



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

**LIMITED REVIEW REPORT AND INTERIM
CONDENSED SEPARATE FINANCIAL
STATEMENTS FOR THE SIX MONTHS PERIOD
ENDED 30 JUNE 2024**

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Limited review report on the interim condensed separate financial statements

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

Introduction

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

Scope of the limited review


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

Conclusion

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

Emphasis of matter

Without qualifying our conclusion, and as described in note (8) to the interim condensed separate financial statements, the Company had accumulated losses of EGP 17.1 billion as of 30 June 2024 and its current liabilities exceeded its current assets by EGP 17.34 billion as at that date. In addition, as of that date, the Company was in breach of its debt covenants and had defaulted in settling its loan instalments on the respective due dates. These events and conditions along with other matters disclosed in note (8) to the interim condensed separate financial statements, indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The interim condensed separate financial statements do not include the adjustments that would be necessary if the Company is unable to continue as a going concern.


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F.R.A. 381
PricewaterhouseCoopers Ezzeldeen,
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Public Accountants & Consultants

20 November 2024
Cairo


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QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024




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

Interim condensed separate statement of financial position - As of 30 June 2024

| | Note | 30 June 2024 | 31 December 2023 |
|-------------------------------------------------------------------|------|--------------------|---------------------|
| Non-current assets | | | |
| Fixed assets | 3(b) | 4,218 | 5,285 |
| Investments in subsidiaries and joint ventures | 3(a) | 6,588,162 | 5,568,564 |
| Financial assets at fair value through other comprehensive income | | 21,597 | 7,069 |
| Payments under investments | | 2,609,459 | 2,609,459 |
| Loans to subsidiaries | 2(a) | 139,605 | 175,993 |
| Total non-current assets | | 9,363,041 | 8,366,370 |
| Current assets | | | |
| Loans to subsidiaries | 2(a) | - | 1,288,883 |
| Other debit Balances | | 12,284 | 10,009 |
| Due from related parties | 5(a) | 7,453,692 | 4,044,089 |
| Cash and bank balances | 2(b) | 113,100 | 159,431 |
| Total current assets | | 7,579,076 | 5,502,412 |
| Total assets | | 16,942,117 | 13,868,782 |
| Equity | | | |
| Paid up capital | | 9,100,000 | 9,100,000 |
| Reserves | | 89,600 | 85,957 |
| Accumulated losses | | (17,108,858) | (12,098,379) |
| Shareholder's contribution | | (639,457) | (639,457) |
| Net deficit | | (8,558,715) | (3,551,879) |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 734 | 183 |
| Loans | 2(c) | 576,363 | - |
| Total Non-current liabilities | | 577,097 | 183 |
| Current liabilities | | | |
| Provisions | | 354,924 | 344,197 |
| Other credit balances | 2(d) | 1,693,358 | 1,220,102 |
| Due to related parties | 5(b) | 1,079,315 | 2,516,607 |
| Loans | 2(c) | 21,796,138 | 13,339,572 |
| Total current liabilities | | 24,923,735 | 17,420,478 |
| Total equity and liabilities | | 16,942,117 | 13,868,782 |

- The accompanying notes on pages 7 to 26 form an integral part of these interim condensed separate financial statements.
- Limited review report attached


Tarek El Gammal
Chief Financial Officer


Hisham El Khazindar
Managing Director


Ahmed Mohamed Hassanien Heikal
Chairman

20 November 2024

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024



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

Interim condensed separate statement of profit or loss
For the six months period ended 30 June 2024

| | Note | Six months ended at 30 June | | Three months ended at 30 June | |
|----------------------------------------------------------|------|--------------------------------|--------------------|----------------------------------|------------------|
| | | 2024 | 2023 | 2024 | 2023 |
| Advisory revenue | 4(a) | 84,740 | 81,068 | 51,230 | 40,957 |
| General and administrative expenses | | (341,483) | (140,273) | (244,284) | (67,374) |
| Net Impairment Losses on Financial Assets | | (129,351) | (813,082) | - | (115,416) |
| Other operating income | | 645 | - | 393 | - |
| Operating loss | | (385,449) | (872,287) | (192,661) | (141,833) |
| Finance income | 4(c) | 685,633 | 289,597 | 42,050 | 153,824 |
| Finance costs | 4(c) | (873,561) | (700,548) | (782,072) | (367,198) |
| Loss before income tax | | (573,377) | (1,283,238) | (932,683) | (355,207) |
| Income tax | 4(d) | 506 | 511 | (277) | 255 |
| Net Loss for the period | | (572,871) | (1,282,727) | (932,960) | (354,952) |
| Loss per share for the period: | | | | | |
| Basic and Diluted loss per share from losses (EGP/Share) | 6 | (0.315) | (0.70) | (0.513) | (0.19) |

The accompanying notes on pages 7 to 26 form an integral part of these interim condensed separate financial statements.

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024



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

Interim condensed separate statement of comprehensive income
For the six months period ended 30 June 2024

| | Six Months ended at 30 June | | Three months ended at 30 June | |
|-----------------------------------------------------------------------------|--------------------------------|--------------------|----------------------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net loss for the period | (572,871) | (1,282,727) | (932,960) | (354,952) |
| Change in Financial assets at fair value through other comprehensive income | 4,702 | - | 1,026 | - |
| Unrealized Forex gains Losses from Financial assets at fair value | 9,313 | - | 208 | - |
| Forex Losses through other comprehensive income | - | (1,194,391) | - | (7,632) |
| Deferred income tax relating to these items | (1,058) | - | (231) | - |
| Total comprehensive (losses) for the period | (559,914) | (2,477,118) | (931,957) | (362,584) |

- The accompanying notes on pages 7 to 26 form an integral part of these interim condensed separate financial statements.

