

QALAA FOR FINANCIAL INVESTMENTS S.A.E. AND ITS SUBSIDIARIES AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2023

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



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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 2023 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. 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 that 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 and the accounting estimates made by management, as well as 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 audit opinion on these consolidated financial statements.



Auditor's report (continued) Page 2

Opinion

In our opinion, consolidated financial statements referred to above present fairly, in all material respects, the financial position of Qalaa for Financial Investments (S.A.E.) and its subsidiaries as of 31 December 2023 and 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.

Emphases of matter

Without 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 67.6 billion (2022: EGP 68.1 billion) and it had accumulated losses of EGP 21.9 billion as at 31 December 2023 (2022: EGP 24.7 billion). 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 Sak R.A.A. 26144 F.R.A. 381

6 May 2024 Cairo



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

Non-current asets	Consolidated statement of financial position - As of 31 December 2023	-		
Fixed assets G(a)	·	Note	2023	2022
Bight of use assets G(b) 1.370,235 1.897,001 Intangable assets G(d) 500,0044 666,846 Goodwill G(e) 205,570 405,577,754 Bollogical assets G(f) 512,035 477,774 Investments in associates and joint ventures G(f) 543,139 668,561 Financial asset at fair vulue through profit or loss S(d) 543,179 332,256 Derivative financial instruments S(f) 1,267,079 339,257 Deferred tax assets G(g) 121,273,793 106,333,074 Current assets G(f) 3,195 0,000,333,074 Current assets G(f) 3,741,973 0,003,333,074 Use from related parties G(f) 3,742,277 22,355,679 Due from related parties G(f) 3,719,50 0,000 Financial asset at fair vulue through profit or loss S(c) 1,321,574 0 Due from related parties G(f) 3,719,50 0,000 0 0,000 0 0,000 0 0,00 0	10.00	G(a)	105 507 220	04.040.400
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Accumulated losses (21,874,092) (24,707,700) Total equity attributable to owners of Qalaa for Financial Investments (7,106,656) (13,255,257) Non-controlling interests 47,051,014 35,626,053 Total equity 39,944,358 22,370,796 Non-current liabilities 8 1,649,523 4,626,680 Lease liabilities 6(b) 736,182 1,456,008 Borrowing from financial leasing entities 6(c) 401,366 686,432 Deferred tax liabilities 5(e) 99,093 445,580 Derivative financial instruments 5(f) 2,322 2,219 Total non-current liabilities 5(f) 2,322 2,219 Total non-current liabilities 5(f) 3,975,757 4,442,648 Provisions 6(f) 3,975,757 4,442,648 Trade and other payables 5(e) 15,703,947 15,682,352 Due to related parties 5(f) 79,807,433 82,947,045 Lease liabilities 6(f) 194,784 370,616 Borrowing from financial leasing entit	Reserves		-	1 22
Non-controlling interests 47,051,014 35,626,053 Total equity 39,944,358 22,370,796 Non-current liabilities S(h) 1,649,523 4,626,680 Lease liabilities 6(b) 736,182 1,456,008 Borrowing from financial leasing entities 6(c) 401,366 686,432 Deferred tax liabilities 6(g) 11,308,284 8,658,311 Trade and other payables 5(e) 99,093 445,580 Derivative financial instruments 5(f) 2,322 2,219 Total non-current liabilities 6(i) 3,975,757 4,442,648 Errovisions 6(i) 3,975,757 4,442,648 Trade and other payables 5(e) 15,703,947 15,682,352 Due to related parties 5(e) 15,703,947 15,682,352 Due to related parties 5(e) 15,703,947 15,682,352 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(e) 77,885 89,615 Financial liabilities at f	Accumulated losses		(21,874,092)	(24,707,700)
Non-controlling interests 47,051,014 35,626,053 Total equity 39,944,358 22,370,796 Non-current liabilities S(h) 1,649,523 4,626,680 Lease liabilities 6(b) 736,182 1,456,008 Borrowing from financial leasing entities 6(c) 401,366 686,432 Deferred tax liabilities 6(g) 11,308,284 8,558,311 Trade and other payables 5(e) 99,093 445,580 Derivative financial instruments 5(f) 2,322 2,219 Total non-current liabilities 1,496,770 15,875,230 Current liabilities 6(i) 3,975,757 4,442,648 Trade and other payables 5(e) 15,703,947 15,682,352 Due to related parties 5(e) 15,703,947 15,682,352 Due to related parties 5(e) 19,784,33 82,947,045 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(e) 77,885 89,615 Financial liabilities at fair value thro	Total equity attributable to owners of Qalaa for Financial Investments		(7,106,656)	(13,255,257)
Non-current liabilities Incompany (appendix of the context of the conte	Non-controlling interests		47,051,014	35,626,053
Loans and borrowings 5(h) 1,649,523 4,626,680 Lease liabilities 6(b) 736,182 1,456,008 Borrowing from financial leasing entities 6(c) 401,366 686,432 Deferred tax liabilities 6(g) 11,308,284 8,658,311 Trade and other payables 5(e) 99,093 445,580 Derivative financial instruments 5(f) 2,322 2,219 Total non-current liabilities 3,975,757 4,442,648 Current liabilities 6(i) 3,975,757 4,442,648 Trade and other payables 5(e) 15,703,947 15,682,352 Due to related parties 5(e) 15,703,947 15,682,352 Due to related parties 5(e) 15,703,947 15,682,352 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(e) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 103,405,052 106,633,970 <	Total equity		39,944,358	22,370,796
Lease liabilities 6(b) 736,182 1,456,008 Borrowing from financial leasing entities 6(c) 401,366 686,432 Deferred tax liabilities 6(g) 11,308,284 8,658,311 Trade and other payables 5(e) 99,093 445,580 Derivative financial instruments 5(f) 2,322 2,219 Total non-current liabilities 14,196,770 15,875,230 Current liabilities 5(f) 3,975,757 4,442,648 Provisions 5(e) 15,703,947 15,682,352 Due to related parties 5(e) 15,703,947 15,682,352 Due to related parties 5(e) 15,703,947 15,682,352 Due to related parties 5(h) 7,807,433 82,947,045 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(c) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 106,633,970 106,633,970	Non-current liabilities			
Lease liabilities 6(b) 736,182 1,456,008 Borrowing from financial leasing entities 6(c) 401,366 685,432 Deferred tax liabilities 6(g) 11,308,284 8,658,311 Trade and other payables 5(e) 99,093 445,580 Derivative financial instruments 5(f) 2,322 2,219 Total non-current liabilities 14,196,770 15,875,230 Current liabilities 5(f) 3,975,757 4,442,648 Provisions 5(e) 15,703,947 15,682,352 Due to related parties 5(e) 15,703,947 15,682,352 Due to related parties 5(e) 15,703,947 15,682,352 Due to related parties 5(h) 7,807,433 82,947,045 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(c) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 106,633,970 106,633,970	Loans and borrowings	5(h)	1,649,523	4.626.680
Borrowing from financial leasing entities 6(c) 401,366 686,432 Deferred tax liabilities 6(g) 11,308,284 8,658,311 Trade and other payables 5(e) 99,093 445,580 Derivative financial instruments 5(f) 2,322 2,219 Total non-current liabilities Current liabilities Provisions 6(i) 3,975,757 4,442,648 Trade and other payables 5(e) 15,703,947 15,682,352 Due to related parties 21(b) 2,252,603 1,857,138 Loans and borrowings 5(h) 79,807,433 82,947,045 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(c) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 6(j) 222,776 568,231 Total current liabilities 106,482,060 106,633,970		6(b)		, ,
Trade and other payables 5(e) 99,093 445,580 Derivative financial instruments 5(f) 2,322 2,219 Total non-current liabilities 14,196,770 15,875,230 Current liabilities 5(e) 3,975,757 4,442,648 Provisions 5(e) 15,703,947 15,682,352 Due to related parties 21(b) 2,252,603 1,857,138 Loans and borrowings 5(h) 79,807,433 82,947,045 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(c) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 6(j) 222,776 568,231 Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871	Borrowing from financial leasing entities	6(c)	•	
Derivative financial instruments 5(f) 2,322 2,219 Total non-current liabilities 14,196,770 15,875,230 Current liabilities Frovisions 6(i) 3,975,757 4,442,648 Trade and other payables 5(e) 15,703,947 15,682,352 Due to related parties 21(b) 2,252,603 1,857,138 Loans and borrowings 5(h) 79,807,433 82,947,045 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(c) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 6(j) 222,776 568,231 Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871	Deferred tax liabilities	6(g)	11,308,284	8,658,311
Total non-current liabilities 14,196,770 15,875,230 Current liabilities 5(6) 3,975,757 4,442,648 Provisions 5(e) 15,703,947 15,682,352 Due to related parties 21(b) 2,252,603 1,857,138 Loans and borrowings 5(h) 79,807,433 82,947,045 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(c) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 6(j) 222,776 568,231 Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871	Trade and other payables	5(e)	99,093	445,580
Current liabilities 6(i) 3,975,757 4,442,648 Provisions 5(e) 15,703,947 15,682,352 Due to related parties 21(b) 2,252,603 1,857,138 Loans and borrowings 5(h) 79,807,433 82,947,045 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(c) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 6(j) 222,776 568,231 Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871	Derivative financial instruments	5(f)	2,322	2,219
Provisions 6(i) 3,975,757 4,442,648 Trade and other payables 5(e) 15,703,947 15,682,352 Due to related parties 21(b) 2,252,603 1,857,138 Loans and borrowings 5(h) 79,807,433 82,947,045 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(c) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 6(j) 222,776 568,231 Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871	Total non-current liabilities		14,196,770	15,875,230
Trade and other payables 5(e) 15,703,947 15,682,352 Due to related parties 21(b) 2,252,603 1,857,138 Loans and borrowings 5(h) 79,807,433 82,947,045 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(c) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 6(j) 222,776 568,231 Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871	Current liabilities			
Due to related parties 21(b) 2,252,603 1,857,138 Loans and borrowings 5(h) 79,807,433 82,947,045 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(c) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 6(j) 222,776 568,231 Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871	Provisions	6(i)	3,975,757	4,442,648
Loans and borrowings 5(h) 79,807,433 82,947,045 Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(c) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 6(j) 222,776 568,231 Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871	Trade and other payables	5(e)	15,703,947	15,682,352
Lease liabilities 6(b) 194,784 370,616 Borrowing from financial leasing entities 6(c) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 6(j) 222,776 568,231 Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871	Due to related parties	21(b)	2,252,603	1,857,138
Borrowing from financial leasing entities 6(c) 77,885 89,615 Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 6(j) 222,776 568,231 103,105,052 106,633,970 Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871	Loans and borrowings	5(h)	79,807,433	82,947,045
Financial liabilities at fair value through profit or loss 5(g) 869,867 676,325 Current income tax liabilities 6(j) 222,776 568,231 Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871		6(b)	194,784	370,616
Current income tax liabilities 6(j) 222,776 568,231 103,105,052 106,633,970 Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871	<u>.</u>		77,885	89,615
103,105,052 106,633,970 Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871	- •		•	676,325
Liabilities directly associated with assets held for sale 3(c) 3,377,008 2,671 Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871	Current income tax liabilities	6(j)	222,776	
Total current liabilities 106,482,060 106,636,641 Total liabilities 120,678,830 122,511,871				
Total liabilities 120,678,830 122,511,871	·	3(c)		
<u> </u>			106,482,060	106,636,641
Total equity and liabilities 160,623,188 144,882,667				
	Total equity and liabilities		160,623,188	144,882,667

The accompanying notes on pages 8 - 160 form an integral part of these consolidated financial statements.

Auditor's report attached.

Tarek El Gammal **Chief Financial Officer** 6 May 2024

Hisham Hussein El Khazindar **Managing Director**

Ahmed Mohamed Hassanien Heikal

Chairman



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

Consolidated statement of profit or loss - For the year ended 31 December 2023

	Note	2023	Restated 2022
Continuing operations			
Revenue	9	97,131,327	82,718,112
Cost of revenue	10	(79,577,288)	(56,215,798)_
Gross profit		17,554,039	26,502,314
General and administrative expenses	11/a	(3,676,004)	(1,967,267)
Selling and marketing	11/b	(380,168)	(440,812)
Gains on sale of associate	2(f)	3,067,758	-
Net impairment of financial assets	12/a	(447,309)	(223,500)
Other losses	12/b	(325,265)	(294,181)
Operating profits		15,793,051	23,576,554
Finance income	14	2,117,485	1,455,542
Finance cost	14	(8,950,329)	(5,704,546)
Share of (losses) / profits of investments in associates	15	(16,225)	16,862
Profit before income tax		8,943,982	19,344,412
Income tax expense	16	(3,374,614)	(2,104,604)
Net profit from continuing operations		5,569,368	17,239,808
Profit from discontinued operations	3(b)	6,231,057	1,505,149
Net profit for the year		11,800,425	18,744,957
Allocated to			
Owners of the parent company		6,523,120	1,256,287
Non-controlling Interest		5,277,305	17,488,670
		11,800,425	18,744,957
Earnings per share for profit from continuing operations		(EGP/share)	(EGP/share)
attributable to the owners of the parent company:	22		
Basic per share		0.641	0.418
Diluted per share		0.641	0.418
Earnings per share for profit attributable to the owners of the parent company:	22		
Basic per share		3.584	0.690
Diluted per share		3.584	0.690



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

Consolidated statement of comprehensive income - For the year ended 31 December 2023

	Note	2023	Restated 2022
Net profit for the year		11,800,425	18,744,957
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		11,627,189	11,681,527
Net foreign currency exchange losses		(4,558,204)	(4,509,201)
Cash flow hedge	7(c)	-	112,971
Income tax relating to these items	16(d)	30,889	28,357
<u>Items that will not be reclassified to profit or loss</u> Change in fair value of financial assets at fair value through other			
comprehensive income	7(c)	(1,457)	(235)
Other comprehensive income for the year, net of tax		7,098,417	7,313,419
Total comprehensive income for the year		18,898,842	26,058,376
Total comprehensive income for the year allocated to:			
Owners of the parent company		5,644,709	(131,988)
Non-controlling interest		13,254,133	26,190,364
		18,898,842	26,058,376
Total comprehensive income for the year arises from:			
Continuing operations		11,201,364	24,486,893
Discontinued operations		7,697,478	1,571,483
		18,898,842	26,058,376

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



AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

Consolidated statement of changes in equity - For the year ended 31 December 2023

		Total equity at	tributable to o	Total equity attributable to owners of Qalaa for Financial Investments S.A.E.	r Financial Investr	nents S.A.E.		
	Note	Paid up capital	Legal	Reserves	Accumulated	Total of the shareholders of the parent	Non- controlling interests	Total equity
								Company of the Company
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		•	٠	2,155,553	(2,287,541)	(131,988)	26,190,364	26,058,376
Dividends distribution		. 1	•	7	(70,223)	(70,223)	(365,745)	(435,968)
Treasury shares through subsidiaries		*	٠	Ŷ	1	•	(10,734)	(10,734)
Foreign exchange differences of shareholders reserve	,	1	•	(769,856)	•	(769,856)	ř	(769,856)
Disposal of subsidiaries	3(a)	£	٠	Ŷ		•	(38,379)	(38,379)
Transactions with non-controlling interests	2(d)	•		(26,884)	100	(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
Balance 1 January 2023		9,100,000	89,578	2,262,865	(24,707,700)	(13,255,257)	35,626,053	22,370,796
Total comprehensive income for the year		•	1	2,538,753	3,105,956	5,644,709	13,254,133	18,898,842
Dividends distribution		•	•	ı	(130,315)	(130,315)	(771,252)	(901,567)
Shareholders' balance		•	1	(639,457)	,	(639,457)	1	(639,457)
Treasury shares through subsidiaries		•	•	•	•	•	(55,309)	(55,309)
Foreign exchange differences of shareholders reserve		•	1	(526,561)	1	(526,561)	ı	(526,561)
Transactions with non-controlling interests	3(p)	•	•	2,423,835	,	2,423,835	360,016	2,783,851
Disposal of subsidiaries	3(a)			(481,577)	(142,033)	(623,610)	(1,362,627)	(1,986,237)
Balance at 31 December 2023		9,100,000	89,578	5,577,858	(21,874,092)	(7,106,656)	47,051,014	39,944,358



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

Consolidated statement of cash flows - For the year ended 31 December 2023

Consolidated statement of cash flows - For the year e	Notes	2023	Restated 2022
Operating profit before changes in working capital	17(a)	26,842,494	32,998,204
Changes in working capital:	2.60		
Inventories		(3,279,069)	(3,134,540)
Trade and other receivables		(8,778,929)	(16,401,282)
Due from related parties		(1,042,661)	(1,140,239)
Due to related parties		530,984	409,328
Trade and other payables		(1,436,238)	100,767
Provisions used	6(1)	(1,137,705)	(311,139)
Income tax paid	6(j)	(463,764)	(274,210)
Net cash flow generated from operating activities		11,235,112	12,246,889
Cash flows from investing activities		• •	, ,
Payments to purchase of fixed assets, PUC and intangible assets		(2,540,982)	(1,938,883)
Payment to purchase biological assets		(85,432)	(158,977)
Proceeds from sale of fixed assets		3,581	44,570
Payment for acquisition of associates		(12,475)	(55,455)
Treasury bills more than three months			830,656
Proceeds from sale of subsidiaries		-	25,993
Proceeds from sale of associates		138,400	-
Interest received		525,112	945,950
Net cash flow used in investing activities		(1,971,796)	(306,146)
Cash flows from financing activities			
Proceeds from loans		1,788,685	1,015,803
(Repayments) / proceeds from financial leasing entities		(296,796)	100,897
Repayments of loans		(17,020,186)	(14,849,969)
Lease payments		(189,441)	(215,697)
(Payments) / proceeds from banks - overdrafts		(594,373)	1,545,435
Dividends paid		(901,567)	(435,968)
Payments to purchase of treasury shares through subsidiaries		(55,309)	(10,734)
Restricted cash		(6,288,570)	(204,582)
Transactions with non-controlling interests		-	(58,361)
Interest paid		(1,616,360)	(932,230)
Net cash flow used in financing activities		(25,173,917)	(14,045,406)
Net change in cash and cash equivalents during the year		(15,910,601)	(2,104,663)
Cash and cash equivalents at beginning of the year		8,652,942	5,406,555
Foreign currency translation differences		9,232,664	5,351,050
Cash and cash equivalents at end of the year	5(d)	1,975,005	8,652,942



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Notes to the consolidated financial statements For the year ended 31 December 2023

(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 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% which is also the ultimate controlling party.

The consolidated financial statements were authorised to be issued by the holding company's Board of Directors on 6 May 2024.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Notes to the consolidated financial statements For the year ended 31 December 2023

(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 2023 and 31 December 2022:

	Currency Functional of country		Country of	Effective shareholding by the Group share% 31 December		Non-controlling interest % 31 December	
Company name	currency	situated	Incorporation	2023	2022	2023	2022
Citadel Capital Ltd.	USD	USD	British Virgin Island	99.99	99.99	0.01	0.0
Citadel Capital Holding for Financial	USD	USD	British Virgin Island				
Investments-Free Zone				99.99	99.99	0.01	0.0
Sequoia Williow Investments Ltd.	USD	USD	British Virgin Island	99.99	99.99	0.01	0.0
Arab Company for Financial Investments	EGP	EGP	Arab Republic of Egypt	94.00	94.00	6.00	6.0
Trimstone Assets Holding Limited – BVI	USD	USD	British Virgin Island	100.00	100.00	0.00	0.0
Citadel Capital for International	USD	USD	British Virgin Island				
Investments Ltd.				100.00	100.00	0.00	0.0
Qalaa Energy Ltd.	USD	USD	British Virgin Island	100.00	100.00	0.00	0.0
National Company for Refining	USD	EGP	Arab Republic of Egypt				
Consultation				100.00	100.00	0.00	0.00
Africa Railways Holding	USD	MUR	Republic of Mauritius	66.24	66.24	33.76	33.7
Tanweer for Marketing and Distribution	EGP	EGP	Arab Republic of Egypt				
Company (Tanweer)				99.87	99.87	0.13	0.13
Financial Unlimited for Financial	EGP	EGP	Arab Republic of Egypt				
Consulting				99.87	99.87	0.13	0.1
Citadel Capital Joint Investment Fund	USD	MUR	Republic of Mauritius				
Management Limited				99.99	99.99	0.01	0.0
Darley Dale Investments Ltd.	USD	USD	British Virgin Island	100.00	100.00	0.00	0.0
International for Refinery Consultation	USD	EGP	Arab Republic of Egypt	100.00	100.00	0.00	0.0
Falcon for Agriculture Investments	USD	USD	British Virgin Island	54.95	54.95	45,05	45.0
Silverstone Capital Investments Ltd.	USD	USD	British Virgin Island	100.00	61.56	0.00	38.4
TAQA Arabia Company **	EGP	EGP	Arab Republic of Egypt	23.87	55.33	76.13	44.6
TAQA for Marketing Petroleum Products	EGP	EGP	Arab Republic of Egypt				
– SAE **				23.87	55.33	76.13	44.6
Gas and Energy Company SAE **	EGP	EGP	Arab Republic of Egypt	23.87	55,33	76.13	44.6
TAQA for Electricity, Water and Cooling	EGP	EGP	Arab Republic of Egypt				
– SAE **				23.87	55.33	76.13	44.6
Citadel Capital Transportation	USD	USD	British Virgin Island				
Opportunities Ltd.				67.55	67.55	32.45	32,45
National Company for River	EGP	EGP	Arab Republic of Egypt				
Transportation Nile Cargo S.A.E.				59.27	59.27	40.73	40.73
National Company for River Ports	EGP	EGP	Arab Republic of Egypt				
Management S.A.E.				59.27	59.27	40.73	40.73
National Development and Trading	EGP	EGP	Arab Republic of Egypt				
Company				69.28	69.28	30.72	30.72
Arab Swiss Engineering Co. (ASEC)	EGP	EGP	Arab Republic of Egypt	69.27	69.27	30.73	30.73
ASEC for Manufacturing and Industries	EGP	EGP	Arab Republic of Egypt				
Project Co (ARESCO)				69.27	69.27	30.73	30.73
ASEC Cement Co.	EGP	EGP	Arab Republic of Egypt	51.80	51.80	48.20	48.20
ASEC Automation Co.	EGP	EGP	Arab Republic of Egypt	37.16	37.16	62.84	62.84
Al Takamol for Cement Ltd. Co. ***	SDG	SDG	Sudan	26.42	26.42	73,58	73.58
Orient Investments Properties Ltd. *	USD	USD	British Virgin Island	31.51	31.75	68.49	68.25
Arab Refining Company – S.A.E.	USD	EGP	Arab Republic of Egypt	19.50	19.65	80.50	80.35
Egyptian Refining Company – S.A.E.	USD	EGP	Arab Republic of Egypt				
indirectly owned by Orient Investment							
Property)				12.99	13.08	87.01	86.92
Tawazon for Solid Waste Management	EGP	EGP	Arab Republic of Egypt				
Tawazon)				99.99	99.99	0.01	0.01



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Notes to the consolidated financial statements For the year ended 31 December 2023

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

	Functional	Currency of country	Country of	sharehold the Group 31 Dece	ling by share%	Non-cor intere	est %
Company name	currency	situated	Incorporation	2023	2022	2023	2022
United Foundries Company Sphinx Egypt for Financial Consulting	EGP EGP	EGP EGP	Arab Republic of Egypt Arab Republic of Egypt	67.46	67.46	32.54	32.54
Company				69.88	69.88	30.12	30.12
Africa Joint Investment Fund	USD	MUR	Republic of Mauritius	30.87	30.87	69.13	69.13
Mena Joint Investment Fund	USD	EUR	Luxembourg	73.25	73.25	26.75	26.75
ASEC company for mining (ASCOM)	EGP	EGP	Arab Republic of Egypt	59.46	54.05	40.54	45.95
ASCOM Carbonate & Chemical	USD	EGP	Arab Republic of Egypt				
Manufacture Company				59.45	54.04	40.55	45.96
Glassrock Insulation Company	USD	EGP	Arab Republic of Egypt	56.62	51.21	44.03	49.44
Grandview Investment Holding Corp.	USD	USD	British Virgin Island	48.02	48.02	51.98	51.98
National Printing Company	EGP	EGP	Arab Republic of Egypt	31.37	31.37	68-63	69.63
Modern Shorouk for Printing & Packaging	EGP	EGP	Arab Republic of Egypt	30.65	30.65	69.35	69.35
El Baddar for Packages	EGP	EGP	Arab Republic of Egypt	30.65	30.65	69-35	69-34
Uniboard	EGP	EGP	Arab Republic of Egypt	15.94	15.94	84.06	84.06
ASEC Trading Company	EGP	EGP	Arab Republic of Egypt	99.80	99.80	0.20	0.20

2(b) Key financial information for significant subsidiaries

31 December 2023	Total assets	Total equity	Total revenue	Net profit / (loss)
Orient Investment Describes and	435 445 050	54.004.404		
Orient Investment Properties Ltd. *	126,448,950	54,991,181	87,649,359	4,900,440
Silverstone Capital Investment Ltd. Group **	-	940,377	-	-
National Development and Trading Company	14,385,934	(7,820,229)	3,822,002	(1,818,156)
ASEC Company for Mining (ASCOM)	5,198,344	1,540,006	1,920,240	1,982,061
Citadel Capital Transportation Opportunities Ltd.	1,223,191	(1,555,520)	581,637	113,864
United Foundries Company	792,694	(1,355,644)	672,502	38,857
Grandview Investment holdings	4,951,572	1,552,387	5,179,067	660,376
Falcon for Agriculture Investments Group	2,204,025	(409,227)	1,904,920	29,200

31 December 2022	Total assets	Total equity	Total revenue	Net profit / (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)



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(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.

