QALAA FOR FINANCIAL INVESTMENTS S.A.E. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

Contents

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Limited review report on interim condensed consolidated financial statements

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

Introduction

We have conducted a limited review for the accompanying interim condensed consolidated statement of financial position of Qalaa for Financial Investments (S.A.E.) (the "Company") and its subsidiaries (together the "Group") as of 31 March 2024 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with the Egyptian Accounting Standard 30 "Interim Financial Reporting", and our responsibility is limited to expressing a conclusion on these interim condensed consolidated financial statements based on our limited review.

Scope of the limited review

We have conducted our limited review in accordance with the Egyptian Standard on Limited Review Engagements No. 2410 "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim condensed consolidated financial statements.

Conclusion

In light of our limited review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with Egyptian Accounting Standard 30 "Interim financial reporting".

Emphases of matter

Without qualifying our conclusion, we draw attention to the following matters:

- As described in note (12) to the interim condensed consolidated financial statements, the Group's current liabilities exceeded its current assets by EGP 90.67 billion at 31 March 2024 and it had accumulated losses of EGP 24.14 billion as at that date. In addition, as at 31 March 2024, some of the Group's subsidiaries were in breach of certain debt covenants and had defaulted in settling the loan instalments on some of their borrowings on the respective due dates. These events and conditions along with other matters disclosed in note (12) to the interim condensed 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 interim condensed consolidated financial statements do not include the adjustments that would be necessary if the Group were unable to continue as a going concern.

To the Board of Directors of Qalaa for Financial Investments (S.A.E.)
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- Note 11(b) to the interim condensed consolidated financial statements sets out the key considerations and critical accounting judgements applied by management in concluding that the Egyptian Refining Company ("ERC") should be consolidated by the Group. Should these considerations and judgements change, the Group may need to deconsolidate ERC.

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17 September 2024
Cairo

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

Interim condensed consolidated statement of financial position - As of 31 March 2024

	Note	31 March 2024	31 December 2023
Non-current assets			
Fixed assets	7(a)	156,549,448	105,507,229
Right of use assets	7(b)	2,024,752	1,370,235
Intangible assets		747,070	500,044
Goodwill		205,570	205,570
Biological assets		780,583	512,035
Investments in associates and joint ventures	5	6,665,576	4,695,303
Financial assets at fair value through other comprehensive income		70,949	57,916
Financial asset at fair value through profit or loss	6(f)	843,272	543,719
Derivative financial instruments	6(d)(iii)	1,475,966	1,926,709
Trade and other receivables		1,864,852	999,724
Deferred tax assets		7,802,893	5,419,489
Total non-current assets		**179,030,931**	**121,737,973**
Current assets			
Inventories	7(d)	11,346,603	7,441,973
Biological assets		162,422	37,195
Trade and other receivables		24,066,360	15,447,227
Due from related parties	8(a)	345,612	776,036
Financial assets at fair value through profit or loss	6(f)	1,668,868	1,321,574
Derivative financial instruments	6(d)(iii)	130,423	129,446
Restricted cash	6(e)	9,925,552	6,927,292
Cash and cash equivalents		9,006,034	1,975,005
		56,651,874	**34,055,748**
Assets classified as held for sale	4(d)(i)	26,154	4,829,467
Total current assets		**56,678,028**	**38,885,215**
Total assets		**235,708,959**	**160,623,188**
Equity			
Paid-up capital		9,100,000	9,100,000
Legal reserve		89,578	89,578
Reserves		5,920,407	5,577,858
Accumulated losses		(24,142,454)	(21,874,092)
Total equity attributable to owners of Qalaa for Financial Investments		**(9,032,469)**	**(7,106,656)**
Non-controlling interests		74,234,583	47,051,014
Total equity		**65,202,114**	**39,944,358**
Non-current liabilities			
Loans and borrowings	6(a)	2,381,985	1,649,523
Lease liabilities		823,455	736,182
Borrowing from financial leasing entities	6(b)	448,480	401,366
Deferred tax liabilities		17,513,914	11,308,284
Trade and other payables		1,987,693	99,093
Derivative financial instruments	6(d)(iii)	2,322	2,322
Total non-current liabilities		**23,157,849**	**14,196,770**
Current liabilities			
Provisions	7(c)	5,733,316	3,975,757
Trade and other payables		22,873,268	15,703,947
Due to related parties	8(b)	3,073,896	2,252,603
Loans and borrowings	6(a)	113,870,371	79,807,433
Lease liabilities		152,634	194,784
Borrowing from financial leasing entities	6(b)	79,777	77,885
Financial liabilities at fair value through profit or loss	6(g)	1,289,774	869,867
Current income tax liabilities		271,082	222,776
		147,344,118	**103,105,052**
Liabilities directly associated with assets held for sale	4(d(ii)	4,878	3,377,008
Total current liabilities		**147,348,996**	**106,482,060**
Total liabilities		**170,506,845**	**120,678,830**
Total equity and liabilities		**235,708,959**	**160,623,188**

The accompanying notes on pages 8 - 44 form an integral part of these interim condensed consolidated financial statements.
Limited review report attached.

Tarek El Gammal
Chief Financial Officer

Hisham Hussein El Khazindar
Managing Director

Ahmed Mohamed Hassanien Heikal
Chairman

17 September 2024

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

Interim condensed consolidated statement of profit or loss
For the three months period ended 31 March 2024

	Note	31 March 2024	Represented 31 March 2023
Continuing operations			
Revenue	2(b)	37,568,205	25,942,046
Cost of revenue		(31,906,581)	(17,656,235)
Gross profit		**5,661,624**	**8,285,811**
General and administrative expenses		(2,090,157)	(694,422)
Selling and marketing expenses		(109,688)	(129,105)
Net impairment gains / (losses) on financial assets		6,477	(36,097)
Other expenses – net		(1,160,870)	(22,920)
Operating profits		**2,307,386**	**7,403,267**
Finance income	3(b)	806,452	413,747
Finance costs	3(b)	(3,103,190)	(2,159,513)
Share of gain / (loss) of investments in associates		36,679	(27,440)
Profits before income tax		**47,327**	**5,630,061**
Income tax expense	3(c)	(845,519)	(1,451,229)
Net (loss) / profit from continuing operations		**(798,192)**	**4,178,832**
Profit from discontinued operations	4(b)	9,943,606	276,548
Net profit for the period		**9,145,414**	**4,455,380**
Allocated to:			
Owners of the parent company		7,217,407	73,046
Non-controlling interest		1,928,007	4,382,334
		9,145,414	**4,455,380**
		(EGP/share)	(EGP/share)
Losses per share for profit from continuing operations attributable to the owners of the parent company:	9		
Basic per share		(1.393)	(0.009)
Diluted per share		(1.393)	(0.009)
Earnings per share for profit attributable to the owners of the parent company:	9		
Basic per share		3.966	0.040
Diluted per share		3.966	0.040

The accompanying notes on pages 8 - 44 form an integral part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of comprehensive income
For the three months period ended 31 March 2024

	31 March 2024	31 March 2023
Net profit for the period	**9,145,414**	**4,455,380**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	30,495,580	12,035,412
Net foreign currency exchange loss	-	(3,534,460)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	1,353	-
Change in financial assets at fair value through other comprehensive income	13,033	3
Cash flow hedge	-	(9,587)
Income tax relating to these items	(2,773)	(48,236)
Other comprehensive income for the period, net of tax	**30,507,193**	**8,443,132**
Total comprehensive income for the period	**39,652,607**	**12,898,512**
Total comprehensive income for the period allocated to:		
Owners of the parent company	16,013,996	(57,362)
Non-controlling interest	23,638,611	12,955,874
	39,652,607	**12,898,512**
Total comprehensive income for the period arises from:		
Continuing operations	29,709,001	12,354,849
Discontinued operations	9,943,606	543,663
	39,652,607	**12,898,512**

The accompanying notes on pages 8 - 44 form an integral part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of changes in equity
For the three months period ended 31 March 2024

