



**TAQA ARABIA COMPANY (S.A.E.)
AND ITS SUBSIDIARIES**

**LIMITED REVIEW REPORT
AND INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE SIX-MONTH
PERIOD ENDED 30 JUNE 2023**

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Limited review report on the interim consolidated financial statements

To the Board of Directors of TAQA Arabia Company (S.A.E.)

Introduction

We have conducted a limited review for the accompanying interim consolidated statement of financial position of TAQA Arabia Company "S.A.E" (the "Company") and its subsidiaries (together the "Group") as of 30 June 2023 and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with the Egyptian Accounting Standards, and our responsibility is limited to expressing a conclusion on these interim 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 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 consolidated financial statements.

Conclusion

In light of our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the financial position of the Company and its subsidiaries as of 30 June 2023, and their financial performance, and their cash flows for the six-month period then ended in accordance with Egyptian Accounting Standards.


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

10 August 2023
Cairo



Interim consolidated statement of financial position – As of 30 June 2023

(All amounts in EGP)	Note	30 June 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	6	3,679,396,803	3,181,171,388
Projects under construction	7	1,055,018,559	704,015,117
Right of use assets	11	672,707,539	663,901,237
Intangible assets	8	231,331,815	194,545,519
Deferred tax assets	25	126,278,298	85,741,808
Goodwill	9	393,100,684	393,100,684
Other investments		834,000	834,000
Financial assets at fair value through other comprehensive income	14	51,261,460	51,261,460
Due from related parties	15	39,200,000	39,200,000
Trade receivables and other debit balances	13	324,166,798	308,819,973
		6,573,295,956	5,622,591,186
Current assets			
Inventories	12	1,215,901,258	837,323,789
Trade receivables and other debit balances	13	2,586,645,374	2,263,054,086
Due from related parties	15	43,156,964	33,302,020
Investment in treasury bills		3,689,968	-
Cash on hand and at bank and highly liquid investment	16	6,879,442,207	5,941,520,176
		10,728,835,771	9,075,200,071
Total assets		17,302,131,727	14,697,791,257
Equity			
Paid up capital	21	676,176,900	676,176,900
Share premium		6,501,700	6,501,700
Reserves	22	389,539,644	282,436,366
Retained earnings		1,021,448,011	1,048,352,104
Total equity attributable to owners of TAQA Arabia company		2,093,666,255	2,013,467,070
Non-controlling interests		423,909,595	384,006,246
Total equity		2,517,575,850	2,397,473,316
Non-current liabilities			
Loans	18	2,793,303,764	2,430,897,468
Lease liabilities	24	722,421,883	691,640,105
Deferred tax liabilities	25	185,347,125	159,191,792
Long term liabilities	23	370,719,832	328,752,388
		4,071,792,604	3,610,481,753
Current liabilities			
Trade payables and other credit balances	19	4,169,931,301	3,407,872,666
Due to related parties	15	121,196,095	75,672,392
Bank facilities	17	5,619,991,984	4,489,812,254
Loans	18	393,156,674	298,268,594
Lease liabilities	24	45,334,239	42,381,066
Provisions	20	363,152,980	375,829,216
		10,712,763,273	8,689,836,188
Total equity and liabilities		17,302,131,727	14,697,791,257

- The accompanying notes on pages 7 - 93 form an integral part of these interim consolidated financial statements.
- Limited review report attached.


Deputy Chief
Financial Officer
Mr. Ahmed El-Rouby


Chief Financial Officer
Mr. Peter Mofeed


Managing Director
Mrs. Pakinam Kafafi

9 August 2023

Interim consolidated statement of profit or loss for the six-month period ended 30 June 2023

(All amounts in EGP)

	Note	Six-month ended 30 June		Three-month ended 30 June	
		2023	2022	2023	2022
Revenues	28	6,159,603,740	4,787,282,422	3,221,306,428	2,478,586,980
Cost of revenues	29	(5,490,213,043)	(4,260,312,106)	(2,892,052,819)	(2,192,939,600)
Gross profit		669,390,697	526,970,316	329,253,609	285,647,380
Administrative expenses	30	(232,139,694)	(140,710,943)	(119,560,726)	(69,134,346)
Other expenses	31	(55,447,700)	(72,010,298)	23,433,678	(2,642,526)
Other income		1,821,304	3,878,585	1,002,765	3,659,371
Operating profit		383,624,607	318,127,660	234,129,326	217,529,879
Finance income		554,405,336	346,471,182	297,080,138	181,539,132
Finance costs		(658,331,735)	(363,076,992)	(364,330,872)	(197,799,116)
Finance cost - net	32	(103,926,399)	(16,605,810)	(67,250,734)	(16,259,984)
Profit for the period before income tax		279,698,208	301,521,850	166,878,592	201,269,895
Income tax	33	(85,774,094)	(74,463,336)	(74,023,164)	(48,945,940)
Net profit for the period		193,924,114	227,058,514	92,855,428	152,323,955
Profit attributable to:					
Owners of the Company		167,271,059	192,356,089	78,890,626	131,305,220
Non-controlling interest		26,653,055	34,702,425	13,964,802	21,018,735
Net profit for the period		193,924,114	227,058,514	92,855,428	152,323,955
Basic earnings per share	34	0.124	0.142	0.059	0.097

- The accompanying notes on pages 7 - 93 form an integral part of these interim consolidated financial statements.

**Interim consolidated statement of comprehensive income
For the six-month period ended 30 June 2023**

(All amounts in EGP)

	Six-month ended 30 June		Three-month ended 30 June	
	2023	2022	2023	2022
Net profit for the period	193,924,114	227,058,514	92,855,428	152,323,955
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	158,120,921	67,196,386	2,742,514	15,835,095
Derivative financial instruments - cash flow hedge	9,480,104	48,494,607	18,247,793	16,127,189
Total other comprehensive income for the period, net of tax	167,601,025	115,690,993	20,990,307	31,962,284
Total comprehensive income for the period	361,525,139	342,749,507	113,845,735	184,286,239
Attributed to:				
Owners of the Company	264,536,596	260,850,617	90,969,432	149,847,439
Non-controlling interests	96,988,543	81,898,890	22,876,303	34,438,800
Total comprehensive income for the period	361,525,139	342,749,507	113,845,735	184,286,239

- The accompanying notes on pages 7 - 93 form an integral part of these interim consolidated financial statements.

Interim consolidated statement of change in equity - For the six-month period ended 30 June 2023

(All amounts in EGP)

	Reserves							Total equity attributable to owners of the parent company	Non-controlling interest	Total equity
	Paid up capital	Share premium	Legal reserve	Translation reserve	Hedging reserve	Other reserve	Retained earnings			
Balance at 31 December 2021	676,176,900	6,501,700	74,146,808	14,274,461	(36,815,539)	50,465,949	773,421,760	1,558,172,039	233,537,481	1,791,709,520
Total comprehensive income for the period	-	-	-	39,397,770	29,096,758	-	192,356,089	260,850,617	81,898,890	342,749,507
Transfer to legal reserve	-	-	10,258,396	-	-	-	(10,258,396)	-	-	-
Dividends for shareholders	-	-	-	-	-	-	(71,222,674)	(71,222,674)	(1,754,035)	(72,976,709)
Board of directors and employees profit share	-	-	-	-	-	-	(77,000,000)	(77,000,000)	(8,338,093)	(85,338,093)
Balance at 30 June 2022	676,176,900	6,501,700	84,405,204	53,672,231	(7,718,781)	50,465,949	807,296,779	1,670,799,982	305,344,243	1,976,144,225
Balance at 1 January 2023	676,176,900	6,501,700	84,405,204	130,928,214	16,636,999	50,465,949	1,048,352,104	2,013,467,070	384,006,246	2,397,473,316
Total comprehensive income for the period	-	-	-	91,577,480	5,688,057	-	167,271,059	264,536,596	96,988,543	361,525,139
Transfer to legal reserve	-	-	9,837,741	-	-	-	(9,837,741)	-	-	-
Board of directors and employees profit share	-	-	-	-	-	-	(184,337,411)	(184,337,411)	(3,493,762)	(187,831,173)
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	22,580,486	22,580,486
Dividends for shareholders	-	-	-	-	-	-	-	-	(76,171,918)	(76,171,918)
Balance at 30 June 2023	676,176,900	6,501,700	94,242,945	222,505,694	22,325,056	50,465,949	1,021,448,011	2,093,666,255	423,909,595	2,517,575,850

- The accompanying notes on pages 7 - 93 form an integral part of these interim consolidated financial statements.

Interim consolidated statement of cash flows - For the six-month period ended 30 June 2023

(All amounts in EGP)	Note	30 June 2023	30 June 2022
Cash flows from operating activities			
Profit for the period before income tax		279,698,208	301,521,850
Adjusted for:			
Depreciation of property, plant and equipment	6	118,766,568	87,149,450
Amortization of intangible assets	8	6,938,188	1,721,558
Amortization - right of use assets	11	27,807,731	21,492,253
Impairment of trade receivables		3,002,632	1,009,795
Provision formed	20	25,217,167	64,145,195
Provision formed – inventory		-	83,163
(Reversal) / Impairment of treasury bills		159,976	(116,613)
Gain on sale of property, plant and equipment		(162,000)	(361,375)
Interest expense - lease liability	24	42,594,228	26,346,473
Operating profit before changes in working capital		504,022,698	502,991,749
Changes in working capital			
Trade receivables and other debit balances		(328,807,515)	(152,939,368)
Inventories		(378,577,469)	(283,878,916)
Related parties		52,695,488	(24,272,392)
Trade payables and other credit balances		740,084,760	252,928,682
Board of directors and employees dividends		(191,167,354)	(71,222,674)
Provision used		(37,893,403)	(47,875,514)
Cash generated from operating activities		360,357,205	175,731,567
Income tax paid		(29,782,471)	(52,336,676)
Net Cash flows generated from operating activities		330,574,734	123,394,891
Cash flows from investing activities			
Payments for additions of property, plant and equipment and projects under construction		(639,915,486)	(385,763,454)
Payments for intangible assets		(310,010)	(300,015)
Proceeds from sale of property and equipment		453,841	521,514
Investments in treasury bills & deposits with maturity over 3 months		(3,689,968)	(2,390,547,530)
Net cash flows used in investing activities		(643,461,623)	(2,776,089,485)
Cash flows from financing activities			
Proceeds from loans		398,211,627	262,138,552
Repayment to loans		(240,732,090)	(101,123,250)
Bank facilities		1,130,179,730	1,009,580,239
Non controlling interest dividends		(54,465,739)	(10,092,128)
Lease liability payments	24	(43,743,284)	(39,635,108)
Shareholders dividends		(22,000,000)	(77,000,000)
Net cash flows generated from financing activities		1,167,450,244	1,043,868,305
Net changes in cash and cash equivalent		854,563,355	(1,608,826,289)
cash and cash equivalent at the beginning of the year		5,559,722,410	4,618,811,178
Effect of changes exchange rate on cash and cash equivalent		83,518,652	31,772,981
cash and cash equivalent at the end of the period	16	6,497,804,417	3,041,757,870

Non-cash transactions

An amount of EGP 44,359,100 has been eliminated from ROU against the same amount from Lease liability as a result of the adoption of EAS 49.

An amount of EGP 22,000,000 has been eliminated from Dividends paid to shareholders against EGP 17,026,0728 from related party and EGP 4,973,272 from Trade payables and other credit balances.

An amount of EGP 21,706,180 has been eliminated from Non-controlling interest dividends paid against the same amount from Trade payables and other credit balances which represent dividend due to non-controlling interest.

An amount of EGP 3,336,181 has been eliminated from Trade payables and other credit balances against the same amount from Board of directors and employees profit share paid during the period.

An amount of EGP 12,232,381 which represents change in fair value of derivative (interest rate swap) has been eliminated from Long term assets against the same amount from Other comprehensive income and Deferred tax liability.

An amount of EGP 262,412 has been eliminated from the Payments for intangible assets against the same amount from Payment for additions of projects under construction.

- The accompanying notes on pages 7 - 93 form an integral part of these interim consolidated financial statements.

**Notes to the interim consolidated financial statements
For the six-month period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

Group Structure

1. General information

TAQA Arabia Company S.A.E "the Company" was established under the provisions of Law No. 159 of 1981 and its executive regulations.

The registered office of the company is G2, El Morshedy St. El Lasilky Area, Maadi Cairo – Egypt. The Group's principal place of business is Egypt.

These interim consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

The group is primarily involved in the following activities:

- Construct, manage, operate, and maintain natural gas transmission and distribution lines.
- Construct, manage, operate, and maintain power plants, electricity transformers and distribution networks.
- Construct, manage, operate, and maintain water desalination stations, refineries, water purification, distribution networks, transmission lines, as well as pumping stations, processing and purification, sewage and industrial drainage grid.
- Distribute electricity, natural gas and water to the company or to third parties, subject to the provision of laws, regulations and decrees applicable licensing condition for the exercise of such activities.
- Providing consulting services in the areas mentioned above.

The Company is a subsidiary of Silverstone capital Ltd which is a subsidiary of Citadel Capital S.A.E. (Qalaa Holdings).

The interim consolidated financial statements have been approved for issuance by the Board of Directors on 9 August 2023. The General Assembly meeting of shareholders has the right to amend the financial statements after its issuance.

**Notes to the interim consolidated financial statements
For the six-month period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

2. Interest in subsidiaries

2.A Material subsidiaries

Below is a list of the material subsidiaries at 30 June 2023 and 31 December 2022:

Name of subsidiary company	Origin country	Percentage of ownership	30 June 2023	31 December 2022
Investment in subsidiaries				
Gas and Energy Company "TAQA Gas" – S.A.E.	Egypt	99.99 %	382,668,179	382,668,179
TAQA for Electricity, Water and Cooling – S.A.E	Egypt	99.99 %	162,197,500	162,197,500
Master Gas Company S.A.E	Egypt	56.7%	56,700,000	56,700,000
TAQA for Marketing Petroleum Products – (TAQA Petroleum) S.A.E	Egypt	99.99 %	51,000,000	51,000,000
TAQA for producing and distributing Electricity at free zones – S.A.E	Egypt	99.99 %	33,762,500	33,762,500
International Company for Gas works (House gas)	Egypt	99.85 %	30,862,526	30,862,526
TAQA for Water Desalination & Treatment	Egypt	99.98%	17,499,995	17,499,995
Pharaonic Gas Company – S.A.E	Egypt	99.99 %	16,455,865	16,455,865
TAQA Gas Services	Egypt	99.2 %	7,326,705	7,326,705
Rosetta for Energy Solutions	Egypt	50.0003%	1,500,000	1,500,000
TAQA Arabia PV for solar energy	Egypt	99.97 %	1,499,750	1,499,750
Arab Company for heaters & heating System	Egypt	50.99 %	1,019,999	1,019,999
TAQA Volt	Egypt	99.99%	999,900	999,900
TAQA for producing and distributing Electricity	Egypt	99.99%	500,000	500,000
TAQA Arabia for solar power	Egypt	0.000004%	10	10
TAQA Arabia BV	Netherlands	100 %	159,299,990	159,299,990
Qatar Group for Gas - LLC *	Qatar	45 %	14,837,327	14,837,327
Arab Company for Gas Services – L.L.C	Libya	49 %	11,038,773	11,038,773
TAQA Arabia International Holding LTD	UAE	100 %	6,942,937	6,942,937
Gas and Energy Group Limited – LLC	B.V. I	100 %	1,231,723	1,231,723
Genco for Mechanical and Electricity Work - LLC	Qatar	100 %	320,880	320,880
Investment in Associates				
Castrol Egypt	Egypt	49%	9,800,000	9,800,000

* TAQA Arabia Company has an effective control over these companies in accordance with the agreement with other shareholders.

