CITADEL CAPITAL COMPANY S.A.E.
AND ITS SUBSIDIARIES

LIMITED REVIEW REPORT AND
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

CITADEL CAPITAL COMPANY (S.A.E) AND ITS SUBSIDIARIES

Consolidated interim financial statements
For the nine months period ended 30 September 2019

Index

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Limited review report on the consolidated interim financial statements

To: The Board of Directors of Citadel Capital Company (S.A.E.)

Introduction

We have reviewed the accompanying consolidated statement of financial position of Citadel Capital Company (S.A.E.) and its subsidiaries (the "Group") as at 30 September 2019 and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of limited review

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

Basis for qualified conclusion

As described in note (46) to the accompanying consolidated interim financial statements, the Group has recognized a gain of EGP 3.9 billion during the year ended 31 December 2018 on the deconsolidation of Africa Railways Limited and its subsidiaries (the "ARL Group") on the grounds that it has lost control over those subsidiaries during the year ended 31 December 2018.

We were unable to obtain sufficient appropriate evidence or perform any alternative procedures to verify whether the Group had ceased to have control over the ARL Group during the year ended 31 December 2018. Further, Group management has not been able to obtain any financial information in respect of the underlying subsidiaries of ARL Group. Management has included the financial information of these companies for the purposes of the consolidated financial statements as at and during the year ended 31 December 2018, solely based on last available information and management's assumptions and estimates. As a result, we were unable to determine whether the resulting gain of EGP 3.9 billion associated with the deconsolidation recorded as gain on deconsolidation of subsidiaries that has been recognised as part of the accumulated losses balance as of 31 December 2018 is appropriate.

Qualified conclusion

Except for the adjustments to the consolidated interim financial statements that we might have become aware of had it not been for the situation described above, based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 September 2019 and of its financial performance and its cash flows for the nine months period then ended in accordance with Egyptian Accounting Standards.

Emphases of matters

Without further qualifying our conclusion, we draw attention to the below paragraphs:

1. As described in note (47) to the consolidated interim financial statements which indicates that as at 30 September 2019 the Group's accumulated losses amounted to EGP 16.8 billion and the Group's current liabilities exceeded its current assets by EGP 18 billion. The Group is also in breach of part of its debt covenants and has defaulted in settling the loan instalments on certain of its borrowings on the respective due dates. These conditions, along with other matters set out in note (47) indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

2. As described in note (4.2.C) to the consolidated interim financial statements which sets out the key considerations and critical accounting judgements applied by management in concluding that Egyptian Refining Company (ERC) should be consolidated by the Group. Should these judgements change, the Group would need to deconsolidate ERC.

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

18 December 2019
Cairo

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
pwc
برايس وترهاوس كوبرز عزالدين دياب وشركاهم

CITADEL CAPITAL COMPANY (S.A.E) AND ITS SUBSIDIARIES

Consolidated statement of financial position - As of 30 September 2019

(All amounts in Thousand Egyptian Pounds)

	Note	30 September 2019	31 December 2018
Non-current assets			
Fixed assets	5	6,331,955	6,541,896
Projects under construction	6	64,233,443	65,130,468
Intangible assets	7	1,351,490	342,151
Goodwill	8	238,181	238,181
Biological assets	9	344,030	302,294
Investments in associates	10	158,639	156,161
Available for sale financial assets	11	15,275	16,496
Payments under investments	12	8,478	11,037
Trade receivables and other debit balances	15	900,365	795,422
Deferred tax assets	24	9,025	14,257
Derivative financial instruments	25	-	212,556
Total non-current assets		**73,590,881**	**73,760,919**
Current assets			
Inventories	14	1,947,586	1,438,758
Biological assets	9	22,101	27,283
Trade receivables and other debit balances	15	5,340,409	4,011,604
Due from related parties	16/A	353,319	507,436
Financial assets at fair value through profit or loss	17	2,804	4,223
Cash and cash equivalents	18	4,070,723	6,349,831
Total current assets		**11,736,942**	**12,339,135**
Non-current assets held for sale	13/B	758,809	1,196,077
Total assets		**86,086,632**	**87,296,131**
Equity attributable to owners of the parent			
Paid up capital	19	9,100,000	9,100,000
Shareholders reserve	20	(1,378,661)	(1,518,993)
Reserves	21	1,961,665	2,863,735
Accumulated losses		(16,870,710)	(16,189,793)
Total equity attributable to owners of the parent		**(7,187,706)**	**(5,745,051)**
Non-controlling interest		20,220,390	20,312,440
Total equity		**13,032,684**	**14,567,389**
Non-current liabilities			
Loans and borrowings - non current	23	41,493,179	44,310,150
Deferred tax liabilities	24	76,156	211,597
Trade payables and other credit balances	27/A	277,163	234,388
Non-current of finance portion lease	27/B	179,658	135,042
Derivative financial instruments	25	323,075	-
Total non-current liabilities		**42,349,231**	**44,891,177**
Current liabilities			
Provisions	26	1,519,486	1,321,340
Trade payables and other credit balances	27/A	10,578,234	7,650,924
Current portion of finance lease	27/B	73,892	38,577
Due to related parties	16/B	1,682,827	2,006,272
Current portion of loans and borrowings	23	16,211,360	15,744,478
Financial liabilities at fair value through profit or loss	28	366,292	355,296
Current income tax liabilities	29	140,486	176,895
Total current liabilities		**30,572,577**	**27,293,782**
Liabilities associated with assets held for sale	13/C	132,140	543,783
Total equity and liabilities		**86,086,632**	**87,296,131**

The accompanying notes on pages 8 to 116 form an integral part of these consolidated interim financial statements.

Limited review report attached

Moataz Farouk
Chief Financial Officer

Hisham Hussein El Khazindar
Managing Director

Ahmed Mohamed Hassanien Heikal
Chairman

18 December 2019

CITADEL CAPITAL COMPANY (S.A.E) AND ITS SUBSIDIARIES

Consolidated statement of profit or loss - For the nine month period ended 30 September 2019

(All amounts in Thousand Egyptian Pounds)

	Note	Nine months ended 30 September 2019	Nine months ended 30 September Restated 2018	Three months ended 30 September 2019	Three months ended 30 September Restated 2018
Revenue	30	11,125,503	9,618,891	3,924,133	3,254,094
Cost of goods sold	31	(9,587,703)	(8,145,483)	(3,424,989)	(2,802,878)
Gross profit		**1,537,800**	**1,473,408**	**499,144**	**451,216**
General and administrative expenses	33	(1,233,168)	(1,117,611)	(392,688)	(369,206)
Other operating (expenses) / income	34	(312,406)	64,766	(239,674)	240,260
Operating (loss) / profit		**(7,774)**	**420,563**	**(133,218)**	**322,270**
Finance costs – net	35	(697,980)	(1,216,662)	(259,443)	(388,338)
Share of profit (loss) of investments in associates	36	10,319	(1,180)	(8,242)	(567)
Net loss before income tax		**(695,435)**	**(797,279)**	**(400,903)**	**(66,635)**
Income tax expense	37	(191,655)	(181,397)	(46,038)	(97,958)
Net loss for the period from continuing operations		**(887,090)**	**(978,676)**	**(446,941)**	**(164,593)**
Discontinued operations	13/D				
Operating revenues		-	23,701	-	17,210
Operating costs		-	(34,081)	-	(14,687)
General and administrative expenses		-	(6,522)	-	2,898
Other (expenses)		-	(69,720)	-	(79,474)
Finance (costs) income – net		-	(23,749)	-	(10,313)
Share of loss of investments in associates		(16,185)	-	(5,032)	6,371
Net (loss) for the period		**(16,185)**	**(110,371)**	**(5,032)**	**(77,995)**
(Loss) on sale of subsidiaries		-	(247,036)	-	-
Gain on de-consolidation of subsidiaries		-	1,442,907	-	276,265
Income tax		2,045	(375)	424	(645)
(Loss) / profit from discontinued operations, net of tax		**(14,140)**	**1,085,125**	**(4,608)**	**197,625**
Net (loss) / profit for the period		**(901,230)**	**106,449**	**(451,549)**	**33,032**
Attributable to					
Owners of the parent company		(774,430)	198,313	(395,301)	123,010
Non-controlling interest		(126,800)	(91,864)	(56,248)	(89,978)
		(901,230)	**106,449**	**(451,549)**	**33,032**
(Loss) / profit per share from continuing operations:					
Basic per share (EGP/Share)	38	(0.43)	0.11	(0.22)	0.07
Diluted per share (EGP/Share)	38	(0.43)	0.11	(0.22)	0.07

The accompanying notes on pages 8 to 116 form an integral part of these consolidated interim financial statements.

CITADEL CAPITAL COMPANY (S.A.E) AND ITS SUBSIDIARIES

Consolidated statement of comprehensive income - For the nine month period ended 30 September 2019

(All amounts in Thousand Egyptian Pounds)

	Nine months ended 30 September		Three months ended 30 September	
	2019	**Restated 2018**	**2019**	**Restated 2018**
Net (loss) / profit for the period	(901,230)	106,449	(451,549)	33,032
Other comprehensive loss				
Exchange differences on translation of foreign operations	(2,050,204)	(372,314)	(528,771)	(279,258)
Share of other comprehensive income for associates accounted for using equity method	17	(19)	-	(19)
Change in fair value of available for sale financial assets	(702)	(1,125)	210	(1,125)
Change in cash flow hedges	(209,631)	186,847	(45,096)	29,181
Total other comprehensive loss for the period, net of tax	**(2,260,520)**	**(186,611)**	**(573,657)**	**(251,221)**
Total comprehensive loss for the period	**(3,161,750)**	**(80,162)**	**(1,025,206)**	**(218,189)**
Attributable to				
Owners of the parent company	(1,507,657)	101,778	(471,524)	(176,929)
Non-controlling interest	(1,654,093)	(181,940)	(553,682)	(41,260)
	(3,161,750)	**(80,162)**	**(1,025,206)**	**(218,189)**

The accompanying notes on pages 8 to 116 form an integral part of these consolidated interim financial statements.

CITADEL CAPITAL COMPANY (S.A.E) AND ITS SUBSIDIARIES

Consolidated statement of changes in equity - For the nine month period ended 30 September 2019

(All amounts in Thousand Egyptian Pounds)

		Total equity attributable to equity holders of the parent company							
	Note	**Paid up capital**	**Shareholders reserve**	**Legal reserve**	**Other reserves**	**Accumulated losses**	**Total owners of the parent company**	**Non-controlling interest**	**Total owners' equity**
Balance at 1 January 2018 (as previously issued)		9,100,000	-	89,578	1,511,286	(17,152,562)	(6,451,698)	16,709,412	10,257,714
Prior years adjustments		-	-	-	-	(7,973)	(7,973)	(36,231)	(44,204)
Adjusted balance at 1 January 2018		9,100,000	-	89,578	1,511,286	(17,160,535)	(6,459,671)	16,673,181	10,213,510
Total comprehensive loss for the period		-	-	-	(96,535)	198,313	101,778	(181,940)	(80,162)
Dividends distribution		-	-	-	-	(60,694)	(60,694)	(137,563)	(198,257)
Share of non-controlling interests from increase in the subsidiary capital		-	-	-	-	-	-	1,858,706	1,858,706
Non-controlling interests from business combination		-	-	-	-	-	-	423,912	423,912
Change of non-controlling interests		-	-	-	-	-	-	397,067	397,067
Balance at 30 September 2018		9,100,000	-	89,578	1,414,751	(17,022,916)	(6,418,587)	19,033,363	12,614,776
Balance at 1 January 2019		9,100,000	(1,518,993)	89,578	2,774,157	(16,189,793)	(5,745,051)	20,312,440	14,567,389
Effect of early adoption of new accounting Standards	48					1,744	1,744	4,768	6,512
Adjusted balance at 1 January 2019		9,100,000	(1,518,993)	89,578	2,774,157	(16,188,049)	(5,743,307)	20,317,208	14,573,901
Total comprehensive loss for the period		-	-	-	(733,227)	(774,430)	(1,507,657)	(1,654,093)	(3,161,750)
Dividends distribution		-	-	-		(47,378)	(47,378)	(234,575)	(281,953)
Foreign exchange differences of shareholders reserve		-	140,332	-	-	-	140,332	-	140,332
Transfer of hyperinflation effect		-	-	-	(168,843)	168,843	-	-	-
Non controlling interest hedging reserve		-	-	-	-	-	-	(228,653)	(228,653)
Share of non-controlling interests from increase in the subsidiary capital		-	-	-	-	-	-	1,414,303	1,414,303
Transactions with non-controlling interests		-	-	-	-	(29,696)	(29,696)	606,200	576,504
Balance at 30 September 2019		9,100,000	(1,378,661)	89,578	1,872,087	(16,870,710)	(7,187,706)	20,220,390	13,032,684

The accompanying notes on pages 8 to 116 form an integral part of these consolidated interim financial statements.

CITADEL CAPITAL COMPANY (S.A.E) AND ITS SUBSIDIARIES

Consolidated statement of cash flows - For the nine month period ended 30 September 2019

(All amounts in Thousand Egyptian Pounds)

	Notes	30 September 2019	30 September Restated 2018
Cash flows from operating activities			
Loss for the period before income tax		**(695,435)**	**(797,279)**
Net loss before taxes, adjusted to:			
(Loss) / gain from discontinued operations, net of tax		(14,140)	1,085,125
Net liabilities reversed related to discontinued operations, net of tax		-	(1,195,871)
Depreciation and amortization	32	371,787	332,104
Impairment of trade receivables and other debit balances	34	3,791	6,239
Reversal of impairment of due from related parties	34	(6,576)	(96,146)
Impairment for payment for investments	34	-	3,000
Impairment of investments available for sale	34	-	97
Gain on sale of fixed assets	34	(36,804)	(8,333)
(Profit) / loss of investments in associates		(10,319)	1,180
Net change in the fair value of biological assets		(75,668)	-
Net change in the fair value of investments at fair value through profit or loss	34	1,420	1,388
Foreign currency exchange differences	35	(591,525)	84,598
Net change in the financial liabilities at fair value through profit or loss	34	36,694	-
Interest expenses	34	1,487,384	1,319,577
Interest income	35	(197,879)	(187,513)
Provisions formed	34	182,603	161,063
Provision no longer required	34	(5,717)	(11,377)
Loss on sale of investments	34	-	23,709
Inventory write down	34	3,215	-
Operating gain before changes in working capital		**452,831**	**721,561**
Changes in working capital:			
Inventories		(512,043)	(219,745)
Due from related parties		160,693	(15,917)
Trade receivables and other debit balances		(1,437,539)	(800,378)
Investments at fair value through profit and loss		-	(39,385)
Due to related parties		(323,445)	632,016
Trade payables and other credit balances		3,641,541	(473,557)
Provisions used	24	(86,791)	(47,303)
Income tax paid	29	(149,918)	(208,235)
Cash flows from operating activities for discontinued operations		(20,534)	1,451,694
Net cash flow generated from operating activities		**1,724,795**	**1,000,751**
Cash flows from investing activities			
Payments to purchase of fixed assets and projects under construction		(6,505,500)	(6,449,654)
Proceeds from sale of fixed assets and projects under construction	5	97,049	15,253
Payments to purchase of biological assets		-	(102,076)
Proceeds from sale of biological assets		34,038	-
Payments to purchase of intangible assets		(178,863)	(1,034)
Proceeds from loans to related parties		-	263,049
Payments under investments		-	(7,405)
Interest received		197,879	187,513
Cash flows from investing activities for discontinued operations		121,932	-
Net cash flow used in investing activities		**(6,233,465)**	**(6,094,354)**
Cash flows from financing activities			
Proceeds from loans		3,304,353	10,322,599
Repayment of loans		(1,906,498)	(778,036)
Proceeds from bank overdrafts		198,606	828,869
Proceeds from non-controlling interest		2,020,503	397,067
Dividends paid		(281,953)	(198,257)
Interest paid		-	
Cash flows used in financing activities for discontinued operations		(358)	-
Net cash flow generated from financing activities		**3,334,653**	**10,572,242**
Net change in cash and cash equivalents during the period		**(1,174,017)**	**5,478,639**
Cash and cash equivalents at beginning of the period		6,349,831	2,353,470
Effect of hyperinflation economy		81,541	-
Exchange differences on translation of foreign operations		(1,186,632)	(282,233)
Cash and cash equivalents at end of the period	18	**4,070,723**	**7,549,876**

The accompanying notes on pages 8 to 116 form an integral part of these consolidated interim financial statements.

1. Introduction

Citadel Capital Company "S.A.E." "The holding company" was incorporated in 2004 as an Egyptian joint stock company under Law No. 159 of 1981. It was registered in the commercial registered under number 11121, Cairo on 13 April 2004 The Holding Company's term is 25 years as of the date it is entered in the commercial registered. The Holding Company is registered in the Egyptian Stock Exchange.

The Holding Company's head office is in 1089 Nile Corniche, Four Season Nile Plaza, Garden City, Cairo, Egypt.

The purpose of the Group is represented in providing consultancy in financial and financing fields for different companies and preparing and providing the feasibility studies in the economical, engineering, technological, marketing, financial, administrative, borrowing contracts arrangements and financing studies for projects and providing the necessary technical support in different fields except legal consultancy, in addition to working as an agent of companies and projects in contracting and negotiations in different fields and steps especially negotiations in the management contracts, participation and technical support, and managing, executing and restructuring of projects.

The holding company is owned by Citadel Capital Partners Ltd. Company (Malta) by 23.49%.

The consolidated interim financial statements were authorised to be issued by the Board of Directors on 25 September 2019. The Ordinary General Assembly Meeting of shareholders has the right to amend the consolidated interim financial statements after its issuance.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated interim financial statements are summarised below. They were applied consistently over the presented financial periods unless otherwise stated:

A. Basis of preparation of the consolidated interim financial statements

These consolidated interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) and the relevant laws, and on the basis of the historical cost convention, except for available-for-sale financial assets, financial assets at fair value through profit or loss, biological assets and financial derivatives, which are measured at the fair value and employee's defined benefit plans liabilities which are measured at present value.

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

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

All other assets are classified as non-current.

Basis of preparation of the consolidated interim financial statements (continued)

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

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

The preparation of the consolidated interim financial statements in conformity with EASs requires the use of certain critical accounting estimates. It also requires the Group's management to exercise its judgement in the process of applying the Group's accounting policies. Note (4) describes the significant accounting estimations and assumptions of these consolidated interim financial statements, as well as significant judgments used by the Group's management when applying the Group's accounting policies.

The EASs require the reference to the International Financial Reporting Standard (IFRS) when there is no EAS, or legal requirements that explain the treatment of specific balances and transactions.

B. New Egyptian Accounting Standards ("EAS") and interpretations not yet adopted:

On 28 March 2019, the minister of Investment issued a decree no. 69 for 2019 which includes new standards and amendments to the existing standards . The amendments in the EASs have been published in the official gazette on 7 April 2019. These changes are mainly represented in three new standards which should be adopted for the financial periods commencing on or after 1 January 2020 as follows:

1- **EAS No. (47) – "Financial instruments":**
This standard should be adopted for the financial periods commencing on or after 1 January 2020. Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.

The standard includes a new classes of classification and impairment model for financial assets which reflects the business model in order to manage the assets and their cash flows through this business model.

EAS No. (47) replaced 'incurred loss' model in EAS No. (26) by 'expected credit loss' model.

2- **EAS No. (48) – "Revenue from contracts with customers":**
This standard should be adopted for the financial periods commencing on or after 1 January 2020. Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.

This standard established a comprehensive framework for determining how much and when revenues should be recognized. This standard replaces EAS No. (11) 'revenues' and EAS No. (8) 'construction contracts'.

New Egyptian Accounting Standards ("EAS") and interpretations not yet adopted: (continued)

3- EAS No. (49) – "Leases":

This standard should be adopted for the financial periods commencing on or after 1 January 2020. Early adoption is permitted, providing that the amended standard No. (48) – 'Revenue from contracts with customers' should be adopted at the same time.

EAS No. (49) introduces a single lease accounting model for lease contracts. A lesee recognizes his right-of-use for assets and lease liability which represents his lease instalments liability. There are some exemptions for short-term lease contracts and assets lease contracts with low value.

This standard replaces the EAS No. (20) 'Accounting rules and standards related to financial lease'.

C. Basis of consolidation

(1) Subsidiaries

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

i. Acquisition method

The Group applies the acquisition method to account for business combinations.

The consideration transferred in a business combination is measured at the fair value of the assets transferred and the liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. In any business combination, the Group recognises any non-controlling interests in the subsidiary at the proportionate share of the recognised amounts of acquiree's identifiable net assets at the date of acquisition.

Acquisition-related costs are expensed as incurred.

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

Inter-company assets, liabilities, equity, income, expenses and cash flows related to transactions between group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Basis of consolidation (continued)

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

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

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

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

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

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

Basis of consolidation (continued)

(2) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights in the associate.

i. Equity method

Under the equity method, the investment in associates is initially recognised at cost, and the cost is modified after the date of acquisition to recognize the changes after the date of acquisition on the Group's share in the net assets of the associate. The Group's consolidated statement of profit or loss includes its share in the associate's profit or loss, and the consolidated statement of comprehensive income includes the Group's share in the associate's other comprehensive income.

ii. Changes in equity

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

iii. Losses of associates

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

iv. Transactions with associates

Profits and losses resulting from upstream and downstream transactions between the Group (including its subsidiaries) and the associate are recognised only to the extent of unrelated investor's interests in the associate.

v. Goodwill resulting from investment in associates

The excess of the total transferred consideration over the Group's share in the net fair value for the acquired determinable assets and assumed liabilities at the date of acquisition is recognised as goodwill.

The goodwill resulting from contribution in associates is recognised within the cost of investment in associates net of the accumulated impairment losses in the investment value of associates and shall not be recognised separately. Impairment of the goodwill is not tested in associates separately. Impairment is rather tested in the carrying amount of the investment as a whole - as a separate asset - by comparing its carrying amount with the recoverable amount. Impairment losses recognised in this case are not allocated in any asset. Therefore, any reverse settlement of the impairment losses will be recognised to the extent in which the recoverable amount subsequently increases, provided it does not exceed the impairment losses previously recognised.

D. Foreign currency transactions

(1) Functional and presentation currency

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

(2) Transactions and balances

Transactions made in foreign currency during the period are initially recognised in the functional currency of the Group on the basis of translation of foreign currency using the spot prevailing exchange rates between the functional currency and the foreign currency at the date of the transaction, and the monetary items denominated in foreign currency are also translated using the closing rates at the end of each financial period. Foreign exchange gains and losses resulting from the settlement of such monetary items and from the translation of monetary items denominated in foreign currencies at the same period or in previous financial statements, are generally recognised by the Group in the profit or loss in the period in which these difference arise, except when currency exchange differences resulting from the translation of non-monetary item are deferred in other comprehensive income, which constitutes an effective part of net investment hedges in a foreign operation or an effective part of cash flow risk hedges.

Exchange differences resulting from the changes in the amortised cost of the monetary financial asset available-for-sale are recognised as gains or losses. Any changes in the carrying amount are recognised within other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are recognised as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised as profit or loss as part of fair value gain or loss. For available-for-sale financial assets, which do not represent monetary items (e.g. equity instruments), gains or losses recognised within other comprehensive income include any elements of related foreign currencies swaps.

(3) Group companies

The results and financial positions of the Group's companies that have a functional currency different from the Group's presentation currency, and their functional currency is not the currency of a hyperinflationary economy, are translated into the presentation currency of the consolidated financial statements as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each statement of profit or loss presented are translated at average exchange rates during the period (unless there are fluctuations affecting exchange rates during the period, in which case the average exchange rate for that period is not considered appropriate, instead, the exchange rate prevailing at the dates of these transactions is used).
- All foreign currency differences are recognised as a separate item in other comprehensive income.

Exchange differences arising on translation of the net investment in foreign entities are recognised in other comprehensive income, as well as loans and financial instruments denominated in foreign currencies and allocated as investment hedges. When the investment in a foreign entity is disposed of, the foreign currency differences transferred to equity are recognised as part of the gain or loss of the investment disposal.

Foreign currency transactions (continued)

The Group treats any goodwill arising from the acquisition of a foreign activity, and any fair value adjustments to the carrying values of assets and liabilities arising from the acquisition of foreign activity, as assets and liabilities of the foreign activity - and they are thus reported in the functional currency of foreign activity and translated at the closing rate. All foreign currency differences are recognised in other comprehensive income.

E. Fixed assets

The Group applies the cost model at measurement of fixed assets, and the fixed assets are recognised at cost net of the accumulated depreciation and accumulated impairment losses. The cost of fixed asset includes any costs directly associated with bringing the asset to a working condition for its use intended by the management of the Group.

The Group recognises subsequent costs of the acquisition of the fixed asset as a separate asset, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. The Group recognises in the carrying value of fixed asset the cost incurred to replace part of that asset at the date such costs are borne which are depreciated over the lower of its useful life or the remaining useful life of the assets, and the carrying amount of replaced parts are derecognised. The Group recognises the costs of daily servicing of the fixed assets in the consolidated statement of profit or loss.

