



QALAA FOR FINANCIAL INVESTMENTS S.A.E.
AUDITOR'S REPORT
SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2022

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Auditor's report

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

Report on the separate financial statements

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

Management's responsibility for the separate financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the separate financial statements are free from material misstatement.

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

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



Auditor's report (continued)

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Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of Qalaa for Financial Investments S.A.E as of 31 December 2022, and its financial performance and its cash flows for the financial year then ended in accordance with Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

Emphasis of matter

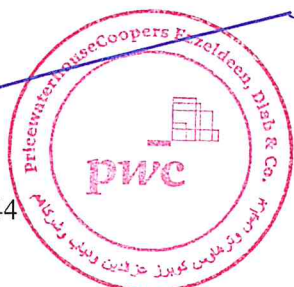
As described in note (23)(a)(iii) to the separate financial statements, the company incurred a net loss of EGP 3.3 billion for the financial year ended 31 December 2022 and as of that date its current liabilities exceeded its current assets by EGP 7.5 billion and it had accumulated losses of EGP 8.3 billion. In addition, as of that date, the Company was in breach of its debt covenants and had defaulted in settling the loan instalments on the respective due dates. These events and conditions along with other matters disclosed in note (23)(a)(iii) to the 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 separate financial statements do not include the adjustments that would be necessary if the company is unable to continue as a going concern.

Report on other legal and regulatory requirements

The Company maintains proper financial records, which includes all that is required by the law and the Company's statutes, and the accompanying separate financial statements are in agreement therewith.

The financial information included in the Board of Directors' report is prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the company's accounting records, within the limits that such information recorded therein.


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



13 May 2023
Cairo

QALAA FOR FINANCIAL INVESTMENTS S.A.E.
SEPARATE FINANCIAL STATEMENTS



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

Separate statement of financial position - As of 31 December 2022

	Note	2022	2021
Non-current assets			
Fixed assets	3(a)	14,382	23,610
Investments in subsidiaries and joint ventures	3(b)	5,552,527	5,540,052
Financial assets at fair value through other comprehensive income	2(b)	10,398	7,093
Payments under investments	3(c)	2,609,459	2,609,238
Loans to subsidiaries	2(c)	175,995	175,995
Total non-current assets		8,362,761	8,355,988
Current assets			
Loans to subsidiaries	2(c)	1,288,595	1,473,796
Other Receivables	2(a)	7,055	10,385
Due from related parties	14(a)	5,382,423	2,244,387
Cash and bank balances	2(d)	8,184	2,341
Total current assets		6,686,257	3,730,909
Total assets		15,049,018	12,086,897
Equity			
Paid up capital	4(a)	9,100,000	9,100,000
Reserves	4(b)	88,543	88,638
Accumulated losses		(8,341,797)	(5,022,318)
Net Equity		846,746	4,166,320
Non-current liabilities			
Deferred tax liabilities	3(d)	382	824
Total Non-current liabilities		382	824
Current liabilities			
Provisions	3(e)	348,896	230,734
Other Payables	2(e)	1,219,518	838,765
Due to related parties	14(b)	1,801,874	1,179,273
Loans	2(f)	10,831,602	5,670,981
Total current liabilities		14,201,890	7,919,753
Total equity and liabilities		15,049,018	12,086,897

- The accompanying notes on pages 8 to 50 form an integral part of these separate financial statements.

- Auditor's report attached


Moataz Farouk
Chief Financial Officer


Hisham El Khazindar
Managing Director


Ahmed Mohamed Hassanien Heikal
Chairman

13 May 2023

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

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

	Note	2022	2021
Advisory revenue	5	103,179	83,281
General and administrative expenses	6	(221,259)	(197,254)
Net Impairment Losses in financial Assets	7	(1,119,260)	(222,095)
Other Losses	8	(104,930)	(71,150)
Operating loss		(1,342,270)	(407,218)
Finance income	9	339,531	299,860
Finance cost	9	(2,317,155)	(400,940)
Loss before income tax		(3,319,894)	(508,298)
Income tax	10	415	(1,170)
Net loss for the year		(3,319,479)	(509,468)
Loss per share			
Basic loss per share (EGP/Share)	15	(1.82)	(0.28)
Diluted loss per share (EGP/Share)	15	(1.82)	(0.28)

- The accompanying notes on pages 8 to 50 form an integral part of these separate financial statements.

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

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

	Note	2022	2021
Net loss for the year		(3,319,479)	(509,468)
Other comprehensive loss/income			
Change in fair value of financial assets at fair value through other comprehensive loss/(income)	2(b)	(122)	198
Tax income/(loss) relating to other comprehensive loss/(income)	3(d)	27	(45)
Total other comprehensive loss/(income) for the year, net of tax		(95)	153
Total comprehensive loss for the year		(3,319,574)	(509,315)

- The accompanying notes on pages 8 to 50 form an integral part of these separate financial statements.

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

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

	Paid up capital	Reserves	Accumulated losses	Total equity
Balance at 1 January 2021	9,100,000	88,485	(4,512,850)	4,675,635
Total comprehensive loss for the year	-	153	(509,468)	(509,315)
Balance at 31 December 2021 and 1 January 2022	9,100,000	88,638	(5,022,318)	4,166,320
Total comprehensive Loss for the year	-	(95)	3,319,479)	(3,319,574)
Balance at 31 December 2022	9,100,000	88,543	(8,341,797)	846,746

- The accompanying notes on pages 8 to 50 form an integral part of these separate financial statements.

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

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

	Note	2022	2021
<u>Cash flows from operating activities</u>			
Loss for the year before tax		(3,319,894)	(508,298)
Adjusted to:			
Depreciation expense	3(a)	9,228	9,383
Other Losses	8	104,930	71,150
Impairment losses in financial assets	7	1,119,260	222,095
Unrealized foreign currency exchange differences (loss) /gain		1,574,377	(35,660)
Interest income	9	(339,531)	(264,200)
Interest expense	9	737,702	400,940
Operating loss before changes in working capital		(113,928)	(104,590)
Changes in working capital:			
Other Receivables		(1,874)	(4,067)
Due from related parties		(70,745)	(71,892)
Due to related parties		(32,433)	-
Other Payables		(26,619)	39,235
Net cash flows used in operating activities		(245,599)	(141,314)
<u>Cash flows from investing activities</u>			
Payment for investments		(221)	-
Payments under Investments in subsidiaries and joint ventures		(12,475)	(243)
Proceeds from loans to subsidiaries		17,910	29,399
Net cash flows generated from investing activities		5,214	29,156
<u>Cash flows from financing activities</u>			
Due from related parties		(984,491)	15,865
Due to related parties		80,719	94,680
Proceeds from Loans		1,150,000	-
Net cash flows generated from financing activities		246,228	110,545
Change in cash and cash equivalents		5,843	(1,613)
Cash and cash equivalents at beginning of the year	2(d)	2,341	3,954
Cash and cash equivalents at end of the year	2(d)	8,184	2,341

Non-cash transactions has been disclosed in the [Note 11\(a\)](#).

- The accompanying notes on pages 8 to 50 form an integral part of these separate financial statements.

Notes to the separate financial statements - For the year ended 31 December 2022

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

1. Introduction

Qalaa Company "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 in 1089 Nile Corniche, Four Season Nile Plaza, Garden City Cairo, 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 separate financial statements has been authorised by the company's Board of Directors on 13 May 2023, and the Shareholders' General Assembly has the right to modify the separate financial statements after being issued.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Financial position

2. Financial assets and financial liabilities

The Company holds the following financial instruments:

Financial assets at 31 December 2022	Notes	Assets at FVOCI	Loans and Receivables at amortised cost	Total
Other receivables	2(a)	-	4,530	4,530
Due from related parties	14(a)	-	5,382,423	5,382,423
Financial assets at fair value through other comprehensive income	2(b)	10,398	-	10,398
Loans to subsidiaries	2(c)	-	1,464,590	1,464,590
Cash and bank balances	2(d)	-	8,184	8,184
		10,398	6,859,727	6,870,125

Financial assets at 31 December 2021	Notes	Assets at FVOCI	Loans and Receivables at amortised cost	Total
Other receivables	2(a)	-	2,014	2,014
Due from related parties	14(a)	-	2,244,387	2,244,387
Financial assets at fair value through other comprehensive income	2(b)	7,093	-	7,093
Loans to subsidiaries	2(c)	-	1,649,791	1,649,791
Cash and bank balances	2(d)	-	2,341	2,341
		7,093	3,898,533	3,905,626

* excluding advances to suppliers, employee advances, and withholding tax.

