GADWA FOR INDUSTRIAL DEVELOPMENT COMPANY (S.A.E.)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
TOGETHER WITH AUDIT REPORT

GADWA FOR INDUSTRIAL DEVELOPMENT COMPANY (S.A.E.)

Consolidated Financial Statements
For the year ended 31 December 2023
Contents

UHY United
Auditing, Tax, Advisory & Financial Services

10, Street 213, Maadi
P.O. Box 250 Maadi
Cairo
Egypt

Tel +20 2 251 75598
Fax +20 2 252 14252
Email info@uhy-united.com
Web www.uhy-united.com

AUDITOR'S REPORT

TO THE SHARE HOLDERS OF GADWA FOR INDUSTRIAL DEVELOPMENT COMPANY (S.A.E.)

Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **GADWA FOR INDUSTRIAL DEVELOPMENT COMPANY (S.A.E.)** represented in the consolidated financial position as of 31 December 2023, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian accounting standards, Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, This responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Consolidated financial statements.

Opinion
In our opinion, the consolidated financial statements referred to above, give a true and fair view, in all material respects, of the financial position of **GADWA FOR INDUSTRIAL DEVELOPMENT COMPANY (S.A.E.)** as of 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian accounting standards.

Emphasis of Matter
without qualifying our opinion, the company was established on 8 September 2021, and the financial statements for the initial period from 8 September 2021 to 31 December 2022 were approved. For the purpose of presenting the financial statements the company presented comparative figures for the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended on a 12-month basis to align with the presentation of the financial statements for the current year ending on 31 December 2023.

Cairo on: 3 March 2024

UHY United
Auditing, Tax, Advisory & Financial Services
10, Street 213, Maadi

Auditor

M. kassi

Mohamed Ahmed Abu EL Kassim
FESAA
FEST
R.A.A. 17553
EFSAR 359
United For Auditing and Tax
UHY – United

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2023

	Note	31 December 2023 EGP	31 December 2022 EGP
ASSETS			
Non-current assets			
Fixed assets	(4)	**1,497,734,529**	1,340,364,026
Projects under construction	(5)	**246,267,484**	282,353,943
Right-of-use assets	(30-1)	**70,925,092**	76,274,544
Investments in associates	(6)	**202,770,102**	250,639,359
Governmental bonds		**2,643,282**	2,643,282
Intangible assets	(7)	**125,207**	303,614
Goodwill	(8)	**1,040,056,540**	1,040,056,540
Total non-current assets		**3,060,522,236**	2,992,635,308
Current assets			
Cash on hand and at banks	(9)	**1,349,167,350**	614,682,057
Investments at fair value through profit or loss	(10)	**12,950,273**	20,348,702
Non-current assets held for sale	(31)	**35,155,767**	48,544,167
Investments in treasury bills	(32)	**125,723,657**	-
Trade and notes receivable	(11)	**4,422,114,027**	1,839,749,723
Advance payments to acquire housing and development projects		**347,390,573**	339,239,016
Inventories	(13)	**2,435,030,418**	1,830,933,457
Tax authority - debit balances	(14)	**210,514,776**	175,117,485
Prepayments and other debit balances	(15)	**1,027,293,079**	659,724,573
Total current assets		**9,965,339,920**	5,528,339,180
TOTAL ASSETS		**13,025,862,156**	8,520,974,488
EQUITY AND LIABILITIES			
EQUITY			
Capital	(16)	**2,004,129,804**	2,004,129,804
General reserve	(16)	**29,678,496**	29,678,496
Legal reserve		**371,012**	-
Splitting process adjustments		**(88,916,974)**	(88,916,974)
(Accumulated losses)		**(316,784,897)**	(487,065,565)
Profit for the year		**1,000,296,518**	290,812,558
Total equity attributable to the equity holders of the parent company		**2,628,773,959**	1,748,638,319
Non-controlling interests	(17)	**1,158,866,260**	652,187,898
TOTAL EQUITY		**3,787,640,219**	2,400,826,217
LIABILITIES			
Non-current liabilities			
Non-current portion of long-term loans	(18)	**129,487,366**	123,606,730
Shareholders' credit balances	(19)	**4,125,900**	2,275,000
Non-current portion of lease liabilities	(30-2)	**595,427,876**	442,612,447
Deferred tax liabilities	(25)	**131,293,860**	48,171,177
Total non-current liabilities		**860,335,002**	616,665,354
Current liabilities			
Due to related parties	(12)	**412,248,845**	414,084,101
Current portion of long-term loans	(18)	**8,032,773**	217,513,318
Credit facilities	(20)	**5,149,622,431**	2,712,845,283
Trade payable, contractors and notes payable	(21)	**978,367,825**	1,176,165,405
Tax authority - credit balances	(22)	**456,440,692**	232,678,250
Accrued expenses and other credit balances	(23)	**1,126,297,713**	590,217,012
Provisions	(24)	**9,062,938**	14,082,638
Current portion of lease liabilities	(30-2)	**197,336,109**	124,777,637
Dividends payable		**40,477,609**	21,119,273
Total current liabilities		**8,377,886,935**	5,503,482,917
TOTAL LIABILITIES		**9,238,221,937**	6,120,148,271
TOTAL LIABILITIES AND EQUITY		**13,025,862,156**	8,520,974,488

Group Chief Financial Officer — **Ahmed Hamdy Helmy**

Chief Executive Officer — **Yasser Mohamed Zaki**

- The accompanying notes from (1) to (36) are an integral part of these consolidated financial statements.
- Auditor's report "attached".

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**31 December 2023**	31 December 2022
		EGP	EGP
Operations revenue	(26)	**12,246,467,846**	8,012,285,739
Operations cost	(27)	**(8,934,403,490)**	(6,501,972,807)
GROSS PROFIT		**3,312,064,356**	1,510,312,932
General and administrative expenses		**(333,372,762)**	(277,118,114)
Selling, distribution and marketing expenses		**(229,271,081)**	(188,075,993)
Profit share from investments in associates	(6)	**5,797,190**	5,821,623
Goodwill impairment	(8)	**-**	(55,515,976)
Investments at fair value through profit or loss valuation difference	(10)	**421,592**	1,074,439
Loss from sale of investments at fair value through profit or loss	(10)	**(569,950)**	(313,892)
Expected credit loss in the trade and notes receivable balance	(11)	**(58,957,283)**	(22,052,830)
Decline in inventories value	(13)	**-**	(6,334,700)
Expected credit loss in the other debit balances	(15)	**48,353,651**	(286,640,637)
Provisions	(24)	**(3,954,178)**	(14,265,491)
Coupons		**121,021**	81
Return on investments in treasury bills		**9,153,154**	108,000
Gain from sale of investments in subsidiaries and associates	(28)	**29,469,684**	203,969,459
Other operating income		**31,873,593**	22,633,106
OPERATING PROFIT		**2,811,128,987**	893,602,007
Finance expense		**(934,690,274)**	(358,529,804)
Finance income		**48,713,174**	19,307,903
Foreign exchange differences		**(9,745,747)**	(8,672,585)
Gain from sale of fixed assets	(4)	**5,665,812**	413,639
PROFIT BEFORE INCOME TAXES		**1,921,071,952**	546,121,160
Income taxes	(25)	**(462,985,211)**	(191,131,191)
PROFIT FOR THE YEAR		**1,458,086,741**	354,989,969
Attributable to:			
Equity holders of the parent company		**1,000,296,518**	186,349,749
Non-controlling interest	(17)	**457,790,223**	168,640,220
PROFIT FOR THE YEAR		**1,458,086,741**	354,989,969
EARNINGS PER SHARE FOR THE HOLDING COMPANY	(29)	**0.95**	0.18

Group Chief Financial Officer

Ahmed Hamdy Helmy

Chief Executive Officer

Yasser Mohamed Zaki

- The accompanying notes from (1) to (36) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**31 December 2023**	31 December 2022
		EGP	EGP
Profit for the year		**1,458,086,741**	354,989,969
Items related to comprehensive income			
Foreign exchange differences of monetary items at the flotation date	(36-A)	**(30,262,545)**	(179,019,862)
Deduct:			
Transferred to (accumulated losses) during the same year		**30,262,545**	179,019,862
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,458,086,741**	354,989,969
Attributable to:			
Equity holders of the parent company		**1,000,296,518**	186,349,749
Non-controlling interests	(17)	**457,790,223**	168,640,220
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,458,086,741**	354,989,969

