



**QALAA FOR FINANCIAL INVESTMENTS
S.A.E. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED
30 SEPTEMBER 2024**

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Limited review report on interim condensed consolidated financial statements

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

Introduction

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

Scope of the limited review

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

Conclusion

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

Emphases of matter

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

- As described in note (12) to the interim condensed consolidated financial statements, the Group's current liabilities exceeded its current assets by EGP 72.87 billion at 30 September 2024 and it had accumulated losses of EGP 25.39 billion as at that date. In addition, as at 30 September 2024, one of the Group's subsidiaries was in breach of certain debt covenants and had defaulted in settling the loan instalments on some of its borrowings on the respective due dates. These events and conditions along with other matters disclosed in note (12) to the interim condensed consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The interim condensed consolidated financial statements do not include the adjustments that would be necessary if the Group were unable to continue as a going concern.

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



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

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
Public Accountants

11 February 2025
Cairo

Auditors'

Hassan Basuoni
Hassan Basuoni
F.R.A No. 98

B.T. Mohamed Hilal & Wahid Abdel Ghaffar
Accountants & Consultants



**QALAA FOR FINANCIAL INVESTMENTS S.A.E.
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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024



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

Interim condensed consolidated statement of financial position - As of 30 September 2024

	Note	30 September 2024	31 December 2023
Non-current assets			
Fixed assets	7(a)	154,748,446	105,507,229
Right of use assets	7(b)	2,170,388	1,370,235
Intangible assets		745,569	500,044
Goodwill		205,570	205,570
Biological assets		800,182	512,035
Investments in associates and joint ventures	5	6,769,442	4,695,303
Financial assets at fair value through other comprehensive income		72,209	57,916
Financial asset at fair value through profit or loss	6(f)	889,799	543,719
Derivative financial instruments	6(d)(iii)	2,015,228	1,926,709
Trade and other receivables	6(c)	2,032,171	999,724
Deferred tax assets		8,054,177	5,419,489
Total non-current assets		178,503,181	121,737,973
Current assets			
Inventories	7(d)	11,882,323	7,441,973
Biological assets		199,841	37,195
Trade and other receivables	6(c)	20,122,345	15,447,227
Due from related parties	8(a)	485,106	776,036
Financial assets at fair value through profit or loss	6(f)	1,506,814	1,321,574
Derivative financial instruments	6(d)(iii)	72,470	129,446
Restricted cash	6(e)	8,391,068	6,927,292
Cash and cash equivalents		11,595,450	1,975,005
		54,255,417	34,055,748
Assets classified as held for sale	4(d)(i)	24,482	4,829,467
Total current assets		54,279,899	38,885,215
Total assets		232,783,080	160,623,188
Equity			
Paid-up capital		9,100,000	9,100,000
Legal reserve		89,578	89,578
Reserves		2,574,461	5,577,858
Accumulated losses		(25,388,383)	(21,874,092)
Total equity attributable to owners of Qalaa for Financial Investments		(13,624,344)	(7,106,656)
Non-controlling interests		76,567,640	47,051,014
Total equity		62,943,296	39,944,358
Non-current liabilities			
Loans and borrowings	6(a)	20,725,950	1,649,523
Lease liabilities		874,992	736,182
Borrowing from financial leasing entities	6(b)	573,522	401,366
Deferred tax liabilities		18,362,864	11,308,284
Trade and other payables		2,148,089	99,093
Derivative financial instruments	6(d)(iii)	-	2,322
Total non-current liabilities		42,685,417	14,196,770
Current liabilities			
Provisions	7(c)	5,519,800	3,975,757
Trade and other payables		24,527,241	15,703,947
Due to related parties	8(b)	3,194,859	2,252,603
Loans and borrowings	6(a)	91,111,861	79,807,433
Lease liabilities		282,968	194,784
Borrowing from financial leasing entities	6(b)	333,586	77,885
Financial liabilities at fair value through profit or loss	6(g)	1,873,952	869,867
Current income tax liabilities		305,116	222,776
		127,149,383	103,105,052
Liabilities directly associated with assets held for sale	4(d)(ii)	4,984	3,377,008
Total current liabilities		127,154,367	106,482,060
Total liabilities		169,839,784	120,678,830
Total equity and liabilities		232,783,080	160,623,188

The accompanying notes on pages 8 - 49 form an integral part of these interim condensed consolidated financial statements.
Limited review report attached.


Tarek El Gammal
Chief Financial Officer
11 February 2025


Hisham Hussein El Khazindar
Managing Director


Ahmed Mohamed Hassanien Heikal
Chairman

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

Interim condensed consolidated statement of profit or loss
For the nine months period ended 30 September 2024

		Nine months ended 30 September Represented		Three months ended 30 September Represented	
	Note	2024	2023	2024	2023
Continuing operations					
Revenue	2(b)	113,299,708	70,732,835	37,551,505	21,497,266
Cost of revenue		(101,488,489)	(58,221,689)	(35,056,259)	(19,743,549)
Gross profit		11,811,219	12,511,146	2,495,246	1,753,717
General and administrative expenses		(4,005,468)	(2,006,254)	(924,663)	(681,681)
Selling and marketing expenses		(350,526)	(290,139)	(113,710)	(73,834)
Net impairment of financial assets		210,770	(562,761)	22,812	(579,706)
Gain on sale of associates		-	3,078,752	-	3,078,752
Other losses/ income		(790,191)	14,355	1,200,013	41,266
Operating profits		6,875,804	12,745,099	2,679,698	3,538,514
Finance income	3(b)	1,288,521	1,516,754	269,450	509,798
Finance costs	3(b)	(8,531,315)	(6,566,495)	(2,717,997)	(2,045,961)
Share of gains / (losses) of investments in associates		146,615	(30,052)	71,746	(2,362)
Profit before income tax		(220,375)	7,665,306	302,897	1,999,989
Income tax expense	3(c)	(1,331,507)	(1,455,572)	(114,444)	130,156
Net (loss) / profit from continuing operations		(1,551,882)	6,209,734	188,453	2,130,145
Profit from discontinued operations	4(b)	9,943,606	888,899	-	373,438
Net profit for the period		8,391,724	7,098,633	188,453	2,503,583
Attributable to:					
Owners of the parent company		5,977,116	1,736,112	114,546	2,044,225
Non-controlling interest		2,414,608	5,362,521	73,907	459,358
		8,391,724	7,098,633	188,453	2,503,583
(Losses) / Earnings per share for profit from continuing operations attributable to the owners of the parent company:					
Basic per share	9(a)	(2.075)	0.818	0.063	1.094
Diluted per share	9(c)	(2.075)	0.818	0.063	1.094
Earnings per share for profit attributable to the owners of the parent company:					
Basic per share	9(a)	3.284	0.954	0.063	1.123
Diluted per share	9(c)	3.284	0.954	0.063	1.123

The accompanying notes on pages 8 – 49 form an integral part of these interim condensed consolidated financial statements.

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Interim condensed consolidated statement of comprehensive income
For the nine months period ended 30 September 2024

	Nine months ended 30 September		Three months ended 30 September	
	2024	2023	2024	2023
Net profit for the period	8,391,724	7,098,633	188,453	2,503,583
<u>Other comprehensive income</u>				
<u>Items that may be reclassified to profit or loss</u>				
Exchange differences on translation of foreign operations	30,970,266	14,083,093	1,143,521	(62,163)
Net foreign currency exchange loss	-	(4,183,488)	-	(347,378)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(2,978)	-	(5,637)	-
Change in fair value of financial assets at fair value through other comprehensive income	28,235	3	13,479	-
Cash flow hedge	-	36,901	-	22,344
Income tax relating to these items	(5,986)	(7,735)	(2,982)	27,878
Other comprehensive income / (loss) for the period, net of tax	30,989,537	9,928,774	1,148,381	(359,319)
Total comprehensive income for the period	39,381,261	17,027,407	1,336,834	2,144,264
Total comprehensive income for the period attributable to:				
Owners of the parent company	13,247,613	1,881,376	482,009	1,930,191
Non-controlling interest	26,133,648	15,146,031	854,825	214,073
	39,381,261	17,027,407	1,336,834	2,144,264
Total comprehensive income for the period arises from:				
Continuing operations	29,437,655	15,841,675	1,336,834	1,705,386
Discontinued operations	9,943,606	1,185,732	-	438,878
	39,381,261	17,027,407	1,336,834	2,144,264

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

Interim condensed consolidated statement of changes in equity
For the nine months period ended 30 September 2024

	Total equity attributable to owners of Qalaa for Financial Investments S.A.E.						Non-controlling interests	Total equity
	Paid up capital	Legal reserve	Reserves	Accumulated losses	Total			
Balances 1 January 2023	9,100,000	89,578	2,262,865	(24,707,700)	(13,255,257)	35,626,053		22,370,796
Total comprehensive income for the period	-	-	3,344,824	(1,463,448)	1,881,376	15,146,031		17,027,407
Dividends distribution	-	-	-	(115,760)	(115,760)	(729,560)		(845,320)
Foreign exchange differences of shareholders reserve	-	-	(526,561)	-	(526,561)	-		(526,561)
Treasury shares through subsidiaries	-	-	-	-	-	(55,309)		(55,309)
Non-controlling interests share from increase in the share capital of subsidiaries	-	-	-	-	-	36,753		36,753
Transactions with non-controlling interests	-	-	-	1,259,847	1,259,847	360,016		1,619,863
Balance at 30 September 2023	9,100,000	89,578	5,081,128	(25,027,061)	(10,756,355)	50,383,984		39,627,629
Balance as at 1 January 2024	9,100,000	89,578	5,577,858	(21,874,092)	(7,106,656)	47,051,014		39,944,358
Effect of EAS 13 "revised" adjustment (note 10)	-	-	-	(9,409,591)	(9,409,591)	(2,508,893)		(11,918,484)
Balance as at 1 January 2024 after the effect of EAS 13 "revised"	9,100,000	89,578	5,577,858	(31,283,683)	(16,516,247)	44,542,121		28,025,874
Total comprehensive income for the period	-	-	7,270,497	5,977,116	13,247,613	26,133,648		39,381,261
Dividends distribution	-	-	-	(39,526)	(39,526)	-		(39,526)
Shareholders' balance	-	-	(1,728,000)	-	(1,728,000)	-		(1,728,000)
Foreign exchange differences of shareholders reserve	-	-	(1,480,405)	-	(1,480,405)	-		(1,480,405)
Disposal of subsidiary	-	-	(302,171)	(42,290)	(344,461)	(746,755)		(1,091,216)
Transactions with non-controlling interests	-	-	(6,763,318)	-	(6,763,318)	6,678,837		(84,481)
Treasury shares through subsidiaries	-	-	-	-	-	(40,211)		(40,211)
Balance at 30 September 2024	9,100,000	89,578	2,574,461	(25,388,383)	(13,624,344)	76,567,640		62,943,296

The accompanying notes on pages 8 – 49 form an integral part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of cash flows
For the nine months period ended 30 September 2024