	Total equity attributable to owners of Qalaa for Financial Investments S.A.E						
	Paid up capital	Legal reserve	Reserves	Accumulated losses	Total of the shareholders of the parent	Non-controlling interests	Total equity
Balance as at 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 period	-	-	2,748,585	(2,805,947)	**(57,362)**	12,955,874	**12,898,512**
Dividends distribution	-	-	-	(113,688)	**(113,688)**	(312,186)	**(425,874)**
Foreign exchange differences of shareholders reserve	-	-	(526,986)	-	**(526,986)**	-	**(526,986)**
Non-controlling interests share from increase in the share capital of subsidiaries	-	-	-	-	**-**	13,355	**13,355**
Transactions with non-controlling interests	-	-	-	-	**-**	(703)	**(703)**
Balance at 31 March 2023	**9,100,000**	**89,578**	**4,484,464**	**(27,627,335)**	**(13,953,293)**	**48,282,393**	**34,329,100**
Balance as at 1 January 2024	**9,100,000**	**89,578**	**5,577,858**	**(21,874,092)**	**(7,106,656)**	**47,051,014**	**39,944,358**
Effect of EAS 13 “revised” adjustment (note 10)	-	-	-	(9,409,591)	**(9,409,591)**	(2,508,893)	**(11,918,484)**
Balance as at 1 January 2024 after the effect of EAS 13 “revised”	**9,100,000**	**89,578**	**5,577,858**	**(31,283,683)**	**(16,516,247)**	**44,542,121**	**28,025,874**
Total comprehensive income for the period	-	-	8,796,589	7,217,407	**16,013,996**	23,638,611	**39,652,607**
Dividends distribution	-	-	-	(33,886)	**(33,886)**	-	**(33,886)**
Foreign exchange differences of shareholders reserve	-	-	(1,388,551)	-	**(1,388,551)**	-	**(1,388,551)**
Disposal of subsidiary	-	-	(302,171)	(42,292)	**(344,463)**	(746,755)	**(1,091,218)**
Transactions with non-controlling interests	-	-	(6,763,318)	-	**(6,763,318)**	6,800,606	**37,288**
Balance at 31 March 2024	**9,100,000**	**89,578**	**5,920,407**	**(24,142,454)**	**(9,032,469)**	**74,234,583**	**65,202,114**

The accompanying notes on pages 8 - 44 form an integral part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of cash flows
For the three months period ended 31 March 2024

	31 March 2024	Represented 31 March 2023
Cash flows from operating activities		
Profit for the period before income tax	47,327	5,630,061
Net profit before taxes, adjusted to:		
Depreciation and amortization	3,227,175	2,052,523
Loss on termination of lease contract	435	91
Unrealized forex loss	7,827,530	294,876
Impairment of due from related parties – net	(6,425)	(670)
Impairment of trade and other receivables – net	(15,900)	32,115
Impairment of inventory – net	(83,388)	6,282
Ineffective portion of cash flow hedge	79,707	8,756
Share of (gain) / loss of investments in associates	(36,679)	27,440
Effect of financial liabilities at fair value through profit or loss	(40,973)	26,415
Effect of financial assets at fair value through profit or loss	518,201	-
Loss on sale of biological assets	3,044	2,323
Provisions – net	519,647	120,007
Interest expenses	3,103,190	2,528,881
Interest income	(174,199)	(321,954)
Operating gain before changes in working capital:	**14,968,692**	**10,407,146**
Inventories	(5,013,360)	(2,588,160)
Trade and other payables	4,178,907	6,276,303
Debtors and other debit balances	(9,607,961)	(6,485,974)
Due from related parties	(1,338,365)	(874,549)
Due to related parties	821,293	456,455
Provisions used	(130,100)	(59,138)
Income tax paid	(34,555)	(3,566)
Net cash flow generated from operating activities	**3,844,551**	**7,128,517**
Cash flows from investing activities		
Payments to purchase of fixed assets, PUC and intangible assets	(496,400)	(236,030)
Proceeds from sale of fixed assets	1,265	7,020
Biological assets	(396,819)	(40,885)
Payment for capital of joint venture	(24,950)	-
Interest received	174,199	321,954
Net cash flow (used in) / generated from investing activities	**(742,705)**	**52,059**
Cash flows from financing activities		
Proceeds from loans	102,588	112,520
Repayments of loans	(183,876)	(1,824,634)
Repayments of leases	(109,727)	(13,713)
Dividends paid	(33,886)	(425,874)
Proceeds from banks – overdrafts and short-term facilities	191,541	717,968
Proceeds from financial leasing entities	49,006	-
Transactions with non-controlling interests	37,288	(703)
Non-controlling interests capital increase	-	13,355
Restricted cash	(2,998,260)	(2,652,582)
Interest paid	(97,437)	(53,206)
Net cash flow used in financing activities	**(3,042,763)**	**(4,126,869)**
Net change in cash and cash equivalents during the period	**59,083**	**3,053,707**
Cash and cash equivalents at beginning of the period	1,975,005	8,652,942
Foreign currency translation differences	6,971,946	570,406
Cash and cash equivalents at end of the period	**9,006,034**	**12,277,055**

The accompanying notes on pages 8 - 44 form an integral part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements

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 entered in the commercial registered and can be renewed. The Holding Company is registered in the Egyptian Stock Exchange.

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

The purpose of the Group and main activities are described in note 2 on segment information.

The Holding Company is owned by Citadel Capital Partners Ltd. Company (Malta) by 23.49% which is the ultimate controlling party.

The interim condensed consolidated financial statements were authorised to be issued by the Board of Directors on 17 September 2024.

2. Segment information

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

The information below shows the segment information provided to the CODM for the reportable segments for the three months period ended 31 March 2024 and also the basis on which revenue is recognized:

2. (a) Description of segments and principal activities

The following summary describes each reportable segment:

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

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

2. Segment information (continued)

2. (a) Description of segments and principal activities (continued)

Transportation and logistics sector
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 for alternative means of transporting goods. Nile logistics has large fleet of fuel-efficient barges, which are more efficient, affordable and environmentally friendly that transfer cargo along the Nile. The capacity of one river barges is equivalent to 20-40 trucks, with only one-quarter of the emissions.

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

Agriculture food industries sector
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 and juice producer).

Packaging and printing sector
Qalaa for Financial Investments invest in Packaging and printing segment aim 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.

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

2. Segment information (continued)

2. (b) Segment revenues

Below is summary of operating revenues 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 interim condensed consolidated statement of profit or loss.

31 March 2024	Segment revenue	Inter-segment revenue	Revenue from external customers	Timing of revenue recognition: At a point in time	Over time	Total
Energy sector	34,406,606	-	**34,406,606**	34,406,606	-	**34,406,606**
Cement sector	1,136,112	-	**1,136,112**	755,554	380,558	**1,136,112**
Mining sector	759,975	-	**759,975**	759,975	-	**759,975**
Agriculture food industries sector	733,978	-	**733,978**	733,978	-	**733,978**
Transportation and logistics sector	163,422	-	**163,422**	163,422	-	**163,422**
Other sectors	368,112	-	**368,112**	368,112	-	**368,112**
Total	**37,568,205**	**-**	**37,568,205**	**37,187,647**	**380,558**	**37,568,205**

31 March 2023 (Represented)	Segment revenue	Inter-segment revenue	Revenue from external customers	Timing of revenue recognition: At a point in time	Over time	Total
Energy	23,435,745	-	**23,435,745**	23,435,745	-	**23,435,745**
Cement	1,266,224	-	**1,266,224**	1,149,245	116,979	**1,266,224**
Mining	498,266	-	**498,266**	498,266	-	**498,266**
Agriculture food industries	409,764	-	**409,764**	409,764	-	**409,764**
Transportation and logistics	130,698	-	**130,698**	130,698	-	**130,698**
Other	201,349	-	**201,349**	201,349	-	**201,349**
	25,942,046	**-**	**25,942,046**	**25,825,067**	**116,979**	**25,942,046**

The Group is domiciled in Egypt. The amount of its revenue from customers in Egypt was EGP 36.6 billion (Represented 31 March 2023: EGP 24.6 billion) representing 97.27% (Represented 31 March 2023: 94.78%) of the total consolidated revenue. Revenue generated from outside Egypt is substantially derived from the operations in Sudan.