Financial liabilities at 31 December 2022	Notes	Liabilities at amortised cost	Total
Other payables	2(e)	997,164	997,164
Due to related parties	14(b)	1,801,874	1,801,874
Loans	2(f)	10,831,602	10,831,602
		13,630,640	13,630,640

Financial liabilities at 31 December 2021	Notes	Liabilities at amortised cost	Total
Other payables	2(e)	561,678	561,678
Due to related parties	14(b)	1,179,273	1,179,273
Loans	2(f)	5,670,981	5,670,981
		7,411,932	7,411,932

** excluding advances to tax authority and social insurance authority.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Financial assets and financial liabilities (continued)

2(a) Other receivables (Net)

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Other debit balances	8,955	-	8,955	7,571	-	7,571
Letter of guarantee margins	3,088	-	3,088	1,956	-	1,956
Employee advances	759	-	759	2,736	-	2,736
Advances to suppliers	470	-	470	4,768	-	4,768
Withholding tax	1,296	-	1,296	867	-	867
Deposits with others	58	-	58	58	-	58
Impairment losses*	(7,571)	-	(7,571)	(7,571)	-	(7,571)
Total other receivables	7,055	-	7,055	10,385	-	10,385

* The movement of impairment in other receivables balances was as follows:

	2022	2021
Balance at 1 January	7,571	7,571
	7,571	7,571

(i) Impairment and risk exposure

Information about the impairment of other receivables balances, their credit quality and the Company's exposure to credit risk, foreign currency risk and interest rate risk can be found in (note 20).

2(b) financial assets at fair value through other comprehensive income

	2022	2021
Non-current assets		
EFG Capital Partners Fund III	10,398	7,093
	10,398	7,093

(i) Financial assets at fair value through other comprehensive income

Investments are designated as fair value through other comprehensive income financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, or loans and receivables) are also included in the FVOCI category. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

(ii) Impairment indicators for Financial assets at fair value through other comprehensive income

An equity security is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost. See note 23 f(iv) further details about the Company's impairment policies for financial assets.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Financial assets and financial liabilities (continued)

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

During the year, the following Profit/(loss) were recognized in profit or loss and other comprehensive income.

	2022	2021
(Loss)/Profit recognised in other comprehensive income - before tax (note 4(b))	(122)	198
Losses recognised in profits or losses	(270)	(12)
	(392)	186

(iv) 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 31 December 2022 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.

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

Notes to the separate financial statements - For the year ended 31 December 2022

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

Financial assets and financial liabilities (continued)

The table below shows the financial assets at fair value in the separate financial statements at 31 December 2021 within the hierarchy of fair value.

Recurring fair value measurements At 31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
<u>Financial assets at fair value through other comprehensive income</u>				
Equity securities	-	7,093	-	7,093
Total financial assets	-	7,093	-	7,093

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 year.

2(c) Loans to subsidiaries

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

	2022	2021
<u>Current</u>		
National Company for Multimodal	-	195,766
National Development and Trading Company	3,260,289	1,852,537
	3,260,289	2,048,303
Less: Accumulated impairment loss*	(1,971,694)	(574,507)
	1,288,595	1,473,796
<u>Non-current</u>		
United Foundries Company	294,109	186,335
Less: Accumulated impairment loss*	(118,114)	(10,340)
	175,995	175,995
	1,464,590	1,649,791

*The movement in impairment of loans due from subsidiaries:

	2022	2021
Balance at 1 January	584,847	363,392
Impairment Used	(10,864)	-
Formed during the year (note 7)	1,119,260	222,095
Foreign currency exchange loss /(Gain) differences	396,565	(640)
	2,089,808	584,847

(A) National Development and Trading Company Loan

The Company granted two subordinating loans to National Development and Trading Company subsidiary, two loans dated 28 December 2009 and 21 September 2010 with amounts of US \$90 million and US \$8 million respectively. The loans contracts period is five years, the principle of the two loans have to be paid with interest at the end of loans' period, with 11.5% annual compound interest, according to loans contracts the Company has the right to convert the value of loans in addition to its interest due into capital increase in National Development and Trading Company with par value at the end of loans period.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Financial assets and financial liabilities (continued)

The guarantees are representing line on a number of the National for Development and Trading Company's investments in shares of the following subsidiaries in favour of the company as a guarantee for the loan principal:

ASEC Cement Company	41,050,000 shares
Arab Swiss Engineering Company (ASEC)	899,900 shares

During 2014, the Company has signed two waiver contracts with Al Olayan Saudi investment Ltd for a portion from the two loans with a total amount of US \$23 million divided to US \$14.8 million (principle amount) and US \$8 million (accrued interest amount). The balances of the two loans after the waiver agreements of US \$132M (equivalent to EGP 3.260 billion) as at 31 December 2022 versus US \$118 million (equivalent to EGP 1.852 billion) as at 31 December 2021 including accumulated accrued interest amounted to US \$74 million.

(B) United Foundries Company Loan

The Company granted a subordinating convertible loan to United Foundries Company - one of its subsidiaries - on 2 June 2010 with an amount of US \$11.5 million for Six years contract, the principle of the loan has to be paid with interest at the end of the loan period, with 11.5% annual compound interest, according to the loan contract the Company has the right to convert the value of the loan in addition to its interest due into capital increase in the capital of United Foundries Company with par value at the end of loan period.

On 30 April 2018, the company has waived 16 million us dollars equivalent to EGP 280 million for Citadel Capital for International Investment Ltd. (CCII) a wholly owned subsidiary from the total outstanding balance due from united foundries company with the right to authorize Qalaa for Financial Investments company to dispose the debt assigned by this contract and have it reassigned to third parties in light of the ongoing settlements and negotiations with other creditors..

On 1 January 2021, as per the amended agreement with United Foundries Company (UCF) the annual interest changed from 6% to 0.1%.

The subordinating loan for United Foundries Company is US \$11.9 million (equivalent to EGP 294.1 million) as at 31 December 2022 versus US \$11.9 million (equivalent to EGP 186.3 million) as at 31 December 2021 including accrued interest amounted to US 8.9 million (equivalent to EGP 219 million as at 31 December 2022 versus US \$8.7 million (equivalent to EGP 136.1 million) as at 31 December 2021.

(C) National Company for Multimodal

A debt transfer agreement was signed on 31 May 2017 between Qalaa, National Transport Company and Nile Cargo; that all the debts owed by Nile Cargo to Alex Bank to be transferred to National Transport Company. Also the second party agreed to accept the offer of Qalaa to pay the settlement amounted to EGP 58 million on behalf of the first party.

* The first instalment of EGP 29 M is due for payment on 22 September 2018.

* The second instalment, amounting to 28M EGP, is due for payment on 15 December 2018.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Financial assets and financial liabilities (continued)

- On 31 May 2017 the National Company for River Transport - Nile Cargo, the National Transportation and Qalaa agreed that once Qalaa pays the full value of the settlement amount in favour of the Bank of Alexandria and the clearance of National Transport Company from that debt before the bank, Qalaa for Financial Investments would replace the Bank of Alexandria with net balance of the owed debt totalling 165,223,055 EGP.
- On 31 March 2022 a settlement agreement was signed to transfer the debt from Nile Cargo to Citadel Capital for International Investment Ltd. (CCII).

