



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

LIMITED REVIEW REPORT AND INTERIM
CONDENSED SEPARATE FINANCIAL
STATEMENTS FOR THE SIX MONTHS PERIOD
ENDED 30 JUNE 2023

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Limited review report on the interim condensed separate 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 separate statement of financial position of Qalaa for Financial Investments (S.A.E.) (the "Company") as of 30 June 2023 and the related interim condensed separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of these interim condensed separate financial statements in accordance with the Egyptian Accounting Standard 30 "Interim financial reporting", and our responsibility is to express a conclusion on these interim condensed separate 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 Review Engagements No. 2410 "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 separate 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 separate financial statements are not prepared, in all material respects, in accordance with Egyptian Accounting Standard 30 "Interim financial reporting".

Emphasis of matter

Without qualifying our conclusion, and as described in note (9) to the interim condensed separate financial statements, the Company incurred a net loss of EGP 1.2 billion for the six-month period ended 30 June 2023 and it had accumulated losses of EGP 10.8 billion as of 30 June 2023 and its current liabilities exceeded its current assets by EGP 9.9 billion as at that date. In addition, as of that date, the Company was in breach of its debt covenants and had defaulted in settling its loan instalments on the respective due dates. These events and conditions along with other matters disclosed in note (9) to the interim condensed separate financial statements, indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The interim condensed separate financial statements do not include the adjustments that would be necessary if the Company is unable to continue as a going concern.

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

16 September 2023
Cairo

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023



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

Interim condensed separate statement of financial position - As of 30 June 2023

	Note	30 June 2023	31 December 2022
Non-current assets			
Fixed assets	3(a)	9,814	14,382
Investments in subsidiaries and joint ventures		5,552,527	5,552,527
Financial assets at fair value through other comprehensive income	2(e)	13,005	10,398
Payments under investments		2,609,459	2,609,459
Loans to subsidiaries	2(a)	175,995	175,995
Deferred tax asset		131	-
Total non-current assets		8,360,931	8,362,761
Current assets			
Loans to subsidiaries	2(a)	1,288,904	1,288,595
Other Receivables		9,105	7,055
Due from related parties	6(a)	7,046,007	5,382,423
Cash and bank balances	2(b)	233,116	8,184
Total current assets		8,577,132	6,686,257
Total assets		16,938,063	15,049,018
Equity			
Paid up capital		9,100,000	9,100,000
Reserves		88,543	88,543
Accumulated losses		(10,818,915)	(8,341,797)
Total /(Net) Equity		(1,630,372)	846,746
Non-current liabilities			
Deferred tax liabilities		-	382
Total Non-current liabilities		-	382
Current liabilities			
Provisions		359,827	348,896
Other payables	2(d)	1,483,542	1,219,518
Due to related parties	6(b)	2,401,156	1,801,874
Loans	2(c)	14,323,910	10,831,602
Total current liabilities		18,568,435	14,201,890
Total equity and liabilities		16,938,063	15,049,018

- The accompanying notes on pages 7 to 24 form an integral part of these interim condensed separate financial statements.
- Limited review report attached

Tarek El Gammal
Chief Financial Officer

Hisham El Khazindar
Managing Director

Ahmed Mohamed Hassanien Heikal
Chairman

16 September 2023

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023



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

Interim condensed separate statement of profit or loss
For the six months period ended 30 June 2023

	Note	Restated		Three months ended 30 June	
		Six months ended 30 June	2022	2023	2022
		2023			
Advisory revenue	4(a)	81,068	45,409	40,957	24,607
General and administrative expenses		(140,273)	(163,793)	(67,374)	(83,087)
Provisions formed	4(b)	(813,082)	(114,553)	(115,416)	(62,427)
Operating loss		(872,287)	(232,937)	(141,833)	(120,907)
Finance Income	4(c)	289,597	152,802	153,824	76,395
Finance Cost	4(c)	(700,548)	(344,329)	(367,198)	(214,529)
Loss before income tax		(1,283,238)	(424,464)	(355,207)	(259,041)
Income tax	4(d)	511	(695)	255	(16)
Net loss for the period		(1,282,727)	(425,159)	(354,952)	(259,057)
Earning Per share					
Basic loss per share (EGP/Share)	7	(0.70)	(0.23)	(0.19)	(0.14)
Diluted loss per share (EGP/Share)		(0.70)	(0.23)	(0.19)	(0.14)

- The accompanying notes on pages 7 to 24 form an integral part of these interim condensed separate financial statements.