	30 September 2024	Represented 30 September 2023
Cash flows from operating activities		
(Loss) / profit for the period before income tax	(220,375)	7,665,306
Net (loss) / profit before income tax, adjusted for:		
Depreciation and amortization	9,651,239	6,385,179
Loss on settlement of lease contract	1,030	362
Gain from loan settlements	-	(496,126)
Impairment on fixed assets	-	15
Unrealized forex (income) / loss	5,371,490	(347,531)
Impairment of due from related parties – net	(5,092)	(3,734)
Impairment of trade and other receivables – net	(206,569)	337,880
Impairment of inventory – net	(81,678)	(7,476)
Ineffective portion of cash flow hedge	126,735	109,182
Share of (profit) / loss of investments in associates	(146,615)	30,052
Effect of financial liabilities at fair value through profit or loss	125,554	16,683
Effect of financial assets at fair value through profit or loss	(64,774)	197,328
Gain on sale of associates	-	(3,078,751)
Gain on sale of fixed assets	25	-
Loss on sale of biological assets	33,658	18,441
Provisions – net	571,439	118,557
Interest expenses	8,257,151	6,457,313
Interest income	(693,698)	(1,258,254)
Operating gain before changes in working capital:	22,719,520	16,144,426
Changes in working capital		
Inventories	(4,403,741)	(3,277,483)
Trade and other payables	8,702,838	3,142,080
Trade and other receivables	(5,943,339)	(2,117,087)
Due from related parties	(1,596,942)	(853,890)
Due to related parties	942,256	430,131
Provisions used	(220,633)	(289,807)
Additions financial liabilities at fair value through profit or loss	386,356	-
Income tax paid	(120,385)	(84,696)
Net cash flow generated from operating activities	20,465,930	13,093,674
Cash flows from investing activities		
Payments to purchase of fixed assets, PUC and intangible assets	(1,295,690)	(887,639)
Payments to acquire financial assets at fair value through profit or loss	(464,615)	-
Proceeds from sale of fixed assets	14,185	85
Biological assets	(350,142)	(84,737)
Payment for acquisition of associates	(24,950)	-
Interest received	693,698	1,258,254
Net cash flow (used in) generated from investing activities	(1,427,514)	285,963
Cash flows from financing activities		
Proceeds from loans	263,866	60,969
Proceeds from banks – overdrafts	295,685	221,965
Payments to purchase of treasury shares through subsidiaries	(40,211)	(55,309)
Repayments of loans	(10,197,285)	(7,508,927)
Repayments of leases	(190,691)	(135,712)
Dividends paid	(39,526)	(308,147)
Transactions with non-controlling interest	(81,382)	1,656,616
Restricted cash	(1,463,776)	(7,157,637)
Interest paid	(1,975,897)	(1,082,132)
Proceeds from financial leasing entities	427,857	45,783
Proceeds from sale financial assets at fair value through profit or loss	1,002,108	-
Net cash flow used in financing activities	(11,999,252)	(14,262,531)
Net change in cash and cash equivalents during the period	7,039,164	(882,894)
Cash and cash equivalents at beginning of the period	1,975,005	8,652,942
Foreign currency translation differences	2,581,281	1,589,376
Cash and cash equivalents at end of the period	11,595,450	9,359,424

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Notes to the interim condensed consolidated financial statements

1. Introduction

Qalaa for Financial Investments "S.A.E." "The Holding Company" was incorporated in 2004 as an Egyptian joint stock company under Law No. 159 of 1981. It was registered in the commercial register under number 11121, Cairo on 13 April 2004. The Holding Company's term is 25 years as of the date it is entered in the commercial register and can be renewed. The Holding Company is registered in the Egyptian Stock Exchange.

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

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

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

The interim condensed consolidated financial statements were authorised to be issued by the Board of Directors on 11 February 2025.

2. Segment information

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

The information below shows the segment information provided to the CODM for the reportable segments for the nine-month period ended 30 September 2024 and also the basis on which revenue is recognized:

2. (a) Description of segments and principal activities

The following summary describes each reportable segment:

Energy sector

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

Cement sector

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

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2. Segment information (continued)

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

Transportation and logistics sector

Qalaa for Financial Investments Company investments in the river transport, logistics and port management sector. As fuel subsidies are gradually removed in Egypt and fuel becomes more costly, manufacturers will be seeking for alternative means of transporting goods. Nile logistics has large fleet of fuel-efficient barges, which are more efficient, affordable and environmentally friendly that transfer cargo along the Nile. The capacity of one river barges is equivalent to 20-40 trucks, with only one-quarter of the emissions.

Mining sector

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

Agriculture food industries sector

Qalaa for Financial Investments Company investments in agri-foods aim to overcome challenges facing the agricultural and food production sector in Egypt and the region. Qalaa Companies in the agri-foods sector bring trusted household names to market through Dina farms, ICDP (Dina Farms' fresh dairy and juice producer).

Packaging and printing sector

Qalaa for Financial Investments invest in Packaging and printing segment aim to create shareholders liquidity while remaining firmly committed to capital growth. Grandview group enjoys a strong market share in folder boxes, laminated boxes, books and paper in Egypt.

Financial services sector

Qalaa for Financial Investments and its subsidiaries within this sector invest in various sectors including energy, cement, transportation and logistics, mining, agriculture food industries, and Packaging and printing. Some of the wholly owned subsidiaries have acquired debts to finance ERC and other operational companies within the Group.

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2. Segment information (continued)

2. (b) Segment revenues

Below is summary of operating revenues by segment. The amounts presented include inter-segment transactions, which are conducted in the normal course of business and priced in a manner similar to third party transactions. The revenue from external parties is measured in the same way as in the interim condensed consolidated statement of profit or loss.

30 September 2024	Segment revenue	Inter-segment revenue	Revenue from external customers	Timing of revenue recognition		
				At a point in time	Over time	Total
Energy sector	103,235,083	-	103,235,083	103,235,083	-	103,235,083
Cement sector	3,567,578	-	3,567,578	2,302,792	1,264,786	3,567,578
Agriculture food industries sector	2,521,787	-	2,521,787	2,521,787	-	2,521,787
Mining sector	2,285,125	-	2,285,125	2,285,125	-	2,285,125
Transportation and logistics sector	604,902	-	604,902	604,902	-	604,902
Other sectors	1,085,233	-	1,085,233	1,085,233	-	1,085,233
Total	113,299,708	-	113,299,708	112,034,922	1,264,786	113,299,708

30 September 2023 (represented)	Segment revenue	Inter-segment revenue	Revenue from external customers	Timing of revenue recognition		
				At a point in time	Over time	Total
Energy sector	63,631,927	-	63,631,927	63,631,927	-	63,631,927
Cement sector	2,849,772	-	2,849,772	2,197,319	652,453	2,849,772
Mining sector	1,410,220	-	1,410,220	1,410,220	-	1,410,220
Agriculture food industries sector	1,398,413	-	1,398,413	1,398,413	-	1,398,413
Transportation and logistics sector	424,000	-	424,000	424,000	-	424,000
Other sectors	1,018,503	-	1,018,503	1,018,503	-	1,018,503
Total	70,732,835	-	70,732,835	70,080,382	652,453	70,732,835

The Group is domiciled in Egypt. The amount of its revenue from customers in Egypt was EGP 112.3 billion (Represented 30 September 2023: EGP 69.2 billion) representing 99% (Represented 30 September 2023: 98%) of the total consolidated revenue. Revenue generated from outside Egypt is substantially derived from the operations in Sudan.

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2. Segment information (continued)

2. (c) Segments assets

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

Segment assets	30 September 2024				31 December 2023			
	Current assets	Non-current assets	Investment in associates	Total assets	Current assets	Non-current assets	Investment in associates	Total assets
Energy	46,845,751	149,462,386	4,459,616	200,767,753	27,718,384	99,307,532	4,341,837	131,367,753
Financial services	19,068,821	28,343,501	2,118,471	49,530,793	11,831,411	27,810,463	157,667	39,799,541
Cement	7,744,900	9,568,491	275,633	17,589,024	6,883,576	7,201,873	300,485	14,385,934
Mining	4,197,703	3,710,736	-	7,908,439	2,738,493	2,459,851	-	5,198,344
Agriculture food industries	1,047,380	1,959,980	-	3,007,360	784,455	1,421,029	-	2,205,484
Transportation and logistics	512,278	992,268	-	1,504,546	360,938	862,253	-	1,223,191
Packaging & printing sector *	-	-	-	-	4,951,572	-	-	4,951,572
Other	760,484	507,882	-	1,268,366	767,876	208,210	-	976,086
	80,177,317	194,545,244	6,853,720	281,576,281	56,036,705	139,271,211	4,799,989	200,107,905
Eliminations	(25,897,418)	(22,811,505)	(84,278)	(48,793,201)	(17,151,490)	(22,228,541)	(104,686)	(39,484,717)
Total	54,279,899	171,733,739	6,769,442	232,783,080	38,885,215	117,042,670	4,695,303	160,623,188

The total of non-current assets other than financial instruments and deferred tax assets located in Egypt represents 95.82% (31 December 2023: 94.5%) of the total consolidated assets of the Group.

* As of 31 December 2023, the packaging and printing sector assets classified as held for sale amounting to EGP 4.9 billion **Note 11(f)**.

2. (d) Segments liabilities

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

Segment liabilities	30 September 2024			31 December 2023		
	Current liabilities	Non-current liabilities	Total liabilities	Current liabilities	Non-current liabilities	Total liabilities
Energy	88,192,067	19,007,881	107,199,948	60,178,600	11,822,958	72,001,558
Financial services	53,720,790	21,802,283	75,523,073	45,622,170	885,298	46,507,468
Cement	9,843,130	20,140,082	29,983,212	13,549,208	8,656,956	22,206,164
Agriculture food industries	6,764,371	524,599	7,288,970	4,343,867	483,680	4,827,547
Transportation and logistics	4,025,839	208,840	4,234,679	2,685,174	93,537	2,778,711
Mining	3,504,210	1,951,511	5,455,721	2,057,415	1,600,924	3,658,339
Packaging & printing sector*	-	-	-	3,399,184	-	3,399,184
Other	1,901,288	1,091,064	2,992,352	1,839,941	485,860	2,325,801
	167,951,695	64,726,260	232,677,955	133,675,559	24,029,213	157,704,772
Elimination	(40,797,328)	(22,040,843)	(62,838,171)	(27,193,499)	(9,832,443)	(37,025,942)
Total	127,154,367	42,685,417	169,839,784	106,482,060	14,196,770	120,678,830

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

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3. Profit and loss information

3(a) Significant items

	30 September 2024	Represented 30 September 2023
Gains		
Impairment of trade receivables and other debit balances no longer required ¹	242,426	82,836
Other income ²	163,335	397,336
Impairment of inventory no longer required ³	83,802	7,476
Expenses		
Net change in financial asset fair value change through profit or loss ⁴	(339,842)	(197,328)
Management fees ⁵	(684,119)	(192,901)
Provisions formed ⁶	(575,206)	(378,322)
Other expenses ⁷	(93,574)	(32,218)
Impairment of trade receivables and other debit balances formed ⁸	(35,857)	(420,716)