- The accompanying notes from (1) to (36) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Paid up capital	General reserve	Legal reserve	Splitting process adjustments	(Accumulated losses)	Profit for the year	Total equity attributable to the equity holders of the parent company	Non-controlling interest	Total equity
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of 1 January 2023	2,004,129,804	29,678,496	-	(88,916,974)	(382,602,756)	186,349,749	1,748,638,319	652,187,898	2,400,826,217
Transferred to legal reserve and (accumulated losses)	-	-	371,012	-	185,978,737	(186,349,749)	-	-	-
Adjustments arising from capital increase of subsidiaries	-	-	-	-	(2,675)	-	(2,675)	118,542,525	118,539,850
Adjustments arising from changes in subsidiaries' ownership percentage	-	-	-	-	19,830,317	-	19,830,317	(13,060,615)	6,769,702
Adjustments arising from subsidiaries' treasury stocks purchase	-	-	-	-	(36,772,422)	-	(36,772,422)	(15,492,743)	(52,265,165)
Dividends distribution	-	-	-	-	(81,692,129)	-	(81,692,129)	(32,362,452)	(114,054,581)
Foreign exchange differences of monetary items at the flotation date*	-	-	-	-	(21,523,969)	-	(21,523,969)	(8,738,576)	(30,262,545)
Profit for the year	-	-	-	-	-	1,000,296,518	1,000,296,518	457,790,223	1,458,086,741
Balance as of 31 December 2023	**2,004,129,804**	**29,678,496**	**371,012**	**(88,916,974)**	**(316,784,897)**	**1,000,296,518**	**2,628,773,959**	**1,158,866,260**	**3,787,640,219**
Balance as of 1 January 2022	2,004,129,804	29,678,496	-	(88,916,974)	(284,953,328)	104,462,809	1,764,400,807	638,316,771	2,402,717,578
Transferred to (accumulated loss)	-	-	-	-	104,462,809	(104,462,809)	-	-	-
Adjustments arising from establishment / capital increase of subsidiaries	-	-	-	-	(54)	-	(54)	70,853,614	70,853,560
Adjustments arising from changes in subsidiaries' ownership percentage	-	-	-	-	(3,892,800)	-	(3,892,800)	(146,108,225)	(150,001,025)
Adjustments arising from subsidiaries' treasury stocks purchase	-	-	-	-	(33,344,888)	-	(33,344,888)	(11,134,211)	(44,479,099)
Dividends distribution	-	-	-	-	(41,023,074)	-	(41,023,074)	(13,225,504)	(54,248,578)
Foreign exchange differences of monetary items at the flotation date*	-	-	-	-	(123,851,421)	-	(123,851,421)	(55,168,441)	(179,019,862)
Adjustments arising from exclusion of subsidiaries from business combination	-	-	-	-	-	-	-	13,674	13,674
Profit for the year	-	-	-	-	-	186,349,749	186,349,749	168,640,220	354,989,969
Balance as of 31 December 2022	2,004,129,804	29,678,496	-	(88,916,974)	(382,602,756)	186,349,749	1,748,638,319	652,187,898	2,400,826,217

* Foreign exchange differences represent the adjustments resulting from (the second treatment) in accordance with the Prime Minister's decision decree no. 1847 of for the year 2023 to amend some terms of the Egyptian Accounting Standards - Annex (C) of the Egyptian Accounting Standard No. (13) amended in 2015 " The effects of changes in foreign exchange rates (Note 36-A).

- The accompanying notes from (1) to (36) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	**31 December 2023 EGP**	31 December 2022 EGP
Cash flows from operating activities			
Profit for the year before income taxes and non-controlling interests		**1,921,071,952**	546,121,160
Depreciation of fixed assets	(4)	**85,729,615**	76,146,091
Amortization of intangible assets	(7)	**178,407**	216,117
Amortization of right-of-use assets	(30)	**9,121,369**	8,976,219
Gain from sale of fixed assets	(4)	**(5,665,812)**	(413,639)
Expected credit loss in the trade and notes receivable balance	(11)	**58,957,283**	22,052,830
Expected credit loss in the other debit balances	(15)	**(48,353,651)**	286,640,637
Decline in inventories value	(13)	**-**	6,334,700
Provisions	(24)	**3,954,178**	14,265,491
Investments at fair value through profit or loss valuation differences	(10)	**(421,592)**	(1,074,439)
Loss from sale of investments at fair value through profit or loss	(10)	**569,950**	313,892
Coupons		**(121,021)**	(81)
Return on investments in treasury bills		**(9,153,154)**	(108,000)
Goodwill impairment	(8)	**-**	55,515,976
Profit share from investments in associates	(6)	**(5,797,190)**	(5,821,623)
Gain from sale of investments in subsidiaries and associates	(28)	**(29,469,684)**	(203,969,459)
Finance expense		**934,690,274**	358,529,804
Finance income		**(48,713,174)**	(19,307,903)
Operating profit before changes in working capital		**2,866,577,750**	1,144,417,773
Changes in investments at fair value through profit or loss	(10)	**7,250,071**	(9,840,289)
Changes in non-current assets held for sale		**5,160,000**	-
Changes in trade and notes receivable		**(2,641,321,587)**	(15,092,753)
Changes in due from related parties		**-**	122,620,350
Changes in advance payments to acquire housing and development projects		**(8,151,557)**	174,866,714
Changes in inventories		**(604,096,961)**	(734,967,798)
Changes in debit balances – Tax authority		**(35,397,291)**	(26,634,295)
Changes in prepayments and other debit balances		**(319,214,855)**	(206,597,424)
Changes in due to related parties		**(1,835,256)**	93,740,040
Changes in trade payable, contractors and notes payable *		**(204,370,078)**	301,235,746
Changes in credit balances – Tax authority		**(156,100,086)**	(23,925,274)
Changes in accrued expenses and other credit balances		**536,080,701**	(83,295,215)
Provisions used	(24)	**(8,973,878)**	(18,059,357)
Net cash flows (used in) provided from operating activities		**(564,393,027)**	718,468,218
Cash flows from investing activities			
Payments to acquire fixed assets	(4)	**(106,516,708)**	(179,155,965)
Proceeds from sale of fixed assets	(4)	**33,282,607**	1,083,163
Payments in projects under construction	(5)	**(119,885,346)**	(234,314,847)
Proceeds from sale of investments in associates		**45,673,458**	-
Payments in investments in associates		**-**	(77,964,608)
Payment to acquire treasury bills	(32)	**(166,672,154)**	(29,892,000)
Proceeds from sale of treasury bills		**50,101,651**	29,978,400
Coupons received		**121,021**	81
Finance income received		**48,713,174**	19,307,903
Net cash collected from (paid to) investments in subsidiaries		**44,232,375**	(175,451,240)
Net cash flows (used in) investing activities		**(170,949,922)**	(646,409,113)
Cash flows from financing activities			
Proceeds from credit facilities		**2,436,777,148**	793,047,960
Proceeds from lease companies		**306,073,769**	237,529,365
Payments in lease liabilities		**(84,471,785)**	(86,932,072)
Payments in long term loans		**(203,599,909)**	(56,541,128)
Changes in shareholders' – credit balances		**1,850,900**	(67,651,722)
Non-controlling interests in establishment / capital increase of subsidiaries	(17)	**118,539,850**	70,853,560
Payments to purchase treasury stocks - subsidiaries		**(52,265,165)**	(44,479,099)
Dividends paid		**(94,696,245)**	(43,198,328)
Finance expense paid		**(934,690,274)**	(342,574,960)
Net cash flows provided from financing activities		**1,493,518,289**	460,053,576
Net change in cash and cash equivalent during the year		**758,175,340**	532,112,681
Foreign exchange loss of monetary items at the flotation date		**(23,690,047)**	(197,925,510)
Cash balances of subsidiaries excluded from business combination		**-**	(77,255)
Cash and cash equivalent – beginning of the year	(9)	**614,682,057**	280,572,141
Cash and cash equivalent – end of the year	(9)	**1,349,167,350**	614,682,057

* The effect of non-cash transactions resulting from the flotation of the exchange rate of trade payable, contractors and notes payable has been excluded.

- The accompanying notes from (1) to (36) are an integral part of these consolidated financial statements.

1 BACKGROUND

Gadwa For Industrial Development Company (S.A.E.) was established in accordance with law number (159) year 1981 as a result of the splitting of Aspire Capital Holding Company for Financial Investments (S.A.E) (previously - Pioneers Holding Company for Financial Investments) without violating Article (27) of the Capital Market Law Number (95) of 1992 and Article (121) and Article (122) of the Executive Regulations of Law number (95) of year 1992.

The main purpose of the Company is to invest in, share and contribute, directly and indirectly in all fields of industrial investments, and the Company is allowed to have an interest or engage by any means with companies and others that practice similar businesses to its own or that may assist it in achieving its purpose in Egypt or abroad, also the Company may merge with such previous entities, purchase, or acquire in accordance with the law and its executive regulations.

The Company was registered in the Commercial Register under No. 171850 - Cairo on 5 September 2021.

The Company was registered in the Egyptian Exchange on 10 October 2021.

The Company's duration is 25 years starting from 5 September 2021.

The consolidated financial statements for year ended 31 December 2023 were authorized for issuance in accordance with the board of directors' resolution on 3March 2024.

