



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

LIMITED REVIEW REPORT AND INTERIM
CONDENSED SEPARATE FINANCIAL
STATEMENTS FOR THE NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 2024

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Limited review report

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**PricewaterhouseCoopers Ezzeldeen,
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Public Accountants**

**B.T. Mohamed Hilal & Wahid Abdel
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Limited review report on the interim condensed separate financial statements

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

Introduction

We have conducted a limited review for the accompanying interim condensed separate statement of financial position of Qalaa for Financial Investments (S.A.E.) (the "Company") as of 30 September 2024 and the related interim condensed separate 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 separate financial statements in accordance with the Egyptian Accounting Standard 30 "Interim financial reporting", and our responsibility is to express a conclusion on these interim condensed separate financial statements based on our limited review.

Scope of the limited review

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

Conclusion


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

Emphasis of matter

Without qualifying our conclusion, and as described in note (8) to the interim condensed separate financial statements for going concern, the Company had accumulated losses of EGP 16.9 billion as of 30 September 2024 and its current liabilities exceeded its current assets by EGP 9.8 billion as at that date. These events and conditions along with other matters disclosed in note (8) to the interim condensed separate financial statements, indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The interim condensed separate financial statements do not include the adjustments that would be necessary if the Company is unable to continue as a going concern.


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PricewaterhouseCoopers Ezzeldeen, Diab & Co.
Public Accountants

11 February 2025
Cairo


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



QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024



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


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

	Note	30 September 2024	31 December 2023
Non-current assets			
Fixed assets	3(b)	3,796	5,285
Investments in subsidiaries and joint ventures	3(a)	6,571,951	5,568,564
Financial assets at fair value through other comprehensive income	2(e)	21,361	7,069
Payments under investments		2,621,934	2,609,459
Loans to subsidiaries	2(a)	119,282	175,993
Total non-current assets		9,338,324	8,366,370
Current assets			
Loans to subsidiaries	2(a)	-	1,288,883
Other debit balances		150,045	10,009
Due from related parties	5(a)	7,641,195	4,044,089
Cash and bank balances	2(b)	5,007	159,431
Total current assets		7,796,247	5,502,412
Total assets		17,134,571	13,868,782
Equity			
Paid up capital		9,100,000	9,100,000
Reserves		100,518	85,957
Accumulated losses		(16,960,982)	(12,098,379)
Shareholder's contribution		(639,457)	(639,457)
Total (Net) Equity		(8,399,921)	(3,551,879)
Non-current liabilities			
Deferred tax liabilities		3,792	183
Loans	2(c)	7,915,255	-
Total Non-current liabilities		7,919,047	183
Current liabilities			
Provisions		306,894	344,197
Other credit balances	2(d)	1,809,601	1,220,102
Due to related parties	5(b)	2,856,412	2,516,607
Loans	2(c)	12,642,538	13,339,572
Total current liabilities		17,615,445	17,420,478
Total equity and liabilities		17,134,571	13,868,782

- The accompanying notes on pages 7 to 29 form an integral part of these interim condensed separate financial statements.
- Limited review report attached


Tarek El Gammal
Chief Financial Officer


Hisham El Khazindar
Managing Director


Ahmed Mohamed Hassanien Heikal
Chairman

11 February 2025

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024



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

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

	Note	Nine months ended 30 September		Three months ended 30 September	
		2024	2023	2024	2023
Advisory revenue	4(a)	137,452	114,637	52,712	33,569
General and administrative expenses		(467,648)	(217,571)	(126,164)	(77,298)
Provisions formed	4(b)	(129,351)	(930,199)	-	(117,117)
Impairment no longer required	2(a)	310,864	-	310,864	-
Other operating income	4(b)	326,015	131,205	325,370	131,205
Operating profit/(loss)		177,332	(901,928)	562,782	(29,641)
Finance Income	4(c)	586,700	436,562	45,674	146,965
Finance Cost	4(c)	(1,188,533)	(927,436)	(459,580)	(226,888)
(Loss)/Profit before income tax		(424,501)	(1,392,802)	148,876	(109,564)
Income tax	4(d)	618	762	112	251
Net (loss)/profit for the period		(423,883)	(1,392,040)	148,988	(109,313)
(Loss)/earning Per share					
Basic and Diluted (loss)/earning per share (EGP/Share)	6	(0.233)	(0.765)	0.082	(0.060)

- The accompanying notes on pages 7 to 29 form an integral part of these interim condensed separate financial statements.

