

CITADEL CAPITAL COMPANY S.A.E. AND ITS SUBSIDIARIES AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2020

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



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Auditor's report

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Citadel Capital Company (S.A.E.) and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the fiscal year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Except for the matter described in the basis for qualified opinion paragraph, we conducted our audit in accordance with Egyptian Standards on Auditing and in light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

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

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



The shareholders of Citadel Capital Company (S.A.E.) Page 2

Basis for qualified opinion

As described in note (31) to the accompanying consolidated financial statements, the Group's management assessed that it had lost control over Africa Railways Limited and its subsidiaries (the "ARL Group") during the year ended 31 December 2018 in light of the issuance of a court order during 2018 to liquidate the ARL Group. As a result, it deconsolidated the ARL Group as at 31 December 2018 and consequently recognized a gain in the consolidated statement of profit or loss of EGP 3.9 billion for the year then ended.

In view of the ambiguity surrounding the timing of the loss of control over the ARL Group, attributed to the commencement of its liquidation, we were unable to obtain sufficient appropriate audit evidence or perform any alternative procedures to determine whether the Group did indeed cease to have control over the ARL Group during the year ended 31 December 2018 or whether the control was actually lost during the year ended 31 December 2019.

Further, Group management was not able to obtain any recent financial information in respect of the underlying subsidiaries of the ARL Group. Accordingly, the Group's management based the deconsolidation during 2018, referred to above, on the latest information available to it as amended by its own assumptions and estimates of transactions it believed to have occurred after the date of that information. Consequently, we were unable to obtain sufficient, appropriate audit evidence to determine the reliability of the financial information of ARL Group used in the deconsolidation process and which led to the recognition of the gain of EGP 3.9 billion recorded in the consolidated statement of profit or loss during the year ended 31 December 2018.

We were therefore, unable to determine the timing of the adjustments of the deconsolidated amounts and the resultant gain which may have a consequential impact on the comparability of the current period figures with the corresponding figures in the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows.

Qualified opinion

Except for any possible adjustments to the corresponding figures in the consolidated financial statements that we might have become aware of had it not been for the situation described above, in our opinion the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Citadel Capital Company(S.A.E) and its subsidiaries as at 31 December 2020 and of its financial performance and its cash flows for the fiscal year then ended in accordance with the Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.



The shareholders of Citadel Capital Company (S.A.E.) Page 3

Emphases of matter

Without further qualifying our opinion, we draw attention to the following matters:

- As described in note (30)(a)(iii) to the consolidated financial statements, the Group incurred a loss of EGP 9.5 billion in the year ended 31 December 2020 and as of that date its current liabilities exceeded its current assets by EGP 53.5 billion and it had accumulated losses of EGP 19.9 billion. In addition, as of that date, some of the Group's subsidiaries were in breach of some of its debt covenants and had defaulted in settling the loan instalments on certain of its borrowings on the respective due dates. These events and conditions along with other matters disclosed in note (30)(a)(iii) to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The consolidated financial statements do not include the adjustments that would be necessary if the Group were unable to continue as a going concern.
- Note (3)(e)(i) to the consolidated financial statements 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 may need to deconsolidate ERC.

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

30 April 2021 Cairo



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

Consolidated statement of financial position - As of 31 December 2020

	Note	2020	Restated 2019
Non-current assets			
Fixed assets	7(a)	65,657,149	69,671,689
Right of use assets	7(b)	1,439,649	375,774
Intangible assets	7(c)	577,265	325,403
Goodwill	7(d)	205,570	238,181
Biological assets	7(e)	430,706	359,165
Investments in associates	3(f)	602,659	281,119
Financial assets at fair value through other comprehensive income	6(b)	7,781	12,314
Trade and other receivables	6(a)	565,437	899,745
Deferred tax assets	7(f)	137,632	144,714
Total non-current assets		69,623,848	72,308,104
Current assets			
Inventories	7(g)	2,650,315	2,670,654
Biological assets	7(e)	12,758	18,219
Trade and other receivables	6(a)	5,420,559	6,753,310
Due from related parties	22(a)	335,204	346,023
Financial assets at fair value through profit or loss	6(c)	5,439	3,010
Investment in treasury bills	6(d)	958,407	1,187,945
Restricted cash	6(d)	662,765	680,885
Cash and cash equivalents	6(d)	2,283,175	1,798,984
Total current assets		12,328,622	13,459,030
Assets classified as held for sale	4(c)	35,052	432,200
Total assets	. ,	81,987,522	86,199,334
Equity			
Paid-up capital	8(a)	9,100,000	9,100,000
Legal reserve	8(b)	89,578	89,578
Reserves	8(c)	575,466	525,886
Accumulated losses		(19,956,797)	(17,268,830)
Total equity attributable to owners of Citadel Capital Company		(10,191,753)	(7,553,366)
Non-controlling interests		12,533,535	19,736,696
Total equity		2,341,782	12,183,330
Non-current liabilities			
Loans and borrowings	6(h)	11,268,528	40,358,172
Lease liabilities	7(b)	1,294,909	184,787
Deferred tax liabilities	7(f)	204,976	215,829
Trade and other payables	6(e)	289,290	226,792
Derivative financial instruments	6(f)	677,154	330,356
Total non-current liabilities		13,734,857	41,315,936
Current liabilities			
Provisions	.7(h)	2,109,032	1,627,711
Trade and other payables	6(e)	10,791,169	9,209,492
Due to related parties	22(b)	1,610,562	1,748,195
Loans and borrowings	6(h)	50,464,096	19,297,813
Lease liabilities	7(b)	341,839	98,300
Financial liabilities at fair value through profit or loss	6(g)	396,527	364,592
Current income tax liabilities	7(i)	195,872	221,512
Total current liabilities		65,909,097	32,567,615
Liabilities associated with assets held for sale	4(c)	1,786	132,453
Total equity and liabilities		81,987,522	86,199,334

The accompanying notes on pages 9 - 158 form an integral part of these consolidated financial statements.

Auditor's report attached

Moataz Farouk Chief Financial Officer Hisham Hussein El Khazindar Managing Director Ahmed Mohamed Hassanien Heikal Chairman

30 April 2021



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

Consolidated statement of profit or loss - For the year ended 31 December 2020

	Note	2020	2019
Continuing operations			
Revenue	10	35,973,379	14,506,455
Cost of revenue	11	(36,521,494)	(12,454,692)
Gross (loss) / profit		(548,115)	2,051,763
General and administrative expenses	12/a	(2,012,307)	(1,390,357)
Selling and marketing	12/b	(329,008)	(318,483)
Net impairment of financial assets	13/a	(216,560)	(56,198)
Other losses	13/b	(788,173)	(341,832)
Operating losses		(3,894,163)	(55,107)
Finance income	15	523,336	872,631
Finance cost	15	(5,880,777)	(1,991,453)
Share of loss of investments in associates	16	(22,846)	(163,932)
Loss before income tax		(9,274,450)	(1,337,861)
Income tax expense	17	(178,922)	(208,014)
Net loss from continuing operations		(9,453,372)	(1,545,875)
(Loss) / Profit from discontinued operations	4(b)	(119,782)	20,616
Net loss for the year		(9,573,154)	(1,525,259)
Allocated to			
Owners of the parent company		(2,553,121)	(1,135,537)
Non-controlling interest		(7,020,033)	(389,722)
		(9,573,154)	(1,525,259)
		(EGP/share)	(EGP/share)
Loss per share from continuing operations:	23		
Basic per share		(5.19)	(0.85)
Diluted per share		(5.19)	(0.85)
Loss per share from the net loss for the year:	23	II.	#
Basic per share		(5.26)	(0.84)
Diluted per share		(5.26)	(0.84)



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

Consolidated statement of con	nprehensive income - For the	year ended 31 December 2020
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	Note	2020	2019
Net loss for the year		(9,573,154)	(1,525,259)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(137,389)	(2,309,168)
Change in Financial assets at fair value through other			
comprehensive income	8(c)	697	(2,079)
Cash flow hedge	8(c)	273,064	(488,697)
Share of the Group in other comprehensive income for			
associates accounted for using equity method	8(c)	-	16
Income tax relating to these items		(47,759)	109,957
Other comprehensive profit / (loss) for the year, net of tax		88,613	(2,689,971)
Total comprehensive loss for the year		(9,484,541)	(4,215,230)
Total comprehensive loss for the year allocated to:			
Owners of the parent company		(2,491,640)	(1,855,015)
Non-controlling interest		(6,992,901)	(2,360,215)
		(9,484,541)	(4,215,230)
Total comprehensive loss for the year arises from:			
Continuing operations		(9,364,759)	(4,235,846)
Discontinued operations		(119,782)	20,616
		(9,484,541)	(4,215,230)



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

Consolidated statement of changes in equity - For the year ended 31 December 2020

		Total	equity attribut	able to owners o	Total equity attributable to owners of Citadel Capital Company S.A.E	ompany S.A.E		
	Note	Paid up capital	Legal	Reserves	Accumulated losses	Total of the shareholders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2018 as issued		9,100,000	89,578	1,255,164	(16,189,793)	(5,745,051)	20,312,440	14,567,389
Effect of early adoption of new accounting standards			4		6,177	6,177	4,464	10,641
Restated balance at 31 December 2018		9,100,000	89,578	1,255,164	(16,183,616)	(5,738,874)	20,316,904	14,578,030
Total comprehensive loss for the year		•	ı	(719,478)	(1,135,537)	(1,855,015)	(2,360,215)	(4,215,230)
Dividends distribution		•		ı	•	٠	(253,711)	(253,711)
Employees share in subsidiaries dividends		1	ı	•	(76,079)	(76,079)	•	(76,079)
Foreign exchange differences of shareholders reserve		•	•	159,043	•	159,043	•	159,043
Transfer of hyperinflation effect Chara of non-controlling interacts from increase in the subsidiary		1	•	(168,843)	168,843	•	•	•
capital		•	•	•	1	•	1,402,839	1,402,839
Other transactions with non-controlling interests			,	1	(42,441)	(42,441)	630,879	588,438
Balance at 31 December 2019		9,100,000	89,578	525,886	(17,268,830)	(7,553,366)	19,736,696	12,183,330
5.0								
Balances 1 January 2020		9,100,000	89,578	525,886	(17,268,830)	(7,553,366)	19,736,696	12,183,330
Effect of adoption of new accounting standard	30(a)(v)				(69,604)	(69,604)	(97,959)	(167,563)
Adjusted balance as at 1 January 2020		9,100,000	89,578	525,886	(17,338,434)	(7,622,970)	19,638,737	12,015,767
Total comprehensive loss for the year		ı	1	61,481	(2,553,121)	(2,491,640)	(6,992,901)	(9,484,541)
Dividends distribution		•	1	•	1	•	(85,671)	(85,671)
Employees share in subsidiaries dividends			1	•	(35,373)	(35,373)	•	(35,373)
Foreign exchange differences of shareholders reserve		•	•	26,367	'	26,367	1	26,367
Reclassification for the split of TAQA Electricity Company		•	•	29,869	(29,869)	٠	•	,
Put option reserve		•	•	(60,570)	•	(60,570)		(60,570)
Non-controlling interests share from increase in the share capital of								
subsidiaries		•	•	1	1	,	12,352	12,352
Payments to Shareholders		•	•	I	1		(16,366)	(16,366)
Transactions with non-controlling interests			1	(7,567)	1	(7,567)	(22,616)	(30,183)
Balance at 31 December 2020		9,100,000	89,578	575,466	(19,956,797)	(10,191,753)	12,533,535	2,341,782



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

Consolidated statement of cash flows - For the year ended 31 December 2020

	Notes	2020	Restated 2019
Operating profit before changes in working capital Changes in working Capital:	18(a)	1,344,044	983,914
Inventories		(108,880)	(1,079,250)
Trade and other receivables		1,280,039	(2,808,428)
Due from related parties		(20,118)	170,874
Due to related parties		(59,805)	(333,269)
Trade and other payables		1,150,870	2,012,852
Provisions used	7(h)	(230,233)	(173,163)
Income tax paid	7(i)	(216,027)	(191,939)
	, (1)	3,139,890	(1,418,409)
Cash flows from operating activities of discontinued			
operations		(119,782)	20,616
Net cash flow generated from operating activities		3,020,108	(1,397,793)
Cash flows from investing activities			
Payments to purchase of fixed assets and intangible assets		(1,715,257)	(5,181,036)
Proceeds from sale of fixed assets and biological assets		71,494	158,846
Proceeds from sale of associates		5,962	-
Treasury bills more than three month		210,785	(1,187,945)
Proceeds from sale of subsidiaries		9,657	2,085
Interest received		380,515	254,924
Cook flavor frame investigation and this of the state of		(1,036,844)	(5,953,126)
Cash flows from investing activities of discontinued operations	S		
Net cash flow used in investing activities		(1,036,844)	(5,953,126)
Cash flows from financing activities			
Proceeds from loans		830,556	5,616,431
Repayments of loans		(363,872)	(3,496,908)
Dividends paid		(121,044)	(329,790)
Restricted cash		18,120	(630,600)
Payments to non-controlling interest shareholders		(16,366)	(28,299)
Proceeds from non-controlling interest		12,352	1,402,839
Transactions with - NCI		32,861	(560,139)
Interest paid		(1,896,438)	(215,047)
		(1,503,831)	1,803,487
Cash flows from financing activities of discontinued operations			
Net cash flow used in financing activities	,	(1,503,831)	1,803,487
598		(2)505,052)	1,003,407
Net change in cash and cash equivalents during the year		479,433	(5,547,432)
Cash and cash equivalents at beginning of the year		1,798,984	6,351,051
Foreign currency translation differences		4,758	995,365
Cash and cash equivalents at end of the year	6(d)	2,283,175	1,798,984



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to the consolidated financial statements For the year ended 31 December 2020

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

Group structure

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 registered in the commercial register and can be renewed. The Holding Company is registered in the Egyptian Stock Exchange.

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

The purpose of the Holding company and its subsidiaries (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 company may have an interest in any way with companies and others that engage in activities similar to its own or that might help it achieve its purpose in Egypt or abroad. It may also merge with or buy the aforementioned companies in accordance with the provisions of the law and regulation.

The Holding company may have an interest or participate in any way with companies and others that carry out work similar to its work or that may help it to achieve its purpose in Egypt or abroad, and it may also merge with the previous bodies, buy or join them according to the provisions of the law and its executive regulations.

The Extraordinary General Assembly of the Holding company decided on 20 October 2013 to approve the Company's conditions of work in accordance with the Capital Market Law and its Executive Regulations as a company engaged in the purpose of establishing companies and participating in increasing the capital of companies in accordance with the provisions of Article 27 of the Capital Market Law and Article 122 of its executive regulations. The necessary legal procedures have been initiated after completion of all necessary legal procedures to increase the company's capital until the situation is reconciled according to the new capital of the company.

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

The consolidated financial statements were authorised to be issued by the Holding company's Board of Directors on 30 April 2021.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to the consolidated financial statements For the year ended 31 December 2020

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

2. Significant changes in the current reporting period

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across the whole world, causing disruptions to businesses and global economic activity in general. The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions.

The situation differs greatly from region to region. Whereas some countries are keeping their borders closed, restricting the flow of goods and imposing lockdowns, others are already starting to lift restrictions in areas with low rates of new infections. The global market conditions have affected market confidence and consumer spending patterns locally and globally. Though management expectations for the Group's different sectors post COVID-19 remains positive given its strategic importance.

The restrictions resulting from the COVID-19 pandemic are impacting the local and the entire global economy. The Group has continued to review its exposure to COVID-19 related and other emerging business risks.

Management is closely monitoring the COVID-19 situation and is in constant communication with leadership teams across its subsidiaries to identify risks posed by the pandemic and develop appropriate measures to ensure the health and safety of its employees and business continuity.

The Group' management has reviewed and assessed the impact of COVID-19 on the performance of the group and generally the management believes that the group are delivering growth and proving resilient in the face of Covid-19 supported by the diversification strategy of its portfolio.

The impact of COVID-19 can be assessed as follows:

A- Business activities

The impact on revenue, cost of sales, gross profit and operating margin in 2020 are set in the table below.