31 December 2023	Silverstone **	ссто	NDT	Orient *	Ascom	Grandviev
Current assets	-	360,938	6,883,604	24,177,636	2,738,493	3,362,88
Current liabilities		2,685 <u>,</u> 174	7,597,330	59,634,811	2,057,415	2,831,98
Net current assets		(2,324,236)	(713,726)	(35,457,175)	681,078	530,89
Non-current assets		862,253	7,502,358	102,271,314	2,459,851	2,116,29
Non-current liabilities	_	93,537				
Non-current net assets			14,608,834	11,822,958	1,600,924	551,01
Hon-current net assets	-	768,716	(7,106,476)	90,448,356	858,927	1,565,28
Accumulated NCI		(164,915)	4,754,176	18,479,776	(115,788)	746,01
31 December 2022	Silverstone **	ссто	NDT	Orient *	Ascom	Grandviev
Current assets	9,267,731	276,888	4,073,855	20,675,558	850,493	3,046,19
Current liabilities	8,658,972	2,334,998	6,326,581	60,963,963	1,334,808	2,629,11
Net current assets	608,759	(2,058,110)	(2,252,726)	(40,288,405)	(484,315)	417,07
Non-current assets	5,581,937	764,112	6,048,949	89,241,755	1,369,747	1,357,80
Non-current liabilities	3,609,027	86,263	9,486,046	9,065,400	1,171,842	647,92
Non-current net assets	1,972,910	677,849	(3,437,097)	80,176,355	197,905	709,87
Accumulated NCI	633,457	(282,615)	3,841,272	15,441,373	(100,860)	624,70

(ii) Summarised comprehensive income

31 December 2023	Silverstone **	ССТО	NDT	Orient *	Ascom	Grandview
Revenue	-	581,637	3,822,002	87,649,359	1,920,240	5,179,067
Profit / (loss) for the year	-	113,864	(1,818,156)	4,900,440	1,982,061	660,376
Other comprehensive income / (loss)	-	(11,469)	1,211,415	-	(4,984)	-
Total comprehensive income / (loss)	-	102,395	(606,741)	4,900,440	1,977,077	660,376
Profit / (loss) allocated to NCI	-	117,700	1,130,812	3,038,403	(14,928)	424,694
Dividends to NCI		-	(14,599)	-	-	(50,682)
				111		LITTLE TO SECOND
31 December 2022	Silverstone **	ССТО	NDT	Orient *	Ascom	Grandview

31 December 2022	Silverstone **	ССТО	NDT	Orient *	Ascom	Grandview
Revenue	10,727,836	370,832	4,583,441	74,750,168	1,362,494	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 / (loss)	597,689	491,278	(2,931,752)	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)	-	-	(48,160)



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

Interests in other entities (continued)

(iii) Summarised cash flows

31 December 2023	Silverstone **	ССТО	NDT	Orient *	Ascom	Grandview
Cost flavor comparated from //ward in)						
Cash flows generated from / (used in)						
 Operating activities 	-	165,195	628,298	16,839,322	266,018	1,130,018
 Investing activities 	-	(108,501)	(2,965,858)	(682,397)	(100,780)	(398,488)
 Financing activities 	-	(43,049)	2,700,678	(18,303,525)	(2,662)	(554,790)
Net increase/ (decrease) in cash and	•					
cash equivalent		13,645	363,118	(2,146,600)	162,576	176,740
		-				
31 December 2022	Silverstone **	ссто	NDT	Orient *	Ascom	Grandview
960	Silverstone **	ссто	NDT	Orient *	Ascom	Grandview
Cash flows generated from / (used in)						
Cash flows generated from / (used in)	675,390 (366,168)	700,258 882,876	(865,676)	18,128,532	19,524	715,856
Cash flows generated from / (used in) - Operating activities	675,390 (366,168)	700,258 882,876	(865,676) (2,535,615)	18,128,532 (356,225)	19,524 (251,687)	715,856 (330,429)
Cash flows generated from / (used in) Operating activities Investing activities	675,390	700,258	(865,676)	18,128,532	19,524	715,856

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

- ** As of 31 December 2023, the Group disposed 31.45% of its shares in TAQA, leading to the derecognition of the subsidiary and the retained interest is accounted for as an investment in associate using the equity method. Please refer to note 3 for details.
- *** 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 the processing of client payments by banks and the purchase of foreign currency on the interbank market.

2(d) Transactions with non-controlling interest

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

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

	2022
Carrying amount of non-controlling interests acquired	31.477
Consideration paid to non-controlling interests	(58,361)
Excess of consideration paid recognised in the transactions with non-controlling interests	
reserve within equity	(26,884)

Transactions with non-controlling interests in 2023 are disclosed in note 3(a).



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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Interests in other entities (continued)

2(e) Significant judgements

(i) Consolidation of Orient Investment Properties Ltd and its subsidiary Egyptian Refining Company – (S.A.E) ("ERC")

The Group currently holds 31.51% 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% shareholding in ERC and consolidates the ERC entity. ERC represents the most substantial portion of Orient and ARC's operations.

ERC was set up for the purpose of constructing and operating a 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 2023 the technical criteria for the project completion have 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 - a 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.



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

Interests in other entities (continued)

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 judgment 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.

In determining the appropriate accounting treatment for ERC, Orient and ARC management applied significant judgment. If management's judgments 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 126.45 billion and EGP 71.46 billion respectively as of 31 December 2023 and with a consolidated profit of EGP 4.9 billion for the twelve months. The primary assets and liabilities making up these totals are represented in the fixed assets amounted to EGP 94.1 billion, trade receivables amounted to 11.7 billion, trade and other payables amounted to EGP 7.5 billion and loans liabilities amounted to EGP 49.6 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.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

Interests in other entities (continued)

(iii) Control Grandview Investment Holdings Corporation (Grandview)

Management has considered the accounting treatment and the principles in EAS 42 "Consolidated financial statements" and has determined that Grandview is controlled by the Group. In determining the appropriate accounting treatment for Grandview, management applied significant judgment and if management's judgments 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%.

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 judgments 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 as of 31 December 2023.

On 27 March 2024, Qalaa transferred its indirectly owned shares (27.21%) in National Printing Company SAE, a subsidiary of Grandview, to FHI. Additionally, a termination letter was signed for the Sphinx Capital voting agreement. Management believes that these actions will result in the deconsolidation of Grandview and its subsidiaries in 2024. Consequently, Grandview's assets and liabilities are classified as held for sale as of the year ended 31 December 2023.

In determining the appropriate accounting treatment for Grandview, management applied significant judgment. If management's judgment 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, classified as held for sale, amounting to approximately EGP 4.9 billion and EGP 3.37 billion respectively as of 31 December 2023 and with a consolidated profit, transferred to discontinued operations, of EGP 660.38 million for the twelvemonths. The primary assets and liabilities making up these totals are represented in the fixed assets amounted to EGP 1.14 billion, Trade and other receivables amounted to EGP 1.23 billion, inventory amounted to EGP 1.03 billion and loans liabilities and overdrafts amounted to EGP 1.99 billion.



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

Interests in other entities (continued)

2(f) Investments in associates and joint ventures

The following table represents the movement of equity-accounted investments for the year ended 31 December 2023:

	31 December 2023
1 January 2023	668,561
Additions	12,475
Fair value of retained investment (TAQA Arabia) note 3(a)	4,341,809
Share of loss of investments in associates in the consolidated statement of profit or loss	(16,225)
Share of gain of investments in associates in the consolidated statement of comprehensive income	23,794
Investments transferred to financial assets at fair value through other comprehensive income note 5(b)	(49,979)
Disposals of associates	(285,132)
Balance	4,695,303

Set out below are the associates and joint ventures of the Group as at 31 December 2023 which are material to the Group.

	Place of business /		Shareholding % 31 December		Carrying amount 31 December	
	country of incorporation	Nature of relationship	2023	2022	2023	2022
TAQA Arabia ¹	Egypt	Associate	23.87%	-	4,341,837	-
Zahana Cement Company	Algeria	Associate	35%	35%	300,485	365,013
Dar AL Sherouk Company	British Virgin	Associate				
	Islands		58.51%	58.51%	132,214	124,238
Wathba for Petroleum Services ²	Egypt	Joint venture	49.9%	49.9%	24,950	12,475
Egyptian Company for Solid Waste	Egypt	Associate			·	•
Recycling (ECARU)	• • • • • • • • • • • • • • • • • • • •		31%	31%	3,969	ta.
Al Kateb Co for Marketing and	Egypt	Associate			-	
Distribution			48.88%	48.88%	2,994	-
Allmed Medical industries ³	UK	Associate	-	30%	_	124,834
Ascom Precious Metals (APM) 4	Ethiopia	Associate	-	35.54%	-	103,168
Ostool Transport and Logistics 5	Egypt	Associate	-	10%	-	49,979
Engineering Tasks Group (ENTAG) 6	Egypt	Associate	31%	31%	-	- 2
Total					4,806,449	779,707
Accumulated impairment loss					(111,146)	(111,146)
Net					4,695,303	668,561

1) As of 31 December 2023, the Group disposed 31.45% of its shares in TAQA resulting in the derecognition of the subsidiary (refer to note 3(a)). The retained interest was remeasured at fair value and accounted for as an investment in associate using the equity method.

The fair value of TAQA Arabia as of 31 December is EGP 13.45 per share.

2) On 4 September 2022, a new Company was established under the name of "Wathba for Petroleum Services". The Company's total authorized capital is EGP 100M whereas Qalaa Capital's share is 49.9% amounting to EGP 49.9M. As of 31 December 2023, the Group has paid its half portion of the issued and called up capital amounting to EGP 24.9M.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

Interests in other entities (continued)

The management has 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 joint management control and equal voting rights.
- C) All relevant decision requires unanimous consent from all the shareholders.
- 3) In July 2023, the Group management through "Grandview Investment Holdings Corporation" sold its 30% shares in "Allmed Medical Industries UK" for an amount of EGP 138.4 million.

The below table represents the loss on the sale of Allmed Medical Industries - UK for the year ended 31 December 2023.

	Allmed Medical Industries - UK
Consideration received	138,400
(Less): Carrying amount of investment at the date of sale	(156,416)
loss on sale	(18,016)

4) On 6 September 2023, The Group's management through "ASEC Company for Mining (ASCOM)" sold its shares in "Ascom Precious Metals (APM) - Ethiopia" to "Allied Gold ET 2 Corp" for an amount of USD 111,825,084.

The below table represents the gains on the sale of Ascom Precious Metals (APM) for the year ended 31 December 2023.

	Ascom Precious Metals (APM)
Consideration	3,219,691
(Less):Transaction cost	(23,217)
(Less): Carrying amount of investment at the date of sale	(128,716)
Gain on sale	3,067,758

- 5) On 6 June 2022, the Group's management through "Citadel Capital Transportation Opportunities Ltd." has purchased 10% of "Ostool Transport and Logistics "Ostool" Company's shares which represent 8,660,163 shares amounting to EGP 42.9M from one of Ostool's shareholders. In 2022, the Group determined that they have significant influence over Ostool through an active exercisable call option which grants the Group an additional 27% of Ostool. The Group reassessed this judgment as the option expired and concluded that the option is no longer exercisable as of 31 December 2023 and reclassified it to financial assets at fair value through other comprehensive income note 5(b).
- 6) The Group management has stopped recognizing its share of losses for Engineering Tasks Group (ENTAG) as the Group's share of losses exceeded its investment with no further obligations. The unrecognised share of loss of this associate is EGP 4,234K for 2023 (Cumulative: EGP 6,865K).



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

Interests in other entities (continued)

(i) Nature of activities

(i) Nature of activities	
Associate / Joint venture	Activities
TAQA Arabia	The group is primarily involved in the following activities: Construct, manage, operate, and maintain natural gas transmission and distribution lines. Construct, manage, operate, and maintain power plants, electricity transformers, and distribution networks. Construct, manage, operate, and maintain water desalination stations, refineries, water purification, distribution networks, transmission lines, as well as pumping stations, processing and purification, sewage and industrial drainage grid. Distribute electricity, natural gas and water to the company or to third parties, subject to the provision of laws, regulations and decrees applicable licensing conditions for the exercise of such activities. Market oil products, mineral oils, chemicals and natural gas. Purchase, sale, transport, and storage of oil products and mineral oil. Providing consulting services in the areas mentioned above.
Zahana Cement Company	Cement manufacturing
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.
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.
Engineering Tasks Group (ENTAG)	Design and manufacture of industrial machinery and equipment, production lines, and restructuring of factories. Execution management for industrial projects, utility projects, and technical and administrative restructuring of factories.
Al Kateb Co for Marketing and Distribution	Marketing and distributing books including books and magazines, musical and cinematic, television, and recording works.
Ascom Precious Metals (APM)	Exploration of Gold – Ethiopia
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.
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.



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

Interests in other entities (continued)

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

	Dar Al-Sherouk BVI		Ascom Precious Metals (APM)		Allmed Medical Industries	
	2023	2022	2023	2022	2023	2022
Current assets	115,207	100,325	_	17,641		1,088,842
Non-current assets	244,503	251,013	-	312,734	_	308,370
Total assets	359,710	351,338		330,375	-	1,397,212
Current liabilities	107,995	104,406		40,089		981,099
Non-current liabilities	25,747	34,596	-	-	-	
Total liabilities	133,742	139,002	-	40,089		981,099
Net assets	225,968	212,336	•	290,286	-	416,113
Reconciliation of net assets						
Opening net assets	212,336	225,691	290,286	252,759	416,113	290,209
Profit / (loss) for the year	13,632	(13,116)	91,283	36,542	-	(40,733)
Other comprehensive income	-	(239)	(19,398)	985	105,273	166,637
Disposal	-	-	(362,171)	-	(521,386)	
Ending net assets	225,968	212,336	-	290,286		416,113
Reconciliation to carrying amounts						
Opening at 1 January	124,238	132,052	103,168	89,831	124,834	87,063
Group share in profit / (loss) for the year	7,976	(7,674)	32,442	12,987		
Group share in other comprehensive income/ (loss)		(140)	(C.004)	250	24 502	27.774
Disposal		(140)	(6,894)	350	31,582	37,771
Disposal	132,214	124 220	(128,716)	102 160	(156,416)	124 024
Accumulated impairment	(111,146)	124,238	-	103,168	-	124,834
Carrying amount at 31 December	21,068	(111,146) 13,092		103,168		124 024
, ,				<u> </u>		124,834
Net assets	225,968	212,336	-	290,287	•	416,113
Group's share in %	58.51%	58.51%		35.54%	-	30%
Group's share in EGP	132,214	124,238	-	103,168		124,834



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

Interests in other entities (continued)

	Egyptian Company for Solid Waste Recycling (ECARU)		Engineering Tasks Group (ENTAG)		Zahana Cement Company	
	2023	2022	2023	2022	2023	2022
Current assets	272 225	244 727	10.004	35.644	4 545 000	767 607
Non-current assets	273,235	211,737	10,884	35,644	1,515,806	767,697
	71,877	70,733	4,985	9,394	11,153,364	8,985,484
Total assets	345,112	282,470	15,869	45,038	12,669,170	9,753,181
Current liabilities	293,438	230,750	39,800	45,278	1,672,274	907,447
Non-current liabilities	38,871	90,433	505	518	10,138,367	7,802,839
Total liabilities	332,309	321,183	40,305	45,796	11,810,641	8,710,286
Net assets	12,803	(38,713)	(24,436)	(758)	858,529	1,042,894
Reconciliation of net assets						
Opening net assets	(38,713)	(46,750)	(758)	14,058	1,042,894	1,008,137
Profit / (loss) for the year	51,516	8,037	(23,678)	(15,574)	(181,731)	26,794
Other comprehensive income	-	-,		758	(2,634)	7,963
Ending net assets	12,803	(38,713)	(24,436)	(758)	858,529	1,042,894
Reconciliation to carrying amounts						
Opening at 1 January	_			4,593	365.013	352.848
Group share in profit / (loss) for the year	3,969	_	-	(4,828)	(63,606)	9,378
Group share in other comprehensive	0,505			(-1,020)	(03,000)	3,370
income/ (loss)	-	-	-	235	(922)	2,787
	3,969		•		300,485	365,013
Accumulated impairment	-	-	-	_	-	-
Carrying amount at 31 December	3,969	•		-	300,485	365,013
Net assets	12,803	-	•	-	858,529	1,042,894
Group's share in %	31%	31%	31%	31%	35%	35%
Group's share in EGP	3,969	•	-	•	300,485	365,013



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

Interests in other entities (continued)

	Ostool Transport and Logistics		Wathba for Petroleum services		TAQA Arabia	
	2023	2022	2023	2022	2023	2022
Current assets		1 154 200	20.400		40.546.077	0.000.004
Non-current assets	-	1,154,289 191,403	20,190 31,443	25,000	10,546,277	9,233,781
Total assets		1,345,692	51,633	25,000 25,000	6,802,197 17,348,474	5,464,010
Current liabilities		763,263	1,633	23,000	10,392,720	14,697,791
Non-current liabilities	-	82,639	1,033	-	3,959,597	8,940,374 3,359,944
Total liabilities		845,902	1,633		14,352,317	12,300,318
Net assets	•	499,790	50,000	25,000	2,996,157	2,397,473
Reconciliation of net assets						
Opening net assets	499,790	429,800	25,000		2,397,473	1,791,710
Additions	•	•	25,000	25,000	-,007,	-,,,,,,,
Profit for the year	-	69,990		-	641,493	601,851
Other comprehensive income			-		186,899	291,213
Other components of equity	-	-	-	-	(229,708)	(287,301)
Transfer to financial assets at fair value						
through other comprehensive income	(499,790)	-				-
Ending net assets	-	499,790	50,000	25,000	2,996,157	2,397,473
Reconciliation to carrying amounts						
Opening at 1 January	49,979	-	12,475	-	-	-
Additions	-	42,980	12,475	12,475		
Group share in profit / (loss) for the year	-	6,999	-	-	-	-
Group share in other comprehensive						
income/ (loss)	-	-	5			10
Transfer from subsidiary due to loss of						
control including notional goodwill	-	-		-	4,341,837	17
Investments transferred to financial assets						
at fair value through other comprehensive	(40.070)					
income	(49,979)	40.070	24.022	40.477		
Accumulated impairment	-	49,979	24,950	12,475	4,341,837	•
Carrying amount at 31 December		49,979	24.000	42.475	4 244 027	
· -	-		24,950	12,475	4,341,837	
Net assets	•	499,790	50,000	25,000	2,996,157	2,397,473
Group's share in %	<u> </u>	10%	49.90%	49.90%	23.87%	-
Group's share in EGP	-	49,979	24,950	12,475	715,183	-
Fair value gain on retained interest	-	-	-	40.4==	3,626,654	-
Group's share in EGP	•	49,979	24,950	12,475	4,341,837	•

(iii) Summarised financial information for associates and joint ventures

31 December 2023	Total assets	Total shareholders' equity	Total revenue	Net profit / (loss) for the year
TAQA Arabia *	17,348,474	2,996,157	13,463,799	641,493
Dar Al Sherouk Company	359,710	225,968	97,406	13,632
Al Kateb Co for Marketing and Distribution	38,209	2,481	23,403	1,165
Egyptian Company for Solid Waste Recycling (ECARU)	345,112	12,803	546,895	51,516
Engineering Tasks Group (ENTAG)	15,869	(24,436)	3,111	(23,678)
Wathba for Petroleum services	51,633	50,000	-,	,,_,
Zahana Cement Company	12,669,170	858,529	1,759,949	(181,731)



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Notes to the consolidated financial statements For the year ended 31 December 2023

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

Interests in other entities (continued)

* For the profit or loss information, please refer to note 3(b).

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	351,338	212,336	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	416,113	1.271,494	(40,733)
Egyptian Company for Solid Waste Recycling (ECARU)	282,470	(38,713)	351,543	8,037
Engineering Tasks Group (ENTAG)	45,038	(758)	9,530	(15,574)
Ostool Transport and Logistics	1,345,692	499,790	607,117	69,999
Wathba for Petroleum services	25,000	25,000	,	-
Zahana Cement Company	9,753,181	1,042,894	994,457	26,794

^{*} Castrol Egypt is an associate of TAQA Arabia that has been derecognized as a subsidiary as of 31 December 2023.

Significant judgements

The Group has 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 shareholders that gives the other shareholders the right to control as the chairman and the majority of board members hired by the other shareholder. The proportion of the voting rights held by the Group is 44%. If consolidation was required, the total assets would increase by EGP 360M (2022: EGP 351M) and total liabilities would increase by EGP 134M (2022: EGP 139M).



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Notes to the consolidated financial statements For the year ended 31 December 2023

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

3. Discontinued operation

3(a) Description

31 December 2023

1) TAQA Arabia (Energy sector)

During the year ended 31 December 2023, the Group entered into a series of independent and unrelated transactions related to TAQA Arabia Group which have been set out below:

A) Transaction with National Services Project Organization (NSPO)

On 9 July 2023, TAQA Arabia (" the company"), began trading its shares on the EGX. The company's shares were listed directly on the EGX without initially being offered to investors via an Initial Public Offering (IPO) as allowed by the EGX regulations.

Following the listing, the National Service Projects Organization ("NSPO")" acquired through a block trading deal 270,470,760 shares representing 20% of the total shares of TAQA Arabia previously owned by Silverstone Capital Investments Ltd, a subsidiary of Qalaa for Financial Investments S.A.E "Qalaa". The shares were disposed of to NSPO to settle certain debt obligations of the Group to an amount of EGP 1.6 billion.

As part of the transaction, the NSPO granted the Group call option at an agreed disposal price which escalates annually. The call option provides Qalaa the contractual right to re-acquire the shares at any time over the next four years starting from the date of the transaction. Further details are set out in note 5(f)(iv).

The call option was judged to be substantive and as a result the Group did not lose control over the company on the date of transaction on 24 July 2023. The transaction was accounted for as a transaction with non-controlling interest.

As a result of the above transaction with NSPO, the carrying amount of the non-controlling interest related to the shareholding of NSPO was recognised. The consideration received was determined to be the sum of the call option with a fair value of EGP 1.1 billion and the loan of EGP 1.6 billion that was extinguished. The total consideration was EGP 2.7 billion and as such resulted in a gain of EGP 2.4 billion which is recognised in equity. Refer to the transaction with non-controlling shareholders in the statement of changes in equity.



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

Discontinued operation (continued)

B) Transaction with certain lenders of the ultimate parent company

Subsequent to the above transaction, in December 2023, the Group transferred an additional 154,844,510 shares representing 11.45% of the total shares of the company to certain third parties to settle certain outstanding debt obligations of the ultimate parent company. The fair value of the shareholding based on the fair value of the shares was EGP 1.4 billion. The amount will be settled by future dividend payments and future due management fees to the parent and as such the management has classified this amount as an equity balance rather than a financial asset due to the fact that there will be no future cash flows associated with the balance and it will rather be settled from the future dividends and future due management fees note 7(c)(ii). There was no call or put option attached to these shares.

Following the two transactions, the Group owns 23.87% of the total shares of the company and has 43.87% voting rights in the general assembly. The Group does not have majority voting rights in the general assembly and the remaining shares and voting rights are held by few other investors who could out vote the Group at the general assembly. On that basis management has judged that the Group has lost control over the company.

The Group has accounted for the retained interest as an investment in associate as it exerts significant influence over the company through participation in the financial and operating policy decisions of the company. The retained interest was recognised at the fair value of EGP 4.3 billion (EGP 13.45 per share).

The company was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss and other comprehensive income has been represented to show the discontinued operations separately from continuing operations.

2) National Printing (Subsidiary of Grandview) (Packaging & printing sector)

On 27 March 2024, Qalaa entered into transactions to dispose of its shareholding in National Printing Company S.A.E (a subsidiary of Grandview). As noted under note 2(e)(iii), Qalaa had power over Grandview due the appointment of the directors and the power provided by the participation agreement.

Management had begun discussions with Financial Holdings International Limited ("FHI"), a significant shareholder (41.50%) in Grandview and a lender to the broader Qalaa Group, prior to year-end to progress with the transactions involving the Grandview and National Printing Company S.A.E shareholding. On 14 December 2023, the board of directors of National Printing Company agreed on listing the company's shares on the Egyptian Stock Exchange through an initial public offering. In addition, on 31 December 2023, a share purchase and assignment agreement were drafted between Qalaa and FHI. The transactions will further reduce the financial burden on the Group.

In order to facilitate the proposed transaction, Qalaa signed a termination letter relating to the management powers set out in the participation agreement resulting in loss of control over investment in Grandview. As loss of control is considered a deemed disposal under the accounting standards, this resulted in classifying Grandview's assets and liabilities as held for sale as of the year ended 31 December 2023.



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

Discontinued operation (continued)

In March 2024, Qalaa entered into further agreements with FHI, refer to note 32(B) for further information. These transactions will result in further loss of the National Printing Company S.A.E shareholding.

31 December 2022

Al Ahram for Equipment Company S.A.E. (A Subsidiary of National company for development and trading S.A.E)

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 28.7M.

3(b) Profit from discontinued operations and cash flow information

Discontinued operations after tax are represented in the following:

	TAQA Arabia	Grandview	Total
31 December 2023	39		
Operating income	13,463,681	5,179,067	18,642,748
Operation cost	(11,833,097)	(3,665,507)	(15,498,604)
General and administrative & selling and marketing expenses	(483,711)	(418,141)	(901,852)
Other expenses – net	(127,675)	124,327	(3,348)
Finance cost – net	(170,822)	(349,744)	(520,566)
Operating profits before taxes	848,376	870,002	1,718,378
Income tax	(274,733)	(192,362)	(467,095)
Deferred tax	16,008	(22,137)	(6,129)
Profit after income tax of discontinued operation	589,651	655,503	1,245,154
Gain on sale of investment in subsidiary *	4,985,903	-	4,985,903
Net profit for the year Income tax	5,575,554 -	655,503	6,231,057
Profit from discontinued operations, net of tax	5,575,554	655,503	6,231,057
Net cash flow generated from operating activities	1,296,070	1,130,018	2,426,088
Net cash flow generated from / (used in) investing activities	41,545	(1,548)	39,997
Net cash flow generated from financing activities	(864,358)	(5,028)	(869,386)
Net increase in cash generated from by the subsidiaries	473,257	1,123,442	1,596,699

^{*} The gain on sale of investment in subsidiary includes a gain on remeasurement of the 23.87% retained interest amounting to EGP 1.6 billion.