2(d) Cash and bank balances

	2022	2021
Bank Current accounts – local currency	1,653	2,000
Cash on hand	4,995	301
Bank Current accounts – foreign currency	1,536	40
	8,184	2,341

The average effective interest rate on deposits at 31 December 2022 was 10.6% (2021 was 10 %).
current accounts with banks are placed with local banks under the supervision of CBE.

2(e) Other payables

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Former Shareholders credit balances*	363,540	-	363,540	150,242	-	150,242
Tax authority	221,320	-	221,320	276,729	-	276,729
Accrued expenses	391,990	-	391,990	254,912	-	254,912
Trade and notes payable	238,740	-	238,740	153,630	-	153,630
Dividends payable	2,894	-	2,894	2,894	-	2,894
Social insurance authority	1,034	-	1,034	358	-	358
Total other payables	1,219,518	-	1,219,518	838,765	-	838,765

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

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

*Former Shareholders 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 separate financial statements.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Financial assets and financial liabilities (continued)

2(f) 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 Consortium of banks represented in Arab African International Bank, Suez Canal Bank, Misr bank , Piraeus 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).

The total loans balance has been reclassified to current liabilities at 31 December 2019 were as the Company has breached the debt covenants associated with the loan until finalising the negotiations with banks.

	2022	2021
First Class	3,163,903	2,004,512
Second Class	2,794,389	1,770,406
Accrued Interest	3,723,310	1,896,063
Bridge Loan	1,150,000	-
Balance	10,831,602	5,670,981

* During Q1 2022, the Company obtained a bridge loan from a third party entity amounting to 1.15 Billion Egyptian Pounds which is secured against post-dated checks. The loan is repayable in one year

The syndicated loan with a balance of EGP 9.7 billion outstanding as at 31 December 2022, are in the process of being renegotiated. The company has negotiated to settle all the overdue debts through finance from lenders. On reaching the rescheduling agreement, the company will benefit from the longer settlement period and the waiver of the charges on the defaulted loans.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Financial assets and financial liabilities (continued)

Loan guarantees are as follows:

- First degree lien contract on the equity shares owned by the Company in National Development and Trading Company.
- First degree lien contract on the equity shares owned by the Company in International Company for Mining Consulting.
- First degree lien contract on the shares owned by the Company in United Foundries Company.
- First degree lien contract on the shares of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone).
- First degree lien contract on the shares owned by the Company in ASEC Cement Company.
- First degree lien contract on the shares owned by the Company in ASEC Company for Mining (ASCOM).
- First degree lien contract on the investments of Citadel Capital Ltd. (One of the subsidiaries) on the following companies:
 - Orient Investments Properties Ltd.
 - Logria Holding Ltd.
 - Golden Crescent Investments Ltd.
 - Falcon Agriculture Investments Ltd.
 - Silverstone Capital Investment Ltd.
 - Mena Glass Ltd.
 - Mena Home Furnishings Mall
 - Valencia Trading Investments Ltd.
 - Andalusia Trading Investments Ltd.
 - Citadel Capital Transportation Opportunities Ltd.
 - Lotus Alliance Limited
 - Citadel Capital financing Corp
 - Grandview Investment Holding
 - Africa Railways Holding
 - National Company for Marine Petroleum Services (Petromasr)
 - Taqa Arabia S.A.E.
 - Egyptian Company for Solid Waste Recycling (ECARU)
 - Engineering Tasks Company (ENTAG)
 - Mashreq Petroleum
 - Ledmore Holdings Ltd. Every's Holdings Limited
 - Eco-Logic Ltd.
 - Sequoia Willow Investments Ltd.
 - Undersore International Holdings Ltd
 - Brennan Solutions
 - Citadel Capital Transportation Opportunities II Ltd.
 - Citadel for investments promotion

The debt covenants for these loans are as follows:

- The Company must ensure that Consolidated Tangible Net Worth is not at any time less than U.S.\$400 million.
- The Company must ensure that Unconsolidated Tangible Net Worth is not at any time less than U.S.\$500 million.
- The Company must ensure that the ratio of Cash Available for Debt Service to Net Finance Costs is not, for any Measurement Period, less than 1.35 : 1.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Financial assets and financial liabilities (continued)

- The Company must ensure that its aggregate interests (directly or indirectly) in its largest two investments (as identified in the most recently delivered Valuation) shall not represent more than 85% of the Value of the interests held by the Company.
- The ratio of its Current Assets to Current Liabilities is not less than 1.2 : 1.
- The aggregate amount of advisory fees actually received by the company and Citadel Capital Ltd. in cash in each financial year of the Company are at least equal to 85% of the budgeted advisory fees for that financial year.
- The ratio of United Foundries Company financial Indebtedness to United Foundries Company Tangible Net Worth is not more than 2:1
- The ratio of ASEC company for mining (ASCOM) financial Indebtedness to of ASEC company for mining (ASCOM) Tangible Net Worth is not more than 2:1
- The ratio of National Development and Trading Company (NDT) Total Liabilities to National Development and Trading Company (NDT) Tangible Net Worth is not more than 1:1
- The ratio of National Development and Trading Company (NDT) Financial Indebtedness to National Development and Trading Company (NDT) Tangible Net Worth is not more than 2:1
- The ratio of Gozour Financial Indebtedness to Gozour Tangible Net Worth is not more than 2:1
- The ratio of Taqa Arabia Financial Indebtedness to Taqa Arabia Tangible Net Worth is not more than 2:1
- The ratio of Egyptian Refining Company Financial Indebtedness to Egyptian Refining Company Tangible Net Worth is not more than 2.5:1
- The ratio of Africa Railways Financial Indebtedness to Africa Railways Tangible Net Worth is not more than 2.5:1

3. Non-financial assets and financial liabilities

3(a) Fixed assets

	Buildings	Computers	Furniture, fixture & office equipment	Vehicles	Software	Total
1 January 2021						
Cost	33,742	8,862	23,037	540	24,856	91,037
Accumulated depreciation	(23,619)	(8,327)	(23,037)	(540)	(2,521)	(58,044)
Net book value	10,123	535	-	-	22,335	32,993
Year ended 31 December 2021						
Net book value at the beginning of the year	10,123	535	-	-	22,335	32,993
Depreciation	(1,687)	(325)	-	-	(7,371)	(9,383)
Net book value	8,436	210	-	-	14,964	23,610
31 December 2021						
Cost	33,742	8,862	23,037	540	24,856	91,037
Accumulated depreciation	(25,306)	(8,652)	(23,037)	(540)	(9,892)	(67,427)
Net book value	8,436	210	-	-	14,964	23,610
Year ended 31 December 2022						
Net book value at the beginning of the year	8,436	210	-	-	14,964	23,610
Depreciation	(1,687)	(171)	-	-	(7,370)	(9,228)
Net book value	6,749	39	-	-	7,594	14,382
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

Notes to the separate financial statements - For the year ended 31 December 2022

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

Non-financial assets and financial liabilities (continued)

(i) Depreciation, method used and useful lives

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

	2022	2021
General and administration expenses (note 6)	9,228	9,383
	9,228	9,383

The straight line method is used to allocate the depreciation of fixed assets consistently to their residual values over their estimated useful lives. Below are the estimated useful lives of each type of the Company's assets:

Buildings	20 years
Computers	2-3 years
Furniture, fixture, and office equipment	4 years
Vehicles	4 years
Software	2-3 Years

3(b) Investment in Subsidiaries

Company Name	Country of operation	Equity Interest 2022	Equity Interest 2021	2022	2021
Investment in subsidiaries:					
Citadel Capital for International Investments Ltd.	Egypt	100%	100%	3,809,016	3,809,016
Citadel Capital Holding for Financial consultancy-Free Zone	Egypt	99.99%	99.99%	1,350,002	1,350,002
National Development and Trading Company	Egypt	47.65%	47.65%	668,171	668,171
ASEC Company for Mining (ASCOM)	Egypt	54.05%	54.05%	337,622	337,622
United Foundries Company	Egypt	29.29%	29.29%	103,699	103,699
ASEC Cement Company **	Egypt	1.80%	1.8%	41,913	41,913
ASEC Trading Company	Egypt	99.85%	99.85%	1,437	1,437
International Company for Mining Consultation	Egypt	99.99%	99.99%	62	62
Total Investment in subsidiaries				6,311,922	6,311,922
Accumulated impairment loss ***				(771,870)	(771,870)
Net Investment in subsidiaries				5,540,052	5,540,052
Investment in Joint Ventures:					
Wathba for Petroleum services*	Egypt	49.90%	-	12,475	-
Total Investment in Joint Ventures				12,475	-
Total Investment in Subsidiaries and joint ventures				5,552,527	5,540,052

* On 4 September 2022, a new Company was established under the name of "Wathba for Petroleum Services". The Company's total issued capital is EGP 100M where Qalaa's share is 49.9% with a total of EGP 49.9M, Qalaa has paid 25% of the total mentioned amount (EGP 12.4M) as paid-up capital as of 31 December 2022.