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024



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

Interim condensed separate statement of changes in equity
For the Six months period ended 30 June 2024

| | Paid up capital | Reserves | Accumulated losses | Shareholder's contribution | Net Equity |
|--------------------------------------------------------|------------------------|-----------------|---------------------------|-----------------------------------|--------------------|
| Balance at 1 January 2023 | 9,100,000 | 88,543 | (8,341,797) | - | 846,746 |
| Total comprehensive loss for the period | - | - | (2,477,118) | - | (2,477,118) |
| Balance at 30 June 2023 | 9,100,000 | 88,543 | (10,818,915) | - | (1,630,372) |
| Balance at 1 January 2024 Before EAS 13 | 9,100,000 | 85,957 | (12,098,379) | (639,457) | (3,551,879) |
| The effect of application of EAS 13 "Revised" (Note 9) | - | - | (4,446,922) | - | (4,446,922) |
| Balance at 1 January 2024 after EAS 13 | 9,100,000 | 85,957 | (16,545,301) | (639,457) | (7,998,801) |
| Total comprehensive Loss for the period | - | 3,643 | (563,557) | - | (559,914) |
| Balance at 30 June 2024 | 9,100,000 | 89,600 | (17,108,858) | (639,457) | (8,558,715) |

- The accompanying notes on pages 7 to 26 form an integral part of these interim condensed separate financial statements.

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024



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

Interim condensed separate statement of cash flows
For the six months period ended 30 June 2024

| | Note | 30 June 2024 | 30 June 2023 |
|----------------------------------------------------------------------|-------------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Loss before income tax | | (573,377) | (1,283,238) |
| Adjusted to: | | | |
| Fixed assets depreciation | 3(b) | 1,067 | 4,568 |
| Provision formed | | 129,351 | 813,082 |
| Interest expense | 4(c) | 873,561 | 700,548 |
| Interest income | 4(c) | (190,563) | (288,924) |
| Unrealized foreign exchange gains | | (91,862) | - |
| Other Income | | (513) | - |
| Operating profit/(loss) before changes in working capital | | 147,664 | (53,964) |
| Changes in working capital: | | | |
| Other debit balances | | (1,861) | (2,050) |
| Due from related parties | | (84,740) | (55,815) |
| Due to related parties | | - | (25,253) |
| Other credit balances | | 446,933 | 26,812 |
| Provision used | | (6,410) | - |
| Net cash flows generated from/ (used) in operating activities | | 501,586 | (110,270) |
| Cash flows from finance activities | | | |
| Due from related parties | | (845,153) | (340,742) |
| Due to related parties | | 324,383 | 196,944 |
| Proceeds from Loans | | - | 479,000 |
| Net cash flows (used) in / generated from finance activities | | (520,770) | 335,202 |
| Cash flows from investing activities | | | |
| Payments for investments | | (24,950) | - |
| Net cash flows used in investing activities | | (24,950) | - |
| Net change in cash and cash equivalents | | (44,134) | 224,932 |
| Cash and cash equivalents at beginning of the period | | 159,431 | 8,184 |
| Effect of exchange rate in cash and cash equivalents | | (2,197) | - |
| Cash and cash equivalents at end of the period | 2(b) | 113,100 | 233,116 |

- The accompanying notes on pages 7 to 26 form an integral part of these interim condensed separate financial statements.

Notes to the interim condensed separate financial statements
For the six months ended 30 June 2024

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

1. Introduction

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

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

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

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

These interim condensed separate financial statements has been authorised by the company's Board of Directors on 20 November 2024, and the Shareholders' General Assembly has the right to modify the interim condensed separate financial statements after being issued.

Users of these interim condensed separate financial statements should read them together with Company's interim condensed consolidated financial statements for 30 June 2024 in order to obtain full information on financial position, results of operations, cash flow and changes in equity of the Company as a whole.

2. Financial assets and financial liabilities

2(a) Loans to subsidiaries

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

| | 30 June 2024 | 31 December 2023 |
|------------------------------------------|-------------------------|-----------------------------|
| Current | | |
| National Development and Trading Company | - | 4,546,346 |
| | - | 4,546,346 |
| Less: Accumulated impairment loss* | - | (3,257,463) |
| | - | 1,288,883 |
| Non-current | | |
| United Foundries Company | 5,528 | - |
| National Development and Trading Company | 134,077 | 367,824 |
| Less: Accumulated impairment loss* | - | (191,831) |
| | 139,605 | 175,993 |
| | 139,605 | 1,464,876 |

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2024**

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

2. Financial assets and financial liabilities (continued)

2(a) Loans to subsidiaries (continued)

According to the agreement dated March 31, 2024, signed between Qalaa Holdings, National Development and Trading Company, and United Foundries Company, the outstanding debts owed by them was converted from U.S. dollars to Egyptian pounds, effective from March 31, 2024. The parties agree that the repayment period for this debt shall not exceed fifteen years from the date of signing this agreement by both parties and the contracting parties have agreed that from the date of this contract, this debt shall be considered an interest-free loan to support the company's financial growth and business operations expansion plan (Note 5- F).

** For financial assets that are credit-impaired on purchase or origination, the lifetime ECL on initial recognition are included in the estimated cash flows when calculating the effective interest rate. Thus, no loss allowance is recognised on initial recognition. However, an entity should recognise, at each reporting date in the income statement, the amount of the change in lifetime ECL as an impairment gain or loss.

The loan is subsequently measured at amortised cost, with interest accrued using the effective interest rate method, taking into account the unwinding of the difference between the cash paid and fair value on initial recognition.

