Heliopolis Company For Housing and Development

(An Egyptian Joint Stock Company)

financial statements

For the financial period ended September 30, 2024

And Limited Review Report

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Translation of Independent Limited Review Report
Originally Issued in Arabic

Limited Review Report

To the board of directors of **Heliopolis Company for Housing and Development** ***(SAE)***

Introduction

We have reviewed the accompanying statement of financial position of **Heliopolis Company for Housing and Development (SAE)** as of 30 September 2024 and the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine - months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

Except what is discussed in basis of qualified conclusion section, we conducted our review in accordance with the Egyptian Standard on Review Engagements 2410 "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, in the company and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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MOHAMED HILAL & WAHID ABDEL GHAFFAR

Bases of Qualified conclusion

1- In refrence to note No. (16),we were not provided with confirmations in relation to the suppliers in advance balances as it included an amount of EGP 2 billion that represent advance payments to suppliers during the fiscal year 2023 in relation to land purchases . In addition, an expected credit loss was recorded for this account with an amount of EGP 522 million and we were not provided with the basis of the calculation nor we received the technical aspects or the potential and containgent liabilities to conclude those contractual agreements .
2- The company did not record the liability amount in relation the additional land area 710 thousands meters within the total area of new heliopolis city.
3- In refrence to note No. (24) ,we were not provided with the basis of calculation in relation to the expected credit losses with an amount of EGP 756 million. Therefore,we could not assure or validate those balances as at 30 September 2024.
4- In refrence to note No. (27), The company recorded an amount of EGP 230 million in the accounts of other creditors, representing in bank deposits that had not been setlled in their related balances and accounts as of 30 September 2024
5- The company adjusted the retained earnings with an increase with an amount of EGP 177.5 million in relation to the uncolllected rental income in departure from EAS. No. (48) as the company could not assess the probability of collection.
6- In refrense to note No. (13), The company did not record the long term notes receivables at present value in departure to the EAS No.(47) and No.(1)
7- The company did not provide us with an impairment study for the project under constuction that include an amount of EGP 2.2million in relation to the integrated computer software and amount of EGP 6.3 million in relation to the intangible assets that represent the company's share in expenses in it's parent company in addition we were not provide with company's ownership of those assets nor we received any generated reports from the system as the company depends on manual records.

Qualified conclusion

Except the effect of the potential adjustments on the interim financial statements , the necessity of which could have been determined in relation to what was stated in previous paragraphs from No.(1) to (3), based on our review, and except to what was stated in previous paragraphs from No.(4) to (7), nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as of 30 September 2024 and its financial performance and its cash flows for the nine - months period then ended in accordance with Egyptian Accounting Standards.

Cairo: 12 November 2024

WAHID ABDEL GHAFFAR

Independent Auditors Record No. (6)
at the Egyptian Financial Regulatory Authority
Baker Tilly Mohamed Hilal and Wahid Abdel Ghaffar.

Heliopolis Company for Housing and Development
(An Egyptian Joint Stock Company)
Statement of financial position as at September 30, 2024

Translation of financial statements
Originally issued in Arabic

(All amounts in EGP)

	Note No	30/9/2024	31/12/2023
Assets			
Non - Current Assets			
Property, plant and equipment	(4)	16 018 456	51 003 283
Projects under construction	(5)	2 274 616	1 817 116
Investment property	(6)	74 632 920	37 032 739
Investments at fair value through OCI	(7)	--	--
Investments held to maturity	(8)	107 459	107 459
Intangible assets	(9)	937 525	2 570 499
Total Non- Current Assets		**93 970 976**	**92 531 096**
Current Assets			
Inventory	(10)	34 572 714	27 658 625
Completed units and lands available for sale	(11)	140 799 912	169 858 482
Works in process	(12)	2 246 624 224	2 240 049 075
Trade and notes receivable (Net)	(13)	976 008 584	847 278 085
Debtors and other debit balances	(14)	54 477 788	132 148 001
Due from related parties (The Holding Company)	(15)	30 695 209	25 493 089
Prepayments	(16)	2 645 264 065	1 642 680 125
Financial investments at amortized cost	(17)	4 660 200 000	9 400 700 000
Cash and cash equivalents	(18)	2 478 866 028	1 236 152 800
Total Current Assets		**13 267 508 524**	**15 722 018 282**
Total Assets		**13 361 479 500**	**15 814 549 378**
Equity			
Issued and paid in capital	(19)	333 771 300	333 771 300
Reserves	(20)	1 998 375 586	377 666 798
Retained earnings	(38)	4 433 742 461	241 848 888
Net profit for the period / year		1 745 840 449	7 808 811 008
Total Equity		**8 511 729 796**	**8 762 097 994**
Non - Current Liabilities			
Long term loans	(21)	364 977 812	781 570 448
Deferred tax liabilities	(2-28)	805 648	805 648
Provision cost to complete facilities (Lands & Buildings)	(22)	869 436 884	793 219 145
Other liabilities	(23)	1 671 775 830	257 350 772
Total Non - Current Liabilities		**2 906 996 174**	**1 832 946 013**
Current Liabilities			
Loans due during year	(21)	316 849 832	270 263 302
Provisions	(1-24)	507 967 808	510 956 184
Banks facilities	(25)	--	549 276 613
Suppliers and contractors and notes payable	(26)	318 750 172	623 816 870
Creditors and other credit balances	(27)	501 729 725	423 811 409
Current income tax liabilities	(1-28)	223 095 614	2 676 140 996
Deferred gain from sale units	(29)	2 318 128	3 430 628
Dividends accrued		72 042 251	161 809 369
Total Current Liabilities		**1 942 753 530**	**5 219 505 371**
Total Liabilities		**4 849 749 704**	**7 052 451 384**
Total Equity and Liabilities		**13 361 479 500**	**15 814 549 378**

The accompanying notes are an integral part of the financial statements and to be read therewith
Limited review report "attached".

General accounts manager	Chief of accounts	Chief financial officer	Chief executive officer
Mr / Wael Ali Elsawy	Mr / Ahmed Fouad	Dr / Mohamed Mostafa	Dr / Sameh El sayed

Translation of financial statements
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Heliopolis Company for Housing and Development

(An Egyptian Joint Stock Company)

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Income Statement for the financial Period ended September 30, 2024

(All amounts in EGP)

	Note	For the Nine months ended at		For the Three months ended at	
	No.	**30/9/2024**	**30/9/2023**	**30/9/2024**	**30/9/2023**
Operating revenue	(30)	896 150 862	399 978 131	159 447 679	141 376 009
Sales returns	(32)	(366 245)	(33 655 430)	--	(183 267)
Operating cost	(31)	(173 889 859)	(123 046 274)	(54 226 687)	(65 219 625)
Cost of sales returns	(32)	191 322	8 914 758	--	--
Gross profit		**722 086 080**	**252 191 185**	**105 220 992**	**75 973 117**
Add/ (Deduct):					
Investment and interest income	(33)	1 922 773 388	96 332 300	488 973 169	37 072 203
Other income	(34)	28 261 145	39 847 867	8 198 972	14 597 948
General and administrative expenses	(35)	(179 698 756)	(138 890 219)	(73 514 318)	(41 848 049)
Provision cost to complet facilities		--	(20 000 000)	--	--
Solidarity contribution		(7 117 048)	(1 256 257)	(1 641 550)	(482 158)
Other operating expenses	(36)	(65 497 845)	(5 167 752)	(32 334 783)	(3 843 871)
Finance cost	(37)	(207 520 901)	(212 633 764)	(56 993 326)	(102 802 743)
Net profit \ (loss) for the period before taxes		**2 213 286 063**	**10 423 360**	**437 909 156**	**(21 333 553)**
Income tax	(28)	(467 445 614)	(2 345 256)	(90 620 151)	4 800 049
Net profit \ (Loss) for the period		**1 745 840 449**	**8 078 104**	**347 289 005**	**(16 533 504)**
Earning \ (Loss) Per Share	(39)	**1.308**	**0.006**	**0.260**	**(0.012)**

The accompanying notes are an integral part of the financial statements and to be read therewith

Heliopolis Company for Housing and Development

(An Egyptian Joint Stock Company)

Statement of Comprehensive Income for the financial Period ended September 30, 2024

Translation of financial statements Originally issued in Arabic

(All amounts in EGP)

	For the Nine months ended at		For the Three months ended at	
	30/9/2024	**30/9/2023**	**30/9/2024**	**30/9/2023**
Net profit \ (Loss) for the period	1 745 840 449	8 078 104	347 289 005	(16 533 504)
Other comprehensive income	--	--	--	--
Total comprehensive income	**1 745 840 449**	**8 078 104**	**347 289 005**	**(16 533 504)**

The accompanying notes are an integral part of the financial statements and to be read therewith

Heliopolis Company for Housing and Development

(An Egyptian Joint Stock Company)

statement of changes in equity For the financial Period ended September 30, 2024

(All amounts in EGP)