- 1) "Impairment of trade receivables and other debit balances no longer required" is mainly related to decrease in ECL as a result of collection of receivables in one of the Group's subsidiary.
- 2) "Other income" includes an amount of EGP 122.9 million for export subsidies income and the remaining amount related to income from activities other than the main activities of the Group.
- 3) "Impairment of inventory no longer required" includes an amount of EGP 82.3 million related to the reversal of inventory provision following an award in favour of one of the Group subsidiaries.
- 4) Net change in financial assets at fair value through profit or loss includes a gain of EGP 88.5 million related to revaluation of NSPO call option and a loss of EGP 48.6 million related to the change in fair value of Allied gold corporation shares and a gain of EGP 24.9 million related to the change in fair value of Raya Holding shares.
- 5) In May 2008, Qalaa for Financial Investments' Extraordinary Shareholder's Meeting approved the management contract between the Company and its parent – Citadel Capital Partners, upon which, Citadel Capital Partners would manage the Company and would be entitled to 10% share of the Company's net profit for the year, payable on a quarterly basis. Additionally, it was disclosed at the time in the Company's listing prospectus on the Egyptian Stock Exchange, published in Al-Shorouk newspaper, issue no. 308, dated 5 December 2009. Subsequently, the Company's General Assembly Meeting held on 25 July 2019 decided the interpretation and application of the management fee calculation to Citadel Capital Partners Ltd. (CCP) which will be based on 10% of the net profit allocated to the owners of the parent company interests from the consolidated profit. The Other losses including the management fee amounted to EGP 684.1 million during the period ending 30 September 2024 (30 September 2023: 192.9).
- 6) "Provisions formed" includes an amount of EGP 521.6 million against probable claims from external parties.
- 7) an amount of EGP 22.8 million related to losses from the sale of financial assets at fair value through profit or loss in one of the Group subsidiaries and the remaining amount related to expenses from activities other than the main activities of the Group.
- 8) The increase in "Impairment of trade receivables and other debit balances formed" is mainly related to the change in macroeconomic factors in the Group's expected credit losses (ECL) model.

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3. Profit and loss information (continued)

3(b) Finance costs – net

	Nine months ended 30 September		Three months ended 30 September	
	2024	2023	2024	2023
Credit interest	693,698	320,249	233,166	121,991
Net foreign exchange gain ¹	594,823	700,379	36,284	87,026
Gain from loan settlements	-	496,126	-	300,781
Total finance income	1,288,521	1,516,754	269,450	509,798
Interest expenses ²	(7,229,666)	(6,368,592)	(1,851,998)	(2,016,593)
Other interest expense ³	(720,868)	-	(720,868)	-
Lease interest expense	(306,617)	(88,721)	(123,532)	(29,368)
Debt restructure cost ⁴	(147,429)	-	(17,394)	-
Ineffective portion of cash flow hedge	(126,735)	(109,182)	(4,205)	-
Total finance costs	(8,531,315)	(6,566,495)	(2,717,997)	(2,045,961)
Net	(7,242,794)	(5,049,741)	(2,448,547)	(1,536,163)

1) Included in net foreign exchange gain an amount of EGP 520.2 million for the nine months period ended 30 September 2024 (30 September 2023: EGP 700.4 million) related to hyperinflation differences gain from operations in Sudan.

2) Interest expenses include an amount of EGP 116.7 million related to the interest on the substantive call option liability in National Printing Company.

3) Other interest expense represents the interest calculated on the total debt amount at the previous interest rate under the original loan agreements. Refer to note 6A.

4) This amount represents the cost incurred related to the restructuring of QH debts. **Note 6A**

3(c) Income tax expenses

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

4. Discontinued operations

4 (a) Description

30 September 2024

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

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

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4. Discontinued operations (continued)

4 (a) Description (continued)

Management had begun discussions with FHI, a significant shareholder (41.50%) in Grandview and a lender to the broader Qalaa Group, prior to the year-end of 2023 to progress with the transactions involving the Grandview and National Printing Company S.A.E shareholding. On 14 December 2023, the board of directors of National Printing Company agreed on listing the company's shares on the

Egyptian Stock Exchange through an initial public offering. In addition, on 31 December 2023, a share purchase and debt settlement agreement were drafted between Qalaa and FHI.

In order to facilitate the proposed transaction, Qalaa signed a termination letter relating to the management powers set out in the participation agreement resulting in a loss of control over investment in Grandview as of 31 March 2024. As loss of control is considered a deemed disposal under the accounting standards, this resulted in classifying Grandview's assets and liabilities as held for sale as of the year ended 31 December 2023. The comparative interim condensed consolidated statement of profit or loss has been re-presented to show the discontinued operations separately from continuing operations for the period ended 30 September 2023.

30 September 2023

TAQA Arabia (Energy sector)

A) Transaction with National Services Project Organization (NSPO)

On 9 July 2023, TAQA Arabia ("the company"), began trading its shares on the EGX. The company's shares were listed directly on the EGX without initially being offered to investors via an Initial Public Offering (IPO) as allowed by the EGX regulations.

Following the listing, the National Service Projects Organization ("NSPO") acquired through a block trading deal 270,470,760 shares representing 20% of the total shares of TAQA Arabia previously owned by Silverstone Capital Investments Ltd, a subsidiary of Qalaa for Financial Investments S.A.E "Qalaa". The shares were disposed of to NSPO to settle certain debt obligations of the Group to an amount of EGP 1.6 billion.

As part of the transaction, the NSPO granted the Group call option at an agreed disposal price which escalates annually. The call option provides Qalaa the contractual right to re-acquire the shares at any time over the next four years starting from the date of the transaction. Further details are set out in **note 5(f)(iv)** in the annual consolidated financial statements for the year ended 31 December 2023.

The call option was judged to be substantive and as a result the Group did not lose control over the company on the date of transaction on 24 July 2023. The transaction was accounted for as a transaction with non-controlling interest.

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4. Discontinued operations (continued)

4 (a) Description (continued)

B) Transaction with certain lenders of the ultimate parent company

Subsequent to the above transaction, in December 2023, the Group transferred an additional 154,844,510 shares representing 11.45% of the total shares of the company to certain third parties to settle certain outstanding debt obligations of the ultimate parent company. The fair value of the shareholding based on the fair value of the shares was EGP 1.4 billion. The amount will be settled by future dividend payments and future due management fees to the parent and as such the management has classified this amount as an equity balance rather than a financial asset due to the fact that there will be no future cash flows associated with the balance and it will rather be settled from the future dividends and future due management fees. There was no call or put option attached to these shares.

Following the two transactions, the Group owns 23.87% of the total shares of the company and has 43.87% voting rights in the general assembly. The Group does not have majority voting rights in the general assembly and the remaining shares and voting rights are held by few other investors who could out vote the Group at the general assembly. On that basis management has judged that the Group has lost control over the Company.

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

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

Discontinued operations after tax are represented in the following:

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

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4. Discontinued operations (continued)

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

	TAQA Arabia	Grandview	Total
30 September 2023			
Revenue	9,782,296	3,867,878	13,650,174
Cost of revenue	(8,681,727)	(2,749,875)	(11,431,602)
General and administrative & selling and marketing expenses	(354,404)	(278,511)	(632,915)
Other expenses – net	(78,256)	121,231	42,975
Loss on sale of associate	-	(18,017)	(18,017)
Finance cost – net	(137,280)	(254,174)	(391,454)
Operating profits before taxes	530,629	688,532	1,219,161
Income tax	(187,526)	(162,680)	(350,206)
Deferred tax	22,080	(2,136)	19,944
Profit after income tax of discontinued operation	365,183	523,716	888,899
Gain on sale of investment in subsidiary	-	-	-
Net profit for the period	365,183	523,716	888,899
Income tax	-	-	-
Profit from discontinued operations, net of tax	365,183	523,716	888,899
Net cash flow generated from operating activities	390,169	290,088	680,257
Net cash flow used in investing activities	(837,658)	(362,003)	(1,199,661)
Net cash flow (used in) / generated from financing activities	1,367,474	(32,039)	1,335,435
Net increase / (decrease) in cash used in by the subsidiaries	919,985	(103,954)	816,031

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

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

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4. Discontinued operations (continued)

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

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

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

4 (c) Significant estimates and assumptions

Arbitration based on the Bilateral Investment Treaty

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

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

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

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4. Discontinued operations (continued)

4 (c) Significant estimates and assumptions (continued)

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

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

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

(i) Assets

	Ledmore Holding Limited	Asenpro	Total
30 September 2024			
Fixed assets	-	2,666	2,666
Trade receivables and other debit balances	11,820	-	11,820
Cash and cash equivalents	9,996	-	9,996
	21,816	2,666	24,482
Impairment	-	-	-
Balance	21,816	2,666	24,482

	Grandview	Ledmore Holding Limited	Asenpro	Total
31 December 2023				
Fixed assets	1,513,996	-	4,826	1,518,822
Assets under construction	33,916	-	-	33,916
Investment in properties	9,975	-	-	9,975
Trade receivables and other debit balances	1,681,985	7,561	-	1,689,546
Deferred tax assets	31,945	-	-	31,945
Inventories	1,028,905	-	-	1,028,905
Due from related parties	20,120	-	-	20,120
Cash and cash equivalents	489,844	6,394	-	496,238
	4,810,686	13,955	4,826	4,829,467
Impairment	-	-	-	-
Balance	4,810,686	13,955	4,826	4,829,467

(ii) Liabilities

	Mena Home Furnishing Malls Ltd.	Ledmore Holding Limited	Asenpro	Total
30 September 2024				
Trade payables and other credit balances	2,545	2,190	-	4,735
Deferred tax liabilities	-	-	249	249
Balance	2,545	2,190	249	4,984

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4. Discontinued operations (continued)

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

(ii) Liabilities (continued)

	Grandview	Mena Home Furnishing Malls Ltd.	Ledmore Holding Limited	Asenpro	Total
31 December 2023					
Borrowings and loans	1,991,556	-	-	-	1,991,556
Trade payables and other credit balances	1,058,846	1,628	1,401	-	1,061,875
Deferred tax liabilities	168,543	-	-	249	168,792
Provisions	136,265	-	-	-	136,265
Due to related parties	18,520	-	-	-	18,520
Balance	3,373,730	1,628	1,401	249	3,377,008

5. Investments in associates and joint ventures

Carrying amounts of investments in associates and joint ventures

The carrying amount of equity-accounted investments has changed as follows in the nine months ended 30 September 2024 as follows:

	30 September 2024
1 January 2024	4,695,303
Recognition of associate due to loss of control (note 11(f))	1,888,600
Additions *	24,950
Share of gain of investments in associates in the interim condensed consolidated statement of profit or loss	146,615
Share of gain of investments in associates in the interim condensed consolidated statement of comprehensive income	65,518
Effect of adoption of EAS 13 (directly through equity)	(20,112)
Dividends (directly through equity)	(31,432)
Balance	6,769,442

* On 4 September 2022, a new Company was established under the name of "Wathba for Petroleum Services". The Company's total issued capital is EGP 100 million whereas Qalaa Capital's share is 49.9% amounting to EGP 49.9 million. As of 30 September 2024, the Group has paid its portion of the issued and called up capital amounting to EGP 49.9 million. Additionally the group has paid an amount of EGP 12.5 Million as an payment under capital increase during the period ended 30 September 2024.

