to its memorandum or article of association without prior consent of the Global The Company shall not make or permit any Facility Agent.

Repayment terms:
The loan is repayable on demand.

Loans negotiation: Negotiations are currently in progress with lenders

regarding debt restructuring.

plus margin of 6-month Libor

3.30%

Development Bank (AFDB)

 The Company shall not Incur or permit to subsist any financial indebtedness except for certain conditions Collaterals and debt covenants:

3,536,481

58,321

634,356

4,509,950 2,843,804

174,542

4,335,408

The Company shall not undertake any material capital or operating expenditures except for certain conditions which are mentioned in the agreement. which are mentioned in the agreement.

- The Company shall not incur or permit to subsist any security interest overall or any of its assets except for certain conditions which are mentioned in the

 The Company shall not acquire any company, entity, - The Company shall not sell or dispose any material transactions except for certain conditions which are shares, security or any business except for certain part of its assets either in a single or a serious of mentioned in the agreement.

conditions which are mentioned in the agreement. The Company shall not make any loan, credit or guarantee except for certain conditions which are mentioned in the agreement.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

	3,083,468		3,890,208	221,984
			O+	
				_
	3,081,468		3,890,208	221,984
	5,070,558		6,576,439	319,058
				4
			e.	
	5,070,558		6,576,439	319,058
 The Company shall not alter any right attaching to any share or loan capital of ERC except for certain conditions which are mentioned in the agreement. 	Collaterals and debt covenants: The Company shall not make or agree to make any dividends or distributions to shareholders pursuant to the terms and conditions of the Senior Finance Document. The Company shall not sell or otherwise dispose of all or any material part of its assets, either in single transaction or a series of transactions except for certain conditions mentioned in the agreement. The Company shall not undertake any material capital or operating expenditure except for certain conditions mentioned in the agreement. The Company shall not create or permit to subsist any security interest over all or any of its assets except any security interest as stated in the agreement. The Company shall not make any loan, grant any credit or give any guarantee or indemnity or voluntanily ensure any liability in respect of an obligation of any person or allow any such loan, credit, guarantee, indemnity or insurance to be outstanding except certain conditions mentioned in the agreement.	On 20 June 2023, ERC subordinated loans will be due and payable.	Collaterals and debt covenants: The Company shall not make any distribution or other payment to the shareholders (or their affiliates) in respect of equity funding or shareholders loans until all amounts due and payable under the Deed of shareholder support have been paid in full. Repayment terms: On 20 June 2023, ERC subordinated loans will be due and payable.	Coflaterals: The Company shall not make any distribution or other payment to the shareholders (or their affiliates) in
	Ubor + margin		Libor + margin	Libor + margin
	Gonstruction Corp		MITSUE & Co. Ltd.	Mitsui NEXI Insurance Premium



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

		61,101			620,076
		61,101			597,931
					22,145
					961,038
					3,737
		A1.5			870,294
		::0	79		87,007
respect of equity funding or shareholders loans until all amounts due and payable under the Deed of shareholder support have been paid in full.	Repayment terms: On 20 June 2023, ERC subordinated loans will be due and payable.	Collaterate: The Company shall not make any distribution or other payment to the shareholders (or their affiliates) in respect of equity funding or shareholders loans until all amounts due and payable under the Deed of shareholder support have been paid in full.	Repayment terms: On 20 June 2023, ERC subordinated loans will be due and payable.		Collaterals: First degree mortgage for all property and real estate on the project. First degree commercial mortgage on all physical and intangible assets. Deposit all earnings resulting from future sale contracts in favor of the bank. The company undertakes not to change, pledge, mortgage, sall or lease (or change any of the main or consequential moral rights) over any mortgage assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the bank. - ASEC company for mining (the holding company) undertake the obligation to pay the company's debt in case of default.
		Libor + margin			Libor + margin
		Mitsui - compounded interest		Glass rock company for isolation	Misr Bank

Debt covenants:
- The Financial leverage should not exceed 2.5 in 2018 and 1.2 in 2019, 2020 & 2021.



QALAA FOR FINANCIAL INVESTMENTS (S.A.E). FOR THE YEAR ENDED 31 DECEMBER 2022 CONSOLIDATED FINANCIAL STATEMENTS AND ITS SUBSIDIARIES

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

The Current ratio should not be less than 1 in years

- The Debt service ratio should not be less than 1.2 in 2017 to 2021.

· The company's sales in foreign currencies should be the years 2018 to 2021.

used to pay instalments.

The company should have 80% of free cash flow that should be used to make mandatory accelerated payment of instalments.

capital expenditures should not be done before getting - Any payment of intercompany loans, dividends or written approval from the bank,

The Currency of the loan is USD

ASEC company for mining (the holding company) will owned by the shareholder in the capital of ASCOM for transfer the ownership of 15% of the total shares

Carbonate & Chemicals Manufacturing.

 The ASEC company for mining (the holding company) between them that the shares to be transferred to the bank shall yield not less than 5% of the sales value in value of profits earned and the agreed value of their amount of that value or the difference between the the year for a period of five years, otherwise both and Third Parties in the contract pledge to jointly Parties shall be obligated to pay the bank the full

ASCOM and Third Parties are bound together with each other to pay the Bank the value of the 5% referred to in agreed upon and referred to in the previous paragraph. If the shares achieve profits of less than 5% per year, If the shares do not achieve profits during the year, complementary percentage of the value of the S% ASCOM and Third Parties are bound by mutual solidarity between them to pay the bank the

On 22 December 2020 the company restructured its outstanding debts facility with Banque Misr, the key terms of the restructuring agreements are set out The repayment term of the loan was extended for nine years including 1.5-year grace period.



WIVO NOVINO

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

				7,607
				14,927
				31
				8,717
				6,210
- The interest rate on the loan was reduced from 5 to 2.5 %.	- The accrued interest on the third tier (EGP 17.5M on the EGP loan, USD 11.5 K on USD loan and EUR 4.9M on EUR loan) and any additional interest accrued up to the end of this agreement will be waived subject to the company compliance with all loan terms.	On December 7, 2022, the company signed a restructuring agreement for its outstanding debts facility with Banque Misr, whereby the two installments due in September and December 2022 were postponed being the last installments due on the company, extending the settlement period for 3 months to be October 6, 2029.	Since the terms of the rescheduling agreement are not fundamentally different from the terms of the existing loan, this agreement has been accounted for by recalculating the existing loan in accordance with the new terms. This has resulted in a profit from canceling the old loan in the amount of EGP 1.35 M.	<u>Loan terms and details:</u> - EGP 30 M tenor 5 years ended Dec. 2024 on a quarterly
				corridor + margin

22,388

14,781

Insurance documents against all risks on the financed assets under this agreement. The Company shall not make any distribution until a monunts due and payable under this loan have been paid in full. Maintain certain financial ratios. The Company shall not sell or otherwise dispose any of its assets financed by this *greement.

Repayment terms: Repayment date is 2024.

instalment secured by assets mortgage.

Elbaddar QNB



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

United Company for Paper and Carton Manufacturing Abu Uhabi Islamic Bank	corridor + margin	Collaterals: Pledge for all leased assets Insurance documents against all risks on the financed assets under this agreement. Maintain certain financial ratios. The company shall not pay any dividends or any other payments to shareholders as financing owners' equity or shareholders loan unless paying up to EGP 275 M of the whole accrued amount of the loan.	64.999	63,109	a.	128,108	096.86	122,083	E*	221,043
Eisherouk Qatar National Bank QNB	corridor + margin	Repayment terms: Repayment date is 2024. Collaterals: Insurance documents against all risks of the company covering at least 1.10% of the value of the existing financing. Maintain certain financial ratios. Repayment terms: The repayment date 2025.	30,886	72,658		103,544	10,022	58,152	45	68,174
International Company for Refinery Corsultation Arab International Bank	Libor + margin	Collaterals: Letter of guarantee from Standard Chartered Bank of Korea Limited with the amount due to Arab International Bank. Payment terms: The loan is repayable on demand Loan negotiations: Negotiations are currently in progress with the bank to reschedule loan installments.	783,732	ε	*	783,732	482,864	v.	e e	482,864



QALAA FOR FINANCIAL INVESTMENTS (S.A.E). FOR THE YEAR ENDED 31 DECEMBER 2022 CONSOLIDATED FINANCIAL STATEMENTS AND ITS SUBSIDIARIES

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

(Banque Misr). corridor + margin (syndicated loan) Transport S.A.E. Bank, Alex Bank and National Company for Multimodal Arab African International Banque Misr (CCTO)

Open the revenue account with the Loan Agent

1,025,665

1,025,665

· First degree pledge over the revenue account.

First degree mortgage over tangible and intangible First degree mortgage on the barges

Insurance policies over the new barges.

endorsed in favor of the Security Agent for itself and on Assign the borrower's rights under the insurance replacement value against all insurable risks to be policies covering the operating barges for the full behalf of the banks.

during construction in favor of the Security Agent (Arab African International Bank) for itself & on behalf of the Assign all borrower's compensation rights under the insurance policies covering the borrower new barges

contracts signed with the borrower's customers in favor Assign proceeds from long term transportation service of the Security Agent.

under the Material project contracts and related banks' - Assign the borrower's rights of any damages arising guarantees under such contracts in favor of Security

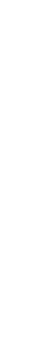
Payments.

<u>Debt covenants:</u> The debt service ratio to be not less than 1.1 till the date

International Bank, Banque Misr, National Company For agreement dated 21 March 2022 between Arab African - According to the signed settlement and assignment River Transportation - Nile Cargo S.A.E and National of repayment of the loans. Repayment terms:

Company For River Ports Management S.A.E, the parties

- 96 -



AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Notes to the consolidated financial statements For the year ended 31 December 2022

QALAA FOR FINANCIAL INVESTMENTS (S.A.E).

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

	1,622,394			324,772	141,812
					•
	Æ			¥)	78
	1,622,394			324,772	141,812
	2,846,431			357,450	142,261
				12,974	12
	Æ			6	(3.47)
	2,846,431			344,476	142,261
have agreed to settle all the outstanding loan balance amounting EGP 1.06 Billion which was due from National Company For River Transportation - Nile Cargo S.A.E to Arab African International bank and Banque Misr for only settlement amount of EGP 213 Million. A gain of EGP 842,784K was accounted for in the consolidated statement of profit or loss.	Collaterals: Pledge of the Company's shares (50 million) in Orient investments Properties Ltd. In favor of the bank.	Repayment terms: The loan is repayable on demand.	Loan negotiations: Negotiations are currently in progress with banks to reschedule the loan instalments.	Collaterals: Pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ASEC automation shares in favor of the bank. Repayment terms: The loan is repayable on demand.	Loan negotistions: Negotiations are currently in progress with banks to reschedule the loan instalments Collaterals: Pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ASEC automation shares in
	Libor + margin			corridor + margin	corridor + margin
	National Company for Reflining Consultation Arab International Bank			National Development and Trading Company Qatar National Bank QNB	Arab investment Bank

favor of the bank,



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Industrial Development and Workers Bank of Egypt

	Repayment terms: The loan is repayable on demand.								
	Loan negotiations: Negotiations are currently in progress with the bank to reschedule the loan installment.								
corridor + margin	Collaterals: Pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ASEC automation shares in favor of bank.	319,937			319,937	319,631	٠	£	319,631
	<u>Repayment terms:</u> The loan is repayable on demand.								
	Loan negotiations: Negotiations are currently in progress with the bank to reschedule the loan installment.								
corridor + margin	Collaterals: Pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ASEC automation shares in favor of the bank.	223,663		18	223,663	722,927	*	c	722,927
	Repayment terms: The loan is repayable on demand.								
	<u>Loan negotiations:</u> Negotiations are currently in progress with the bank to reschedule the loan installment.								
Libor + margin	Collaterals: - First degree commercial mortgage on materials, and related tools and equipment.	80,992	1,012,603	94,697	1,188,292	50,587	693,360	53,447	
	 The Company must not make, pay or permit a distribution unless the Historic Debt Service Cover Ratio is not less than 1.2:1 The Company must ensure that, at any time following the Commercial Operation Date, the average Performance Factor over any twelve [12] Billing Periods (as defined in the PPA) is not less than zero point eight (0.8). 							P65,767	74

Misr tran Development Bank Taga Solar Group IFC



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

			344,076				2.61	
					6	50,903		
			223,173					
			96,000				4	
			264,702				113,023	
							_	
			40,940				10,578	
			133,762				88.786	
			000'06				13,659	
 Sponsors should retain at least 51% ownership at all the loan duration. 	Repayment terms: - The repayment date is 2032.		Collaterals and covenants: All dividends related to Gas Group should be transferred to Taqa Arabia account at HSBC, in which all transferred dividends must cover 1,25 of annual payment. First degree real estate mortgage for all the company sassets. First degree real estate pledge in favour of banks over the 7172 acres land owned by the company excluding land subject to sale.	Repayment terms: The repayment date is 2024.	Debt covenant: No covenants are breached and no defauits.		First Loan: On December 10, 2020, the company signed a long-term floan contract with Global Energy Company "associate" and EBRD bank for the purpose of financing the company's projects from investment costs, the total amount of financing amounted to 10 million dollars divided into three Tranches, each tranche shall be withdrawn after completing the requirements, at a variable interest rate at an average	Collaterals: The company must ensure that its average operational performance factor over any twelve billing periods is not less than 0.8. The company must not incur any capital expenditure or commitments for non-current assets unless it doesn't exceed US \$1,000. The company must not enter any lease agreement of its property or equipment except for financial leases,
			corridor + margin				Ubor + margin	
		Taqa Arabia	HSBC			Taga PV for Solar	European Bank for Reconstruction and Development (EBRD)	



QALAA FOR FINANCIAL INVESTMENTS (S.A.E). CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND ITS SUBSIDIARIES

Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

		5,905	
		130,469	
usufruct agreement and leases entered into the ordinary course of its business.	Repayment terms: The loan is repaid in semi-annual instalments over 8 years, either (a) after six months from the date of completion of the project, or (b) after two years from the date of signing the contract, whichever is earlier.	On May 16, 2022, TAQA PV Solar Energy "SAE" entered into a loan agreement with HSBC Bank, the purpose of this loan is financing in order to finance 70% of the cost of solar energy projects in four tranches, one tranche for each site according to the cost provided.	Collaterals: The company must ensure that the debt service rate is not less than 1, starting from 2023, throughout the financing period. The ratio of net debt to earnings before interest, taxes, depreciation, and amortization should not exceed 4.5 in 2023, 3.5 in 2024, 2.5 in 2025, 2 in 2026, 1.5 in
		Fixed	

HSBC

136,374

purpose of this loan is financing in order to finance 73% Second loan: On November 14, 2022, TAQA PV Solar Energy "SAE" entered into a loan agreement with HSBC Bank, the of the cost of the Nabq solar power plant project.

This loan will be repaid in 12 unequal semi-annual installments. The first payment after the grace period is due in November 2023 and the last payment is due in November 2029.

2027, and 1 for the remainder of the period until the

financing is repaid in terms of principal, interest, commissions, and expenses. Any amounts due.

Collaterals:

- The company must ensure that the debt service rate is not less than 1.1, starting from 2023, throughout the financing period.

 The company must ensure that the borrowed debt service rate is not less than 1.1 throughout the financing period.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

68,339

385,589

152,771

186,354





(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

United Foundries Company										
Globalcorp for financial services and E-Bank, E	Libor + margin	Collaterals: The Company's factory land has been used as collateral for the loan obtained.	7,088	21,262		28,350	3,150	28,350		31,500
the loan to the company		Repayment terms: The repayment date is December 2026.								
		Debt covenants: The company is not allowed to distribute any profits during the year and during the duration of the contract until the due loan payments being performed for any year.								
Trimstone Assets Holdings Ltd. Arab International Bank	Libor + margin	Collaterals: - first degree pledge over all shares owned by Trinstone in TACIA Arabia covering 115% of the value of the existing liability in favor of Arab international Bank.	241,056	50.	,	241,056	158,053	*	÷	158,053
		 CCP Undertake to piedge shares of Citadel Capital for financial consultancy covering 35% of the value of the existing liability in favor of Arab international Bank. 								
		Repayment terms: The loan is repayable on demand.								
Nabta Company		<u>Loan regotiations:</u> Negotiations are currently in progress with the bank to reschedule the Ioan installment.								
Mining – Sudan Sudanese Egyptian Bank	Fixed	On 31 May 2022, the Company obtained a loan with a purpose of purchasing loaders and trucks.	8,919	×		8,919	Si.	; *:	e.	i.
		Collaterals; Mortgage on the trucks								
		Repayment terms: 18 monthly installments starting from 30 June 2022 till 30 November 2023.								
						72,558,355				55,120,576

- 52 -



ONLAN



(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

Loans from related parties

		Interest			Non-	Total		Non-	Total
Loan	Relationship	rate	Security/Collateral	Current	current	2022	Current	current	2021
National Development and Trading Company									
Financial Holding International	Shareholder in subsidiary	Fixed	The guarantees are represented in lien on part of Asec Cement shares and part of Arab Swiss Engineering Co. shares.						
Visionalre	Shareholder in	Fixed	No securities or collaterals.	4,268,201	¥3	4,268,201	2,431,444	a	2,431,444
	subsidiary				3	ਂ	50,540		50,540
United Foundries Financial Holding International	Shareholder in subsidiary	Fixed	No securities or collaterals.	213,775	7.	213,775	128,012	8,069	136,081
Orient QPI Egypt & QPI Umited	Shareholder in subsidiary	Variable	Distribution of dividends shall be permitted during the grace period and at any repayment date to the extent, in the latter case, that scheduled repayments due at such repayment date and/or any deferred repayments from previous repayment dates are repaid.	1,439,998	157,845	1,597,843	636,045	289,525	925,570
Chadel Capital for International Investments LTD									
Olayan	Shareholder in subsidiary	Fixed	 The guarantees are represented in promissory notes amount to 25M USD and 5.5 M USD and a first-degree mortgage over the headquarter premises in favor of the lender. 		4				
Put option			According to the loan agreement with the shareholder, Citadel Capital for international investment limited "CCII" Company (subsidiary of the Group) agreed to grant a put option over part of one of its subsidiary's equity which nearful the holder to not their character the subsidiary had to the Citymus as	*	585'N/5	50/c		334,613	334,613
			the price specified in the agreement on specified dates.	•	84,753	84,753	*:	277,27	3,954,023



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in note 6(a)(iv).

The amount that may become payable under the option if exercised is initially recognised at the present value of the redemption amount and accounted for within the other credit balances with a corresponding charge directly to equity. The amounts charged to equity is recognised separately as written put options over equity reserve in the equity.

The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

(ii) Compliance with loan covenants

Some subsidiaries within the Group did not comply with all of the financial covenants of its borrowing facilities during the year ended 31 December 2022 and 31 December 2021 reporting period, see note 5(g)(h) for details.

(iii) Fair value

The fair values are not materially different from their carrying amounts since the majority of borrowings is at variable rates and the interest payable on those borrowings is either close to current market rates or close to the borrowings which have a short-term nature.