*The movement in impairment of loans due from subsidiaries:

| | 30 June 2024 | 31 December 2023 |
|--------------------------------------------|-----------------|---------------------|
| Balance at 1 January | 3,449,294 | 2,089,808 |
| Formed during the period | 129,351 | 1,050,903 |
| Foreign currency exchange loss differences | 1,128,137 | 308,583 |
| Adjustments ** | (4,706,782) | - |
| | - | 3,449,294 |

2(b) Cash and bank balances

| | 30 June 2024 | 31 December 2023 |
|------------------------------------------|-----------------|---------------------|
| Bank Current accounts – local currency | 427 | 151,920 |
| Cash on hand | 1,940 | 6,961 |
| Bank Current accounts – foreign currency | 110,733 | 550 |
| | 113,100 | 159,431 |

The average effective interest rate on deposits at 30 June 2024 was 15.2% (31 December 2023: 12.5%). Time deposits and current accounts with banks are placed with local banks under the supervision of the Central Bank of Egypt.

2(c) Loans

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

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2024**

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

2. Financial assets and financial liabilities (continued)

2(c) Loans (continued)

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).

| Current | 30 June 2024 | 31 December 2023 |
|------------------|-----------------|---------------------|
| First Class | - | 3,956,896 |
| Second Class | - | 3,494,768 |
| Accrued Interest | - | 5,887,908 |
| Balance | - | 13,339,572 |

As of 30 June 2024, an amount EGP 11.6 billion has been reclassified from bank loans to loans from related parties as Qalaa shareholders through Qalaa Holding Restructuring Ltd. purchased the external debt owed by Qalaa to certain banks and financial institutions participating in the syndicated loan agreement

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

Qalaa Holdings signed a debt settlement agreement with Banque Misr, Bank of Cairo, Arab African International Bank, and Kuwait National Bank. Under this agreement, Qalaa Holdings will settle its total debt by:

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2024**

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

2. Financial assets and financial liabilities (continued)

2(c) Loans (continued)

- 1) Selling 239,120,667 shares (17.68%) in Taqa Arabia Company while retaining the right to repurchase these shares within five years. The banks have the right to resell these shares to QH in the sixth year.
- 2) Transferring a registered land area of 60,127 square meters overlooking the Nile in the Tebein area.
- 3) Compensating for changes in exchange rates and stock prices.

Additionally, Qalaa Holdings and its subsidiaries signed a debt restructuring agreement with Arab International Bank, which involves restructuring and settling the loans owed to Arab International Bank through the payment of 184 million USD in instalments from 2024 to 2033. A variable interest rate equal to SOFR will be applied annually.

The total loans balance as of 30 June 2024:

| | 30 June 2024 | 31 December 2023 |
|----------------|-------------------|---------------------|
| Current | | |
| QHRI Balance | 11,563,406 | - |
| Egyptian Banks | 10,232,732 | - |
| Balance | 21,796,138 | - |

On 22 May 2024, Qalaa Holdings and one of its fully owned subsidiaries signed an agreement with Olayan to restructure an existing USD 12 million loan by which Qalaa transferred a building to partially settle an existing loan owed by the subsidiary. Olayan assigned its rights in a USD 12 million loan to one of his related parties. Qalaa Holdings will pay a monthly interest rate for three years in the form of lease payments. Qalaa Holdings has a call option to repurchase the building within three years for USD 12 million plus a fixed annual interest rate. Management assessed that this transaction does not qualify as a sale and is recognized as a collateralized borrowing, as the company retains control over the transferred asset.

| | 30 June 2024 | 31 December 2023 |
|-----------------------------|-----------------|---------------------|
| Non-Current | | |
| Sunrise service Egypt (LLC) | 576,363 | - |
| Balance | 576,363 | - |

2(d) Other credit balances

| | 30 June 2024 | 31 December 2023 |
|--------------------------------------|------------------|---------------------|
| Tax authority | 205,951 | 218,497 |
| Accrued expenses | 594,056 | 412,544 |
| Former shareholder credit balances* | 452,227 | 292,310 |
| Trade and notes payable | 437,888 | 293,587 |
| Dividends payable | 2,894 | 2,894 |
| Social insurance authority | 342 | 270 |
| Total other payables balances | 1,693,358 | 1,220,102 |

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2024**

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

2. Financial assets and financial liabilities (continued)

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

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

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

2(e) Maturities of financial liabilities

The table below shows the financial assets and liabilities at fair value in the separate financial statements at 30 June 2024 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 30 June 2024 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------|----------|---------------|----------|---------------|
| Financial assets at fair value through other comprehensive income | - | 21,597 | - | 21,597 |
| Total financial assets | - | 21,597 | - | 21,597 |

The table below shows the financial assets at fair value in the interim condensed separate financial statements at 31 December 2023 within the hierarchy of fair value.

| Recurring fair value measurements At 31 December 2023 | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------|----------|--------------|----------|--------------|
| Financial assets at fair value through other comprehensive income | - | 7,069 | - | 7,069 |
| Total financial assets | - | 7,069 | - | 7,069 |

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

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS



Notes to the interim condensed separate financial statements
For the six months ended 30 June 2024

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

3. Non-financial assets and liabilities

3(a) Investments in subsidiaries and joint ventures

| Company Name | Country of operation | Equity Interest 2024 | Equity Interest 2023 | 30 June 2024 | 31 December 2023 |
|-------------------------------------------------------------|----------------------|----------------------|----------------------|------------------|------------------|
| 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% | 1,264,889 | 668,171 |
| ASEC Company for Mining (ASCOM) | Egypt | 59.46% | 54.05% | 337,622 | 337,622 |
| United Foundries Company *** | Egypt | 29.29% | 29.29% | 456,629 | 103,699 |
| ASEC Cement Company ** | Egypt | 1.80% | 1.80% | 41,913 | 41,913 |
| ASEC Trading Company | Egypt | 99.85% | 99.85% | 49,999 | 4,999 |
| International Company for Mining Consultation | Egypt | 99.99% | 99.99% | 62 | 62 |
| Total Investment in subsidiaries | | | | 7,310,132 | 6,315,484 |
| Accumulated impairment loss **** | | | | (771,870) | (771,870) |
| Net Investment in subsidiaries | | | | 6,538,262 | 5,543,614 |
| Investment in Joint Ventures: | | | | | |
| Wathba for Petroleum services* | Egypt | 49.90% | 49.90% | 49,900 | 24,950 |
| Total Investment in Joint Ventures | | | | 49,900 | 24,950 |
| Total Investment in Subsidiaries and joint ventures | | | | 6,588,162 | 5,568,564 |

* 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 50% of the total mentioned amount (EGP 24.95M) as paid-up capital as of 31 December 2023 and paid 24.95M in 2024.