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Discontinued operation (continued)

	TAQA Arabia	Grandview	Subsidiary of National company for development and trading S.A.E.	Total
31 December 2022				
Operating income	10,727,836	4,270,998	2	14,998,834
Operation cost	(9,433,854)	(2,723,177)	(3,903)	(12,160,934)
General and administrative & selling and		26		
marketing expenses	(342,901)	(361,039)		(703,940)
Other expenses – net	(155,773)	133,783		(21,990)
Finance cost – net	(49,329)	(141,287)		(190,616)
Operating profits / (losses) before taxes	745,979	1,179,278	(3,903)	1,921,354
Income tax	(197,467)	(239,523)		(436,990)
Deferred tax	(2,968)	(5,029)		(7,997)
Profit after income tax of discontinued				
operation	545,544	934,726	(3,903)	1,476,367
Gain on sale of investment in subsidiary	-	-	28,782	28,782
Net profit for the year	545,544	934,726	24,879	1,505,149
Income tax		-		
Profit from discontinued operations, net of tax	545,544	934,726	24,879	1,505,149
Net cash flow generated from operating activities Net cash flow generated from (used in) investing	689,427	715,856	1,198	1,406,481
activities	364,032	(330,429)		33.603
Net cash flow used in financing activities	(198,549)	(408,741)		(607,290)
Net increase (decrease) in cash generated from	•		_	
(used in) by the subsidiaries	854,910	(23,314)	1,198	832,794

Details of the sale that resulted in a loss of control

	2023	2022
Fair value of retained interest note 2(f)	4,341,809	
Transfer of shares to ultimate parent company note 7(c)(ii)	1,378,121	
Consideration received	•	25,993
Total disposal consideration	5,719,930	25,993
Carrying amount of net assets sold	(2,733,515)	(35,615)
Non-controlling interests	1,564,610	38,404
Gain on sale before income tax and reclassification of foreign currency translation reserve and other equity reserves	4,551,025	28,782
Reclassification of foreign currency translation reserve and other equity reserves Income tax expense on gain	434,878	1
Gain on sale after income tax	4,985,903	28,782



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

Discontinued operation (continued)

The table below includes the assets and liabilities of TAQA Arabia summarised by each major category:

	2023
Fixed assets, PUC, right of use assets and intangible assets	6,025,000
Deferred tax assets	146,268
Goodwill	408,147
Financial assets at fair value and derivatives	116,771
Investments in associates	11,889
Financial assets at amortized cost and other debit balances	94,122
Total non-current assets	6,802,197
Inventories	1,152,593
Financial assets at amortized cost and other debit balances	2,891,101
Cash and cash equivalents	6,502,582
Total current assets	10,546,276
Total assets	17,348,473
Borrowings	2,971,328
Lease liabilities	772,508
Deferred tax liabilities	215,760
Total non-current liabilities	3,959,596
Trade payables and other credit balances	4,330,177
Current income tax liabilities	282,966
Borrowings	5,331,133
Lease liabilities	48,598
Provisions	399,845
Total current liabilities	10,392,719
Total liabilities	14,352,315
Net assets	2,996,158

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

(i) Assets

I) ASSECS				
		Ledmore Holding		
	Grandview	Limited	Asenpro	Total
31 December 2023			-	-
Fixed assets	1,513,996	-	4,826	1,518,822
Assets under construction	33,916	-	-	33,916
Investment in properties	9,975	-	-	9,975
Trade receivables and other debit balances	1,681,985	7,561		1,689,546
Deferred tax assets	31,945		-	31,945
Inventories	1,028,905	-	2	1,028,905
Due from related parties	20,120	-	20	20,120
Cash and cash equivalents	489,844	6,394	<u>-</u>	496,238
	4,810,686	13,955	4,826	4,829,467
Impairment	-	-	-	
Balance	4,810,686	13,955	4,826	4,829,467



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

Discontinued operation (continued)

	El Baddar*	Limited	Asenpro	Total
31 December 2022				
Fixed assets	11,118	•	4,850	15,968
Trade receivables and other debit balances	-	6,045	-	6,045
Cash and cash equivalents		5,113	<u> </u>	5,113
	11,118	11,158	4,850	27,126
Impairment			-	
Balance	11,118	11,158	4,850	27,126

^{*} Elbaddar, subsidiary of National Printing (subsidiary of Grandview), was classified as assets held for sale within Grandview as of 31 December 2023.

(ii) Liabilities

	Grandview	Mena Home Furnishing Malls Ltd.	Ledmore Holding Limited	Asenpro	Total
31 December 2023					
Borrowings and loans	1,991,556	_		-	1,991,556
Trade payables and other credit balances	1,058,846	1,628	1,401	-	1,061,875
Deferred tax liabilities	168,543	_		249	168,792
Provisions	136,265	_	-	_	136,265
Due to related parties	18,520	_	-	-	18,520
Balance	3,373,730	1,628	1,401	249	3,377,008

	Mena Home Furnishing Małls Ltd.	Ledmore Holding Limited	Asenpro	Total
31 December 2022				
Trade payables and other credit balances	1,302	1,120		2,422
Deferred tax liabilities			249	249
Balance	1,302	1,120	249	2,671

4. Hyper-inflationary economies

During the year of 2018, the Group adopted IAS 29, "Financial Reporting in Hyperinflationary Economies". The Sudanese economy has 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, and associates is the currency of a hyperinflationary economy.



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Hyper-inflationary economies (continued)

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.

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 is stated in terms of the 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 are 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>Year</u>	<u>Index</u>	Conversion factor
2022		
2023	82,940.17	1.15
2022	67,680.35	1.25
2021	36,131.06	1.63
2020	8,639.50	1.77
2019	2,291.21	1.21
2018	1,365.05	1.23
2017	861.5	1.76
2016	688.37	2.25
2015	527.59	2.74
2014	468.6	3.24
2013	372.9	4.29

The net monetary gains from operating activities are as follows:

31 December 2023

In thousand Sudanese Pound	Closing Position	Closing purchasing power	Inflation adjustments
Fixed assets	873,571	143,588,695	73,823,755
Project under construction	948,609	1,306,155	(196,622)
Share capital	1,205,705	236,162,738	(22,970,973)
Retained earnings / (Accumulated losses)	(2,656,168)	(68,940,223)	3,783,030
Inventories	19,464,791	45,065,098	13,378,195



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

Hyper-inflationary economies (continued)

31 December 2022

In thousand Sudanese Pound	Closing Position	Closing purchasing power	Inflation adjustments
Fixed assets	686,757	117,697,894	59,751,562
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)	7,795,245	(72,723,252)	25,903,851
Inventories	17,738,212	31,686,903	10,108,001

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

In thousand Sudanese Pound	2023	2022	
Increase in revenues	5,071,030	15,676,171	
Decrease in EBITDA	(6,930,883)	(13,570,478)	
Net monetary gain	3,868,762	3,954,183	
Decrease in profit after tax	(14,059,092)	(1,072,942)	

Exchange rate used

However, The Group's management consulted with the Egyptian Accounting Standards Board ("EASB") to obtain clarification on what rate should be used for the purpose of conversion under the principles of EAS 13 (Effects of changes in foreign exchange rates). The EASB provided clarity to the Group on 18 April 2021 that the exchange rate to be used for purposes of EAS 13 is determined by parallel market rate and not the official rate. As of 31 December 2023, the parallel market rate was SDP 0.0456 to 1 EGP.

Consumer Price Index (CPI)

Since the Sudanese Statistics Authority has not published the consumer price index "CPI" as well as other economic indicators since March 2023, according to International Accounting Standard No. 29 (IAS 29), the Group's management might estimate the CPI for unpublished periods using reasonable estimating methods.

The Group's management has built a regression analysis model to estimate the CPI, based on the relationship between the exchange rate of the Sudanese pound and the US dollar as an independent basis for estimating the consumer price index in Sudan. The model was built based on historical data of the monthly exchange rates of the US dollar against the Sudanese pound since January 2010 and its relationship with the CPI since that month, which resulted in a correlation coefficient for the relationship between the exchange rate of the Sudanese pound against the US dollar and the CPI, which was used to predict the CPI for the periods from March 2023 to December 2023.



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Financial position

5. Financial assets and financial liabilities

The Group holds the following financial instruments:

Financial assets	Notes	FVTPL	Derivative financial instruments	Equity instruments at FVOCI	Financial assets at amortised cost	Total
As at 31 December 2023					79	
Trade and other receivables *	5(a)	-	2	-	14,877,362	14,877,362
Due from related parties	21(a)		2	-	776,036	776.036
Financial assets at fair value through					•	-,
other comprehensive income	5(b)		20	57,916	_	57.916
Financial assets at fair value through				·		•
profit or loss	5(c)	1,865,293	2	-	-	1,865,293
Restricted cash	S(d)		4	-	6,927,292	6,927,292
Cash and cash equivalents	5(d)		+	-	1,975,005	1,975,005
Derivative financial assets	5(f)		2,056,155	-	-	2,056,155
		1,865,293	2,056,155	57,916	24,555,695	28,535,059

Financial assets	Notes	FVTPL	Derivative financial instruments	Equity instruments at FVOCI	Financial assets at amortised cost	Total
As at 31 December 2022			· ·			
Trade and other receivables *	5(a)	-	-		21,543,220	21,543,220
Due from related parties	21(a)	-	-	-	497,719	497,719
Financial assets at fair value throu	igh				- 12	,
other comprehensive income	5(b)	-	-	11,286	-	11,286
Restricted cash	5(d)	-	-	-	638,722	638,722
Cash and cash equivalents	5(d)	-	-	-	8,652,942	8,652,942
Derivative financial assets	5(f)		339,259		_	339,259
		•	339,259	11,286	31,332,603	31,683,148

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

Financial liabilities	Notes	FVTPL	Derivative financial instruments	Financial liabilities at amortised cost	Leases	Total
As at 31 December 2023						
Trade and other payables **	5(e)	-	-	12,154,431		12,154,431
Due to related parties	21(b)	-	-	2,252,603	15-	2,252,603
Lease liabilities	6(b)(2)	-	-		930,966	930,966
Loans and borrowings	5(h)		-	81,456,956	-	81,456,956
Financial liabilities at fair value				,,		,,
through profit or loss	5(g)	869,867	-		-	869.867
Derivative financial liabilities	S(f)		2,322	-		2,322
		869,867	2,322	95,863,990	930,966	97,667,145



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

Financial assets and financial liabilities (continued)

Financial liabilities	Notes	FVTPL	Derivative financial instruments	Financial liabilities at amortised cost	Leases	Total
As at 31 December 2022		1127				
Trade and other payables **	5(e)	-		13,384,917	-	13,384,917
Due to related parties	21(b)			1,857,138	-	1,857,138
Lease liabilities	6(b)(2)			-	1,826,624	1,826,624
Loans and borrowings	5(h)			87,573,725		87,573,725
Financial liabilities at fair value						,,
through profit or loss	5(g)	676,325	(4)		_	676,325
Derivative financial liabilities	5(f)		2,219	<u> </u>		2,219
		676,325	2,219	102,815,780	1,826,624	105,320,948

^{**} Excluding non-financial liabilities.

5(a) Trade and other receivables

		2023			2022	100
		Non-	The state of		Non-	
	Current	current	Total	Current	current	Total
Trade sees building and an artist	12 122 624					
Trade receivables – government	12,122,681	-	12,122,681	17,827,122	-	17,827,122
Trade receivables – non-government Impairment for credit losses (note	1,271,644	-	1,271,644	2,421,162	193,745	2,614,907
26(b 2))	(642,014)		(642,014)	(490,755)	-	(490,755)
	12,752,311	•	12,752,311	19,757,529	193,745	19,951,274
Other receivables*	1,825,930	1,719,510	3,545,440	1,583,547	1,122,141	2,705,688
Contract assets	124,640	-	124,640	201,248	-	201,248
Impairment of contract assets and						
other receivables (note 26(b-2))	(700,603)	(719,786)	(1,420,389)	(615,098)	(498,644)	(1,113,742)
	1,249,967	999,724	2,249,691	1,169,697	623,497	1,793,194
Prepayments	1,444,949	-	1,444,949	1,436,453	-	1,436,453
Total trade and other receivables	15,447,227	999,724	16,446,951	22,363,679	817,242	23,180,921

(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.

(ii) Other receivables

These amounts generally arise 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 the sale of investments and due from contractors from the supply of assets.



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Financial assets and financial liabilities (continued)

The balance relates to refundable deposits mainly represent deposits paid for recurring services received by subsidiaries like deposits for gas in ERC.

- * On 6 September 2023, The Group's management through "ASEC Company for Mining (ASCOM)" sold its shares in "Ascom Precious Metals (APM) Ethiopia" to "Allied Gold ET 2 Corp" for an amount of USD 111,825,084 which is receivable as follows:
- 1) 11,465,795 shares in "Allied Gold Corporation" (Listed entity in the Canadian Stock Exchange). The market value of these shares on 6 September 2023 was USD 46,224,353 at USD 4.0315 per share.
- 2) An outstanding remaining amount of USD 65,600,731 to be paid in three instalments over four years under the conditions mentioned below:

Instalment	Amount (USD)	Instalment date	Payment terms
First instalment	24,296,567	7 September 2024	"Allied Gold ET 2 Corp" has the option to pay either: A) 100% in cash, or B) 50% in cash and the other 50% equivalent in shares of "Allied Gold Corporation" at the market price on the date of payment.
Second instalment	20,652,082	7 September 2025	"Allied Gold ET 2 Corp" has the option to pay either: A) 100% equivalent in shares of "Allied Gold Corporation" at the market price on the date of payment, or
		7 September 2026	100% in cash
Third instalment	20,652,082	7 September 2027	100% in cash
Total	65,600,731		

The second and third instalments were discounted using a discount factor of 6% annually equivalent to similar financial instruments, the total present value of instalments was classified in trade and other receivables at amortized cost as follows as of 31 December 2023:

		31 December 2023			
	Current	Non-current	Total		
Measured at amortized cost:		-			
Present value	375,299	512,942	888,241		
Expected credit loss	(85,855)	(145,954)	(231,809)		
	289,444	366,988	656,432		

The remaining amount is measured at fair value through profit or loss is disclosed in note 5(c).

An amount of EGP 1,420M (2022: EGP 1,114M) related to the impairment of the other receivable balances is included under the impairment of ECL.

(iii) Contract assets

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



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Financial assets and financial liabilities (continued)

(iv) Prepayments

The balance mainly represents the advance to suppliers EGP 982,005 (2022: EGP 699,827), prepaid expenses EGP 62,003 (2022: EGP 169,054), and tax authorities balance EGP 334,040 (2022: EGP 567,572).

(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(b), note 26(a)(ii) and note 26(a)(iii) respectively.

(vii) Significant estimates

The loss allowances for financial assets are based on assumptions about the 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.

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

	2023	2022
Non-current assets		
Unlisted equity securities		
Ostool Transport and Logistics (Transportation sector)	50,847	_
EFG Capital Partners Fund III (Financial services sector)	7,069	11,286
	57,916	11,286

The following table represents the movement of investments at FVOCI for the year ended 31 December 2023:

	31 December 2023
1 January 2023	11,286
Transfer from investment in associates (note 2(f))	49,979
Change in fair value through other comprehensive income	(1,457)
Foreign currency translation differences	(1,892)
Bałance	57,916



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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 that 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 were recognised in profit or loss and other comprehensive income.

	2023	2022
Losses recognised in other comprehensive income (note 7(c))	(1,457) (1,457)	(235) (235)
	31 December 2023	31 December 2022
Impairment formed (note 12(b))	<u>-</u>	

(iii) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in note 5(1).

5(c) Financial assets at fair value through profit or loss

(i) Classification of Financial assets at fair value through Profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Financial assets measured at FVPL include the following:

		31 December 2023	
	Current	Non-current	Total
isted equity instruments			
Allied Gold Corporation *	1,316,596	543,719	1,860,315
Commercial International Bank (CIB)	4,978	-	4,978
	1,321,574	543,719	1,865,293



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Financial assets and financial liabilities (continued)

The fair value of EGP 1.86B is being measured based on the quoted prices of the shares in the active stock market.

* On 6 September 2023, The Group's management through "ASEC Company for Mining (ASCOM)" sold its shares in "Ascom Precious Metals (APM) - Ethiopia" to "Allied Gold ET 2 Corp". The transaction amount included the transfer of 11,465,795 shares in "Allied Gold Corporation" (A listed entity in the Canadian Stock Exchange). The market value of these shares on 6 September 2023 was USD 46,224,353 at USD 4.0315 per share. The Group classified the shares as financial assets through profit or loss (FVTPL) as they are acquired primarily for trading (held for trading).

According to the sale contract, there is a condition on the number of 3,821,932 shares whereby the Group cannot offer, sell, contract to sell, secure, mortgage, grant, or sell any option, right or security to purchase, loan, transfer or dispose of any of those shares without the approval of the issuer of shares for a period of six months from the date of transfer of ownership.

The Group used 7,500,000 shares as collateral for the facilities provided by St. James Bank. Note 5(h)

(ii) Amounts recognised in profit or loss

On 31 December 2023, the Group recorded a fair value valuation loss on financial assets due to a change in the share price on the Canadian Stock Exchange on that date.

Below is the change in fair value on financial asset due to the change in the share price of "Allied Gold Corporation" in the Canadian Stock Exchange for the period ended 31 December 2023:

	31 December 2023	31 December 2022
Balance as of January 1	-	-
Additions	1,428,016	-
Financial asset fair value change through profit or loss (note 12(b))	(486,719)	
	941,297	•

The instalments that the buyer can settle as shares, equivalent to the cash value of the instalments, were recognized as financial assets at fair value through profit or loss. The present value of the instalments was calculated using a discount rate of 6% annually, reflecting the prevailing interest rate on similar financial instruments.

	31 December	31 December 2022
Current	375,299	-
Non-current	543,719_	
	919,018	



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Financial assets and financial liabilities (continued)

(iii) Fair value exposure

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

5(d) Cash and cash equivalents and restricted cash

	2023	2022
Current assets	-	
Banks - current accounts	8,744,219	3,921,135
Letters of guarantee	116,827	44,945
Cash on hand	22,570	20,860
Cheques under collection	20,749	51,129
Time deposits	7,136	425,352
Treasury bills	•	4,838,697
Gross carrying amount	8,911,501	9,302,118
Impairment on banks accounts	(9,204)	(10,454)
Net Carrying value	8,902,297	9,291,664
Less:		
Restricted cash (ii)	(6,927,292)	(638,722)
Cash and cash equivalents	1,975,005	8,652,942

(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. 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 2023 and 2022 are held with reputable financial institutions with Moody's and Standard & Poor's credit ratings of A+ to B-.

(ii) Restricted cash

The restricted cash represented in EGP 116.8M (2022: EGP 44.9M), which is placed with banks as cash cover for letters of guarantee issued in favor of the Group and an amount of EGP 6.8 billion (2022: EGP 182.3M) related to Orient group which represents 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 on 31 December 2023 is 19% (2022: 11.2%). Time deposits and current accounts with banks are placed with local banks under the supervision of the Central Bank of Egypt.



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Financial assets and financial liabilities (continued)

5(e) Trade and other payables

	(H) (H) (H)	2023		ELLE SIN	2022	7.11
		Non-		J. U. Han	Non-	
	Current 1	current 3	Total	Current 1	current 3	Total
Trade payables ² Advances from customers and	7,710,383	99,093	7,809,476	8,679,398	445,580	9,124,978
contract advances	2,364,507	-	2,364,507	1,498,370	-	1,498,370
Accrued expenses	1,446,643	-	1,446,643	1,762,534	-	1,762,534
Tax authority payable 4	1,134,738	-	1,134,738	1,114,442		1,114,442
Social insurance authority	149,364	-	149,364	130,203	_	130,203
Other credit balances 5	2,898,312		2,898,312	2,497,405	-	2,497,405
Total trade and other payables	15,703,947	99,093	15,803,040	15,682,352	445,580	16,127,932

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

5(f) Derivatives financial instruments

	The second second	31 December 2023	
Assets / (liability)	Current	Non-current	Total
Interest rate swap contracts (ERC) (i)	129,446	-	129,446
Written call option agreement (NSPO) (iv)	-	1,926,709	1,926,709
Written call option agreement (CCII) (iii)		(2,322)	(2,322)
	129,446	1,924,387	2,053,833
	WKI TIKKI	31 December 2022	III III
Assets / (liability)	Current	Non-current	Total
Interest rate swap contracts (ERC) (i)	-	313,631	313,631
Interest rate swap contracts (NSPO) (ii)		25,628	25,628
Written call option agreement (CCII) (iii)		(2,219)	(2,219)
		337,040	337,040

On 31 December 2023 and 31 December 2022, the Group held the following instruments to hedge exposures to changes in interest rates.

² This balance includes an amount of EGP 945M (2022: EGP 759 million) that is owed to the Egyptian General Petroleum Corporation (EGPC) for covering the finance charges related to the standby letter of credit issued for the unpaid portion of its equity investment.

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.

³ The 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.

⁵ Other credit balances include an amount of EGP 690.6 million due to former Shareholders that resulted from prior acquisitions as well as financing certain subsidiaries.



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Financial assets and financial liabilities (continued)

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

		2023	and the same of		2022	100
	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	8,903,579		-	4,643,257	7,387,745	11,063
Average fixed interest rate	2.3475%	-	- 1	2.8823%	2.8823%	

(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 instruments 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 instalments commencing 20 December 2012.

Maximum notional amount covered under these transactions is:

- 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.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Notes to the consolidated financial statements For the year ended 31 December 2023

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

Financial assets and financial liabilities (continued)

(ii) Interest rate swap contracts (TAQA Arabia)

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 receives a floating rate of USD six months Libor from

IFC.

The Interest rate swap contracts of TAQA Arabia were disposed in the year ended 31 December 2023 as part of the disposal of TAQA Arabia. Please refer to note (3(b)) for details about the disposal.

(iii) Call option agreement (CCII)

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 principal on the maturity date.

(iv) Call option agreement (NSPO)

On 9 July 2023, TAQA Arabia ("the company"), began trading its shares on the EGX. Following the listing, Silverstone sold 20% of the total shares of TAQA Arabia to the National Service Projects Organization ("NSPO").

Silverstone Capital Investments Ltd, Qalaa for Financial Investments S.A.E "Qalaa", and Citadel Capital Partners LTD, (collectively referred to as the "main shareholder") together with the NSPO signed a shareholder agreement which included certain option rights including a call option whereby Qalaa for Financial Investments may at any time repurchase the sold shares from the NSPO within four years from the date of the deal completion (24 July 2023) at the initial repurchase price plus an annual investment return as detailed in the shareholder's agreement.

The management has assessed that the call option is substantive and is considered as a potential voting right. The Group accounted for the call option as a derivative, initially recognized it at the fair value of EGP 1.16 billion, and subsequently measured it through the consolidated statement of profit or loss at EGP 762.72 million.

	31 December 2023	31 December 2022
Balance as of January 1	-	
Amount recognized in equity	1,163,988	_
Fair value change through profit or loss (note 12(b))	762,721	
	1,926,709	•



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Notes to the consolidated financial statements For the year ended 31 December 2023

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

Financial assets and financial liabilities (continued)

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

	2023	2022
Opening balance at 1 January	676,325	418,023
Financial liability fair value change through profit or loss	24,370	7,917
Foreign currency translation differences	169,172	250,385
	869,867	676,325

On 31 December 2014, Citadel Capital for International Investment Ltd. Company "CCII" and Qalaa for Financial Investments S.A.E. entered into a swap a 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.

On 31 December 2014, the same parties commercially agreed, and Qalaa for Financial Investments S.A.E. thus guarantees to the formed shareholder, that the disposal of the invested 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 the quoted market price of the share and measuring 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.

The fair value of the outstanding liability recognized (including interest) as of 31 December 2023 is US \$28,157K (31 December 2022: US \$27,380K).