Ownership percentage of the company in the following subsidiaries:

Company Name	Activity	Country	Ownership Percentage
Universal For Papers and Packing Materials Company (Unipack)	Manufacturing packing materials and papers (S.A.E)	Egypt	%73.87
Varsal For Urban Planning Company	Contracting and real estate investment (S.A.E)	Egypt	%73.87
Electro Cables Egypt Company	Manufacturing electrical wires and cables (S.A.E)	Egypt	%70.36
Giza Power For Manufacturing Company	Manufacturing electrical wires and cables (S.A.E)	Egypt	%70.36
Al Giza Egyptian For Distribution Company	Contracting (S.A.E)	Egypt	%70.36
G.P.I For Projects Company	Contracting (S.A.E)	Egypt	%70.36
O.M.S Cables Manufacturing Company *	Manufacturing electrical wires and cables (S.A.E)	Egypt	%31.66
G.P.I Meters Company	Manufacturing, installing, and assembling electricity, water and gas meters (S.A.E)	Egypt	%58.68
Arabian Company for Dairy Products (Arab Dairy) *	Manufacturing dairy products (S.A.E)	Egypt	%47.93
Arab Developed Company for Trade and Imports (ACTY) *	Trading (S.A.E)	Egypt	%38.34
Panda for Trading and Distribution Company *	Food & beverage (S.A.E)	Egypt	%23.96
PHC Food Company	Food & beverage (S.A.E)	Egypt	%99.66
Integrated Egyptian Company For Food Industries	Food & beverage (S.A.E)	Egypt	%74.75
El Noor Pharmaceutical Company	Pharmaceuticals (S.A.E)	Egypt	%64.98
Green Drugstore Medical Company	Pharmaceuticals (S.A.E)	Egypt	%55.23
Orange For Pharmacies Management Company	Pharmaceuticals (S.A.E)	Egypt	%65.02
Semow For Consulting Company	Financial advisors (S.A.E)	Egypt	%99.99
El Hessn For Consulting Company	Financial advisors (S.A.E)	Egypt	%99.65
P.F.A For Consulting Company	Financial advisors (S.A.E)	Egypt	%99.99

* The financial statements of these companies have been consolidated, although the holding company's contribution to its capital is less than 50%, however the holding company has control over the company with its ability to control the company's financial and operational policies in order to obtain benefits from its activities.

2 BASIS OF CONSOLIDATION

- The following steps are followed when preparing the consolidated financial statements:

a- Eliminate the carrying amount of the parent's investment in each subsidiary and the Parent Company portion of equity of each subsidiary.

b- Identify Non-controlling interests in the profit (loss) of the consolidated subsidiaries for the reporting period.

c- Identify Non-controlling interests in net assets of consolidated subsidiaries and are presented separately from the Parent Company's ownership interests in them.

They consist of:

(1) The amount of those non-controlling interests at the date of the original consolidation.

(2) The Non-controlling interests' share of changes in equity since the date of the consolidation.

2 BASIS OF CONSOLIDATION (CONT'D)

d- Full elimination for intergroup balances, transactions, income and expenses.

- The financial statements of the Parent Company and its subsidiaries which are used in the preparation of the consolidated financial statements are prepared at same date.
- The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.
- Non-controlling interests are presented in the consolidated balance sheet within equity, separately from the equity of the owners of the parent company. Also, the non-controlling interests share in the group profit or loss presented separately.
- Profit or loss and each component of OCI are attributed to the equity holders of the parent company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.
- Deconsolidating subsidiaries is when the group loses control, where any remaining investment from lost subsidiary, is recognized at its fair value, at the date of losing control. Any variance is recognized as profit or loss in the parent company.

3 SIGNIFICANT ACCOUNTING POLICIES

3-1 Basis of preparation

The financial statements have been prepared under the going concern assumption on a historical cost basis, except for financial assets, investments at fair value through profit or loss, and investments at fair value through comprehensive income measured at fair value.

3-2 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Egyptian Accounting Standards and the applicable laws and regulations.

3-3 Changes in accounting policies

Accounting policies applied this year is the same as in the previous years.

As of 6 March 2023, the Prime Minister issued decree No. (883) for the year 2023, to amend some Egyptian Accounting Standards, given that these adjustments did not affect the financial statements issued as of 31 December 2023 as explained in Note (36-B).

3-4 Lease Contracts

Contract is defined to be (or include) a lease contract based on its contents. The contract is a lease contract when or includes a lease contract if it transfers the control over the use of the asset described for a period for a price.

At the commencement of the contract, lease is classified as a financial lease or operating lease; where the contract is classified as a financial lease if it transfers in a material respect mostly all the risks and rewards from owning the contractual asset and classified as an operating lease if it doesn't transfer in a material respect mostly all the risks and rewards from owning the contractual asset.

At the commencement of the contract, asset is measured (right of use) at cost, where cost includes all initiation costs incurred to prepare the asset to the condition required as per the contract.

The lease liability is measure by the fair value of the unpaid lease payments at the date, deducting the lease payments using the imbedded interest in the contract, if it can be easily measured, or using interest on extra lending for the lessor if it can't be measured, in addition to any other variable payments, expected payments, and price for the right of purchasing the asset, according to the contract.

Interest on lease payments, or any variable payments not included in the measurement of the lease liability is included in the statement of profits or losses.

If the lease contract transfers the ownership of the asset, or the asset cost reflects the right of purchasing the asset, the asset is amortized over its useful life (right of use), and except for that, the asset is amortized (right of use) starting from the contract commencing date till its useful life (right of use) or the end of the contract date, whichever is shorter.

The Company assesses at each reporting date whether there is an indication that asset may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment loss is recognized in the statement of profits or losses.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3-4 Lease Contracts (Cont'd)

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profits or losses.

3-5 Foreign currency translation

- The financial statements are prepared and presented in Egyptian pound, which is the Company's functional currency.
- Transactions in currencies other than Egyptian pound are initially recorded using the prevailing exchange rates on the transaction date.
- Monetary assets and liabilities denominated in currencies other than Egyptian pound are retranslated using the exchange rates prevailing at the statement of financial position date. All differences are recognized in the statement of profit or loss.
- Nonmonetary items that are measured at historical cost in currencies other than Egyptian pound are translated using the exchange rates prevailing at the date of the initial recognition.
- Nonmonetary items measured at fair value in currencies other than Egyptian pound are translated using the exchange rates prevailing at the date when the fair value is determined.

3-6 Fixed assets

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated decline in value. Such cost includes the cost of replacing part of the Fixed assets when the cost is incurred, if the recognition criteria are met. Likewise, when a major improvement is performed, its cost is recognized in the carrying amount of the Fixed assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the profit or loss as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, and is computed using the straight-line method according to the estimated useful life of the assets as follows:

Item	Years
Telecommunications equipment	8
Computers	3-8
Furniture	4-16.7
Electrical equipment	5-8
Tools and equipment	5-8
Decorations	5-10
Vehicles	4-5
Buildings	10-40
Machinery and Equipment	4-20

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset is included in the statement of profit or loss when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each fiscal year end.

The company assesses at each reporting date whether there is an indication that Fixed assets may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment loss is recognized in the statement of profits or losses.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profits or losses.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3-7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated decline in value.

Internally generated intangible assets are not capitalized, and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for decline in value whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each fiscal year end.

Intangible assets represent the computer software and the related licenses and are amortized using the straight-line method over their estimated useful lives (4 years).

3-8 Goodwill

At the acquisition date, the company recognizes goodwill acquired from business combination as an asset. Goodwill is initially measured at cost, which represents the excess of the aggregate of the consolidation transferred over the company's share in the net identifiable assets and liabilities acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impaired loss, goodwill acquired in a business combination cannot be amortized, and consequently the company makes an impairment test on the goodwill acquired annually or periodically, if there is an indication of impairment in its value.

3-9 Investments

Investments in associates

Investments in associates are investments in entities which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture, significant influence is presumed to exist when the company holds, directly or indirectly through subsidiaries 20 percent and less than 50 percent of the voting power of the investee, unless it can be clearly demonstrated that this is not the case.

Investments in associates are accounted for using the equity method and according to the equity method the investment in any associate company is recognized initially at cost. Then the investment balance is increased or decreased to prove the company's share in the investee company profit or loss among the company's profit or loss, the investment balance is decreased by dividends value acquired from the investee company.

Investments in Government bonds

Investments in government bonds are recorded at cost according to amortized cost model. In case of decline in value, the book value should be adjusted by the amount declined and charged to the statement of profit or loss in the same period for each investment separately.

Investments at fair value through profit or loss

Investments at fair value through profit or loss are financial assets classified according to fair value model, as either held for trading acquired for the purpose of selling in the near term or financial assets designated upon initial recognition at fair value through profit or loss.

Investments at fair value through profit and loss are initially recognized at fair value.

Investments at fair value through profit and loss are carried in the financial position at fair value with gains or losses recognized in the statement of profit or loss.

A gain or loss arising from sale of an investment at fair value through profit or loss shall be recognized in the statement of profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3-10 Trade and notes receivable

Trade and notes receivable are stated at original invoice amount net of any impairment losses.

Impairment losses are measured as the difference between the accounts and other receivables carrying amount and the present value of estimated future cash flows, The impairment loss is recognized in the statement of profit or loss, Reversal of impairment is recognized in the statement of profit or loss in the year in which it occurs.

3-11 Projects under construction

Projects under construction represent the amounts that are incurred for the purpose of constructing or purchasing assets until it is ready to be used in the operation, upon which it is transferred to relevant asset category. Projects under construction are valued at cost less decline in value.

3-12 Non-current assets held for sale

Non-current assets are classified as assets for the purpose of selling, if it is expected that their book value will be recovered mainly from a sale transaction and not from continuing to use it, and this includes assets acquired in exchange for debt settlement and fixed assets that the establishment ceases to use for the purpose of selling it, and subsidiaries and sister companies acquired by the establishment for the purpose of selling it.

The asset (or the group being disposed of) shall be available for immediate sale in the condition it is in without any conditions other than the traditional and usual sale conditions for those assets. A non-current asset (or a group being disposed of) that is classified as assets non-current held for sale is measured on the basis of the book value at the date of classification or the fair value less selling costs, whichever is less.