The straight line method is used to allocate the depreciation of fixed assets consistently to their residual values over their estimated useful lives, except for lands, which are characterised with unlimited estimated useful life. Below are the estimated useful lives of each type of the assets' groups:

Buildings and constructions	5-50 years
Leasehold improvements	3-10 years
Machinery, equipment and tools	4-33 years
Furniture and office equipment	4-16 years
Computers	2-10 years
Barges	5-20 years
Vehicles	3-20 years

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

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

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

F. Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to fixed assets caption when they are completed and are ready for their intended use.

G. Intangible assets

(1) Exploration licences and extraction
Separately acquired trademarks and licences are shown at cost less the accumulated amortisation and the accumulated impairment losses. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. The Group charges the amortisation amount of the license consistently over their estimated useful lives of 10 years using the straight-line method.

(2) Customer contracts
Separately acquired customer contracts are shown at historical cost. Customer contracts acquired in a business combination are recognised at fair value at the acquisition date and are subsequently amortised on a straight line basis over their estimated useful lives which ranges from 4 to 18 years.

(3) Trademarks
Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date which considered its cost for the purpose of subsequent impairment testing. They have an indefinite useful life and are subsequently carried at cost less accumulated impairment.

(4) Computer software
Separately acquired computer software are shown at historical cost. Computer software acquired in a business combination are recognised at fair value at the acquisition date.

The Group recognised the costs associated with maintaining computer software programmes as an expense as incurred. Computer software resulting during the development phase recognised as intangible asset when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use; and
- The Group has the intention to complete the intangible asset for use and
- The Group is able to use the intangible asset. and
- it can be demonstrated how the software product will generate probable future economic benefits; and
- adequate technical, financial and other resources to complete the development and to use the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Expenditures include directly attributable costs that are charged on acceptable and consistent manner to form computer software, develop or prepare them for their intended use, and salaries, wages and other costs related directly to employees and end-users for the formation of computer software.

The Group recognises other development costs which do not meet the required criteria as expenses as incurred. Expenditures related to intangible assets, which were initially recognised as expenses are not recognised in a subsequent date as part of the cost of intangible asset. The Group amortises computer software with a limited useful life using the straight line method over 10 years.

Intangible assets (continued)

(5) Rights of use
Separately acquired rights of use are shown at cost less the accumulated amortisation and the accumulated impairment losses. According to Accounting Interpretation No. 1 (service concession arrangements), rights of use are recognised as intangible assets when the returns on such assets are variable which represented in rights of use of the solar energy station located in Benban -Aswan Governorate.

The rights of use assets are initially recognised at the incurred construction cost of the energy station. The Group charges the amortisation amount of the rights of use over their estimated useful lives of 25 years using the straight-line method

H. Exploration and valuation assets

Recognition
All costs arising from acquiring exploration assets are capitalized in addition to all future costs against granting the exploration right.

Drilling and exploration costs are initially capitalized until drilling results evaluated, the evaluation process should take place periodically and costs should be capitalized as intangible assets until the evaluation results refer to the existence of mineral resources, and if that does not happen all costs should be recognized directly in the consolidated statement of profit or loss.

Non-monetary assets that have no physical existence acquired for the business purposes and expected to generate future economic benefits are recorded as intangible assets. Intangible assets mainly include quarry site preparation costs.

Measurement
Intangible assets are measured at cost which is represented in the cash amount at the recognition date. If payment is deferred the difference between the cash price and the total payment is recognized as interest in the consolidated statement of profit or loss. Subsequently, intangible assets are presented at net of accumulated amortization and accumulated impairment losses.

I. Biological assets

Biological assets are measured at fair value less cost to sell. Cost to sell include the incremental selling costs, including auctioneers' fees, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

Cows held for slaughter are classified as immature until they are slaughted. livestock are classified as current assets if they are to be sold within one year. The fruit gardens and orchards are bearer plants and are therefore presented and accounted for as fixed assets. However, the fruit gardens and orchards growing on the trees is accounted for as biological assets until the point of harvest.

Harvested Fruits are transferred at fair value less cost to sell when harvested. Change in fair value of livestock and fruit gardens and orchards are recognized in the statement of profit or loss. Farming cost such as feeding, labour cost, pasture maintenance, veterinary services and sheering are expensed as incurred. The cost of purchase of cows plus transportation charges are capitalized as part of biological assets.

J. Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are tested annually for impairment at the date of financial statements.

Non-financial assets that have definite useful lives, and are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the asset incurred impairment losses.

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

The Group recognises impairment losses in the statement of profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

At the end of each financial year the Group assesses whether there is an indication that the impairment loss of any asset other than goodwill, which is recognised in prior years and not impaired, the Group then evaluates the recoverable amount of that asset.

Impairment losses recognised in prior years are reversed when there is an indication that such losses no longer exist or have decreased. Loss of impairment, which should not exceed the carrying amount that would have been determined (net of depreciation). Such reversal is recognised in the statement of profit or loss.

K. Non-current assets held for sale (or disposal groups)

The Groups classifies the non-current asset (or disposal groups) as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset (or disposal group) should be available for immediate sale in its condition without any conditions except the conventional and usual conditions for such assets, and sale is considered highly probable. The Group measures the non-current asset (or group disposal), which is classified as assets held for sale on the basis of the lower of carrying amount and fair value less costs to sell.

L. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using weighted average method. The cost of finished goods and work in progress comprises costs of purchase, costs of conversion and other costs (based on normal operating capacity), incurred by the Group in bringing the inventories to their present location and condition, and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and any other costs necessary to complete the sale. The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs

M. Financial assets

(1) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling or re-purchase in the short-term or as the part of a specified managed financial instruments portfolio. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be recovered within 12 months from the date of the end of financial period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets listed in such group are presented as current asset if expected to be recovered within 12 months from the date of the end of the period. The Group's loans and receivables comprise 'Trade receivables and other debit balances and due from related parties' and 'cash and cash equivalents' in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives assets that are designated in this category and not classified as loans and receivables or held to maturity financial assets or financial assets at fair value through profit or loss. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. If so, they are classified within current assets.

(2) Initial recognition and measurement

A financial asset is recognised when the Group becomes a party to the contractual provisions of the financial asset.

The acquisition of a financial asset is initially measured at fair value, in addition to other costs directly associated with the execution of the transaction, except for financial assets that are designated at fair value through profit or loss, which are measured initially at fair value only and all other costs associated with the execution of the transaction are charged to the statement of profit or loss.

(3) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently measured at fair value. Increase or decrease in the fair value during the period is recognised in the statement of profit or loss within 'other operating income / (expenses)'.

Available-for-sale financial assets are subsequently measured at fair value. Increase or decrease of fair value during the period is recognised within other comprehensive income.

Loans and receivables are subsequently measured at amortised cost using the effective interest rate. Interests calculated are recognised in the statement of profit or loss within (finance income/ (costs) – net).

Financial assets (continued)

(4) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

The financial asset is derecognised at its carrying amount at the date of derecognition, and profit / (loss) of derecognition is recognised in the consolidated statement of profit or loss.

The profit / (loss) on the derecognition of financial asset represents the difference between the carrying amount at the date of derecognition and the proceeds resulting from the derecognition of the financial asset, except for the available-for-sale financial assets which, where the profit/ (loss) on the derecognition of financial asset represents the difference between the carrying amount at the date of recognition and the proceeds resulting from the financial asset, in addition to the accumulated profit or loss previously recognised within other comprehensive income.

N. Offsetting financial asset and liability

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Group has an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default of the counterparty, and should reflect the Group's normal practices and requirements of financial requirements and other conditions related to the considerations of the risk and timing of the Group's cash flows.

O. Impairment of financial assets

(1) Financial assets carried at amortised cost

The Group assesses impairment at the end of each reporting year whenever there is objective evidence that a specific financial asset or a group of financial assets may be impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, violation of contract terms such as default or delinquency in interest or principal payments, or the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows since the initial recognition, or, changes in economic of domestic conditions that correlate with defaults of the Group's assets.

Impairment of financial assets (continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. Loans expected to be uncollectible are written off by deduction from the relevant provision, and any subsequent proceeds are recognised as revenue in the statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

(2) Available-for-sale financial assets

For debt securities, if any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost (net of the depreciation or settlement of the principal amount) and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. If, in any subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the Group reverses the impairment loss through the statement of profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. When the Group recognises decrease of fair value directly within other comprehensive income and there is objective evidence of the impairment of the asset, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses recognised in the profit or loss on equity investment are not reversed through the statement of profit or loss.

P. Derivative financial instruments and hedging activities

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

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

Derivative financial instruments and hedging activities (continued)

The fair values of various derivative instruments used for hedging purposes as well as movements on the hedging reserve in other comprehensive income are disclosed in (Note 25). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of profit or loss within 'other gains/ (losses) – net'.

Amounts accumulated in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps is recognized in the consolidated statement of profit or loss within 'finance costs'.

The gain or loss relating to the ineffective portion is recognized in the statement of profit or loss within 'other gains/(losses) – net'.

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

Q. Trade receivables

Trade receivables are amounts due from the Group's customers for merchandise sold or services performed in the Group's ordinary course of business. If collection is expected within 12 months from the date of the financial statements or in the Group's normal operating cycle of the business, they are classified as current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

R. Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and with banks, deposits held at call with banks, other short-term investments with original maturities of not more than three months from the date of placement.

S. Financial liabilities

(1) Classification
The Group classifies its financial liabilities as financial liabilities at fair value through profit or loss and other financial liabilities. The classification of the financial liability depends on the purpose of acquisition at the initial recognition.

Financial liabilities (continued)

(2) Recognition and derecognition

A financial asset is recognised in the statement of financial position when - and only when- the Group becomes a party to the contractual provisions of the financial liability. The Group removes the financial liability (or part of it) from the statement of financial position when it is disposed, cancelled or expired.

The Group accounts for the exchange between an existing borrower and lender of debt instruments with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability (or part of it) extinguished or transferred to another party including non-amortised expenses, and the consideration paid to settle the liability are recognised in profit or loss.

(3) Measurement

At initial recognition, the Group measures the financial liabilities at fair value plus transaction costs, except for financial liabilities at fair value through profit or loss where all other attributable costs are charged to the statement of profit or loss. The other financial liabilities, represented in trade payables and other credit balances, due to related parties and loans and borrowings, are subsequently measures at amortised cost using the effective interest method.

T. Capital

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

If any of the Group's companies repurchases its own equity instruments (treasury shares), these instruments are presented net of equity, amount paid or received in exchange for those instruments is recognised directly in the parent's equity.

U. Preferred shares

The Group's non –redeemable preferred shares are classified as equity, because they bear discretionary voting power only, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variance number of the Group's equity instruments.

V. Financial reporting in Hyperinflationary Economies

The Sudanese and South Sudanese economies have been classified as hyperinflationary in 2018.

The financial statements (including comparative amounts) of the Group's companies whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of measuring unit current at the end of the reporting period.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. On initial application of hyperinflation, prior period gains and losses are recognised directly in equity. Gains or losses on the net monetary position are recognised in profit or loss.

Financial reporting in Hyperinflationary Economies (continued)

An impairment loss is recognised in profit or loss if the restated consolidated amount of a non-monetary item exceeds its estimated recoverable amount.

All items recognised in the consolidated statement of profit or loss are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in equity as an adjustment to opening retained earnings.

Restated retained earnings are derived from all other amounts in the restated statement of financial position. If on initial application of hyperinflation accounting the restated value of the non-monetary assets exceed their recoverable amount, the amount in excess of the recoverable amount is recorded as a reduction in retained earnings.

Accordingly, the financial statement of Takamul for Cement Company have been expressed in terms of the measuring unit current at the reporting date.

The application of the IAS 29 restatement procedures has the effect of amending certain of the accounting policies, which are used in the preparation of the consolidated interim financial statements under historical cost convention. The amended policies include:

- Fixed assets.
- Project under construction.
- Inventories.

W. Current and deferred income tax

The Group recognises the current and deferred income tax as revenues or expenses and is included in the profit or loss for the period. Current and deferred income tax is recognised in other comprehensive income or directly in equity if it related to items recognised - in the same period or different years- in the statement of comprehensive income or directly in equity.

The income tax for the period is calculated on the basis of the tax laws enacted at the statement of financial position date. Management annually evaluates tax situation through tax returns, taking into account the differences that may arise from some interpretations issued by administrative or regulatory authorities, and establishes the appropriate provisions on the basis of amounts expected to be paid to the tax authority.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates and laws that have been enacted at the date of the consolidated financial statements and are expected to apply when the related deferred income tax asset is used or the deferred income tax liability is settled.

Current and deferred income tax (continued)

The deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction - other than a business combination - that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and equity shares in joint ventures only to the extent that it is probable the temporary differences will settled in the future and there is future taxable profit available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current taxable liabilities and assets on a net basis.

X. Employees' benefits

The Group operates various employees' benefits schemes, including defined contribution pension plans.

(1) Pension obligations

Defined contribution plans
The defined contribution plan is a pension plans under which the Group pays fixed contributions to the General Authority for Social Insurance on mandatory basis. The Group has no further liabilities once its obligations are paid. The regular contributions are recognised as cost for the year in which they are due and as such are included in staff costs.

(2) Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of EAS 28 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination costs and benefits obligation are initially measured.

The Group measures and recognises the subsequent changes in accordance to the nature of the benefits based on the number of employees expected to accept the offer of benefits. Where it is not expected to settle the benefits falling due before 12 months after the end of the reporting year, the benefits are discounted to their present value.

(3) Employees' share in legally defined profits
The Group recognises cash dividends as the employees' share in accordance with the companies' articles of association, to be included as part of dividends in equity, and as liabilities when the ordinary general assembly meeting of the shareholders of the company approved the proposed dividends. The Group does not record any liabilities in the employees' share of undistributed dividends.

Y. Leases

(1) Finance lease

finance leases are recognised as fixed asset at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liabilities and finance charges so as to achieve a constant rate of interest charge on the finance balance outstanding. The finance lease obligations, net of finance charges, are included in liabilities. The interest cost is charged to the statement of profit or loss over the lease year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. Assets under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Finance leases are recognised as fixed asset at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liabilities and finance charges so as to achieve a constant rate of interest charge on the finance balance outstanding. The finance lease obligations, net of finance charges, are included in liabilities. The interest cost is charged to the statement of profit or loss over the lease year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. Assets under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Profits generated from any collected amounts - that are in excess of the carrying value of the fixed assets sold or re-leased through finance leases - are not directly recognised in the statement of profit or loss. They are deferred and amortised over the lease term.

(2) Operating lease

Leases in which the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any discounts received from the lessor) are recognised as expense in the consolidated statement of profit or loss on a straight-line basis over the year of the lease.

Z. Borrowings

The Group recognises borrowings initially at fair value plus any directly attributable transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the original value (net of transaction costs) and value at the date of maturity is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that the Group expects that all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

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

AA. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

When funds are borrowed for the purpose of acquiring a qualifying asset to bear the cost of borrowing, the Group determines the amount of borrowing costs that are capitalised on this asset, which is the actual borrowing costs incurred by the entity during the year because of the borrowing transaction less any revenue realised from the temporary investment of borrowed funds.

The Group recognises other borrowing costs as expenses in the year the Group incurs such costs.

BB.Share-based payments

Loans provided to Egyptian General Petroleum Corporation (EGPC) to purchase shares in ERC are deducted from equity and accounted for as an equity-settled share based payment.

The fair value of option granted to EGPC is recognised as a share-based payment with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted and the option issued to EPGC vests immediately.

CC. Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. The Group recognises the commitments required for restructuring and not related to the Group's effective activities within the costs of the provision of restructure.

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

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

Where the impact of the time value of money is significant, the amount of the provision is the present value of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as borrowing cost in the statement of profit or loss.

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

DD. Contingent assets

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

EE. Trade payables

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

FF. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods sold or service rendered due to the Group's normal course of business, stated net of value added taxes, discounts, or deductions. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities, as described below. The amount of revenue is not considered accurately measurable unless all cases of uncertainty regarding the possibility of the collection of the amount due are excluded. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the related specifics arrangement.

(1) Sales of goods
Revenue is recognised from the sale of goods to traders or contractors who have the right to sell them and determine their prices when the goods are delivered to them, and the Group does not retain significant risks of ownership of the goods, there is no obligation that prevent those traders or contractors to accept the goods sold. Delivery is recognised, both in the Group's stores or in specific locations, according to the agreements. When the Group transfers the significant risk and rewards of the ownership of goods to the traders, it retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Sales to traders do not comprise the element of financing, as the credit year granted to them is 90 days.

(2) Rendering of services
Revenue resulting from services rendered is recognised in the related year when the execution of the transaction can be measured at the end of the reporting period on the basis of services performed to date in relation to the total services to be performed.

(3) Interest income
Interest income is recognised on a time-proportionate basis using the effective interest method. When a receivable balance resulting from the recognition of interest is impaired, the carrying amount is reduced to the present value of the future cash flows discounted at the original effective interest rate.

(4) Dividend income
Dividend income is recognised when the right to receive payment is established.

Revenue recognition (continued)

(5) Government's export subsidy
The government subsidy on the export sales is recognised as a percentage of the value of exported goods, when there is a proper evidence that the Group will deserve this subsidy and meet all required condition to obtain such subsidy, which is recognised under other income in the statement of profit or loss.

GG. Dividends

Dividends are recognised as liabilities in the consolidated financial statements at the end of the financial year in which the dividends are approved by the Company's General Assembly of Shareholders.

HH. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chairman of the board of the holding company.

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

The segment reports system that should be disclosed and the volume of required disclosures depend primarily on the segment information that is used by the chairman, Chief Operating Decision Maker (CODM), to make decision on the resources to be assigned for the segment and evaluation of its performance.

II. Comparative figures

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

3. Financial risk management

(1) Financial risks factors

The Group's activities expose it to a variety of financial risks. These risks include market risks (including foreign currency exchange risks, prices risks, cash flow interest rate risks and fair value risks), credit risks, and liquidity risks.

The Group's management aims to minimise the potential adverse effects on the Group's financial performance, through the monitoring process performed by the Group's Finance Department and the Holding Company's chairman.

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

Financial risk management (continued)

(A) Derivatives

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

The Company has the following derivative financial instruments:

	30 September 2019	31 December 2018
Non-current (liabilities) assets		
Interest rate swap contracts – cash flow hedges	(323,075)	212,556
Total non-current derivative financial instrument (liabilities) assets	**(323,075)**	**212,556**

i. Classification of derivatives

Derivatives are accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting year.

The Group's accounting policy for its cash flow hedges is set out in note (2).

All derivative financial instruments are represented in interest rate swaps which have maturities of more than twelve months and are classified within 'non-current assets/liabilities.

ii. Hedge ineffectiveness

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

A hedge is normally regarded as highly effective if, at inception and throughout the life of the hedge, the enterprise can expect changes in the cash flows of the hedged item to be almost fully offset by the changes in the cash flows of the hedging instrument, and actual results are within a range of 80 to 125 per cent.

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

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

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

There was no ineffectiveness during the period ended 30 September 2019 or the year ended 31 December 2018 in relation to the interest rate swaps.

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

Financial risk management (continued)

(B) Market risk

iii. Foreign exchange risks

Foreign exchange rates risks are the risks of fluctuations in the fair value of future cash flows of a financial instrument due to changes in foreign currency exchange rates. The following analysis shows the calculation of the effect of reasonable and possible changes in foreign currencies against the functional currency of the Group while keeping all other variables constant, on the consolidated statement of comprehensive income:

	30 September 2019	**31 December 2018**
United States Dollar 10%	(395,117)	(360,308)
Euro 10%	27,227	11,019
Sterling Pound 10%	(99)	(43)
United Arab Emirates Dirham 10%	371	801
Saudi Arabia Riyal 10%	136	(68)
Sudanese Pound 10%	(202)	(202)
Algerian Dinar 10%	13,816	13,816
Swiss Franc 10%	(286)	(286)
Jordanian Dinar 10%	169	169
Riyal Omani	(852)	-
Syrian Lira	840	-

The following table shows the currencies position denominated in Egyptian Pounds at the date of the consolidated statement of financial position:

	30 September 2019			**31 December 2018**
	Assets	**Liabilities**	**Net**	**Net**
United States Dollar 10%	1,687,463	(5,638,631)	**(3,951,168)**	**(3,603,079)**
Euro 10%	807,447	(535,174)	**272,273**	**110,192**
Sterling Pound 10%	291	(1,276)	**(985)**	**(428)**
United Arab Emirates Dirham 10%	4,125	(419)	**3,706**	**8,009**
Saudi Arabia Riyal 10%	1,356	0	**1,356**	**(678)**
Sudanese Pound 10%	7	(2,029)	**(2,022)**	**(2,022)**
Algerian Dinar 10%	143,681	(5,518)	**138,163**	**138,163**
Swiss Franc 10%	135	(2,999)	**(2,864)**	**(2,864)**
Jordanian Dinar 10%	1,686	-	**1,686**	**1,686**
Riyal Omani 10%	-	(8,523)	**(8,523)**	-
Syrian Lira 10%	109,798	(101,400)	**8,398**	-

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

Financial risk management (continued)

iv. **Price risk**
The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the statement of financial position either as available-for-sale or at fair value through profit or loss (FVPL).

Available-for-sale financial assets are measured at cost less impairment due to the difficulty in calculating fair value reliably. Financial assets at fair value through profit or loss are considered immaterial, and accordingly the Group considered that reposes to price risk is insignificant.

v. **Cash flows and fair value interest rate risks**
The group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. Group policy is to maintain at least 90% of Egyptian Refining Company S.A.E syndicate borrowings at fixed rate using interest rate swaps to achieve this when necessary. During the period ended 30 September 2019 and 31 December 2018, the group's borrowings at variable rate were mainly denominated in Egyptian Pounds and US Dollars.

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

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

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

	30 September 2019	% of loans	31 December 2018	% of loans
Variable rate borrowings	54,718,931	94.4%	56,957,615	94.84%

An analysis by maturities is provided in note (3/D) below. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

(C) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to trade receivables and other debit balances and amounts due from related parties. The Group's credit risk is managed as a whole, except for the credit risk related to the customers' account balances, as each of the Group's companies manages and analyses the credit risk of their own customers.

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

Financial risk management (continued)

For banks and financial institutions, only high-credit-quality and rating banks and financial institutions are accepted.

For the new customers, their credit risk are analysed before standard payment and delivery terms and conditions are agreed with customers.

If trade receivables are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Credit limits are set for each customer based on internal and external credit limits in accordance with limits set by the board. The credit limits are regularly reviewed for each individual customer.

Balances exposed to credit risks are as follows:

	30 September 2019	31 December 2018
Trade receivables and other debit balances	5,340,409	4,011,604
Due from related parties	353,319	507,436
Cash and bank balances	4,070,723	6,349,831
	9,764,451	**10,868,871**

(D) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due, due to shortage of funding. Group's exposure to liquidity risk results primarily from the lack of offset between assets of maturities of assets and liabilities.

The management makes cash flow projections on periodic basis, which are discussed during the Executive Committee's meeting of the parent company, and takes the necessary actions to negotiate with suppliers, follow-up the collection process from customers and manage the inventory balances in order to ensure sufficient cash is maintained to discharge the Group's liabilities. The Group's management monitors liquidity requirements to ensure it has sufficient cash and cash equivalents to meet operational needs while maintaining sufficient cash cover to meet the cash outflows to settle the obligations of loans and borrowings to be able to maintain financial terms, guarantees and covenants at all times.

The Group limits liquidity risk by maintaining sufficient bank facilities and reserves, and by monitoring cash forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

Financial risk management (continued)

The table below summarises the maturities of the Group's financial liabilities at 30 September 2019 and 31 December 2018, based on contractual payment dates.

	Below 6 months	From 6 months to 1 year	From 1 year to 2 years	Above 2 years
30 September 2019				
Loans and borrowings	2,166,860	11,821,541	72,853	40,550,079
Trade payables and other credit balances	10,435,505	-	-	277,163
Finance lease	73,892	-	179,658	-
Due to related parties	1,682,827	-	-	-
Total	**14,359,084**	**11,821,541**	**252,511**	**40,827,242**
31 December 2018				
Loans and borrowings	14,957,254	787,224	69,852	44,240,298
Trade payables and other credit balances	7,650,924	-	234,388	-
Finance lease	38,577	-	135,042	-
Due to related parties	-	-	-	-
Total	**22,646,755**	**787,224**	**439,282**	**44,240,298**

(2) Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and bank overdrafts less cash and bank balances. The total share capital comprises the amount of equity and net loans.

Net debt to total capital ratio
Net debt to total capital ratio as at 30 September 2019 and 31 December 2018 is as follows:

	30 September 2019	31 December 2018
Total borrowings		
Loans and borrowings	57,704,539	60,054,628
Less: Cash and bank balances	(4,070,723)	(6,349,831)
Net borrowings	**53,633,816**	**53,704,797**
Equity	13,032,684	14,567,389
Total capital	**66,666,500**	**68,272,186**
Net debt to total capital	**80%**	**79%**

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

Financial risk management (continued)

(3) Fair value estimation

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

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

The Group should be able to have access to the principal market or the most advantageous market. In the absence of principal market, the Group does not need to conduct a thorough search of all possible markets to determine the principal or the most advantageous market. However, the Group takes into consideration all information reasonably available.