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

Segment information (continued)

2. (c) Segments assets

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

	31 March 2024				31 December 2023			
Segment assets	Current assets	Non-current assets	Investment in associates	Total assets	Current assets	Non-current assets	Investment in associates	Total assets
Energy	48,348,206	150,779,334	4,385,681	**203,513,221**	27,718,384	99,307,532	4,341,837	**131,367,753**
Financial services	16,406,091	32,090,669	2,071,216	**50,567,976**	11,831,411	27,810,463	157,667	**39,799,541**
Cement	10,100,445	9,672,916	306,515	**20,079,876**	6,883,576	7,201,873	300,485	**14,385,934**
Mining	3,826,683	3,722,732	-	**7,549,415**	2,738,493	2,459,851	-	**5,198,344**
Agriculture food industries	920,769	1,822,286	-	**2,743,055**	784,455	1,421,029	-	**2,205,484**
Transportation and logistics	410,380	985,929	-	**1,396,309**	360,938	862,253	-	**1,223,191**
Packaging & printing sector *	-	-	-	-	4,951,572	-	-	**4,951,572**
Other	714,664	456,999	-	**1,171,663**	767,876	208,210	-	**976,086**
	80,727,238	**199,530,865**	**6,763,412**	**287,021,515**	**56,036,705**	**139,271,211**	**4,799,989**	**200,107,905**
Eliminations	(24,049,210)	(27,165,510)	(97,836)	**(51,312,556)**	(17,151,490)	(22,228,541)	(104,686)	**(39,484,717)**
Total	**56,678,028**	**172,365,355**	**6,665,576**	**235,708,959**	**38,885,215**	**117,042,670**	**4,695,303**	**160,623,188**

The total of non-current assets other than financial instruments and deferred tax assets located in Egypt represents 96.12% (2023: 94.5%) of the total consolidated assets of the Group.

* As at 31 December 2023, the packaging and printing sector assets classified as held for sale amounting to EGP 4.9 billion.

2. (d) Segments liabilities

Segment liabilities are measured in the same way as in the interim condensed consolidated financial statements. These liabilities are allocated based on the operations of the segment.

	31 March 2024			31 December 2023		
Segment liabilities	Current liabilities	Non-current liabilities	Total liabilities	Current liabilities	Non-current liabilities	Total liabilities
Energy	94,605,990	18,049,762	**112,655,752**	60,178,600	11,822,958	**72,001,558**
Financial services	66,867,115	3,235,933	**70,103,048**	45,622,170	885,298	**46,507,468**
Cement	9,926,931	22,055,483	**31,982,414**	13,549,208	8,656,956	**22,206,164**
Agriculture food industries	6,424,805	577,403	**7,002,208**	4,343,867	483,680	**4,827,547**
Mining	2,792,096	2,343,417	**5,135,513**	2,057,415	1,600,924	**3,658,339**
Transportation and logistics	4,010,915	96,493	**4,107,408**	2,685,174	93,537	**2,778,711**
Packaging & printing sector *	-	-	**-**	3,399,184	-	**3,399,184**
Other	1,878,523	1,090,300	**2,968,823**	1,839,941	485,860	**2,325,801**
	186,506,375	**47,448,791**	**233,955,166**	**133,675,559**	**24,029,213**	**157,704,772**
Elimination	(39,157,379)	(24,290,942)	**(63,448,321)**	(27,193,499)	(9,832,443)	**(37,025,942)**
Total	**147,348,996**	**23,157,849**	**170,506,845**	**106,482,060**	**14,196,770**	**120,678,830**

* As at 31 December 2023, the packaging and printing sector liabilities associated directly with held for sale amounting to EGP 3.4 billion.

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

3. Profit and loss information

3(a) Significant items

	31 March 2024	Represented 31 March 2023
Gains		
Other income[1]	252,262	126,222
Impairment of inventory no longer required[2]	83,814	211
Expenses		
Net change in financial asset fair value change through profit or loss[3]	(922,817)	-
Management fees[4]	(801,934)	(7,305)
Provisions formed[5]	(520,751)	(121,187)
Impairment of trade receivables and other debit balances formed[6]	(61,546)	(50,256)
Other expenses[7]	(51,012)	(397)

1) "Other income" includes an amount of EGP 36.6 million for export subsidies income and an amount of EGP 40.9 million related to change in fair value of financial liability through profit or loss and the remaining amount related to income from activities other than the main activities of the Group.

2) "Provisions no longer required" includes an amount of EGP 82.3 million related to reversal of inventory provision following an award in favour of one of the Group subsidiaries.

3) Net change in financial assets at fair value through profit or loss includes loss of EGP 451 million related to revaluation of NSPO call option and loss of EGP 67.5 million related to change in fair value of Allied gold corporation shares and loss of EGP 404 million related to change in fair value of other investments at fair value through profit or loss.

4) In May 2008, Qalaa for Financial Investments' Extraordinary Shareholder's Meeting approved the management contract between the Company and its parent – Citadel Capital Partners, upon which, Citadel Capital Partners would manage the Company and would be entitled to 10% share of the Company's net profit for the year, payable on a quarterly basis. Additionally, it was disclosed at the time in the Company's listing prospectus on the Egyptian Stock Exchange, published in Al-Shorouk newspaper, issue no. 308, dated 5 December 2009. Subsequently, the Company's General Assembly Meeting held on 25 July 2019 decided the interpretation and application of the management fee calculation to Citadel Capital Partners Ltd. (CCP) which will be based on 10% of the net profit allocated to the owners of the parent company interests from the consolidated profit. The General and administrative expenses including the management fee amounted to EGP 801.9 million during the period ending 31 March 2024 (31 March 2023: EGP 7.3 million).

5) "Provisions formed" includes an amount of EGP 396 million against probable claims from external parties.

6) The increase in "Impairment of trade receivables and other debit balances formed" is mainly related to the change in macroeconomic factors in the Group's expected credit losses (ECL) model.

7) Other expenses include a loss of EGP 21 million which is related to losses from sale financial assets at fair value through profit or loss in one of the Group subsidiaries.

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

3. Profit and loss information (continued)

3(b) Finance costs – net

	31 March 2024	Represented 31 March 2023
Net foreign exchange gain*	552,546	350,573
Credit interest	174,199	63,174
Ineffective portion of cash flow hedge	79,707	-
Total finance income	**806,452**	**413,747**
Interest expenses	(3,028,990)	(2,121,543)
Lease interest expense	(74,200)	(29,214)
Ineffective portion of cash flow hedge	-	(8,756)
Total finance costs	**(3,103,190)**	**(2,159,513)**
Net	**(2,296,738)**	**(1,745,766)**

* Included in net foreign exchange gain an amount of EGP 198,926K (31 March 2023: EGP 350,573K) related to hyperinflation differences gain from operations in Sudan.

3(c) Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

4. Discontinued operations

4(a) Description

<u>**31 March 2024**</u>

National Printing S.A.E (Subsidiary of Grandview) (Packaging & printing sector)

On 27 March 2024, Qalaa transferred to Financial Holdings International Limited ("FHI") its indirectly owned shares (27.21%) in National Printing Company S.A.E. (a subsidiary of Grandview), with Qalaa retaining a call option to purchase back this stake within two years. Qalaa had power over Grandview due to the appointment of the directors and the power provided by the participation agreement.

Management had begun discussions with FHI, a significant shareholder (41.50%) in Grandview and a lender to the broader Qalaa Group, prior to the year-end of 2023 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 debt settlement agreement were drafted between Qalaa and FHI.

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 a loss of control over investment in Grandview as of 31 March 2024. 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. The comparative interim condensed consolidated statement of profit or loss has been re-presented to show the discontinued operations separately from continuing operations for the period ended 31 March 2023.

4. Discontinued operations (continued)

4(a) Description

31 March 2023

TAQA Arabia (Energy sector)

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) in the annual consolidated financial statements for the year ended 31 December 2023.

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.