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6. Financial assets and financial liabilities

6 (a) Borrowings

	30 September 2024			31 December 2023		
	Current	Non-current	Total	Current	Non-current	Total
Secured						
Bank loans *	73,064,228	20,146,416	93,210,644	69,121,932	1,649,523	70,771,455
Loans from related parties **	16,583,352	579,534	17,162,886	9,516,905	-	9,516,905
	89,647,580	20,725,950	110,373,530	78,638,837	1,649,523	80,288,360
Secured and unsecured						
Short term facilities and bank overdrafts	1,464,281	-	1,464,281	1,168,596	-	1,168,596
	1,464,281	-	1,464,281	1,168,596	-	1,168,596
Total borrowings	91,111,861	20,725,950	111,837,811	79,807,433	1,649,523	81,456,956

6 (a) Borrowings

*** Bank loans**

1- Arab International Bank loan

Loan	Current	Non-current	Accrued interest	Total 2024	Current	Non-current	Accrued interest	Total 2023
National Company for Refining Consultation								
Arab International Bank (A)								
Loan currency: USD	424,094	5,843,695	-	6,267,789	4,094,124	-	-	4,094,124
Other borrowing payables (A)								
Loan currency: USD	2,196,772	-	349,495	2,546,267	-	-	-	-
Trimstone Assets Holdings Ltd.								
Arab International Bank (B)								
Loan currency: USD	155,904	2,066,504	-	2,222,408	329,113	-	-	329,113

- A-** Qalaa Holdings and its related companies entered into a debt restructuring agreement with Arab International Bank effective in the third quarter of year 2024. Under this agreement, loans were restructured and will be repaid in installments totaling USD 184 million starting from 2024 till 2033. A variable interest rate with a SOFR base will be applied semi-annually. As of 30 September 2024, Qalaa paid USD 13.5 Million under the new restructured agreement. The loan balance in NCRC includes an amount transferred from Qalaa. Until the Group fully complies with the new payment schedules, the agreement specifies that the bank will continue to calculate interest on the total amount at the previous interest rate under the original loan agreement in a separate account. Once the payment schedule is completed under the new terms, USD 44 million along with any accrued interest and excess interest, will be waived by the Bank. The amount of USD 44 million and its associated interest payable are classified as other borrowing payables as per the above detailed schedule.

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6. Financial assets and financial liabilities (continued)

6 (a) Borrowings (continued)

- B-** The loan portion on Trimestone includes an amount transferred from Citadel Capital Partners, Qalaa's main shareholder. On 6 July 2023, Qalaa's ordinary general assembly authorized Qalaa's Board of Directors to transfer a debt owed by Citadel Capital Partners Ltd., Qalaa's main shareholder to one of Qalaa's fully owned subsidiaries. This debt owed to Arab International bank and was transferred in the third quarter with an amount of EGP 1,728 billion. Management has classified the amount due from CCP as an equity balance rather than a financial asset. Consequently, this balance is going to be netted off from any future management fees amounting to 10% of the consolidated net profit of the Group attributable to the owners of the parent company, and/ or any other distributions in accordance with the company's articles of association.

2- Local banks loans

Qalaa Holdings has entered into a debt settlement agreement with Banque Misr, Banque du Caire, Arab African International Bank, and Al Ahli Bank of Kuwait ("the Egyptian Banks") to settle its debts as follows:

Settlement and waivers	Amount in EGP
Total debt before the settlement agreement	8,351,245
Settlement through transfer of shares in Taqa Arabia (A)	(3,347,689)
Settlement through land plot in Tibeen area (B)	(600,000)
Compensation for exchange rate and stock price variations (C)	(893,767)
Debt expected waiver in case of compliance with whole contract terms (D)	3,509,789

- A. Shares in TAQA Arabia:** In September 2024, Qalaa transferred 239,120,667 shares (17.68%) in TAQA Arabia to the Egyptian banks. The shares are included as part of the investment in associates (Note 5) and the balance of the loan was not reduced by the value of the shares due to the following reasons:

- The group has the right to repurchase these shares (call option) during the fifth year after the transfer. The banks retain the right to resell the shares to Qalaa (Put option) during the sixth year. The group did not account for the call or the put option as the shares are considered under the control of Qalaa as illustrated in point 3 below.
- The agreement imposes restrictions on the local banks on selling the transferred shares for five years till the call option period elapses.
- Qalaa will maintain voting rights for the transferred shares in TAQA Arabia S.A.E. until the end of the call option period. In line with EAS 18 "Investment in Associates," reflecting significant influence through voting rights, Qalaa has equity accounted for its 17.68% interest in the Company and has not derecognized the associated liability. If management's judgments change, this could lead to the derecognition of the investment in TAQA Arabia S.A.E. and the associated liability to pay the strike price. Without these amounts on the balance sheet, the option would be treated as a derivative financial instrument at fair value through profit or loss.

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6. Financial assets and financial liabilities (continued)

6 (a) Borrowings (continued)

As per the agreement, Qalaa transferred the 239,120,667 shares to Taqa Arabia at an agreed price. At the end of the put option period and by the time the shares are settled against the loans, Qalaa is liable to compensate the banks with any differences below the agreed price plus specific return and the actual share prices at the date of settlement.

B. Land Plot in Tibeen Area: Qalaa transferred a registered 60,127 sq.m. land plot overlooking the Nile in the Tibeen area in September 2024 owned by one of the group's wholly owned subsidiaries, valued at EGP 600 million, contingent on obtaining a construction license within six months after meeting the conditions precedent. Until the license is obtained, the bank considers the selling price of the land to be EGP 233.5 million.

The group did not derecognize the land against partial settlement of the loan as the group has the right to replace the land with another asset within 6 months after the condition precedent is met. .

- C. Compensations for Exchange Rate and Stock Price Variations:** These include an amount of EGP 598 million which will be paid over five years in equal instalments till 31 December 2028 and an amount of EGP 296 million as exchange rate compensation payable during the year 2024 and 2025
- D. Debt expected waiver in case of compliance with whole contract terms:** The group is entitled to an expected waiver of EGP 3.5 billion and any accrued interest conditioned to compliance with the whole agreement terms and conditions. Until the Group fully complies with the terms of the agreement. The agreement specifies that the bank will continue to calculate interest on the total amount at the previous interest rate under the original loan agreement in a separate account.

**** Loans from related parties**

- A)** On 31 March 2024, FHI discharged the loans owned by National Development and Trade Company and United Company for Foundries. Refer to [note \(13\)\(f\)](#) for more details.
- B)** On 22 May 2024, Qalaa Holdings and one of its fully owned subsidiaries signed an agreement with Olayan to restructure an existing USD 12 million loan by which Qalaa transferred a building to partially settle an existing loan owed by the subsidiary. Olayan assigned its rights in a USD 12 million loan to one of his related parties. Qalaa Holdings will pay a monthly interest rate for three years in the form of lease payments. Qalaa Holdings has a call option to repurchase the building within three years for USD 12 million plus a fixed annual interest rate. Management assessed that this transaction does not qualify as a sale and is recognized as a collateralized borrowing, as the company retains control over the transferred asset. In December 2024, an agreement has been signed regarding the remaining debt of Olayan.
- C)** As of 30 September 2024, an amount EGP 11.6 billion has been reclassified from bank loans to loans from related parties as Qalaa shareholders through Qalaa Holding Restructuring Ltd. purchased the external debt owed by Qalaa to certain banks and financial institutions participating in the syndicated loan agreement. Refer to [note \(13\)\(e\)](#) for more details.

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6. Financial assets and financial liabilities (continued)

6(b) Borrowing from financial leasing entities

	30 September 2024	31 December 2023
Borrowing from financial leasing entities (current portion)	333,586	77,885
Borrowing from financial leasing entities (non-current portion)	573,522	401,366
Balance	907,108	479,251

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

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

The interest charged to the interim condensed consolidated statement of profit or loss during the period ended 30 September 2024 amounted to EGP 130.2 million.

- B)** One of the Group's subsidiaries signed a financing contract dated 30 April 2024. The contractual value of the contract amounted to EGP 402.7 million, with an interest rate based on the lending rate announced by the Central Bank of Egypt to be paid on a monthly instalment over two years.

The interest charged to the interim condensed consolidated statement of profit or loss during the period ended 30 September 2024 amounted to EGP 49.7 million.

6(c) Trade and other receivables

During the first nine months of 2024, the Group's non-current trade and other receivables increased from EGP 999.8 million to EGP 2.03 billion. This increase was due to EGP 300 million related to a payment under investment, EGP 244 million from receivables dominated in USD associated with the sale of "Ascom Precious Metals (APM) - Ethiopia" to "Allied Gold ET 2 Corp" on 6 September 2023, and EGP 192 million increase in gas deposits in ERC.

The Group's current trade and other receivables balances increased during the nine months period in 2024 from EGP 15.4 billion to EGP 20.1 billion mainly due to an increase of EGP 1.9 billion related to the EGPC receivable balance.

6(d) Recognised fair value measurements

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of financial instruments that are recognized and measured at fair value in the interim condensed financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under EAS 45 "Fair value measurement". An explanation of each level follows underneath the table.

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6. Financial assets and financial liabilities (continued)

6(d) Recognised fair value measurements (continued)

i) Fair value hierarchy (continued)

Recurring fair value measurements are those that the accounting standards require or permit in the consolidated statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorized are as follows.

Recurring fair value measurements At 30 September 2024	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<u>Financial assets at FVOCI</u>					
Unlisted equity instruments		-	21,362	50,847	72,209
<u>Financial assets at FVPL</u>					
Listed equity instruments	6(f)(i)(ii)	918,708	-	-	918,708
Other receivables at FVPL	6(f)(ii)	1,477,905	-	-	1,477,905
<u>Derivatives</u>					
Hedging derivatives – interest rate swaps		-	-	72,470	72,470
Written call option agreement (NSPO)	6(f)(iii)	-	-	2,015,228	2,015,228
Total financial assets		2,396,613	21,362	2,138,545	4,556,520
Financial liabilities					
Trading derivatives		-	1,873,952	-	1,873,952
Total financial liabilities		-	1,873,952	-	1,873,952

Recurring fair value measurements At 31 December 2023	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
<u>Financial assets at FVOCI</u>					
Unlisted equity instruments		-	7,069	50,847	57,916
<u>Financial assets at FVPL</u>					
Listed equity instruments	6(f)(i)(ii)	946,275	-	-	946,275
Other receivables at FVPL	6(f)(ii)	919,018	-	-	919,018
<u>Derivatives</u>					
Hedging derivatives – interest rate swaps		-	-	129,446	129,446
Written call option agreement (NSPO)	6(f)(iii)	-	-	1,926,709	1,926,709
Total financial assets		1,865,293	7,069	2,107,002	3,979,364
Financial liabilities					
Written call option agreement (CCII)		-	-	2,322	2,322
Trading derivatives		-	869,867	-	869,867
Total financial liabilities		-	869,867	2,322	872,189

There were no changes in the valuation technique for level 3 recurring fair value measurements during the period ended 30 September 2024 and 31 December 2023.