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024



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

Interim condensed separate 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 (loss)/earning for the period	(423,883)	(1,392,040)	148,988	(109,313)
Change in Financial assets at fair value through other comprehensive income	18,788	-	14,084	-
Unrealized Forex gains/(Losses) from Financial assets at fair value	8,202	-	(1,110)	-
Forex Losses through other comprehensive income	-	(1,190,755)	-	3,636
Deferred income tax relating to these items	(4,227)	-	(3,169)	-
Total comprehensive (loss)/gain for the period	(401,120)	(2,582,795)	158,793	(105,677)

- The accompanying notes on pages 7 to 29 form an integral part of these interim condensed separate financial statements.

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024



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

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

	Paid up capital	Reserves	Accumulated losses	Shareholder's contribution	Net Equity
Balance at 1 January 2023	9,100,000	88,543	(8,341,797)	-	846,746
Total comprehensive loss for the period	-	-	(2,582,795)	-	(2,582,795)
Balance at 30 September 2023	9,100,000	88,543	(10,924,592)	-	(1,736,049)
Balance at 1 January 2024 Before EAS 13	9,100,000	85,957	(12,098,379)	(639,457)	(3,551,879)
The effect of application of EAS 13 "Revised" (Note 9)	-	-	(4,446,922)	-	(4,446,922)
Balance at 1 January 2024 after EAS 13	9,100,000	85,957	(16,545,301)	(639,457)	(7,998,801)
Total comprehensive loss for the period	-	14,561	(415,681)	-	(401,120)
Balance at 30 September 2024	9,100,000	100,518	(16,960,982)	(639,457)	(8,399,921)

- The accompanying notes on pages 7 to 29 form an integral part of these interim condensed separate financial statements.

QALAA FOR FINANCIAL INVESTMENTS (S.A.E.)
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024



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

Interim condensed separate statement of Cash Flow
For the nine months period ended 30 September 2024

	Note	30 September 2024	30 September 2023
<u>Cash flows from operating activities</u>			
Loss for the period before tax		(424,501)	(1,392,802)
Adjusted to:			
Depreciation expense	3(b)	1,489	6,832
Other expense		12,698	-
Other Income		(325,370)	(131,205)
Provision formed	4(b)	129,351	930,199
Unrealized foreign currency exchange differences		389,426	-
Interest income	4(c)	(236,151)	(436,562)
Interest expense	4(c)	1,188,533	927,436
Operating gain/loss before changes in working capital		735,475	(96,102)
Changes in working capital:			
Other Receivables		(147,625)	(3,419)
Due from related parties		(137,452)	(61,745)
Due to related parties		-	(24,712)
Other Payables		(224,029)	(1,957)
Provision used		(6,410)	-
Net cash flows generated from/(used in) operating activities		219,959	(187,935)
<u>Cash flows from investing activities</u>			
Payment for investments		(37,425)	-
Net cash flows used in investing activities		(37,425)	-
<u>Cash flows from financing activities</u>			
Due from related parties		(184,817)	(451,608)
Due to related parties		(380,141)	174,569
Proceeds from Loans		230,197	479,000
Net cash flows (used in)/generated from financing activities		(334,761)	201,961
Change in cash and cash equivalents		(152,227)	14,026
Cash and cash equivalents at beginning of the period	2(b)	159,431	8,184
Cash revaluation		(2,197)	-
Cash and cash equivalents at end of the period	2(b)	5,007	22,210

Non-Cash transaction:

*Qalaa Holdings has recorded a financial guarantee at fair value amounting to USD 37.5 million for a wholly owned subsidiary that will settle the Arab International bank outstanding loan.

- The accompanying notes on pages 7 to 29 form an integral part of these interim condensed financial statements.

Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2024

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

1. Introduction

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

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

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

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

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

These interim condensed separate financial statements has been authorised by the company's Board of Directors on 11 February 2025, and the Shareholders' General Assembly has the right to modify the interim condensed separate financial statements after being issued.