Translation of financial statements
Originally issued in Arabic

	Note No	Issued and paid up capital	Reserves	Retained (Losses) earnings	Net profit for the period year /	Periodic dividends	Total
Balance at 1 January 2023		333 771 300	377 666 798	(151 149 441)	603 239 981	(379 452 512)	784 076 126
Comprehensive Income items							
Net profit for the financial period ended at 30 September 2023		--	--	--	8 078 104	--	8 078 104
Total comprehensive income		–	–	–	8 078 104	–	8 078 104
Transactions with the company's shareholders							
Transferred to Retained earnings		--	--	223 787 469	(603 239 981)	379 452 512	–
Adjustments to retained earnings		--	--	(8 347 181)	--	--	(8 347 181)
Total Transactions with the company's shareholders		–	–	215 440 288	(603 239 981)	379 452 512	(8 347 181)
Balance at 30 September 2023		333 771 300	377 666 798	64 290 847	8 078 104	–	783 807 049
Balance at 1 January 2024		333 771 300	377 666 798	241 848 888	7 808 811 008	–	8 762 097 994
Comprehensive Income items							
Net profit for the financial Period ended at 30 September 2024		--	--	--	1 745 840 449	--	1 745 840 449
Total comprehensive income		–	–	–	1 745 840 449	–	1 745 840 449
Transactions with the company's shareholders							
Transferred to Retained earnings		--	--	6 188 102 220	(6 188 102 220)	–	–
Transferred to Reserves		--	1 620 708 788	--	(1 620 708 788)	–	–
Dividends		--	--	(2 000 000 000)	--	--	(2 000 000 000)
Adjustments to retained earnings	(38)	--	--	3 791 353	--	--	3 791 353
Total Transactions with the company's shareholders		–	1 620 708 788	4 191 893 573	(7 808 811 008)	–	(1 996 208 647)
Balance at 30 September 2024		333 771 300	1 998 375 586	4 433 742 461	1 745 840 449	–	8 511 729 796

The accompanying notes are an integral part of the financial statements and to be read therewith

Heliopolis Company for Housing and Development
(An Egyptian Joint Stock Company)
Statement of cash flows for the financial period ended September 30, 2024
(All amounts in EGP)

Translation of financial statements Originally issued in Arabic

	Note No	For the Nine months ended at 30/9/2024	30/9/2023
Cash flows from operating activities			
Net profit for the period before tax		2 213 286 063	10 423 360
: Adjustments as Follow			
Depreciation and Amortization		5 247 360	5 410 963
Provision cost to complet facilities		--	20 000 000
Provisions (Used)		(2 988 376)	--
Finance (income) cost (Net)		(1 715 252 487)	203 388 947
		500 292 560	**239 223 270**
Change In:			
Works in progress, Inventory and completed units		15 569 332	(88 067 483)
Trade and notes receivable, Debtors, other debit balances		(1 058 846 346)	235 249 775
Suppliers, contractors,Notes Payable, Creditors and other credit balances		1 266 173 267	(98 431 321)
cash flows provided from operating activities		**723 188 813**	**287 974 241**
Paid Income Tax		(2 676 140 996)	(125 192 116)
Net cash flows (used in) Provided from operating activities		**(1 952 952 183)**	**162 782 125**
Cash flows from investing activities			
(payments) to acquire assets		(1 439 880)	(3 718 686)
(payments) to acquire Financial investments at amortized cost		(14 075 350 000)	--
proceeds from financial investments at amortized cost		9 907 862 641	--
Proceeds from interests		701 023 388	9 244 816
Net cash flows (Used in) /provided from investing activities		**(3 467 903 851)**	**5 526 130**
Cash flows from financing activities			
payments for Loans and Credit banks		(919 282 719)	50 492 970
payments for Dividends		(2 089 767 118)	(168 046 863)
Interests paid		(207 520 901)	(259 490 904)
Net cash flows used in financing activities		**(3 216 570 738)**	**(377 044 797)**
Cash and cash equivalents during the period		(8 637 426 772)	(208 736 542)
Cash and cash equivalents – beginning of the period		11 182 292 800	498 136 601
The effect of the ECL on Cash and cash equivalents		--	4 331 887
Treasury bills due within 3 months		5 000 000 000	--
Cash and cash equivalents - end of the period	(18)	**7 544 866 028**	**293 731 946**

The accompanying notes are an integral part of the financial statements and to be read therewith

1. Reporting entity

Company Name:

Heliopolis Company for Housing and Development, a subsidiary entity for the Holding Company for Construction an

d Development.

Company's address:

28 Ibrahim El-Laqani Street - Heliopolis - Cairo.

Legal form:

- An Egyptian joint stock company subject to the provisions of Law No. 203 of 1991, business sector until August 2021.
- On September 1, 2021, the company's status was reconciled to exit from Law No. 203 of 1991, so that the company became subject to the provisions of Law No. 159 of 1981 and updated in the commercial registry.

Company's duration:

One hundred years from the date of registration in the commercial register on 23/6/1969.

Establishment date:

The company is established at year 1906

Financial year:

In accordance with Article No. (54) of the company's discipline principles issued on September 12, 2021, the company's fiscal year was changed to begin on the first of January and end on December 31 of the same year instead of beginning on the first of July and end on June 30 of the same year, provided that the first fiscal year begins. For the company from the date of reconciliation of conditions until the end of the next fiscal year, provided that this period does not exceed 24 months.

Company's Purpose:

- Carrying out all work related to housing and construction projects, preparing and dividing lands, and providing them with facilities and services.
- Organizing, planning and selling lands owned or managed for others.
- Carrying out design work and supervising the implementation of local projects or projects in which Arab and foreign capital is invested.
- Establishing special housing such as hotels, hospitals and tourist constructions.

Commercial register:

Register No. 138485 dated at 23/6/1969, and it was approved in the commercial registry to reconcile the company's status in accordance with Law No. 203 for the year 1991 with issuance No. 6229 on 5/5/1994 and issuance No. 9262 on 16/6/2021, and on 1/9/2021 the commercial registry was updated to reconcile the company's conditions to exit from Law No. 203 of 1991 so that the company becomes subject to the provisions of Law No. 159 of 1981. With issuance number 1395.

- On August 14, 2021, the extraordinary general assembly of the company agreed to proceed with the procedures for transferring dependency from the provisions of Law No. 203 of 1991 and to complete the work under the rules of the provisions of Law No. 159 of 1981 and its amendments and its executive regulations. This was registered in the commercial registry on September 1, 2021.
- The last amend in the commercial registry with issuance No. 20588 is on 12/14/2021

Company's status in the stock exchange:

The company's shares were registered on the Egyptian Stock Exchange as of May 9, 1995, and the registration was amended on July 25, 1996.

On February 19, 2003, the Securities Listing Committee approved the following:

A- Adjusting the conditions for registering the company's shares with a capital of EGP 24 723 800 distributed over 4 944 760 shares with a par value of EGP 5 per share in the official schedule No. (1), represented in seventeen edition, in accordance with the rules and procedures for registration, continuation, and delisting in effect as of 1/8/2002 issued by the decision of the Board of Directors of the Capital Market Authority No. 30 on 18/6/2002 and the decision of the Board of Directors of the Stock Exchange on 24/7/2002.

B- Registering the shares of the company's capital increase from EGP 24 723 800 to EGP 74 171 400 an increase of EGP 49 447 600 distributed among 9 889 520 shares with a nominal value of EGP 5 per share in the official table No. (1), eighteenth edition. This is done by distributing 2 free shares for every original share.

- The Capital Market Authority, in its Letter No. 1468 dated 7/7/2008, approved the company's issuance of shares in the issued capital of 74 171 400 nominal cash ordinary shares with a par value of one Egyptian pound per share after amendment, and an issued capital of EGP 74 171 400, and the segmentation operation was implemented as of 31/7/2008.

- The company's shares were re-listed on the Egyptian Stock Exchange on November 11, 2009, with an issued capital of EGP 74 171 400 (fully paid), distributed among 74 171 400 shares with a par value of one Egyptian pound per share, represented in 18 issues in a table. Registration of Egyptian securities (shares).
- The Capital Market Authority, in its letter No. 24 902, dated November 3, 2010, approved the company's issuance number of 37 085 700 cash ordinary shares, with a nominal value of one Egyptian pound per share, and a total value of the issue of EGP 37 085 700, fully paid from the profits carried forward in the company's financial statements in 30/6/2010, so that the issued and paid-in capital became EGP 111 257 100 instead of EGP 74 171 400.
- On 24/11/2010, the Securities Listing Committee of the Egyptian Stock Exchange approved an increase in the issued and paid-in capital from EGP 74 171 400 to EGP 111 257 100, an increase of EGP 37 085 700 distributed among 37 085 700 shares with a par value of one pound. per share (nineteenth issue) according to Egyptian Stock Exchange Letter No. 7 274 dated 25/11/2010
- On 16/11/2016, the Financial Regulatory Authority (the Capital Market) was approved, as well as the approval of the Securities Listing Committee on the Egyptian Stock Exchange on 23/11/2016, to split the nominal value of the company's shares from 1 Egyptian pound to 0.25 Egyptian pounds per share, with the same issued and paid-in capital as it amounted to EGP111 257 100, to be distributed among 445 028 400 shares with a par value of 0.25 Egyptian pounds per share, according to the Egyptian Stock Exchange Letter No. (6 981) dated 27/11/2016.
- The Financial Regulatory Authority, in its Letter No. 205 dated 8/1/2020, approved the company's issuance of a number of 890 056 800 ordinary cash shares with a par value of 0.25 Egyptian pounds per share and a total value of the issue amounted to EGP 222 514 200 Egyptian pounds were paid in full from the retained earnings appearing in the company's financial statements on 30/6/2019, so that the issued and paid-up capital became EGP 333 771 300 instead of EGP 111 257 100.
- On 12/2/2020, the Securities Listing Committee of the Egyptian Stock Exchange approved an increase in the company's issued and paid-up capital from EGP 111 257 000 to EGP 333 771 300, an increase of EGP 222 514 500 distributed among 890 056 800 shares with a par value 0.25 Egyptian pounds per share (twentieth issue) in the Egyptian securities registration table (shares).

The registration was updated in the commercial registry under issuance No. 1 307 on 26/1/2020.

(All amounts are shown in EGP otherwise stated)

The company's position on the evaluation and the consultant that conducted the evaluation:

The company has completed the evaluation of its assets and determined the equity and the value of share by Misr Bank (Shawqi & Co. Office - Sabour & Co. Office). This evaluation was approved by the company's Board of Directors, the Accountability State Authority, and the Holding Company for Construction and Development, and the first tranche of capital (20%) was offered in the stock exchange was offered for public subscription during the months of July and August 1995. The holding company also sold 2.14% of the capital shares in the stock exchange, in addition to offering the second tranche for public subscription on the stock exchange, amounting to 5%, on November 28, 1996, in addition to the holding company selling 90 000 shares within a month. May 2007.