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023



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

Interim condensed separate statement of comprehensive income
For the six months period ended 30 June 2023

	Restated		Three months ended 30 June	
	Six months ended 30 June 2023	2022	2023	2022
Net loss for the period	(1,282,727)	(425,159)	(354,952)	(259,057)
Net Foreign Exchange Loss	(1,194,391)	(406,119)	(7,632)	-
Total comprehensive loss for the period	(2,477,118)	(831,278)	(362,584)	(259,057)

- The accompanying notes on pages 7 to 24 form an integral part of these interim condensed separate financial statements.

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023



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

Interim condensed separate statement of changes in equity

For the six months period ended 30 June 2023

	Paid up capital	Reserves	Accumulated losses	Total equity
Balance at 1 January 2022	9,100,000	88,638	(5,022,318)	4,166,320
Total comprehensive loss for the period	-	-	(831,278)	(831,278)
Balance at 30 June 2022	9,100,000	88,638	(5,853,596)	3,335,042
Balance at 1 January 2023	9,100,000	88,543	(8,341,797)	846,746
Total comprehensive loss for the period	-	-	(2,477,118)	(2,477,118)
Balance at 30 June 2023	9,100,000	88,543	(10,818,915)	(1,630,372)

- The accompanying notes on pages 7 to 24 form an integral part of these interim condensed separate financial statements.

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023



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

Interim condensed separate statement of cash flows
For the six months period ended 30 June 2023

		30 June	Restated 30 June
	Note	2023	2022
Cash flows from operating activities			
Loss for the period before tax		(1,283,238)	(368,550)
Adjusted to:			
Fixed assets depreciation	3(a)	4,568	4,629
Interest expense	4(c)	700,548	288,415
Interest income	4(c)	(288,924)	(152,802)
Provisions formed		813,082	114,553
Operating loss before changes in working capital		(53,964)	(113,755)
Changes in working capital:			
Debtors and other debit balances		(2,050)	3,090
Due from related parties		(55,815)	31,047
Creditors and other credit balances		26,812	80,545
Due to related parties		(25,253)	20,468
Net cash flows (used in) / generated from operating activities		(110,270)	21,395
Cash flows from investing activities			
Proceeds from loans to subsidiaries		-	17,910
Payments for investments		-	(221)
Net cash flows generated from investing activities		-	17,689
Cash flows from financing activities			
Due from related parties		(340,742)	(620,242)
Due to related parties		196,944	(14,362)
Proceeds from Loans		479,000	600,000
Net cash flows generated from / (used in) financing activities		335,202	(34,604)
Change in cash and cash equivalents		224,932	4,480
Cash and cash equivalents at beginning of the period		8,184	2,341
Cash and cash equivalents at end of the period	2(b)	233,116	6,821

- The accompanying notes on pages 7 to 24 form an integral part of these interim condensed separate financial statements.

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

1. Introduction

Qalaa for Financial Investments "S.A.E." was incorporated in 2004 as an Egyptian joint stock company under Law No. 159 of 1981. It was registered in the commercial register under number 11121, Cairo on 13 April 2004. The Company's term is 25 years as of the date it is entered in the commercial register. The company's head office is located in 31 Arkan Plaza, Sheikh Zayed City, 6th of October, Giza, Arab Republic of Egypt. The company is registered in the Egyptian Stock Exchange.

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

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

The company's preferred shares are owned by Citadel Capital Partners Ltd. Company, the principle shareholder of the company by 23.49%.

These interim condensed separate financial statements has been authorised by the company's Board of Directors on 16 September 2023, and the Shareholders' General Assembly has the right to modify the interim condensed separate financial statements after being issued.

Users of these interim condensed separate financial statements should read them together with Company's interim condensed consolidated financial statements for 30 June 2023 in order to obtain full information on financial position, results of operations, cash flow and changes in equity of the Company as a whole.

2. Financial assets and financial liabilities

2(a) Loans to subsidiaries

Loans to subsidiaries are represented in finance agreements to subsidiaries as follows:

	30 June 2023	31 December 2022
<u>Current</u>		
National Development and Trading Company	4,308,734	3,260,289
	4,308,734	3,260,289
Less: Accumulated impairment loss*	(3,019,830)	(1,971,694)
	1,288,904	1,288,595
<u>Non-current</u>		
United Foundries Company	367,872	294,109
Less: Accumulated impairment loss*	(191,877)	(118,114)
	175,995	175,995
	1,464,899	1,464,590

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

2. Financial assets and financial liabilities

2(a) Loans to subsidiaries (continued)

* The movement in impairment of loans due from subsidiaries:

	30 June 2023	31 December 2022
Balance at 1 January	2,089,808	584,847
Impairment Used	-	(10,864)
Formed during the period	818,354	1,119,260
Foreign currency exchange loss differences	303,545	396,565
	3,211,707	2,089,808

2(b) Cash and bank balances

	30 June 2023	31 December 2022
Bank Current accounts – local currency	227,141	1,653
Cash on hand	5,879	4,995
Bank Current accounts – foreign currency	96	1,536
	233,116	8,184

The average effective interest rate on deposits at 30 June 2023 was 11.8% (31 December 2022: 10.6%). Time deposits and current accounts with banks are placed with local banks under the supervision of Central Bank of Egypt.