(iv) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 26(d).

5(h) Recognised fair value measurements

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under EAS 45 "Fair value measurement". An explanation of each level follows underneath the table.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

Recurring fair value measurements are those that the accounting standards require or permit in the consolidated statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows.

Recurring fair value measurements At 31 December 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets	Notes	LCTC! I	207012	201013	70(0)
Financial assets at FVOCI					
Unlisted equity instruments	5(b)		11,286		11,286
Hedging derivatives – interest rate swaps				339,259	339,259
Total financial assets		•	11,286	339,259	350,545
Financial liabilities					
Written call option agreement	5(e)			2,219	2,219
Trading derivatives	5(f)		676,325	_	676,325
Total financial liabilities		-	676,325	2,219	678,544
Recurring fair value measurements					
At 31 December 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVOCI					
Unlisted equity instruments	5(b)	-	7,969	-	7,969
Total financial assets	D 54500 0	-	7,969	•	7,969
Financial liabilities					
Hedging derivatives – interest rate swaps	5(e)		-	293,434	293,434
Written call option agreement	5(e)	-	1.0	2,219	2,219
Trading derivatives	5(f)		418,023		418,023
Total financial liabilities	- 1	-	418.023	295,653	713.676

There were no changes in the valuation technique for level 3 recurring fair value measurements during the year ended 31 December 2022 and 31 December 2021.

Level 1: The fair value of financial instruments traded in active markets (such as trading instruments) is based on quoted market prices (unadjusted) at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and over the counter derivatives.

Transfers between levels of fair value hierarchy are deemed to occur at the end of each semi-annual reporting period.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Unlisted equity investments compose interest in an investment fund. Fair value is measured by reference to published net asset value of the fund.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Aside from traded financial instruments, which are included in level 1, all of the resulting fair value estimates are included in level 2 except for derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 December 2022 and 31 December 2021:

Assets / (liabilities)	Hedging derivatives – interest rate swaps (ERC)	Hedging derivatives - interest rate swaps (TaQa)	Written call option agreement (CCII)	Total
Opening balance at 1 January 2021	(560,230)	(114,705)	(2,219)	(677,154)
Gains recognised in consolidated profit and loss	338,790			338,790
Gains recognised through other comprehensive income	5-6	41,718		41,718
Foreign currency translation	1,072	(79)	_	993
Closing balance at 31 December 2021	(220,368)	(73,066)	(2,219)	(295,653)
Gains recognised through consolidated profit and loss	480,409	•		480,409
Gains recognised in consolidated other comprehensive income	44 14	112,971		112,971
Foreign currency translation	53,590	(14,277)	2	39,313
Closing balance at 31 December 2022	313,631	25,628	(2,219)	337,040



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

iv) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

	Fair v	alue at	Un-	Range of	Inputs 31	Valuation	technique	Input	s used	
Description	December 2022	31 December 2021	observable inputs *	December 2022	December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	sensitivity analysis
Hedging derivatives – Interest rate swaps (ERC)	313,631	{220,367}	Credit default rate	1.32%	1.32%	Discounted Cash flows dollar offset method	Discounted Cash flows dollar offset method	Yield curve Terminal growth Growth rate for years 1 to S	Yield curve Terminal growth Growth rate for years 1 to 5	If an observable input changed by 1% this would result in change in fair value by EGP 26.3M.
interest rate swap contracts – cash flow hedge (Taga)	25,628	(73,067)	Credit default rate	2.3%	2.3%	Discounted Cash flows dollar offset method	Discounted Cash flows dollar offset method	Yield curve Terminal growth Growth rate for years 1 to 5	Yield curve Terminal growth Growth rate for years 1 to S	If an observable input changed by 1% this would result in change in fair value by EGP 72M
Written call option agreement	(2,219)	(2,219)	probability of default rate	1.86%	1.86%	Option valuation model black Scholes	Option valuation model black Scholes	Risk free interest rate & volatility	- Risk free interest rate & volatility	If an observable input changed by 5% this would result in change in fair value by 8K.

^{*} There were no significant inter-relationships between unobservable inputs that materially affect fair values.

There were no changes in the valuation technique for level 3 recurring fair value measurements during the year ended 31 December 2022 and 31 December 2021.

v) Valuation processes

The finance department of relevant subsidiary includes a team that performs the valuations on quarterly basis. The finance department places a partial reliance on experts in the valuation of hedging derivatives.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk gradings determined by the Group's internal credit risk management.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

vi) Valuation processes for recurring and non-recurring level 3 fair value measurements

Level 3 valuations are reviewed by the Group's financial officer who reports to the Board of Directors. The financial officer considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques. In selecting the most appropriate valuation model the financial officer performs back testing and considers which model's results have historically aligned most closely to actual market transactions

The level three debt instruments are valued at the net present value of estimated future cash flows. The Group also considers liquidity, credit and market risk factors, and adjusts the valuation model as deemed necessary.

vii) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

	2	022	202	1
	Level 3 fair value	Carrying value	Level 3 fair value	Carrying value
Assets				
Financial assets at AC				
Trade and other receivables	21,543,220	21,543,220	5,477,930	5,477,930
Due from related parties	497,719	497,719	352,796	352,796
Treasury bills	31	-	813,714	813,714
Restricted cash	638,722	638,722	434,140	434,140
Cash and cash equivalents	8,652,942	8,652,942	5,406,555	5,406,555
Total Assets	31,332,603	31,332,603	12,485,135	12,485,135

	2	022	202:	
	Level 3 fair value	Carrying value	Level 3 fair value	Carrying value
LIABILITIES				
Borrowings				
Loans and borrowings	87,573,725	87,573,725	65,809,375	65,809,375
Other financial liabilities				
Lease liabilities	1,826,624	1,826,624	1,679,197	1,679,197
Trade and other payables	13,384,917	13,384,917	10,424,724	10,424,724
Due to related parties	1,857,138	1,857,138	1,447,407	1,447,407
Total LIABILITIES	104,642,404	104,642,404	79,360,703	79,360,703

The fair values in level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and financial liabilities (continued)

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

Liabilities carried at amortised cost. Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, after being discounted from the first date on which the amount could be required to be paid.

viii) Presentation of financial instruments by measurement category

For the purposes of measurement, EAS 47 "Financial Instruments" classifies financial assets and liabilities into the following categories: (a) financial assets at FVTPL; (b) financial assets at FVOCI, (c) debt instruments at FVOCI, (d) equity instruments at FVOCI (e) financial assets or liabilities at AC. Financial assets at FVTPL have two sub-categories: (i) Financial assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition. In addition, finance lease receivables form a separate category.



Notes to the consolidated financial statements For the year ended 31 December 2022

_(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

6. Non-financial assets and liabilities

6(a) Fixed assets

Non-current	Freehold land	Freehold buildings	Furniture, fittings and equipment	Machinery, barges and vehicles	Assets under construction	Total
At 1 January 2021	14114	- Canada	equipment	Vernoies	CONSTRUCTION	10(8)
Cost	1,869,292	7,247,186	1,309,771	63,249,203	1,614,754	75,290,206
Accumulated depreciation and impairment	40	(959,083)	(560,968)	(7,566,731)	(546,315)	(9,633,057)
Net book amount	1,869,332	6,288,103	748,803	55,682,472	1,068,439	65,657,149
Year ended 31 December 2021		0,200,200	,	00,000,410	_,_,_,	00,001,1243
Opening net book amount	1,869,332	6,288,103	748,803	55,682,472	1,068,439	65,657,149
Additions	124,837	117,244	28,768	705,065	812,023	1,787,937
Disposals	,	(3,604)	(19,718)	(55,526)	(388)	(79,236)
Transfers from / (to) right of use - cost	46,857	32,277	-	6,829	0	85,963
Transfers from assets held for sale-cost	_	-	-	5,493		5,493
Transfers to intangible asset – cost	-		-		(27,426)	(27,426)
Transfers from assets under construction	•	229,259	30,668	817,392	(1,077,319)	-
Reclassification – cost	•	(11,055)	(129)	11,184		-
Write off – cost	•	(7,644)	•	(205)	(1,442)	(9,291)
Foreign currency translation difference – cost	(4,061)	(63,371)	(5,771)	(814,147)	352	(886,998)
Effect of hyperinflation – cost	8,271	199,039	15,858	2,660,263	20	2,883,431
Depreciation expense	(262)	(323,042)	(108,493)	(3,897,160)		(4,328,957)
Accumulated depreciation of disposals	-	1,535	15,569	46,479	-	63,583
Transfers from assets held for sale – accumulated				(4 =0=)		
depreciation	-	-	-	(4,785)	63	(4,785)
Transfers from / (to) right of use – accumulated depreciation				(2.057)		(2.067)
Reclassification – accumulated depreciation	•	10,741	-	(3,967)		(3,967)
Write of – accumulated depreciation	-	3,503	-	(10,741) 195		3,698
Impairment – net		3,303		133	8,978	3,038 8,978
Foreign currency translation difference – accumulated	-	•	-	-	0,310	0,376
depreciation	395	41,133	6,673	295,356	360	343.917
Effect of hyper-inflation – accumulated depreciation	(1,827)	(169,596)	(17,883)	(1,330,705)	300	(1,520,011)
Net book value at 31 December 2021	2,043,542	6,344,522	694,345	54,113,492	783,577	63,979,478
At 31 December 2021		0,0 1 1,022				00,010,410
Cost	2,045,196	7,739,331	1,359,447	66,585,551	1,320,554	79.050.079
Accumulated depreciation and impairment	(1,654)	(1,394,809)	(665,102)	(12,472,059)	(536,977)	(15,070,601)
Net book amount	2,043,542	6,344,522	694,345	54,113,492	783,577	63,979,478
Year ended 31 December 2022						
Opening net book amount	2,043,542	6,344,522	694,345	54,113,492	783,577	63 070 470
Additions	27,511	32,346	39.251	141.045	1,696,163	63,979,478 1,936,316
Disposals	27,311	(23,583)	(12,796)	(74,469)	1,030,103	(110,848)
Disposal of subsidiary - cost		(23,303)	(12,750)	(35,416)	(14,171)	(49,587)
Transfers to right of use assets – cost	_			(1,816)	(12,732)	(14,548)
Transfers from right of use assets – cost	_			9,661	(42), 32)	9,661
Transfers to intangible asset – cost	_			5,001	(3,222)	(3,222)
Transfers from assets under construction	_	595,281	21,830	557,107	(1,174,218)	(0)222)
Reclassification building to machinery - cost	_	1,816	-	(1,816)	1-,	
Foreign currency translation difference – cost	349,427	3,304,383	570,443	34,119,661	101,423	38,445,337
Effect of hyperinflation – cost	14,013	339,121	26,996	4,507,220	*5	4,887,350
Depreciation expense	(601)	(413,709)	(130,776)	(4,961,755)		(5,506,841)
Accumulated depreciation of disposals		6,528	12,673	38,415		57,616
Disposal of subsidiary - accumulated depreciation		-	-	16,607	-5	16,607
Transfers from right of use assets – accumulated						
depreciation	-	-	•	(5,996)	£3	(5,996)
Foreign currency translation difference – accumulated						
depreciation	(595)	(472,929)	(124,972)	(5,861,506)	104,160	(6,355,842)
Reclassification building to machinery - accumulated				4		
		45		(45)		
depreciation		4- 4		(2,059,972)	-	(2,335,958)
depreciation Effect of hyper-inflation – accumulated depreciation	(2,845)	(247,252)	(25,888)	(2,033,312)		
depreciation Effect of hyper-inflation – accumulated depreciation Impairment – net				•	(25)	(25)
depreciation Effect of hyper-inflation – accumulated depreciation Impairment – net Net book value at 31 December 2022	(2,846) - 2,430,451	9,466,569	1,071,106	80,500,417	(25) 1,480,955	
depreciation Effect of hyper-inflation – accumulated depreciation Impairment – net Net book value at 31 December 2022 At 31 December 2022	2,430,451	9,466,569	1,071,106	80,500,417	1,480,955	94,949,498
depreciation Effect of hyper-inflation – accumulated depreciation Impairment – net Net book value at 31 December 2022 At 31 December 2022 Cost	2,430,451 2,436,147	9,466,569 11,988,695	1,071,106 2,005,171	80,500,417 105,806,728	1,480,955 1,913,797	(25) 94,949,498 124,150,538
depreciation Effect of hyper-inflation – accumulated depreciation Impairment – net Net book value at 31 December 2022 At 31 December 2022 Cost Accumulated depreciation and impairment Net book value at 31 December 2022	2,430,451	9,466,569	1,071,106	80,500,417	1,480,955	94,949,498



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

Depreciation, method used and useful lives

Depreciation expense is allocated in the consolidated statement of profit or loss as follows:

	2022	2021
Cost of revenue	5,122,723	3,974,119
General and administration expenses	384,118	354,838
	5,506,841	4,328,957

The straight-line method is used to allocate the depreciation of fixed assets consistently to their residual values over their estimated useful lives, except for lands, which are characterised with unlimited estimated useful life. Below are the estimated useful lives of each type of the assets:

Buildings and constructions	5-50 years
Leasehold improvements	3-10 years
Machinery, equipment and tools	4-33 years
Furniture and office equipment	4-16 years
Computers	2-10 years
Barges	5-20 years
Vehicles	3-20 years

(ii) Proceeds from sale of fixed assets

Proceeds from sale of fixed assets in consolidated cash flows statement as follows:

	2022	2021
Net book value for disposal assets	53,232	15,653
(Less): Net book value disposed of as part of lease termination arrangement	-	(4,151)
Disposal of assets classified as held for sale	-	12,505
(Loss) / gain on disposal of fixed assets (note 12(b))	(8,662)	28,971
Proceeds from sale of fixed assets	44,570	52,978

(iii) Changes in estimates

There were no material changes in the depreciation method, residual values or useful lives for any of the categories of fixed assets during the current year or prior year.

The subsidiary Al-Takamol Sudan is operating in a hyperinflationary economy from 1 January 2018 onwards. Hyperinflation accounting resulted in the write up of non-monetary assets that results an increase in the carrying value of these operations. The carrying amount is lower than its recoverable amount.

(iv) Non-current assets pledged as security

Borrowings (note 5(g)) are secured by various categories of fixed assets with the following carrying amounts:

	Carrying amount of fixed assets
Subsidiaries:	
Egyptian Refinery Company "ERC"	80,666,841
National Company for Development and Trading "NDT"	5,105,893
Asec for Mining "ASCOM"	1,137,580
Taqa Marketing	213,247



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

(v) Projects under construction

Balance of projects under construction comprises of the following:

	2022	2021
Energy sector	1,094,092	413,327
Mining sector	115,388	45,457
Transportation and logistics sector	71,842	82,508
Packaging and printing sector	69,226	174,637
Cement sector	65,170	22,646
Agriculture and food sector	29,152	27,036
Financial services sector	2,386	1.511
Others	33,699	16,455
Total	1,480,955	783,577

(vi) Critical accounting estimates and assumption

Useful life of fixed assets

a) Property, plant and equipment owned by ERC

The property, plant and equipment owned by ERC have lives that vary from 3 to 30 years. To ensure the use of reliable estimates, management has benchmarked the useful lives of its owned assets with estimates made by other entities and those estimates are developed internally by its technical resources. Management - in line with the requirements of Egyptian Accounting standards - reviews the useful lives of property, plant and equipment regularly to ensure consistency with its original estimates, or otherwise, the management revises the remainder of useful lives as appropriate.

b) Other subsidiaries useful life

Fixed assets are considered a significant part of the Group's total assets and the relevant depreciation expense is also considered a significant part of the annual operating expenses. The useful life of fixed assets which is based on management's estimates and assumptions had a material impact on the amounts of fixed assets. Fixed assets have useful lives ranging between 2 years to 50 years. The useful life of each item of fixed assets is estimated based on experience of similar assets and guided by other companies' estimates and the internal estimates concluded by the technical department, as well as the expected flow of economic benefits to the Group during the period of the operation of that asset. Estimates and assumptions of the useful lives of fixed assets are reviewed annually. Any adjustment needed because of change in estimates, if any, will be applied on the future periods.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

6(b) Leases

1. Right of use assets

			Electricity supply				
Non-current	Land	Buildings	contract	Machinery	Vehicles	Quarry	Total
Year ended 31 December 2021							
Cost	730,512	487,548	237,242	122,333	9,919	25,586	1,613,140
Accumulated amortization and						• • • • • • • • • • • • • • • • • • • •	
mpairment	(50,737)	(48,664)	(18,030)	(49,707)	(4,787)	(1,566)	(173,491
Opening net book amount	679,775	438,884	219,212	72,626	5,132	24,020	1,439,649
Additions of the year		160,803	-	7,972	9,797	259	178,83
Disposals	(18,947)	(1,370)		(31,054)		-	(51,371
Transfer from fixed assets – cost	_			8,759		_	8,75
Transfer to fixed assets - cost	(46,857)	(32,277)		(11,262)	(4,326)		(94,722
Foreign currency translation difference							•
- cost	(1,190)	(371)	(454)	(36)	3	(131)	(2,179
Amortization charged during the year	(34,361)	(49,891)	(13,497)	(14,069)	(5,616)	(1,658)	(119,092
Accumulated amort zation of disposal	14,650	991	-	31,094	-	-	46,739
Transfer to fixed assets – accumulated							
amortization		-	-	5,941	3,598	-	9,539
Transfer from fixed assets =							
accumulated amortization		0.7		(5,572)	-	-	(5,572
Impairment	-	75	-	20		-	75
Foreign currency translation difference							
- accumulated amortization	49	(2,313)	34	3	8	90	(2,129
Net book value at 31 December 2021	593,119	514,531	205,295	64,402	8,596	22,580	1,408,52
At 31 December 2021							
Cost	663,518	614,333	236,788	96,712	15,393	25,714	1,652,458
Accumulated amortization and							
impairment	(70,399)	(99,802)	(31,493)	(32,310)	(6,797)	(3,134)	(243,935
Net book amount	593,119	514,531	205,295	64,402	8,596	22,580	1,408,52
Year ended 31 December 2022							
Opening net book amount	593,119	514,531	205,295	64,402	8,596	22,580	1,408,523
Additions of the year	•	246,504	-	4,051	38,919		289,474
Disposals		(56,546)		(21,377)	(9,219)	(25,370)	(112,512
Transfer from fixed assets – cost	-	- 0		8,765	5,783		14,548
Transfer to fixed assets - cost		18	*	(8,777)	(884)		(9,661)
Foreign currency translation difference							
– cost	324,501	45,724	136,956	12,493	(5,309)	(344)	514,021
Amortization charged during the year	(41,668)	(66,303)	(22,568)	(13,151)	(13,923)	-	(157,613)
Accumulated amortization of disposal	-	34,870	-	13,182	3,332	2,790	54,174
Fransfer to fixed assets – accumulated							
amortization	-	-		5,112	884	-	5,996
oreign currency translation difference	W	((tan nan)	(79			
- accumulated amortization	(43,155)	(42,212)	(24,049)	(471)	(406)	344	(109,949)
Net book value at 31 December 2022	832,797	676,568	295,634	64,229	27,773	-	1,897,001
At 31 December 2022							
Cost	988,019	850,015	373,744	91,867	44,683	-	2,348,328
Accumulated amortization and	(155,222	/475	(20.440)	/AF	44		
mpairment)	(173,447)	(78,110)	(27,638)	(16,910)		(451,327)
Net book amount	832,797	676,568	295,634	64,229	27,773	-	1,897,001



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

2. Lease liabilities

	2022	2021
Current	370,616	363,155
Non-current	1,456,008	1,316,042
	1,826,624	1,679,197

Lease liabilities are effectively secured as the rights to the leased assets recognised in the consolidated financial statements revert to the lessor in the event of default.