5(h) Loans and borrowings

		2023	DW THE	FINN EIL	2022	
	Current	Non- current	Total	Current	Non- current	Total
Secured			7 0 0 0 1	Current	COTTOTIC	Total
Bank loans	69,121,932	1,649,523	70,771,455	68,744,861	3,813,494	72,558,355
Loans from related parties	9,516,905	_	9,516,905	5,921,973	813,186	6,735,159
	78,638,837	1,649,523	80,288,360	74,666,834	4,626,680	79,293,514
Secured and Unsecured Short term facilities and						
bank overdrafts	1,168,596	-	1,168,596	8,280,211	-	8,280,211
	1,168,596	•	1,168,596	8,280,211	-	8,280,211
Total borrowings	79,807,433	1,649,523	81,456,956	82,947,045	4,626,680	87,573,725



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Secured liabilities and assets pleaged 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:

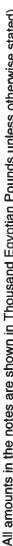
serious is use of well securities provided by the group and its en	4 5 1 1 1 5 1	יייייייייייייייייייייייייייייייייייייי	the group and its entitles as security for porrowings:	Morrow Tol	Ings:						
Loan	Interest	Collaterals, o	Collaterals, debt covenants. repayments & loan negotiations	Current	Non- current	Accrued	Total 2023	Current	Non - current	Accrued	Total 2022
Arab Financial Investments Company (AFIC) Commercial International Bank Loan currency: EGP	Fixed	Collaterals: Pledge for the more than 100 tangible and in	Collaterals: Pledge for the shares owned by CCII in Asec Cement which cover more than 100% of the liability, in addition to pledge of all tangible assets.	70,516	*		70,516	174,599		44,414	219,013
		Repayment terms: On 1 August 2023, of EGP 84.6 M is to Jan 2025. The comp	Repayment terms: On 1 August 2023, the Company restructured its debt. An amount of EGP 84.6 M is to be paid in six equal installments ending on 30 Jan 2025. The company paid the 1st installment.								
Arab Swiss Engineering Co. (ASEC) Ahli United Bank	corridor + margin	<u>Collaterals:</u> Granted by the	Collaterals: Granted by the administrative building owned by the company.	15,600	41,977		775,72	11,700	50,349	•	62,049
		Repayment terms: On 18 April 2022, tt of EGP 78 M to be p and a return of 5% the outstanding bal with all loan terms. million in 2022.	Repayment terms: On 18 April 2022, 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 5% annually on the remaining balance. The rest of the outstanding balance would be waived subject to compliance with all loan terms. The gain on restructuring was EGP 38.2 million in 2022.								
ASCOM company for chemicals and carbonates manufacturing Ahli United Bank	Libor +	Collaterals:		149,806	258,601		408,407	84,928	296,208	14,561	395,697
Loan currency: USD	margin	First degree m project. First degree co production line.	 First degree mortgage for all property and real estate on the project. First degree commercial mortgage on calcium carbonate production line. 								

Notes to the consolidated financial statements For the year ended 31 December 2023



	Total 2022				59,524	9,681,602
Accessed	interest				18	3,723,310
	Non - current				**	v
	Current No				59,524	5,958,292
	Total 2023				27,102	13,339,572
Accrued	interest					5,887,908
Non-	current				i.	3
	Current				27,102	7,451,664
	Collaberals, debt covenants, repayments & loan negotiations	 Deposit all earnings resulting from future sale contracts related to calcium carbonate production in the 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 the final letter of guarantee issued by ALPINE, provided that such letter is acceptable to the Bank and is expressly waived in favor of the Bank. Opening the account of the insurance proceeds with the bank. 	Debt covenants: - Maintain certain financial ratios as well as some commitments related to new borrowing operations, dividends 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.	Repayment terms: The Company restructured its outstanding debt in March 2021. 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.	Collaterals: Pledge on the land of the factory, machinery and equipment of Al-Takamol for Cement Ltd. Co.	 Collaterals: First degree llen 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.
Interest	rate				Fixed	Libor + margin
	roan				ASEC Cement Company Sudanese Egyptian bank Loan currency: SDG	Citadel Capital for Financial Investments S.A.E. Citi Bank (syndication loan manager) (Arab African International Bank, Arab International bank, Bank De Caire, Banque Misr, and NBK)

Notes to the consolidated financial statements For the year ended 31 December 2023



Total 2022

interest Accrued

Current Non - current

Total 2023

Accrued

Non-current

Current

Collaterals, debt covenants. repayments & loan negotiations

Interest rate

Loan

Loan currency: USD



- First degree lien contract on the shares of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone). - 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.\$400 million. - The Company must ensure that unconsolidated tangible net worth is not at any time less than U.S.\$50 million. - The Company must ensure that the ratio of cash available for debt service to not finance costs is not, for any measurement period, less than 1.35:1 - The Company must ensure that its aggregate interests (directly or indirectly) in its largest two investments (as identified in the	most recently delivered Valuation) shall not represent more than 85% of the Value of the interests held by the Company. The ratio of its current assets to current liabilities is not less than 1.2:1 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 notable networth is not more than 2:1	- The ratio of ASCOM financial indeteedness 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 NDT 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 Taqa Arabia financial indebtedness to Taqa 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 2:1.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Total 2023	4444				19 9,176,287										
Accrued					479,489										
Non - current															
Current					8,696,798										
Total 2023					7,362,878										
Accrued					296,007										
Non- Current															
Current					6,766,871										
Collaterals, debt covenants, repayments & loan negotiations	ica Railways financial inde e net worth is not more tha	Repayment terms: - The loan is repayable on demand.	Loans negotiation: In the second quarter of 2024, Qalaa Holdings signed a debt settlement agreement with Banque Misr, Banque du Caire, Arab African International Bank, and Al Ahli Bank of Kuwait whereby Qalaa settles the entirety of its debts. Moreover, Qalaa and its related companies signed a debt restructuring with Arab International Bank. For the foreign banks, the negotiations are processing.		Collaterals and debt covenants: The major covenants and guarantees for Egyptian Refining Company S.A.E ("ERC") 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 Pledge for the shares of Arab Refining Company and Specialized Refining Consultancy S.A.E.	 Promissory notes. Guarantee contracts with EIB and KEXIM. 	 ERC shall comply with the insurance and reinsurance requirements. 	- 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	- ERC shall not create or permit to subsist any security interest over	all or any of its assets.	 ERC shall not sell or otherwise dispose of all or any material part of its assets, either in a single transaction or a series of transactions
Interest					Libor + margin										
Loan				Egyptian Refining Company - S.A.E	Japan Bank for International Cooperation (JBIC)	Loan currency: USD									

that are outside the normal course of business.

Notes to the consolidated financial statements For the year ended 31 December 2023



	Interest		STATE OF THE PARTY	Mon-	Arrased		1		Account	
Loan	rate	Collaterals, debt covenants. repayments & loan negotiations	Current	current	interest	Total 2023	Current	Non - current	interest	Total 2022
		business or undertaking (or, in each case, any interest in any obtainess or undertaking (or, in each case, any interest in any of them) or incorporate any company or entity. - ERC shall not enter into any amalgamation, demerger, merger, reconstruction, consolidation or winding-up. - Restrictions on entering into loans and guarantees' agreements. - 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 Documents. - 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" unless such shares or other instruments are issued to a Government Entity, in which case they shall be subject to an irrevocable power of attorney.								
		Repayment terms: The Company defaulted on the repayment of the loan. The Lenders had the option to call these loans. The loans are classified as current at the end of the reporting period because the Lenders didn't waive their right to request immediate redemption before the reporting period. Starting from 1 July 2024, USD SOFR shall be used as interest rate benchmark instead of USD Libor.								
		<u>Loans negotiation:</u> Negotiations are currently in progress with lenders regarding debt restructuring.								
Group of Commercial Banks (NEXI Covered Lenders) Loan currency: USD	Libor ← margin	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 of any material capital or operating expenditures except for certain conditions which are mentioned in the agreement. The Company shall not incur or permit to subsist any security	4,511,247	2	305,636	4,816,883	5,797,865	549	251,997	6,049,862

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

interest overall or any of its assets except for certain

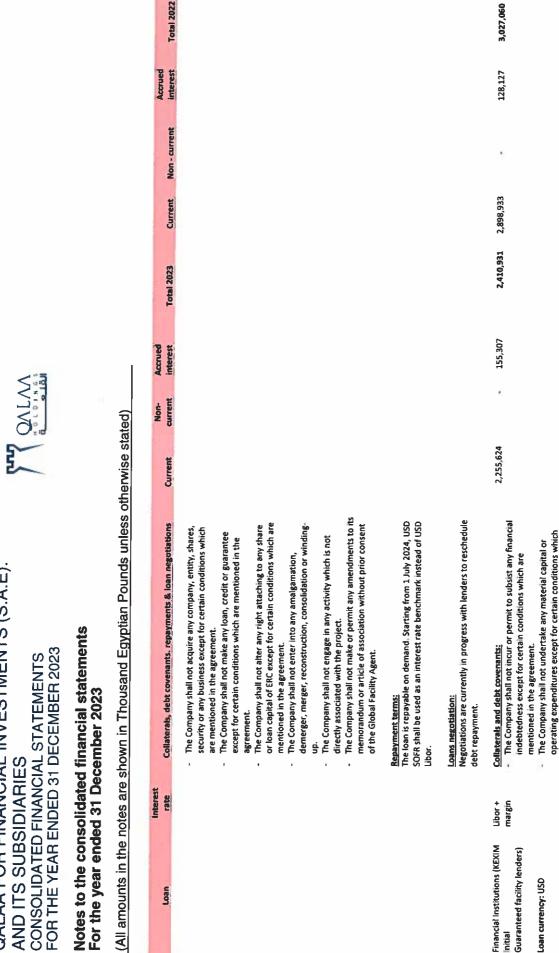
conditions which are mentioned in the agreement.

Notes to the consolidated financial statements For the year ended 31 December 2023



	Total 2022		10,497,328
Accrued	Interest		512,116
	Non-current		*
			9,985,212
	5707 1500		8,405,054
Accrued			635,684
Non-			ž.
Current			7,769,370
Collaterals, deltt covernants, remayments & Isan neordistions	The Company shall not acquire any company, entity, shares, security, or any business except for certain 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. 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. The Company shall not enter into any amaigamation, demerger, merger, reconstruction, consolidation or winding. The Company shall not engage in any activity which is not directly associated with the project. The Company shall not make or permit any amendments to its memorandum or article of association without prior consent of the Global Facility Agent.	Repayment terms: The loan is repayable on demand, Starting from 1 July 2024, USD SOFR shall be used as an interest rate benchmark instead of USD Libor. Loans negotiation: 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 capital or operating expenditures except for certain conditions 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 agreement. The Company shall not sell or dispose any material part of its assets either in a single or a series of transactions except for certain conditions which are mentioned in the agreement.
Interest			Libor + margin
Loan			Export – Import Bank of Korea (KEXIM) Loan currency: USD

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



The Company shall not incur or permit to subsist any security

are mentioned in the agreement.

interest overall or any of its assets except for certain

conditions which are mentioned in the agreement.

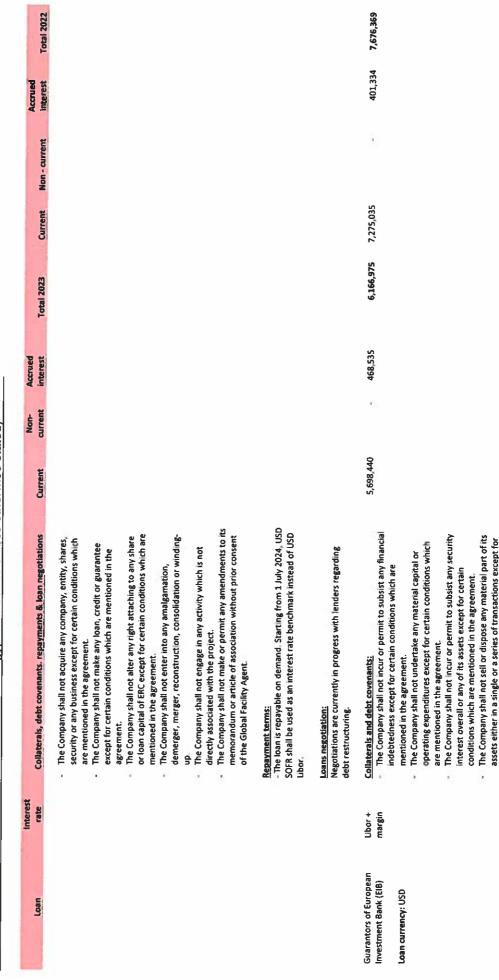
The Company shall not sell or dispose any material part of its

assets either in a single or a series of transactions except for

certain conditions which are mentioned in the agreement.

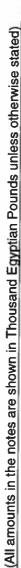
Notes to the consolidated financial statements For the year ended 31 December 2023

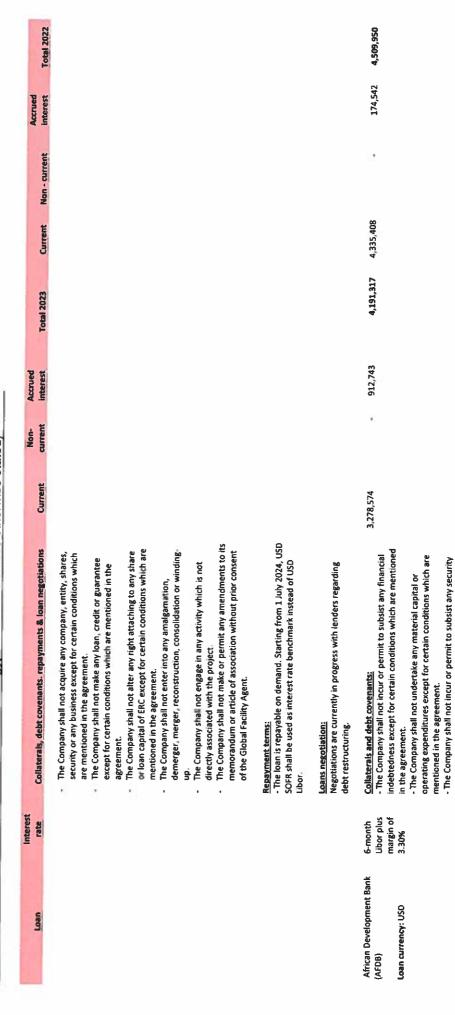




certain conditions which are mentioned in the agreement.

Notes to the consolidated financial statements For the year ended 31 December 2023





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 series of transactions except for

certain conditions which are mentioned in the agreement.



Notes to the consolidated financial statements For the year ended 31 December 2023

TOTAL	Interest			Non	Accessed	000000000000000000000000000000000000000				
roan	rate	Collaterals, debt covenants. repayments & loan negotiations	Current	current		Total 2023	Current	Non - current	Accrued	Total 2022
		- The Company shall not acquire any company, entity, shares, security or any business except for certain 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. - 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.								
		Starting from 1 July 2024, USD SOFR shall be used as interest rate benchmark instead of USD Libor.								
GS Engineering & Construction Corp	Libor + margin	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 ortherwise 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 securities 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 voluntarily 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.	5,355,837	•	1,500,093	6,855,930	5,070,558		%	5,070,558
MITSUE & Co. Ltd. Loan currency: USD	Libor + margin	Repayment terms: On 20 June 2023, ERC subordinated loans became due and payable. However, it can be only repaid after the senior debts fully repaid. Starting from 1 July 2024, USD SOFR shall be used as an interest rate benchmark instead of USD Libor. 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	6,178,600	ε	2,540,674	8,719,274	6,576,439		•	6,576,439



Notes to the consolidated financial statements For the year ended 31 December 2023

Loan	Interest	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-	Accrued	Total 2023	Current	Non- Current	Accrued	Total 2002
		shareholders loans until all amounts due and payable under the Deed of shareholder support have been paid in full.								7707 1810
		Repayment terms: On 20 June 2023, ERC subordinated loans became due and payable. However, it can be only repaid after the senior debts fully repaid. Starting from 1 July 2024, USD SOFR shall be used as an interest rate benchmark instead of USD Ubor.								
Mitsui NEX! Insurance Premium	Libor + margin	Collaterals: The Company shall not make any distribution or other payment in the shareholders (or their afflistes) in research of equity.	399,026	1	•	399,026	319,058	•	i	319,058
Loan currency: USD		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 became due and payable. However, it can be only repaid after the senior debts fully repaid. Starting from 1 July 2024, USD SOFR shall be used as an interest rate benchmark instead of USD Ubor.								
Mitsui -compounded interest	Libor + margin	Collaterals: The Company shall not make any distribution or other navment to	235,812	,	9	235,812	Ä		1	
Loan currency: USD	•	the shareholders (or their affliates) 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 became due and payable. However, it can be only repaid after the senior debts fully repaid. Starting from 1 July 2024, USD SOFR shall be used as an interest rate benchmark incload of ISD Libor.								
Glass rock company for										
Misr Bank	Libor +	Collaterals:	185 223	1 014 625		1 100 040	500 00	000		
	margin	- First degree mortgage for all property and real estate on the		20,7102		7,133,040	/00"/9	8/0,294	3,737	% 1,038
EGP Carrency: USO, curo &		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, sell, or lease (or change any of the main or consequential moral								

QALAA FOR FINANCIAL INVESTMENTS (S.A.E). CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND ITS SUBSIDIARIES

Notes to the consolidated financial statements For the year ended 31 December 2023

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



rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during

Total 2022

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	
rights) over any mo	provide any proxy t	the finance period	the bank.

- ASEC company for mining (the holding company) undertakes the obligation to pay the company's debt in case of default.

<u>Debt covenants:</u> - The Financial leverage should not exceed 2.5 in 2018 and 1,2 in 2019, 2020 & 2022.

The Current ratio should not be less than 1 in the years 2017 to

The Debt service ratio should not be less than 1.2 in the years 2018 to 2022

- The company's sales in foreign currencies should be used to pay

expenditures should not be done before getting written approval . The company should have 80% of free cash flow that should be used to make mandatory accelerated payment of instalments. Any payment of intercompany loans, dividends or capital

The Currency of the loan is USD from the bank.

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

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

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



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Loan	Interest	Collaterals, debt covenants, repayments & loan negotiations	Current	Non- current	Acrued	Total 2023	Current	Non - current	Accrued	Total 2022
		Repayment terms: On 2.2 December 2020, the company restructured its outstanding debts facility with Banque Misr, the key terms of the restructuring agreements are set out below: - The repayment term of the loan was extended for nine years including a 1.5-year grace period.								
		- 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 115 K on the USD loan and EUR 4.9M on the 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, 2023, the company signed a restructuring agreement for its outstanding debts facility with Banque Misr, whereby the two installments due in September and December 2023 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.								
10 P		Starting from 1 July 2024, USD SOFR shall be used as an interest rate benchmark instead of USD Libor.								
QNB Loan currency: EGP	corridor + margin	<u>Loan terms and details:</u> - EGP 30 M tenor 5 years ended Dec.2024 on a quarterly instalment secured by assets mortgage.	13		e.		6,210	8,717	*	14,927

Insurance documents against all risks on the financed assets under this agreement. The Company shall not make any distribution until all amounts due and payable under this loan have been paid in full. Maintain certain financial ratios. The



Notes to the consolidated financial statements For the year ended 31 December 2023

loan	Interest	Collaterals, debt covenants repayments & loan negotiations	Current	Non-	Accrued	Total 2023	Current	Non- consequent	Accrued	Total year
									YEAR	7707 2070
United Company for Paper		Repayment terms: Repayment date is 2024. The loan has been classified as part of liabilities associated with assets held for sale.								
and Carton Manufacturing Abu Dhabi Islamic Bank	corridor +	Collaterals: - Plantos for all leased accets	E.	c	B	,	64,999	63,109	٠	128,108
Loan currency: EGP	i de la companya de l	 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. 								
		Repayment terms: Repayment date is 2024. The loan has been classified as part of liabilities associated with assets held for sale.								
Eisherouk Qatar National Bank QNB Loan currency: EGP	corridor + margin	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.		∜•	24	•	30,886	72,658	10	103,544
		Repayment terms: The repayment date 2025. The loan has been classified as part of liabilities associated with assets held for sale.								
International Company for Refinery Consultation Arab International Bank	Libor+	Collaterals:	559	5)			, ,			ļ
Loan currency: USD	margin	Letter of guarantee from Standard Chartered Bank of Korea Umited with the amount due to Arab International Bank. Payment terms: The loan is due in September 2024.		Ca.		\$65'966 \$65'966	/83,/32	t.	•	783,732



Notes to the consolidated financial statements For the year ended 31 December 2023

Loan	Interest	Collaterals, debt covenants, renavments & Inan negotiations	Corregat	Non-	Accrued	2000			Accrued	
National Company for Refining Consultation Arab International Bank Loan currency: USD	Ubor + margin	Collaterals: Pledge of the Company's shares (50 million) in Orient Investments Properties Ltd. In favor of the bank.	4,094,124	4	15313111	4,094,124	2,846,431	Non-current	interest	Total 2022 2,846,431
		<u>Repayment terms:</u> The loan is repayable on demand.								
National Development and		<u>Loan negotiations:</u> In the second quarter of 2024, Qalaa and its related companies signed a debt restructuring and settlement agreement with Arab International Bank.								
Trading Company Qatar National Bank QNB Loan currency: EGP	corridor + margin	Colaterals: Pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ASEC automation shares in favor of the bank.	383,152	3		383,152	344,476	ý	12,974	357,450
		Repayment terms: The loan is repayable on demand.								
		<u>Loan negotiations:</u> On 21 February 2024, the Company restructured its debt.								
Arab Investment Bank	corridor + margin	Payment of an advance amount of EGP 40 M, and it was paid upon signing the contract. Payment of the remaining amount totaling EGP 89 M over four equal semi-annual installments ending on 30 December 2025. It is agreed between the parties if the company pays an agreed amount plus the advance payment that was paid, this amount will be considered a final settlement of the deut under this contract. Collaterals: Pledge of ASEC Cement Co. shares, ASEC Engineering shares,	i i		9	88	142,261	3.50		142,261
Loan currency: EGP		ASENPRO shares and ASEC automation shares in favor of the bank. <u>Repayment terms:</u> Debt has been settled during the year ended 31 December 2023 and all collaterals have been released.								



Notes to the consolidated financial statements For the year ended 31 December 2023

Loan	Interest	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-	Accrued	Total 2022	1		Accrued	
Industrial Development and Workers Bank of Egypt	corridor + margin	Collaterals: Pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ASEC automation shares in favor of bank.		,	,	- Cray man	319,937	TON TON	meress	319,937
Loan currency: EGP		Repayment terms: Debt has been settled during the year ended 31 December 2023 and all collaterals have been released.								
Misr Iran Development Bank Loan currency: EGP	corridor + margin	Collaterals: Pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ASEC automation shares in favor of the bank.	æ	*	**	٠	223,663		1	223,663
		Repayment terms: Debt has been settled during the year ended 31 December 2023 and all collaterals have been released.								
Taqa Solar Group	Libor + margin	Collaterals: First degree commercial mortgage on materials, and related tools	٠	3	-		80,992	1,012,603	94,697	1,188,292
Loan currency: USD		and equipment.								
		- 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). - Sponsors should retain at least 51% ownership at all the loan duration.								
		Repayment terms; The repayment date is 2032.								
Taga Arabia										
HSBC Loan currency: EGP	corridor + margin	Collaterals and covenants: All dividends related to Gas Group should be transferred to Taga Arabia account at HSBC, in which all transferred	9	*	7	•	000′06	133,762	40,940	264,702
		ownwells, must cover 1,23 of andual payment. First degree real estate mortgage for all the company's assets								

Notes to the consolidated financial statements For the year ended 31 December 2023



Total 2022			113,023	136,374
Accrued			10,578	5,905
Non - current			38,786	130,469
Current			13,659	٠
Total 2023			•	•
Accrued		200	~	9
Non- current				
Current				21
Collaterals, debt covenants. repayments & loan negotiations	- 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.	No covenants are breached and no defautts	On December 10, 2020, the company signed a long-term loan 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, 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 signing the contract, whichever is earlier.	On May 16, 2023, 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
Interest			Libor + margin	Fixed
Loan		Taqa PV for Solar	European Bank for Reconstruction and Development (EBRD) Loan currency: USD	HSBC Loan currency: EGP





I	Loan	rate	Collaborate dabb consumers consumers & lares manufactions	· Comment	-uou	Accrued				Accrued	
		200	Contract of the contract of th	Current	Current	interest	lotal 2023	Current	Non - current	interest	Total 2022
			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 45 in 2023.								
			in 2024, 2.5 in 2025, 2 in 2026, 1.5 in 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,								
			Fayment terms: 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.								
			Second Joan: On November 14, 2023, TAQA PV Solar Energy "SAE" entered into a loan agreement with HSBC Bank, the purpose of this loan is financing in order to finance 73% of the cost of the Nabq solar power plant project.								
			Colleterals: - 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. - The financial leverage ratio should not exceed 8 in 2023, 5.5 in 2024, 4.5 in 2025, 3.5 in 2027, 1.5 in 2028, and 1 length for the remainder of the period.								
			Repayment terms: This loan will be repaid in 18 unequal semi-annual instalments. The first payment after the grace period is due in May 2024 and the last payment is due in October 2032.								
Taga Industrial Zone EBRD		corridor +	Collaterals:								
Loan currency: EGP	nargin		Assigning all cash and financial revenues and revenues generated by the funded project.	3							

401,788

49,650

328,303

23,835

Notes to the consolidated financial statements For the year ended 31 December 2023



	Budanash									
Loan	rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non- current	Accrued	Total 2023	Current	Non - current	Accrued	Total 2022
Taqa Marketing HSBC Banque De Caire National Bank of Egypt Emirates NBD	corridor + margin	Collaterals: The company maintain a constant percentage in the contract plus restricted dividends distribution till payment of instalments and accrued interest.								
Loan currency: EGP		Repayment terns: The repayment date is 2025.								
		<u>Debt covenant:</u> No covenants are breached and no defaults.		9	2.62	ę	24,940	294,633	57,818	377,391
Master Gas National Bank of Egypt Loan currency: EGP	corridor + margin	Collaterals: Not to make any dividends Distribution during the life financing with the possibility of making distribution in the case of the borrower's obligation to pay all the amounts due to the								
		Dank and obligation to financial undertakings after obtaining the Bank prior written consent. Not to sell mortgage and issue a power of attorney to sell, mortgage, waive or lease any of its assets before obtaining the Bank's prior written consent.								
United Foundries Company				id.		,	64,842	442,341	89,390	596,573
Globalcorp for financial services and E-Bank, will provide the loan to the company	Ubor + margin	<u>Collaterals:</u> The Company's factory land has been used as collateral for the loan obtained.	7,091	14,175	3.	21,266	7,088	21,262	·	28,350
Loan currency: EGP		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 Trimstone in TAQA	329,113		×	329,113	241,056	ï	i	241,056
Loan currency: USD		Arabia covering 1.15% of the value of the existing liability in favor								



