



TAQA ARABIA COMPANY "S.A.E."

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

**Interim separate financial statements
For the six-months period ended 30 June 2023**

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Limited review report on the interim separate 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 separate statement of financial position of TAQA Arabia Company "S.A.E." (the "Company") as of 30 June 2023 and the related interim separate 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 separate financial statements in accordance with the Egyptian Accounting Standards, and our responsibility is limited to expressing a conclusion on these interim separate financial statements based on our limited review.

Scope of the limited review

We have conducted our limited review in accordance with the Egyptian Standard on 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 separate financial statements.

Conclusion

In light of our limited review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the financial position of the Company as of 30 June 2023, and its financial performance, and its 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 separate statement of financial position - As of 30 June 2023

(All amounts in EGP)

	Note	30 June 2023	31 December 2022
Non-current assets			
Property and equipment	5	1,072,584	967,846
Investments in subsidiaries and associates	6	947,454,539	947,454,539
Financial assets at fair value through other comprehensive income	7	51,261,460	51,261,460
Right of use assets	8	12,642,255	14,655,043
Total non-current assets		1,012,430,838	1,014,338,888
Current assets			
Other debit balances	9	85,283,268	14,459,015
Due from related parties	10	384,760,662	214,003,251
Cash on hand, at banks and highly liquid investment	11	1,487,145,311	2,365,195,650
Total current assets		1,957,189,241	2,593,657,916
Total assets		2,969,620,079	3,607,996,804
Equity			
Paid-up capital	12	676,176,900	676,176,900
Legal reserve	13	94,242,945	84,405,204
Share premium		6,501,700	6,501,700
Retained earnings		333,470,616	258,709,024
Total equity		1,110,392,161	1,025,792,828
Non-current liabilities			
Loans	14	89,083,257	133,761,831
Lease liabilities - non-current	15	11,075,147	13,724,183
Deferred tax liabilities - net	16	4,582,467	4,582,467
Total non-current liabilities		104,740,871	152,068,481
Current liabilities			
Trade payables	17	3,014,700	3,741,042
Creditors and other credit balances	18	57,343,377	44,577,807
Lease liabilities - current	15	2,614,870	1,165,852
Due to related parties	10	589,841,652	465,929,490
Bank facilities		1,003,483,681	1,816,532,537
Loans	14	90,000,000	90,000,000
Provisions	19	8,188,767	8,188,767
Total current liabilities		1,754,487,047	2,430,135,495
Total Equity and liabilities		2,969,620,079	3,607,996,804

- The accompanying notes on pages 7 to 56 form an integral part of these interim separate financial statements.
- Limited review report attached.


Mr. Ahmed El Ruby
Deputy Chief financial officer


Mr. Peter Mofeed
Chief Financial Officer


Mrs. Pakinam Kafafi
Managing Director

9 August 2023
Limited review report attached.

Interim separate 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	20	198,800,794	118,880,339	34,941,612	18,641,890
General and administrative expenses	21	(84,928,625)	(37,900,142)	(51,476,319)	(18,911,263)
Dividends tax	25	(11,427,465)	(7,732,011)	-	-
Finance income/(cost) - net	22	27,825,871	7,128,412	(3,090,018)	(1,081,715)
Provision formed		-	-	2,500,000	-
Depreciation and amortization expenses	23	(1,153,519)	(226,824)	(582,493)	(135,365)
Profit/(loss) for the period before tax		129,117,056	80,149,774	(17,707,218)	(1,486,453)
Income tax expenses and treasury bills	24	(25,826,016)	(5,752,517)	(22,351,994)	-
Net profit/(loss) for the period		103,291,040	74,397,257	(40,059,212)	(1,486,453)
Basic earnings/(loss) per share	27	0.08	0.06	(0.03)	(0.001)

- The accompanying notes on pages 7 to 56 form an integral part of these interim separate financial statements.

**Interim separate 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/(loss) for the period	103,291,040	74,397,257	(40,059,212)	(1,486,453)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	103,291,040	74,397,257	(40,059,212)	(1,486,453)

- The accompanying notes on pages 7 to 56 form an integral part of these interim separate financial statements.

Interim separate statement of changes in equity - For the six-month period ended 30 June 2023

(All amounts in EGP)

	<u>Paid-up capital</u>	<u>Legal reserve</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 January 2022	676,176,900	74,146,808	6,501,700	261,846,978	1,018,672,386
Total comprehensive income for the period	-	-	-	74,397,257	74,397,257
Transferred to legal reserve	-	10,258,396	-	(10,258,396)	-
Dividends to shareholders	-	-	-	(77,000,000)	(77,000,000)
Board of Directors' and employees profit share	-	-	-	(15,634,372)	(15,634,372)
Balance at 30 June 2022	<u>676,176,900</u>	<u>84,405,204</u>	<u>6,501,700</u>	<u>233,351,467</u>	<u>1,000,435,271</u>
balance at 1 January 2023	676,176,900	84,405,204	6,501,700	258,709,024	1,025,792,828
Total comprehensive income for the period	-	-	-	103,291,040	103,291,040
Transferred to legal reserve	-	9,837,741	-	(9,837,741)	-
Board of Directors' and employees profit share	-	-	-	(18,691,707)	(18,691,707)
Balance at 30 June 2023	<u>676,176,900</u>	<u>94,242,945</u>	<u>6,501,700</u>	<u>333,470,616</u>	<u>1,110,392,161</u>

- The accompanying notes on pages 7 to 56 form an integral part of these interim separate financial statements.

Interim separate 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 flow from operating activities			
Profit for the period before income tax		129,117,056	80,149,774
Adjustments:			
Depreciation of property and equipment	5	265,335	226,824
Amortization of right of use assets	8	888,184	-
Revenue from investments in subsidiaries	20	(137,160,087)	(83,400,183)
Interest income	22	139,358,213	45,719,029
Interest expense	22	(154,223,477)	(51,635,031)
Amortization of loan deferred transaction cost		321,425	267,855
Interest expense - lease liability	22	1,132,587	415,653
Operating losses before changes in working capital		(20,300,764)	(8,256,079)
Changes in working capital:			
Other debit balances		(12,722,383)	(11,285,453)
Related parties		(7,360,784)	(55,556,808)
Trade payables and other credit balances		6,370,262	(2,745,166)
Employees profit share		(22,027,888)	(25,998,938)
Cash flows used in operating activities		(56,041,557)	(103,842,444)
Treasury bill tax paid		(15,280,808)	(5,752,517)
Interest paid		(135,925,003)	(45,687,777)
Net cash flows used in operating activities		(207,247,368)	(155,282,738)
Cash flows from investing activities			
Payments for additions of property and equipment	5	(370,073)	(580,978)
Proceeds from revenues from investment in subsidiaries		114,702,350	83,400,183
Interest received		96,121,608	49,538,019
Change in investments in treasury bills for more than three months		-	1,622,559,044
Payments for purchase of investments in subsidiaries		-	(5,200,000)
Net cash flows generated from investing activities		210,453,885	1,749,716,268
Cash flows from financing activities			
Shareholders dividends		(22,000,000)	(77,150,000)
Repayment to loans		(45,000,000)	(45,000,000)
Lease liability payments	15	(1,208,001)	(1,132,500)
Change in bank facilities		(813,048,855)	(1,485,976,450)
Net cash flows used in financing activities		(881,256,856)	(1,609,258,950)
Net changes in cash and cash equivalent		(878,050,339)	(14,825,420)
Cash and cash equivalents at the beginning of the period		1,982,585,985	47,383,988
Less: Increase in restricted cash of the period		(4,378,395)	-
Cash and cash equivalents at the end of the period	11	1,100,157,251	32,558,568