2(c) Loans

On 1 February 2012 the Company has signed a long-term loan contract with an amount of US \$325 million with Citi Bank Company - syndication manager along with other Company of banks (represented in Arab African International Bank S.A.E, Arab International Bank, Banque du Caire, Misr Bank S.A.E and Piraeus Bank) and guaranteed by Overseas Private Investment Corporation (OPIC) for the purpose of expanding the Company's investments and refinancing the outstanding debts as at 31 December 2011 (which represented in the loan granted to the Company on 15 May 2008 with an amount of US \$200 million for a period of five years from a Company of banks represented in Arab African International Bank, Suez Canal Bank, Misr bank, Piraeus Bank, Morgan Stanley Bank and Citi Bank London "syndication manager"). Loan is to be paid on nine instalments during the contract period begins from the third year to the end of contract on 15 May 2013. The loan balance is US \$172 million (equivalent to EGP 1 billion) as at 31 December 2011 until the date of the new contract.

The new loan amount is divided into three classes:

First class: Irrevocable amount of US \$175 million bearing variable interest rate (4.25%+Libor rate) for 5 years begins from the date of the contract and payable on five equal annual instalments.

Second class: Irrevocable amount of US \$125 million bearing variable interest rate (3.9%+Libor rate on the date of withdrawal) for 10 years begins from the date of the contract and payable on nine equal annual instalments with one-year grace period.

Third class: Irrevocable amount of US \$25 million bearing variable interest rate (3.9%+Libor rate on the date of withdrawal) and the Company has the right to use it within nine years begins from the date of the contract and payable on nine equal annual instalments begins from the date of withdrawal with one year grace period (not yet used).

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

2. Financial assets and financial liabilities

2(c) Loans (continued)

The total loans balance as of 30 June 2023:

	30 June 2023	31 December 2022
First Class	3,957,431	3,163,903
Second Class	3,495,198	2,794,389
Accrued Interest	5,242,281	3,723,310
Bridge Loan*	1,629,000	1,150,000
Balance	14,323,910	10,831,602

*The Company obtained a bridge loan from a third party entity amounting to 1.629 Billion Egyptian Pounds which is secured against post-dated checks, , The loan is repayable in one year and classified accordingly as under current liabilities.

2(d) Other payables balances

	30 June 2023			31 December 2022		
	Current	Non-current	Total	Current	Non-current	Total
Tax authority	225,797	-	225,797	221,320	-	221,320
Accrued expenses	428,192	-	428,192	391,990	-	391,990
Former shareholder credit balances*	525,563	-	525,563	363,540	-	363,540
Trade and notes payable	300,830	-	300,830	238,740	-	238,740
Dividends payable	2,894	-	2,894	2,894	-	2,894
Social insurance authority	266	-	266	1,034	-	1,034
Total other payables balances	1,483,542	-	1,483,542	1,219,518	-	1,219,518

Trade payables are unsecured and are usually paid within 60 days of recognition.

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

* Former Shareholder credit balance represents amounts due to shareholders that resulted from prior acquisitions as well as financing certain subsidiaries. Management doesn't have unconditional rights to defer the settlement and expects these balances to be repaid within twelve months from the date of the condensed separate financial statements.

2(e) Maturities of financial liabilities

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

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

2. Financial assets and financial liabilities

2(e) Maturities of financial liabilities (continued)

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

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

The table below summarises the maturities of the Company's undiscounted financial liabilities at 30 June 2023 and 31 December 2022, based on contractual payment dates and current market interest rates.

	Below 1 year
30 June 2023	
Loans	14,323,910
Other payables balances	1,483,542
Due to related parties	2,401,156
Total	18,208,608
31 December 2022	
Loans	10,831,602
Other payables balances	1,219,518
Due to related parties	1,801,874
Total	13,852,994

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or pay the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, the most advantageous market for the asset or the liability.

The Company should be able to have access to the principal market or the most advantageous market. In the absence of principal market, the Company does not need to conduct a thorough search of all possible markets to determine the principal or the most advantageous market. However, the Company takes into consideration all information reasonably available.

The table below shows the financial assets and liabilities at fair value in the separate financial statements at 30 June 2023 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

- Level 1: Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities, which the Company can have access to at the date of measurement.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs of the asset or the liability.