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

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



Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2024

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

2. Financial assets and financial liabilities

2(a) Loans to subsidiaries

Loans to subsidiaries are represented in the follows:

	30 September 2024	31 December 2023
Current		
National Development and Trading Company	-	4,546,346
	-	4,546,346
Less: Expected credit loss*	-	(3,257,463)
	-	1,288,883
Non-current		
United Foundries Company	5,947	-
National Development and Trading Company	113,335	367,824
Less: Accumulated impairment loss*	-	(191,831)
	119,282	175,993
	119,282	1,464,876

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

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

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

***In July 2024, National Development and Trading Company processed an early payment to Qalaa Holdings equivalent to EGP 230 million in addition of settling an amount of EGP 129.7 million, that was previously recorded in due to related parties (National Development and Trading Company) by deducting it's value from the loans to subsidiaries. According to the agreement between both parties bringing the total settled amount to EGP 360 million. The company recognized impairment no longer required based on early settlement and payment as shown below in the movement of expected credit loss of the loans.

* The movement in expected credit loss of the loans due from subsidiaries:

	30 September 2024	31 December 2023
Balance at 1 January	3,449,294	2,089,808
Formed during the period	129,351	1,050,903
Impairment no longer required ***	(310,864)	-
Foreign currency exchange loss differences	1,128,137	308,583
Adjustments **	(4,395,918)	-
	-	3,449,294

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



Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2024

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

2. Financial assets and financial liabilities (continued)

2(b) Cash and bank balances

	30 September 2024	31 December 2023
Bank Current accounts – EGP	3,765	151,920
Cash on hand	366	6,961
Bank Current accounts – foreign currencies	876	550
	5,007	159,431

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

2(c) Loans

On 1 February 2012 the Company has signed a long-term loan contract with an amount of US \$325 million with Citi Bank Company - syndication manager along with other Company of banks (represented in Arab African International Bank S.A.E, Arab International Bank, Banque du Caire, Misr Bank S.A.E and Piraeus Bank)

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

The loan amount was divided into three classes:

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

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

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

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

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2024**

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

2. Financial assets and financial liabilities (continued)

2(c) Loans (continued)

During the nine months, Qalaa entered into a group of agreements with the participant's banks to settle the above debt as follows:

1. Purchased loan (QHRI):

The 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 was 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.

As of 30 September 2024, an amount of EGP 11.6 billion has been reclassified from bank loans to loan from Qalaa Holding Restructuring Ltd.

2. Arab International Bank:

Qalaa Holdings and its subsidiaries and related companies entered into a debt restructuring agreement with Arab International Bank effective in the third quarter of the 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. 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.

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

According to the agreement, a wholly owned subsidiary took over Qalaa Holdings in its debt and will settle its outstanding loan of USD 44 million, on its behalf. Consequently, the loan amount has been transferred to the subsidiary. The agreement also stipulates that Qalaa Holdings guarantees to cover any shortfall in the repayment installments.

Therefore, the company recorded a financial guarantee at fair value through the profit and loss statements for the subsidiary amounting to USD 37.5 million, the difference between the transferred debt and the financial guarantee was recorded as other operating income.

Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2024

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

2. Financial assets and financial liabilities (continued)

2(c) Loans (continued)

3. Egyptian Banks :

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").

The settlement includes the following:

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 Tibeena 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, and the balance of the loan was not reduced by the value of the shares due to the following reasons:

1. Qalaa 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. Qalaa 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.
2. The agreement imposes restrictions on the local banks on selling the transferred shares for five years till the call option period elapses.
3. Qalaa will maintain voting rights for the transferred shares in TAQA Arabia S.A.E. until the end of the call option period.

As per the agreement, Qalaa transferred the 239,120,667 shares in 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 Tibeena Area:

Qalaa transferred a registered 60,127 sq.m. land plot overlooking the Nile in the Tibeena area in September 2024 owned by a wholly owned subsidiary, 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 company did not record the partial settlement of the loan from selling the Tibeena land as the group has the right to replace the land with another asset within 6 months after the condition precedent is met.

