

Orascom Development Egypt S.A.E
Condensed Consolidated Interim Financial Statements
Together with Limited Review Report
For the Period Ended
June 30, 2023

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Limited review report for the condensed Consolidated interim financial statements

To: The Board of Directors of Orascom Development Egypt Company (S.A.E)

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Orascom Development Egypt Company (S.A.E) as of June 30 ,2023, and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-months then ended. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with the Egyptian Accounting Standard No. (30) "Interim financial statements". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects the condensed consolidated interim financial position of the company as of June 30 ,2023 and of its condensed consolidated interim financial performance and its condensed consolidated interim cash flows for the six-months then ended in accordance with the Egyptian Accounting Standard No. (30) "Interim financial statements".

Cairo, August 14, 2023


Kamel M. Saleh FCA
F.E.S.A.A. (R.A.A. 8510)
FRA Register No. "69"



Orascom Development Egypt (S.A.E)
Condensed consolidated statement of financial position
At June 30, 2023

	<u>Note</u>	<u>30/06/2023</u>	<u>31/12/2022</u>
	<u>No.</u>	<u>EGP</u>	<u>EGP</u>
<u>Assets</u>			
<u>Non-current Assets</u>			
Fixed assets (net)	(13)	5 412 841 479	5 351 388 404
Projects under construction	(14)	1 678 325 059	919 667 813
Goodwill	(16)	51 110 181	51 110 181
Trade and notes receivable (net)	(19)	2 993 869 003	2 513 280 141
Investment accounted for using the equity method	(15)	365 133 660	409 046 853
Financial assets at fair value through other comprehensive income		45 482	45 482
Deferred tax asset		553 574 308	316 659 852
Investment property	(17)	179 808 548	183 218 285
Total non-current assets		11 234 707 720	9 744 417 011
<u>Current assets</u>			
Inventory	(18)	12 880 602 823	9 221 718 161
Trade and notes receivable (net)	(19)	4 283 615 918	3 720 194 459
Debtors and other debit balances	(22)	1 514 507 952	1 087 074 006
Due from related parties		1 352 756 216	669 334 629
Treasury bills (net)	(20)	192 294 961	766 275 395
Cash and cash equivalent	(21)	3 868 274 310	3 059 571 435
Total current assets		24 092 052 180	18 524 168 085
Total assets		35 326 759 900	28 268 585 096
<u>Equity and liabilities</u>			
<u>Equity</u>			
Issued and paid-up capital	(26)	1 130 473 523	1 130 473 523
Reserves		1 164 246 081	1 127 638 089
Retained earnings		3 459 952 551	1 825 765 350
Net profits for the period / year		873 507 781	1 672 048 919
Total equity attributable to owners of parent company		6 628 179 936	5 755 925 881
Non-controlling interests	(27)	1 189 045 687	1 056 432 188
Total equity		7 817 225 623	6 812 358 069
<u>Non-current liabilities</u>			
Borrowings	(24)	5 614 240 525	4 676 769 381
Loans from parent company	(24)	928 290 000	--
Land purchase creditors	(23)	7 726 263 580	5 750 386 031
Suppliers, contractors and notes payable		67 978 737	66 021 804
Long term contract liabilities	(28)	1 609 527 423	1 609 527 423
Long term provision	(25)	258 342 140	146 172 348
Deferred tax liabilities		543 513 652	486 668 452
Total non-current liabilities		16 748 156 057	12 735 545 439
<u>Current Liabilities</u>			
Provisions	(25)	859 886 259	1 080 035 813
Suppliers, contractors and notes payable		553 180 170	542 229 514
Creditors and other credit balances	(29)	5 932 067 737	4 289 507 630
Land purchase creditors	(23)	492 339 135	823 239 650
Current tax liability		499 232 271	891 323 621
Due to related parties		97 957 384	138 626 842
Borrowings	(24)	2 326 715 264	955 718 518
Total current liabilities		10 761 378 220	8 720 681 588
Total liabilities		27 509 534 277	21 456 227 027
Total equity and liabilities		35 326 759 900	28 268 585 096

-The accompanying notes form an integral part of the financial statements and to be read therewith.

Ashraf Nessim
Group CFO



Omar El-Hamamsy
Group CEO



Limited review report "Attached"

Orascom Development Egypt (S.A.E)
Condensed consolidated statement of profit or loss
From 1 January 2023 to 30 June 2023

	<u>Note No.</u>	<u>Three months ended</u>		<u>Six months ended</u>	
		<u>30/06/2023</u> <u>EGP</u>	<u>30/06/2022</u> <u>EGP</u>	<u>30/06/2023</u> <u>EGP</u>	<u>30/06/2022</u> <u>EGP</u>
Revenues	(5)	3 238 604 080	1 886 136 349	6 191 493 865	3 818 029 119
Costs		<u>(2 373 536 013)</u>	<u>(1 389 879 252)</u>	<u>(4 333 192 738)</u>	<u>(2 691 822 384)</u>
Gross Profit		865 068 067	496 257 097	1 858 301 127	1 126 206 735
Investment income	(6)	135 445 062	78 293 286	265 181 676	153 449 238
Other gains / (losses)	(7)	186 817 128	74 725 953	(289 573 713)	(30 282 611)
Share of profits of associates	(15)	46 907 926	23 518 343	57 545 806	46 155 322
General and administrative expenses	(8)	(55 516 332)	(42 569 401)	(114 738 065)	(77 718 089)
Interest and finance expenses	(9)	<u>(271 181 247)</u>	<u>(78 214 697)</u>	<u>(481 230 310)</u>	<u>(153 387 982)</u>
Profit for the period before tax		907 540 604	552 010 581	1 295 486 521	1 064 422 613
Income tax	(10)	<u>(285 411 606)</u>	<u>(157 427 588)</u>	<u>(289 365 241)</u>	<u>(206 130 106)</u>
Net Profit for the period after tax		622 128 998	394 582 993	1 006 121 280	858 292 507
Distributed as follows :					
Owners of the parent company		582 019 182	365 897 316	873 507 781	786 006 048
Non-controlling interests	(27)	<u>40 109 816</u>	<u>28 685 677</u>	<u>132 613 499</u>	<u>72 286 459</u>
		622 128 998	394 582 993	1 006 121 280	858 292 507
Basic earning per share for the period	(12)	<u>0.52</u>	<u>0.33</u>	<u>0.78</u>	<u>0.70</u>
Diluted earning per share for the period	(12)	<u>0.52</u>	<u>0.33</u>	<u>0.78</u>	<u>0.70</u>

-The accompanying notes form an integral part of the financial statements and to be read therewith.