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

Financial assets and financial liabilities (continued)

2(e) Maturities of financial liabilities (continued)

Recurring fair value measurements At 30 June 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income	-	13,005	-	13,005
Equity securities	-	-	-	-
Total financial assets	-	13,005	-	13,005

The table below shows the financial assets at fair value in the interim condensed separate financial statements at 31 December 2022 within the hierarchy of fair value.

Recurring fair value measurements At 31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income	-	10,398	-	10,398
Equity securities	-	-	-	-
Total financial assets	-	10,398	-	10,398

The Company determines the level, in the case of transfers between levels within the hierarchy of fair value through the revaluation of the classification (based on the lowest input levels that are considered to be significant to the fair value measurement as a whole). The Company did not make any transfers between levels 1 and 2 during the period.

3. Non-financial assets and liabilities

3(a) Fixed assets

	Buildings	Computers	Furniture, fixture & office equipment	Vehicles	Software	Total
31 December 2022						
Cost	33,742	8,862	23,037	540	24,856	91,037
Accumulated depreciation	(26,993)	(8,823)	(23,037)	(540)	(17,262)	(76,655)
Net carrying value	6,749	39	-	-	7,594	14,382
Period ended 30 June 2023						
Net book value at the beginning of the period	6,749	39	-	-	7,594	14,382
Depreciation expense	(844)	(39)	-	-	(3,685)	(4,568)
Net book value	5,905	-	-	-	3,909	9,814
30 June 2023						
Cost	33,742	8,862	23,037	540	24,856	91,037
Accumulated depreciation	(27,837)	(8,862)	(23,037)	(540)	(20,947)	(81,223)
Net carrying value	5,905	-	-	-	3,909	9,814

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

4. Profit and loss information

4(a) Advisory Revenue

Advisory fee represents advisory services rendered to the subsidiaries and other related parties by virtue of shareholders agreements:

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Falcon Agriculture Investments Ltd	38,934	21,657	19,568	11,739
Citadel Capital Transportation Opportunities II Ltd	16,881	9,390	8,484	5,090
Silverstone Capital Investment Ltd	14,810	8,238	7,443	4,466
ASEC for Cement	10,443	6,124	5,462	3,312
	81,068	45,409	40,957	24,607

4(b) Significant items

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Expenses				
Impairment in loans to subsidiaries	813,082	114,553	115,416	62,426
Salaries, wages and other employees benefits	104,854	101,965	49,671	62,458
	917,936	216,518	165,087	124,884

4(c) Finance costs - net

	Restated		Restated	
	Six months ended 30 June	2022	Three months ended 30 June	2022
	2023		2023	
Credit interest*	289,597	152,802	153,824	76,395
Total Finance Income	289,597	152,802	153,824	76,395
Net foreign exchange loss	-	(55,914)	-	(55,914)
Interest expenses	(700,548)	(288,415)	(367,198)	(158,615)
Total Finance Cost	(700,548)	(344,329)	(367,198)	(214,529)
Total	(410,951)	(191,527)	(213,374)	(138,134)

* Interest represents the accrued interest income according to the signed contracts with related parties as follows:

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
National Development and Trading Company	229,592	114,553	116,026	62,426
Citadel Capital Holding for Financial Investments-Free Zone	35,897	23,318	20,700	4,219
National Multimodal Transportation	23,271	14,756	16,385	9,654
United Foundries Company	164	92	83	50
Other	673	83	630	46
	289,597	152,802	153,824	76,395

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

4. Profit and loss information (continued)

4(d) 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. The average annual tax rate used for the period to 30 June 2023 is null compared to 0.16 % for the six months ended 30 June 2022. There is no material change in the effective tax rate for the period as compared to prior period.

5. Significant changes in the current reporting period

A) On 18 January 2023, the Company's extraordinary assembly approved the amendment of the Employees Stock Options Plan (ESOP) policy which has been presented to the extraordinary assembly on 10 December 2018 and was not applied due to incomplete procedures to get the financial regulatory association's approval.

B) The Monetary Policy Committee decided, in its extraordinary meeting held on 30 March 2023, to raise the overnight deposit rate, the overnight lending rate and the rate of the main operation by 200 basis points to 18.25%, 19.25%, and 18.75%, respectively. The discount rate was also raised by 200 basis points to 18.75%.

Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023

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

6. Related party transactions

The Company 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 Company's top management of the company, their entities, companies under common control. The management decide the terms and conditions of the transactions and services provided beyond to the related parties and any other expenses fairly and depending on contracts and agreements the following are the nature and values of the transactions with the related parties during the period also the accrued balances at the date of condensed separate financial position.

