QALAA FOR FINANCIAL INVESTMENTS S.A.E.
AUDITOR'S REPORT
SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2023

Contents

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 2023 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 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.

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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 2023, 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

Without qualifying our opinion, and as described in note (23)(a)(iii) to the separate financial statements, the company incurred a net loss of EGP 2.5 billion for the financial year ended 31 December 2023 (2022 "Restated": EGP 1.9 billion) and as of that date its current liabilities exceeded its current assets by EGP 11.9 billion (2022: EGP 7.5 billion) and it had accumulated losses of EGP 12.1 billion (2022: 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

6 May 2024
Cairo

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

Separate statement of financial position - As of 31 December 2023

	Note	2023	2022
Non-current assets			
Fixed assets	3(a)	5,285	14,382
Investments in subsidiaries and joint ventures	3(b)	5,568,564	5,552,527
Financial assets at fair value through other comprehensive income	2(b)	7,069	10,398
Payments under investments	3(c)	2,609,459	2,609,459
Loans to subsidiaries	2(c)	175,993	175,995
Total non-current assets		**8,366,370**	**8,362,761**
Current assets			
Loans to subsidiaries	2(c)	1,288,883	1,288,595
Other Receivables	2(a)	10,009	7,055
Due from related parties	14(a)	4,044,089	5,382,423
Cash and bank balances	2(d)	159,431	8,184
Total current assets		**5,502,412**	**6,686,257**
Total assets		**13,868,782**	**15,049,018**
Equity			
Paid up capital	4(a)	9,100,000	9,100,000
Reserves	4(b)	85,957	88,543
Accumulated losses		(12,098,379)	(8,341,797)
Shareholder's balance		(639,457)	-
Net Equity		**(3,551,879)**	**846,746**
Non-current liabilities			
Deferred tax liabilities	3(d)	183	382
Total Non-current liabilities		**183**	**382**
Current liabilities			
Provisions	3(e)	344,197	348,896
Other Payables	2(e)	1,220,102	1,219,518
Due to related parties	14(b)	2,516,607	1,801,874
Loans	2(f)	13,339,572	10,831,602
Total current liabilities		**17,420,478**	**14,201,890**
Total equity and liabilities		**13,868,782**	**15,049,018**

- The accompanying notes on pages 8 to 57 form an integral part of these separate financial statements.
- Auditor's report attached.

Tarek El Gammal Chief Financial Officer	**Hisham El Khazindar** **Managing Director**	**Ahmed Mohamed Hassanien Heikal** **Chairman**

6 May 2024

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

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

	Note	2023	Restated 2022
Advisory revenue	5	148,206	103,179
Management fees	4(b)	(738,659)	-
General and administrative expenses	6	(313,170)	(221,259)
Net Impairment Losses in financial Assets	7	(1,050,903)	(1,119,260)
Other operating income/(loss)	8	147,363	(104,930)
Operating loss		**(1,807,163)**	**(1,342,270)**
Finance income	9	587,580	339,531
Finance cost	9	(1,270,541)	(913,225)
Loss before income tax		**(2,490,124)**	**(1,915,964)**
Income tax	10	499	415
Net loss for the year		**(2,489,625)**	**(1,915,549)**
Loss per share			
Basic & diluted loss per share (EGP/Share)	15	(1.368)	(1.052)

- The accompanying notes on pages 8 to 57 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 2023

	Note	2023	Restated 2022
Net loss for the year		**(2,489,625)**	**(1,915,549)**
Other comprehensive loss			
Forex Losses through OCI		(1,266,957)	(1,403,930)
Change in fair value of financial assets at fair value through other comprehensive income	2(b)	(2,286)	(122)
Income tax relating to other comprehensive income	3(d)	(300)	27
Total other comprehensive loss for the year, net of tax		**(1,269,543)**	**(1,404,025)**
Total comprehensive loss for the year		**(3,759,168)**	**(3,319,574)**

- The accompanying notes on pages 8 to 57 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 2023

	Paid up capital	Reserves	Accumulated losses	Shareholder's credit balance	Total equity
Balance at 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 and 1 January 2023	**9,100,000**	**88,543**	**(8,341,797)**	**-**	**846,746**
Total comprehensive Loss for the year	-	(2,586)	(3,756,582)	-	(3,759,168)
Shareholder's balance	-	-	-	(639,457)	(639,457)
Balance at 31 December 2023	**9,100,000**	**85,957**	**(12,098,379)**	**(639,457)**	**(3,551,879)**

- The accompanying notes on pages 8 to 57 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 2023

	Note	2023	Restated 2022
Cash flows from operating activities			
Loss for the year before tax		(2,490,124)	(1,915,964)
Adjusted to:			
Depreciation expense	3(a)	9,097	9,228
Other Losses	8	-	104,930
Other Income	8	(131,205)	-
Provisions	3(e) / 7	1,058,903	1,119,260
Provision no longer required		(23,624)	-
Realized foreign currency exchange differences loss (OCI)		(55,708)	-
Unrealized foreign currency exchange differences (loss) /gain		-	170,447
Interest income	9	(587,580)	(339,531)
Interest expense	9	1,264,517	737,702
Non-cash management fees (deduction from Shareholder's balance)		738,659	-
Operating loss before changes in working capital		**(217,065)**	**(113,928)**
Changes in working capital:			
Other Receivables		(1,835)	(1,874)
Due from related parties		(119,374)	(70,745)
Due to related parties		(30,234)	(32,433)
Other Payables		(38,187)	(26,619)
Net cash flows used in operating activities		**(406,695)**	**(245,599)**
Cash flows from investing activities			
Payment for investments		(16,037)	(221)
Payments under Investments in subsidiaries and joint ventures		-	(12,475)
Proceeds from loans to subsidiaries		-	17,910
Net cash flows (used in) / generated from investing activities		**(16,037)**	**5,214**
Cash flows from financing activities			
Due from related parties		32,292	(984,491)
Due to related parties		62,687	80,719
Proceeds from Loans		479,000	1,150,000
Net cash flows generated from financing activities		**573,979**	**246,228**
Change in cash and bank balances		**151,247**	**5,843**
Cash and bank balances at beginning of the year	2(d)	8,184	2,341
Cash and bank balances at end of the year	2(d)	**159,431**	**8,184**