If the sale is expected to take more than one year, the entity shall measure the selling costs at their present value, and for any increase in the present value of the selling costs arising from the passage of time, it shall be recorded in profit or loss as a financing cost.

3-13 Inventory

The inventories elements are valued as follows:

- **Raw materials and packing:** at the lower of cost (using the moving average method) or net realizable value.
- **Work in process:** at the lower of the cost of production of the latest completed phase (based on the costing sheets) or net realizable value.
- **Finished goods:** at the lower of the cost of production (based on the costing sheets) or net realizable value. Cost includes direct material, direct labour, and allocated share of manufacturing overhead and excluding borrowing cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any decline in value of inventories to net realizable value and all losses of inventories shall be recognized in cost of sales in the statement of profit or loss in the period the decline in value occurs. The amount of any reversal of any decline in value of inventories, arising from an increase in net realizable value, shall be recognized as reduction of cost of sales in the statement of profit or loss in the period in which the reversal occurs.

3-14 Borrowings

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the balance sheet date, then the loan balance should be classified as long-term liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in the statement of income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3-15 Cost of borrowings

Costs of borrowings directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Cost of borrowings consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

Capitalization cost of borrowing expenses should be stopped during the periods which the contract process for the assets is postponed.

3-16 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation.

3-17 Related party transactions

Related parties represent associated companies, major quota holders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the board of directors. Pricing policies and terms of these transactions with related parties are similar to those with others.

3-18 Taxes

Income taxes
Income tax is calculated in accordance with the Egyptian Tax Law.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Tax Authority.

Deferred income tax
Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the statement of financial position (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of profit or loss for the period, except to the extent that the tax arises from a transaction or an event which is recognized, in the same or a different year, directly in equity.

3-19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, Revenue is measured at the fair value of the consideration received, excluding discounts and rebates.

- **Revenue from contracts with customers**
  An Egyptian standard no.48 revenue from contract with customers set out five step model to be applied as follow:

  Step one: Identify the contract (contracts) with the customer. A contract is an agreement between two parties or more creates enforceable rights or obligations A company applies the revenue guidance to contracts with customers.

  Step two: Identify the separate performance obligations in the contract. A performance obligation is a promise in a contract to provide a product or service to a customer.

  Step three: Determine the transaction price. The transaction price is the amount of consideration that a company expects to receive from a customer in exchange for transferring goods and services, except the amount that collect on behalf of third parties.

3 Significant Accounting Policies (Cont'd)

3-19 Revenue recognition (Cont'd)

- **Revenue from contracts with customers (Cont'd)**

  Step Four: Allocate the transaction price to the separate performance obligations. If more than one performance obligation exists in a contract, allocate the transaction price based on relative standalone selling prices.

  Step five: Recognize revenue: when the company satisfies its performance obligation.

  Companies satisfy performance obligations and recognize revenue over a period of time if one of the following criteria is met.

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

  If an entity does not satisfy its performance obligation over time according to previous conditions, the entity will recognize revenue at point in time when performance obligation is satisfied.

The following specific recognition criteria must also be met before revenue is recognized:

- **Selling goods**
  Revenue from selling goods is recognized when the company transfer all risks and returns to the buyer which usually happens when the goods are received and invoices are issued in case the Company is selling these goods locally, or when goods leave the factory in case exporting.

- **Contracting revenue**
  Revenues from construction contracts include the initial value of each construction contract in addition to order changes, incentives or subsequent claims, provided that sufficient expectation exists for the realization of that value and the reliability of its estimate.

  Where the results of the contract can be reliably estimated, revenues from construction contracts are recognized in accordance with the percentage of completion method according to the nature of the contract as follows:

  - **Long-term contracts:** The percentage of completion is determined according to limitation of the executed works method. The contract costs incurred to meet this revenue are recognized.
  - **Short-term contracts:** Short-term contract revenue is recognized in accordance with accounting for the work performed method and the actual costs incurred to meet the revenue.

  Where a contract revenue cannot be reliably estimated, revenue is recognized within the limit of the actual cost incurred and is expected to be recovered.

  Any expected loss of the contract is recognized as an expense in the event that the expected total cost of the contract is likely to exceed the total revenue of the contract irrespective to the percentage of completion of the contract.

  Any increase (decrease) in the value of income calculated according to the percentage of completion than the actual bill of progress issued to the client is charged to the clients' account.

- **Units' sales**
  Housing and developments projects revenue is recognized on the sale of unit when all risks and rewards is transferred to the buyer and realized by the completion of the actual contract of the unit.

- **Sale on instalments**
  The net present value of the sold unit is recognized as income on the date of sale. The selling price is the present value of the consideration and is determined by discounting the amount of premiums receivable using the targeted interest rate. Deferred interest is recognized as income when earned and on a time proportion basis taking into account the targeted interest rate.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3-19 Revenue recognition (Cont'd)

- **Dividends revenue**
  Revenue is recognized when the company's right to receive the payment is established.
- **Interest income**
  Interest income is recognized as interest accrues according to timeline considering the targeted return on the financial asset.

3-20 Expenses

All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of profit or loss in the fiscal year in which these expenses were incurred.

3-21 Accruals and other credit balances

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3-22 Impairment

Impairment of financial assets

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired, a financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired, where the carrying amount of an asset or cash-generating unit's (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, impairment losses are recognized in the statement of profit or loss.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years, Such reversal is recognized in the statement of profit or loss.

3-23 Financial Instruments

A. Initial Recognition

The institution is to recognize in the balance sheet the financial asset, or liability only when the institution is a contractual part in a financial instrument.

At initial recognition the financial asset, or liability is measured at fair value if they are classified as financial assets, or liabilities at fair value through profits or losses.

At initial recognition, the financial assets classified as financial assets at fair value through other comprehensive income, and financial assets at amortized cost are recognized at fair value plus the transaction cost.

At initial recognition, the financial liabilities classified at amortized cost are recognized at fair value minus the transaction cost.

B. Classification and measurement of financial assets and liabilities

The Egyptian standard number (47) – Financial Instruments include three main categories based on the subsequent measurement for the financial assets, as follows:

- Financial assets by amortized cost.
- Financial assets at fair value through other comprehensive income.
- Financial assets through profits or losses.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3-23 Financial Instruments (Cont'd)

B. Classification and measurement of financial assets and liabilities (Cont'd)

In general, the classification of the financial assets as per the Egyptian standard number (47) – Financial Instruments is based on the business model managing the financial asset and related contractual cash flows.

Financial assets are classified based on: amortized cost, or fair value through other comprehensive income, or fair value through profits or losses.

The financial asset is classified based on the business model managing the financial asset and related contractual cash flows.

Financial assets are measured by amortized cost, if two conditions were met, and if was not measure by fair value through profits or losses.

- The asset is included in a business model planning to keep the asset for its contractual future cash flows.
- The asset contractual conditions generate cash flows in specific dates, based on only the asset and related interest payments for the principal amount due.

The debt instrument is measured at fair value through other comprehensive income, if two conditions were met, and if was not measured by fair value through profits or losses.

- The asset is included in a business model its goal is to collect contractual cash flows and sale of the financial asset.
- The asset contractual conditions generate cash flows in specific dates, based on only the asset and related interest payments for the principal amount due.

The financial asset must be measured at fair value through profits or losses, if not measured by the amortized cost, or at fair value through comprehensive income.

The institution can, without recourse, assign a financial asset to be measured at fair value through profits or losses, if this would materially result in reducing the volatility of measurement and recognition.

The institution must classify all its assets to be subsequently measure at amortized cost, except for the following:

- Financial liabilities at fair value through profits or losses, where that kind of liabilities and related derivatives representing these liabilities, subsequently, at fair value.
- Financial liabilities resulting from financial asset not qualified to be disposed from books, or when continuous interference is not applicable, in accordance with the Egyptian accounting Standards, like those financial liabilities.
- Financial guarantee contracts: after initial recognition, the issuer must subsequently measure the contract in accordance with the Egyptian Accounting Standards, by the lager one of the two following amounts:
  - A- Impairment loss in accordance with Egyptian accounting standard.
  - B- Or, the recognized balance- initially minus, when it is applicable, the consolidated income balance recognized in accordance with the Egyptian Accounting Standard number (48).
- Granting loans engagements with a lower interest than the market: the issuer must in accordance with the Egyptian Accounting Standards, by the lager one of the two following amounts:
  - A- Impairment loss in accordance with Egyptian accounting standard.
  - B- Or, the recognized balance- initially minus, when it is applicable, the consolidated income balance recognized in accordance with the Egyptian Accounting Standard number (48).
- Expected return recognized by the acquirer through consolidation applied by the Egyptian accounting Standard number (29), where subsequent measurement for such return must be in fair value, with changes are to be recognized through profits and losses.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3-23 Financial instruments (Cont'd)

B. Classification and measurement of financial assets and liabilities (Cont'd)

The institution can, without recourse, assign a financial asset to be measured at fair value through profits or losses, when applicable by the Egyptian Accounting Standards, or when it results in better information, for:

A- Eliminate, or materially reduce – the measurement or recognition non-steadiness (shown as – sometimes- as "accounting non uniformness"), resulting from, except from that, measuring the assets and liabilities, or profits or losses recognition, from it, on different bases.

B- There were other financial liabilities, or financial assets, managed and performance valuated based on fair value bases, in accordance with the approved strategy for managing risks and investments; and internally, information is presented for this group on this base to the top management of the institution (also as defined in the Egyptian Accounting Standard number (15)"Disclosing the Related Party", example, the institution board of directors and the managing president.