6 (a) Due from related parties

Company name	Nature of relationship	Nature and volume of transaction				31 December 2022
		Advisory fee	Finance	Forex	30 June 2023	
Mena Home furnishings Mall	Subsidiary	-	-	32,650	162,779	130,129
Falcon Agriculture Investments Ltd.	Subsidiary	38,934	-	166,798	869,997	664,265
Golden Crescent Investments Ltd.	Subsidiary	-	-	23,642	117,880	94,238
Citadel Capital Transportation Opportunities Ltd.	Subsidiary	-	-	19,948	48,676	28,728
Logria Holding Ltd.	Investee	-	-	34,098	170,054	135,956
Mena Glass Ltd.	Investee	-	-	21,287	106,162	84,875
Sabina for Integrated Solutions	Subsidiary	-	-	6,815	33,987	27,172
Citadel Capital Financing Corp.	Subsidiary	-	-	40,670	202,830	162,160
Citadel Capital Transportation Opportunities II Ltd.	Subsidiary	16,881	-	68,131	356,324	271,312
Citadel Capital Holding for Financial Investments-Free Zone	Subsidiary	-	71,292	829,911	3,420,632	2,519,429
ASEC Company for Mining (ASCOM)	Subsidiary	-	(1,542)	(16)	25,893	27,451
United Foundries Company	Subsidiary	-	(10,325)	66,123	354,025	298,227
Citadel Capital for International Investments Ltd.	Subsidiary	-	256,343	518,762	3,915,405	3,140,300
Africa Raliways Limited	Subsidiary	-	-	11,184	40,913	29,729
Mena Joint Investment Fund management S.A	Subsidiary	-	-	14,511	72,367	57,856
Citadel Capital Joint Investment and Management limited Fund	Subsidiary	-	-	3,328	16,596	13,268
Africa JIF Holdco I fund	Subsidiary	-	-	4,400	21,945	17,545
Crondall Holdings Ltd.	Subsidiary	-	-	10,947	54,591	43,644
International Company for Mining Consultation	Subsidiary	-	-	-	140	140
Grandview Investment Corp	Subsidiary	-	(1,678)	5,825	25,458	21,311
Dina Farms	Subsidiary	-	26,652	-	26,652	-
Total					10,043,306	7,767,735
Accumulated impairment loss *					(2,997,299)	(2,385,312)
Net					7,046,007	5,382,423

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

6. Related party transactions (continued)

6 (a) Due from related parties (continued)

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

	Balance as at 1 January 2023	Formed	Write off	Foreign exchange differences	Balance as at 30 June 2023
Logria Holding Ltd.	135,956	-	-	34,098	170,054
Citadel Capital Financing Corp.	162,160	-	-	40,670	202,830
Golden Crescent Investments Ltd.	94,238	-	-	23,642	117,880
Sabina for Integrated Solutions Citadel Capital Transportation Opportunities Ltd.	27,172	-	-	6,815	33,987
Mena Glass Ltd.	28,728	-	-	19,948	48,676
Africa Raliways Limited	84,875	-	-	21,287	106,162
Crandall Holdings Ltd.	29,729	-	-	11,184	40,913
Citadel Capital Holding for Financial Investments-Free Zone	43,644	-	-	10,947	54,591
Citadel Capital for International Investments Ltd.	1,196,100	-	-	328,692	1,524,792
Mena Home furnishings Mall	452,581	-	-	82,054	534,635
	130,129			32,650	162,779
Balance	2,385,312	-	-	611,987	2,997,299

6(b) Due to related parties

	Nature of relationship	Nature and volume of transaction			30 June 2023	31 December 2022
		Advisory fee	Finance	Forex		
National Development and Trading Company	Subsidiary	-	34,856	252,823	1,288,841	1,001,162
ASEC Cement Company	Subsidiary	(10,443)	1,914	6,098	13,331	15,762
Asec Trading Company	Subsidiary	-	149,692	19,291	241,596	72,613
Citadel Capital for International Investments Ltd.	Subsidiary	-	-	138,173	689,013	550,840
Silverstone Capital Investment Ltd.	Subsidiary	(14,809)	-	11,174	41,223	44,858
Ahmed Heikal	Chairman	-	-	31	843	812
FHI	Shareholder	-	10,482	-	126,309	115,827
Total					2,401,156	1,801,874

6(c) Key Management Compensation

Key management personnel received total benefits during the period with an amount of EGP 19.8 million in 30 June 2023 represented in salaries and other benefits (30 June 2022: EGP 30.4 million)

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

6. Related party transactions (continued)

6 (d) Terms and conditions

Transactions relating to Advisory fees during the period based on the Contracts in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

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 11.5% (31 December 2022 – 11.5%).

Outstanding balances are secured and are repayable in cash.