(i) Amounts recognized in the statement of profit or loss:

The consolidated statement of profit or loss shows the following amounts relating to lease liabilities:

	2022	2021
Expense related to short term and low value leases (note 13)	336,407	279,871
Interest expense (note 14)	245,762	189,226
Total cash outflow for leases	90,645	90,645

(ii) Assessing whether the arrangement with EGPC is or contains a lease

ERC and EGPC signed a series of agreements where EGPC agreed that ERC would undertake a project to construct, operate, maintain and own at Mostorod a hydro-cracking complex to produce high value petroleum product and EGPC would off-take all the end products produced from the complex except for coke and Sulphur.

In line with the requirements Egyptian Accounting Standard 49, the Group has assessed whether the arrangement with EGPC is or contains a lease over the hydro-cracking complex. In making the assessment the Group considered the contractual provisions of the contracts and whether those provisions convey to EGPC the right to control the use of the hydro-cracking complex for a consideration over the period of the contract.

Egyptian Accounting Standard "49" states that the arrangement is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The contractual provisions of the contracts between EGPC and ERC do not convey to EGPC the right to control the use of the hydro-cracking complex over the duration of the off-take agreement. Furthermore, ERC controls the operations and maintenance of the hydro-cracking complex over the duration of the contract and decides on how the output would be by determining the appropriate product mix.

Although EGPC obtains substantially all the economic benefit from the hydro-cracking complex, the product is purchased at market price, this indicator alone is not sufficient in isolation to conclude EGPC control the use of the complex. To control the use of the complex, EGPC is required to have not only the right to obtain substantially all of the economic benefits from use of an asset throughout the period of use (a 'benefits' element) but also the ability to direct the use of that asset (a 'power' element), i.e. EGPC must have decision-making rights over the use of the asset that give it the ability to influence the economic benefits derived from use of the asset throughout the period of use.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

Management has judged that given the contractual provisions of the contracts do not convey EGPC with rights to control the use of the asset, the arrangement does not contain a lease and as such the arrangement is accounted for under Egyptian Accounting Standard 48 (revenue from contracts with customers) as a contract to provide product to EGPC. If it were judged that the contract should be accounted for as a lease, this may result in no recognition of fixed assets by ERC but possible a finance lease receivable.

6(c) Borrowing from financial leasing entities

	2022
Borrowing from financial leasing entities (current portion)	89,615
Borrowing from financial leasing entities (non-current portion)	686,432
Balance at 31 December 2022	776,047

- One of the Group's subsidiaries signed a financing contract. The contractual value of the contract amounted to EGP 321.9M is divided into two tranches.

The total value of the first tranche amounted to EGP 208.7M with interest rate 3% above LIBOR to be paid in quarterly instalments until 20 March 2028.

The interest charged to consolidated statement of profit or loss during the year ended 31 December 2022 amounted to EGP 54.1M.

- One of the Group's subsidiaries signed a financing contract. The contractual value of the contract amounted to EGP 388.7M with interest rate 11% for seven years and the first payment will be in April 2023.

The interest charged to consolidated statement of profit or loss during the year ended 31 December 2022 amounted to EGP 42M.

6(d) Intangible assets

	Computer software	Exploration license and extraction	Plant license	Trademark	Customer contracts	Other licenses	Total
The year ended 31 December 2022							
Net book value at 1 January 2022	36,268	834	267,828	123,234	129,643		557,807
Additions	709	1,858	*1		10000		2,567
Transfer from PUC – cost	3,222	194					3,222
Foreign currency translation differences							•
– cost	753	12	168,379	1.0			169,132
Amortization during the year	(11,692)	(743)	(14,604)		(20,844)	-	(47,883)
Foreign currency translation differences-							
accumulated amortization	(753)		(17,246)			- 4	(17,999)
Net book value	28,507	1,949	404,357	123,234	108,799		666,846
31 December 2022							
Cost	107,747	44,073	459,496	369,512	461,637	5.101	1,447,566
Accumulated amortization	(79,178)	(9,846)	(55,139)		(352,838)		(497,001)
Accumulated impairment	(62)	(32,278)	W.	(246,278)		(5,101)	(283,719)
Net carrying value	28,507	1,949	404,357	123,234	108,799		666,846



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

	Computer software	Exploration license and extraction	Plant license	Trademark	Customer	Other licenses	Total
The year ended 31 December 2021							
Net book value at 1 January 2021	20,178	540	280,007	123,234	153,306	-	577,265
Additions	612	765				25	1,377
Transfer from PUC – cost	27,426	43	-		1.	-	27,426
Foreign currency translation differences							•
- cost	(55)		(558)		12	100	(613)
Amortization during the year	(11,948)	(471)	(11,645)		(23,663)	55	(47,727)
Foreign currency translation differences-							
accumulated amortization	55	- 5	24			94	79
Net book value	36,268	834	267,828	123,234	129,643		557,807
31 December 2021							
Cost	103,063	42,215	291,117	369,512	461,637	5,101	1,272,645
Accumulated amortization	(66,733)	(9,103)	(23,289)		(331,994)	· -	(431,119)
Accumulated impairment	(62)	(32,278)		(246,278)		(5,101)	(283,719)
Net carrying value	36,268	834	267,828	123,234	129,643		557,807

(i) Amortization, method used and useful lives

Amortization expense is allocated in the consolidated statement of profit or loss as follows:

	2022	2021
Cost of revenue	26,296	23,593
General and administration expenses	21,587	24,134
	47,883	47,727

The straight-line method is used to allocate the amortization of intangible assets consistently over their estimated useful lives, except for trademarks which has indefinite lives. Below are the estimated useful lives of each type of the assets' groups:

Licences	10- 25 years
Customer contracts	4-18 years
Computer software	10 years

The Group's management amortised intangible assets related to new technology provided by one of the Korean companies using the straight-line basis over 5 – 10 years which was assumed based on the technical experience of the Group's management and the future technical utilisation of such technology or the life of the contract whichever is shorter. Estimates and assumptions of the useful lives of intangible assets- technical information are reviewed periodically in the event of any changes or adjustment to useful lives and the residual value. Such adjustment, if any, will be applied on the future periods.

(ii) Intangible assets with definite useful life

Customer contracts were acquired as part of the business combination of Silverstone Capital
Investment Ltd segment attributable to TAQA Arabia CGU. Customer contracts recognized at their
fair value at the date of acquisition and are subsequently amortized on a straight- line based on
the expected useful lives contracts of future economic benefits. The Group management has
assessed the existing customer contracts for impairment and no indication for impairment exists.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

Plant licenses acquired are for the use of each of the processes in the corresponding licensed unit to use technical information for this purpose, to use in carrying out each of the processes in the corresponding licensed unit any apparatus, catalysts, solid sorbents or adsorbents therefore, and to export to, sell or use in any country the products of the processes produced in the corresponding licensed unit. Plant licenses acquired are recognised at fair value at the acquisition date. They have a definite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The Group management has assessed the existing Plant licenses for impairment and no indication for impairment exists.

(iii) Intangible assets with indefinite useful life - trademark

- Trademark amounted to EGP 108,279 as a result of the acquisition of Silverstone Capital Investment Ltd. attributable to TAQA Arabia CGU (TaQa Marketing) that owns the trademark of TAQA and operates a network of service stations selling refined petroleum products and fuel oil to retail, industrial and wholesale customers. These rights have no definite useful life. Factors in determining the basis for the indefinite life of this intangible were as follows: The trademark is expected to contribute to cash flows indefinitely. The trademark doesn't have an expiry date it was acquired as part of the TAQA Arabia CGU and is considered indefinite as it's used in the operation of petrol stations, which does not have a specific product lifecycle.
- Trademark amounted to EGP 14,955 as a result of the acquisition of Falcon for Agricultural Investments Ltd. that owns the trademark of Dina Farms CGU which produces pasteurized fresh milk and sells dairy produce locally and internationally. These rights have no definite useful life.

6(e) Goodwill

		Sector	Balance at 1 January 2022	Balance as at 31 December 2022
Falcon for Agricultural Investments Ltd. Group-B	VI– Dina Farms	Agriculture and		
		Food Sector	205,570	205,570
Balance		_	205,570	205,570
		Balance at		Balance at
	Sector	1 January 2022	Impairment	31 December 2022
Falcon for Agricultural Investments Ltd. Group-	Agriculture and			
BVI – Dina Farms	Food Sector	<u>2</u> 05,570	-	205,570
Balance		205,570		205,570

Impairment of non-financial assets

The Group tests the CGU based on recoverable amount of cash-generating unit. The recoverable amount is the higher of fair value (less cost to sell) and value in use (VIU). However, in line with Egyptian Accounting Standard 31 FVLCD is only determined where VIU would result in an impairment. For the Company's sole CGU, the recoverable amount was determined by measuring their VIU.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

The recoverable amount is estimated by calculating the value in use, using pre-tax cash flows based on financial budgets approved by management, which covers a period of five years maximum.

Management determines the specific assumptions of cash flow forecasts based on past experience and expectations of the market. Group management determines assumptions related to cash flow forecasting based on sales growth and operating costs and estimated profits.

TAQA Arabia

Within the TAQA CGU, there are indefinite lived intangibles. Indefinite life intangible assets are monitored by management at the level of Taqa. The impairment of intangible assets is reviewed annually to ensure that the carrying value of the intangible assets does not exceed the recoverable amount.

Group management test the impairment of the trademarks based on the recoverable amount for cash generating unit which is estimated by calculating the value in use by using net forecasted cash flow for the next five years. Management determines assumptions related to cash flow forecasting based on previous experience and market predictions by preparing business plans using the growth rate and the discount rate prevailing. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. This growth rate is consistent with forecasts included in industry reports specific to the industry where each CGU operates.

Assumptions used by the Group when testing the impairment of TAQA Arabia trademark as at 31 December 2022 are as follows:

	2022	2021
Average gross margin	4%	4.5%
Sales growth rate	33.4%	11%
Pre-tax discount rate	22%	16.75%
Growth rate beyond five years	3%	3%

Assumption	Approach used to determine the values	
Growth rate	This is represented in the weighted average of growth rate used for forecasting the cash flows of the years following the financial budget period. Growth rates correspond with the reports of the industry where the CGU is adopted.	
Profit margin	Estimations are based on the historical performance and management's expectation of the future.	
Discount rate before tax	This rate reflects the risks related to the CGU and the industry where these units are adopted.	



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

Sensitivity of recoverable amounts

Management performed sensitivity analysis on the estimates of recoverable amounts and found that the excess of recoverable amount over the carrying amount of the Company would be reduced as a result of a reasonably possible change in the key assumption.

The growth rate in the forecast period has been estimated to be 3%, a reduction of this growth rate by 3% does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than 3%.

The discount rate in the forecast period has been estimated to be 22%, an increase of this Discount rate by 4% does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than 4%.

The average of gross profit in the forecast period has been estimated to be 4%, a reduction of this average gross margin by 1% does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than 1%.

Falcon - Dina Farms

Included within the Falcon CGU for Dina Farms is goodwill. The Group tests the Goodwill impairment annually based on recoverable amount of cash-generating unit is estimated by calculating the value in use, using pre-tax cash flows based on financial budgets approved by management, which cover a period of five years maximum. Management determines the specific assumptions of cash flow forecasts based on past experience and expectations of the market. Group management determines assumptions related to cash flow forecasting based on sales growth and operating costs and estimated profits. Taking into consideration capital expenditures for future renewable plans.

Goodwill is allocated to cash-generating units (CGUs, which represent the lowest level within the Group at which the goodwill is monitored by management which is Falcon for agriculture investments biological assets).

The recoverable amount of each CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The growth rates do not exceed the long-term average growth rate for the business sector of the economy in which the CGU operates.

Group management has considered and assessed reasonably possible changes in any of the key assumptions and no instances were identified that could cause the carrying amount to exceed the recoverable amount and could result in an impairment for any goodwill.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

Assumptions used by the Group when testing the impairment of Dina Farms trademark as at 31 December 2022 and 31 December 2021 are as follows:

	2022	2021
Average gross margin	31.9%	30%
Sales growth rate	33.5%	14%
Pre-tax discount rate	20.56%	16%
Growth rate beyond five years	10%	10%

Assumption	Approach used to determine the values
Growth rate	This is represented in the weighted average of growth rate used for forecasting the cash flows of the years following the financial budget period. Growth rates correspond with the reports of the industry where the CGU is adopted.
Profit margin	Estimations are based on the historical performance and management's expectation of the future.
Discount rate before tax	This rate reflects the risks related to the CGU and the industry where these units are adopted.

Sensitivity of recoverable amounts

Group management has considered and assessed reasonably possible changes in any of the key assumptions and no instances were identified that could cause the carrying amount to exceed the recoverable amount and could result in an impairment for any intangible assets allocated to Dina Farms CGUs.

The growth rate in the forecast period has been estimated to be 10%, a reduction of this growth rate by 1% does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than 1%.

The discount rate in the forecast period has been estimated to be 20.56%, an increase of this discount rate by 4% does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than 4%.

The average of gross profit in the forecast period has been estimated to be 31.9%, a reduction of this average gross margin by 3% does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than 3%.

Impairment charge

During the year ended 31 December 2022, no impairment losses were recognized in the goodwill related to Dina for Agriculture Investments.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

6(f) Biological assets

(1) BrondBreat assets	2022	2024
	2022	2021
Non-current		
Pregnant heifer, dry and dairy cows	348,761	273,299
Heifers	99,461	59,076
Fruitful fruit gardens and orchards	16,276	11,558
Fruitless fruit gardens and orchards	11,256	8,224
	475,754	352,157
Current		•
Plants	20,003	19,725
Accumulated impairment loss	623	(2,350)
Net	20,003	17,375
Total	495,757	369,532

Biological assets are accounted for in accordance with the Group policy disclosed in note 28(f) and is measured at fair value less cost to sell.

(i) Measuring biological assets at fair value:

Cattles are measured at fair value less cost to sell on the reporting date, based on market prices for similar age, breed and genetics. The fair value of growing fruit gardens and orchards is determined using the discounted cash flow model based on the expected fruits yield by plantation size, the market price for fruits after allowing for harvesting cost.

Cattles, dairy milk and growing fruit gardens and orchards fall under level 2 of the fair value hierarchy.

(ii) Valuation process

The fair value of biological assets (herd) is measured through the observable market of the same breed (Holstein) in the United States of America and all other costs necessary incurred by the company to bring the assets to its location. Price quotations are obtained through the company's supply chain department.

(iii) Reconciliation of biological assets carrying amount are as follows:

	2022	2021
Balance as at 1 January	352,157	430,706
Gains resulted from the change in fair value less cost to sell	207,253	114,342
Decrease due to sales	(83,564)	(74,630)
Transfer to inventory	· ·	(118,298)
Disposals	(38)	(231)
Foreign currency translation	(54)	268
Balance	475,754	352,157

(iv) Financial risk strategy

The Group prices exposure for financial risks resulted from prices changes of dairy cattle and the Group did not expect decrease in dairy Cattles prices in the future, wherefore the Group did not have financial derivatives or contracts. Management reviews the price lists of dairy cattle consistency and take into consideration the effective risk management when needed. See note 26(b)(ii) for price risk management.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

6(g) Deferred tax balances

	20	2022		21
	Asset	Liabilities	Asset	Liabilities
Provisions	(115,452)	-	(83,185)	7.
Fixed assets**		8,438,649		262,606
Hedge Reserve - Swap contracts		76,127	(16,677)	
Carried forward losses*	(6,156,940)	2.0	(48,910)	
Right of use assets	(13,925)	-	(8,759)	
Others	(15,740)	143,535	(1,381)	5,421
Total	(6,302,057)	8,658,311	(158,912)	268,027
Net deferred tax liabilities		2,356,254		109,115

The movement of net deferred tax liabilities are as follows:

	2022	2021
Balance as of January 1	109,115	67,344
Charged to the consolidated statement of profit or loss (note 16(a))	1,870,504	34,514
Charged to the consolidated statement of other comprehensive income	25,864	9,454
Foreign currency translation differences	350,771	(2,197)
Net deferred tax liabilities	2,356,254	109,115

^{*} The deferred tax assets include an amount of EGP 6.15 billion which relates to carried forward tax losses of Grandview, Orient & Silverstone groups, The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The subsidiaries are expecting to generate taxable income from 2022 onwards. The losses can be carried forward for 5 years and would expire by 2027. The Group has unrecognised carry forward tax losses as of 31 December 2022 amounting to EGP 3.7 billion (31 December 2021: EGP 9 billion) and the related deferred tax assets amounted to EGP 845 million (31 December 2021: EGP 2 billion) which has not been recognized as it is not probable that future taxable profits will be available, which the Group can utilize the benefits relating to these assets.

Due to the disruptions caused by the COVID-19 pandemic on oil prices, ERC operational plan was uncertain whether the subsidiary would be able to benefit from its deferred tax assets or not, and therefore the subsidiary did not record these deferred tax assets during the financial year ended on 31 December 2021. During the current year, in light with the recovery in refined petroleum product prices the subsidiary has updated its operational plan and it showed the subsidiary's ability to benefit from these deferred tax assets and start recognizing these deferred tax assets accordingly.