**Notes to the interim consolidated financial statements
For the six-month period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

2. Interest in subsidiaries (continued)

2.B Key financial information for significant subsidiaries

30 June 2023	Total assets	Total equity	Total revenue	Net profit/(loss)
Gas and Energy Company "TAQA Gas"	4,485,560,013	220,345,491	1,024,455,461	73,049,121
Master Gas Company	1,718,893,733	210,351,450	389,080,039	8,519,923
TAQA for Marketing Petroleum Products (TAQA Petroleum)	2,459,676,474	216,988,084	3,428,351,722	35,170,050
International Company for Gas works (House gas)	314,608,998	44,333,327	135,354,630	15,113,394
TAQA Arabia for solar power	2,132,187,765	621,210,353	155,310,076	12,224,811
31 December 2022	Total assets	Total equity	Total revenue	Net profit/(loss)
Gas and Energy Company "TAQA Gas"	2,565,438,715	237,542,888	1,631,777,676	219,287,565
Master Gas Company	1,527,746,399	224,428,225	556,369,034	73,798,843
TAQA for Marketing Petroleum Products (TAQA Petroleum)	1,518,042,929	219,511,757	6,031,788,475	99,147,513
International Company for Gas works (House gas)	298,187,454	69,021,827	328,035,369	41,896,726
TAQA Arabia for solar power	1,790,384,709	483,273,744	218,170,366	27,738,216

3. Significant accounting policies

The following is a summary of the most important accounting policies used in the preparation of the consolidated financial statements, which are consistently applied to all financial years presented, unless otherwise stated.

3.1 Basis for preparing consolidated financial statements

A- Compliance with Egyptian accounting standards

The consolidated financial statements of TAQA Arabia Company "S.A.E." and its subsidiaries (the "Group") have been prepared in accordance with Egyptian Accounting Standards (EAS No. 1 "Presentation of Financial Statements"), Egyptian Accounting Standards Interpretations (EAI), and relevant laws. The Consolidated financial statements comply with the Egyptian Accounting Standards and their amendments as issued by the Minister of Investment and International Cooperation on 18 March 2019.

B- Historical cost convention

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

- Certain financial assets that are measured at fair value.
- Derivatives instruments, which are measured at fair value.

**Notes to the interim consolidated financial statements
For the six-month period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

3. Significant accounting policies (continued)
3.1 Basis for preparing consolidated financial statements (continued)

- Goodwill.
- Right of use asset
- Lease liabilities

C- New releases and amendments to the EAS

The Minister of Investment issued Decision No. 883 of 2023 on 6 March 2023, amending some provisions of Egyptian accounting standards, which include some new accounting standards and amendments to some existing standards. These amendments to the accounting standards were published in the Official Newspaper on 6 March 2023. The group has evaluated the effect of applying these amendments, and there is no material impact from these new issuances and amendments on the group and its activities during the financial period ending on 30 June 2023. The most important amendments are summarized as follows, which are implemented for the financial periods beginning on or after January 1, 2023:

Standard name	Modification summary	Application date
Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation"	<p>"Scope of the standard" The scope of the standard has been amended to include "bearer plants".</p> <p>"Measuring" - An option to apply the revaluation model for fixed assets has been added.</p> <p>- The fair value is determined by an estimate made by experts specialized in evaluation and valuation among those registered in a register designated for that in the Financial Regulatory Authority.</p> <p>- Paragraph 20 / A has been added, according to which the entity must record the proceeds from the sale of any output produced during the delivery of the fixed asset to the condition necessary for it to be operable in the manner intended by the management within the profits or losses.</p> <p>"Disclosures" Some new disclosures have been added to the re-evaluation model.</p>	<p>The entity applies the amendments to add the option to use the re-evaluation model on the financial periods beginning on or after January 1, 2023.</p> <p>This is retrospective with recognition of the cumulative effect of applying the revaluation model initially by adding it to the revaluation surplus account within equity at the beginning of the financial period in which the company adopts this model for the first time.</p>

Notes to the interim consolidated financial statements
For the six-month period ended 30 June 2023

(In the notes all amounts are shown in EGP unless otherwise stated)

Standard name	Modification summary	Application date
Egyptian Accounting Standard No. (23) "Intangible Assets".	<p>"Scope of the standard" The scope of the intangibles standard has been amended to include rights held by the lessee under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents, and copyrights.</p> <p>"Measurement" - The option to apply the revaluation model for intangible assets has been added - The fair value is determined by an estimate made by experts specialized in evaluation and valuation among those registered in a register designated for that in the Financial Supervisory Authority.</p> <p>"Disclosures" Some new disclosures have been added to the re-evaluation form</p>	<p>The entity applies the amendments to add the option to use the re-evaluation model on the financial periods beginning on or after January 1, 2023.</p> <p>This is retrospective, with recognition of the cumulative effect of applying the revaluation model initially by adding it to the revaluation account within equity at the beginning of the financial period in which the establishment applies this model for the first time.</p>
Amendments to the Egyptian Accounting Standard "Fixed Assets" No. (10) and the Egyptian Accounting Standard No. (23) "Intangible Assets" related to depreciation and amortization	<p>This amendment clarifies that it is not permissible to use the depreciation method that depends on the revenues generated from the activity that includes the depreciation of the asset, as the generation of revenues related to the asset reflects factors other than the consumption of the economic benefits related to the asset.</p> <p>It is possible to refute this assumption in limited cases related to intangible assets when there is a close correlation between the volume of revenue and the intangible asset.</p>	<p>Applies to fiscal periods beginning on or after January 1, 2023</p>
Egyptian Accounting Standard No. (34) "Investment Property"	<p>"Measurement" The option to apply the fair value model for investment property has been added.</p> <p>The fair value is determined by an estimation that is carried out by experts specialized in evaluation and valuation among those registered in a register designated for that in the General Authority for Financial Supervision.</p>	<p>The entity applies the amendments to add the option of using the fair value model to the financial periods that start on or after January 1, 2023, with retrospective effect, with recognition of the cumulative effect to apply the fair value model initially by adding it to the fair value surplus</p>

Notes to the interim consolidated financial statements
For the six-month period ended 30 June 2023

(In the notes all amounts are shown in EGP unless otherwise stated)

Standard name	Modification summary	Application date
		account within equity at the beginning of the financial period in which the entity applies this model for the first time.
Egyptian Accounting Standard No. (36) "Exploration and Evaluation of Mineral Resources"	<p>"Measurement" The option of using the re-evaluation model has been added, and it is processed according to the re-evaluation model in Fixed Assets Standard No. 10. - Evaluation is carried out by experts specialized in evaluation and valuation among those registered in a register designated for that at the Ministry of Petroleum.</p> <p>"Disclosures" - Some new disclosures have been added to the re-evaluation model.</p>	The entity applies the amendments to add the option to use the revaluation model on the financial periods that start on or after January 1, 2023, retrospectively, with recognition of the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus account within equity at the beginning of the fiscal period in which the entity applying this form for the first time.
Egyptian Accounting Standard No. (49) "Lease Contracts"	<p>"Measurement" The option of the revaluation model was added to all right of use assets, if the right of use asset is related to a category of fixed assets in which the lessee applies the revaluation model contained in Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation"</p> <p>"Disclosures" Some new disclosures have been added regarding the revaluation model in accordance with Egyptian Accounting Standard No. (10) "Fixed Assets and Their Depreciation".</p>	The entity applies the amendments to add the option of using the revaluation model to the financial periods starting on or after January 1, 2023, retrospectively, with recognition of the cumulative effect of applying the revaluation model first by adding it to the revaluation surplus account next to the equity at the beginning of the fiscal period in which the facility is based applying this form for the first time.
Egyptian Accounting Standard No. (35) "Agriculture"	<p>"Scope of the standard" The scope of the standard has been amended as bearer plants related to agricultural activity have been excluded from the agriculture standard to become under the scope of the Fixed Assets Standard Accounting Standard No. 10, but this standard applies to the product that grows on fruit plants - government grants related to fruit</p>	The amendments apply to fiscal periods beginning on or after January 1, 2023

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Standard name	Modification summary	Application date
	plants have been excluded. “Definitions” an amendment to some definitions, whereby the definition of “bearer plants” was added.	
Egyptian Accounting Standard No. (50) “Insurance Contracts”	<p>- The new Egyptian Accounting Standard No. (50) “Insurance Contracts” replaces the amended Egyptian Accounting Standard No. (37).</p> <p>- This standard defines the principles for proving insurance contracts that fall within the scope of this standard, and determines their measurement, presentation and disclosure. Appropriate information that truthfully reflects those contracts. This information provides users of the financial statements with the necessary basis for evaluating the effects of those insurance contracts on the entity's financial position, financial performance and cash flows.</p> <p>An entity shall apply Egyptian Accounting Standard No. 50 to: insurance contracts, including reinsurance contracts, that it issues; reinsurance contracts it holds; and investment contracts with facultative participation features that the entity issues, provided that the entity also issues insurance contracts.</p>	The application is made available from July 1, 2024, or the beginning of the annual fiscal period after July 1, 2024

D- Classifications of assets and liabilities

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

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

**Notes to the interim consolidated financial statements
For the six-month period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

3. Significant accounting policies (continued)

3.1 Basis for preparing consolidated financial statements (continued)

D- Classifications of assets and liabilities

All other assets are classified as non-current.

The liability is classified as current when:

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

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

3.2 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Acquisition method

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

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For the six-month period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

3. Significant accounting policies (continued)

3.2 Principles of consolidation and equity accounting (continued)

(i) Subsidiaries (continued)

Acquisition-related costs are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised within the consolidated statement of profit or loss.

Changes in ownership interests held within controlling interests

When the ratio of equity held within controlling interests' changes, the Group changes the amounts recorded for controlling and non-controlling shares to reflect such changes in the relevant shares in the subsidiary. The Group recognises directly within the equity of the parent company any difference between the amount of changing the non-controlling shares and the fair value of the consideration paid or received.

Disposal of subsidiaries

When the Group ceases to have control, the Group recognises any retained investment in the company that was a subsidiary at its fair value at the date when control is lost, with the resultant change recognised as profit or loss attributable to the owners of the parent company.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired, and contingent liabilities at the date of acquisition. If the consideration transferred, non-controlling interest in the acquiree and the date of acquisition fair value of the Group's equity previously held at the acquiree is less than the net of the identifiable acquired assets and liabilities assumed at the date of acquisition, the Group recognises the resulting gain is directly recognized in consolidated statement of profit or loss at the date of acquisition and the gains are attributed to the parent shareholders.

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(In the notes all amounts are shown in EGP unless otherwise stated)

3. Significant accounting policies (continued)

3.2 Principles of consolidation and equity accounting (continued)

(i) Subsidiaries (continued)

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored inside the Group at the operating segments level.

The Group undertakes impairment reviews of goodwill acquired in a business combination annually by comparing the CGU carrying amount including goodwill with its recoverable amount, which is the higher of fair value less costs of sale and value in use. The Group recognises any impairment loss immediately in profit or loss and is not subsequently reversed.

Measurement period

The measurement period is the year required for the Group to obtain the information needed for initial measurement of the items resulting from the acquisition of the subsidiary and does not exceed one year from the date of acquisition. In case the Group obtains new information during the measurement period relative to the acquisition, amendment is made retrospectively for the amounts recognised at the date of acquisition.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated financial position.

Changes in ownership interest

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the reduction rate of the amount of profit or loss previously recognised in other comprehensive income is reclassified to profit or loss when relevant assets or liabilities are disposed of.

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(In the notes all amounts are shown in EGP unless otherwise stated)

3. Significant accounting policies (continued)

3.2 Principles of consolidation and equity accounting (continued)

(iii) Equity method (continued)

Losses of equity-accounted investment

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the Group ceases to recognise its share in further losses. Once the Group's share is reduced to zero, further losses are recognised but only to the extent of incurred legal or constructive obligations or made payments on behalf of the other entity. When those companies realise profits in subsequent years, the Group resumes to recognise its share in those profits, but only after its share of profits equals its share in unrecognised losses.

Transactions with equity-accounted investment

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Goodwill resulting from investment in equity-accounted entities

The excess of the total transferred consideration over the Group's share in the net fair value for the acquired determinable assets and assumed liabilities at the date of acquisition is recognised as goodwill. The goodwill resulting from contribution in associates is recognised within the cost of investment in the entity net of the accumulated impairment losses in the investment value of associates and is not recognised separately.

Impairment of equity-accounted investment

Investments in associates are assessed for impairment where indicators of impairment are present. The recoverable amount of an investment in an associate is the higher of value in use or fair value less costs of disposal and is assessed separately for each associate. Any resulting impairment loss is not allocated against the notional goodwill and purchase price allocation, but against the investment as a whole. Therefore, any reversal of the conditions led to recognising the impairment losses will be recognised to the extent in which the recoverable amount subsequently increases, provided it does not exceed the impairment losses previously recognised.

3.3 Foreign currency transactions

(a) Functional and presentation currency

The financial statements of each of the Group's entities are measured and presented using the currency of the primary economic environment in which the entity operate ('the functional currency'). The consolidated financial statements are presented in Egyptian Pounds, which is the Group's presentation currency.

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(In the notes all amounts are shown in EGP unless otherwise stated)

3. Significant accounting policies (continued)

3.3 Foreign currency transactions (continued)

(b) Transactions and balances

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

Foreign exchange gains and losses are presented in the statement of profit or loss, within finance costs.

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

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**Notes to the interim consolidated financial statements
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3. Significant accounting policies (continued)

3.4 Property, plant and equipment

The Group applies the cost model at measurement of fixed assets. All fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation

Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives

Asset	Estimated useful lives in years
Buildings	20 -50
Buildings on lands leased from others	Contract period
Machinery & equipment	3 -5
Motor vehicles	3 -5
Furniture, office equipment & computer	4 -10
Pipelines & stations equipment	15
Generators	20
Networks	25
Leasehold improvements	3-5 or the lease term, whichever is lower

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

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

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

Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

3. Significant accounting policies (continued)

3.5 Intangible assets

(a) Goodwill:

Goodwill is measured as described in note (3.2). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 37).

(b) Computer software:

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(c) Research and development:

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

**Notes to the interim consolidated financial statements
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3. Significant accounting policies (continued)

3.6 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Impairment losses recognised in prior years are reversed when there is an indication that such losses no longer exist or have decreased. Reversal of loss of impairment should not exceed the carrying amount that would have been determined (net of depreciation). Such reversal is recognised in the statement of profit or loss.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using weighted average method. The cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, that are incurred by the Group in bringing the inventories to their present location and condition but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and any other costs necessary to complete the sale. The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period when the write-down or loss occurs.

3.8 Financial instruments

Key measurement terms

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

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3. Significant accounting policies (continued)

3.8 Financial instruments (continued)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment in estimating the fair value of derivative financial instruments. Derivative financial instruments held by the Group do not have observable market price and so the Group is required to identify appropriate valuation models in calculating these fair values in making its estimates, priority is given to observable inputs.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

(a) Financial instruments – initial recognition

Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

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3. Significant accounting policies (continued)

3.8 Financial instrument (continued)

(b) Classification and subsequent measurement – measurement categories.

The Group classifies financial assets in the following measurement categories: FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

(c) Classification and subsequent measurement – business model.

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows"), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

(d) Financial assets – classification and subsequent measurement – cash flow characteristics.

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

(e) Financial assets – reclassification.

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Group did not change its business model during the current and comparative period and did not make any reclassifications.