Non-cash transactions has been disclosed in the Note 11(a).

- The accompanying notes on pages 8 to 57 form an integral part of these separate financial statements.

Notes to the separate financial statements - For the year ended 31 December 2023

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

1. Introduction

Qalaa for Financial Investments "S.A.E." was incorporated in 2004 as an Egyptian joint stock company under Law No. 159 of 1981. It was registered in the commercial register under number 11121, Cairo on 13 April 2004. The Company's term is 25 years as of the date it is entered in the commercial register. The company's head office is 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 Holding Company is owned by Citadel Capital Partners Ltd. Company (Malta) by 23.49% which is also the ultimate controlling party.

These separate financial statements has been authorised by the company's Board of Directors on 6 May 2024, 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 2023

(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 2023	Notes	Assets at FVOCI	Loans and Receivables at amortised cost	Total
Other receivables	2(a)	-	5,852	5,852
Due from related parties	14(a)	-	4,044,089	4,044,089
Financial assets at fair value through other comprehensive income	2(b)	7,069	-	7,069
Loans to subsidiaries	2(c)	-	1,464,876	1,464,876
Cash and bank balances	2(d)	-	159,431	159,431
		7,069	5,674,248	5,681,317

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

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

Financial liabilities at 31 December 2023	Notes	Liabilities at amortised cost	Total
Other payables	2(e)	588,791	588,791
Due to related parties	14(b)	2,516,607	2,516,607
Loans	2(f)	13,339,572	13,339,572
		16,444,970	16,444,970

Financial liabilities at 31 December 2022	Notes	Liabilities at amortised cost	Total
Other payables	2(e)	605,174	605,174
Due to related parties	14(b)	1,801,874	1,801,874
Loans	2(f)	10,831,602	10,831,602
		13,238,650	13,238,650

** excluding advances to tax authority, accrued expenses and social insurance authority.

Notes to the separate financial statements - For the year ended 31 December 2023

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

Financial assets and financial liabilities (continued)

2(a) Other receivables (Net)

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Other debit balances	9,502	-	9,502	8,955	-	8,955
Letter of guarantee margins	3,863	-	3,863	3,088	-	3,088
Employee advances	2,110	-	2,110	759	-	759
Advances to suppliers	470	-	470	470	-	470
Withholding tax	1,577	-	1,577	1,296	-	1,296
Deposits with others	58	-	58	58	-	58
Impairment losses*	(7,571)	-	(7,571)	(7,571)	-	(7,571)
Total other receivables	**10,009**	-	**10,009**	**7,055**	-	**7,055**

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

	2023	2022
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

	2023	2022
Non-current assets		
EFG Capital Partners Fund III	7,069	10,398
	7,069	**10,398**

(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(vi) further details about the Company's impairment policies for financial assets.

Notes to the separate financial statements - For the year ended 31 December 2023

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

Financial assets and financial liabilities (continued)

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

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

	2023	2022
Loss recognised in other comprehensive income - before tax (note 4(b))	(2,286)	(122)
Income tax relating to other comprehensive income	(300)	27
	(2,586)	**(95)**

(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 2023 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

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

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

Notes to the separate financial statements - For the year ended 31 December 2023

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

Financial assets and financial liabilities (continued)

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

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

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

2(c) Loans to subsidiaries

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

	2023	**2022**
Current		
National Development and Trading Company	4,546,346	3,260,289
	4,546,346	**3,260,289**
Less: Accumulated impairment loss*	(3,257,463)	(1,971,694)
	1,288,883	**1,288,595**
Non-current		
United Foundries Company	367,824	294,109
Less: Accumulated impairment loss*	(191,831)	(118,114)
	175,993	**175,995**
	1,464,876	**1,464,590**

*The movement in impairment of loans due from subsidiaries:

	2023	**2022**
Balance at 1 January	**2,089,808**	**584,847**
Impairment Used	-	(10,864)
Formed during the year (note 7)	1,050,903	1,119,260
Foreign currency exchange loss /(Gain) differences	308,583	396,565
	3,449,294	**2,089,808**

(A) National Development and Trading Company Loan

The Company granted two subordinating loans to National Development and Trading Company "subsidiary", The 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 by the end of loans' period, with 11.5% annual compound interest, according to loans contracts the Company has the right to convert the value the 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.

(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 $147M (equivalent to EGP 4.54 billion) as at 31 December 2023 versus US $132 million (equivalent to EGP 3.26 billion) as at 31 December 2022 including accumulated accrued interest amounted to US $126 million.