Segment	Impact of COVID-19 on revenue, cost of sales and gross profit
Energy	 1- ERC The year 2020 marked a milestone for the Group with the full operation of Egyptian Refining Company (ERC) (Subsidiary), which increased the revenue by 21 billion EGP compared to last year. The highly challenging external environment caused by COVID-19, coupled with oil markets volatility and significant pricing pressure on global petroleum products severely impacted performance. Record low heavy fuel oil (HFO) to diesel spreads have adversely affected results with ERC recording a 24 Billion as cost of revenue in FY20. Accordingly, the gross margin has been negatively impacted.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to the consolidated financial statements For the year ended 31 December 2020

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

Segment	Impact of COVID-19 on revenue, cost of sales and gross profit
	 2- Taqa Arabia At TAQA Arabia, while the slowdown in tourism impacted the performance of its power division, the gas business continued to deliver impressive results and meet its operational targets. Increase in 2020 in revenue by 3% Increase in costs by 1% Overall result Increase in gross profit of 14%
Cement	 The Cement segment has not been adversely affected by COVID – 19, while the decrease in operation primarily due to difficulties at Al-Takamol which faced multiple stoppages and logistical difficulties in importing refractories in Sudan. Below is a summary of the Cement's segment results during 2020. Decrease in 2020 in revenue by 9% Decrease in costs by 11% Overall result Increase in gross profit of 7%
Transportatio n and logistics	 The Transportation and logistics segment have not been affected by COVID – 19, and below is a summary of the Transportation and logistics' segment results during 2020 which indicates improvement in the results. Increase in 2020 in revenue by 24% Increase in costs by 20% Overall result Increase in gross profit of 31%
Mining	 The Mining segment revenues declined by 13% on the back of harsh market conditions due to impact of COVID 19, particularly on volumes at GlassRock. Below is a summary of the Mining's segment results during 2020. Decrease in 2020 in revenue by 13% Decrease in costs by 8 % Overall result Decrease in gross profit of 26 %
Agriculture food industry	 The Agriculture food industry segment has not been affected by COVID 19, and below is a summary of the Agriculture food industry's segment results during 2020 which indicates improvement in the results. Increase in 2020 in revenue by 1% Increase in costs by 1% Overall result Increase in gross profit of 0%
Packaging and printing	 The Packaging and printing's segment has not been affected by COVID 19. The decrease in operation is mainly driven by relocation process of El Baddar plant (Grandview's subsidiary) to new location. Below is a summary of the Packaging and printing's segment results during 2020. Decrease in 2020 in revenue by 2% Decrease in costs by 8% Overall result Increase in gross profit of 19%



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to the consolidated financial statements For the year ended 31 December 2020

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

Significant changes in the current reporting period (continued)

Refer to segment reporting in note 9 which discloses the respective segment performance.

- During 2020 the group has incurred impairments on outstanding receivables (EGP 225 million) and impairments for inventories (EGP 10 million). The increase in impairments were mostly in the Cement segment.
- As a result of the impact, the Group has performed detailed impairment tests on the significant businesses. Please refer to note 7(d)(i) for detailed impairment disclosures.

B- Funding and liquidity

- Due to COVID-19 the liquidity of ERC has been further negatively impacted. Details of loans and borrowings are included in note 6(h) which sets out loan terms, conditions, defaults and restructures.
- Note 28(d) provides details of the liquidity position of the group and how its liquidity risk is managed.
- The effect on the group going concern has been disclosed in note 30(a)(iii) on going concern.

C- Moving forward:

- At ERC, management has implemented multiple initiatives to mitigate the impacts of COVID
 19 and soft oil markets on the refinery's margins. Key efforts included optimizing the product
 mix by reducing jet fuel production and prioritizing diesel, as well as shifting the refinery's
 input to 100% atmospheric residue oil (HFO) instead of previously sourcing a portion in crude
 oil.
- At National Printing, operations at the new state-of-the-art facility at El Baddar (subsidiary of Grandview) have commenced and are planning to ramp up production throughout the new year to further unlock value from this promising market.
- The easing restrictions related to COVID-19 in 2020 also boded well for international trade, subsequently supporting improved performance at our mining operations, where both ACCM and Glassrock witnessed growth in export volumes.
- The Group is also benefiting from the Egyptian government's stimulus plan and relief measures in response to the Covid-19, including energy price cuts, interest rate cuts and a sixmonth deferral on debt payments. These relief measures will further support the Group' liquidity position and leading to significant reductions in interest expense and the Group's variable costs.
- Given the recent macroeconomic situation and the impact of COVID-19, in particular with regards to oil market volatility, ERC is currently negotiating to reach a debt-deferral agreement with its senior lenders.
- The Group management has reached advanced stages of negotiations over the restructuring
 of debts at the holding level and at a number of its subsidiaries in cement, mining and
 transportation sectors, which should result in debt reduction of other subsidiaries' loans are
 anticipated to be restructured onto a longer term basis and negotiations are underway in this
 regard with the lenders.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to the consolidated financial statements For the year ended 31 December 2020

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

3. Interests in other entities

3(a) Material subsidiaries

Below is a list of material subsidiaries at 31 December 2020 and 31 December 2019:

			reholding by pp share%		ntrolling est %
Company name	Country of Incorporation	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Citadel Capital Ltd.	British Virgin Island	99.99	99.99	0.01	0.03
Citadel Capital Holding for Financial	British Virgin Island				
Investments-Free Zone	51111511 T.I. g.II. 1414114	99.99	99.99	0.01	0.03
Sequoia Williow Investments Ltd.	British Virgin Island	99.99	99.99	0.01	0.0
Arab Company for Financial Investments	Arab Republic of Egypt	94.00	94.00	6.00	6.00
Lotus Alliance Limited	British Virgin Island	85.69	85.69	14.31	14.3
Africa Railways Investments Ltd.	British Virgin Island	100.00	100.00	0.00	0.0
Trimestone Assets Holding Limited – BVI	British Virgin Island	100.00	100.00	0.00	0.0
Eco-Logic Ltd.	British Virgin Island	100.00	100.00	0.00	0.0
Alder Burke Investments Ltd.	British Virgin Island	100.00	100.00	0.00	0.0
Citadel Company for Investment Promotion	Arab Republic of Egypt	99.39	99.39	0.61	0.6
Citadel Capital for International Investments	British Virgin Island	33.33	33.33	0.01	0.0
Ltd.	Director Virginistana	100.00	100.00	0.00	0.0
Qalaa Energy Ltd.	British Virgin Island	100.00	100.00	0.00	0.0
United for Petroleum Refining Consultation	Arab Republic of Egypt	100.00	100.00	0.00	0.0
Specialized for Refining Consulting	Arab Republic of Egypt	100.00	100.00	0.00	0.0
National Company for Refining Consultation	Arab Republic of Egypt	100.00	100.00	0.00	0.0
National Company for Touristic and Property	Arab Republic of Egypt	100.00	100.00	0.00	0.0
Investment	Alab Republic of Egypt	99.88	99.88	0.12	0.1
Citadel Capital Financing Corp.	British Virgin Island	99.99	99.99	0.12	0.0
Africa Railways Holding	Republic of Mauritius	66.24	66.24	33.76	33.7
,	British Virgin Island	99.99	99.99	0.01	0.0
Andalusia Trading Investments		33.33	33.33	0.01	
Tanweer for Marketing and Distribution	Arab Republic of Egypt	99.87	99.87	0.13	0.1
Company (Tanweer)	Duitich Vivein Jolond	99.99	99.99	0.13	0.0
Valencia Trading Holding Ltd.	British Virgin Island	99.87	99.87	0.13	0.0
Financial Unlimited for Financial Consulting	Arab Republic of Egypt				0.0
Citadel Capital Algeria	Republic of Algeria	99.99	99.99	0.01	
Black Anchor Holdings Ltd.	British Virgin Island	100.00	100.00	0.00	0.0
Cobalt Mendoza	British Virgin Island	100.00	100.00	0.00	0.0
Mena Enterprises Ltd.	British Virgin Island	100.00	100.00	0.00	0.0
Brennan Solutions Ltd.	British Virgin Island	100.00	100.00	0.00	0.0
Citadel Capital Joint Investment Fund	Republic of Mauritius	22.22	00.00	0.01	0.0
Management Limited	mare target and a filling	99.99	99.99	0.01	0.0
Darley Dale Investments Ltd.	British Virgin Island	100.00	100.00	0.00	0.0
International for Refinery Consultation	Arab Republic of Egypt	100.00	100.00	0.00	0.0
International for Mining Consultation	Arab Republic of Egypt	100.00	100.00	0.00	0.0
Global Services Realty	British Virgin Island	100.00	100.00	0.00	0.0
Cardinal Vine Investments Ltd.	British Virgin Island	100.00	100.00	0.00	0.0
Wafra Agriculture S.A.E	Arab Republic of Egypt	100.00	100.00	0.00	0.0
Falcon for Agriculture Investments	British Virgin Island	54.95	54.95	45.05	45.0
Ledmore Holdings Ltd.	British Virgin Island	85.12	85.12	14.88	14.8
Silverstone Capital Investments Ltd.	British Virgin Island	61.56	61.56	38.44	38.4
Citadel Capital Transportation Opportunities	British Virgin Island				
Ltd.		67.55	67.55	32.45	32.4
Mena Home Furnishings Malls Ltd.	British Virgin Island	60.18	60.18	39.82	39.8
National Development and Trading Company	Arab Republic of Egypt	69.28	69.28	30.72	30.7
Orient Investments Properties Ltd.	British Virgin Island	31.75	31.89	68.25	68.:
Tawazon for Solid Waste Management	Arab Republic of Egypt				
(Tawazon)		68.04	68.04	31.96	31.9
United Foundries Company	Arab Republic of Egypt	67.46	67.46	32.54	32.5
Crondall Holdings Ltd.	British Virgin Island	94.53	94.53	5.47	5.4



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to the consolidated financial statements For the year ended 31 December 2020

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

		Effective shareholding by the Group share%		Non-controlling interest %		
	Country of		31 December		31 December	
Company name	Incorporation	2020	2019	2020	2019	
Valencia International Holdings Ltd.	British Virgin Island	100.00	100.00	0.00	0.00	
Underscore International Holdings Ltd.	British Virgin Island	100.00	100.00	0.00	0.00	
Sphinx Egypt for Financial Consulting	Arab Republic of Egypt					
Company		69.88	69.88	30.12	30.12	
Africa Joint Investment Fund	Republic of Mauritius	30.87	30.87	69.13	69.13	
Mena Joint Investment Fund	Luxembourg	73.25	73.25	26.75	26.75	
ASEC company for mining (ASCOM)	Arab Republic of Egypt	54.05	61.32	45.95	38.68	
Everys Holding Limited	British Virgin Island	55.00	55.00	45.00	45.00	
Bright Living	Arab Republic of Egypt	100.00	100.00	0.00	0.00	
Grandview Investment Holding Corp.	British Virgin Island	48.02	48.02	51.98	51.98	
ASEC Trading Company	Arab Republic of Egypt	99.80	99.80	0.20	0.20	
Taqa Arabia Company	Arab Republic of Egypt	55.32	55.32	44.68	44.68	
Taqa for Marketing Petroleum Products – SAE	Arab Republic of Egypt	55.31	55.31	44.69	44.69	
Gas and Energy Company SAE	Arab Republic of Egypt	55.31	55.31	44.69	44.69	
Taqa for Electricity, Water and Cooling – SAE	Arab Republic of Egypt	55.31	55.31	44.69	44.69	
Grandview Investment Holding Corp.	British Virgin Island	48.02	48.02	51.98	51.98	
National Printing Company	Arab Republic of Egypt	25.25	25.25	74.75	74.75	
Arab Swiss Engineering Co. (ASEC)	Arab Republic of Egypt	69.27	69.27	30.73	30.73	
ASEC for Manufacturing and Industries Project Co (ARESCO)	Arab Republic of Egypt	69.27	69.27	30.73	30.73	
ASEC Cement Co.	Arab Republic of Egypt	51.81	51.81	48.19	48.19	
ASEC Automation Co.	Arab Republic of Egypt	37.16	37.16	62.84	62.84	
Al Takamol for Cement Ltd. Co.	Sudan	25.99	25.99	74.01	74.01	
Arab Refining Company – S.A.E.	Arab Republic of Egypt	19.73	19.73	80.27	80.27	
Egyptian Refining Company – S.A.E. (indirectly	Arab Kepublic of Egypt	15.75	15.75	80.27	00.27	
held through Orient Investment Property)	Arab Republic of Egypt	13.08	13.61	86.92	86.39	
ASCOM Carbonate & Chemical Manufacture Company	Arab Republic of Egypt	54.04	61.31	45.96	38.69	
Glassrock Insulation Company	Arab Republic of Egypt	50.00	56.72	50.00	43.28	

3(b) Key financial information for significant subsidiaries

31 December 2020		Total Assets	Total Equity	Total Revenue	Net Profit / (Losses)
Orient Investment Properties Ltd. (ERC)		62,897,242	14,313,857	21.558.788	(7,094,740)
Silverstone Capital Investment Ltd. Group		8,202,447	1,743,948	7,923,733	404,551
National Development and Trading Company		4,533,745	(4,226,617)	2,508,664	(1,016,230)
ASEC Company for Mining (ASCOM)		1,301,085	(80,082)	841,860	(71,719)
Citadel Capital Transportation Opportunities Ltd.	125	932,504	(1,294,479)	292,396	(146,239)
Tawazon for Solid Waste Management (Tawazon) Company Group		7,461	6,283	-	(4,031)
United Foundries Company		157,132	(779,776)	169,449	(41,391)
Grandview Investment holdings		2,182,270	418,110	1,788,318	100,758
Falcon for Agriculture Investments Group		1,454,508	153,497	839,849	51,603



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Notes to the consolidated financial statements For the year ended 31 December 2020

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Interests in other entities (continued)

31 December 2019	Total Assets	Total Equity	Total Revenue	Net Profit / (Losses)
Orient Investment Properties Ltd.	68,081,991	21,543,057	~	(294,783)
Silverstone Capital Investment Ltd. Group	7,119,387	1,500,366	7,724,127	379,207
National Development and Trading Company	4,542,248	(3,144,479)	2,731,249	(505,621)
ASEC Company for Mining (ASCOM)	1,469,749	(13,508)	967,050	(52,572)
Citadel Capital Transportation Opportunities Ltd.	775,142	(1,122,723)	235,983	(237,288)
Tawazon for Solid Waste Management (Tawazon)				
Company Group	444,509	220,730	410,296	20,590
United Foundries Company	146,654	(738,386)	171,521	39,224
Grandview Investment holdings	1,859,562	306,068	1,817,217	(78,922)
Falcon for Agriculture Investments Group	1,421,222	98,960	791,596	16,034

ERC (Subsidiary of Orient Investment properties Ltd.) and TAQA (subsidiary of Silverstone Capital Investment Itd) have outstanding borrowings from a third-party bank that includes a clause restricting payment of dividends to the parent without the lender's approval.

Al-Takamol cement company (Subsidiary of National Development and Trading) operates in a hyperinflationary economy, the central bank of Sudan among other measures imposed certain restrictions on processing of client payments by banks and on the purchase of foreign currency on the interbank market.

3(c) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-Group eliminations.