Ashraf Nessim
Group CFO



Omar El-Hamamsy
Group CEO



Orascom Development Egypt (S.A.E)
Condensed consolidated statement of other comprehensive income
From 1 January 2023 to 30 June 2023

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2022</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Net profit for the period	622 128 998	394 582 993	1 006 121 280	858 292 507
Other comprehensive income				
Exchange arising on translating foreign operations	54 633	68 196	(766 858)	310 210
Total comprehensive income for the period	<u>622 183 631</u>	<u>394 651 189</u>	<u>1 005 354 422</u>	<u>858 602 717</u>
Distributed as follows :				
Owners of the parent company	582 073 815	365 965 512	872 740 923	786 316 258
Non-controlling interests	40 109 816	28 685 677	132 613 499	72 286 459
	<u>622 183 631</u>	<u>394 651 189</u>	<u>1 005 354 422</u>	<u>858 602 717</u>

-The accompanying notes form an integral part of the financial statements and to be read therewith.

Orascom Development Egypt (S.A.E)

Condensed consolidated statement of changes in equity

From 1 January 2023 to 30 June 2023

	<u>Issued and Paid-up Capital</u>	<u>Legal Reserve</u>	<u>General Reserve</u>	<u>Common Control Transaction Reserve</u>	<u>Foreign Currencies Translation Reserve</u>	<u>Fair Value Reserve Change</u>	<u>Treasury Shares</u>	<u>Employee Stock Ownership Plan</u>	<u>Employee Stock Ownership Plan Reserve</u>	<u>Retained Earnings</u>	<u>Net Profit</u>	<u>Equity attributable to owners of the Parent Company</u>	<u>Non-controlling interests</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Balance as of January 1, 2022	1 130 473 523	281 544 123	1 097 676 357	(259 740 638)	6 502 536	(424 671)	--	(17 942 592)	16 616 271	706 299 782	1 208 808 605	4 169 813 296	824 718 003	4 994 531 299
Net profit for the period	--	--	--	--	--	--	--	--	--	--	786 006 048	786 006 048	72 286 459	858 292 507
Foreign currencies translation reserve	--	--	--	--	310 210	--	--	--	--	--	--	310 210	--	310 210
Total comprehensive income for the period	--	--	--	--	310 210	--	--	--	--	--	786 006 048	786 316 258	72 286 459	858 602 717
Transferred to retained earnings	--	--	--	--	--	--	--	--	--	1 208 808 605	(1 208 808 605)	--	--	--
Transfer to legal reserve	--	35 882 577	--	--	--	--	--	--	--	(35 882 577)	--	--	--	--
Share in the fair value of options granted	--	--	--	--	--	--	--	2 441 319	(15 004 426)	15 004 426	--	2 441 319	--	2 441 319
Acquisition of non-controlling interests without change in control	--	--	--	(19 325 253)	--	--	--	--	--	--	--	(19 325 253)	(4 149 031)	(23 474 284)
Balance as of June 30, 2022	1 130 473 523	317 426 700	1 097 676 357	(279 065 891)	6 812 746	(424 671)	--	(15 501 273)	1 611 845	1 894 230 236	786 006 048	4 939 245 620	892 855 431	5 832 101 051
Balance as of January 1, 2023	1 130 473 523	317 426 692	1 097 676 357	(279 065 883)	5 890 517	(400 173)	--	(15 501 273)	1 611 852	1 825 765 350	1 672 048 919	5 755 925 881	1 056 432 188	6 812 358 069
Net profit for the period	--	--	--	--	--	--	--	--	--	--	873 507 781	873 507 781	132 613 499	1 006 121 280
Foreign currencies translation reserve	--	--	--	--	(766 858)	--	--	--	--	--	--	(766 858)	--	(766 858)
Total comprehensive income for the period	--	--	--	--	(766 858)	--	--	--	--	--	873 507 781	872 740 923	132 613 499	1 005 354 422
Transferred to retained earnings	--	--	--	--	--	--	--	--	--	1 672 048 919	(1 672 048 919)	--	--	--
Transfer to legal reserve	--	37 861 718	--	--	--	--	--	--	--	(37 861 718)	--	--	--	--
The effect of transfer from ESOP to Treasury shares (Note 26)	--	--	--	--	--	--	(14 376 289)	15 501 273	(1 611 852)	--	--	(486 868)	--	(486 868)
Balance as of June 30, 2023	1 130 473 523	355 288 410	1 097 676 357	(279 065 883)	5 123 659	(400 173)	(14 376 289)	--	--	3 459 952 551	873 507 781	6 628 179 936	1 189 045 687	7 817 225 623

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

Orascom Development Egypt (S.A.E)
Condensed Consolidated Cash Flows Statement
From 1 January 2023 to 30 June 2023