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3. Significant accounting policies (continued)

3.8 Financial instrument (continued)

(f) Financial assets impairment - credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC, trade and other receivables and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Group applies a simplified approach for impairment of trade receivable. For other financial assets the Group applies a six-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in (4.C). Note (4.C) provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

(g) Financial assets – write off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

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3. Significant accounting policies (continued)

3.8 Financial instrument (continued)

(h) Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

3.9 Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

(a) Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

(b) Offsetting financial instruments.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

3.10 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

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3. Significant accounting policies (continued)

3.10 Derivative financial instruments and hedging activities (continued)

The Group documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes as well as movements on the hedging reserve in other comprehensive income are disclosed in (Note 27). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Traded derivatives, if any, are classified as current assets or current liabilities.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss related to the ineffective part is recognized in the statement of profit or loss "Other income (losses), net".

Amounts in equity relating to the effective portion of interest rate swaps hedging variable rate borrowings are recognized in the consolidated statement of profit or loss within "finance costs".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the previously hedged item or forecast transaction is ultimately recognized in the statement of profit or loss. When a hedged item expires or terminated or when a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of profit or loss within 'other gains/(losses) – net'.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss as the gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within finance cost at the same time as the interest expense on the hedged borrowing.

3.11 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with EAS 28 provisions, contingent liabilities and contingent assets and the amount initially recognised less cumulative amortisation, where appropriate.

**Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

3. Significant accounting policies (continued)

3.11 Financial guarantee contracts (continued)

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

3.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of six months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed. Restricted balances are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows.

3.13 Trade receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

3.14 Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are expensed into profit or loss when the services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

3. Significant accounting policies (continued)

3.15 Share capital

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

Where any Group company repurchases the Company's equity instruments (treasury shares), the consideration paid or received in exchange for those instruments, including any directly attributable incremental transaction costs (net of income tax) is deducted from the equity attributable to the owners of TAQA Arabia Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of TAQA Arabia Company.

3.16 Income tax

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

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

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

Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

3. Significant accounting policies (continued)

3.16 Income tax (continued)

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

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

3.17 Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and a liability. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

3.18 Employees' benefits

(a) Short-term liabilities

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) Pension obligations

The Group pays contributions to publicly administered pension insurance plans on a mandatory basis in the countries it operates. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and as such are included in staff costs. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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(In the notes all amounts are shown in EGP unless otherwise stated)

3. Significant accounting policies (continued)

3.18 Employees' benefits (continued)

(c) Employees' share in legally defined profits

In accordance with EAS (38) "Employees Benefits" and Company's articles of association, the Group recognises the employees' share in cash dividends as deduction from equity in a similar manner to dividends paid to the Group owners, and as liabilities when the shareholders of the company approve the dividends in their General Assembly Meeting. The Group does not record any liabilities for the employees' share of undistributed profits

3.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

3.20 Borrowing costs

Borrowing costs directly related to the acquisition, construction or production of qualifying assets are added, which are those assets that necessarily require a long period of time to prepare them for their intended use or sale. The (qualifying assets) are capitalized as part of the cost of those assets.

The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

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3. Significant accounting policies (continued)

3.20 Borrowing costs (continued)

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

3.21 Leases

(a) Finance lease

The group leases various properties, rental contracts are typically made for fixed periods of 3 to 15 years lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, the lessee's incremental borrowing rate, which is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions, will be used.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

**Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

3. Significant accounting policies (continued)

3.21 Leases (continued)

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

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

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

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), the group don't have termination and extension in their contracts.

(b) Operating lease

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

3.22 Provisions, contingent liabilities and contingent assets

(a) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The group recognises the necessary commitments for restructuring and non-related activities of the Group in the provision for restructuring costs.

Contingent liability is a present obligation that arises from past events but not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The contingent liabilities are disclosed only in the consolidated financial statement and not recognised.

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

**Notes to the interim consolidated financial statements
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3. Significant accounting policies (continued)

3.22 Provisions, contingent liabilities and contingent assets (continued)

When the time value of money assumption is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

When it is expected to recharge some or all required expenditures to settle a provision to a third party outside the group, the group recognises the recoverable amount when its assured that the recovery will take place if the group settled the obligation. The recoverable amount is presented as consolidated asset in the consolidated statement of financial position, and the recoverable amount should not exceed the amount of the provision.

(b) Contingent liabilities

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

(c) Contingent assets

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

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

3.23 Trade payables

Trade payables are recognised initially at the amount of goods or services received from others, whether they received invoices or not. When they are material, goods and services received, as well as the trade payables are recognised at the present value of the cash outflow expected by using interest rate of similar loans. Trade payables are then carried at amortised cost using the effective interest rate.

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3. Significant accounting policies (continued)

3.24 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker (CODM). The executive committee is responsible for allocating resources and assessing performance of the operating segments.

The Management Board convenes on a quarterly basis, or more frequently if needed, and is responsible for reviewing, amending, and endorsing the subsidiary companies' financial performance and overall strategy.

The executive committee assesses the performance of the operating segments based on the total revenues / gross profit/ EBITDA/operating profit/ total assets of segment and the total liabilities. This measurement basis excludes discontinued operations. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the Group's head office, which manages the cash flows and liquidity requirements.

3.25 Revenue recognition

The Group recognizes revenue to depict the transfer of the control of the promised services or products to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services or products. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding discounts, rebates, customer returns and other sales taxes or duty.

The Group recognises revenue from contracts with customers based on a five-step model as set out in EAS 48:

- (1) Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- (2) Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer. The Group accounts for all distinct goods or services as a separate performance obligation.
- (3) Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (4) Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- (5) Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

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(In the notes all amounts are shown in EGP unless otherwise stated)

3. Significant accounting policies (continued)

3.25 Revenue recognition (continued)

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied. The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue.

The Group has the following revenue streams:

- Revenue from Construction contracts;
- Revenue from Gas sales commission;
- Revenue from Cars conversion revenues;
- Revenue from Natural gas revenues
- Revenue from Refined oil and lubes revenues; and
- Revenue from Power service revenues.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a good or service to a customer at a point in time and over time.

(a) Construction contracts

Revenue from construction contracts is recognised over the accounting period in which the service is rendered to the customers. The revenue relating to revenue from construction contracts is accounted for as a single performance obligation. As the satisfaction of this performance obligation does not create an asset with an alternative use to the customer and the customer has an enforceable right to payment for performance completed to date, therefore, revenue is recognised over time.

Revenue from construction contracts is recognised in the consolidated statement of comprehensive income in according to the percentage of completion through calculating what is actually accomplished from the clauses of the contract to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably.

The contract costs are measured through calculating what is spent from the clauses of contract for the stage in which the revenue is recognised. The contract costs include all direct costs from materials, labor, subcontractors and overheads related to the execution of contract clauses like indirect labor and maintenance expenses as it also includes the general and administrative expenses spent directly on the contracting works.

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3. Significant accounting policies (continued)

3.25 Revenue recognition (continued)

The provision for estimated losses according to the construction contracts in progress is formed, if any, in the financial period during which those losses are assessed.

(b) Gas sales commission

Revenue from gas sales commission is recognised in the accounting period in which the gas is delivered to customers, where the group remits the funds it collects to EGPC net of its actual commission, which is calculated as a percentage of gas consumption. The revenue relating to gas sale commission is accounted for as a single performance obligation. The payment is due after transfer of the control. Therefore, revenue is recognised at point in time once the gas is transferred to the customer.

Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably.

(c) Cars conversion revenues

Revenue from cars conversion is recognised in the accounting period in which the service is rendered upon the completion of preparing cars to function using natural gas. The revenue relating to cars conversion is accounted for as a single performance obligation. The payment is due after transfer of the control. Therefore, revenue is recognised at point in time once the conversion service is rendered to the customer.

Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably.

(d) Natural gas revenues

Revenue from sale of natural gas is recognised in the accounting period in which the natural gas is supplied to the cars. The revenue relating to sale of natural gas is accounted for as a single performance obligation. The payment is due after transfer of the control. Therefore, revenue is recognised at point in time once the natural gas is transferred to the customer.

Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably.

(e) Refined oil and lubes revenues

Revenue from sale of refined oil and lubes is recognised in the accounting period in which the refined oil and lubes are delivered to the wholesalers. The revenue relating to sale of refined oil and lubes are accounted for as a single performance obligation. The payment is due after transfer of the control. Therefore, revenue is recognised at point in time once the refined oil and lubes are transferred to the wholesalers.

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3. Significant accounting policies (continued)

3.25 Revenue recognition (continued)

Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably.

(f) Power service revenues

Revenue from sale of power services through the generation and distribution of electricity is recognised in the accounting period in which the electricity is supplied to the customers. The revenue relating to sale of electricity is accounted for as a single performance obligation. The payment is due after transfer of the control. Therefore, revenue is recognised overtime once the electricity transferred to the customers.

Revenue is recognised in the consolidated statement of comprehensive income to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably.

3.26 Interest income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the group.

3.27 Dividends

Dividends are recognised as liabilities in the consolidated financial statements for the amount of any dividend declared, being appropriately authorised by the Company's General Assembly of Shareholders and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.28 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held – for - sale.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

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3. Significant accounting policies (continued)

3.29 Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (Note 33).

ii) Diluted earnings per share

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

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

4. Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including, foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The group's management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

The group's risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies and evaluates financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in Egyptian pounds.	Cash flow forecasting Sensitivity analysis	By local banks that the Company deals with in official rates
Market risk – interest rate	Long-term borrowing at variable rates	Sensitivity analysis	Investment in short treasury bills and interest rate swaps
Market risk – security prices	No investment in a quoted equity securities	Not applicable	Not applicable
Credit risk	Cash and cash equivalents, trade receivables, derivative financial and debt investments.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and governmental treasury bills
Liquidity risk	Loans and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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4. Financial risk management (continued)

(a) Derivatives

The Group uses derivative financial instruments to hedge certain risk exposures. Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating interest rate loans.

The Group has the following derivative financial instruments:

	30 June 2023	31 December 2022
Non-current assets		
Interest rate swap contracts – cash flow hedge (Note 27)	44,357,042	25,627,628
Total non-current derivative financial instrument assets	44,357,042	25,627,628

(i) Classification of derivatives

Financial derivatives are recognized at their fair value on the date of the contract, and their value is re-measured thereafter at fair value. The method of recognizing the gain or loss resulting from derivatives depends on whether or not the financial derivative is classified as a hedging instrument and, if so, on the nature of the hedged item. The company has allocated some derivatives to cover risks related to financial assets or financial liabilities whose transactions contain a high degree of forecasting (cash flow coverage).

The group documents at the beginning of any process the relationship between the hedging instrument and the item covered for it, in addition to the risk management objectives and strategy, in order to carry out the various hedging operations. The group also documents its assessment - at the start of the coverage and also on an ongoing basis - if the financial derivatives used in the hedging operations are highly effective.

offsetting changes in the fair value or cash flows of the hedged items. The fair value of the financial derivatives that are used for hedging purposes, as well as the change in the hedging reserve, were disclosed in Note (3.9). The entire fair value of the hedging derivatives is classified under non-current assets or liabilities if the maturity period of the remaining covered item exceeds 12 months. And within current assets or liabilities if the remaining maturity of the covered item is less than 12 months. Traded derivatives, if any, are classified as current assets or current liabilities.

(ii) Hedge effectiveness

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability, such as all or some future interest payments on variable rate debt or a highly probable forecast transaction and could affect profit or loss.

A hedge is normally regarded as highly effective if, at inception and throughout the life of the hedge, the enterprise can expect changes in the cash flows of the hedged item to be almost fully offset by the changes in the cash flows of the hedging instrument.

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4. Financial risk management (continued)

(a) Derivatives (continued)

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective.

In hedges of interest rate swap, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the derivative counterparty. It may occur due to:

- The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- Differences in critical terms between the interest rate swaps and loans.

There was no ineffectiveness during the year ends 30 June 2023 in relation to the interest rate swaps.

(b) Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency and (b) interest rates, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

(i) Foreign currency exchange risks

The Group is exposed to foreign exchange rates risk arising from various foreign currency exposures primarily with respect to currencies other than EGP.

Foreign exchange rates risks are the risks of fluctuations in the fair value of future cash flows of a financial instrument due to changes in foreign currency exchange rates.

The following analysis shows the foreign currencies position presented in Egyptian Pound at 30 June 2023 and 31 December 2022:

		30 June 2023		31 December 2022
	Monetary financial assets	Monetary financial liability	Net position	Net position
USD	114,107,182	(202,688,103)	(88,580,921)	(19,217,376)
Euro	16,345,452	(11,482,916)	4,862,536	11,866,576
GBP	162,014	(4,309,242)	(4,147,228)	(1,500,240)
AED	-	-	-	29,113
SAR	-	(20,100,689)	(20,100,689)	(16,060,744)

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For the six-month period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

4. Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign currency exchange risks (continued)

There is no significant impact on the group's profits if the exchange rate of the Egyptian pound is strengthened or weakened by 10% against foreign currencies.

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the respective entity of the Group.

(ii) Price risk

The Group has no investments in a quoted equity security, so it's not exposed to the fair value risk due to changes in the prices.

(iii) Interest rate risk

The Group's interest rate risk arises from financial instruments issued at variable rates which expose the group to cash flow interest rate risk. During 30 June 2023 and 31 December 2022, the group's borrowings at variable rate were mainly denominated in Egyptian Pounds and US Dollars.

The Group's borrowings and receivables are carried at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for a year, based on the floating rate financial assets and financial liabilities held at 30 June 2023 and 31 December 2022.

	Increase / decrease in basis points	Effect on profit for the year EGP
30 June 2023		
EGP	10%	47,769,737
31 December 2022		
EGP	10%	38,232,190

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals (Semi-annually), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

**Notes to the interim consolidated financial statements
For the six-month period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

4. Financial risk management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

The exposure of the Group's borrowing to interest rate changes and the contractual at the end of the reporting year are as follows:

	30 June 2023	% of loans	31 December 2022	% of loans
Variable rate borrowings	2,047,046,059	64%	1,701,377,864	62%

An analysis by maturities is provided in **note (4.D)** below. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

The Group's income and operating cash flows are independent of changes in market interest rates. As the market dictates, the Group sometimes borrows at variable rates leaving certain exposure to changes in interest rate risk.

Libor reform

With reference to the International Financial Reporting Standards in relation to the interest rate benchmark reform which is not available in the Egyptian Accounting Standards, the Phase I amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the ongoing interest rate benchmark reforms.

The Phase II amendments address issues that might affect financial reporting during the reform of interest rate benchmarks, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

The application of the amendments impacts the Company's accounting in relation to a proportion of US dollar denominated fixed rate debt which is fair value hedged using US dollar fixed to US dollar LIBOR interest rate swaps. The Company has in the past undertaken and may in the future also undertake, cash flow interest rate hedges as part of its interest rate risk management policy which may also expose the Company to US dollar LIBOR interest rates.

The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, US dollar LIBOR, may no longer be separately identifiable. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship is discontinued.

The Company chose to adopt the Phase I amendments. Adopting these amendments allowed the Company to continue hedge accounting during the period of uncertainty that arose from interest rate benchmark reforms. The Phase II amendments are not yet adopted given that they have not reformed or replaced any existing interest benchmarks within the Company's financial instruments.

**Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

4. Financial risk management (continued)

(c) Credit risk

The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position. For financial guarantees issued, commitments to extend credit, undrawn credit lines and export/import letters of credit, the maximum exposure to credit risk is the amount of the commitment.