Notes to the consolidated financial statements For the year ended 31 December 2023

of Arab International Bank. CCP Undertakes to pledge shares of Citadel Capital for financial consultancy covering 35% of the value of the existing liability in favor of Arab International Bank. Repayment terms: - In 2Q24, Qalaa and its related companies signed a debt restructuring and settlement agreement with Arab International Bank. Geology sank. Geology of purchasing loaders tippers and trucks.	reon	Interest	Collaterals, debt covenants, repayments & loan negotiations	Current	Non-	Accrued	Total 2023	023	023 Current		Current
Or Arab International Bank. CCP Undertakes to pledge shares of Citadel Capital for financial consultancy covering 35% of the value of the existing liability in favor of Arab International Bank. Repayment terms: - In 2Q24, Qalaa and its related companies signed a debt restructuring and settlement agreement with Arab International Bank. Geology ank Fixed On 31 May 2023, the Company obtained a loan with the purpose of purchasing loaders tippers and trucks.											
favor of Arab International Bank. Repayment terms: - In 2Q24, Qalaa and its related companies signed a debt restructuring and settlement agreement with Arab International Bank. Geology ank Fixed On 31 May 2023, the Company obtained a loan with the purpose of purchasing loaders tippers and trucks.			or Arab international Bank. - CCP Undertakes to pledge shares of Citadel Capital for financial consultancy covering 35% of the value of the existing liability in								
- In 2024, Qalaa and its related companies signed a debt restructuring and settlement agreement with Arab International Bank. Geology ank Fixed On 31 May 2023, the Company obtained a loan with the purpose of purchasing loaders tippers and trucks.			favor of Arab International Bank.								
Geology Geology ank Fixed On 31 May 2023, the Company obtained a loan with the purpose of purchasing loaders tippers and trucks.			- In 2024, Qalaa and its related companies signed a debt restructuring and settlement agreement with Arab International								
ank Fixed On 31 May 2023, the Company obtained a loan with the purpose of purchasing loaders tippers and trucks.	Nabta Company for Geology and Mining – Sudan	>	Bank.								
	Sudanese Egyptian Bank	Fixed	On 31 May 2023, the Company obtained a loan with the purpose of purchasing loaders tippers and trucks.	*	1				8,919	8,919	
			Repayment terms: Debt has been settled during the year ended 31 December 2023 and all collaterals have been released.								
Repayment terms: Debt has been settled during the year ended 31 December 2023 and all collaterals have been released.	APM Investments Holding St. James Bank	SOFR +	<u>Collaterals:</u>		320,145	-	320,14	12	<u>.</u>	2	<u>.</u>
Repayment terms: Debt has been settled during the year ended 31 December 2023 and all collaterals have been released. SOFR + Collaterals:	Loan currency: USD	Margin	Pledge of 7.5 M shares of Allied Gold Corp.				•				
Repayment terms: Debt has been settled during the year ended 31 December 2023 and all collaterals have been released. SOFR + Collaterals: Margin Pledge of 7.5 M shares of Allied Gold Corp.			Repayment terms: The utilized portion of the financing is to be repaid after a year and a half, and the company has the right to redeem its pledged shares								
Repayment terms: Debt has been settled during the year ended 31 December 2023 and all collaterals have been released. SOFR + Collaterals: Margin Pledge of 7.5 M shares of Allied Gold Corp. Repayment terms: The utilized portion of the financing is to be repaid after a year and a half, and the company has the right to redeem its pledged shares			to the bank upon repayment of the loan.			'	20 177 07	8	ا	l,	ļ.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Financial assets and financial liabilities (continued)

Loans from related parties

	9	Interest			Non-	Total		Non-	Total
Loan	Relationship	rate	Security/Collateral	Current	current	2023	Current	current	2022
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.	5,951,878		5,951,878	4,268,201	3	4,268,201
United Foundries Financial Holding international	Shareholder in subsidiary	Fixed	No securities or collaterals.	283,120		283,120	213,775		213,775
Orlent QPI Egypt & QPI Limited	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.	2,298,980	k.	2,298,980	1,439,997	157,844	1,597,841
Citadel Capital for International Investments LTD									
Olayan Put option	Shareholder in subsidiary	Fixed	- The guarantees are represented in promissory notes amounting to 25M USD and 5.5 M USD and a first-degree mortgage over the headquarter premises in favor of the lender. 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	813,015	*	813,015	Ĩ	570,589	570,589
			permits the holder to put their shares in the subsidiary back to the Group at the price specified in the agreement on specified dates.	169,912	.' '	169,912 9,516,905		84,753	84,753



Notes to the consolidated financial statements For the year ended 31 December 2023

(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 are 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 2023 and 31 December 2022 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(i) 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 of 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 2023

(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 as follows.

Recurring fair value measurements At 31 December 2023	Mates	I availe	1 1 2		
Financial assets	Notes	Level 1	Level 2	Level 3	Total
Financial assets at FVOCI					
	C(b)		7.000	50.047	
Unlisted equity instruments Financial assets at FVPL	5(b)	-	7,069	50,847	57,916
	E/-1	046 276			
Listed equity instruments	5(c)	946,275	-	-	946,275
Other receivables at FVPL		919,018	-	-	919,018
<u>Derivatives</u>	- (0)				
Hedging derivatives – interest rate swaps	5(f)	-	-	129,446	129,446
Written call option agreement (NSPO)	5(f)	-	<u>-</u>	1,926,709	1,926,709
Total financial assets	-	1,865,293	7,069	2,107,002	3,979,364
Financial liabilities					
Written call option agreement (CCII)	5(f)		4	2,322	2,322
Trading derivatives	5(g)		869,867		869,867
Total financial liabilities	101	-	869,867	2,322	872,189
Recurring fair value measurements					
At 31 December 2022	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVOCI					
Unlisted equity instruments	5(b)	-	11,286		11,286
Derivatives			,		
Hedging derivatives – interest rate swaps	5(f)	_		339,259	339,259
Total financial assets		•	11,286	339,259	350,545
mt					
Financial liabilities	=10				
Written call option agreement (CCII)	5(f)	-		2,219	2,219
Trading derivatives	5(g)	_	676,325	-	676,325
Total financial liabilities	_	•	676,325	2,219	678,544

There were no changes in the valuation technique for level 3 recurring fair value measurements during the year ended 31 December 2023 and 31 December 2022.

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 that 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.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Financial assets and financial liabilities (continued)

Level 3: If one or more of the significant inputs are 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.

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 the 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 2023 and 31 December 2022:

Assets / (liabilities)	Hedging derivatives – interest rate swaps (ERC)	Hedging derivatives – interest rate swaps (TAQA)	Written call option agreement (CCII)	Unlisted equity instruments (Ostool)	Written call option agreement (NSPO)	Total
Opening balance at 1 January 2022	(220,368)	(73,066)	(2,219)		_	(295,653)
Gains recognised in consolidated profit and loss Gains recognised through other comprehensive	480,409	-	-	•	-	480,409
income	-	112,971	-	<u></u>	-	112,971
Foreign currency translation	53,590	(14,277)	-	-	+	39,313
Closing balance at 31 December 2022	313,631	25,628	(2,219)	-	_	337,040
Transfer from investment in associates (note 2(f))			-	49,979	2	49,979
Amount recognized in equity Losses recognised through consolidated profit	-	-	-	-	1,163,988	1,163,988
and loss Gains recognised through other comprehensive	(262,616)	-	(103)		762,721	500,002
income				2,760	-	2,760
Foreign currency translation	78,431	-	-	(1,892)		76,539
Disposal of subsidiary (recycled to profit or loss)		(25,628)	-	-	2	(25,628)
Closing balance at 31 December 2023	129,446	-	(2,322)	50,847	1,926,709	2,104,680



Notes to the consolidated financial statements For the year ended 31 December 2023

(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 va	lue at	Un-	Range	f Inputs	Valuation	technique	Input	s used	
Description	31 December 2023	31 December 2022	observable inputs *	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	sensitivity analysis
Hedging derivatives – Interest rate swaps (ERC)	129,446	313,631	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 40M.
Written call option agreement (NSPO)	1,926,709	**	Probability of default rate	21.89%	·	Option valuation model Monte Carlo	ř	Risk free interest rate & volatility	(A)	If an observable input changed by 10% this would result in change in fair value by EGP 192.6M.
Unlisted equity instruments (Ostool)	50,847	,	Credit default rate	21.68%	21	Discounted Cash flows	¥	Risk free interest rate & volatility	5¥3	If an observable input changed by 10% this would result in change in fair value by EGP 2.5M.
Interest rate swap contracts – cash flow hedge (TAQA) **	*	25,628	Credit default rate		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 5	-
Written call option agreement	(2,322)	(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 100K.

^{*} 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 2023 and 31 December 2022.

^{**} The Interest rate swap contracts – cash flow hedge for TAQA has been recycled to the consolidated statement of profit or loss due to the disposal of TAQA Arabia.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Financial assets and financial liabilities (continued)

v) Valuation processes

The finance department of the 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.

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 each subsidiary's 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	023	202	!2
	Level 3 fair value	Carrying value	Level 3 fair value	Carrying value
Assets				
Financial assets at amortized cost				
Trade and other receivables	14,877,362	14,877,362	21,543,220	21,543,220
Due from related parties	776,036	776,036	497,719	497,719
Restricted cash	6,927,292	6,927,292	638,722	638,722
Cash and cash equivalents	1,975,005	1,975,005	8,652,942	8,652,942
Total assets	24,555,695	24,555,695	31,332,603	31,332,603



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Financial assets and financial liabilities (continued)

	20)23	202	2
	Level 3 fair value	Carrying value	Level 3 fair value	Carrying value
Liabilities				
Borrowings				
Loans and borrowings	81,456,956	81,456,956	87,573,725	87,573,725
Other financial liabilities				
Trade and other payables	12,154,431	12,154,431	13,384,917	13,384,917
Due to related parties	2,252,603	2,252,603	1,857,138	1,857,138
Total liabilities	95,863,990	95,863,990	102,815,780	102,815,780

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.

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 was 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 2023

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

6. Non-financial assets and liabilities

6(a) Fixed assets

	Freehold	Freehold	Furniture, fittings and	Machinery, barges and	Assets under	
Non-current Section 1997	land	buildings	equipment	vehicles	construction	Total
At 1 January 2022						
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			,		100,011	
Opening net book amount	2,043,542	6,344,522	694,345	54,113,492	783,577	63,979,47
Additions	27,511	32,346	39,251	141,045	1,696,163	1,936,31
Disposals		(23,583)	(12,796)	(74,469)	0.50	(110,848
Disposal of subsidiary - cost	-	-	•	(35,416)	(14,171)	(49,587
Fransfers to right of use assets – cost	-	-	-	(1,816)	(12,732)	(14,548
Fransfers from right of use assets – cost	-	-	-	9,661		9,66
Fransfers to intangible asset – cost	-	•	-	•	(3,222)	(3,222
Fransfers from assets under construction	•	595,281	21,830	557,107	(1,174,218)	
Reclassification building to machinery - cost	9.7	1,816	-	(1,816)		
Foreign currency translation difference – cost	349,427	3,304,383	570,443	34,119,661	101,423	38,445,33
Effect of hyperinflation – cost	14,013	339,121	26,996	4,507,220	2.1	4,887,35
Depreciation expense	(601)	(413,709)	(130,776)	(4,961,755)		(5,506,841
Accumulated depreciation of disposals	-	6,528	12,673	38,415	9.7	57,61
Disposal of subsidiary - accumulated depreciation	-	-	•	16,607		16,60
ransfers from right of use assets – accumulated						
depreciation	20	32	-	(5,996)	-	(5,996
oreign currency translation difference – accumulated						
lepreciation	(595)	(472,929)	(124,972)	(5,861,506)	104,160	(6,355,842
Reclassification building to machinery - accumulated						
depreciation		45	-	(45)	-	
ffect of hyper-inflation – accumulated depreciation	(2,846)	(247,252)	(25,888)	(2,059,972)	-	(2,335,958
mpairment – net		-	-	•	(25)	(25
Net book value at 31 December 2022	2,430,451	9,466,569	1,071,106	80,500,417	1,480,955	94,949,49
At 31 December 2022						
Cost	2,436,147	11,988,695	2,005,171	105,806,728	1,913,797	124,150,53
Accumulated depreciation and impairment	(5,696)	(2,522,126)	(934,065)	(25,306,311)	(432,842)	{29,201,040
Vet book amount	2,430,451	9,466,569	1,071,106	80,500,417	1,480,955	94,949,49
ear ended 31 December 2023						
pening net book amount	2,430,451	9,466,569	1,071,106	80,500,417	1,480,955	94,949,49
Additions	63,441	88,232	84,380	548,099	1,750,946	2,535,09
Disposals	-	(3,739)	(10,088)	(259,729)	-	(273,556
Disposal of subsidiary – cost (note 3(a))	(12,810)	(3,205,305)	(105,743)	(2,068,091)	(1,204,081)	(6,596,030
ransfers to intangible asset – cost	-	-	-	-	(870)	(870
ransfers from assets under construction		280,943	38,438	796,794	(1,116,175)	
ransfers to assets held for sale – cost (note 3(c))	(88,431)	(364,695)	(209,108)	(1,914,897)	(33,916)	(2,611,047
oreign currency translation difference – cost	333,043	2,367,275	361,920	23,476,936	108,987	26,648,16
ffect of hyperinflation – cost	7,565	174,216	12,877	2,368,119	-	2,562,77
Depreciation expense	(734)	(640,481)	(225,858)	(7,545,227)	-	(8,412,300
ccumulated depreciation of disposals	•	1,749	9,319	257,742	-	268,81
oreign currency translation difference – accumulated						
epreciation	(455)	(364,666)	(134,490)	(4,605,320)	•	(5,104,931
isposal of subsidiary - accumulated depreciation (note	2 222					
(a))	2,088	586,831	67,667	622,425	-	1,279,01
ransfer to assets held for sale - accumulated			445 750			
epreciation (note 3(c))	(4.070)	103,423	116,768	843,973	-	1,064,164
ffect of hyper-inflation – accumulated depreciation	(1,039)	(82,309)	(7,841)	(710,342)	4	(801,531
npairment – net	2 722 445	0.400.010	4 000 000	-	(25)	(25
let book value at 31 December 2023	2,733,119	8,408,043	1,069,347	92,310,899	985,821	105,507,229
at 31 December 2023	2 722 225	** 225 555	2477.047	400 000 000		
ost	2,738,955	11,325,622	2,177,847	128,753,959	1,418,688	146,415,071
accumulated depreciation and impairment	(5,836)	(2,917,579)	(1,108,500)	(36,443,060)	(432,867)	(40,907,842
let book value at 31 December 2023	2,733,119	8,408,043	1,069,347	92,310,899	985,821	105,507,229



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Non-financial assets and liabilities (continued)

(i) Depreciation, method used and useful lives

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

	2023	2022
Cost of revenue	7,438,608	4,829,550
General and administration expenses	605,604	336,488
Discontinued operations (note 3(b))	368,088	340,803
	8,412,300	5,506,841

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:

	2023	2022
Net book value for disposal assets	4,746	53,232
Loss on disposal of fixed assets (note 12(b))	(1,165)	(6,248)
Discontinued operations (note 3(b))	· · · · · · · · · · · · · · · · · · ·	(2,414)
Proceeds from sale of fixed assets	3,581	44,570

(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 resulted 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" (Refinery facility)	94,165,623
National Company for Development and Trading "NDT" (Land, machinery & equipment)	6,329,990
Asec for Mining "ASCOM" (Freehold buildings, machinery & equipment)	1,483,233
United Company for Foundries (Land)	72,882



Notes to the consolidated financial statements For the year ended 31 December 2023

(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:

	2023	2022
Energy sector	739,334	1,094,092
Agriculture and food sector	85,763	29,152
Transportation and logistics sector	70,826	71,842
Cement sector	68,302	65,170
Mining sector	18,549	115,388
Financial services sector	3,047	2,386
Packaging and printing sector	· -	69,226
Others	-	33,699
Total	985,821	1,480,955

There was no capitalized interest on projects under construction for the year ended 31 December 2023 (2022: EGP 23,735K).

(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

Useful lives of property, plant and equipment. The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Fixed assets have useful lives ranging between 2 years to 50 years. Management annually assesses the remaining useful lives in accordance with the current technical conditions of the assets and the estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance program; and (c) the technical or commercial obsolescence arising from changes in market conditions. Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2023 would be changed by EGP 841.2M (2022: change by EGP 550.6M).



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Non-financial assets and liabilities (continued)

6(b) Leases

1.	n:_		E	assets
	×10	nt a	T HEA	SCCOTE
	1115		1 UJC	

			Electricity				
Non-current	Land	Buildings	supply	Machinery	Vehicles	Quarry	Total
					7 01110100	danii	10001
Year ended 31 December 2021							
Cost	663,518	614,333	236,788	96,712	15,393	25,714	1,652,45
Accumulated amortization and							
impairment	(70,399)	(99,802)	(31,493)	(32,310)	(6,797)	(3,134)	(243,935
Opening net book amount	593,119	514,531	205,295	64,402	8,596	22,580	1,408,52
Additions of the year	-	246,504	-	4,051	38,919	-	289,47
Disposals		(56,546)	-	(21,377)	(9,219)	(25,370)	(112,512
Fransfer from fixed assets – cost	-	-	-	8,765	5,783	-	14,54
Fransfer to fixed assets - cost	-	-	-	(8,777)	(884)	-	(9,661
Foreign currency translation difference							
- cost	324,501	45,724	136,956	12,493	(5,309)	(344)	514,02
Amortization charged during the year	(41,668)	(66,303)	(22,568)	(13,151)	(13,923)	-	(157,613
Accumulated amortization of disposal	65	34,870	-	13,182	3,332	2,790	54,174
Transfer to fixed assets – accumulated							
amortization	-		*	5,112	884	-	5,99
oreign currency translation difference	********	40					
accumulated amortization	(43,155)	(42,212)	(24,049)	(471)	(406)	344	(109,949
let book value at 31 December 2022	832,797	676,568	295,634	64,229	27,773	-	1,897,00
At 31 December 2022							
Cost	988,019	850,015	373,744	91,867	44,683	* 1	2,348,32
Accumulated amortization and							
mpairment	(155,222)	(173,447)	(78,110)	(27,638)	(16,910)	25	(451,327
Net book amount	832,797	676,568	295,634	64,229	27,773	•	1,897,00
rear ended 31 December 2023							
Opening net book amount	832,797	676,568	295,634	64,229	27,773	-	1,897,00
	, , , , , , , , , , , , , , , , , , , ,				27,110		-,,
dditions of the year	_	101,181	-		2.621	**	103,802
Disposals	-	(198)	-	24	(724)	2	(922
Disposal of subsidiary – cost		(941,153)	-	40	19	40	(941,153
oreign currency translation difference							1/
- cost	221,951	36,329	93,674	(10,835)	1,305	20	342,424
mortization charged during the year	(62,497)	(67,540)	(35,433)	(9,313)	(15,497)	1	(190,280
accumulated amortization of disposals		107	-		453	-1	560
Disposal of subsidiary – accumulated							
mortization	-	205,613	_			29	205,613
oreign currency translation difference							
accumulated amortization	(34,728)	(2,100)	(19,668)	10,811	(1,125)		(46,810)
let book value at 31 December 2023	957,523	8,807	334,207	54,892	14,806		1,370,239
t 31 December 2023	•						_,,
ost	1,209,970	46,174	467,418	81,032	47,885		1,852,479
ccumulated amortization and	, , -		,	,	,		_,,
npairment	(252,447)	(37,367)	(133,211)	(26,140)	(33,079)		(482,244)
let book amount	957,523	8,807	334,207	54,892	14,806		1,370,235



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Non-financial assets and liabilities (continued)

2. Lease liabilities

	2023	2022
Current	194,784	370,616
Non-current	736,182_	1,456,008
	930,966	1,826,624

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:

	2023	2022
Expense related to short term and low value leases (note 13)	257,116	313,740
Interest expense (note 14)	118,744	179,588
Total cash outflow for leases	138,372	134,152

(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 products and EGPC would off-take all the end products produced from the complex except for coke and Sulphur.

In line with the requirements of 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 controls 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 the 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 gives it the ability to influence the economic benefits derived from the use of the asset throughout the period of use.



Notes to the consolidated financial statements For the year ended 31 December 2023

(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

	2023	2022
Borrowing from financial leasing entities (current portion)	77,885	89,615
Borrowing from financial leasing entities (non-current portion)	401,366	686,432
Balance at 31 December 2023	479,251	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. There are no covenants attached to this borrowing.

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 the consolidated statement of profit or loss during the year ended 31 December 2023 amounted to EGP 86.4M.

6(d) Intangible assets

	Computer software	Exploration license and extraction	Plant license	Trademark	Customer	Other licenses	Total
The year ended 31 December 2023	1						
Net book value at 1 January 2023	28,507	1,949	404,357	123,234	108,799	-	666,846
Additions	5,884	2	0	27		3-3	5,884
Transfer from PUC – cost	870		1,0	•	-	-	870
Disposal of subsidiary – cost	(96,244)		1,00	(108,279)	(461,637)	3.40	(666,160)
Foreign currency translation differences				•			
– cost	14,287	2,549	115,168	_	_	-	132,004
Amortization during the year	(18,874)	(2,351)	(22,928)	1.2	(20,267)		(64,420)
Disposal of subsidiary – accumulated	,				, , ,		. , .
amortization	72,450	-	•	59	373,105		445,555
Foreign currency translation differences –	•				.,		
accumulated amortization	(6,657)		(13,878)	-	•	-	(20,535)
Net book value	223	2,147	482,719	14,955		-	500,044
31 December 2023							
Cost	32,544	46,622	574,664	261,233	_	5,101	920,164
Accumulated amortization	(32,259)	(12,197)	(91,945)		100		(136,401)
Accumulated impairment	(62)	(32,278)	-	(246,278)	-	(5,101)	(283,719)
Net carrying value	223	2,147	482,719	14,955	•	-	500,044



Notes to the consolidated financial statements For the year ended 31 December 2023

(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 2022	3(6.5)	801 - Fr					
Net book value at 1 January 2022	36,268	834	267,828	123,234	129,643	-	557,807
Additions	709	1,858	0.80			(4)	2,567
Transfer from PUC – cost	3,222	- 17		-			3,222
Foreign currency translation differences							·
– cost	753		168,379	-	-		169,132
Amortization during the year	(11,692)	(743)	(14,604)		(20,844)	200	(47,883)
Foreign currency translation differences-							
accumulated amortization	(753)		(17,246)	-		¥.	(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)	100	(352,838)		(497,001)
Accumulated impairment	(62)	(32,278)	2-3	(246,278)		(5,101)	(283,719)
Net carrying value	28,507	1,949	404,357	123,234	108,799		666,846

(i) Amortization, method used and useful lives

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

	2023	2022
Cost of revenue	30,298	22,733
General and administration expenses	2,351	743
Discontinued operations (note 3(b))	31,771	24,407
	64,420	47,883

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 of impairment exists. As of 31 December 2023, these customer contracts were derecognized due to the disposal of TAQA Arabia Group.



Notes to the consolidated financial statements For the year ended 31 December 2023

(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 of impairment exists. The Group amortises plant license using the straight-line method over 25 years.

(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. As of 31 December 2023, this amount was derecognized due to the disposal of TAQA Arabia Group.
- Trademark amounted to EGP 14,955 as a result of the acquisition of Falcon for Agricultural Investments Ltd. which 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 2023	Balance as at 31 December 2023
Falcon for Agricultural Investments Ltd. Group-B	VI— Dina Farms	Agriculture and Food Sector	205,570 205,570	205,570 205,570
	Sector	Balance at 1 January 2023	Impairment	Balance at 31 December 2023
Falcon for Agricultural Investments Ltd. Group- BVI – Dina Farms	Agriculture and Food Sector	205,570		205,570
Balance		205,570		205,570



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Non-financial assets and liabilities (continued)

Impairment of non-financial assets

The Group tests the CGU based on the 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.

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, operating costs and estimated profits.

Falcon Dina Farms

Included within the Falcon CGU for Dina Farms is goodwill. The Group tests the Goodwill impairment annually based on the 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, 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 five years. Cash flows beyond the five years 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 of any goodwill.

Assumptions used by the Group when testing the impairment of Dina Farms trademark as at 31 December 2023 and 31 December 2022 are as follows:

	2023	2022
Average gross margin	36.3%	31.9%
Sales growth rate	50.4%	33.5%
Pre-tax discount rate	23.93%	20.56%
Growth rate beyond five years	10%	10%



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Non-financial assets and liabilities (continued)

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 50.4%, a reduction of this growth rate by 1% does not result in an impairment and in management's 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 23.93%, an increase of this discount rate by 4% does not result in an impairment and in management's judgment/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 36.3%, a reduction of this average gross margin by 3% does not result in an impairment and in management's judgement / assessment, it's not reasonable that there will be a change of more than 3%.

Impairment charge

During the year ended 31 December 2023, 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 2023

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

Non-financial assets and liabilities (continued)

6(f) Biological assets

	2023	2022	
Non-current			
Dry and dairy cows	393.591	348,761	
Pregnant heifers	118,444	99,461	
Fruitful fruit gardens and orchards *	-	16,276	
Fruitless fruit gardens and orchards *	-	11,256	
	512,035	475,754	
Current	•	·	
Calfs	37,195	20,003	
Accumulated impairment loss		-	
Net	37,195	20,003	
Total	549,230	495,757	

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.

* The scope of the Egyptian Accounting Standard (35) "Agriculture" has been amended, where fruit-bearing plants related to agricultural activity have been excluded from the scope of the agriculture standard to fall under Egyptian Accounting Standard (10) "Fixed Assets." However, this standard applies to the product that grows on fruit-bearing plants.