Market value of the stock:

The market value of the share on 30/9/2024 amounted to 10.56 Egyptian pounds per share, thus the value of the market capitalization at 30/9/2024 as follows:

Par value	Number of Shares	The selling price on the stock exchange at 30/9/2024	Market value of capital at 30/9/2024
EGP 0.25	EGP 1 335 085 200	EGP 10.56	EGP 14 098 499 712

Employment:

The number of employees at 30/9/2024 amounted to 1 149 workers, compared to 1 163 workers at 31/12/2023, distributed as follows:

	Number of employees at 30-9-2024		Number of employees at 31-12-2023	
	partial	Total	partial	Total
Permanent employment	1128	--	1 147	--
Insured contracts	1	--	1	--
Total permanent employment	--	1 129	--	1 148
Casual employment	--	--	--	--
Deductible salaries	--	2	--	3
Assistant of Chairman	--	--	--	--
Consulting contracts	--	7	--	8
Outsiders	--	11	--	4
Total number of employees	--	**1 149**	--	**1 163**

Central custody of the company's shares at Misr Clearing Company in accordance with the provisions of Law No. 93 of 2000:

- In implementation of the provisions of Law No. 93 of 2000, the company registered its shares in the central custodial system of the Misr for Central Clearing, Depository and Registry Company, as of 16/8/2001
- As of this date, paper shares will not be dealt with. Transactions will be made through an account statement issued to each shareholder by one of the banks licensed to operate as custodians. The company has carried out the necessary publication in the daily newspapers to inform shareholders of this.

The financial statements were approved by the company's Board of Directors at 12 November 2024.

2. Use of Estimates and Judgment

The preparation of financial statements in accordance with Egyptian accounting standards requires management to make a professional judgment, estimates and assumptions that affect the application of policies and assets, liabilities, income and expenses and estimates and assumptions depend on past experience and other factors that management believes are reasonable in the circumstances existing in the history of the financial position, and the results of these estimates and assumptions are the basis for professional judgment on the book values of assets and liabilities, and therefore the actual results may differ from those estimates.

- Estimates and assumptions related to them are reviewed on an ongoing basis, and accounting adjustments to estimates are recognized in the period in which the estimate is adjusted and in future periods if such estimates affect future periods.
- The estimates and assumptions that affect the financial statements are as follows:
  - Estimated ages for calculating depreciation of fixed assets.
  - Income taxes.
  - Impairment of financial and non-financial assets.
  - Provision of completing the works.

3. Basis of preparation of financial statements

3-1 Compliance with accounting standards and laws

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

3-2 functional and presentation currency:

The financial statements are presented in Egyptian pounds, which represents the company's functional currency.

3-3 Use estimates and assumptions

- The preparation of financial statements in accordance with Egyptian accounting standards requires the use of estimates and assumptions that may affect the values of assets and liabilities and the disclosure of potential assets and liabilities at the date of the independent financial statements, as well as may affect the values of revenues and expenses during the year, although these estimates and assumptions are prepared in the light of the best information available to management about current events and transactions, but actual results may differ from those estimates.
- Estimates and assumptions are reviewed periodically.
- A change in accounting estimates is recognized in the period in which the estimate is changed if the change affects only that period, or in the period of change and future periods if the change affects both.

3-4 Fair Value Measurement

- The fair value of financial instruments is determined based on the market value of a financial instrument or similar financial instruments at the date of the independent financial statements. Financial assets values are determined at the current prices for the purchase of those assets, while the financial liabilities values are determined at current prices, which could be settled by those liabilities.
- In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the recent price of the same transactions, and guided at fair value for other similar instruments - discounted cash flows or any other method of evaluation that resulting values can be relied on.
- When using the discounted cash flow method to valuate, the estimated future cash flows will be based on management's best estimates. Discount rate used is determined in the light of the prevailing market price at the date of the financial statements for the financial instruments that are similar in nature and terms.

(All amounts are shown in EGP otherwise stated)

4- Property, plant and equipment

	Lands	Buildings	Machines & equipments	Tools & equipments	Furniture	Vehicles	Total
Cost at December 31 , 2022	746 520	60 443 856	2 060 898	456 923	15 637 650	9 955 195	89 301 042
Additions for the year	--	--	--	--	307 172	--	307 172
Disposals for the year	--	(50 577)	(100 000)	--	(77 348)	(537 260)	(765 185)
Cost at December 31 , 2023	746 520	60 393 279	1 960 898	456 923	15 867 474	9 417 935	88 843 029
Additions for the period	--	--	--	--	3 519 935	3 800 000	7 319 935
Disposals for the period	--	(47 617 023)	--	--	(21 075)	(3 310)	(47 641 408)
Cost at September 30 , 2024	746 520	12 776 256	1 960 898	456 923	19 366 334	13 214 625	48 521 556
Accumulated depreciation at December 31 , 2022	--	13 766 003	1 843 137	379 775	10 872 182	9 135 230	35 996 327
Depreciation for the year	--	1 686 517	13 368	19 760	507 357	334 566	2 561 568
Accumulated depreciation of disposals for the year	--	(3 540)	(100 000)	--	(77 348)	(537 261)	(718 149)
Accumulated depreciation at December 31 , 2023	--	15 448 980	1 756 505	399 535	11 302 191	8 932 535	37 839 746
Depreciation for the period	--	1 264 887	10 026	14 823	380 520	250 920	1 921 176
Accumulated depreciation of disposals at 30 September 2024	--	(7 248 449)	--	--	(6 064)	(3 309)	(7 257 822)
Accumulated depreciation at September 30 , 2024	--	9 465 418	1 766 531	414 358	11 676 647	9 180 146	32 503 100
Net Book Value at September 30 , 2024	746 520	3 310 838	194 367	42 565	7 689 687	4 034 479	16 018 456
Net Book Value at December 31 , 2023	746 520	44 944 299	204 393	57 388	4 565 283	485 400	51 003 283

(All amounts are shown in EGP otherwise stated)

5- Projects under construction

	30 September 2024	31 December 2023
Integrated computer project	1 792 596	1 792 596
Furniture and office equipment	24 520	24 520
Almontzh	457 500	--
	2 274 616	**1 817 116**

6- Investment Property

	Lands	Buildings	Total
Cost at 1 January 2023	1 263 626	60 495 156	**61 758 782**
Disposal for the year	(473)	(2 077 174)	**(2 077 647)**
Cost at 31 December 2023	**1 263 153**	**58 417 982**	**59 681 135**
Cost at 1 January 2024	**1 263 153**	**58 417 982**	**59 681 135**
Additions for the period	--	47 617 023	**47 617 023**
Disposals for the period		(419 589)	**(419 589)**
Cost at 30 September 2024	**1 263 153**	**105 615 416**	**106 878 569**
Accumulated depreciation at 31 December 2022	--	**19 830 803**	**19 830 803**
Depreciation for the year	--	3 184 884	**3 184 884**
Accumulated depreciation for disposals	--	(367 291)	**(367 291)**
Accumulated depreciation at 31 December 2023	--	**22 648 396**	**22 648 396**
Depreciation for the Period	--	2 388 663	**2 388 663**
Disposals for the period		(39 859)	**(39 859)**
Accumulated depreciation of Assets transferred from fixed Assets	--	7 248 449	**7 248 449**
Accumulated depreciation at 30 September 2024	--	**32 245 649**	**32 245 649**
Net book value at 30 September 2024	**1 263 153**	**73 369 767**	**74 632 920**
Net book value at 31 December 2023	**1 263 153**	**35 769 586**	**37 032 739**

7- Investments at fair value through OCI

	30 September 2024	31 December 2023
Al-Nasr Real Estate Development *	24 000 000	24 000 000
Impairment in value of investment	(24 000 000)	(24 000 000)
	--	--

* General Assembly of Al-Nasr Real Estate Development Company approve the decision to set the company under liquidation, and thus formed impairment with the total value.

(All amounts are shown in EGP otherwise stated)

8- Investments held to maturity

	30 September 2024	31 December 2023
Government bonds deposited in the National Investment Bank	**107 459**	**107 459**

9- Intangible assets

It is represented in ERP software license owned by the holding company

	30 September 2024	31 December 2023
Cost at the beginning of the period / year	**8 568 327**	**5 471 086**
Additions during the period / year	–	3 097 241
Disposals during the period / year	(2 318 178)	–
Cost at the ending of the period / year	**6 250 149**	**8 568 327**
Accumulated amortization at the beginning period / year	**5 997 828**	**2 735 542**
Accumulated amortization Disposals	(1 622 725)	--
Amortization during the period / year	937 521	3 262 286
Accumulated amortization at the ending of the period / year	**5 312 624**	**5 997 828**
Net book value at the ending of the period / year	**937 525**	**2 570 499**

10- Inventory

	30 September 2024	31 December 2023
Materials	538	538
Fuel and oils	169 992	121 402
Spare parts and supplies	34 304 278	27 536 685
Waste and scrap	97 906	--
	34 572 714	**27 658 625**

11- Completed units and lands available for sale

	30 September 2024	31 December 2023
Units, shops and villas	139 875 626	168 934 196
Lands	924 286	924 286
	140 799 912	**169 858 482**

(All amounts are shown in EGP otherwise stated)

12- Works in process

	30 September 2024	31 December 2023
New Heliopolis projects	2 161 914 640	2 155 339 491
Misr El-Gadida region projects	84 709 584	84 709 584
	2 246 624 224	**2 240 049 075**

13- Trade and notes receivable (Net)

	30 September 2024	31 December 2023
Trade receivable*	1 254 368 890	1 556 552 725
Notes receivable**	828 762 597	264 180 699
	2 083 131 487	**1 820 733 424**
Deduct:		
Deferred installment interest	(488 427 816)	(314 760 252)
Expected credit losses	(658 695 087)	(658 695 087)
	976 008 584	85 **847 278**

*Trade receivable includes bounced cheques for EGP 45 512 836.