Non cash transactions

An amount of EGP 3,433,210 has been excluded from trade payables and other credit balances as this represents the portion of interest expense that is not yet paid.

An amount of EGP 58,101,870 has been excluded from other debit balances as this represents the portion of interest income that is not yet received.

An amount of EGP 3,336,181 has been excluded from trade payables and other credit balances as this amount represents portion of paid employees' profit share stated above.

An amount of EGP 22,000,000 has been excluded as this represents the dividends paid to shareholders in the current period in the form of excluding 17,026,728 EGP from related parties and 4,973,272 EGP from trade payables and other credit balances.

An amount of EGP 22,457,736 has been excluded from related parties as this amount represents the uncollected revenue from investment in subsidiaries

An amount of EGP 10,545,208 has been excluded from Trade payables and other credit balances as this amount represents the unpaid treasury bills tax

- The accompanying notes on pages 7 to 56 form an integral part of these interim separate financial statements.

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

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

1. General information

TAQA Arabia Company - S.A.E - was established under the provisions of law No. 159 of 1981 and its executive regulations. And is registered in the commercial register under number 21361 on 22 March 2006.

The Company 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 duration of the company is twenty-five years starting from the date of registration in the Commercial Register.

The registered office of the company is G2, El Morshedy St. El Lasilky Area, Maadi Cairo – Egypt.

Chairman of the board of the Company, Engineer/ Khaled Abdul Hamid Abu Bakr.

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

The separate interim financial statements have been approved for issuance by the Board of Directors 9 August 2023, and the Shareholders' General Assembly has the right to amend the financial statements after its issuance.

2. Summary of significant accounting policies

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

2.1 Basis of preparation of the financial statements

A) Compliance with Egyptian accounting standards

These financial have been prepared in accordance with Egyptian Accounting Standards, Egyptian Accounting Standards Interpretations (EAI), and relevant laws. The 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.

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

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

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

A) Compliance with Egyptian accounting standards (continued)

Historical cost convention

These separate 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.
- Right of use assets.
- Lease liabilities.

B) New releases and amendments to the EAS

The Minister of Investment issued Decision No. 883 for year 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 Gazette on 6 March 2023. The Company has evaluated the effect of applying those amendments, and there is no material impact from these new issuances and amendments on the company and its activities during the financial period ended 30 June 2023. The most important amendments are summarized as follows, which are implemented for the financial periods beginning on or after 1 January 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 separate financial statements
For the six-month period ended 30 June 2023

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

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

B) New releases and amendments to the EAS (continued)

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 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 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>	Applies to fiscal periods beginning on or after January 1, 2023

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

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

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

B) New releases and amendments to the EAS (continued)

Standard name	Modification summary	Application date
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>	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 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.

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

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

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation of the financial statements (continued)

B) New releases and amendments to the EAS (continued)

Standard name	Modification summary	Application date
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 plants have been excluded.</p> <p>"Definitions" an amendment to some definitions, whereby the definition of "bearer plants" was added</p>	The amendments apply to fiscal periods beginning on or after January 1, 2023
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

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

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

2. Summary of significant accounting policies (continued)

2.2 Foreign Currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at period 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.

2.3 Property and equipment

The Company 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 Company 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.

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

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

2. Summary of significant accounting policies (continued)

2.3 Property and equipment (continued)

Depreciation

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

Asset	Useful life in years
Motor Vehicles	4 years
Office equipment	5 years
Furnitures	5 years
Computers and communications	3 years

The Company 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 its carrying amount. This reduction is considered as a loss resulting from impairment.

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

2.4 Impairment of non-financial assets

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.

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

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

2. Summary of significant accounting policies (continued)

2.5 Financial instrument

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.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

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 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.

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

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

2. Summary of significant accounting policies (continued)

2.5 Financial instrument (continued)

(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.

(b) Classification and subsequent measurement – measurement categories.

The Company classifies financial assets in the following measurement categories: FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Company'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 Company manages the assets in order to generate cash flows – whether the Company'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 Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Company 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 Company assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Company 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.

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

2. Summary of significant accounting policies (continued)

2.5 Financial instrument (continued)

(e) Financial assets – reclassification.

Financial instruments are reclassified only when the business model for managing the portfolio 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.

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

The Company assesses, on a forward-looking basis, the ECL for debt instruments measured at AC. The Company 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, other receivables and contract assets are presented in the 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 separate 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 Company applies a simplified approach for impairment of trade receivable. For other financial assets the Company applies a three-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 Company 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 Company 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 Company'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 Company 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 Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

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2. Summary of significant accounting policies (continued)

2.5 Financial instrument (continued)

(h) Financial assets – derecognition

Subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company 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.

2.6 Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC

(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 separate 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.

2.7 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 three 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 separate statement of cash flows.

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2. Summary of significant accounting policies (continued)

2.8 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 Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. 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/period.

2.9 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.

2.10 Income tax

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

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is 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.

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2. Summary of significant accounting policies (continued)

2.10 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.

2.11 Employee 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 separate statement of financial position.

(b) Pension obligations

The Company pays contributions to publicly administered pension insurance plans on a mandatory basis in the countries it operates. The Company 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.

(c) Employees' share in legally defined profits

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

**Notes to the interim separate financial statements
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2. Summary of significant accounting policies (continued)

2.12 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 Company has an unconditional right to defer the settlement of the liability for at least 12 months after the date of the separate financial statements.

2.13 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 Company 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.

The Company 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 Company'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.

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2. Summary of significant accounting policies (continued)

2.14 Leases

(a) Finance lease

The Company leases one property which is typically made for fixed period of 9 years, lease term is negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreement does 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 Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, 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 Company:

- where possible, uses recent third-party financing received by the Company 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.

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.