(i) Summarised financial position

(i) Summariseu	mancial pos	Jicioti					
31 December 2020	Silverstone	ссто	NDT	Orient *	Tawazon	Ascom	Grandview
Current assets	4,912,189	117,946	2,540,563	3,343,644	2,577	424,746	978,584
Current liabilities	(4,231,640)	(1,947,631)	(3,968,183)	(39,095,598)	(1,178)	(617,210)	(1,302,777)
Net current assets	680,549	(1,829,685)	(1,427,620)	(35,751,954)	1,399	(192,464)	(324,193)
Non-current assets	3,290,259	814,558	1,993,182	59,553,598	4,884	876,339	1,203,686
Non-current							
liabilities	(2,226,860)	(279,352)	(4,792,179)	(9,487,787)		(763,957)	(461,383)
Non-current net							
assets	1,063,399	535,206	(2,798,997)	50,065,811	4,884	112,382	742,303
Accumulated NCI	558,069	(412,569)	1,137,445	6,341,592		(79,299)	327,674



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Notes to the consolidated financial statements For the year ended 31 December 2020

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

Interests in other entities (continued)

31 December 2019	Silverstone	ССТО	NDT	Orient	Tawazon	Ascom	Grandview
Current assets	4,520,515	120,917	2,881,395	4,711,301	294,064	507,147	816,384
Current liabilities	(4,058,497)	(1,865,819)	(5,325,383)	(7,695,725)	(210,418)	(1,342,757)	(1,071,012)
Net current assets	462,018	(1,744,902)	(2,443,988)	(2,984,424)	83,646	(835,610)	(254,628)
Non-current assets	2,598,872	654,225	1,660,853	63,370,690	150,445	962,602	1,043,178
Non-current							
liabilities	(1,560,525)	(32,046)	(2,361,344)	(38,843,209)	(13,361)	(140,500)	(482,482)
Non-current net	-						
assets	1,038,347	622,179	(700,491)	24,527,481	137,084	822,102	560,696
	0)			·			
Accumulated NCI	520,414	(346,764)	1,191,865	10,369,882	103,623	(78,941)	224,135

^{*} Orient is the holding company for ERC and the above figures mainly represent ERC figures

(ii) Summarised comprehensive income

31 December 2020	Silverstone	ССТО	NDT	Orie	nt Tawa	azon A	scom	Grandview
Revenue	7,923,733	292,396	2,508,66	4 21,558	.788	- 84	1,860	1,788,318
Profit /(losses)for the year	404,551		, ,	, ,			1,719)	100,758
Other comprehensive income /								
(losses)	(62,061)	(30,333)	72,19	7 270	,330 1	,313	5,149	61,005
Total comprehensive income								
/(losses)	342,490	(176,572)	(944,03	3) (7,647,	796) (2,	718) (6	5 ,570)	161,763
Profit / (losses) allocated to NCI	53,798	(60,039)	37,66	5 (4,342,	063) (30,	709)	(356)	121,107
Dividends to NCI	(7,721)		(61,935		-			(11,125)
31 December 2019	Silverstone	ССТО	NDT	Orient	Tawazon	Ascom	Gra	ndview
Revenue	7,724,127	235,983	2,731,249	-	410,296	967,050	1,8	317,217
Profit / (losses) for the year Other comprehensive income	379,207	(237,288)	(505,621)	(294,783)	20,590	(52,572		78,922)
(losses)	(65,371)	(53,809)	(212,359)	(347,568)	(5,083)	1,699)	58,195
Total comprehensive income				16		-		
/ (losses)	313,836	(291,097)	(717,980)	(642,351)	15,507	(50,873) (20,727)
Profit / (losses) allocated to								
NCI	(2,164)	(68,140)	(121,233)	(335,250)	15,738	239)	21,500
Dividends to NCI	(25,129)	_	(45,619)	-			-	(1,420)



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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Interests in other entities (continued)

(iii) Summarised cash flows

cash and cash equivalent	677,592	34,744	12,667	(304,943)	(13,575)	32,724	98,111
- Financing activities Net increase/ (decrease) in	(293,583)	(89,590)	(460,310)	307,818	316	(21,673)	158,492
- Investing activities	(252,908)	(48,643)	337,137	(2,175,963)	(281)	(8,062)	(158,686)
Cash flows generated from / (used in) - Operating activities	1,224,083	172,977	135,840	1,563,202	(13,610)	62,459	98,305
31 December 2020	Silverstone	ССТО	NDT	Orient	Tawazon	Ascom	Grandview

31 December 2019	Silverstone	ССТО	NDT	Orient	Tawazon	Ascom	Grandview
Cash flows generated from /							
(used in)							
 Operating activities 	(13,999)	52,058	277,026	3,637,888	50,639	32,413	(17,544)
 Investing activities 	(638,402)	(32,540)	6,417	(9,899,584)	(18,973)	(52,883)	(50,923)
 Financing activities 	183,607	16,849	(112,228)	3,028,928	(21,549)	11,574	116,216
Net increase/ (decrease) in							
cash and cash equivalent	(468,794)	36,367	171,215	(3,232,768)	10,117	(8,896)	47,749

3(d) Transactions with non-controlling interest

During the year ended 31 December 2020, the Group sold 0.3% from its percentage of the issued shares of Orient Investment Properties Ltd and sold 7.27% from its percentage of the issued shares ASEC Company for Mining. and 39% of its percentage of the issued shares of Entag and Ecaru.

3(e) Significant judgements

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

The Group currently holds 31.75% in Orient Investment Properties Ltd, which is the majority shareholder of ARC. ARC has a shareholding of 66.6% in ERC. Through the various shareholding structures, the Group holds an effective 13.1% shareholding in ERC and consolidates the ERC entity. ERC represents the most substantial portion of Orient and ARC.

ERC was set up for the purpose of constructing and operating refinery project and aims 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 setup and design of ERC.

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.



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Interests in other entities (continued)

In August 2019 ERC started its pre-completion operations which resulted in supplying EGPC with LPG, reformate, JET fuel, Diesel and Fuel oil products.

The full operation phase started at the beginning of the current period and 2020 marks the first full operational fiscal year for the ERC project. According to the clauses in ERC Deed of Shareholders Support the Group shall prior to the project completion and for two years thereafter, 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 to the project completion terms have been met. The Group will need to reassess control if the Deed of Shareholders Support clauses no longer apply as this may result in control being lost by the Group at this date.

Whilst Egyptian General Petroleum Corporation (EGPC - significant shareholder in ERC) 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. The Deed of Shareholders Support would override any such clauses in other contractual arrangements including any shareholder agreements of ARC or Orient Investment Properties if such clauses are contrary to the Group having control.

As at the 31 December 2020, ERC defaulted on certain of the loans with lenders. This has not impacted the rights afforded to the Group to direct the relevant activities via the Deed of Shareholders Support.

The Group continues to have the ability to use the power to affect the variable returns and is not acting in an agent capacity when making decisions per the Deed of Shareholders Support.

Management is of the view that the Group has control over ERC by virtue of shareholders agreements, exposure, or rights, to variable returns from its involvement with ERC; and can use its control over ERC to affect the amount of the Group's variable returns. Management considers 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.

Furthermore, management has applied judgement in determining if the Group controls Orient and ARC. It should be noted that ERC represents the most significant variable returns of both Orient and ARC. As such, whatever conclusion is reached for ERC would be considered appropriate for Orient and ARC.

In determining the appropriate accounting treatment for ERC, Orient and ARC management applied significant judgment. If management's judgments were to change, this would result in the deconsolidation of ARC and its subsidiary ERC. ERC currently has consolidated assets and liabilities impacting the consolidated financial position amounting to approximately EGP 63 billion and EGP 49 billion respectively as of 31 December 2020 and with a consolidated loss of EGP 8 billion for the twelve-month period. The primary assets and liabilities making up these totals are represented in the fixed assets amounted EGP 58 billion, Trade and other payables amounted to EGP 3.2 billion and loans liabilities amounted to EGP 41.7 billion.



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Interests in other entities (continued)

(ii) Functional currencies of different entities of the Group.

Different entities within the Group have different functional currencies, based on the underlying primary economic environment in which the entities operate. Determining the functional depends on the currency which an entity generates and expends cash. The functional currency is the currency which:

- Mainly influences prices for goods and services,
- The country which competitive forces and regulations mainly determine the prices.
- The currency that influences labour, material and other costs of providing goods and services.

In some instances, it is not clear from the above what the functional currency should be, and consideration would be given to the currency financing is obtained and currency receipt of cash is retained. Management have exercised judgement in assessing the functional currency of some of the entities.

Specifically, in determination of the functional currency of the Egyptian Refining Company (ERC), the Group based its judgement on the fact that the company operates in a market where the price the goods and services are determined is based on global commodity markets. As such, the USD mainly influences prices of goods and services in ERC as well as a large proportion of labour, material and other costs. Moreover, the US Dollar is the currency in which ERC's business risks and exposures are managed, financing is obtained and cash from operating activities are retained. On this basis, management determined the functional currency for ERC to be USD.

(iii) Control Grandview Investment Holdings Corporation (Grandview)

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. 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 agreement was formalised through a participation arrangement which gave Sphinx Capital the majority of the voting rights and appointed 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%.

The following are the key considerations and judgements applied by management in concluding that the Group had control over Grandview:

- 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.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to the consolidated financial statements For the year ended 31 December 2020

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

Interests in other entities (continued)

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

In determining the appropriate accounting treatment for Grandview, management applied significant judgment. If management's judgments were to change, this would result in the deconsolidation of Grandview and its subsidiaries. Grandview currently has consolidated assets and liabilities impacting the consolidated financial position amounting to approximately EGP 2.2 billion and EGP 1.8 billion respectively as of 31 December 2020 and with a consolidated profit of EGP 100 million for the twelve-month period. The primary assets and liabilities making up these totals are represented in the fixed assets amounted EGP 956 million, Trade and other receivables amounted to EGP 356 million and loans liabilities and overdrafts amounted to EGP 1.1 billion.

3(f) Investments in associates

i) investments in associates					
	Place of business /	Shareho	lding %	Carrying	amount
	country of incorporation	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Al Kateb Co for Marketing and Distribution*	Egypt	48.88%	48.88%	_	_
Castrol Egypt *	Egypt	49%	49%	-	2 -
Al Sharq for Book Stores	Egypt	40%	40%	-	13,316
Allmed Medical industries	UK	30%	30%	101,201	103,202
Dar AL Sherouk Company	British Virgin Islands	58.51%	58.51%	124,219	126,712
Ascom Precious Metals (APM)	Ethiopia	35.54%	35.54%	125,800	149,035
Egyptian Company for Solid Waste Recycling	Egypt				
(ECARU)		24.73%	-	1,436	-
Engineering Tasks Group (ENTAG)	Egypt	24.73%	-	6,297	-
Zahana Cement Company	Algeria	35%	-	354,852	-
Total				713,805	392,265
Accumulated impairment loss				(111,146)	(111,146)
Net				602,659	281,119

* The Group management has stopped recognizing its share of losses for Castrol Egypt and Al Kateb Co for Marketing and Distribution as the Group's share of losses exceeded its investment with no further obligations. The unrecognised share of loss of these associates is EGP12,346 for 2020 (Cumulative: EGP26,938).



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

Interests in other entities (continued)

(i) Nature of activities

	Activities
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.
Egyptian Company for Solid	the production of natural organic fertilizers as an alternative to house
Waste Recycling (ECARU)	moss, the production of wood panels from agricultural crop residues and other activities.
Engineering Tasks Group (ENTAG)	Design and manufacture of industrial machinery and equipment, production lines and restructuring of factories. And Execution management for industrial projects, utility projects, and technical and administrative restructuring of factories.
Zahana Cement Company	Cement manufacturing
Ascom Precious Metals (APM)	Exploration of Gold – Ethiopia
Allmed Medical industries	Manufacturing and distributing an end-to-end range of consumables Haemodialysis for Renal Care Therapies.

(ii) Group share in results of associates

		orq for Stores	Dar Al-Sh	Dar Al-Sherouk BVI		Ascom Precious Metals (APM)		Alimed Medical Industries	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	
Opening at 1 January Transfer from assets held for	13,316	12,685	126,712	130,767	149,035	123,544	103,202	-	
sale Group share in profit (Loss)	-	· -	-	¹⁰		© <u>.</u>	-	219,488	
for the year Group share in other	-	631	(4,302)	(3,573)	(28,659)	33,926	-	(87,521)	
comprehensive income/ loss Associate Sold during the	=	-	1,809	(482)	5,424	(8,435)	(2,001)	(28,765)	
year	(13,316)	 -		•		·		-	
	-	13,316	124,219	126,712	125,800	149,035	101,201	103,202	
Accumulated impairment			(111,146)	(111,146)					
Carrying amount at 31 December	<u> </u>	13,316	13,073	15,566	125,800	149,035	101,201	103,202	
Net Assets	-	33,290	22,343	26,604	353,967	419,344	337,337	344,007	
Group's share in %	40%	40%	58.51%	58.51%	35.54%	35.54%	30%	30%	
Group's share in EGP		13,316	13,073	15,566	125,800	149,035	101,201	103,202	



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Notes to the consolidated financial statements For the year ended 31 December 2020

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

Interests in other entities (continued)

	Egyptian Company for Solid Waste Recycling (ECARU)			Engineering Tasks Group (ENTAG)		Zahana Cement Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	
Opening at 1 January	-	-		-	-	-	
Transfer from assets held for sale	-	-		-	340,488	-	
Transfer from Subsidiary to associate Group share in profit (Loss) for the	6,198		1,549	-	-		
year	(3,922)	_	(327)	_	14,364	-	
Group share in other comprehensive	, , ,						
(loss) income	(840)	-	5,075	-	-		
	1,436	-	6,297	-	354,852	-	
Accumulated impairment			·		-		
Carrying amount at			-				
31 December	1,436	-	6,297	-	354,852	-	
	-	•	-	-	-	-	
Net Assets	5,807	-	25,463	-	1,013,863	-	
Group's share in %	24.73%	-	24.73%	-	35%		
Group's share in EGP	1,436	-	6,297		354,852		

(iii) Summarised financial information for associates

31 December 2020	Total assets	Total shareholders' equity	Total revenue	Net profit / (loss) for the year
Ascom Precious Metals (APM)	618,989	353,967	-	(80,639)
Dar Al Sherouk Company	237,405	22,343	46,576	(7,418)
Castrol Egypt	90,168	59,268	19,285	(25,195)
Al Kateb Co for Marketing and Distribution	13,504	9,032	-	(97)
Allmed Medical Industries	1,676,933	644,271	1,127,284	(311,014)
Egyptian Company for Solid Waste Recycling (ECARU)	249,631	5,807	98,826	(88,781)
Engineering Tasks Group (ENTAG)	92,848	25,463	74,878	13,076
Zahana Cement Company	6,246	1,013,863	553	41,040
	*		20 0.	

31 December 2019	Total assets	Total shareholders' equity	Total revenue	Net profit / (loss) for the year
Ascom Precious Metals (APM)	721,983	419,344	_	95,459
Dar Al Sherouk Company	233,703	26,604	59,499	(6,107)
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	15,329	33,290	31,784	1,578
Allmed Medical Industries	1,676,933	644,271	1,127,284	(291,737)



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Interests in other entities (continued)

Significant Judgment

The group have determined that they do not control Dar Elsherouk Company even though the group owns 58.5% of the issued capital of this entity. It is not a controlled entity because the group is not able to use its power over the entity to affect those returns as result of the contractual agreement signed between the group and other shareholder that give the other shareholders the right to control as the chairman and the majority of board members hired by the other shareholder. If consolidation was required, the total assets and total liabilities would increase with 237 M for 2020 and 215M for 2019.



20,616

20,616

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4. Discontinued operation

4(a) Description

(i) Subsidiaries of Tawazon for Solid Waste Management Company

Group management through Tawazon for Solid Waste Management Company's management approved the partial sales of its' shares in ENTAG & ECARU Companies (subsidiaries of Tawazon Group) and Sale transaction has been completed on 27 October 2020 for the amount of EGP 9.7M. the Group disposed of 39% of the retained interest in ENTAG & ECARU Companies, after the partial sale transaction 24.73% are recorded as investment in associates (note 3f).

(ii) Nile Company for Food Industries

During 2020, the Group completed the legal documents to dispose its investments in Nile Company for Food Industries "Enjoy" with total assets of EGP 82,589 and total liability of EGP 129,549 resulted in a gain of EGP 46,960.

4(b) (Loss) / Profit from discontinued operations.