**Notes receivable includes cheques under collection (delivered to banks) for EGP 391 335 695 at September 30, 2024 against EGP 195 763 947 at 31 December 2023 its Maturity dates ending in year 2027.

14- Debtors and other debit balances

	30 September 2024	31 December 2023
Deposits with others	2 132 121	2 132 121
Due from other	2 913 772	2 913 772
Due from Cairo Electricity Distribution Company	6 284 710	18 993 261
Employee custody	2 715 066	2 056 977
Prepaid to contractors	893 368	920 790
Balances under settlement	53 740 337	123 707 577
Accrued revenues	17 059 398	12 684 487
	85 738 772	**163 408 985**
Expected Credit Losses	(31 260 984)	(31 260 984)
	54 477 788	**132 148 001**

(All amounts are shown in EGP otherwise stated)

15- Due from related parties

	30 September 2024	31 December 2023
Holding Company for Construction and Development	**30 695 209**	**25 493 089**

16- Prepayments

	30 September 2024	31 December 2023
Advance payments to Suppliers	3 131 919 268	2 120 344 597
Prepaid expenses	36 321 747	45 312 478
	3 168 241 015	**2 165 657 075**
Expected credit losses	(522 976 950)	(522 976 950)
	2 645 264 065	**1 642 680 125**

17- Financial investments at amortized cost – treasury bills

	30 September 2024	31 December 2023
Treasury bills	5 000 000 000	10 000 000 000
Unearned interests	(339 800 000)	(599 300 000)
	4 660 200 000	**9 400 700 000**

18- Cash and cash equivalents

	30 September 2024	31 December 2023
Cairo Bank – time deposits (loan warranty)	30 165 000	30 000 000
Real Estate Bank – time deposits	--	850 000 000
SAIB Bank – time deposits	--	100 000 000
Investment bank – time maintenance deposits	88 000 000	25 000 000
SAIB Bank – time maintenance deposits	--	20 000 000
Banks - Current accounts (maintenance interests)	5 316 645	3 870 325
Banks - Current accounts	2 418 425 750	273 282 475
Cash on hand	2 958 633	--
	2 544 866 028	**1 302 152 800**
Expected credit losses	(66 000 000)	(66 000 000)
Cash and cash equivalents	**2 478 866 028**	**1 236 152 800**

(All amounts are shown in EGP otherwise stated)

For the purposes of preparing the statement of cash flows, cash and cash equivalents are presented as follows:

	30 September 2024	30 September 2023
Cash and cash equivalents	**2 544 866 028**	**293 731 946**
Add:		
Treasury bills due within three months	5 000 000 000	--
Cash and cash equivalents as presented in the statement of cash flows	**7 544 866 028**	**293 731 946**

19- Share capital

- The authorized capital of the company is EGP 1.5 billion (one billion five hundred million Egyptian pounds).
- The issued and paid-up capital is EGP 333 771 300 (three hundred and thirty-three million, seven hundred and seventy-one thousand and three hundred Egyptian pounds), distributed over 1 335 085 200 shares (One billion three hundred and thirty-five million and eighty-five thousand two hundred shares) with a par value of EGP 0,25 per share, are fully paid cash shares and distributed at 30 September 2024 as follows:

	Number of Shares	Par value	Percentage
Holding company for construction and development	964 613 604	241 153 401	72.25 %
Others shareholders (shares to the public)	370 471 596	92 617 899	27.75 %
	1 335 085 200	**333 771 300**	**100 %**

20- Reserves

	30 September 2024	31 December 2023
Legal reserve	166 885 650	107 939 064
Reserve	1 743 834 650	182 072 448
Capital reserve	3 092 001	3 092 001
Reserve invested in governmental bonds	790 574	790 574
Reserve for financing investment projects	40 521 093	40 521 093
General reserve	37 957 785	37 957 785
Increasing assets prices reserve	2 431 260	2 431 260
Extraordinary reserve	661 702	661 702
Treasury shares reserve	2 200 871	2 200 871
	1 998 375 586	**377 666 798**

(All amounts are shown in EGP otherwise stated)

21- Long-term loans from banks and financing from companies

	30 September 2024	31 December 2023
Cairo Bank Loan*	678 977 812	1 016 570 448
National Investment Bank loan	--	55 702
Corporate loans (finance lease)	2 849 832	35 207 600
	681 827 644	**1 051 833 750**
(Deduct) Loans due during year		
Cairo Bank Loan	(314 000 000)	(235 000 000)
Corporate loans (finance lease)	(2 849 832)	(35 207 600)
National Investment Bank loan	--	(55 702)
	(316 849 832)	**(270 263 302)**
Balance of long-term loans and financing	**364 977 812**	**781 570 448**

The balances of long-term loans are as follows:

	30 September 2024	31 December 2023
Cairo Bank Loan	364 977 812	781 570 448
	364 977 812	**781 570 448**

***Cairo Bank loan**

- Loan contract date in December 2018

Loan receipt tranche:

The first tranche, EGP 900 million, was used to pay utility costs for the city of Heliopolis.

The second tranche, EGP 200 million, was used to pay short-term facilities that were used to develop the company's projects.

- The third tranche, EGP 100 million, was used to pay the costs of facilities and development of Maryland Park.
- **Guarantees: The company's revenue from SODIC joint venture project.**
- **Loan contract period: 7.5 years**
- **Availability and withdrawal period: one year with a grace period of 2.5 years ending in March 2022.**

Number of installments until the end of the loan contract: (5) equal installments starting from March 2022 to March 2026.

(All amounts are shown in EGP otherwise stated)

22- Provision cost to complete facilities (Lands & Buildings)

	30 September 2024	31 December 2023
Provision Cost to comple facilities (Lands & Buildings)	869 436 884	793 219 145
	869 436 884	**793 219 145**

23- Other liabilities

	30 September 2024	31 December 2023
Contractors – retention due to other	21 526 063	20 426 063
Surplus employees' profits 10 %	8 804 163	9 388 015
Facilities completion liabilities	47 106 656	42 583 776
SODIC	100 000 000	100 000 000
Sales of incomplete units	67 746 852	69 638 017
Retention	21 342 096	15 314 901
Collection From Joint Ventures	1 405 250 000	--
	1 671 775 830	**257 350 772**

24- Provisions and Expected credit losses

24. 1 Provisions

	30 September 2024	31 December 2023
tax provision	188 227 084	190 992 660
Claims and disputes provision (lawsuits)	249 740 724	249 963 524
Provision cost to complete facilities	54 698 655	54 698 655
Additional provision (price differences)	15 301 345	15 301 345
	507 967 808	**510 956 184**

The movement of provisions during the year/period is as follows:

	30 September 2024	31 December 2023
Balance at the beginning of the period / year	510 956 184	119 738 791
Formed during the period / year	--	391 976 939
Used from the provisions	(2 988 376)	(759 546)
	507 967 808	**510 956 184**

24. 2 Expected credit losses

	Trade and notes receivable	Debtors and other debit balances	Prepayments	Cash and cash equivalents	Total
Balance at 31 December 2023	(658 695 087)	(31 260 984)	(522 976 950)	(66 000 000)	**(1 278 933 021)**
Formed during the Period	--	--	--	--	--
Balance at 30 September 2024	**(658 695 087)**	**(31 260 984)**	**(522 976 950)**	**(66 000 000)**	**(1 278 933 021)**

(All amounts are shown in EGP otherwise stated)

25- Banks facilities

	Limit of facilitation One million EGP	30 September 2024	interest rate	31 December 2023
Al Baraka Bank Egypt – Misr El-Gadida	250	--	%19.75	118 842 635
Misr Iran Development Bank	100	--	%19.75	87 016 484
National Bank of Egypt	200	--	%19.15	192 094 143
Arab Bank Roxy Branch	300	--	%21.75	89 675 633
SAIB Bank	100	--	%13.5	61 647 718
		--		549 276 613

26- Suppliers and contractors

	30 September 2024	31 December 2023
Notes Payable	2 881 712	--
Suppliers	259 346 723	100 955 923
Contractors	56 521 737	522 860 947
	318 750 172	**623 816 870**

27- Creditors and other credit balances

	30 September 2024	31 December 2023
Advance payments - trade receivables and debtors	42 918 587	17 374 817
Accounts payable to governmental bodies	21 333 027	48 337 966
Accrued expenses	130 352	336 874
Deposits to others	99 797 122	89 714 276
Due to employees	13 140 834	12 833 700
Due to contractors	2 121 925	1 792 846
Returned checks	1 834 039	1 834 003
Downpayments and real estate liabilities	89 102 637	54 989 626
Due to employees - deposits	1 370 315	1 065 100
Employees benefits	64 469	111 184
Other credit balances	229 916 418	195 421 017
	501 729 725	**423 811 409**

28- Income tax expense

	For the Nine months ended at		For the Three month ended at	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Income tax during the period	(223 095 614)	(2 345 256)	(30 180 654)	4 800 049
Income tax on treasury bills	(244 350 000)	--	(60 439 497)	--
	(467 445 614)	**(2 345 256)**	**(90 620 151)**	**4 800 049**

(All amounts are shown in EGP otherwise stated)

28-1 Current income tax liabilities

	30 September 2024	31 December 2023
Income tax liabilities	223 095 614	2 676 140 996
	223 095 614	**2 676 140 996**

The following are a movement of income tax liabilities during the year / period as follows- :