The table below shows the financial assets and liabilities at fair value in the consolidated interim financial statements at 30 September 2019 and 31 December 2018 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

- Level 1: Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities, which the Group can have access to at the date of measurement.
- Level 3: Observable inputs from the market data related to the financial instrument, this case is applicable on investments in unlisted equity shares in stock Exchange market.

Fair value measurement

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards.

The following table presents the Group's financial instruments at 30 September 2019:

	Level 1	Level 3
Financial assets at fair value		
Financial assets through profit or loss (Note 17)	2,804	-

	Level 1
Financial liabilities at fair value	
Hedging derivatives – Interest rate swaps	323,075
Financial liabilities through profit or loss (Note 28)	366,292
Total	**689,367**

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

Financial risk management (continued)

The following table presents the Group's financial instruments at 31 December 2018:

	Level 1	Level 3
Financial assets at fair value		
Hedging derivatives – Interest rate swaps (Note 25)	-	212,556
Financial assets through profit or loss (Note 17)	4,223	-

	Level 1
Financial liabilities at fair value	
Financial liabilities through profit or loss (Note 28)	355,296
Total	**355,296**

Financial instruments represented in interest rate swaps are not traded in an active market, accordingly their fair value is determined by using valuation techniques.

a) Valuation techniques used to determine fair values

These valuation techniques maximize the use of observable market data where it is available; and rely as little as possible on the Group's specific estimates.

If all significant inputs required to measure the fair value of the instrument are observable, the instrument is included in Level 2, otherwise its included under Level 3.

Specific valuation techniques used to value financial instruments represented in interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

b) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at 30 September 2019	Fair value at 31 December 2018	Un-observable inputs	Inputs	Relationship of unobservable inputs to fair value
Hedging derivatives – Interest rate swaps	(323,075)	212,556	Credit risk Rate	1.32%	Applying a credit risk rate of 1.32% results in a change in fair value of hedging derivatives.

c) Valuation processes

- The finance department of relevant subsidiary includes a team that performs the valuations on quarterly basis. The finance department places a partial reliance on experts in the valuation of hedging derivatives.
- The main level 3 inputs used by the group are derived and evaluated as follows:
- Risk rate adjustment specific to the company is derived from the assessment of one year default probability.

4. Critical accounting estimates and judgements

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

(1) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i. **Useful life of fixed assets**
Fixed assets are considered a significant part of the Group's total assets and the relevant depreciation expense is also considered a significant part of the annual operating expenses. The useful life of fixed assets, which is based on management's estimates and assumptions had a material impact on the amounts of fixed assets. Fixed assets have useful lives ranging between 2 year to 50 years. The useful life of each item of fixed assets is estimated based on experience of similar assets and guided by other companies' estimates the internal estimates concluded by the technical department, as well as the expected flow of economic benefits to the Group during the year of the operation of that asset. Estimates and assumptions of the useful lives of fixed assets are reviewed periodically in the event of any changes or adjustment to useful lives and the residual value. Such adjustment, if any, will be applied on the future periods.

ii. **Useful life of intangible assets**
The Group's management amortised intangible assets related to new technology provided by one of the Korean companies using the straight-line basis over 5 – 10 years and the right of use over 25 years, which was assumed based on the technical experience of the Group's management and the future technical utilisation of such technology or the life of the contract which is lower. Estimates and assumptions of the useful lives of intangible assets- technical information are reviewed periodically in the event of any changes or adjustment to useful lives and the residual value. Such adjustment, if any, will be applied on the future periods.

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

iv. **Provision for income tax**
The Group is subject to income tax in several countries. The provision for income tax is estimated by the Group through the tax department and management's consultants. Because of the nature of the procedures of estimating tax liabilities in Egypt, the final product of the tax estimate by the Tax Authority may not be realistic. Therefore, additional possible tax liabilities may arise as a result of tax inspection, and the estimate of Tax Authority for tax due from the Group. In case of any variation between the preliminary and final estimates, such variation will affect the income tax expense in the period in which it arises.

Critical accounting estimates and judgements (continued)

vi. **Impairment of trade receivables and other debit balances**
Impairment of trade receivables and other debit balances is estimated by monitoring ageing of receivables. The Group's management examines the credit position and ability of customers to make payments for their past due debts. Impairment is recognised for amounts due from customers whose credit position does not allow them to pay their dues as believed by the management. The amount of the loss is measured as the difference between the carrying value and the present value of future cash flows discounted at the original effective interest rate of the financial asset, and the carrying amount is reduced directly to the customer's balance.

(2) Critical judgments in applying the Group's accounting policies

In general, applying the Group accounting policies does not require judgments (apart from those involving estimates refer to in Note 4-1) that have significant effects on the amounts recognized in the financial statements.

A. **Hyperinflationary Economies**
Starting the financial year ended 31 December 2018, the Group adopted IAS 29, Financial Reporting in Hyperinflationary Economies. Hyperinflation. The Sudanese and South Sudanese economies have been considered to be hyperinflationary. Accordingly, the financial results, cash flows and financial position of the Group's subsidiaries which are operating in Sudan - Takamul for Cement Company have been expressed in terms of the measuring unit current at the reporting date.

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates is currency of a hyperinflationary economy.

Various characteristics of the economic environment of Sudan are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- prices are quoted in a relatively stable foreign currency;
- sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- interest rates, wages and prices are linked to a price index;
- and the cumulative inflation rate over three years is approaching, or exceeds, 100%.

Management exercises judgement as to when a restatement of the financial statements of a group entity becomes necessary. Following management's assessment, the Group's subsidiaries in Sudan, Takamul for Cement have been accounted for as entities operating in hyperinflationary economies.

The inflation adjusted financial information, are stated in terms of current Sudanese Pound at the reporting date using Consumer Price Index (CPI) for Sudanese supplied by the Sudanese Central Statistical Office.

The restatement has been calculated by means of conversion factors derived from the CPI. The indices used to restate the opening balance of non-monetary items of the subsidiary financial statements at 30 September 2019 are disclosed in note 22.

Critical accounting estimates and judgements (continued)

Takamul for Cement
The economy of Sudan was assessed to be hyperinflationary effective in 1 January 2018, and hyperinflation accounting was applied for the year ended at 31 December 2018 and for the nine months period ended 30 September 2019. Upon first application of hyperinflation, net loss of EGP 225,977 was recognised directly in equity.

During the period ended 30 September 2019, no impairment was recognised, as the value of inflated non-current assets did not exceed the recoverable amounts of these assets.

B. Consolidation of Grandview and its subsidiaries

Management have considered the accounting treatment and the principals in EAS 42 "Consolidated financial statements" and have determined that Grandview is controlled by the Group since 2005. In determining the appropriate accounting treatment for Grandview, management applied significant judgment and if management's judgments were to change, this would result in the deconsolidation of Grandview.

In 2005, Grandview Investment Holdings Corporation ("Grandview") was set up by the Group to undertake private equity investment in mid-cap companies in various industry sectors in the Middle East and North Africa. At the inception of Grandview the Group initially owned 13% . The Group appointed its subsidiary Sphinx Capital to manage the investments to be held by Grandview. This arrangement was formalised through a participation agreement, which gave Sphinx Capital the majority of the voting rights and appoint the majority of the Board of Directors in Grandview and therefore power to control its relevant activities.

In 2014 the Group increased its investment in Grandview to 48%. Up to December 2017 the Group accounted for its investment Grandview as an associate using the equity method. However, management is of the view that the Group had control over Grandview since 2005 as a result of the terms set out in the participation arrangement and the shareholders agreement.

The following are the key considerations and judgements applied by management in concluding that the Group had control over Grandview since 2005:
- The Group is able to appoint 5 of the 9 Board members of Grandview;
- Sphinx Capital has power over Grandview, which is demonstrated by the terms of the Participation agreement, whereby it has full discretion and responsibility over Grandview.

Accordingly, the Group consolidated "Grandview Investment Corporation and its subsidiaries" in the consolidated financial statements.

C. Consolidation of Arab Refining Company – S.A.E "ARC" and its subsidiary Egyptian Refining Company – S.A.E ("ERC")

Management have considered the accounting treatment and the principals in EAS 42 "Consolidated financial statements" and have determined that ERC is controlled by the Group. In determining the appropriate accounting treatment for ERC, management applied significant judgment and if management's judgments were to change, this would result in the deconsolidation of ERC. ERC currently has consolidated assets and liabilities amounting to approximately EGP 71 billion and EGP 49 billion respectively at 30 September 2019 and with a consolidated loss of approximately EGP 89 million for the nine months period ended 30 September 2019. The primary assets and liabilities making up these totals are represented in the projects under construction amounted EGP 64 billion, cash and cash equivalents amounted to EGP 2 billion and loans liabilities amounted to EGP 43 billion.

Critical accounting estimates and judgement (continued)

The following are the key considerations and judgements applied by management in concluding:

- ERC was set up for the purpose of constructing and operating refinery project and aim to provide benefits for its stakeholders such as debt and equity financiers in addition to cost savings to Egyptian General Petroleum Corporation (EGPC). The Group was involved with the set up and design of ERC.
- Management are of the view that the Group has control over ERC, exposure, or rights, to variable returns from its involvement with ERC; and has the ability to use its control over ERC to affect the amount of the Group's variable returns. Management consider that the relevant activities that most significantly affect variable returns will not be derived during the construction phase of the project but rather during the operational phase.
- Whilst Egyptian General Petroleum Corporation (EGPC) and ERC have entered into several contractual arrangements, which will be effective during the operational phase, these have been assessed and do not provide Egyptian General Petroleum Corporation (EGPC) with the control to direct the relevant activities of ERC.

During and for the first two years following the construction phase, the Group has been provided control over the relevant activities through clauses in the ERC Deed of Shareholders Support. It is noted in this deed that the Group shall procure that at all times and prior to the project completion it shall have control over ERC's decision-making, management and operations. Contractually with these clauses, the Group has the full ability to direct the relevant activities of ERC until two years post completion of the construction phase.

Subsequent to the two years, the clauses in the ERC Deed of Shareholders Support may cease to apply and control of ERC will be reassessed at that point taking into account the ability of investors to nominate ERC's board of directors. This may possibly result in the Group losing control of ERC at that time.

- The Group is currently in negotiations to increase its effective interest in ERC which may also increase the number of ERC board of directors it may nominate .

- As soon as the two-year period ended, the Group's management concluded that the non-controlling interest rights were insignificant and therefore the Group had the control over the ERC.

- The Group has appointed the key management personnel of ERC such as the Chief Executive Officer and Chief Financial Officer and the majority of the board of directors are Group appointments.

- The Group is exposed to variable returns with the involvement with ERC. Variable returns consist of equity returns, fees for service contracts, guarantee fees incurred by the Group on behalf of ERC and exposure to reputational risk.

- The Group has the ability to use the power to affect the variable returns and is not acting in an agent capacity.

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

5. Fixed assets

	Lands	Buildings and constructions	Leasehold improvements	Machinery, equipment and tools	Furniture and office equipment	Computers	Vehicles and barges	Total
1 January 2018								
Cost	2,044,006	1,703,434	187,447	5,321,529	336,574	79,121	713,799	**10,385,910**
Accumulated depreciation and impairment	(79)	(406,422)	(172,694)	(3,130,575)	(292,161)	(71,622)	(318,491)	**(4,392,044)**
Net carrying value	**2,043,927**	**1,297,012**	**14,753**	**2,190,954**	**44,413**	**7,499**	**395,308**	**5,993,866**
Year ended 31 December 2018								
Net book value at 1 January 2018	2,043,927	1,297,012	14,753	2,190,954	44,413	7,499	395,308	**5,993,866**
Additions	1,951	58,852	3,065	857,624	17,060	34,924	17,891	**991,367**
Disposals	-	(1,689)	(4)	(19,562)	(4,766)	(256)	(5,146)	**(31,423)**
Transfers from projects under construction	-	10,959	-	68,358	1,430	-	22,351	**103,098**
Transfers to assets held for sale-cost	(43,133)	(82,442)	-	(19,012)	(1,600)	-	(187)	**(146,374)**
The effect of deconsolidation of subsidiaries - cost	-	(20,630)	(16,722)	(516,787)	(37,845)	(32,208)	(13,771)	**(637,963)**
Foreign currencies translation differences - cost	5,303	(62,838)	(22,484)	(1,100,507)	(14,307)	119	1,616	(1,193,098)
The effect of hyperinflation – cost	-	97,293	-	1,313,722	9,111	-	2,834	**1,422,960**
Depreciation expense	(339)	(55,572)	(2,372)	(390,868)	(11,630)	(5,907)	(39,925)	**(506,613)**
Accumulated depreciation of disposals	-	1,094	4	14,099	4,138	235	3,893	**23,463**
Deconsolidation of subsidiaries – accumulated depreciation	-	20,630	16,723	516,787	37,845	32,209	13,768	**637,962**
Foreign currencies translation differences - accumulated depreciation	275	48,372	22,505	419,345	13,263	86	3,331	**507,177**
Impairment losses during the year	-	-	-	(94)	(14)	-	(12)	**(120)**
The effect of hyperinflation - accumulated depreciation	(41)	(96,411)	-	(510,703)	(11,436)	-	(3,815)	**(622,406)**
Net book value as at 31 December 2018	**2,007,943**	**1,214,630**	**15,468**	**2,823,356**	**45,662**	**36,701**	**398,136**	**6,541,896**
31 December 2018								
Cost	2,008,127	1,702,939	151,302	5,905,365	305,657	81,700	739,387	**10,894,477**
Accumulated depreciation and impairment-	(184)	(488,309)	(135,834)	(3,082,009)	(259,995)	(44,999)	(341,251)	**(4,352,581)**
Net carrying value	**2,007,943**	**1,214,630**	**15,468**	**2,823,356**	**45,662**	**36,701**	**398,136**	**6,541,896**

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

Fixed assets (continued)

	Lands	Buildings and constructions	Leasehold improvements	Machinery, equipment and tools	Furniture and office equipment	Computers	Vehicles and barges	Total
1 January 2019								
Cost	2,008,127	1,702,939	151,302	5,905,365	305,657	81,700	739,387	**10,894,477**
Accumulated depreciation and impairment	(184)	(488,309)	(135,834)	(3,082,009)	(259,995)	(44,999)	(341,251)	**(4,352,581)**
Net book value	**2,007,943**	**1,214,630**	**15,468**	**2,823,356**	**45,662**	**36,701**	**398,136**	**6,541,896**
Period ended 30 September 2019								
Net book value at 1 January 2019	2,007,943	1,214,630	15,468	2,823,356	45,662	36,701	398,136	6,541,896
Effect of adoption of new standards	43,245	32,751	-	8,036	-	-	-	84,032
Additions	16	22,917	2,404	82,607	16,687	7,405	34,157	166,193
Disposals	(43,654)	(8,434)	-	(15,556)	(2,634)	-	(6,956)	(77,234)
Transfers from projects under construction (Note 6)	-	4,945	-	86	5,972	-	-	11,003
Transfers from assets held for sale-cost	33,763	155,504	-	273,543	18,797	-	8,989	490,596
Foreign currencies translation differences - cost	(94,914)	(94,921)	(2,554)	(596,394)	(12,632)	(4,895)	(5,043)	(811,353)
The effect of hyperinflation - cost	5,616	35,992	-	530,756	2,065	-	1,059	575,488
Depreciation expense	(71)	(42,815)	(1,204)	(219,319)	(17,132)	(10,470)	(33,666)	(324,677)
Accumulated depreciation of disposals	-	2,085	-	6,484	1,830	-	6,589	16,988
Foreign currency translation - accumulated depreciation	400	30,464	2,132	180,359	6,347	1,880	10,078	231,660
The effect of hyperinflation - accumulated depreciation	(1,701)	(20,435)	-	(169,716)	(2,153)	-	(762)	(194,767)
Transfers from assets held for sale- accumulated depreciation	-	(91,277)	-	(259,694)	(17,837)	-	(9,062)	(377,870)
Net book value as at 30 September 2019	**1,950,643**	**1,241,406**	**16,246**	**2,644,548**	**44,972**	**30,621**	**403,519**	**6,331,955**
30 September 2019								
Cost	1,952,199	1,851,693	151,152	6,188,443	333,912	84,210	771,593	11,333,202
Accumulated depreciation and impairment	(1,556)	(610,287)	(134,906)	(3,543,895)	(288,940)	(53,589)	(368,074)	(5,001,247)
Net carrying value	**1,950,643**	**1,241,406**	**16,246**	**2,644,548**	**44,972**	**30,621**	**403,519**	**6,331,955**

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

Fixed assets (continued)

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

	30 September 2019	30 September 2018
Cost of sales	245,246	203,350
General and administration expenses	79,431	79,184
	324,677	**282,534**

Proceeds from sale of fixed assets in consolidated cash flows statement, as follows:

	30 September 2019	30 September 2018
Net book value for disposal assets	60,245	6,920
Gain on disposal of fixed assets (Note 34)	36,804	8,333
Proceeds from sale of fixed assets	**97,049**	**15,253**

Changes in estimates:
There were no material changes in the depreciation method, residual values or useful lives for any of the categories of fixed assets during the current period or prior year.

The subsidiary Takamol Sudan is operating in a hyperinflationary economy from 1 January 2018 onwards. Hyperinflation accounting resulted in the write up of non-monetary assets and a resulting increase in the carrying value of these operations. As such it would need to be determined if the value in use of these assets exceeded the hyper inflated carrying values or if not was there is an impairment of the non-monetary assets being impaired in 2018.

Encumbrances:
Long term borrowings (note 23) are secured by various categories of fixed assets with the following carrying amounts:

	Carrying amount of fixed assets
Subsidiaries:	
Asec for Mining – ASCOM	784,064
Taqa Marketing	125,236
National Company for Development and Trading “NDT”	1,188,346
Orient Investment Properties Ltd.	871,958

6. Projects under construction

Balance of projects under construction comprises of the following:

	30 September 2019	31 December 2018
Energy sector	64,028,968	64,993,168
Transportation and logistics sector	85,509	74,931
Financial services sector	23,181	23,178
Agriculture and food sector	23,384	11,306
Mining sector	43,863	6,094
Packaging and printing sector	8,468	8,150
Cement sector	20,070	13,641
Total	**64,233,443**	**65,130,468**

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

Projects under construction (continued)

Movement in projects under construction during the period / year is as follows:

	30 September 2019	31 December 2018
Balance at the beginning of the year	65,702,980	55,838,418
Additions	6,339,307	9,799,054
Transferred to fixed assets (Note 5)	(11,003)	(103,098)
Transferred to intangible assets	(929,727)	-
Transferred to assets held for sales	-	(18,504)
Transferred from assets held for sales	15,674	
Deconsolidation of a subsidiary	-	(63,114)
Disposals	(25,819)	(8,718)
Foreign currencies translation differences	(6,305,285)	258,942
Balance	**64,786,127**	**65,702,980**
Accumulated impairment losses	(552,684)	(572,512)
Net	**64,233,443**	**65,130,468**

Energy sector include an amount of EGP 63,786,836 as at 30 September 2019 against EGP 63,811,910 as at 31 December 2018 represents the project of Egyptian Refining Company – a subsidiary in the energy sector. The capitalized borrowing costs on projects under construction which is represented in interest and other finance costs amounted to EGP 13,938,476 (31 December 2018: EGP 12,999,211) and is calculated based on specific borrowings for construction purposes.

Accumulated impairment loss on projects under construction of the Group is represented in the following:

	30 September 2019	31 December 2018
Balance at the beginning of the year	572,512	631,715
Impairment recognised during the period / year	-	2,044
Deconsolidation of a subsidiary	-	(62,690)
Foreign currency translation differences	(19,828)	1,443
Balance at the end of the period / year	**552,684**	**572,512**

Encumbrances:

Long term borrowings (note 23) are secured by various categories of project under construction with the following carrying amounts:

	Carrying amount of project under construction
Subsidiaries:	
Orient Investment Properties Ltd.	63,786,836

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

7. Intangible assets

	Computer software	Right of use*	Exploration license and extraction	Trademark	Customer contracts	Other license	Railway right of utilization	Total
1 January 2018								
Cost	101,450	-	40,684	369,512	461,637	5,101	2,258,132	**3,236,516**
Accumulated amortization	(85,233)	-	(8,406)	-	(222,622)	-	(787,099)	**(1,103,360)**
Accumulated impairment	(62)	-	(32,278)	(23,301)	-	-	(1,471,033)	**(1,526,674)**
Net carrying value	**16,155**	-	-	**346,211**	**239,015**	**5,101**	-	**606,482**
Year ended 31 December 2018								
Net book value at 1 January 2018	**16,155**	-	-	**346,211**	**239,015**	**5,101**	-	**606,482**
Additions	2,950	-	-	-	-	-	-	**2,950**
Deconsolidation of subsidiary – cost	(39,601)	-	-	-	-	-	(2,260,678)	**(2,300,279)**
Foreign currency translation differences – cost	362	-	-	-	-	-	2,546	**2,908**
Amortization during the year	(3,454)	-	-	-	(35,765)	-	-	**(39,219)**
Deconsolidation of subsidiary – accumulated amortisation	39,379	-	-	-	-	-	787,987	**827,366**
Foreign currency translation differences- accumulated amortization	(124)	-	-	-	-	-	(888)	**(1,012)**
Impairment during the year	-	-	-	(222,977)	-	(5,101)	-	**(228,078)**
Deconsolidation of subsidiary-accumulated impairment	-	-	-	-	-	-	1,472,692	**1,472,692**
Foreign currency translation differences- accumulated impairment	-	-	-	-	-	-	(1,659)	**(1,659)**
Net book value	**15,667**	-	-	**123,234**	**203,250**	-	-	**342,151**
31 December 2018:								
Cost	65,161	-	40,684	369,512	461,637	5,101	-	**942,095**
Accumulated amortization	(49,432)	-	(8,406)	-	(258,387)	-	-	**(316,225)**
Accumulated impairment	(62)	-	(32,278)	(246,278)	-	(5,101)	-	**(283,719)**
Net carrying value	**15,667**	-	-	**123,234**	**203,250**	-	-	**342,151**
The period ended 30 September 2019								
Net book value at 1 January 2019	**15,667**	-	-	**123,234**	**203,250**	-	-	**342,151**
Additions	5,742	173,121	-	-	-	-	-	**178,863**
Transfers from projects under construction (Note 6)	-	929,727	-	-	-	-	-	**929,727**
Foreign currency translation differences – cost	(3,712)	(50,701)	-	-	-	-	-	**(54,413)**
Amortization during the period	(1,965)	(26,272)	-	-	(18,873)	-	-	**(47,110)**
Foreign currency translation differences- accumulated amortization	2,239	33	-	-	-	-	-	**2,272**
Net book value	**17,971**	**1,025,908**	-	**123,234**	**184,377**	-	-	**1,351,490**
30 September 2019								
Cost	67,191	1,052,147	40,684	369,512	461,637	5,101	-	**1,996,272**
Accumulated amortization	(49,158)	(26,239)	(8,406)	-	(277,260)	-	-	**(361,063)**
Accumulated impairment	(62)	-	(32,278)	(246,278)	-	(5,101)	-	**(283,719)**
Net carrying value	**17,971**	**1,025,908**	-	**123,234**	**184,377**	-	-	**1,351,490**

Intangible assets (continued)

* The right of use asset is represented in the cost related to the construction of solar energy station and in accordance to accounting interpretation No. 1 (service concession arrangements) the revenue is recognized against the intangible asset which is amortized over 25 years (The useful life of the asset or the life of the contract which is lower). The asset is measured at historical cost and is presented net of amortization and impairment losses using the straight line method and its amortization is charged to Profit and loss statement.

Intangible assets with definite useful life

- License represents the payments from one of the subsidiaries of National Development And Trading Company – for the acquisition of license of constructing cement factory – Syria, the Group management recognized an impairment for the total license amounting to EGP 5,101 during 31 December 2018.

- Customer contracts were acquired as part of the business combination of Silverstone Capital Investment Ltd segment attributable to TAQA Arabia CGU . They are recognized at their fair value at the date of acquisition and are subsequently amortized on a straight- line based on the timing of projected cash flows of the contracts over their estimated useful lives. The Group management has assessed the existing customer contracts for impairment and no indication for impairment exists.

Intangible assets with indefinite useful life - trademark

- Intangible assets - trademark amounted to EGP 108,279 as a result of the acquisition of Silverstone Capital Investment Ltd. attributable to TAQA Arabia CGU that owns the trademark of TAQA Marketing which operates a network of service stations selling refined petroleum products and fuel oil to retail , industrial and whole sale customers. These rights have no definite useful life.

- Intangible assets - trademark amounted to EGP 14,955 as a result of the acquisition of Falcon for Agricultural Investments Ltd. agricultural and consumer foods sector that owns trademark of Dina Farms CGU which produces pasteurized fresh milk and sells to local and international dairy producers through the utilization of it's cattle .These rights have no definite useful life.

Impairment test for indefinite useful life intangible assets

In definite life intangible assets are monitored by management at the level of operating segment – cash generating unit. The impairment of intangible assets is reviewed annually to ensure that the carrying value of the intangible assets does not exceed the recoverable amount.