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2024**

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

2. Financial assets and financial liabilities (continued)

2(c) Loans (continued)

3. Egyptian Banks : (continued)

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:

Qalaa 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 all conditions of the agreement are fulfilled, the bank will calculate interest on the total amount at the previous interest rate in a separate account. The remaining debt and calculated interest will be released once all terms of the agreement are fully met.

Given these circumstances, the debt to the Egyptian banks has not been derecognized, as the conditions of the agreement have not yet been completely satisfied.

The total loans balance as of 30 September 2024 as follows:

	30 September 2024	31 December 2023
Current		
Egyptian Bank	1,015,525	-
QHRI Balance	11,627,013	-
Balance	12,642,538	-
Non-Current		
Egyptian Bank	7,335,720	-
Sunrise service Egypt (LLC)*	579,535	-
Balance	7,915,255	-

* 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.

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



Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2024

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

2. Financial assets and financial liabilities (continued)

2(d) Other credit balances

	30 September 2024	31 December 2023
Tax authority	222,288	218,497
Accrued expenses	618,340	412,544
Former shareholder credit balances*	454,468	292,310
Trade and notes payable	510,976	293,587
Dividends payable	2,894	2,894
Social insurance authority	635	270
Total other payables balances	1,809,601	1,220,102

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

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

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

2(e) Maturities of financial liabilities

The table below shows the financial assets and liabilities at fair value in the separate financial statements at 30 September 2024 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

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

Recurring fair value measurements at 30 September 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income	-	21,361	-	21,361
Total financial assets	-	21,361	-	21,361

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2024**

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

2. Financial assets and financial liabilities (continued)

2(e) Maturities of financial liabilities (continued)

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

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

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

3. Non-financial assets and liabilities

3(a) Investments in subsidiaries and joint ventures

Company Name	Country of operation	Equity Interest 2024	Equity Interest 2023	30 September 2024	31 December 2023
Investment in subsidiaries					
Citadel Capital for International Investments Ltd.	Egypt	100%	100%	3,809,016	3,809,016
Citadel Capital Holding for Financial Consultancy-Free Zone	Egypt	99.99%	99.99%	1,350,003	1,350,002
National Development and Trading Company ***	Egypt	47.65%	47.65%	1,248,677	668,171
ASEC Company for Mining (ASCOM)	Egypt	59.46%	54.05%	337,622	337,622
United Foundries Company ***	Egypt	29.29%	29.29%	456,629	103,699
ASEC Cement Company **	Egypt	1.80%	1.80%	41,913	41,913
ASEC Trading Company	Egypt	99.85%	99.85%	49,999	4,999
International Company for Mining Consultation	Egypt	99.99%	99.99%	62	62
Total Investment in subsidiaries				7,293,921	6,315,484
Accumulated Impairment Loss ****				(771,870)	(771,870)
Net Investment in subsidiaries				6,522,051	5,543,614
Investment in Joint Ventures:					
Wathba for Petroleum services*	Egypt	49.90%	49.90%	49,900	24,950
Total Investment in Joint Ventures				49,900	24,950
Total Investment in Subsidiaries and Joint Ventures				6,571,951	5,568,564

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3. Non-financial assets and liabilities (continued)

3(a) Investments in subsidiaries and joint ventures (continued)

*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 where Qalaa's share is 49.9% with a total of EGP 49.9 million, as of September 2024, Qalaa has paid its portion of the issued and paid up capital amounting to EGP 49.9 million. Additionally Qalaa has paid amount of EGP12.5 million as payment under capital increase during the period ended 30 September 2024.

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

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

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

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

In July 2024, National Development and Trading Company processed an early payment to Qalaa Holdings equivalent to EGP 230 million in addition of settling an amount of EGP 129.7 million, that was previously recorded in due to related parties (National Development and Trading Company) by deducting its value from the loans to subsidiaries. According to the agreement between both parties bringing the total settled amount to EGP 360 million. The company recognized impairment no longer required based on early payment and settlement.