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

2. Summary of significant accounting policies (continued)

2.14 Leases (continued)

(a) Finance lease(continued)

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 Company 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 separate statement of profit or loss on a straight-line basis over the period of the lease

2.15 Provisions, contingent liabilities and contingent assets

(a) Provisions

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

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 Company, the Company recognises the recoverable amount when its assured that the recovery will take place if the Company settled the obligation. The recoverable amount is presented as consolidated asset in the separate statement of financial position, and the recoverable amount should not exceed the amount of the provision.

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2. Summary of significant accounting policies (continued)

2.15 Provisions, contingent liabilities and contingent assets (continued)

(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 Company disclosed its contingent liabilities in its note to the separate 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 Company control. The Company recognises the contingent assets in the statement of financial position when the realisation of the relevant revenue is certain. Contingent assets are disclosed only when there is a possibility of inflow of economic benefits.

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

2.16 Investments in subsidiaries

Investments in subsidiaries are recorded at cost of their acquisition, and in the event that the recoverable value of the investment falls below its book value, the book value of this investment is reduced by the value of the decrease and charged to statement of profit or loss.

Dividend income from subsidiaries is recognized in the financial year in which such dividends are announced.

2.17 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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2. Summary of significant accounting policies (continued)

2.18 Revenue recognition

The Company recognizes revenue to depict the transfer of the control of the promised services to customers in an amount that reflects the consideration to which the Company 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 Company 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 Company 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 Company 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 Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company 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.

The Company 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 Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company'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 Company 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.

Revenue from investments in subsidiaries

Dividend income is recognized when the right to these distributions is established when the general assembly of the subsidiaries approves the distribution decisions.

Consultancy revenue

Consultancy revenue is recognized when consultancy services are performed by the Company to the related parties and credit notes are issued.

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2. Summary of significant accounting policies (continued)

2.19 Interests 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 Company.

2.20 Dividends distribution

Dividend distribution to the Company's Shareholders is recognized as a liability in the Company's financial statements in the period in which they are approved by the Ordinary General Assembly Meeting of the Company's Shareholders. Any dividends declared after the reporting period and before approving the issuance of the financial statements are disclosed in the subsequent events note. The company's statutory accounting reports are the basis for dividend distribution and other appropriations. The legislation defines the basis of distribution as net profit for the current year.

2.21 Interests Expense

Interest expense associated with interest-bearing loans is recognized in the statement of profit or loss using the effective interest rate method and in accordance with the accrual basis, and interest expense directly related to the acquisition or creation of a qualifying asset is capitalised and charged as part of the cost of that asset.

2.22 Comparative figures

Where necessary, comparative figures are reclassified to conform to changes in presentation in the current year.

2.23 Earning per share

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.

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3. Financial risk management

3.1 Financial risks factors

The Company'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 Company's management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's risk management is carried out by a central treasury department (Company treasury) under policies approved by the board of directors. Company treasury identifies and evaluates financial risks in close co-operation with the Company'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, 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, 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

3.1.1 Market Risks

The Company takes on exposure to market risks. Market risks arise from open positions in (i) currency, (ii) interest rates and 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.

**Notes to the interim separate financial statements
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3. Financial risk management (continued)

3.1 Financial risks factors (continued)

3.1.1 Market risks (continued)

A) Foreign exchange rates risks

The Company 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 table shows the currency position denominated in EGP at the date of the financial position:

	30 June 2023			31 December 2022
	Assets	Liabilities	Net	Net
USD	13,212,850	-	13,212,850	23,236,375
AED	-	-	-	29,113

There is no significant impact on the Company'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 Company.

B) Price risk

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

C) Interest rate risk

The Company's interest rate risk arises from financial instruments issued at variable rates which expose the Company to cash flow interest rate risk.

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

3.1.2 Credit Risk

The Company 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 Company's trading and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position.

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3. Financial risk management (continued)

3.1 Financial risks factors (continued)

3.1.2 Credit risk (continued)

Credit risk management: Credit risk is the single largest risk for the Company'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 Company 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 Company 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:

Corporate

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%

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,

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3. Financial risk management (continued)

3.1 Financial risks factors (continued)

3.1.2 Credit Risk (continued)

Bank	Amount	External Credit Rating - Fitch
Emirates NBD (Cash)	208,088	A+
Emirates NBD (Treasury Bills)	388,269,612	A+
HSBC Bank (cash)	13,183,736	A+
HSBC Bank (Treasury Bills)	29,185,145	A+
HSBC Bank (Deposits)	383,025,414	A+
National Bank of Egypt (cash)	60,805	A+
Mashreq Bank	246,002	A
Commercial International Bank (Cash)	82,849	B+
Banque Misr (cash)	78,938	B+
Arab African International Bank (cash)	77,472	B+
Arab African International Bank (Treasury Bills)	429,198,298	B+
Ahli United Bank (Treasury Bills)	200,034,858	BB+
Ahli United Bank (Cash)	154,492	BB+

The rating models are regularly reviewed by management, back tested on actual default data and updated, if necessary, Despite the method used, the Company 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 Company: 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.

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

3. Financial risk management (continued)

3.1 Financial risks factors (continued)

3.1.2 Credit Risk (continued)

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.

The ECLs that are estimated by management for the purposes of these separate 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 Company 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 Company 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 Company.

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

Expected credit losses for financial assets that have been purchased or created and whose credit is impaired are always measured on a lifetime basis, and accordingly the company only recognizes the cumulative changes in expected credit losses over a lifetime.

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

3. Financial risk management (continued)

3.1 Financial risks factors (continued)

3.1.2 Credit Risk (continued)

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;

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 Company monitors whether that indicator continues to exist or has changed, The Company therefore only recognises the cumulative changes in lifetime expected credit losses,

The Company has three 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 Company determines the staging of the exposures and measures the loss allowance on a collective basis. The Company analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a Company 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 by the management.

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,

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

3. Financial risk management (continued)

3.1 Financial risks factors (continued)

3.1.2 Credit Risk (continued)

The key principles of calculating the credit risk parameters.

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,

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 Company 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 Company'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 Company 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.

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

3. Financial risk management (continued)

3.1 Financial risks factors (continued)

3.1.2 Credit Risk (continued)

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Company 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 Company'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.

In addition to the base economic scenario, the Company'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 Company 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 Company considers these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The Company 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 results of the back-testing of the ECL measurement methodology are communicated to the company's management and further steps for control models and assumptions are determined after discussions between authorized persons.