Credit risk management

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Limits

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

Credit risk grading system

For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies an approach based on risk grades estimated by external international rating agencies (Standard & Poor's – "S&P", Fitch, Moody's). Internal and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default as disclosed in the table below:

Corporates

Master scale credit risk grade	Corresponding ratings of external international rating agencies	Corresponding PD interval
Excellent	AAA to BB+	0.05% – 0.32%
Good	BB to B+	0.48% – 1.98%
Satisfactory	B, B-	3.13% – 6.52%
Special monitoring	CCC+ to C	28.3%
Default	D	100%

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For the six-month period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

4. Financial risk management (continued)

(c) Credit risk (continued)

Sovereign

Master scale credit risk grade	Corresponding ratings of external international rating agencies	Corresponding PD interval
Excellent	AAA to BB+	0.05% – 0.443%
Good	BB to C	2.435% – 12.350%
Default	D	100%

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- Excellent – strong credit quality with low expected credit risk;
- Good – adequate credit quality with a moderate credit risk;
- Satisfactory – moderate credit quality with a satisfactory credit risk;
- Special monitoring – facilities that require closer monitoring and remedial management; and
- Default – facilities in which a default has occurred.

The rating models are regularly reviewed by management, back tested on actual default data and updated, if necessary. Despite the method used, the Group regularly validates the accuracy of ratings estimates and appraises the predictive power of the models.

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available.

Expected credit loss (ECL) measurement.

ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, PD an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof. Expected credit losses are modelled over the instrument's lifetime period. The lifetime period is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any.

Management models Lifetime ECL, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The 12-month ECL, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining lifetime period of the financial instrument if it is less than a year.

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For the six-month period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

4. Financial risk management (continued)

(c) Credit risk (continued)

Expected credit loss (ECL) measurement (continued)

The ECLs that are estimated by management for the purposes of these consolidated financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider forward looking information, that is. ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

For purposes of measuring PD, the Group defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is more than 90 days past due on its contractual payments;
- the borrower meets the unlikeliness-to-pay criteria listed below:
 - the borrower is deceased;
 - the borrower is insolvent;
 - the borrower is in breach of contract (s);
 - it is becoming likely that the borrower will enter bankruptcy; and

For purposes of disclosure, the Group fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Group.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after curing by using different possible definitions of cures.

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis. The criteria used to identify an SICR are monitored and reviewed periodically for appropriateness by the Group's Management. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

The Group considers a financial instrument to have experienced an SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For trade and other receivable and contract assets:

- 360 days past due;
- Relative threshold defined on the basis of a portfolio for products without existing scoring models: the company regularly monitors debtors with increased credit risk and considers such portfolios to have a SICR;

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4. Financial risk management (continued)

(c) Credit risk (continued)

Expected credit loss (ECL) measurement (continued)

The level of ECL that is recognised in these financial statements depends on whether the credit risk of the customer has increased significantly since initial recognition. This is a six-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Group monitors whether that indicator continues to exist or has changed. The Group therefore only recognises the cumulative changes in lifetime expected credit losses.

The Group has six approaches for ECL measurement: (i) assessment on an individual basis; (ii) assessment on a portfolio basis: internal ratings are estimated on an individual basis but the same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings and homogeneous segments of the loan portfolio; and (iii) assessment based on external ratings.

When assessment is performed on a portfolio basis, the Group determines the staging of the exposures and measures the loss allowance on a collective basis. The Group analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a group have homogeneous or similar risks. The different segments also reflect differences in credit risk parameters such as PD and LGD. The appropriateness of groupings is monitored and reviewed on a periodic basis.

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for the future during the lifetime period for each individual exposure or collective segment. These six components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The EADs are determined based on the expected payment profile, that varies by product type. EAD is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis for amortising products and bullet repayment loans. This will also be adjusted for any expected overpayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation. For revolving products, the EAD is predicted by taking the current drawn balance and adding a "credit conversion factor" that accounts for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type, current limit utilisation and other borrower-specific behavioural characteristics.

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4. Financial risk management (continued)

(c) Credit risk (continued)

Expected credit loss (ECL) measurement (continued)

The key principles of calculating the credit risk parameters.

Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument. The Group uses different statistical approaches depending on the segment and product type to calculate lifetime PDs, such as the extrapolation of 12-month PDs based on migration matrixes, developing lifetime PD curves based on the historical default data, hazard rate approach or other.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty, type and seniority of the claim, and the availability of collateral or other credit support. The 12-month and lifetime LGDs are determined based on the factors that impact the expected recoveries after a default event. The approach to LGD measurement can be divided into six possible approaches:

- measurement of LGD based on the specific characteristics of the collateral;
- calculation of LGD on a portfolio basis based on recovery statistics; or
- individually defined LGD depending on different factors and scenarios.

The Group calculates LGD based on specific characteristics of the collateral, such as projected collateral values, historical discounts on sales and other factors for loans secured by real estate, cash and liquid securities. LGD is calculated on a collective basis based on the latest available recovery statistics for the remainder of the corporate loan portfolio and for retail secured and unsecured products.

Principles of assessment based on external ratings.

Certain exposures have external credit risk ratings and these are used to estimate credit risk parameters PD and LGD from the default and recovery statistics published by the respective rating agencies.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Group identified certain key economic variables that correlate with developments in credit risk and ECLs. Forecasts of economic variables (the "base economic scenario") are provided by the Group's management and provide the best estimate of the expected macro-economic development over the next five years. After five years, a mean reversion approach is used, which means that economic variables tend to revert to either a long run average rate (e.g. for unemployment) or a long run average growth rate (e.g. GDP). The impact of the relevant economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact that the changes in these variables historically had on the default rates and on the components of LGD and EAD.

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4. Financial risk management (continued)
(c) Credit risk (continued)
Expected credit loss (ECL) measurement (continued)

In addition to the base economic scenario, the Group's management also provides other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure that non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking into account the range of possible outcomes of which each chosen scenario is representative. The assessment of SICR is performed using the Lifetime PD under each of the bases and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether a 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability-weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such back testing is performed at least once a year.

The group has the following types of financial assets that are subject to the expected credit loss model:

- Trade receivables, and
- Debt investments carried at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of EAS 47, the identified impairment loss was immaterial.

Balances exposed to credit risks are as follows:

	30 June 2023	31 December 2022
Trade receivables and other debit balances	2,980,511,029	2,632,981,947
Cash on hand and at bank and highly liquid investment	6,880,829,831	5,942,747,824
	9,861,340,860	8,575,729,771

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4. Financial risk management (continued)

(c) Credit risk (continued)

Expected credit loss (ECL) measurement (continued)

(i) Trade receivables

The group applied the EAS 47 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On this basis, the ECL as at 30 June 2023 and 31 December 2022 was determined as follows for trade debtors:

30 June 2023	not due	From 0 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days
Expected loss rate	0.49%	1.57%	6.87%	15.6%	17.26%	28%	47.5%
Gross book value	361,812,107	107,930,205	46,758,193	40,227,517	64,549,201	93,296,290	40,973,790
Allowance	1,785,563	1,691,885	3,211,915	6,275,996	11,143,483	26,127,348	19,462,667

31 December 2022	not due	From 0 to 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	More than 360 days
Expected loss rate	0.37%	1.61%	6.43%	14.77%	16.7%	26.53%	39.17%
Gross book value	443,345,932	70,335,044	17,350,217	39,720,226	56,359,789	91,812,824	44,786,232
Allowance	1,682,865	1,131,157	1,115,410	5,865,703	9,414,709	24,354,304	17,543,740

The closing loss allowances for trade receivables as at 30 June 2023 reconcile to the opening loss allowances as follows:

	30 June 2023
Opening loss allowance as at 1 January	61,107,888
Provision formed	3,002,632
Forex	5,588,337
Balance	69,698,857

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4. Financial risk management (continued)

(c) Credit risk (continued)

Expected credit loss (ECL) measurement (continued)

(i) Trade receivables (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period predetermined by the group.

Impairment losses on trade receivables is presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Sensitivity:

Reasonable changes in inputs/assumptions would not result into significant change in expected credit loss impairment recognised in financial statements.

(ii) Debt investments (treasury bills)

All of the Group's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months expected losses.

	30 June 2023	31 December 2022
Investment in treasury bills more than 3 months	3,689,968	-
loss allowances for treasury bills	-	-
	3,689,968	-
Investments in treasury bills less than 3 months	5,869,148,440	4,838,696,537
loss allowances for treasury bills	(1,283,869)	(1,123,893)
	5,867,864,571	4,837,572,644

The closing loss allowances for treasury bills as at 30 June 2023 reconcile to the opening loss allowances as follows:

	30 June 2023
Opening loss allowance as of 1 January	1,123,893
Allowance formed	159,976
Balance	1,283,869

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4. Financial risk management (continued)

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

The tables below analyses the group's financial liabilities into relevant maturity groupings based on their contractual maturities for: all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months	6 months to 1 year	1-2 Years	More than 2 years
30 June 2023				
Non derivatives				
Trade payables and other credit balances	4,169,931,301	-	-	370,719,832
Due to related parties	121,196,095	-	-	-
Borrowings	188,863,279	204,293,395	406,346,835	2,386,956,929
Future interest payments	215,729,677	223,419,621	421,630,574	1,140,861,129
Bank facilities	5,619,991,984	-	-	-
Lease liability	53,990,147	44,173,757	111,516,346	1,722,446,823
Financial guarantee less likely to be paid	383,025,414	-	-	-
	Less than 6 months	6 months to 1 year	1-2 Years	More than 2 years
31 December 2022				
Non derivatives				
Trade payables and other credit balances	3,407,872,666	-	-	328,752,388
Due to related parties	75,672,392	-	-	-
Borrowings	141,185,269	157,083,325	361,366,515	2,069,530,953
Future interest payments	176,048,218	172,929,185	306,635,073	1,230,443,823
Bank facilities	4,489,812,254	-	-	-
Lease liability	52,751,872	43,160,623	101,642,824	1,701,698,154
Financial guarantee less likely to be paid	383,025,414	-	-	-

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4. Financial risk management (continued)

4.1 Management of capital

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in the consolidated statement of financial position, including non-controlling interests). Net debt is calculated as total borrowings, bank overdrafts and lease liabilities less cash and bank balances and liquid investments.

The gearing ratios were as follows:

	30 June 2023	31 December 2022
Total borrowings		
Borrowings	3,186,460,438	2,729,166,062
Bank facilities	5,619,991,984	4,489,812,254
Lease liabilities	767,756,122	734,021,171
Total borrowings	9,574,208,544	7,952,999,487
Less:		
Cash on hand and at bank and highly liquid investment	(6,879,442,207)	(5,941,520,176)
Net debt	2,694,766,337	2,011,479,311
Total equity	2,517,575,850	2,397,473,316
Gearing ratio	107%	83%

Capital management

The Group manages its capital through the composition of net debt and total equity.

Debt covenants

The Group is required to comply with certain financial covenants (note 18) for bank loan facilities and as at the consolidated statement of financial position date the group has complied with these covenants.

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4. Financial risk management (continued)

4.2 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or pay the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, the most advantageous market for the asset or the liability.

The group shall be able to access the primary market or the most advantageous market. In the absence of a primary market, the Group does not need to conduct a comprehensive search of all potential markets in order to determine the primary market or the most advantageous market. However, the Group considers all reasonably available information.

There were no changes in valuation methods for Level 3 recurring fair value measurements during the period/year ended 30 June 2023 and 31 December 2022.

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.

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 maximise 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.

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.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

**Notes to the interim consolidated financial statements
For the six-month period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

4. Financial risk management (continued)

4.2 Fair value estimation (continued)

The following table presents the changes in level 3 items for the period/ year ended 30 June 2023 and 31 December 2022:

Assets / (liabilities)	Interest rate swap contracts – cash flow hedge	Assets carried at fair value through OCI (Investment in subsidiaries)	Total
Opening balance at 1 January 2022	(73,066,596)	51,261,460	(21,805,136)
Gains recognised through other comprehensive income	114,951,693	-	114,951,693
Foreign currency translation	(16,257,469)	-	(16,257,469)
Closing balance at 31 December 2022	25,627,628	51,261,460	76,889,088
Gains recognised in consolidated other comprehensive income	12,232,381	-	12,232,381
Foreign currency translation	6,497,033	-	6,497,033
Closing balance at 30 June 2023	44,357,042	51,261,460	95,618,502

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 4.2 above for the valuation techniques adopted.

Description	Fair value at		Un-observable inputs *	Range of Inputs		Valuation technique		Inputs used		Sensitivity analysis
	30 June 2023	31 December 2022		30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	
Assets carried at fair value through OCI (Investment in subsidiaries) (Note 14)	51,261,460	51,261,460	Credit default rate	1.3%	1.3%	Discounted Cash flows dollar offset method	Discounted Cash flows dollar offset method	Yield curve Terminal growth rate for 5 years.	Yield curve Terminal growth rate for 5 years.	If an observable input changed by 1%.
Interest rate swap contracts – cash flow hedge (TAQA Arabia for Solar Power) (note 27)	44,357,042	25,627,628	Credit default rate	2.3%	2.3%	Discounted Cash flows dollar offset method	Discounted Cash flows dollar offset method	Yield curve Terminal growth rate for 5 years.	Yield curve Terminal growth rate for 5 years.	If an observable input changed by 1%, this will lead to a change in the fair value by EGP 58 million.

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For the six-month period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

5. Critical accounting estimates and judgements in applying accounting policies

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

5.1 Accounting estimates and assumptions

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated interim financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated interim financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

(a) Impairment in goodwill

The Group tests annually whether it is probable that goodwill may suffer any impairment in value, based on the recoverable amount for the cash generating unit which estimated by calculating value in use using net estimated cash flows before taxes based on approved budgets from the Group management during next five years. Group management determines assumptions related to discount rates and cash flow forecasting based on sales growth, operating costs, estimated profits. Taking into consideration capital expenditures for future renewable plans.

(b) Expected credit losses for trade receivables

Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in **Note (4.C)**. The following components have a major impact on credit loss allowance: definition of default. SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs of the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

(c) Deferred income tax assets recognition

The recognised deferred tax assets represent income taxes recoverable through future deductions from taxable profits and are recorded in the consolidated statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. This includes temporary difference expected to reverse in the future and the availability of sufficient future taxable profit against which the deductions can be utilized. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

(d) Provisions

Provisions are related to claims expected to be made by third parties in connection with the Group's operations. Provisions is recognised 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 received and the preliminary recorded amounts, such differences will affect the year in which these differences are occurred.

Notes to the interim consolidated financial statements
For the six-month period ended 30 June 2023

(In the notes all amounts are shown in EGP unless otherwise stated)

5. Critical accounting estimates and adjustments (continued)

5.1 Accounting estimates and assumptions (continued)

(e) Useful lives of property, plant, and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgement based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

5.2 Critical Judgements in applying the Group accounting policies

In general, applying the Group accounting policies does not require judgments (apart from those involving estimates, refer to **Note 5-1**) that have significant effects on the amounts recognised in the consolidated interim financial statements.