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

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6. Financial assets and financial liabilities (continued)

6(d) Recognised fair value measurements (continued)

i) Fair value hierarchy (continued)

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

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

ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

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

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

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

The following table presents the changes in level 3 items for the period ended 30 September 2024 and 31 December 2023:

Assets / (liabilities)	Current hedging derivatives – interest rate swaps (ERC)	Hedging derivatives – interest rate swaps (TAQA)	Written call option agreement (CCII)	Unlisted equity instruments (Ostool)	Non-current written call option agreement (NSPO)	Total
Opening balance at 1 January 2023	313,631	25,628	(2,219)	-	-	337,040
Transfer from investment in associates	-	-	-	49,979	-	49,979
Amount recognized in equity (Losses) / gains recognised through consolidated profit and loss	(262,616)	-	(103)	-	1,163,988	1,163,988
Gains recognised through consolidated other comprehensive income	-	-	-	2,760	-	2,760
Foreign currency translation	78,431	-	-	(1,892)	-	76,539
Disposal of subsidiary (recycled to profit or loss)	-	(25,628)	-	-	-	(25,628)
Closing balance at 31 December 2023	129,446	-	(2,322)	50,847	1,926,709	2,104,680
Disposal (Expired)	-	-	2,322	-	-	2,322
Losses recognised through interim condensed consolidated profit and loss	(129,895)	-	-	-	88,519	(41,376)
Foreign currency translation	72,919	-	-	-	-	72,919
Closing balance at 30 September 2024	72,470	-	-	50,847	2,015,228	2,138,545

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6. Financial assets and financial liabilities (continued)

6(d) Recognised fair value measurements (continued)

iv) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Description	Fair value at		Un-observable inputs *	Range of Inputs		Valuation technique		Inputs used		sensitivity analysis
	30 September 2024	31 December 2023		30 September 2024	31 December 2023	30 September 2024	31 December 2023	30 September 2024	31 December 2023	
Hedging derivatives – Interest rate swaps (ERC)	72,470	129,446	Credit default rate	1.32%	1.32%	Discounted Cash flows dollar offset method	Discounted Cash flows dollar offset method	Yield curve Terminal growth Growth rate for years 1 to 5	Yield curve Terminal growth Growth rate for years 1 to 5	If an observable input changed by 1% this would result in change in fair value by EGP 72.5M.
Written call option agreement (NSPO)	2,015,228	1,926,709	Probability of default rate	21.89%	21.89%	Option valuation model Monte Carlo	Option valuation model Monte Carlo	Risk free interest rate & volatility	Risk free interest rate & volatility	If an observable input changed by 10% this would result in change in fair value by EGP 157M.
Unlisted equity instruments (Ostool)	50,847	50,847	Credit default rate	21.68%	21.68%	Discounted Cash flows	Discounted Cash flows	Risk free interest rate & volatility	Risk free interest rate & volatility	If an observable input changed by 10% this would result in change in fair value by EGP 2.5M.
Written call option agreement	-	(2,322)	Probability of default rate	1.86%	1.86%	Option valuation model Black Scholes	Option valuation model Black Scholes	Risk free interest rate & volatility	Risk free interest rate & volatility	-

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

There were no changes in the valuation technique for level 3 recurring fair value measurements during the period ended 30 September 2024 and 31 December 2023.

v) Valuation processes

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

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

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

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6. Financial assets and financial liabilities (continued)

6(d) Recognised fair value measurements (continued)

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

Level 3 valuations are reviewed by each subsidiary Chief Financial Officer who reports to the Board of Directors. The Chief Financial Officer considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques. In selecting the most appropriate valuation model the financial officer performs back testing and considers which model's results have historically aligned most closely to actual market transactions.

The level three debt instruments are valued at the net present value of estimated future cash flows.

The Group also considers liquidity, credit and market risk factors, and adjusts the valuation model as deemed necessary.

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

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

	30 September 2024		31 December 2023	
	Level 3 fair value	Carrying value	Level 3 fair value	Carrying value
Assets				
Financial assets at amortized cost				
Trade and other receivables	19,589,849	19,589,849	14,877,362	14,877,362
Due from related parties	485,106	485,106	776,036	776,036
Restricted cash	8,391,068	8,391,068	6,927,292	6,927,292
Cash and cash equivalents	11,595,450	11,595,450	1,975,005	1,975,005
Total assets	40,061,473	40,061,473	24,555,695	24,555,695

	30 September 2024		31 December 2023	
	Level 3 fair value	Carrying value	Level 3 fair value	Carrying value
Liabilities				
Borrowings				
Loans and borrowings	111,837,811	111,837,811	81,456,956	81,456,956
Other financial liabilities				
Trade and other payables	24,527,241	24,527,241	12,154,431	12,154,431
Due to related parties	3,194,859	3,194,859	2,252,603	2,252,603
Total liabilities	139,559,911	139,559,911	95,863,990	95,863,990

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

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6. Financial assets and financial liabilities (continued)

6(d) Recognised fair value measurements (continued)

Financial assets carried at amortized cost

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

Liabilities carried at amortized cost

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

viii) Presentation of financial instruments by measurement category

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

6(e) Restricted cash

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

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

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

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortized cost or FVOCI
- equity investments that are held for trading
- equity investments for which the entity has not elected to recognize fair value gains and losses through OCI.

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6. Financial assets and financial liabilities (continued)

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

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

Financial assets measured at FVPL include the following:

	30 September 2024			31 December 2023		
	Current	Non-current	Total	Current	Non-current	Total
<i>Listed equity instruments</i>						
Allied Gold Corporation *	1,421,914	889,799	2,311,713	1,316,596	543,719	1,860,315
Commercial International Bank (CIB)	-	-	-	4,978	-	4,978
Raya Holding for Financial Investments **	84,900	-	84,900	-	-	-
	1,506,814	889,799	2,396,613	1,321,574	543,719	1,865,293

The fair value of EGP 2.31 billion (2023: EGP 1.86 billion) is being measured based on the quoted prices of the shares in the active stock market.

* On 6 September 2023, The Group's management through "ASEC Company for Mining (ASCOM)" sold its shares in "Ascom Precious Metals (APM) - Ethiopia" to "Allied Gold ET 2 Corp". The transaction amount included the transfer of 11,465,795 shares in "Allied Gold Corporation" (A listed entity in the Canadian Stock Exchange). The market value of these shares on 6 September 2023 was USD 46,224,353 at USD 4.0315 per share. The Group classified the shares as financial assets through profit or loss (FVTPL) as they are acquired primarily for trading (held for trading).

According to the sale contract, there is a condition on the number of 3,821,932 shares whereby the Group cannot offer, sell, contract to sell, secure, mortgage, grant, or sell any option, right or security to purchase, loan, transfer or dispose of any of those shares without the approval of the issuer of shares for a period of nine months from the date of transfer of ownership.

The Group used 7,500,000 shares as collateral for the facilities provided by St. James Bank.

** On 25 June 2024, the Group management through "ASEC Company for Mining (ASCOM)" acquired 15,000,000 shares in "Raya Holding for Financial Investments" for an amount of EGP 59.9 million which represents 0.7% of the Company's total shares.

(ii) Amounts recognized in profit or loss

On 30 September 2024, the Group recorded a fair value valuation loss on financial assets due to a change in the share price on the Canadian Stock Exchange on that date.

Below is the change in fair value on financial asset due to the change in the share price of "Allied Gold Corporation" in the Canadian Stock Exchange for the period ended 30 September 2024:

	30 September 2024	31 December 2023
Balance as of January 1	941,297	-
Additions	-	1,428,016
Disposals*	(592,514)	-
Financial asset fair value change through profit or loss	(48,647)	(486,719)
Foreign exchange currency differences	533,672	-
	833,808	941,297

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6. Financial assets and financial liabilities (continued)

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

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

The instalments that the buyer can settle as shares, equivalent to the cash value of the instalments, were recognized as financial assets at fair value through profit or loss. The present value of the instalments was calculated using a discount rate of 6% annually, reflecting the prevailing interest rate on similar financial instruments.

	30 September 2024	31 December 2023
Current	588,105	375,299
Non-current	889,799	543,719
	1,477,904	919,018

* During the period ended 30 September 2024, the Group management sold 4,894,695 shares of its shares in "Allied Gold Corporation" with a book value of USD 12.24 million equivalent to EGP 592.5 million. The sale was made for USD 11.51 million which resulted in a loss amounting to USD 0.73 million equivalent to EGP 35.4 million.

(ii) Fair value exposure

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

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

	30 September 2024	31 December 2023
Opening balance at 1 January	869,867	676,325
Additions*	386,356	-
Financial liability fair value change through profit or loss	125,554	24,370
Foreign currency translation differences	492,175	169,172
	1,873,952	869,867

*During the period ending September 30, 2024, one of the subsidiaries obtained a facility amounting to USD 8 million from a financing entity at a specified interest rate, secured against cash collateral by another group's subsidiary which is transferred and restricted subsequent to the period. The financing entity has the option to either claim the financed amount, including the specified interest, by January 10, 2026, or release the collateral and receive the financed amount under other repayment terms correlated to future proceeds of a certain litigation cases in the group's favor.

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6. Financial assets and financial liabilities (continued)

6(h) Maturities of financial liabilities

The table below summarises the maturities of the Group's financial liabilities at 30 September 2024 and 31 December 2023, based on contractual payment dates.