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

3. Financial risk management (continued)

3.1 Financial risks factors (continued)

3.1.3 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, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

The tables below analyse the Company'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	From 6 months to 1 year	From 1 year to 2 years	More than 2 years
<u>30 June 2023</u>				
Trade payables and other credit balances	60,358,067	-	-	-
Due to related parties	-	589,841,652	-	-
Borrowings	45,000,000	45,000,000	89,083,257	-
Future interest payments	17,882,500	12,707,500	10,112,500	-
Financial guarantee less likely to be paid	383,025,414	-	-	-
Lease liability	2,678,363	3,080,017	5,272,014	16,403,194
Total	508,944,344	650,629,169	104,467,771	16,403,194
<u>31 December 2022</u>				
Trade payables and other credit balances	48,318,849	-	-	-
Due to related parties	-	465,929,490	-	-
Borrowings	45,000,000	45,000,000	90,000,000	43,761,831
Future interest payments	23,057,500	17,882,500	20,240,000	2,580,000
Financial guarantee less likely to be paid	383,025,414	-	-	-
Lease liability	1,566,625	1,189,125	2,497,163	17,834,756
Total	500,968,388	530,001,115	112,737,163	64,176,587

* The financial guarantee amounting to 383,025,414 EGP are held by HSBC Bank Egypt as collateral against the loan granted by HSBC Bank Egypt to Citadel Capital for International Investments and in accordance with the Ordinary General Assembly meeting held on 4 September 2022, the renewal was approved until 31 December 2023. (Disclosure 11).

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3. Financial risk management (continued)

3.2 Management of capital

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

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

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in the separate statement of financial position). Net debt is calculated as total borrowings, bank overdrafts and lease liabilities less cash and bank balances.

The gearing ratios is as follows:

	30 June 2023	31 December 2022
Loans	179,083,257	223,761,831
Bank facilities	1,003,483,681	1,816,532,537
Lease liabilities	13,690,017	14,890,035
Total borrowings	1,196,256,955	2,055,184,403
Less: Cash on hand, at banks and highly liquid investments	(1,487,145,311)	(2,365,195,650)
Net debt	(290,888,356)	(310,011,247)
Total Equity	1,110,392,161	1,025,792,828
Gearing ratio	(26.20%)	(30.22%)

3.3 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.

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4. Critical accounting estimates and judgements

Estimates and judgements 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:

4.1 Critical accounting estimates and assumptions

A) Useful lives of property, plant and equipment

The fixed assets owned by the Company have a long life span of 3 to 5 years and to ensure the use of reliable estimates. The estimation of the useful lives of items of property 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 Company. 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.

B) Expected credit loss

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 Company 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 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 utilised, 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 Company's operations, Provisions is recognised based on management study and in-light of its advisor's 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,

4.2 Critical Judgements in applying the Company accounting policies

In general, applying the Company accounting policies does not require judgments (apart from those involving estimates, refer to [Note 4-1](#)) that have significant effects on the amounts recognised in the separate interim financial statements.

TAQA ARABIA COMPANY (S.A.E)

**Notes to the interim separate financial statements
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5. Property and equipment

	Motor Vehicles	Office equipment	Furniture	Computers and communications	Total
At 1 January 2022					
Cost	568,690	498,998	629,795	2,552,933	4,250,416
Accumulated depreciation	(568,690)	(490,916)	(575,799)	(1,936,395)	(3,571,800)
Net book value	-	8,082	53,996	616,538	678,616
Year ended 31 December 2022					
Net book value at the beginning of the year	-	8,082	53,996	616,538	678,616
Additions	-	13,299	212,691	493,203	719,193
Depreciation expense	-	(2,483)	(42,205)	(385,275)	(429,963)
Net book value at the end of the year	-	18,898	224,482	724,466	967,846
At 31 December 2022					
Cost	568,690	512,297	842,486	3,046,136	4,969,609
Accumulated depreciation	(568,690)	(493,399)	(618,004)	(2,321,670)	(4,001,763)
Net book value	-	18,898	224,482	724,466	967,846
Period ended 30 June 2023					
Net book value at the beginning of the period	-	18,898	224,482	724,466	967,846
Additions	-	-	-	370,073	370,073
Depreciation expense	-	(2,127)	(34,832)	(228,376)	(265,335)
Net book value at the end of the period	-	16,771	189,650	866,163	1,072,584
At 30 June 2023					
Cost	568,690	512,297	842,486	3,416,209	5,339,682
Accumulated depreciation	(568,690)	(495,526)	(652,836)	(2,550,046)	(4,267,098)
Net book value	-	16,771	189,650	866,163	1,072,584

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5. Property and equipment (continued)

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

	30 June 2023	31 December 2022
Depreciation expense (Note 23)	265,335	429,963
	<u>265,335</u>	<u>429,963</u>

6. Investments in subsidiaries and associates

The amount recognised in the statement of financial position is as follows:

	30 June 2023	31 December 2022
Investment in subsidiaries	957,664,579	957,664,579
Impairment losses in investment in subsidiaries	(20,010,040)	(20,010,040)
Subsidiaries balances - net	937,654,539	937,654,539
Investment in associates	9,800,000	9,800,000
Total	<u>947,454,539</u>	<u>947,454,539</u>

The amount recognised in the statement of profit or loss is as follows:

	30 June 2023	30 June 2022
Revenue from Investment in subsidiaries (Note 20)	137,160,087	83,400,183
	<u>137,160,087</u>	<u>83,400,183</u>

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

6. Investments in subsidiaries and associates (continued)

(A) Subsidiaries

The statement below shows the Company's subsidiaries as at 30 June and 31 December:

Name of subsidiary company	Origin country	Percentage of ownership	2023	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 Company – (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 S.A.E	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 S.A.E.	Egypt	99.2%	7,326,705	7,326,705
Rosetta for Energy Solutions Company	Egypt	50.0003%	1,500,020	1,500,020
TAQA Arabia PV for solar energy S.A.E	Egypt	99.97%	1,499,500	1,499,500
Arab Company for Heaters & Heating System S.A.E	Egypt	50.99%	1,019,999	1,019,999
TAQA Volt S.A.E	Egypt	99.99%	999,900	999,900
TAQA for Producing and Distributing Electricity S.A.E.	Egypt	99.99%	500,000	500,000
TAQA Arabia for Solar Energy S.A.E **	Egypt	0.000004%	10	10
TAQA Arabia BV Company	Netherlands	100%	159,299,990	159,299,990
Qatar Group for Gas – L.L.C. *	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%	6,943,187	6,943,187
Gas and Energy Group Limited – L.L.C.	B.V. I	100%	1,231,723	1,231,723
Genco for Mechanical and Electricity Work - LLC	Qatar	100%	320,880	320,880
Total investments in subsidiaries			957,664,579	957,664,579
Impairment in investment in subsidiaries			(20,010,040)	(20,010,040)
Total investments in subsidiaries			937,654,539	937,654,539

* Although the ownership percentage in these companies is less than 50%, TAQA Arabia Company has the right to control these companies according to the investment contracts of these companies.