	30 September 2024	31 December 2023
Balance at the beginning of the period / year	2 676 368 264	210 600 645
Payments during the period / year	(2 676 368 264)	(210 600 645)
Formed during the period / year	223 095 614	2 676 368 264
	223 095 614	**2 676 368 264**

28-2 Deferred tax liability

	30 September 2024	31 December 2023
Balance at the beginning of the period / year	805 648	578 380
Expense formed during the period / year	--	227 268
	805 648	**805 648**

29- Deferred gain from sale units

	30 September 2024	31 December 2023
Deferred gain from sale units	2 318 128	3 430 628
	2 318 128	**3 430 628**

30- Operating revenue

	For the Nine months ended at		For the Three month ended at	
	30 September 2024	30 September 2023	30 September2024	30 September 2023
Revenues from SODIC	362 109 079	276 487 582	138 814 124	99 761 595
Land/building sales	474 717 179	99 516 670	44 305	33 065 213
Sales of purchased	15 727 159	3 295 748	6 740 098	412 217
Others revenue	43 597 445	20 678 131	13 849 152	8 136 984
Total	**896 150 862**	**399 978 131**	**159 447 679**	**141 376 009**

(All amounts are shown in EGP otherwise stated)

31- Operating cost

	For the Nine months ended at		For the Three month ended at	
	30 September2024	30 September 2023	30 September2024	30 September 2023
Cost of SODIC joint ventures project	72 421 815	--	27 676 855	--
Cost of sales of lands/units	78 942 826	123 046 274	12 732 148	65 219 625
Cost of water and electricity	15 573 213	--	10 943 447	--
Cost of montazah	5 498 163	--	2 276 901	--
Other	1 453 842	--	597 336	--
Total	**173 889 859**	**123 046 274**	**54 226 687**	**65 219 625**

32- Net Sales returns for previous contracts

	For the Nine months ended at		For the Three month ended at	
	30 September2024	30 September 2023	30 September2024	30 September 2023
Sales land return	--	30 802 143	--	--
Sales building return	366 245	2 853 287	--	183 267
Total sales return	**366 245**	**33 655 430**	--	**183 267**
Deduct:				
Cost of sales land return	--	(8 286 494)	--	--
Cost of Sales building return	(191 322)	(628 264)	--	--
Total cost of sales return	**(191 322)**	**(8 914 758)**	--	**–**
Net Sales returns for previous contracts	**174 923**	**24 740 672**	**–**	**183 267**

33- Investment and interest income

	For the Nine months ended at		For the Three month ended at	
	30 September2024	30 September 2023	30 September2024	30 September 2023
Income from financial investments at amortized cost – treasury bills	1 221 750 000	--	302 200 000	--
Land and buildings interests	94 510 908	69 812 527	29 777 254	29 623 171
Delaying installments interests	67 216 449	13 400 432	4 416 063	4 143 389
Deposits interests	396 741 452	9 244 816	100 654 325	2 899 861
Others	142 554 579	3 874 525	51 925 527	405 782
	1 922 773 388	**96 332 300**	**488 973 169**	**37 072 203**

(All amounts are shown in EGP otherwise stated)

34- Other income

	For the Nine months ended at		For the Three month ended at	
	30 September2024	30 September 2023	30 September2024	30 September 2023
Compensation and fines	11 549 754	20 657 202	4 103 995	3 805 217
Income from waste	5 070 176	26 158	--	26 158
Foreign exchange difference gain	2 083 749	285 668	--	--
Others	9 557 466	18 878 839	4 094 977	10 766 572
	28 261 145	**39 847 867**	**8 198 972**	**14 597 947**

35- General and administrative expenses

	For the Nine months ended at		For the Three month ended at	
	30 September2024	30 September 2023	30 September2024	30 September 2023
Materials and spare parts	11 696 582	10 993 687	6 354 124	2 809 507
Salaries	142 665 940	97 394 084	58 818 828	25 669 885
Purchased services	17 685 842	23 631 340	5 727 100	11 147 487
Depreciation	4 282 005	4 002 147	1 513 853	1 400 541
Real estate taxes	681 604	98 158	540 984	--
Indirect taxes	2 686 783	2 770 803	559 429	820 629
	179 698 756	**138 890 219**	**73 514 318**	**41 848 049**

36- Other operating expenses

	For the Nine months ended at		For the Three month ended at	
	30 September2024	30 September 2023	30 September2024	30 September 2023
Compensation and fines	756 312	4 853 363	92 488	3 715 187
Emergency fund	20 000	59 699	--	--
Culture services	5 620	--	--	--
Company's contribution to treating workers	131 906	32 403	59 018	18 778
Company s contribution to Hajj	144 812	184 533	127 349	72 152
Heliopolis city development and operating*	64 403 242	--	32 043 154	--
Other Compensation	7 774	--	7 774	--
Medical Services	5000	--	5000	--
1% From Basic Salary	--	37 754	--	37 754
Expenses of previous years	23 179	--	--	--
	65 497 845	**5 167 752**	**32 334 783**	**3 843 871**

*** Heliopolis city development and operating expenses:**

	For the period ended at 30 September 2024
Materials and spare parts	18 141 638
Salaries	13 731 714
Purchased services	32 054 112
Depreciation	475 778
	64 403 242

(All amounts are shown in EGP otherwise stated)

37- Finance costs

	For the Nine months ended at		For the Three month ended at	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Discounted notes receivables expenses	9 031 727	8 356 776	-	3 335 319
Finance Lease	--	19 646 674	-	14 190 836
Interest expenses	198 489 174	184 630 314	56 993 326	85 276 587
	207 520 901	**212 633 764**	**56 993 326**	**102 802 742**

38- Adjustments on retained earnings

During the financial Period ending on 30 September 2024 the company recognized the operating revenue for previous years retained earnings which increased with amounted to EGP 19 959 673.

And returned revenues for previous year in the amount of EGP 17 568 320 and returned cost In the amount of 1.4 million intangible assets foreign exchange these adjustments were affected and resulted increase in retained earnings by amount of EGP 3 791 353.

During the financial year ending on December 31, 2023, the company recognized the operating revenue from rents, which belong to the Maryland Casino and the headquarters of the National Party which resulted in increase in retained earnings by EGP 177 554 500 and retained earnings were decreased with the amount of EGP 8 343 640 represent costs are not recorded from previous years.

The impact of these adjustments on the retained earnings was presented as follows:

	30 September 2024
Balance of retained losses at 31 December 2022	**(151 149 441)**
Net profit for the financial year ended at 31 December 2022	603 239 981
Deduct: Reserves for periodic dividends	(49 596 282)
Dividends during the year	(329 856 230)
Adjustments of rent revenue on retained earnings	177 554 500
Adjustments Expense on retained earnings	(8 343 640)
Balance of retained earnings at 31 December 2023	**241 848 888**
Net profit for the financial year ended at 31 December 2023	**7 808 811 008**
Deduct: Reserves	(1 620 708 788)
Dividends for the year 2023	(2 000 000 000)
Adjustment of retained earnings	**3 791 353**
Balance of retained earnings at 30 September 2024	**4 433 742 461**

39- Earnings \ (Loss) per share for the period

	For the Nine months ended at		For the Three month ended at	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Net Profit \ (loss) for the Period	1 745 840 449	8 078 104	347 289 005	(16 533 504)
Number of shares outstanding during the period	1 335 085 200	1 335 085 200	1 335 085 200	1 335 085 200
Basic earnings \ (loss) per share for the period (EGP / share)	**1.308**	**0.006**	**0.260**	**(0.012)**

40- Tax position

First: Corporate income Tax

- Tax returns are submitted on time.
- Income tax inspections in process:

A- Years from 2014 to 2017 An objection was made to the inspections of these years, and the work of an internal appeal committee is being approved. to determine the differences between the center of major financiers and the company, in accordance with the provisions of the Unified Tax Procedures Law No. 206 of 2020.

B- Years from 2017 to 2022 notified with tax inspection and re-examination for these years and the final result isn't determined yet.

Second: Stamp Tax

- The company is obliged to submit tax returns monthly in accordance with the law.
- Last inspection on 30/6/2020 and tax differences were paid.

Third: Value Added Tax

- Monthly tax returns are presented in accordance with the law and payment is made at date.
- The inspections were carried out and the tax differences were paid in full Until 31/12/2020.

Fourth: Payroll Tax

- Tax is paid monthly and quarterly returns are presented on the dates specified in accordance with the law.
- The company inspected for years from 2015 to 2019 and the tax differences were stalled and years from 2020 to 2022 are not notified for inspection.

Fifth: Real Estate Tax

- The tax is paid annually for the head quarter building located at 28 Ibrahim Al-Laqany Street - Heliopolis - Roxy.
- The physical account of the company's buildings in the new city of Heliopolis was made, and 50% of the value of the claims was paid until an appeal was made against the rental value as well as the areas estimated at the value of the tax.
- An appeal was made on the rental value of the company's new buildings in Heliopolis, and the decision of the appeal committee was issued to reduce the rental value by 75%.

Sixth: Deductible tax from withholding

- Form 41 is submitted quarterly in accordance with the provisions of the law on the legal dates and payment is made according to the new tax system.