Profit from discontinued operations, net of tax

Discontinued operations after tax are represented in the following:

or a second distribution of the second distribut	in the following.		
	Subsidiaries of	Nile	
	Tawazon for Solid	Company for	
	Waste Management	Food	
	Company	Industries	Total
31 December 2020			
Operating income	63,602	-	63,602
Operation cost	(141,260)		(141,260)
Operating losses	(77,658)	•	(77,658)
(loss) gain on sale of investment	(89,049)	46,960	(42,089)
Net (loss) profit for the year	(166,707)	46,960	(119,747)
Income tax	(35)	<u> </u>	(35)
(Loss) profit from discontinued operations, net of tax	(166,742)	46,960	(119,782)
	Subsidiaries of	Nile	
	Tawazon for Solid	Company for	
	Waste Management	Food	
	Company	Industries	Total
31 December 2019		4	
Operating income	410,296	-	410,296
Operation cost			
operation cost	(378,313)	-	(378,313)
Operating profit	(378,313) 31,983	-	•
•	-		(378,313) 31,983
Operating profit	31,983		(378,313)



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to the consolidated financial statements For the year ended 31 December 2020

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

Discontinued operation (continued)

4(c) Assets and liabilities of disposal Groups classified as held for sale

7:1	Acco.	+~
111	HSSE	LS

	Ledmore		7.41
El Baddar	Holding Limited	Asenpro	Total
22,241	-	5,728	27,969
-	3,837	-	3,837
-	3,246	-	3,246
22,241	7,083	5,728	35,052
-	-	-	-
22,241	7,083	5,728	35,052
	22,241	El Baddar Holding Limited 22,241 - 3,837 - 3,246 22,241 7,083	El Baddar Holding Limited Asenpro 22,241 - 5,728 - 3,837 3,246 - 22,241 7,083 5,728

	Zahana Cement Company	Subsidiaries of Falcon for Agriculture Investments Ltd. BVI	Ledmore Holding Limited	Total
31 December 2019				
Fixed assets	-	77,609	-	77,609
Intangible assets	=	1,034	-	1,034
Trade receivables and other debit balances	-	857	3,913	4,770
Investments in associates	340,487	-	-	340,487
Due from related parties	268	45	-	313
Cash and cash equivalents	-	4,677	3,310	7,987
=	340,755	84,222	7,223	432,200
Impairment		-	- 1	
Balance	340,755	84,222	7,223	432,200

(ii) Liabilities

	Mena Home Furnishing Malls Ltd.	Ledmore Holding Limited	Asenpro	Total
31 December 2020				
Trade payables and other credit balances	826	711	=	1,537
Deferred tax	·	<u>.</u> .	249	≅ 24 9
Balance	826	711	249	1,786

	Mena Home Furnishing Malls Ltd.	Subsidiaries of Falcon for Agriculture Investments Ltd. BVI	Ledmore Holding Limited	Total
31 December 2019	0			
Provisions	-	16,352	_	16,352
Trade payables and other credit balances	843	114,533	725	116,101
Balance	843	130,885	725	132,453



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Notes to the consolidated financial statements For the year ended 31 December 2020

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Discontinued operation (continued)

4(d) Details of the sale of subsidiaries (Tawazon)

	31 December 2020	31 December 2019
Consideration received	9,657	-
Carrying amounts of net assets sold	(73,303)	-
Loss on sale before income tax and reclassification of foreign currency	(63,646)	-
Reclassification of foreign currency translation reserve	(25,403)	
Loss on sale after income tax	(89,049)	-



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5. Hyper-inflationary economies

During 2018, the Group adopted IAS 29, "Financial Reporting in Hyperinflationary Economies". The Sudanese economy have been considered to be hyperinflationary. Accordingly, the results, cash flows and financial position of the Group's subsidiary "Al-Takamol for Cement Company" have been expressed in terms of the current measuring unit at the reporting date.

5(a) Significant judgement

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 subsidiary in Sudan, Al-Takamol for Cement has been accounted for as entities operating in hyperinflationary economies.

The results, cash flows and financial positions of Al-Takamol for Cement have been expressed in terms of the current measuring units at the reporting date. 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 Central Statistical Office. The general price indices used in adjusting the results, cash flows and the financial position of Al-Takamol 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.

<u>Year</u>	<u>Index</u>	Conversion factor
2020	8,639.50	1.77
2019	2,291.21	1.21
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



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Notes to the consolidated financial statements For the year ended 31 December 2020

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

Hyper-inflationary economies (continued)

The net monetary gains from operating activities is as follows:

		Closing			
	Closing	purchasing	Inflation		
In thousand Sudanese Pound	Position	power	adjustments		
Fixed assets	710,769	17,695,574	19,747,689		
Project under construction	10,808	39,160	(6,767)		
Inventories	2,416,668	6,214,389	(5,391,314)		
Net monetary loss charged to the consolidated statemen	t of				
profit or loss	-	-	1,496,326		
Net monetary gain from operating activities	-	· ·	15,845,934		

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

		2020
In thousand Sudanese Pound		
Increase in revenues		10,094,980
Decrease in EBITDA	7	1,304,333
Net monetary gain		1,496,326
Decrease in profit after tax		3,621,247

Exchange rate used

Management exercised judgement in determining the appropriate rate to use for purposes of presenting the financial statements from Sudanese Pounds to Egyptian Pounds. Generally, only the official exchange rate should be used which is currently SDP 0.2851 to EGP 1.

However, management consulted with the Egyptian Accounting Standards Board ("EASB") to obtain clarification on what rate should be used for purpose of conversion under the principles of EAS "13". The EASB provided clarity to the Group on 18 April 2021 that the exchange rate to be used for purposes of EAS 13 is determined by parallel market rate and as at the 31 December 2020 was SDP 0.0589 to 1 EGP and not the official rate.

Furthermore, it should be noted that on 21 February 2021, Sudan's Central Bank had partially floated the currency and announced a new regime to unify exchange rates. At the floating date, 1 US Dollar was exchanged for 375 Sudanese pounds compared to the official rate of 55 Sudanese pounds at 31 December 2020. This event was treated as non-adjusting subsequent event.



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to the consolidated financial statements For the year ended 31 December 2020

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Financial position

6. Financial assets and financial liabilities

The Group holds the following financial instruments:

Financial assets	Notes	FVTPL	Debt instruments at amortised cost	Equity instruments at FVOCI	Amortised cost	Total
31 December 2020						
Trade and other receivables *	6 (a)	-	-	-	4,957,320	4,957,320
Due from related parties	22(a)	-	-	-	335,204	335,204
Financial assets at fair value						
through other comprehensive						
income	6(b)	-	-	7,781	-	7,781
Financial assets at fair value						
through profit or loss	6(c)	5,439	-	-	-	5,439
Investment in treasury bills	6(d)	-	958,407	-	-	958,407
Restricted cash	6(d)	-	-	-	662,765	662,765
Cash and cash equivalents	6(d)	-	-	-	2,283,175	2,283,175
		5,439	958,407	7,781	8,238,464	9,210,091

Financial assets	Notes	FVTPL	Debt instruments at amortised cost	Equity instruments at FVOCI	Amortised cost	Total
31 December 2019						
Trade and other receivables *	6 (a)	-	-	-	6,183,529	6,183,529
Due from related parties	22(a)	-	-	-	346,023	346,023
Financial assets at fair value						
through other comprehensive						
income	6(b)	-	-	12,314	-	12,314
Financial assets at fair value						
through profit or loss	6(c)	3,010	-	-	-	3,010
Investment in treasury bills	6(d)	-	1,187,945	-	_	1,187,945
Restricted cash	6(d)	-	-	-	680,885	680,885
Cash and cash equivalent	6(d)	-	-	_	1,798,984	1,798,984
		3,010	1,187,945	12,314	9,009,421	10,212,690

^{*} Excluding prepayments, advance to suppliers and contract assets.

Financial liabilities	Notes	FVTPL	Equity instruments at FVOCI	Amortised cost	Leases	Total
31 December 2020	-					
Trade and other payables **	6(e)	-	•	9,547,968	-	9,547,968
Due to related parties	22(b)		-	1,610,562	-	1,610,562
Lease liabilities	7(b)(2)		-	-	1,636,748	1,636,748
Derivative financial liabilities	6(f)/6(g)	396,527	677,154	-	-	1,073,681
Loans and borrowings	6(h)	<u>-</u>	<u>-</u>	61,732,624	-	61,732,624
-		396,527	677,154	72,891,154	1,636,748	75,601,583



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Notes to the consolidated financial statements For the year ended 31 December 2020

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Financial assets and financial liabilities (continued)

Financial liabilities	Notes	FVTPL	Equity instruments at FVOCI	Amortised cost	Leases	Total
31 December 2019						
Trade and other payables **	6(e)	-	-	7,878,018	-	7,878,018
Due to related parties	22(b)	=	-	1,748,195	-	1,748,195
Lease liabilities	7(b)(2)	-	-	-	283,087	283,087
Derivative financial liabilities	6(f)/6(g)	364,592	330,356	-	-	694,948
Loans and borrowings	6(h)	-	-	59,655,985		59,655,985
	_	364,592	330,356	69,282,198	283,087	70,260,233

^{**} Excluding non-financial liabilities.

6(a) Trade and other receivables

	31	December 20	20	31 December 2019			
	Non-			Non-			
	Current	current	Total	Current	current	Total	
Trade receivables - government	3,048,936	-	3,048,936	4,072,056		4,072,056	
Trade receivables – nongovernment	1,290,813	29,094	1,319,907	1,255,606	24,242	1,279,848	
Impairment for credit losses (note 28(c))	(399,379)	-	(399,379)	(333,424)	. ·	(333,424)	
	3,940,370	29,094	3,969,464	4,994,238	24,242	5,018,480	
Other receivables	990,376	794,969	1,785,345	831,118	970,691	1,801,809	
Contract Assets	134,859	-	134,859	272,462	-	272,462	
Impairment of contract assets and other receivables (note 28(c))	(538,755)	(258,734)	(797,489)	(526,936)	(109,824)	(636,760)	
	586,480	536,235	1,122,715	576,644	860,867	1,437,511	
Prepayments	893,709	108	893,817	1,182,428	14,636	1,197,064	
Total trade and other receivables	5,420,559	565,437	5,985,996	6,753,310	899,745	7,653,055	

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business (segment information, note 9). If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 60 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in notes 30(j)(iv) and note 30(o) respectively.



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Financial assets and financial liabilities (continued)

(ii) Other receivables

These amounts generally arisen from transactions outside the usual operating activities of the Group. No interest is usually charged on other receivables. The non-current other receivables are due and payable within three years from the end of the reporting period. The amount presented is discounted, the balance mainly represents the refundable deposits, due from sale of investments and due from contractors from supply of assets.

The Group had entered into an agreement with a contractor to produce a production line for a subsidiary. An amount was transferred as a payment of EGP 429 million and the contractor began construction. The two parties had subsequently entered in a dispute about the agreement and the Group entered into negotiation with the contractor to close the dispute. In order to recover the value, the Group has assessed the available settlement options and formed an impairment of 258 million (2019: 110 million) based on the fact that the contractor maintains to have contracted and sold the constructed assets to the group.

The balance relates to refundable deposits mainly represents deposits paid for recurring services received by components like deposits for gas in ERC and deposits for electricity consumption in TAQA. Other balances were not considered significant.

An amount of 797M related to impairment of the other receivable balances are included under impairment of ECL.

(iii) Contract assets

The contract assets mainly relate to unbilled work in progress in Aresco and TAQA and have substantially similar risk characteristics as the trade receivables for the same types of contracts.

(iv) Prepayments

The balance mainly represents the advance to suppliers (441,977 EGP), prepaid expenses (100,483 EGP) and tax authorities balance (351,249 EGP).

(v) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

(vi) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 28(c), note 28(b)(i) and note 28(b)(iii) respectively.



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Financial assets and financial liabilities (continued)

(vii) Significant estimates

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

6(b) Financial assets at fair value through other comprehensive income

	31 December 2020	31 December 2019
Non-current assets	-	
Unlisted equity securities	7,781	12,314
	7,781	12,314

(i) Classification of Financial Assets at Fair Value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprises: Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

(ii) Amounts recognised in profit or loss and other comprehensive income

During the year, the following gain (losses) were recognised in profit or loss and other comprehensive income.

31 December	31 December
2020	2019
697 697	(2,079) (2,079)
31 December 2020	31 December 2019
1,824	
	31 December 2020

(iii) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in note 6(i).



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Financial assets and financial liabilities (continued)

6(c) Financial assets at fair value through profit or loss

	31 December 2020	31 December 2019
Current assets		
Egyptian listed equity securities	5,439	3,010
	5,439	3,010

(ii) Classification of financial assets at fair value through profit or loss

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e., are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise, they are presented as non-current assets. See note 30(j) for the Group's other accounting policies for financial assets.

(iii) Amounts recognised in consolidated profit or loss

Changes in fair values of financial assets at fair value through profit or loss are recorded in "Other operating expenses" in consolidated statement of profit or loss (2020 – gain of EGP (2,429); 2019 – loss of EGP 1,213). (Note 13(b))

(iv) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in note 28(b)(ii). For information about the methods and assumptions used in determining fair value please refer to note 6(i).

6(d) Cash and cash equivalents, restricted cash and investment in treasury bills

	31 December 2020	31 December 2019
Current assets	=======================================	
Time deposits	397,842	398,263
Banks - current accounts	1,783,469	1,857,051
Cheques under collection	20,124	15,578
Letters of guarantee	20,593	37,885
Cash on hand	6,996	6,565
Treasury bills	1,697,257	1,352,472
Gross carrying amount	3,926,281	3,667,814
Impairment on banks accounts (Note 13(a))	(4,822)	
EAS 47 adoption (Note 30(a)(v))	(17,112)	-
Net Carrying value	3,904,347	3,667,814
Less:		
Investment in treasury bills with maturity more than three month (ii)	(958,407)	(1,187,945)
Restricted cash (iii)	(662,765)	(680,885)
Cash and cash equivalents	2,283,175	1,798,984



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Financial assets and financial liabilities (continued)

(i) Classification as cash equivalents

Term deposits are held with banks and presented as cash equivalents if they have a maturity of three months or less from the date of placement and are repayable with 24 hours' notice with no loss of interest. Treasury bills included under Cash and cash equivalent have original maturities of not more than three months from the date of acquisition, are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. See note 30(p) for the Group's other accounting policies on cash and cash equivalents.

The Group's cash and bank balances for the year ended 31 December 2020 and 2019 are held with reputable financial institutions with Moody's and Standard & Poor's credit ratings of B to B2.

(ii) Treasury bills

The investment in treasury bills is related to Taqa with maturity date more than three month but less than one year.

(iii) Restricted cash

The restricted cash represent in EGP 20.5M (2019: 38M), which are placed with banks as cash cover for letters of guarantee issued in favour of the Group, EGP 386M (2019: 382M) in time deposits related to Taqa that are held by HSBC bank as collateral against the loan granted to Citadel Capital for International Investments on 24 December 2019 for a period of 6 months, EGP 255M (2019: 260M) that are related to ERC are held by HSBC bank as collateral against the loan. The restriction will be released upon the full repayment of EIB loan and therefore are not available for general use by the entities within the Group.

The average effective interest rate on deposits at 31 December 2020 is 8.75% (2019: 10%). Time deposits and current accounts with banks are placed with local banks under the supervision of the Central Bank of Egypt.

6(e) Trade and other payables

	31 December 2020 Non-			31 December 2019 Non-		
	Current ¹	current ³	Total	Current 1	current ³	Total
Trade payables ²	6,491,420	289,290	6,780,710	5,607,034	221,860	5,828,894
Accrued expenses	1,553,220	-	1,553,220	1,302,815	-	1,302,815
Tax authority payable 4	1,056,706	-	1,056,706	1,082,670	-	1,082,670
Advances from customers and						
contract advances	378,857	-	378,857	391,492	-	391,492
Social insurance authority	96,928	-	96,928	84,104	-	84,104
Other credit balances	1,214,038	_	1,214,038	741,377	4,932	746,309
Total trade and other payables	10,791,169	289,290	11,080,459	9,209,492	226,792	9,436,284

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



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial assets and financial liabilities (continued)

6(f) Derivatives financial instruments

	31 December 2020	31 December 2019
Interest rate swap contracts (ERC)	(560,230)	(257,893)
Interest rate swap contracts (Taga)	(114,705)	(72,463)
Written call option agreement	(2,219)	-
	(677,154)	(330,356)

At 31 December 2020 and 31 December 2019, the Group held the following instruments to hedge exposures to changes in interest rates.

The table below discloses the profile of the timing of the nominal amount of the hedging instruments:

		2020			2019		
	Less than 1 year	1-5 years	More than 5 years	Less than 1 year	1-5 years	More than 5 years	
Interest rate risk							
Nominal amount	2,771,537	9,111,223	90,490	2,689,517	12,249,786	51,491	
Average fixed interest rate	2.8823%	2.8823%	3.4170%	2.8823%	2.8823%	3.4170%	

(i) Interest rate swap contracts (ERC)

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

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

¹ Current trade payables are unsecured and are usually paid within 60 days of recognition.

¹ This balance includes the amount of EGP 542 million (2019: 552 million) that is payable to Egyptian General Petroleum Corporation (EGPC) represented in purchases of unrefined petroleum products.

² The carrying amounts of the current trade and other payables are considered to be the same as their fair values due to their short-term nature.

³ The non- current trade payable balance mainly represents the long-term retentions.

⁴The balances owing to the Tax authority do not include balances related to income taxes.

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



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial assets and financial liabilities (continued)

The main terms of hedging instrument are as follows:

Trade date: 25 June 2012. Effective date: 3 July 2012.

Termination date: 20 December 2024.

Fixed portion of the rate paid by the Company is 2.3475%. Floating rate paid by bank is USD - LIBOR - BBA 6 months.

Payment date: Semi – annually on 24 instalment the commencing 20 December 2012.