(B) <u>United Foundries Company Loan</u>

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 367.8 million) as at 31 December 2023 versus US $11.9 million (equivalent to EGP 294.1 million) as at 31 December 2022 including accrued interest amounted to US 8.7 million (equivalent to EGP 271 million as at 31 December 2023 versus US $8.7 million (equivalent to EGP 219 million) as at 31 December 2022.

2(d) Cash and bank balances

	2023	2022
Bank Current accounts – local currency	151,920	1,653
Cash on hand	6,961	4,995
Bank Current accounts – foreign currency	550	1,536
	159,431	**8,184**

The average effective interest rate on deposits at 31 December 2023 was 12.5% (2022 was 10.6 %). current accounts with banks are placed with local banks under the supervision of CBE.

Notes to the separate financial statements - For the year ended 31 December 2023

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

Financial assets and financial liabilities (continued)

2(e) Other payables

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Former Shareholder'sbalance*	292,310	-	292,310	363,540	-	**363,540**
Tax authority	218,497		218,497	221,320	-	**221,320**
Accrued expenses	412,544	-	412,544	391,990	-	**391,990**
Trade and notes payable	293,587	-	293,587	238,740	-	**238,740**
Dividends payable	2,894	-	2,894	2,894	-	**2,894**
Social insurance authority	270	-	270	1,034	-	**1,034**
Total other payables	**1,220,102**	**-**	**1,220,102**	**1,219,518**	**-**	**1,219,518**

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

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

*Former Shareholder's 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.

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).

Notes to the separate financial statements - For the year ended 31 December 2023

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

Financial assets and financial liabilities (continued)

The 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.

	2023	2022
First Class	3,956,896	3,163,903
Second Class	3,494,768	2,794,389
Accrued Interest	5,887,908	3,723,310
Bridge Loan	-	1,150,000
Balance	**13,339,572**	**10,831,602**

* 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.

During the year 2023 the company obtained additional amount of EGP 479 million and the loan was settled against TAQA's shares.

The syndicated loan with a balance of EGP 13.3 billion outstanding as of 31 December 2023, Subsequent to the year-end, the company signed an agreement with a group of Egyptian banks to settle the entirety of Qalaa's senior debt owed to them. The Company is in the advanced stages of settling and restructuring the remaining overdue debts, but these have not yet been completed. The Company received an acceptance notice in April 2024 from certain lenders to the proposed debt restructuring scheme for these overdue debts amounting to EGP 7 billion and this is subject to the approval of the general assembly.

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.

Notes to the separate financial statements - For the year ended 31 December 2023

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

Financial assets and financial liabilities (continued)

- 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. Everys 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.
- 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

Notes to the separate financial statements - For the year ended 31 December 2023

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

3. Non-financial assets and financial liabilities

3(a) Fixed assets

	Buildings	Computers	Furniture, fixture & office equipment	Vehicles	Software	Total
1 January 2022						
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 book value	**6,749**	**39**	-	-	**7,594**	**14,382**
Year ended 31 December 2023						
Net book value at the beginning of the year	**6,749**	**39**	-	-	**7,594**	**14,382**
Depreciation	(1,687)	(39)	-	-	(7,371)	(9,097)
Net book value	**5,062**	-	-	-	**223**	**5,285**
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 book value	**5,061**	-	-	-	**224**	**5,285**

(i) Depreciation, method used and useful lives

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

	2023	2022
General and administration expenses (note 6)	9,097	9,228
	9,097	**9,228**

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

Notes to the separate financial statements - For the year ended 31 December 2023

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

Non-financial assets and financial liabilities (continued)

3(b) Investment in Subsidiaries

Company Name	Country of operation	Equity Interest 2023	Equity Interest 2022	2023	2022
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%	1.80%	41,913	41,913
ASEC Trading Company	Egypt	99.85%	99.85%	4,999	1,437
International Company for Mining Consultation	Egypt	99.99%	99.99%	62	62
Total Investment in subsidiaries				**6,315,484**	**6,311,922**
Accumulated impairment loss ***				(771,870)	(771,870)
Net Investment in subsidiaries				**5,543,614**	**5,540,052**
Investment in Joint Ventures:					
Wathba for Petroleum services*	Egypt	49.90%	49.90%	24,950	12,475
Total Investment in Joint Ventures				**24,950**	**12,475**
Total Investment in Subsidiaries and joint ventures				**5,568,564**	**5,552,527**

* 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.

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

A) Qalaa has 49.9% of the ownership interest of "Wathba for Petroleum Services".
B) Qalaa has 4 out of 8 of the board members of "Wathba for Petroleum Services" with a joint management control and equal voting rights.
C) All relevant decision requires unanimous consent from all the shareholders.

** 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.%.

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

	2023	2022
National Development and Trading Company	668,171	668,171
United Foundries Company	103,699	103,699
	771,870	**771,870**

Notes to the separate financial statements - For the year ended 31 December 2023

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

Non-financial assets and financial liabilities (continued)

*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 1.609 Billion as at 31 December 2023 (31 December 2022: EGP 259 million), which represents 29,727,683 share with a market price EGP 54.11 per share as at 31 December 2023 (31 December 2022: 29,727,683 share with a market price EGP 8.7).

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

	2023	2022
Citadel Capital Holding for Financial Investments – Free Zone	2,604,785	2,604,785
Project Under Construction - WAPHCO	4,674	4,674
Others	151,637	151,637
Accumulated impairment *	(151,637)	(151,637)
Net	**2,609,459**	**2,609,459**

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

	2023	2022
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.