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

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

4. Discontinued operations (continued)

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

Discontinued operations after tax are represented in the following:

	Grandview	Total
31 March 2024		
Revenue	1,458,966	**1,458,966**
Cost of revenue	(1,046,586)	**(1,046,586)**
General and administrative & selling and marketing expenses	(113,761)	**(113,761)**
Other income – net	23,876	**23,876**
Finance cost – net	(12,082)	**(12,082)**
Operating profits before taxes	**310,413**	**310,413**
Income tax	(53,262)	**(53,262)**
Deferred tax	(7,679)	**(7,679)**
Profit after income tax of discontinued operation	**249,472**	**249,472**
Gain on sale of investment in subsidiary *	9,694,134	**9,694,134**
Net profit for the period	**9,943,606**	**9,943,606**
Income tax	-	-
Profit from discontinued operations, net of tax	**9,943,606**	**9,943,606**
Net cash flow generated from operating activities	81,781	**81,781**
Net cash flow used in investing activities	(60,632)	**(60,632)**
Net cash flow generated from financing activities	255,643	**255,643**
Net decrease in cash generated from by the subsidiary	**276,792**	**276,792**

	TAQA Arabia	Grandview	Total
31 March 2023			
Revenue	2,938,297	1,406,866	**4,345,163**
Cost of revenue	(2,598,160)	(983,896)	**(3,582,056)**
General and administrative & selling and marketing expenses	(127,253)	(89,136)	**(216,389)**
Other expenses – net	(78,880)	15,783	**(63,097)**
Finance cost – net	(43,219)	(76,125)	**(119,344)**
Operating profits before taxes	**90,785**	**273,492**	**364,277**
Income tax	(43,523)	(75,298)	**(118,821)**
Deferred tax	31,775	(683)	**31,092**
Profit after income tax of discontinued operation	**79,037**	**197,511**	**276,548**
Gain on sale of investment in subsidiary	-	-	-
Net profit for the period	**79,037**	**197,511**	**276,548**
Income tax	-	-	-
Profit from discontinued operations, net of tax	**79,037**	**197,511**	**276,548**
Net cash flow generated from operating activities	506,085	42,477	**548,562**
Net cash flow used in investing activities	(80,131)	(8,205)	**(88,336)**
Net cash flow generated from financing activities	328,523	40,822	**369,345**
Net increase in cash generated from by the subsidiaries	**754,477**	**75,094**	**829,571**

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

4. Discontinued operations (continued)

4(b) Profit from discontinued operations and cash flow information (continued)

*** Details of the sale that resulted in a loss of control**

	31 March 2024
Total disposal consideration	**10,628,142**
Carrying amount of net assets sold **	(1,590,388)
Non-controlling interests	746,068
Amount of post completion payment	(424,935)
Remaining shares liability	(9,216)
Gain on sale before income tax and reclassification of foreign currency translation reserve and other equity reserves	**9,349,671**
Reclassification of foreign currency translation reserve and other equity reserves	344,463
Income tax expense on gain	-
Gain on sale after income tax	**9,694,134**

** The table below includes the assets and liabilities of Grandview (after eliminations) summarized by each major category:

	31 March 2024
Fixed assets, PUC and investment in properties	1,623,043
Deferred tax assets	15,037
Total non-current assets	**1,638,080**
Inventories	1,123,181
Financial assets at amortized cost and other debit balances	2,238,747
Cash and cash equivalents	735,467
Total current assets	**4,097,395**
Total assets	**5,735,475**
Borrowings	548,524
Deferred tax liabilities	159,535
Total non-current liabilities	**708,059**
Trade payables and other credit balances	1,576,297
Current income tax liabilities	-
Borrowings	1,698,674
Provisions	162,057
Total current liabilities	**3,437,028**
Total liabilities	**4,145,087**
Net assets	**1,590,388**

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

4. Discontinued operations (continued)

4(c) Significant estimates and assumptions

Arbitration based on the Bilateral Investment Treaty

Qalaa Holding and one of its subsidiaries commenced an arbitration in 2021 administered by the Permanent Court of Arbitration in relation to a dispute with a foreign government. Hearings were held in 2024 and will be followed by two rounds of post-hearing submissions.

Management has assessed the facts surrounding the claim and has concluded that no contingent asset should be recognised in the interim condensed financial statements. In accordance with EAS 28 Provisions, Contingent Liabilities and Contingent Assets, no contingent asset has been recognised in the financial statements as EAS 28 prohibits the recognition of contingent assets unless the realisation of income is virtually certain which is not currently the case.

In a separate agreement between Qalaa and Financial Holding International Limited (“FHI”), a payment to FHI is required by Qalaa should the claim be resolved in favour of the Qalaa Group and the cash received exceeds a minimum amount. This obligation meets the definition of a financial liability under EAS 25 Financial Instruments: Presentation and is required to be initially measured at fair value and subsequently at amortised cost. Given that it is difficult to determine the impact of the arbitration on the Company’s current or future profits at such an early stage of the proceedings, management has concluded that the carrying amount of the liability is immaterial at the end of the reporting period.

Management will continually reassess the estimates and assumptions related to the potential recognition of the contingent asset and the measurement of the financial liability due to FHI. These assessments will be conducted in line with the latest developments in the arbitration proceedings.

The contract with the third party indicates higher percentage shares in any proceeds should be paid the higher the amount of the award. Should a payment be required at any future time, this will arise in conjunction with the realisation of a currently unrecognised contingent asset.”

4(d) Assets and liabilities of disposal group classified as held for sale

(i) Assets

	Ledmore Holding Limited	Asenpro	Total
31 March 2024			
Fixed assets	-	4,826	**4,826**
Trade receivables and other debit balances	11,555	-	**11,555**
Cash and cash equivalents	9,773	-	**9,773**
	21,328	**4,826**	**26,154**
Impairment	-	-	**-**
Balance	**21,328**	**4,826**	**26,154**

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

4. Discontinued operations (continued)

4(d) Assets and liabilities of disposal group classified as held for sale (continued)

(i) Assets (continued)

	Grandview	Ledmore Holding 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	-	-	**1,028,905**
Due from related parties	20,120	-	-	**20,120**
Cash and cash equivalents	489,844	6,394	-	**496,238**
	4,810,686	**13,955**	**4,826**	**4,829,467**
Impairment	-	-	-	-
Balance	**4,810,686**	**13,955**	**4,826**	**4,829,467**

(ii) Liabilities

	Mena Home Furnishing Malls Ltd.	Ledmore Holding Limited	Asenpro	Total
31 March 2024				
Trade payables and other credit balances	2,488	2,141	-	**4,629**
Deferred tax liabilities	-	-	249	**249**
Balance	**2,488**	**2,141**	**249**	**4,878**

	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**

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

5. Investments in associates and joint ventures

Carrying amounts of investments in associates and joint ventures

The carrying amount of equity-accounted investments has changed as follows in the three months ended 31 March 2024 as follows:

	31 March 2024
1 January 2024	**4,695,303**
Recognition of associate due to loss of control (note 11(f))	1,888,600
Additions *	24,950
Share of gain of investments in associates in the interim condensed consolidated statement of profit or loss	36,679
Share of gain of investments in associates in the interim condensed consolidated statement of comprehensive income	71,211
Effect of adoption of EAS 13 (Directly through equity)	(20,112)
Dividends (Directly through equity)	(31,055)
Balance	**6,665,576**

* On 4 September 2022, a new Company was established under the name of "Wathba for Petroleum Services". The Company's total issued capital is EGP 100 million whereas Qalaa Capital's share is 49.9% amounting to EGP 49.9 million. As of 31 March 2024, the Group has paid its portion of the issued and called up capital amounting to EGP 49.9 million.

6. Financial assets and financial liabilities

6(a) Borrowings

	31 March 2024			31 December 2023		
	Current	Non-current	Total	Current	Non-current	Total
Secured						
Bank loans	107,413,005	2,381,985	**109,794,990**	69,121,932	1,649,523	**70,771,455**
Loans from related parties	5,033,586	-	**5,033,586**	9,516,905	-	**9,516,905**
	112,446,591	**2,381,985**	**114,828,576**	**78,638,837**	**1,649,523**	**80,288,360**
Secured and Unsecured						
Short term facilities and bank overdrafts	1,423,780	-	**1,423,780**	1,168,596	-	**1,168,596**
	1,423,780	**-**	**1,423,780**	**1,168,596**	**-**	**1,168,596**
Total borrowings	**113,870,371**	**2,381,985**	**116,252,356**	**79,807,433**	**1,649,523**	**81,456,956**

6(b) Borrowing from financial leasing entities

	31 March 2024	31 December 2023
Borrowing from financial leasing entities (current portion)	79,777	77,885
Borrowing from financial leasing entities (non-current portion)	448,480	401,366
Balance	**528,257**	**479,251**

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

The total value of the first tranche amounted to EGP 208.2 million with interest rate 3% above LIBOR to be paid in quarterly installments until 20 March 2028.

The interest charged to interim condensed consolidated statement of profit or loss during the period ended 31 March 2024 amounted to EGP 32.9 million.

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

6. Financial assets and financial liabilities (continued)

6(c) Maturities of financial liabilities

The table below summarises the maturities of the Group's financial liabilities at 31 March 2024 and 31 December 2023, based on contractual payment dates.