Fruit orchards and vineyards are classified as fixed assets. However, crops that grow on trees are classified as biological assets until harvest.

At harvest, fruit is evaluated at fair value minus the selling cost. Changes in the fair value of livestock are included in the profit or loss statement.

Costs such as feed, labor, maintenance, and veterinary services are included as expenses when incurred. The cost of purchasing livestock, along with transportation costs, is capitalized as part of biological assets.

(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, breeds 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, and 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.

Significant estimates and judgement

Estimates and judgements in determining the fair value of cows relate to market prices, average weight and quality of animals, and mortality rates.

The cows grow at different rates and there can be a considerable spread in the quality and weight of animals that affects the price achieved. An average weight is assumed for the slaughter sheep livestock that are not yet at marketable weight.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Non-financial assets and liabilities (continued)

(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:

	2023	2022
Balance as at 1 January	475,754	352,157
Additions	184,997	
Gains resulted from the change in fair value less cost to sell	67,795	207,253
Decrease due to sales	(223,755)	(83,564)
Disposals	•	(38)
Foreign currency translation	7,244	(54)
Balance	512,035	475,754

(iv) Financial risk strategy

The Group prices exposure for financial risks resulted from prices changes of dairy cattle and the Group did not expect a 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 takes into consideration the effective risk management when needed. See note 26(b)(ii) for price risk management.

6(g) Deferred tax balances

(B) Deterred tax parametes	30	20		
	20	23	2022	
	Asset	Liabilities	Asset	Liabilities
Provisions	(98,225)		(115,452)	-
Fixed assets**	(633)	11,266,776	-	8,438,649
Hedge Reserve – Swap contracts	-	29,125	-	76,127
Carried forward losses*	(5,211,747)	4	(6,156,940)	
Right of use assets	-	-	(13,925)	-
Others	(108,884)	12,383	(15,740)	143,535
Total	(5,419,489)	11,308,284	(6,302,057)	8,658,311
Net deferred tax liabilities		5,888,795		2,356,254

The movement of net deferred tax liabilities are as follows:

	2023	2022
Balance as of January 1	2,356,254	109,115
Charged to the consolidated statement of profit or loss (note 16(a))	3,221,273	1,916,728
Charged to the consolidated statement of other comprehensive income	(30,889)	(28,357)
Disposal of subsidiary	(73,450)	(==,==,
Transfer to liabilities associated with assets held for sale	(123,201)	
Discontinued operations	6,129	7,997
Foreign currency translation differences	532,679	350,771
Net deferred tax liabilities	5,888,795	2,356,254



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Non-financial assets and liabilities (continued)

Significant estimates

* The deferred tax assets include an amount of EGP 5.21 billion which relates to carried forward tax losses of Orient group, 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 subsidiary is expecting to generate taxable income from 2023 onwards. The losses can be carried forward for 5 years and would expire by 2028. The Group has unrecognised carry forward tax losses as of 31 December 2023 amounting to EGP 1 billion (31 December 2022: EGP 3.7 billion) and the related deferred tax assets amounted to EGP 245.5 million (31 December 2022: EGP 845 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. Starting the year 2022, in light of 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 previous 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 in the estimate 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 from 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.

6(h) Inventories

	2023	2022
Raw materials	3,796,288	3,580,471
Spare parts	1,859,881	1,219,571
Work in process	852,916	615,449
Finished goods	387,901	396,758
Heifers	126,348	136,734
Goods in transit*	475.096	229,205
Packing materials	53,805	22,785
Oil and lubricants	8.044	232,509
Others	71,957	120,178
Total	7,632,236	6,553,660
Less: Write-down of inventory provision	(190,263)	(204,258)
Net	7,441,973	6,349,402

^{*} Goods in transit includes open letter of credit amounting to EGP 363 M (2022: EGP 228 M).



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Non-financial assets and liabilities (continued)

The movement of the inventory provision was as follows:

	2023	2022
Balance at 1 January	204,258	167,100
Formed during the year	4,000	69,981
Used during year	2.	(153)
No longer required	(8,384)	(65,069)
Transfer to assets classified as held for sale	(10,497)	
Disposal of subsidiary	(8,499)	
Discontinued operations	392	5,819
Foreign currency translation differences	8,993	26,580
	190,263	204,258

Inventories recognised as an expense in cost of sales during the year ended 31 December 2023 amounted to EGP 3.8B (2022: EGP 2.7B).

6(i) Provisions

	Provision	Legal	Other	
	for claims*	provisions	provisions*	Total
Balance at 1 January 2022	2,178,188	6,659	1,252,102	3,436,949
Provisions formed (Note 12 b)	462,780	326	281,148	744,254
Provisions used	(310,354)	(766)	(19)	(311,139)
Provisions no longer required (Note 12 b)	(47,416)	-	(190,791)	(238,207)
Discontinued operations	218,923	-	-	218,923
Foreign currency translation	153,843	2,552	435,473	591,868
Balance at 31 December 2022 and 1 January 2023	2,655,964	8,771	1,777,913	4,442,648
Provisions formed (Note 12 b)	210,092	4,302	438,960	653,354
Provisions used	(304,855)	(102)	(832,748)	(1,137,705)
Provisions no longer required (Note 12 b)	(42,973)	(1,141)	(39,102)	(83,216)
Transfer to liabilities associated with assets			,	, , ,
classified held for sale	(136,265)	-	-	(136,265)
Disposal of subsidiary	(399,845)	- 2		(399,845)
Discontinued operations	58,029		-	58,029
Foreign currency translation	103,877	2,022	472,858	578,757
Balance at 31 December 2023	2,144,024	13,852	1,817,881	3,975,757

^{*}The provisions for claims and other provisions 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 the nature of uncertainty position of maturity dates.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Non-financial assets and liabilities (continued)

Significant estimates

Provisions are related to claims expected to be made by third parties in connection with the Group's operations. Provisions are 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

0,		
	2023	2022
Balance at 1 January	568,231	223,137
Income tax for the year (Note 16)	153,341	187,876
Income tax paid during the year	(307,259)	(136,139)
Withholding tax paid	(156,505)	(138,071)
Disposal of subsidiary	(303,253)	
Transfer to liabilities associated with assets held for sale	(191,456)	-
Discontinued operations	467,095	436,990
Foreign currency translation differences	(7,418)	(5,562)
	222,776	568,231

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 compared with ordinary shares 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
Olayan 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 2023

(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

	Shareholders' reserve	Shareholders' balance	Fair value- financial assets through OCI	Foreign currency translation differences	Other reserves	Hedging reserve	Total
Balance at 1 January 2022	(1,331,032)		6,860	2,398,551	(149,744)	(20,583)	904,052
Revaluation of financial assets	• • • •		-,	_,,	(200,770,	(=0,000,	55 1,552
at fair value through OCI	-	-	(235)	-	-	-	(235)
Foreign currency translation							
differences	(769,855)	-	-	2,127,440	-	-	1,357,585
Transactions with non-							
controlling interests	-	-	-	-	(26,884)	-	(26,884)
Hedge risk in interest rates of swap contracts	-	_	_		_	28,347	28,347
Balance at 31 December 2022						20,047	20,047
and 1 January 2023 Revaluation of financial assets	(2,100,887)	-	6,625	4,525,991	(176,628)	7,764	2,262,865
at fair value through OCI Foreign currency translation	-	-	(1,457)	-	-	-	(1,457)
differences	(526,561)	_	_	2,540,210	_	-	2,013,649
Shareholders' balance (ii)	-	(639,457)	-	-,5 (0,225	_	_	(639,457)
Fransactions with non-		, , ,					(000) (00)
controlling interests	-	-	-	-	2,423,835	-	2,423,835
Disposal of subsidiary			-	(419,505)	(54,308)	(7,764)	(481,577)
Balance at 31 December 2023	(2,627,448)	(639,457)	5,168	6,646,696	2,192,899	-	5,577,858

(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.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Equity (continued)

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.

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 2023: USD 85.05 million. Until the loan is repaid, the shares will continue 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 has 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.

The reserve is in substance a loan to EGPC and therefore it is translated to EGP using closing exchange rates.

(ii) Shareholders' balance

On 6 July 2023, Qalaa's ordinary general assembly approved the authorization of Qalaa's Board of Directors to transfer 11.45% of Qalaa's Group shares in TAQA Arabia to fully owned subsidiaries. These subsidiaries would then be transferred to third parties, based on the independent financial advisor's report issued in April 2023 (which valued 100% of TAQA Arabia Company's shares at 12.03 billion Egyptian pounds) and the value of these shares will be due from Citadel Capital Partners Ltd. (CCP), Qalaa's main shareholder. This liability would be recorded as a current debit account for the benefit of Qalaa, and to allocate any profits, from the annual management fees amounting to 10% of the consolidated net profit of the company, in addition to any other distributions in accordance with the company's articles of association, to be payable to CCP, until the balance of the current debit account is fully settled.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Equity (continued)

In December 2023, Qalaa's fully owned subsidiary transferred ownership of its shares in Nile Energy Ltd., which owns 101,426,535 shares representing 7.5% of TAQA Arabia SAE shares with a fair value of EGP 902.6 million to Emirates International Investment Company, this amount becomes due from CCP in favor of Qalaa. Additionally, the transfer of Stratford Investments Ltd. shares, which owns 53,417,975 shares representing 3.95% of the shares of TAQA Arabia SAE with a fair value of 475.4 million Egyptian pounds to Cape Collard. The obligation to pay this amount becomes due from CCP, in favor of Qalaa. These liabilities were recorded as a shareholder credit balance amounting to EGP 1,378 billion. The due from CCP has been offset by CCP's management fees of EGP 864.6 million, based on 10% of the consolidated net profit for the year ended 31 December 2023 allocated to the owners of the parent company. The management has classified this amount as an equity balance rather than a financial asset due to the fact that there will be no future cash flows associated with the balance and it will rather be settled from the future dividends and future due management fees.

(iii) 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.

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

	TAQA	Total
Balance at 1 January 2023	7,764	7,764
Disposal of subsidiary	(7,764)	(7,764)
Balance at 31 December 2023	•	•

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 2022	(58,220)
Add:	•
Change in fair value of hedging instrument recognized in OCI Less:	112,971
Deferred tax	(25,864)
Translation	(5,487)
Ending balance 31 December 2022	23,400
Add:	
Change in fair value of hedging instrument recognized in OCI	-
Less:	
Disposal of subsidiary	(23,400)
Closing balance 31 December 2023	



Notes to the consolidated financial statements For the year ended 31 December 2023

(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.

The below sectors offer different products and services and are managed separately based on the Group's management and internal reporting structure as such these are considered different segments. There are no aggregations in the segment.

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 produces 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 barge 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's 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 for Financial Investments 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).



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

Segment information (continued)

Packaging and printing sector

Qalaa for Financial Investments invests 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.

Financial services sector

Qalaa for Financial Investments and its subsidiaries within this sector invest in various sectors including energy, cement, transportation and logistics, mining, agriculture food industries, and Packaging and printing. Some of the wholly owned subsidiaries have acquired debts to finance ERC and other operational companies within the group.

The following summary describes the entities of each reportable segment:



Notes to the consolidated financial statements For the year ended 31 December 2023

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

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 Group (ASCOM)

Packaging and Printing Sector:

• Grandview Investment Holding

Cement Sector

 National Company for Development and Trading Group

Others:

- United Foundries Company
- Asec Trading



Notes to the consolidated financial statements For the year ended 31 December 2023

_(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 o	f revenue reco	enue recognition	
31 December 2023	Segment revenue	segment revenue	external customers	At a point in time	Over time	Total	
Energy	87,649,359		87,649,359	87,649,359	-	87,649,359	
Cement	3,822,002	-	3,822,002	3,088,182	733,820	3,822,002	
Agriculture food industries	1,948,287	_	1,948,287	1,948,287	-	1,948,287	
Mining	1,920,240	-	1,920,240	1,920,240	-	1,920,240	
Transportation and logistics	581,637	-	581,637	581,637	-	581,637	
Other	1,210,436	(634)	1,209,802	1,209,802	-	1,209,802	
	97,131,961	(634)	97,131,327	96,397,507	733,820	97,131,327	

		Inter-	Revenue from	Timing o	f revenue reco	gnition
31 December 2022 (restated*)	Segment revenue	segment revenue	external customers	At a point in time	Over time	Total
Energy	74,750,168	_	74,750,168	74,750,168	-	74,750,168
Cement	4,583,441	-	4,583,441	4,304,443	278,998	4,583,441
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
Other	421,355	(3,819)	417,536	417,536	-	417,536
	82,780,162	(62,050)	82,718,112	82,439,114	278,998	82,718,112

The Group is domiciled in Egypt. The amount of its revenue from customers in Egypt was EGP 93.4 billion (2022: EGP 78.1 billion) representing 96.23% (2022: 94.43%) of the total consolidated revenue. Revenue generated from outside Egypt is substantially derived from the operations in Sudan.

^{*} The prior period segment reports have been restated to reclassify revenue from external customers of EGP 10.7B and EGP 4.2B for TAQA Arabia and Grandview respectively, which have been disclosed under discontinued operations. Please refer to note 3.

31 December 2022	Segment revenue (as previously issued)	Reclassified to discontinued operations	Revenue from external customers (restated)
Energy	85,478,004	(10,727,836)	74,750,168
Packaging & printing sector	4,270,998	(4,270,998)	•



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Segment information (continued)

8(c)Segment assets

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

		20	23			20	22	
Segment assets	Current assets	Non-current assets	Investment in associates	Total assets	Current assets	Non-current assets	Investment in associates	Total assets
Energy*	27,718,384	99,307,532	4,341,837	131,367,753	30,521,881	96,005,809		126,527,690
Financial services	11,831,411	27,810,463	157,667	39,799,541	11,982,203	22,850,267	139,171	34,971,641
Cement	6,883,576	7,201,873	300,485	14,385,934	4,073,827	5,683,964	365,013	10,122,804
Mining	2,738,493	2,459,851	-	5,198,344	850,493	1,244,913	124,834	2,220,240
Packaging &								
printing sector **	4,951,572	-	-	4,951,572	3,046,194	1,254,632	103,168	4,403,994
Agriculture food								
industries	784,455	1,421,029	-	2,205,484	550,462	1,279,066	**	1,829,528
Transportation								
and logistics	360,938	862,253	-	1,223,191	276,888	714,133	49,979	1,041,000
Other	767,876	208,210	-	976,086	705,741	67,180		772,921
	56,036,705	139,271,211	4,799,989	200,107,905	52,007,689	129,099,964	782,165	181,889,818
Eliminations	(17,151,490)	(22,228,541)	(104,686)	(39,484,717)	(13,458,096)	(23,435,451)	(113,604)	(37,007,151)
Total	38,885,215	117,042,670	4,695,303	160,623,188	38,549,593	105,664,513	668,561	144,882,667

The total of non-current assets other than financial instruments and deferred tax assets located in Egypt represents 94.5% (2022: 95.14%) of the total consolidated assets of the Group.

The additions to non-current assets during the year ended 31 December 2023 amounting to EGP 2.5 billion (2022: EGP 1.9 billion) includes an amount of EGP 1.8 billion (2022: EGP 1.3 billion) related to the energy segment and EGP 697 million (2022: EGP 546 million) related to the remaining sectors.

^{*} The assets of the energy sector in 2022 include TAQA which is classified as an associate as of 31 December 2023. Please refer to note 2(f).

^{**} Included in the packaging and printing sector an assets classified as held for sale amounting to EGP 4.8 billion.



Notes to the consolidated financial statements For the year ended 31 December 2023

(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 consolidated financial statements. These liabilities are allocated based on the operations of the segments.

	HILIDOS NO.	2023			2022	
		Non-			Non-	
	Current	current	Total	Current	current	Total
Segment liabilities	liabilities	liabilities	liabilities	liabilities	liabilities	liabilities
Energy *	60,178,600	11,822,958	72,001,558	70,057,112	12,674,427	82,731,539
Financial services	45,622,170	885,298	46,507,468	35,408,231	1,283,418	36,691,649
Cement	13,549,208	8,656,956	22,206,164	10,594,782	5,217,845	15,812,627
Agriculture food industries	4,343,867	483,680	4,827,547	3,425,796	425,245	3,851,041
Mining	2,057,415	1,600,924	3,658,339	1,334,808	1,171,842	2,506,650
Packaging & printing sector **	3,399,184	_	3,399,184	2,629,115	647,923	3,277,038
Transportation and logistics	2,685,174	93,537	2,778,711	2,334,998	86,263	2,421,261
Other	1,839,941	485,860	2,325,801	1,510,932	361,813	1,872,745
	133,675,559	24,029,213	157,704,772	127,295,774	21,868,776	149,164,550
Elimination	(27,193,499)	(9,832,443)	(37,025,942)	(20,659,133)	(5,993,546)	(26,652,679)
Total	106,482,060	14,196,770	120,678,830	106,636,641	15,875,230	122,511,871

^{*} The liabilities of the energy sector in 2022 include TAQA which is classified as an associate as of 31 December 2023. Please refer to note 2(f).

8(e) Segments operating profits, depreciation and amortization and net finance costs

31 December 2023	Operating profit	Depreciation and amortization	Net finance costs
Energy	15,104,268	7,271,182	5,116,469
Cement	929,665	615,164	1,234,509
Mining	423,745	171,019	142,096
Agriculture food industries	567,710	67,620	127,807
Transportation and logistics	341,605	58,684	92,978
Financial services	-	9,119	114,451
Other	187,046	5,479	45,450
	17,554,039	8,198,267	6,873,760
Eliminations	-	11,978	(40,916)
Total	17,554,039	8,210,245	6,832,844

^{**} Included in the packaging and printing sector liabilities associated directly with held for sale amounting to EGP 3.3 billion.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Segment information (continued)

31 December 2022 (Restated)	Operating profit	Depreciation and amortization	Net finance costs
Energy	25,022,962	4,644,386	2,815,489
Cement	707.647	470,993	1,069,648
Mining	146,845	109,200	7,125
Agriculture food industries	304,918	53,172	69,739
Transportation and logistics	174,194	57,220	111,549
Financial services		9,250	139,772
Other	145,748	4,296	63,504
	26,502,314	5,348,517	4,276,826
Eliminations	-	19,453	(27,822)
Total	26,502,314	5,367,970	4,249,004



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Profit or loss

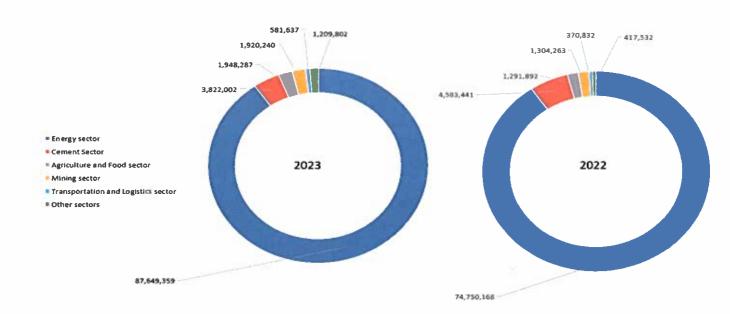
9. Revenue

	2023	2022
Energy sector	87,649,359	74,750,168
Cement Sector	3,822,002	4,583,441
Agriculture and Food sector	1,948,287	1,291,872
Mining sector	1,920,240	1,304,263
Transportation and Logistics sector	581,637	370,832
Other sectors *	1,209,802	417,536
	97,131,327	82,718,112

Revenue from other sectors include revenues amounting to EGP 537.8 million (2022: EGP 8 million) from Asec Trading.

9(a) Segment revenue

The energy segment drives majority of revenues from external sales as it contributes more than 90% of sales during the year ended 31 December 2023 after the full operation of the refinery. Below are segment revenues after the 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 2023

(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:

	2023	2022
Current contract assets relating to construction contracts (note 5(a))	124,640	201,248
Total contract assets	124,640	201,248
	2023	2022
Contract liabilities – construction contracts (note 5(e))		769,138
Contract liabilities – others (note 5(e))	2,364,507	729,232
Total current contract liabilities	2,364,507	1,498,370

(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:

	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year	123,782	769,138
Revenue recognised from performance obligations satisfied in previous	•	•
years	<u> </u>	-

(iii) The significant changes in contract assets and liabilities are related to the collections received from the customers against the services that will be rendered by the Group.

10. Cost of revenue

	2023	2022
A) Cost of revenue by segment		
Energy sector	72,545,091	49,727,206
Cement Sector	2,892,337	3,875,794
Mining sector	1,496,495	1,157,418
Agriculture and Food sector	1,380,577	986,954
Transportation and Logistics sector	240,032	196,638
Other sectors	1,022,756	271,788
	79,577,288	56,215,798



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Cost of revenue (continued)

	2023	2022
B) Cost of revenue		
Manufacturing materials	62,316,034	44,470,825
Depreciation and amortization	7,511,467	4,931,004
Electricity and utilities supplies	2,573,553	2,833,079
Wages, salaries, and other staff costs	1,909,145	1,427,331
Supplies	699,725	730,446
Insurance	571,931	435,081
Low value and short-term rents	189,181	270,668
Maintenance	45,706	151,852
Fuel and lubricants	43,075	29,282
Travel and accommodation	20,096	23,953
Professional and consultancy fees	17,257	17,999
Transportation and vehicles	15,413	1,774
Penalties	5,395	5,247
IT Supplies	7,450	3,620
Tools and equipment	473	436
Others *	3,651,387	883,201
	79,577,288	56,215,798

^{*} Others mainly represent freight expenses, inspections and consumables.

11. General, administrative, selling and marketing expenses

	2023	2022
a) General and administrative expenses		
Wages, salaries and in- kind benefits	1,059,187	695,207
Management fees	863,462	-
Depreciation and amortization	679,787	420,303
Professional and consultancy fees	250,766	199,652
Insurance	249,314	201,521
Low value and short-term rents	59,935	40,539
Donations	52,478	14
IT supplies	45,473	38,844
Transportation and vehicles	21,514	11,994
Supplies	15,022	26,265
Penalties	5,189	2,122
Maintenance	1,653	2,018
Electricity and utilities supplies	800	1,344
Other	371,424	327,444
	3,676,004	1,967,267



Notes to the consolidated financial statements For the year ended 31 December 2023

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

General, administrative, selling and marketing expenses (continued)

	2023	2022
b) Selling and marketing expenses		
Advertising and public relations	190,997	313,549
Wages, salaries and in- kind benefits	77,471	64,371
Depreciation and amortization	18,991	16,663
Transportation and vehicles	17,046	21,375
Low value and short-term rents	8,000	2,533
Travel and accommodation	2,010	1,725
Other	65,653	20,596
	380,168	440,812

12. Net impairment of financial assets and other operating expenses

	2023	2022
a) Net impairment of financial assets		
Impairment of bank accounts formed (Note 5(d))	-	6,821
Impairment of bank accounts no longer required (Note 5(d))	(1,250)	-
Impairment of due from related parties formed (Note 21(a))	1,743	2,480
Impairment of due from related parties no longer required (Note 21(a))	(4,889)	(1,687)
Impairment of trade receivables and other debit balances formed (Note 26(b))	, , ,	
(Note 5(a))	714,781	291,256
mpairment of trade receivables and other debit balances no longer		
required (Note 26(b))	(259,213)	(79,630)
Others	(3,863)	4,260
	447,309	223,500

	2023	2022
b) Other losses		
Net change in the fair value of liabilities at fair value through profit and loss		
(Note 5(g))	24,370	7,917
Loss / (gain) on sale of fixed assets (Note 6(a))	1,165	6,248
Impairment of fixed assets – net (Note 6(a))	(25)	(25)
loss on sale of biological assets	31,959	32,752
Impairment of inventory – net (Note 6(h))	(4,384)	4,912
Provisions formed (Note 6(i))	653,354	744,254
Provisions no longer required (Note 6(i))	(83,216)	(238,207)
Net change in financial asset fair value change through profit or loss (Note		
5(c)(ii)) (Note 5(f)(iv))	(276,002)	-
Export subsidy revenue *	(95,349)	(110,352)
Others	73,393	(153,318)
	325,265	294,181

^{*} Export subsidies represents the government subsidy on the export sales for the Group and it is recognized as a percentage of the exported goods.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

13. Expenses by nature

	2023	2022
Cost of revenue (Note 10)	79,577,288	56,215,798
General and administrative expenses (Note 11(a))	3,676,004	1,967,267
Selling and marketing expenses (Note 11(b))	380,168	440,812
	83,633,460	58,623,877
	2023	2022
Manufacturing materials	62,316,034	44,470,825
Depreciation and amortization	8,210,245	5,367,970
Wages, salaries and other staff costs	3,045,803	2,186,909
Electricity and utilities supplies	2,574,353	2,834,423
Management fees	863,462	12
Insurance	821,245	636,602
Supplies	714,747	756,711
Professional and consultancy fees	268,023	217,651
Low value and short-term rents	257,116	313,740
Promotions, advertisements, gifts, and public relations	222,405	389,298
Transportation and vehicles	53,973	35,143
IT Supplies	52,923	42,464
Donations	52,478	14
Maintenance	47,359	153,870
Fuel and lubricants	43,075	29,282
Travel and accommodation	22,106	25,678
Penalties	10,584	7,369
Tools and equipment	473	436
Others	4,057,056	1,155,492
	83,633,460	58,623,877

14. Finance costs - net

	2023	Restated 2022
C. Hittaria	4-4	4
Credit interest	(525,112)	(94,068)
Gains from restructuring of loans	(1,415,993)	(881,065)
Ineffective portion of cash flow hedge (gain)	•	(480,409)
Net foreign exchange gain	(176,380)	-
Total finance income	(2,117,485)	(1,455,542)
Interest expenses	8,568,866	5,321,330
Ineffective portion of cash flow hedge (loss)	262,719	
Net foreign exchange loss	_	203,628
Lease interest expense	118,744	179,588
Total finance costs	8,950,329	5,704,546
Net	6,832,844	4,249,004