The Group management test the impairment of the trademarks based on the recoverable amount for cash generating unit which is estimated by calculating the value in use by using net forecasted cash flow for the next five years, the management determine assumptions related to cash flow forecasting based on previous experience and market predictions by preparing a business plan using the growth rate and the discount rate prevailing. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. This growth rate is consistent with forecasts included in industry reports specific to the industry where each CGU operates.

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

Intangible assets (continued)

Assumptions used by the Group when testing the impairment of ASEC engineering and ASEC automation trademarks as follows:

	30 September 2019	31 December 2018
Average gross margin	35%	35%
Sales growth rate	5%	5%
Pre-tax discount rate	26%	26%
Growth rate beyond five years	4%	4%

Assumptions used by the Group when testing the impairment of TAQA Arabia trademark, as follows:

	30 September 2019	31 December 2018
Average gross margin	9.4%	9.4%
Sales growth rate	23%	23%
Pre-tax discount rate	16.9%	16.9%
Growth rate beyond five years	4%	4%

Sensitivity of recoverable amounts

The growth rate in the forecast period has been estimated to be 4%. If all other assumptions kept the same, a reduction of this growth rate by 100% would give a value in use exceed the current carrying amount.

The discount rate in the forecast period has been estimated to be 16.9%. If all other assumptions kept the same, and the discount rate is 40% would give a value in use exceed the current carrying amount.

Assumptions used by the Group when testing the impairment of Dina Farms Trademark as follows:

	30 September 2019	31 December 2018
Average gross margin	24%	24%
Sales growth rate	10%	10%
Pre-tax discount rate	16%	16%
Growth rate beyond five years	4%	4%

Sensitivity of recoverable amounts

The growth rate in the forecast period has been estimated to be 4%. If all other assumptions kept the same, a reduction of this growth rate by 100% would give a value in use exceed the current carrying amount.

The discount rate in the forecast period has been estimated to be 16%. If all other assumptions kept the same, and the discount rate is 18% would give a value in use exceed the current carrying amount.

Group management has considered and assessed reasonably possible changes in any of the key assumptions and no instances were identified that could cause the carrying amount to exceed the recoverable amount and could result in an impairment for any intangible assets allocated to TAQA or Dina farms CGUs.

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

8. Goodwill

The following companies are considered the CGU (s), which was the basis for Goodwill resulting from acquisition.

	Sector	Balance at 1 January 2019	Balance as at 30 September 2019
Falcon for Agricultural Investments Ltd. Group-BVI	Agriculture and Food Sector	205,570	205,570
Tawazon for Solid Waste Management (Tawazon) Company Group	Energy Sector	32,611	32,611
Balance		**238,181**	**238,181**

	Sector	Balance at 1 January 2018 Restated	Impairment	Balance as at 31 December 2018
National Development and Trading Company Group	Cement Sector	62,076	(62,076)	-
Falcon for Agricultural Investments Ltd. Group-BVI	Agriculture and Food Sector	205,570	-	**205,570**
Tawazon for Solid Waste Management (Tawazon) Company Group	Energy Sector	32,611	-	**32,611**
Balance		**300,257**	**(62,076)**	**238,181**

Impairment

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

Goodwill Impairment Test

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

	30 September 2019	31 December 2018
Dina for Agricultural Investments	205,570	205,570
Tawazon for Solid Waste Management (Tawazon) Company Group	32,611	32,611
Total carrying amount of goodwill	**238,181**	**238,181**

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

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

Goodwill (continued)

Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	30 September 2019	31 December 2018
National Development and Trading Company		
Growth rate beyond five years	4%	4%
Pre-tax discount rate	26.5%	26.5%
Average of gross profit	32%	32%

National Development and Trading Company is the cement platform company mainly consists a main division ASEC Holding portfolio includes cement manufacturing through a production plant, Al takamol Cement in Sudan and other minor divisions for plant engineering ,automation and operational technical management serving the industry.

Impairment charge:
During the period ended 30 September 2019, Impairment losses of EGP Nil were recognized in the goodwill related to the cement sector (National development and trading company).

	National Development and Trading Company	Dina for Agricultural Investments	TAQA Arabia	Egyptian Company for Solid Waste Recycling (ECARU)
Growth rate beyond five years	4%	4%	4%	4%
Pre-tax discount rate	26.5%	17.7%	16.9%	17.07%
Average of gross profit	32%	24.71%	9.44%	21.74%

Growth rate: This is represent in the weighted average of growth rate used for forecasting the cash flows of the years following the financial budget period. Growth rates correspond with the reports of the industry where the CGU is adopted.

Profit margins : Estimations are based on the historical performance and management's expectation of the future.

Discount rate before tax: This rate reflects the risks related to the CGU and the industry where these units are adopted.

9. Biological assets

	30 September 2019	31 December 2018
Non-current		
Pregnant heifer, dry and dairy cows	184,530	158,287
Heifers	149,751	132,958
Fruitful fruit gardens and orchards	6,871	9,169
Fruitless fruit gardens and orchards	2,878	1,880
	344,030	**302,294**
Current		
Plants	24,535	29,783
Accumulated impairment loss	(2,434)	(2,500)
Net	**22,101**	**27,283**
Total	**366,131**	**329,577**

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

Biological assets (continued)

Measuring for biological assets:
Biological assets are measured at fair value less cost to sell, see below for further information on determining the fair value.

Cost to sell include the incremental selling costs, including auctioneers' fees, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

Cows held for slaughter are classified as immature until they are slaughter. livestock are classified as current assets if they are to be sold within one year.

The fruit gardens and orchards are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the fruit gardens and orchards growing on the trees is accounted for as biological assets until the point of harvest.

Harvested Fruits are transferred at fair value less cost to sell when harvested.

Change in fair value of livestock and fruit gardens and orchards are recognized in the statement of profit or loss.

Farming cost such as feeding, labour cost, pasture maintenance, veterinary services and sheering are expensed as incurred. The cost of purchase of cows plus transportation charges are capitalized as part of biological assets.

Measuring biological assets at fair value:
Cows are measured at fair value less cost to sell, based on market prices for similar age, breed and genetic.

The fair value of growing fruit gardens and orchards is determined using the discounted cash flow model based on the expected fruits yield by plantation size, the market price for fruits after allowing for harvesting cost.

Settlement of the carrying amount for dairy cattles and fruitful fruit gardens:

	30 September 2019	31 December 2018
Balance as at 1 January	302,294	242,835
Profits resulted from the change in fair value less estimated cost of sell due to biological transformation and prices changes	75,668	98,337
Decrease to due sales	(32,621)	(38,878)
Disposals	(1,417)	-
Foreign currency translation	106	-
Balance	**344,030**	**302,294**

Management financial risk strategy:
The Company prices exposure for financial risks resulted from prices changes of dairy cattle and the company did not expect decrease in dairy cows prices in the future, wherefore the company did not have financial derivatives or contracts, the company review the price lists of dairy cattle consistency and take into consideration the effective risk management when needed,

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

10. Investments in associates

	Place of business/ country of incorporation	Shareholding %		Carrying amount	
		30 September 2019	31 December 2018	30 September 2019	31 December 2018
Al Kateb Co for Marketing and Distribution *	Egypt	48.88	48.88	-	311
Al Sharq for Book Stores	Egypt	40	40	13,134	12,685
Castrol Egypt **	Egypt	49	49		-
Dar AL Sherouk Company	British Virgin Islands	58.51	58.51	128,527	130,767
Ascom Precious Metals (APM)	Ethiopia	35.54	35.54	128,124	123,544
Total				**269,785**	**267,307**
Accumulated impairment loss				(111,146)	(111,146)
Net				**158,639**	**156,161**

* The Company has stopped recognizing its share of losses for Al Kateb Co for Marketing and Distribution because the accumulated losses exceeded the investment balance.

**The Company has stopped recognizing its share of losses for Castrol Egypt Company because the accumulated losses exceeded the investment balance amounted to EGP 9,800.

	Nature of the business
Al Kateb Co for Marketing and Distribution	Marketing and distributing books including books and magazines, musical and cinematic, television and recording works
Al Sharq for Book Stores	Sale and distribution of literary and artistic products of all kinds, including books and magazines, musical and cinematic, television and recording works - Diwan Bookstores
Castrol Egypt	Castrol is a leading distributor and marketer of premium lubricating oils, greases and related services to automotive, industrial, marine, aviation, oil exploration and production.
Dar AL Sherouk Company	Sale and distribution of literary and artistic products of all kinds, including books and magazines, musical and cinematic, television and recording works.
Ascom Precious Metals (APM)	Exploration of Gold - Ethiopia

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

Investments in associates (continued)

	Al Kateb Co for Marketing and Distribution		Al Sharq for Book Stores		Dar Al-Sherouk BVI		Ascom Precious Metals (APM)	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Opening at 1 January	311	531	12,685	12,577	130,767	135,424	123,544	143,503
Group share in profit (Loss) for the period	(311)	(220)	449	108	(1,560)	(3,931)	11,741	(19,959)
Group share in other comprehensive income	-	-	-	-	(680)	(726)	(7,161)	-
	-	311	13,134	12,685	128,527	130,767	128,124	123,544
Accumulated impairment					(111,146)	(111,146)		
Carrying amount at 30 September	-	311	13,134	12,685	17,381	19,621	128,124	123,544

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

Investments in associates (continued)

Summary of financial information for associate companies as of 30 September 2019:

	Total assets	Total shareholders' equity	Total revenue	Net profit / (loss) for the period
Ascom Precious Metals (APM)	718,421	624,230	-	(101,280)
Dar Al Sherouk Company	237,939	123,454	46,398	(2,250)
Castrol Egypt	76,622	(375)	25,484	(29,780)
Al Kateb Co for Marketing and Distribution	24,165	4,310	11,956	(1,782)
Al Sharq for Book Stores	13,044	7,094	22,167	1,123

Summary of financial information for associate companies as of 31 December 2018:

	Total assets	Total shareholders' equity	Total revenue	Net profit / (loss) for the year
Ascom Precious Metals (APM)	706,259	381,074	-	(82,787)
Dar Al Sherouk Company - BVI	239,299	126,830	48,620	(6,718)
Castrol Egypt	110,387	(3,115)	52,445	(19,652)
Al Kateb Co for Marketing and Distribution	20,316	6,916	12,203	(448)
Al Sharq for Book Stores	12,514	5,980	30,294	269

11. Available-for-sale financial assets

	30 September 2019	31 December 2018
Logria Holding Ltd.	1,053,650	1,160,900
Golden Crescent Investment Ltd,	1,027,187	1,131,744
Cayman Resources	31,332	31,332
Sphinx International Management	20,424	22,502
EFG Capital Partners Fund II&III.	18,494	19,536
Others	3,658	3,838
Total	**2,154,745**	**2,369,852**
Accumulated impairment loss	(2,139,470)	(2,353,356)
Net	**15,275**	**16,496**

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

Available-for-sale assets (continued)

* Accumulated impairment loss on available-for-sale investments of the company is represented in the following:

	Balance at 1 January 2018	Foreign currency translation differences	Balance at 30 September 2019
Logria Holding Ltd.	1,160,900	(107,250)	**1,053,650**
Golden Crescent Investment Ltd.	1,131,744	(104,557)	**1,027,187**
Cayman Resources	31,332	-	**31,332**
Sphinx International Management	22,503	(2,079)	**20,424**
EFG Capital Partners Fund II&III	5,962	-	**5,962**
Others	915	-	**915**
Total	**2,353,356**	**(213,885)**	**2,139,470**

In September 2007, Citadel Capital Company "Qalaa Holdings", and a group of co-investors including Financial Holdings International Ltd., National Petroleum Company S.A.E. and Emirates International Investment Company L.L.C. acquired 100% of Calgary-Rally Energy Corp., an independent oil producer with operations in Canada, Egypt and Pakistan. The investment was made in equity investment of 14.5% of Logria Holding Limited and 15.1% of Golden crescent Investment ltd. In addition to payment under investment and certain shareholders loans as shown in note 12.

The Group did not exert significant influence over the underlying investments as the Group doesn't participate in policy-making processes, has no material transactions and do not exchange managerial personnel or provide essential technical assistance. The Group does not have control, or joint control over those investments.

In the previous years , those investments including the shareholder loans were fully impaired and currently both investments do not have any activities or assets. The Group did not consider that a fair value assessment is required because operations are ceased long time back and there is no indication of assets within the mentioned investments.

12. Payments under investments

	30 September 2019	31 December 2018
Nile Valley Petroleum Ltd.*	121,323	133,672
Golden Crescent Investment Ltd.*	4,053	4,465
Citadel Capital Al Qalaa – Saudi Arabia	2,343	2,583
ASA Co. – Philippines	1,797	1,797
ASA International Co.	1,432	5,802
National Development and Trading Co. (IRAQ) Ltd.*	301	301
Payments for non-controlling interest for purchasing investments*	154,525	152,474
Total	**285,774**	**301,094**
Accumulated impairment loss	(277,296)	(290,057)
Net	**8,478**	**11,037**

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

Payments under investments (continued)

* Accumulated impairment loss on payments under investments is represented in:

	Balance at 1 January 2019	Financial statements Translation differences	Balance at 30 September 2019
Nile Valley Petroleum Ltd.	133,672	(12,349)	121,323
National Development and Trading Co. (IRAQ) Ltd.	301	-	301
Payments to acquire NCI share in subsidiary	151,636	(17)	151,619
Golden Crescent Investment Ltd.	4,448	(395)	4,053
	290,057	**(12,761)**	**277,296**

Nile Valley Petroleum:
Nile Valley Petroleum Limited (NVPL) a Citadel Capital Company inactive oil and gas exploration and production platform company operating in Sudan and South Sudan. In June 2008, NVPL acquired interests in three highly promising blocks: Blocks 9 and 11 in Sudan's central region, and concessions A in South Sudan. As of February 2015 the concessions (blocks 9 and 11) have been permanently terminated. Accordingly, Group management fully impaired amounts paid under investment in NVPL.

Payments for non-controlling interest for purchasing investments:
The Group made a number of payments between 2015 to 2018 to two minority shareholders of one of the Group's subsidiary company accumulating to EGP 151,636. Management had assessed the impairment of the advance payments at the end of the year ended 31 December 2018 but had not appropriately considered all relevant facts and circumstances in making the assessment of recoverability of the advance payments. If due consideration was given by management, such advance payments would not be considered recoverable.

13. Non-current assets held for sale and discontinued operations

13.A Description

i. **MENA Home Furnishing Malls Ltd**
During the year ended 31 December 2017, Group management announced its intention to exit Mena Home Furnishings Malls Ltd with the effect of selling its entire interest in Mena Home business (the owner of Designopolis Mall) and initiated an active program to locate a buyer. The associated assets and liabilities were consequently presented as held for sale.

The subsidiary was sold on 30 April 2018 with effect from 1 May 2018 and is reported in the current year as discontinued operation. Financial information relating to the discontinued operation for the year to the date of disposal is set out in the following table.

ii. **Update Company for Food Products and Nile Company for Food Products "Enjoy"**
On 30 March 2014, the extra ordinary general assembly meeting of National Company for Agricultural Projects decided to sell its investments in Update Company for Food Products S.A.E and initiated an active program for locate a buyer. On 30 November 2015, an agreement were signed to sell the Group interest in Update Company for Food Products and the transaction were initiated on 22 March 2016. During the year ended 31 December 2018, the Group has disposed its investment in up-date Company for Food Products.

Non-current assets held for sale and discontinued operation (continued)

On 30 March 2014, group management announced its intention to sell Nile Company for Food Products "Enjoy" and initiated an active program for locate a buyer. The associated assets and liabilities were consequently presented as held for sale in the financial statements. On 22 March 2016, an agreement were signed to sell full group interest in Nile Company for Food Products "Enjoy". As of 30 September 2019, the selling transaction is suspended on legal requirements to transfer the ownership to purchases.

iii. **Ledmore Holding Ltd**

The concession arrangement between Mashreq Petroleum Company – subsidiary and Suez Canal General Economic Zone related to the construction and operating of liquid bulk station (2) in Portsaid Covernante port have been terminated. accordingly, group management announced its intention to sell Ledmore Holding Company – Intermediate Parent of Mashreq Petroleum Company. The associated assets and liabilities were consequently presented as held for sale since 2017.

iv. **Allmed Medical care Holdings**

Group management announced its intention to exit the medical business invested through Grandview Investment Corporation B.V.I. The Group management initiated an active program to locate a buyer on 30 September 2018. The associated investment in associate were consequently presented as held for sale in the 31 December 2018 and 30 September 2019 consolidated financial statements and investment horizon have been extended to allow for the completion of negotiations with expected buyers.

v. **ASEC for Manufacturing and Industries Project Company (ARESCO)**

Group management through National Development and Trading Company's management announced their intention to exit the business of ASEC for Manufacturing and Industries Project Company (ARESCO) on 18 September 2018 and initiated an active program to locate a buyer. During September 2019, the Company has stopped the selling process and decided to reclassify the assets and liabilities as continued operation.

vi. **ESACO for Manufacturing Engineering and Construction Company**

Group management through National Development and Trading Company's management announced their intention to exit the business of ESACO for Manufacturing Engineering and Construction on 18 September 2018 and initiated an active program to locate a buyer.

The subsidiary was sold on 27 December 2018 and its result are reported in the comparative figures as a discontinued operations. Financial information relating to the discontinued operation for the period to the date of disposal is set out in the following table.

vii. **Zahana Cement Company**

Group management through National Development and Trading Company's management announced its intention to exit the Cement industry in Algeria invested through National Company and Trading Company. The Group management initiated an active program to locate a buyer since 30 September 2018. The investment in associate were consequently presented as held for sale in since 30 September 2018 consolidated financial statements.

CITADEL CAPITAL COMPANY (S.A.E) AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements
For the nine months period ended 30 September 2019

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

Non-current assets held for sale and discontinued operation (continued)

13.B Assets held-for-sale

	Mena Home Furnishing Malls Ltd.		Subsidiaries of Falcon for Agriculture Investments Ltd. BVI		Ledmore Holding Limited.		Zahana Cement Company		ASEC for Manufacturing and Industries Project Co (ARESCO)		Allmed Medical Care Holdings		Total	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	**30 September 2019**	**31 December 2018**
Fixed assets	-	-	77.609	77.609	335	369	-	-	6,502	112,726	-	-	**84,446**	**190,704**
Intangible assets	-	-	1.034	1.034		-	-	-	-	-	-	-	**1,034**	**1,034**
Projects under construction	-	-	-	-	-	-	-	-	-	15,674	-	-	-	**15,674**
Inventories	-	-		-		-	-	-	-	96,094	-	-	-	**96,094**
Trade receivables and other debit balances	-	-	857	857	155	170	5,268	-	-	175,765	-	-	**6,280**	**176,792**
Investments in associates	-	-	-	-	-	-	433,497	453,229	-	-	199,210	219,488	**632,707**	**672,717**
Due from related parties	-	-	45	45		-	267	195	-	4,869	18,812	20,635	**19,124**	**25,744**
Cash and cash equivalents	6	9	4,677	4.677	10,535	11,608	-	-	-	1,024	-	-	**15,218**	**17,318**
Balance	6	9	**84,222**	**84,222**	**11,025**	**12,147**	**439,032**	**453,424**	**6,502**	**406,152**	**218,022**	**240,123**	**758,809**	**1,196,077**

CITADEL CAPITAL COMPANY (S.A.E) AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements
For the nine months period ended 30 September 2019

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

Non-current assets held for sale and discontinued operation (continued)

13.C Labilities held-for-sale

	Mena Home Furnishing Malls Ltd.		Subsidiaries of Falcon for Agriculture Investments Ltd. BVI		Ledmore Holding Limited.		ASEC for Manufacturing and Industries Project Co (ARESCO)		Total	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Due to related parties	-	-	-	-	-	-	-	5,173	-	5,173
Provisions	-	-	16,352	16,352	-	-	-	117,619	16,352	133,971
Bank overdraft	-	-	-	-	-	-	-	358	-	358
Trade payables and other credit balances	814	-	114,533	115,346	441	486	-	275,325	115,788	391,157
Other liabilities	-	-	-	-	-	-	-	15,318	-	15,318
Deferred tax liabilities	-	-	-	-	-	-	-	(2,194)	-	(2,194)
Balance	814	-	130,885	131,698	441	486	-	411,599	132,140	543,783

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

Non-current assets held for sale and discontinued operation (continued)

13.D Discontinued operations after tax
Discontinued operations after tax for the period ended 30 September 2019 are represented in the following:

	Zahana Cement Company	Total
The Group's share of profit of investments in associates	(16,185)	(16,185)
Net loss for the period	(16,185)	(16,185)
Income tax	2,045	2,045
Loss from discontinued operations, net of tax	**(14.140)**	**(14.140)**

Discontinued operations after tax for the period ended 30 September 2018 are represented in the following:

	Mena Home Furnishing Malls Ltd.	KU Railways Holding Limited	ESACO for Manufacturing Engineering and Construction	Zahana Cement Company	Allmed Medical Care Holdings	Total
Discontinued operations						
Operating revenue	4,722	-	9,601	9,378	-	**23,701**
Operating costs	(11,592)	-	(22,489)	-	-	**(34,081)**
Administrative costs	(2,580)	(3,942)	-	-	-	**(6,522)**
Other (expenses)	(193)	-	-	-	(69,527)	**(69,720)**
Finance costs net	(12,705)	-	(11,044)	-	-	**(23,749)**
Income tax	-	-	(375)	-	-	**(375)**
Net loss for the period	**(22,348)**	**(3,942)**	**(24,307)**	**9,378**	**(69,527)**	**(110,746)**
Loss on sale of a subsidiary	(247,036)	-	-	-	-	**(247,036)**
Gain from deconsolidating of subsidiary	-	1,442,907	-	-	-	**1,442,907**
(Loss) profit from discontinued operations, net of tax	**(269,384)**	**1,438,965**	**(24,307)**	**9,378**	**(69,527)**	**1,085,125**

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

14. Inventories

	30 September 2019	31 December 2018
Raw materials	767,526	633,825
Spare parts	552,603	421,868
Finished goods	226,657	201,086
Work in process	297,098	83,511
Goods in transit	15,637	18,681
Others	106,461	91,178
Oil and lubricants	13,126	14,521
Packing materials	11,120	12,709
Letters of credit	1,468	1,063
Total	**1,991,696**	**1,478,442**
Less: Write-down of inventory provision	(44,110)	(39,684)
Net	**1,947,586**	**1,438,758**

The movement of the inventory provision was as follows:

	30 September 2019	31 December 2018
Balance at 1 January	39,684	340,793
Formed during the period / year	4,236	2,848
No longer required	(1,021)	(998)
Transfer from assets held for sale	2,323	(305,225)
Foreign currency translation differences	(1,112)	2,266
	44,110	**39,684**

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

15. Trade receivables and other debit balances

	30 September 2019	31 December 2018
Trade receivables	3,333,352	2,798,909
Impairment of trade receivables	(293,765)	(290,056)
Net trade receivables	**3,039,587**	**2,508,853**
Refundable deposits	746,518	393,208
Advances to suppliers	583,187	588,431
Restricted cash	500,049	1,220
Due from sale of investments	492,243	502,654
Due from the contractor FISmith	416,982	443,282
Tax Authority	297,115	231,377
Accrued revenues	265,736	188,820
Prepaid expenses	72,250	55,017
Employees' imprest	81,309	46,553
Letters of guarantees	36,930	50,285
Work in progress	56,762	30,295
Letters of credit	18,098	51,462
Custom Authority	909	5,548
General Authority of Free Zone	20,905	25,429
Other debit balances	248,475	344,717
Total	**3,837,468**	**2,958,298**
Less: Non-current portion	(900,365)	(795,422)
Less: Impairment of other debit balances	(636,281)	(660,125)
Balance	**5,340,409**	**4,011,604**

The balance of trade receivables and other debit balances which are past due more than 12 months from the date of the consolidated financial statements as follows:

	30 September 2019	31 December 2018
Due from the contractor FISmith	416,982	443,282
Refundable deposits	236,687	257,409
Restricted cash	93,131	-
Due from sale of investment	19,357	18,839
Trade receivables	25,785	11,821
Prepaid expenses	12,870	-
Other debit balances	205,377	173,895
Less: Impairment of trade receivables and other debit balances	(109,824)	(109,824)
Non-current portion of trade receivables and other debit balances	**900,365**	**795,422**

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

Trade receivables and other debit balances (continued)

Impairment of trade receivables and other debt balances movement represented as follows:

	30 September 2019	31 December 2018
Balance at 1 January	950,181	1,397,895
Formed during the period / year	9,310	327,221
No longer required	(5,519)	(9,841)
Utilised during the period / year	(4,567)	(169,323)
Transfer from assets held for sale	8,205	(595,498)
Foreign currency translation differences	(27,564)	(273)
Balance	**930,046**	**950,181**

*This balance of due from sale of investment include the amount of EGP 359,509 at 30 September 2019 (31 December 2018: EGP 359,509) represents in the accrued consideration from sale of investments in accordance with the United Foundries Company's extra-ordinary general assembly meeting held on 23 November 2014 decree which decided to sell its entire share interest in Alexandria for Car Foundries and Amerya Metal Company On 11 December 2017, an impairment was formed with the full amount.