** During the current year, one of the Group's subsidiaries (ERC) changed the categorization of its refinery facilities for tax return preparation purposes to be classified as part of the machinery and equipment class instead of being classified till 31 December 2021 as part of the buildings and constructions class. This change resulted in changing the refinery facilities tax depreciation calculation method to be double declining depreciation method to be depreciated over four years instead of straight-line depreciation method over twenty years, and the balances of the current and deferred income taxes have been revised accordingly. The categorization applied till 31 December 2021. The change in this estimate is to adopt a more conservative approach in refinery facilities tax depreciation and related deferred tax calculation.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

61	L١	 			4			
nı	n	 m	VP	מיי	TO	m	l pare	١

	2022	2021
Raw materials	3,580,471	1,731,615
Spare parts	1,219,571	681,705
Work in process	615,449	448,144
Finished goods	396,758	210,038
Letters of credit	228,234	64,239
Oil and lubricants	232,509	11,310
Heifers	136,734	118,298
Packing materials	22,785	14,915
Goods in transit	971	18,163
Others	120,178	123,737
Total	6,553,660	3,422,164
Less: Write-down of inventory provision	(204,258)	(167,100)
Net	6,349,402	3,255,064
The movement of the inventory provision was as follows:		
	2022	2021
Balance at 1 January	167,100	51,302
Formed during the year	75,800	118,359
Used during year	(153)	
No longer required	(65,069)	(2,186)
Foreign currency translation differences	26,580	(595)
totality annual anterences	204,258	220
	204,230	167,100

6(i) Provisions

	Provision for claims*	Legal provisions	Other provisions	Total
Balance at 1 January 2021	1,849,198	6,343	253.491	2.109.032
Provisions formed (Note 12 b)	454,256	2,565	999,586	1,456,407
Provisions used	(99,768)	(1,276)	54	(101,044)
Provisions no longer required (Note 12 b)	(26,240)	(961)	(957)	(28,158)
Foreign currency translation	742	(12)	(18)	712
Balance at 31 December 2021 and 1 January 2022	2,178,188	6,659	1,252,102	3,436,949
Provisions formed** (Note 12 b)	700,032	326	281,148	981.506
Provisions used	(310,354)	(766)	(19)	(311,139)
Provisions no longer required (Note 12 b)	(65,745)		(190,791)	(256,536)
Foreign currency translation	153,843	2,552	435,473	591,868
Balance at 31 December 2022	2,655,964	8,771	1,777,913	4,442,648

* The provisions for claims have been formed against the probable claims from external parties in relation to Group activities. Information usually published on the provisions made according to accounting standards was not disclosed, as the management believes that doing so may seriously affect the outcome of negotiations with that party. The management reviews these provisions on a yearly basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

Provisions for claims have not been discounted due to nature of uncertainty position of maturity dates.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Non-financial assets and liabilities (continued)

** Provisions formed during the year include an amount of EGP 125.5M (USD 7.7M) formed under "Citadel Capital for International Investments" related to an expected settlement agreement for one of the lenders against the total remaining liabilities and interest due.

Significant estimates

Provisions are related to claims expected to be made by third parties in connection with the Group's operations. Provisions is recognised based on management study and in-light of its advisors' opinion and shall be used for its intended purposes. In case of any differences between the actual claims received and the preliminary recorded amounts, such differences will affect the year in which these differences are occurred.

6(j) Current income tax liabilities

	2022	2021
Balance at 1 January	223,137	195,872
Income tax paid during the year	(136,139)	(133,302)
Income tax for the year (Note 16)	624,865	241,362
Withholding tax paid	(138,071)	(61,662)
Foreign currency translation differences	(5,561)	(19,133)
	568,231	223,137

7. Equity

7(a) Paid-up capital

The Company's authorized capital is EGP 10 billion and the issued and paid-in capital is EGP 9.1 billion representing 1,820,000,000 shares distributed between 1,418,260,351 ordinary stocks and 401,739,649 preferred stocks. Preferred shares have the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extra-ordinary general assembly meeting held on 12 May 2008 and also paragraph No. (3) of article No. (18) of the Company's article of associations. Those preferred shares are owned by Citadel Capital Partners Ltd. Company, the principal shareholder of the Company. The shareholders' structure is represented in the following:

Shareholder's name	Percentage	No. of Shares	Amount
Citadel Capital Partners Ltd.	23.49%	427,455,671	2,137,278
Ołayan Saudi Investment company	9.12%	165,964,000	829,820
Emirates International Investments Company	5.54%	100,900,000	504,500
Other shareholders	61.85%	1,125,680,329	5,628,402
	100%	1,820,000,000	9,100,000



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Equity (continued)

7(b) Legal reserve

As required by the Holding Company's Articles of Association, 5% of the net profit shall be transferred to constitute the legal reserve, once the financial statements are approved by the Holding Company's ordinary general assembly meeting. Such transfer may be discontinued when the reserve equals 50% of the Company's issued and paid-up capital. Whenever this reserve is lower than this percentage, the deduction should be continued. This reserve is not available for distribution.

7(c) Reserves

(c) neserves		and any state of the last				array and a second
	Shareholders' reserve	Fair value- financial assets through OCI	Foreign currency translation differences	Other reserves	Hedging reserve	Total
Balance at 1 January 2021	(1,333,582)	1,772	2,063,149	(124,459)	(31,414)	575,466
Revaluation of financial assets at fair value through OCI		5,088	3.0		1,40	5,088
Foreign currency translation differences	2,550	<u> </u>	335,402		_	337,952
Transactions with NCI Hedge risk in interest rates of swap		-	16.64.7	(25,285)	-	(25,285)
contracts			12	20	10,831	10,831
Balance at 31 December 2021 and					,	
L January 2022 Revaluation of financial assets at fair	(1,331,032)	6,860	2,398,551	(149,744)	(20,583)	904,052
value through OCI		(235)		2.9		(235)
oreign currency translation differences	(769,855)		2,127,440	-		1,357,585
Fransactions with NCI Hedge risk in interest rates of swap	8			(26,884)	9.5	(26,884)
contracts		-		-	28,347	28,347
Balance at 31 December 2022	(2,100,887)	6,625	4,525,991	(176,628)	7,764	2,262,865

(i) Shareholders' reserve

Egyptian Refining Company "ERC" contractually agreed that ERC shall procure that it and its shareholders allocated to the Egyptian General Petroleum Corporation "EGPC" a fifteen percent (15%) shareholding in ERC at a price equal to the par value of the relevant shares. Half of such price shall be paid by EGPC in cash upon demand by ERC in the same manner as all other shareholders of ERC, whereupon ERC shall promptly procure that transfer or issue to EGPC of shares in ERC representing a fifteen percent (15%) shareholding in ERC. The remaining half of such price shall be paid by the Arab Refining Company S.A.E on behalf of EGPC and paid back by EGPC to the Arab Refining Company S.A.E (a) by way of retentions from dividends payable to EGPC in respect of such shares or (b) immediately upon any sale by EGPC of any such shares, If EGPC does not pay the half of such price payable in cash upon the demand of ERC, ERC shall be deemed to have satisfied its obligations under this agreement, and EGPC shall be deemed to have elected not to become a shareholder in ERC.

EGPC has not assumed the risks related to the un-paid shares to which they have subscribed for in ERC share capital as EGPC is protected from any losses related to half of the shares, does not receive any dividends until the loan is settled and will benefit from the shares. EGPC assumes no downside on the ERC shares but receives the upside of the shares. The total amount of shares is USD 85.05 Million representing 6.28% shareholding in ERC.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Equity (continued)

The loan extended to EGPC does not accrue interest and there is no security or recourse to other assets for which contractual right of payment could be established, where shares paid on behalf of EGPC have been included in the non-controlling interest line item for the value of 2022: USD 85.05 million. Until the loan is repaid, the shares will be continued to be shown as not issued to EGPC.

In accordance with Egyptian Accounting Standard "EAS 39"- Share based payments, where such a transaction occurs the rationale is that the entity must have received some unidentifiable consideration equal to the difference between the fair value of the equity transferred and the fair value of the consideration received.

Therefore, the transaction represents an equity-settled based payment transaction. Accordingly, the loan would be fair valued initially on the date of the agreement and would not require fair value at each reporting period. EGPC have already paid 7.5% of ERC equity shares and the other half which amounts to USD 85.05 Million will be shown in the shareholders reserve and represents the shares for which the loan was extended to EGPC.

(ii) Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges.

The Group defers the changes in the forward element of forward contracts and the time value of option contracts in the costs of hedging reserve. These deferred costs of hedging are included in the initial cost of the project under construction when it is recognised.

Reconciliation of component of equity – attributable to the owners of the parent company

	TAQA	Total	
Balance at 1 January 2022	(20,583)	(20,583)	
Effective portion of changes in fair value	36,577	36,577	
Related tax	(8,230)	(8,230)	
Balance at 31 December 2022	7,764	7,764	

Reconciliation of component of equity – attributable to the owners of the parent company and non-controlling interest

	Taqa interest rate swap
Opening balance 1 January 2021	(90,405)
Add:	
Change in fair value of hedging instrument recognized in OCI	41,718
Less:	
Deferred tax	(9,454)
Translation	(79)
Ending balance 31 December 2021	(58,220)
Add:	
Change in fair value of hedging instrument recognized in OCI	112,971
Less:	,
Deferred tax	(25,864)
Translation	(5,487)
Closing balance 31 December 2022	23,400



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Performance

8. Segment information

The Management Board is identified as the Chief Operating Decision-Maker (CODM) at Group level.

8(a)Description of segments and principal activities

The following summary describes each reportable segment:

Energy sector

Qalaa for Financial Investments Company has invested in energy as one of the core industries within the Group segments. Its integrated investments along the value chain, midstream and downstream including refining, energy distribution, power generation and solid waste management, provide solutions that truly tackle the energy problems that faces today.

Cement Sector

Qalaa for Financial Investments Company in the cement sector produce high-quality building materials that meet international environmental standards, while helping build critical national infrastructure in Africa and the Middle East. Qalaa, through its subsidiary company ASEC Holding, has pursued promising opportunities in regional markets with strong fundamentals where the demand for cement continues to outpace supply.

Transportation and logistics

Qalaa for Financial Investments Company investments in the river transport, logistics and port management sector as fuel subsidies are gradually removed in Egypt and fuel becomes more costly, manufacturers will be seeking alternative means of transporting goods. Time to move cargo via river barges, which are a more efficient, affordable, and environmentally friendly means of transport relative to trucking. The capacity of one river barges is equivalent to 40 trucks, with only one-quarter of the emissions.

Mining

Qalaa for Financial Investments Company investments in the mining sector help develop nations and add value to their natural resources. All of Group investments in the mining sector focus on research and development, precious metals mining, mining for the cement industry, quarry management and the production of insulation materials products for domestic and export consumption to help countries in Africa and the Middle East unlock their economic potential.

Agriculture food industries

Qalaa Company investments in agri-foods aim to overcome challenges facing the agricultural and food production sector in Egypt and the region. Qalaa Companies in the agri-foods sector bring trusted household names to market, through Dina farms, ICDP (Dina Farms' fresh dairy producer).

Packaging and printing sector

Qalaa for Financial Investments invest in Packaging and printing segment aims to create shareholders liquidity while remaining firmly committed to capital growth Grandview Group enjoys a strong market share in folder boxes, laminated boxes, books and paper in Egypt.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Segment information (continued)

The following summary describes the entities of each reportable segment:

Agriculture and food sector

- Wafra Agriculture S.A.E Group.
- Falcon for Agriculture Investments Group

Energy Sector

- Silverstone Capital Investments Ltd.
 Group
- Orient Investment Properties Ltd. Group
- Tawazon for Solid Waste Management (Tawazon)

Transportation and logistics Sector

 Citadel Capital Transportation Opportunities Ltd. Group

Financial services Sector:

- Qalaa Holding for Financial Investments
- Citadel Capital Ltd
- Sequoia Williow Investments Ltd
- Arab Company for Financial Investments
- Lotus Alliance Limited
- Citadel Capital Holding for Financial Investment – Free Zone
- Citadel Capital for international Investment Ltd
- International for Mining Consultation
- International for Refinery Consultation
- Tanweer for Marketing and Distribution Company (Tanweer)
- Financial Unlimited for Financial Consulting
- Citadel Company for Investment Promotion
- National Company for Touristic and Property Investment
- United for Petroleum Refining Consultation
- Specialized for Refining Consulting
- Specialized for Real Estate Company
- National Company for Refining Consultation
- Citadel Capital Algeria
- Valencia Trading Holding Ltd.
- Andalusia Trading Investments

- Citadel Capital Financing Corp.
- Brennan Solutions Ltd.
- Mena Enterprises Ltd.
- Alcott Bedford Investments Ltd.
- Eco-Logic Ltd.
- Alder Burke Investments Ltd.
- Black Anchor Holdings Ltd.
- Cobalt Mendoza
- Africa Railways Investments Ltd.
- Darley Dale Investments Ltd.
- Citadel Capital Joint Investment Fund Management Limited
- Mena Joint Investment Fund
- Trimestone Assets Holding Limited BVI
- Cardinal Vine Investments Ltd
- Global Service Realty Ltd
- Crondall Holdings Ltd
- Africa Joint Investments Fund
- Underscore International Holdings Ltd
- Valencia Regional Investments Ltd
- Sphinx Egypt for Financial Consulting Company
- Everys Holdings Limited
- Ledmore Holdings Ltd. Group
- Qalaa Energy Ltd.
- Investment Company for Modern Furniture

Mining Sector:

ASEC company for mining (ASCOM)

Packaging and Printing Sector:

Grandview Investment Holding

Cement Sector

 National Company for Development and Trading Group

Others:

United Foundries Company



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Segment information (continued)

8(b) Segment revenues

Below is summary of operating results by segment. The amounts presented include inter-segment transactions, which are conducted in the normal course of business and priced in a manner similar to third party transactions. The revenue from external parties is measured in the same way as in the consolidated statement of profit or loss.

		Inter-	Revenue from	Timing	of revenue reco	gnition
31 December 2022	Segment revenue	segment revenue	external customers	At a point in time	Over time	Total
Energy	85,478,004	-	85,478,004	83,891,542	1,586,462	85,478,004
Cement	4,583,441	-	4,583,441	4,304,443	278,998	4,583,441
Packaging & printing sector	4,270,998	-	4,270,998	4,270,998		4,270,998
Mining	1,362,494	(58,231)	1,304,263	1,304,263	-	1,304,263
Agriculture food industries	1,291,872	-	1,291,872	1,291,872	-	1,291,872
Transportation and logistics	370,832		370,832	370,832	-	370,832
Financial services		-	•			
Other	421,355	(3,819)	417,536	417,536	_	417,536
	97,778,996	(62,050)	97,716,946	95,851,486	1,865,460	97,716,946

		Inter-	Revenue	Timing	of revenue reco	gnition
31 December 2021	Segment revenue	segment revenue	from external customers	At a point in time	Over time	Total
Energy	37,603,779		37,603,779	36,506,384	1,097,395	37,603,779
Cement	3,098,514		3,098,514	2,853,208	245,306	3,098,514
Packaging & printing sector	2,604,516	-	2,604,516	2,604,516		2,604,516
Agriculture food industries	1,045,409	-	1,045,409	1,045,409		1,045,409
Mining	937,663	-	937,663	937,663	10.7	937,663
Transportation and logistics	253,128	-	253,128	253,128	94	253,128
Financial services	•					-
Other	279,617	(3,063)	276,554	276,554	504	276,554
	45,822,626	(3,063)	45,819,563	44,476,862	1,342,701	45,819,563

8(c) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segments and the physical location of the asset.

		2022		No de la la	2021	
Segment assets	Current assets	Non-current assets	Total assets	Current assets	Non-current assets	Total assets
Energy	20 521 991	96,005,809	126 627 600	12 200 026	50 03C 00F	72 227 011
Financial services	30,521,881 11,982,203	22,989,438	126,527,690 34,971,641	12,200,926 6,724,106	60,036,985	72,237,911
Cement	4,073,827	6,048,977	10,122,804	2,503,346	19,117,130 3.303,482	25,841,236 5,806,828
Packaging & printing sector	3,046,194	1,357,800	4,403,994	1,515,336	1,320,348	2,835,684
Mining	850,493	1,369,747	2,220,240	542,593	817,670	1,360,263
Agriculture food industries	550,462	1,279,066	1,829,528	387,559	1,119,586	1,507,145
Transportation and logistics	276,888	764,112	1,041,000	133,376	761,022	894,398
Other	705,741	67,180	772,921	236,165	52,576	288,741
	52,007,689	129,882,129	181,889,818	24,243,407	86,528,799	110,772,206
Elimination	(13,458,096)	(23,549,055)	(37,007,151)	(7,606,311)	(18,897,447)	(26,503,758)
Total	38,549,593	106,333,074	144,882,667	16,637,096	67,631,352	84,268,448



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Segment information (continued)

8(d) Segments liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segments.

		2022			2021	
	Current	Non- current	Total	Current	Non- current	Total
Segment liabilities	liabilities	liabilities	liabilities	liabilities	liabilities	liabilities
Energy	70,057,112	12,674,427	82,731,539	48,117,778	11,599,471	59,717,249
Financial services	35,408,231	1,283,418	36,691,649	20,203,098	790,427	20,993,525
Cement	10,594,782	5,217,845	15,812,627	7,817,895	2,948,158	10,766,053
Agriculture food industries	3,425,796	425,245	3,851,041	2,230,036	333,244	2,563,280
Mining	1,334,808	1,171,842	2,506,650	740,106	791,729	1,531,835
Packaging & printing sector	2,629,115	647,923	3,277,038	1,604,109	660,793	2,264,902
Transportation and logistics	2,334,998	86,263	2,421,261	2,123,306	243,307	2,366,613
Other	1,510,932	361,813	1,872,745	766,383	254,922	1,021,305
	127,295,774	21,868,776	149,164,550	83,602,711	17,622,051	101,224,762
Elimination	(20,659,133)	(5,993,546)	(26,652,679)	(11,062,250)	(3,519,782)	(14,582,032)
Total	106,636,641	15,875,230	122,511,871	72,540,461	14,102,269	86,642,730



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Profit or loss

9. Revenue

2022	2021
85,478,004	37,603,779
4,583,441	3,098,514
4,270,998	2,604,516
1,304,263	937,663
1,291,872	1,045,409
370,832	253,128
417,536	276,554
97,716,946	45,819,563
	85,478,004 4,583,441 4,270,998 1,304,263 1,291,872 370,832 417,536

9(a) Segment revenue

The energy segment drive majority of revenues from external sales as it contributes more than 87% of sales during the year ended 31 December 2022 after the full operation of the refinery. Below are segment revenues after elimination of inter-segment sales. Revenue from foreign customers doesn't exceed 10% of the total Group's revenue.





Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Revenue (continued)

9(b) Assets and liabilities related to contracts with customers

(i) The Group has recognized the following assets and liabilities related to contracts with customers:

	2022	2021
Current contract assets relating to construction contracts (note 5(a))	201,248	190,094
Total contract assets	201,248	190,094
	2022	2021
Contract liabilities – constructions contracts (note 5(d))	1,498,370	785,679
Total current contract liabilities	1,498,370	785,679

(ii) The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	2022	2021
Revenue recognised that was included in the contract liability balance		
at the beginning of the year Revenue recognised from performance obligations satisfied in previous	269,300	303,102
years	72	626
Total	269,300	303,102

10. Cost of revenue

	2022	2021
A) Cost of revenue by segment		
Energy sector	59,161,061	37,036,393
Cement Sector	3,875,794	2,771,640
Packaging and printing sector	2,723,177	1,950,436
Mining sector	1,157,418	689,124
Agriculture and Food sector	986,954	809,996
Transportation and Logistics sector	196,638	175,035
Other sectors	271,788	240,643
	68,372,830	43,673,267



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Cost of revenue (continued)

	2022	2021
B) Cost of revenue		
Manufacturing materials	46,657,892	26,278,560
Fuel and lubricants	5,887,362	5,286,903
Depreciation and amortization	5,225,175	4,065,164
Electricity and utilities supplies	4,439,923	3,640,426
Wages, salaries and other staff costs	1,850,084	1,673,093
Gas network construction	1,357,031	900,474
Supplies	730,446	330,798
Insurance	429,941	348,535
Low value and short-term rents	280,554	207,284
Maintenance	209,460	197,326
Gas car conversion	199,139	128,745
Promotions, advertisements, gifts and public relations	69,194	47,978
Travel and accommodation	23,953	17,703
Professional and consultancies fees	17,999	7,158
Penalties	5,247	6,530
IT Supplies	3,620	4,383
Tools and equipment	436	825
Transportation and vehicles	1,774	3,751
Others	983,600	527,631
	68,372,830	43,673,267

11. General, administrative, selling and marketing expenses

	2022	2021
a) General and administrative expenses		-
Wages, salaries and in-kind benefits	939,326	817,702
Depreciation and amortization	470,499	423,505
Professional and consultancies fees	261,635	206,223
Insurance	211,205	93,817
Low value and short-term rents	53,320	67,143
IT supplies	51,631	35,997
Advertising and public relations	29,637	6,881
Transportation and vehicles	29,078	17,513
Supplies	26,265	15,915
Penalties	51,174	3,752
Electricity and utilities supplies	13,096	16,523
Maintenance	7,246	5,060
Bank Charges	583	10,358
Donations	14	250
Other	408,608	297,662
	2,553,317	2,018,301



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

General, administrative, selling and marketing expenses (continued)

	2022	2021
b) Selling and marketing expenses		
Advertising and public relations	313,549	199,631
Wages, salaries and in- kind benefits	88,025	63,618
Transportation and vehicles	54,839	191,909
Depreciation and amortization	16,663	7,108
Low value and short-term rents	2,533	5,444
Travel and accommodation	1,725	1,414
Other	81,367	91,321
	558,701	560,445

12. Net impairment of financial assets and other operating expenses

	2022	2021
a) Net impairment of financial assets		
Impairment of bank accounts formed (Note 5(c))	6,821	9
Impairment of bank accounts no longer required (Note 5(c))		(2,462
Impairment Treasury bills	(16,942)	1,103
mpairment of right of use assets (Note 6(b))		(75
mpairment of due from related parties formed (Note 21(a))	2,480	245
mpairment of due from related parties no longer required (Note 21(a))	(1,687)	
impairment of trade receivables and other debit balances formed (Note 26(c)) impairment of trade receivables and other debit balances no longer	303,113	245,519
required (Note 26(c))	(192,660)	(60,531
Others	10,154	7,427
	111,279	191,220
	2022	2021
	2022	2021
Net change in the fair value of liabilities at fair value through profit and loss		
Net change in the fair value of liabilities at fair value through profit and loss (Note $S(f)$)	(9,637)	
Net change in the fair value of liabilities at fair value through profit and loss (Note $S(f)$) Loss / (gain) on sale of fixed assets (Note $S(a)$)		8,179 (28,971)
Net change in the fair value of liabilities at fair value through profit and loss Note $S(f)$ and loss (Note $S(f)$) coss / (gain) on sale of fixed assets (Note $S(f)$)	(9,637)	8,179 (28,971)
Net change in the fair value of liabilities at fair value through profit and loss (Note 5(f)) Loss / (gain) on sale of fixed assets (Note 6(a)) Impairment of fixed assets – net (Note 6(a))	(9,637) 8,662	8,179 (28,971) 8,978
Net change in the fair value of liabilities at fair value through profit and loss (Note 5(f)) Loss / (gain) on sale of fixed assets (Note 6(a)) Impairment of fixed assets — net (Note 6(a)) Loss on fixed assets written off	(9,637) 8,662	8,179 (28,971) 8,978 5,593
Net change in the fair value of liabilities at fair value through profit and loss Note 5(f)) Loss / (gain) on sale of fixed assets (Note 6(a)) Impairment of fixed assets — net (Note 6(a)) Loss on fixed assets written off loss on sale of biological assets	(9,637) 8,662 (25)	8,179 (28,971) 8,978 5,593 23,203
Net change in the fair value of liabilities at fair value through profit and loss (Note 5(f)) Loss / (gain) on sale of fixed assets (Note 6(a)) Impairment of fixed assets – net (Note 6(a)) Loss on fixed assets written off loss on sale of biological assets Impairment of inventory – net (Note 6(h))	(9,637) 8,662 (25) - 32,752	8,179 (28,971) 8,978 5,593 23,203 117,764
Net change in the fair value of liabilities at fair value through profit and loss Note 5(f)) Loss / (gain) on sale of fixed assets (Note 6(a)) Impairment of fixed assets — net (Note 6(a)) Loss on fixed assets written off Impairment of biological assets Impairment of inventory — net (Note 6(h)) Provisions formed (Note 6(i))	(9,637) 8,662 (25) - 32,752 10,731	8,179 (28,971) 8,978 5,593 23,203 117,764 1,456,407
Net change in the fair value of liabilities at fair value through profit and loss (Note 5(f)) Loss / (gain) on sale of fixed assets (Note 6(a)) Impairment of fixed assets — net (Note 6(a)) Loss on fixed assets written off loss on sale of biological assets Impairment of inventory — net (Note 6(h)) Provisions formed (Note 6(i)) Provisions no longer required (Note 6(i))	(9,637) 8,662 (25) - 32,752 10,731 981,506	8,179 (28,971) 8,978 5,593 23,203 117,764 1,456,407 (28,158)
b) Other losses Net change in the fair value of liabilities at fair value through profit and loss (Note 5(f)) Loss / (gain) on sale of fixed assets (Note 6(a)) Impairment of fixed assets — net (Note 6(a)) Loss on fixed assets written off loss on sale of biological assets Impairment of inventory — net (Note 6(h)) Provisions formed (Note 6(i)) Provisions no longer required (Note 6(i)) Export subsidy revenue Others	(9,637) 8,662 (25) 32,752 10,731 981,506 (256,536)	8,179 (28,971) 8,978 5,593 23,203 117,764 1,456,407 (28,158) (81,522) (5,216)



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

13. Expenses by nature

	2022	2021
Cost of revenue (Note 10)	68,372,830	43,673,267
General and administrative expenses (Note 11(a))	2,553,317	2,018,301
Selling and marketing expenses (Note 11(b))	558,701	560,445
	71,484,848	46,252,013
	2022	2021
Manufacturing materials	46,657,892	26,269,930
Fuel and lubricants	5,887,362	5,286,903
Depreciation and amortization	5,712,337	4,495,776
Electricity and utilities supplies	4,453,019	3,656,948
Wages, salaries and other staff costs	2,877,435	2,554,413
Gas network construction	1,357,031	900,474
Supplies	756,711	346,713
Insurance	641,146	442,352
Promotions, advertisements, gifts and public relations	412,380	254,490
Low value and short-term rents	336,407	279,871
Professional and consultancies fees	279,634	213,382
Maintenance	216,706	202,386
Gas car conversion	199,139	128,745
Transportation and vehicles	85,691	213,173
Penalties	56,421	10,282
T Supplies	55,251	40,380
Travel and accommodation	25,678	19,117
Bank Charges	583	10,358
Tools and equipment	436	825
Donations	14	250
Others	1,473,575	925,245
	71,484,848	46,252,013

14. Finance costs - net

	2022	2021
Credit interest	(945,950)	(542,610)
Gains from restructuring of loans	(881,065)	(3,030)
Ineffective portion of cash flow hedge (gain)	(480,409)	(338,790)
Net foreign exchange gain		(228,612)
Total finance income	(2,307,424)	(1,113,042)
Interest expenses	6,270,171	4,201,760
Net foreign exchange loss	4,740,313	
Lease interest expense	245,762	189,226
Total Finance costs	11,256,246	4,390,986
Net	8,948,822	3,277,944



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

15. Share of profit / (loss) of investments in associates

	2022	2021
Ascom Precious Metals (APM)	12,987	(36,508)
Zahana Cement Company	9,379	(2,057)
Ostool Transport and Logistics	6,999	
Egyptian Company for Solid Waste Recycling (ECARU)		(1,436)
Engineering Tasks Group (ENTAG)	(4,828)	(1,704)
Dar AL Shorouk Company	(7,675)	2,987
ALLMED Medical Care Holdings	(12,220)	(13,944)
·	4,642	(52,662)

16. Income tax

16(a) Income tax expense

	2022	2021
Current income tax (note 6(j))	624,865	241,362
Deferred income tax (note 6(g))	1,870,504_	34,514
Net	2,495,369	275,876

16(b) Significant estimates

The Group is subject to income tax in several countries. Majority of the Group's operations is concentrated in Egypt and is subject to income tax rules in that jurisdiction. The provision for income tax is estimated by the Group through the tax department and management's consultants. Because of the nature of the procedures of estimating tax liabilities in Egypt, the final outcome of the tax estimate by the Tax Authority may not be realistic. Therefore, additional possible tax liabilities may arise as a result of tax inspection, and the estimate of Tax Authority for tax due from the Group. In case of any variation between the preliminary and final estimates, such variation will affect the income tax expense in the period in which it arises.

16(c) Numerical reconciliation of income tax expense to prima facie tax payable

The tax expense on the Group's profit before tax differs from the theoretical amount of income tax expense that would arise using the weighted average tax rate, as follows:

	2022	2021
Net loss before tax	16,760,467	(5,432,656)
Income tax based on tax rate	3,771,105	(1,222,348)
Expenses not deductible for tax purposes	2,015,752	476,747
Income not taxable for tax purposes	(339,104)	(31,573)
Effect of tax losses	(2,952,384)	1,052,573
Income tax expense	2,495,369	275,876



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Cash flows

17. Cash flow information

17(a) Cash flow generated from operating activities

17(a) cash now generated nom operating activities		0.000	
	Notes	2022	2021
Cash flows from operating activities			
Profit / (loss) for the year before income tax		16,760,467	(5,430,539)
Adjusted to:			
Depreciation and amortization	13	5,712,337	4,495,776
loss / (gain) on settlement of lease contract		58,338	(18,383)
Impairment in investment in treasury bills - net	12(a)	(16,942)	1,103
Impairment in fixed assets – net	12(b)	25	(8,978)
Impairment in right of use of assets	12(a)		(75)
Unrealised forex losses / (gains)		5,401,388	(32,848)
Gains from restructuring of loans	14	(881,065)	(3,030)
Impairment of inventory – net	12(b)	10,731	117,764
Impairment of due from related parties - net	12(a)	793	245
Impairment of trade and other receivables - net	12(a)	110,453	184,988
Ineffective portion of cash flow hedge	14	(480,409)	(338,790)
Share of (profits) / losses of investments in associates	15	(4,642)	52,662
Effect of financial liabilities at fair value through profit or loss	12(b)	(9,637)	8,179
loss / (gain) on sale of fixed assets	12(b)	8,662	(23,378)
Loss on sale of biological assets	12(b)	32,752	23,203
Provisions – net	12(b)	724,970	1,428,249
Interest expenses	14	6,515,933	4,390,986
Interest income	14	(945,950)	(542,610)
Operating profit before changes in working capital	_	32,998,204	4,304,524

17(b) Non-cash investing and financing activities

	2022	2021
Transfer from right of use to fixed assets	3,665	85,183
Transfer from fixed assets to right of use	14,548	
Transfer from PUC to intangible assets	3,222	27,426
Transfer from assets held for sale to fixed assets	72.1	708
Fixed assets (NBV) written off		5,593
Transfer from biological assets to inventory		118,298
Reclassification from lease liabilities to accounts payables	50,393	8,349
New leases during the year	239,081	178,831
The effective portion of cash flow hedge - net of tax	87,107	32,264
The change in fair value of investment at FVOCI	235	5,088
Settlement of shareholder loan through non-controlling interest capital increase		100,989



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Cash flow information (continued)

17(c) Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the years presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

	Borrowings	Lease liabilities	Dividends payable	Total	
Balances at 1 January 2021	61,732,624	1,636,748	21,769	63,391,141	
Cash flows	, ,	• • •	,		
Loan drawdowns	591,267		-	591,267	
Bank overdraft drawdowns	3,181,193			3,181,193	
Proceeds from leasing entities		638,709		638,709	
Dividends paid	4.5		(462,324)	(462,324)	
Repayments of principal	(1,342,741)	(140,840)		(1,483,581)	
Interest payments	(1,556,935)	(147,513)		(1,704,448)	
Non-cash changes	,	• • •			
Finance cost	3,429,335	206,643		3,635,978	
Foreign exchange adjustments	(121,350)	(56)	1,140	(120,266)	
New standards first adoption		180,436	12	180,436	
Dividends declared			462,324	462,324	
Other	(104,018)	(19,780)		(123,798)	
Balance at 31 December 2021	65,809,375	2,354,347	22,909	68,186,631	
Cash flows		, ,	•		
Loan drawdowns	1,015,803	-	12	1,015,803	
Bank overdraft drawdowns	1,545,435	-	-	1,545,435	
Proceeds from leasing entities		100,897	-	100,897	
Dividends pald	•	-	(435,969)	(435,969)	
Repayments of principal	(14,849,969)	(177,625)	-	(15,027,594)	
Interest payments	(843,765)	(88,465)		(932,230)	
Non-cash changes					
Finance cost	2,617,654	245,762	-	2,863,416	
Foreign exchange adjustments	33,160,257	(121,719)	3,934	33,042,472	
New leases during the year	. ,	289,474	-	289,474	
Dividends declared		•	435,969	435,969	
Other	(881,065)	-		(881,065)	
Balance as at 31 December 2022	87,573,725	2,602,671	26,843	90,203,239	



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Unrecognised items

18. Contingent liabilities and contingent assets

The contingent liabilities as at 31 December 2022 and 31 December 2021 are as follows:

18(a) ASEC Automation C

	2022	2021
Letters of guarantee	8,541	079
18(b) ASEC Environmental Protection Co.		
	2022	2021
Letters of guarantee	551	551
18(c) Arab Swiss Engineering Co.		
	2022	2021
Letters of guarantee	16,488	16,791
Letters of credit	11,135	622
18(d) ASEC for Manufacturing and Industries Project Co.		
	2022	2021
Letters of guarantee	84,616	93,917

Citadel Capital Partners Ltd (CCP) pledged 21 million of preferred shares to the favour of HSBC on behalf of ARESCO.

18(e) ASEC Company for Mining

	2022	2021
Letters of guarantee	11,054	15,076

The uncovered portion of letters of guarantee amounted to EGP 2.47 million (equivalent to US \$100K) issued from banks in favour of ASCOM Carbonate & Chemical Manufacture Company (subsidiary).



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

19. Financial assets and liability offset

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2022 and 31 December 2021. The column 'net amount 'shows the impact on the Group's balance sheet if all set-off rights were exercised.

	Effects	of offsetting on	the balance sheet	Relat	ed amounts no	t offset
31 December 2022	Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c) = (a) - (b)	Amounts subject to master netting (d)	Cash collateral received (e)	Net amount of exposure (c) – (d) – (e)
ASSETS						
Trade and other receivables *	21,808,084	(264,864)	21,543,220	-		21,543,220
Derivative financial assets	350,545	-	350,545		-	350,545
Restricted cash	638,722		638,722	-	(638,722)	
Total assets subject to offsetting, master netting and similar arrangement	22,797,351	(264,864)	22,532,487		(638,722)	21,893,765
UABILITIES						
Trade and other payables *	13,649,781	(264,864)	13,384,917		12	13,384,917
Derivative financial liabilities	678,544		678,544	-		678,544
Loans and borrowings	87,573,725	-	87,573,725	•	(638,722)	86,935,003
Total liabilities subject to offsetting, master netting and similar arrangement	101,902,050	(264,864)	101,637,186		(638,722)	100,998,464

	Effects of off	setting on the ba	alance sheet	Related amounts not offset		
	Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c) = (a) - (b)	Amounts subject to master netting (d)	Cash collateral received (e)	Net amount of exposure (c) – (d) – (e)
ASSETS						
Trade and other receivables *	21,808,084	(264,864)	21,543,220	-		21,543,220
Derivative financial assets	350,545		350,545	-		350,545
Restricted cash	638,722		638,722	20	(638,722)	
Total assets subject to offsetting, master netting and similar arrangement	22,797,351	(264,864)	22,532,487	•	(638,722)	21,893,765
LIABILITIES						
Trade and other payables *	13,649,781	(264,864)	13,384,917	-		13,384,917
Derivative financial liabilities	678,544	-	678,544	-	2327	678,544
Loans and borrowings	87,573,725		87,573,725	_	(638,722)	86,935,003
Total liabilities subject to offsetting, master netting and similar arrangement	101,902,050	(264,864)	101,637,186	-	(638,722)	100,998,464



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial assets and liability offset (continued)

	Effects of o	ffsetting on the I	palance sheet	Relat	ed amounts no	offset
31 December 2021	Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c) = (a) – (b)	Amounts subject to master netting (d)	Cash collateral received (e)	Net amount of exposure (c) – (d) – (e)
ASSETS						
Trade and other receivables *	7,925,412	(2,447,482)	5,477,930		-	5,477,930
Restricted cash	434,140		434,140		(434,140)	
Total assets subject to offsetting, master netting and similar arrangement	8,359,552	(2,447,482)	5,912,070		(434,140)	5,477,930
LIABILITIES						
Trade and other payables *	12,872,206	(2,447,482)	10,424,724	*		10,424,724
Derivative financial liabilities	713,676		713,676	-	-	713,676
Loans and borrowings Total liabilities subject to	66,198,084		66,198,084		(434,140)	65,763,944
offsetting, master netting and similar arrangement	79,783,966	(2,447,482)	77,336,484		(434,140)	76,902,344

^{*} In terms of an agreement with a supplier, the amounts due to and due from may be offset. The requirements of offsetting have been met and offsetting is allowed in all cases including on liquidation.

20. Capital commitments

There were no capital commitments as of 31 December 2022 and 31 December 2021.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Other information

21. Related party transactions

The Group entered into several transactions with companies and entities that are included within the definition of related parties, as stated in EAS 15, "Disclosure of related parties". The related parties comprise the Group's board of directors, their entities, companies under common control, and/ or joint management and control, and their partners and employees of senior management. The partners of joint arrangement and non-controlling interest are considered by the Group as related parties. The tables below show the nature and values of transactions with related parties during the year, and the balances due at the date of the consolidated financial statements.