Classification of the financial assets and liabilities for the company in accordance with the Egyptian accounting standard number (47) "Financial Instruments".

Financial Statements items	Classification as per Standard number "47"
Cash and cash equivalent	Amortized cost
Governmental bonds	Amortized cost
Investments at fair value through profit or loss	Fair value
Investments in treasury bills	Amortized cost
Trade and notes receivable	Amortized cost
Due from \ to related parties	Amortized cost
Prepayments and other debit balances	Amortized cost
Accrued expenses and other credit balances	Amortized cost
Long-term loans	Amortized cost
Lease liabilities	Amortized cost
Credit facilities	Amortized cost
Trade payable, contractors and notes payable	Amortized cost

Financial Assets and Liabilities – re-classification: financial instruments are re-classified only when the financial model of the portfolio as a total change.

C. Impairment of financial assets value

The "Expected Credit Loss" model is applied on the financial assets measured at amortized cost, and contractual assets, and debt investments, at fair value through other comprehensive income, but not based on investments at equity.

The company valuates all available information, including future-based information for the expected credit losses related to the included assets at amortized cost.

The "Expected Credit Loss" model is based on, if there is an increase in the expected credit losses. And to valuate if there is a material increase in credit risk, the failure to pay risk, at the separate financial statements date, is compared with the failure to pay risk at the initial recognition date, according to all the available information, and reasonable supporting future information.

As for only trading debtors' balances, due from related parties, and cash and cash equivalent, the company recognize the expected credit losses according to simple approach as per Egyptian Accounting Standard number (47).

The simple approach for recognizing expected credit losses, don't require the company to track the credit risk changes, but it can recognize impairment losses according to the permanent expected credit losses, at the preparation date of the separate financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3-23 Financial instruments (Cont'd)

C. Impairment of financial assets value (Cont'd)

The impairment in the credit losses value guide may include indicators showing that debtors or group of debtors are facing material financial problems, or failure, or delay in profits or principal payment, or liquidation problem, or any other financial restructuring, and as the observable information are showing a measurable impairment in the expected future cash flows, like, delays variables, or economic conditions related to payment failure. The trading debtors are audited in kind, depending on each situation, to detect if there is any reason for disposal.

The company measures the expected credit losses through considering payment failure risks during the contractual period, and includes, during measurement, the future information.

D. Disposing of the financial asset from the books

The institution is to dispose of the financial assets from the books, only when:

- The contractual rights of the financial asset cash flows are over, or
- The institution transfers the financial asset.

The institution must dispose of the financial asset from the books (or part of the financial liability) from the balance sheet, when only it is reconciled – meaning that, the liability is paid to the contractual exact time, or canceled, or expired.

3-24 Significant accounting estimates

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses during the fiscal years, while the actual results may vary from those estimates.

3-25 Legal reserve

According to the company's articles of association, 5% of the profits are transferred to the legal reserve until this reserve reaches 50% of the capital. The reserve is used upon a decision from the general assembly meeting according to board of directors' suggestion.

3-26 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

3-27 Cash and cash equivalent

For the purpose of preparing the cash flow statement, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within nine months after deducted banks credit balances.

4- FIXED ASSETS

	Land	Telecommunications equipment	Computers	Furniture	Electrical equipment	Tools and equipment	Decorations	Vehicles	Buildings	Machinery and equipment	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
1 January 2023	469,645,551	915,103	17,125,363	22,541,211	2,574,721	56,463,612	79,713,633	54,915,416	282,104,884	901,684,492	1,887,683,986
Additions for the year	-	325,713	5,269,984	3,235,110	336,230	5,995,245	303,286	10,384,609	13,610,640	67,055,891	106,516,708
Transferred from project under construction (Note 5)	-	-	218,704	794,316	-	264,708	1,674,725	5,562,146	19,689,726	127,767,480	155,971,805
Transferred from non-current assets held for sale (Note 31)	8,228,400	-	-	-	-	-	-	-	-	-	8,228,400
Disposals	-	(3,583)	(839,100)	(45,242)	(9,180)	(23,999)	(215,686)	(1,649,886)	(326,445)	(30,440,829)	(33,553,950)
31 December 2023	477,873,951	1,237,233	21,774,951	26,525,395	2,901,771	62,699,566	81,475,958	69,212,285	315,078,805	1,066,067,034	2,124,846,949
Accumulated depreciation											
1 January 2023	-	(166,872)	(12,110,978)	(12,287,652)	(427,196)	(34,161,930)	(48,681,222)	(30,837,592)	(73,381,755)	(335,264,763)	(547,319,960)
Depreciation for the year	-	(121,831)	(2,339,862)	(1,636,689)	(427,306)	(4,468,671)	(9,779,063)	(8,986,294)	(7,564,022)	(50,405,877)	(85,729,615)
Depreciation of disposals	-	217	782,803	24,282	955	23,983	145,197	1,035,918	114,070	3,809,730	5,937,155
31 December 2023	-	(288,486)	(13,668,037)	(13,900,059)	(853,547)	(38,606,618)	(58,315,088)	(38,787,968)	(80,831,707)	(381,860,910)	(627,112,420)
Net book value											
As of 31 December 2023	**477,873,951**	**948,747**	**8,106,914**	**12,625,336**	**2,048,224**	**24,092,948**	**23,160,870**	**30,424,317**	**234,247,098**	**684,206,124**	**1,497,734,529**

- An amount of EGP 195,810,048 was included in fixed assets items, resulting from the reallocate of goodwill resulted from the business combination process, and the depreciation of that allocated goodwill was allocated to operations cost.

- Gain from sale of fixed assets during the year is presented as follows:

		31 December 2023
	EGP	**EGP**
Proceeds from sale of fixed assets		33,282,607
Cost of disposed asset	(33,553,950)	
Accumulated depreciation of disposed asset	5,937,155	
Net book value of disposed asset		(27,616,795)
Gain on sale of fixed assets		**5,665,812**

4- FIXED ASSETS (CONT'D)

	Land	Telecommunications equipment	Computers	Furniture	Electrical equipment	Tools and equipment	Decorations	Vehicles	Buildings	Machinery and equipment	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost											
1 January 2022	469,645,551	599,826	14,547,515	16,098,814	1,462,654	45,764,588	67,856,364	52,897,207	261,297,309	732,551,508	1,662,721,336
Additions for the year	-	317,297	2,772,108	6,556,774	1,741,155	10,764,765	2,109,051	2,081,754	15,618,701	137,194,360	179,155,965
Transferred from project under construction (Note 5)	-	-	-	-	-	-	10,622,937	495,920	5,548,874	33,712,821	50,380,552
Disposals	-	(2,020)	(74,873)	(49,076)	(409,398)	(65,741)	(139,190)	(559,465)	(360,000)	(1,774,197)	(3,433,960)
Fixed assets of subsidiaries excluded from business combination	-	-	(119,387)	(65,301)	(219,690)	-	(735,529)	-	-	-	(1,139,907)
31 December 2022	469,645,551	915,103	17,125,363	22,541,211	2,574,721	56,463,612	79,713,633	54,915,416	282,104,884	901,684,492	1,887,683,986
Accumulated depreciation											
1 January 2022	-	(56,111)	(10,549,163)	(11,245,925)	(545,881)	(30,945,054)	(39,358,559)	(22,278,451)	(66,452,647)	(293,584,675)	(475,016,466)
Depreciation for the year	-	(110,943)	(1,689,941)	(1,130,381)	(279,578)	(3,282,599)	(10,197,341)	(8,999,916)	(7,001,108)	(43,454,284)	(76,146,091)
Depreciation of disposals	-	182	37,925	48,358	186,127	65,723	139,150	440,775	72,000	1,774,196	2,764,436
Accumulated depreciation of fixed assets of subsidiaries excluded from business combination	-	-	90,201	40,296	212,136	-	735,528	-	-	-	1,078,161
31 December 2022	-	(166,872)	(12,110,978)	(12,287,652)	(427,196)	(34,161,930)	(48,681,222)	(30,837,592)	(73,381,755)	(335,264,763)	(547,319,960)
Net book value											
As of 31 December 2022	469,645,551	748,231	5,014,385	10,253,559	2,147,525	22,301,682	31,032,411	24,077,824	208,723,129	566,419,729	1,340,364,026

5- PROJECTS UNDER CONSTRUCTION

	31 December 2023 EGP	31 December 2022 EGP
Beginning balance	**282,353,943**	98,419,648
Additions	**119,885,346**	234,314,847
Transferred to fixed assets (Note 4)	**(155,971,805)**	(50,380,552)
Ending Balance	**246,267,484**	282,353,943

6- INVESTMENTS IN ASSOCIATES

	Percentage %	31 December 2023 EGP	Percentage %	31 December 2022 EGP
Aman Construction Company (L.L.C)	**19.93**	**1,597,570**	-	-
Al Giza General For Contracting And Real Estate Investment Company (S.A.E)	**4.31**	**25,653,804**	8.05	48,008,286
United Company For Housing And Development (S.A.E)	**4.67**	**80,226,326**	6.45	104,598,854
El Safwa For Consulting And Development Company (S.A.E)	**2.47**	**67,263,905**	2.50	73,130,064
Cairo For Housing And Real Estate Development Company (S.A.E)	**1.42**	**18,636,057**	1.41	16,327,363
El Saeed For Contracting And Real Estate Investment Company (S.A.E)	**0.78**	**9,392,440**	0.76	8,574,792
		202,770,102		250,639,359

*These investments were considered as an investment in associate companies due to the presence of significant influence represented in exchange in management personnel.