Maximum notional amount covered under these transactions are;

- US\$ 789,445,078 by Standard Chartered Bank
- US\$ 450,970,501 by Société General Corporate and Investment Banking
- US\$ 435,971,044 by HSBC Bank Middle East Limited
- US\$ 107,759,253 by KFW IPEX Bank GMBH
- US\$ 189,466,819 by Mitsubishi UFJ Securities International PLC

During December 2020, ERC defaulted on the loans related to the interest rate swaps which resulted in all loans becoming due and payable immediately and loans are currently in being renegotiated. As such, the interest cash flows on the hedges were no longer considered highly probable and the hedges were discontinued and all fair value movements in OCI were recycled to the profit and loss. Refer note 28(a)(iii) under hedging reserve.

(ii) Interest rate swap contracts (Taga)

TAQA Solar company (a subsidiary) has entered into a finance agreement with International finance Corporation to obtain a loan to finance the Solar energy project.

Hedging instrument terms: Effective date: 2 July 2018

Termination date: 15 January 2032.

Fixed rate paid by the company is 3.417% and receive floating rate of USD six months Libor from IFC.

(iii) Call option agreement

According to the call option agreement signed between the Group and one of its shareholders, the agreement grants the shareholder the right but not the obligation to buy 2% of one of Citadel Capital Company subsidiaries' issued capital (the Call Option") which can only be exercised upon the failure of citadel capital international investment limited (a subsidiary of the Group) to repay the borrowed principle on maturity date.

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



CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial assets and financial liabilities (continued)

6(g) Financial liabilities at fair value through profit or loss

	31 December 2020	31 December 2019
Opening balance at 1 January	364,592	355,296
Financial liability fair value change through profit or loss	25,493	36,238
Interest expense	13,809	12,559
Foreign currency translation differences	(7,367)	(39,501)
	396,527	364,592

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 25,378 (Target Return), to be unconditionally made available to the former shareholder no later than the longstop date on 30 March 2017. Therefore, the 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 31 December 2020 is US \$25,289 (31 December 2019: US \$22,801).

6(h) Borrowings

(, =								
	31	31 December 2020		33	31 December 2019			
		Non-			Non-			
	Current	current	Total	Current	current	Total		
Secured	.77		10	11.				
Bank loans	44,234,965	10,227,912	54,462,877	13,491,669	39,568,897	53,060,566		
Loans from related parties	2,675,548	1,040,616	3,716,164	2,329,862	789,275	3,119,137		
	46,910,513	11,268,528	58,179,041	15,821,531	40,358,172	56,179,703		
Secured and Unsecured								
Short term facilities and								
bank overdrafts	3,553,583	-	3,553,583	3,476,282	-	3,476,282		
	3,553,583	-	3,553,583	3,476,282	-	3,476,282		
Total borrowings	50,464,096	11,268,528	61,732,624	19,297,813	40,358,172	59,655,985		
	8							



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Secured liabilities and assets pledged as security

The secured loans are secured by partial pledges, negative pledge, first degree mortgages and bank guarantees that imposes certain covenants on the subsidiary that has received those loans.

Below is list of key securities provided by the Group and its entities as security for borrowings:

		Caruther Calabarate Consolaries		0						
		additional			Accrued				Accrued	
Loan	Interest rate	information	Current	current	interest	Total 2020	Current	Non - current	interest	Total 2019
Arab Financial Investments Company (AFIC) Commercial International	Fixed	Collaterals: 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.	203,748		13,397	217,145	203,909		13,680	217,589
		Repayment terms: The Ioan is repayable on demand.								
		Negotiations: A renegotiated agreement was signed with bank in September 2018.and The company is negotiating the loan rescheduling to have it regularized.								
Arab Swiss Engineering Co. (ASEC) Ahli United Bank	corridor + margin	<u>Collaterals:</u> Granted by the administrative building owned by the company.	62,424	ı	٠.	62,424	61,397	•	•	61,397
		Repayment terms: The loan is repayable on demand.	*1							
Al Baraka	corridor + margin	<u>Collaterals:</u> Assignment of White Sinai Co. management contract.	1,017	•	r	1,017	4,254	•	ı	4,254
		Repayment terms: The loan is repayable on demand.								

Notes to the consolidated financial statements For the year ended 31 December 2020

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

	Total 2019	158 608	
	Accrued interest	د بر	2776
	Non - current	134 259	
	Current	130	101,137
	Total 2020	160 317	4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
	Accrued interest	372 7	
	Non- current	30 206	
	Current	20 650	o o o o o o o o o o o o o o o o o o o
Securities/Collaterals/Debt covenants	Debt covenant breaches/renegotiations and other additional information	r]records	- 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 APINE, provided that such letter is acceptable to the Bank and is expressly waived in favor of the Bank.
	Interest rate	: : : :	Libor + Matgin
	Loan	ASCOM company for chemicals and carbonates manufacturing	Ahii United Bank

bank to reach a rescheduled repayment whereby, the first instalment will be due on 1 January 2021 and the last instalment

will be due on 1 January 2025.

<u>Negotiations:</u> The company renegotiated its loan in October 2018 with the

Loan currency: The loan is in USD.

 Maintain certain financial ratios as well as some commitments related to new borrowing operations, dividends and new - 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

investments.

period.



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

	Total 2019	26,185	5,014,010
Accrued	interest		1,157,081
	Non - current	212	•
	Current	25,973	3,856,929
	Total 2020	28,643	5,295,234
Accrued	interest	1,531	1,513,080
Non-	current	T	T
	Current	27,112	3,782,154
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional	information	Collaterals: Pledge on the land of the factory, machinery and equipment of Al-Takamol for Cement Ltd. Co. Repayment terms: The loan is repayable on demand.	Collaterals: - 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. Debt covenants: - The Company must ensure that the consolidated tangible net worth is not at any time less than U.S.\$400 million. - The Company must ensure that unconsolidated tangible net worth is not at any time less than U.S.\$500 million. - 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.
	Interest rate	Fixed	Libor + margin
	Loan	ASEC Cement Company Sudanese Egyptian bank	Ctradel Capital S.A.E. Giti Bank (syndication loan manager) (Arab African International Bank, Arab International bank, Bank De Caire, Bank De Caire, and Piraeus Bank)

The aggregate amount of advisory Fees actually received by the Company and Citadel Capital 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 its current assets to current liabilities is not less

The ratio of United Foundries Company (UCF) Financial Indebtedness to (UCF) tangible net worth is not more than 2:1. The ratio of ASCOM financial indebtedness to ASCOM's tangible net worth is not more than 2:1.

Notes to the consolidated financial statements For the year ended 31 December 2020

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

Total 2019				- 157,502
Accrued				·
Non - current				116,415
Current				41,087
Total 2020				150,347
Accrued interest				,
Non- current				106,035
Current				44,312
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional information	The ratio of NDT's 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 Taqa Arabia 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.	Repayment terms and defaults: - The loan is repayable on demand The Company defaulted on the repayment of the loan.	<u>Loans renegotiation:</u> Renegotiations are currently in progress with lenders to reschedule the debt repayment.	Collaterals: - Insurance documents against all risks on the assets of the company covering at least 110% of the value of the existing
Interest rate				:ure (Falcon) rt corridor + margin
Loan				Dina for Agriculture (Falcon) HSBC Bank Egypt corrido

No covenants are breached and no defaults.

Repayment terms:
The repayment date is 2023
Covenant breaches/defaults:

- Executing first-class commercial mortgage and real estate mortgage to cover all financing.

- The bank provides an undertaking from the Citadel Holding Company (SAE) and the Investment Company for Dairy Products (SAE) to cover the debt service rate throughout the financing

CITADEL CAPITAL COMPANY (S.A.E). FOR THE YEAR ENDED 31 DECEMBER 2020 CONSOLIDATED FINANCIAL STATEMENTS AND ITS SUBSIDIARIES

Notes to the consolidated financial statements For the year ended 31 December 2020

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

Total 2019	7,990,551
Accrued interest	32,257
Non - current	7,147,976
Current	810,318
Total 2020	7,859,318
Accrued interest	57,835
Non- current	,
Current	7,801,483
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional information	Collaterals and covenants: The major covenants and guarantees for Egyptian Refining Company S.A.E. ("FRC") 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
Interest rate	Libor + margin
Loan	Egyptian Refining Company – S.A.E. Japan Bank for International Cooperation (JBIC)

the "Deed of Shareholder Support" unless such shares or other

permitted under the Finance Documents.

of its assets, either in a single transaction or a series of transactions that are outside the normal course of business.

- 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 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 - All shares and other instruments issued by ERC shall be subject to security as envisaged by the "common terms agreement" and

ERC shall not enter into any amalgamation, demerger, merger,

them) or incorporate any company or entity. reconstruction, consolidation or winding-up.

- ERC shall not create or permit to subsist any security interest - ERC shall not sell or otherwise dispose of all or any material part

common term's agreement. over all or any of its assets.

Notes to the consolidated financial statements For the year ended 31 December 2020

Total 2019		5,318,708
Accrued interest		11,597
Non - current		4,766,738
Current		540,373
Total 2020		5,229,229
Accrued		28,000
Non- current		•
Current		5,201,229
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional information	instruments are issued to a Government Entity, in which case they shall be subject to an irrevocable power of attorney. Repayment terms and defaults: The Company defaulted on the repayment of the loan. The Lenders had the option to call these loans. The loans are classified as current at the end of the reporting period because the Lenders didn't waive their right to request immediate redemption before the reporting period. Loans negotiation: Loans negotiation are currently in progress with lenders to reschedule debt repayment.	Collaterals and debt covenants: The Company shall not incur or permit to subsist any financial indebtedness except for certain conditions which are mentioned in the agreement. The Company shall not undertake any material capital or operating expenditures except for certain conditions which are mentioned in the agreement. The Company shall not incur or permit to subsist any security interest overall or any of its assets except for certain conditions which are mentioned in the agreement. The Company shall not sell or dispose any material part of its assets either in a single or a serious of transactions except for certain conditions which are mentioned in the agreement. The Company shall not acquire any company, entity, shares, security or any business except for certain conditions which are mentioned in the agreement. The Company shall not alter any right attaching to any share except for certain conditions which are mentioned in the agreement. The Company shall not alter any right attaching to any share or loan capital of ERC except for certain conditions which are mentioned in the agreement. The Company shall not alter any right attaching to any share or loan capital of ERC except for certain conditions which are mentioned in the agreement. The Company shall not enter into any amalgamation, demerger, merger, reconstruction, consolidation or winding-up.
Interest rate		Libor + margin
Loan		Group of Commercial Banks (NEXI Covered Lenders)

Notes to the consolidated financial statements For the year ended 31 December 2020

Total 2019		9,165,793
Accrued		25,769
Non - current		8,209,382
Current		930,642
Total 2020		9,012,943
Accrued		54,911
Non- current		
Current		8,958,032
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional information	- The Company shall not engage in any activity which is not directly associated with the project The Company shall not make or permit any amendments to its memorandum or article of association without prior consent of the Global Facility Agent. Repayment terms and defaults: The Company defaulted on the repayment of the loan. The Lenders had the option to call these loans. The loans are classified as current at the end of the reporting period because the Lenders didn't waive their right to request immediate redemption before the reporting period.	Collaterals and debt covenants: The Company shall not incur or permit to subsist any financial indebtedness except for certain conditions which are mentioned in the agreement. The Company shall not undertake any material capital or operating expenditures except for certain conditions which are mentioned in the agreement. The Company shall not incur or permit to subsist any security interest overall or any of its assets except for certain conditions which are mentioned in the agreement. The Company shall not sell or dispose any material part of its assets either in a single or a serious of transactions except for certain conditions which are mentioned in the agreement. The Company shall not acquire any company, entity, shares, security or any business except for certain conditions which are mentioned in the agreement. The Company shall not make any loan, credit or guarantee except for certain conditions which are mentioned in the agreement. The Company shall not alter any right attaching to any share or loan capital of ERC except for certain conditions which are mentioned in the agreement. The Company shall not enter into any amalgamation, demerger, merger, reconstruction, consolidation or winding-up.
Interest rate		Libor + margin
Loan		Export – Import Bank of Korea (KEXIM)

Notes to the consolidated financial statements For the year ended 31 December 2020

	Total 2019			2,659,512
Accrued	interest			9.956
	Non - current			2,383,369
	Current			270,187
	Total 2020			2,614,742
Accrued	interest			14,127
Non-	current			
	Current			2,600,615
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional	information	 The Company shall not engage in any activity which is not directly associated with the project. The Company shall not make or permit any amendments to its memorandum or article of association without prior consent of the Global Facility Agent. 	Repayment terms and defaults: The Company defaulted on the repayment of the loan. The Lenders had the option to call these loans. The loans are classified as current at the end of the reporting period because the Lenders didn't waive their right to request immediate redemption before the reporting period.	Collaterals and debt covenants: The Company shall not incur or permit to subsist any financial indebtedness except for certain conditions which are mentioned in the agreement. The Company shall not undertake any material capital or operating expenditures except for certain conditions which are mentioned in the agreement. The Company shall not incur or permit to subsist any security interest overall or any of its assets except for certain conditions which are mentioned in the agreement. The Company shall not sell or dispose any material part of its assets either in a single or a serious of transactions except for certain conditions which are mentioned in the agreement. The Company shall not acquire any company, entity, shares, security or any business except for certain conditions which are mentioned in the agreement. The Company shall not make any loan, credit or guarantee except for certain conditions which are mentioned in the agreement. The Company shall not alter any right attaching to any share or loan capital of ERC except for certain conditions which are mentioned in the agreement. The Company shall not enter into any amalgamation, demerger, merger, reconstruction, consolidation or winding-up.
	Interest rate			Libor + margin
	Loan			Financial Institutions (KEXIM Initial Guaranteed facility lenders)

Notes to the consolidated financial statements For the year ended 31 December 2020

Total 2019			6,669,430
Accrued			35,541
Accr			2
Non - current			5,958,422
Current			675,467
3			
Total 2020			6,562,785
7 ts			o 0
Accrued			61,249
Non- current			
Current			6,501,536
	0 4		rity rity s.s. s.s. s.s. s.s. s.s. s.s. s.s. s.
nts :her additional	The Company shall not engage in any activity which is not directly associated with the project. The Company shall not make or permit any amendments to its memorandum or article of association without prior consent of the Global Facility Agent. Payment terms and defaults: Company defaulted on the repayment of the loan. The ders had the option to call these loans. The loans are saified as current at the end of the reporting period because	ımediate	Illaterals and debt covenants: The Company shall not incur or permit to subsist any financial indebtedness except for certain conditions which are mentioned in the agreement. The Company shall not undertake any material capital or operating expenditures except for certain conditions which are mentioned in the agreement. The Company shall not incur or permit to subsist any security interest overall or any of its assets except for certain conditions which are mentioned in the agreement. The Company shall not sell or dispose any material part of its assets either in a single or a serious of transactions except for certain conditions which are mentioned in the agreement. The Company shall not acquire any company, entity, shares, security or any business except for certain conditions which are mentioned in the agreement. The Company shall not alter any loan, credit or guarantee except for certain conditions which are mentioned in the agreement. The Company shall not alter any right attaching to any share or loan capital of ERC except for certain conditions which are mentioned in the agreement. The Company shall not alter any right attaching to any share mentioned in the agreement. The Company shall not enter into any amalgamation, demerger, merger, reconstruction, consolidation or windingup.
Securities/Collaterals/Debt covenants ant breaches/renegotiations and other information	The Company shall not engage in any activity whic directly associated with the project. The Company shall not make or permit any amenc its memorandum or article of association without consent of the Global Facility Agent. Payment terms and defaults: Company defaulted on the repayment of the loan ders had the option to call these loans. The loans sified as current at the end of the reporting perior	o request im iod.	Interals and debt covenants: The Company shall not incur or permit to subsist any fina indebtedness except for certain conditions which are mentioned in the agreement. The Company shall not undertake any material capital or operating expenditures except for certain conditions whis are mentioned in the agreement. The Company shall not incur or permit to subsist any sect interest overall or any of its assets except for certain conditions which are mentioned in the agreement. The Company shall not sell or dispose any material part o assets either in a single or a serious of transactions excep certain conditions which are mentioned in the agreement. The Company shall not acquire any company, entity, sha security or any business except for certain conditions whis are mentioned in the agreement. The Company shall not make any loan, credit or guarante except for certain conditions which are mentioned in the agreement. The Company shall not alter any right attaching to any sh or loan capital of ERC except for certain conditions which mentioned in the agreement. The Company shall not alter any right attaching to any sh or loan capital of ERC except for certain conditions which mentioned in the agreement. The Company shall not enter into any amalgamation, demerger, nerger, reconstruction, consolidation or wind up.
ollaterals/De s/renegotiati information	The Company shall not engage in an directly associated with the project. The Company shall not make or perrits memorandum or article of associ consent of the Global Facility Agent. Payment terms and defaults: a Company defaulted on the repaym ders had the option to call these loan ders had the option to call these loan sified as current at the end of the re	their right to porting per	Interals and debt covenants: The Company shall not incur or prince bettedness except for certain comentioned in the agreement. The Company shall not undertake operating expenditures except for are mentioned in the agreement. The Company shall not incur or printerest overall or any of its asset conditions which are mentioned if The Company shall not sell or dispassets either in a single or a serior certain conditions which are men The Company shall not sell or dispassectify or any business except for are mentioned in the agreement. The Company shall not make any except for certain conditions which agreement. The Company shall not alter any ror loan capital of ERC except for or loan capital of ERC except for or loan capital of ERC except for demerger, merger, reconstruction demerger, merger, reconstruction.
Securities/C ant breache	any shail no sociated with any shail no any shail no andum or a fthe Global erms and de refeaulted of the option to urrent at th	lidn't waive refore the re	Interals and debt covenants: The Company shall not incur or prince between sexcept for certain of mentioned in the agreement. The Company shall not undertake operating expenditures except for are mentioned in the agreement. The Company shall not incur or printerest overall or any of its asset conditions which are mentioned if The Company shall not sell or dispassets either in a single or a serior certain conditions which are men The Company shall not agreement. The Company shall not adverse are mentioned in the agreement. The Company shall not make any except for certain conditions which agreement. The Company shall not alter any ror loan capital of ERC except for or loan capital of ERC except for or loan capital of ERC except for demerger, merger, reconstruction demerger, merger, reconstruction up.
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other information	a e b e	the Lenders didn't waive their right to request immediate redemption before the reporting period.	Collaterals and debt covenants: - The Company shall not incur indebtedness except for cert mentioned in the agreement. - The Company shall not under operating expenditures excep are mentioned in the agreement. - The Company shall not incur interest overall or any of its a conditions which are mention. - The Company shall not sell on assets either in a single or a security or any business exce security or any business exce are mentioned in the agreement. - The Company shall not alter are mentioned in the agreement. - The Company shall not alter or land company shall not alter agreement. - The Company shall not alter or land company shall not alter or land captile of ERC except or loan capital of ERC except or loan capital of ERC except demerger, merger, reconstru
	⊯⊢೨೮		
Interest rate			Libor + margin
ue			nt Bank
Loan			European Investment Bank (EIB)