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

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

** Qalaa's direct investment in ASEC Cement represents 1.8%, the indirect ownership percentage is 49.38%, and therefore the effective ratio is 51.18%.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Non-financial assets and financial liabilities (continued)

***Accumulated impairment loss on investments in subsidiaries comprised of the following:

	2022	2021
National Development and Trading Company	668,171	668,171
United Foundries Company	103,699	103,699
	771,870	771,870

*All investments in subsidiaries are represented in unlisted equity shares in the Stock Exchange except ASEC Company for Mining (ASCOM) with market value of EGP 259 million as at 31 December 2022 (31 December 2021: EGP 230 million), which represents 29,727,683 share with a market price EGP 8.7 per share as at 31 December 2022 (31 December 2021: 29,727,683 share with a market price EGP 7.74).

Losses of impairment in the value of the Company's investments in ASEC Mining Company (ASCOM) are not recognized as the recoverable value of the investment is higher than its market value and book value. The Company tests for impairment of all its investments annually at the reporting date using the recoverable amount calculated based on the present value of the expected future cash flows from ASEC Mining Company (ASCOM).

3(c) Payments under investments

	2022	2021
Citadel Capital Holding for Financial Investments – Free Zone	2,604,785	2,604,785
Others	156,311	156,090
Accumulated impairment *	(151,637)	(151,637)
Net	2,609,459	2,609,238

* The movement of accumulated impairment of payments under investment as follows:

	2022	2021
Balance at 1 January	151,637	151,637
Balance at 31 December	151,637	151,637

(i) Significant Estimates

Impairment of investment in subsidiaries and payments under investments

The Company decides that the investment in subsidiaries and payment under investment were impaired when there is a significant or prolonged impairment to below their cost. This determination of what is significant or prolonged requires several factors that depend on judgement, industry, market, technological progress and financing and operating cash flows.

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

Notes to the separate financial statements - For the year ended 31 December 2022

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

Non-financial assets and financial liabilities (continued)

Assumptions used by the company when testing the impairment of investment in ASEC company for mining (ASCOM) at 31 December 2022 and 31 December 2021 are as follows:

	2022	2021
Average gross margin	32%	30%
Sales growth rate	15%	9%
Pre-tax discount rate	17.9%	12.5%
Growth rate beyond five years	3%	2.5%

Sensitivity of recoverable amounts

The growth rate beyond five years has been estimated to be 2.5%. If all other assumptions kept the same, a reduction of this growth rate by 100% would give a value in use exceed the current carrying amount.

The discount rate in the forecast period has been estimated to be 12.5%. If all other assumptions kept the same, and the discount rate is 30% would give a value in use exceed the current carrying amount.

3(d) Deferred tax balances

	2022		2021	
	Asset	Liability	Asset	Liability
Fixed asset		(243)	-	(1,097)
Financial assets at fair value through other comprehensive income	300	-	273	-
	<u>300</u>	<u>(243)</u>	<u>273</u>	<u>(1,097)</u>
Net deferred tax		<u>57</u>		<u>(824)</u>

The movement of deferred tax liabilities was as follows:

	2022	2021
Balance at 1 January	(824)	391
Net deferred tax assets charged to profit or loss (note (10))	415	(1,170)
Net deferred tax assets charged to other comprehensive income (note 4(b))	27	(45)
	<u>(382)</u>	<u>(824)</u>

3(e) Provisions

	Claims Provisions	Legal provisions	Other provisions	Total
Balance at 1 January 2021	149,350	9,454	780	159,584
Provision formed (note (8))	54,308	-	16,842	71,150
Balance at 31 December 2021 and 1 January 2022	203,658	9,454	17,622	230,734
Provision formed (note (8))	90,000	14,930	-	104,930
Foreign exchange translation difference	-	4,179	9,053	13,232
Balance at 31 December 2022	<u>293,658</u>	<u>28,563</u>	<u>26,675</u>	<u>348,896</u>

Information usually published on the provisions made according to accounting standards was not disclosed, as the management believes that doing so may seriously affect the outcome of negotiations with that party. The management reviews these provisions on a yearly basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

Notes to the separate financial statements - For the year ended 31 December 2022

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

4. Equity

4(a) Paid up capital

The Company's authorized capital was EGP 10 Billion and the issued and paid-in capital is EGP 9.1 billion represents 1,820,000,000 shares distributed over 1,418,261,351 ordinary stocks and 401,738,649 preferred stocks. Preferred shares have the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extra-ordinary general assembly meeting held on 12 May 2008 and also paragraph No. (3) of article No.(18) of the Company's article of associations. Those preferred shares are owned by Citadel Capital Partners Ltd. Company, the principle shareholder of the Company. The shareholders' structure - is represented in the following:

Shareholder's name	Percentage	No. of Shares	Amount
Citadel Capital Partners Ltd.	23.49%	427,455,671	2,137,278
Olayan Saudi Investment company	9.12%	165,964,000	829,820
Emirates International Investments Company	5.54%	100,900,000	504,500
Other shareholders	62%	1,125,680,329	5,628,402
	100%	1,820,000,000	9,100,000

4(b) Reserves

	Legal Reserve*	Financial assets at fair value through other comprehensive income revaluation reserve	Total
Balance at 1 January 2021	89,578	(1,093)	88,485
Revaluation of Financial assets at fair value through other comprehensive income –before tax (note 2(b))	-	198	198
Deferred tax (note 3(d))	-	(45)	(45)
Balance at 31 December 2021 and 1 January 2022	89,578	(940)	88,638
Revaluation of Financial assets at fair value through other comprehensive income – before tax (note 2(b))	-	(122)	(122)
Deferred tax (note 3(d))	-	27	27
Balance at 31 December 2022	89,578	(1,035)	88,543

* Legal Reserve

In accordance with the company's Article of Association, 5% of the net profit for the period is transferred to the legal reserve account. Based on proposal from the board of directors and the approval of the General Assembly of the company, this transfer may be partially discontinued if the legal reserve reaches 50% of the issued capital. Whenever this reserve is lower than this percentage, the deduction should be continued. This reserve is not available for distribution to shareholders.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Performance

5. Advisory Revenue

Advisory fee represents advisory services rendered to the subsidiaries by virtue of shareholders agreements:

	2022	2021
Falcon Agriculture Investments Ltd	49,348	39,633
Citadel Capital Transportation Opportunities II Ltd	21,397	17,184
Silverstone Capital Investment Ltd	18,771	15,075
ASEC for Cement	13,663	11,389
	103,179	83,281

6. General and administrative expenses

	2022	2021
Salaries, wages and other employee benefits	132,495	150,683
Professional fees	50,339	19,648
Travel and accommodation	4,592	793
Marketing, advertising and public relations	5,947	1,406
Other expenses	12,497	8,856
Telecom expenses	3,911	2,233
Legal expenses	223	2,175
Depreciation (Note 3(a))	9,228	9,383
Utilities	1,290	1,236
Rent expenses*	723	591
Donations	14	250
	221,259	197,254

*Rent expenses includes low value and short term rent.