The company's share in the assets, liabilities and equity of associate companies is represented as follows:

Values are in (KEGP)	Non-current assets	Current assets	Current liabilities	Non-current liabilities	Capital and shareholders' equity
Aman Construction Company	12	64,726	63,667	-	1,071
Al Giza General For Contracting And Real Estate Investment Company	9,728	84,930	63,877	4,911	25,870
United Company For Housing And Development	5,077	60,721	8,594	20,622	36,582
El Safwa For Consulting And Development Company	38,317	138	2,394	-	36,061
Cairo For Housing And Real Estate Development Company	18,325	22,320	11,890	10,985	17,770
El Saeed For Contracting And Real Estate Investment Company	2,011	25,684	18,275	19	9,401

The company's profit share from investments in associates as follows:

	31 December 2023 EGP	31 December 2022 EGP
Aman Construction Company	**2,865,834**	-
Al Giza General For Contracting And Real Estate Investment Company	**1,634,953**	4,194,291
United Company For Housing And Development	**4,036,220**	4,488,416
El Safwa For Consulting And Development Company	**(5,866,159)**	(4,870,036)
Cairo For Housing And Real Estate Development Company	**2,308,694**	1,246,042
El Saeed For Contracting And Real Estate Investment Company	**817,648**	762,910
	5,797,190	5,821,623

7- INTANGIBLE ASSETS

	31 December 2023 Software EGP	31 December 2022 Software EGP
Cost		
Beginning balance	**3,189,285**	3,189,285
Ending balance	**3,189,285**	3,189,285
Accumulated Amortization		
Beginning balance	**(2,885,671)**	(2,600,941)
Amortization for the year	**(178,407)**	(284,730)
Ending balance	**(3,064,078)**	(2,885,671)
Net Book Value at the end of the year	**125,207**	303,614

8- GOODWILL

	31 December 2023 EGP	31 December 2022 EGP
Universal For Papers and Packing Materials Company (UNIPACK)	**186,239,555**	186,239,555
Electro Cable Egypt Company	**354,457,677**	354,457,677
Arabian Company For Dairy Products (Arab Dairy)	**554,875,284**	554,875,284
	1,095,572,516	1,095,572,516
The impairment in goodwill balance	**(55,515,976)**	(55,515,976)
	1,040,056,540	1,040,056,540

- Goodwill balances represent the difference between the book value and the group companies' share in the fair value of the investment. The company has reallocated part of the goodwill with an amount of EGP 195,810,048 on the item of fixed assets (Note 4). And during 2022 the Company conducted a fair value test of investments to determine the extent to which there is an indicator of impairment in those companies, and accordingly the Company formed an impairment of EGP 55,515,976 from the value of goodwill.

9- CASH ON HAND AND AT BANKS

	31 December 2023 EGP	31 December 2022 EGP
A- Local currency		
Cash on hand	**18,580,166**	15,435,301
Current accounts	**943,501,951**	481,097,063
Term deposits (less than three months)	**317,370,246**	61,843,814
	1,279,452,363	558,376,178
B- Foreign currency		
Cash on hand	**13,209,488**	17075511
Current accounts	**56,505,499**	39230368
	69,714,987	56,305,879
	1,349,167,350	614,682,057

10- INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2023 EGP	31 December 2022 EGP
Quoted investments	**6,015,155**	762,294
Investment fund certificates	**6,934,992**	19,186,282
Non-quoted investments	**126**	400,126
	12,950,273	20,348,702

- The changes in investments at fair value through profit or loss is presented as following:

	31 December 2023 EGP	31 December 2022 EGP
Beginning balance	**20,348,702**	9,807,649
Investments at fair value through profit or loss valuation differences	**421,592**	1,074,439
(Loss) from sale of investments at fair value through profit or loss	**(569,950)**	(313,892)
Balances related to subsidiaries excluded from business combination	**-**	(59,783)
Ending balance	**(12,950,273)**	(20,348,702)
Changes in investments at fair value through profit or loss	**7,250,071**	(9,840,289)

11- TRADE AND NOTES RECEIVABLE

	31 December 2023 EGP	31 December 2022 EGP
Trade receivable	**4,121,508,794**	1,754,043,569
Notes receivable	**414,290,926**	140,434,564
	4,535,799,720	1,894,478,133
Expected credit loss in trade and notes receivable	**(113,685,693)**	(54,728,410)
	4,422,114,027	1,839,749,723

The change in expected credit loss in trade and notes receivable is as following:

	31 December 2023 EGP	31 December 2022 EGP
Beginning balance	**54,728,410**	32,828,922
Charged during the year	**58,957,283**	22,052,830
Used during the year	**-**	(153,342)
Ending balance	**113,685,693**	54,728,410

12- DUE TO RELATED PARTIES

	Affiliation	**31 December 2023**	31 December 2022
		EGP	EGP
Cairo For Housing And Real Estate Development Co.	Associate	**22,225**	261,946,331
Flourish For Investment Company	Related Party	**5,750,000**	5,750,000
Mashareq For Real Estate Investment Company	Related Party	**62,714,334**	49,239,162
Pioneers Properties For Urban Development Company	Related Party	**343,762,286**	97,148,608
		412,248,845	414,084,101

13- INVENTORIES

	31 December 2023	31 December 2022
	EGP	EGP
Raw materials	**846,853,339**	789,637,606
Finished goods	**556,506,911**	259,639,103
Work in process	**329,698,709**	135,974,404
Spare parts and supplies	**86,449,447**	64,324,569
Letters of credit	**625,522,930**	589,223,367
Others	**2,792,666**	4,927,992
	2,447,824,002	1,843,727,041
Decline in inventories value	**(12,793,584)**	(12,793,584)
	2,435,030,418	1,830,933,457

The decline in inventories value is as following:

	31 December 2023	31 December 2022
	EGP	EGP
Beginning balance	**12,793,584**	6,458,884
Charged during the year	**-**	6,334,700
Ending balance	**12,793,584**	12,793,584

14- TAX AUTHORITY – DEBIT BALANCES

	31 December 2023	31 December 2022
	EGP	EGP
Tax Authority – Withholding tax	**116,856,540**	79,532,566
Tax Authority – Refundable sales tax	**80,059,538**	81,450,815
Tax Authority – Value added tax	**-**	4,332,798
Tax Authority – Sundry	**13,598,698**	9,801,306
	210,514,776	175,117,485

15- PREPAYMENTS AND OTHER DEBIT BALANCES

	31 December 2023	31 December 2022
	EGP	EGP
Prepaid expenses	**46,469,152**	13,938,318
Exporting support fund	**158,140,292**	115,642,311
Advance payments to suppliers and contractors	**275,853,569**	240,034,871
Sundry contractors	**122,045,398**	61,357,672
Employees’ custodies and petty cash	**10,039,736**	4,102,704
Deposits with others	**120,732,974**	141,103,081
Letters of guarantee and credit cover	**164,296,503**	27,033,664
Accrued revenue	**83,203**	16,688
Other debit balances	**379,171,982**	354,388,645
	1,276,832,809	957,617,954
Expected credit loss in other debit balances	**(249,539,730)**	(297,893,381)
	1,027,293,079	659,724,573

The change in expected credit loss in the other debit balances is as following:

	31 December 2023	31 December 2022
	EGP	EGP
Beginning balance	**297,893,381**	11,252,744
(Reversal) charged during the year	**(51,097,412)**	286,640,637
Ending balance	**246,795,969**	297,893,381

16- CAPITAL

As of 24 July 2021, the Extraordinary General Assembly Meeting unanimously approved the report number 534 as of 15 June 2021 from the Economic Performance Sector of the General Authority for Investment and Free Zones reports, confirming the preliminary book and fair value assessment of the Company's assets and liabilities for the purpose of splitting the Company into three companies (an original company and two resulted companies). The report concluded that net owners' equity value of Aspire Capital Holding Company for Financial Investments (S.A.E) (Previously - Pioneers Holding Company for Financial Investments) is EGP 7,039,494,200 (Note 35). which resulted the following:

Net shareholders' equity of Gadwa for Industrial Development (S.A.E) amounted to EGP 2,033,808,300, divided as follows:

Issued and paid-up capital of EGP 2,004,129,804, divided on 1054805160 shares with a face value of EGP 1.9 per share, and a general reserve amounted to EGP 29,678,496, with authorized capital of EGP 10 billion.

The Commercial Register was issued on 5 September 2021.