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

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

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

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3. Non-financial assets and liabilities (continued)

3(b) Fixed assets

	Buildings	Computers	Furniture, fixture & office equipment	Vehicles	Software	Total
31 December 2023						
Cost	33,742	8,862	23,037	540	24,856	91,037
Accumulated depreciation	(28,681)	(8,862)	(23,037)	(540)	(24,632)	(85,752)
Net carrying value	5,061	-	-	-	224	5,285
Period ended 30 September 2024						
Net book value at the beginning of the period	5,061	-	-	-	224	5,285
Depreciation expense	(1,266)	-	-	-	(223)	(1,489)
Net book value	3,795	-	-	-	1	3,796
30 September 2024						
Cost	33,742	8,862	23,037	540	24,856	91,037
Accumulated depreciation	(29,947)	(8,862)	(23,037)	(540)	(24,855)	(87,241)
Net carrying value	3,795	-	-	-	1	3,796

4. Profit and loss information

4(a) Advisory Revenue

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

	Nine months ended 30 September		Three months ended 30 September	
	2024	2023	2024	2023
Falcon Agriculture Investments Ltd	80,301	58,499	30,792	19,565
Citadel Capital Transportation Opportunities II Ltd	34,817	25,364	13,351	8,484
ASEC for Cement	22,334	15,964	8,569	5,520
Silverstone Capital Investment Ltd	-	14,810	-	-
	137,452	114,637	52,712	33,569

4(b) Significant items

	Nine months ended 30 September		Three months ended 30 September	
	2024	2023	2024	2023
Expenses				
Provisions Formed	129,351	930,199	-	117,117
Salaries, wages and other employees benefits	243,198	158,944	84,978	54,090
	372,549	1,089,143	84,978	171,207
Income				
Other operating income*	326,015	131,205	325,370	131,205
	326,015	131,205	325,370	131,205

*Refer to the Arab International Bank under the loan disclosure (2 C)

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4. Profit and loss information (continued)

4(c) Finance costs - net

	Nine months ended 30 September		Three months ended 30 September	
	2024	Restated 2023	2024	2023
Credit interest**	240,663	436,562	45,674	146,965
Net foreign exchange gain	346,037	-	-	-
Total Finance Income	586,700	436,562	45,674	146,965
Interest expense	(941,221)	(927,436)	(314,972)	(226,888)
Other interest expense *	(247,312)	-	-	-
Net foreign exchange Loss	-	-	(144,608)	-
Total Finance Cost	(1,188,533)	(927,436)	(459,580)	(226,888)
Total	(601,833)	(490,874)	(413,906)	(79,923)

*Other interest expense represents the interest calculated on the total debt amount at the previous interest rate under the original loan agreement. Refer to note (2 C).

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

	Nine months ended 30 September		Three months ended 30 September	
	2024	2023	2024	2023
National Development and Trading Company	152,299	347,077	12,800	117,485
Citadel Capital Holding for Financial Investments- Free Zone	82,933	55,912	32,370	20,015
National Multimodal Transportation	-	31,638	-	8,367
Other	4,512	1,688	85	1,015
United Foundries Company	919	247	419	83
	240,663	436,562	45,674	146,965

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

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

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

In July 2024, National Development and Trading Company processed an early payment to Qalaa Holdings equivalent to EGP 230 million in addition of settling an amount of EGP 129.7 million, that was previously recorded in due to related parties (National Development and Trading Company) by deducting it's value from the loans to subsidiaries. According to the agreement between both parties, bringing the total amount settled to EGP 360 million.

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4. Profit and loss information (continued)