16. Related party transactions

The Group entered into several transactions with companies and entities that are included within the definition of related parties, as stated in EAS 15, "Disclosure of related parties". The related parties comprise the Group's board of directors, their entities, companies under common control, and/ or joint management and control, and their partners and employees of senior management. The partners of joint arrangement and non-controlling interest are considered by the Group as related parties. The tables below show the nature and values of transactions with related parties during the year, and the balances due at the date of the consolidated financial statements.

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

Related party transactions (continued)

(a) Due from related parties

Name of the Company	Nature of relationship	Nature of transactions: Foreign Currency Translation Differences	Service Fees / sales	Finance	Outstanding balances: 30 September 2019	31 December 2018
Golden Crescent Finco Ltd.	Investee	(48,393)	-	-	475,427	523,820
Emerald Financial Services Ltd.	Investee	(41,334)	-	(7,140)	406,076	454,550
Nile Valley Petroleum Ltd.	Investee	(35,663)	-	-	349,211	384,874
Citadel Capital Partners	Parent	(7,381)	-	(174,933)	98,080	254,831
Benu one Ltd.	Investee	(17,297)	-	-	169,931	187,228
Logria Holding Ltd,	Investee	(9,620)	-	-	102,226	111,846
Rotation Ventures	Investee	(8,982)	-	-	88,232	97,214
EIIC	Shareholder	(8,250)	-	-	81,050	89,300
Golden Crescent Investment Ltd.	Investee	(6,295)	-	-	61,845	68,140
Mena Glass Ltd	Associate	(5,669)	-	-	55,698	61,367
Egyptian Company for International Publication	Investee	-	-	810	27,270	26,460
Visionaire	Investee	(2,273)	-	-	21,548	23,821
Castrol Lubricants	Associate	(1,869)	-	3,032	21,396	20,233
Scimitar Production Egypt Ltd	Investee	(1,601)	-	2,707	18,441	17,335
Adena	Shareholder	(1,237)	-	-	12,158	13,395
Nahda Company - Sudan	Investee	(1,064)	-	-	10,453	11,517
Trianon	Investee	(903)	-	2,215	11,081	9,769
Haider	Investee	-	-	(1,641)	17	1,658
Citadel Capital AlQalaa- Saudi Arabia	Investee	(95)	-	-	1,219	1,314
Hisham El Sherif		-	-	8,021	8,021	-
El Kateb for Marketing & Distribution	Associate	-	-	-	1,010	1,011
ASEC Electric Rewinding and Repair Co (REPLECO)	Investee	-	-	-	526	526
Ascom Precious Metals (APM)	Associate	-	-	-	209	209
Golden Resources	Investee	4	-	-	76	72
Citadel Capital East Africa	Investee	(7)	-	-	61	68
Egyptian Polypropylene Bags Co.	Investee	-	-	-	20	20
ASA International Co.	Subsidiary	-	-	9,113	9,113	-
Others	Investee				75,728	84,630
Total					**2,106,123**	**2,445,208**
Less:						
Accumulated impairment loss*					(1,752,804)	(1,937,772)
					353,319	**507,436**

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

Related party transactions (continued)

* The accumulated impairment loss of due from related parties is as follows:-

	Balance as of 1 January 2019	Foreign currency translation	Formed	Reversal of impairment	Balance as of 30 September 2019
Logria Holding Ltd.	111,846	(9,837)	217	-	102,226
Nahda	11,517	(1,064)	-	-	10,453
Rotation Ventures	97,213	(8,981)	-	-	88,232
Visionaire	23,821	(2,273)	-	-	21,548
Mena Glass	61,367	(5,669)	-	-	55,698
Golden Crescent Finco Ltd.	523,821	(48,393)	-	-	475,428
Emerald Financial Services Ltd.	454,550	(41,681)	-	(6,793)	406,076
Golden Crescent Investment Ltd.	68,140	(6,295)	-	-	61,845
Nile Valley Petroleum Ltd.	384,874	(35,662)	-	-	349,212
Benu One Ltd	187,228	(17,297)	-	-	169,931
Others	13,395	(1,240)	-	-	12,155
	1,937,772	**(178,392)**	**217**	**(6,793)**	**1,752,804**

(b) Due to related parties

Name of the Company	Nature of relationship	Nature of transactions: Foreign Currency Translation Differences	Purchases of raw materials	Finance	Outstanding balances: 30 September 2019	31 December 2018
Mena Glass Ltd.	Associate	(53,818)	-	19,336	548,057	582,539
Pharos Holding Company	Investee	-	-	-	488	488
Asec Automation-Europe Co.	Investee	-	-	-	161	161
ASEC Automation Co.-Free Zone	Investee	-	-	323	323	-
Sphinx Capital	Investee	(2,135)	-	(3,217)	20,979	26,331
Others					14,827	13,271
					584,835	**622,790**
Due to shareholders						
Ahmed Heikal	Chairman	-	-	25,563	25,563	-
Sadek Ahmed Swedy*	Shareholder	(561)	-	(302,136)	5,515	308,212
Fenix one Ltd.	Shareholder	(6,088)	-	(3,573)	59,814	69,475
Aly Hassan el Deyekh	Shareholder	(19,448)	-	(23,533)	191,061	234,042
Olayan**	Shareholder	(6,624)	-	11,605	76,680	71,699
Glassco	Shareholder	-	-	-	29,400	29,400
IFC	Shareholder	(22,186)	-	31,902	249,864	240,148
Omran	Shareholder	(1,164)	-	4,900	16,334	12,598
Ali Abu Zied	Shareholder	(24,263)	-	(31,708)	238,362	294,333
El-Rashed	Shareholder	(3,029)	-		29,754	32,783
FHI	Shareholder	(4,844)	-	108,083	155,670	52,431
Others	Shareholder				19,975	38,361
					1,097,992	**1,383,482**
					1,682,827	**2,006,272**

* The balance of US $ 340 is secured against a guarantee of solidarity through Citadel Capital Partners Ltd, a major shareholder of the company.

** The balance of US $4.5 million is secured against a guarantee of solidarity through Citadel Capital Partners Ltd, a major shareholder of the company.

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

Related party transactions (continued)

(c) Key management compensation
The Group paid EGP 178,416 as salaries and benefits to senior management personnel during the period ended 30 September 2019 (31 December 2018: EGP 223,283).

17. Financial assets at fair value through profit or loss

	30 September 2019	31 December 2018
Modern Shorouk for Printing & Packaging	2,804	4,223
	2,804	**4,223**

The movement of financial assets at fair value through profit or loss was as follows:

	30 September 2019	31 December 2018
Balance at 1 January	**4,223**	**4,405**
Fair value loss	(1,419)	(182)
Balance	2,804	**4,223**

The financial assets at fair value through profit or loss includes investments in ordinary stocks in companies listed in the Egyptian Exchange.

The changes in the fair value of the financial assets at fair value through profit or loss are recognized within "Other income (loss)" in the statement of profit or loss.

The fair value of the equity instruments is determined on the basis of the quoted prices in active markets.

18. Cash and cash equivalents

	30 September 2019	31 December 2018
Time deposits	1,730,203	4,210,651
Banks - current accounts	1,133,659	990,404
Certificates of deposits	1,175,444	-
Cheques under collection	22,883	24,080
Cash on hand	8,534	9,347
Treasury bills (less than 3 months)	-	1,115,349
	4,070,723	**6,349,831**

The interest rate applied to the time deposits with banks is 14% and the term of these deposits is less than 3 months from the date of placement. Time deposits and current accounts with banks are placed with local banks under the supervision of CBE.

The average annual interest rate on deposits in Egyptian pound in 30 September 2019 was 13.25%. The average annual interest rate on US Dollar deposits in 30 September 2019 was 2.22%.

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

19. Share capital

The Company's authorized capital is EGP 10 Billion and the issued and paid-in capital is EGP 9.1 billion representing 1,820,000,000 shares distributed between 1,418,261,351 ordinary stocks and 401,739,649 preferred stocks.

Preferred shares have the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extra-ordinary general assembly meeting held on 12 May 2008 and also paragraph No. (3) of article No. (18) of the Company's article of associations. Those preferred shares are owned by Citadel Capital Partners Ltd. Company, the principle shareholder of the Company. The shareholders' structure - is represented in the following:

Shareholder's name	Percentage	No. of Shares	Amount
Citadel Capital Partners Ltd.	23.49%	427,455,671	2,137,278
Olayan Saudi Investment company	7.69%	139,922,871	699,614
Emirates International Investments Company	5.54%	100,900,000	504,500
Other shareholders	63.28%	1,151,721,458	5,758,608
	100%	**1,820,000,000**	**9,100,000**

20. Shareholders reserve

Egyptian Refining Company "ERC" contractually agreed that, ERC shall procure that it and its shareholders allocated to the Egyptian General Petroleum Corporation "EGPC" a fifteen percent (15%) shareholding in ERC at a price equal to the par value of the relevant shares. Half of such price shall be paid by EGPC in cash upon demand by ERC in the same manner as all other shareholders of ERC, whereupon ERC shall promptly procure that transfer or issue to EGPC of shares in ERC representing a fifteen percent (15%) shareholding in ERC. The remaining half of such price shall be paid by the Arab Refining Company S.A.E on behalf of EGPC and paid back by EGPC to the Arab Refining Company S.A.E (a) by way of retentions from dividends payable to EGPC in respect of such shares or (b) immediately upon any sale by EGPC of any such shares, If EGPC does not pay the half of such price payable in cash upon the demand of ERC, ERC shall be deemed to have satisfied its obligations under this agreement, and EGPC shall be deemed to have elected not to become a shareholder in ERC.

EGPC has not assumed the risks related to the un-paid shares to which they have subscribed for in ERC share capital as EGPC is protected from any losses related to half of the shares, does not receive any dividends until the loan is settled and will benefit from the shares. EGPC assumes no downside on the ERC shares but receives the upside of the shares. The total amount of shares is USD 85,050 representing 6.28% shareholding in ERC.

The loan extended to EGPC does not accrue interest and there is no security or recourse to other assets for which contractual right of payment could be established, where shares paid on behalf of EGPC have been included in the non-controlling interest line item for the value of 2018 USD 85,050. Until the loan is repaid, the shares will be continued to be shown as not issued to EGPC.

In accordance with Egyptian Accounting Standard "EAS 39"- Share based payments, where such a transaction occurs the rationale is that the entity must have received some unidentifiable consideration equal to the difference between the fair value of the equity transferred and the fair value of the consideration received.

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

Shareholders reserve (continued)

Therefore, the transaction represents an equity-settled based payment transaction. Accordingly, the loan would be fair valued initially on the date of the agreement and would not require fair value at each reporting period. EGPC have already paid 7.5% of ERC equity shares and the other half which amounts to USD 85.05 Million will be shown in the shareholders reserve and represents the shares for which the loan was extended to EGPC.

21. Reserves

	Legal reserve *	Fair value-available-for-sale financial assets	Foreign currency translation differences	The company's share in the change of equity of associates companies	Hedging reserve	Total
Balance at 1 January 2018 (as previously issued)	89,578	1,670	1,586,729	(67,569)	(9,544)	1,600,864
Prior year adjustment	-	-	(40,323)	(17)	-	(40,340)
Restated balance at 1 January 2018	89,578	1,670	1,546,406	(67,586)	(9,544)	1,560,524
Revaluation fair value for available-for-sale financial assets	-	1,484	-	-	-	1,484
Foreign currency translation differences	-	-	1,285,850	-	-	1,285,850
The company's share in the change of equity of associates companies	-	-	-	(18,622)	-	(18,622)
Hedge risk in interest rates of swap contracts	-	-	-	-	34,499	34,499
Balance at 31 December 2018	89,578	3,154	2,832,256	(86,208)	24,955	2,863,735
Balance at 1 January 2019	89,578	3,154	2,832,256	(86,208)	24,955	2,863,735
Effect of hyper-inflation economy	-		(168,843)	-	-	(168,843)
Revaluation of available-for-sale at fair value		(702)	-	-	-	(702)
Foreign currency translation differences	-	-	(654,447)	-	-	(654,447)
The company's share in the change of equity of associates companies	-	-	-	18	-	18
Hedge risk in interest rates of swap contracts	-	-	-	-	(78,096)	(78,096)
Balance at 30 September 2019	89,578	2,452	2,008,966	(86,190)	(53,141)	1,916,665

*** Legal reserve**

As required by the Company's Articles of Association, 5% of the net profit shall be transferred to constitute the legal reserve, once the financial statements are approved by the Company's ordinary general assembly meeting. Such transfer may be discontinued when the reserve equals 50% of the Company's issued and paid up capital. Whenever this reserve is lower than this percentage, the deduction should be continued. This reserve is not available for distribution.

Reserves (continued)

Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges.

The Group defers the changes in the forward element of forward contracts and the time value of option contracts in the costs of hedging reserve. These deferred costs of hedging are included in the initial cost of the project under construction when it is recognised.

22. Hyper-inflationary economy

Following management's assessment, the Group's subsidiary in Sudan was accounted for as an entity operating in hyper-inflationary economy.

The general price indices used in adjusting the results, cash flows and the financial position of Takamul for Cement set out below is based on the Consumer Price Index (CPI) published by Sudan Bureau for Statistics. Management applied the below conversion factors as fixed assets additions took place during all of these years.

Year	Index	Conversion factor
2019 – third quarter	2,090.3	1.06
2019 – second quarter	1,859.5	1.06
2019 – first quarter	1,635.9	1.39
2018	1,365.05	1.23
2017	861.5	1.76
2016	688.37	2.25
2015	527.59	2.74
2014	468.6	3.24
2013	372.9	4.29
2012	262.79	6.14
2011	181.94	8.15

The net monetary gains from operating activities is as follows:

In thousand Sudanese Pound	Closing Position	Closing purchasing power	Inflation adjustments
Fixed assets	738,753	4,550,836	3,812,084
Project under construction	27,440	37,943	10,503
Inventories	1,084,119	1,412,931	328,812
Net monetary loss charged to the consolidated statement of profit or loss	-	-	95,467
Net monetary gain from operating activities	-	-	4,246,865

Hyper-inflationary economy (continued)

The effect on the consolidated statement of profit or loss is as follows:

In thousand Sudanese Pound	**30 September 2019**
Increase in revenue	248,248
Decrease in EBITDA	(140,385)
Net monetary gain	4,246,865
Decrease in profit after tax	(143,711)

23. Loans and borrowings

	30 September 2019		**31 December 2018**	
	Current	**Non-current**	**Current**	**Non-current**
A. Loans from external lenders	11,821,541	40,622,932	12,221,222	44,181,014
B. Loans from related parties	2,222,959	870,247	2,169,543	129,136
C. Bank overdraft	2,166,860	-	1,353,713	-
	16,211,360	**41,493,179**	**15,744,478**	**44,310,150**

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

Loans and borrowings (continued)

The following tables summarise each obtained loan:

A. **Loans from external lenders**

Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			30 September 2019	31 December 2018	30 September 2019		31 December 2018		
					Current	Non-current	Current	Non-current	
Arab Financial Investments Company	Commercial International Bank	5% fixed rate on EGP 2.5% fixed rate on USD	205,071	214,990	111,996	93,075	81,481	133,509	- pledge for the shares owned in Asec Cement which cover more than 100% from the liability, in addition to pledge of all tangible and intangible assets. A renegotiated agreement was signed with bank in September 2018
Dina for Agriculture Investments	Ahli United Bank The United Bank Egyptian Arab Land Bank	Average 3.625% plus corridor rate	167,773	198,590	41,087	126,686	41,088	157,502	- First degree real estate mortgage for all the company's assets First degree real estate pledge in favour of banks over the 7172 acres land owned by the company excluding land subject to sale.
National Development and Trading company	Qatar National Bank QNB	3.75 % plus corridor rate	291,815	264,193	291,815	-	264,193	-	- Partial pledge of ASEC Cement company shares
	Arab Investment Bank	2.75 % plus corridor rate	147,022	140,358	147,022	-	140,358	-	- Partial pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ESACO shares in favour of bank.
	Industrial Development and workers bank of Egypt	0.5 % plus corridor rate	293,166	267,835	293,166	-	267,835	-	- Pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares, ASEC automation shares and ESACO shares in favour of bank.
	Misr Iran Development Bank	2.5% plus corridor rate	217,692	184,605	217,692	-	184,605	-	- Pledge of 33.3 million of the Company's shares in its subsidiaries at a value of not less than 333% of the value of the loan amount, provided that the shares are owned by the Bank and the shares are distributed by the Bank approval. - The loan was expected to be settled fully on December 2018 and the company defaulted in the payments and currently are negotiating with the bank for rescheduling the loan instalments, however, no default notice received or action taken by the lender.
Arab Swiss Engineering Co. (ASEC)	Ahli United Bank	3.25 % plus corridor	62,366	62,437	62,366	-	62,437	-	- granted .by the administrative building.
	Al Baraka Bank	11.5% fixed rate	5,793	10,329	5,793	-	6,000	4,329	- Assignment of White Sinai Co. management contract.

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

Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			30 September 2019	31 December 2018	30 September 2019		31 December 2018		
					Current	Non-current	Current	Non-current	
ASEC Cement Company	Sudanese Egyptian Bank	11% fixed rate	15,324	4,691	14,861	463	4,691	-	- Pledge on the land of the factory, machinery and equipment of Al Takamoul for Cement Ltd. Co.
	Animal Resources Bank	12% fixed rate	-	5,353	-	-	3,691	1,662	- The loan has been obtained with guarantee of cement issuing voucher equal to 100% of the Murabha value.
Taqa Arabia	Commercial International Bank	3.25% plus corridor	427,658	378,391	70,932	356,726	25,931	352,460	- Pledge all stocks related to Gas Group in favour of the Bank. All dividends related to Gas Group should be transferred to Taqa Arabia account at HSBC, in which all transferred dividends must cover 1,25 of annual payment.
Taqa Marketing	HSBC Banque De Caire National Bank of Egypt	3% plus Corridor rate	23,920	31,568	5,667	18,253	8,668	22,900	- The company maintain a constant percentage in the contract plus restricted dividends distribution till payment of instalments and accrued interest.
Egyptian Refining Company ("ERC")	Japan bank for International Cooperation	6 months libor plus 4.1%	8,238,837	9,443,947	795,684	7,443,153	801,580	8,642,367	- The major covenants and guarantees for Egyptian Refining Company S.A.E ("ERC") syndicated loans with some exceptions to the general rules as stated in the common terms agreement are : - Commercial mortgage - Real mortgage for any acquisition or constructions having a book value of more than a specific amount. - Pledge for the shares of Arab Refining Company and Specialized Refining Consultancy S.A.E. - Promissory notes. - Guarantee contracts with EIB and KEXIM. - ERC shall comply with the insurance and reinsurance requirements. - ERC shall not incur or permit to subsist any Financial Indebtedness other than allowed Financial Indebtedness. - ERC shall not undertake any material capital or operating expenditures except for certain conditions as stated in the common terms agreement. - ERC shall not create or permit to subsist any Security Interest over all or any of its assets. - ERC shall not sell or otherwise dispose of all or any material part of its assets, either in a single transaction or a series of transactions that are outside the normal course of business.

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

Borrower	Lender	Interest rate	Outstanding balance 30 September 2019	Outstanding balance 31 December 2018	Financial Position classification 30 September 2019 Current	30 September 2019 Non-current	31 December 2018 Current	31 December 2018 Non-current	Guarantees and debt covenants
	Group of commercial banks (NEXI Covered Lenders)	6-months libor plus 1.75%	5,262,689	6,042,698	530,456	4,732,233	534,387	5,508,311	- ERC shall not acquire any company or entity or any shares or any business or undertaking (or, in each case, any interest in any of them) or incorporate any company or entity. - ERC shall not enter into any amalgamation, demerger, merger, reconstruction, consolidation or winding-up. - Restrictions on entering into loans and guarantees' agreements; - ERC shall not repurchase, cancel or redeem its shares or otherwise reduce its share capital or make payments in respect of any convertible or hybrid instrument other than distributions permitted under the Finance Documents. - All shares and other instruments issued by ERC shall be subject to security as envisaged by the "common terms agreement" and the "Deed of Shareholder Support" unless such shares or other instruments are issued to a Government Entity, in which case they shall be subject to an irrevocable power of attorney. Loans renegotiation : - The first loan instalment was due on 20 December 2017. On 31 January 2018, an amended agreement was signed with banks based on which the loan has been rescheduled so that the first instalment will be due on 20 June 2019.
	Export – Import Bank of Korea (KEXIM)	6-months libor plus 3.6% up to the project completion date,.4 % from the project completion to the end of 5th year. And 4.6% for any time thereafter	9,146,570	10,498,372	913,563	8,233,007	920,332	9,578,040	
	Financial institution (KEXIM Initial Guaranteed facility lenders)	6-months libor plus 1.95%	2,630,694	3,020,632	265,228	2,365,466	267,193	2,753,439	
	European Investment Bank	6-months libor plus 3.25% up to the project completion	7,017,309	7,466,107	663,070	6,354,239	667,983	6,798,124	

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

Borrower	Lender	Interest rate	Outstanding balance 30 September 2019	Outstanding balance 31 December 2018	Financial Position classification 30 September 2019 Current	30 September 2019 Non-current	31 December 2018 Current	31 December 2018 Non-current	Guarantees and debt covenants
		date, 3 % from the project completion date to the second year, 3.5% from the third year to the ninth year and 4 % for any time thereafter							
	African Development Bank	6-months libor plus 3.5%	3,118,804	3,572,000	294,698	2,824,106	296,881	3,275,119	
	African Development Bank	6-months libor plus 5%	860,012	599,394	-	860,012	-	599,394	
	GS	6-months libor plus 2.5%	1,170,200	869,382	-	1,170,200	-	869,382	
	GS	6 month Libor plus 2.5%	1,789,002	977,776	-	1,789,002	-	977,776	
	MITSUI & CO. Ltd	6 month Libor plus 3%	3,412,742	4,192,497	-	3,412,742	-	4,192,497	
Less : Deferred borrowing costs (Egyptian Refining Company)			(689,453)	(1,318,237)	(215,638)	(473,815)	(331,701)	(986,536)	
Citadel Capital	Citi Bank (syndication loan) and other banks (Arab African International Bank, Arab International bank, Bank De Caire, Banque Misr, and Piraeus bank)	First tranche : 4.25% plus Libor Second tranche : 3.9% plus Libor Third tranche 3.9% plus Libor	3,909,995	4,307,989	3,909,995	-	4,307,989	-	- First degree lien contract of shares owned by the Company in National Development and Trading Company. - First degree lien contract of shares of one of the subsidiaries. Loans renegotiation: Renegotiations are currently in progress with lenders to reschedule debt repayment The debt covenants for these loans are as follows: - The Company must ensure that Consolidated Tangible Net Worth is not at any time less than U.S.$400,000 - The Company must ensure that Unconsolidated Tangible Net Worth is not at any time less than U.S.$500,000. - The Company must ensure that the ratio of Cash Available for Debt Service to Net Finance Costs is not, for any Measurement Period, less than 1.35:1 - The Company must ensure that its aggregate interests (directly or indirectly) in its largest two investments (as identified in the most recently delivered Valuation) shall not represent more than 85% of the Value of the interests held by the Company. - The ratio of its Current Assets to Current Liabilities is not less than 1.2:1

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

Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			30 September 2019	31 December 2018	30 September 2019		31 December 2018		
					Current	Non-current	Current	Non-current	
									- The aggregate amount of Advisory Fees actually received by the Company and CC Ltd. in cash in each financial year of the Company are at least equal to 85% of the Budgeted Advisory Fees for that financial year - The ratio of UCF Financial Indebtedness to UCF Tangible Net Worth is not more than 2:1 - The ratio of ASCOM Financial Indebtedness to ASCOM Tangible Net Worth is not more than 2:1 - The ratio of NDT Total Liabilities to NDT Tangible Net Worth is not more than 1:1 - The ratio of NDT Financial Indebtedness to NDT Tangible Net Worth is not more than 2:1 - The ratio of Gozour Financial Indebtedness to Gozour Tangible Net Worth is not more than 2:1 - The ratio of Taqa Arabia Financial Indebtedness to TA Tangible Net Worth is not more than 2:1 - The ratio of ERC Financial Indebtedness to ERC Tangible Net Worth is not more than 2.5:1 - The ratio of Africa Railways Financial Indebtedness to Africa Railways Tangible Net Worth is not more than 2.5:1
International for Refining Consultation	Arab International Bank	5.2% fixed rate	496,229	548,257	496,229	-	548,257	-	Letter of guarantee from Standard Chartered Bank of Korea Limited with the amount due to Arab International Bank. **Loans renegotiation :** The company renegotiated it's loan in September 2018 with the bank to reach a rescheduled repayment. There are no debt covenants set by the bank but the loan is covered by letters of guarantee
National Company for Refining Consultation	Arab International Bank	6-months libor plus 3.75%	1,380,437	1,436,126	1,380,437	-	1,436,126	-	Pledge of the Company's shares (50 million) in Orient Investments Properties Ltd. In favour of the bank. Debt renegotiation : The company renegotiated it's loan in September 2018 with the bank to reach a rescheduled repayment.
National Company for Multimodal Transport	Arab African International Bank, and Banque Misr (syndicated loan)	6-months corridor plus 3.25%	704,125	593,228	704,125	-	593,228	-	- Open the revenue account with the Loan Agent (Banque Misr). - First degree pledge over the revenue account. - First degree mortgage on the barges

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

Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			30 September 2019	31 December 2018	30 September 2019		31 December 2018		
					Current	Non-current	Current	Non-current	
									- First degree mortgage over tangible and intangible assets - Insurance policies over the new barges. - Assign the borrower's rights under the insurance policies covering the operating barges for the full replacement value against all insurable risks to be endorsed in favour of the Security Agent for itself and on behalf of the banks. - Assign all borrower's compensation rights under the insurance policies covering the borrower new barges during construction in favour of the Security Agent (Arab African International Bank) for itself & on behalf of the banks. - Assign proceeds from long term transportation service contracts signed with the borrower's customers in favour of the Security Agent. - Assign the borrower's rights of any damages arising under the Material project contracts and related banks' guarantees under such contracts in favour of Security Agent - The debt service ratio to be not less than 1.1 till the date of repayment of the loans. **Debt renegotiation :** Negotiation is currently in progress with banks to reschedule the loan instalments.
ASCOM company for chemicals and carbonates manufacturing	Ahli United Bank	3-month Libor plus 2%	161,941	69,905	23,389	138,552	37,493	32,412	- First degree mortgage for all property and real estate on the project. - First degree commercial mortgage on calcium carbonate production line. - Deposit all earnings resulting from future sale contracts related to calcium carbonate production in operating account. - The company undertakes not to change, pledge, mortgage, sell or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the bank. - The waiver of the value of final letter of guarantee issued by ALPINE, provided that such letter is acceptable to the Bank and is expressly waived in favour of the Bank.