41- Major and subsequent events

- On October 27, 2022 and March 6,2024, the Central Bank of Egypt issued a decision regarding the liberalization of the exchange rate of foreign currencies against the Egyptian pound, using a flexible exchange rate system based on supply and demand, which resulted in a substantial increase in the exchange rates of foreign currencies against the local currency (the Egyptian pound).
- The Monetary Policy Committee of the Central Bank of Egypt decided to raise the overnight deposit and lending rates and the rate of the main operation of the Central Bank of Egypt by 800 basis points during 2022 to reach 16.25%, 17.25% and 16.75%, respectively, and the credit and discount rate was raised by 800 basis points to reach 16.75%, and the Monetary Policy Committee of the Central Bank of Egypt decided to raise the overnight deposit and lending rates and the rate of the main operation of the Central Bank by 200 basis points within a year. 2023 to 18.25%, 19.25% and 18.75% respectively, and the credit and discount rate was raised by 200 basis points to 18.75%.
- On February 1, 2024, the Monetary Policy Committee of the Central Bank of Egypt (CBE) decided to raise the overnight deposit and lending rates and the main operation rate of the Central Bank of Egypt by 200 basis points to reach 21.25%, 22.25% and 21.75%, respectively, and the credit and discount rate by 200 basis points to reach 21.75%.
- In its extraordinary meeting on 6 March 2024, the Monetary Policy Committee (MPC) decided to raise the overnight deposit and lending rates and the central bank's main operation rate by 600 basis points to reach 27.25%, 28.25% and 27.75%, respectively. The credit and discount rate were also raised by 600 basis points to 27.75%.

(All amounts are shown in EGP otherwise stated)

<u>New Editions and Amendments to Egyptian Accounting Standards:</u>

On March 3, 2024, the Prime Minister's Decree No. (883) of 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. (34) amended 2024 "Investment property ".	1- It is amended for applying the fair value model, regarding that the profit or loss resulted from a change in the fair value of real estate investment must be proven in the statement of profits or losses for the period in which this change resulted, or through the statement of other comprehensive income for once in the life of the asset or investment, taking in consideration the two paragraphs. (35a) and (35b) of the standard.	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 **<u>on or after January 1, 2024</u> 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. (17) amended 2024 "Separate Financial Statements"	1- EAS No. (17) "Separate Financial Statements" was reissued in 2024, adding the option to use the equity method as described in EAS No. (18) "Investments in Associate " when accounting for investments in subsidiaries. Associate companies and companies with common control.	Management is currently studying the possibility of changing the applied accounting policy and using the revaluation 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 revaluation model are effective for financial periods starting **<u>on or after January 1, 2024, pre application is allowed retrospectively</u>**, cumulative impact of the preliminary applying of the equity method shall be **added to the balance of retained earnings or losses at the beginning of the financial period in which the company.**

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates ".	1- This standard was reissued in 2024, adding how to determine the real-time rate when it is difficult to exchange between two currencies and the conditions that must be met in the real-time exchange rate on the measurement date. 2- An application instructions appendix has been added, which includes instructions for evaluating whether a currency is exchangeable for another currency, and instructions for applying the required treatments in the event of non-exchangeability.	Management is currently evaluating the potential impact on the financial statements from the application of the standard.	Egyptian Accounting Standard No. (**13**) is effective for annual financial periods starting **on or after July 1, 2024**, and if the Egyptian Accounting Standard No. (**13**) shall be applied for an earlier period, the company should disclose that fact. When the company reports foreign currency transactions in its functional currency, any effect of the initial application is recognized as an adjustment to the opening balance of retained earnings on the date of initial application. • When an entity uses a presentation currency other than its functional currency or translates the results and financial position of a foreign operation, any effect of the initial application is recognized as an adjustment to the cumulative amount of translation differences - accumulated on the equity side - at the date of the initial application.

42- Significant accounting policies applied:

(I) Property, plant and equipment and its depreciation

- **Recognition and measurement**

- Fixed assets are recognized at cost minus the depreciation pool and the impairment loss complex.
- If the intrinsic components of a fixed asset item have different useful lives, they are accounted for as items (main components) within those fixed assets.
- Gains or losses from the exclusion of fixed assets are recognized by profits or losses.

- **Post-acquisition costs**

Post-acquisition expenses on the asset are capitalized only if they are expected to generate a future economic benefit flow to the company.

- **Depreciation**

The depreciable value of a fixed asset, which is the cost of the asset less its scrapping value, is depreciated according to the (straight-line method) over the estimated useful life of each type of fixed asset, and depreciation is charged to profits or losses. Land is not depreciated. The estimated productive ages during the period are as follows :

Origin	Estimated useful lives (in years)
Buildings	20-50
Elevators	10
Machinery & Equipment Production Activity	5
Machinery & Equipment for services Facilities	20
Vehicles	5
Tools and equipment	20
Furniture and devices	3-10

(II) Projects under construction

The costs incurred by the company in the installation of fixed assets are recorded in the item of projects under construction, and are presented in the statement of financial position less impairment in value, if any, the costs are transferred to the fixed assets item when the asset is completed and ready for their intended use.

(III) Intangible assets

Recognition

Intangible assets are recognized if the asset is able to generate potential economic and future benefits, a feasibility study is available with the intention of completing the asset in addition to sufficient financial, technical and other resources to complete the development of the asset's use, and the company has the ability to accurately measure the expenses attributed to the asset.

Subsequent expenditures

Subsequent expenditures are recognized as an asset only if the intangible asset will result in an increase in future economic benefits associated with research and development projects under implementation and recognized as an intangible asset. All other expenses, which include goodwill and internally generated trademarks are recognized as an expense immediately after spent.

Amortization

Amortization is calculated to incur the cost of intangible assets less their estimated scrap value using the straight-line method with the estimated specific useful lives of those assets, and the amortization burden is recognized as an expense in statement of profits or losses. The method of amortization, useful lives and scrap values shall be reviewed at the end of each financial period and adjusted if appropriate, and the amortization of intangible assets will be as follows:

Item	**Estimated useful lives (years)**
ERP Program	2

(IV) Investment properties

- **Recognition and measurement**

  Properties investments are represented in properties held to achieve a decrease or increase in their value or both, and properties investments are initially measured at cost and are later measured at cost minus accumulated depreciation and combined impairment losses.

- **Depreciation**

  The properties investment is depreciated according to the straight-line method over the estimated useful life of each type of properties investment, and depreciation is charged to statement of profits or losses. Land is not depreciated. The estimated productive ages during the period are as follows:

Origin	**Estimated useful lives (in years)**
Buildings	20 – 50

Gains or losses resulting from the disposals of properties investment (calculated by the difference between the net proceeds of the disposal of the property and its net book value) are recorded in statement of profits or losses.

(V) Works in process (Real Estate Development Project)

- The work in process is evaluated on a cost basis, where all costs associated with real estate development projects implemented by the company are recognized as a work in process item in the statement of financial position, and this item is recognized for all costs associated with the repurchase of real estate units, represented in all amounts previously collected from customers in addition to other necessary costs incurred by the company in order to re-acquire those units.
- The financing costs related to the cost of acquiring the project land are added to the item of works in process for the areas eligible for capitalization, represented in the areas being prepared and developed to become suitable for the construction of units, considering that these financing costs cannot be avoided for the acquisition and preparation of the land to become eligible for construction. The capitalization of financing charges for each unit is stopped when it is completed and delivered to customers judicially or actually, and the subsequent measurement of real estate development projects is at cost or net redemption value, whichever is lower.

(VI) Inventory of complete units at cost

The completed units prepared for sale are recorded at cost, and all costs associated with those units, including construction costs and indirect costs, are charged to a line of works in process until the completion of all works at that stage, where the share per square meter of the total costs is determined and thus the cost of the units is determined according to their area.

(VII) Financial Leasing

- **Sale and leaseback transactions**

If the lessee seller transfers the asset to another lessor buyer and re-leases this asset back from the lessor buyer, both the lessee seller and the lessor buyer must be held accountable for the lease contract in accordance with the following:

Assessing if an asset transfer is a sale:

The Company shall apply the necessary requirements to determine when the performance obligation is met in accordance with Egyptian Accounting Standard No. (48) "Revenue from Contracts with Clients" to determine whether a transfer of an asset is being billed as a sale of such asset.

First: The transfer of the asset represents a sale

If an asset transfer by the lessee seller meets the requirements set out in Egyptian Accounting Standard No. (48) Revenues from customer contracts to be accounted for as a sale of the asset:

A- The lessee seller shall measure the "usufruct" asset resulting from the lease by the portion of the previous book value of the asset relating to the usufruct held by the lessee seller and accordingly the lessee seller shall only recognize the amount of any profit or loss related to the rights transferred to the buyer's lessor.

B- The lessor purchaser shall be accountable for the purchase of the asset by applying the applicable standards and accounting for the lease contract by applying the lessor's accounting requirements in this standard.

If the fair value of the sale of the asset is equal to the fair value of the asset, or if the rental payments are not at market prices, the entity must make the following adjustments to measure the proceeds of the sale at fair value:

A- Any lack of market conditions should be accounted for as an advance payment of rent.

B- Any excess of market conditions shall be billed as additional financing provided by the lessor buyer to the lessee seller.

E- An entity shall measure any modification that is likely to be requested on the basis of what can be easily neutralized to:

The difference between the fair value of the sale compares with the fair value of the asset and the difference between the present value of the contractual payments of the lease and the present value of the lease payments at market prices.

Second: Transferring the asset is not a sale

If the transfer of the asset by the lessee seller does not meet the requirements of Egyptian Accounting Standard No. (48) "Revenue from contracts with customers" for accounting for it as a sale of the asset:

A- The lessee seller must continue to recognize the transferred asset, and must recognize a financial obligation equal to the proceeds of the transfer. It shall be held accountable for financial compliance with the application of Egyptian Accounting Standard No. (47) "Financial Instruments".

B- The lessor purchaser may not recognize the transferred asset, and must recognize a financial asset equal to the proceeds of the transfer, and must account for the financial asset by applying Egyptian Accounting Standard No. (47) "Financial Instruments".

(VIII) Financial Instruments

- **Financial assets**

Classification and measurement of financial assets

The Company classifies its financial assets among the following groups: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss. The classification is generally based on the business model in which financial assets are managed and their contractual cash flows.