Notes to the consolidated financial statements For the year ended 31 December 2023

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

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

	2023	2022
Ascom Precious Metals (APM)	32,442	12,987
Dar AL Shorouk Company	7,976	(7,674)
Egyptian Company for Solid Waste Recycling (ECARU)	3,969	-
Al Kateb Co for Marketing and Distribution	2,994	
Ostool Transport and Logistics	· -	6,999
Engineering Tasks Group (ENTAG)	-	(4,828)
Zahana Cement Company	(63,606)	9,378
	(16,225)	16,862

16. Income tax

16(a) Income tax expense

	2023	Restated 2022
Current income tax (note 6(j))	153,341	187,876
Deferred income tax (note 6(g))	3,221,273	1,916,728
Net	3,374,614	2,104,604

The below table shows the current and deferred income tax included in discontinued operations:

	2023	Restated 2022
Current income tax (note 6(j))	467,095	436,990
Deferred income tax (note 6(g))	6,129	7,997
Net	473,224	444,987

16(b) Significant estimates

The Group is subject to income tax in several countries. The majority of the Group's operations are concentrated in Egypt and are 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 for estimating tax liabilities in Egypt, the 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.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Income tax (continued)

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:

	2023	Restated 2022
Net profit before tax	8,943,982	19,344,412
Income tax based on tax rate (22.5%)	2,012,396	4,352,493
Expenses not deductible for tax purposes	4,582,995	1,043,599
Income not taxable for tax purposes	(475,284)	(339,104)
Effect of carry forward tax losses	(2,745,493)	(2,952,384)
Income tax expense	3,374,614	2,104,604

16(d) Income tax related to other comprehensive income items

	2023	2022
Items that may be reclassified to profit or loss		
Net foreign currency exchange loss	30,889	54,221
Cash flow hedge	-	(25,864)
Income tax related to other comprehensive income items	30,889	28,357



Notes to the consolidated financial statements For the year ended 31 December 2023

(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

			Restated
	Notes	2023	2022
Cash flows from operating activities		<u> </u>	
Profit for the year before income tax		8,943,982	19,344,412
Adjusted to:			
Depreciation and amortization	13	8,667,000	5,371,534
loss on settlement of lease contract		362	58,338
Impairment in fixed assets – net	12(b)	25	25
Effect of financial assets at fair value through profit or loss	12(a)	486,719	-
Unrealised forex losses		3,711,045	4,087,301
Gains from restructuring of loans	14	(1,415,993)	(881,065)
Impairment of inventory – net	12(b)	(4,384)	4,912
Impairment of due from related parties - net	12(a)	(3,146)	793
Impairment of trade and other receivables - net	12(a)	455,568	211,626
Ineffective portion of cash flow hedge	14	262,719	(480,409)
Gain from sale of associates		(3,067,758)	-
Share of losses / (profits) of investments in associates	15	16,225	15,253
Effect of financial liabilities at fair value through profit or loss	12(b)	24,370	7,917
loss on sale of fixed assets	12(b)	1,165	13,187
Loss on sale of biological assets	12(b)	31,959	32,752
Provisions – net	12(b)	570,138	506,047
Interest expenses	14	8,687,610	4,799,649
Interest income	14	(525,112)	(94,068)
Operating profit before changes in working capital		26,842,494	32,998,204

17(b) Non-cash investing and financing activities

	2023	2022
Transfer from right of use to fixed assets	-	3,665
Transfer from fixed assets to right of use		14,548
Transfer from PUC to intangible assets	870	3,222
Transfer to assets held for sale	1,546,883	· <u>-</u>
Transfer to liabilities associated directly with held for sale	3,373,730	-
Reclassification from lease liabilities to accounts payables	4	50,393
New leases during the year	103,802	239,081
Transfer from investments in associates to financial assets at fair value through		
other comprehensive income	49,979	-
The effective portion of cash flow hedge - net of tax		87,107
The change in fair value of investment at FVOCI		235
Recognition of call option (NSPO)	1,163,988	-



Notes to the consolidated financial statements For the year ended 31 December 2023

(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 2022	65,809,375	2,354,347	22,909	68,186,631
Cash flows	03,603,373	2,334,347	22,303	08,180,031
Loan drawdowns	1,015,803	_		1,015,803
Bank overdraft drawdowns	1,545,435			1,545,435
Proceeds from leasing entities	2,3 13, 133	100,897		100,897
Dividends paid	_	100,057	(435,968)	(435,968)
Repayments of principal	(14,849,969)	(177,625)	(455,500)	(15,027,594)
Interest payments	(843,765)	(88,465)		(932,230)
Non-cash changes	(043,703)	(00,403)		(332,230)
Finance cost	2,617,654	245,762	2	2,863,416
Foreign exchange adjustments	33,160,257	(121,719)	3,934	33,042,472
New leases during the year		289,474	2,354	289,474
Dividends declared	-	,	435,968	435,968
Other	(881,065)	-	.00,000	(881,065)
Balance at 31 December 2022	87,573,725	2,602,671	26,843	90,203,239
Cash flows	,	_,,,,,,,		00,000,000
Loan drawdowns	1,788,685	_	-	1,788,685
Bank overdraft drawdowns	(594,373)	-	-	(594,373)
Proceeds from leasing entities		(296,796)		(296,796)
Dividends paid	-	-	(901,567)	(901,567)
Repayments of principal	(17,020,186)	(44,387)	(,,	(17,064,573)
Interest payments	(1,471,306)	(145,054)	-	(1,616,360)
Non-cash changes	,,,,,	, -,,		(-,,
Finance cost	5,166,919	230,211	-	5,397,130
Foreign exchange adjustments	13,946,727	(131,357)	(9,454)	13,805,916
Disposal of subsidiaries	(6,517,242)	(908,873)		(7,426,115)
New leases during the year	•	103,802	-	103,802
Dividends declared	-	-	901,567	901,567
Other	(1,415,993)	-	•	(1,415,993)
Balance as at 31 December 2023	81,456,956	1,410,217	17,389	82,884,562



Notes to the consolidated financial statements For the year ended 31 December 2023

(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 2023 and 31 December 2022 are as follows:

18(a) ASEC Automation Co.

	2023	2022
Letters of guarantee	12,699	8,541
18(b) ASEC Environmental Protection Co.		
	2023	2022
Letters of guarantee	551	551
18(c) Arab Swiss Engineering Co.		
	2023	2022
Letters of guarantee Letters of credit	4,417 49,844	16,488 11,135
18(d) ASEC for Manufacturing and Industries Project Co.		
	2023	2022
Letters of guarantee	0.7	84,616

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

18(e) ASEC Company for Mining

	2023	2022
Letters of guarantee	75,213	11,054

The uncovered portion of letters of guarantee amounted to EGP 3.08 million (equivalent to US \$100K) issued from banks in favour of ASCOM Carbonate & Chemical Manufacture Company (subsidiary).

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.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

19. Financial assets and liability offset (continued)

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 2023 and 31 December 2022. 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	financial position	Related amounts not offset			
31 December 2023	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 *	27,579,301	(12,701,939)	14,877,362	•	- 1	14,877,362	
Derivative financial assets	3,921,448	-	3,921,448	•	-	3,921,448	
Restricted cash	6,927,292		6,927,292		(6,927,292)		
Total assets subject to offsetting, master netting and similar arrangement	38,428,041	(12,701,939)	25,726,102		(6,927,292)	18,798,810	
Liabilities							
Trade and other payables *	24,856,370	(12,701,939)	12,154,431	-	12	12,154,431	
Derivative financial liabilities	872,189	-	872,189	-		872,189	
Loans and borrowings	81,456,956		81,456,956	_	(6,927,292)	74,529,664	
Total liabilities subject to offsetting, master netting and similar arrangement	107,185,515	(12,701,939)	94,483,576	•	(6,927,292)	87,556,284	

	Effects of offsetting on the financial position			Relat	Related amounts not 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 *	37,345,116	(15,801,896)	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	38,334,383	(15,801,896)	22,532,487		(638,722)	21,893,765		
Liabilities								
Trade and other payables *	29,186,813	(15,801,896)	13,384,917	-		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,	117.470.003	(4F 004 00C)	404 637 406		(600 700)			
master netting and similar arrangement	117,439,082	(15,801,896)	101,637,186		(638,722)	100,998,464		

^{*} 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 2023 and 31 December 2022.



Notes to the consolidated financial statements For the year ended 31 December 2023

(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". Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The related parties comprise the Group's board of directors, their entities, companies under common 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

		Nature of tra	ansactions	Bala	nces
	Nature of	Foreign currency translation			
Name of the Company	relationship	differences	Finance	2023	2022
Golden Crescent Finco Ltd.	Investee *	181,890	-	906.818	724,928
Emerald Financial Services Ltd.	Investee *	155,103	1,104	775,040	618,833
Nile Valley Petroleum Ltd.	Investee *	133,258		665,539	532,281
Benu one Ltd.	Investee *	64,902	-	323,853	258,951
Citadel Capital Partners	Parent	•	481,393	675,846	194,453
Logria Holding Ltd,	Investee *	29,364	4,587	187,711	153,760
Rotation Ventures	Investee *	33,699	-	168,153	134,454
Golden Crescent Investment Ltd.	Investee *	23,621		117,865	94,244
Mena Glass Ltd	Associate	21,273		106,148	84,875
Sphinx International Management	Investee *	233	5,705	40,749	34,811
Visionaire	Investee *	8,125	-	40,544	32,419
Egyptian Company for International	Investee *				
Publication		10,736	-	37,396	26,660
Adena	Shareholder	4,644	32	23,170	18,526
Nahɗa Company – Sudan	Investee *	3,992	2	19,921	15,929
El Kateb for Marketing & Distribution	Associate	-	-	598	598
EIIC	Shareholder	37,147	(185,358)	-	148,211
Allmed Medical Industries	Associate	-	(25,196)	-	25,196
Others		11,643	(77,979)	47,456	113,792
Total		·		4,136,807	3,212,921
Less: Accumulated impairment loss*				(3,360,771)	(2,715,202)
• •				776,036	497,719

^{*} The Group holds less than 20% shareholding in these investments. These investments do not meet the definition of related parties as per the Egyptian Accounting Standards (EAS 15 "Related Party Disclosures"). However, the Group's management has classified these investments as related parties for disclosure purposes only.



Notes to the consolidated financial statements For the year ended 31 December 2023

(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	Foreign currency			Transfer to assets classified as	Balance as of
	1 January 2023	translation	Farmed	Reversal of	held for	31 December
	2023	differences	Formed	impairment	sale	2023
Golden Crescent Finco Ltd.	724,928	181,890	_		-	906,818
Emerald Financial Services Ltd.	618.833	154,907	1,300		-	775,040
Nile Valley Petroleum Ltd.	532,281	133,258	119.1			665,539
Benu One Ltd	258,951	64,902		-	-	323,853
Logria Holding Ltd.	153,760	38,510		(4,559)		187,711
Rotation Ventures	134,454	33,699		1	2	168,153
Golden Crescent Investment Ltd.	94,244	23,621	1.0	120	20	117,865
Mena Glass	84,875	21,273			20	106,148
Visionaire	32,419	8,125	-	×.	-0	40,544
Allmed Medical Industries	25,196	6,315	-	-	(31,511)	· -
Nahda	15,929	3,992		-	2	19,921
Sphinx International Management	4,213	1,048		(330)	-	4,931
Egyptian Company for		•		• 58	-	,
International Publication	406	-	0.50	-		406
Citadel Capital Partners	133	58	443	-		634
El Kateb for Marketing &						
Distribution	60	7.2	-	2		60
EIIC	20	(20)	12	25	0.20	-
Others	34,500	8,648		20	-	43,148
-	2,715,202	680,226	1,743	(4,889)	(31,511)	3,360,771

21(b) Due to related parties

		Nature of trans	Nature of transactions		ices
Name of the company	Nature of relationship	Foreign currency translation differences	Finance	2023	2022
Mena Glass Ltd.	Associate	128,261	-	803,067	674,806
Castrol Egypt	Associate	-	(58,646)	-	58,646
Others		24,420	-	37,014	12,594
				840,081	746,046
Due to shareholders				-	
International Finance	Shareholder in subsidiary				
Corporation	F (a. 2. 7. 2. 4. 7. 7. 2. 4. 7. 7. 7. 7. 7. 7. 7. 7. 7. 7. 7. 7. 7.	137,426	65,929	750,529	547,174
Financial Holding	Shareholder in	·	•		,
International	subsidiaries	97,205	(53,789)	486,728	443,312
El-Rashed	Shareholder in subsidiary	36,117		96,199	60.082
Omran	Shareholder in subsidiary	6,226	4,074	42,844	32,544
Ahmed Heikal	Chairman	31	•	843	812
Others		8,211		35,379	27,168
		-		1,412,522	1,111,092
				2,252,603	1,857,138



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Related party transactions (continued)

21(c) Key management compensation

Key management includes Directors (executive and non-executive), members of the Executive Committee, the Company Secretary and the Head of Internal Audit.

The Group paid EGP 258,719 as salaries and benefits to senior management personnel during the year ended 31 December 2023 (31 December 2022: EGP 182,286). This amount includes the social insurance contribution.

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 11.22% (2022: 9.89%). Outstanding balances are secured and are repayable in cash.

22. Earnings per share

22(a) Basic earnings per share

Basic earnings per share is calculated by dividing the earnings 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.

	2023	2022
From continuing operations attributable to the ordinary equity		
holders of the company	0.641	0.418
From discontinued operation	2.943	0.272
Total basic earnings per share attributable to the ordinary equity		
holders of the company	3.584	0.690

22(b) Reconciliations of earnings used in calculating earnings per share

	2023	2022
Basic earnings per share		
Profit from continuing operations as presented in the consolidated		
statement of profit or loss	5,569,368	17,239,808
(Less): profit from continuing operations attributable to non-controlling		, ,
interests	(4,403,298)	(16,479,223)
Profit from continuing operations attributable to the ordinary equity		
holders	1,166,070	760,585
Profit from discontinued operation	5,357,050	495,702
Profit attributable to the ordinary equity holders of the company used in		
calculating basic earnings per share	6,523,120	1,256,287

The weighted average number of shares during the year was 1,820,000.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

22. Earnings per share (continued)

22(b) Diluted earnings per share

Diluted earnings 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 2023 and 31 December 2022, hence the diluted earnings per share is the same as the basic earnings per share.

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 the Financial Regulatory Authority (FRA) on the plan. On 10 December 2018, Qalaa for Financial Investments' extraordinary general assembly meeting approved the new plan. However, it was not applied due to incomplete procedures to get the FRA's approval.

On 18 January 2023, the Holding Company's extraordinary assembly approved the cancellation of the Employees' Stock Options Plan (ESOP) policy which was presented to the extraordinary assembly on 10 December 2018 and approved the renewed ESOP policy which promises employees, managers, and executive board of directors' members to designate shares as follows:

- Shares equivalent to 5% of the company's issued shares are granted as free shares. The supervisory ESOP committee determines the number of shares allocated to beneficiaries of the system. The duration of this scheme is 6 years starting from the date of approval by the FRA.
- The beneficiary is entitled to the granted shares in three equal instalments over a period of 12 months, at most, after the expiration of the lock-up period, which is 3 years.

These shares are provided through a special reserve, issuance of new shares, transfer of reserve funds, or a portion thereof, or by converting retained earnings into shares, increasing the capital by their nominal value, or purchasing existing shares from the company's shares traded on the Egyptian Stock Exchange as treasury shares, in compliance with the applicable regulations in this regard, and allocating them to the beneficiaries according to the rules outlined in the plan.

On 5 September 2023, the Holding Company obtained the necessary approvals from the FRA for the ESOP. However, the committee meeting to execute the plan has not yet taken place up to date and this was not formally communicated to the employees enrolled in this plan. As a result, the plan remains inactive, and no charges related to share-based payments will be incurred as of 31 December 2023.



Notes to the consolidated financial statements For the year ended 31 December 2023

(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 2023 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 2023

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 2023

- 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 2022

- No inspection was done for that period.



Notes to the consolidated financial statements For the year ended 31 December 2023

(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 Orient Investment Properties Ltd 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)
- Critical judgement with respect to the going concern of the Group note 28(a)(iii)

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.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

26(a) 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:

	2023	2022
United States Dollar 30%	(401,403)	(320,959)
United Arab Emirates Dirham 30%	(1,510)	(1,210)
Sterling Pound 30%	(1,275)	(965)
Syrian Lira 30%	(3,019)	(730)
Sudanese Pound 30%	(816)	(710)
Saudi Arabia Riyal 30%	(24)	(19)
Swiss Franc 30%	(23)	(17)
Jordanian Dinar 30%	57	57
Algerian Dinar 30%	9,967	8,295
Euro 30%	162,012	125,057
Canadian Dollar 30%	282,389	

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

	2023			2022
	Assets	Liabilities	Net	Net
United States Dollar	1,872,911	(3,210,921)	(1,338,010)	(1,069,862)
United Arab Emirates Dirham	232	(5,266)	(5,034)	(4,032)
Sterling Pound	(511)	(3,739)	(4,250)	(3,216)
Syrian Lira	-	(10,062)	(10,062)	(2,432)
Sudanese Pound	-	(2,721)	{2,721}	(140)
Saudi Arabia Riyal	-	(79)	(79)	(63)
Swiss Franc	-	(76)	(76)	(55)
Jordanian Dinar	204	(14)	190	190
Algerian Dinar	33,394	(170)	33,224	1,839
Euro	1,507,975	(967,936)	540,039	416,856
Canadian Dollar	941,297		941,297	

(ii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated statement of financial position either as at fair value through other comprehensive income (FVOCI) (note 5(b)) or at fair value through profit or loss (FVPL) (note 5(c)).

Financial assets at fair value through other comprehensive income 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.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Financial risk management (continued)

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The majority of the Group's equity investments are publicly traded and are included either in the Toronto Stock Exchange or the London Stock Exchange.

Sensitivity

The table below summarises the impact of increases/ (decreases) of these two portfolios on the Group's post-tax profit for the year. The analysis is based on the assumption that the equity indexes had increased by 37% and 41% respectively or decreased by 3% and 18%, with all other variables held constant, and that all of the Group's equity instruments moved in line with the portfolio.

	Impact on post tax profit	
	2023	2022
Allied Gold Corporation – Increase by 37%	348,280	
Allied Gold Corporation – Decrease by 3%	(28,239)	
Commercial International Bank – Increase by 41%	2,041	
Commercial International Bank – Decrease by 18%	(896)	

(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 a fixed rate using interest rate swaps to achieve this when necessary. During the year ended 31 December 2023 and 31 December 2022, the Group's borrowings at variable rates 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:

	2023	% of loans	2022	% of loans
Variable rate borrowings	70,673,836	99.86%	72,134,525	99.4%



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Financial risk management (continued)

Swaps currently in place cover approximately 31% (2022: 18.4%) of the variable loan principal outstanding. The fixed interest rate of the swaps was 2.3475% (2022: range between 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 5.67953% (2022: 5.1869%).

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.

	2023	2022
Interest rate swaps		
Carrying amount (current and non-current)	9,106,499	52,640,175
Notional amount	129,446	8,130,799
Maturity date	20-Dec-2024	20-Dec-2024
Hedge ratio	31%	18.4%
Change in fair value of outstanding hedging instruments since 1 January	262,793	661,457
Change in value of hedged item used to determine hedge effectiveness	17,768,713	15,338,895
Weighted average hedged rate for the year	2.3475%	2.3475%

Cash flow Sensitivity analysis

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

A reasonably possible change of 600 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Fair value sensitivity analysis for variable-rate instruments

	Impact on post to	ax profit
	2023	2022
Interest rate-increase by 6%	482,625	313,636
Interest rates-decrease by 6%	(482,625)	(313,636)

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL, at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Derivatives financial risk management

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.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Financial risk management (continued)

The Group has the following derivative financial instruments:

	2023	2022
Non-current assets		
Derivative financial instruments	1,926,709	-
nterest rate swap contracts – cash flow hedges	-	339,259
Total non-current derivative financial instrument assets	1,926,709	339,259
Current assets		
Interest rate swap contracts – cash flow hedges	129,446	-
Total current derivative financial instrument assets	129,446	-
Non-current liabilities		
Written call option agreement	2,322	2,219
Total non-current derivative financial instrument liabilities	2.322	2,219

(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 consolidated 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.



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(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 2022 in relation to the interest rate swaps.

(iii) Hedging reserves

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

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 2023

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

Financial risk management (continued)

26(b) 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 upon 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 90% 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:

	2023	2022
Trade receivables	13,394,325	20,442,029
Other receivables	3,545,440	2,705,688
Contract assets	124,640	201,248
Due from related parties	776,036	497,719
Restricted cash	6,927,292	638,722
Cash and cash equivalents	1,975,005	8,652,942
	26,742,738	33,138,348

Impairment of trade and other receivables movement represented as follows:

	2023	2022
Balance as of 1 January	1,604,497	1,355,521
Formed during the year	714,781	291,256
No longer required	(259,213)	(79,630)
Utilised during the year	(7,465)	(13,908)
Write off	(901)	• • •
Transfer to assets classified as held for sale	(76,910)	(2)
Disposal of subsidiary	(67,056)	-
Discontinued operations	6,260	(101,173)
Foreign currency translation differences	148,410	152,431
Balance	2,062,403	1,604,497



Notes to the consolidated financial statements For the year ended 31 December 2023

(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

			Days past due	past due	
31 December 2023	Current	< 30 days	Between 31 and 120 days	Credit impaired > 120 days	Total
Effective expected loss rate % (Approximated)	0.10%	0.12%	0.29%	14.15%	
Trade receivables - governmental	1,509,694	6,423,803	1,517,965	2,671,219	12,122,681
Expected credit losses	(1,473)	(7,937)	(4,455)	(377,937)	(391,802)
	1,508,221	6,415,866	1,513,510	2,293,282	11,730,879

			Days past due		
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

II) Trade receivables- Nongovernment

			Days past due				
31 December 2023	Current	< 30 days	Between 31 and 120 days	Credit impaired > 120 days	Total		
Effective expected loss rate % (Approximated)	3.10%	8.90%	12.95%	66.50%			
Trade receivables - nongovernmental	180,719	205,931	676,453	208,541	1,271,644		
Expected credit losses	(5,602)	(18,328)	(87,596)	(138,686)	(250,212)		
_	175,117	187,603	588,857	69,855	1,021,432		



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Financial risk management (continued)

			Days past due		
31 December 2022	Current	Between 31 and < 30 days 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

III) Trade receivables- contract asset

			Days past due		
31 December 2023	Current	< 30 days	Between 31 and 120 days	Credit impaired > 120 days	Total
Effective expected loss rate % (Approximated)			0.2%	98%	
Contract assets	-		110,858	13,782	124,640
Expected credit losses			(218)	(13,564)	(13,782)
			110,640	218	110,858

			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)	(16,925)	(18,480)
	29,178	48,966	29,862	74,762	182,768

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 2023	2022
Balance at 1 January Increase in loan loss allowance recognized in	243,418	247,337	18,480	1,095,262	1,604,497	1,355,521
consolidated profit or loss during the year	364,658	79,266		270,857	714,781	291,256
Unused amount reversed	(200,808)	(18,845)	-	(39,560)	(259,213)	(79,630)
Utilized during the year	-	(1,732)	-	(5,733)	(7,465)	(13,908)
Receivables written off during the year as uncollectible	_	(901)	_		(901)	•
Transfer to assets classified as held for sale	-	(61,794)	_	(15,116)	(76,910)	
Disposal of subsidiary	(57,037)		(4,698)	(5,321)	(67,056)	
Discontinued operations	5,949		. ,	311	6,260	(101,173)
Foreign currency translation differences	35,622	6.881	_	105,907	148,410	152,431
Closing loss allowance at 31 December	391,802	250,212	13,782	1,406,607	2,062,403	1,604,497

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 2023

(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 the 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 2023 or 1 January 2023 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 2023 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	2022
Egyptian government T-bills						
Gross carrying amount- more than 3 month	-	-	347			•
Gross carrying amount-less than 3 month	-	-	120			4,838,697
Credit loss allowance				-		
Carrying amount	•	-	-	-	-	4,838,697

The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2023 is EGP 901K (2022: Nil).

26(c) 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.



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

Financial risk management (continued)

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:

	2023	2022
Floating rate	LIBOR +1.5%	LIBOR +1.5%
Expiring within one year	57M EGP	107M 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 2023 and 31 December 2022, based on contractual payment dates.

	Below six months	From six months to one year	From one year to two years	Above two years
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	-	
Lease Liabilities	173,897	196,719	728,119	1,619,805
Borrowing from financial leasing entities	89,615	-	-	686,432
Derivative financial instruments	-	- 2	2,219	
Financial liabilities at fair value through profit or loss		676,325		
Total	80,721,964	20,901,127	4,335,154	7,772,153
31 December 2023			3	
Borrowings and interest	66,249,060	13,558,373	1,226,959	1,735,257
Frade payables and other credit balances	11,910,837	3,793,110	73,708	104,243
Due to related parties	-	2,252,603	-	
Lease Liabilities	110,284	130,498	368,149	819,001
Borrowing from financial leasing entities	77,885		-	401,366
Derivative financial instruments	-	-	2,322	-
Financial liabilities at fair value through profit or loss	869,867	-	-	-
Total	79,217,933	19,734,584	1,671,138	3,059,867



Notes to the consolidated financial statements For the year ended 31 December 2023

(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, certain borrowings classified within 6 months are repayable on demand. These are set out in detail in note 5(h) 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 2023 and 31 December 2022 is as follows:

	2023	2022
Total borrowings		
Loans and borrowings	81,456,956	87,573,725
Less: Cash and bank balances	(1,975,005)	(8,652,942)
Net borrowings	79,481,951	78,920,783
Equity	39,944,358	22,370,796
Total capital	119,426,309	101,291,579
Net debt to total capital	67%	78%



Notes to the consolidated financial statements For the year ended 31 December 2023

(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

As at 31 December 2023, the Group's current liabilities EGP 106.5 billion (2022: EGP 106.6 billion) exceeded the current assets of EGP 38.9 billion (2022: EGP 38.5 billion) by EGP 67.6 billion (2022: EGP 68.1 billion). This is mainly because certain of the Group's subsidiaries (mainly under the energy sectors) were in breach of their existing debt covenants. Furthermore, some of the subsidiaries have defaulted in the settlement of loan instalments on their due dates which resulted in these liabilities now being repayable on demand. As a result of such breaches and defaults, an amount of EGP 50.9 billion (2022: EGP 52.6 billion) was repayable on demand, where EGP 31.8 billion (2022: EGP 37.8 billion) was related to ERC and EGP 19.1 billion (2022: EGP 14.8 billion) was related to debt at QH level and its wholly owned subsidiaries and a certain debt in the cement sector amounting to EGP 559 million (2022: EGP 454 million). Accordingly, the relevant loans have been classified as current liabilities as of 31 December 2023.