4(d) Income tax

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

5. Related party transactions

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

5 (a) Due from related parties

Company name	Nature of relationship	Nature and volume of transaction			30 September 2024	31 December 2023
		Advisory fee	Finance	Forex		
Mena Home furnishings Mall	Subsidiary	-	-	91,657	254,415	162,758
Falcon Agriculture Investments Ltd.	Subsidiary	80,301	-	523,486	1,512,800	909,013
Golden Crescent Investments Ltd.	Subsidiary	-	-	66,379	184,244	117,865
Citadel Capital Transportation Opportunities Ltd.	Subsidiary	-	-	9,826	11,696	1,870
Logria Holding Ltd.	Investee	-	-	95,781	265,813	170,032
Mena Glass Ltd.	Investee	-	-	59,792	165,940	106,148
Sabina for Integrated Solutions	Subsidiary	-	-	19,142	53,124	33,982
Citadel Capital Financing Corp.	Subsidiary	-	-	114,249	317,053	202,804
Citadel Capital Transportation Opportunities II Ltd.	Subsidiary	34,817	-	263,891	715,024	416,316
Citadel Capital Holding for Financial Investments-Free Zone	Subsidiary	-	91,264	2,460,356	6,228,974	3,677,354
ASEC Company for Mining (ASCOM)	Subsidiary	-	4,765	(1,065)	16,637	12,937
United Foundries Company	Subsidiary	-	(42,392)	197,096	503,374	348,670
Citadel Capital for International Investments Ltd.	Subsidiary	-	369,185	686,218	1,744,304	688,901
Africa Raliways Limited	Subsidiary	-	-	31,400	87,172	55,772
Mena Joint Investment Fund management S.A	Subsidiary	-	-	40,758	113,115	72,357
Citadel Capital Joint Investment and Management limited Fund	Subsidiary	-	-	9,348	25,941	16,593
Africa JIF Holdco I fund	Subsidiary	-	-	12,360	34,302	21,942
Crondall Holdings Ltd.	Subsidiary	-	-	30,752	85,336	54,584
International Company for Mining Consultation	Subsidiary	-	-	-	140	140
Grandview Investment Corp	Subsidiary	-	6,462	19,679	51,597	25,456
ASEC Cement Company	Subsidiary	22,334	(4,677)	6,675	24,332	-
ASEC Trading	Subsidiary	-	86,986	(68,262)	18,724	-
Total					12,414,057	7,095,494
Accumulated impairment loss *					(4,772,862)	(3,051,405)
Net					7,641,195	4,044,089

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5. Related party transactions (continued)

5 (a) Due from related parties (continued)

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

	Balance as at 1 January 2024	Foreign exchange differences	Balance as at 30 September 2024
Logria Holding Ltd.	170,032	95,781	265,813
Citadel Capital Financing Corp.	202,804	114,249	317,053
Golden Crescent Investments Ltd.	117,865	66,379	184,244
Sabina for Integrated Solutions	33,982	19,142	53,124
Citadel Capital Transportation Opportunities Ltd.	1,870	9,826	11,696
Mena Glass Ltd.	106,148	59,792	165,940
Africa Raliways Limited	55,772	31,400	87,172
Crondall Holdings Ltd.	54,584	30,752	85,336
Citadel Capital Holding for Financial Investments-Free Zone	1,582,298	902,169	2,484,467
Citadel Capital for International Investments Ltd.	563,292	300,310	863,602
Mena Home furnishings Mall	162,758	91,657	254,415
Balance	3,051,405	1,721,457	4,772,862

5(b) Due to related parties

	Nature of relationship	Nature and volume of transaction			30 September 2024	31 December 2023
		Advisor y fee	Finance	Forex		
National Development and Trading Company	Subsidiary	-	(1,306,145)	33,626	-	1,272,519
ASEC Cement Company	Subsidiary	-	(1,185)	(4,645)	-	5,830
Asec Trading Company	Subsidiary	-	(171,867)	-	-	171,867
Citadel Capital for International Investments Ltd.	Subsidiary	-	(574,268)	164,618	505,743	915,393
National Company for Refining Consultation*	Subsidiary	-	1,923,338	(8,337)	1,915,001	-
Ahmed Heikal	Chairman	-	-	87	930	843
FHI**	Shareholder in subsidiaries	-	284,583	-	434,738	150,155
Total					2,856,412	2,516,607

* National Company for Refining Consultation's balance represents the financial guarantee at fair value recorded by Qalaa holding against the Arab International bank loan settlement.

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

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5. Related party transactions (continued)

5(b) Due to related parties (continued)

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

In exchange, Qalaa transferred its indirectly owned shares (27.21%) in National Printing Company S.A.E. (a subsidiary of Grandview) to FHI, with Qalaa retaining a call option to purchase back this stake within two years. Additionally, Qalaa agreed to pay FHI approximately \$13.2 million of which \$4.2 million has already been paid. The remaining \$9 million due on September 30, 2024, but has not yet been settled.

5(c) Key Management Compensation

Key management personnel received total benefits during the period with an amount of EGP 28.3 million in 30 September 2024 represented in salaries and other benefits (30 September 2023: EGP 19.08 million)

5 (d) Terms and conditions

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

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

Outstanding balances are secured and are repayable in cash.