6(e) Impairment of loans to related parties and due from related parties

Impairment of loans to related parties and due from related parties is estimated by monitoring ageing of balances. The Company's management examines the credit position and ability of related parties to make payments for their past due debts. Impairment is recognised for amounts due from related parties whose credit position, as believed by the management, does not allow them to pay their dues. The amount of the loss is measured as the difference between the carrying amount of the asset and the present value of future cash flows discounted at the original effective interest rate of the financial asset, and the carrying amount is reduced directly to the related parties balance by making a provision for impairment of related parties' balance.

7. Losses per share

Basic Losses per share is calculated by dividing the Losses attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period after excluding ordinary shares held in treasury.

	30 June 2023	Restated 30 June 2022
Net loss for the period	(1,282,727)	(425,159)
Weighted average number of shares including preferred shares with the same distribution rights as ordinary shares	1,820,000	1,820,000
Earnings per share (EGP)	(0.70)	(0.23)

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company does not have any categories of dilutive potential ordinary shares on 30 June 2023 and 30 June 2022, hence the diluted Losses per share is the same as the basic Losses per share.

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

8. Basis of preparation of the interim condensed separate financial statements

Compliance with EAS

The interim condensed separate financial statements for the financial period ended 30 June 2023 have been prepared in accordance with the requirements of the Egyptian Accounting Standard (30) "Interim Financial Statements".

These interim condensed separate financial statements doesn't contain all the information required in preparing the full annual financial statements and should be read in conjunction with the Company's annual separate financial statements as at 31 December 2022.

The accounting policies adopted in the preparation of this interim condensed separate financial statements are consistent with those of the previous financial year and corresponding interim reporting period. except for the estimation of income tax (see note 4(d)) and the adoption of new and amended standards as set out below.

Summary of material modifications of the Egyptian Accounting Standards 2023

The Minister of Investment issued Decision No. 883 of 2023 in March 2023, amending some rules of Egyptian accounting standards, which include some new accounting standards and amendments to some existing standards. These amendments were published in the accounting standards in the Official Gazette on 6 March 2023. The most important amendments are summarized as follows, which are implemented for the financial periods beginning on or after 1 January 2023. The Company's management is in the process of evaluating the impact of applying these amendments.

Accounting Standards	Amendment Summary	Application date
EAS No. 10 "Fixed Assets and Its Depreciation"	<p>"Scope of the Standard" The standard has been altered to include bearer plants.</p> <p>"Measurement" - The option of revaluing fixed assets has been added to the current standard. - The fair value of an asset is determined through revaluation and pricing experts who are registered in the Financial Regulatory Authority. - Paragraph 20(A) has been added, according to which the Company must record the proceeds from the sale of any output produced during the delivery of the fixed asset to the condition necessary for it to be operable in the manner intended by the management within the separate statement of profit or loss.</p> <p>"Disclosures" Some new disclosures have been added to the re-evaluation model.</p>	The Company applies the amendments to add the option of using the revaluation model to the financial periods starting on or after 1 January 2023, retroactively, with recording the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus account within equity at the beginning of the financial period in which the Company applies it for the first time.

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

Basis of preparation of the interim condensed separate financial statements (continued)

<p>Egyptian Accounting Standard No. 23 "Intangible Assets"</p>	<p>"Scope of the standard" The scope of the intangible asset standard has been modified to include the rights held by the lessee under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents, and copyrights.</p> <p>"Measurement" - An option to apply the revaluation model for intangible assets has been added. - The fair value is determined through an estimate made by experts specialized in evaluation and valuation among those registered in a register dedicated to that in the General Authority for Financial Supervision.</p> <p>"Disclosures" Some new disclosures related to the revaluation model have been added.</p>	<p>The Company applies the amendments to add the option to use the revaluation model on the financial periods starting on or after 1 January 2023, retroactively, with recording of the cumulative effect of applying the revaluation model first by adding it to the revaluation account within equity at the beginning of the financial period in which the facility applies this model for the first time.</p>
<p>Amendments to the Egyptian Accounting Standard "Fixed Assets" No. (10) and the Egyptian Accounting Standard No. (23) "Intangible Assets" related to depreciation and amortization.</p>	<p>This amendment clarifies that it is not permissible to use the depreciation method that depends on the revenues generated from the activity that includes the depreciation of the asset, since the generation of revenues related to the asset reflects factors other than the consumption of the economic benefits related to the asset. It is possible to refute this assumption in limited cases related to intangible assets when there is a close correlation between the volume of revenue and the intangible asset.</p>	<p>Applies to financial periods beginning on or after 1 January 2023.</p>
<p>Egyptian Accounting Standard No. (34) "Investment property"</p>	<p>"Measurement" - The option of applying the fair value model for property investment has been added. - The fair value is determined by estimation that is carried out by experts specialized in valuation and pricing among those registered in a in the Financial Regulatory Authority.</p>	<p>The Company applies the amendments to add the option to use the fair value model on the financial periods that start on or after 1 January 2023, retroactively, with recording of the cumulative effect to apply the fair value model initially by adding it to the fair value surplus within Separate statement of changes in equity at the beginning of the financial period in which it is based. The Company applies this model for the first time.</p>

Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023

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

Basis of preparation of the interim condensed separate financial statements (continued)

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

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

Basis of preparation of the interim condensed separate financial statements (continued)

<p>Egyptian Accounting Standard No. (50) "Insurance Contracts"</p>	<p>The new Egyptian Accounting Standard No. (50) "Insurance Contracts" replaces the adjusted Egyptian Accounting Standard No. (37).</p> <p>This standard defines the principles for recording insurance contracts that fall within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the entity provides appropriate information that faithfully reflects those contracts. This information provides users of the financial statements with the necessary basis for evaluating the effects of those insurance contracts on the Group's financial position, financial performance, and cash flows.</p> <p>The Group shall apply the accounting standard no. 50 "insurance contracts", including reinsurance contracts, that it issues; reinsurance contracts it holds; and investment contracts with facultative participation features that the Group issues, provided that the Group also issues insurance contracts.</p>	<p>The application will be available from 1 July 2024 or from the beginning of the annual financial period after 1 July 2024.</p>
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The following Egyptian Accounting Standards have been amended to comply with the addition of the option to apply the revaluation model and the fair value model as mentioned in the above paragraph.

- A) Egyptian Accounting Standard No. (1) "Presentation of Financial Statements"
- B) Egyptian Accounting Standard No. (5) "Accounting Policies"
- C) Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Currency Exchange Rates"
- Egyptian Accounting Standard No. (24) "Income Taxes"
- D) Egyptian Accounting Standard No. (31) "impairment of assets"
- E) Egyptian Accounting Standard No. (32) "non-current assets held for the purpose of sale and non-continuing operations"

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

9. Going concern

The Company has made a net loss of approximately EGP 1.2 billion for the period ended 30 June 2023 (30 June 2022: EGP 425 million loss). This has further increased the Company's accumulated losses amounted to approximately EGP 10.8 billion as at 30 June 2023 (31 December 2022: EGP 8.3 billion).

As at 30 June 2023, the Company is financed by borrowings and bank facilities to the amount of EGP 14.3 billion. The Company had EGP 233 million of cash and cash equivalents.

During the financial period, the Company was in breach of its existing debt covenants. As a result of the breaches and defaults, an amount of EGP 14.3 billion was repayable on demand and the loans have been classified as current liabilities as at 30 June 2023. As a result, the Company's current liabilities exceeded its current assets by EGP 9.9 billion (31 December 2022: EGP 7.5 billion).

These circumstances indicate significant doubts as to whether the Company will be able to meet its debt obligations as they fall due and represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The key factors which could lead to the Company not being a going concern are considered to be:

- If the Company continues to make losses from operations and does not generate sufficient cash flows from the operations. As a result, the Company would not be able to provide services to its customers, pay employees and suppliers.
- If the Company is unable to remedy any breaches of financial covenants financial nor able to renegotiate or restructure any defaulted positions.

Assessment of cash flow forecasts produced by management

The assessment of the going concern basis for the preparation of the financial statements of the Company relies heavily on the ability to forecast future cash flows over the going concern assessment period and to successfully restructure the defaulted debt and remedy any breaches. Although the Company has a robust budgeting and forecasting process, there is an inherent uncertainty in the assumptions used in this process.

Management has prepared a comprehensive cash flow forecast for the next 5 years of the business which has been subject to Board review and challenge. These cash flows are consistently used for purposes of

testing the non-current assets for impairment and details of the assessments and key assumptions, During the period, no impairment losses were recognized against noncurrent assets.

Key areas in determining the Company is a going concern

The key considerations in respect in respect of assessing going concern and in reaching the conclusion are set out below:

Operational Activity

- The company show continuous operational and EBITDA growth year on year.
- Management continuous to maintain a more relaxed cash flow impact from operating expenses either through deferring payments or cost cutting policies.

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

Going concern (continued)

Liquidity Position

The Company has experienced significant liquidity issues and in order to address the liquidity issues, management has undertaken the following actions:

- Loans from local financial institutions, with a balance of 14.7 billion outstanding as at 30 June 2023, are in the process of being renegotiated. The Company has negotiated to settle all the overdue debts through finance from one lender. On reaching the rescheduling agreement, the Company will benefit from the longer settlement period and the waiver of the charges on the defaulted loans.

Other initiatives

- Management continuous to maintain a more relaxed cash flow impact from operating expenses either through deferring payments or cost cutting policies.

Based on the above operational and liquidity factors as well as the other initiatives, the company management is of the view that the company 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 separate financial statements of the company for the period ended 30 June 2023 have been prepared on a going concern basis.