TAQA ARABIA COMPANY (S.A.E.) AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements For the six months period ended 30 June 2023

(In the notes all amounts are shown in EGP unless otherwise stated)

6. Property, plant and equipment

	Land	Buildings	Leasehold improvement	Machinery & Equipment	Motor vehicles	Furniture, office equipment, & pipelines, & station equipment	Generators, networks & equipment	Solar power plant	Total
At 1 January 2022									
Cost	10,470,621	274,588,880	169,933,881	332,373,087	55,115,420	65,879,655	981,924,538	989,231,763	2,879,517,845
Accumulated Depreciation	-	(70,856,467)	(26,392,780)	(95,764,516)	(32,595,494)	(48,339,560)	(291,278,283)	(106,836,758)	(672,063,858)
Net book value	10,470,621	203,732,413	143,541,101	236,608,571	22,519,926	17,540,095	690,646,255	882,395,005	2,207,453,987
Year ended 31 December 2022									
Opening net book value	10,470,621	203,732,413	143,541,101	236,608,571	22,519,926	17,540,095	690,646,255	882,395,005	2,207,453,987
Additions	-	22,273,506	183,555,476	32,032,728	6,708,744	13,399,958	212,221,148	*214,976,809	685,168,369
Depreciation charge	-	(13,143,752)	(18,733,849)	(24,753,841)	(6,334,105)	(9,527,858)	(58,846,431)	(54,483,965)	(185,823,801)
Disposals	-	(22,350,781)	-	(1,903,778)	(688,750)	(3,136,691)	(1,643,037)	-	(29,723,037)
Accumulated depreciation of disposals	-	5,494,567	-	1,782,134	606,083	3,160,310	1,643,037	-	12,686,131
Translation difference of cost	-	-	30,717	1,824,778	1,781,040	1,549,659	-	562,244,081	567,430,275
Translation difference of depreciation	-	-	(26,878)	(1,385,853)	(1,633,244)	(899,365)	-	(72,075,196)	(76,020,536)
Closing net book value	10,470,621	196,005,953	308,366,567	244,204,739	22,959,694	22,086,108	844,020,972	1,533,056,734	3,181,171,388
At 31 December 2022									
Cost	10,470,621	274,511,605	353,520,074	364,326,815	62,916,454	77,692,581	1,192,502,649	1,766,452,653	4,102,393,452
Accumulated Depreciation	-	(78,505,652)	(45,153,507)	(120,122,076)	(39,956,760)	(55,606,473)	(348,481,677)	(233,395,919)	(921,222,064)
Net book value	10,470,621	196,005,953	308,366,567	244,204,739	22,959,694	22,086,108	844,020,972	1,533,056,734	3,181,171,388
Year ended 30 June 2023									
Opening net book value	10,470,621	196,005,953	308,366,567	244,204,739	22,959,694	22,086,108	844,020,972	1,533,056,734	3,181,171,388
Additions	-	8,715,358	30,006,548	4,789,449	-	2,652,952	216,728,925	25,756,401	288,649,633
Depreciation charge	-	(6,527,916)	(12,829,022)	(13,430,414)	(3,891,561)	(5,281,267)	(32,467,201)	(44,339,187)	(118,766,568)
Disposals	-	-	-	-	(692,779)	-	-	-	(692,779)
Accumulated depreciation of disposals	-	-	-	-	400,938	-	-	-	400,938
Translation difference of cost	-	-	21,352	1,264,178	1,202,604	1,299,638	-	385,568,831	389,356,603
Translation difference of depreciation	-	-	(21,056)	(925,008)	(1,085,827)	(652,786)	-	(58,037,735)	(60,722,412)
Closing net book value	10,470,621	198,193,395	325,544,389	235,902,944	18,893,069	20,104,645	1,028,282,696	1,842,005,044	3,679,396,803
At 30 June 2023									
Cost	10,470,621	283,226,963	383,547,974	370,380,442	63,426,279	81,645,171	1,409,231,574	2,177,777,885	4,779,706,909
Accumulated Depreciation	-	(85,033,568)	(58,003,585)	(134,477,498)	(44,533,210)	(61,540,526)	(380,948,878)	(335,772,841)	(1,100,310,106)
Net book value	10,470,621	198,193,395	325,544,389	235,902,944	18,893,069	20,104,645	1,028,282,696	1,842,005,044	3,679,396,803

**Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

6. Property, plant and equipment (continued)

- * As a result of the reduction in the value of the Egyptian pound against the foreign currencies during the year ended 2022, the group has capitalized foreign exchange losses with an amount of EGP 37,498,768 for the year ending on December 31, 2022 and an amount of EGP 25,509,605 for the period ending on March 31, 2023 as part of Solar power plant and this was according to appendix C of the Egyptian accounting standard (EAS 37) which has been added in respect to the decision of the prime mister no 4706 for year 2022.

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

	30 June 2023	30 June 2022
Cost of sales	114,730,367	83,668,952
General and administration expenses	4,036,201	3,480,498
	118,766,568	87,149,450

7. Projects under construction

	30 June 2023	31 December 2022
Fuel stations and warehouses	570,772,966	455,959,694
CNG stations	357,956,909	183,296,995
Water stations	47,554,984	15,967,822
Networks and pipelines	34,038,837	14,819,707
Power stations	31,548,671	30,856,987
Others	13,146,192	3,113,912
	1,055,018,559	704,015,117

The below table shows the movement of projects under construction during the year:

	2023	2022
Balance as at 1 January	704,015,117	310,976,916
Additions during the year	448,601,416	1,045,469,758
Transferred to fixed assets	(97,335,562)	(649,209,424)
Transferred to intangible assets	(262,412)	(3,222,133)
Balance at end of the period/year	1,055,018,559	704,015,117

**Notes to the interim consolidated financial statements
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8. Intangible assets

	2023	2022
Balance as at 1 January	194,545,519	136,046,443
Transfer from PUC	262,412	3,222,133
Additions	310,011	707,610
Amortization	(6,938,188)	(9,950,426)
Cost translation differences	49,297,449	72,315,877
depreciation translation differences	(6,145,388)	(7,796,118)
Ending balance	231,331,815	194,545,519

Amortization expense is allocated in the consolidated statement of profit or loss, as follows:

	30 June 2023	30 June 2022
Cost of sales	5,891,443	498,238
General and administrative expenses	1,046,745	1,223,320
	6,938,188	1,721,558

9. Goodwill

Goodwill arising on the acquisition of the following companies:

	30 June 2023	31 December 2022
Gas and Energy Company (TAQA Gas) *	314,649,020	314,649,020
Global Energy Company (Subsidiary of TAQA Electricity, Water and Cooling)	56,073,463	56,073,463
Qatar Gas Group	15,489,459	15,489,459
Trans Gas (Subsidiary of TAQA Gas)	5,648,763	5,648,763
House Gas	673,508	673,508
Master Gas	566,471	566,471
	393,100,684	393,100,684

Impairment

The Group test the Goodwill impairment based on recoverable amount of cash-generating unit, which is estimated by calculating the value in use, using pre-tax cash flows based on financial budgets approved by management, which cover a period of five years maximum. The management determines the specific assumptions of cash flow forecasts based on past experience and expectations of the market.

**Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

9. Goodwill (continued)

(a) Goodwill Impairment Test

Goodwill is allocated to cash-generating units (CGUs, which represent the lowest level within the Group at which the goodwill is monitored by management which is the level of the operating segment) as follows:

	30 June 2023	31 December 2022
Gas and Energy Company (TAQA Gas)	314,649,020	314,649,020
Global Energy Company (Subsidiary of TAQA Electricity, Water and Cooling)	56,073,463	56,073,463
Qatar Gas Group	15,489,459	15,489,459
Trans Gas (Subsidiary of TAQA Gas)	5,648,763	5,648,763
House Gas	673,508	673,508
Master Gas	566,471	566,471
	393,100,684	393,100,684

The recoverable amount of each CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The growth rates do not exceed the long-term average growth rate for the business sector of the economy in which the CGU operates.

	Gas and Energy Company (TAQA Gas)	Global Energy Company (Subsidiary of TAQA Electricity, Water and Cooling)	Trans Gas (Subsidiary of TAQA Gas)	Qatar Gas Group
31 December 2022				
Growth rate beyond five years	3%	3%	3%	3%
Pre-tax discount rate	23.1%	21.3%	23.1%	12.4%

Growth rate: represent the average growth rate used to extrapolate the cash flows beyond the budget period. The growth rates are consistent with the forecast of the industry's reports.

Pre-tax discount rate: A weighted-average cost of capital was applied specific to each CGU as a hurdle rate to discount cash flows. The discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

(b) Sensitivity to the changes in the assumptions:

Management believe that no reasonable change in any of the above key assumptions (growth rate, and discount rate) would cause the carrying value of the CGU including goodwill to materially exceed its recoverable amount.

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(In the notes all amounts are shown in EGP unless otherwise stated)

10. Subsidiaries financial highlights

Below is the main financial information of the subsidiaries at 30 June 2023 and 31 December 2022:

30 June 2023	Assets	Total equity	Revenue	Net profit (loss)
Gas and Energy Company "TAQA Gas" – S.A.E	4,485,560,013	220,345,491	1,024,455,461	73,049,121
TAQA for Electricity, Water and Cooling – S.A.E	321,807,316	228,867,917	-	15,337,718
Master Gas Company S.A.E	1,718,893,733	210,351,450	389,080,039	8,519,923
TAQA for Marketing Petroleum Products – (TAQA Petroleum) S.A.E	2,459,676,474	216,988,084	3,428,351,722	35,170,050
TAQA for producing and distributing Electricity at free zones – S.A.E	76,799,391	72,235,481	-	36,732,537
International Company for Gas works (House gas)	314,608,998	44,333,327	135,354,630	15,113,394
TAQA for Water Desalination & Treatment	95,011,115	10,651,899	2,435,984	1,546,572
Pharaonic Gas Company – S.A.E.	15,887,027	10,456,812	-	1,028,191
TAQA Gas Services	84,131,315	22,477,701	56,602,191	6,555,565
Rosetta for Energy Solutions	3,969,690	(18,991,923)	-	(5,722,320)
TAQA Arabia PV for solar energy	409,048,473	4,183,121	23,904,755	(3,373,697)
TAQA for producing and distributing Electricity	17,594,931	1,436,639	8,523,160	246,818
TAQA Arabia for Solar Power	2,132,187,765	621,210,353	155,310,076	12,224,811
TAQA Arabia BV	209,128,016	183,539,582	-	31,391,146
Qatar Group for Gas – LLC	260,413,938	52,573,924	151,645,266	12,445,282
Arab Company for Gas Services – LLC *	26,993,177	24,470,250	-	-
TAQA Arabia international Holding LTD	82,126,232	299,685	-	(1,709,420)
Gas and Energy Group Limited – LLC	22,531,909	(301,742,719)	-	(1,371,776)
Joint Libyan-Egyptian gas company	3,810,000	3,348,628	-	-
31 December 2022	Assets	Total equity	Revenue	Net profit (loss)
Gas and Energy Company "TAQA Gas" – S.A.E	2,565,438,715	237,542,888	1,631,777,686	219,287,565
TAQA for Electricity, Water and Cooling – S.A.E	314,781,331	213,529,994	-	(150,647)
Master Gas Company S.A.E	1,527,746,399	224,428,225	556,369,034	73,798,843
TAQA for Marketing Petroleum Products – (TAQA Petroleum) S.A.E	1,518,042,929	219,511,757	6,031,788,475	99,147,513
TAQA for producing and distributing Electricity at free zones – S.A.E	70,506,437	68,053,747	-	34,808,871
International Company for Gas works (House gas)	298,187,454	69,021,827	328,035,369	41,896,726
TAQA for Water Desalination & Treatment	60,831,171	9,105,327	1,347,386	(1,563,250)
Pharaonic Gas Company – S.A.E	14,459,315	9,428,621	-	905,237
TAQA Gas Services	59,247,081	23,728,774	69,113,025	7,806,639
Rosetta for Energy Solutions	1,465,119	(13,269,603)	-	(16,269,603)
TAQA Arabia PV for solar energy	330,322,093	7,556,818	34,837,116	5,324,792
TAQA for producing and distributing Electricity	17,681,643	1,189,821	3,446,204	638,791
TAQA Arabia for Solar Power	1,790,384,709	483,273,744	218,170,366	27,738,216
TAQA Arabia BV	159,332,587	154,601,630	-	(1,756,849)
Qatar Group for Gas – LLC	257,171,606	72,284,573	281,011,390	33,583,368
Arab Company for Gas Services – LLC *	26,993,177	24,470,250	-	-
TAQA Arabia international Holding LTD	67,862,280	2,828,030	-	(1,206,759)
Gas and Energy Group Limited – LLC	22,531,909	(300,370,943)	-	(76,888,430)
Joint Libyan-Egyptian gas company	3,810,000	3,348,628	-	-

Notes to the interim consolidated financial statements
For the six months period ended 30 June 2023

(In the notes all amounts are shown in EGP unless otherwise stated)

11. Right of use assets

	30 June 2023	31 December 2022
Balance at 1 January	663,901,237	469,464,899
Additions during the year	44,359,100	248,843,124
Amortization expenses	(27,807,731)	(47,136,326)
Exchange differences	1,596,133	1,972,632
Disposal	-	(9,243,092)
Settlement	(9,341,200)	-
Ending balance	672,707,539	663,901,237

Right of use assets represent properties rented by the group.

Amortization expense is allocated in the consolidated statement of profit or loss, as follows:

	30 June 2023	30 June 2022
Cost of sales	21,125,045	18,235,212
General and administrative expenses	6,682,686	3,257,041
	27,807,731	21,492,253

12. Inventories

	30 June 2023	31 December 2022
Raw materials	917,747,514	654,879,595
Spare parts	168,944,799	94,649,264
Finished goods	137,315,881	95,901,866
	1,224,008,194	845,430,725
Less: provision of inventory write-downs	(8,106,936)	(8,106,936)
	1,215,901,258	837,323,789

13. Trade receivables and other debit balances

(a) Non-current

	30 June 2023	31 December 2022
Retentions	192,535,870	193,745,218
Notes receivables	85,840,544	88,132,524
Derivative financial instrument – interest rate swap	44,357,042	25,627,628
Prepaid expenses	1,433,342	1,314,604
	324,166,798	308,819,974

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(In the notes all amounts are shown in EGP unless otherwise stated)

13. Trade receivables and other debit balances (continued)

(b) Current

	30 June 2023	31 December 2022
Other receivables	1,361,314,587	1,081,201,741
Trade receivables	755,547,303	763,710,264
Prepayments and advance to suppliers	260,968,899	176,371,784
Construction contracts in progress	130,815,878	114,497,995
Notes receivable	86,172,535	140,393,718
Retentions- deposits with other	31,556,641	29,919,031
Staff loans	29,968,388	18,067,441
	2,656,344,231	2,324,161,974
Less : Impairment of trade receivables and other debit balances (3C)	(69,698,857)	(61,107,888)
	2,586,645,374	2,263,054,086

(1) Classification of trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in [Note \(4C\)](#).

(2) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates.

(3) Impairment of trade receivables

For information about the impairment of trade receivables refer to [Note \(4C\)](#).

14. Financial assets at fair value through other comprehensive income

	30 June 2023	31 December 2022
Orient Investment Properties Ltd.	51,261,460	51,261,460
	51,261,460	51,261,460

During the year 2019, TAQA Arabia Company acquired 3,000,000 ordinary shares in Orient Investment Properties Ltd at USD 1.00 per share, amounting to USD 3,000,000 (equivalent to EGP 51,261,460).

TAQA Arabia Company did not exert significant influence over the above investment as the company does not participate in policy making processes, has no material transactions, and does not exchange managerial personnel or provide essential technical assistance. The company does not have control, or joint control over this investment.

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15. Related parties

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 management decides the terms and conditions of transactions and services provided from/ to related parties, as well as other expenses.

The ultimate parent is Citadel Capital Company S.A.E.

15.1 The below table summarises the nature and volume of transactions with related parties during the year.

Name of the Company	Nature of relationship	Nature of transactions	30 June 2023	31 December 2022
Castrol Egypt	Associate	Sale of lubricants	102,079,385	140,786,927
ARESCO	Affiliate	Construction works	50,641,872	43,317,714
ASIC Automation	Affiliate	Construction works	39,012,004	165,386,163
Dina for agricultural investments	Affiliate	Sale of electricity	8,882,004	10,867,472

The transactions with related parties resulted in the following balances at year end:

15.2 Due from related parties – non-current

	30 June 2023	31 December 2022
Castrol Egypt	39,200,000	39,200,000
	39,200,000	39,200,000

15.3 Due from related parties – current

	30 June 2023	31 December 2022
ASEC Automation	22,852,675	1,262,298
Dina for agricultural investments	13,224,850	4,739,737
ARESCO	7,079,439	27,299,985
	43,156,964	33,302,020

**Notes to the interim consolidated financial statements
For the six months period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

15. Related parties (continued)

15.4 Due to related parties

	30 June 2023	31 December 2022
Castrol Egypt	120,433,727	58,645,664
ASEC Automation	762,368	-
Silverstone Capital Investments Ltd	-	15,801,405
Trimestone Assets Holdings Limited B,V,I,	-	1,107,023
Citadel Capital for International Investment ltd,	-	118,300
	121,196,095	75,672,392

15.5 Key management compensation

TAQA group key management compensation within all the Group Companies represents short term employee benefits which is amounting to EGP 220,897,949 for 30 June 2023 and EGP 107,447,787 for 31 December 2022 and does not include post-employment benefits, termination benefits or shared based payments.