	30/06/2023	30/06/2022
	EGP	EGP
<u>Cash flows from operating activities</u>		
Cash flows (used in) generated from operating activities	(312 617 925)	632 064 877
Interest paid	(316 776 250)	(129 830 949)
Income tax paid	(672 249 099)	(466 761 833)
Net cash flows (used in) generated from operating activities	<u>(1 301 643 274)</u>	<u>35 472 095</u>
<u>Cash flows from investing activities</u>		
Payments for purchase of fixed assets and projects under construction	(923 419 206)	(425 475 209)
Net movement on treasury bills more than 3 months	--	124 832 943
Net proceeds from sale of investments in associates	43 588 435	--
Dividends received	101 304 000	79 596 000
Proceeds from interest	141 393 474	87 737 364
Net cash flows (used in) investing activities	<u>(637 133 297)</u>	<u>(133 308 902)</u>
<u>Cash flows from financing activities</u>		
Proceeds from exercising the ESOP during the year	--	2 441 319
Payments for treasury shares	(486 863)	--
Net proceeds from loans and credit facilities	2 172 442 459	(15 135 276)
Net cash flows generated from (used in) financing activities	<u>2 171 955 596</u>	<u>(12 693 957)</u>
Net change in cash and cash equivalents	233 179 025	(110 530 764)
Cash and cash equivalents at the beginning of the period	<u>3 802 814 863</u>	<u>2 894 965 603</u>
Cash and cash equivalents at the end of the period	(21) <u>4 035 993 888</u>	<u>2 784 434 839</u>

Non-cash transactions

-The effect of the revaluation of foreign currency movement of the loans amounting to EGP 1.09 billions has been eliminated.
The accompanying notes form an integral part of the financial statements and to be read therewith.

Orascom Development Egypt “S.A.E.”
Notes to the Condensed Consolidated Interim Financial Statements
for the Period Ended June 30, 2023

1- Company Background and its Activities

- Orascom Development Egypt “S.A.E.” was established according to the provisions of the Investment Law No. 230 for 1989, and was registered in the commercial register on 30/08/1996
- The company’s financial year begins at 1st of January and ends at 31st of December of each year.
- The company's objective is undertaking the following activities at Egypt or outside:
 - Establishing of tourist villages, cities and hotels; development of lands including providing them with public utilities and the necessary infrastructure (division of lands- establishment of roads and gardens- establishing of networks of water, lighting, sanitary drainage, public transportation and wired and wireless communications- hospitals- schools- health, cultural and entertaining centers).
 - Building and construction of low-cost houses (Community housing)
 - Establishing, preparation and furnishing of industrial installations
 - A. Reclaiming and providing land with main utilities for cultivation,
B. Cultivation of reclaimed land,
Provided that in such two cases the land is required to be allocated to the purpose of reclamation and cultivation and should use modern irrigation methods instead of flooding irrigation method taking into consideration Prime Minister Decision No. 350 of 2007 and Presidential Decree No. 356 of 2008.
 - The company may carry out other business or amend its activity within the framework of the Investment Law. It may also contribute or participate in any manner in subsidiary projects outside the frame of the Investment Law issued by Law No. 8 for 1997 provided that the approval of the General Authority for Investment is obtained and within the provisions of Law No. 95 for 1992, The company shall obtain all licenses necessary for practicing its activity.
- The company’s head office is located at 160 July 26 street, Agouza, Giza. There is another branch for the company at Building No.2005A, Nile City Towers, Corniche El Nile, Ramlet Boulaq South Tower, Floor 9 Cairo.
- The Chairman is Dr. Mohamed Samy Saad Zaghloul and the Group CEO is Mr. Omar El-Hamamsy.
- The condensed consolidated interim financial statements for the period ended June 30, 2023, includes the financial statements of Orascom Development Egypt (Holding Company) and its subsidiaries (referred to as the “Group”), in addition to the Group’s share of the profits or losses of the associated companies. The Group is involved in many activities represented in hotels, real estate, lands, tourism, and other.

2- Basis of Preparation

The consolidated condensed financial statements have been prepared in accordance with the Egyptian Accounting Standard No. (30)

Orascom Development Egypt “S.A.E.”
Notes to the Condensed Consolidated Interim Financial
Statements for the Period Ended June 30, 2023

3- Significant Accounting Policies

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Group is not subject to any significant seasonality or cyclicity. The same accounting policies, presentation and methods of computation are followed in these condensed consolidated interim financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022.

4- Use of Estimates and Judgement

The condensed consolidated interim financial statements include all the subsidiaries controlled by the Parent Company and are presented in Egyptian Pound (EGP).

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses, as well as the disclosure of contingent liabilities.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments made by management in the application of EAS and key sources of estimation uncertainties were the same as those applied to the consolidated financial statements of the year ended December 31, 2022.

5- Segment Information

The Group has four reportable segments, which are its strategic divisions. The strategic divisions offer different products and services and are managed separately because they require different skills or have different customers. For each of the strategic divisions, the Country's CEOs and the Head of Segment review the internal management reports at least on a quarterly basis. The accounting policies of the reportable segments are the same as the Group's accounting policies described in the consolidated financial statements for the year ended December 31, 2022. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share in associates' results, gain recognized on disposal of interest in former associates, investment income, other gains and losses, finance costs and income tax expense, as included in the internal management reports that are regularly reviewed. This measure is considered to be most relevant for the purpose of resources allocation and assessment of segment performance.