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%.

*** As disclosed in notes (2A) and (5F) given the entities are under common control of QH and the transaction is led by QH, the parent, this difference should be accounted for in accordance with the substance of the transaction. The substance is a capital contribution from the parent. This difference should be accounted for in accordance with the substance of the transaction, the substance is a capital contribution because the difference arises from the parent acting in its capacity as parent/shareholder, in which case it is reflected as an additional investment in the subsidiary.

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

| | 30 June 2024 | 31 December 2023 |
|------------------------------------------|----------------|------------------|
| National Development and Trading Company | 668,171 | 668,171 |
| United Foundries Company | 103,699 | 103,699 |
| | 771,870 | 771,870 |

Notes to the interim condensed separate financial statements
For the six months ended 30 June 2024

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

3. Non-financial assets and liabilities (continued)

3(b) Fixed assets

| | Buildings | Computers | Furniture, fixture & office equipment | Vehicles | Software | Total |
|-----------------------------------------------|-----------|-----------|---------------------------------------------|----------|----------|----------|
| 31 December 2023 | | | | | | |
| Cost | 33,742 | 8,862 | 23,037 | 540 | 24,856 | 91,037 |
| Accumulated depreciation | (28,681) | (8,862) | (23,037) | (540) | (24,632) | (85,752) |
| Net carrying value | 5,061 | - | - | - | 224 | 5,285 |
| Period ended 30 June 2024 | | | | | | |
| Net book value at the beginning of the period | 5,061 | - | - | - | 224 | 5,285 |
| Depreciation expense | (844) | - | - | - | (223) | (1,067) |
| Net book value | 4,217 | - | - | - | 1 | 4,218 |
| 30 June 2024 | | | | | | |
| Cost | 33,742 | 8,862 | 23,037 | 540 | 24,856 | 91,037 |
| Accumulated depreciation | (29,525) | (8,862) | (23,037) | (540) | (24,855) | (86,819) |
| Net carrying value | 4,217 | - | - | - | 1 | 4,218 |

4. Profit and loss information

4(a) Advisory Revenue

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

| | Six months ended at 30 June | | Three Months ended at 30 June | |
|-----------------------------------------------------|--------------------------------|---------------|----------------------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Falcon Agriculture Investments Ltd | 49,509 | 38,934 | 29,943 | 19,568 |
| Citadel Capital Transportation Opportunities II Ltd | 21,466 | 16,881 | 12,983 | 8,484 |
| Silverstone Capital Investment Ltd | - | 14,810 | - | 7,443 |
| ASEC Cement Company | 13,765 | 10,443 | 8,304 | 5,462 |
| | 84,740 | 81,068 | 51,230 | 40,957 |

4(b) Significant items

| | Six months ended at 30 June | | Three Months ended at 30 June | |
|----------------------------------------------|--------------------------------|---------|----------------------------------|---------|
| | 2024 | 2023 | 2024 | 2023 |
| Expenses | | | | |
| Impairment in loans to subsidiaries | 129,351 | 813,082 | - | 115,416 |
| Salaries, wages and other employees benefits | 158,220 | 104,854 | 80,750 | 49,670 |

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4. Profit and loss information (continued)

4(c) Finance costs - net

| | Six months ended at 30 June | | Three Months ended at 30 June | |
|-----------------------------|--------------------------------|------------------|----------------------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Credit interest* | 194,990 | 289,597 | 42,050 | 153,824 |
| Gain revaluation Forex | 490,643 | - | - | - |
| Total finance income | 685,633 | 289,597 | 42,050 | 153,824 |
| Interest expenses | (873,561) | (700,548) | (536,049) | (367,198) |
| Loss revaluation Forex | - | - | (246,023) | - |
| Total Finance costs | (873,561) | (700,548) | (782,072) | (367,198) |
| Net | (187,928) | (410,951) | (740,022) | (213,374) |

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

| | Six months ended at 30 June | | Three Months ended at 30 June | |
|-------------------------------------------------------------|--------------------------------|----------------|----------------------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| National Development and Trading Company* | 139,499 | 229,592 | 10,148 | 116,026 |
| Citadel Capital Holding for Financial Investments-Free Zone | 50,564 | 35,897 | 31,135 | 20,700 |
| National Multimodal Transportation | - | 23,271 | - | 16,385 |
| United Foundries Company* | 500 | 164 | 417 | 83 |
| Other | 4,427 | 673 | 350 | 630 |
| | 194,990 | 289,597 | 42,050 | 153,824 |

*According to the agreement dated March 31, 2024, signed between Qalaa Holdings, the National Development and Trading Company, and United Foundries Company, the outstanding debts owed by them will be converted from U.S. dollars to Egyptian pounds, effective from March 31, 2024. The parties agree that the repayment period for this debt shall not exceed fifteen years from the date of signing this agreement by both parties and the contracting parties have agreed that from the date of this contract, this debt shall be considered an interest-free loan to support the company's financial growth and business operations expansion plan (Note S- F).

For financial assets that are credit-impaired on purchase or origination, the lifetime ECL on initial recognition are included in the estimated cash flows when calculating the effective interest rate. Thus, no loss allowance is recognised on initial recognition. However, an entity should recognise, at each reporting date in the income statement, the amount of the change in lifetime ECL as an impairment gain or loss.