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

Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			30 September 2019	31 December 2018	30 September 2019		31 December 2018		
					Current	Non-current	Current	Non-current	
Glass Rock company for isolation	Banque Misr	3 month labor plus 4.5%	577,361	662,049	577,361	-	662,049	-	- Opening the account of the insurance proceeds with the bank. - Maintain certain financial ratios as well as some commitments related to new borrowing operations, dividends and new investments. - The debt service ratio is not less than 1:2 for the entire period and the financial leverage shall not exceed 1 during the financing period. **Debt renegotiation :** The company renegotiated it's loan in October 2018 with the bank to reach a rescheduled repayment where by, the first instalment will be due on 1 January 2019 and the last instalment will be due on 1 July 2020. - First degree mortgage for all property and real estate on the project. - First degree commercial mortgage on all physical and moral assets. - Deposit all earnings resulting from future sale contracts in favour of the bank. - The company undertakes not to change, pledge, mortgage, sell or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the bank. - ASEC company for mining (the holding company) undertake the obligation to pay the company's debt in case of default. - The Financial leverage should not exceed 2.5 in 2018 and 1.2 in 2019,2020 & 2021. - The Current ratio should not be less than 1 in years 2017 to 2021. - The Debt service ratio should not be less than 1.2 in the years 2018 to 2021. - The company's sales in foreign currencies should be used to pay instalments. - The company should have 80% of free cash flow that should be used to make mandatory accelerated payment of instalments.

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

Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			30 September 2019	31 December 2018	30 September 2019		31 December 2018		
					Current	Non-current	Current	Non-current	
Trimstone Assets Holdings Ltd.	Arab International Bank	6 month Libor plus 5%	156,031	361,117	156,031	-	361,117	-	- Any payment of intercompany loans, dividends or capital expenditures should not be done before getting written approval from the bank - At 30 September 2019 , the company was in breach of some of the existing debt covenants and renegotiation is currently in progress with banks to reschedule the loan instalments, and no default notice received or action taken by the lender. - First degree pledge over all shares owned TAQA Arabia covering 115% of the value of the existing liability in favour of Arab international Bank - First degree pledge over shares of Citadel Capital for financial consultancy covering 35% of the value of the existing liability in favour of Arab international Bank Debt renegotiation : The full principal of the loan and accrued interest was due on 30 September 2015 and the company didn't pay on due dates and currently the company is negotiating with the banks to reschedule the loan repayments and no agreement is reached yet between the company and the bank.
Windsor for trading and Manufacturing	Qatar National Bank	annual interest of 5% as declining interest rate of the outstanding balance	11,752	14,714	3,711	8,041	3,757	10,957	- First degree commercial mortgage on materials, and related tools and equipment. - Not to make any distributions unless the instalments are fully paid and commitment to some financial ratios
United Company for Paper and Carton Manufacturing	Arab African Bank	2.25% plus 6 months corridor	328,274	260,722	-	328,274	-	260,722	- Pledge for all raw materials and machines - The company shall not pay any dividends or any other payments to shareholders as financing owners' equity or shareholders loan unless paying the whole accrued amount of the loan.
Swent Group	IFC	Libor plus 3%	869,899	968,427	49,226	820,673	10,072	958,355	- First degree commercial mortgage on materials, and related tools and equipment. - Not to make any distributions unless the instalments are fully paid and commitment to some financial ratios.
Modern East for printing and packing	Export development bank Egypt	1.75% plus Corridor rate	33,424	51,794	11,580	21,843	13,501	38,293	- First degree lien contract of materials and physical assets for warehouses and equipment's related to the company - Not to make any distributions unless the instalments are fully paid and commitment to some financial ratios.

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

Borrower	Lender	Interest rate	Outstanding balance 30 September 2019	Outstanding balance 31 December 2018	30 September 2019 Current	30 September 2019 Non-current	31 December 2018 Current	31 December 2018 Non-current	Guarantees and debt covenants
			52,444,473	**56,402,236**	**11,821,541**	**40,622,932**	**12,221,222**	**44,181,014**	

B. Borrowings from related parties:

Borrower	Lender	Interest rate	Outstanding balance 30 September 2019	Outstanding balance 31 December 2018	Financial Position classification 30 September 2019 Current	30 September 2019 Non-current	31 December 2018 Current	31 December 2018 Non-current	Guarantees and debt covenants
National Development and Trading Company	Financial Holding International	6% per annum compounded interest	1,988,068	2,017,744	1,988,068	-	2,017,744	-	The guarantees are represented in lien on part of National Development and Trading Company shares in Arab Swiss Engineering Co.
	Vinegar Company	6% per annum compounded interest	41,324	41,941	41,324	-	41,941	-	
United Foundries	Financial Holding International	6% per annum compounded interest	131,029	137,860	114,060	16,969	109,858	28,002	The guarantees are represented in a first degree lien of United Foundries Company shares in Ameryah Metal Company (one of its subsidiaries) with a percentage of 99.72%
Orient	QPI Egypt, QPI Limited and ARC	LIBOR (6 months) plus 5%.	829,925	-	79,507	750,418	-	-	Distribution of dividends shall be permitted during the grace period and at any repayment date to the extent, in the latter case, that scheduled repayments due at such repayment date and/or any deferred repayments from previous repayment dates are repaid.
Grandview	Yousef Allam & CO	6% per annum compounded interest	102,860	101,134	-	102,860	-	101,134	There are no Guarantees and debt covenants and this balance represents payment under capital increase and till reporting date the Company did not start legal procedures to capitalise this amount to capital.
			3,093,206	**2,298,679**	**2,222,959**	**870,247**	**2,169,543**	**129,136**	

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

Loans and borrowings (continued)

C. Bank overdrafts

	30 September 2019	31 December 2018
Silverstone Capital Investments Ltd.	1,122,696	474,032
Grandview Investments Holdings	537,135	566,512
Orient Investment Properties Ltd	246,729	-
ASEC for Mining (ASCOM)	133,904	158,619
United Foundries Company	39,790	42,092
Tawazon for Solid Waste Management (Tawazon)	36,169	62,969
Falcon Agriculture Investment	24,406	22,804
National Development and Trading Company	26,031	26,685
Total	**2,166,860**	**1,353,713**

The average interest rate on bank overdrafts over Egyptian Pounds in 30 September 2019 is 5.5 % plus corridor rate (31 December 2018: 5.5% plus corridor rate).

24. Deferred tax assets / (liabilities)

	30 September 2019		31 December 2018	
	Asset	Liability	Asset	Liability
Provisions	9,025	-	9,194	-
Fixed assets	-	(67,080)	-	(183,270)
Tax losses	-	-	5,062	-
Others		(9,076)	1	(28,327)
Total	**9,025**	**(76,156)**	**14,257**	**(211,597)**

The movement of deferred tax (assets) / liabilities was as follows:

	30 September 2019	31 December 2018
Balance at 1 January	197,340	226,756
Charged to the consolidated statement of profit or loss (Note 37)	14,706	(77,031)
Charged to the consolidated statement of comprehensive income	(116,099)	54,354
Foreign currency translation differences	(28,816)	(6,739)
Balance	**67,131**	**197,340**

The Group has carry forward tax losses as of 30 September 2019 amounting to EGP 522,788 and the related deferred tax assets amounted to EGP 117,627 which has not been recognized as it is not probable that future taxable profits will be available, which the Group can utilize the benefits relating to these assets.

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

25. Financial derivatives assets (liabilities)

	30 September 2019	31 December 2018
Derivative financial asset (liabilities) of interest rate swap	(323,075)	212,556
	(323,075)	**212,556**

Egyptian Refining Company (a subsidiary) has entered into six Interest Rate Swap transactions with the following parties;

- Standard Chartered Bank.
- Societe General Corporate & Investment Banking.
- HSBC Bank Middle East Limited.
- KFW IPEX-Bank GMBH.
- Mitsubishi UFJ Securities International PLC.
- Credit Agricole Bank

The main terms of the transactions are as follows:
Trade date: June 25, 2012.
Effective date: July 3, 2012.
Termination date: December 20, 2024.
Fixed rate paid by the company is 2.3475%.
Floating rate paid by bank is USD - LIBOR - BBA semi-annual.

Maximum estimated amount under these transactions are:

- US$789,445 by Standard Chartered Bank.
- US$450,971 by Societe General Corporate & Investment Banking.
- US$435,971 by HSBC Bank Middle East Limited.
- US$107,759 by KFW IPEX - Bank GMBH.
- US$189,467 by Mitsubishi UFJ Securities International PLC.
- US $985,000 by Credit Agricole Bank

Maximum notional amount covered under Credit Agricole are

- US$243,000 from the effective date till 19-June-2018
- US$798,000 from 19-June-2018 till 19-December-2018
- US$985,000 from 19-December-2018 till termination date

The following table summarizes the hedging assets / (liabilities) movement:

	30 September 2019	31 December 2018
Interest rate swaps – cash flow hedges		
Balance at 1 January	212,556	(32,187)
Change in fair value	(540,823)	243,590
Forex	5,192	1,153
Ending balance	**(323,075)**	**212,556**

The outstanding Interest Rate Swap (IRS) contracts at 30 September 2019 amounted to EGP 16.04 billion (31 December 2018: EGP 19.11 billion) equivalent to US $ 0.99 billion (31 December 2018: US $1.07 billion).

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

Financial derivatives assets (liabilities) (continued)

The IRS fixed interest rates are 2.3475% and the floating rates are predominantly linked to LIBOR as determined at designated maturity of nine months.

The Hedging effectiveness test conducted at 30 September 2019 indicated that the IRS was highly effective, and accordingly the change in fair value of the IRS was recognised in other comprehensive income.

26. Provisions

	Provision for claims*	Legal provisions	Other provisions	Total
Balance at 1 January 2018	973,097	2,102	16,007	**991,206**
Re-class to creditor and other credit balance	(31,745)	-	(3,106)	**(34,851)**
Provisions formed	668,481	201	3,664	**672,346**
Provisions used	(110,504)	(87)	(1,924)	**(112,515)**
Provisions no longer required	(58,085)	-	-	**(58,085)**
Disposal of subsidiaries	(126,669)	-	(11,652)	**(138,321)**
Foreign currency translation	3,705	7	(2,152)	**1,560**
Balance at 31 December 2018 and 1 January 2019	**1,318,280**	**2,223**	**837**	**1,321,340**
Provisions formed (Note 34)	155,429	-	27,174	**182,603**
Provisions used	(86,791)	-	-	**(86,791)**
Provisions no longer required (Note 34)	(2,032)	-	(3,685)	**(5,717)**
Transferred from liabilities held for sale	115,928	-	1,692	**117,620**
Foreign currency translation	(8,946)	(59)	(564)	**(9,569)**
Balance at 30 September 2019	**1,491,868**	**2,164**	**25,454**	**1,519,486**

* The provisions for claims has been formed against the probable claims from external parties in relation to group activities. Information usually published on the provisions made according to accounting standards was not disclosed, as the management believes that doing so may seriously affect the outcome of negotiations with that party. The management reviews these provisions on a yearly basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

Provisions for claims have not been discounted due to nature of uncertainty position of maturity dates.

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

27. Lease and trade payables and other credit balances

A. Trade payables and other credit balance

	30 September 2019	31 December 2018
Trade payables *	4,547,024	3,997,652
Accrued expenses	1,481,537	957,301
Accrued interest	1,821,892	968,963
Tax authority	1,067,174	792,413
Deferred revenue	436,779	353,328
Retention	396,382	345,689
Advances from customers	125,485	41,310
Creditors- purchase of fixed assets	3,065	5,964
Social insurance authority	73,290	22,298
Creditors- purchase of investment**	10,787	21,574
Other credit balances	891,982	378,820
	10,855,397	**7,885,312**
Less: non-current portion	**(277,163)**	(234,388)
	10,578,234	**7,650,924**

Reclassification of trade payables and other credit balances which exceed 12 month from the date of consolidated financial statements:

	30 September 2019	31 December 2018
Retention	259,224	155,343
Creditors - purchase of investment	10,787	10,787
Trade payables	-	68,078
Other credit balances	7,152	180
	277,163	**234,388**

*This balance includes the amount of EGP 142,729 that is payable to Egyptian General Petroleum Corporation (EGPC) represents in purchases of unrefined petroleum products.
**The balance represents accrual from Tanweer for Marketing and Distribution Company (Tanweer) – 99.88% owned by subsidiary by purchases of investments in Dar AL Sherouk Company – BVI , for the benefit of the mentioned company.

B. Finance lease

Commitments in relation to finance leases are payable as follows:

	30 September 2019	31 December 2018
Within one year	73,892	38,577
Later than one year	179,658	135,042
Minimum lease payments excluding future finance charges	**253,550**	**173,619**

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

28. Financial liabilities at fair value through profit or loss

	30 September 2019	31 December 2018
Opening balance at 1 January	355,295	427,186
Financial liability fair value change through profit or loss	36,694	(90,199)
Interest expense	9,241	15,838
Foreign currency translation differences	(34,938)	2,471
	366,292	**355,296**

On 31 December 2014, Citadel Capital for International Investment "CCII" Company and Citadel Capital Company S.A.E. entered into swap agreement with former shareholder, through which CCII will acquire the former shareholders shareholding in one of the Group platforms against subscription in share capital increase of Citadel Capital Company.

The same parties on 31 December 2014 have commercially agreed, and Citadel Capital Company S.A.E. thus guarantees, that the disposal by the Company of the investment shares shall achieve to the former shareholders a specific target cash return of USD 25,378k (Target Return), to be unconditionally made available to the former shareholder no later than the longstop date on 30 September 2017. Therefore, group management at the end of each reporting period is measuring the fair value of Citadel Capital Company capital increase by reference to quoted market price of the share and measure the outstanding liability to reach the agreed target return.

Fair value of the outstanding liability recognized as of 30 September 2019 is US $22,596 (31 December 2018: US $19,893).

29. Current income tax liabilities

	30 September 2019	31 December 2018
Balance at 1 January	176,895	238,608
Income tax paid during the period / year	(149,918)	(175,728)
Income tax for the period / year (Note 37)	176,949	212,841
Withholding tax paid	(34,201)	(50,989)
Transferred from assets held for sale	22,412	(26,632)
Foreign currency translation differences	(51,651)	(21,205)
	140,486	**176,895**

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

30. Revenue

	Nine months ended 30 September		Three months ended 30 September	
	2019	**2018**	**2019**	**2018**
Energy sector	6,037,385	4,486,151	2,297,462	1,727,113
Cement Sector	1,985,212	1,846,647	671,541	419,145
Financial services sector	-	7,725	-	2,675
Mining sector	728,828	702,186	226,000	247,193
Agriculture and Food sector	682,867	629,682	210,664	183,830
Packaging and printing sector	1,413,320	1,611,663	452,597	572,196
Metallurgy	121557	228,723	24,302	57,611
Transportation and Logistics sector	156,334	106,114	41,567	44,331
	11,125,503	**9,618,891**	**3,924,133**	**3,254,094**

31. Cost of revenue

	Nine months ended 30 September		Three months ended 30 September	
	2019	**2018**	**2019**	**2018**
Energy sector	5,431,945	4,050,730	2,072,188	1,593,316
Cement Sector	1,728,579	1,442,124	611,269	350,300
Financial services sector	7,836	5,565	2,138	1,634
Mining sector	535,365	530,415	170,373	181,550
Agriculture and Food sector	538,923	497,913	175,184	144,107
Packaging and printing sector	1,099,293	1,319,224	321,067	441,193
Metallurgy	113,286	184,175	25,992	49,627
Transportation and Logistics sector	132,476	115,337	46,778	41,151
	9,587,703	**8,145,483**	**3,424,989**	**2,802,878**

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

32. Expenses by nature

	30 September 2019	30 September 2018
Cost of revenue (Note 31)	9,587,703	8,145,483
General, administrative, selling and marketing expenses (Note 33)	1,233,168	1,117,611
	10,820,871	**9,263,094**

	30 September 2019	30 September 2018
Fuel and lubricants	3,426,458	3,026,141
Manufacturing materials	1,921,889	1,737,929
Electricity supplies	1,476,214	1,049,334
Wages, salaries and other staff costs	1,314,472	1,141,694
Gas network construction	577,060	323,923
Depreciation and amortization	371,787	332,104
Agricultural and animal production supplies	314,915	418,380
Rent	215,632	180,405
Transportation and vehicles	195,379	171,526
Professional and consultancies fees	142,044	116,801
Maintenance	153,303	127,034
State fees	44,927	46,767
Gas car conversion	35,279	18,692
Packaging material	24,988	22,776
Travel and accommodation	21,173	22,075
Promotion, advertisement and gifts and public relation	21,028	9,081
Insurance	21,100	9,566
Supplies	88	-
Others	543,135	508,866
	10,820,871	**9,263,094**

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

33. General, administrative, selling and marketing expenses

	Nine months ended 30 September		Three months ended 30 September	
	2019	**2018**	**2019**	**2018**
Wages, salaries and similar items	432,953	374,702	111,868	93,253
Selling and marketing	231,194	228,421	82,504	73,100
Consultancy	122,581	102,259	3,227	36,102
Depreciation and amortization	100,016	104,027	33,512	36,437
Travel and accommodation	11,160	12,976	8,309	6,566
Rent	12,679	10,913	4,983	5,568
Advertising and public relations	4,834	5,670	1,983	1,398
Donations	319	1,169	193	709
Other	317,433	277,474	146,109	116,073
	1,233,168	**1,117,611**	**392,688**	**369,206**

34. Other operating (expenses) / income - net

	Nine months ended 30 September		Three months ended 30 September	
	2019	**2018**	**2019**	**2018**
Reversal (Impairment) loss:				
Due from related parties (Note 16)	6,576	96,146	(351)	6,848
Debtors and other debit balances	(3,791)	(6,239)	(1,907)	(4,935)
Inventory	(3,215)	-	42	-
Payment under investment	-	(3,000)	-	-
Available for sale investments (Note 11)	-	(97)	-	(1)
	(430)	**86,810**	**(2,216)**	**1,912**
Others:				
Gain on sale of fixed assets	36,804	8,333	119	915
Provisions no longer required (Note 26)	5,717	11,377	5,522	(6,082)
Net change in the fair value of investments at fair value through profit and loss	(1,420)	(1,388)	(15)	(1,388)
Provisions (Note 26)	(182,603)	(161,063)	(61,570)	152,287
Gain (Loss) on sale of biological assets	-	-	-	(2,736)
Loss on sale of investments	-	(23,709)	-	(23,709)
Net change in the fair value of liabilities at fair value through profit and loss	(36,694)	-	(45,657)	-
Management fees	(135,843)	-	(135,843)	-
Other (expenses) income	2,063	144,406	(14)	119,061
Total	**(311,976)**	**(22,044)**	**(237,458)**	**238,348**
Net	**(312,406)**	**64,766**	**(239,674)**	**240,260**

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

35. Finance costs - (net)

	Nine months ended 30 September		Three months ended 30 September	
	2019	**2018**	**2019**	**2018**
Credit interest	(197,879)	(187,513)	(60,691)	(71,692)
Interest expenses	1,487,384	1,319,577	509,255	444,209
Foreign currency translation differences	(591,525)	84,598	(189,121)	15,821
Net	**697,980**	**1,216,662**	**259,443**	**388,338**

36. Share of profit (loss) of investments in associates

	Nine months ended 30 September		Three months ended 30 September	
	2019	**2018**	**2019**	**2018**
Al Kateb Co for Marketing and Distribution	(311)	336	(246)	407
Al Sharq for Book Stores	449	404	413	346
Dar AL Sherouk Company	(1,560)	(1,920)	(412)	(1,320)
Ascom Precious Metals (APM)	11,741	-	(7,996)	-
	10,319	**(1,180)**	**(8,242)**	**(567)**

37. Income tax expense

	Nine months ended 30 September		Three months ended 30 September	
	2019	**2018**	**2019**	**2017**
Current income tax	176,949	159,675	35,829	55,470
Deferred income tax	14,706	21,722	10,209	42,488
Net	**191,655**	**181,397**	**46,038**	**97,958**

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

38. (Losses) earnings per share

Basic (losses) earnings per share is calculated by dividing the (loss) / profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the period after excluding ordinary shares held in treasury.

	Nine months ended 30 September		Three months ended 30 September	
	2019	**2018**	**2019**	**2018**
Net (loss) / profit for the period	(901,230)	106,449	(451,549)	33,032
Net (loss) / profit for equity holders of the parent company	(774,430)	198,313	(395,301)	123,010
Weighted average number of shares including preferred shares with the same distribution rights as ordinary shares	1,820,000,000	1,820,000,000	1,820,000,000	1,820,000,000
(Loss) / Profit per share (EGP)	**(0.43)**	**0.11**	**(0.22)**	**0.07**

Diluted (losses) / earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group does not have any categories of dilutive potential ordinary shares on 30 September 2019 and 30 September 2018, hence the diluted (losses) / earnings per share is the same as the basic (losses) / earnings per share.

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

39. Operating segments

The management assesses the performance of the operating segments based on the total revenues / the operating profit / the total assets of segment / the total liabilities and equity of segment. This measurement basis excludes discontinued operations. Interest income and expenditure are allocated to segments, as this type of activity is driven by the Group's head office, which manages the cash flows and liquidity requirements.

	Energy	Cement	Transportation and logistics	Mining	Agriculture food industries	Financial services	Packaging & printing sector	Other	Elimination (NCI)	Total
Operating results										
For the nine months period ended 30 September 2019										
Operating revenue	6,037,385	1,984,908	156,638	728,828	682,867	-	1,413,320	121,557	-	11,125,503
Operating cost	(5,431,945)	(1,728,579)	(132,476)	(535,365)	(538,923)	(7,836)	(1,099,293)	(113,286)	-	(9,587,703)
Gross profit / (loss)	**605,440**	**256,329**	**24,162**	**193,464**	**143,944**	**(7,836)**	**314,026**	**8,271**	**-**	**1,537,800**
Owners of the parent company	**82,472**	**(209,833)**	**(142,394)**	**(4,960)**	**206**	**(571,171)**	**10,881**	**38,389**	**21,980**	**(774,430)**
Financial position										
Balance as of 30 September 2019										
Current assets	8,321,049	3,240,037	112,145	539,398	350,793	5,630,624	1,071,671	118,321	(6,888,287)	**12,495,751**
Non-current assets	68,021,237	1,678,575	654,830	956,051	1,035,589	19,659,345	844,401	24,700	(19,283,847)	**73,590,881**
Total assets	**76,342,286**	**4,918,612**	**766,975**	**1,495,449**	**1,386,382**	**25,289,969**	**1,916,072**	**143,021**	**(26,172,134)**	**86,086,632**
Current liabilities	10,919,437	5,259,965	1,786,843	1,358,655	2,336,095	17,529,891	1,032,409	641,027	(10,159,605)	**30,704,717**
Non-current liabilities	41,358,475	2,335,673	63,543	184,510	164,139	534,605	501,840	241,215	(3,034,769)	**42,349,231**
Shareholders' equity	24,064,374	(2,677,026)	(1,083,411)	(47,716)	(1,113,852)	7,225,473	381,823	(739,221)	(12,977,760)	**13,032,684**
Total liabilities and shareholders' equity	**76,342,286**	**4,918,612**	**766,975**	**1,495,449**	**1,386,382**	**25,289,969**	**1,916,072**	**143,021**	**(26,172,134)**	**86,086,632**

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

Operating segments (continued)

	Energy	Cement	Transportation and logistics	Mining	Agriculture food industries	Financial services	Packaging and printing sector	Other	Elimination (NCI)	Total
Operating results										
For the nine months period ended 30 September 2018										
Operating revenue	4,486,151	1,846,647	106,114	702,186	629,682	7,725	1,611,663	228,723	-	9,618,891
Operating cost	(4,050,730)	(1,442,124)	(115,337)	(530,415)	(497,913)	(5,565)	(1,319,224)	(184,175)	-	(8,145,483)
Gross profit / (loss)	**435,421**	**404,523**	**(9,223)**	**171,771**	**131,769**	**2,160**	**292,439**	**44,548**	**-**	**1,473,408**
Owners of the parent company	**25,751**	**(520,285)**	**(156,909)**	**(24,062)**	**13,861**	**(165,507)**	**(4,215)**	**(31,130)**	**664,183**	**198,313**
Financial position										
Balance as of 31 December 2018										
Current assets	9,384,187	3,069,207	89,257	503,007	311,203	5,973,341	1,063,313	141,719	(7,000,022)	**13,535,212**
Non-current assets	69,502,977	1,660,349	674,553	1,060,623	1,004,334	20,787,257	882,152	28,434	(21,839,760)	**73,760,919**
Total assets	**78,887,164**	**4,729,556**	**763,810**	**1,563,630**	**1,315,537**	**26,760,598**	**1,945,465**	**170,153**	**(28,839,782)**	**87,296,131**
Current liabilities	8,199,327	4,747,026	8,304,337	1,412,976	2,361,736	18,686,966	1,077,030	1,064,530	(17,919,898)	**27,934,030**
Non-current liabilities	43,805,208	2,365,172	70,011	193,290	193,942	618,591	473,932	271,335	(3,196,769)	**44,794,712**
Shareholders' equity	26,882,629	(2,382,642)	(7,610,538)	(42,636)	(1,240,141)	7,455,041	394,503	(1,165,712)	(7,723,115)	**14,567,389**
Total liabilities and shareholders' equity	**78,887,164**	**4,729,556**	**763,810**	**1,563,630**	**1,315,537**	**26,760,598**	**1,945,465**	**170,153**	**(28,839,782)**	**87,296,131**

Operating segments (continued)

The following summary describes each reportable segment:

Energy sector
Citadel Capital Company has invested in energy as one of the core industries within the group segments. Its integrated investments along the value chain upstream, midstream and downstream including refining, energy distribution, power generation and renewables, provide solutions that truly tackle the energy problems that faces today.