Assumptions used by the company when testing the impairment of investment in ASEC company for mining (ASCOM) at 31 December 2023 and 31 December 2022 are as follows:

	2023	2022
Average gross margin	27%	32%
Sales growth rate	19%	15%
Pre-tax discount rate	19.2%	17.9%
Growth rate beyond five years	10%	10%

Notes to the separate financial statements - For the year ended 31 December 2023

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

Non-financial assets and financial liabilities (continued)

Assumption	Approach used to determine the values
Growth rate	This is represented in the weighted average of growth rate used for forecasting the cash flows of the years following the financial budget period. Growth rates correspond with the reports of the industry where the CGU is adopted.
Profit margin	Estimations are based on the historical performance and management's expectation of the future.
Discount rate before tax	This rate reflects the risks related to the CGU and the industry where these units are adopted.

Sensitivity of recoverable amounts

The growth rate beyond five years has been estimated to be 10%. 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 19.2%. 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

	2023		2022	
	Asset	**Liability**	**Asset**	**Liability**
Fixed asset	-	(183)	-	(682)
Financial assets at fair value through other comprehensive income	-	-	300	-
		(183)	300	(682)
Net deferred tax		**(183)**		**(382)**

The movement of deferred tax liabilities was as follows:

	2023	2022
Balance at 1 January	(382)	(824)
Net deferred tax assets charged to profit or loss (note (10))	499	415
Net deferred tax assets charged to other comprehensive income (note 4(b))	(300)	27
	(183)	(382)

Notes to the separate financial statements - For the year ended 31 December 2023

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

Non-financial assets and financial liabilities (continued)

3(e) Provisions

	Claims Provisions	Legal provisions	Other provisions	Total
Balance at 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 and 1 January 2023	**293,658**	**28,563**	**26,675**	**348,896**
Provision No longer required	-	(23,624)	-	**(23,624)**
Provision formed (note (8))	8,000	-	-	**8000**
Foreign exchange translation difference	-	4,735	6,190	**10,925**
Balance at 31 December 2023	**301,658**	**9,674**	**32,865**	**344,197**

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.

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**

Notes to the separate financial statements - For the year ended 31 December 2023

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

Equity (continued)

4(b) Reserves

	Legal Reserve*	Financial assets at fair value through other comprehensive income revaluation reserve	Shareholder's balance **	Other Reserves	Total
Balance at 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**
Foreign currency through OCI	-	-	-	(1,403,930)	**(1,403,930)**
Balance at 31 December 2022 and 1 January 2023	**89,578**	**(1,035)**	-	**(1,403,930)**	**(1,315,387)**
Revaluation of Financial assets at fair value through other comprehensive income – before tax (note 2(b))	-	(2,286)	-	-	**(2,286)**
Deferred tax (note 3(d))	-	(300)	-	-	**(300)**
Shareholder's balance	-	-	(639,457)	-	**(639,457)**
Foreign currency through OCI	-	-	-	(1,266,957)	**(1,266,957)**
Balance at 31 December 2023	**89,578**	**(3,621)**	**(639,457)**	**(2,670,887)**	**(3,224,387)**

*** 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. **

****Shareholder's balance**

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

Equity (continued)

In December 2023, Qalaa's fully owned subsidiary transferred ownership of its shares in Nile Energy Ltd., which owns 101,426,535 shares representing 7.5% of TAQA Arabia SAE shares with a fair value of EGP 902.6 million to Emirates International Investment Company, this amount becomes due from CCP in favour of Qalaa. Additionally, the transfer of Stratford Investments Ltd. shares, which owns 53,417,975 shares representing 3.95% of the shares of TAQA Arabia SAE with a fair value of 475.4 million Egyptian pounds to Cape Collard. The obligation to pay this amount becomes due from CCP, in favour of Qalaa. This balance were recorded as a shareholder's balance amounting to EGP 1,378 billion. The due from CCP has been offset by CCP's management fees of EGP 738.65 million, based on 10% of the consolidated net profit for the year ended 31 December 2023 allocated to the owners of the parent company. The management has classified this amount as an equity balance rather than a financial asset due to the fact that there will be no future cash flows associated with the balance and it will rather be settled from the future dividends and future due management fees.

(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:

	2023	2022
Falcon Agriculture Investments Ltd	78,064	49,348
Citadel Capital Transportation Opportunities II Ltd	33,847	21,397
Silverstone Capital Investment Ltd	14,809	18,771
ASEC for Cement	21,486	13,663
	148,206	**103,179**

6. General and administrative expenses

	2023	2022
Salaries, wages and other employee benefits	232,365	132,495
Professional fees	30,616	50,339
Depreciation (Note 3(a))	9,097	9,228
Travel and accommodation	6,834	4,592
Donations	6,000	14
Marketing, advertising and public relations	5,552	5,947
Telecom expenses	3,037	3,911
Legal expenses	2,599	223
Utilities	1,353	1,290
Rent expenses*	921	723
Other expenses	14,796	12,497
	313,170	**221,259**

*Rent expenses includes low value and short term rent.