10. Restatement of comparative figures

During the period ended 30 June 2023, the company's Management applied the optional exceptional accounting treatment of Appendix (C) of Egyptian Accounting Standard No. (13) issued by Ministerial Resolution No. 4706 for the year 2022, which was extended by Ministerial Resolution No. 1847 for the 2023, which allows the recognition of the net foreign currency exchange loss resulted from the movement of foreign currency exchange rates against the Egyptian pound to be included in the interim condensed separate statement of other comprehensive income instead of the interim condensed separate statement of profit or loss.

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

For the purpose of providing relevant and reliable information about the corresponding figures, the company applied the similar treatment for "Appendix B" of the Egyptian Accounting Standard No. (13) issued by Ministerial Resolution No. 1568 of 2022, which was applied to the foreign currency exchange differences resulting from the outstanding balances denominated in foreign currencies as of 30 June 2022, and this treatment allows the foreign currency exchange differences related to those balances up to 30 June 2022 to be recognized in the interim condensed separate other comprehensive income with net foreign currency exchange loss carried forward to accumulated losses.

The interim condensed separate statement of profit or loss, the interim condensed separate statement of other comprehensive income and the interim condensed separate statement of cash flow for the financial period ended 30 June 2022 have been restated for the purpose of providing relevant and reliable information about the corresponding figures.

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2023**

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

10. Restatement of comparative figures (continued)

The following tables shows the effect on the interim condensed separate statement of profit or loss and the interim condensed separate statement of other comprehensive income and statement of cash flows for the period ended 30 June 2022:

Interim condensed separate statement of profit or loss	30 June 2022		
	Previously reported	Effect of restatement	Restated
Finance costs	(597,646)	406,119	(191,527)
Net loss for the period	(831,278)	406,119	(425,159)

Interim condensed separate statement of other comprehensive income	30 June 2022		
	Previously reported	Effect of restatement	Restated
Net loss for the period	(831,278)	406,119	(425,159)
Net foreign currency exchange loss	-	(406,119)	(406,119)

Interim condensed separate statement of cash flows	30 June 2022		
	Previously reported	Effect of restatement	Restated
Loss for the period before income tax	(830,583)	406,119	(424,464)
Forex loss	406,119	(406,119)	-

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

	30 June 2023	30 June 2022
Net loss for the period	(2,477,118)	(831,278)
Weighted average number of shares including preferred shares with the same distribution rights as ordinary shares	1,820,000	1,820,000
Earnings per share (EGP)	(1.36)	(0.46)

11. Significant Events

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 averages 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 separate financial statements due to the fact that the factory was at a safe distance from the clashes. The company's management is closely monitoring the situation and currently assessing the extent of the impact of these events on the results of the company's business and activities.

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

12. Subsequent Events

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 (two hundred seventy million four hundred seventy thousand seven hundred and sixty shares) representing 20% of the total shares of TAQA Arabia previously owned by Silverstone Capital Investments Ltd, a subsidiary of Qalaa.

Silverstone Capital Investments Ltd, Qalaa for Financial Investments S.A.E "Qalaa", and Citadel Capital Partners LTD, (collectively referred to as the "main shareholder") together with the NSPO signed a shareholder agreement to govern the shareholder relationship between the parties.

This shareholders agreement included certain option rights including a call option whereby Qalaa for Financial Investments may at any time repurchase the sold shares from the NSPO within four years from the date of the deal completion (24 July 2023) at the initial repurchase price plus an annual investment return as detailed in the shareholders agreement.

The shareholders agreement also includes a commitment by Qalaa to the "NSPO" that Qalaa will always have the majority control and influence over all the operations of TAQA Arabia and all its group companies /subsidiaries for TAQA Arabia. Furthermore, the right to repurchase held by the Company would enable Qalaa for Financial Investments to direct the relevant activities of the Company.

The proceeds of the aforementioned transaction were used to settle a loan obtained by Qalaa earlier in 2022 amounting to EGP 1.629 billion as at 30 June 2023 (EGP 1.150 billion as at 31 December 2022).

It is expected that the restructuring process will continue taking place over several stages towards the settlement of more Qalaa liabilities, some of which have been agreed upon and others are still under negotiation. For example, negotiations are currently underway between Qalaa and a group of Egyptian banks to transfer the ownership of 17.68% of TAQA Arabia shares owned by the main shareholder towards the settlement of certain debts at Qalaa.

The Company's management is currently studying and assessing the impact of these transactions on the Company's separate financial statements, considering the agreements that have been reached and those that are still under negotiation. It is initially concluded that there is no impact on the current interim condensed separate financial statements or and that there is no change in the control position of Qalaa for financial Investments S.A.E over TAQA Arabia.