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

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

5(F) Loans to related parties

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

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5. Related party transactions (continued)

5(F) Loans to related parties (continued)

In July 2024, National Development and Trading Company processed an early payment to Qalaa Holdings equivalent to EGP 230 million in addition of settling an amount of EGP 129.7 million, that was previously recorded in due to related parties (National Development and Trading Company) by deducting it's value from the loans to subsidiaries. According to the agreement between both parties bringing the total settled amount to EGP 360 million. The company recognized impairment no longer required based on early settlement and payment as shown in note 2(a).

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

6. (Losses)/Gains per share

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

	Nine months ended 30 September		Three months ended 30 September	
	2024	2023	2024	2023
Net (loss)/profit for the period	(423,883)	(1,392,040)	148,988	(109,313)
Weighted average number of shares including preferred shares with the same distribution rights as ordinary shares	1,820,000	1,820,000	1,820,000	1,820,000
(Loss)/Earnings per share (EGP)	(0.233)	(0.765)	0.082	(0.060)

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

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

Compliance with EAS

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

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

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

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

Summary of material modifications of the Egyptian Accounting Standards 2024

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

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

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Accounting Standards	Amendment Summary	Application date
	<p>-When estimating the spot exchange rate as required under paragraph (19A), an entity shall use an observed exchange rate as the estimated spot exchange rate when that observed exchange rate meets the conditions provided in paragraph (19A).</p> <p>"Disclosures" Some new disclosures have been added to the spot exchange rate..</p>	
Egyptian Accounting Standard No. (17) "The Separate financial statements"	<p>"Scope of the standard" The scope of the standard has been amended to include "the use of the equity method in accounting for investments in subsidiaries, associates and joint companies."</p> <p>"Measurement" - when an entity prepares separate financial statements, it must account for investments in subsidiaries, in entities under common control, and in sister companies: 1- At cost 2- According to Egyptian Accounting Standard No. (47) Financial Instruments 3- Using the equity method as described in Egyptian Accounting Standard No. (18) Investments in Associated Companies. .</p> <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</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 Standards	Amendment Summary	Application date
	<p>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>	
<p>Egyptian Accounting Standard No. (34) "Investment in properties"</p>	<p>"Scope of the standard" The scope of the standard has been amended to include: "An entity must choose either the fair value model or the cost model as its accounting policy and must apply that policy to all of its investment in properties.</p> <p>"Measurement" - "Fair Value Model" After initial recognition, the entity must measure all its investment in properties at fair value - the gain or loss arising from the change in fair value must be included in the profit or loss for the period in which this change arises or through other comprehensive income for one time in the life of the asset. Or investment - in the event that the book value of investment in properties increases as a result of evaluating it at fair value, and the increase is recorded</p>	<p>The entity must apply these amendments from the beginning of annual reporting periods beginning on or after 1 January 2024.</p>

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

8. Going concern

The Company has made a net loss of approximately EGP 424 million for the period ended 30 September 2024 (30 September 2023: EGP 1.4 billion loss). And the changes in accounting policies (note 9) by amount 4.4 billion. This has further increased the Company's accumulated losses amounted to approximately EGP 16.9 billion as at 30 September 2024 (31 December 2023: EGP 12.09 billion).

As of 30 September 2024, the Company is financed by borrowings and bank facilities amounted to EGP 20.5 billion. The Company had EGP 5 million of cash and cash equivalents.

the Company's current liabilities exceeded its current assets by EGP 9.8 billion (31 December 2023: EGP 11.9 billion).

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

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

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8. Going concern (continued)

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

- If the Company fails to make profits from operations and does not generate sufficient cash flows from the operations. As a result, the Company would not be able to provide services to its customers, pay employees and suppliers.

Assessment of cash flow forecasts produced by management

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

Management has prepared a comprehensive cash flow forecast for the next 5 years of the business which has been subject to Board review and challenge. These cash flows are consistently used for purposes of testing the non-current assets for impairment and details of the assessments and key assumptions, During the period, no impairment losses were recognized against noncurrent assets.