Orascom Development Egypt "S.A.E."
Notes to the Condensed Consolidated Interim Financial
Statements For the Period Ended June 30, 2023

5-1 Segment profit or loss

EGP	Total segment revenue		Inter-segment revenue		Revenue from external customers		Segment result	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Hotels (i)	1 395 997 879	641 031 961	(14 118 461)	(7 781 429)	1 381 879 418	633 250 532	631 620 568	148 272 712
Real estate and construction (ii)	4 001 294 645	2 608 992 472	--	--	4 001 294 645	2 608 992 472	1 692 482 853	1 367 362 343
Land	--	--	--	--	--	--	(102 567 060)	(866 002)
Town management	828 400 214	532 004 287	(366 260 026)	(180 068 012)	462 140 188	351 936 275	33 169 789	(9 848 562)
Other operations	359 376 941	233 128 707	(13 197 327)	(9 278 867)	346 179 614	223 849 840	25 585 591	51 263 136
Total	6 585 069 679	4 015 157 427	(393 575 814)	(197 128 308)	6 191 493 865	3 818 029 119	2 280 291 741	1 556 183 627
Investment Revenue							46 312 307	27 416 355
Other gains (losses)							(657 413 496)	(361 153 897)
Share of gains of investments in associates							57 545 806	46 155 322
General and Administrative Expense							(114 738 065)	(77 718 089)
Interest and financing expenses							(316 511 772)	(126 460 705)
Profit before tax							1 295 486 521	1 064 422 613
Income Tax							(289 365 241)	(206 130 106)
Net Profit after tax							1 006 121 280	858 292 507

- i) The main reason for the increase in the hotel segment revenues was the overall increase in the demand for travel. The group hotels showed strong growth during 2023, driven mainly by increased demand for tourism. Our hotels benefited from improved performance in Egypt's tourism sector.
- ii) The main reason for the increase in revenues of the real estate segment is due to the acceleration of the construction process in the company's projects in El Gouna, Makadi and Orascom Real Estate Company (O-West), which led to an increase in revenues during the period.

Orascom Development Egypt "S.A.E."
Notes to the Condensed Consolidated Interim Financial
Statements For the Period Ended June 30, 2023

5-2 Segment Assets

EGP	30/06/2023	31/12/2022
Segment Assets		
Hotels	5 904 001 761	5 059 978 526
Real estate and construction	24 476 347 381	21 387 587 100
Land	5 479 558 203	2 703 303 941
Town management	2 979 352 466	2 613 183 647
Other operations	2 514 164 604	2 267 476 542
Segment asset before elimination	41 353 424 415	34 031 529 756
Intersegment elimination	(7 321 342 637)	(7 309 503 381)
Segment assets after elimination	34 032 081 778	26 722 026 375
Unallocated assets	1 294 678 122	1 546 558 721
Consolidated total assets	35 326 759 900	28 268 585 096

Orascom Development Egypt “S.A.E.”
Notes to the Condensed Consolidated Interim Financial
Statements for the Period Ended June 30, 2023

6- Investment income

Investment Income resulted in a net amount of EGP 265 181 676 (six months ended June 30, 2022: EGP 153 449 238), the increase is mainly due to the increase in the interest on trade receivables during the period, in addition to the increase in interest income from deposits resulted from the increase in interest rates compared to the prior year.

7- Other gains / (losses)

Other gains/losses resulted in net other losses amounting to EGP 289 573 713 (six months ended June 30, 2022: net losses amounted to EGP 30 282 611), The main reason for the change in this note is the loss of foreign currency exchange of 335 million Egyptian pounds (six months ending June 30, 2022: EGP 33 million losses of foreign currency exchange) as a result of the decline of the Egyptian pound against foreign currencies.

8- General and administrative expenses

The general and administrative expenses amounted to EGP 114 738 065 (EGP 77 718 089 for the six months ended June 30, 2022). The increase is mainly due to increase in the group activities during the period, in addition to the high inflation rates during the period which led to general increase in prices.

9- Interest and finance expenses

The interest and financing expenses amounted to EGP 481 230 310 (EGP 153 387 982 for the six months ended June 30, 2022). The increase is mainly due to the decision of the Monetary Policy Committee by the CBE to increase the interest rates on loans and deposits during the current period.

10- Income tax

Income taxes recognized in profit or losses

EGP	<u>30/06/2023</u>	<u>30/06/2022</u>
Current tax		
Current tax expense for the current year	(468 540 376)	(288 797 229)
Deferred tax		
Deferred tax income recognized in the current year	179 175 135	82 667 123
Total income tax expense recognized in the current year	(289 365 241)	(206 130 106)

The main reason for the change in income tax was the increase in the deferred tax balance as a result of the increase in the loss of foreign currency exchange (note 7).

Orascom Development Egypt “S.A.E.”
Notes to the Condensed Consolidated Interim Financial
Statements for the Period Ended June 30, 2023

Income tax is calculated on the basis of the estimated effective weighted average annual and projected tax for the full financial year by applying it to net profit prior to taxes for the six-month period.

11- Dividends

The Company did not declare dividends for the period from January 1, 2023 to June 30, 2023.

12- Basic / diluted earnings per share

Basic/ diluted earnings per share is calculated by dividing the earnings attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the year.

The profits and the number of shares used in the calculation of basic/diluted earnings per share are as follows:

EGP	Three months ended		Six months ended	
	30/6/2023	30/6/2022	30/6/2023	30/6/2022
Net profit attributable to the shareholders of the parent Company	582 019 182	365 897 316	873 507 781	786 006 048
Deduct: Employees dividend	--	--	--	--
Adjusted Profit for the period	582 019 182	365 897 316	873 507 781	786 006 048
Weighted average number of shares for the purpose of basic EPS*	1 114 972 250	1 114 972 250	1 114 972 250	1 114 972 250
Basic earnings per share in profit	0.52	0.33	0.78	0.70
And by granting the ESOP stock options the EPS Equals				
Weighted average number of shares including ESOP shares	1 115 189 023	1 115 200 366	1 115 189 023	1 115 200 366
Diluted earnings per share in profit	0.52	0.33	0.78	0.70

Orascom Development Egypt "S.A.E."
Notes to the Condensed Consolidated Interim Financial
Statements For the Period Ended June 30, 2023