The loan is subsequently measured at amortized cost, with interest accrued using the effective interest rate method, taking into account the unwinding of the difference between the cash paid and fair value on initial recognition.

4(d) Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. There is no material change in the effective tax rate for the period as compared to prior period.

**Notes to the interim condensed separate financial statements
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5. Related party transactions

The Company entered into several transactions with companies and entities that are included within the definition of related parties, as stated in EAS 15, "Disclosure of related parties". The related parties comprise the Company's top management of the company, their entities, companies under common control. The management decide the terms and conditions of the transactions and services provided beyond to the related parties and any other expenses fairly and depending on contracts and agreements the following are the nature and values of the transactions with the related parties during the period also the accrued balances at the date of condensed separate financial position.

(a) Due from related parties

| Company name | Nature of relationship | Nature and volume of transaction | | | | 31 December 2023 |
|--------------------------------------------------------------|------------------------|----------------------------------|--------------------|-----------|--------------------|--------------------|
| | | Advisory fee | Finance/ (payment) | Forex | 30 June 2024 | |
| Mena Home furnishings Mall | Subsidiary | - | - | 90,266 | 253,024 | 162,758 |
| Falcon Agriculture Investments Ltd. | Subsidiary | 49,509 | - | 515,584 | 1,474,106 | 909,013 |
| Golden Crescent Investments Ltd. | Subsidiary | - | - | 65,371 | 183,236 | 117,865 |
| Citadel Capital Transportation Opportunities Ltd. | Subsidiary | - | - | 6,854 | 8,724 | 1,870 |
| Logria Holding Ltd. | Investee | - | - | 94,327 | 264,359 | 170,032 |
| Mena Glass Ltd. | Investee | - | - | 58,884 | 165,032 | 106,148 |
| Sabina for Integrated Solutions | Subsidiary | - | - | 18,851 | 52,833 | 33,982 |
| Citadel Capital Financing Corp. | Subsidiary | - | - | 112,515 | 315,319 | 202,804 |
| Citadel Capital Transportation Opportunities II Ltd. | Subsidiary | 21,466 | - | 302,318 | 740,100 | 416,316 |
| Citadel Capital Holding for Financial Investments-Free Zone | Subsidiary | - | 27,129 | 2,381,143 | 6,085,626 | 3,677,354 |
| ASEC Company for Mining (ASCOM) | Subsidiary | - | 4,772 | (1,049) | 16,660 | 12,937 |
| United Foundries Company | Subsidiary | - | (13,460) | 181,543 | 516,753 | 348,670 |
| Citadel Capital for International Investments Ltd. | Subsidiary | - | 785,857 | 214,313 | 1,689,071 | 688,901 |
| Africa Raliways Limited | Subsidiary | - | - | 30,923 | 86,695 | 55,772 |
| Mena Joint Investment Fund management S.A. | Subsidiary | - | - | 40,139 | 112,496 | 72,357 |
| Citadel Capital Joint Investment and Management limited Fund | Subsidiary | - | - | 9,206 | 25,799 | 16,593 |
| Africa JIF Holdco I fund | Subsidiary | - | - | 12,173 | 34,115 | 21,942 |
| Crondall Holdings Ltd. | Subsidiary | - | - | 30,286 | 84,870 | 54,584 |
| International Company for Mining Consultation | Subsidiary | - | - | - | 140 | 140 |
| Grandview Investment Corp | Subsidiary | - | 6,449 | 19,365 | 51,270 | 25,456 |
| ASEC Cement company | Subsidiary | 13,765 | - | 4,655 | 18,420 | - |
| ASEC Trading | Subsidiary | - | 84,970 | (66,049) | 18,921 | - |
| Total | | | | | 12,197,569 | 7,095,494 |
| Accumulated impairment loss * | | | | | (4,743,877) | (3,051,405) |
| Net | | | | | 7,453,692 | 4,044,089 |

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
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(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

5. Related party transactions (continued)

5 (a) Due from related parties (continued)

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

| | Balance as at 1 January 2024 | Formed | Write off | Foreign exchange differences | Balance as at 30 June 2024 |
|-----------------------------------------------------------------------------------------|------------------------------------|----------|-----------|------------------------------------|----------------------------------|
| Logria Holding Ltd. | 170,032 | - | - | 94,327 | 264,359 |
| Citadel Capital Financing Corp. | 202,804 | - | - | 112,515 | 315,319 |
| Golden Crescent investments Ltd. | 117,865 | - | - | 65,371 | 183,236 |
| Sabina for Integrated Solutions Citadel Capital Transportation Opportunities Ltd. | 33,982 | - | - | 18,851 | 52,833 |
| Mena Glass Ltd. | 1,870 | - | - | 6,854 | 8,724 |
| Africa Raliways Limited | 106,148 | - | - | 58,884 | 165,032 |
| Crandall Holdings Ltd. | 55,772 | - | - | 30,923 | 86,695 |
| Citadel Capital Holding for Financial Investments-Free Zone | 54,584 | - | - | 30,286 | 84,870 |
| Citadel Capital for International Investments Ltd. | 1,582,298 | - | - | 877,745 | 2,460,043 |
| Mena Home furnishings Mall | 563,292 | - | - | 306,450 | 869,742 |
| Balance | 162,758 | - | - | 90,266 | 253,024 |
| | 3,051,405 | - | - | 1,692,472 | 4,743,877 |