	Below six months	From six months to one year	From one year to two years	Above two years
30 September 2024				
Borrowings and interest	1,283,289	89,828,572	3,852,841	2,607,644
Trade payables and other credit balances	17,347,967	7,179,274	1,497,628	2,164,782
Due to related parties	-	3,194,859	-	-
Lease Liabilities	142,094	140,874	295,066	887,714
Borrowing from financial leasing entities	333,586	-	-	573,522
Financial liabilities at fair value through profit or loss	1,873,952	-	-	-
Total	20,980,888	100,343,579	5,645,535	6,233,662
31 December 2023				
Borrowings and interest	66,249,060	13,558,373	1,226,959	1,735,257
Trade payables and other credit balances	11,910,837	3,793,110	73,708	104,243
Due to related parties	-	2,252,603	-	-
Lease Liabilities	110,284	130,498	368,149	819,001
Borrowing from financial leasing entities	77,885	-	-	401,366
Derivative financial instruments	-	-	2,322	-
Financial liabilities at fair value through profit or loss	869,867	-	-	-
Total	79,217,933	19,734,584	1,671,138	3,059,867

7. Non-financial assets and liabilities

7(a) Fixed assets

Non-current	Freehold land	Freehold buildings	Furniture, fittings and equipment	Machinery, barges and vehicles	Assets under construction	Total
At 31 December 2023						
Cost	2,738,955	11,325,622	2,177,847	128,753,959	1,418,688	146,415,071
Accumulated depreciation and impairment	(5,836)	(2,917,579)	(1,108,500)	(36,443,060)	(432,867)	(40,907,842)
Net book value at 31 December 2023	2,733,119	8,408,043	1,069,347	92,310,899	985,821	105,507,229
Period ended 30 September 2024						
Opening net book amount	2,733,119	8,408,043	1,069,347	92,310,899	985,821	105,507,229
Additions	8,548	50,903	116,679	632,822	481,837	1,290,789
Disposals	(260)	(1,066)	(7,708)	(1,539)	(12,376)	(22,949)
Transfers from assets under construction	-	13,626	6,094	10,627	(30,347)	-
Foreign currency translation difference – cost	870,218	4,768,998	909,013	56,951,203	443,274	63,942,706
Effect of hyperinflation – cost	47,163	1,150,990	107,408	15,287,830	-	16,593,391
Depreciation expense	(940)	(565,806)	(158,928)	(8,743,622)	-	(9,469,296)
Accumulated depreciation of disposals	-	412	7,030	1,298	-	8,740
Foreign currency translation difference – accumulated depreciation	72	(1,051,236)	(432,544)	(16,400,538)	-	(17,884,246)
Effect of hyper-inflation – accumulated depreciation	(6,368)	(498,000)	(51,526)	(4,662,024)	-	(5,217,918)
Net book value at 30 September 2024	3,651,552	12,276,864	1,564,865	135,386,956	1,868,209	154,748,446
At 30 September 2024						
Cost	3,664,624	17,309,073	3,309,333	201,634,902	2,301,076	228,219,008
Accumulated depreciation and impairment	(13,072)	(5,032,209)	(1,744,468)	(66,247,946)	(432,867)	(73,470,562)
Net book value at 30 September 2024	3,651,552	12,276,864	1,564,865	135,386,956	1,868,209	154,748,446

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7. Non-financial assets and liabilities (continued)

7(b) Right of use assets

Right of use assets is recognised and classified as part of similar assets. Below is analysis for net book value of right of use assets leased under finance lease arrangements at 30 September 2024:

Non-current	Land	Buildings	Electricity supply contract	Machinery	Vehicles	Total
At 31 December 2023						
Cost	1,209,970	46,174	467,418	81,032	47,885	1,852,479
Accumulated amortization and impairment	(252,447)	(37,367)	(133,211)	(26,140)	(33,079)	(482,244)
Net book amount	957,523	8,807	334,207	54,892	14,806	1,370,235
Period ended 30 September 2024						
Opening net book amount	957,523	8,807	334,207	54,892	14,806	1,370,235
Additions of the period	209,796	29,544	-	-	24,032	263,372
Disposals	-	(1,862)	-	-	-	(1,862)
Foreign currency translation difference – cost	622,948	6,198	263,297	(5,943)	4,183	890,683
Amortization charged during the period	(75,788)	(11,494)	(41,676)	(6,693)	(15,407)	(151,058)
Accumulated amortization of disposals	-	832	-	-	-	832
Foreign currency translation difference – accumulated amortization	(129,546)	(4,336)	(75,011)	10,438	(3,359)	(201,814)
Net book value at 30 September 2024	1,584,933	27,689	480,817	52,694	24,255	2,170,388
At 30 September 2024						
Cost	2,042,714	80,054	730,715	75,089	76,100	3,004,672
Accumulated amortization and impairment	(457,781)	(52,365)	(249,898)	(22,395)	(51,845)	(834,284)
Net book amount	1,584,933	27,689	480,817	52,694	24,255	2,170,388

7(c) Provisions

	Provision for claims*	Legal provisions	Other provisions*	Total
Balance at 31 December 2023 and 1 January 2024	2,144,024	13,852	1,817,881	3,975,757
Provisions formed	573,058	2,148	-	575,206
Provisions used	(214,731)	(2,740)	(3,163)	(220,634)
Provisions no longer required	(3,767)	-	-	(3,767)
Foreign currency translation	195,399	6,934	990,905	1,193,238
Balance at 30 September 2024	2,693,983	20,194	2,805,623	5,519,800

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

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

Significant estimates

Provisions are related to claims expected to be made by third parties in connection with the Group's operations. Provisions are recognized based on management study and in-light of its advisors' opinion and shall be used for its intended purposes. In case of any differences between the actual claims differences occurred.

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7. Non-financial assets and liabilities (continued)

7(d) Inventories

The Group's inventory balance increased during the nine months period in 2024 from EGP 7.4 billion to EGP 11.8 billion due to the increase in the raw materials and work in process for ERC (subsidiary of the Group) by 2.9 billion. Also, there was an increase in work in process and spare parts inventory balances related to NDT (subsidiary of the Group) by EGP 378 million.

8. Related party transactions

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

8(a) Due from related parties

Name of the Company	Nature of relationship	Nature of transactions		Balances	
		Foreign currency translation Differences	Finance / payments	30 September 2024	31 December 2023
Golden Crescent Finco Ltd.	Investee	510,810	134	1,417,762	906,818
Emerald Financial Services Ltd.	Investee	436,580	1,034	1,212,654	775,040
Nile Valley Petroleum Ltd.	Investee	374,980	-	1,040,519	665,539
Benu one Ltd.	Investee	182,427	-	506,280	323,853
Citadel Capital Partners	Parent	-	(341,485)	334,361	675,846
Logria Holding Ltd,	Investee	105,770	(4,458)	289,023	187,711
Rotation Ventures	Investee	94,721	-	262,874	168,153
Golden Crescent Investment Ltd.	Investee	66,391	-	184,256	117,865
Mena Glass Ltd	Associate	59,792	-	165,940	106,148
Visionaire	Investee	22,838	-	63,382	40,544
Sphinx International Management	Investee	(814)	6,711	46,646	40,749
Egyptian Company for International Publication	Investee	4,500	-	41,896	37,396
Adena	Shareholder	13,051	-	36,221	23,170
ECARU	Associate	-	31,279	31,279	-
Nahda Company – Sudan	Investee	11,222	-	31,143	19,921
El Kateb for Marketing & Distribution	Associate	-	-	598	598
Others		22,101	(642)	68,915	47,456
Total				5,733,749	4,136,807
Less: Accumulated impairment loss**				(5,248,643)	(3,360,771)
				485,106	776,036

* The Group holds less than 20% shareholding in these investments. These investments do not meet the definition of related parties as per the Egyptian Accounting Standards (EAS 15 "Related Party Disclosures"). However, the Group's management has classified these investments as related parties for disclosure purposes only.

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8. Related party transactions (continued)

8(a) Due from related parties (continued)

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

	Balance as of 1 January 2024	Foreign currency translation differences	Formed	Reversal of impairment	Balance as of 30 September 2024
Golden Crescent Finco Ltd.	906,818	510,944	-	-	1,417,762
Emerald Financial Services Ltd.	775,040	436,454	1,160	-	1,212,654
Nile Valley Petroleum Ltd.	665,539	374,980	-	-	1,040,519
Benu One Ltd	323,853	182,427	-	-	506,280
Logria Holding Ltd.	187,711	105,770	-	(4,458)	289,023
Rotation Ventures	168,153	94,721	-	-	262,874
Golden Crescent Investment Ltd.	117,865	66,391	-	-	184,256
Mena Glass	106,148	59,792	-	-	165,940
Visionaire	40,544	22,838	-	-	63,382
Nahda	19,921	11,222	-	-	31,143
Sphinx International Management Egyptian Company for International Publication	4,931	2,810	-	(2,096)	5,645
	406	-	-	-	406
Citadel Capital Partners	634	307	302	-	1,243
El Kateb for Marketing & Distribution	60	-	-	-	60
Others	43,148	24,308	-	-	67,456
	3,360,771	1,892,964	1,462	(6,554)	5,248,643

8(b) Due to related parties

Name of the company	Nature of relationship	Nature of transactions		Balances	
		Foreign currency translation differences	Finance / payments	30 September 2024	31 December 2023
Mena Glass Ltd.	Associate	363,005	(881)	1,165,191	803,067
National Printing	Associate	-	48,296	48,296	-
Others		918	(19,975)	17,957	37,014
				1,231,444	840,081
Due to shareholders					
International Finance Corporation	Shareholder in subsidiary	422,722	77,754	1,251,005	750,529
Financial Holding International	Shareholder in subsidiaries	67,859	(109,157)	445,430	486,728
El-Rashed	Shareholder in subsidiary	54,188	-	150,387	96,199
Omran	Shareholder in subsidiary	17,500	-	60,344	42,844
Ahmed Heikal	Chairman	88	-	931	843
Others		19,939	-	55,318	35,379
				1,963,415	1,412,522
				3,194,859	2,252,603

8(c) Key management compensation

Key management includes Directors (executive and non-executive), members of the Executive Committee, the Company Secretary and the Head of Internal Audit.

The Group paid EGP 223.7 million as salaries and benefits to senior management personnel during the period ended 30 September 2024 (30 September 2023: EGP 128.7 million). This amount includes the social insurance contribution.

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8. Related party transactions (continued)

8(d) Terms and conditions

Transactions relating to dividends, calls on partly paid ordinary shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

The loans to related parties are repayable between 1 to 10 years from the reporting date. The average interest rate on the loans to related parties during the period was 7.5% (31 December 2023: 11.22%). Outstanding balances are secured and are repayable in cash.

9. Earnings per share

9(a) Basic earnings per share

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

	30 September 2024	Represented 30 September 2023
From continuing operations attributable to the ordinary equity holders of the company	(2.075)	0.818
From discontinued operation	5.359	0.136
Total basic earnings per share attributable to the ordinary equity holders of the company	3.284	0.954

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

	30 September 2024	Represented 30 September 2023
<u>Basic earnings per share</u>		
(loss) / profit from continuing operations as presented in the interim condensed consolidated statement of profit or loss	(1,551,882)	6,209,733
(Less): profit from continuing operations attributable to non-controlling interests	(2,224,161)	(4,721,450)
Loss from continuing operations attributable to the ordinary equity holders	(3,776,043)	1,488,283
Profit from discontinued operation	9,753,159	247,829
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	5,977,116	1,736,112

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

9(c) Diluted earnings per share

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

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

Compliance with EAS

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

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

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

Summary of material modifications of the Egyptian Accounting Standards 2024

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

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

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

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

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

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

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

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

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

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

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

(a) Hyperinflationary Economies

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

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

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

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

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

The Group currently holds 31.51% in Orient Investment Properties Ltd, which is the majority shareholder of ARC. ARC has a shareholding of 66.6% in ERC. Through the various shareholding structures, the Group holds an effective 13% shareholding in ERC and consolidates the ERC entity. ERC represents the most substantial portion of Orient and ARC's operations.