13.1 Fixed assets (Net)

	<u>Lands</u>	<u>Buildings, infrastructure and land developments</u>	<u>Machinery and equipment</u>	<u>Furniture and fixtures</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<u>Cost</u>					
Cost as of 1/1/2023	486 336 822	5 179 065 207	1 157 125 414	582 231 378	7 404 758 821
Additions during the period	--	28 921 980	50 942 934	34 575 312	114 440 226
Transferred from property under construction	--	25 145 728	20 021 542	5 154 466	50 321 736
Foreign currencies translation	--	11 508 174	180 763	480 783	12 169 720
Cost as of 30/06/2023	<u>486 336 822</u>	<u>5 244 641 089</u>	<u>1 228 270 653</u>	<u>622 441 939</u>	<u>7 581 690 503</u>
<u>Accumulated depreciation</u>					
Balance as of 1/1/2023	--	(1 041 304 654)	(718 474 277)	(366 069 471)	(2 125 848 402)
Depreciation for the period	--	(51 237 871)	(33 634 917)	(25 033 572)	(109 906 360)
Foreign currencies translation	--	(1 648 232)	(315 471)	(272 411)	(2 236 114)
Balance as of 30/06/2023	--	<u>(1094 190 757)</u>	<u>(752 424 665)</u>	<u>(391 375 454)</u>	<u>(2 237 990 876)</u>
Net book value as of 30/06/2023	<u>486 336 822</u>	<u>4 150 450 332</u>	<u>475 845 988</u>	<u>231 066 485</u>	<u>5 343 699 627</u>
Net book value as of 31/12/2022	<u>486 336 822</u>	<u>4 137 760 553</u>	<u>438 651 137</u>	<u>216 161 907</u>	<u>5 278 910 419</u>
<u>Cost</u>					
Cost as of 1/1/2022	486 336 822	4 276 976 907	1 047 169 136	449 400 431	6 259 883 296
Additions during the period	--	6 733 356	17 127 774	14 310 024	38 171 154
Transferred from property under construction	--	13 985 554	11 763 029	--	25 748 583
Foreign currencies translation	--	5 911 045	43 210	244 265	6 198 520
Cost as of 30/06/2022	<u>486 336 822</u>	<u>4 303 606 862</u>	<u>1 076 103 149</u>	<u>463 954 720</u>	<u>6 330 001 553</u>
<u>Accumulated depreciation</u>					
Balance as of 1/1/2022	--	(949 578 675)	(659 920 966)	(327 019 346)	(1 936 518 987)
Depreciation for the period	--	(43 449 377)	(28 764 016)	(19 311 103)	(91 524 496)
Foreign currencies translation	--	(747 288)	(148 715)	(128 470)	(1 024 473)
Balance as of 30/06/2022	--	<u>(993 775 340)</u>	<u>(688 833 697)</u>	<u>(346 458 919)</u>	<u>(2 029 067 956)</u>
Net book value as of 30/06/2022	<u>486 336 822</u>	<u>3 309 831 522</u>	<u>387 269 452</u>	<u>117 495 801</u>	<u>4 300 933 597</u>

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13.2 Right of use assets (Net)

	<u>Buildings, infrastructure and land developments</u>	<u>Machinery and Equipment</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<u>Cost</u>			
Cost as of 1/1/2023	91 041 349	52 722 622	143 763 971
Cost as of 30/06/2023	91 041 349	52 722 622	143 763 971
<u>Accumulated depreciation</u>			
Balance as of 1/1/2023	(43 615 786)	(27 670 199)	(71 285 985)
Depreciation for the period	(2 982 976)	(353 158)	(3 336 134)
Balance as of 30/06/2023	(46 598 762)	(28 023 357)	(74 622 119)
Net book value as of 30/06/2023	44 442 587	24 699 265	69 141 852
Net book value as of 31/12/2022	47 425 563	25 052 422	72 477 985
<u>Cost</u>			
Cost as of 1/1/2022	74 933 340	52 722 622	127 655 962
Cost as of 30/06/2022	74 933 340	52 722 622	127 655 962
<u>Accumulated depreciation</u>			
Balance as of 1/1/2022	(37 815 624)	(26 963 883)	(64 779 507)
Depreciation for the period	(2 604 227)	(353 158)	(2 957 385)
Balance as of 30/06/2022	(40 419 851)	(27 317 041)	(67 736 892)
Net book value as of 30/06/2022	34 513 489	25 405 581	59 919 070
	<u>30/06/2023</u>	<u>31/12/2022</u>	
Net book value - Fixed assets	5 343 699 627	5 278 910 419	
Net book value - Right of use assets	69 141 852	72 477 985	
	<u>5 412 841 479</u>	<u>5 351 388 404</u>	

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14- Project under construction

The increase in the balance of projects under construction is mainly due to the renovation work of some of the group hotels as well as the increase in the infrastructure of the group projects during the financial period ending June 30, 2023.

15- Investments in associates

Associate name	Incorporation Place	Segment	Ownership Percentage (%)		Carrying Value (EGP)	
			30/6/2023	31/12/2022	30/6/2023	31/12/2022
Red Sea for Construction & Development (i)	Egypt	Real estate & Construction	40.20%	40.20%	365 133 660	409 046 853
Total					365 133 660	409 046 853

Below is a summary of financial information with respect to the group’s investment in the associate companies as of June 30, 2023:

EGP	30/6/2023	30/6/2022
Total Assets	4 943 374 771	3 564 860 979
Total Liabilities	(4 035 082 084)	(2 547 331 494)
Net Assets	908 292 687	1 017 529 485
Total Revenue	804 556 460	752 865 521
Net profits for the period	143 148 772	114 814 234
Group’s share in profits of the associate companies	57 545 806	46 155 322

i. Investment in Red Sea for Construction & Development

- The company operates at construction and real estate development projects located in Egypt. There were no changes in the proportion of ownership interest held by the Group compared to the prior year.
- The Red Sea Contracting and Construction Company distributed dividends to the shareholders during the period, the group’s share in the dividends amounted to EGP 101 304 000.