7. Net Impairment Losses in financial Assets

	2022	2021
Impairment in loans to subsidiaries (Note 2(c))	1,119,260	222,095
	1,119,260	222,095

8. Other Losses

	2022	2021
Provisions for claim (Note 3(e))	90,000	54,308
Provisions for Legal (Note 3)(e))	14,930	-
Other provisions (Note 3(e))	-	16,842
	104,930	71,150

Notes to the separate financial statements - For the year ended 31 December 2022

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

9. Finance costs - net

	2022	2021
Interest income	339,531	264,200
Net foreign exchange Gain	-	35,660
Total finance income	339,531	299,860
Interest expenses	(737,702)	(400,940)
Net foreign exchange loss	(1,579,453)	-
Total Finance costs	(2,317,155)	(400,940)
Net	(1,977,624)	(101,080)

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

	2022	2021
National Development and Trading Company	265,971	191,013
Citadel Capital Holding for Financial Investments-Free Zone	67,300	51,644
National Multimodal Transportation	5,102	21,345
United Foundries Company	211	175
Other	947	23
Total	339,531	264,200

10. Income tax

	2022	2021
Deferred tax (Note 3(d))	415	(1,170)
	415	(1,170)

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

	2022	2021
Net loss before tax	(3,319,894)	(508,298)
Tax calculated at enacted tax rate	(746,976)	(114,367)
Non-deductible expenses for tax purposes	283,471	58,388
Unrecognized tax losses	466,364	54,809
unrecognized expenses	(2,444)	-
Income tax expense	415	(1,170)

Notes to the separate financial statements - For the year ended 31 December 2022

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

Cash flows

11. Cash flow information

11 (a) Non cash transactions

The non-cash transaction represent as follows:

	2022	2021
Investing activities		
Changes in fair value of financial assets at fair value through OCI	(95)	153

11 (b) Reconciliation of liabilities arising from financing activities

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

	Borrowings	Liabilities from financing activities Other financing liabilities	Total
Balances at 1 January 2021			
Cash flows	5,295,234	-	5,295,234
Principal payable	-	-	-
Interest payments	-	-	-
Non-cash changes			
Interest accrual	385,823	-	385,823
Foreign exchange adjustments	(10,076)	-	(10,076)
Balance at 31 December 2021	5,670,981	-	5,670,981
Cash flows			
Principal payable	1,150,000	-	1,150,000
Interest payments	-	-	-
Non-cash changes			
Interest accrual	579,784	-	579,784
Foreign exchange adjustments	3,430,837	-	3,430,837
Balance as at 31 December 2022	10,831,602	-	10,831,602

Notes to the separate financial statements - For the year ended 31 December 2022

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

Unrecognised items

12. Contingent liabilities

The Company has contingent liabilities in respect of letter of guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, The balance of the letters of guarantee granted by the Company during the ordinary course of business amounted to USD 125K in 2022 (2021: USD 125K).

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

The same parties on 31 December 2014 have commercially agreed, and Qalaa for Financial Investments S.A.E. thus guarantees, that the disposal by the Company of the investment shares shall achieve to the former shareholders a specific target cash return of US \$25.3 million (Target Return), to be unconditionally made available to the former shareholder no later than the longstop date on 30 September 2017. Therefore, the Company management at the end of each reporting period is measuring the fair value of Qalaa for Financial Investments capital increase by reference to quoted market price of the share and measure the outstanding liability to reach the agreed target return.

Fair value of the outstanding liability recognized as of 31 December 2022 is EGP 675.7 million equivalent to US \$27.3 (31 December 2021: EGP 419 million equivalent to US \$26.7 million).

13. Significant changes in the current reporting year

Russian-Ukrainian conflict started during February 2022, which has directly affected the global economy, as Russia and Ukraine are among the world's largest exporters of commodities, including energy sources. This caused supply concerns in many commodities, from energy to grain, which drove commodity prices to peaks. Oil prices continue to rise under the influence of Russia.

The Monetary Policy Committee decided, in its extraordinary meeting held on 21 March 2022, to raise the overnight deposit rate, the overnight lending rate and the rate of the main operation by 100 basis points to 9.25%, 10.25%, and 9.75%, respectively. The discount rate was also raised by 100 basis points to 9.75%, coinciding with an increase in the exchange rate of the Egyptian pound against the dollar reached an average of 18.22 Egyptian pounds instead of 15.69 Egyptian pounds.

The Monetary Policy Committee decided, in its extraordinary meeting held on 27 October 2022, to raise the overnight deposit rate, the overnight lending rate and the rate of the main operation by 200 basis points to 13.25%, 14.25%, and 13.75%, respectively. The discount rate was also raised by 200 basis points to 13.75%, coinciding with an increase in the exchange rate of the Egyptian pound against the United States dollar reached an average of 22.928 Egyptian pounds instead of 19.497 Egyptian pounds at that date.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Other information

14. 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 year also the accrued balances at the date of separate financial position .

14. (a) Due from related parties

Company name	Nature of relationship	Nature and volume of transaction				
		Advisory fee	Finance	Forex	2022	2021
Mena Home furnishings Mall	Subsidiary	-	-	47,678	130,129	82,451
Falcon Agriculture Investments Ltd.	Subsidiary	49,348	-	233,712	664,265	381,205
Golden Crescent Investments Ltd.	Subsidiary	-	-	34,529	94,238	59,709
Citadel Capital Transportation Opportunities Ltd.	Subsidiary	-	-	10,527	28,728	18,201
Logria Holding Ltd.	Investee	-	-	49,820	135,956	86,136
Mena Glass Ltd.	Investee	-	-	31,102	84,875	53,773
Sabina for Integrated Solutions	Subsidiary	-	-	9,957	27,172	17,215
Citadel Capital Financing Corp.	Subsidiary	-	-	59,422	162,160	102,738
Citadel Capital Transportation Opportunities II Ltd.	Subsidiary	21,397	-	95,213	271,312	154,702
Citadel Capital Holding for Financial Investments-Free Zone ASEC Company for Mining (ASCOM)	Subsidiary	-	140,474	1,197,595	2,519,429	1,181,360
United Foundries Company	Subsidiary	-	27,348	-	27,451	103
Citadel Capital for International Investments Ltd.	Subsidiary	-	10,545	96,530	298,227	191,152
Africa Raliways Limited	Subsidiary	-	1,035,889	799,978	3,140,300	1,304,433
Mena Joint Investment Fund management S.A	Subsidiary	-	-	10,894	29,729	18,835
Citadel Capital Joint Investment and Management limited Fund	Subsidiary	-	-	21,201	57,856	36,655
Africa JIF Holdco I fund	Subsidiary	-	-	4,862	13,268	8,406
Crondall Holdings Ltd.	Subsidiary	-	-	6,429	17,545	11,116
International Company for Mining Consultation	Subsidiary	-	-	15,993	43,644	27,651
Grandview Investment Corp	Subsidiary	-	-	-	140	140
				8,553	21,311	12,758
Total					7,767,735	3,748,739
Accumulated impairment loss *					(2,385,312)	(1,504,352)
Net					5,382,423	2,244,387

Notes to the separate financial statements - For the year ended 31 December 2022

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

Related party transactions (continued)

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

	Balance as at 1 January 2021	Formed	Write off	Foreign exchange differences	Balance as at 31 December 2022
Logria Holding Ltd.	86,136	-	-	49,820	135,956
Citadel Capital Financing Corp.	102,738	-	-	59,422	162,160
Golden Crescent Investments Ltd.	59,709	-	-	34,529	94,238
Sabina for Integrated Solutions	17,215	-	-	9,957	27,172
Citadel Capital Transportation Opportunities Ltd.	18,201	-	-	10,527	28,728
Mena Glass Ltd.	53,773	-	-	31,102	84,875
Africa Raliways Limited	18,835	-	-	10,894	29,729
Cron dall Holdings Ltd.	27,651	-	-	15,993	43,644
Citadel Capital Holding for Financial Investments-Free Zone	757,789	-	-	438,311	1,196,100
Citadel Capital for International Investments Ltd.	279,854	-	-	172,727	452,581
Mena Home furnishings Mall	82,451	-	-	47,678	130,129
Balance	1,504,352	-	-	880,960	2,385,312

14 (b) Due to related parties

	Nature of relationship	Nature and volume of transaction			2022	2021
		Advisory fee	Finance	Forex		
National Development and Trading Company	Subsidiary	-	(4,268)	368,788	1,001,162	636,642
ASEC Cement Company	Subsidiary	(13,663)	14,241	(251)	15,762	15,435
Asec Trading Company	Subsidiary	-	934	9,071	72,613	62,608
Citadel Capital for International Investments Ltd.	Subsidiary	-	21,156	194,099	550,840	335,585
Silverstone Capital Investment Ltd.	Subsidiary	(18,771)	33,423	16,076	44,858	14,130
Ahmed Heikal	Chairman	-	-	46	812	766
FHI	Shareholder	-	-	17,876	115,827	97,951
National Company for Printing	Subsidiary	-	(16,156)	-	-	16,156
Total					1,801,874	1,179,273

14 (c) Key Management Compensation

Key management personnel received total benefits during the year with an amount of EGP 78.1 million in 31 December 2022 represented in salaries and other benefits (31 December 2021: EGP 61 million).