21(a) Due from related parties

21(a) Due ironi related parties		Nature of tra	insactions	Balar	ices
Name of the Company	Nature of relationship	Foreign currency translation Differences	Finance	2022	2021
Golden Crescent Finco Ltd.	Investee	265,925		724,928	459,003
Emerald Financial Services Ltd.	Investee	226,039	1,244	618,833	391,550
Nile Valley Petroleum Ltd.	Investee	195,051		532,281	337,230
Benu one Ltd.	Investee	94,891		258,951	164,060
Citadel Capital Partners	Parent		54,747	194,453	139,706
Logria Holding Ltd,	Investee	54,794		153,760	98,966
EIIC	Shareholder	54,311	-	148,211	93,900
Rotation Ventures	Investee	49,270		134,454	85,184
Golden Crescent Investment Ltd.	Investee	34,535		94,244	59,709
Mena Glass Ltd	Associate	31,102		84,875	53,773
Castrol Lubricants	Associate		0.2	39,200	39,200
Sphinx International Management	Investee	176	23,191	34,811	11,444
Visionaire Egyptian Company for International	Investee	11,880		32,419	20,539
Publication	Investee			26,660	26,660
Allmed Medical Industries	Associate	9,233	-	25,196	15,963
Adena	Shareholder	6,788		18,526	11,738
Nahda Company – Sudan	Investee	5,837	_	15,929	10,092
El Kateb for Marketing & Distribution	Associate	120	(25)	598	623
Ascom Precious Metals (APM)	Associate		-	209	209
Others			21,261	74,383	53,122
Total				3,212,921	2,072,671
Less: Accumulated impairment loss*				(2,715,202)	
cess. Accumulated impairment loss				(2,/13,202)	(1,719,875)



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Related party transactions (continued)

* The accumulated impairment loss of due from related parties is as follows: -

	Balance as of 1 January 2022	Foreign currency translation differences	Formed	Reversal of impairment	Balance as of 31 December 2022
Golden Crescent Finco Ltd.	459,003	265,925			724,928
Emerald Financial Services Ltd.	391,550	226,039	1,244		618,833
Nile Valley Petroleum Ltd.	337,230	195,051	1,244	- 0	532,281
Benu One Ltd	164,060	94,891		- 1	258,951
Logria Holding Ltd.	98,966	56,480	+	(1,686)	153,760
Rotation Ventures	85,184	49,270		(=,===)	134,454
Golden Crescent Investment Ltd.	59,709	34,535	- 2	2	94,244
Mena Glass	53,773	31,102		-	84,875
Visionaire	20,539	11,880			32,419
Allmed Medical Industries	15,963	9,233	2.7	2	25,196
Nahda	10,092	5,837			15,929
Sphinx International Management	1,385	1,592	1,236		4,213
Egyptian Company for International					
Publication	406	8.			406
Citadel Capital Partners	84	50		(1)	133
El Kateb for Marketing & Distribution	60	¥.			60
EIIC	13	7			20
Others	21,858	12,642		-	34,500
	1,719,875	994,534	2,480	(1,687)	2,715,202

21(b) Due to related parties

		Nature of tra	nsactions	Balances	
Name of the company	Nature of relationship	Foreign currency translation differences	Finance	2022	2021
Mena Glass Ltd.	Associate	188,457		674,806	486,349
Castrol Egypt	Associate	21,267	23	58,646	37,379
Others		-	(17,426)	12,594	30,020
				746,046	553,748
Due to shareholders					
IFC	Shareholder in				
	subsidiary	196,650	1,400	547,174	349,124
FHI	Shareholder in				
	subsidiaries	130,061	30,693	443,312	282,558
El-Rashed	Shareholder in				
_	subsidiary	8,183	10,585	60,082	41,314
Omran	Shareholder in	0.400			
Ahmed Heikal	subsidiary Chairman	9,102	-	32,544	23,442
Aly Hassan El Dayekh	Shareholder in	46	-	812	766
Aly Hassall Ci Dayekii	subsidiary		(177,690)		177,690
Others	Jubsialaly	8,403	(177,030)	27,168	18,765
		5,403		1,111,092	893,659
				1,857,138	1,447,407



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Related party transactions (continued)

21(c) Key management compensation

The Group paid EGP 303,506 as salaries and benefits to senior management personnel during the year ended 31 December 2022 (31 December 2021: EGP 367,813).

21(d) Terms and conditions

Transactions relating to dividends, calls on partly paid ordinary shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

The loans to related parties are repayable between 1 to 10 years from the reporting date. The average interest rate on the loans to related parties during the year was 7.5% (2021: 7.5%). Outstanding balances are secured and are repayable in cash.

22. Earnings / (losses) per share

Basic earnings / (losses) per share is calculated by dividing the earnings / (losses) attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year after excluding ordinary shares held in treasury.

	2022	2021
Net Profit / (loss) for the year- continued operations	14,265,098	(5,706,415)
Net Profit / (loss) for the year- discontinued operations	24,879	(2,195)
Net Profit / (loss) for the year	14,289,977	(5,708,610)
Weighted average number of shares including preferred shares with the same distribution rights as ordinary shares	1,820,000	1,820,000
	2022	2021
Net earnings / (losses) per share – continued operation	7.838	(3.135)
Net earnings / (losses) per share - discontinued operation	0.014	(0.001)
Earnings / (losses) per share (EGP)	7.852	(3.137)

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group does not have any categories of dilutive potential ordinary shares on 31 December 2022 and 31 December 2021, hence the diluted losses per share is the same as the basic losses per share.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

23. Employees stock option plan

The Holding Company's extraordinary general assembly meeting held on 20 February 2008 approved to add a new article to the Holding Company Article of Association to adopt a plan or more to motivate employees, managers and executive board of directors – Employees Stock Option Plan (ESOP) in accordance with decision No. 282 for 2005 which modified executive regulation for the law No. 159 / 1981.

On 18 October 2018, Qalaa for Financial Investments' BOD announces to the Egyptian stock market, its intention to renew the expired ESOP plan for eight years starting from the approval of FRA on the plan. On 10 December 2018, Qalaa for Financial Investments' extraordinary general assembly meeting approved the new plan. The renewed ESOP promises employees, managers and executive board of directors' members to acquire shares/ designate share as follows:

- Total designated ESOP is the same number of shares approved through the old plan with minor increase to reach 120 million shares. Entitlement mechanism will be as follows:
 - 30% of the designated shares will be issued at 5.25 pounds per share from ESOP starting date till 30 April 2023.
 - 70% of the designated shares will be issued at 6 pounds per share from ESOP starting date till 30 April 2026.
- Exercise on shares have to be either through:
 - Paying the 5.25 pounds or the 6 pounds per share to the company and obtain the ownership of the shares, or
 - Requesting the oversight committee to pay him/her the remaining amount of the designated shares selling proceeds after deducting the agreed share price of 5.25 pounds or the 6 pounds per share.

The Holding Company has not yet obtained the approvals from the Financial Regulatory Authority on the employees' stock option plan until the preparation of these consolidated financial statements and this was not formally communicated to the employees. Accordingly, it is not yet activated, and no share-based payment charges would be required.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

24. Tax position of Qalaa for Financial Investments company

Because of the nature of the procedures of estimating tax liabilities in the Arab Republic of Egypt, the final result of this estimations by the Tax Authority may not be realistic. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority over the Company. A summary of the tax status of the Company to 31 December 2022 is as follows:

24(a) Corporate tax

The period since inception to 31 December 2008

The company was not included in the inspection sample.

The years from 2009 till 2014

The company has been inspected by estimate, the legal dates have been appealed, and the
actual re-inspection is underway.

The years from 2015 till 2021

The Tax returns are submitted on time.

24(b) Payroll tax

The period since inception to 31 December 2004

- The tax dispute for that period was inspected and settled.

The years from 2005 till 2019

 The company was inspected for that period, and the legal dates were appealed, and the dispute was referred to the internal committee of the tax office.

The years from 2010 till 2022

Annual settlements are submitted to the tax authority.

24(c) Stamp duty tax

The period since inception to December 2013

- The tax dispute for that period was inspected and settled.

The years from 2014 till 2021

- No inspection was done for that period.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Risk

25. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

25(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the actual results. The estimates and assumptions that have a material impact to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- Impairment of trade receivables and other debit balances note 5(a)(vi)
- Useful life of fixed assets note 6(a)(Vi)
- Provision for income tax note 16(b)
- Provisions note (6)(i)
- Impairment of non-financial assets note (6)(e)(i)

25(b) Critical judgement in applying the Group's accounting policies

In general, applying the Group accounting policies does not require judgement other than the below and apart from those involving estimates refer to in note 26(a) above that have significant effects on the amounts recognized in the consolidated financial statements.

- Hyperinflationary Economies –note 4
- Consolidation of Arab Refining Company S.A.E "ARC" and its subsidiary Egyptian Refining Company – S.A.E ("ERC") – note 2(e)(i)
- Functional currencies of different entities of the Group- note 2(e)(ii)
- Assessing whether the arrangement with EGPC is or contains a lease note 6(b)(2)(ii)
- Control Grandview Investment Holdings Corporation (Grandview) note 2(e)(iii)
- Control over "Dar Elsherouk Company" note 2(f)(iii)
- Control over "Ostool Transport and Logistics" note 2(f)(iii)
- Critical judgement with respect to the going concern of the Group note 28(a)(iii)



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

26. Financial risk management

The Group's activities expose it to a variety of financial risks. These risks include market risks (including foreign currency exchange risks, prices risk, cash flow interest rate risks and fair value risks), credit risks, and liquidity risks.

The Group's management aims to minimise the potential adverse effects on the Group's financial performance, through the monitoring process performed by the Group's Finance Department and the Holding Company's chairman.

26(a) Derivatives

The Group uses derivative financial instruments to hedge certain risk exposures. Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans.

The Group has the following derivative financial instruments:

	2022	2021
Non-current assets		
Interest rate swap contracts – cash flow hedges	339,259	-
Total non-current derivative financial instrument assets	339,259	
Non-current liabilities		•
Interest rate swap contracts – cash flow hedges	-	293,434
Written call option agreement	2,219	2,219
Total non-current derivative financial instrument liabilities	2,219	295,653

(i) Classification of derivatives

Derivatives are accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting year.

The Group's accounting policy for its cash flow hedges is set out in note 28(m).

All derivative financial instruments are represented in interest rate swaps which have maturities of more than twelve months and are classified within 'non-current assets/liabilities.

(ii) Hedge ineffectiveness

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability, such as all or some future interest payments on variable rate debt or a highly probable forecast transaction and could affect profit or loss.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective. Except for ERC Hedges.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial risk management (continued)

In hedges of interest rate swap, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the derivative counterparty. It may occur due to:

- The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- Differences in critical terms between the interest rate swaps and loans.

There was no ineffectiveness during the year ended 31 December 2021 in relation to the interest rate swaps.

(iii) Hedging reserves

The Group's hedging reserves movement disclosed in note 7(c).

26(b) Market risk

(i) Foreign currency exchange risks

Foreign currency exchange rates risks are the risks of fluctuations in the fair value of future cash flows of a financial instrument due to changes in foreign currency exchange rates. The following analysis shows the calculation of the effect of reasonable and possible changes in foreign currencies against the functional currency of the Group while keeping all other variables constant, on the consolidated statement of comprehensive income:

	2022	2021
United States Dollar 25%	(267,466)	(236,142)
United Arab Emirates Dirham 25%	(1,008)	(890)
Sterling Pound 25%	(804)	(710)
Syrian Lira 25%	(608)	(537)
Sudanese Pound 25%	(35)	(31)
Saudi Arabia Riyal 25%	(16)	(14)
Swiss Franc 25%	(14)	(12)
Jordanian Dinar 25%	48	42
Algerian Dinar 25%	460	406
Euro 25%	104,214	92,009

The following table shows the currencies position denominated in Egyptian Pounds at the date of the consolidated statement of financial position:

	2022			2021
	Assets	Liabilities	Net	Net
United States Dollar	1,497,565	(2,567,427)	(1,069,862)	(944,568)
United Arab Emirates Dirham	186	(4,218)	(4,032)	(3,560)
Sterling Pound	(387)	(2,829)	(3,216)	(2,840)
Syrian Lira		(2,432)	(2,432)	(2,147)
Sudanese Pound		(140)	(140)	(124)
Saudi Arabia Riyal	2.	(63)	(63)	(56)
Swiss Franc		(55)	(55)	(49)
Jordanian Dinar	204	(14)	190	168
Algerian Dinar	1,944	(105)	1,839	1,623
Euro	1,164,004	(747,148)	416,856	368,037



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial risk management (continued)

(ii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the statement of financial position either as available-for-sale or at fair value through profit or loss (FVPL).

Available-for-sale financial assets and financial assets at fair value through profit or loss are considered immaterial, and accordingly the Group considered that expose to price risk is insignificant.

The Group is also exposed to risks arising from environmental and climatic changes, and commodity prices affecting the biological asset and refinery industry held by the Group. The Group has strong environmental policies and procedures in place to comply with environmental and other laws.

(iii) Fair value and interest rate market risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy is to maintain at least 90% of Egyptian Refining Company S.A.E syndicate borrowings at fixed rate using interest rate swaps to achieve this when necessary. During the year ended 31 December 2022 and 31 December 2021, the Group's borrowings at variable rate were mainly denominated in Egyptian Pounds and US Dollars.

The Group's borrowings and receivables are carried at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

The exposure of the Group's borrowing to interest rate changes and the contractual at the end of the reporting period are as follows:

	2022	% of loans	2021	% of loans
Variable rate borrowings	72,134,525	99.4%	65,451,977	98.87%

Swaps currently in place cover approximately 18.4% (2021: 21.03%) of the variable loan principal outstanding. The fixed interest rates of the swaps range between 2.3475% and 3.417% (2021: 2.3475% and 3.417%), and the variable rates of the loans are between 0.0011% and 0.0087% above the 90-day bank bill rate which, at the end of the reporting period, was 5.1869% (2021: 0.3115%).

The swap contracts require settlement of net interest receivable or payable every 180 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial risk management (continued)

	2022	2021
Interest rate swaps		
Carrying amount (current and non-current)	52,640,175	43,068,620
Notional amount	8,130,799	9,059,345
Maturity date	20-Dec-2024	20-Dec-2024
Hedge ratio	18.4%	21.03%
Change in fair value of outstanding hedging instruments since 1 January	661,457	338,790
Change in value of hedged item used to determine hedge effectiveness	15,338,895	460,057
Weighted average hedged rate for the year	2,35%	2.35%

Sensitivity:

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates:

	Impact on past ta	x profit
	2022	2021
Interest rate-increase by 3%	28,379	16,369
Interest rates-decrease by 3%	(28,379)	(16,369)

Libor reform

With reference to the International Financial Reporting Standards in relation to the interest rate benchmark reform which is not available in the Egyptian Accounting Standards, the Phase I amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the ongoing interest rate benchmark reforms.

The Phase II amendments address issues that might affect financial reporting during the reform of interest rate benchmarks, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

The application of the amendments impacts the Company's accounting in relation to a proportion of US dollar denominated fixed rate debt which is fair value hedged using US dollar fixed to US dollar LIBOR interest rate swaps. The Company has in the past undertaken and may in the future also undertake, cash flow interest rate hedges as part of its interest rate risk management policy which may also expose the Company to US dollar LIBOR interest rates.

The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, US dollar LIBOR, may no longer be separately identifiable. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship is discontinued.

The Company chose to adopt the Phase I amendments. Adopting these amendments allowed the Company to continue hedge accounting during the period of uncertainty that arose from interest rate benchmark reforms. The Phase II amendments are not yet adopted given that they have not reformed or replaced any existing interest benchmarks within the Company's financial instruments.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial risk management (continued)

26(c) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to trade receivables and other debit balances and amounts due from related parties. The Group's credit risk is managed as a whole, except for the credit risk related to the customers' account balances, as each of the Group's companies manages and analyses the credit risk of their own customers.

(1) Risk management

Credit risk is managed on a group basis for banks and financial institutions, only high-credit-quality and rating banks and financial institutions are accepted.

For the new customers, their credit risk is analysed before standard payment and delivery terms and conditions are agreed with customers.

If trade receivables are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Credit limits are set for each customer based on internal and external credit limits in accordance with limits set and approved by the board. The credit limits are regularly reviewed for each individual customer.

The revenue obtained from the major customer of the Group represents 76% of the total Group's revenue.

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

(2) Impairment of financial assets:

Balances exposed to credit risks are as follows:

	2022	2021	
Trade receivables	20,442,029	5,141,541	
Other receivables	2,705,688	1,691,910	
Contract assets	201,248	190,094	
Due from related parties	497,719	352,796	
Treasury bills	•	815,012	
Restricted cash	638,722	434,140	
Cash and cash equivalents	8,652,942	5,406,555	
	33,138,348	14,032,048	

Impairment of trade and other receivables movement represented as follows:

	2022	2021
Balance as of January 1	1,355,521	1,196,868
Formed during the year	303,113	245,519
No longer required	(192,660)	(60,531)
Utilised during the year	(13,908)	(25,821)
Adjustment	•	(97)
Foreign currency translation differences	152,431_	(417)
Balance	1,604,497	1,355,521



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial risk management (continued)

Trade receivable and contract assets:

The Group applies the EAS 47 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Set out below is the information about the Group's trade receivables and contract assets using a provision matrix:

I) Trade receivables- Governmental

31 December 2022	Current	< 30 days	Between 31 and 120 days	Credit impaired > 120 days	Total
Effective expected loss rate % (Approximated)	0.04%	0.03%	0,12%	6%	
Trade receivables- Governmental	2,220,094	9,446,584	2,232,258	3,928,186	17,827,122
Expected credit losses	(915)	(4,931)	(2,768)	(234,804)	(243,418)
	2,219,179	9,441,654	2,229,490	3,693,382	17,583,704
			Days past due		

31 December 2021	Current	< 30 days	Between 31 and 120 days	Credit impaired > 120 days	Total
Effective expected loss rate % (Approximated)	0.14%	0.17%	0.89%	6%	
Trade receivables- Governmental	730,794	1,129,344	769,069	867,299	3,496,506
Expected credit losses	(997)	(1,903)	(6,857)	(55,552)	(65,309)
	729,797	1,127,441	762,212	811,747	3,431,197

II) Trade receivables- Nongovernment

			Days past due		
31 December 2022	Current	< 30 days	Between 31 and 120 days	Credit impaired > 120 days	Total
Effective expected loss rate % (Approximated)	2.3%	7.2%	7.4%	37.1%	
Trade receivables- Nongovernmental	665,470	629,092	1,018,442	301,903	2,614,907
Expected credit losses	(15,126)	(45,147)	(75,029)	(112,035)	(247,337)
-	650,344	583,945	943,413	189,867	2,367,570



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial risk management (continued)

		Days past due					
31 December 2021	Current	< 30 days	Between 31 and 120 days	Credit impaired > 120 days	Total		
Effective expected loss rate %							
(Approximated)	8%	12%	15%	31%			
Trade receivables- Nongovernmental	292,852	363,316	584,716	404,151	1,645,035		
Expected credit losses	(23,030)	(44,135)	(86,192)	(128,278)	(282,535)		
	269,821	318,719	498,524	275,873	1,362,501		

III) Trade receivables- Contract asset

		Days past due					
31 December 2022	Current	< 30 days	Between 31 and 120 days	Credit impaired > 120 days	Total		
Effective expected loss rate %							
(Approximated)	1%	1%	2%	3%			
Contract assets	29,566	49,542	30,453	91,687	201,248		
Expected credit losses	(388)	(576)	(591)	(3,143)	(4,698)		
	29,178	48,966	29,862	88,544	196,550		

The state of the s		Days past due					
31 December 2021	Current	< 30 days	Between 31 and 120 days	Credit impaired > 120 days	Total		
Effective expected loss rate %							
(Approximated)	1%	1%	2%	3%			
Contract assets	26,576	53,152	26,576	83,790	190,094		
Expected credit losses	(367)	(525)	(532)	(2,154)	(3,578)		
•	26,209	52,627	26,044	81,636	186,516		

The loss allowances for trade receivables and contract assets as at 31 December reconcile to the opening loss allowances as follows:

	Government	Non- government	Contract assets	Other receivables	Total	2021
Balance at 1 January	65,309	282,535	3,578	1,004,099	1,355,521	1,196,868
Increase in loan loss allowance recognized						
in profit or loss during the year	173,510	46,929	1,120	81,554	303,113	245,519
Unused amount reversed	(24,806)	(97,276)	_	(70,578)	(192,660)	(60,531)
Utilized during the year	(10,588)			(3,320)	(13,908)	(25,821)
Receivables written off during the year as uncollectible	-	_			-	(97)
Foreign currency translation differences	39,993	15,149	-	97,289	152,431	(417)
Closing loss allowance at 31 December	243,418	247,337	4,698	1,109,044	1,604,497	1,355,521

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial risk management (continued)

Significant estimates and judgements

Impairment of financial assets:

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward looking estimates at the end of each reporting period. The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2022 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the countries and oil prices in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Sensitivity

Reasonable changes in inputs/assumptions would not result into significant change in expected credit loss impairment recognised in financial statements.