16- Goodwill

No movement occurred on the balance of goodwill during the period ended on June 30, 2023.

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17- Investments property

The following table summarizes the movement, which occurred during the current period, and its effect on the real estate investment:

<u>Cost</u>	<u>30/6/2023</u>	<u>31/12/2022</u>
	<u>EGP</u>	<u>EGP</u>
Balance as of 1 January	244 581 841	213 538 276
Addition	--	31 043 565
Total	244 581 841	244 581 841
<u>Accumulated depreciation</u>		
Balance as of 1 January	(61 363 556)	(50 793 066)
Depreciation for the period	(3 409 737)	(10 570 490)
Total	(64 773 293)	(61 363 556)
Balance at the end of the period / year	179 808 548	183 218 285

In accordance with the new Egyptian standards issued during the year 2015, which are effective for the financial periods beginning on or after 1 January 2016, which resulted in the cancelation of the fair value option for real estate investments and the use of the cost model and the use of fair value for disclosure purposes only. The fair value of real estate investments as at December 31, 2022 amounted to 313 million Egyptian Pounds and there was no significant change during the period.

18- Inventory

	<u>30/06/2023</u>	<u>31/12/2022</u>
	<u>EGP</u>	<u>EGP</u>
Land held for development	11 581 116 835	8 437 545 884
Work in progress - construction	765 434 078	463 074 134
Other	534 051 910	321 098 143
	12 880 602 823	9 221 718 161

The reason for the increase in the inventory balance was the agreement signed with the Egyptian Government, whereby the Tourism Development Authority approved a new master plan for the undeveloped plot of land in El Gouna, as well as the reducing the shoreline setback for the remaining land bank, which increased the inventory of land during the period (Note 31).

- On 26th of November 2018, Orascom Development Egypt S.A.E & Orascom Real-Estate company (Developer of O West project) signed an agreement with the New Urban Communities Authority (NUCA) to co-develop an integrated residential project with an area of 1,000 acres (4.2 million square meters) in the 6th of October city, west of Cairo, within a ten years' period. The two parties agreed that the land will be allocated to the company on a revenue sharing model whereby NUCA is entitled to 26% of total residential sales collections and the company to 74%.

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- During the first quarter of 2019, the land was received, and the plan was approved, also Orascom Development Egypt announced the official launch of its first project in the 6th of October City (O-West), which includes 950 residential units (villas, townhouses, twin houses and apartments).

19- Trade and notes receivables (net)

The increase in the trade and other receivables balance was mainly due to the increase in revenues from real estate segments during the Financial period ended June 30, 2023.

20- Treasury bills (net)

EGP	30/6/2023	31/12/2022
Treasury bills – more than 3 months	25 564 533	25 564 533
Less: unearned interest – more than 3 months	(989 150)	(2 532 566)
Treasury bills – less than 3 months	174 150 000	758 409 110
Less: unearned interest – less than 3 months	(6 430 422)	(15 165 682)
	192 294 961	766 275 395

The balance consists of treasury bills from a number of government and private banks, and the interest rate on treasury bills varies from 10.52 % to 17.84 % per year.

21- Cash and cash equivalents

EGP	30/6/2023	31/12/2022
Cash in hand	6 985 751	3 271 026
Banks – current accounts	2 401 314 261	1 263 661 318
Time deposits – less than 3 months	1 459 974 298	1 792 639 091
	3 868 274 310	3 059 571 435

For the purpose of cash flow statements preparation, cash and cash equivalents are represented as the following:

EGP	30/6/2023	30/06/2022
Cash and cash equivalents	3 868 274 310	2 111 238 368
Treasury bills – less than 3 months	174 150 000	685 009 185
Less: unearned interest	(6 430 422)	(11 812 714)
	4 035 993 888	2 784 434 839

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22- Debtors and other debit balances

The increase in the balance of debtors and other debit balances is mainly due to the increase in advance payments to suppliers, with the balance of EGP 409 million as of June 30, 2023 (December 31, 2022: EGP 265 million), in addition to the increase in prepaid commission for the sale of uncompleted units, with the balance of EGP 791 million as of June 30, 2023 (December 31, 2022: EGP 614 million). The increase is due to the increase in the group real estate sector activities during the period.

23- Land purchase creditors

Amounts represents due to the New Urban Communities Authority (NUCA) from one of the company’s subsidiaries (Orascom Real estate, Developer of O West project at Six of October city) under a purchase contract as explained in note (18). In addition to the amounts related to the agreement with the Egyptian government, which increased the balance of the land purchase creditors account during the period (note 31), whereby the amount due will be paid in 15 annual instalments.

24- Borrowings

- On November 19, 2020, the company signed a credit facility agreement to reschedule outstanding debts and increase its size with a medium-term loan, equivalent to an amount of USD 265 million divided into two tranches, tranche (A) with an amount of USD 215 million at an interest rate of 4.25% above the SOFR rate and 4.75% Euribor rate, 1.25% for the Egyptian pound above the corridor price, in addition to the equivalent of 50 million US dollars as Tranche (B) in Egyptian pound only at an interest rate of 8% for half of the tranche according to the initiative of the Central Bank and the other half at the same interest rates as tranche (A). The banks involved in the agreement are four Egyptian banks: CIB (the creditor agent), Banque Misr, Banque du Caire and HSBC.

On December 23 2020, the contract was activated, and on the same date the company received an amount of USD 215 million (tranche A) to repay the outstanding loan balances, while tranche (B) amounting to the equivalent of \$ 50 million issued for expansion in the hotels segment. During 2022 and the first six months of 2023, the company used EGP 362 million from tranche B.

The loan will be repaid over seven years, including a grace period of 2.5 years, the first instalment was due in June 2023. The loan will expire on 23 December 2027 compared with CTIA loans, which had a due date on December 31, 2024.