5(b) Due to related parties

| | Nature of relationship | Nature and volume of transaction | | | 30 June 2024 | 31 December 2023 |
|-------------------------------------------------------|--------------------------------|-------------------------------------|-----------------------|---------|------------------|---------------------|
| | | Advisory fee | Finance/ (payment) | Forex | | |
| National Development and Trading Company | Subsidiary | - | (1,153,487) | 32,394 | 151,426 | 1,272,519 |
| ASEC Cement Company | Subsidiary | - | (1,185) | (4,645) | - | 5,830 |
| Asec Trading Company | Subsidiary | - | (171,867) | - | - | 171,867 |
| Citadel Capital for International Investments Ltd. | Subsidiary | - | (420,707) | - | 494,686 | 915,393 |
| Ahmed Heikal | Chairman | - | - | 87 | 930 | 843 |
| | Shareholder in subsidiaries | - | 282,118 | - | 432,273 | 150,155 |
| FHI* | | | | | 1,079,315 | 2,516,607 |
| Total | | | | | | |

*On March 31, 2024, Qalaa Holdings executed a settlement agreement with Financial Holdings International Ltd (FHI) that resolves most of Qalaa Holdings and its subsidiaries' obligations to FHI and transfers FHI's ownership in some of Qalaa Holdings' subsidiaries. It is worth noting that FHI has interests in several of Qalaa Holdings' subsidiaries and is also a creditor to Qalaa Holdings and some of its subsidiaries.

Under the agreement, FHI will transfer its shares in several of Qalaa Holdings' subsidiaries to Qalaa Holdings, including:

The National Company for Development and Trade (which owns the ASEC Group operating in the cement sector and related industries) and United Foundries Company.

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For the six months ended 30 June 2024**

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

5. Related party transactions (continued)

5(b) Due to related parties (continued)

This transfer will result in Qalaa Holdings' direct and indirect ownership in these two companies reaching approximately 100%. Additionally, FHI will transfer its stake in Citadel Capital Transportation Opportunities Ltd (CCTO), which owns the National Ports Company. FHI will also settle most of Qalaa Holdings' and its subsidiaries' previous obligations and return all related guarantees. FHI will assign to Qalaa Holdings' subsidiaries its rights to collect debts from:

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

In exchange, approximately \$13.2 million will be paid to FHI, with \$4.2 million already paid and the remaining \$9 million to be settled by September 30, 2024. Under this agreement, Qalaa Holdings will also transfer its indirect ownership (27.21%) in the National Printing Company to FHI, with Qalaa Holdings retaining the right to repurchase this stake within two years if desired.

5(c) Key Management Compensation

Key management personnel received total benefits during the period with an amount of EGP28.3M million in 30 June 2024 represented in salaries and other benefits (30 June 2023: EGP 19.8 million)

5 (d) Terms and conditions

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

The loans to related parties are repayable between 1 to 15 years from the reporting date. The average interest rate on the loans to related parties during the period was 11.5% (31 December 2023 – 11.5%).

Outstanding balances are secured and are repayable in cash.

5(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.

5(F) Loans to related parties

The change in the terms of the loan is accounted for as an extinguishment of the original loan and the recognition of a new loan at fair value. As a result of the non- market interest rate (nil) inherent in the loan, there will be a difference between the cash paid and fair value on initial recognition. This difference should be accounted for in accordance with the substance of transaction. However, the loan receivable should be classified at amortized cost, following a modification that results in derecognition of the original financial asset. The financial asset would be recognized as originated credit- impaired financial asset.

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

6. Losses per share

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

| | Six months ended at 30 June | | Three Months ended at 30 June | |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------|---------------|----------------------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| Net loss for the period | (572,871) | (1,282,727) | (932,960) | (354,952) |
| Weighted average number of shares including preferred shares with the same distribution rights as ordinary shares | 1,820,000 | 1,820,000 | 1,820,000 | 1,820,000 |
| losse per share (EGP) | <u>(0.315)</u> | <u>(0.70)</u> | <u>(0.513)</u> | <u>(0.19)</u> |

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company does not have any categories of dilutive potential ordinary shares on 30 June 2024 and 30 June 2023, hence the diluted Losses per share is the same as the basic Losses per share.

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

Compliance with EAS

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

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

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

Summary of material modifications of the Egyptian Accounting Standards 2024

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

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2024**

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

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

Summary of material modifications of the Egyptian Accounting Standards 2024 (continued)

| Accounting standard | Amendment summary | Application date |
|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" * | <p>"Scope of the standard" The scope of the standard has been amended to include "determining the spot exchange rate when exchangeability between two currencies is lacking."</p> <p>"Measurement" - A currency that is difficult to exchange with another currency at the measurement date may later become exchangeable with that other currency, and the entity may conclude that the first subsequent exchange rate meets the conditions mentioned in paragraph 19A, and when the price does so, the entity may use this price as the estimated spot exchange rate.</p> <p>When there is difficulty in exchanging a currency for another currency on the measurement date, the entity must estimate the spot exchange rate on that date, and the estimated spot exchange rate must meet the estimated conditions on the measurement date.</p> <p>-When estimating the spot exchange rate as required under paragraph (19A), an entity shall use an observed exchange rate as the estimated spot exchange rate when that observed exchange rate meets the conditions provided in paragraph (19A).</p> <p>"Disclosures" Some new disclosures have been added to the spot exchange rate.</p> | The company must apply these amendments from the beginning of annual reporting periods beginning on or after 1 January 2024. |
| Egyptian Accounting Standard No. (17) "The Separate financial statements" | <p>"Scope of the standard" The scope of the standard has been amended to include "the use of the equity method in accounting for investments in subsidiaries, associates and joint companies."</p> <p>"Measurement" - when an entity prepares separate financial statements, it must account for investments in subsidiaries, in entities under common control, and in sister companies: 1- At cost 2- According to Egyptian Accounting Standard No. (47) Financial Instruments 3- Using the equity method as described in Egyptian Accounting Standard No. (18) Investments in Associated Companies. .</p> | The entity must apply these amendments from the beginning of annual reporting periods beginning on or after 1 January 2024. |

**Notes to the interim condensed separate financial statements
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(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