16. Cash on hand and at bank and highly liquid investment

	30 June 2023	31 December 2022
Investments in treasury bills less than 3 months	5,869,148,440	4,838,696,537
Cash on hand and at banks*	628,192,496	692,581,405
Time deposit **	383,488,895	411,469,882
	6,880,829,831	5,942,747,824
Loss allowances for treasury bills ***	(1,283,869)	(1,123,893)
Loss allowances for time	(103,755)	(103,755)
	6,879,442,207	5,941,520,176

* Cash on hand and at Banks disclosed above and in the statement of cash flows include EGP 44 M represent debt service reserve account for TAQA solar loan with IFC against interest and instalment payment for the period of 3 months and foreign currency availability reserve for 3 months of interest and instalment.

** Time deposits disclosed above include short-term deposits amounting to EGP 383,488,895 that are held by HSBC bank as collateral against the loan granted by HSBC Bank Egypt to Citadel Capital for International Investments and according to the Ordinary General Assembly Meeting held on 4 September 2022, it was approved to renew until 31 December 2023.

Impairment of treasury bills

*** For information about the impairment of treasury bills refer to [Note \(4C\)](#).

**Notes to the interim consolidated financial statements
For the six months period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

16. Cash on hand and at bank and highly liquid investment (continued)

For cash flow purposes, cash and cash equivalents comprise the following:

	30 June 2023	31 December 2022
Investments in treasury bills less than 3 months	5,869,148,440	4,838,696,537
Cash on hand and at banks	628,192,496	692,581,405
Time deposits	383,488,895	411,469,882
Less: restricted cash	<u>(383,025,414)</u>	<u>(383,025,414)</u>
	<u>6,497,804,417</u>	<u>5,559,722,410</u>

17. Bank facilities

	30 June 2023	31 December 2022
TAQA Gas Group	2,095,201,040	687,112,141
Power Group	1,403,285,042	1,622,249,584
TAQA Marketing	1,113,976,518	346,925,837
TAQA Arabia	1,003,483,681	1,816,532,537
Qatar Gas Group	<u>4,045,703</u>	<u>16,992,155</u>
	<u>5,619,991,984</u>	<u>4,489,812,254</u>

The above bank facilities are represented in bank overdrafts that are mainly secured by the treasury bills.

18. Borrowings

	30 June 2023	31 December 2022
Non-current portion		
IFC	1,215,991,036	1,012,603,308
NBE	805,570,639	735,887,684
Emirates NBD	314,258,472	329,389,554
HSBC	238,736,530	264,231,267
MID Bank	126,000,000	-
European bank for reconstruction & development EBRD	<u>92,747,087</u>	<u>88,785,655</u>
	<u>2,793,303,764</u>	<u>2,430,897,468</u>

**Notes to the interim consolidated financial statements
For the six months period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

18. Borrowings (continued)

	30 June 2023	31 December 2022
Current portion		
NBE	131,161,065	85,435,323
IFC	102,476,799	80,992,200
HSBC	98,515,107	90,000,000
Emirates NBD	29,918,675	28,181,741
European bank for reconstruction & development EBRD	17,085,028	13,659,330
MID Bank	14,000,000	-
	<u>393,156,674</u>	<u>298,268,594</u>
	<u>3,186,460,438</u>	<u>2,729,166,062</u>

	30 June 2023	31 December 2022
Accrued interest	439,149,298	348,977,403

Loans repayment schedule:

	Less than six months	6 months to 1 year	1-2 Years	More than 2 years
30 June 2023				
Loans principal	188,863,279	204,293,395	406,346,835	2,386,956,929
	<u>Less than six months</u>	<u>6 months to 1 year</u>	<u>1-2 Years</u>	<u>More than 2 years</u>
31 December 2022				
Loans principal	141,185,269	157,083,325	361,366,515	2,069,530,953

The main terms and conditions of outstanding loans are as follows:

(a) TAQA Arabia

HSBC bank

A loan of EGP 450 million was obtained from the bank on 17 October 2017, the amount of the loan drawdown as of 30 June 2023 amounted of EGP 450 million in addition to the accrued interest.

Payment is made on 12 semi-annual instalments and is due to be repaid first instalment in March 2019. The final instalment is due in March 2025.

**Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

18. Borrowings (continued)

(a) TAQA Arabia (continued)

Covenants

- Pledge the shares of the Gas Group and its subsidiaries.
- The gearing ratio should not exceed 2:1 during the financing period and until the financing is paid out of the principal, return, commissions, expenses, and any amounts payable.
- Non-distribution of dividends to TAQA Arabia's shareholders in the event of a breach or failure of the Bank to satisfy the debt service rate.
- The company or any of the gas companies should not obtain financing from any party other than the bank, except after obtaining a prior written approval from the bank.
- Changing the structure of the shareholders by entering a new shareholder with a percentage exceeding 10%, except after obtaining a prior written approval from the bank.

(b) Master gas Company

National Bank of Egypt:

- (1) A loan of EGP 200 million was obtained from the Bank. The amount of the loan drawdown as of 30 June 2023 amounted to EGP 192 million in addition to accrued interest. The payment is made on 28 equals quarterly instalments, and the first instalment is due in 31 October 2021. The last instalment is due in July 2028.

Covenants

- Not to make any dividend distributions during the life of the financing with the possibility of making distributions in the case of the Borrower's obligation to pay all the amounts due thereon to the Bank and obligation to financial undertakings after obtaining the Bank's prior written consent.
- Not to obtain credit facilities from other banks on any of the assets subject to financing before obtaining a prior written approval from the bank.
- Insure the stations, subject of financing, during the construction period against the risks of contractors and after operation against the risk of fire within the user's limits of financing provided that the insurance policies for the stations financed by the Bank shall be waived in favor of the Bank.
- Not to increase the ratio of total liabilities to total equity for 1:3.5
- Not to increase the ratio of total Bank debts to total equity for 1:3
- The coverage rate of loan instalments and returns for the Borrower shall not be less than 1 time.

**Notes to the interim consolidated financial statements
For the six months period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

18. Borrowings (continued)

(b) Master gas company (continued)

Securities

Insurance policy for these stations in favor of the bank.

(2) Long term loan to finance construction of 40 stations to supply cars with natural gas

- The loan was obtained in the amount of EGP 508 million from the Bank with an interest rate of margin above the corridor (Lending) declared by the central bank of Egypt.
- The term of the loan is 8 years, including a withdrawal period and a grace period of one year since the contract signing date. The Company extended withdrawal and grace period for another year but without any extension in the loan period
- The repayment program has been modified to be repaid in 25 quarterly instalments of equal value, the first instalment starts on June 2023.
- The amount of the loan drawdown as of 30 June 2023 is EGP 432.9 M.

Securities

Insurance policy for these stations in favor of the bank.

(c) Global Energy

MID Bank

- On May 29, 2023, Global Energy Company "SAE" signed a long-term financing contract with MID Bank in the amount of 140,000,000 Egyptian pounds (one hundred and forty million Egyptian pounds) with the purpose of contributing to the financing of the purchase of the electric power distribution network and its machinery and equipment for Marakez Project (Egyptian Company for Real Estate Development) in the 6th of October - Giza Governorate, to be paid in 40 equal quarterly installments, in the amount of 3,500,000, starting from August 2023 until May 2033

Covenants

- Not making any other mortgages or issuing a power of attorney to make mortgages, liens, rights of others, or any other form of guarantee on the financed project.
- Not distributing profits or dividends to shareholders for any financial year except after notifying the Bank in writing of that.
- Not distributing dividends or dividends to shareholders for any fiscal year unless the due amounts have been paid out of the loan principal, returns, commissions and other due expenses.

Compliance with loan covenants

The group has complied with the financial covenants of its borrowing facilities as of the six-month period ended 30 June 2023 and year ended 31 December 2022.

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(In the notes all amounts are shown in EGP unless otherwise stated)

18. Borrowings (continued)

(d) TAQA industrial zones

ENBD

A loan of EGP 366.7M was obtained from the bank on 1 September 2019 with interest rate of corridor plus margin, the amount of the loan drawdown as of 30 June 2023 amounted of EGP 366.7 M, in addition to the accrued interest.

Payment is made on quarterly instalments and is due to be repaid first instalment in June 2022. The final instalment is due in March 2031.

Covenants

- The bank has been granted a power of attorney for commercial mortgage of TAQA for industrial zones.
- Assigning all cash and financial revenues and revenues generated by the funded project to The Company's account at lender bank.

(e) TAQA Solar PV

European bank for reconstruction & development EBRD

- On December 10, 2020, the company signed a long-term loan contract with Global Energy Company "associate" and EBRD bank for the purpose of financing the company's projects from investment costs, the total amount of financing amounted to 10 million dollars divided into six Tranches, each tranche shall be withdrawn after completing the requirements, at a variable interest rate at an average.
- The loan is repaid in semi-annual instalments over 8 years, either (a) after six months from the date of completion of the project, or (b) after two years from the date of signing the contract, whichever is earlier.
- The amount of the loan drawdown as of 30 June 2023 is USD 4,147,000.

HSBC

- 1- On May 16, 2022, the company signed a medium-term loan contract from HSBC bank for the purpose of financing the company's projects from investment costs, the total amount of financing amounted to 70,959,230 EGP.
Payment is made on Semi-annual instalments and is due to be repaid first instalment in November 2023.
The amount of the loan drawdown as of 30 June 2023 is EGP 48 M.
- 2- On November 14, 2022, the company signed a medium-term loan contract from HSBC bank for the purpose of financing the company's projects from investment costs, the total amount of financing amounted to 182,919,700 EGP.
Payment is made on Semi-annual instalments and is due to be repaid first instalment in May 2024.
The amount of the loan drawdown as of 30 June 2023 is EGP 109 M.

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(In the notes all amounts are shown in EGP unless otherwise stated)

18. Borrowings (continued)

(f) TAQA Solar

IFC

The company signed the contract with a group of international lenders led by international finance corporation (IFC) and other international corporations on October 2017 to obtain a loan to finance a construction of the solar power plant in Benban zone of Aswan Governorate with an amount of USD 54.2M with interest rate of LIBOR for six months plus margin. The loan will be repaid on 33 equal instalments due from 15 July 2019 to 15 July 2035. The amount of the loan drawdown as of 30 June 2023 amounted of USD 54.2 million in addition to accrued interest.

The Securities created to the Lenders under TAQA Solar project

Offshore securities:

- Equity subordination and Assignment Deed
- Offshore Assignment Deed
- Reinsurance Assignment Deed

Onshore securities:

- Movable Collateral Register POA
- Movable Assets Mortgage Agreement
- Onshore Share Pledge (TAQA Solar- Swenett Solar B.V)
- Onshore Share Pledge POA
- Assignment of Onshore Accounts Agreement
- Onshore Assignment Agreement
- Onshore Assignment of Insurance Agreement
- Assignment of Equity Subordinated Lender Loan Agreement.

Debt covenants

- The Borrower must not make, pay or permit a Distribution unless the Prospective Debt Service Cover Ratio is not less than 1.2:1
- No default has occurred and is continuing at the time of any planned distribution
- The Borrower is maintaining the Required balances of the Maintenance Reserve Account, Debt Service Reserve Account and CSA Reserve Account
- Sponsors should retain at least 51% ownership at all the loan duration

The Borrower must ensure that, at any time following the Commercial Operation Date, the average Performance Factor over any twelve (12) Billing Periods (as defined in the PPA) is not less than zero point eight (0.8).

**Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

18. Borrowings (continued)

(g) TAQA Marketing

National Bank of Egypt

- 1- A loan of EGP 50 million was obtained from the Bank. The amount of the loan drawdown as of 30 June 2023 amounted to EGP 50 million in addition to accrued interest. The payment is made on 20 equal quarterly instalments by EGP 2,500,000 and the first instalment is due in August 2021. The last instalment is due in Dec 2025.
- 2- loan of EGP 15.8 million was obtained from the Bank. The amount of the loan drawdown as of 30 June 2023 amounted to EGP 15.8 million in addition to accrued interest. The payment is made on 20 equal quarterly instalments by EGP 790,000 and the first instalment is due in March 2021. The last instalment is due in April 2026.

Covenants

- The company shall undertake an irrevocable power of attorney to authorize the Bank to activate a commercial mortgage of the first class on the company's tangible and intangible assets financed through 15.8 million loan related to new tank in Suez Terminal.

The company undertakes the following:

- Not to distribute any profits until after payment of all the bank's receivables in that year including the original amount and its proceeds.
- The "financial leverage" ratio shall not exceed 2 for the duration of the loan.
- The ratio of "total bank debt to total equity" shall not exceed 1.5: 1 throughout the term of the loan.
- The rate of coverage of loans and returns shall not be less than (1) times.
- Total liabilities to total equity not to exceed 3:1
- Not to arrange any mortgage or any power of attorney for sale or mortgage for any projects financed through NBE.

3- Med-term loan to finance the construction of Alexandria warehouse

- The loan was signed on 3 June 2021
- The loan was obtained in the amount of EGP 337.9 million from the Bank and increased to EGP 384.8 million on 7 February 2023.
- Interest rate is the corridor rate declared by the central bank of Egypt plus margin.
- The loan term is 8 years, including a 3 year withdrawal period and a 3 year grace period.
- The amount of the loan drawdown as of 30 June 2023 is EGP 267.9 M.

Securities

TAQA Arabia undertakes to pay the rent of the warehouse in case that the lender was not able to pay it.

**Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

18. Borrowings (continued)

(g) TAQA Marketing (continued)

4- Med-term loan to finance construction of 7 car refueling stations

- The loan was obtained in the amount of EGP 70.2 million from the Bank
- Interest rate is the corridor rate declared by the central bank of Egypt plus margin.
- The term of the loan is 6,5 years, including a withdrawal period and a grace period of one and a half years.
- According to a contract annex on 21 June 2023, payment is made on 17 equal instalments, the first instalment is due on December 2023.
- The amount of the loan drawdown as of 30 June 2023 is 53 M.

Securities

Insurance policy for these stations in favor of the bank.

Emirates NBD

The loan was obtained in the amount of EGP 25 million from the Bank. The amount of the loan drawdown as of 30 June 2023 amounted to EGP 18.4 million in addition to the accrued interest.

The payment is made on 24 equal quarterly instalments. The instalment is EGP 1,086,625. The first instalment is repayable in May 2019, the last instalment is due in January 2024.

Covenants

The company shall undertake an irrevocable power of attorney to authorize the Bank to activate a commercial mortgage of the first class on the assets of the company subject to the loan.

The company undertakes the following:

- Not to distribute any profits until after payment of all the bank's receivables in that year including the original amount and its proceeds.
- Debt service shall not be less than 1.1: 1 loan period.
- The "leverage" ratio shall not exceed 2.5: 1 throughout the loan period.
- The company undertakes not to distribute any profits except after paying all the due instalments and their returns, during the validity period of the financing.