ERC was set up for the purpose of constructing and operating a refinery project and aims to provide benefits for its stakeholders such as debt and equity financiers in addition to cost savings to Egyptian General Petroleum Corporation (EGPC). The Group was involved with the setup and design of ERC.

In August 2019, ERC started its pre-completion operations which resulted in supplying EGPC with LPG, reformat, JET fuel, diesel, and fuel oil products.

The full operation phase started at the beginning of the year 2020, however as at 30 September 2024 the technical criteria for the project completion have not yet been met.

According to the clauses in ERC Deed of Shareholders Support, the Group shall prior to the project completion and for two years thereafter, have control over ERC's decision-making, management and operations. Contractually with these clauses, the Group has the full ability to direct the relevant activities of ERC until two years post to the project completion terms have been met. The Group will need to reassess control if the Deed of Shareholders Support clauses no longer apply as this may result in control being lost by the Group at this date.

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

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

Whilst Egyptian General Petroleum Corporation (EGPC - a significant shareholder in ERC) and ERC have entered into several contractual arrangements, which will be effective during the operational phase, these have been assessed and do not provide Egyptian General Petroleum Corporation (EGPC) with the control to direct the relevant activities of ERC. The Deed of Shareholders Support would override any such clauses in other contractual arrangements including any shareholder agreements of ARC or Orient Investment Properties if such clauses are contrary to the Group having control.

As at 31 December 2020, ERC defaulted on certain of the loans with lenders. This has not impacted the rights afforded to the Group to direct the relevant activities via the Deed of Shareholders' support.

The Group is exposed to variable returns with the involvement with ERC. Variable returns consist of equity returns, fees for service contracts, guarantee fees incurred by the Group on behalf of ERC and exposure to reputational risk.

Management is of the view that the Group has control over ERC by virtue of shareholders agreements, exposure, or rights, to variable returns from its involvement with ERC; and can use its control over ERC to affect the amount of the Group's variable returns. Management considers that the relevant activities that most significantly affect variable returns will not be derived during the construction phase of the project but rather during the operational phase.

Furthermore, management has applied judgment in determining if the Group controls Orient and ARC. It should be noted that ERC represents the most significant variable returns of both Orient and ARC. As such, whatever conclusion is reached for ERC would be considered appropriate for Orient and ARC.

In determining the appropriate accounting treatment for ERC, Orient and ARC management applied significant judgment. If management's judgments were to change, this would result in the deconsolidation of ARC and its subsidiary ERC. ERC currently has consolidated assets and liabilities impacting the interim condensed consolidated financial position amounting to approximately EGP 193.8 billion and EGP 105.04 billion respectively as of 30 September 2024 and with a consolidated profit of EGP 2.8 billion for the nine months period. The primary assets and liabilities making up these totals are represented in the fixed assets amounted to EGP 139.5 billion, trade receivables amounted to 14.01 billion, trade and other payables amounted to EGP 12.9 billion and loans liabilities amounted to EGP 68.9 billion.

(c) Functional currencies of different entities of the Group

Different entities within the Group have different functional currencies, based on the underlying primary economic environment in which the entities operate. Determining the functional depends on the currency which an entity generates and expends cash. The functional currency is the currency which is:

- Mainly influences prices for goods and services,
- Official for the country that mainly determine the prices according to competitive forces and regulations.
- Influences labor, material and other costs of providing goods and services.

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

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

In some instances, it is not clear from the above what the functional currency should be, and consideration would be given to the currency financing is obtained and currency receipt of cash is retained. Management have exercised judgement in assessing the functional currency of some of the entities.

Specifically, in determination of the functional currency of the Egyptian Refining Company (ERC), the Group based its judgement on the fact that the company operates in a market where the price the goods and services are determined is based on global commodity markets. As such, the USD mainly influences prices of goods and services in ERC as well as a large proportion of labour, material and other costs. Moreover, the US Dollar is the currency in which ERC's business risks and exposures are managed, financing is obtained and cash from operating activities are retained. On this basis, management determined the functional currency for ERC to be USD.

(d) Assessing whether the arrangement with EGPC is or contains a lease

ERC and EGPC signed a series of agreements where EGPC agreed that ERC would undertake a project to construct, operate, maintain and own at Mostorod a hydro-cracking complex to produce high value petroleum products and EGPC would off-take all the end products produced from the complex except for coke and Sulphur.

In line with the requirements of Egyptian Accounting Standard 49, the Group has assessed whether the arrangement with EGPC is or contains a lease over the hydro-cracking complex. In making the assessment the Group considered the contractual provisions of the contracts and whether those provisions convey to EGPC the right to control the use of the hydro-cracking complex for a consideration over the period of the contract.

Egyptian Accounting Standard "49" states that the arrangement is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The contractual provisions of the contracts between EGPC and ERC do not convey to EGPC the right to control the use of the hydro-cracking complex over the duration of the off-take agreement. Furthermore, ERC controls the operations and maintenance of the hydro-cracking complex over the duration of the contract and decides on how the output would be by determining the appropriate product mix.

Although EGPC obtains substantially all the economic benefit from the hydro-cracking complex, the product is purchased at market price, this indicator alone is not sufficient in isolation to conclude EGPC controls the use of the complex. To control the use of the complex, EGPC is required to have not only the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use (a 'benefits' element) but also the ability to direct the use of that asset (a 'power' element), i.e. EGPC must have decision-making rights over the use of the asset that gives it the ability to influence the economic benefits derived from the use of the asset throughout the period of use.

Management has judged that given the contractual provisions of the contracts do not convey EGPC with rights to control the use of the asset, the arrangement does not contain a lease, and as such the arrangement is accounted for under Egyptian Accounting Standard 48 (revenue from contracts with customers) as a contract to provide product to EGPC. If it were judged that the contract should be accounted for as a lease, this may result in no recognition of fixed assets by ERC but possible a finance lease receivable.

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

(e) Control over Dar Elsherouk company

The Group has determined that they do not control Dar Elsherouk Company even though the Group owns 58.5% of the issued capital of this entity. It is not a controlled entity because the Group is not able to use its power over the entity to affect those returns as result of the contractual agreement signed between the Group and other shareholders that gives the other shareholders the right to control as the chairman and the majority of board members hired by the other shareholder.

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

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

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

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

12. Going concern

As at 30 September 2024, the Group's current liabilities EGP 127.2 billion (31 December 2023: EGP 106.5 billion) exceeded the current assets of EGP 54.3 billion (31 December 2023: EGP 38.9 billion) by EGP 72.9 billion (31 December 2023: EGP 67.6 billion). This is mainly because some of the Group's subsidiaries (mainly under the energy sectors) were in breach of their existing debt covenants. Furthermore, some of the subsidiaries have defaulted in the settlement of loan instalments on their due dates which resulted in these liabilities now being repayable on demand. As a result of such breaches and defaults, an amount of EGP 48.8 billion (31 December 2023: EGP 50 billion) is repayable on demand, where EGP 48.8 billion (31 December 2023: EGP 31.8 billion) . Accordingly, the relevant loans have been classified as current liabilities as of 30 September 2024.

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12. Going concern (continued)

The Group is currently financed by borrowings and bank facilities amounting to EGP 94.7 billion as at 30 September 2024 and has cash and cash equivalents of EGP 19.8 billion (including restricted cash which will be used to serve the debt), most of which is held within the energy sector.

During the current period, the Group earned a net profit of approximately EGP 8.4 billion for the period ended 30 September 2024 and net inflows from operating cash flows of EGP 20.5 billion. As a result, the Group's accumulated losses have increased to approximately EGP 25.4 billion as at 30 September 2024 (31 December 2023: EGP 21.9 billion).

The key factors which could result in the Group not being able to continue as a going concern, include the following:

- If the Group continues to generate profit which is insufficient to generate sufficient operating cash flows to meet working capital requirements and debt repayment.
- If the Group is unable to remedy breaches of financial or non-financial covenants or the defaulted loans.

Assessment of cash flow forecasts

Management has prepared comprehensive cash flow forecasts for the next five years for each key component of the business which has been subject to each subsidiary's Board review and challenge. These cash flows including the underlying key assumptions, sensitivities and judgements made by management in these forecasts for each key component are also consistently used for purposes of testing the non-current assets for impairment.

Management considered the following factors and plans when determining if the Group will continue as a going concern in the next twelve months:

The key considerations in respect of assessing going concern are set out below:

Operational activities

- ERC is a strategic national project with a 4.7 million tons capacity of refined products per year, including 2.3 million tons of Euro V diesel representing more than 30%-40% of Egypt's current imports and 600,000 tons of jet fuel. ERC has been working at full capacity since the beginning of 2020 and has long-term non-cancellable supply contracts with the Egyptian General Petroleum Corporation to supply various products for 25 years. Since early January 2022, ERC has benefited from the increase in oil prices caused by global worries about the oil and gas supplies and the further increase following the Russian-Ukrainian conflict. The refining margins have recovered which in turn have resulted in operating profits of EGP 2.8 billion, EBITDA of EGP 15.9 billion, and cash inflows from operations of EGP 22.9 billion for the nine months ended 30 September 2024. Additionally, in July 2023 ERC underwent a planned 17-day production shutdown for the implementation of an overhaul and debottlenecking, which increased production capacity to the tune of 10%.

For purposes of the cash flow forecast, it is expected that the cash inflows from ERC will continue to improve the generated positive cash inflows. The cash flow forecast is sensitive to changes in supply and demand of oil as well as prices thereof.

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12. Going concern (continued)

- NDT Sudan, Al-Takamol revenue declined to EGP 1.02 billion in the nine months ended 30 September 2024 compared to EGP 1.54 billion in the nine months ended 30 September 2023. This is as a result of Sudan's political turmoil which started in the second quarter of 2023, which saw both its sales and production impacted by the ongoing armed conflict in Sudan. For purposes of the cash flow forecast, it is expected that the cash inflows from Takamol will gradually start improving and generate cash inflows of USD 12 million for the next two years.
- ASCOM and its subsidiaries' revenue increased from EGP 1.4 billion in the nine months ended 30 September 2023 to EGP 2.28 billion in the nine months ended 30 September 2024, mostly driven by the impact of the EGP devaluation on the USD denominated businesses such as ACCM and GlassRock. Management is planning to implement its sales channel diversification strategy with the aim of growing its local market presence. This strategy will act as a hedge against foreign exchange risk and will allow ASCOM to benefit from the local market's greater working capital dynamics, improved cash flow and healthy margins. The company is also planning to install additional production lines to expand its production capacity and meet its planned growth targets, with two ball milling lines already scheduled to start production in Q1 2025 Which will enhance the future positive operating cash flows of the company.
- Falcon - Dina Farms Holding Company recorded revenue of EGP 2.5 billion in nine months ended 30 September 2024 compared to EGP 1.36 billion in nine months ended 30 September 2023. The top-line expansion was driven by improved operations at Dina Farms, as well as ICDP's revenue benefiting from higher selling prices and new product launches, which resulted in an increase in the operating cash flows from a positive cash flow of EGP 279.8 million in the nine months ended in September 2023 to positive cash flows of EGP 608.03 million in the nine months ended in September 2024. The Company is forecasting an increase in the positive operating cash flows in the coming two years.
- Citadel Capital Transportation Opportunities Ltd.'s revenue increased by 43% compared to last year. The company's top-line performance was showing growth driven by improvements across all revenue streams, especially in the storage service as it's primarily driven by the company's USD-based contracts; and inland container depot service following the increase in the storage days as a consequence of the slowdown brought about by the letter of credit requirements for all imports, as well as foreign currency availability issues.