	Below six months	From six months to one year	From one year to two years	Above two years
31 March 2024				
Borrowings and interest	64,463,716	76,279,297	1,191,180	2,649,954
Trade payables and other credit balances	12,946,130	15,319,032	1.962.308	104,243
Due to related parties	-	3,073,896	-	-
Lease Liabilities	86,419	102,258	411,792	916,092
Borrowing from financial leasing entities	79,777	-	-	448,480
Derivative financial instruments	-	-	2,322	-
Financial liabilities at fair value through profit or loss	1,289,774	-	-	-
Total	**78,865,816**	**94,774,483**	**3.567.602**	**4,118,769**
31 December 2023				
Borrowings and interest	66,249,060	13,558,373	1,226,959	1,735,257
Trade 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**

6(d) 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 recognized and measured at fair value in the interim condensed financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under EAS 45 "*Fair value measurement*". An explanation of each level follows underneath the table.

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 categorized are as follows.

Recurring fair value measurements At 31 March 2024	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVOCI					
Unlisted equity instruments		-	20,102	50,847	**70,949**
Financial assets at FVPL					
Listed equity instruments	6(f)(ii)	1,095,281	-	-	**1,095,281**
Other receivables at FVPL	6(f)(ii)	1,416,859	-	-	**1,416,859**
Derivatives					
Hedging derivatives – interest rate swaps		-	-	130,423	**130,423**
Written call option agreement (NSPO)	6(f)(iii)	-	-	1,475,966	**1,475,966**
Total financial assets		**2,512,140**	**20,102**	**1,657,236**	**4,189,478**
Financial liabilities					
Written call option agreement (CCII)		-	-	2,322	**2,322**
Trading derivatives		-	1,289,774	-	**1,289,774**
Total financial liabilities		**-**	**1,289,774**	**2,322**	**1,292,096**

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

6. Financial assets and financial liabilities (continued)

6(d) Recognised fair value measurements (continued)

i) Fair value hierarchy (continued)

Recurring fair value measurements At 31 December 2023	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVOCI					
Unlisted equity instruments		-	7,069	50,847	**57,916**
Financial assets at FVPL					
Listed equity instruments	6(f)(ii)	946,275	-	-	**946,275**
Other receivables at FVPL	6(f)(ii)	919,018	-	-	**919,018**
Derivatives					
Hedging derivatives – interest rate swaps		-	-	129,446	**129,446**
Written call option agreement (NSPO)	6(f)(iii)	-	-	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)		-	-	2,322	**2,322**
Trading derivatives		-	869,867	-	**869,867**
Total financial liabilities		**-**	**869,867**	**2,322**	**872,189**

There were no changes in the valuation technique for level 3 recurring fair value measurements during the period ended 31 March 2024 and 31 December 2023.

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

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

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

ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

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

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

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

6. Financial assets and financial liabilities (continued)

6(d) Recognised fair value measurements (continued)

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

The following table presents the changes in level 3 items for the period ended 31 March 2024 and 31 December 2023:

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 2023	**313,631**	**25,628**	**(2,219)**	**-**	**-**	**337,040**
Transfer from investment in associates	-	-	-	49,979	-	**49,979**
Amount recognized in equity	-	-	-	-	1,163,988	**1,163,988**
(Losses) / gains recognised through consolidated profit and loss	(262,616)	-	(103)	-	762,721	**500,002**
Gains recognised through consolidated other comprehensive income	-	-	-	2,760	-	**2,760**
Foreign currency translation	78,431	-	-	(1,892)	-	**76,539**
Disposal of subsidiary (recycled to profit or loss)	-	(25,628)	-	-	-	**(25,628)**
Closing balance at 31 December 2023	**129,446**	**-**	**(2,322)**	**50,847**	**1,926,709**	**2,104,680**
Losses recognised through interim condensed consolidated profit and loss	(69,614)	-	-	-	(450,743)	**(520,357)**
Foreign currency translation	70,591	-	-	-	-	**70,591**
Closing balance at 31 March 2024	**130,423**	**-**	**(2,322)**	**50,847**	**1,475,966**	**1,654,914**

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.

Description	Fair value at 31 March 2024	Fair value at 31 December 2023	Un-observable inputs *	Range of Inputs 31 March 2024	Range of Inputs 31 December 2023	Valuation technique 31 March 2024	Valuation technique 31 December 2023	Inputs used 31 March 2024	Inputs used 31 December 2023	sensitivity analysis
Hedging derivatives – Interest rate swaps (ERC)	130,423	129,446	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 5	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 30.6M.
Written call option agreement (NSPO)	1,475,966	1,926,709	Probability of default rate	21.89%	21.89%	Option valuation model Monte Carlo	Option valuation model Monte Carlo	Risk free interest rate & volatility	Risk free interest rate & volatility	If an observable input changed by 10% this would result in change in fair value by EGP 136.7M.
Unlisted equity instruments (Ostool)	50,847	50,847	Credit default rate	21.68%	21.68%	Discounted Cash flows	Discounted Cash flows	Risk free interest rate & volatility	Risk free interest rate & volatility	If an observable input changed by 10% this would result in change in fair value by EGP 2.5M.
Written call option agreement	(2,322)	(2,322)	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.

6. Financial assets and financial liabilities (continued)

6(d) Recognised fair value measurements (continued)

iv) Valuation inputs and relationships to fair value (continued)

* 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 period ended 31 March 2024 and 31 December 2023.

v) Valuation processes

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

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

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

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

Level 3 valuations are reviewed by each subsidiary Chief Financial Officer who reports to the Board of Directors. The Chief 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.

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

6. Financial assets and financial liabilities (continued)

6(d) Recognised fair value measurements (continued)

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

Fair values analyzed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows. There are no differences between the fair value and carrying value of assets and liabilities due to its short maturities and they are all due as of the reporting period.

	31 March 2024		31 December 2023	
	Level 3 fair value	Carrying value	Level 3 fair value	Carrying value
Assets				
Financial assets at amortized cost				
Trade and other receivables	23,703,416	**23,703,416**	14,877,362	**14,877,362**
Due from related parties	345,612	**345,612**	776,036	**776,036**
Restricted cash	9,925,552	**9,925,552**	6,927,292	**6,927,292**
Cash and cash equivalents	9,006,034	**9,006,034**	1,975,005	**1,975,005**
Total assets	**42,980,614**	**42,980,614**	**24,555,695**	**24,555,695**

	31 March 2024		31 December 2023	
	Level 3 fair value	Carrying value	Level 3 fair value	Carrying value
Liabilities				
Borrowings				
Loans and borrowings	116,252,356	**116,252,356**	81,456,956	**81,456,956**
Other financial liabilities				
Trade and other payables	19,974,432	**19,974,432**	12,154,431	**12,154,431**
Due to related parties	3,073,896	**3,073,896**	2,252,603	**2,252,603**
Total liabilities	**139,300,684**	**139,300,684**	**95,863,990**	**95,863,990**

The fair values in level 2 and 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 amortized 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 amortized cost

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

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

6. Financial assets and financial liabilities (continued)

6(d) Recognised fair value measurements (continued)

vii) Presentation of financial instruments by measurement category

For the purposes of measurement, Egyptian Accounting Standard no.47 “Financial Instruments” classifies financial assets into the following categories: (a) financial assets at fair value through profit or loss, (b) debt instruments at fair value through other comprehensive income, (c) equity instruments at fair value through other comprehensive income and (d) financial assets at amortized cost. Financial assets at fair value through profit or loss have two sub-categories: (i) Financial assets mandatorily measured at fair value through profit or loss and (ii) assets designated as such upon initial recognition. In addition, finance lease receivables form a separate category.

6(e) Restricted cash

This amount represents the debt service reserve account that one of the Group’s subsidiary must cover in separate bank accounts according to the loan agreements between the subsidiary and a group of lenders exclusively for the purpose of settling the financial requirements per the mentioned contracts.

6(f) Financial asset 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 amortized cost or FVOCI
• equity investments that are held for trading, and
• equity investments for which the entity has not elected to recognize fair value gains and losses through OCI.

Financial assets measured at FVPL include the following:

	31 March 2024			31 December 2023		
	Current	Non-current	Total	Current	Non-current	Total
Listed equity instruments						
Allied Gold Corporation *	1,668,868	843,272	**2,512,140**	1,316,596	543,719	**1,860,315**
Commercial International Bank (CIB)	-	-	**-**	4,978	-	**4,978**
	1,668,868	**843,272**	**2,512,140**	**1,321,574**	**543,719**	**1,865,293**

The fair value of EGP 2.5 billion (2023: EGP 1.86 billion) 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).

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

6. Financial assets and financial liabilities (continued)

6(f) Financial asset at fair value through profit or loss (continued)

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

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.