- On January 28, 2022, a contract was signed for financing under discounting of commercial papers with the Arab Investment Bank for a total of 132 million Egyptian pounds and a current net value of 123 million Egyptian pounds at a discount rate of 10.5%. The total loan was repaid in September 2022.
- On 24 July 2022, Orascom Real Estate Company (a subsidiary company) signed a credit facility agreement worth 1.5 billion Egyptian pounds with CIB to help the acceleration of the construction process of O West project in 6th of October. The company used the full amount of the loan EGP 1.5 billion until June 30, 2023.

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- During the year, the company signed an agreement to borrow USD 30 million (928 million Egyptian pounds) from its parent company (Orascom Development Holding Company) to pay the special obligation of the agreement signed with the Egyptian Government in 2023 (note 31) at an interest rate of 3.75%.
- During the year, Makadi Heights for Tourism Development company (a subsidiary company) signed a leasing contract with Globalcorp for Financial Services in order to lease some plots of land and the buildings on them, and the company disbursed 360 million Egyptian Pounds as of June 2023, where EGP 100 Million will mature in 25 January 2026, and EGP 100 Million will mature in 30 March 2026, while the last tranche amounting EGP 160 Million will be settled by 15 January 2028.

25- Provisions

The provisions are related to claims from some external parties arising from the normal activities of the group. Until full settlement of such disputes and arriving to final results the management and its consultants take the necessary studies to arrive to the best estimates, provision is revised and amended on annual basis according to latest updates and discussions between management and consultants.

26- Capital

26-1 The Authorized Capital

The authorized company's capital is set at EGP 5 billion.

26-2 Issued and paid up capital

- The authorized capital of the company is EGP 5 billion (five billion Egyptian pounds) the issued and paid-up capital became EGP 1 108 307 385 (one billion, one hundred and eight million, three hundred and seven thousand three hundred and eighty-five Egyptian Pounds) distributed to 1 108 307 385 shares (one billion, one hundred and eight million, three hundred and seven thousand three hundred and eighty-five Shares) with a share value of EGP 1 , instead of 221 661 475 shares (two hundred and twenty-one million six hundred and sixty-one thousand four hundred and seventy-five shares) with a share value of EGP 5. In accordance with the Extraordinary General Assembly Resolution held on March 19, 2018, from EGP 5 to EGP 1 .
- In November 2018 the capital was increased by EGP 22 166 138 for the number of shares of 22 166 138 shares, the value of each share is EGP 1, all of which are cash shares. The capital amounted to EGP 1 130 473 523 after the increase according to Articles 6 and 7. The increase was recognized in the Commercial Register on 19 December 2018.
- During 2020, 2 285 252 shares of ESOP were exercised, the value of each share is one Egyptian pound, and all of them were cash shares.
- During 2021, 1 938 294 shares of ESOP were exercised, the value of each share is one Egyptian pound, and all of them were cash shares.
- During 2022, 2 441 319 shares of ESOP were exercised, the value of each share is one Egyptian pound, and all of them were cash shares.

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- On 16th of March 2023, the board of directors approved by the board of directors to cancel the outstanding stock ownership plan for the employees and convert the remaining shares to treasury shares totaling 15 501 273, where the general assembly meeting approved on the 2 May 2023, and the conversion was executed on June 21, 2023.

27- Non-controlling interests

	<u>30/6/2023</u>	<u>31/12/2022</u>
	<u>EGP</u>	<u>EGP</u>
Balance at the beginning of the period / year	1 056 432 188	824 718 003
Minority share in profits for the period / year	132 613 499	235 863 215
Acquisition of non-controlling interests without change in control	--	(4 149 030)
	<u>1 189 045 687</u>	<u>1 056 432 188</u>

During the first quarter of 2022, the group increased its share of Misr El fayoum tourism development company to 99.96 % (2021: 75.63 %). The group also increased its share of El Roboue touristic development company to be 99.88 % (2021: 75.57 %).

28- Long term contract liabilities

This balance represents the value of the non-cash portion due to the New Urban Communities Authority from one of the subsidiary companies - Orascom Real Estate Company - according to the contract as explained in Note (18), which represents units with a total building area of 281 105 square meters, in which the company is obliged to deliver in accordance with the timeline specified in the contract starting from year 2026 for a period of two years, and during the year the company did not start any work for those units. The amount was estimated at fair value of EGP 1 609 527 423.

<u>EGP</u>	<u>30/6/2023</u>	<u>31/12/2022</u>
Long term contract liabilities	1 609 527 423	1 609 527 423
Short term contract liabilities	--	--
	<u>1 609 527 423</u>	<u>1 609 527 423</u>

The below is the movement on the liability during the period / year:

<u>EGP</u>	<u>30/6/2023</u>	<u>31/12/2022</u>
Opening balance	1 609 527 423	1 609 527 423
Additions during the year	--	--
Balance at the end of the period/ year	1 609 527 423	1 609 527 423

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29- Creditors and other credit balances

The reason for the increase in creditors and other credit balance was mainly due to advances from customer, the balance amounted to EGP 2 852 million as of June 30, 2023 (December 31, 2022: EGP 2 133 million).

30- Assets and liabilities measured at fair value

Fair value of financial instruments carried at amortised cost. Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values:

EGP	<u>30 June 2023</u>		<u>31 December 2022</u>	
	Carrying amount	Fair value	Carrying amount	Fair value
Borrowings/bank loans	7 940 955 789	7 498 876 954	5 632 487 899	5 368 005 357

Valuation techniques and assumptions applied for the purposes of measuring fair value:

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes unlisted and listed equity investments classified as at FVTPL and FVTOCI respectively).
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Specifically, significant assumptions used in determining the fair value of the following financial assets and liabilities are set out below.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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30 June 2023				
EGP	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Listed and unlisted shares measured at FV	--	--	45 482	45 482
December 31, 2022				
EGP	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Listed and unlisted shares measured at FV	--	--	45 482	45 482

There were no transfers between Level 1 and 2 in the period. The unlisted financial assets at FVTOCI were measured at fair value based on a method that combined the earning and net equity book values of the companies.