Notes to the consolidated financial statements For the year ended 31 December 2020

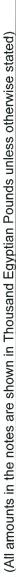
(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Total 2019		3,544,961
Accrued		18,032
Non - current		3,226,722
Current		300,207
Total 2020		3,518,483
Accrued interest		26,573
Non- current		602,338
Current		2,889,572
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional information	- The Company shall not engage in any activity which is not directly associated with the project The Company shall not make or permit any amendments to its memorandum or article of association without prior consent of the Global Facility Agent. Repayment terms and defaults: The Company defaulted on the repayment of the loan. The Lenders had the option to call these loans. The loans are classified as current at the end of the reporting period because the Lenders didn't waive their right to request immediate redemption before the reporting period.	Collaterals and debt covenants: The Company shall not incur or permit to subsist any financial indebtedness except for certain conditions which are mentioned in the agreement. The Company shall not undertake any material capital or operating expenditures except for certain conditions which are mentioned in the agreement. The Company shall not incur or permit to subsist any security interest overall or any of its assets except for certain conditions which are mentioned in the agreement. The Company shall not sell or dispose any material part of its assets either in a single or a serious of transactions except for certain conditions which are mentioned in the agreement. The Company shall not acquire any company, entity, shares, security or any business except for certain conditions which are mentioned in the agreement. The Company shall not make any loan, credit or guarantee except for certain conditions which are mentioned in the agreement. The Company shall not alter any right attaching to any share or loan capital of ERC except for certain conditions which are or loan capital of ERC except for certain conditions which are
Interest rate		Libor + margin
Loan		African Development Bank (AFDB)

The Company shall not enter into any amalgamation, demerger, merger, reconstruction, consolidation or winding-

mentioned in the agreement.

Notes to the consolidated financial statements For the year ended 31 December 2020



Particular Par		Total 2019			3,692,987		2,956,807		206,533		
Interest rate Debt coverant breaches/freeteraply before stated information The Company shall not engage in any activity which is not directly associated with the project. The Company shall not engage in any activity which is not consent of the Global Facility Agent. The Company shall not engage in any activity which is not consent of the Global Facility Agent. Coverant breaches and edds coverants. Coverant are breached and no defaults. The Company shall not be in growing and edds coverants. Coverants are breached and no defaults. The Company shall not be in growing and registered at its Commercial Registered and redefaults. The Company shall not be any distribution or other payment to the shall amount due and no defaults. No coverants breaches or defaults. No coverants breaches or defaults. No coverants breaches or defaults. No coverants are breached and no defaults. The Company shall not be any distribution or other payment to the shall amount due and payable under the fill amount due and payable under the fill amount due and payable under the Afibs subordinated land and real festate morphage in registered at its commercial and real festate morphage in registered and real festate morphage in registered and real festate morphage in registered at the commercial and real festate morphage in registered at the commercial and real festate morphage in registered and real festate morphage in registered and real festate morphage in registered at this commercial and real festate morphage in registered and real festate morphage in registered and the contraction resistance.	Accrued	interest					•		•		
Interest rate Debt coverant breades/retreagles to contens and other additional current interest rate interest rate The Company shall not enable on the project. The Company shall not make on permit any amendments to its memoraham or article of siscation without prior connect the clobal and project. Coverant breades or defaults: In Company shall not make any distribution or other payment the company shall not make any distribution or other payment to the shareholders for the rate of or shareholders and the defaults. Colleterals and debt. coverants are breached and to defaults. In Company shall not make any distribution or other payment to the shareholders for the rate of or shareholders for the rate of or shareholders for the rate of or shareholders and the rate of or shareholders are breached and no defaults. Debt coverants are breached and no defaults. No coverants are breached and no defaults. Debt coverant breaches or defaults. No coverant breaches or defaults in full. Debt coverant breaches or defaults. No coverant breaches or defaults. Debt coverant shall not make any distribution or other payment to the shareholders for their affiliates) in respect of equity trading or shareholders shareholders shall amounts due and payable under the AIDB subordinated foan have been paid in full. Other information: The Company has finalized all commercial and real estate The Company has finalized all commercial and real estate The Company has finalized all commercial and real estate in restate or defaults. The company has finalized all commercial and real estate in restate or defaults. The company has finalized at the commercial and real estate in real restate in restate or defaults. The company has finalized at the commercial and real estate in restate in restate in the state or defaults. The company has finalized at the commercial and real estate		Non - current			3,692,987		2,956,807		206,533		
Interest rate Dett coverant breaches/Colletenis/Det coverants The Company shall not engage in any activity which is not current interest and information and other additional current interest are information and other additional current interest and company shall not nead on any activity which is not content of the Global Facility Agent. Coverant for the Global Facility Agent. Coverant backled and bank promisory notes. Ibor + margin Colletenis and debt coverants: Coverant sare breached and bank promisory notes. Ibor + margin Colletenis and debt coverants: No coverants are breached and no defaults. Coverant sare breached and no defaults. No coverants are breached and no defaults. Coverant sare breached and no defaults. No coverants are breached and no defaults. Debt coverants are breached and no defaults. No coverants are breached and no defaults. The Company shall not make any distribution or other payment to the shareholders foar until all amounts due and payable under the AfDB subordinated loan have been paid in full. Other information: The Company has finalized all commercial and real estate moregage procedures and registered at its commercial moregage procedures and registered at its commercial moregage procedures and registered at its commercial and real estate moregage procedures and registered at its commercial and real estate moregage procedures and registered at its commercial and real estate moregage procedures and registered at its commercial and real estate moregage procedures and registered at its commercial and real estate moregage procedures and registered at its commercial and real estate moregage procedures and registered at its commercial and real estate and registered at its		Current			•		•				
The Company shall not engage in any activity which is not directly associated with associated with project. The Company shall not engage in any activity which is not directly associated with the project. The Company shall not engage in any activity which is not consent of the clobal Facility Agent. Coverant breaches or defaults: No coverants are breached and no defaults. Signature or activity or consent of the clobal Facility Agent.		Total 2020			3,775,728		3,007,463		222,410		
The Company shall not engage in any activity which is not directly associated with the project. The Company shall not engage in any activity which is not directly associated with the project. The Company shall not engage in any activity which is not stremenrandum or article of association without prior consent of the Global Facility Agent. Covenant breaches or defaults: Covenant breaches or defaults: No covenants are breached and holank promissory notes. The Company has finalized all commercial and real estate mortgage procedures and registered at its Commercial Registration. Content breaches or defaults: No covenants are breached and no defaults. Covenants breaches or defaults: No covenants are breached and no defaults: No covenants are breached and n	Accrued	interest					•		1		
Debt covenant breaches/Collaterals/Opet covenants	Non-	current			3,775,728				222,410		
Libor + margin		Current					•				
	Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional		its memorandum or article of association without prior consent of the Global Facility Agent. Covenant breaches or defaults:	No covenants are breached and no defaults.	sory notes cial and at its	Covenants breaches or defaults: No covenants are breached and no defaults.	Collaterals and debt covenants: The Company shall not make any distribution or other payment to the shareholders (or their affiliates) in respect of equity funding or shareholders loans until all amounts due and payable under the AfDB subordinated loan have been paid in full.	<u>Debt covenant breaches or defaults:</u> No covenants are breached and no defaults.	Collaterals: The Company shall not make any distribution or other payment to the shareholders (or their affiliates) in respect of equity funding or shareholders loans until all amounts due and payable under the AfDB subordinated loan have been paid in full.	Other information:	The Company has finalized all commercial and real estate mortgage procedures and registered at its commercial registration.
MITSUE & Co. Ltd. GS Engineering & Construction Corp Mitsui NEXI Insurance Premium-		Interest rate			Libor + margin		Libor + margin		Libor + margin		
		Loan			MITSUE & Co. Ltd.		GS Engineering & Construction Corp		Mitsui NEXI Insurance Premium-		

Notes to the consolidated financial statements For the year ended 31 December 2020

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

Total 2019	- 62,489		. (1,064,230)	36 682,867
Accrued				96,286
Non - current	62,489		(833,287)	,
Current	.**		(230,943)	586,581
Total 2020	52,360		•	601,329
Accrued				3,474
Non-	52,360		ı	597,855
Current	1		1	11
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional information	Collaterals: The Company shall not make any distribution or other payment to the shareholders (or their affiliates) in respect of equity funding or shareholders loans until all amounts due and payable under the AfDB subordinated loan have been paid in full.	Debt covenants and breaches: No covenants are breached and no defaults.	This balance represents the necessary financing cost incurred by the Company to obtain the credit facility and loans required to finance its project. It will be amortized over the life of the loan using the effective interest rate.	Collaterals: - 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 favor 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 mortgage, see this contract and not
Interest rate	Libor + margin		Variable	Libor + margin
Loan	Mitsui - compounded interest		Deferred borrowing	Glass rock company for isolation Misr Bank

2019,2020 & 2021.

The Current ratio should not be less than 1 in years 2017 to 2021.

- The Financial leverage should not exceed 2.5 in 2018 and 1.2 in

Debt covenants:

- ASEC company for mining (the holding company) undertake the obligation to pay the company's debt in case of default.

consent of the bank.

to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written

Notes to the consolidated financial statements For the year ended 31 December 2020

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

	Total
Accrued	interest
	Non - current
	Current
	Total 2020
Accrued	interest
Non-	current
	Current
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional	information
	Interest rate
	Loan

al 2019

- 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
- The company should have 80% of free cash flow that should be used to make mandatory accelerated payment of instalments.
 - Any payment of intercompany loans, dividends or capital expenditures should not be done before getting written approval from the bank.
 - The Currency of the loan is USD
- ASEC company for mining (the holding company) will transfers the ownership of 15% of the total shares owned by the shareholder in the capital of ASCOM for Carbonate & Chemicals Manufacturing for 345,000 shares with an amount of USD 16.40' share at a value of USD 5,658,000 which is equivalent to EGP 91,311,000 provided that the value of the shares is used to pay all or part of the loan
 - The ASEC company for mining (the holding company) and Third arties in the contract pledge to jointly between them that the shares to be transferred to the bank shall yield not less than 5% of the sales value in the year for a period of five years, otherwise the both Parties shall be obligated to pay the bank the full amount of that value or the difference between the value of profits earned and the agreed value of their own
- If the shares achieve profits of less than 5% per year, ASCOM and Third Parties are bound by mutual solidarity between them to pay the bank the complementary percentage of the value of the 5% agreed upon and referred to in the previous paragraph.
 If the shares do not achieve profits during the year, ASCOM and Third Parties are bound together with each other to pay the Bank the value of the 5% referred to in the previous paragraph.

Repayment terms, defaults & renegotiations:

On 22 December 2020 the company successfully restructured its outstanding debts facility with Banque Misr, the key terms of the restructuring agreements are set out below:

- The repayment term of the loan was extended for nine years including 1.5-year payment holiday.

Notes to the consolidated financial statements For the year ended 31 December 2020

Total 2019			17,473				340,499
Accrued			i				•
Non - current			5,543				261,700
Current			11,930				78,799
Total 2020			69,392				302,059
Accrued interest			1				
Non- A current ir			22,207				203,249
Current			47,185				98,810
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional information	- The interest rate on the loan was reduced from 5 to 2.5 % The outstanding late payment fees of EGP 96 M would be waived at the end of the agreement subject to compliance with all loan terms.	Other information: The modified terms were substantially different from the original terms of the loan and as a result the transaction was accounted for as an extinguishment of the original loan and the recognition of a new loan at fair value, consequently a gain on extinguishment of borrowing amounting to EGP 91 Million has been recognized in the statement of profit or loss for the year ended 31 December 2020.	Loan terms and details: - EGP 40 million tenor 1 year ended Dec.2020 secured by Shorouk undertaking EGP 30 m tenor 5 years ended Dec.2024 on a quarterly instalment secured by assets mortgage.	<u>Repayment terms:</u> Repayment date is 2024.	Debt covenant and breaches: - No covenants are breached and no defaults.		Collaterals: - 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.
Interest rate			corridor + margin				corridor + margin
Loan			 UND BUO			United Company for Paper and Carton	Manufacturing Abu Dhabi Islamic Bank



Notes to the consolidated financial statements For the year ended 31 December 2020

Accrued Total 2020 Current Non - current interest Total 2019		9,607 3,781 7,247 - 11,028			47,844 13,072 21,046 - 34,118		481,624 487,938 - 487,938	
Non- Accrued current interest		5,632			32,469			
Current		3,975			15,375		481,624	
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional information	Debt covenants and breaches: - No covenants are breached and no defaults.	Collaterals: - 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	<u>Repayment terms:</u> The repayment date 2022.	Debt covenant and breaches; No covenants are breached and no defaults.	Repayment terms: The repayment date 2025.	<u>Debt covenant and breaches:</u> No covenants are breached and no defaults.	<u>Collaterals:</u> Letter of guarantee from Standard Chartered Bank of Korea Limited with the amount due to Arab International Bank.	Daymont torms:
Interest rate		corridor + margin			corridor + margin		Libor + margin	
Loan	Windsor for trading and Manufacturing	Gafar National Bank			Elsherouk Qatar National Bank QNB		International for Refinery Consultation Arab International Bank	

Notes to the consolidated financial statements For the year ended 31 December 2020



Total 2019		741,536
Accrued		
Non - current		•
Current		741,536
Total 2020		884,900
Accrued		
Non- current		•
Current		884,900
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional information	<u>Loans negotiations:</u> The company negotiated its loan in September 2018 with the bank to reach a rescheduled repayment.	Collaterals: - Open the revenue account with the Loan Agent (Banque Misr). - First degree pledge over the revenue account. - First degree mortgage on the barges - 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 favor of the Security Agent for itself and on behalf of the banks.
Interest rate		corridor + margin
Loan		National Company for Multimodal Transport S.A.E. (CCTO) Arab African International Bank, Alex Bank and Banque Misr (syndicated loan)

<u>Covenants:</u>
The debt service ratio to be not less than 1.1 till the date of

repayment of the loans.

Debt negotiation: Negotiation is curr loan instalments.