Financial assets at amortized cost

Customer loans are recognized within the business model for financial assets held to collect contractual cash flows. The objective of the business model is to hold financial assets to collect contractual cash flows represented by the principal investment amount and returns. A sale is an exceptional incidental event in relation to the objective of this model and under the conditions set out in the standard that there is a deterioration in the credit capacity of the issuer of the financial instrument.

Lowest sales in terms of periodicity and value. A clear and approved documentation process for the justifications for each sale and its compliance with the requirements of the standard.

Financial assets at fair value through other comprehensive income

A financial asset is held within the business model of financial assets held for the collection of contractual cash flows and for the sale of financial assets, where the cash flows of the assets represent principal and interest payments only, excluding the recognition of impairment gains or losses, interest income, and foreign exchange gains and losses recognized in the statement of profit or loss. When the financial asset is unrealized, the carry-forward profits or accumulated losses previously recognized in the statement of other comprehensive income from equity are reclassified to the statement of profits or losses and are recognized in other profit (losses) and interest income from these financial assets is classified in financing income using the effective interest rate method, foreign exchange gains and losses are displayed in other gains (losses) and impairment expenses are displayed as a separate item in the statement of profits or losses.

Financial assets at fair value through profit or loss

The financial asset is held within other business models that include trading, managing financial assets on a fair value basis, maximizing cash flows through sale. The goal of the business model is not to hold the financial asset to collect contractual cash flows or to hold it to collect contractual cash flows and sell. The collection of contractual cash flows is an incidental event relative to the model's target.

Business Model Assessment

The company conducts an assessment of the business model in which the asset is held at the portfolio level as this best reflects the way the business is managed and information is presented to management. Information considered includes:

The stated policies and objectives of the portfolio and the mechanism of operation of those policies in practice. In particular, whether the management strategy focuses on earning contractual interest income, matching the duration of financial assets with the duration of financial liabilities that finance those assets or generating cash flows through the sale of assets;

How to evaluate the performance of the portfolio and report thereon to the company's management;

risks that affect the performance of the business model and the financial assets held in this business model and how to manage these risks;

The number of deals, volume and timing of sales in previous periods, the reasons for these sales and their expectations regarding future sales activity. However, information on sales activity is not considered separately but rather as part of a comprehensive assessment of how to achieve the company's stated goal of financial asset management and how to achieve cash flows.

Financial assets held for trading or whose performance is valued on the basis of fair value at fair value are measured at fair value through profit and loss because they are not held for contractual cash flow collection only and are not held to collect contractual cash flows with the sale of financial assets.

Both debt instruments and equity instruments are classified and measured as follows:

	Measurement methods according to the business model		
Financial Instrument	**Amortized cost**	**Fair value through comprehensive income**	
Equity instruments	Not applicable	One-time option on first recognition and irrevocable	Fair value through profit or loss
Debt Instruments	Business model for assets held for contractual cash flow collection	Business model of assets held for contractual cash flow collection and sale	Normal treatment of equity instruments

Derecognition of a financial asset

The Company derecognition of financial asset only when:

expiration of contractual rights in cash flows from the financial asset,

Transfer contractual rights to receive cash flows from the financial asset and transfer approximately all risks and rewards of ownership of the financial asset, or maintain contractual rights to receive cash flows from the financial asset with a contractual obligation to pay cash flows to one or more recipients and transfer approximately all risks and rewards of ownership of the financial asset

Transfer contractual rights to receive cash flows from the financial asset without transfer and do not maintain almost all risks and rewards of ownership of the financial asset if you have not maintained control over the financial asset. Or

Maintain contractual rights to receive cash flows from the financial asset, with a contractual obligation to pay cash flows to one or more recipients without transfer nor to maintain nearly all risks and rewards of ownership of the financial asset if you have not maintained control over the financial asset.

When a financial asset is unrecognized in its entirety, the difference between the carrying amount (measured on the date of de-recognition) and consideration received (including any new asset acquired minus any new obligation incurred) is recognized in the income statement.

Impairment of financial assets

The Company applies a three-stage approach to measure expected credit losses from financial assets recognized at amortized cost and debt instruments at fair value through other comprehensive income. Assets transition between the next three phases based on the change in credit quality since their initial recognition.

Phase I: Expected credit loss over 12 months

The first stage involves financial assets at initial recognition that do not involve a material increase in credit risk since initial recognition or that involve relatively low credit risk. For these assets, expected credit losses over a 12-month period are recognized and interest is calculated on the total book value of the assets (excluding the credit provision deduction). 12-month ECL is expected credit losses that may result from potential failures within 12 months after the financial statement date.

Phase Two: Expected Lifetime Credit Loss – with no impairment in credit value

The second phase involves financial assets with a substantial increase in credit risk since initial recognition but no objective evidence of impairment. Expected lifetime credit losses are recognized for those assets but interest continues to be charged on the total carrying amount of the assets. Lifetime ECL is the expected credit loss resulting from all possible failures over the expected life of a financial instrument.

Phase Three: Lifetime Expected Credit Loss – Credit value Impairment

The third stage involves financial assets in which there is objective evidence of impairment at the date of the financial statements; for these assets expected credit losses are recognized over the lifetime.

- **Financial liabilities**

Financial liabilities at initial recognition are classified at fair value through profit or loss. Direct transaction costs are recognized in the statement of profit or loss and other comprehensive income when incurred. Financial liabilities are measured at fair value by fair value gains or losses and changes – including any interest expense and are reflected in the statement of profit or loss and other comprehensive income.

Non-derivative financial liabilities are initially measured at fair value less any direct costs related to the transaction. Subsequent to the initial proof, these liabilities are measured at amortized cost using the effective interest rate.

Classification and subsequent measurement

The Company classifies all financial liabilities as measured later by depreciated cost except:

- Financial liabilities at fair value through profit or loss statement and other comprehensive income.
- Financial liabilities arising when transferring a financial asset that is not eligible for disposal or when applying the continuous participation method.
- Financial Guarantee Contracts

All financial liabilities of the company are subsequently measured at amortized cost using the effective interest rate.

Amortized cost is calculated by taking into account any deduction or premium on acquisition, fees or costs that are an integral part of the effective interest rate and the actual interest rate is included as financing costs in wind or loss.

Derecognition of financial liabilities

Proof of financial liabilities is canceled when contractual liabilities are paid, canceled or expired.

When an existing financial obligation is replaced by another from the same lender under completely different conditions or when the terms of an existing obligation are substantially modified, such replacement or modification is treated as a cancellation of the entry of the original financial obligation with proof of the new obligation. The difference between the relevant book value is recognized in the statement of profit or loss and other comprehensive income.

Offsetting Financial Instruments

Assets and financial liabilities are set-off and the net is included in the statement of financial position when there is a binding statutory right to settle the recognized amounts and when there is an intention to settle the assets with the liabilities on a net basis in order to sell the assets and pay the liabilities simultaneously.

The Company classifies non-derivative financial assets between the following categories: financial assets classified at fair value through profits or losses, investments held to maturity, loans and debts, and financial assets available for sale.

(IX) provisions

- Provisions are recognized when a company has a current obligation (legal or judgmental) resulting from an event in the past, and the obligation can be reliably estimated. It is expected to be settled through cash outflows.
- A contingent liability is an existing liability that has arisen from past events that have not been recognized because there is no expected cash outflow to settle that liability or its value cannot be measured in a sufficiently reliable manner. The Company does not recognize the potential liability of the financial statements, but only discloses the potential liability in the supplementary notes to the financial statements.
- When there are a number of similar liabilities, the degree to which cash outflows required for repayment or settlement are expected is determined by taking into account all elements of the obligation, and the provision is recognized although there is a probability of cash outflows for any item that may be small, cash outflows are expected to be required to settle all elements of the obligation.
- When the impact of the time value of money is significant, the value of the provision is the present value of the expenses expected to be requested to settle the liability using the pre-tax discount rate that reflects current market estimates of the time value of money and the specific risk of the obligation, and the increase in the book value of the provision from period to period is recognized to reflect the passage of time as a borrowing cost in the profit and loss statement.
- When some or all of the expenses necessary to settle an allowance are expected to be recharged to another party outside the Company, the Company shall recognize redemption when it is certain that the recovery will take place if the Company settles the obligation, and the redemption shall be treated as a separate asset in the statement of financial position, and the value recognized for redemption shall not exceed the value of the provision.

(X) Creditors and other credit balances

The initial recognition is at fair value minus the direct cost of the transaction and its subsequent measurement is depreciated using the effective interest rate.

Dividends are recognized as an obligation in the period in which the distribution is announced and the resolution of the company's general assembly is issued.

(XI) Foreign currency translation

- Foreign transactions are translated in the currency of dealing with the exchange rate on the dates of transactions.
- Assets and liabilities of a monetary nature in foreign currency are translated into the currency of exchange at the date of the financial statements.
- Assets and liabilities measured at fair value in foreign currency are translated into the exchange rate used when determining fair value.
- Assets and liabilities of a non-monetary nature that are measured at historical cost in foreign currency are translated into the exchange rate on the date of the transaction.
- Currency differences are generally recognized in the statement of profit or loss.

(XII) Impairment of assets

Impairment of non-financial assets

Egyptian Accounting Standard No. 47 "Financial Instruments" replaces the "Loss Incurred" model in Egyptian Accounting Standard No. 26 "Financial Instruments - Recognition and Measurement" with the "Expected Credit Losses" (ECL) model. The new impairment model applies to financial assets measured at amortized cost and customers.

For customer debts that have reduced, ECL is estimated as the difference between all contractual cash flows due to the Company in accordance with the contract and all cash flows that the Company expects to receive, discounted at the original effective interest rate in accordance with the contract.

Expected credit losses are a weighted estimate of credit losses. It is measured taking into account the expected cash flows received, the probability of default and the rate of loss on default (i.e. the size of the loss if there is a default) is taken into account and the relevant valuation is based on historical delay data adjusted by specific customer factors and future information that includes macroeconomic factors.