The capital structure is presented as follows:

	Percentage %	Number of shares	Value EGP
Walid Mohamed Zaki	20.82	219579730	417,201,487
Abdelkader Elmohedeb And Sons Company	14.38	151658750	288,151,625
Taha Ibrahim Mostafa Mohamed Eltelbani	10.08	106344921	202,055,350
Hossam Mohamed Zaki Ibrahim	7.82	82485236	156,721,948
Hesham Ali Shoukry Hafez	7.08	74643766	141,823,155
EGYCAP Investments Ltd.	6.73	70935897	134,778,204
Nawaf bin Abdullah bin Ibrahim bin Dail	5.92	62432802	118,622,324
Other shareholders	27.17	286724058	544,775,711
Total	**100**	**1054805160**	**2,004,129,804**

17- NON-CONTROLLING INTEREST

	31 December 2023 EGP
Beginning balance	**652,187,898**
Adjustments arising from capital increase of subsidiaries	**118,542,525**
Adjustments arising from changes in subsidiaries' ownership percentage	**(13,060,615)**
Adjustments arising from subsidiaries' treasury stocks purchase	**(15,492,743)**
Dividends distributed	**(32,362,452)**
Foreign exchange loss of monetary items at the flotation date	**(8,738,576)**
Non-controlling interest in consolidated statement of profit or loss	**457,790,223**
Ending balance	**1,158,866,260**

18- LONG TERM LOANS

	31 December 2023 EGP	31 December 2022 EGP
Loans balance	**137,520,139**	341,120,048
Deduct:		
Current portion	**(8,032,773)**	(217,513,318)
Non-current portion	**129,487,366**	123,606,730

- Loans granted by the bank with an interest of 1% - 3% above the CORRIDOR rate guaranteed by financial papers held by banks.

19- SHAREHOLDERS' CREDIT BALANCES

	31 December 2023 EGP	31 December 2022 EGP
Shareholders – (Parent company)	**1,610,870**	-
Shareholders – (Subsidiary companies)	**2,515,030**	2,275,000
	4,125,900	2,275,000

20- CREDIT FACILITIES

	31 December 2023	31 December 2022
	EGP	EGP
Credit facilities – Local currency	**4,960,116,418**	2,658,198,982
Credit facilities – Foreign currency	**189,506,013**	54,646,301
	5,149,622,431	2,712,845,283

- Credit facilities granted by banks with an interest rate of 1% above the CORRIDOR rate and between 2.5% – 4% above the LIBOR rate guaranteed by notes receivable, sales orders and supplying contracts.

21- TRADE PAYABLE, CONTRACTORS, AND NOTES PAYABLE

	31 December 2023	31 December 2022
	EGP	EGP
Trade payable and contractors	**801,633,006**	1,024,407,976
Notes payable	**176,734,819**	151,757,429
	978,367,825	1,176,165,405

22- TAX AUTHORITY – CREDIT BALANCES

	31 December 2023	31 December 2022
	EGP	EGP
Tax Authority – Income tax	**376,734,600**	157,732,465
Tax Authority – Other taxes	**79,706,092**	74,945,785
	456,440,692	232,678,250

23- ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31 December 2023	31 December 2022
	EGP	EGP
Accrued expenses	**57,088,376**	43,126,928
Deposits from others	**84,327,015**	66,245,688
Advances from customers	**666,339,197**	308,837,519
Social Insurance Authority	**5,795,171**	4,662,296
Union of occupants	**5,244,000**	5,244,000
Accrued construction cost	**6,207,926**	-
Other credit balances	**298,608,738**	161,354,777
	1,123,610,423	589,471,208
Accrued interest	**2,687,290**	745,804
	1,126,297,713	590,217,012

24- PROVISIONS

	1 January 2023	(Used) during the year	Charged during the year	**31 December 2023**
	EGP	EGP	EGP	**EGP**
Provision for liabilities	13,690,405	(8,581,645)	3,954,178	**9,062,938**
Provision for claims and disputes	392,233	(392,233)	-	**-**
	14,082,638	(8,973,878)	3,954,178	**9,062,938**

25- INCOME TAXES

	31 December 2023	31 December 2022
	EGP	EGP
Current income tax	**379,862,528**	148,620,657
Deferred income tax – expense	**83,122,683**	42,510,534
	462,985,211	191,131,191

DEFERRED INCOME TAX

	31 December 2023	31 December 2022
	EGP	EGP
Beginning balance – liability	**48,171,177**	24,571,407
Deferred income tax – expense	**83,122,683**	42,510,534
Adjustments	**-**	(18,905,661)
Balances of subsidiaries excluded from the business combination	**-**	(5,103)
Ending balance – liability	**131,293,860**	48,171,177

26- OPERATIONS REVENUE

	31 December 2023 EGP	31 December 2022 EGP
Electrical cables revenue	**7,970,944,010**	5,202,746,460
Dairy products revenue	**2,182,120,068**	1,155,499,232
Packing and packaging revenue	**846,126,209**	726,422,743
Retail revenue	**528,522,565**	237,331,526
Medical services revenue	**2,527,028**	5,050,823
Real-estate & contracting revenue	**716,227,966**	685,234,955
	12,246,467,846	8,012,285,739

27- OPERATIONS COST

	31 December 2023 EGP	31 December 2022 EGP
Electrical cables cost	**5,588,396,772**	4,205,257,171
Dairy products cost	**1,686,730,145**	891,148,243
Packing and packaging cost	**700,051,354**	611,679,616
Retail cost	**398,891,744**	207,322,482
Medical services cost	**864,499**	3,844,677
Real-estate & contracting cost	**559,468,976**	582,720,618
	8,934,403,490	6,501,972,807

28- GAIN FROM SALE OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

	31 December 2023 EGP	31 December 2022 EGP
Gain from sale of investments in subsidiaries	**37,462,673**	203,969,519
Loss from sale of investments in associates	**(7,992,989)**	(60)
	29,469,684	203,969,459

29- EARNING PER SHARE

Earnings per share is calculated by dividing the equity holders of the parent company share in profit for the year by weighted average number of outstanding shares, as follows:

	31 December 2023 EGP	31 December 2022 EGP
Profit for the year attributable to equity holders of the parent company	**1,000,296,518**	186,349,749
Weighted average number of outstanding shares during the year	**1054805160**	1054805160
Earnings per share for the year	**0.95**	0.18

30- LEASE CONTRACTS

1- Right-Of-Use Assets

	Buildings EGP	Land EGP	Vehicles EGP	Total EGP
Cost				
1 January 2023	52,629,023	35,797,690	5,387,691	93,814,404
Additions for the year	3,771,917	-	-	3,771,917
31 December 2023	56,400,940	35,797,690	5,387,691	97,586,321
Accumulated Amortization				
1 January 2023	(10,401,324)	(3,664,397)	(3,474,139)	(17,539,860)
Amortization for the year	(6,779,764)	(1,523,306)	(818,299)	(9,121,369)
31 December 2023	(17,181,088)	(5,187,703)	(4,292,438)	(26,661,229)
Net Book Value As of 31 December 2023	**39,219,852**	**30,609,987**	**1,095,253**	**70,925,092**

30- LEASE CONTRACTS (Cont'd)

1- Right-Of-Use Assets (Cont'd)

	Buildings	Land	Vehicles	Total
Cost	EGP	EGP	EGP	EGP
1 January 2022	54,182,782	35,797,690	5,387,691	95,368,163
Additions for the year	5,428,837	-	-	5,428,837
Disposals	(6,982,596)	-	-	(6,982,596)
31 December 2022	52,629,023	35,797,690	5,387,691	93,814,404
Accumulated Amortization				
1 January 2022	(8,339,608)	(2,141,091)	(2,550,746)	(13,031,445)
Amortization for the year	(6,529,520)	(1,523,306)	(923,393)	(8,976,219)
Disposals	4,467,804	-	-	4,467,804
31 December 2022	(10,401,324)	(3,664,397)	(3,474,139)	(17,539,860)
Net Book Value				
As of 31 December 2022	42,227,699	32,133,293	1,913,552	76,274,544

2- Lease Liabilities

	Operating Lease Contracts	Financial Lease Contracts	**31 December 2023**
	EGP	EGP	**EGP**
Lease liabilities balance	66,306,165	726,457,820	**792,763,985**
deduct:			
Current portion	(8,012,314)	(189,323,795)	**(197,336,109)**
	58,293,851	537,134,025	**595,427,876**

	Operating Lease Contracts	Financial Lease Contracts	31 December 2022
	EGP	EGP	EGP
Lease liabilities balance	80,350,738	487,039,346	567,390,084
deduct:			
Current portion	(8,681,856)	(116,095,781)	(124,777,637)
	71,668,882	370,943,565	442,612,447

- Financial lease liabilities represent lease liability balances of Electro Cables Egypt Company (S.A.E.) amounted to EGP 490,780,555 and the Arabian Company For Dairy Products (Arab Dairy) (S.A.E) amounted to EGP 235,677,265, which resulted from the sale and leaseback contracts of assets that were originally owned by the companies and will regain its ownership at the end of the contracts by the amount of EGP 1 each.

31- NON-CURRENT ASSETS HELD FOR SALE

Non-traded assets for sale are the value of assets (Land, real estate and spare parts) worth EGP 48,544,167, registered at net sales value which includes EGP 46,845,700, value of assets received from a customer (Land and real estate) in repayment of part of the debt owed to him by which an authorized resident was assessed and whose ownership is being transferred to the Company which the Company's management wants to dispose of within one year and was settled and listed as assets for sale in accordance with paragraph 6 of Egyptian Accounting Standard 32 during the fourth quarter of 2022 The marketing process was initiated at the suitable price in accordance with the Company's plan to sell it.

During the year, some of those assets were sold at a value of EGP 5,160,000, and the company reallocated part of those assets with an amount of EGP 8,228,400 to fixed assets items (Land) (Note 4), which makes the balance at the end of the year EGP 35,155,767.