31- Significant Events during the Financial Period

- On February 15, 2023, Orascom Development Egypt Company announced an agreement with the Egyptian Government that would strengthen the company's long-term growth strategy. The agreement is based on the Egyptian Government ongoing efforts to support and encourage private sector investment in Egypt. The agreement contains the following terms:
 - Approval of a new master plan for the remaining 17.4 million square metres of undeveloped land in El Gouna City, which includes approximately 1.2 million square metres of connected lagoons and 1,000 hotel rooms every 10 years;
 - Granting the company, the right to connect its lagoon system to the sea via two new water canals to improve water quality in existing and future projects, naturally and cost efficiently
 - Reducing the shoreline setback for the remaining land bank from 200 metres to 105 metres, which allows the company to make commercial use of the most prime land facing the sea;
 - Amending the transfer fee on real estate rights (State right) for the remaining undeveloped land bank in El Gouna. The transfer fee is fixed for a period of 10 years and shall be paid in advance over 15 years.
 - Granting environmental permits for 24 projects in El Gouna, exonerating the company from all charges and settlement of all disputes with the Environment Protection Agency.
- In reference to the preliminary non-binding offer ("NBO") received on 24th of October from Sixth of October Development & Investment Company (SODIC) for the potential acquisition of the entire share capital of its subsidiary Orascom for Real Estate S.A.E. (ORE), the owner of O West, on 23 March 2023 ODE and SODIC have mutually decided to discontinue discussions on a potential acquisition of ORE.
- On 2 May 2023, the General Assembly of the Orascom Development Company of Egypt met and approved all its resolutions Including:
 - Majority approval of the suspension and termination of the ESOP shares and the transfer of the remaining stock balance of 15 501 273 shares amounting to 1.37% to treasury shares. The transfer was made from ESOP shares to treasury shares on June 21, 2023.
 - Majority approval of the appointment of Mrs. Noura Magdy Selim Ahmed Abdelwahab as a female member of the company’s board of directors in line with article 6 of the Rules for the Registration and Write-off of Securities on the Egyptian Stock Exchange, concerning the relative representation on the board of directors of the company contained therein (percentage

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of women representation on companies’ boards to not fall below 25% or at least have two women as members of the board.).

- On 14 May 2023, the company’s board of directors accepted the resignation of Mrs. Taya Samih Onsi Naguib Sawiris (member of the board of directors) and the appointment of Mrs. Lamia El Sayed Mohamed Ahmed Kamel (member of the board of directors), in line with article 6 of the Rules for the Registration and Write-off of Securities on the Egyptian Stock Exchange, concerning the relative representation on the board of directors of the company contained therein (percentage of women representation on companies’ boards to not fall below 25% or at least have two women as members of the board).

32- Transaction with related parties

a. Taba Heights Company

One of the Group companies had been granted the right to acquire freehold title to the project's land by the Tourism Development Authority. Due to foreign ownership restrictions on the Sinai Peninsula becoming applicable in connection with the reorganization, the respective Group company had to be transferred to Mr. Samih Sawiris, major shareholder and of Egyptian nationality. Mr. Samih Sawiris entered into a binding agreement to retransfer these shares subject to approval of the competent authorities, and that until such retransfer, the Group would be put into a position as the full economic beneficiary of these shares. This entails, inter alia, an irrevocable assignment of dividends and the authorization to collect dividends, exercise voting rights related to these shares and cause the sale of shares with no additional rights of Mr. Samih Sawiris in any value received.

b. Other Transactions

- During 2014, the main shareholder of the Holding Company Engineer / Samih Sawiris acquired a 35% stake in FTI the fourth largest tour operator in Europe. During 2020, he increased his share in the company to be 75%). As of 30th of June 2023, transactions amounting to EGP 219 million were concluded with FTI.
- The total amount of construction work and services with Red sea for Construction & Development S.A.E (Subsidiary 40.20%) reached EGP 2 076 million as of 30th of June 2023.
- The total amount of construction work and services with Orascom Construction company (related party) reached EGP 52 million as of 30th of June 2023.
- The main shareholder of the holding company, Engineer / Samih Sawiris, is financing the construction of a conference center in El Gouna with the amount of EGP 474 million till Q2 2023 included in debtors and other debit balances.

33- Minimum Building Obligation (MBO):

On February 14, 2023, Orascom Development Egypt signed an agreement with the Egyptian Government. Under the agreement, the Tourism Development Authority approved a new master plan for the remaining 17.4 million square meters of land in El Gouna. According to the agreement, the company is required to build 1,000 hotel rooms every 10 years from the date of the agreement.

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34- Tax Position

On 20th of August 2015 law No. 96 of 2015 was approved by the president, the law amends some of the income tax regulations of law No. 44 of 2014 which state that income tax rate is changed to be 22.5%.

a) Corporate Tax:

- Inspected by tax authority and settled till year 2017
- Tax returns till year 2022 were submitted on date

b) Salary Tax:

- Inspected by tax authority and settled till year 2019

c) Stamp duty Tax:

- Inspected by tax authority and settled till year 2018

35- Events Subsequent to the Financial Statements date

In its meeting held on August 3, 2023, the Monetary Policy Committee (MPC) decided to raise the Central Bank of Egypt’s (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 100 bps to 19.25 %, 20.25 %, and 19.75 %, respectively. The discount rate was also raised by 100 bps to 19.75 %.

36- Date of approval of Financial Statements.

The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issuance on 14th of August 2023.