(ii) Amounts recognized in profit or loss

On 31 March 2024, 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 March 2024:

	31 March 2024	31 December 2023
Balance as of January 1	**941,297**	-
Additions	-	1,428,016
Disposals*	(278,019)	-
Financial asset fair value change through profit or loss	(67,458)	(486,719)
Foreign exchange currency differences	499,461	-
	1,095,281	**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 March 2024	31 December 2023
Current	573,587	375,299
Non-current	843,272	543,719
	1,416,859	**919,018**

* During the period ended 31 March 2024, the Group management sold 2,215,795 shares of its shares in "Allied Gold Corporation" with a book value of USD 5.9 million equivalent to EGP 278 million. The sale was made for USD 5.2 million which resulted in a loss amounting to USD 681 thousands equivalent to EGP 33.2 million.

(iii) Fair value exposure

Information about the methods and assumptions used in determining fair value is provided in note 6(d).

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

6. Financial assets and financial liabilities (continued)

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

	31 March 2024	31 December 2023
Opening balance at 1 January	869,867	676,325
Financial liability fair value change through profit or loss	(40,973)	24,370
Foreign currency translation differences	460,880	169,172
	1,289,774	**869,867**

7. Non-financial assets and liabilities

7(a) Fixed assets

Non-current	Freehold land	Freehold buildings	Furniture, fittings and equipment	Machinery, barges and vehicles	Assets under construction	Total
At 31 December 2023						
Cost	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)**
Net book value at 31 December 2023	**2,733,119**	**8,408,043**	**1,069,347**	**92,310,899**	**985,821**	**105,507,229**
Period ended 31 March 2024						
Opening net book amount	**2,733,119**	**8,408,043**	**1,069,347**	**92,310,899**	**985,821**	**105,507,229**
Additions	-	203	5,267	201,662	284,543	**491,675**
Disposals	-	-	(63)	(1,644)	-	**(1,707)**
Transfers from assets under construction	-	907	57,155	747	(58,809)	-
Foreign currency translation difference – cost	830,070	4,691,262	850,927	56,756,772	434,252	**63,563,283**
Effect of hyperinflation – cost	28,716	707,780	66,496	9,373,702	-	**10,176,694**
Depreciation expense	(299)	(189,042)	(15,669)	(2,961,936)	-	**(3,166,946)**
Accumulated depreciation of disposals	-	-	59	383	-	**442**
Foreign currency translation difference – accumulated depreciation	1,920	(716,411)	(379,019)	(12,732,154)	-	**(13,825,664)**
Effect of hyper-inflation – accumulated depreciation	(7,537)	(590,799)	(61,482)	(5,535,740)	-	**(6,195,558)**
Net book value at 31 March 2024	**3,585,989**	**12,311,943**	**1,593,018**	**137,412,691**	**1,645,807**	**156,549,448**
At 31 March 2024						
Cost	3,597,741	16,725,774	3,157,629	195,085,198	2,078,674	**220,645,016**
Accumulated depreciation and impairment	(11,752)	(4,413,831)	(1,564,611)	(57,672,507)	(432,867)	**(64,095,568)**
Net book value at 31 March 2024	**3,585,989**	**12,311,943**	**1,593,018**	**137,412,691**	**1,645,807**	**156,549,448**

7(b) Right of use assets

Right of use assets is recognised and classified as part of similar assets. Below is analysis for net book value of right of use assets leased under finance lease arrangements at 31 March 2024:

Non-current	Land	Buildings	Electricity supply contract	Machinery	Vehicles	Total
At 31 December 2023						
Cost	1,209,970	46,174	467,418	81,032	47,885	**1,852,479**
Accumulated amortization and impairment	(252,447)	(37,367)	(133,211)	(26,140)	(33,079)	**(482,244)**
Net book amount	**957,523**	**8,807**	**334,207**	**54,892**	**14,806**	**1,370,235**
Period ended 31 March 2024						
Opening net book amount	**957,523**	**8,807**	**334,207**	**54,892**	**14,806**	**1,370,235**
Additions of the period	6,087	26,587	-	-	24,954	**57,628**
Disposals	-	(1,304)	-	-	-	**(1,304)**
Foreign currency translation difference – cost	584,939	5,309	246,956	(5,943)	2,836	**834,097**
Amortization charged during the period	(24,303)	(3,483)	(14,015)	(6,030)	(1,413)	**(49,244)**
Accumulated amortization of disposals	-	869	-	-	-	**869**
Foreign currency translation difference – accumulated amortization	(120,842)	(4,069)	(69,938)	14,441	(7,121)	**(187,529)**
Net book value at 31 March 2024	**1,403,404**	**32,716**	**497,210**	**57,360**	**34,062**	**2,024,752**
At 31 March 2024						
Cost	1,800,996	76,766	714,374	75,089	75,675	**2,742,900**
Accumulated amortization and impairment	(397,592)	(44,050)	(217,164)	(17,729)	(41,613)	**(718,148)**
Net book amount	**1,403,404**	**32,716**	**497,210**	**57,360**	**34,062**	**2,024,752**

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

7. Non-financial assets and liabilities (continued)

7(c) Provisions

	Provision for claims*	Legal provisions	Other provisions*	Total
Balance at 31 December 2023 and 1 January 2024	**2,144,024**	**13,852**	**1,817,881**	**3,975,757**
Provisions formed	453,898	122	66,731	**520,751**
Provisions used	(127,537)	(2,563)	-	**(130,100)**
Provisions no longer required	(1,104)	-	-	**(1,104)**
Reclassification	-	861	245,206	**246,067**
Foreign currency translation	191,491	5,765	924,689	**1,121,945**
Balance at 31 March 2024	**2,660,772**	**18,037**	**3,054,507**	**5,733,316**

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

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

Significant estimates

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

7(d) Inventory

The Group's inventory balance increased during the three months period in 2024 from EGP 7.4 billion to EGP 11.4 billion due to the increase in the raw materials and work in process for ERC (subsidiary of the Group) by 2.3 billion. Also, there was an increase in work in process and spare parts inventory balances related to NDT (subsidiary of the Group) by EGP 1.1 billion.

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

8. Related party transactions

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

8(a) Due from related parties

		Nature of transactions		Balances	
Name of the Company	Nature of relationship	Foreign currency translation Differences	Finance	31 March 2024	31 December 2023
Golden Crescent Finco Ltd.	Investee *	479,168	-	1,385,986	906,818
Emerald Financial Services Ltd.	Investee *	409,416	250	1,184,706	775,040
Nile Valley Petroleum Ltd.	Investee *	351,631	-	1,017,170	665,539
Benu one Ltd.	Investee *	171,105	-	494,958	323,853
Logria Holding Ltd,	Investee *	99,310	(4,280)	282,741	187,711
Rotation Ventures	Investee *	88,842	-	256,995	168,153
Citadel Capital Partners	Parent	-	(449,521)	226,325	675,846
Golden Crescent Investment Ltd.	Investee *	62,274	-	180,139	117,865
Mena Glass Ltd	Associate	56,084	-	162,232	106,148
Visionaire	Investee *	21,421	-	61,965	40,544
Sphinx International Management	Investee *	-	2,362	43,111	40,749
Egyptian Company for International Publication	Investee *	4,500	-	41,896	37,396
Adena	Shareholder	12,241	-	35,411	23,170
Nahda Company – Sudan	Investee *	10,526	-	30,447	19,921
El Kateb for Marketing & Distribution	Associate	-	-	598	598
Others		23,036	-	70,492	47,456
Total				**5,475,172**	**4,136,807**
Less: Accumulated impairment loss**				(5,129,560)	(3,360,771)
				345,612	**776,036**

* 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.