- Assign the borrower's rights of any damages arising under the Material project contracts and related banks' guarantees under

such contracts in favor of Security Agent

Payments.

 - Assign proceeds from long term transportation service contracts signed with the borrower's customers in favor of the

Security Agent.

for itself & on behalf of the banks.

Negotiation is currently in progress with banks to reschedule the

- Assign all borrower's compensation rights under the insurance

policies covering the borrower new barges during construction in favor of the Security Agent (Arab African International Bank)

Notes to the consolidated financial statements For the year ended 31 December 2020

Total 2019	1,394,668	289,973	142,181
Accrued	'	,	•
Non - current		,	•
Current	1,394,668	289,973	142,181
Total 2020	1,485,740	308,292	141,435
Accrued	s '		•
Non- current			•
Current	1,485,740	308,292	141,435
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional information	Collaterals: Pledge of the Company's shares (50 million) in Orient Investments Properties Ltd. In favor of the bank. Negotiations: Negotiations: Negotiations:	Repayment terms: The loan is repayable on demand. Collaterals: Partial pledge of ASEC Cement company shares. Repayment terms: The loan is repayable on demand.	Negotiations: A rescheduling contract signed on 30 July 2019, loan to be settled fully on 30 September 2020 and the company currently is negotiating with the bank for rescheduling the loan instalments. However, no default notice received, or action taken by the lender. Collaterals: Partial pledge of ASEC Cement Co. shares, ASEC Engineering shares and ASENPRO shares in favor of bank. Repayment terms: The loan is repayable on demand.
Interest rate	Libor + margin	corridor + margin	corridor + margin
Loan	National Company for Refining Consultation Arab International Bank	National Development and Trading Company Qatar National Bank QNB	Arab investment Bank

Notes to the consolidated financial statements For the year ended 31 December 2020

	Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional		Non-	Accrued	OCOC LABOR			Accrued	
	Negotiations: A rescheduling contract signed on 9 July 2019, loan to be settled fully on 30 September 2020 and the company currently is negotiating with the bank for rescheduling the loan instalments. However, no default notice received, or action taken by the lender.	Current	Current	Interest	otal 2020	Current	Non - current	Interest	lotal 2019
corridor + margin	Collaterals: Pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ASEC automation shares in favor of bank. Repayment terms: The loan is renavable on demand	320,824	1	1	320,824	321,014		•	321,014
	Negotiations: 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.								
corridor + margin	Collaterals: Pledge of 33.3 million of the Parent 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. Repayment terms: The loan is repayable on demand.	223,319	•		223,319	228,822			228,822
	Negotiations: 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.								
Libor + margin	<u>Collaterals:</u>	48,511	744,659	27,065	820,235	48,538	809,193	i	857,731

Notes to the consolidated financial statements For the year ended 31 December 2020

Total 2019		426,103	ı
Accrued		•	•
Non - current		356,887	r
Current		69,216	ı
Total 2020		391,280	272,115
Accrued interest			4,508
Non- current		312,530	267,607
Current		78,750	•
Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional information	- First degree commercial mortgage on materials, and related tools and equipment. - The Company must not make, pay or permit a distribution unless the Historic Debt Service Cover Ratio is not less than 1.2:1 - The Company must ensure that, at any time following the Commercial Operation Date, the average Performance Factor over any twelve (1.2) Billing Periods (as defined in the PPA) is not less than zero point eight (0.8). - Sponsors should retain at least 51% ownership at all the loan duration. - The repayment date is 2032. - The loan is in USD. - Debt covenants and breaches:	Covenants: All dividends related to Gas Group should be transferred to a All dividends related to Gas Group should be transferred dividends must cover 1,75 of annual payment. 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. Repayment terms: The repayment date is 2024. Debt covenant and breaches: No covenants are breached and no defaults.	<u>Collaterals:</u>
Interest rate		corridor + margin	corridor + margin
Loan		Taqa Arabia HSBC	Taqa Industrial Zone Emirates NBD

Notes to the consolidated financial statements For the year ended 31 December 2020

		Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional		Non-	Accrued				Accrued	
Loan	Interest rate	information	Current	current		Total 2020	Current	Non - current	interest	Total 2019
		Assigning all cash and financial revenues and revenues generated by the funded project.								
		Debt covenant and breaches: No covenants are breached and no defaults.								
		Other information: The bank was granted the right to sign on behalf of the Company.								
Taqa Marketing HSBC Banque De Caire National Bank of	corridor + margin	Collaterals: The company maintain a constant percentage in the contract plus restricted dividends distribution till payment of instalments and	15,148	95,636	271	78,055	7,534	78,257	415	86,206
Egypt Emirates NBD		accrued interest. <u>Repayment terms:</u> The repayment date is 2025.								
		<u>Debt covenant and breaches:</u> No covenants are breached and no defaults.								
9										
Master Gas National Bank of Egypt	corridor + margin	Collaterals: Not to make any dividends Distribution during the life financing with the possibility of making distribution in the case of the borrower's obligation to pay all the amounts due to the bank and obligation to financial undertakings after obtaining the Bank prior written consent. Not to sell mortgage and issue a power of attorney to sell, mortgage, waive or lease any of its assets before obtaining the Bank's prior written consent.	•	80,408		80,408		•		•
Trimstone Assets										
Holdings Ltd. Arab International Bank	Libor + margin	Collaterals: - First degree pledge over all shares owned TAQA Arabia covering 115% of the value of the existing liability in favor of Arab	173,836	1		173,836	154,322	ı	T	154,322

CITADEL CAPITAL COMPANY (S.A.E). CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 AND ITS SUBSIDIARIES

Notes to the consolidated financial statements For the year ended 31 December 2020

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

		Securities/Collaterals/Debt covenants Debt covenant breaches/renegotiations and other additional		Non-	Accrued				Accrued	
Loan	Interest rate	information	Current	current	interest	Total 2020	Current	Non - current	interest	Total 2019
		international								

First degree pledge over shares of Citadel Capital for financial consultancy covering 35% of the value of the existing liability in favor of Arab international Bank.

Repayment terms:
- The loan is repayable on demand.

<u>Negotiations:</u> The full principal of the loan and accrued interest was due on 30 currently the company is negotiating with the banks to reschedule the Ioan repayments and no agreement is reached yet between September 2015 and the company didn't pay on due dates and the company and the bank.

54,462,877

53,060,566



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

Financial assets and financial liabilities (continued)

Loans from related parties

					10	Total P			1
Loan	Kelationship	Interest	Security/Collateral	Current	current	2020	Current	current	2019
National Development and Trading Company Financial Holding International	Shareholder in	Fixed	The guarantees are represented in lien on part of National Development and	7 184 837	2	2 184 837	2 011 187		2 011.187
Vinegar Company	Shareholder in subsidiary	Fixed		45,414	1	45,414	41,805	•	41,805
United Foundries Financial Holding International	Shareholder in subsidiary	Fixed	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%	128,012	8,193	136,205	114,277	16,719	130,996
Orient QPI Egypt, QPI Limited and ARC	Shareholder in subsidiary	Variable	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.	317,285	553,108	870,393	162,593	670,792	833,385
Citadel Capital for international investments LTD Olayan	Shareholder in subsidiary	Fixed	 The guarantees are represented in promissory notes amount to 25M USD and 5.5 M USD and a first-degree mortgage over the headquarter premises in favor of the lender. 	T	310,682	310,682		•	•
Put option			According to the loan agreement with one of the Group's shareholder, Citadel Capital for international investment limited "CCII" Company (subsidiary of the Group) agreed to grant a put option over part of one of its subsidiary's equity which permit the holder to put their shares in the subsidiary back to the Group at the price specified in the agreement on specified dates.	,	67,747	67,747	•		
Grandview Yousef Allam & CO.	Shareholder in	No interest	There are no Guarantees and debt covenants and this balance represents bayment under capital increase and till reporting date the Company did not						
			start legal procedures to capitalize this amount to capital.	r	100,886	100,886 3,716,164	ı	101,764	101,764 3,119,137



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial assets and financial liabilities (continued)

The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in note 7(a)(iv).

The amount that may become payable under the option if exercised is initially recognised at the present value of the redemption amount and accounted for within the other credit balances with a corresponding charge directly to equity. The amounts charged to equity is recognised separately as written put options over equity reserve in the equity.

The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

(ii) Compliance with loan covenants

Some subsidiaries within the Group did not comply with all of the financial covenants of its borrowing facilities during the year ended 31 December 2020 and 31 December 2019 reporting period, see note 6(h)(i) for details.

(iii) Fair value

The fair values are not materially different from their carrying amounts, since the majority of borrowings is at variable rates and the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

(iv) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 28 (d).

6(i) Recognised fair value measurements

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of 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 EAS 45 "Fair value measurement". An explanation of each level follows underneath the table.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial assets and financial liabilities (continued)

Recurring fair value measurements are those that the accounting standards require or permit in the consolidated statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows.

Recurring fair value measurements					
At 31 December 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVPL					
Egyptian listed equity instruments	6(c)	5,439	-	-	5,439
Financial assets at FVOCI					
Unlisted equity instruments	6(b)	-	7,781		7,781
Total financial assets	9=	5,439	7,781	-	13,220
Financial liabilities					
Hedging derivatives – interest rate swaps	6 (f)		_	674,935	674,935
Written call option agreement	6 (f)	-	-	2,219	2,219
Trading derivatives	6(g)	-	396,527	7 -	396,527
Total financial liabilities	64		396,527	677,154	1,073,681
Recurring fair value measurements					
At 31 December 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVPL					
Egyptian listed equity instruments	6(c)	3,010	-	-	3,010
Financial assets at FVOCI					
Unlisted equity instruments	6(b)		12,314		12,314
Total financial assets		3,010	12,314	-	15,324
Financial liabilities					
Hedging derivatives – interest rate swaps	6 (f)	-	-	330,356	330,356
Trading derivatives	6(g)		364,592		364,592
Total financial liabilities			364,592	330,356	694,948

There were no changes in the valuation technique for level 3 recurring fair value measurements during the year ended 31 December 2020 and 31 December 2019.

Level 1: The fair value of financial instruments traded in active markets (such as trading instruments) is based on quoted market prices (unadjusted) at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and over the counter derivatives.

Transfers between levels of fair value hierarchy are deemed to occur at the end of each semi -annual reporting period.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial assets and financial liabilities (continued)

ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Unlisted equity investments compose interest in an investment fund. Fair value is measured by reference to published net asset value of the fund.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Aside from traded financial instruments, which are included in level 1, all of the resulting fair value estimates are included in level 2 except for derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 December 2020 and 31 December 2019:

	Hedging derivatives	Total
Opening balance at 1 January 2019	212,556	212,556
losses recognised in consolidated other comprehensive income	(542,826)	(542,826)
Forex gain	(86)	(86)
Closing balance at 31 December 2019	(330,356)	(330,356)
losses recognised in consolidated other comprehensive income	(351,931)	(351,931)
losses recognised through consolidated profit and loss	(2,219)	(2,219)
Forex gain	7,352	7,352
Closing balance at 31 December 2020	(677,154)	(677,154)



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial assets and financial liabilities (continued)

iv) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

	Fair va	lue at	Un-	Range of	f Inputs	Valuation	Technique	Input	s used	
Description	31 December 2020	31 December 2019	observable inputs *	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	sensitivity analysis
Hedging derivatives — Interest rate swaps (ERC)	(560,230)	(257,893)	Credit default rate	1.32%	1.32%	Discounted Cash flows dollar offset method	Discounted Cash flows dollar offset method	Yield curve Terminal growth Growth rate for years 1 to 5	Yield curve Terminal growth Growth rate for years 1 to 5	If an observable input changed by 5% this would result in change i fair value by 958
Interest rate swap contracts – cash flow hedge (Taqa)	(114,705)	(72,463)	Credit default rate	2.3%	1.1%	Discounted Cash flows dollar offset method	Discounted Cash flows dollar offset method	Yield curve Terminal growth Growth rate for years 1 to 5	Yield curve Terminal growth Growth rate for years 1 to 5	If an observable input changed by 5% this would result in change in fair value by 7101
Written call option agreement	(2,219)	-	probability of default rate	1.86%		Option valuation model black Scholes	Option valuation model black Scholes	WACC Terminal growth Growth rate for years 1 to 5	WACC Terminal growth Growth rate for years 1 to 5	If an observable input changed by 5% this would result in change i fair value by 100!

^{*} There were no significant inter-relationships between unobservable inputs that materially affect fair values.

There were no changes in the valuation technique for level 3 recurring fair value measurements during the year ended 31 December 2020 and 31 December 2019.

v) 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:

- Discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk gradings determined by the Group's internal credit risk management.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial assets and financial liabilities (continued)

vi) Valuation processes for recurring and non-recurring level 3 fair value measurements

Level 3 valuations are reviewed by the Group's financial officer who reports to the Board of Directors. The financial officer considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques. In selecting the most appropriate valuation model the financial officer performs back testing and considers which model's results have historically aligned most closely to actual market transactions

The level three debt instruments are valued at the net present value of estimated future cash flows. The Group also considers liquidity, credit and market risk factors, and adjusts the valuation model as deemed necessary.

vii) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

		31 Decei	mber 2020		-	31 Decei	mber 2019	
	Level 1 fair value	Level 2 fair value	Level 3 fair value	Carrying value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Carrying value
Assets								
Financial assets at AC								
Trade and other receivables		-	4,957,320	4,957,320	-	[F] -	6,183,529	6,183,529
Due from related parties	-	_	335,204	335,204	-	-	346,023	346,023
Treasury bills	-	-	958,407	958,407	_	-	1,187,945	1,187,945
Restricted cash	_	_	662,765	662,765	-	_	680,885	680,885
Cash and cash equivalents	-	-	2,283,175	2,283,175	-		1,798,984	1,798,984
Total Assets	-	- 6 × -	9,196,871	9,196,871	-	4 -	10,197,366	10,197,366
	Level 1	Level 2	Level 3	Carrying	Level 1 fair	Level 2 fair	Level 3 fair	Carrying
	fair value	fair value	fair value	value	value	value	value	value
LIABILITIES								
Borrowings								
Loans and borrowings	-	-	61,732,624	61,732,624	-	-	59,655,985	59,655,985
Other financial liabilities								
Lease liabilities	-	-	1,636,748	1,636,748	93	-	283,087	283,087
Trade and other payables	-	-	9,547,968	9,547,968	-	-	7,878,018	7,878,018
Due to related parties	-	-	1,610,562	1,610,562			1,748,195	1,748,195
Total LIABILITIES	-	_	74,527,902	74,527,902		-	69,565,285	69,565,285

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial assets and financial liabilities (continued)

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

Liabilities carried at amortised cost. Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

viii) Presentation of financial instruments by measurement category

For the purposes of measurement, EAS 47 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (d) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) Financial assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition. In addition, finance lease receivables form a separate category.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