The Group is currently financed by borrowings and bank facilities amounting to EGP 70.77 billion as at 31 December 2023 and has cash and cash equivalents of EGP 8.9 billion most of which is held within the energy sector.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Summary of significant accounting policies (continued)

During the current year, the Group earned a net profit of approximately EGP 11.8 billion for the year ended 31 December 2023 and net inflows from operating cash flows of EGP 10.4 billion. As a result, the Group's accumulated losses have decreased to approximately EGP 21.9 billion as at 31 December 2023 (31 December 2022: EGP 24.7 billion).

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 generate profit which is insufficient to generate sufficient operating cash flows to meet working capital requirements and debt repayment.
- If the Group is unable to remedy breaches of financial or non-financial covenants or the defaulted loans.

Assessment of cash flow forecasts

Management has prepared comprehensive cash flow forecasts for the next five 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.

Management considered the following factors and plans when determining if the Group will continue as a going concern in the next twelve months:

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

Operational Activities

• ERC is a strategic national project with a 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 early January 2022, ERC has benefited from the increase in oil prices caused by 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 13.2 billion, EBITDA of EGP 20.7 billion, and cash inflows from operations of EGP 16.8 billion for the year ended 31 December 2023. Additionally, in July 2023 ERC underwent a planned 17-day production shutdown for the implementation of an overhaul and debottlenecking, which increased production capacity to the tune of 10%.



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Summary of significant accounting policies (continued)

For purposes of the cash flow forecast, it is expected that the cash inflows from ERC will continue to improve the generated positive cash inflows. The cash flow forecast is sensitive to changes in supply and demand of oil as well as prices thereof.

- NDT Sudan, Al-Takamol revenue declined to EGP 1.7 billion in the year ended 31 December 2023 compared to EGP 3.3 billion in the year ended 31 December 2022. This is as a result of Sudan's political turmoil which started in the second quarter of 2023, which saw both its sales and production impacted by the ongoing armed conflict in Sudan. For purposes of the cash flow forecast, it is expected that the cash inflows from Takamol will gradually start improving and generate cash inflows of USD 12 million for the next two years.
- ASCOM and its subsidiaries' revenue increased from EGP 1.3 billion in the year ended 31 December 2022 to EGP 1.9 billion in the year ended 31 December 2023 mostly driven by the impact of the EGP devaluation on the USD denominated businesses such as ACCM and GlassRock. 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. The company is also planning on installing additional production lines to expand its production capacity and meet its planned growth targets, with two ball milling lines already scheduled to start production in Q1 2025 Which will enhance the future positive operating cash flows of the company.
- Falcon Dina Farms Holding Company recorded revenue of EGP 1.9 billion in the year ended 31 December 2023 compared to EGP 1.2 billion in the year ended 31 December 2022. The top-line expansion was driven by improved operations at Dina Farms, as well as ICDP's revenue benefiting from higher selling prices and new product launches, which resulted in an increase in the operating cash flows from a positive cash flow of EGP 31 million in 2022 to positive cash flows of EGP 279 million in 2023. The Company is forecasting an increase in the positive operating cash flows in the coming two years.
- Citadel Capital Transportation Opportunities Ltd. 's revenue increased by 57% compared to last
 year. The company's top-line performance was showing growth driven by improvements across
 all revenue streams, especially in the storage service as it's primarily driven by the company's USDbased contracts; and inland container depot service following the increase in the storage days as
 a consequence of the slowdown brought about by the letter of credit requirements for all imports,
 as well as foreign currency availability issues.

Based on the above, management is confident the Group will continue to generate cash inflows to meet the operational and certain of the liquidity demands on the Group.



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Summary of significant accounting policies (continued)

Liquidity position

As noted, some of the Group's key subsidiaries 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 2023 amounting to EGP 49.6 billion. The Company has been in default with senior lenders since 31 December 2020. The senior debt including interest stood at EGP 31.8 billion as of 31 December 2023, and the remaining outstanding loans include subordinated loans amounting to EGP 10.8 billion which became due on 20 June 2023. Despite the subordinated loans becoming due, they are not defaulted because they can only be repaid after the senior debt is fully repaid. In terms of debt covenants, no covenants were breached starting from 31 March 2023 as ERC became 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 31.8 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 agreed
 to implement a debt restructuring process. It is expected that the negotiations will be finalized
 and concluded before the end of 2024.
- Further, during the year ended 31 December 2023, ERC succeeded in paying USD 578 million to the senior lenders as scheduled debt repayment, repayments of interest, and cash sweep, and USD 5.3 million as a repayment for the working capital facility. This was a result of the cash generated from operations.

Other:

- In the first quarter of 2022, the Group through Citadel Capital for International Investments (a wholly owned subsidiary) has succeeded in settling all the outstanding loan balance amounting to EGP 1.06 billion which was due from the transportation and logistics sector to Arab African international bank and Banque Misr for an amount of EGP 213 million.
- During the year ended 31 December 2023, the Group has settled the outstanding loan due from the cement sector to Arab International Bank, MID Bank, and Industrial Development Bank with a total of EGP 1.4 billion. Also succeeded in restructuring debt for one of its wholly owned subsidiaries.
- During the third quarter of 2023, APM Investment Holdings Limited (APM), a wholly owned subsidiary of ASCOM, sold its 35% stake in Kurmuk Gold Project to Canadian Company Allied Gold Corp. The consideration from the transaction includes the receipt of 11.5 million shares in Allied Gold in favor of APM, at a total value of USD 34.6 million, as well as the payment of USD 65.6 million by Allied Corp to APM. The payment is to be completed in three installments starting September 2024 and ending 30 September 2027 (refer to note 5(a)). This will result in additional funds to settle obligations.



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Summary of significant accounting policies (continued)

• In March 2024, the Group succeeded in signing a debt settlement agreement in relation to debt held in Qalaa Holding amounting to EGP 4.5 billion with Banque Misr, Banque du Caire, Arab African International Bank, and Al Ahli Bank of Kuwait, subject to the final agreement of the other banks participating in the subject loans. The terms of this debt settlement resulted in settlement of the loan against sale of certain assets (note 32). Also, Qalaa Holdings and its related companies signed a debt restructuring agreement with Arab International Bank in April 2024 amounting to EGP 6.1 billion. This resulted in restructuring of debts owed by Qalaa and its related parties for a tenor extending to 2033. The Group is in the advanced stages of settling the remaining overdue debts of EGP 7 billion on the QH level, but these have not yet been completed. Subsequent to the year end, the Group received an acceptance notice in April 2024 from some of the lenders participating in the syndication loan to the proposed debt restructuring scheme for these overdue debts amounting to EGP 7 billion and this is subject to the approval of the general assembly.

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

Other initiatives

- Management will continue to focus on the 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 cash flows, 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 export incentive program, which strengthened the cash flows during the year ended 31 December 2023.

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 2023 have been prepared on a going concern basis.

i. 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.



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Summary of significant accounting policies (continued)

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.

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;
 and
- 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.



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

Summary of significant accounting policies (continued)

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.

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.



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

Summary of significant accounting policies (continued)

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.

(ii) 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.

(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.



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

Summary of significant accounting policies (continued)

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.

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).



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

Summary of significant accounting policies (continued)

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.

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.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Summary of significant accounting policies (continued)

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.

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.



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

Summary of significant accounting policies (continued)

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.

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.



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

Summary of significant accounting policies (continued)

(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).



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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.



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(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 instruments

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.



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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

Expected credit loss (ECL) measurement

ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes.

ECL measurement is based on four components used by the Group: probability of default ("PD"), exposure at default ("EAD"), loss given default ("LGD") and discount rate.



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Summary of significant accounting policies (continued)

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. PD an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof. Expected credit losses are modelled over instrument's lifetime period. The lifetime period is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any.

The ECLs that are estimated by management for the purposes of these consolidated financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

Assessment of the SICR

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis. For other receivables and balances due from related parties, SICR is assessed on an individual basis by monitoring the triggers stated below. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Group's Risk Management Department. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

The Group considers a financial instrument to have experienced an SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For other receivables and balances due from related parties:

- 30 days past due;
- award of risk grade "Special monitoring";
- SICR based on relative threshold based either on external ratings or internal ratings.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Group identified certain key economic variables that correlate with developments in credit risk and ECLs. 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 these have been considered in the assessment of SICR and determination of ECL.



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Summary of significant accounting policies (continued)

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.

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 FVPL is included in the net fair value gains /(losses) on these assets, see note 14. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Dividends income

Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

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.



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Summary of significant accounting policies (continued)

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).

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.



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Summary of significant accounting policies (continued)

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".

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.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Summary of significant accounting policies (continued)

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.

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 2023

(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

The Group's leasing activities and how these are accounted for

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 2023

(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 2023

(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.

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 2023

(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 the option granted to EGPC is recognized 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 2023

(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 Chairman & Founder **Hisham El-Khazindar**Co-Founder & Managing Director

Tarek Elgammal
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 2023

(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.

i. 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.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Summary of significant accounting policies (continued)

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.

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.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Summary of significant accounting policies (continued)

29. Summary of material modifications of the Egyptian Accounting Standards 2023

The Minister of Investment issued Decision No. 883 of 2023 in March 2023, amending some rules of Egyptian accounting standards, which include some new accounting standards and amendments to some existing standards. These amendments were published in the accounting standards in the Official Gazette on 6 March 2023. The most important amendments are summarized as follows, which are implemented for the financial periods beginning on or after 1 January 2023. The Group's management is in the process of evaluating the impact of applying these amendments. Thus, it was not yet implemented by the Group.

"Scope of the Standard" The standard has been altered to include bearer plants. "Measurement" -The option of revaluing fixed assets has been added to the current standardThe fair value of an asset is determined through revaluation and pricing experts who are registered in the Financial Regulatory AuthorityParagraph 20(A) has been added, according to which the Group must	The Group applies the amendments to add the option of using the revaluation model to the financial periods starting on or after 1 January 2023, retroactively, with recording the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus account within equity at the beginning of the financial period in which the Group applies it for
The standard has been altered to include bearer plants. "Measurement" -The option of revaluing fixed assets has been added to the current standardThe fair value of an asset is determined through revaluation and pricing experts who are registered in the Financial Regulatory AuthorityParagraph 20(A) has been added,	amendments to add the option of using the revaluation model to the financial periods starting on or after 1 January 2023, retroactively, with recording the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus account within equity at the beginning of the financial period
"Measurement" -The option of revaluing fixed assets has been added to the current standardThe fair value of an asset is determined through revaluation and pricing experts who are registered in the Financial Regulatory AuthorityParagraph 20(A) has been added,	of using the revaluation model to the financial periods starting on or after 1 January 2023, retroactively, with recording the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus account within equity at the beginning of the financial period
The option of revaluing fixed assets has been added to the current standard. The fair value of an asset is determined through revaluation and pricing experts who are registered in the Financial Regulatory Authority. Paragraph 20(A) has been added,	retroactively, with recording the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus account within equity at the beginning of the financial period
record the proceeds from the sale of any output produced during the delivery of the fixed asset to the condition necessary for it to be operable in the manner intended by the management within the consolidated statement of profit or loss.	the first time.
"Disclosures" Some new disclosures have been added to the re-evaluation model.	
"Scope of the standard" The scope of the intangible asset standard has been modified to include the rights	The Group applies the amendments to add the option to use the revaluation model on the financial periods starting on or after 1 January 2023,
t	he re-evaluation model. Scope of the standard" The scope of the intangible asset standard



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Accounting	and Amondment cummany			
Accounting standard	Amendment summary	Application date		
	"Measurement" - An option to apply the revaluation model for intangible assets has been added The fair value is determined through an estimate made by experts specialized in evaluation and valuation among those registered in a register dedicated to that in the General Authority for Financial Supervision.	the revaluation model first by adding it to the revaluation account within equity at the beginning of the financial period in which the facility applies this model for the first time.		
	"Disclosures" Some new disclosures related to the revaluation model have been added.			
Amendments to the Egyptian Accounting Standard "Fixed Assets and Its Depreciation" No. (10) and the Egyptian Accounting Standard No. (23) "Intangible Assets" related to depreciation and amortization.	This amendment clarifies that it is not permissible to use the depreciation method that depends on the revenues generated from the activity that includes the depreciation of the asset, since the generation of revenues related to the asset reflects factors other than the consumption of the economic benefits related to the asset. It is possible to refute this assumption in limited cases related to intangible assets when there is a close correlation between the volume of revenue and the intangible asset.	Applies to financial periods beginning on or after 1 January 2023.		
Egyptian Accounting Standard No. (34) "Investment property"	"Measurement" - The option of applying the fair value model for property investment has been added. - The fair value is determined by estimation that is carried out by experts specialized in valuation and pricing among those registered in a in the Financial Regulatory Authority.	The Group applies the amendments to add the option to use the fair value model on the financial periods that start on or after 1 January 2023, retroactively, with recording of the cumulative effect to apply the fair value model initially by adding it to the fair value surplus within consolidated statement of changes in equity at the beginning of the financial period in which it is based. The Group applies this model for the first time.		



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Accounting standard	Amendment summary	Application date
Egyptian Accounting Standard No. (36) "Exploration for and Evaluation of Mineral Resources"	"Measurement" The option of using the re-evaluation model has been added, and it is processed according to the re-evaluation model in Fixed Assets Standard No. 10. Re-valuation is to be carried out by experts specialized in valuation and pricing registered in the Ministry of Petroleum. "Disclosure" Some new disclosures have been added to the re-evaluation model.	The Group applies the amendments to add the option of using the revaluation model to the financial periods that start on or after 1 January 2023 retroactively, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus within consolidated statement of changes in equity at the beginning of the financial period in which it is based. The Group applies this model for the first time.
Egyptian Accounting Standard No.(49) "Leases"	"Measurement" The option of the revaluation model was added to all right of use assets, if the right of use asset is related to a category of fixed assets in which the lessee applies the revaluation model contained in Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation". "Disclosures" Some new disclosures have been added regarding the revaluation model in accordance with Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation".	The Group applied the amendments to add the option to use the revaluation model on the financial periods beginning on or after 1 January 2023 retroactively, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus within consolidated statement of changes in equity at the beginning of the financial period in which it is based. The Group applies this model for the first time.
Egyptian Accounting Standard No. (35) "Agriculture"	"Scope of the standard" The scope of the standard has been amended as bearer plants related to agricultural activity have been excluded from the agriculture standard to become under the scope of the fixed assets standard Accounting Standard No. (10), but this standard applies to the product that grows on bearer plants - government grants related to fruit plants have been excluded.	The amendments apply to financial periods beginning on or after 1 January 2023.



Notes to the consolidated financial statements For the year ended 31 December 2023

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

A		A 12 A1 1 A
Accounting standard	Amendment summary	Application date
<u></u>	"Definitions"	
	An amendment to some definitions,	
	whereby the definition of bearer plants	
	was added.	
Egyptian Accounting	The new Egyptian Accounting Standard No.	The application will be available
Standard No. (50)	(50) "Insurance Contracts" replaces the	from 1 July 2024 or from the
"Insurance	adjusted Egyptian Accounting Standard No.	beginning of the annual financial
Contracts"	(37).	
Contracts	(37).	period after 1 July 2024.
	This standard defines the principles for	
	recording insurance contracts that fall	
	within the scope of this standard, and	
	determines their measurement,	
	•	
	presentation, and disclosure. The	
	objective of the standard is to ensure that	
	the entity provides appropriate	
	information that faithfully reflects those	
	contracts. This information provides users	
	of the financial statements with the	
	necessary basis for evaluating the effects	
	of those insurance contracts on the	
	Group's financial position, financial	
	performance, and cash flows.	
	The Group shall apply the accounting	
	standard no. 50 "insurance contracts",	
	·	
	including reinsurance contracts, that it	
	issues; reinsurance contracts it holds; and	
	investment contracts with facultative	
	participation features that the Group	
	issues, provided that the Group also issues	
	insurance contracts.	
Egyptian Accounting	Refer to note 30	
Standard No. (13)	1000000	
"The Effects of		
Changes in Foreign		
Exchange Rates"		
		<u> </u>



Notes to the consolidated financial statements For the year ended 31 December 2023

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

30. Restatement of comparative figures

During the year ended 31 December 2023, the Group's Management applied the optional exceptional accounting treatment of Appendix (C) of Egyptian Accounting Standard No. (13) issued by Ministerial Resolution No. 4706 for the year 2022, which was extended by Ministerial Resolution No. 1847 for the 2023, which allows the recognition of the net foreign currency exchange loss resulted from the movement of foreign currency exchange rates against the Egyptian pound to be included in the consolidated statement of other comprehensive income instead of the consolidated statement of profit or loss.

Accordingly, the Group applied the exceptional accounting treatment by classifying the foreign exchange losses to the accumulated losses at the end of the financial year.

For the purpose of providing relevant and reliable information about the corresponding figures, the Group applied the similar treatment for "Appendix B" of the Egyptian Accounting Standard No. (13) issued by Ministerial Resolution No. 1568 of 2022, which was applied to the foreign currency exchange differences resulting from the outstanding balances denominated in foreign currencies as of 31 December 2022, and this treatment allows the foreign currency exchange differences related to those balances from 1 January 2022 to 31 March 2022 and from 1 October 2022 to 31 December 2022 to be recognized in the consolidated other comprehensive income with net foreign currency exchange loss carried forward to accumulated losses.

The consolidated statement of profit or loss, the consolidated statement of other comprehensive income and the consolidated statement of cash flows for the financial year ended 31 December 2022 have been restated for the purpose of providing relevant and reliable information about the corresponding figures.

The following tables shows the effect on the consolidated statement of profit or loss, statement of other comprehensive income and statement of cash flows for the year ended 31 December 2022:

	31 December 2022			
Consolidated statement of profit or loss	Previously reported	Effect of restatement	Discontinued operations	Restated
Finance costs	(11,256,246)	4,509,201	1,042,499	(5,704,546)
Finance income	2,307,424	-	(851,882)	1,455,542
Income tax expense	(2,495,369)	(54,221)	444,986	(2,104,604)
Net profit for the year	14,289,977	4,454,980		18,744,957

	31 December 2022		
Consolidated statement of other comprehensive income	Previously reported	Effect of restatement	Restated
Net profit for the year	14,289,977	4,454,980	18,744,957
Net foreign currency exchange loss		(4,509,201)	(4,509,201)
Income tax relating to these items	(25,864)	54,221	28,357



Notes to the consolidated financial statements For the year ended 31 December 2023

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

Restatement of comparative figures (continued)

		31 Decem	ber 2022	
Consolidated statement of cash flows	Previously reported	Effect of restatement	Discontinued operations	Restated
Profit for the year before income tax	16,760,467	4,509,201	(1,925,256)	19,344,412
Depreciation and amortization	5,712,337	-	(340,803)	5,371,534
Impairment in investment in treasury bills – net	(16,942)		16,942	
Unrealised forex losses / (gains)	5,401,388	(4,509,201)	3,195,114	4,087,301
Impairment of inventory – net	10,731	3976	(5,819)	4,912
Impairment of trade and other receivables – net	110,453	-	101,173	211,626
Share of (profits) / losses of investments in associates	(4,642)	-	19,895	15,253
loss / (gain) on sale of fixed assets	8,662	_	4,525	13,187
Provisions – net	724,970	-	(218,923)	506,047
Interest expenses	6,515,933	-	(1,716,284)	4,799,649
Interest income	(945,950)	-	851,882	(94,068)

The following table represents the effect on earnings per share in case the Group's management did not apply the optional exceptional accounting treatment of Appendix (C) of Egyptian Accounting Standard No. (13).

	2023	2022
Net profit for the year Weighted average number of shares including preferred shares with	7,273,110	14,289,977
the same distribution rights as ordinary shares	1,820,000	1,820,000
Earnings per share (EGP)	3.996	7.852

31. Significant events

A) The Group had 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



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(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.

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



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(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 2023, 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.



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Significant events (continued)

- C) 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%. The Central Bank increased interest by 100 points, to reach 20.25% instead of 19.25%, and this was by a decision of the Monetary Policy Committee, according to the meeting held on 3 August 2023.
- 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 dispatches in Al Takamol Cement were halted from 17 April 2023 till 2 May 2023 and were resumed on 3 May 2023 albeit at a lower daily average which will affect the revenues 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.
- E) The conflict in Gaza, which erupted on 7 October 2023, had a significant impact on the Egyptian economy as well as consumer trends. The Group conducted an assessment of the key impacts of the conflict on the economy, which included a level of disruptions in the supply chain due to the conflict's impact on navigational routes in the Red Sea. This led to a general increase in shipping prices because of the increase in insurance and shipping costs. The Group was mildly affected by supply chain disruptions during the year ended 2023, as there was a low reliance on the shipment coming through the Red Sea. The Group has taken steps to ensure the Group is not affected in the short term, but due to the uncertainty and liquidity of the situation, the total impact in the medium and long term is undetermined.

32. The subsequent events to the date of the financial statements

A) The Group's functional and presentation currency witnessed significant movements in the year ended 2023, as the Egyptian pound has decreased by 24.4% against foreign currencies. These movements are part of the ongoing liberalisation of the exchange rate regime by the Central Bank of Egypt.

The Monetary Policy Committee of the Central Bank of Egypt decided to raise the interest and lending rates by 200 basis points on 1 February 2024, then by 600 basis points on 6 March 2024. The credit and discount rate were also raised by 600 basis points on 6 March 2024. Note 26(a).

B) On 31 March 2024, Qalaa Holdings announced the closing of an agreement with Financial Holdings International Ltd (FHI), a shareholder in several affiliates of Qalaa, and a creditor to Qalaa and some of its affiliates.

The share purchase and debt assignment agreement settle most of the liabilities owed by Qalaa and certain of its affiliates to FHI and transfers the shareholding of FHI in several Qalaa affiliates to Qalaa.



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

The subsequent events to the date of the financial statements (continued)

Pursuant to the agreement, FHI transfers its shares in some of Qalaa's affiliates to Qalaa including its shares in National Development and Trade Company SAE (NDT, the holding of the ASEC group of companies operating in the cement and related industries sector), and United Company for Foundries SAE, bringing Qalaa's ownership in these two companies to approximately 100%; as well as FHI's shares in Citadel Capital Transportations Opportunities Ltd (CCTO), Qalaa's logistics arm. FHI also discharges most of Qalaa Group's liabilities and obligations and returns all associated collaterals and guarantees. Moreover, it assigns to subsidiaries of Qalaa the debts of:

- National Development and Trade Company with a balance of \$192 million as of 31 December 2023
- United Company for Foundries, with a balance of \$8 million as of 31/12/2023

On 27 March 2024, Qalaa transferred to FHI its indirectly owned shares (27.21%) in National Printing Company SAE (a subsidiary of Grandview), with Qalaa retaining a call option to purchase back this stake within two years.

Furthermore, the two companies signed an agreement giving Qalaa the right, but not the obligation, to buy FHI's stake in ASCOM Mining Company, exercisable between the end of September 2024 and the end of December 2025, with such purchase to be implemented in accordance with the applicable Egyptian Capital Market Law requirements.

This agreement will serve to reduce Qalaa's debt and financing costs, which will reflect positively on Qalaa's financial statements.

- C) Qalaa Holdings has signed a debt settlement agreement with Banque Misr, Banque du Caire, Arab African International Bank and Al Ahli Bank of Kuwait whereby Qalaa settles the entirety of its debts for a total of EGP 4.547 billion against the following:
 - 1) Selling 239,120,667 shares (17.68%) in TAQA Arabia with Qalaa retaining the right to repurchase those shares within five years, and the banks having the right to resell those shares to QH in the sixth year.
 - 2) A registered 60,127 sq.m. land plot overlooking the Nile in Tibeen area.
 - Compensations for variations in exchange rate and stock prices.

Moreover, Qalaa Holdings and its related companies signed a debt restructuring agreement with Arab International Bank through which loans due to AIB will be restructured and settled through the payment of USD 184 million over instalments starting from 2024 till 2033. A variable interest rate equal to SOFR will be applied annually. AIB will also benefit from an enhanced security package.

The Group's management is assessing the impact on the subsequent consolidated financial statements.



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The subsequent events to the date of the financial statements (continued)

D) On 23 February 2021, one of the Group's subsidiaries Arab Swiss Engineering Company (ASEC Engineering) (a subsidiary of NDT Group) filed an arbitration case against one of its customers at the Cairo Regional Centre for International Commercial Arbitration (CRCICA). On 5 September 2022, the arbitral tribunal rendered an award in favour of ASEC Engineering. On 21 April 2024, the two parties agreed that the customer would pay ASEC Engineering a sum of EGP 260M and put their dispute to rest.