Notes to the separate financial statements - For the year ended 31 December 2022

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

Related party transactions (continued)

14 (d) Terms and conditions

Transactions relating to Advisory fees during the year 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 year was 11.5% (2021: 11.5%).

Outstanding balances are secured and are repayable in cash.

14 (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.

15. Basic and diluted loss per share

Basic loss per share is calculated by dividing the net loss of the year by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Net Loss for the year	(3,319,479)	(509,468)
Weighted average number of ordinary shares	1,820,000	1,820,000
Loss per share - EGP	(1.82)	(0.28)

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 company does not have any categories of dilutive potential ordinary shares, hence the diluted earnings per share is the same as the basic loss per share.

Notes to the separate financial statements - For the year ended 31 December 2022

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

16. Employee stock option plan

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

On 18 October 2020, Qalaa BOD announces to stock market, the intention to renew the expired ESOP plan for eight years starting from the approval of FRA on the plan. On 10 December 2020, Qalaa extraordinary general assembly meeting approved the new plan. The renewed ESOP promises employees, managers and executive board of directors' members to acquire shares/ designate share.

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

The Company has not yet obtained the approvals from the Financial Regulatory Authority on the employees stock option plan until the preparation of these separate financial statements. Accordingly, it is not yet activated.

17. Management fees

On May 2008, Qalaa for Financial Investments's Extraordinary Shareholder's Meeting approved the management contract between the Company and its parent – Citadel Capital Partners, upon which, Citadel Capital Partners will manage the company and will be entitled to 10% share of the Company's distributable consolidated net profit for the year.

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 controlling interest share in consolidated net profit after deducting the non-controlling interest share the consolidated profit. Further, the Company's Extraordinary Shareholder's Meeting decided that such management fee shall be recorded on the Company's records or one of its fully owned subsidiaries, hence during the year ended 31 December 2022 management charged the amount to Citadel Capital for International Investment (CCII) – fully owned subsidiary.

Notes to the separate financial statements - For the year ended 31 December 2022

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

18. Tax position

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

A) Corporate tax

The period since inception to 31 December 2008

- i. The company was not included in the inspection sample.

The years from 2009 till 2014

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

The years from 2015 till 2021

- iii. The Tax returns are submitted on time.

B) Payroll tax

The period since inception to 31 December 2004

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

The years from 2005 till 2019

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

The years from 2020 till 2022

- iii. Annual settlements are submitted to the tax authority.

C) Stamp tax

The period since inception to December 2013

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

The period from 2014 to 2021

- ii. No inspection was done for that period.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Risk

19. Critical accounting estimates and judgements

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

19 (a) Critical accounting estimates and assumptions

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

- Impairment of investment in subsidiaries and payments under investments - **note 3(c) (i)**
- Impairment of loans to related parties and due from related parties- **note 14(e)**
- Impairment of trade receivables and other receivables – **note 2 (a)**
- Provision for income tax – **note (10)**
- Provisions - **note (8)**
- Impairment of fixed assets - **note (3) (a)**

19 (b) Significant professional judgments in the application of the Company's accounting policies

In general, the application of the Company's accounting policies does not require management to use professional judgment (other than the accounting estimates and assumptions referred to in note 19(a) above) which may have a material impact on the recognized values in the financial statements.

20. Financial risk management

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

The Company's management aims to minimise the potential adverse effects of those risks on its financial performance, through monitoring process performed by the finance department and the Board of Directors.

The Company does not use any derivative financial instruments to hedge specific risks.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Financial risk management (continued)

20 (a) Market risk

(i) Foreign exchange risks

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

	2022	2021
USD 10%	1,924,855	(1,209)
Euro 10%	(337,281)	(2,498)
GBP 10%	(1,332)	(30)

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

	2022			2021
	Assets	Liabilities	Net	Net
USD	29,660,313	(10,411,762)	19,248,551	(12,092)
Euro	29,331	(3,402,136)	(3,372,805)	(24,976)
GBP	384	(13,701)	(13,317)	(297)

(ii) Price risk

The Company have investments in equity securities listed and traded in financial markets, accordingly subject to risk of change in the fair value of the investments as a result of the changes in prices, whereas the Company have investment in ASEC for Mining, listed in the Egyptian stock exchange.

(iii) Cash flows, fair value and interest rate risks

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in interest rates.

The Company is exposed to interest rate risk on all interest bearing assets and liabilities (loans due from subsidiaries and loans). The Company maintains an appropriate mix of fixed rate and variable rate borrowings to manage the interest rate risk.

The below table shows the analysis of sensitivity to possible and reasonable changes in interest rates, while holding the other variables constant, on the separate statement of profit or loss.

The sensitivity on the separate statement of profit or loss is the effect of the assumed changes in the interest rates on the Company's results for one year based on financial assets and liabilities with variable interest rates at 31 December:

	Increase/ decrease	Effect on separate profit or loss
31 December 2022	±1%	73,400
31 December 2021	±1%	54,657

Notes to the separate financial statements - For the year ended 31 December 2022

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

Financial risk management (continued)

Libor reform

In July 2017, the United Kingdom Financial Conduct Authority ('FCA'), which regulates the London Interbank Offered Rate ('LIBOR'), announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates. LIBOR reforms will be dealt with between the company and the lending banks according to the facility agreements. We continue to assess the impact of LIBOR reform. Our LIBOR exposures arise from: interest on foreign currency bank loan.

20 (b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions. For banks and financial institutions, only high-credit-quality and rating banks and financial institutions are accepted.

Balances exposed to credit risks are as follows:

	2022	2021
Due from related parties	5,382,423	2,244,387
Loan to subsidiaries	1,464,590	1,649,791
Other receivables	4,530	2,014
Cash and bank balances	8,184	2,341
	6,859,727	3,898,533

Impairment of other receivables movement represented as follows:

	2022	2021
Balance at 1 January	7,571	7,571
	7,571	7,571

20 (c) Liquidity risk

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.

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.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Financial risk management (continued)

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 31 December 2022 and 31 December 2021, based on contractual payment dates and current market interest rates.