7. Net Impairment Losses in financial Assets

	2023	2022
Impairment in loans to subsidiaries (Note 2(c))	1,050,903	1,119,260
	1,050,903	**1,119,260**

8. Other Operating Income / (Losses)

	2023	2022
Provisions for claim (Note 3(e))	(8,000)	(90,000)
Provisions for Legal (Note 3)(e))	-	(14,930)
Provision for Legal – No longer Required (Note 3(e))	23,624	-
Other Operating Income	131,739	-
	147,363	**(104,930)**

Notes to the separate financial statements - For the year ended 31 December 2023

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

9. Finance costs - net

	2023	Restated 2022
Interest income	587,580	339,531
Total finance income	**587,580**	**339,531**
Interest expenses	(1,264,517)	(737,702)
Loan Expenses	(6,024)	-
Net foreign exchange loss	-	(175,523)
Total Finance costs	**(1,270,541)**	**(913,225)**
Net	**(682,961)**	**(573,694)**

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

	2023	2022
National Development and Trading Company*	467,766	265,971
Citadel Capital Holding for Financial Investments-Free Zone	76,112	67,300
United Foundries Company	330	211
National Multimodal Transportation	40,084	5,102
Other	3,288	947
Total	**587,580**	**339,531**

* The accrued interest income formed during the year regarding the loan to "National Development and Trading Company" is totally impaired.

10. Income tax

	2023	2022
Deferred tax (Note 3(d))	499	415
	499	**415**

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:

	2023	2022
Net loss before tax	(2,490,124)	(3,319,894)
Tax calculated at enacted tax rate	(560,278)	(746,976)
Non-deductible expenses for tax purposes	211,786	283,471
Unrecognized tax losses	417,365	466,364
unrecognized expenses	(68,374)	(2,444)
Income tax expense	**499**	**415**

(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:

	2023	2022
Investing activities		
Forex Losses through OCI	(1,266,957)	(1,403,930)
Changes in fair value of financial assets at fair value through OCI	(2,586)	(95)

- An amount of EGP 1,629,000,000 has been eliminated from Due from related parties against the same amount from the loans movement as a result of the bridge loan against settlement shares owned by a subsidiary company.
- An amount of EGP 1.3 billion has been eliminated from Due from related parties against the same amount from the equity movement as a result of the TAQA's shares settlement.

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
Balances at 1 January 2022	5,295,234
Cash flows	
Principal payable	1,150,000
Interest payments	-
Non-cash changes	-
Interest accrual	579,784
Foreign exchange adjustments	3,806,584
Balance at 31 December 2022	10,831,602
Cash flows	
Principal payable	479,000
Interest payments	-
Non-cash changes	
Interest accrual	1,230,172
Foreign exchange adjustments	2,427,798
Settlement of bridge loan	(1,629,000)
Balance as at 31 December 2023	13,339,572

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 2023 (2022: 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 On "Citadel Capital for International Investments Ltd." as of 31 December 2023 is EGP 869.8 million equivalent to US $28.1 (31 December 2022: EGP 675.7 million equivalent to US $27.3 million).

13. Significant events

On 18 January 2023, the company's extraordinary assembly approved the amendment of the employee stock options plan (ESOP) policy which has been presented to the extraordinary assembly on 10 December 2018. On 5 September 2023, the Company obtained the necessary approvals from the FRA for the ESOP. However, the committee meeting to execute the plan has not yet taken place up to date and this was not formally communicated to the employees enrolled in this plan. As a result, the plan remains inactive, and no charges related to share-based payments will be incurred as of 31 December 2023.

Notes to the separate financial statements - For the year ended 31 December 2023

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

Other information

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	2023	2022
Mena Home furnishings Mall	Subsidiary	-	-	32,629	162,758	130,129
Falcon Agriculture Investments Ltd.	Subsidiary	78,064	-	166,684	909,013	664,265
Golden Crescent Investments Ltd.	Subsidiary	-	-	23,627	117,865	94,238
Citadel Capital Transportation Opportunities Ltd.	Subsidiary	-	(28,728)	1,870	1,870	28,728
Logria Holding Ltd.	Investee	-	-	34,076	170,032	135,956
Mena Glass Ltd.	Investee	-	-	21,273	106,148	84,875
Sabina for Integrated Solutions	Subsidiary	-	-	6,810	33,982	27,172
Citadel Capital Financing Corp.	Subsidiary	-	-	40,644	202,804	162,160
Citadel Capital Transportation Opportunities II Ltd.	Subsidiary	33,847	28,728	82,429	416,316	271,312
Citadel Capital Holding for Financial Investments-Free Zone	Subsidiary	-	176,713	981,212	3,677,354	2,519,429
ASEC Company for Mining (ASCOM)	Subsidiary	-	(14,499)	(15)	12,937	27,451
United Foundries Company	Subsidiary	-	(15,656)	66,099	348,670	298,227
Citadel Capital for International Investments Ltd.	Subsidiary	-	(1,805,443)	(645,956)	688,901	3,140,300
Africa Raliways Limited	Subsidiary	-	-	26,043	55,772	29,729
Mena Joint Investment Fund management S.A	Subsidiary	-	-	14,501	72,357	57,856
Citadel Capital Joint Investment and Management limited Fund	Subsidiary	-	-	3,325	16,593	13,268
Africa JIF Holdco I fund	Subsidiary	-	-	4,397	21,942	17,545
Crondall Holdings Ltd.	Subsidiary	-	-	10,940	54,584	43,644
International Company for Mining Consultation	Subsidiary	-	-		140	140
Grandview Investment Corp	Subsidiary	-	(1,678)	5,823	25,456	21,311
Total					**7,095,494**	**7,767,735**
Accumulated impairment loss *					(3,051,405)	(2,385,312)
Net					**4,044,089**	**5,382,423**

Notes to the separate financial statements - For the year ended 31 December 2023

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

Related party transactions (continued)