Key areas in determining the Company is a going concern

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

Operational Activity

- The company show continuous operational and EBITDA growth year on year.
- Management continuous to maintain a more relaxed cash flow impact from operating expenses either through deferring payments or cost cutting policies.
- Loans from financial institutions, with a balance of EGP 20 billion outstanding as at 30 September 2024:
A balance of EGP 11.6 billion due to Qalaa Holding Restructuring Ltd "QHRI" (a company that was established in accordance with the laws of the British Virgin Islands) by the owners of Citadel Capital Partners Ltd. (the "main shareholder" of Qalaa) following the approval of QHRI offer by Qalaa Holdings' ordinary general assembly on May 30, 2024 to purchase the external debt owed by Qalaa to certain banks and Financial institutions participating in the syndicated loan agreement dated February 1, 2012 ("the Syndicated loan") signed between Qalaa Holdings and a group of local and international banks and institutions. This purchase was at an amount equivalent to 20% of the remaining principal balance of the lenders' share who accepted the purchase offer in the Syndicated loans paid in USD in an international bank account selected by the accepting lenders (Note 10).

A balance of EGP 8.4 billion due to Egyptian banks , Qalaa Holdings signed a debt settlement agreement with Banque Misr, Bank of Cairo, Arab African International Bank, Kuwait National Bank (Note 10).

Liquidity Position

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

Other initiatives

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

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

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

Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2024

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

9. New Accounting Standards

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

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

A) Lack of Exchangeability assessment

The company assessed that there is no lack of exchangeability for assets denominated in foreign currencies as at 1 January 2024, the date of application of EAS 13 revised. This assessment was made on the premise that assets denominated in foreign currencies may be exchanged at the bank at any point of time without any difficulty.

- The company also assessed that there is no lack of exchangeability for liabilities denominated in foreign currencies, to the extent that foreign currency assets may be used to settle these liabilities. However, liabilities denominated in foreign currencies in excess of own assets denominated in foreign currencies, as at 1 January 2024, will not be sourced within the banking system, in a reasonable period of time. Therefore, it was assessed that lack of exchangeability exists for these balances, amounting to US\$ 195 million, EURO 25 million and GBP 243 k.
- To make an estimate of a reasonable exchange rate to use because of the lack of exchangeability of the Egyptian Pound against the US Dollar, the company determined that the first rate that was available to the Group (US\$1=EGP49.5003) to source foreign currency subsequent to the application date of the revised standard will best represent a spot rate to use to translate the foreign currency liabilities that face lack of exchangeability at 1 January 2024.

B) Currency Position

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

	Balance as of 31 December 2023 USD	Balance as of 31 December 2023 EUR	Balance as of 31 December 2023 GBP
Assets			
Cash and cash equivalents	239	1.6	-
Account receivables	181	-	-
Due from related parties	265,727	-	9.3
Total	266,147	1.6	9.3
Liabilities			
Loans	(431,843)	-	-
Due to related parties	(29,877)	(495)	(252)
Trade payables	-	(24,318)	-
Total	(461,720)	(24,813)	(252)

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

9. New Accounting Standards (continued)

C) Monetary effect of applying EAS 13 Revised

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

Description	Foreign currency	30 September 2023		
		Balance in foreign currency	Difference of using the estimated exchange rate profit / (loss)	Restated
			EGP	EGP
Non-exchangeable liabilities	USD	(195,573)	(3,951,038)	(3,951,038)
	EUR	(24,811)	(490,130)	(490,130)
	GBP	(243)	(5,754)	(5,754)
Net			(4,446,922)	(4,446,922)

10. Significant Events

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

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

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

C) The conflict in Gaza, which erupted on 7 October 2023, had a significant impact on the Egyptian economy as well as consumer trends. The management 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 company 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 management has taken steps to ensure the company is not affected in the short term, but due to the uncertainty and liquidity of the situation, the total impact in the medium and long term is undetermined.

D) 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.

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

10. Significant Events (continued)

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

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

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

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

- E) Qalaa shareholders purchased the external debt owed by Qalaa to certain banks and Financial institutions participating in the syndicated loan agreement dated February 1, 2012 ("the Syndicated loan"). The Purchased Senior Debt was concluded effective 30 June 2024. 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. Refer to note 2C for more details.
- F) 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 2C for more details.

11. Subsequent events

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