	Below 6 month
31 December 2022	
Loans	10,831,602
Other payables	1,219,518
Due to related parties	1,801,874
Total	13,852,994
31 December 2021	
Loans	5,670,981
Other payables	838,765
Due to related parties	1,179,273
Total	7,689,019

21. Capital risk management

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

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

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

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

	2022	2021
Total borrowings		
Loans	10,831,602	5,670,981
Less: Cash and bank balances	(8,184)	(2,341)
Net debts	10,823,418	5,668,640
Equity	846,746	4,166,320
Total capital	11,670,164	9,834,960
Net debts to total capital	93%	58%

Notes to the separate financial statements - For the year ended 31 December 2022

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

22. Financial assets and liability offset

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

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

	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c) = (a) – (b)	Amounts subject to master netting (d)	Cash collateral received (e)	Net amount of exposure (c) – (d) – (e)
31 December 2022						
ASSETS						
Other receivables	7,055	-	7,055	-	-	7,055
Due from related parties	5,933,263	(550,840)	5,382,423	-	-	5,382,423
Cash and cash equivalent	8,184	-	8,184	-	-	8,184
Total assets subject to offsetting, master netting and similar arrangement	5,948,502	(550,840)	5,397,662	-	-	5,397,662
LIABILITIES						
Creditor and other credit balances	1,219,518	-	1,219,518	-	-	1,219,518
Due to related parties	2,352,714	(550,840)	1,801,874	-	-	1,801,874
Loans	10,831,602	-	10,831,602	-	-	10,831,602
Total liabilities subject to offsetting, master netting and similar arrangement	14,403,834	(550,840)	13,852,994	-	-	13,852,994
	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c) = (a) – (b)	Amounts subject to master netting (d)	Cash collateral received (e)	Net amount of exposure (c) – (d) – (e)
ASSETS						
Other receivables	10,385	-	10,385	-	-	10,385
Due from related parties	2,579,972	(335,585)	2,244,387	-	-	2,244,387
Cash and cash equivalent	2,341	-	2,341	-	-	2,341
Total assets subject to offsetting, master netting and similar arrangement	2,592,698	(335,585)	2,257,113	-	-	2,257,113
LIABILITIES						
Creditor and other credit balances	838,765	-	838,765	-	-	838,765
Due to related parties	1,514,858	(335,585)	1,179,273	-	-	1,179,273
Loans	5,670,981	-	5,670,981	-	-	5,670,981
Total liabilities subject to offsetting, master netting and similar arrangement	8,024,604	(335,585)	7,689,019	-	-	7,689,019

Notes to the separate financial statements - For the year ended 31 December 2022

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

23. Summary of significant accounting policies

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

23 (a) Basis of preparation of the separate financial statements

(i) Compliance with EAS

The separate financial statements of Qalaa for Financial Investments "S.A.E." have been prepared in accordance with Egyptian Accounting Standards (EAS), Egyptian Accounting Standards Interpretations (EAI) and relevant laws. and on the basis of the historical cost convention, except for financial assets at fair value through other comprehensive income, which are measures at the fair value. The separate financial statements comply with the Egyptian Accounting Standards and its modifications as issued by the Minister of Investment and International Cooperation on 18 March 2020.

(ii) Historical cost convention

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

- Financial assets at fair value through other comprehensive income

(iii) Going concern

Critical judgement with respect to the going concern of the Company

The Company has incurred a net loss of approximately EGP 3.3 billion for the year ended 31 December 2022 (31 December 2021: EGP 509 million net loss). This has further increased the Company's accumulated losses amounted to approximately EGP 8.3 billion as at 31 December 2022 (31 December 2021: EGP 5 billion).

As at 31 December 2022, the Company is financed by borrowings and bank facilities to the amount of EGP 10.8 billion. The Company had EGP 8.2 million of cash and cash equivalents. The following notes are relevant to understanding the liquidity position of the Company:

- Details of the borrowings such as collateral, debt covenants, repayments terms, interest rates as well as breaches of the loan covenants and related defaults are set out in note (2)(f). Movement of the liabilities arising from financing activities can be found in note (11)(b).
- The debt to total capital ratio is provided in (Note 21).
- The maturity analysis of borrowings is set out in the liquidity management in (Note 20)(C).
- Details of cash and cash equivalents are included under (Note 2)(d).

During the financial year, the Company was in breach of its existing debt covenants. Furthermore, the company has defaulted in settling loan instalments on their due dates. As a result of the breaches and defaults, an amount of EGP 10.8 billion was repayable on demand and the loans have been classified as current liabilities as at 31 December 2022. As a result, the Company's current liabilities exceeded its current assets by EGP 7.5 billion (31 December 2021: EGP 4.2 billion).

Notes to the separate financial statements - For the year ended 31 December 2022

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

Summary of significant accounting policies (continued)

These circumstances and conditions cast indicate sustains doubt 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 about 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 year, no impairment losses were recognized against non-current 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 continues operational and EBITDA growth year on year.
- Management continues to maintain a more relaxed cash flow impact from operating expenses either through deferring payments or cost cutting policies.

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 10.8 billion outstanding as at 31 December 2022, 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.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Summary of significant accounting policies (continued)

Other initiatives

- Management continues 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 year ended 31 December 2022 have been prepared on a going concern basis.

(iv) Classification of assets and liabilities

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

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

All other assets are classified as non-current.

The liability is classified as current when:

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

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

23 (b) Foreign currency translation

1. Functional and presentation currency

The separate financial statements of the Company are measured and presented using the currency of the primary economic environment in which the Company operates ('the functional currency'). The separate financial statements are presented in Egyptian Pounds, which is the Company's functional and presentation currency.

2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Notes to the separate financial statements - For the year ended 31 December 2022

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Summary of significant accounting policies (continued)

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income..

23 (c) Fixed assets

The Company applies the cost model at measurement of fixed assets, and the fixed assets are recognised on their costs net of the accumulated depreciation and accumulated impairment losses. The cost of fixed assets includes any costs directly associated with bringing the asset to a working condition for its use intended by the management of the Company.

The Company recognises subsequent costs of the acquisition of the fixed asset as a separate asset, only when it is probable that future economic benefits will flow to the Company and the cost of the item can be measured reliably. The Company recognises in the carrying value of fixed asset the cost incurred to replace part of that asset at the date such costs are borne and depreciated over which lower, its useful life or the remaining useful life of the asset and the carrying amount of replaced parts are derecognised. The Company recognises the costs of daily servicing of the fixed assets in the statement of profit or loss.

The depreciation methods and periods used by the Company are disclosed in **Note 3 (a)**

The Company reviews the residual value of fixed assets and estimated useful lives of fixed assets at the end of each financial year, and adjusted when expectations differ from previous estimates.

The carrying amount of the fixed asset is reduced to the recoverable amount, if the recoverable amount of an asset is less than its carrying amount. This reduction is considered as a loss resulting from impairment.

Gains or losses on the disposal of an item of fixed assets from the books are determined based on the difference between the net proceeds from the disposal of the item and the book value of the item, and the gain or loss resulting from the disposal of fixed assets is included in the statement of profit and loss.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Summary of significant accounting policies (continued)

23 (d) Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures is accounted for using the cost method. Investment in subsidiaries in the separate financial statements is stated at cost. The Cost method require recognition of investment at cost and recording of investment income to the extent of dividends distribution received from investee. The subsidiaries are entities controlled by the Company, a subsidiary is separate when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

23 (e) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are tested annually for impairment at the date of financial statements.

Non-financial assets that have definite useful lives, and they are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the asset incurred impairment losses.

The asset is tested for impairment by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are Compared at the lowest levels for which there are largely independent cash inflows from other inflows of assets or Company's of assets (cash-generating units).

The Company recognises impairment losses in the statement of profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

At the end of each financial year the Company assesses whether there is an indication that the impairment loss of any asset other than goodwill, which is recognised in prior years are not impaired, the Company then evaluates the recoverable amount of that asset.

Impairment losses recognised in prior years are reversed when there is an indication that such losses no longer exist or have decreased. Loss of impairment, which should not exceed the carrying amount that would have been determined (net of depreciation). Such reversal is recognised in the statement of profit or loss.

23 (f) Investment and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortized cost. The Company's financial asset at amortized cost comprise of trade receivables, other receivables and treasury bills.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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

Summary of significant accounting policies (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(iv) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Summary of significant accounting policies (continued)

(v) Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(vi) Impairment

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 120 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company defines default as a situation when the exposure meets one or more of the following criteria:

- the debtor is more than 120 days past due on its contractual payments;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikelihood-to-pay criteria listed below:
- the borrower is in breach of financial covenant(s);
- it is becoming likely that the borrower will enter bankruptcy; and
- the loans were purchased or originated at a deep discount that reflects the incurred credit losses.

The default definition stated above is applied to all types of financial assets of the Company.