Cement Sector
Citadel Capital Company in the cement sector produce high-quality building materials that meet international environmental standards, while helping build critical national infrastructure in Africa and the Middle East. Qalaa Holdings, through its subsidiary company ASEC Holding, has pursued promising opportunities in regional markets with strong fundamentals where the demand for cement continues to outpace supply.

Transportation and logistics
Citadel Capital Company investments in the river transport, logistics and port management sector as fuel subsidies are gradually removed in Egypt and fuel becomes more costly, manufacturers will be seeking alternative means of transporting goods. Time to move cargo via river barges, which are a more efficient, affordable and environmentally friendly means of transport relative to trucking. The capacity of one river barges is equivalent to 40 trucks, with only one-quarter of the emissions.

Mining
Citadel Capital Company investments in the mining sector help develop nations and add value to their natural resources. All of Group investments in the mining sector focus on the production of value-added products for domestic and export consumption to help countries in Africa and the Middle East unlock their economic potential

Agriculture food industries
Citadel Capital Company investments in agrifoods aim to overcome challenges facing the agricultural and food production sector in Egypt and the region. Citadel Capital Companies in the agrifoods sector bring trusted household names to market, such as Dina farms. Citadel Capital Company investment in large-scale farming in Sudan and South Sudan, which will cultivate more than 500,000 feddans of land, is a critical step towards the attainment of long-term food security in the country. Growing staple crops at home for domestic consumption first, and then selling value-added products regionally and beyond, minimizes the need for expensive imports. Large-scale farming is the most efficient, scalable and sustainable way to make significant strides in boosting productivity, while ensuring that local farmers continue to have access to land and resources.

Packaging and printing sector
Citadel Capital invest in Packaging and printing segment aims to create shareholders liquidity while remaining firmly committed to capital growth Grandview group enjoys a strong market share in folder boxes, laminated boxes, books and paper in Egypt.

Operating segments (continued)

The following summary describes the entities of each reportable segment:

Agriculture and food sector
- Wafra Agriculture S.A.E Group.
- Falcon for Agriculture Investments Group
- Everys Holdings Limited

Energy Sector
- Silverstone Capital Investments Ltd. Group
- Orient Investment Properties Ltd. Group
- Ledmore Holdings Ltd. Group
- Tawazon for Solid Waste Management (Tawazon)
- Qalaa Energy Ltd.

Transportation and logistics Sector
- Citadel Capital Transportation Opportunities Ltd. Group

Financial services Sector:
- Citadel Capital Holding for Financial Investments
- Citadel Capital Ltd
- Sequoia Williow Investments Ltd
- Arab Company for Financial Investments
- Lotus Alliance Limited
- Citadel Capital Holding for Financial Investment – Free Zone
- Citadel Capital for international Investment Ltd
- International for Mining Consultation
- International for Refinery Consultation
- Tanweer for Marketing and Distribution Company (Tanweer)
- Financial Unlimited for Financial Consulting
- Citadel Company for Investment Promotion
- National Company for Touristic and Property Investment
- United for Petroleum Refining Consultation
- Specialized for Refining Consulting
- Specialized for Real Estate Company
- National Company for Refining Consultation
- Citadel Capital Algeria
- Valencia Trading Holding Ltd.
- Andalusia Trading Investments
- Citadel Capital Financing Corp.
- Brennan Solutions Ltd.
- Mena Enterprises Ltd.
- Alcott Bedford Investments Ltd.
- Eco-Logic Ltd.
- Alder Burke Investments Ltd.
- Black Anchor Holdings Ltd.

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

Operating segments (continued)

- Cobalt Mendoza
- Africa Railways Investments Ltd.
- Darley Dale Investments Ltd.
- Citadel Capital Joint Investment Fund Management Limited
- Mena Joint Investment Fund
- Trimestone Assets Holding Limited – BVI
- Cardinal Vine Investments Ltd
- Global Service Realty Ltd
- Crondall Holdings Ltd
- Africa Joint Investments Fund
- Underscore International Holdings Ltd
- Valencia Regional Investments Ltd
- Sphinx Egypt for Financial Consulting Company
- Investment Company for Modern Furniture

Mining Sector:

- ASEC company for mining (ASCOM)

Packaging and Printing Sector:

- Grandview Investment Holding

Cement Sector

- National Company for Development and Trading Group

Others:

- United Foundries Company
- Mena Home Furnishing Malls Ltd. Group

40. Ownership interest in subsidiaries

The subsidiaries represents at 30 September 2019 and 31 December 2018 are as follows, and the percentage represents the Group's shareholding in subsidiaries in the capital ordinary shares unless otherwise mentioned . The Group's ownership interest in the ordinary shares equivalent to the voting powers in the below companies.

		Group share%		Non-controlling interest %	
Company name	**Country of Incorporation**	**30 September 2019**	**31 December 2018**	**30 September 2019**	**31 December 2018**
Citadel Capital Holding for Financial Investments	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Citadel Capital for International Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Bright Living	Arab Republic of Egypt	56.17	56.17	43.83	43.83
International for Mining Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01

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

Company name	Country of Incorporation	Group share%		Non-controlling interest %	
		30 September 2019	31 December 2018	30 September 2019	31 December 2018
International for Refinery Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Arab Company for Financial Investments	Arab Republic of Egypt	94.00	94.00	6.00	6.00
Tanweer for Marketing and Distribution Company (Tanweer)	Arab Republic of Egypt	99.88	99.88	0.12	0.12
Financial Unlimited for Financial Consulting	Arab Republic of Egypt	99.88	99.88	0.12	0.12
Citadel Company for Investment Promotion	Arab Republic of Egypt	99.90	99.90	0.01	0.01
National Company for Touristic and Property Investment	Arab Republic of Egypt	99.88	99.88	0.12	0.12
United for Petroleum Refining Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Specialized for Refining Consulting	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Specialized for Real Estate Company	Arab Republic of Egypt	99.99	99.99	0.01	0.01
National Company for Refining Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Citadel Capital Algeria	Republic of Algeria	99.99	99.99	0.01	0.01
Citadel Capital Ltd.	British Virgin Island	100.00	100.00	-	-
Valencia Trading Holding Ltd.	British Virgin Island	100.00	100.00	-	-
Andalusia Trading Investments	British Virgin Island	100.00	100.00	-	-
Lotus Alliance Limited	British Virgin Island	85.70	85.70	14.3	14.3
Citadel Capital Financing Corp.	British Virgin Island	100.00	100.00	-	
Ambience Ventures Ltd.	British Virgin Island	100.00	100.00	-	-
Africa Railways Limited	British Virgin Island	86.81	86.81	13.19	13.19
Sequoia Williow Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Brennan Solutions Ltd.	British Virgin Island	100.00	100.00	-	-
Mena Enterprises Ltd.	British Virgin Island	100.00	100.00	-	-
Alcott Bedford Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Eco-Logic Ltd.	British Virgin Island	100.00	100.00	-	-
Alder Burke Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Black Anchor Holdings Ltd.	British Virgin Island	100.00	100.00	-	-
Cobalt Mendoza	British Virgin Island	100.00	100.00	-	-
Africa Railways Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Darley Dale Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Africa Railways Holding	Republic of Mauritius	66.24	66.24	33.76	33.76
Citadel Capital Joint Investment Fund Management Limited	Republic of Mauritius	100	100.00	-	-
Mena Joint Investment Fund	Luxembourg	100.00	100.00	-	-
Wafra Agriculture S.A.E	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Valencia Assets Holding Ltd.	British Virgin Island	100.00	100.00		

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

Company name	Country of Incorporation	Group share% 30 September 2019	Group share% 31 December 2018	Non-controlling interest % 30 September 2019	Non-controlling interest % 31 December 2018
Sabina for Integrated Solutions Ltd.	Sudan	96.00	96.00	4.00	4.00
Concord Agriculture	South Sudan	96.00	96.00	4.00	4.00
Trimestone Assets Holding Limited – BVI	British Virgin Island	100.00	100.00	-	-
Cardinal Vine Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Global Services Realty	British Virgin Island	100.00	100.00	-	-
Silverstone Capital Investments Ltd.	British Virgin Island	61.56	61.56	38.44	38.44
Taqa Arabia Company	Arab Republic of Egypt	87.00	93.49	13.00	6.51
Gas and Energy Company (GENCO Group) SAE	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Taqa for Electricity, Water and Cooling – SAE	Arab Republic of Egypt	98.74	98.74	1.26	1.26
Taqa for Marketing Petroleum Products – SAE	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Gas and Energy Group Limited	British Virgin Island	99.99	99.99	0.01	0.01
Genco for Mechanical and Electricity Work	Qatar	99.99	99.99	0.01	0.01
Qatar Gas Group Limited	Qatar	45.00	45.00	55.00	55.00
Arab Company for Gas Services	Libya	49.00	49.00	51.00	51.00
Arabian Libyan Company for Energy	Libya	65.00	65.00	35.00	35.00
Taqa Arabia Solar Co.	Arab Republic of Egypt	60.00	60.00	40.00	40.00
National Development and Trading Company	Arab Republic of Egypt	69.27	69.27	30.73	30.73
Arab Swiss Engineering Co. (ASEC)	Arab Republic of Egypt	99.97	99.97	0.03	0.03
ASEC for Manufacturing and Industries Project Co (ARESCO)	Arab Republic of Egypt	99.80	99.80	0.2	0.2
ASEC Cement Co.	Arab Republic of Egypt	70.22	70.22	29.78	29.78
ASEC Environmental Protection Co. (ASENPRO)	Arab Republic of Egypt	63.01	63.01	36.99	36.99
ASEC Automation Co.	Arab Republic of Egypt	53.64	53.64	46.36	46.36
Grandiose Services Ltd.	British Virgin Island	100.00	100.00	-	-
ASEC for Integrated management	Sudan	99.90	99.90	0.1	0.1
Al Takamoul for Cement Ltd. Co.	Sudan	51.00	51.00	49.00	49.00
ASEC Syria Cement Co.	Syria	99.99	99.99	0.01	0.01
Dejalfa Offshore	British Virgin Island	67.13	67.13	32.87	32.87
ASEC Trading Company	Arab Republic of Egypt	99.88	99.88	0.12	0.12
Berber for Electricity – Limited	Sudan	51.00	51.00	49.00	49.00

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

Company name	Country of Incorporation	Group share% 30 September 2019	Group share% 31 December 2018	Non-controlling interest % 30 September 2019	Non-controlling interest % 31 December 2018
United Foundries Company	Arab Republic of Egypt	67.46	67.46	32.54	32.54
Ledmore Holdings Ltd.	British Virgin Island	85.12	85.12	14.88	14.88
National Company for Marine Petroleum Services "PETROMAR"	Arab Republic of Egypt	93.54	93.54	6.46	6.46
Mashreq Petroleum Company	Arab Republic of Egypt	94.99	94.99	5.01	5.01
El Dawlia for Banking Services	Arab Republic of Egypt	70.00	70.00	30.00	30.00
Mena Home Furnishings Malls Ltd.	British Virgin Island	60.18	60.18	39.82	39.82
Investment Company for Modern Furniture	Arab Republic of Egypt	99.88	99.88	0.12	0.12
Citadel Capital Transportation Opportunities Ltd.	British Virgin Island	67.55	67.55	32.45	32.45
Nile Logistics S.A.E.	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Citadel Capital Transportation Opportunities II Ltd – Malta	Republic of Mauritius	81.62	81.62	18.38	18.38
National Company for Multimodal Transport S.A.E.	Arab Republic of Egypt	99.88	99.88	0.12	0.12
National Company for River Transportation – Nile Cargo S.A.E.	Arab Republic of Egypt	99.99	99.99	0.01	0.01
National Company for River Ports Management S.A.E.	Arab Republic of Egypt	99.88	99.88	0.12	0.12
National Company for Maritime Clearance S.A.E	Arab Republic of Egypt	99.98	99.98	0.02	0.02
El-Orouba Company for Land Transportation S.A.E.	Arab Republic of Egypt	99.98	99.98	0.02	0.02
NMT for Trading S.A.E.	Arab Republic of Egypt	99.99	99.99	0.01	0.01
National Company for Marina Ports Management	Arab Republic of Egypt	99.90	99.90	0.1	0.1
NRTC Integrated Solutions Co. Ltd	Sudan	99.00	99.00	1.00	1.00
Nile Barges for River transport Co Ltd	Sudan	99.00	99.00	1.00	1.00
Regional River Investment Ltd	British Virgin Island	100.00	100.00	-	-
Falcon for Agriculture Investments	British Virgin Island	54.90	54.90	45.1	45.1
National Company for Investments and Agriculture	Arab Republic of Egypt	99.99	99.99	0.01	0.01
National Company for Food products	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Dina Company for Agriculture and Investments	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Dina for Auto Services	Arab Republic of Egypt	99.00	99.00	1.00	1.00
National Company for Agriculture Products	Arab Republic of Egypt	99.88	99.88	0.12	0.12
National Company for Integrated Food	Arab Republic of Egypt	99.99	99..99	0.01	0.01

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

Company name	Country of Incorporation	Group share% 30 September 2019	Group share% 31 December 2018	Non-controlling interest % 30 September 2019	Non-controlling interest % 31 December 2018
Royal Food Company	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Nile for Food Products "Enjoy"	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Investments Company for Dairy Products	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Tiba Farms for Agriculture Developments	Arab Republic of Egypt	95.88	95.88	4.12	4.12
Dina for Agriculture Development	Arab Republic of Egypt	100.00	100.00	-	-
National Company for Dairy Exchange	Arab Republic of Egypt	100.00	100.00	-	-
Mena Development Limited	British Virgin Island	100.00	100.00	-	-
Anchor Real Estate Investments	British Virgin Island	100.00	100.00	-	-
Everys Holding Limited	British Virgin Island	100.00	100.00	-	-
Orient Investments Properties Ltd.	British Virgin Island	31.89	34.27	68.11	65.73
Arab Refining Company – S.A.E.	Arab Republic of Egypt	61.89	61.70	38.11	38.30
Egyptian Refining Company – S.A.E.	Arab Republic of Egypt	41.22	42.9	58.78	57.1
National Refining Company – S.A.E.	Arab Republic of Egypt	63.32	63.32	36.68	36.68
Crondall Holdings Ltd.	British Virgin Island	94.53	94.53	5.47	5.47
Capella Management Investments Inc. Company	British Virgin Island	100.00	100.00	-	-
Lotus Management Investment Ltd. Company	British Virgin Island	100.00	100.00	-	-
Cordoba Investment Services Inc. Company	British Virgin Island	100.00	100.00	-	-
Tawazon for Solid Waste Management (Tawazon)	Arab Republic of Egypt	66.67	66.67	33.33	33.33
Egyptian Company for Solid Waste Recycling (ECARU)	Arab Republic of Egypt	70.00	75.63	30.00	24.37
Engineering Tasks Group (ENTAG)	Arab Republic of Egypt	70.00	75.73	30.00	24.27
Entag Oman Company	Oman	70.00	70.00	30.00	30.00
Qalaa Energy Ltd.	British Virgin Island	100.00	100.00	-	-
Mena Joint Investment Fund	Luxembourg	73.25	73.25	26.75	26.75
Africa Joint Investment Fund	Republic of Mauritius	31.00	31.00	69.00	69.00
Underscore International Holdings Ltd.	British Virgin Island	100.00	100.00	-	-
Valencia International Holdings Ltd.	British Virgin Island	100.00	100.00	-	-
Sphinx Egypt for Financial Consulting Company	Arab Republic of Egypt	69.88	69.88	30.12	30.12
Sphinx capital Corp	British Virgin Island	100.00	100.00	-	-
Melbourn Investments Ltd	British Virgin Island	100.00	100.00	-	-
Borton Hill Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Metal Anchor Holdings Ltd.	British Virgin Island	15.00	15.00	85.000	85.000
Tempsford Investments Ltd	British Virgin Island	100.00	100.00	-	-

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

Company name	Country of Incorporation	Group share% 30 September 2019	Group share% 31 December 2018	Non-controlling interest % 30 September 2019	Non-controlling interest % 31 December 2018
ASEC company for mining (ASCOM)	Arab Republic of Egypt	54.74	54.74	45.26	45.26
ASCOM Carbonate & Chemical Manufacture Company	Arab Republic of Egypt	99.99	99.99	0.01	0.01
ASCOM for Geology & mining – Syria	Arab Republic of Syria	95.00	95.00	5.00	5.00
Nebta for Geology & Mining – Sudan	Sudan	99.00	99.00	1.00	1.00
Glass Rock Insulation Company	Arab Republic of Egypt	92.50	92.50	7.50	7.50
ASCOMA Algeria	Republic of Algeria	99.40	99.40	0.60	0.60
Lazerg Travaux Public	Republic of Algeria	70.00	70.00	30.00	30.00
ASCOM Precious Metals Mining S.A.E	Arab Republic of Egypt	99.99	99.99	0.01	0.01
ASCOM Emirates for Mining UAE	Limited Partnership Company Emirates	69.40	69.40	30.60	30.60
ASCOM Middle East	Arab Republic of Egypt	100.00	100.00	-	-
Nubia Mining Development PLC	Sudan	52.80	52.80	47.20	47.20
Sahari Gold Company	Ethiopia	99.99	99.99	0.01	0.01
ASCOM for Geology & Mining – Ethiopia	Ethiopia	99.99	99.99	0.01	0.01
ASCOM Precious Metals – Sudan	Sudan	99.99	99.99	0.01	0.01
Golden Resources Company	Ethiopia	99.99	99.99	0.01	0.01
ASCOM Cyprus Ltd	Cyprus	99.99	99.99	0.01	0.01
International Company for Mineral Exploration – Cyprus	Cyprus	99.99	99.99	0.01	0.01
Golden International Ltd	Ethiopia	99.99	99.99	0.01	0.01
Grandview Investment Holding Corp.	British Virgin Island	48.02	48.02	51.98	51.98
National Printing Company	Arab Republic of Egypt	52.57	52.57	47.43	47.43
Modern Shorouk for Printing and Packaging "El Shorouk"	Arab Republic of Egypt	47.27	47.27	52.73	52.73
El Baddar for Packaging "El Baddar"	Arab Republic of Egypt	49.26	49.26	50.74	50.74
Uniboard	Arab Republic of Egypt	25.56	25.56	74.44	74.44
Windsor	Arab Republic of Egypt	40.18	40.18	59.82	59.82
National Drilling	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Egyptian Textile Ltd.	British Virgin Island	100	100	-	-
National Company for Textile	Arab Republic of Egypt	100	100	-	-

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

Ownership interest in subsidiaries (continued)

The financial information for the significant subsidiaries at 30 September 2019 is as follows:

	Total Assets	Total Equity	Total Revenue	Net Profit
Orient Investment Properties Ltd.	70,570,786	21,928,713	-	(89,145)
Silverstone Capital Investment Ltd. Group	7,329,667	1,417,739	5,687,007	160,943
National Development and Trading Company	4,886,225	(2,674,005)	1,984,908	(207,944)
ASEC Company for Mining (ASCOM)	1,495,449	(47,716)	728,828	(4,960)
Citadel Capital Transportation Opportunities Ltd.	766,975	(1,083,411)	156,334	(142,394)
Tawazon for Solid Waste Management (Tawazon) Company Group	440,421	223,451	350,377	10,707
United Foundries Company	143,020	(739,221)	125,808	38,389
Grandview Investment holdings	1,916,072	381,823	1,413,320	10,881
Falcon for Agriculture Investments Group	1,381,440	103,979	623,447	14,354

41. Tax position of Citadel Capital Company

41.1 Corporate tax

The Company submitted its tax returns on regular basis for the years from 2005 to 2018 according to tax law No. 91/2005. The Company's books have not been inspected yet.

41.2 Payroll tax

The Company deducts the salaries tax according to tax law no. 91/2005 and the Company's books have been inspected for the period since inception till 31 December 2009 but the authority did not inform the Company with results yet, and the years from 2010 to 2018 have not been inspected yet.

41.3 Stamp duty tax

i. The Company's books have been inspected since inception till 31 July 2006 and settled the due amounts resulted from inspection.
ii. The Company's books have been inspected from 1 August 2006 to 31 December 2013 and the dispute has been transferred to Internal Committee.
iii. The Company's books have not been inspected for the years after 2013.

41.4 Withholding tax

The Company applies the withholding tax in accordance with tax law No. 91/2005. The Company's books have not been inspected since inception till 30 September 2019.

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

42. Capital Commitments

The capital commitments as at 30 September 2019 are as follows:

42.1 Egyptian refining company

Non-exercised contracts amounted to USD 344 million equivalent to EGP 5.6 billion (31 December 2018: USD 702 million equivalent to EGP 12.5 billion)

42.2 ASEC for Manufacturing and Industries project Co.

	Contract commitment amount	
	30 September 2019	31 December 2018
Self-extinguishing system in the factory	-	100
Total	**-**	**100**

43. Contingent liabilities

The contingent liabilities as at 30 September 2019 are as follows:

A) ASEC Automation Co.

	30 September 2019	31 December 2018
Letters of guarantee	998	1,374

B) ASEC Environmental Protection Co.

	30 September 2019	31 December 2018
Letters of guarantee	551	2,118

C) Arab Swiss Engineering Co.

	30 September 2019		31 December 2018		
	Euro	EGP	Euro	Dirham	EGP
Letters of guarantee	-	29,331	739	241	28,800

D) ASEC for Manufacturing and Industries Project Co.

	30 September 2019			31 December 2018		
	Euro	USD	EGP	Euro	USD	EGP
Letters of guarantee	-	-	124,096	2,669	77,083	160,839

Citadel Capital Partners Ltd (CCP) pledged 21 million of Qalaa Holdings preferred shares to the favour of HSBC on behalf of ARESCO.

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

Contingent liabilities (continued)

E) United Foundries Company

	30 September 2019	31 December 2018
Letters of guarantee (outstanding)	1,482	1,482
Total	**1,482**	**1,482**

F) ASEC Company for Mining

	30 September 2019	31 December 2018
Letters of guarantee – (unsecured portion)	20,968	22,205
Total	**20,968**	**22,205**

The uncovered portion of letters of guarantee amounted to EGP 1.665K (equivalent to US $100 K) issued from banks in favour of ASCOM Carbonate & Chemical Manufacture Company (subsidiary).