32- INVESTMENTS IN TREASURY BILLS

	31 December 2023	31 December 2022
	EGP	EGP
Par value	**188,375,000**	30,000,000
Deferred returns	**(10,626,834)**	-
Taxes on return on treasury bills	**(1,922,858)**	(21,600)
Sales during the year	**(50,101,651)**	(29,978,400)
Present value	**125,723,657**	-

33- TAX POSITION

Gadwa For Industrial Development Company (S.A.E) and its subsidiaries are subject to income tax. Income tax is calculated for each company. The income tax balance shown in the consolidated statement of profit or loss represents the total income tax for the year ended 31 December 2023.

34- FINANCIAL INSTRUMENTS RISK MANAGEMENT

Financial instruments of the Company are represented in the financial assets includes (cash on hand and at banks, financial investments, trade and notes receivable, due from related parties, and other debit balances), the financial liabilities include (customers – credit balances, credit facilities, trade payable, contractors, notes payable, loans, land creditors, due to related parties, tax liabilities, shareholders' credit balances, accrued expenses and other credit balances).

Note (3) in the accompanying notes of the consolidated financial statements includes the accounting policies applied concerning the recognition and measurement of significant financial instruments & the related revenues & expenses.

Fair value of financial instruments
In accordance with the valuation principles used in the valuation of the Company's assets and liabilities stated in note (3), the fair values of financial assets and liabilities are not materially different from their carrying amounts at the financial position date.

Interest rate risk
The Company monitors the maturity structure of assets and liabilities with the related interest rates.

Foreign Currency Risk
The foreign currency risk is the risk that the value of the inflows and outflows in foreign currencies, as well as, valuation of assets and liabilities in foreign currencies, will fluctuate due to changes in foreign currency exchange rates.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation, resulting in financial losses beard by the other party. The Company is exposed to credit risk from its deposits with banks, accounts receivables as well as some other assets as represented on the financial position.

The Company seeks to reduce credit risk related to bank deposits by dealing with reputable banks and by setting credit limits to its clients and monitoring their customer outstanding credit balances.

Liquidity risk
The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of retained earnings, and company bank balances to match the maturity of the Company liabilities when due.

Cash flows risk related to the interest rate
The risk of interest rate cash flows is the risk of changes in future cash flows due to changes in interest rates. The Company seeks to reduce that risk by relying on cash flows from operating activities.

Capital Management
The main purpose of the capital management is to ensure that the Company maintain a proper percent of the capital to support its business and to achieve the maximum increase for the shareholders.

The Company manages the capital structure and adjust it in considerations to the changes in the business environment. There were no changes in the Company goals, policies and operations for the year ended 31 December 2023 and the year ended 31 December 2022.

35- KEY SOURCES FOR UNCERTAIN ESTIMATES

The Company makes future estimates and assumptions. The results of accounting estimates, as defined, are rarely equal to actual results. Estimates and assumptions with significant risks that could cause a material adjustment to the carrying amounts of assets and liabilities during the next fiscal year are indicated below:

Decline in trade and other receivables value
An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Income taxes
The Company is subject to corporate tax. A provision for income tax is estimated using an expert opinion, any discrepancies between estimated and actual tax are reflected on provision for income tax and deferred tax for these periods.

36- SIGNIFICANT EVENTS

A- Foreign Exchange Differences

The deceleration of the economies of many major countries in the last period had led to the combination of world increasing prices of the basic commodities, disturbance of supply chains and increasing in the shipping cost as well as fluctuations in financial markets in developing countries that leads to inflationary pressure that has affected the economy of many countries, including Egypt. In addition, the war between Russia and Ukraine, led to decline in foreign exchange flows from tourism as well as from investment, resulting in higher prices in general. This increase in global prices put additional pressure on the local currency (Egyptian pound) which necessitated the involvement of the Central Bank of Egypt to raise the interest rate on the Egyptian Pound and move the exchange rate during 2022 and 2023. This movement led to decreasing in the value of the Egyptian Pound against the US dollar during this period. As a result, companies with large foreign currency obligation balances, whether short-term or long-term, are affected by large losses resulting from the retranslation of these balances according to the exchange rate after that movement.

Those losses have high impact on the results of their business on the income statement (profit or loss statement) and affected their financial performance.

As of 16 May 2023, the Prime Minister issued decree no. 1847 for the year 2023 to amend some terms of the Egyptian Accounting Standards - annex (C) of the Egyptian Accounting Standard No. (13) amended in 2015 "The effects of changes in foreign exchange rates" and this for developing a special (optional) Accounting Standards that could be used for dealing with impact of floatation of foreign exchange rate on the financial statements which deals with Egyptian Pound as a currency.

At the end, this special (optional) Accounting Standard in not considered as an adjustment to the amended Accounting Standards which currently in force after the time frame of the in force of this annex.

The first treatment: Assets financed by foreign currency liabilities
The company that has purchased fixed assets and/or investment properties and/or exploration and evaluation assets and/or intangible assets (other than goodwill) financed by foreign currency liabilities during the period starting from January 2020, can recognize foreign currency differences resulted from re-translating the related liability balance on the floatation date of the exchange rate using the exchange rate on that date. The Company can apply this treatment to each asset separately. The substitute cost cannot exceed the replacement cost of the asset. The substitute cost is measured according to the requirements of the amended Egyptian Accounting Standard No. (31) "Impairment of assets".

The second treatment: Foreign currency differences
As an exception of paragraph No. (28) of the amended Egyptian Accounting Standard No. (13) “The effects of changes in foreign exchange rates” related to the recognition of foreign currency differences, the Company whose net profit or loss has been affected by foreign currency differences resulted from the change in exchange rate can recognize the debit and credit foreign currency differences resulted from translating existing balances of monetary items on 31 December 2023 or at the date of Financial Statements for the period of applying this special accounting treatment in other comprehensive income statement using the closing rate on that date while deducting any foreign currency differences that have been recognized as a part of the assets cost according to the first treatment mentioned in this annex, considering that these differences essentially resulted from the floatation of the exchange rates.

Foreign currency differences resulted from translating balances of monetary items which were presented in other comprehensive income statement is included in retained earnings or accumulated loss in the same accounting period to apply the related accounting treatment mentioned in this annex.

The Company has applied the second treatment mentioned in this attachment (Foreign currency differences), which resulted in the following:

Item	**31 December 2023**	31 December 2022
	EGP	EGP
Foreign exchange differences (consolidated profit or loss statement)	**(30,262,545)**	(179,019,862)
Foreign exchange differences of monetary items at the flotation date (consolidated other comprehensive income statement)	**30,262,545**	179,019,862

36- Significant Events (Cont'd)

B- New Editions and Amendments to Egyptian Accounting Standards

- On 6 March 2023, the Prime Minister's Decree No. (883) for the year 2023 was issued amending some provisions of the Egyptian Accounting Standards, the following is a summary of the most significant amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets" and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	1- These standards were reissued in 2023, allowing the use of revaluation model in some of the applicable Egyptian Accounting Standards, which are as follows: − Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". − Egyptian Accounting Standard No. (24) "Income Taxes" − Egyptian Accounting Standard No. (30) "Interim Financial Reporting" − Egyptian Accounting Standard No. (31) "Impairment of Assets" − Egyptian Accounting Standard No. (49) "Leasing Contracts"	Management is currently studying the possibility of changing the applied accounting policy and using the revaluation model option stated in those standards and assessing the potential impact on the financial statements in case of using this option.	The amendments of adding the option to use the revaluation model are effective for financial periods starting **on or after January 1, 2023, retrospectively**, cumulative impact of the preliminary applying of the revaluation model shall be **added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time**.
	2- In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets" have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested. − The Company is not required to disclose the quantitative information required under paragraph 28 (f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28 (f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented. − The company may elect to measure an agricultural produce harvested item at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company have been applied the above-mentioned amendments for the first time and to use that fair value as its deemed cost on that date. Any difference between the previous carrying amount and the fair value in the opening balance should be recognized by adding it to the revaluation surplus account in equity at the beginning of the earliest period presented.	Management is currently assessing the potential impact on the financial statements from the application of amendments to the standard.	These amendments are effective for annual financial periods starting **on or after January 1, 2023, retrospectively**, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be **added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time**.

36- Significant Events (Cont'd)

B- New Editions and Amendments to Egyptian Accounting Standards (Cont'd)

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (34) amended 2023 "Investment property".	1-This standard was reissued in 2023, allowing the use of a fair value model when subsequent measurement of investment property. 2-This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows: - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting " - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" - Egyptian Accounting Standard No. (49) "Leasing Contracts"	Management is currently studying the possibility of changing the applied accounting policy and using the fair value model option stated in the standard and assessing the potential impact on the financial statements in case of using this option.	The amendments of adding the option to use the fair value model are effective for financial periods starting **on or after January 1, 2023, retrospectively,** cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.
Egyptian Accounting Standard No. (50) "Insurance Contracts".	1-This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts. This information provides users of financial statements with the basis for assessing the impact of insurance contracts on the company's financial position, financial performance, and cash flows. 2-Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. (37) "Insurance Contracts". 3-Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50). 4-The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows: - Egyptian Accounting Standard No. (10) "Fixed Assets". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) "Investment property".	Management is currently evaluating the potential impact on the financial statements from the application of the standard.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting **on or after July 1, 2024**, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.