23 (g) Offsetting financial asset and liability

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company has an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default of the counterparty, and should reflect the Company's normal practices and requirements of financial requirements and other conditions related to the considerations of the risk and timing of the Company's cash flows.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Summary of significant accounting policies (continued)

23 (h) Cash and cash equivalents

In the separate statement of cash flows, cash and cash equivalents includes cash in hand and with banks, deposits held at call with banks, other short-term investments with original maturities of not more than three month from the date of placement, less bank overdrafts.

23 (i) Financial liabilities

i. Classification

The Company classifies its financial liabilities as financial liabilities at fair value through profit and loss and other financial liabilities. The classification of the financial liability depends on the purpose of acquisition at the initial recognition.

ii. Recognition and derecognition

A financial asset is recognised in the statement of financial position when - and only when- the Company becomes a party to the contractual provisions of the financial liability. The Company removes the financial liability (or part of it) from the statement of financial position when it is disposed, cancelled or expired.

The Company accounts for the exchange between an existing borrower and lender of debt instruments with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability (or part of it) extinguished or transferred to another party including non-amortised expenses, and the consideration paid to settle the liability are recognised in separate statement of profit or loss.

iii. Measurement

At initial recognition, the Company measures the financial liabilities at fair value plus transaction costs, except for financial liabilities at fair value through profit or loss where all other attributable costs are charged to the statement of profit or loss. The other financial liabilities, represented in Other payables, and bank loans, are subsequently measures at amortised cost using the effective interest method.

23 (j) Capital

Ordinary shares are classified within equity. Share premiums, if any, are added to legal reserve to the extent of half of the issued capital, and the remaining balance of the premium is transferred to a special reserve, after deducting the shares issue expenses (net of any advantage related to their income taxes) from the amount of share premium.

Where Company repurchases the Company's equity instruments (Treasury shares), the consideration paid or received in exchange of those instruments, is deducted from Owner's equity.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Summary of significant accounting policies (continued)

23 (k) Preferred shares

The Company's preference shares are all non –redeemable and are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variance number of the Company's equity instruments. Discretionary dividends there on are recognized as equity distributions on approval by the Company's shareholders.

23 (l) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge for the period is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management annually evaluates tax positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Summary of significant accounting policies (continued)

23 (m) Employees' benefits

The Company operates various employees' benefits schemes, including defined contribution plans.

i. Pension obligations

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity (fund). The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

The defined contribution plan is a pension plans under which the Company pays fixed contributions to the General Authority for Social Insurance on mandatory basis. The Company

has no further liabilities once its obligations are paid. The regular contributions are recognised as periodic cost for the year in which they are due and as such are included in staff costs.

ii. Termination benefits Profit-sharing and bonus plans

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of EAS 28 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination costs and benefits obligation are initially measured. The Company measures and recognises the subsequent changes in accordance to the nature of the benefits based on the number of employees expected to accept the offer of benefits. Where it is not expected to settle the benefits falling due before 12 month after the end of the reporting year, the benefits are discounted to their present value.

iii. Profit-sharing and bonus plans

The Company recognises a liability and an expense for expected bonuses and profit-sharing (other than the employees' share in legally defined profits), when the Company has a legal or constructive obligation as a result of past events; and the amount can be reliably estimated. The obligation will remain outstanding when the Company has no realistic alternative but to pay.

iv. Employees' share in legally defined profits

The Company recognises expected cash dividends as the employees' share in accordance with the companies' articles of association, to be included as part of dividends in equity, and as liabilities when the ordinary general assembly meeting of the shareholders of the company approved the proposed dividends. The Company does not record any liabilities in the employees' share of undistributed dividends.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Summary of significant accounting policies (continued)

23 (n) Leases

- **Finance lease**

Until 31 December 2019, leases within the scope of law 95 of 1995, lease costs including maintenance expense of leased assets are recognised in the statement of profit or loss in the year they are incurred. When the company decided to exercise the right to purchase the leased item, the cost of the right to purchase was capitalised as a fixed asset, which is depreciated over the useful life of the expected remaining life of the asset in the same method followed with similar assets.

- **Operating lease**

Leases in which the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as expense in the separate statement of profit or loss on a straight-line basis over the period of the lease.

23 (n) Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Summary of significant accounting policies (continued)

23 (o) Borrowings

The Company recognises borrowings initially at fair value plus any directly attributable transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the original value (net of transaction costs) and value at the date of maturity is recognised in the statement of profit or loss over the year of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that the Company expects that all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 month after the date of the separate financial statements.

23 (p) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

When funds are borrowed for the purpose of acquiring a qualifying asset to bear the cost of borrowing, the Company determines the amount of borrowing costs that are capitalised on this asset, which is the actual borrowing costs incurred by the entity during the year because of the borrowing transaction less any revenue realised from the temporary investment of borrowed funds.

The Company recognises other borrowing costs as expenses in the year the Company incurs such costs.

23 (q) Provisions, contingent liabilities and contingent assets

(i) Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Company recognises the commitments required for restructuring and not related to the Company's effective activities within the costs of the provision of restructure.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Summary of significant accounting policies (continued)

Where the impact of the time value of money is significant, the amount of the provision is the present value of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of profit or loss.

(ii) Contingent liabilities

Contingent obligation is a present obligation that arose due to past events, and was not recognised because it was not expected to have an outflow of resources embodying economic benefits to settle the obligation, or the amount could not be reliably estimated. Instead the Company disclosed its contingent liabilities in its note to the separate financial statements.

(iii) Contingent assets

A contingent asset is a possible asset that may arise from past events because of occurring or non-occurring of contingent future events that are not under the Company control. The Company recognises the contingent assets in the statement of financial position when the realisation of the relevant revenue is certain. Contingent assets are disclosed only when there is a possibility of inflow of economic benefits.

If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party outside the Company, the reimbursement should be recognised as a separate asset in the statement of financial position, when, and only when, it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognised should not exceed the amount of the provision.

23 (r) Revenue recognition

Revenue is income arising in the course of the Company's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring control over promised services to a customer, excluding the amounts collected on behalf of third parties.

i. Advisory Fees

Advisory revenues should be recognised on an accruals basis in accordance with the relevant agreement's substance.

ii. Interest income

Interest income shall be calculated by using the effective interest method. This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.
- b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

Notes to the separate financial statements - For the year ended 31 December 2022

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

Summary of significant accounting policies (continued)

iii. Dividend income

Dividends from a subsidiary are recognised in the separate financial statements of the Company when the Company's right to receive the dividend is established. The dividend is recognised in profit or loss unless the entity elects to use the equity method, in which case the dividend is recognised as a reduction from the carrying amount of the investment.

23 (s) Dividends

Dividends are recognised as liabilities in the separate financial statements at the end of the financial year in which the dividends are approved by the Company's General Assembly of Shareholders.

23 (t) Comparative figures

Where necessary, comparative figures are reclassified to conform to changes in presentation in the current year.

23 (u) Losses per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (Note 15).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Basic loss per share is calculated by dividing the net loss of the year by the weighted average number of ordinary shares in issue during the year.

Notes to the separate financial statements - For the year ended 31 December 2022

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

24. Subsequent Events to the date of the financial statements

- A) On 18 January 2023, the Company's extraordinary assembly approved the amendment of the employees' benefits policy which has been presented to the extraordinary assembly on 10 December 2018 and was not applied due to incomplete procedures to get the financial regulatory association's approval.
- B) The Monetary Policy Committee decided, in its extraordinary meeting held on 30 March 2023, to raise the overnight deposit rate, the overnight lending rate and the rate of the main operation by 200 basis points to 18.25%, 19.25%, and 18.75%, respectively. The discount rate was also raised by 200 basis points to 18.75%.
- C) During April 2023, an intense armed conflict began in Sudan resulting in severe unrest all over the country. As a result of the safety concerns, the operations in Al Takamol Cement have been frozen till further notice which will affect the revenue significantly in the subsequent period. No damage was reported on the physical assets of the factory till the signing date of the 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.