** TAQA Arabia for Solar Energy is one of the subsidiaries of TAQA Arabia BV, owned 100% by the Company.

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6. Investments in subsidiaries and associates (continued)

Below is the summarised significant 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	354,901,657	228,867,917	-	15,337,718
TAQA Arabia BV Company	209,128,016	183,539,582	-	31,391,146
TAQA for Marketing Petroleum Products Company – (TAQA Petroleum) S.A.E	2,459,676,474	216,988,084	3,428,351,722	35,170,050
Gas and Energy Group Limited – L.L.C	22,531,909	(301,742,719)	-	(1,371,776)
Joint Libyan - Egyptian Gas Company International Company for Gas works S.A.E (House gas)	3,810,000	3,348,628	-	-
Pharaonic Gas Company – S.A.E	314,608,998	44,333,327	135,354,630	15,113,394
Qatar Group for Gas – LLC	15,887,027	10,456,812	-	1,028,191
TAQA for Water Desalination & Treatment S.A.E	260,413,938	52,573,924	151,645,266	12,445,282
TAQA Gas Services S.A.E	95,011,115	10,651,899	2,435,984	1,546,572
TAQA Arabia for Solar Energy S.A.E	84,131,315	22,477,701	56,602,191	6,555,565
TAQA for Producing and Distributing Electricity at Free Zones – S.A.E	2,132,187,765	621,210,353	155,310,076	12,224,811
TAQA Arabia PV for solar energy S.A.E.	76,799,391	72,235,481	-	36,732,537
TAQA for Producing and Distributing Electricity S.A.E.	409,048,473	4,183,121	23,904,755	(3,373,697)
Master Gas S.A.E.	17,594,931	1,436,639	8,523,160	246,818
Rosetta for Energy Solutions Company	1,718,893,733	210,351,450	389,080,039	8,519,923
TAQA Arabia International Holding LTD	3,969,690	(18,991,923)	-	(5,722,320)
Arab Company for Gas Services L.L.C	82,126,232	299,685	-	(1,709,420)
	26,993,177	24,470,250	-	-

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6. Investments in subsidiaries and associates (continued)

31 December 2022	Assets	Total equity	Revenue	Net profit (loss)
Gas and Energy Company "TAQA Gas" – SAE	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)
TAQA Arabia BV Company	159,332,587	154,601,630	-	(1,756,849)
TAQA for Marketing Petroleum Products Company – (TAQA Petroleum) S.A.E	1,518,042,929	219,511,757	6,031,788,475	99,147,513
Gas and Energy Group Limited – L.L.C	22,531,909	(300,370,943)	-	(76,888,430)
Joint Libyan - Egyptian Gas Company International Company for Gas Works S.A.E (House Gas)	298,187,454	69,021,827	328,035,369	41,896,726
Pharaonic Gas Company – S.A.E.	14,459,315	9,428,621	-	905,237
Qatar Group for Gas – L.L.C.	257,171,606	72,284,573	281,011,390	33,583,368
TAQA for Water Desalination & Treatment S.A.E	60,831,171	9,105,327	1,347,386	(1,563,250)
TAQA Gas Services S.A.E	59,247,081	23,728,774	69,113,025	7,806,639
TAQA Arabia for Solar Energy S.A.E	1,790,384,709	483,273,744	218,170,366	27,738,216
TAQA for Producing and Distributing Electricity at Free Zones – S.A.E	70,506,437	68,053,747	-	34,808,871
TAQA Arabia PV for Solar Energy S.A.E	330,322,093	7,556,818	34,837,116	5,324,792
TAQA for Producing and Distributing Electricity S.A.E	17,681,643	1,189,821	3,446,204	638,791
Master Gas S.A.E	1,527,746,399	224,428,225	556,369,034	73,798,843
Rosetta for Energy Solutions Company	1,465,119	(13,269,603)	-	(16,269,603)
TAQA Arabia International Holding LTD	67,862,280	2,828,030	-	(1,206,759)
Arab Company for Gas Services L.L.C	26,993,177	24,470,250	-	-

(B) Associates

The statement below shows the Company's associates, the country of incorporation and the region of practising the main activities of the Company, which the management believes they are significant to the Company.

The share capital of the associate company listed below comprise ordinary shares only, in which the Company contributes directly.

Name of the Company	Head office place/ Country of incorporation	Method Measurement	Company's shareholding percentage	
			30 June 2023	31 December 2022
Castrol Egypt S.A.E.	Egypt	Cost	49%	49%
Contribution value			9,800,000	9,800,000

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

7. Financial assets at fair value through other comprehensive income

	<u>30 June 2023</u>	<u>31 December 2022</u>
Orient Investment Properties Ltd.	51,261,460	51,261,460
	<u>51,261,460</u>	<u>51,261,460</u>

During the year 2019, TAQA Arabia Company acquired 3,000,000 shares in Orient Investment Properties Limited, at a nominal value of USD 1 per share, at a value of USD 3,000,000 (equivalent to EGP 51,261,460).

TAQA Arabia Company does not exercise significant influence over that investment, as the Company does not participate in the decision-making process and does not have material transactions. There is no exchange of managerial personnel, and it does not provide technical support. Also, the Company does not have joint control or control over that investment.

8. Right of use assets

	<u>30 June 2023</u>	<u>31 December 2022</u>
Balance at 1 January	14,655,043	-
Additions during the period /year	-	15,543,228
Amortization expenses during the period /year	(888,184)	(888,185)
Adjustment	(1,124,604)	-
Balance	<u>12,642,255</u>	<u>14,655,043</u>

9. Other debit balances

	<u>30 June 2023</u>	<u>31 December 2022</u>
Other debit balances	82,821,531	12,903,417
Employees' advances and loans	1,923,426	1,432,537
Prepaid Expenses	538,311	123,061
	<u>85,283,268</u>	<u>14,459,015</u>

10. Related parties

The Company entered several transactions with companies and entities that are included within the definition of related parties, as stated in EAS 15, "Disclosure of related parties". The related parties comprise the company's board of directors, affiliates, companies under common control, and/ or joint management and control, and their partners and employees of senior management. The parties of the joint arrangement and the non-controlling interest are considered by the Company as related parties. The management decides the terms and conditions of transactions and services provided from/ to related parties, as well as other expenses. The below table summarises the nature and volume of transactions with related parties during the year, and the balances due at the date of the separate financial statements:

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

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

10. Related parties (continued)

(A) Transactions with related parties:

<u>Name of the Company</u>	<u>Nature of transactions</u>	<u>Nature of relation</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
	Dividends		29,755,936	157,040,425
TAQA Gas and Energy Company	Payments on behalf		26,456	582,155
“TAQA Gas” S.A.E.	Consultation	Subsidiary	28,897,323	35,831,227
TAQA for Producing and Distributing Electricity at Free Zones – S.A.E.	Dividends	Subsidiary	26,667,347	-
Trans gas Company S.A.E.	Consultation	Subsidiary	4,412,841	2,923,963
	Consultation		4,790,389	5,207,256
	Payments on behalf		-	104,720
Master Gas Company S.A.E.	Dividend	Subsidiary	2,551,500	-
	Consultation		4,883,214	7,923,909
International Gas House Company S.A.E.	Dividends		29,061,923	18,794,363
TAQA for Marketing Petroleum Products Company – (TAQA Petroleum) S.A.E	Payments on behalf	Subsidiary	-	460,400
	Consultation		13,451,845	10,592,685
	Dividends	Subsidiary	8,832,668	14,971,821
Global for Energy Company S.A.E	Consultations		3,172,746	7,171,010
	Payments on behalf	Subsidiary	-	96,416
Fine Eng for Financial and Engineering Consultancy S.A.E	Payments on behalf	Subsidiary	-	25,167
TAQA for Desalination and Water Treatment Company	Payments on behalf	Subsidiary	-	3,236
	Payments on behalf		-	54,902
Taqa for Gas services Company S.A.E	Consultations		2,032,350	1,853,535
TAQA Arabia for Solar Energy S.A.E	Dividends	Subsidiary	5,977,849	-
Qatar Gas Group Company L.L.C	Payments on behalf	Subsidiary	281,757	235,482
Silverstone Capital Investment LTD	Dividend	Subsidiary	22,885,399	6,080,070
	Dividend	Shareholder Parent Company	-	124,974,747
Trimstone Assets Holdings LTD	Dividend		-	8,755,545
Citadel Capital for International Investments LTD	Dividend	Shareholder		935,646
TAQA Arabia International Holding LTD	Payments on behalf	Subsidiary	-	1,479,596
TAQA PV for Solar Energy S.A.E.	Payments on behalf	Subsidiary	-	374,112
TAQA Arabia BV Company	Payments on behalf	Subsidiary	-	724,950
TAQA for industrial Zones S.A.E.	Payments on behalf	Subsidiary	-	1,677
TAQA Bolivar S.A.E.	Payments on behalf	Subsidiary	-	81,770
Rosetta for Energy Solutions Company	Payments on behalf	Subsidiary	-	313,330
TAQA Arabia International holding Company	Payments on behalf	Subsidiary	-	4,554,702
TAQA Green Energy BV Company	Payments on behalf	Subsidiary	-	1,131,806

TAQA ARABIA COMPANY (S.A.E)



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

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

10. Related parties (continued)

(B) Due from related parties:

Name of the Company	30 June 2023	31 December 2022
TAQA PV for Solar Energy S.A.E.	98,946,921	65,096,490
TAQA Arabia International Holding LTD	80,230,081	65,034,261
TAQA for Desalination and Water Treatment S.A.E.	75,006,813	50,252,924
International Gas Company "House Gas" S.A.E.	48,575,276	14,674,799
TAQA Arabia BV Company	25,525,971	5,620,991
Qatar Gas Group L.L.C.	16,531,898	-
Trans Gas S.A.E.	11,351,534	7,114,614
Rosetta for Energy Solutions Company	9,839,051	3,939,989
TAQA for Gas Services S.A.E.	8,550,477	415,846
Master Gas S.A.E.	7,711,773	-
TAQA Green Energy BV Company	1,676,315	1,131,071
TAQA Arabia for Solar Energy S.A.E.	517,240	235,482
Arabian Libyan Company for Energy L.L.C.	461,365	461,365
TAQA for Industrial Zones S.A.E	1,677	1,677
TAQA Bolivar S.A.E.	-	81,770
TAQA for Producing and Distributing electricity S.A.E.	-	107,702
	384,926,392	214,168,981
Provision for Impairment of due from parties	(165,730)	(165,730)
Total	384,760,662	214,003,251

(C) Due to related parties:

Name of the Company	30 June 2023	31 December 2022
TAQA Gas and Energy Company "TAQA Gas" S.A.E.	323,221,552	224,310,507
TAQA Global for Energy S.A.E.	107,191,109	94,022,702
TAQA for Electricity, Water and Cooling S.A.E.	84,019,002	76,428,289
TAQA for Producing and Distributing Electricity at Free Zones – S.A.E.	33,444,185	-
TAQA for Marketing Petroleum Products Company – (TAQA Petroleum) S.A.E	30,158,228	40,853,496
Gulf Gas and Energy Company	9,743,884	9,743,884
Gas and Energy Company Ltd.	2,063,692	2,063,692
Silverstone for Investment Company	-	15,801,405
Fine Eng for Financial and Engineering Consultancy S.A.E	-	1,446,409
Trimstone Assets Holdings Company	-	1,107,023
Citadel Capital for International Investments Company	-	118,300
Qatar Gas Group L.L.C	-	33,783
Total	589,841,652	465,929,490

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

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

11. Cash on hand, at banks and highly liquid investments

	30 June 2023	31 December 2022
Treasury bills **	1,090,397,993	1,914,953,088
Time deposits *	383,025,414	411,025,480
Current accounts - foreign currencies	13,229,011	23,342,568
Current accounts - EGP	725,543	16,141,612
Cash on hand	183,099	148,651
	1,487,561,060	2,365,611,399
Provision for Impairment of time deposits	(103,417)	(103,417)
Provision for Impairment of treasury bills	(312,332)	(312,332)
Balance	1,487,145,311	2,365,195,650

* Time deposits disclosed above include short-term deposits amounting to EGP 383,025,414 that are held by HSBC Bank Egypt as a collateral against the loan granted by HSBC Bank Egypt to Citadel Capital for International Investments and in accordance with the Ordinary General Assembly meeting held on 4 September 2022, the renewal was approved until 31 December 2023.

** There is a financial guarantee in the form of treasury bills amounting to EGP 4,378,395 held by HSBC Bank Egypt to issue a letter of guarantee, and it is considered among the restricted cash.

For the purposes of preparation of statement of cash flows, cash and cash equivalents comprises of:

	30 June 2023	31 December 2022
Cash on hand, at banks and highly liquid investments	1,487,561,060	2,365,611,399
(Less): Restricted cash	(387,403,809)	(383,025,414)
	1,100,157,251	1,982,585,985

12. Paid-up capital

The authorised capital of the company amounted to EGP 1,200,000,000 represented in 120,000,000 ordinary shares of EGP 10 each.

The Company's issued and fully paid capital amounted to EGP 676,176,900, represented in 67,617,690 ordinary shares of EGP 10 each.