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

	Balance as at 1 January 2022	Formed	Write off	Foreign exchange differences	Balance as at 31 December 2023
Logria Holding Ltd.	135,956	-	-	34,076	**170,032**
Citadel Capital Financing Corp.	162,160	-	-	40,644	**202,804**
Golden Crescent Investments Ltd.	94,238	-	-	23,627	**117,865**
Sabina for Integrated Solutions	27,172	-	-	6,810	**33,982**
Citadel Capital Transportation Opportunities Ltd.	28,728	-	-	(26,858)	**1,870**
Mena Glass Ltd.	84,875	-	-	21,273	**106,148**
Africa Raliways Limited	29,729	-	-	26,043	**55,772**
Crondall Holdings Ltd.	43,644	-	-	10,940	**54,584**
Citadel Capital Holding for Financial Investments-Free Zone	1,196,100	-	-	386,198	**1,582,298**
Citadel Capital for International Investments Ltd.	452,581	-	-	110,711	**563,292**
Mena Home furnishings Mall	130,129	-	-	32,629	**162,758**
Balance	**2,385,312**	**-**	**-**	**666,093**	**3,051,405**

14 (b) Due to related parties

	Nature of relationship	Nature and volume of transaction				
		Advisory fee	Finance	Forex	2023	2022
National Development and Trading Company	Subsidiary		18,703	252,654	1,272,519	1,001,162
ASEC Cement Company	Subsidiary	(15,424)	5,443	49	5,830	15,762
Asec Trading Company	Subsidiary		79,765	19,489	171,867	72,613
Citadel Capital for International Investments Ltd.	Subsidiary	-	-	364,553	915,393	550,840
Silverstone Capital Investment Ltd.	Subsidiary	(14,809)	(41,223)	11,174	-	44,858
Ahmed Heikal	Chairman	-	-	31	843	812
FHI	Shareholder		34,328		150,155	115,827
Total					**2,516,607**	**1,801,874**

14 (c) Key Management Compensation

Key management personnel received total benefits during the year with an amount of EGP 77.8 million in 31 December 2023 represented in salaries and other benefits (31 December 2022: EGP 61 million).

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% (2022: 11.5%).

Outstanding balances are secured and are repayable in cash.

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

Related party transactions (continued)

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.

	2023	Restated 2022
Net Loss for the year	(2,489,625)	(1,915,549)
Weighted average number of ordinary shares	1,820,000	1,820,000
Loss per share - EGP	**(1.368)**	**(1.052)**

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.

16. Employee stock option plan

The holding 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 2018, 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 2018, Qalaa extraordinary general assembly meeting approved the new plan. However, it was not applied due to incomplete procedures to get the FRA's approval.

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

Employee stock option plan (continued)

- Shares equivalent to 5% of the company's issued shares are granted as free shares. The supervisory ESOP committee determines the number of shares allocated to beneficiaries of the system. The duration of this scheme is 6 years starting from the date of approval by the FRA.

- The beneficiary is entitled to the granted shares in three equal instalments over a period of 12 months, at most, after the expiration of the lock-up period, which is 3 years.

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

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

17. Management fees

On May 2008, Qalaa for Financial Investments' Extraordinary Shareholder's Meeting approved the management contract between the Company and its parent – Citadel Capital Partners, upon which, Citadel Capital Partners 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 from the consolidated profit.

Notes to the separate financial statements - For the year ended 31 December 2023

(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 2023 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 2022

iii. The Tax returns are submitted on time.

B) Payroll tax

The period since inception to 2004

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

The years from 2005 till 2019

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

The years from 2020 till 2023

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 2020

ii. This period is under inspection.

The period from 2021 to 2022

iii. No inspection was done for that period.

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 2023

(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:

	2023	2022
USD 70% (10% 2022)	(9,965,188)	1,924,855
Euro 70% (10% 2022)	(1,438,282)	(337,281)
GBP 70% (10% 2022)	(16,255)	(1,332)

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

	2023			2022
	Assets	Liabilities	Net	Net
USD	13,424,122	(19,285,997)	**(5,861,875)**	**19,248,551**
Euro	55	(846,103)	**(846,048)**	**(3,372,805)**
GBP	360	(9,922)	**(9,562)**	**(13,317)**

(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 2023	±8%	1,067,166
31 December 2022	±1%	108,316

Notes to the separate financial statements - For the year ended 31 December 2023

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

Financial risk management (continued)

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 2022. 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:

	2023	2022
Due from related parties	4,044,089	5,382,423
Loan to subsidiaries	1,464,876	1,464,590
Other receivables	5,852	4,530
Cash and bank balances	159,431	8,184
	5,674,248	**6,859,727**

Impairment of other receivables movement represented as follows:

	2023	2022
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.

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.

Notes to the separate financial statements - For the year ended 31 December 2023

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

Financial risk management (continued)

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

	Below 6 month
31 December 2023	
Loans	13,339,572
Other payables	1,220,102
Due to related parties	2,516,607
Total	**17,076,281**
31 December 2022	
Loans	10,831,602
Other payables	1,219,518
Due to related parties	1,801,874
Total	**13,852,994**

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 2023 and 31 December 2022 is as follows:

	2023	2022
Total borrowings		
Loans	13,339,572	10,831,602
Less: Cash and bank balances	(159,431)	(8,184)
Net debts	**13,180,141**	**10,823,418**
Equity	(3,551,879)	846,747
Total capital	**9,628,262**	**11,670,164**
Net debts to total capital	**137%**	**93%**