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

Summary of material modifications of the Egyptian Accounting Standards 2024 (continued)

| Accounting standard | Amendment summary | Application date |
|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Egyptian Accounting Standard No. (17) "The Separate financial statements (continued) | <p>The entity must apply the same accounting treatment to each category of investments. If the entity classifies investments recorded at cost or uses ownership rights as assets held for the purpose of sale or distribution (or within a group of assets being disposed of and held for sale) in accordance with Egyptian Accounting Standard No. (32), non-current assets held for the purpose of sale and discontinued operations. The facility must account for that investment from the date of that classification in accordance with Egyptian Accounting Standard No. (32). As for investments that are accounted for in accordance with Egyptian Accounting Standard No. (47), their measurement will not change in such cases.</p> <p>"Disclosures" Some new disclosures have been added.</p> | |
| Egyptian Accounting Standard No. (34) "Investment in properties | <p>"Scope of the standard" The scope of the standard has been amended to include: "An entity must choose either the fair value model or the cost model as its accounting policy and must apply that policy to all of its investment in properties.</p> <p>"Measurement" - "Fair Value Model" After initial recognition, the entity must measure all its investment in properties at fair value - the gain or loss arising from the change in fair value must be included in the profit or loss for the period in which this change arises or through other comprehensive income for one time in the life of the asset. Or investment - in the event that the book value of investment in properties increases as a result of evaluating it at fair value, and the increase is recorded in other comprehensive income and collected within equity under the title of investment in properties evaluation surplus at fair value. However, the increase must be proven from profit and loss to the extent that it reflects a decrease. In evaluating the same investment, it was previously recognized in profit and loss.</p> <p>"Disclosures" Some new disclosures have been added.</p> | The entity must apply these amendments from the beginning of annual reporting periods beginning on or after 1 January 2024. |

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

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8. Going concern

The Company has made a net Loss of approximately EGP 572.8 million for the period ended 30 June 2024 (30 June 2023: EGP 1,3 billion loss). And the changes in accounting policies (note 9) by amount 4.4 billion. This has further increased the Company's accumulated losses amounted to approximately EGP 17,1 billion as at 30 June 2024 (31 December 2023: EGP 12.09 billion).

As of 30 June 2024, the Company is financed by borrowings and bank facilities amounted to EGP 22,3 billion. The Company had EGP 113,1 million of cash and cash equivalents.

During the financial period, the Company was in breach of its existing debt covenants.

As a result of these breaches and defaults, an amount of EGP 21.79 billion was repayable on demand and the loans have been classified as current liabilities as at 30 June 2024. As a result, the Company's current liabilities exceeded its current assets by EGP 17.34 billion (31 December 2023: EGP 11.9 billion).

On May 22, 2024, Qalaa Holdings and one of its fully owned subsidiaries signed an agreement with Olayan to restructure an existing USD 12 million loan by which Qalaa transferred a building to partially settle an existing loan owed by the subsidiary. Olayan assigned its rights in a USD 12 million loan to one of his related parties. Qalaa Holdings will pay a monthly interest rate for three years in the form of lease payments. Qalaa Holdings has a call option to repurchase the building within three years for USD 12 million plus a fixed annual interest rate. Management assessed that this transaction does not qualify as a sale and is recognized as a collateralized borrowing, as the company retains control over the transferred asset.

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

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

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

Assessment of cash flow forecasts produced by management

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

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

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

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2024**

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

8. Going concern (continued)

Key areas in determining the Company is a going concern

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

Operational Activity

- The company show continuous operational and EBITDA growth year on year.
- Management continuous to maintain a more relaxed cash flow impact from operating expenses either through deferring payments or cost cutting policies.
- Loans from financial institutions, with a balance of EGP21,8 billion outstanding as at 30 June 2024:

A balance of EGP 11.6 billion due to Qalaa Holding Restructuring Ltd "QHRI" (a company that was established in accordance with the laws of the British Virgin Islands) by the owners of Citadel Capital Partners Ltd. (the "main shareholder" of Qalaa) following the approval of QHRI offer by Qalaa Holdings' ordinary general assembly on May 30, 2024 to purchase the external debt owed by Qalaa to certain banks and Financial institutions participating in the syndicated loan agreement dated February 1, 2012 ("the Syndicated loan") signed between Qalaa Holdings and a group of local and international banks and institutions. This purchase will be at an amount equivalent to 20% of the remaining principal balance of the lenders' share who accepted the purchase offer in the Syndicated loans payable in USD in an international bank account selected by the accepting lenders (Note 10).

A balance of EGP 10.2 billion due to Egyptian banks, Qalaa Holdings signed a debt settlement agreement with Banque Misr, Bank of Cairo, Arab African International Bank, and Kuwait National Bank (Note 10).

- Qalaa Holdings signed a debt settlement agreement with Banque Misr, Bank of Cairo, Arab African International Bank, and Kuwait National Bank (Note 10).

Liquidity Position

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

Other initiatives

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

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

Therefore, the separate financial statements of the company for the period ended 30 June 2024 have been prepared on a going concern basis.

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9. New accounting standards

On March 3, 2024, the prime minister has issued decree No. 636, amending the Egyptian Accounting Standard No.13 (EAS 13) "the effect of changes in foreign currency exchange rates", paragraph 57A, effective from 1 January 2024.

The company has applied the amendment in paragraph EAS13.57A and made an assessment to determine whether there is lack of exchangeability of foreign currencies against the Egyptian Pound. Below is summary of the outcome of that assessment.