It was approved in the Extraordinary General Assembly meeting held on 22 December 2019 to implement the stock split by adjusting the par value of the share from EGP 10 (ten Egyptian pounds) to EGP 0.5 (half an Egyptian pounds) and was authenticated on 24 December 2019.

Accordingly, the authorised capital of the company amounted to EGP 1,200,000,000 represented in 2,400,000,000 ordinary shares of 0.50 EGP each.

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

12. Paid-up capital (continued)

The Company's issued and fully paid capital amounted to EGP 676,176,900, represented in 1,352,353,800 ordinary shares of 0.50 EGP each and stated as follows:

Shareholders	No. of Shares	Value of shares	Shareholding percentage
Silverstone Capital Investment LTD	1,079,246,964	539,623,481	79.80%
Trimstone Assets Holdings LTD	75,610,440	37,805,220	5.59%
Hanaa Investment Company "LLC"	67,617,700	33,808,850	5%
Ali Bn Hassan Dayakh	53,031,300	26,515,650	3.92%
Financial Holdings International LTD	48,086,481	24,043,241	3.55%
Other investors	20,680,935	10,340,468	1.55%
Citadel Capital for International Investments LTD	8,079,980	4,039,990	0.59%
	1,352,353,800	676,176,900	100%

13. Legal reserve

In accordance with the Company law and the Company's article of association number 159 for year 1981, 5 % of the net profit for the year is transferred to the statutory legal reserve. Upon recommendation of the management, the company may stop such transfers when the legal reserve reaches 50% of the issued capital. This reserve is not eligible for distribution to shareholders.

14. Borrowings

	30 June 2023			31 December 2022		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
HSBC Bank	90,000,000	89,083,257	179,083,257	90,000,000	133,761,831	223,761,831
	<u>90,000,000</u>	<u>89,083,257</u>	<u>179,083,257</u>	<u>90,000,000</u>	<u>133,761,831</u>	<u>223,761,831</u>

Short-term portion is represented as follows:

	30 June 2023	31 December 2022
Accrued balance during a year	90,000,000	90,000,000
Accrued interest during a year	30,590,000	40,940,000
Total	120,590,000	130,940,000

**Notes to the interim separate financial statements
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14. Borrowings (continued)

The table below summarises the maturities of the loans at 30 June 2023 and 31 December 2022, based on contractual payment dates and current market interest rates:

	<u>Less than 6 months</u>	<u>From 6 months to 1 year</u>	<u>From 1 year to 2 years</u>	<u>More than 2 years</u>
<u>30 June 2023</u>				
Borrowings	45,000,000	45,000,000	89,083,257	-
	<u>45,000,000</u>	<u>45,000,000</u>	<u>89,083,257</u>	<u>-</u>
<u>31 December 2022</u>				
Borrowings	45,000,000	45,000,000	90,000,000	43,761,831
	<u>45,000,000</u>	<u>45,000,000</u>	<u>90,000,000</u>	<u>43,761,831</u>

HSBC Bank

- The loan of EGP 450 million was obtained from the bank on 17 October 2017, The amount withdrawn from the loan until 30 June 2023 amounted to EGP 450,000,000, in addition to accrued interests.
- The loan is repaid on 12 semi-annual instalments. The first instalment is due on March 2019, and the last instalment is due on March 2025.

Securities

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

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

15. Lease liability

	30 June 2023	31 December 2022
Commitments in relation to leases are payable as follows:		
Less than 6 months	2,678,363	1,566,625
From 6 months to year	3,080,117	1,189,125
From year to 2 years	5,272,014	2,497,163
More than 2 years	16,403,194	17,834,756
Minimum lease payments	27,433,688	23,087,669

The present value of lease liabilities is as follows:

Less than 6 months	1,306,668	755,652
From 6 months to year	1,308,202	410,200
From year to 2 years	2,011,066	2,277,412
More than 2 years	9,064,081	11,446,771
Present Value of Minimum Lease Payments	13,690,017	14,890,035

Movement of lease liabilities during the period/ year is as follows:

	30 June 2023	31 December 2022
Balance at the beginning of the period/year	14,890,035	-
Additions during the period/year	-	15,543,228
Lease payments during the period/year	(1,208,001)	(1,887,500)
Interest expense during the period/year	1,132,587	1,234,307
Adjustment	(1,124,604)	
Less: Current lease liability	(2,614,870)	(1,165,852)
Non-current lease liabilities	11,075,147	13,724,183

**Notes to the interim separate financial statements
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16. Deferred tax liabilities – Net

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

A. The movement of the deferred tax assets during the year/ period is as follows:

	The effect of applying the Egyptian Accounting Standard No. (47)	Unrealised losses on currency differences	Total
Balance at 1 January 2022	23,269	5,236,635	5,259,904
Deferred income tax charged to the statement of profit or loss	-	(5,183,350)	(5,183,350)
Balance at 31 December 2022 and 1 January 2023	23,269	53,285	76,554
Deferred income tax charged to the statement of profit or loss	-	-	-
Balance at 30 June 2023	<u>23,269</u>	<u>53,285</u>	<u>76,554</u>

B. The movement of the deferred tax liabilities during the year/ period is as follows:

	Unrealised currency differences profit	Fixed assets	Total
Balance at 1 January 2022	(3,767,999)	(16,989)	(3,784,988)
Deferred income tax charged to the statement of profit or loss	(874,033)	-	(874,033)
Balance at 31 December 2022 and 1 January 2023	(4,642,032)	(16,989)	(4,659,021)
Deferred income tax charged to the statement of profit or loss	-	-	-
Balance at 30 June 2023	<u>(4,642,032)</u>	<u>(16,989)</u>	<u>(4,659,021)</u>

C. Deferred tax liabilities – net

	30 June 2023	31 December 2022
Deferred tax assets	76,554	76,554
Deferred tax liabilities	(4,659,021)	(4,659,021)
	<u>(4,582,467)</u>	<u>(4,582,467)</u>

**Notes to the interim separate financial statements
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17. Trade payables

	<u>30 June 2023</u>	<u>31 December 2022</u>
Trade payables	3,014,700	3,741,042
	<u>3,014,700</u>	<u>3,741,042</u>

18. Creditors and other credit balances

	<u>30 June 2023</u>	<u>31 December 2022</u>
Other credit balances	31,631,387	13,293,350
Accrued interest	15,773,460	12,340,250
Accrued expenses	9,938,530	18,944,207
	<u>57,343,377</u>	<u>44,577,807</u>

19. Provisions

	<u>30 June 2023</u>	<u>31 December 2022</u>
Provisions	8,188,767	8,188,767
	<u>8,188,767</u>	<u>8,188,767</u>

The provisions for claims have been formed against the probable claims from external parties in relation to Company 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.