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

8. Related party transactions (continued)

8.(a) Due from related parties (continued)

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

	Balance as of 1 January 2024	Foreign currency translation differences	Formed	Reversal of impairment	Balance as of 31 March 2024
Golden Crescent Finco Ltd.	**906,818**	479,168	-	-	**1,385,986**
Emerald Financial Services Ltd.	**775,040**	409,416	250	-	**1,184,706**
Nile Valley Petroleum Ltd.	**665,539**	351,631	-	-	**1,017,170**
Benu One Ltd	**323,853**	171,105	-	-	**494,958**
Logria Holding Ltd.	**187,711**	99,310	-	(4,280)	**282,741**
Rotation Ventures	**168,153**	88,842	-	-	**256,995**
Golden Crescent Investment Ltd.	**117,865**	62,274	-	-	**180,139**
Mena Glass	**106,148**	56,084	-	-	**162,232**
Visionaire	**40,544**	21,421	-	-	**61,965**
Nahda	**19,921**	10,526	-	-	**30,447**
Sphinx International Management	**4,931**	286	-	(2,395)	**2,822**
Egyptian Company for International Publication	**406**	-	-	-	**406**
Citadel Capital Partners	**634**	-	-	-	**634**
El Kateb for Marketing & Distribution	**60**	-	-	-	**60**
Others	**43,148**	25,151	-	-	**68,299**
	3,360,771	**1,775,214**	**250**	**(6,675)**	**5,129,560**

8(b) Due to related parties

Name of the company	Nature of relationship	Nature of transactions: Foreign currency translation differences	Nature of transactions: Finance	Balances: 31 March 2024	Balances: 31 December 2023
Mena Glass Ltd.	Associate	340,482	-	1,143,549	803,067
National Printing	Investee	18,448	23,069	41,517	-
Others		286	(21,200)	16,100	37,014
				1,201,166	**840,081**
Due to shareholders					
International Finance Corporation	Shareholder in subsidiary	395,711	26,053	1,172,293	750,529
Financial Holding International	Shareholder in subsidiaries	61,585	(109,157)	439,156	486,728
El-Rashed	Shareholder in subsidiary	50,825	-	147,024	96,199
Omran	Shareholder in subsidiary	16,414	-	59,258	42,844
Ahmed Heikal	Chairman	83	-	926	843
Others		18,694	-	54,073	35,379
				1,872,730	**1,412,522**
				3,073,896	**2,252,603**

8(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 98,148 as salaries and benefits to senior management personnel during the period ended 31 March 2024 (31 March 2023: EGP 44,758). This amount includes the social insurance contribution.

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

8. Related party transactions (continued)

8(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 period was 10.67% (31 December 2023: 11.22%). Outstanding balances are secured and are repayable in cash.

9. Earnings per share

9(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 period after excluding ordinary shares held in treasury.

	March 2024	Represented March 2023
From continuing operations attributable to the ordinary equity holders of the company	(1.393)	(0.009)
From discontinued operation	5.359	0.050
Total basic earnings per share attributable to the ordinary equity holders of the company	**3.966**	**0.040**

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

	March 2024	Represented March 2023
Basic earnings per share		
(loss) / profit from continuing operations as presented in the interim condensed consolidated statement of profit or loss	(798,192)	4,178,832
(Less): profit from continuing operations attributable to non-controlling interests	(1,737,560)	(4,195,926)
Loss from continuing operations attributable to the ordinary equity holders	**(2,535,752)**	**(17,094)**
Profit from discontinued operation	9,753,159	90,140
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**7,217,407**	**73,046**

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

9(c) 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 March 2024 and 31 March 2023, hence the diluted earnings per share is the same as the basic earnings per share.

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

10. Basis of preparation of the interim condensed consolidated financial statements

Compliance with EAS

The interim condensed consolidated financial statements for the financial period ended 31 March 2024 have been prepared in accordance with the requirements of the Egyptian Accounting Standard (30) "Interim Financial Statements".

These interim condensed consolidated financial statements don't contain all the information required in preparing the full annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023.

The accounting policies adopted in the preparation of this interim condensed consolidated financial information are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax (see note 3(c)) and the adoption of new and amended standards as set out below.

Summary of material modifications of the Egyptian Accounting Standards 2024

On 3 March 2024, The Prime Minister issued Resolution No. 636 of 2024, amending some provisions of the Egyptian Accounting Standards, which include some new accounting standards and amendments to some existing standards. Accordingly, these amendments to accounting standards were published in the Official Gazette on 3 March 2024. The most significant amendments are summarized as follows, which will be implemented for financial periods beginning on or after 1 January 2024.

Accounting standard	Amendment summary	Application date
Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates"*	**"Scope of the standard"** The scope of the standard has been amended to include "determining the spot exchange rate when exchangeability between two currencies is lacking." Early application is permitted, and if the entity performed an early application, this shall be disclosed. **"Measurement"** - A currency that is difficult to exchange with another currency at the measurement date may later become exchangeable with that other currency, and the entity may conclude that the first subsequent exchange rate meets the conditions mentioned in paragraph 19A, and when the price does so, the entity may use this price as the estimated spot exchange rate. When there is difficulty in exchanging a currency for another currency on the measurement date, the entity must estimate the spot exchange rate on that date, and the estimated spot exchange rate must meet the estimated conditions on the measurement date. -When estimating the spot exchange rate as required under paragraph (19A), an entity shall use an observed exchange rate as the estimated spot exchange rate when that observed exchange rate meets the conditions provided in paragraph (19A).	The Group must apply these amendments from the beginning of annual reporting periods beginning on or after 1 January 2024.

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

Accounting standard	Amendment summary	Application date
	"Disclosures" Some new disclosures have been added to the spot exchange rate.	
Egyptian Accounting Standard No. (17) "The Separate financial statements	**"Scope of the standard"** The scope of the standard has been amended to include "the use of the equity method in accounting for investments in subsidiaries, associates and joint companies." Early application is permitted, and if the entity performed an early application, this shall be disclosed. **"Measurement"** - when an entity prepares separate financial statements, it must account for investments in subsidiaries, in entities under common control, and in sister companies: 1- At cost 2- According to Egyptian Accounting Standard No. (47) Financial Instruments 3- Using the equity method as described in Egyptian Accounting Standard No. (18) Investments in Associated Companies. The entity must apply the same accounting treatment to each category of investments. If the entity classifies investments recorded at cost or uses ownership rights as assets held for the purpose of sale or distribution (or within a group of assets being disposed of and held for sale) in accordance with Egyptian Accounting Standard No. (32), non-current assets held for the purpose of sale and discontinued operations. The facility must account for that investment from the date of that classification in accordance with Egyptian Accounting Standard No. (32). As for investments that are accounted for in accordance with Egyptian Accounting Standard No. (47), their measurement will not change in such cases. **"Disclosures"** Some new disclosures have been added.	The entity must apply these amendments from the beginning of annual reporting periods beginning on or after 1 January 2024.
Egyptian Accounting Standard No. (34) "Investment in properties	**"Scope of the standard"** The scope of the standard has been amended to include: "An entity must choose either the fair value model or the cost model as its accounting policy and must apply that policy to all of its investment in properties. Early application is permitted, and if the entity performed an early application, this shall be disclosed. **"Measurement"** - "Fair Value Model" After initial recognition, the entity must measure all its investment in properties at fair value - the gain or loss arising from the change in fair value must be included in the profit or loss for the period in which this change arises or through other comprehensive income for one time in the life of the asset. Or investment	The entity must apply these amendments from the beginning of annual reporting periods beginning on or after 1 January 2024.

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

Accounting standard	Amendment summary	Application date
	- in the event that the book value of investment in properties increases as a result of evaluating it at fair value, and the increase is recorded in other comprehensive income and collected within equity under the title of investment in properties evaluation surplus at fair value. However, the increase must be proven from profit and loss to the extent that it reflects a decrease. In evaluating the same investment, it was previously recognized in profit and loss. **"Disclosures"** Some new disclosures have been added.	

* The Group has applied Paragraph "57A" of Egyptian Accounting Standard No. 13 issued on 3 March 2024, due to foreign currencies lack of exchangeability to meet its obligations in foreign currencies from Egyptian banks. Therefore, the Group has decided to use the first exchange rate at which the Group can obtain foreign currencies. Below is the real-time exchange rate used by the Group subsidiaries:

Foreign currency	EGP observable price used
United states dollar (USD)	49.5
Euro	53.85

The following table represents the book value of monetary assets and monetary liabilities affected on 1 January 2024 and their effect:

Description	Foreign currency	Balance in foreign currency	Effect on accumulated losses	Effect on non-controlling interests	Total effect on equity
Monetary assets	USD	11,856	149,955	79,044	**228,999**
Monetary liabilities	USD	(628,170)	(9,069,416)	(2,587,937)	**(11,657,353)**
Monetary assets	Euro	1.6	86	-	**86**
Monetary liabilities	Euro	(24,813)	(490,216)	-	**(490,216)**
Net			**(9,409,591)**	**(2,508,893)**	**(11,918,484)**

11. Critical judgments in applying the Group's accounting policies

In general, applying the Group accounting policies does not require judgments other than the below and apart from those involving estimates that have significant effects on the amounts recognized in the interim condensed consolidated financial statements.

(a) Hyperinflationary Economies

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

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

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

Following management's assessment, the Group's subsidiary in Sudan, Al-Takamol for Cement has been accounted for as entities operating in hyperinflationary economies.