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19. Trade payables and other credit balances

	30 June 2023	31 December 2022
Accounts payable	1,849,140,832	1,423,443,912
Deferred revenue*	906,378,840	769,137,591
Accrued expenses	776,834,501	729,093,949
Tax authority	208,828,724	176,943,511
Other payables	192,049,040	135,825,655
Retneion and deposits from others	165,014,127	155,623,116
Notes payables	71,685,237	17,804,932
	4,169,931,301	3,407,872,666

* The below table shows the movement of deferred revenues.

	2023	2022
Balance at the beginning of the year	769,137,591	499,837,621
Additions	4,587,274,447	7,443,239,635
Released to revenue	(4,450,033,198)	(7,173,939,665)
	906,378,840	769,137,591

20. Provisions

	30 June 2023	31 December 2022
Beginning balance	375,829,216	278,606,117
Provisions formed	25,217,167	151,212,743
Provisions used	(37,893,403)	(71,825,715)
Transfer from liabilities	-	17,836,071
Ending balance	363,152,980	375,829,216

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 is adjusted according to the latest developments, discussions and agreements with such parties.

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21. Paid up capital

The Group's authorized capital is EGP 1,200,000,000 represented in 120,000,000 ordinary shares of EGP 10, each.

The issued and fully paid up share capital of the Company is EGP 676,176,900 represented in 67,617,690 ordinary shares of EGP 10, each.

In the Extraordinary General Assembly meeting held on 22 December 2019, it was approved to implement the share split by adjusting the nominal value of the share from EGP 10 (ten Egyptian pounds) to EGP 0.5 (half an Egyptian pound). The assembly was approved on 24 December 2019.

Accordingly, the group's authorized capital will be EGP 1,200,000,000 represented in 2,400,000,000 ordinary shares of EGP 0.5, each.

The issued and fully paid up share capital of the Company is EGP 676,176,900 represented in 1,352,353,800 ordinary shares of EGP 0.5 (Half Egyptian pound), each.

The Company is a subsidiary of Silverstone capital Ltd which is a subsidiary of Citadel Capital S.A.E. (Qalaa Holdings).

The following table presents the paid-up capital for the six-month period ended 30 June 2023:

Shareholders	Number of shares	Capital EGP	Participation %
Silverstone Capital Investment LTD	1,079,246,964	539,623,482	79,80%
Ali bn Hassan Dayakh	53,031,300	26,515,650	3,92%
Trimstone Assets Holdings LTD	75,610,440	37,805,220	5,59%
Hana investment Co (W,L,L)	67,617,700	33,808,850	5%
Financial Holdings International LTD	48,086,481	24,043,240	3,55%
Other investors	20,680,935	10,340,468	1,54%
Citadel Capital for International Investments LTD	8,079,980	4,039,990	0,60%
	1,352,353,800	676,176,900	100%

The following table presents the paid-up capital for the year ended 31 December 2022:

Shareholders	Number of shares	Capital EGP	Participation %
Financial Holdings International LTD	48,086,481	24,043,240	3,55%
Silverstone Capital Investment LTD	1,079,246,964	539,623,482	79,80%
Citadel Capital for International Investments LTD	8,079,980	4,039,990	0,60%
Rolaco EGB for investment	53,031,300	26,515,650	3,92%
Trimstone Assets Holdings LTD	75,610,440	37,805,220	5,59%
Hana investment Co (W,L,L)	67,617,700	33,808,850	5%
Other investors	20,680,935	10,340,468	1,54%
	1,352,353,800	676,176,900	100%

**Notes to the interim consolidated financial statements
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22. Reserves

	30 June 2023	31 December 2022
Legal reserve *	94,242,945	84,405,204
Translation reserve	222,505,694	130,928,214
Other reserve **	(2,670,051)	(2,670,051)
Hedging reserve - interest rate swap ***	22,325,056	16,636,999
Reclassification for a split of TAQA for Electricity, Water and Cooling - SAE (Subsidiary)****	53,136,000	53,136,000
	389,539,644	282,436,366

* According to the Egyptian Companies' Law 159 for the year 1981 and the Group companies' statute, the Group companies are required to set aside 5% of the annual net profit to form a legal reserve. The transfer to legal reserve ceases once the reserve reach 50% of the issued share capital. The reserve is not eligible for distribution to Shareholders.

If the reserve falls below the defined level (50% of the paid share capital, then the Group is required to resume setting aside 5% of the annual profit until it reaches 50% of the issued share capital.

** This amount is represented in the excess of paid amount over book value of acquired shares due to the change in the group ownership interest in subsidiaries that don't result in a loss of control.

*** TAQA Solar company a subsidiary of TAQA Arabia has entered into a finance agreement with International finance Corporation to obtain a loan to finance the Solar energy project, by which the company was obliged to cover the risk of change in variable interest rates for 6 months US dollar Libor rate and this by entering into an interest rate swap contract and this by fixing 6 months US dollar Libor rate to be % 3.417.

**** This reclassification represents the retained earnings of TAQA for electricity, water and cooling S.A.E. that was used to increase the capital of TAQA for electricity, water and cooling S.A.E. and TAQA Electricity, Generation and Distribution in Industrial Zones as a result of the split of TAQA for electricity, water and cooling and based on the report issued by GAFI and at the consolidation level this retained earning cannot be distributed, accordingly it has been reclassified to other reserve.

23. Long term liabilities

	30 June 2023	31 December 2022
Power consumption deposits	305,958,651	277,059,527
Other long-term liabilities	56,894,220	43,825,900
Gas consumption and meter deposits	7,866,961	7,866,961
	370,719,832	328,752,388

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24. Lease liabilities

	30 June 2023	31 December 2022
Lease liability recognized as at the beginning of the year	734,021,171	508,456,838
(Less) lease payments during the year	(43,743,284)	(80,046,173)
Addition	44,359,100	248,843,124
Interest expense	42,594,228	66,173,537
Disposal	-	(11,406,970)
Adjustments to lease contracts	(10,893,559)	-
Forex	1,418,466	2,000,815
	767,756,122	734,021,171
(Less) Current lease liability	(45,334,239)	(42,381,066)
Non-current lease liability	722,421,883	691,640,105
	30 June 2023	31 December 2022
Commitments in relation to leases are payable as follows:		
Within one year	98,163,904	95,912,495
Later than one year	334,549,039	304,928,473
Later than five years	1,499,414,130	1,498,412,505
Minimum lease payments	1,932,127,073	1,899,253,473
The present value of lease liabilities is as follows:		
Within one year	45,334,239	42,381,066
Later than one year	246,386,752	195,691,359
Later than five years	476,035,131	495,948,746
Present value of minimum lease payments	767,756,122	734,021,171

(In the notes all amounts are shown in EGP unless otherwise stated)

25. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using an effective tax rate of 22.5%:

25.1 Deferred tax assets

	Property & equipment	Right of use assets (EAS 47)	Impairment of treasury bills	Accumulated losses	Provisions	Un-realised foreign currency exchange losses	Derivative financial instruments cash flow hedge	Total
Opening balance as at 1 January 2022	-	8,758,980	6,201,710	15,973,887	-	1,381,362	16,677,180	48,993,119
Reclasses	1,832,211	761,599	(2,497,435)	(7,546,726)	11,313,006	93,544	-	3,956,199
Deferred income tax charged to statement of profit or loss	(565,782)	4,551,957	(3,575,561)	15,948,472	18,805,667	13,062,086	-	48,226,839
Deferred income tax recognised in equity statement (Cash flow hedge)	-	-	-	-	-	-	(21,153,082)	(21,153,082)
Forex	-	40,481	-	-	-	1,202,350	4,475,902	5,718,733
Balance at 31 December 2022	1,266,429	14,113,017	128,714	24,375,633	30,118,673	15,739,342	-	85,741,808
Opening balance as at 1 January 2023	1,266,429	14,113,017	128,714	24,375,633	30,118,673	15,739,342	-	85,741,808
Deferred income tax charged to statement of profit or loss	84,962	4,728,957	35,994	30,361,817	(2,250,000)	5,919,247	-	38,880,977
Forex	-	7,656	-	-	-	1,647,857	-	1,655,513
Balance at 30 June 2023	1,351,391	18,849,630	164,708	54,737,450	27,868,673	23,306,446	-	126,278,298

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(In the notes all amounts are shown in EGP unless otherwise stated)

25. Deferred tax (continued)

25.2 Deferred tax liabilities

	Property & equipment	Right of use assets (EAS 47)	Un-realised foreign currency exchange losses	Derivative financial instruments cash flow hedge	Total
Balance at 1 January 2022	92,537,144	-	-	-	92,537,144
Reclasses	3,953,254	2,945	-	-	3,956,199
Deferred income tax charged to statement of profit or loss	40,174,538	185,289	10,835,055	-	51,194,882
Deferred income tax recognised in equity statement (Cash flow hedge)	-	-	-	4,711,052	4,711,052
Forex	5,944,004	-	-	848,511	6,792,515
Balance at 31 December 2022	142,608,940	188,234	10,835,055	5,559,563	159,191,792
Balance at 1 January 2023	142,608,940	188,234	10,835,055	5,559,563	159,191,792
Deferred income tax charged to statement of profit or loss	18,201,899	(1,713)	(1,205,135)	-	16,995,051
Deferred income tax recognised in equity statement (Cash flow hedge)	-	-	-	2,752,289	2,752,289
Forex	4,736,901	-	2,595	1,668,497	6,407,993
Balance at 30 June 2023	165,547,740	186,521	9,632,515	9,980,349	185,347,125

26. Current income tax liabilities

	2023	2022
Opening balance	173,080,195	145,466,865
Current income tax expense	107,660,020	197,466,277
Current income tax payment	(29,782,471)	(58,711,832)
Withholding tax payment	(75,280,172)	(111,141,115)
	175,677,572	173,080,195

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(In the notes all amounts are shown in EGP unless otherwise stated)

27. Derivative financial instrument asset (liability)

	30 June 2023	31 December 2022
Derivative financial instrument - interest rate swap	44,357,042	25,627,628
	<u>44,357,042</u>	<u>25,627,628</u>

TAQA Solar company a subsidiary of TAQA Arabia has entered into a finance agreement with International finance Corporation to obtain a loan to finance the Solar energy project, by which the company was obliged to cover the risk of change in variable interest rates for 6 months US dollar Libor rate and this by entering an interest rate swap contract and this by fixing 6 months US dollar Libor rate to be 3.417%.

The main terms of the transactions are as follows:

Effective date: 2 July 2018

Termination date: 15 Jan 2032.

Fixed rate paid by the company is 3.417%.

The following table summarizes the hedging asset (liabilities) movement:

Interest rate swaps – cash flow hedges

Balance at 1 January 2022	(73,066,596)
Recognition of fair value of interest rate swaps contract	114,951,693
Cumulative translation differences	<u>(16,257,469)</u>
Balance at 31 December 2022 and 1 January 2023	<u>25,627,628</u>
Recognition of fair value of interest rate swaps contract	12,232,381
Cumulative translation differences	<u>6,497,033</u>
Balance at 30 June 2023	<u>44,357,042</u>



TAQA ARABIA COMPANY (S.A.E.) AND ITS SUBSIDIARIES

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28. Revenues

Disaggregation of revenue from contracts with customers

Six-month ended in:	Fuel & lubes revenue	Electricity supplies revenue	Gas networks construction revenue	Sales commission	Gas cars conversion & gas sales revenue	Total
30 June 2023	3,428,351,722	1,001,538,245	1,153,484,697	187,149,037	389,080,039	6,159,603,740
Revenues from external customers						
Timing of revenue recognition						
At a point in time	3,428,351,722	178,506,768	565,774,642	187,149,037	389,080,039	4,748,862,208
Over time	-	823,031,477	587,710,055	-	-	1,410,741,532
	3,428,351,722	1,001,538,245	1,153,484,697	187,149,037	389,080,039	6,159,603,740
Three-month ended in:						
30 June 2023	1,777,130,460	552,878,419	598,628,132	87,411,050	205,258,367	3,221,306,428
Revenues from external customers						
Timing of revenue recognition						
At a point in time	1,777,130,460	98,366,637	295,284,988	87,411,050	205,258,367	2,463,451,502
Over time	-	454,511,782	303,343,144	-	-	757,854,926
	1,777,130,460	552,878,419	598,628,132	87,411,050	205,258,367	3,221,306,428

TAQA ARABIA COMPANY (S.A.E.) AND ITS SUBSIDIARIES

Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

28. Revenues (continued)

Six-month ended in:	Fuel & lubes revenue	Electricity supplies revenue	Gas networks construction revenue	Sales commission	Gas cars conversion & gas sales revenue	Total
30 June 2022						
Revenues from external customers	2,850,379,921	896,520,913	603,932,401	188,780,217	247,668,970	4,787,282,422
Timing of revenue recognition						
At a point in time	2,850,379,921	129,914,110	448,051,029	188,780,217	247,668,970	3,864,794,247
Over time	-	766,606,803	155,881,372	-	-	922,488,175
	2,850,379,921	896,520,913	603,932,401	188,780,217	247,668,970	4,787,282,422
Three-month ended in:						
30 June 2022						
Revenues from external customers	1,417,682,220	497,552,815	344,229,487	91,638,111	127,484,347	2,478,586,980
Timing of revenue recognition						
At a point in time	1,417,682,220	69,885,085	241,913,739	91,638,111	127,484,347	1,948,603,502
Over time	-	427,667,730	102,315,748	-	-	529,983,478
	1,417,682,220	497,552,815	344,229,487	91,638,111	127,484,347	2,478,586,980

**Notes to the interim consolidated financial statements
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29. Cost of revenues

	Six-month ended		Three-month ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Fuel and lubes cost	3,332,162,026	2,770,220,786	1,725,390,400	1,379,611,204
Electricity supplies cost	680,244,371	638,534,755	376,045,060	345,770,514
Gas networks construction cost	905,963,679	456,444,968	469,851,503	256,840,336
Purchase of gas	215,360,624	114,619,457	121,010,512	58,569,645
Depreciation and amortization	141,746,855	102,402,402	74,222,653	53,140,910
Salaries and wages	130,616,504	94,976,575	64,850,901	48,937,167
Other	84,118,984	83,113,163	60,681,790	50,069,824
	5,490,213,043	4,260,312,106	2,892,052,819	2,192,939,600

30. Administrative expenses

	Six-month ended		Three-month ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Salaries and wages	153,202,416	85,175,316	84,570,871	44,438,675
Professional fees	19,504,427	8,684,793	7,462,999	3,428,889
Maintenance and repair	1,481,491	2,177,358	777,864	836,588
Depreciation and amortization	11,765,632	7,960,859	5,938,071	4,262,967
IT and telecommunication expense	5,482,769	5,318,797	3,107,197	3,505,125
Rent expense	1,577,318	2,223,610	807,497	90,815
Travel expense	5,056,429	5,800,314	2,358,722	3,426,944
Insurance expense	5,035,903	3,251,176	3,974,732	214,490
Publication and events	3,281,794	3,516,054	907,580	1,452,318
Utility	734,701	960,514	(671,410)	205,573
Other	25,016,814	15,642,152	10,326,603	7,271,962
	232,139,694	140,710,943	119,560,726	69,134,346

31. Other expenses

	Six-month ended		Three-month ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Other expenses*	30,230,533	7,865,103	6,663,881	6,295,530
Provision	25,217,167	64,145,195	(30,097,559)	(3,653,004)
	55,447,700	72,010,298	(23,433,678)	2,642,526

* Out of the total other expenses EGP 3,002,631 as of 30 June 2023, and EGP 4,085,899 as of 30 June 2022, are related to items before EBITDA, which is one of the key parameters looked at by management (note 37).

Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

32. Finance (cost) / income- net

	Six-month ended		Three-month ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Interest expense	658,331,735	358,293,998	364,330,872	202,994,095
Foreign currency exchange loss	-	4,782,994	-	(5,194,979)
Finance costs	658,331,735	363,076,992	364,330,872	197,799,116
Treasury bills and interest revenues	554,386,123	346,471,182	303,604,029	181,539,132
Foreign currency exchange gain	19,213	-	(6,523,891)	-
Finance income	554,405,336	346,471,182	297,080,138	181,539,132
Finance cost - net	(103,926,399)	(16,605,810)	(67,250,734)	(16,259,984)

* The net loss of currency differences for the financial period ending on June 30, 2022 includes the amount of EGP 12,803,446, which the group capitalized as part of the solar power plant, at the end of the fiscal year ending on December 31, 2022, according to Appendix C of the Egyptian Accounting Standard (37) that was issued Adding it regarding the Prime Minister's decision No. 4706 of 2022.

33. Income tax

The tax expense for the year differs from the theoretical amount that would arise using the tax rate applicable to the group as follows:

	Six-month ended		Three-month ended	
	30 June 2023	30 June 2021	30 June 2023	30 June 2021
Current income tax				
Income tax for the period	107,660,020	78,205,249	64,137,510	40,241,525
	107,660,020	78,205,249	64,137,510	40,241,525
Deferred tax				
Deferred tax for temporary differences	(21,885,926)	(3,741,913)	9,885,654	8,704,415
	(21,885,926)	(3,741,913)	9,885,654	8,704,415
Total current and deferred income tax	85,774,094	74,463,336	74,023,164	48,945,940

Notes to the interim consolidated financial statements
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(In the notes all amounts are shown in EGP unless otherwise stated)

33. Income tax (continued)

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

	30 June 2023	30 June 2022
Profit before income tax	279,690,208	301,521,849
Tax calculated using tax rate of 22.5%	62,932,097	67,842,416
Tax effect for expenses and income not deducted/added for tax purposes	44,727,923	10,362,832
Income tax	107,660,020	78,205,248
Effective tax rate	38.4%	26%

34. Earnings profit per share

Basic earnings per share is calculated by dividing the net profit attributable to the shareholders of the parent company by the weighted average number of ordinary shares issued, after considering the proposed employees' profit share.

	30 June 2023	30 June 2022
Net profit attributable to the shareholders of the parent company	167,271,059	192,356,089
Weighted average number of ordinary issued and paid shares	1,352,353,800	1,352,353,800
Basic earnings per share	0.124	0.142

35. Financial instruments by category

Assets as per the consolidated statement of financial position	30 June 2023		
	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
Trade and other receivables (excluding non-financial assets)* (Note 13)	-	2,449,659,235	2,449,659,235
Due from related parties	-	82,356,964	82,356,964
Cash and cash equivalents	-	6,879,442,207	6,879,442,207
Financial assets at fair value through other comprehensive income	95,618,502	-	95,618,502
Total	95,618,502	9,411,458,406	9,507,076,908

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(In the notes all amounts are shown in EGP unless otherwise stated)

35. Financial instruments by category (continued)

Liabilities as per the consolidated statement of financial position	30 June 2023	
	Financial liabilities at amortised cost	Total
Trade and other payables (excluding non-financial liabilities) * (Note 18)	3,425,443,569	3,425,443,569
Borrowings	3,186,460,438	3,186,460,438
Bank facilities	5,619,991,984	5,619,991,984
Due to related parties	121,196,095	121,196,095
Lease liabilities	767,756,122	767,756,122
Total	13,120,848,208	13,120,848,208

Assets as per the consolidated statement of financial position	31 December 2022		
	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
Trade and other receivables (excluding non-financial assets)* (Note 12)	-	2,204,858,545	2,204,858,545
Due from related parties	-	72,502,020	72,502,020
Cash and cash equivalents	-	5,941,520,176	5,941,520,176
Financial assets at fair value through other comprehensive income	76,889,088	-	76,889,088
Total	76,889,088	8,218,880,741	8,295,769,829

Liabilities as per the consolidated statement of financial position	31 December 2022	
	Financial liabilities at amortised cost	Total
Trade and other payables (excluding non-financial liabilities)* (Note 18)	3,559,681,543	3,559,681,543
Borrowings	2,729,166,062	2,729,166,062
Bank facilities	4,489,812,254	4,489,812,254
Due to related parties	75,672,392	75,672,392
Lease liabilities	734,021,171	734,021,171
Total	11,588,353,422	11,588,353,422

* At the Balance sheet date, the carrying value of all short-term financial assets and liabilities approximates the fair value. Long-term borrowings also approximate the fair value as the loans bears a variable interest rate, so the fair value equals the principal amount.

**Notes to the interim consolidated financial statements
For the six-month period ended 30 June 2023**

(In the notes all amounts are shown in EGP unless otherwise stated)

35. Financial instruments by category (continued)

Trade and other receivables presented above excludes prepaid expenses, advances to supplies and deposits with others.

Trade and other payables presented above excludes taxes payables, advances from customers and social insurances.

36. Tax position

The group's profits are subject to the corporate tax according to Tax Law No. (91) of 2005 and the tax status is as follows:-

Corporate income tax

- The group companies submit its tax return on the due dates.

(In the notes all amounts are shown in EGP unless otherwise stated)

37. Operating segments

The management assesses the performance of the operating segments based on the total revenues / gross profit/ EBITDA/operating profit/ total assets of segment and the total liabilities. This measurement basis excludes discontinued operations. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the Group's head office, which manages the cash flows and liquidity requirements. In terms of geography, the group operations are mainly in Egypt.

	Gas	Power	Marketing	Other	Total	Elimination	Total Cons
30 June 2023							
Operating results							
Revenue	1,727,277,788	1,017,175,292	3,428,351,722	73,623,930	6,246,428,732	(86,824,992)	6,159,603,740
Cost of revenue	(1,311,816,953)	(729,762,054)	(3,320,246,994)	(6,581,812)	(5,368,407,813)	19,941,625	(5,348,466,188)
Depreciation and amortization (Cost)	(51,131,941)	(70,526,416)	(19,646,640)	(441,858)	(141,746,855)	-	(141,746,855)
Gross profit	364,328,894	216,886,822	88,458,088	66,600,260	736,274,064	(66,883,367)	669,390,697
Investment revenue	-	-	-	137,160,087	137,160,087	(137,160,087)	-
Other income	1,310,456	97,122	-	413,726	1,821,304	-	1,821,304
Administrative expenses	(114,720,043)	(49,123,239)	(23,124,745)	(101,562,887)	(288,530,914)	68,156,852	(220,374,062)
Depreciation and amortization (Admin)	(4,294,712)	(3,443,959)	(1,846,033)	(2,180,928)	(11,765,632)	-	(11,765,632)
Other expenses	(12,972,206)	(19,726,094)	(2,035,018)	4,502,785	(30,230,533)	-	(30,230,533)
Provision	(2,034,478)	-	29,831	(23,212,520)	(25,217,167)	-	(25,217,167)
Results from operating activities	231,617,911	144,690,652	61,482,123	81,720,523	519,511,209	(135,886,602)	383,624,607
Financial position							
Total assets	6,710,021,492	6,558,432,704	2,459,676,474	3,350,069,791	19,078,200,461	(1,776,068,734)	17,302,131,727
Total liabilities	6,184,898,307	5,000,167,104	2,242,688,399	2,458,139,506	15,885,893,316	(1,101,337,439)	14,784,555,877

Notes to the interim consolidated financial statements - For the six-month period ended 30 June 2023

(In the notes all amounts are shown in EGP unless otherwise stated)

37. Operating segments (continued)

30 June 2022	Gas	Power	Marketing	Other	Total	Elimination	Total Cons
Operating results							
Revenue	1,040,225,077	913,647,683	2,850,379,921	40,728,491	4,844,981,172	(57,698,750)	4,787,282,422
Cost of revenue	(728,698,687)	(684,491,483)	(2,760,698,720)	(2,486,228)	(4,176,375,118)	18,465,414	(4,157,909,704)
Depreciation & Amortization (Cost)	(35,678,402)	(48,205,897)	(18,488,384)	(29,719)	(102,402,402)	-	(102,402,402)
Gross profit	275,847,988	180,950,303	71,192,817	38,212,544	566,203,652	(39,233,336)	526,970,316
Investment revenue	-	-	-	83,400,183	83,400,183	(83,400,183)	-
Other income	1,949,185	1,929,400	-	-	3,878,585	-	3,878,585
Administrative expenses	(79,487,575)	(34,719,491)	(12,799,498)	(46,250,342)	(173,256,906)	40,506,822	(132,750,084)
Depreciation & Amortization (Admin)	(2,897,597)	(2,719,649)	(1,628,833)	(714,780)	(7,960,859)	-	(7,960,859)
Other expenses	(5,312,924)	(1,184,900)	(2,499,998)	1,132,719	(7,865,103)	-	(7,865,103)
Provision	(3,132,172)	-	348,439	(61,361,462)	(64,145,195)	-	(64,145,195)
Results from operating activities	186,966,905	144,255,663	54,612,927	14,418,862	400,254,357	(82,126,697)	318,127,660
Financial position							
Total assets	5,108,885,079	5,871,582,483	1,998,306,324	2,041,545,072	15,020,318,958	(1,248,098,786)	13,772,220,172
Total liabilities	4,640,501,547	4,689,243,270	1,822,271,401	1,261,573,489	12,413,589,707	(617,513,760)	11,796,075,947

Notes to the interim consolidated financial statements - For the six-month period ended 30 June 2023

(In the notes all amounts are shown in EGP unless otherwise stated)

37. Operating segments (continued)

Statement of profit or loss

	Gas		Power		Marketing		Other		TAQA Cons	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Sales	1,727.3	1,040.2	1,017.2	913.6	3,428.4	2,850.4	73.6	40.7	6,159.6	4,787.3
Cost of Sales	(1,311.8)	(728.7)	(729.8)	(684.5)	(3,320.2)	(2,760.7)	(6.1)	(2.5)	(5,348.5)	(4,157.9)
Gross profit	415.5	311.5	287.4	229.2	108.1	89.7	67.5	38.2	811.1	629.4
Admin expenses	(114.7)	(79.5)	(49.1)	(34.7)	(23.1)	(12.8)	(101.6)	(46.3)	(220.4)	(132.8)
Other Income/(expenses)	(3.0)	(0.8)	-	1.7	-	-	-	(5.0)	(3.0)	(4.1)
EBITDA	297.7	231.3	238.3	196.1	85.0	76.9	(34.1)	(13.0)	587.8	492.5
Investment revenue	-	-	-	-	-	-	137.2	83.4	-	-
Other non-recurring Items	(9.8)	(0.9)	(35.4)	(13)	(1.6)	(2.0)	(3.7)	(52.9)	(50.6)	(68.8)
Depreciation and amortization	(55.4)	(17.7)	(74.0)	(24.8)	(21.5)	(9.8)	(2.6)	(0.6)	(153.5)	(110.4)
EBIT	232.5	212.6	128.9	158.3	61.9	65.1	96.7	16.9	383.6	313.3
Net income	130.8	155.5	74.2	87.7	35.2	34.0	89.6	26.2	193.9	227.1
Minority share	7.8	7.2	24.1	28.2	-	-	(5.3)	-	26.7	34.7
Profit for the period / year	123.0	148.3	50.0	59.5	35.2	34.0	95.0	26.2	167.3	192.4

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37. Operating segments (continued)

The following summary describes each reportable segment:

(a) Gas sector

Specialize in delivering natural gas to both residential and industrial customers.

This arm provides its customers with:

Connections construction, gas distribution and operations & maintenance services targeting both residential and industrial customers.

CNG vehicle conversions, gas supply station, in addition to Mobile CNG.

Engineering consultancy, gas retail appliances and market research and surveying services.

(b) Power Sector

Specialize in power generation systems, through combustible and solar energy stations, to off grid industrial customers.

Power distribution through building / owning substations and networks.

Excess capacity management.

Operation & maintenance services, including all activities necessary for TAQA clients' plants to operate in a safe and economical manner.

(c) Fuel and Lubricants

TAQA Oil Marketing is the first privately owned Egyptian company with a license to market petroleum products including fuels and lubricants, through a retail network of service stations under TAQA's brand name.

The Company is also the sole distributor of Castrol lubricants in Egypt since 2008.

Castrol Egypt has been established in 2018 with TAQA share 49% of the total shares.

The following summary describes the entities of each reportable segment:

Gas sector

- Trans Gas
- Master Gas
- TAQA Gas
- House Gas
- Pharaonic Gas
- TAQA Gas Services
- Qatar Gas Group

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(In the notes all amounts are shown in EGP unless otherwise stated)

37. Operating segments (continued)

Power Sector

- Global for Energy
- TAQA Industrial zone
- TAQA for Electricity, Water, and cooling
- TAQA Arabia for Solar Energy
- TAQA Electricity, Generation and Distribution in Industrial Zones
- TAQA Electricity Generation and Distribution
- TAQA PV for Solar Energy

Fuel and lubricants

- TAQA for Marketing
- Castrol Egypt lubricants

Others

- TAQA Arabia Separate
- Fin Eng for Financial & Engineering Consultancy
- Gas and energy Group Limited,
- TAQA Arabia International Holding Ltd,
- Rosetta for Energy Solutions
- TAQA Water

38. Important events

The Central Bank increased interest by 200 points to 19.25% instead of 17.25%, This was by a decision of the Monetary Policy Committee, according to the meeting held on 30 March 2023.

39. Subsequent events

- i) On 9 July 2023, TAQA Arabia announced the start of trading of its shares on The Egyptian Exchange (EGX). The company's ownership structure has been changed by transferring the ownership of the minority shareholders of Silverstone Capital Ltd (the Main Shareholder) as follows: (1) Financial Holdings International Ltd, which owns (17.83%) of the total shares of the Main Shareholder, (2) Rimco EGT Investment LLC, which owns (17.93%) of the total shares of the Main Shareholder and (3) Mr. Omran Muhammad Al Omran, who owns (2.67%) of the total shares of the Main Shareholder, to be a direct ownership at TAQA Arabia Company, The process has been implemented through transferring Silverstone capital Ltd share in TAQA Arabia to each shareholder according to their existing equity stakes in Silverstone.

Notes to the interim consolidated financial statements
For the six-month period ended 30 June 2023

(In the notes all amounts are shown in EGP unless otherwise stated)

39. Subsequent events (Continued)

It is also worth mentioning that according to the agreement between Silverstone Capital Investments Ltd. and Citadel Capital for financial investments with the National Service Projects Organization, Silverstone Capital Investments Ltd. has transferred 270,470,760 (two hundred and seventy million, four hundred and seventy thousand, seven hundred and sixty) shares representing 20% of the total shares of the company's capital to the National Service Projects Organization, and this agreement included The right of Citadel Capital Investments to buy back the sold shares from the National Service Projects Organization within 4 years from the date of completion of the deal.

The table below shows the shareholder percentages according to the company's latest statement:

Shareholders	Number of shares	Capital in EGP	Participation %
Silverstone Capital Investment LTD	393,930,178	196,965,090	29.13%
National Service Projects Organization	270,470,760	135,235,380	20%
Financial Holdings International LTD	240,493,879	120,246,939	17.78%
Rimco EGT Investment LLC	195,896,118	97,948,059	14.49%
Trimstone Assets Holdings LTD	75,610,440	37,805,220	5.59%
Hana investment Co (W,L,L)	67,617,700	33,808,850	5%
Ali bn Hassan Dayakh	53,031,300	26,515,650	3.92%
Omran Muhammad Al Omran	29,212,085	14,606,042	2.16%
Other investors	18,011,360	9,005,680	1.33%
Citadel Capital for International Investments LTD	8,079,980	4,039,990	0.60%
	1,352,353,800	676,176,900	100%

- ii) The Central Bank increased interest by 100 points equivalent to 1%, This was by a decision of the Monetary Policy Committee, according to the meeting held on 3 August 2023.