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

20. Revenues

	Six-month ended		Three-month ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
(A) Revenues from investments in subsidiaries				
TAQA Gas and Energy Company "TAQA Gas" S.A.E.	33,062,147	56,437,488	-	-
International Gas Company "House Gas" S.A.E.	32,291,026	20,882,625	-	-
TAQA for producing and distributing electricity in industrial zones S.A.E.	29,630,385	-	-	-
Qatar Gas Group L.L.C	22,885,399	6,080,070	-	-
TAQA Marketing for Oil Production Company S.A.E (Taqa marketing)	9,814,075	-	-	-
TAQA Gas Services S.A.E.	6,642,055	-	-	-
Master Gas Company S.A.E.	2,835,000	-	-	-
Total revenues from investments in subsidiaries	137,160,087	83,400,183	-	-
(B) Consultancy revenue				
Consultancy revenue	61,640,707	35,480,156	34,941,612	18,641,890
Total revenues	198,800,794	118,880,339	34,941,612	18,641,890

21. General and administrative expenses

	Six-month ended		Three-month ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Other expenses	63,393,375	19,783,134	40,619,647	9,294,174
Salaries and wages	21,535,250	18,117,008	10,856,672	9,617,089
Total	84,928,625	37,900,142	51,476,319	18,911,263

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

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

22. Finance income/(cost) – Net

	Six-month ended		Three-month ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Interest income	154,223,477	51,635,031	70,374,724	15,253,110
Foreign currency exchange gain	22,420,199	4,519,810	-	1,660,600
Finance income	176,643,676	56,154,841	70,374,724	16,913,710
Interest expense	(139,358,213)	(45,719,029)	(72,386,687)	(15,591,859)
Lease interest expense	(1,132,587)	(415,653)	(729,841)	(12,890)
Foreign currency exchange loss	(7,606,837)	(2,237,881)	-	(2,083,814)
Bank charges	(720,168)	(653,866)	(348,214)	(306,862)
Finance cost	(148,817,805)	(49,026,429)	(73,464,742)	(17,995,425)
Finance income / (cost) -net	27,825,871	7,128,412	(3,090,018)	(1,081,715)

23. Depreciation and amortization expenses

	Six-month ended		Three-month ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Amortization	888,184	-	444,092	-
Depreciation	265,335	226,824	138,401	135,365
Total	1,153,519	226,824	582,493	135,365

24. Income tax and treasury bills tax expense

	Six-month ended		Three-month ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Current income tax				
Treasury bills tax	(25,826,016)	(5,752,517)	(22,351,994)	-
Total tax expense	(25,826,016)	(5,752,517)	(22,351,994)	-

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

	30 June 2023	30 June 2022
Profit before income tax	129,117,056	80,149,775
Tax calculated using tax rate (22.5%)	29,051,338	18,033,700
Tax effect for expenses and income not deducted/added for tax purposes	(29,051,338)	(18,033,700)
Income tax expense	-	-

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25. Dividends taxes

	Six-month ended		Three-month ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Dividends tax	(11,427,465)	(7,732,011)	-	-
	<u>(11,427,465)</u>	<u>(7,732,011)</u>	<u>-</u>	<u>-</u>

26. Financial instruments by category

Assets as per the separate statement of financial position	30 June 2023		
	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
Cash on hand, at banks and highly liquid investments	-	1,487,145,311	1,487,145,311
Due from related parties	-	384,760,662	384,760,662
Investment in subsidiaries	-	947,454,539	947,454,539
Financial assets at fair value through other comprehensive income	51,261,460	-	51,261,460
Other debit balances	-	85,283,268	85,283,268
Total	<u>51,261,460</u>	<u>2,904,643,780</u>	<u>2,955,905,240</u>

Assets as per the separate statement of financial position	31 December 2022		
	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Total
Cash on hand, at banks and highly liquid investments	-	2,365,195,650	2,365,195,650
Due from related parties	-	214,003,251	214,003,251
Investment in subsidiaries	-	947,454,539	947,454,539
Financial assets at fair value through other comprehensive income	51,261,460	-	51,261,460
Other debit balances	-	14,459,015	14,459,015
Total	<u>51,261,460</u>	<u>3,541,112,455</u>	<u>3,592,373,915</u>

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

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

26. Financial instruments by category (continued)

	30 June 2023
	Financial liabilities at amortised cost
Liabilities as per the separate statement of financial position	
Bank facilities	1,003,483,681
Due to related parties	589,841,652
Borrowings	179,083,257
Trade payables and other credit balances	60,358,077
Lease liabilities	13,690,017
Total	1,846,456,684
	31 December 2022
	Financial liabilities at amortised cost
Liabilities as per the separate statement of financial position	
Bank facilities	1,816,532,537
Due to related parties	465,929,489
Borrowings	223,761,831
Trade payables and other credit balances	48,318,849
Lease liabilities	14,890,035
Total	2,569,432,741

27. Basic earnings/ loss per share

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

	Six-month ended		Three-month ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Net profit attributable to the shareholders of the Company	103,291,040	74,397,257	(40,059,212)	(1,486,453)
Weighted average number of ordinary paid and issued shares	1,352,353,800	1,352,353,800	1,352,353,800	1,352,353,800
Basic earnings/losses per share	0.08	0.06	(0.03)	(0.001)

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

28. Contingent liabilities

The Company has contingent liabilities in respect of letters of guarantee arising in the ordinary course of business from which it is anticipated that no material liabilities will arise to third parties and the total letters of guarantee at 30 June 2023 amounted to EGP 19,527,968 and USD 152,517 at 30 June 2023 (31 December 2022: EGP 19,527,968 and USD 152,517).

29. Tax position

The Company is committed to submit tax returns and pay the tax on the legal due dates for all types of taxes imposed thereon. Below is tax inspection position:

29-1 Corporate income Tax

- The Company regularly submits its tax return on due dates.
- The Company was inspected since inception till 2018 and tax differences were paid, and the settlement is on process.
- The Company has not been inspected form 2019 till now.

29-2 Payroll tax and equivalents

- The Company was inspected from the inception of business till 2019, and tax differences were paid, and the settlement is on process.
- The Company has not been inspected form 2020 till now.
- The Company regularly submits its tax return on due dates.

29-3 Stamp tax

- The Company was inspected from the inception of business till 2016, and the payments were made, and settlement is in progress.
- The Company has not been inspected form 2017 till now.

29-4 Value Added Tax

- The Company was inspected for the period from April 2019 to December 2019, and the settlement and payment were made.
- The Company has not been inspected form 2020 till now.
- The Company regularly submits its tax return on due dates.

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

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

30. 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.

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	Shareholding percentage
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%
Hanaa Investment Company "LLC"	67,617,700	33,808,850	5%
Ali Bn Hassan Dayakh	53,031,300	26,515,650	3.92%
Mr. 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.