Other financial assets at amortized cost:

The following table contains an analysis of debt securities at AC by credit quality at 31 December 2022 based on credit risk grades and discloses the balances by three stages for the purpose of ECL measurement.

	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for credit impaired)	POCI	Total	2021
Egyptian government T-bills						
Gross carrying amount- more than 3 month				-		815,012
Gross carrying amount-less than 3 month	4,838,697		1.0	-	4,838,697	3,945,378
Credit loss allowance			2345		-	(1,297)
Carrying amount	4,838,697		_		4,838,697	4,759,093

The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2022 is nil (2021: EGP 97K).



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial risk management (continued)

26(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, due to shortage of funding. Group's exposure to liquidity risk results primarily from the lack of offset between assets of maturities of assets and liabilities.

The management makes cash flow projections on periodic basis, which are discussed during the Executive Committee's meeting of the parent company, and takes the necessary actions to negotiate with suppliers, follow-up the collection process from customers and manage the inventory balances in order to ensure sufficient cash is maintained to discharge the Group's liabilities. The Group's management monitors liquidity requirements to ensure it has sufficient cash and cash equivalents to meet operational needs while maintaining sufficient cash cover to meet the cash outflows to settle the obligations of loans and borrowings to be able to maintain financial terms, guarantees and covenants at all times.

The Group limits liquidity risk by maintaining sufficient bank facilities and reserves, and by monitoring cash forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(i)Financing arrangements:

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

The state of the s	2022	2021
Floating rate	LIBOR +1.5%	LIBOR +1.5%
Expiring within one year	107M EGP	68M EGP

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

(ii)Maturities of financial liabilities

The table below summarises the maturities of the Group's financial liabilities at 31 December 2022 and 31 December 2021, based on contractual payment dates.

	Below 6 months	From 6 months to 1 year	From 1 year to 2 years	Above 2 years
31 December 2021				
Borrowings and interest	45,358,836	9,283,030	8,306,692	11,747,940
Trade payables and other credit balances	8,861,534	2,892,879	148,269	543,424
Due to related parties	-	1,676,625	-	
Lease Liabilities	170,396	192,759	658,125	1,464,093
Borrowing from financial leasing entities	24,510		-	650,640
Derivative financial instruments			295,653	52
Financial liabilities at fair value through profit or loss		418,023		100
Total	54,415,276	14,463,316	9,408,739	14,406,097
31 December 2022				
Borrowings and interest	68,855,288	14,091,757	3,441,448	4,867,152
Trade payables and other credit balances	11,603,164	3,787,894	163,368	598,764
Due to related parties		2,148,432	-	7.2
Lease Liabilities	173,897	196,719	728,119	1,619,805
Borrowing from financial leasing entities	89,615	1.7	-	686,432
Derivative financial instruments	2.	2.	2,219	
Financial liabilities at fair value through profit or loss		676,325	<u>-</u>	
Total	80,721,964	20,901,127	4,335,154	7,772,153



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Financial risk management (continued)

Some of the Group's subsidiaries are currently experiencing liquidity issues which resulted in not meeting certain payments and breaching debt covenants. These are set out in detail in note 5(g) and note 28(a)(iii) on going concern.

27. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders using the financial statements. The Groups also aims to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce the Group's debts.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and bank overdrafts less cash and bank balances. The total share capital comprises the amount of equity and net loans.

Capital risk management is monitored by the Group. Currently, some of the Group's subsidiaries have significant liquidity constraints and have defaulted on payments and debt covenants. Assessment of the impact has been set out in note 28(a)(iii) on going concern.

Net debt to total capital ratio

Net debt to total capital ratio as at 31 December 2022 and 31 December 2021 is as follows:

	2022	2021
Total borrowings		
Loans and borrowings	87,573,725	65,809,375
Less: Cash and bank balances	(8,652,942)	(5,406,555)
Net borrowings	78,920,783	60,402,820
Equity	22,370,796	(2,374,282)
Total capital	101,291,579	58,028,538
Net debt to total capital	78%	104%



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

28. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are summarised below. They were applied consistently over the presented financial periods unless otherwise stated:

28(a) Basis of preparation

(i) Compliance with EAS

The consolidated financial statements of the Qalaa for Financial Investments "S.A.E." Group have been prepared in accordance with Egyptian Accounting Standards (EAS) [EAS 1 "Presentation of Financial statements"], Egyptian Accounting Standards Interpretations (EAI) and relevant laws. The consolidated financial statements comply with the Egyptian Accounting Standards and its modifications as issued by the Minister of Investment and International Cooperation on 18 March 2019.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets (including derivative instruments) measured at fair value
- biological assets measured at fair value, and
- defined benefit plans –measured using the projected credit method.
- Assets and liabilities arising from lease contracts.
- Goodwill.
- Right of use assets
- Lease liabilities

(iii) Critical judgement with respect to the going concern of the Group

The Group earned a net profit of approximately EGP 14.3 billion for the year ended 31 December 2022, with loss of EGP 2.3 billion allocated to the owners of the parent company and profit of EGP 16.6 billion allocated to the non-controlling interest (31 December 2021: EGP 5.7 billion net loss, where EGP 2.3 billion allocated to the owners of the parent company and EGP 3.4 billion allocated to the non-controlling interest). The Group's accumulated losses have increased to approximately EGP 24.7 billion as at 31 December 2022 (31 December 2021: EGP 22.3 billion).

As at 31 December 2022, the Group is financed by borrowings and bank facilities amounting to EGP 87.6 billion and the majority of the financing is within the energy sector. The Group had EGP 8.7 billion of cash and cash equivalents and the majority of the cash is also held within the energy sector.

As of the year ended 31 December 2022, some of the Group's subsidiaries (mainly under the cement and energy sectors) were in breach of their existing debt covenants. Furthermore, some of them have defaulted in the settlement of loan instalments on their due dates.

As a result of such breaches and defaults, an amount of EGP 52.7 billion was repayable on demand and accordingly, the relevant loans have been classified as current liabilities as of 31 December 2022. This reclassification led to an increase in the Group's current liabilities which exceeded its current assets by EGP 68.1 billion (31 December 2021: EGP 55.9 billion), and currently the Group is in the process of renegotiating and restructuring the debts.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

These conditions cast substantial doubt as to whether the Group will be able to meet its debt obligations, some of which are overdue, and material uncertainties exist that may cast substantial doubt about the Group's ability to continue as a going concern.

The key factors which could result in the Group not being able to continue as a going concern, include the following:

- If the Group continues to incur operating losses and is not able to generate sufficient cash flows from its operations.
- If the Group is unable to remedy breaches of financial covenants and not able to renegotiate banking facilities.

Assessment of cash flow forecasts produced by management

The assessment of the going concern basis for the preparation of the consolidated financial statements of the Group relies heavily on the ability of the Group to generate future cash flows in order to meet its obligations as they fall due and to successfully restructure the debts and remedy breaches of financial covenants.

Management has prepared comprehensive cash flow forecasts for the next 5 years for each key component of the business which has been subject to each subsidiary's Board review and challenge. These cash flows including the underlying key assumptions, sensitivities and judgements made by management in these forecasts for each key component are also consistently used for purposes of testing the non-current assets for impairment.

The key considerations in respect of assessing going concern are set out below:

Operational Activities

• ERC is a strategic national project with 4.7 million tons capacity of refined products per year, including 2.3 million tons of Euro V diesel representing more than 30%-40% of Egypt's current imports and 600,000 tons of jet fuel. ERC has been working at full capacity since the beginning of 2020 and has long-term non-cancellable supply contracts with the Egyptian General Petroleum Corporation to supply various products for 25 years. Since the early of January 2022, ERC has benefited from the increase in the oil prices caused by the global worries about the oil and gas supplies and the further increase following the Russian-Ukrainian conflict. The refining margins have recovered which in turn have resulted in operating profits of EGP 25 billion, EBITDA of EGP 28.4 billion and cash inflows from operations of EGP 18.1 billion for the year ended 31 December 2022. In the prior year, ERC had made losses.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

- TAQA Arabia's growing revenues were driven by CNG station expansions at TAQA Gas as well as increasing distribution and generation volumes at TAQA Power. TAQA continues to grow its market position opening more gas stations and constructing new solar energy plants which have enhanced its dominant position as major supplier for long-term strategic services under secured long-term contracts. TAQA Arabia has also diversified its energy portfolio through the Benban solar energy project that commenced its operation in the first quarter of 2019. TAQA successfully commenced operations in the 6th of October industrial zone substation in March 2021 which increases the Group's profits and generate additional cash flows. TAQA also inaugurated a new subsidiary "TAQA Water", which will develop a variety of valuable water treatment solutions to serve the industrial, agricultural, touristic and real estate sectors. TAQA contributed EGP 10.7 billion in revenue and generated positive cash flows from operating activities of EGP 675 million for the year ended 31 December 2022.
- NDT Sudan, Al-Takamol delivered year on year revenue growth as at 31 December 2022 standing at EGP 3.4 billion compared to EGP 2.3 billion for the year ended 31 December 2021. Al-Takamol was able to generate positive cash flows and increase its revenue compared to the same comparative year due to a significant increase in the average prices of cement during the year ended 31 December 2022. Prices were further driven by a widening demand gap as local producers struggled with fuel and spare parts shortages causing widespread production disruptions. Sudan's political turmoil may impact the profitability starting the second quarter of 2023 and the Group's management is closely monitoring the situation.
- ASCOM and its subsidiaries will continue to capitalize on growing exports and the recovery
 across regional markets. The recent devaluation of the Egyptian Pound will increase ACCM
 (a subsidiary of ASCOM) competitiveness in the international market. Management is
 planning to implement its sales channel diversification strategy with the aim of growing its
 local market presence. This strategy will act as a hedge against foreign exchange risk and
 will allow ASCOM to benefit from the local market's greater working capital dynamics,
 improved cash flow and healthy margins.
- Falcon Dina Farms has implemented multiple efficiency and facility enhancement initiatives which has increased yields from milk producing cows. This strategy led to a positive upward trend in different metrics especially in terms of production and operating revenues.
- Grandview has been able to diversify and expand its product range. Corrugated cartons and
 various types of boxes expanded its customer base. Within Grandview, the National Printing
 subsidiary is the largest producer of packaging and printing products in Egypt and as such
 contributes to the performance of the business.
- Transportation, Logistics and Nile logistics (Sea port services as well as river transportation in Egypt) are showing growth driven by the company's stevedoring operations and improved operational efficiencies.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

Liquidity position

Some subsidiaries within the Group have experienced significant liquidity issues and to address the liquidity issues, management has undertaken the following actions:

- ERC (a subsidiary in the Energy sector) has loans outstanding as of 31 December 2022 amounting to EGP 52.9 billion. The Company is in default with senior lenders since 31 December 2020. The senior debt stood at EGP 37.9 billion as of 31 Dec 2022, and the remaining outstanding loans comprise of subordinated loans which are not as yet in default. In terms of debt covenants, no covenants were breached starting from 31 March 2023 as ERC made a payment of USD 70.6 million in the first quarter of 2023, bringing it current on its debt service obligations except for not meeting the non-financial covenant related to the project completion status and completion date.
- ERC's senior loans of EGP 37.9 billion from international financial institutions are currently in the process of being renegotiated and restructured. Based on the relevant correspondence with the senior lenders to date, management has reached a position whereby the lenders initially accepted to implement a debt restructuring process. The senior lenders conceptually agreed on the reschedule and it is expected that the negotiations will be finalized and concluded in the third quarter of 2023. Some of the negotiated matters are initially accepted by the senior lenders, and it is expected to reach a better position in respect of these matters in addition to reaching an agreement in respect of the rest of terms under negotiation. The proposed amendments accepted to date provide the Group with the ability to significantly reduce the Group's cash outflows over the next 12 months.
- In the year ended 31 December 2022, ERC succeeded to pay USD 587.7 million to the senior lenders as repayments for the principal amount due for December 2022 and the deferred instalments, this is in addition to the repayments of USD 62.1 million as a repayment for the working capital facility and the semi-annual interest incurred. ERC has had positive cash flows and recovered in terms of performance during the year as a result of having operated at full capacity, increased selling prices post COVID-19 and recovery of refining margins. In light of the above significant changes in the market and the Company's business operations, the Company has informed the senior lenders that the next restructuring proposal will be submitted by the end of the third quarter of 2023 with a simpler approach.
- The Group through Citadel Capital for International Investments (a wholly owned subsidiary)
 has succeeded in settling all the outstanding loan balance amounting EGP 1.06 billion which
 was due from transportation and logistics sector to Arab African international bank and
 Banque Misr for an amount of EGP 213 million.
- Ascom's subsidiary (GlassRock) and National Development and Trading Company's subsidiary (Arab Swiss Engineering Company) succeeded in restructuring their debts.
- The Group is in an advanced stages to settle all overdue debts on Qalaa holdings level, the
 wholly owned subsidiaries and National Development and Trading Company, through a
 restructuring with a group of lenders which is currently under negotiation.

Based on the current status of negotiations, management is confident that the debt renegotiation and restructuring initiatives would be successfully concluded.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

Other initiatives

- Management will continue to focus on strategic positioning of the ERC and other investments and prioritize their growth.
- The Group will continue driving growth by making small incremental investments in its subsidiaries, expanding cashflows, thereby reducing debt to cash flow ratios. Management is confident this strategy will continue to deliver.
- Qalaa's portfolio companies are currently studying several new medium sized, export oriented, predominantly green, and of high local value-added investments.
- The Group also continued to benefit from the government's exports incentive program, which strengthened the cash flows during the year ended 31 December 2022.

Based on the above operational and liquidity factors as well as the other initiatives, the Group management is of the view that the Group expects to continue to realize its assets and discharge its liabilities in the normal course of business and be able to continue to operate as a going concern.

Therefore, the consolidated financial statements of the Group for the year ended 31 December 2022 have been prepared on a going concern basis.

(iv) Classification of assets and liabilities

The Group presents its assets and liabilities in the consolidated statement of financial position based on current/ non-current classification. The asset is classified as current when it is:

- * Expected to be realised or intended to be sold or used in normal operating course:
- * Held primarily for trading.
- Expected to be realised within 12 months after the end of the reporting period, or
- * Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The liability is classified as current when:

- * It is expected to be settled in normal operating course;
- * Held primarily for trading.
- Expected to be realised within 12 months after the end of the reporting period, or
- * The entity does not have an unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

28(b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Acquisition method

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement;
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised within the consolidated statement of profit or loss.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

Changes in ownership interests held within controlling interests

When the ratio of equity held within controlling interests' changes, the Group changes the amounts recorded for controlling and non-controlling shares to reflect such changes in the relevant shares in the subsidiary. The Group recognises directly within the equity of the parent company any difference between the amount of changing the non-controlling shares and the fair value of the consideration paid or received.

Disposal of subsidiaries

When the Group ceases to have control, the Group recognises any retained investment in the company that was a subsidiary at its fair value at the date when control is lost, with the resultant change recognised as profit or loss attributable to the owners of the parent company.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired, and contingent liabilities at the date of acquisition. If the consideration transferred, non-controlling interest in the acquiree and the date of acquisition fair value of the Group's equity previously held at the acquiree is less than the net of the identifiable acquired assets and liabilities assumed at the date of acquisition, the Group recognises the resulting gain is directly recognized in consolidated statement of profit or loss at the date of acquisition and the gains are attributed to the parent shareholders.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored inside the Group at the operating segments level.

The Group undertakes impairment reviews of goodwill acquired in a business combination annually by comparing the CGU carrying amount including goodwill with its recoverable amount, which is the higher of fair value less costs of sale and value in use. The Group recognises any impairment loss immediately in profit or loss and is not subsequently reversed.

Measurement period

The measurement period is the year required for the Group to obtain the information needed for initial measurement of the items resulting from the acquisition of the subsidiary and does not exceed one year from the date of acquisition. In case the Group obtains new information during the measurement period relative to the acquisition, amendment is made retrospectively for the amounts recognised at the date of acquisition.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated financial position.

Changes in ownership interest

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the reduction rate of the amount of profit or loss previously recognised in other comprehensive income is reclassified to profit or loss when relevant assets or liabilities are disposed of.

Losses of equity-accounted investment

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the Group ceases to recognise its share in further losses. Once the Group's share is reduced to zero, further losses are recognised but only to the extent of incurred legal or constructive obligations or made payments on behalf of the other entity. When those companies realise profits in subsequent years, the Group resumes to recognise its share in those profits, but only after its share of profits equals its share in unrecognised losses.

Transactions with equity-accounted investment

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Goodwill resulting from investment in equity-accounted entities

The excess of the total transferred consideration over the Group's share in the net fair value for the acquired determinable assets and assumed liabilities at the date of acquisition is recognised as goodwill. The goodwill resulting from contribution in associates is recognised within the cost of investment in the entity net of the accumulated impairment losses in the investment value of associates and is not recognised separately.