Notes to the separate financial statements - For the year ended 31 December 2023

(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 2023 and 31 December 2022. 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		
31 December 2023	**Gross amounts before offsetting in the statement of financial position (a)**	**Gross amounts set off in the statement of financial position (b)**	**Net amount after offsetting in the statement of financial position (c) = (a) – (b)**	**Amounts subject to master netting (d)**	**Cash collateral received (e)**	**Net amount of exposure (c) – (d) – (e)**
ASSETS						
Other receivables	10,009	-	**10,009**	-	-	**10,009**
Due from related parties	4,044,089	(688,901)	**3,355,188**	-	-	**3,355,188**
Cash and cash equivalent	159,431	-	**159,431**	-	-	**159,431**
Total assets subject to offsetting, master netting and similar arrangement	**4,213,529**	**(688,901)**	**3,524,628**	**-**	**-**	**3,524,628**
LIABILITIES						
Creditor and other credit balances	1,220,104	-	**1,220,104**	-	-	**1,220,104**
Due to related parties	2,516,607	(688,901)	**1,827,706**	-	-	**1,827,706**
Loans	13,339,572	-	**13,339,572**	-	-	**13,339,572**
Total liabilities subject to offsetting, master netting and similar arrangement	**17,076,283**	**(688,901)**	**16,387,382**	**-**	**-**	**16,387,382**

	Effects of offsetting on the balance sheet			Related amounts not offset		
31 December 2022	**Gross amounts before offsetting in the statement of financial position (a)**	**Gross amounts set off in the statement of financial position (b)**	**Net amount after offsetting in the statement of financial position (c) = (a) – (b)**	**Amounts subject to master netting (d)**	**Cash collateral received (e)**	**Net amount of exposure (c) – (d) – (e)**
ASSETS						
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

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 2.5 billion for the year ended 31 December 2023 (31 December 2022: EGP 1.9 billion net loss). This has further increased the Company's accumulated losses amounted to approximately EGP 12.1 billion as at 31 December 2023 (31 December 2022: EGP 8.3 billion).

As at 31 December 2023, the Company is financed by borrowings and bank facilities to the amount of EGP 13.3 billion. The Company had EGP 159 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 13.3 billion was repayable on demand and the loans have been classified as current liabilities as at 31 December 2023. As a result, the Company's current liabilities exceeded its current assets by EGP 11.9 billion (31 December 2022: EGP 7.5 billion).

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 13.3 billion outstanding as at 31 December 2023, are in the process of being renegotiated. The Company has negotiated to settle all the overdue debts through finance from one lender. On reaching the rescheduling agreement, the Company will benefit from the longer settlement period and the waiver of the charges on the defaulted loans.

Notes to the separate financial statements - For the year ended 31 December 2023

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

Summary of significant accounting policies (continued)

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 2023 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.

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.

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 Companied 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.

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.

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 unlikeliness-to-pay criteria listed below:
- the borrower is in breach of financial covenant(s);
- it is becoming likely that the borrower will enter bankruptcy; and
- the loans were purchased or originated at a deep discount that reflects the incurred credit losses.

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

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.

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.

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.

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 2023

(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.

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 from financial assets at FVPL is included in the net fair value gains /(losses) on these assets, see (note 9). Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

iii. Dividend income

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

Notes to the separate financial statements - For the year ended 31 December 2023

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

Summary of significant accounting policies (continued)

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.

24. Subsequent Events to the date of the financial statements

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

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

Subsequent Events to the date of the financial statements (continued)

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

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

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

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

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

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

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

C) On 8 April 2024 Qalaa Holdings has signed a debt settlement agreement with Banque Misr, Banque du Caire, Arab African International Bank and Al Ahli Bank of Kuwait and subject to the final agreement of the other banks participating in the subject loans whereby Qalaa settles the entirety of its debts for a total of EGP 4.547 billion as follows:

1) Selling 239,120,667 shares (17.68%) in TAQA Arabia with Qalaa retaining the right to repurchase those shares within 5 years after the sale, and the banks having the right to resell those shares to QH in the sixth year.

2) A registered 60,127 sq.m. land plot overlooking the Nile in Tibeen area.

3) Compensations for variations in exchange rate and stock prices.

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

Subsequent Events to the date of the financial statements (continued)

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

These agreements will serve to reduce Qalaa's liabilities and interest expense, which will reflect positively on Qalaa's financial statements.

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

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

Accounting standard	Amendment summary	Application date
EAS No. 10 "Fixed Assets and Its Depreciation"	"Scope of the Standard" The standard has been altered to include bearer plants. "Measurement" - The option of revaluing fixed assets has been added to the current standard. - The fair value of an asset is determined through revaluation and pricing experts who are registered in the Financial Regulatory Authority. - Paragraph 20(A) has been added, according to which the Company must record the proceeds from the sale of any output produced during the delivery of the fixed asset to the condition necessary for it to be operable in the manner intended by the management within the statement of profit or loss. "Disclosures" Some new disclosures have been added to the re-evaluation model.	The Company applies the amendments to add the option of using the revaluation model to the financial periods starting on or after 1 January 2023, retroactively, with recording the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus account within equity at the beginning of the financial period in which the Company applies it for the first time.
Egyptian Accounting Standard No. 23 "Intangible Assets"	"Scope of the standard" The scope of the intangible asset standard has been modified to include the rights held by the lessee under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents, and copyrights.	The Company applies the amendments to add the option to use the revaluation model on the financial periods starting on or after 1 January 2023, retroactively, with recording of the cumulative effect of applying the revaluation model first by adding it to