Based on the above, management is confident the Group will continue to generate cash inflows to meet the operational and certain of the liquidity demands on the Group.

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12. Going concern (continued)

Liquidity position

As noted, some of the Group's key subsidiaries experienced significant liquidity issues and to address the liquidity issues, management has undertaken the following actions:

- ERC (a subsidiary in the Energy sector) has loans outstanding as of 30 September 2024 amounting to EGP 68.6 billion. The Company has been in default with senior lenders since 31 December 2020. The senior debt including interest stood at EGP 35.1 billion as of 30 September 2024, and the remaining outstanding loans include subordinated loans amounting to EGP 33.5 billion which became due on 20 June 2023. Despite the subordinated loans becoming due, they are not defaulted because they can only be repaid after the senior debt is fully repaid. In terms of debt covenants, no covenants were breached starting from 30 September 2023 as ERC became current on its debt service obligations except for not meeting the non-financial covenant related to the project completion status and completion date.
- During the period ended 30 September 2024, ERC succeeded in paying USD 252 million to the senior lenders as scheduled debt repayment, repayments of interest, and cash sweep. This was a result of the cash generated from operations.
- As of December 20, 2024, ERC has successfully restructured its Senior and Subordinated debt. As part of the agreement ERC paid a total of USD 33.3 million in fees and default interest. In addition, ERC made a payment of USD 233.6 million to senior lenders and a total of USD 48.1 million were paid to subordinated lenders as per the restructuring agreement. The net senior debt stands at USD 363 million, down from an initial amount of USD 2.35 billion, which is expected to be fully repaid by December 2025. The subordinated debt currently stands at USD 751 million, with an expected repayment completion by 2030.
- This progress in debt reduction positions ERC to begin distributing dividends to shareholders, with the first anticipated dividend payout expected in 2026.
- ERC remains committed to its financial strategy, which aims to enhance sustainable growth and achieve long-term financial stability. The company continues to work on improving its financial and operational performance, delivering added value to shareholders through prudent investments and effective resource management. Additionally, ERC seeks to strike an ideal balance between growth and dividend distribution, ensuring it provides attractive returns to shareholders while strengthening its ability to continue expanding and developing its business in the future.

Other:

- During the year ended 31 December 2023, the Group has settled the outstanding loan due from the cement sector to Arab International Bank, MID Bank, and Industrial Development Bank with a total of EGP 1.4 billion. It also restructured a debt for one of its wholly owned subsidiaries. During the first quarter of 2024, the Group has restructured the remaining debt on the cement sector with a total of EGP 559 million.

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12. Going concern (continued)

- During the third quarter of 2023, APM Investment Holdings Limited (APM), a wholly owned subsidiary of ASCOM, sold its 35% stake in Kurmuk Gold Project to Canadian Company Allied Gold Corp. The consideration from the transaction includes the receipt of 11.5 million shares in Allied Gold in favor of APM, at a total value of USD 34.6 million, as well as the payment of USD 65.6 million by Allied Corp to APM. The payment is to be completed in three installments starting September 2024 and ending 30 September 2027. This will result in additional funds to settle obligations.
- On 31 March 2024, Qalaa Holdings closed an agreement with Financial Holdings International Ltd (FHI), a shareholder in several affiliates of Qalaa, and a creditor to Qalaa and some of its affiliates. The agreement settled most of the liabilities owed by Qalaa and certain of its affiliates to FHI and transferred the shareholding of FHI in several Qalaa affiliates to Qalaa. FHI has discharged the shareholder loan owed by Qalaa Holdings subsidiaries, which positively impacted the financials (note 4(b)). This action alleviates the burden of interest rates and foreign exchange, as the debts were denominated in USD.
- During the period ended 30 September 2024, the Group signed a debt settlement agreement in relation to debt held in Qalaa Holding amounting to EGP 4.5 billion with Banque Misr, Banque du Caire, Arab African International Bank, and Al Ahli Bank of Kuwait. The terms of this debt settlement resulted in the settlement of the loan against the sale of certain assets contingent on meeting the terms of the agreement. Also, Qalaa signed an agreement with the Arab International Bank for the settlement and restructuring of the debts owed by Qalaa and related parties over a period extending to 2033. Additionally, the Group had the approval of the general assembly on the offer submitted by Qalaa Holding Restructuring Ltd "QHRI" to purchase the external debt owed by Qalaa to certain banks and financial institutions participating in the syndicated loan agreement. The opportunity to participate in the debt purchase was offered to all Qalaa shareholders via the funding of QHRI against a debt note issued by the latter. The Purchased Senior Debt was concluded effective 30 June and the participating Qalaa shareholders will henceforth be the beneficial holders of the Purchased Senior Debt. The debt will then be extinguished by Qalaa in the form of a capital increase providing the participating shareholders repayment in the form of shares in Qalaa or cash or a combination thereof. Such agreements serve to reduce Qalaa's debt levels and financing costs.

Based on the above, management succeeded to conclude the debt negotiations and restructuring related to QH and its wholly owned subsidiaries and to restructure the debts related to ERC subsequent to the reporting date.

Other initiatives

- Management will continue to focus on the strategic positioning of the ERC and other investments and prioritize their growth.
- The Group will continue driving growth by making small incremental investments in its subsidiaries, expanding cash flows, thereby reducing debt-to-cash flow ratios. Management is confident this strategy will continue to deliver.
- Qalaa's portfolio companies are currently studying several new medium-sized, export-oriented, predominantly green, and of high local value-added investments.
- The Group also continued to benefit from the government's export incentive program, which strengthened the cash flow during the nine months ended 30 September 2024.

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12. Going concern (continued)

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

Therefore, the interim condensed consolidated financial statements of the Group for the nine months ended 30 September 2024 have been prepared on a going concern basis.

13. Significant events

- A)** During April 2023, an intense armed conflict began in Sudan resulting in severe unrest all over the country. due to safety concerns, the dispatches in Al Takamol Cement were halted from 17 April 2023 till 2 May 2023 and were resumed on 3 May 2023 albeit at a lower daily average. In 3Q2024, Al-Takamol Cement achieved an increase in revenue driven largely by an increase in selling price. No damage was reported on the physical assets of the factory till the signing date of the consolidated financial statements as the factory was at a safe distance from the clashes. It is worth noting that the staff and assets of Qalaa's Sudan affiliate Al-Takamol Cement are safe and continue to operate at a limited capacity. Qalaa continues to closely monitor the ongoing developments in the country.
- B)** The conflict in Gaza, which erupted on 7 October 2023, had a significant impact on the Egyptian economy as well as consumer trends. The Group conducted an assessment of the key impacts of the conflict on the economy, which included a level of disruptions in the supply chain due to the conflict's impact on navigational routes in the Red Sea. This led to a general increase in shipping prices because of the increase in insurance and shipping costs. The Group was mildly affected by supply chain disruptions during the year ended 2023, as there was a low reliance on the shipment coming through the Red Sea. The Group has taken steps to ensure the Group is not affected in the short term, but due to the uncertainty and liquidity of the situation, the total impact in the medium and long term is undetermined.
- C)** The Monetary Policy Committee of the Central Bank of Egypt decided to raise the interest and lending rates by 200 basis points on 1 February 2024, then by 600 basis points on 6 March 2024. The credit and discount rate were also raised by 600 basis points on 6 March 2024.
- D)** On 23 February 2021, one of the Group's subsidiaries Arab Swiss Engineering Company (ASEC Engineering) (a subsidiary of NDT Group) filed an arbitration case against one of its customers at the Cairo Regional Centre for International Commercial Arbitration (CRCICA). On 5 September 2022, the arbitral tribunal rendered an award in favour of ASEC Engineering. On 21 April 2024, the two parties agreed that the customer would pay ASEC Engineering a sum of EGP 260 million and put their dispute to rest.

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13. Significant events (continued)

- E) Company's ordinary general assembly decided on 30 May 2024 to approve the offer submitted by Qalaa Holding Restructuring Ltd "QHRI" (a company that was established in accordance with the laws of the British Virgin Islands) by the owners of Citadel Capital Partners Ltd. (the "main shareholder" of Qalaa) to purchase the external debt owed by Qalaa to certain banks and Financial institutions participating in the syndicated loan agreement dated 1 February 2012 ("the Syndicated loan") signed between Qalaa Holdings and a group of local and international banks and institutions. This purchase will be at an amount equivalent to 20% of the remaining principal balance of the lenders' share who accepted the purchase offer in the Syndicated loans payable in USD in an international bank account selected by the accepting lenders. The opportunity to participate in the debt purchase was offered to all Qalaa shareholders via the funding of QHRI against a debt note issued by the latter. The Purchased Senior Debt was concluded effective 30 June 2024 and the participating Qalaa shareholders will henceforth be the beneficial holders of the Purchased Senior Debt. The debt will then be extinguished by Qalaa in the form of a capital increase providing the participating shareholders repayment in the form of shares in Qalaa or cash or a combination thereof. Such agreement serves to reduce Qalaa's debt levels and financing costs.
- F) On 31 March 2024, Qalaa Holdings announced the closing of an agreement with Financial Holdings International Ltd (FHI), a shareholder in several affiliates of Qalaa, and a creditor to Qalaa and some of its affiliates.

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

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

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

This settlement serves to reduce the Group's debt levels and financing costs.

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

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

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13. Significant events (continued)

- G)** Qalaa Holdings has signed a debt settlement agreement with Banque Misr, Banque du Caire, Arab African International Bank, and Al Ahli Bank of Kuwait. Additionally, a restructuring agreement has been signed with Arab International Bank. Refer to note 6a for more details.

14. Subsequent events

- A)** As of December 20, 2024, ERC has successfully finalized its Senior and Subordinated debt Restructuring. As part of the agreement, ERC paid a total of USD 33.3 million in fees and default interest related to the debt restructuring process. In addition, as part of its scheduled debt repayment, ERC made a payment of USD 233.6 million to senior lenders, consisting of USD 197 million in principal repayment and USD 36.6 million in interest and fees. Furthermore, a total of USD 48.1 million were paid to subordinated lenders as per the restructuring agreement.

Following the completion of this restructuring and the above-mentioned repayment, the net senior debt stands at USD 363 million, down from an initial amount of USD 2.35 billion, which is expected to be fully repaid by December 2025. The subordinated debt currently stands at USD 751 million, with an expected repayment completion by 2030.