(b) 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 March 2024 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.

11. Critical judgments in applying the Group's accounting policies (continued)

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

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.

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 interim condensed consolidated financial position amounting to approximately EGP 197.89 billion and EGP 111.83 billion respectively as of 31 March 2024 and with a consolidated profit of EGP 2.1 billion for the three months period. The primary assets and liabilities making up these totals are represented in the fixed assets amounted to EGP 141.4 billion, trade receivables amounted to 18.7 billion, trade and other payables amounted to EGP 12.58 billion and loans liabilities amounted to EGP 77.3 billion.

(c) 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 labor, material and other costs of providing goods and services.

11. Critical judgments in applying the Group's accounting policies (continued)

(c) Functional currencies of different entities of the Group (continued)

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.

(d) 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.

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.

11. Critical judgments in applying the Group's accounting policies (continued)

(e) Control over Dar Elsherouk company

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.

(f) Significant influence over National Printing Company S.A.E

On 27 March 2024, Qalaa transferred to FHI its indirectly owned shares (27.21%) in National Printing Company S.A.E. (a subsidiary of Grandview), with Qalaa retaining a call option to purchase back this stake within two years. Qalaa previously consolidated National Printing Company S.A.E. because it had power over its parent, Grandview, due to the appointment of the directors and the power provided by the participation agreement. Despite the transaction on 27 March 2024 resulting in the loss of control of Grandview together with the legal ownership of the National Printing Company S.A.E. shares, the Group Management has determined that Qalaa retains present access to ownership returns in National Printing Company S.A.E. during the call option period in accordance with the principles outlined in EAS 18 "Investment in associates" and also significant influence over "National Printing S.A.E. "the Company" through the ability to exercise the option at any time. If the option is exercised, Qalaa has the right to a voting right exceeding 20% and the option price is reduced by any dividends paid by the Company which grants Qalaa economic access to the profits generated even before the option is exercised.

Based on the facts as set out above, Qalaa has equity accounted for the 27.21% interest in the Company and recognised a gross liability to pay the call option strike price. If management's judgments were to change, this would result in the derecognition of the investment in associate (National Printing Company S.A.E.) and also the gross liability to pay the strike price. Absent these gross amounts on the face of the balance sheet the option would be treated as a derivative financial instrument at fair value through profit or loss.

Management will continue to reassess this judgement at each reporting date, considering any changes in circumstances that may affect Qalaa's ability to exercise the call option over the Company (note 5).

12. Going concern

As at 31 March 2024, the Group's current liabilities EGP 147.3 billion (31 December 2023: EGP 106.5 billion) exceeded the current assets of EGP 56.7 billion (31 December 2023: EGP 38.9 billion) by EGP 90.7 billion (31 December 2023: EGP 67.6 billion). This is mainly because some 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 85.8 billion (31 December 2023: EGP 50 billion) is repayable on demand, where EGP 57.8 billion (31 December 2023: EGP 31.8 billion) is related to ERC and EGP 27.9 billion (31 December 2023: EGP 19.1 billion) is related to debt at QH level and its wholly owned subsidiaries. Accordingly, the relevant loans have been classified as current liabilities as of 31 March 2024.

12. Going concern (continued)

The Group is currently financed by borrowings and bank facilities amounting to EGP 111.2 billion as at 31 March 2024 and has cash and cash equivalents of EGP 18.9 billion most of which is held within the energy sector.

During the current period, the Group earned a net profit of approximately EGP 9.1 billion for the period ended 31 March 2024 and net inflows from operating cash flows of EGP 5.2 billion. As a result, the Group's accumulated losses have increased to approximately EGP 24.1 billion as at 31 March 2024 (31 December 2023: EGP 21.9 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 2.1 billion, EBITDA of EGP 6.9 billion, and cash inflows from operations of EGP 6.5 billion for the three months ended 31 March 2024. 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%.

  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.

12. Going concern (continued)

- NDT Sudan, Al-Takamol revenue declined to EGP 315 million in the three months ended 31 March 2024 compared to EGP 897 million in the three months ended 31 March 2023. 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 498.3 million in the three months ended 31 March 2023 to EGP 760 Million in the three months ended 31 March 2024, 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 to install 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 723.8 Million in three months ended 31 March 2024 compared to EGP 400.5 Million in three months ended 31 March 2023. 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 172.3 million in the three months ended in March 2023 to positive cash flows of EGP 235.1 million in the three months ended in March 2024. 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 25% 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 USD-based 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.

12. Going concern (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 March 2024 amounting to EGP 77.3 billion. The Company has been in default with senior lenders since 31 December 2020. The senior debt including interest stood at EGP 49.7 billion as of 31 March 2024, and the remaining outstanding loans include subordinated loans amounting to EGP 27.6 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 49.7 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.

Other:

- 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. It also restructured a debt for one of its wholly owned subsidiaries. During the first quarter of 2024, the Group has restructured the remaining debt on the cement sector with a total of EGP 559 million.

- 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. This will result in additional funds to settle obligations.

- On 31 March 2024, Qalaa Holdings closed 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 agreement settled most of the liabilities owed by Qalaa and certain of its affiliates to FHI and transferred the shareholding of FHI in several Qalaa affiliates to Qalaa. FHI has discharged the shareholder loan owed by Qalaa Holdings subsidiaries, which positively impacted the financials (note 4(b)). This action alleviates the burden of interest rates and foreign exchange, as the debts were denominated in USD.

12. Going concern (continued)

- After the period ended 31 March 2024, the Group signed 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. The terms of this debt settlement resulted in the settlement of the loan against the sale of certain assets. Also, Qalaa signed an agreement with the Arab International Bank for the settlement and restructuring of the debts owed by Qalaa and related parties over a period extending to 2033. Additionally, the Group had the approval of the general assembly on the offer submitted by Qalaa Holding Restructuring Ltd "QHRI" to purchase the external debt owed by Qalaa to certain banks and Financial institutions participating in the syndicated loan agreement. The opportunity to participate in the debt purchase was offered to all Qalaa shareholders via the funding of QHRI against a debt note issued by the latter. The Purchased Senior Debt was concluded effective 30 June and the participating Qalaa shareholders will henceforth be the beneficial holders of the Purchased Senior Debt. The debt will then be extinguished by Qalaa in the form of a capital increase providing the participating shareholders repayment in the form of shares in Qalaa or cash or a combination thereof. Such agreements serve to reduce Qalaa's debt levels and financing costs.

  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 three months ended 31 March 2024.

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 interim condensed consolidated financial statements of the Group for the three months ended 31 March 2024 have been prepared on a going concern basis.

13. Significant events

A) 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.

B) 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.

C) 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.

D) 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 settled most of the liabilities owed by Qalaa and certain of its affiliates to FHI and transferred the shareholding of FHI in several Qalaa affiliates to Qalaa.

Pursuant to the agreement, FHI transferred 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 discharged most of Qalaa Group’s liabilities and obligations and returned all associated collaterals and guarantees. Moreover, it assigned 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 S.A.E. (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.

14. Subsequent events

A) 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.

3) 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.

On 4 September 2024, Qalaa Holdings announced the completion of the aforementioned debt settlement agreement.

B) 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 260 million and put their dispute to rest.

C) The Company's ordinary general assembly decided on 30 May 2024 to approve the offer submitted by Qalaa Holding Restructuring Ltd "QHRI" (a company that was established in accordance with the laws of the British Virgin Islands) by the owners of Citadel Capital Partners Ltd. (the "main shareholder" of Qalaa) to purchase the external debt owed by Qalaa to certain banks and Financial institutions participating in the syndicated loan agreement dated 1 February 2012 ("the Syndicated loan") signed between Qalaa Holdings and a group of local and international banks and institutions. This purchase will be at an amount equivalent to 20% of the remaining principal balance of the lenders' share who accepted the purchase offer in the Syndicated loans payable in USD in an international bank account selected by the accepting lenders. The opportunity to participate in the debt purchase was offered to all Qalaa shareholders via the funding of QHRI against a debt note issued by the latter. The Purchased Senior Debt was concluded effective 30 June 2024 and the participating Qalaa shareholders will henceforth be the beneficial holders of the Purchased Senior Debt. The debt will then be extinguished by Qalaa in the form of a capital increase providing the participating shareholders repayment in the form of shares in Qalaa or cash or a combination thereof. Such agreements serve to reduce Qalaa's debt levels and financing costs.