Notes to the separate financial statements - For the year ended 31 December 2023

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

Accounting standard	Amendment summary	Application date
	"Measurement" - An option to apply the revaluation model for intangible assets has been added. - The fair value is determined through an estimate made by experts specialized in evaluation and valuation among those registered in a register dedicated to that in the General Authority for Financial Supervision. "Disclosures" Some new disclosures related to the revaluation model have been added.	the revaluation account within equity at the beginning of the financial period in which the facility applies this model for the first time.
Amendments to the Egyptian Accounting Standard "Fixed Assets and Its Depreciation" No. (10) and the Egyptian Accounting Standard No. (23) "Intangible Assets" related to depreciation and amortization.	This amendment clarifies that it is not permissible to use the depreciation method that depends on the revenues generated from the activity that includes the depreciation of the asset, since the generation of revenues related to the asset reflects factors other than the consumption of the economic benefits related to the asset. It is possible to refute this assumption in limited cases related to intangible assets when there is a close correlation between the volume of revenue and the intangible asset.	Applies to financial periods beginning on or after 1 January 2023.
Egyptian Accounting Standard No. (34) "Investment property"	"Measurement" - The option of applying the fair value model for property investment has been added. - The fair value is determined by estimation that is carried out by experts specialized in valuation and pricing among those registered in a in the Financial Regulatory Authority.	The Company applies the amendments to add the option to use the fair value model on the financial periods that start on or after 1 January 2023, retroactively, with recording of the cumulative effect to apply the fair value model initially by adding it to the fair value surplus within statement of changes in equity at the beginning of the financial period in which it is based. The Company applies this model for the first time.
Egyptian Accounting Standard No. (36) "Exploration for and Evaluation of Mineral Resources"	"Measurement" The option of using the re-evaluation model has been added, and it is processed according to the re-evaluation model in Fixed Assets Standard No. 10. Re-valuation is to be carried out by experts specialized in valuation and pricing registered in the Ministry of Petroleum. "Disclosure" Some new disclosures have been added to the re-evaluation model.	The Company applies the amendments to add the option of using the revaluation model to the financial periods that start on or after 1 January 2023 retroactively, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus within statement of changes in equity at the beginning of the financial period in which it is based. The Company applies this model for the first time.
Egyptian Accounting Standard No.(49) "Leases"	"Measurement" The option of the revaluation model was added to all right of use assets, if the right of use asset is related to a category of fixed assets in which the	The Company applied the amendments to add the option to use the revaluation model on the financial periods beginning on or after 1

Notes to the separate financial statements - For the year ended 31 December 2023

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Accounting standard	Amendment summary	Application date
	lessee applies the revaluation model contained in Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation". "Disclosures" Some new disclosures have been added regarding the revaluation model in accordance with Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation".	January 2023 retroactively, with proof of the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus within statement of changes in equity at the beginning of the financial period in which it is based. The Company applies this model for the first time.
Egyptian Accounting Standard No. (35) "Agriculture"	"Scope of the standard" The scope of the standard has been amended as bearer plants related to agricultural activity have been excluded from the agriculture standard to become under the scope of the fixed assets standard Accounting Standard No. (10), but this standard applies to the product that grows on bearer plants - government grants related to fruit plants have been excluded. "Definitions" An amendment to some definitions, whereby the definition of bearer plants was added.	The amendments apply to financial periods beginning on or after 1 January 2023.
Egyptian Accounting Standard No. (50) "Insurance Contracts"	The new Egyptian Accounting Standard No. (50) "Insurance Contracts" replaces the adjusted Egyptian Accounting Standard No. (37). This standard defines the principles for recording insurance contracts that fall within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the entity provides appropriate information that faithfully reflects those contracts. This information provides users of the financial statements with the necessary basis for evaluating the effects of those insurance contracts on the Company's financial position, financial performance, and cash flows. The Company shall apply the accounting standard no. 50 "insurance contracts", including reinsurance contracts, that it issues; reinsurance contracts it holds; and investment contracts with facultative participation features that the Company issues, provided that the Company also issues insurance contracts.	The application will be available from 1 July 2024 or from the beginning of the annual financial period after 1 July 2024.
Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates"	Refer to note 26	

Notes to the separate financial statements - For the year ended 31 December 2023

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26. Restatement of comparative figures

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

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

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

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

	31 December 2022		
Separate statement of profit or loss	**Previously issued**	**Effect of restatement**	**Restated**
Finance costs	(2,317,155)	1,403,930	**(913,225)**
Net loss for the year	(3,319,479)	1,403,930	**(1,915,549)**

	31 December 2022		
Separate statement of other comprehensive income	**Previously issued**	**Effect of restatement**	**Restated**
Net loss for the year	(3,319,479)	1,403,930	**(1,915,549)**
Net foreign currency exchange loss	-	(1,403,930)	**(1,403,930)**

	31 December 2022		
Separate statement of cash flows	**Previously issued**	**Effect of restatement**	**Restated**
Loss for the year before income tax	(3,319,894)	1,403,930	**(1,915,964)**
foreign currency exchange loss	1,574,377	(1,403,930)	170,447

Notes to the separate financial statements - For the year ended 31 December 2023

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

Restatement of comparative figures (continued)

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

	31 December 2023	31 December 2022
Net loss for the year	(3,759,582)	(3,319,479)
Weighted average number of shares including preferred shares with the same distribution rights as ordinary shares	1,820,000	1,820,000
loss per share (EGP)	**(2.065)**	**(1,824)**