A) Lack of Exchangeability assessment

- The company assessed that there is no lack of exchangeability for assets denominated in foreign currencies as at 1 January 2024, the date of application of EAS 13 revised. This assessment was made on the premise that assets denominated in foreign currencies may be exchanged at the bank at any point of time without any difficulty.
- The company also assessed that there is no lack of exchangeability for liabilities denominated in foreign currencies, to the extent that foreign currency assets may be used to settle these liabilities. However, liabilities denominated in foreign currencies in excess of own assets denominated in foreign currencies, as at 1 January 2024, will not be sourced within the banking system, in a reasonable period of time. Therefore, it was assessed that lack of exchangeability exists for these balances, amounting to US\$ 195 million, EURO 25 million and GBP 243 k.
- To make an estimate of a reasonable exchange rate to use because of the lack of exchangeability of the Egyptian Pound against the US Dollar, the company determined that the first rate that was available to the Group (US\$1=EGP49.5003) to source foreign currency subsequent to the application date of the revised standard will best represent a spot rate to use to translate the foreign currency liabilities that face lack of exchangeability at 1 January 2024.

B) Currency Position

Below is summary of assets and liabilities denominated in foreign currency as at 1 January 2024:

| Statement of financial positions line item | Balance as of 31 December 2023 USD | Balance as of 31 December 2023 EUR | Balance as of 31 December 2023 GBP |
|--------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Assets | | | |
| Cash and cash equivalents | 239 | 1,6 | - |
| Account receivables | 181 | - | - |
| Due from related parties | 265,727 | - | 9,3 |
| Total | 266,147 | 1,6 | 9,3 |
| Liabilities | | | |
| Loans | (431,843) | - | - |
| Due to related parties | (29,877) | (495) | (252) |
| Trade payables | - | (24,318) | - |
| Total | (461,720) | (24,813) | (252) |

**Notes to the interim condensed separate financial statements
For the six months ended 30 June 2024**

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

9. New accounting standards (continued)

C) Monetary effect of applying EAS 13 Revised

The following table represent the book value of non-exchangeable monetary liabilities affected on 1 January 2024, and their effects on opening retained earnings:

| Description | Foreign currency | Balance in foreign currency | Difference of using the estimated exchange rate profit / (loss) | Effect on R.E Increase / (decrease) |
|-----------------------------|------------------|-----------------------------|-----------------------------------------------------------------|-------------------------------------|
| | | | EGP | EGP |
| Nonexchangeable liabilities | USD | (195,573) | (3,951,038) | (3,951,038) |
| | EUR | (24,811) | (490,130) | (490,130) |
| | GBP | (243) | (5,754) | (5,754) |
| Net | | | (4,446,922) | (4,446,922) |

10. Significant events

A) The Central Bank increased interest rates by 200 basis points, bringing the rate to 22.25% from 20.25%, following a decision by the Monetary Policy Committee. On February 1, 2024, the Monetary Policy Committee decided in an extraordinary meeting on March 6, 2024, to raise the overnight deposit rate, the overnight lending rate, and the central bank's main operation rate by 600 basis points to 27.25%, 28.25%, and 27.75%, respectively. The discount rate was also increased by 600 basis points to 27.75%.

B) The Prime Minister issued Decision No. (636) of 2024 on March 3, 2024, amending certain provisions of the Egyptian Accounting Standards, including revisions to existing standards. These amendments to the accounting standards were published in the Official Gazette on March 3, 2024, and will be applied to financial periods starting on or after January 1, 2024. The amendments include:

- Egyptian Accounting Standard No. (13) "Effects of Changes in Foreign Exchange Rates"
- Egyptian Accounting Standard No. (17) "Separate Financial Statements"
- Egyptian Accounting Standard No. (34) "Investment Property"
- Interpretation of Egyptian Accounting Standard No. (2) "Carbon Emission Reduction Certificates"

C) The conflict in Gaza, which erupted on 7 October 2023, had a significant impact on the Egyptian economy as well as consumer trends. The Group conducted an assessment of the key impacts of the conflict on the economy, which included a level of disruptions in the supply chain due to the conflict's impact on navigational routes in the Red Sea. This led to a general increase in shipping prices because of the increase in insurance and shipping costs. The Group was mildly affected by supply chain disruptions during the year ended 2023, as there was a low reliance on the shipment coming through the Red Sea. The company has taken steps to ensure the company is not affected in the short term, but due to the uncertainty and liquidity of the situation, the total impact in the medium and long term is undetermined.

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For the six months ended 30 June 2024**

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

10. Significant events (continued)

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

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

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

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

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

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

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

Notes to the interim condensed separate financial statements
For the six months ended 30 June 2024

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

11. Subsequent events

A) Qalaa Holdings signed a debt settlement agreement with Banque Misr, Bank of Cairo, Arab African International Bank, and Kuwait National Bank. Under this agreement, Qalaa Holdings will settle its total debt amounting to 4.547 billion EGP by:

- 1) Selling 239,120,667 shares (17.68%) in Taqa Arabia Company while retaining the right to repurchase these shares within five years. The banks have the right to resell these shares to QH in the sixth year.
- 2) Transferring a registered land area of 60,127 square meters overlooking the Nile in the Tebein area.
- 3) Compensating for changes in exchange rates and stock prices.

Additionally, Qalaa Holdings and its subsidiaries signed a debt restructuring agreement with Arab International Bank, which involves restructuring and settling the loans owed to Arab International Bank through the payment of 184 million USD in installments from 2024 to 2033. A variable interest rate equal to SOFR will be applied annually. Arab International Bank will also benefit from an enhanced security package.

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

B) On September 26, 2024, the Company invited for an extraordinary general assembly to consider giving up all decisions previously approved at the Company's previous extraordinary general assembly meeting held on February 18, 2007, related to the company's transition to operate under the provisions of capital market law No. 95 of 1992 and its executive regulations.

C) The Prime Minister issued Decision No. (3527) and (3528) of 2024 on October 23, 2024, adding new standard in the Egyptian Accounting Standards EAS 51 "Hyperinflation". The new standard published in the Official Gazette on October 23, 2024. The Egyptian economy is not yet considered a hyperinflationary economy.