Impairment of equity-accounted investment

Investments in associates are assessed for impairment where indicators of impairment are present. The recoverable amount of an investment in an associate is the higher of value in use or fair value less costs of disposal and is assessed separately for each associate. Any resulting impairment loss is not allocated against the notional goodwill and purchase price allocation, but against the investment as a whole. Therefore, any reversal of the conditions led to recognising the impairment losses will be recognised to the extent in which the recoverable amount subsequently increases, provided it does not exceed the impairment losses previously recognised.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

28(c) Foreign currency transactions

(i) Functional and presentation currency

The financial statements of each of the Group's entities are measured and presented using the currency of the primary economic environment in which the entity operate ('the functional currency'). The consolidated financial statements are presented in thousand Egyptian Pounds, which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(iv) Financial reporting in Hyperinflationary Economies

The Sudanese and South Sudanese economies have been classified as hyperinflationary. The Egyptian Accounting Standards do not address financial reporting in hyper-inflationary economies. Therefore, the Group applied IAS 29 "Financial reporting in hyper-inflationary economies", under which the financial statement of Al-Takamol for Cement Company has been expressed in terms of the measuring unit current at the reporting date.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. Gains or losses on the net monetary position are recognised in consolidated profit or loss.

An impairment loss is recognised in profit or loss if the restated consolidated amount of a non-monetary item exceeds its estimated recoverable amount.

All items recognised in the consolidated statement of profit or loss are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

The application of the restatement procedures of IAS 29 has the effect of amending certain of the accounting policies, which are used in the preparation of the consolidated financial statements under historical cost convention. The amended policies include:

- Fixed assets.
- Project under construction.
- Inventories.

28(d) Fixed assets

The Group applies the cost model at measurement of fixed assets. All fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

The depreciation methods and periods used by the Group are disclosed in note 6a(i).

The Group reviews the residual value of fixed assets and estimated useful lives of fixed assets at the end of each fiscal year and adjusted when expectations differ from previous estimates.

The carrying amount of the fixed asset is reduced to the recoverable amount, if the recoverable amount of an asset is less than it's carrying amount. This reduction is considered as a loss resulting from impairment.

Gains or losses on the disposal of an item of fixed assets from the books are determined based on the difference between the net proceeds from the disposal of the item and the net book value of the item, and the gain or loss resulting from the disposal of fixed assets is included in the consolidated statement of profit or loss.

28(e) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 28(b). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 8).

(ii) Trademarks, licenses and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. (Trademarks have indefinite useful life)

(iii) Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iv) Research and development

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(v) Amortisation methods and periods

Refer to note 6(d)(i) for details about amortisation methods and periods used by the Group for intangible assets.

28(f) Biological assets

Biological assets are measured at fair value less cost to sell. Cost to sell include the incremental selling costs, including auctioneers' fees, commission paid to brokers and dealers, and estimated costs of transport to the market but excludes finance costs and income taxes.

Cattles held for slaughter are classified as immature until they are ready for slaughter. Livestock are classified as current assets if they are to be sold within one year.

The fruit gardens and orchards growing on the trees are accounted for as biological assets until the point of harvest. Harvested Fruits are transferred to inventory at fair value less cost to sell when harvested.

Change in fair value of livestock and fruit gardens and orchards on trees are recognized in the consolidated statement of profit or loss.

Farming cost such as feeding, labour cost, pasture maintenance, veterinary services and sheering are expensed as incurred. The cost of purchase of cows plus transportation charges are capitalized as part of biological assets.

28(g) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Impairment losses recognised in prior years are reversed when there is an indication that such losses no longer exist or have decreased. Reversal of loss of impairment should not exceed the carrying amount that would have been determined (net of depreciation). Such reversal is recognised in the statement of profit or loss.

28(h) Non-current assets or disposal groups held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, and financial assets that are carried at fair value, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

28(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using weighted average method. The cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, that are incurred by the Group in bringing the inventories to their present location and condition but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and any other costs necessary to complete the sale. The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period when the write-down or loss occurs.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

28(j) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortized cost. The Group's financial asset at amortized cost comprise of trade receivables, other debit balances and treasury bills.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated profit or loss.

(1) Debt in struments

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

• Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the consolidated profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the consolidated profit or loss and presented net within other gains/(losses) in the period in which it arises.

(2) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

The Group defines default as a situation when the exposure meets one or more of the following criteria:

- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:
- the borrower is in breach of financial covenant(s):
- it is becoming likely that the borrower will enter bankruptcy; and
- the loans were purchased or originated at a deep discount that reflects the incurred credit losses.

The default definition stated above is applied to all types of financial assets of the Group.

28(k) Income recognition

Interest income

Interest income from financial assets at fair value through profit or loss, available-for-sale securities and loans and receivables is included in 'finance income/ (costs) – net'.

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividends income

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established.

28(I) Offsetting financial asset and liability

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Group has an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default of the counterparty and should reflect the Group's normal practices and requirements of financial requirements and other conditions related to the considerations of the risk and timing of the Group's cash flows.

28(m) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

The Group documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes as well as movements on the hedging reserve in other comprehensive income are disclosed in note 7(c). The full fair value of a hedging derivative is classified as a non-current asset or non-current liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or current liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives, if any, are classified as a current asset or current liability.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'other gains/ (losses) – net'.

Amounts in equity relating to the effective portion of interest rate swaps hedging variable rate borrowings are recognized in the consolidated statement of profit or loss within "finance costs".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the previously hedged item or forecast transaction is ultimately recognized in the statement of profit or loss. When a hedged item expires or terminated or when a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of profit or loss within 'other gains/(losses) – net'.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss as the gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within finance cost at the same time as the interest expense on the hedged borrowing.

28(n) Financial guarantee contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

The amount determined in accordance with the expected credit loss model under EAS 47 "Financial Instruments" and the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of EAS 48 "Revenue from Contracts with Customers".



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

28(o) Trade receivables

Trade receivables are amounts due from the Group's customers for merchandise sold or services performed in the Group's ordinary course of business. If collection is expected within 12 months from the date of the financial statements or in the Group's normal operating cycle of the business, they are classified as current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

28(p) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and with banks, deposits held at call with banks, other short-term investments with original maturities of not more than three months from the date of placement that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

28(q) Capital

Ordinary shares are classified within equity. Share premium, if any, are added to legal reserve to the extent of half of the issued capital, and the remaining balance of the premium is transferred to a special reserve, after deducting the shares issuance expenses (net of any advantage related to their income taxes) from the amount of share premium.

Where any Group company repurchases the Company's equity instruments (treasury shares), the consideration paid or received in exchange for those instruments, including any directly attributable incremental transaction costs (net of income tax) is deducted from the equity attributable to the owners of Qalaa for Financial Investments Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Qalaa for Financial Investments Company.

28(r) Preferred shares

The Company's non –redeemable preferred shares are classified as equity, because they bear discretionary voting power only, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

28(s) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge for the period is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management annually evaluates tax positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

28(t) Employees' benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

ii. Pension obligations

The Group pays contributions to publicly administered pension insurance plans on a mandatory basis in the countries it operates. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and as such are included in staff costs. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

iii. Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of EAS 28 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are initially measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

iv. Employees' share in legally defined profits

In accordance with EAS (38) "Employees Benefits" and Company's articles of association, the Group recognises the employees' share in cash dividends as deduction from equity in a similar manner to dividends paid to the Group owners, and as liabilities when the shareholders of the company approve the dividends in their General Assembly Meeting. The Group does not record any liabilities for the employees' share of undistributed profits.

28(u) Leases

i. Finance lease

The Group leases various lands, buildings, gas stations, electricity connections, quarries and stores. Rental contracts are typically made for fixed periods of 12 months to 15 years. Lease terms are negotiated on an individual basis. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- · amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the component, which does not have recent third-party financing.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise items of trivial lease value.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), the group don't have termination and extension in their contracts.

ii. Operating lease

Leases in which the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as expense in the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

28(v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the date of the consolidated financial statements.

28(w) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The Group recognises other borrowing costs as expenses in the year the Group incurs such costs.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

28(x) Shareholder's reserve

Loans provided to Egyptian General Petroleum Corporation (EGPC) to purchase shares in Egyptian Refining Company (ERC), a wholly owned subsidiary, are deducted from equity and accounted for as an equity-settled share-based payment.

The fair value of option granted to EGPC is recognised as a share-based payment with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted and the option issued to EGPC vests immediately.

28(y) Provisions, contingent liabilities and contingent assets

i. Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the commitments required for restructuring and not related to the Group's effective activities within the costs of the provision of restructure.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Where the impact of the time value of money is significant, the amount of the provision is the present value of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of profit or loss.

ii. Contingent liabilities

Contingent obligation is a present obligation that arose due to past events and was not recognised because it was not expected to have an outflow of resources embodying economic benefits to settle the obligation, or the amount could not be reliably estimated. Instead, the Group disclosed its contingent liabilities in its note to the consolidated financial statements.

iii. Contingent assets

A contingent asset is a possible asset that may arise from past events because of occurring or non-occurring of contingent future events that are not under the Group control. The Group recognises the contingent assets in the statement of financial position when the realisation of the relevant revenue is certain. Contingent assets are disclosed only when there is a possibility of inflow of economic benefits.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party outside the Group, the reimbursement should be recognised as a separate asset in the statement of financial position, when, and only when, it is virtually certain that reimbursement will be received if the Group settles the obligation. The amount recognised should not exceed the amount of the provision.

28(z) Trade payables

Trade payables are recognised initially at the amount of goods or services received from others, whether they received invoices or not. When they are material, goods and services received, as well as the trade payables are recognised at the present value of the cash outflow expected by using interest rate of similar loans. Trade payables are then carried at amortised cost using the effective interest rate.

28(aa) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Board, consisting of:

Ahmed Heikal Hisham El-Khazindar Moataz Farouk
Chairman & Founder Co-Founder & Managing Director Chief Financial Officer

Karim Sadek Board Member, Head of

Transportation & Logistics

The Management Board convenes on a quarterly basis, or more frequently if needed, and is responsible for reviewing, amending, and endorsing the subsidiary companies' financial performance and overall strategy.

The management board assesses the performance of the operating segments based on the total revenues / the operating profit / the total assets of segment / the total liabilities and equity of segment. This measurement basis excludes discontinued operations. Interest income and expenditure are allocated to segments, as this type of activity is driven by the Group's head office, which manages the cash flows and liquidity requirements.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

28(bb) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold or service rendered within the Group's normal course of business. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered accurately measurable unless all cases of uncertainty regarding the possibility of the collection of the amount due are excluded. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods

Revenue is recognised from the sale of goods to traders or contractors who have the right to sell them and determine their prices when the goods are delivered to them.

Sales are recognised when control of the products has transferred, being when the products are delivered to the traders or contractors, the traders or contractors have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the traders or contractor's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the traders or contractors, and either the traders or contractors have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, based on actual volume, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 90 days, which is consistent with market practice. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

ii. Rendering of construction services

Revenue resulting from providing construction services under fixed price contracts is recognized in the accounting period in which the services are rendered based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

If the services rendered by the Group exceed the billed amount, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Summary of significant accounting policies (continued)

iii. Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants are recognised under other income in the statement of profit or loss.

iv. Dividends

Dividends are recognised as liabilities in the consolidated financial statements for the amount of any dividend declared, being appropriately authorised by the Company's General Assembly of Shareholders and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

28(cc) Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (Note 22).

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

29. Significant events

A) The Group has indirect investments in Rift Valley Railways (Kenya) Limited "RVRK" and Rift Valley Railways (Uganda) Limited "RVRU" through its subsidiaries Africa Railways Limited "ARL", Ambience Ventures Limited and Kenya Uganda Railways Holding Limited "KURH" and Rift Valley Railways "RVR". ARL is the parent of the underlying subsidiaries RVRK, RVRU, AVL and KURH.

Since 2011, RVRK and RVRU had been operating two railway concessions by virtue of 25 years signed concession agreements between both companies and the governments of Kenya and Uganda respectively.

During July 2017 and January 2018, the courts and governments of Kenya and Uganda issued separate adjudications and orders to terminate the two concession agreements and, as a result, the Governments of Kenya and Uganda terminated their respective concession agreements due to default in payment of concession fees, rent and non-compliance with other key performance indicators. In accordance with the terms of the concession agreements, the respective



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Significant events (continued)

Governments took over the assets of RVRK and RVRU. Accordingly, the Group management recognised an impairment for the entire carrying amount of the assets relating to both RVRK and RVRU amounting to EGP 3.25 billion within the consolidated financial statements for the year ended 31 December 2017.

During January 2018, and after the Government of Uganda's decision to terminate the concession agreement, the Group's management concluded that they had, at that point, lost any future economic benefit from the freight railways services which was the sole purpose of RVRK and RVRU.

Accordingly, RVRK and RVRU were forced to cease to operate, and the Group lost control over the freight railways business as well as the power to control the entities. Related to this, Group management has been unable to obtain the financial information and accounting records for both companies as of 31 December 2018 and 31 December 2019.

On 3 December 2018 ex-employees of ARL filed a legal case against Africa Railways Limited for settlement of their dues. The Court has suo-motto issued notice to ARL to respond to the legal case. The parent entities could not represent ARL in the court in response to the order and indicated that the Company did not have sufficient funds to meet its obligation.

As a result, on 18 March 2019, an application to appoint a liquidator over ARL was filed. The company is considered insolvent and not able to pay its debts owed to ex-employees. Whilst these actions only occurred during 2019, Group's management are of the view that loss of control occurred prior to 31 December 2018 as the statutory demand conditions were invoked.

In accordance with paragraph no. 25 of the Egyptian Accounting Standard no. 42, and as a result of loss of control over the railways concession, Group management deconsolidated those entities during the year ended 31 December 2018 which resulted in a gain recognized in the consolidated statement of profit or loss of EGP 3.9 billion in that year, as set out in the table below.

Furthermore, the loan agreements and related finance documents entered into between the subsidiaries of ARL and its financiers indicated that on deconsolidation there would be no further recourse to Qalaa for Financial Investments as a legal entity. Accordingly, Qalaa for Financial Investments had not provided for any financial guarantees or other credit enhancements, having remained in compliance with all conditions of the financing documents.

Deconsolidation of ARL gain recognised during the year ended 31 December 2018 as follows:

	31 December 2018
Liabilities related to subsidiaries derecognised – ARL and KURH	3,867,343
Liabilities related to subsidiaries derecognised – RVRK and RVRU	1,166,642
Liabilities related to subsidiaries derecognised – ARLL	276,265
Release of the translation reserve	(863,427)
Non-controlling interest derecognized	(483,422)
	3,963,401



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Significant events (continued)

B) Russian-Ukrainian conflict started during February 2022, which has directly affected the global economy, as Russia and Ukraine are among the world's largest exporters of commodities, including energy sources. This caused supply concerns in many commodities, from energy to grain, which drove commodity prices to peaks. Oil prices continue to rise under the influence of Russia.

Nevertheless, global inflationary pressures began to build after the world economy emerged from the disruptions caused by the COVID-19 pandemic. These pressures became amplified with the recent Russian-Ukrainian conflict. Rising international commodity prices resulted from further supply chain disruptions.

The Group's energy segment, which is the key revenue driver, benefits from the increase in the oil prices caused by the global worries about the oil and gas supplies. ERC refining margins have risen and resulted in net profit of EGP 19.4 billion. It worth noting that ERC revenues are all in USD.

At National Printing, management's revised pricing strategy at both Shorouk and Uniboard reflected positively on National Printing's results during the year.

ASCOM for Carbonate and Chemical Manufacturing will continue to capitalize on growing exports and the recovery across regional markets. Management's decision to raise the average price per ton was aimed at offsetting the substantial surges in two vital variable components, namely global freight costs and stearic acid. The successful pricing strategy along with the government's export incentives supported profitability. Management will remain cognizant of the impacts on ASCOM for Carbonate and Chemical Manufacturing's variable costs due to volatile global market conditions and will closely monitor developments accordingly.

GlassRock managed to penetrate new international markets and successfully grew export sales. On the domestic market, the Company benefits from a strong competitive advantage in this environment, the company managed to increase prices and the increases were successfully absorbed by the market. Since the early of January 2022, the Group benefits from The Russian-Ukrainian war where globally most of the glass and rock wool producers are in Ukraine which resulted a demographic shift in demand of the Group's products. This has reflected in the huge increase in the export quantities sold and prices.

Despite revenue grew on Dina Farms, the price hikes of material components stemming from the Russo- Ukrainian conflict negatively impacted the contribution margins. Revenue growth was supported by improved operations across all business segments.

Whilst the loans which are dominated in USD become a pressure, management is making progress at debt restructuring and is confident that its efforts will result in a stronger balance sheet, healthier financial and leverage ratios, and improved profitability in the future.



Notes to the consolidated financial statements For the year ended 31 December 2022

(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Significant events (continued)

The Monetary Policy Committee held three extraordinary meetings in which it raised interest rates as follows:

- 1. On 21 March 2022, the overnight deposit rate, the overnight lending rate and the rate of the main operation were raised by 100 basis points to 9.25%, 10.25%, and 9.75%, respectively. The discount rate was also raised by 100 basis points to 9.75%, coinciding with an increase in the exchange rate of the Egyptian pound against the dollar reached an average of 18.22 Egyptian pounds instead of 15.69 Egyptian pounds.
- 2. On 27 October 2022, the overnight deposit rate, the overnight lending rate and the rate of the main operation were raised by 200 basis points to 13.25%, 14.25%, and 13.75%, respectively. The discount rate was also raised by 200 basis points to 13.75%, coinciding with an increase in the exchange rate of the Egyptian pound against the United States dollar reached an average of 22.928 Egyptian pounds instead of 19.497 Egyptian pounds at that date.
- 3. On 22 December 2022, the overnight deposit rate, the overnight lending rate and the rate of the main operation were raised by 200 basis points to 16.25%, 17.25%, and 16.75%, respectively. The discount rate was also raised by 300 basis points to 16.75%.
- C) On 20 July 2022, the Company's extraordinary General Assembly meeting approved the amendment of the Company's official name to be "Qalaa for Financial Investments S.A.E" instead of "Citadel Capital Company S.A.E", as well as the amendment of the Company's office address to "31 Arkan Plaza, Sheikh Zayed City, 6th of October, Giza" instead of "3 Yemen Street, El-Dokki, Giza, Egypt" and thus changing article 2 and article 4 of the Company's article of association accordingly. These changes were reflected on the Company's commercial register and official documents on 9 October 2022.

30. The subsequent events to the date of the financial statements

- A) On 18 January 2023, the Company's extraordinary assembly approved the amendment of the Employees Stock Options Plan (ESOP) policy which has been presented to the extraordinary assembly on 10 December 2018 and was not applied due to incomplete procedures to get the financial regulatory association's approval.
- B) The Monetary Policy Committee decided, in its extraordinary meeting held on 30 March 2023, to raise the overnight deposit rate, the overnight lending rate and the rate of the main operation by 200 basis points to 18.25%, 19.25%, and 18.75%, respectively. The discount rate was also raised by 200 basis points to 18.75%.
- C) During April 2023, an intense armed conflict began in Sudan resulting in severe unrest all over the country. As a result of the safety concerns, the operations in Al Takamol Cement have been frozen till further notice which will affect the revenue significantly in the subsequent period. No damage was reported on the physical assets of the factory till the signing date of the consolidated financial statements due to the fact that the factory was at a safe distance from the clashes. The Group's management is closely monitoring the situation and currently assessing the extent of the impact of these events on the results of the Group's business and activities.