The Company determines the values exposed to expected credit losses based on the number of days of delay which are determined to be predictive of loss risks in accordance with Egyptian Accounting Standard No. 47 "Financial Instruments".

The determinants of expected credit losses (probability of default - value exposed to expected credit losses - rate of loss when defaulted) result in three scenarios.

Weighted expected credit losses are calculated at three levels (basic – best – worst) for all three stages (12 months and expected credit loss over a lifetime).

Customer indebtedness is written off (either partially or completely) when there is no reasonable expectation to recover all or part of the financial asset. This is generally the case when a company determines that the lessee has no assets or sources of income that could generate sufficient cash flows to pay off amounts subject to write-offs. This assessment is carried out at an individual level for each client. Refunds previously written off under "Impairment losses" are included in the statement of profits, losses and other comprehensive income.

Financial assets that have been written off can remain subject to legal proceedings in application of the Company's procedures for the recovery of outstanding amounts.

(XIII) Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts in banks and time deposits for a period not exceeding three months.

(XIV) Capitalization of the borrowing cost

The cost of borrowing directly related to the acquisition, creation or production of a qualified asset is capitalized and charged as part of the value of that asset when it is expected to create future economic benefits for the enterprise and there is a possibility of reliably measuring the cost. The capitalization of the borrowing cost is discontinued when all material activities necessary to prepare the asset eligible for use or sale have been completed.

(XV) Revenue recognition

- **Real Estate and Land Sales**

- The revenue from the sale of residential, professional, commercial units and contracted lands is recognized upon the transfer of control to customers, whether these units and villas have been fully or partially implemented (finishing or semi-finished) at the value that reflects the expected value of the company against those units and the revenue of those units / lands is recognized at a point in time.
- Revenue is measured on the basis of the amount specified in the contract with the customer and excludes amounts collected on behalf of a third party. The Company recognizes revenue when control of land, units or service passes to customers. The principles in Egyptian Accounting Standard No. (48) are applied using the following five steps:
  - **The first step:** Determine the contract (contracts) with the customers: The company counts the contract with the customers in the following cases:
    - If the contract is approved and adhered to by all parties.
    - If the rights of each party are identified.
    - If payment terms are defined.
    - If the contract has a commercial content.
    - If the contract is collectible.

- **The second step**: identifying performance obligations: the company identifies all the goods or services agreed upon in the contract and determines whether to calculate for each agreed good or service a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if:
  - The customer can benefit from the good or service separately or in combination with other resources readily available to the customer.
  - The good or service is defined separately from other goods or services contained in the contract.
- **Step Three:** The company determines the transaction price, which is the consideration it would expect in return for transferring the agreed goods or services to a customer.
- **Step Four**: Allocation of the transaction price to the performance obligations: The transaction price is allocated to each independent performance obligation on the basis of the independent selling price of the goods or services provided to the customer.
- **Step Five:** Revenue is recognized when (whenever) the company fulfills a performance obligation: Revenue is recognized when control of the goods or services is transferred to the customer.

  A company transfers a good or service when a customer obtains control of that good or service.
  A customer obtains control of a good or service if he has the ability to use it to benefit from it.

(XVI) Leasing income

Rental income is recognized on a straight-line basis over the lease period.

(XVII) Interest income

Interest income is recognized using the effective return method. Interest income is included in the statement of gains or losses in financing income.

(XVIII) Investment Income

The income of financial investments shall be recognized within the limits of the company's dividends to the investee companies realized after the date of acquisition, as of the date of issuance of the distribution decision in the general assemblies of the investee companies that approved the dividends.

(XIX) Employees' share of profits

According to the company's articles of association, employees shall have a share of the profits that are decided to be distributed in cash to shareholders by not less than 10%, provided that it does not exceed the total annual wages of the company's employees. The share of employees in profits is recognized as dividends in the statement of change in independent equity and as a liability during the financial period in which the Company's shareholders approved such distribution when approved by the Company's shareholders. No obligation is recognized for the share of employees in profits in respect of undistributed profits.

(XX) Recognition of costs

- Contracts for individual units, whose revenues have been recognized on the basis of total cost, which are:
  - Construction land costs per unit.
  - Direct construction costs per unit.
  - The unit's share of direct wages and salaries, which were distributed on the basis of direct construction costs for each unit.
  - The unit's share of the costs of shared facilities and services.
  - Unit shares of indirect costs.
  - Interest on deferred amounts of land value (qualified asset) in proportion to the area of land sold and delivered as buildings.

The costs of the combined sale contracts for the current housing units and any similar future contracts are proven from the reality of the calculated costs, whether actual or estimated, according to the date of contracting with each company and according to the theory of sizes, which are calculated based on the building block granted to these contracts compared to the building block of the entire project, in addition to loading these contracts with their share of the cost of utilities and infrastructure for the entire project land, provided that any other future costs are distributed to the rest of the undelivered project elements.

(XXI) Expense

All operating expenses, including general and administrative expenses, selling and distribution expenses, are recognized and charged to the income statement in accordance with the accrual basis in the financial period in which such expenses were realized.

(XXII)Rent Payments

Payments for operating leases from third parties are recognized in the income statement on a straight-line basis over the duration of the contract and rental incentives collected on the income statement are recognized as an integral part of the total rental expense.

(XXIII) Deferred revenue

Deferred revenues are recognized as part of the Company's liabilities on the due date of installments of units sold to customers in accordance with the payment schedule of sales contracts, provided that they are included in the Company's revenues in accordance with the revenue realization policy.

(XXIV) Related Party Transactions

The company deals with related parties on the same basis as dealing with third parties.

(XXV) Legal Reserve

According to the company's articles of association, 5% of the net profits are set aside to form the statutory reserve, and this deduction ceases when the total legal reserve reaches an amount equivalent to half of the company's issued capital, and when the reserve decreases from that, the deduction shall be returned.

(XXVI) Statutory reserve

According to the company's articles of association, no more than 20% of the net profits are set aside to form a statutory reserve, to be used for the benefit of the company.

(XXVII) Tax

Tax expense includes both income tax calculated in accordance with the Income Tax Law using the rates in effect at the date of the financial statements and deferred tax. The tax payable on the company's profits is recognized directly in the income statement, and the income taxes related to the items that are included in equity are recognized directly under equity.

- **Deferred taxes**
  - It is the tax calculated by the method of financial position accounts for temporary differences in the recognition and measurement bases of assets and liabilities in accordance with the applicable tax law and their values as in the financial statements in accordance with the Egyptian accounting standards.
  - The value of deferred tax is determined using the tax rates in effect at the date of the financial statements. Deferred tax is recognized for all temporary differences, carry-forward amounts of an unused asset and unused tax losses as an asset when there is a strong possibility that this asset can be used to reduce taxes payable by the company during future years.

(XXVIII) Dividends

Dividends are recognized as a liability during the year in which those dividends are announced.

(XXIX) Employee Benefits

The company is obligated to pay its share in the social insurance system of the Social Insurance Authority for the benefit of employees in accordance with the provisions of the Social Insurance Authority Law No. 79 of 1975 and its amendments, and the company bears the value of this contribution and is included in the wages and salaries item in the income statement according to the accrual basis.

(XXX) Contingent Liabilities and Commitments

Contingent liabilities in which the company is a party as well as commitments outside the financial position appear as not representing actual assets or liabilities at the date of the financial position.

(XXXI) Statement of cash flows

The cash flow statement is prepared according to the indirect method, and for the purposes of preparing the cash flow statement for the year, cash and cash equivalents include cash balances and term deposits for a period not exceeding 3 months.

(XXXII) Earnings per share

The basic share is calculated by dividing the profit and loss related to shareholders for their contribution to the company's ordinary shares based on the weighted average number of ordinary shares outstanding during the year.

(XXXIII) Comparative figures

The General Assembly approved the decision on August 14, 2021 to change the company's financial year to start from the first of January and end on December 31 of the same year instead of starting on the first of July and ending in June of the following year.

Accordingly, the comparative figures during the current period were presented for the statements of income, comprehensive income and cash flows to represent the eighteen months from July 1, 2021 to December 31, 2022 due to the change of the company's financial year to start from the first of January, and therefore the company's first fiscal year to reconcile the situation represents eighteen months ending on December 31, 2022.

(XXXIV) Financial Risk Management

Financial instruments include balances of debtors, creditors, cash and bank accounts and other savings vessels, and includes clarification (3) of accounting policies used to prove and measure the most important financial instruments, and the following are the most important risks associated with financial instruments and the most important procedures applied by the company to face those risks:

(I) Liquidity risk

Liquidity risk is the factors that affect a company's ability to pay part or all of its liabilities.
According to the Company's policy, appropriate liquidity (including arrangements with banks for additional facilities) is maintained to minimize that risk.

(II) Credit Risk

The risk of credit is the inability of debtors to pay the amount owed by them, and to reduce this risk, the company distributes the debt to a large number of customers with strong and stable financial positions, and the company obtains, whenever possible, appropriate guarantees to reduce the risk of credit to a minimum.

(III) Foreign Exchange Rate Risk

The risk of foreign exchange rates is represented in changes in the exchange rate, which affects payments and receipts in foreign currencies as well as the valuation of assets and liabilities in foreign currencies, and the company reduces the risk of change in foreign exchange rates by avoiding the presence of an open position for foreign currencies in order to reduce this risk to a minimum.

(IV) Interest Rate Risk

Interest rate risk is represented by changes in the interest rate on fixed-rate debts, and the company reduces interest rate risk through a term loan at variable interest rates.

(e) Capital management

The company's management goal with capital management is to maintain the company's viability to generate a return for shareholders and provide benefits to third parties using the financial statements. The company's management also aims to save and maintain the best capital structure, which leads to a reduction in capital costs.