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

44. Financial instruments by category

The following schedule presents the financial instruments by category at 30 September 2019:

	Loans and receivables	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
Available-for-sale investments								
Logria	-	1,053,650	-	-	-	Fully impaired	-	2
Golden Crescent	-	1,027,187	-	-	-	Fully impaired	-	2
Other	-	73,909	-	-	-	Partially impaired	15,323	2
Trade and other receivables and other debt balances								
Trade receivables	3,333,352	-	-	-	-		-	-
Due from sale of investment	492,243	-	-	-	-		-	-
Due from contractor FISmith	416,982	-	-	-	-		-	-
Refundable deposits	746,518	-	-	-	-		-	-
Accrued revenues	265,736	-	-	-	-		-	-
Employees' imprest	81,309	-	-	-	-		-	-
Custom Authority	909	-	-	-	-		-	-
Other debit balances	205,376	-	-	-	-		-	-
Due from related party								
Golden Crescent Finco Ltd.	475,427	-	-	-	-		-	-
Emerald Financial Services Ltd.	406,076	-	-	-	-		-	-
Nile Valley Petroleum Ltd.	349,211	-	-	-	-		-	-
Citadel Capital Partners	98,080	-	-	-	-		-	-
Benu one Ltd.	169,931	-	-	-	-		-	-
Logria Holding Ltd,	102,226	-	-	-	-		-	-
Rotation Ventures	88,232	-	-	-	-		-	-
EIIC	81,050	-	-	-	-		-	-
Golden Crescent Investment Ltd.	61,845							
Mena Glass Ltd	55,698	-	-	-	-		-	-

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

	Loans and receivables	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
Egyptian Company for International Publication	27,270	-	-	-	-		-	-
Visionaire	21,548	-	-	-	-		-	-
Castrol Lubricants	21,396	-	-	-	-		-	-
Scimitar Production Egypt Ltd	18,441	-	-	-	-		-	-
Adena	12,158	-	-	-	-		-	-
Nahda Company – Sudan	10,453	-	-	-	-		-	-
Trianon	11,081	-	-	-	-		-	-
Haider	17	-	-	-	-		-	-
Citadel Capital AlQalaa- Saudi Arabia	1,219							
Hisham El Sherif	8,021	-	-	-	-		-	-
El Kateb for Marketing & Distribution	1,010	-	-	-	-		-	-
ASEC Electric Rewinding and Repair Co (REPLECO)	526	-	-	-	-		-	-
Ascom Precious Metals (APM)	209	-	-	-	-		-	-
Golden Resources	76	-	-	-	-		-	-
Citadel Capital East Africa	61	-	-	-	-		-	-
Egyptian Polypropylene Bags Co.	20	-	-	-	-		-	-
Ahmed Heikal	25,563							
ASA International Co.	9,113	-	-	-	-		-	-
Others	75,728	-	-	-	-		-	-
		-	-	-	-		-	-
		-	-	-	-		-	-
Financial assets at fair value through profit and loss								
Modern Shorouk for printing and packaging	-	-	2,804	-	-	-	2,804	1

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

	Loans and receivables	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
Derivatives financial instrument								
Hedging derivatives	-	-	323,075	-	-	-	323,075	3
Cash and cash equivalents								
Bank balances	1,133,659	-	-	-	-		-	-
Bank time deposits	1,730,203	-	-	-	-		-	-
Certificates of deposits	1,175,444	-	-	-	-		-	-
Other	31,411	-	-	-	-		-	-
Borrowings								
Loans from external lenders	-	-	-	52,444,473	-		-	-
Loans from related parties	-	-	-	3,093,206	-		-	-
Bank overdraft	-	-	-	1,883,782	-		-	-
Trade and Other Payable								
Trade payables	-	-	-	4,404,295	-		-	-
Accrued Expenses	-	-	-	1,481,537	-		-	-
Accrued Interest	-	-	-	1,821,892	-		-	-
Retention	-	-	-	396,382	-		-	-
Social insurance authority	-	-	-	73,290	-		-	-
Creditors- purchase of investment	-	-	-	10,787	-		-	-
Creditors- purchase of fixed assets	-	-	-	3,065	-		-	-
Others	-	-	-	891,980	-		-	-
Financial liabilities at fair value through profit or loss								
Shareholders swap	-	-	-	-	328,663		328,663	1
Due to related parties								
Mena Glass Ltd.	-	-	-	548,057	-		-	-
Pharos Holding Company	-	-	-	488	-		-	-
Asec Automation-Europe Co.	-	-	-	161	-		-	-

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

	Loans and receivables	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
ASEC Automation Co.-Free Zone	-	-	-	323	-		-	-
Sphinx Capital	-	-	-	20,979	-		-	-
Others	-	-	-	14,827	-		-	-
Due to shareholders								
Sadek Ahmed Swedy	-	-	-	5,515	-		-	-
Fenix one Ltd.	-	-	-	59,814	-		-	-
Aly Hassan el Deyekh	-	-	-	191,061	-		-	-
Olayan	-	-	-	76,680	-		-	-
Glassco	-	-	-	29,400	-		-	-
IFC	-	-	-	249,864	-		-	-
Omran	-	-	-	16,334	-		-	-
Ali Abo Zied	-	-	-	238,362	-		-	-
El-Rashed	-	-	-	29,754	-		-	-
FHI	-	-	-	155,670	-		-	-
Other	-	-	-	19,975	-		-	-

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

Financial instruments by category (continued)

The following schedule presents the financial instruments by category at 31 December 2018:

	Loans and receivables	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
Available-for-sale investments								
Logria	-	1,160,900	-	-	-	Fully impaired	-	2
Golden Crescent	-	1,131,744	-	-	-	Fully impaired	-	2
Other	-	77,208	-	-	-	Partially impaired	16.496	2
Trade and other receivables and other debt balances								
Trade receivables	2,789,909	-	-	-	-		-	-
Due from sale of investment	502,654	-	-	-	-		-	-
Due from contractor FISmith	443,282	-	-	-	-		-	-
Refundable deposits	393,208	-	-	-	-		-	-
Accrued revenues	188,820	-	-	-	-		-	-
Employees' imprest	46,553	-	-	-	-		-	-
Custom Authority	5,548	-	-	-	-		-	-
Other debit balances	334,917	-	-	-	-		-	-
Due from related party								
El Kateb for Marketing & Distribution	1,011	-	-	-	-		-	-
Mena Glass Ltd	61,367	-	-	-	-		-	-
Ascom Precious Metals (APM)	209	-	-	-	-		-	-
Allmed Medical Industries (AMI)	20,635	-	-	-	-		-	-
Castrol Lubricants	20,233	-	-	-	-		-	-
Logria Holding Ltd,	111,846	-	-	-	-		-	-
Golden Crescent Investment Ltd.	68,140	-	-	-	-		-	-
Golden Crescent Finco Ltd.	523,820	-	-	-	-		-	-

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

	Loans and receivables	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
Emerald Financial Services Ltd.	454,550	-	-	-	-		-	-
Nile Valley Petroleum Ltd.	384,874	-	-	-	-		-	-
Citadel Capital East Africa	68	-	-	-	-		-	-
Citadel Capital AlQalaa- Saudi Arabia	1,314	-	-	-	-			-
Nahda Company – Sudan	11,517	-	-	-	-		-	-
Egyptian Company for International Publication	26,460	-	-	-	-		-	-
ASEC Electric Rewinding and Repair Co	526	-	-	-	-		-	-
Egyptian Polypropylene Bags	20	-	-	-	-		-	-
Visionaire	23,821	-	-	-	-		-	-
Haider	1,658	-	-	-	-		-	-
Rotation Ventures	97,214	-	-	-	-		-	-
Benu one Ltd.	187,228	-	-	-	-		-	-
Scimitar Production Egypt Ltd	17,335	-	-	-	-		-	-
Golden Resources	72	-	-	-	-		-	-
Trianon	9,769	-	-	-	-		-	-
Others	84,630	-	-	-	-		-	-
Citadel Capital Partners	254,831	-	-	-	-		-	-
Adena	13,395	-	-	-	-		-	-
EIIC	89,300	-	-	-	-		-	-
Financial assets at fair value through profit and loss								
Modern Shorouk for printing and packaging	-	-	2,804	-	-		4,223	1
Derivatives financial instrument								
Hedging derivatives	-	-	212,556	-	-		212,556	3

CITADEL CAPITAL COMPANY (S.A.E) AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements - For the nine months period ended 30 September 2019

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

	Loans and receivables	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
Cash and cash equivalents								
Bank balances	990,404	-	-	-	-		-	-
Treasury Bills	1,115,349	-	-	-	-		-	-
Bank time deposits	4,210,651	-	-	-	-		-	-
Other	33,427	-	-	-	-		-	-
Borrowings							-	
Loans from external lenders	-	-	-	56,402,236	-		-	-
Loans from related parties	-	-	-	2,298,679	-		-	-
Bank overdraft	-	-	-	1,353,713	-		-	-
Trade and Other Payable				-	-		-	-
Trade payables	-	-	-	3,997,652	-		-	-
Accrued Expenses	-	-	-	957,301	-		-	-
Accrued Interest	-	-	-	968,963	-		-	-
Retention	-	-	-	345,689	-		-	-
Social insurance authority	-	-	-	22,298	-		-	-
Creditors- purchase of investment	-	-	-	21,574	-		-	-
Creditors- purchase of fixed assets	-	-	-	5.964	-		-	-
Others	-	-	-	378,820	-		-	-
Financial liabilities at fair value through profit or loss								
Shareholders swap	-	-	-	-	355,296		355.296	1
Due to related parties					-			
Mena Glass Ltd.	-	-	-	582,539	-		-	-
Pharos Holding Company	-	-	-	488	-		-	-
Asec Automation-Europe Co.	-	-	-	161	-		-	-
Sphinx Capital	-	-	-	26,331	-		-	-
Others	-	-	-	13,271	-		-	-

CITADEL CAPITAL COMPANY (S.A.E) AND ITS SUBSIDIARIES

Notes to the consolidated interim financial statements - For the nine months period ended 30 September 2019

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

	Loans and receivables	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
Due to shareholders	-							
Sadek Ahmed Swedy	-	-	-	308,212	-		-	-
Fenix one Ltd.	-	-	-	69,475	-		-	-
Aly Hassan el Deyekh	-	-	-	234,042	-		-	-
Olayan	-	-	-	71,699	-		-	-
Glassco	-	-	-	29,400	-		-	-
IFC	-	-	-	240,148	-		-	-
Omran	-	-	-	12,598	-		-	-
Ali Abo Zied	-	-	-	294,333	-			-
El-Rashed	-	-	-	32,783	-		-	-
FHI	-	-	-	52,431	-		-	-
Other	-	-	-	38,361	-		-	-

45. Employees Stock Option Plan

The Company's extraordinary general assembly meeting held on 20 February 2008 approved to add a new article to the Company Article of Association to adopt a plan or more to motivate employees, managers and executive board of directors - Employees Stock Option Plan (ESOP) in accordance with decision No. 282 for 2005 which modified executive regulation for the law No. 159 / 1981.

On 18 October 2018, Citadel BOD announces to the Egyptian stock market, its intention to renew the expired ESOP plan for eight years starting from the approval of FRA on the plan. On 10 December 2018, Citadel Company's extraordinary general assembly meeting approved the new plan. The renewed ESOP promises employees, managers and executive board of directors' members to acquire shares/ designate share as follows:

- Total designated ESOP is the same number of shares approved through the old plan with minor increase to reach 120 million shares. Entitlement mechanism will be as follows:
  - 30% of the designated shares will be issued at 5.25 pounds per share from ESOP starting date till 30 April 2023.
  - 70% of the designated shares will be issued at 6 pounds per share from ESOP starting date till 30 April 2026.

- Exercise on shares have to be either through:
  - Paying the 5.25 pounds or the 6 pounds per share to the company and obtain the ownership of the shares., or
  - Requesting the oversight committee to pay him/her the remaining amount of the designated shares selling proceeds after deducting the agreed share price of 5.25 pounds or the 6 pounds per share.

The Company has not yet obtained the approvals from the Financial Regulatory Authority on the employees stock option plan until the preparation of these consolidated interim financial statements. Accordingly, it is not yet activated.

46. Significant events

The Group has indirect investments in Rift Valley Railways (Kenya) Limited "RVRK" and Rift Valley Railways (Uganda) Limited "RVRU" through its subsidiaries Africa Railways Limited "ARL", Ambience Ventures Limited and Kenya Uganda Railways Holding Limited "KURH" and Rift Valley Railways "RVR". ARL is the parent of the underlying subsidiaries RVRK, RVRU, AVL and KURH.

Since 2011, RVRK and RVRU were operating two railway concessions by virtue of 25 years signed concession agreement between both companies and the governments of Kenya and Uganda.

During July 2017 and January 2018, the courts and governments of Kenya and Uganda have issued separate adjudication and order to terminate the two concession agreements consequently the Government of Kenya and Uganda terminated their respective concession agreement due to default in payment of concession fees, rent and non-compliance with other key performance indicators. In accordance with the terms of the agreement, the respective Governments has taken over the assets of RVRK and RVRU. Accordingly, the Group management recognised impairment for the entire carrying amount of the assets amounting to EGP 3.25 billion within the consolidated financial statements for the year ended 31 December 2017.

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

Significant events (continued)

During January 2018 and after the Government of Uganda's decision terminate the concession agreement, the Group management concluded that they lost any future economic benefit from the freight railways services which is the main and the sole purpose of RVRK and RVRU.

Accordingly, RVRK and RVRU have been forced to cease to operate and the Group has lost control over the freight railways business as well as the power to control the entities as Group management was unable to obtain the financial information and accounting records for those companies as of 31 December 2018 and 30 September 2019.

On 3 December 2018 ex-employees of ARL filed a legal case against the Company for settlement of their dues. The Court has suo-motto issued notice to ARL to respond to the legal case. The parent entities could not represent ARL in the court in response to the order and indicated that the Company did not have sufficient funds to meet its obligation.

As a result, on 18 March, 2019, an application to appoint a liquidator over ARL has been filed. The company is considered insolvent and not able to pay its debts owed to ex-employees. The court has determined 13 May 2019 as notice of hearing to appoint a liquidator. Whilst these actions only occurred post 2018 year end, Group's management are of the view that loss of control occurred prior to 31 December 2018 as the statutory demand conditions were invoked.

In accordance with paragraph no. 25 of the Egyptian Accounting Standard no. 42, and as a result of loss of control over the railways concession, Group management deconsolidated those entities during the year ended 31 December 2018 which have resulted with gain recognized in the consolidated statement of profit or loss.

Furthermore, the loan agreements and related finance documents entered between the subsidiaries of ARL and the financiers indicated that on deconsolidation there would be no further recourse to Citadel Capital. Accordingly, Citadel had not provided any financial guarantees or other credit enhancements.

As a result of the above, deconsolidation of ARL gain recognised during the year ended 31 December 2018:

	31 December 2018
Liabilities related to subsidiaries derecognised – ARL and KURH	3,867,343
Liabilities related to subsidiaries derecognised – RVRK and RVRU	1,166,642
Liabilities related to subsidiaries derecognised – ARLL	276,265
Release of the translation reserve	(863,427)
Non-controlling interest derecognized	(483,422)
	3,963,401

47. Going concern

As of 30 September 2019, the Group's accumulated losses amounted to approximately EGP 16.8 billion (31 December 2018: EGP 16 billion) and the Group's current liabilities exceeded its current assets by EGP 18 billion (31 December 2018: EGP 14.3 billion). The Group has made a net loss of approximate EGP 901 million for the nine months period ended 30 September 2019 (30 September 2018: EGP 106 million profit). In addition, the Group is also in breach of its existing debt covenants and some of the subsidiaries have defaulted in settling the loan instalments on their due dates. Loans with amount of EGP 6 billion where defaults have occurred have been classified as current liabilities as at 30 September 2019. These circumstances indicate significant doubts as to whether the group will be able to meet its debt obligations as they fall due and continue the operations without a significant curtailment.

These matters indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Management have a comprehensive cash flow forecast for the next 5 years. The forecasted cash position of the group, assumes the following will be implemented and some of these are in progress. Cash flows from revenue activities are expected to be increased and this will be achieved through the following:

- Egyptian Refinery Company "ERC" launched its trial operations during the nine months period ended 30 September 2019 and supplied the Egyptian market with its refined petroleum products starting from August 2019.

- TAQA Arabia is also diversifying its energy portfolio with its Benban solar project commenced in March 2019, which will strengthen the group cash inflows.

- Implementing a restructuring and reorganisation plan for non-core assets which will include the disposal of non-core investments and assets. This is expected to contribute approximately EGP 500 million as cash proceed from the disposals.

- Loans of approximately EGP 4 billion reflected under current liabilities is anticipated to be restructured and negotiations are underway in this regard with the lenders. The interest on the borrowings is expected to be serviced through the net cash savings resulted from the above.

With the expected cash flows from the above strategic initiatives and debt restructuring plans, management is confident that sufficient cash flows would be generated to meet the debt obligations as they fall due and continue the operations without significant curtailment. Accordingly, these consolidated financial statements of the group are prepared on a going concern basis.

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

48. Prior years' adjustments and reclassifications

During the nine months period ended 30 September 2019, the Group's management has corrected certain errors on comparative consolidated statement of profit or loss for the nine months period ended 30 September 2018 in accordance with Egyptian Accounting Standard No. 5 "Accounting Policies and changes in accounting estimates and errors". These corrections are as follows:

A. Deferred tax liabilities recognised on measurement to fair value – Silverstone Group and Falcon Group business combination

During the year ended 31 December 2018, group management undertook a detailed review of the deferred tax liabilities recognised upon the Group acquisition on Silverstone Group and Falcon Group on 31 December 2013.

In accordance with EAS No.24 " Income tax" where an investment in a tax-transparent entity is accounted for in the consolidated financial statements of the Group under full consolidation method, where the subsidiary is not itself subject to tax and there are no taxation on group accounts. The fair value measurement on business combination will not be regarded as temporary difference.

Accordingly, Group management reversed the deferred tax liabilities recognised in connection with measurement of assets and liabilities to their fair values upon acquisition on Falcon and Silverstone sub-group subsidiaries on 31 December 2013.
Group management have restated its consolidated financial statements for the year ended 31 December 2017, as a result, the error will not impact the financial statement for the year ended 31 December 2019 and its impact will be only on the interim financial statements for the nine months ended 30 September 2018 and nine months ended 30 September 2018, respectively.

The effect of such error on the consolidated statement of profit or loss for the nine months period ended 30 September 2018 will be as follows:

	30 September 2018 As issued	Corrections	30 September 2018 Restated
Owners of the company	426,823	(3,788)	423,035
Non-controlling interest	(128,395)	(2,919)	(131,314)

Summary of the effect of such error on basic and diluted earnings per share for the period ended 30 September 2018:

	30 September 2018 As issued	Impact of restatement	30 September 2018 Restated
Basic loss per share (EGP/Share)	0.234	(0.002)	0.232
Diluted loss per share (EGP/Share)	0.234	(0.002)	0.232

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

Prior years' adjustments and reclassifications (continued)

B. Control over "Grandview Investments"

During prior years, Grandview was accounted for as an associate using the equity method. The Group management has reassessed the EAS 42 criteria such as power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. Based on such reassessment and the Group's ability to appoint 5 out 9 of Board Members, it was concluded that the Grandview is controlled by the Group through its indirect subsidiary Sphinx Capital and therefore, should have been consolidated from its inception in 2005. Management has considered the EAS guidance and rectified the non-consolidation of Grandview by restating the prior period reported numbers.

During the year ended 2018, the Group management has decided to correct this error and consolidated "Grandview Investment Corporation and its subsidiaries" in the consolidated financial statements from 1 January 2015, which is the date where the group ownership reached 48%, and restated the consolidated financial statements for year ended 31 December 2017.

Accordingly, Group management reversed the negative goodwill recognised upon consolidating Grandview Investment Corporation and its subsidiaries" during the nine months period ended 30 September 2018.

Group management have restated its consolidated financial statements for the year ended 31 December 2017, as a result, the error will not impact the financial statement for the year ended 31 December 2018 and its impact will be only on the interim financial statements for the nine months ended 30 September 2018.

The effect of the above error on the consolidated statement of profit or loss for the period 30 September 2018 as follows:

	30 September 2018 As issued	Corrections	30 September 2018 Restated
Other operating (expenses) income	293,185	(238,425)	54,760

Summary of the effect on basic and diluted earnings per share for the period ended 30 September 2018:

	30 September 2018 As issued	Impact of restatement	30 September 2018 Restated
Basic loss per share (EGP/Share)	0.234	(0.131)	0.103
Diluted loss per share (EGP/Share)	0.234	(0.131)	0.103

C. Hyperinflationary Economies

During year ended 31 December 2018, the Group management adopted IAS 29, Financial Reporting in Hyperinflationary Economies. Hyperinflation. As the Sudanese and South Sudanese economies have been considered to be hyperinflationary economy. Accordingly, management restated the results, changes in equity and cash flows of one of the Group's subsidiaries "Takamul for Cement Company" which have been expressed in terms of the measuring unit current at the reporting period for the nine month ended 30 September 2018.

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

Prior years' adjustments and reclassifications (continued)

	30 September 2018 As issued	Corrections	30 September 2018 Restated
Revenue	9,396,135	53,719	9,449,854
Cost of goods sold	(7,888,017)	(66,783)	(7,954,800)
General and administrative expenses	(1,093,061)	(4,991)	(1,098,052)
Other operating (expense) / income	293,185	10,427	303,612
Finance costs – net	(1,286,199)	72,065	(1,214,134)
Share of loss of investments in associates	(1,180)	-	(1,180)
Income tax expense	(173,850)	(240)	(174,090)

Summary of the effect on basic and diluted earnings per share for the period ended 30 September 2018:

	30 September 2018 As issued	Impact of restatement	30 September 2018 Restated
Basic loss per share (EGP/Share)	0.234	0.028	0.262
Diluted loss per share (EGP/Share)	0.234	0.028	0.262

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

Prior years' adjustments and reclassifications (continued)

And the summary of the effect on the consolidated statement of profit or loss for the period ended 30 September 2018 is as follows:

	30 September 2018 As issued	Corrections	30 September 2018 Restated
Revenue	9,396,135	53,719	9,449,854
Cost of goods sold	(7,888,017)	(66,783)	(7,954,800)
Gross profit	**1,508,118**	**(13,063)**	**1,495,055**
General and administrative expenses	(1,093,061)	(4,991)	(1,098,052)
Other operating (expesne) / income	293,185	(227,998)	65,187
Operating profits	**708,242**	**(246,052)**	**462,190**
Finance costs – net	(1,286,199)	72,065	(1,214,134)
Share of loss of investments in associates	(1,180)	-	(1,180)
Net losses before income tax	**(579,137)**	**(173,987)**	**(753,124)**
Income tax expense	(173,850)	(6,947)	(180,797)
Net losses for the period	**(752,987)**	**(180,934)**	**(933,921)**
Discontinued operations			
Revenue	214,292	-	214,292
Cost of goods sold	(268,689)	-	(268,689)
General and administrative expenses	(6,522)	-	(6,522)
Other expenses	(69,720)	-	(69,720)
Finance costs - net	(12,705)	-	(12,705)
Loss from discontinued operations, before tax	**(143,344)**	-	**(143,344)**
Loss on sale of subsidiary	(247,036)	-	(247,036)
Gain from deconsolidation of subsidiary	1,442,907	-	1,442,907
Income Tax	(1,112)	-	(1,112)
Loss from discontinued operations, net of tax	**1,051,415**	-	**1,051,415**
Net loss for the period	**298,428**	**(180,934)**	**117,494**
Attributable to			
Owners of the parent company	426,823	(223,154)	203,669
Non-controlling interest	(128,395)	42,220	(86,175)
	298,428	(180,934)	117,494

Summary of the effect of corrections recognised on basic and diluted earnings per share for the period ended 30 September 2018:

	30 September 2018 As issued	Impact of restatement	30 September 2018 Restated
Basic loss per share (EGP/Share)	0.234	(0.122)	0.112
Diluted loss per share (EGP/Share)	0.234	(0.122)	0.112

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

Prior years' adjustments and reclassifications (continued)

i. Certain comparative figures have been reclassified in the consolidated statement of financial position to conform with the current period presentation. The following table summarizes the reclassification on the consolidated financial position as at 31 December 2018.

	31 December 2018 As issued	Reclassifications	31 December 2018 Restated
Investments in associates	165,961	(9,800)	156,161
Non-current portion of trade receivables and other debit balances	785,622	9,800	795,422
Due from related parties	528,071	(20,635)	507,436
Non-current assets held for sale	1,175,442	20,635	1,196,077
Current income tax liabilities	208,986	(32,091)	176,895
Trade payables and other credit balances	7,618,833	32,091	7,650,924

49. Effect of early adoption of new accounting standards

On 28 March 2019, the minister of Investment issued a decree no. 69 for 2019 which includes new standards and amendments to the existing standards . The amendments in the EASs have been published in the official gazette on 7 April 2019.

New lease standards No. (49) introduces a single lease accounting model for lease contracts. A lesee recognizes his right-of-use for assets and lease liability which represents his lease instalments liability.

The group have applied the new lease standard on 1 January 2019, which resulted in recording a catch-up adjustment on the equity opening balance as of 1 January 2019. The effect of early adoption of new accounting standard , prior year financial statements had not to be restated as generally the standard requires adoption without restating comparative information.

In preparing its opening consolidated statement of financial position as of 1 January, 2019 , the Group has adjusted amounts reported previously in consolidated financial statements prepared in accordance with the previous EAS No. (20). An explanation of how the transition from previous standards to new standards has affected the Group's statement of financial position and statement of profit or loss is set out in the following tables and the notes that accompany the tables.

Consolidated statement of financial position	As reported under previous EAS 20	Effect of transition to EAS (49)	As reported under EAS 49
Fixed assets	6,541,896	84,032	6,625,928
Accumulated losses	(16,189,793)	1,744	(16,188,049)
Non-controlling interest	20,312,440	4,768	20,317,208
Trade payables and other credit balances	(234,388)	(77,520)	(311,908)