7. Non-financial assets and liabilities

7(a) Fixed assets

Non-current	Freehold land	Freehold buildings	Furniture, fittings and equipment	Machinery, barges and vehicles	Assets under construction	Total
	*					
At 1 January 2019						
Cost	2,008,127	1,702,939	538,659	6,644,752	65,702,980	76,597,45
Accumulated depreciation and impairment	(184)	(488,309)	(440,828)	(3,423,260)	(572,512)	(4,925,093
Net book amount	2,007,943	1,214,630	97,831	3,221,492	65,130,468	71,672,36
Year ended 31 December 2019						
Opening net book amount	2,007,943	1,214,630	97,831	3,221,492	65,130,468	71,672,36
Additions	48,791	128,071	36,778	252,787	5,666,344	6,132,77
Disposals	(43,393)	(8,817)	(3,793)	(48,160)	(1,657)	(105,820
Transfers from assets under construction	4,231	1,126,374	6,164	48,423	(1,185,192)	
Transfers from assets held for sale - cost	33,763	161,418	18,797	282,532	15,674	512,18
Transfer to intangible assets	(407.075)	- (000 044)	(0.4.054)	(004 504)	(6,862)	(6,862
Foreign currency translation difference – cost	(105,855)	(230,241)	(24,051)	(831,634)	(6,912,234)	(8,104,01
Effect of hyper-inflation – cost	1,138	41,348	2,156	567,770	(6,446)	605,96
Depreciation expense	(41)	(97,071)	(39,444)	(351,180)	-	(487,73
Accumulated depreciation of disposals Foreign currency translation difference –	-	2,181	2,627	37,261	-	42,06
accumulated depreciation	557	46,118	13,044	281,782	22,472	363,97
Effect of hyper-inflation – accumulated depreciation	(36)	(24,694)	(2,211)	(171,692)	-	(198,63
Transfers from assets held for sale - accumulated	,	` ' '	, , , ,	, , ,		
depreciation	-	(92,206)	(17,837)	(268,755)	-	(378,79
Net book value at 31 December 2019	1,947,098	2,267,111	90,061	3,020,626	62,722,567	70,047,46
At 31 December 2019						
Cost	1,946,802	2,921,092	574,710	6,916,470	63,272,607	75,631,68
Accumulated depreciation and impairment	296	(653,981)	(484,649)	(3,895,844)	(550,040)	(5,584,21
Net book amount	1,947,098	2,267,111	90,061	3,020,626	62,722,567	70,047,46
year ended 31 December 2020						
Opening net book amount before EAS 49 adjustment	1,947,098	2,267,111	90,061	3,020,626	62,722,567	70,047,40
Reclassification to right of use asset – cost	(46,956)	(32,345)	-	(58,777)	(241,933)	(380,01
Reclassification to right of use asset – Accumulated				4 227		4,23
depreciation	1,900,142	2 224 766	00.061	4,237 2,966,086	62,480,634	69,671,68
Opening net book amount after EAS 49 adjustment		2,234,766	90,061			
Additions	18,855	46,259	30,300 (23,722)	109,129 (181,023)	1,509,949 (13,121)	1,714,49 (265,69
Disposals Fransfers to assets held for sale - cost	(31,282) (5,304)	(16,550) (14,931)	(23,722)	(84,778)	(13,121)	(107,59
Transfers to assets field for sale - cost Transfers to intangible assets – cost	(3,304)	(14,931)	(2,3/3)	(64,776)	(295,111)	(295,11
Fransfers from assets under construction	1,982	4,384,966	739,613	56,744,005	(61,870,566)	(233,11
Foreign currency translation difference – cost	(18,694)	(134,015)	(16,008)	(1,446,832)	(747,071)	(2,362,62
Effect of hyper-inflation – cost (Note5)	3,889	92,710	7,457	1,251,009	(747,071)	1,355,0
Depreciation expense	(106)	(307,570)	(95,837)	(3,805,497)	_	(4,209,01
Accumulated depreciation of disposals	(100)	6,312	16,421	126,337	_	149,0
Fransfers to assets held for sale – accumulated		0,312	10,421	120,557		143,0
depreciation	_	6,879	2,536	69,693	_	79,1
Foreign currency translation difference –	_	0,075	2,550	05,055		, 3,1
accumulated depreciation	484	52,888	7,264	395,231	3,725	459,59
Effect of hyper-inflation – accumulated depreciation	(634)	(63,611)	(6,703)	(460,888)		(531,83
Net book value at 31 December 2020	1,869,332	6,288,103	748,803	55,682,472	1,068,439	65,657,1
At 31 December 2020		3,200,203	7-10,000	33,002,772	2,000,100	30,007,1
Cost	1,869,292	7,247,186	1,309,771	63,249,203	1,614,754	75,290,2
Accumulated depreciation and impairment	40	(959,083)	(560,968)	(7,566,731)	(546,315)	(9,633,05
Net book amount	1,869,332	6,288,103	748,803	55,682,472	1,068,439	65,657,1



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

(i) Depreciation, method used and useful lives

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

	31 December 2020	31 December 2019
Cost of revenue	3,833,122	379,638
General and administration expenses	375,888	108,098
	4,209,010	487,736

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:

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

(ii) Proceeds from sale of fixed assets

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

	31 December 2020	31 December 2019
Net book value for disposal assets	116,628	63,751
Gain on disposal of fixed assets (note 13(b))	26,729	43,540
Proceeds from sale of fixed assets	143,357	107,291

(iii) 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 year or prior year.

The subsidiary Al-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. The carrying amount is lower than its recoverable amount.

(iv) Non-current assets pledged as security

Borrowings (note 6(h)) are secured by various categories of fixed assets with the following carrying amounts:

	Carrying amount of fixed assets
Subsidiaries:	
Egyptian refinery company	58,328,622
National Company for Development and Trading "NDT"	1,143,809
Asec for Mining – ASCOM	719,021
Taqa Marketing	201,753



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

(v) Projects under construction

Balance of projects under construction comprises of the following:

	31 December 2020	31 December 2019
Energy sector	701,679	62,287,408
Packaging and printing sector	213,305	44,601
Transportation and logistics sector	90,588	88,174
Financial services sector	23,849	23,160
Cement sector	16,446	16,126
Agriculture and food sector	11,922	17,902
Mining sector	824	1,447
Others	9,826	1,816
Total	1,068,439	62,480,634

(vi) Critical accounting estimates and assumption

Useful life of fixed assets

a) ERC Useful life

The property, plant and equipment owned by ERC have long lives that vary from 3 to 30 years. To ensure the use of reliable estimates, management has benchmarked the useful lives of its owned assets with estimates made by other entities and with those estimates developed internally by its technical resources. Management, in line with the requirements of Egyptian Accounting standards, reviews the useful lives of property, plant and equipment regularly to ensure consistency with its original estimates, or otherwise, revise the remainder of useful lives as appropriate.

b) Other subsidiaries useful life

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 period 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.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

7(b) Leases

1. Right of use assets

Non-current	Land	Buildings	Electricity supply contract	Machinery	Vehicles	Quarry	Total
Non-current	Lanu	Dunumgs	Contract	iviaciiiieiy	Vernoies	Quarry	Total
Year ended 31 December 2020							
Reclassification from fixed asset							
– cost	46,956	32,345	241,933	56,916	1,861	_	380,011
Reclassification from fixed asset							
 Accumulated amortization 	-	-		(3,849)	(388)	-	(4,237)
Opening net book amount	46,956	32,345	241,933	53,067	1,473		375,774
Additions of the year	689,551	465,769	-	62,252	5,351	25,497	1,248,420
Foreign currency translation							
difference – cost	(5,995)	(10,566)	(4,691)	3,165	2,707	89	(15,291)
Accumulated amortization due							
to application of EAS 49	(14,692)	(7,437)	-	(28,198)	(170)	-	(50,497)
Amortization charged during the							
year	(36,559)	(39,817)	(18,168)	(13,296)	(1,482)	(1,566)	(110,888
Impairment	-	(1,783)	-	-	-	(43)	(1,826
Foreign currency translation							
difference – accumulated							
amortization	514	373	138	(4,364)	(2,747)	43	(6,043
Net book value at 31 December							
2020	679,775	438,884	219,212	72,626	5,132	24,020	1,439,649
At 31 December 2020							
Cost	730,512	487,548	237,242	122,333	9,919	25,586	1,613,140
Accumulated amortization and							
impairment	(50,737)	(48,664)	(18,030)	(49,707)	(4,787)	(1,566)	(173,491
Net book amount	679,775	438,884	219,212	72,626	5,132	24,020	1,439,649

2. Lease liabilities

	31 December 2020	31 December 2019
Current	341,839	98,300
Non-current	1,294,909	184,787
	1,636,748	283,087

Lease liabilities are effectively secured as the rights to the leased assets recognised in the consolidated financial statements revert to the lessor in the event of default.

(i) Amounts recognized in the statement of profit or loss:

The consolidated statement of profit or loss shows the following amounts relating to lease liabilities:

	31 December 2020	31 December 2019
Expense related to short term and low value leases (note 14)	271,686	-
Interest expense (note 15)	169,140	-
Total cash outflow for leases	108,083	-



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

(ii) The Group's leasing activities and how these are accounted for:

The Group leases various lands, buildings, gas stations, electricity connections, quarries and stores. Rental contracts are typically made for fixed periods of 12 months to 15 years. Lease terms are negotiated on an individual basis. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the component, which does not have recent third-party financing.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- · restoration costs.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise items of trivial lease value.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), the group don't have termination and extension in their contracts.

Lease implementation

Operating lease commitments disclosed as at 31 December 2019	3,759,240
Discounted using the lessee's incremental borrowing rate of at the date of initial application	1,137,472
Add: finance lease liabilities recognised as at 31 December 2019	283,087
(Less): short-term leases and values not recognised as a liability	(24,330)
Lease liability recognised as at 1 January 2020	1,396,229
Lease liability recognised as at 1 January 2020 of which are:	
Current lease liabilities	115,217
Non-current lease liabilities	1,281,012
Lease liability recognised as at 1 January 2020	1,396,229
Weighted average lease incremental borrowing rate	12.28%

(iii) Assessing whether the arrangement with EGPC is or contains a lease

ERC and EGPC signed a series of agreements where EGPC agreed that ERC would undertake a project to construct, operate, maintain and own at Mostorod a hydro-cracking complex to produce high value petroleum product and EGPC would off-take all the end products produced from the complex except for coke and Sulphur.

In line with the requirements Egyptian Accounting Standard 49, the Group has assessed whether the arrangement with EGPC is or contains a lease over the hydro-cracking complex. In making the assessment the Group considered the contractual provisions of the contracts and whether those provisions convey to EGPC the right to control the use of the hydro-cracking complex for a consideration over the period of the contract.

Egyptian Accounting Standard 49 states that the arrangement is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The contractual provisions of the contracts between EGPC and ERC do not convey to EGPC the right to control the use of the hydro-cracking complex over the duration of the off-take agreement. Furthermore, ERC controls the operations and maintenance of the hydro-cracking complex over the duration of the contract and decides on how the output would be by determining the appropriate product mix.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

Although EGPC obtains substantially all the economic benefit from the hydro-cracking complex, albeit the product is purchased at market price, this indicator alone is not sufficient in isolation to conclude EGPC control the use of the complex. To control the use of the complex, EGPC is required to have not only the right to obtain substantially all of the economic benefits from use of an asset throughout the period of use (a 'benefits' element) but also the ability to direct the use of that asset (a 'power' element), i.e. EGPC must have decision-making rights over the use of the asset that give it the ability to influence the economic benefits derived from use of the asset throughout the period of use.

Management has judged that given the contractual provisions of the contracts do not convey EGPC with rights to control the use of the asset, the arrangement does not contain a lease and as such the arrangement is accounted for under Egyptian Accounting Standard 48 (revenue from contracts with customers) as a contract to provide product to EGPC. If it were judged that the contract should be accounted for as a lease, this may result in no recognition of fixed assets by ERC but possible a finance lease receivable.

7(c) Intangible assets

	Computer software	Exploration license and extraction	Plant license	Trademark	Customer contracts	Other licenses	Total
The year ended 31 December 2020							
Net book value at 1 January 2020	24,083	-	-	123,234	178,086	-	325,403
Additions	1,203	766	293,907	-	-	-	295,876
Foreign currency translation			(2,232)				
differences – cost	(950)	=		-	-	-	(3,182)
Amortization during the year	(3,769)	-	(11,756)	-	(24,780)	-	(40,305)
Foreign currency translation			88				
differences- accumulated							
amortization	(389)	(226)					(527)
Net book value	20,178	540	280,007	123,234	153,306		577,265
31 December 2020							
Cost	75,080	41,450	291,675	369,512	461,637	5,101	1,244,455
Accumulated amortization	(54,840)	(8,632)	(11,668)	-	(308,331)	-	(383,471)
Accumulated impairment	(62)	(32,278)	- _	(246,278)		(5,101)	(283,719)
Net carrying value	20,178	540	280,007	123,234	153,306	-	577,265

		Exploration				**	
	Computer software	license and extraction	Plant license	Trademark	Customer contracts	Other licenses	Total
The year ended 31 December 2019	3						
Net book value at 1 January 2019	15,667	-	-	123,234	203,250	-	342,151
Additions	14,421	-	-	-	-	-	14,421
Foreign currency translation			-				
differences – cost	(4,755)	-		-	-	-	(4,755)
Amortization during the year	(5,324)	-	-	-	(25,164)	-	(30,488)
Foreign currency translation			-				
differences- accumulated							
amortization	4,074	-		-	-		4,074
Net book value	24,083		-	123,234	178,086		325,403
31 December 2019):						
Cost	74,827	40,684	-	369,512	461,637	5,101	951,761
Accumulated amortization	(50,682)	(8,406)	-	-	(283,551)	-	(342,639)
Accumulated impairment	(62)	(32,278)	-	(246,278)	-	(5,101)	(283,719)
Net carrying value	24,083	-		123,234	178,086	-	325,403



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

(i) Amortization, method used and useful lives

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

	31 December 2020	31 December 2019
Cost of revenue	15,525	5,324
General and administration expenses	24,780	25,164
	40,305	30,488

The straight-line method is used to allocate the amortization of intangible assets consistently over their estimated useful lives, except for trademarks which has indefinite lives. Below are the estimated useful lives of each type of the assets' groups:

Licences	10- 25 years
Customer contracts	4-18 years
Computer software	10 years

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 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 whichever is shorter. 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.

(ii) Intangible assets with definite useful life

- Customer contracts were acquired as part of the business combination of Silverstone Capital
 Investment Ltd segment attributable to TAQA Arabia CGU. Customer contracts recognized at their
 fair value at the date of acquisition and are subsequently amortized on a straight- line based on
 the expected useful lives contracts of future economic benefits. The Group management has
 assessed the existing customer contracts for impairment and no indication for impairment exists.
- Plant licenses acquired are for the use of each of the processes in the corresponding licensed unit to use technical information for this purpose, to use in carrying out each of the processes in the corresponding licensed unit any apparatus, catalysts, solid sorbents or adsorbents therefore, and to export to, sell or use in any country the products of the processes produced in the corresponding licensed unit. Plant licenses acquired are recognised at fair value at the acquisition date. They have a definite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The Group management has assessed the existing Plant licenses for impairment and no indication for impairment exists.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

(iii) Intangible assets with indefinite useful life - trademark

- 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 and operates a network of service stations selling refined petroleum products and fuel oil to retail, industrial and wholesale customers. These rights have no definite useful life. Factors in determining the basis for the indefinite life of this intangible were as follows: The trademark is expected to contribute to cash flows indefinitely. The trademark doesn't have an expiry date it was acquired as part of the TAQA Arabia CGU and is considered indefinite as its used in the operation of petrol stations, which does not have a specific product lifecycle.
- Trademark amounted to EGP 14,955 as a result of the acquisition of Falcon for Agricultural Investments Ltd. that owns the trademark of Dina Farms CGU which produces pasteurized fresh milk and sells dairy produce locally and internationally. These rights have no definite useful life.

7(d) Goodwill

	Sector	Balance at 1 January 2020	Balance as at 31 December 2020
Falcon for Agricultural Investments Ltd. Group-BVI– Dina Farms	Agriculture and Food Sector	205,570	205,570
Tawazon for Solid Waste Management (Tawazon) Company Group Balance	Energy Sector	32,611 238,181	205,570

	Sector	Balance at 1 January 2020	Transfer to assets held for sale	Impairment	Balance at 31 December 2020
Falcon for Agricultural Investments Ltd. Group-BVI – Dina Farms	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	(32,611)	-	205,570

i- Impairment of non-financial assets

Due to the COVID-19 pandemic there were indicators for impairment for cash generating units ("CGU"), which included fixed assets, right of use assets, intangibles and goodwill. The Group tests the CGU based on recoverable amount of cash-generating unit.

The recoverable amount is the higher of fair value (less cost to sell) and value in use (VIU). However, in line with Egyptian Accounting Standard 31 FVLCD is only determined where VIU would result in an impairment. For the Company's sole CGU, the recoverable amount was determined by measuring their VIU.

The recoverable amount is estimated by calculating the value in use, using pre-tax cash flows based on financial budgets approved by management, which covers a period of five years maximum.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

Management determines the specific assumptions of cash flow forecasts based on past experience and expectations of the market. Group management determines assumptions related to cash flow forecasting based on sales growth and operating costs and estimated profits.

The Group has the following material CGUs:

CGU	Sector	Description	Carrying Value
ERC	Energy	This CGU is represented in a mega greenfield petroleum refinery which has been defined as one cash generating unit (CGU) because ERC is using a long back-to-back process of refinery whereby each stage of this process is depending on the previous one as ERC is converting the lowest value fuel oil into middle and light distillates that are meeting domestic consumption needs and eliminating tons of sulfur dioxide and sulfur annually and improving the quality of the national petrol supply.	58 Billion
NDT – (Sudan)	Cement	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. Citadel Capital, 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.	1.3 Billion
ASCOM (excluding Glassrock)	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 research and development, precious metals mining, mining for the cement industry, quarry management and the production of insulation materials products for domestic and export consumption to help countries in Africa and the Middle East unlock their economic potential. In additions to the previous sectors the group has a good potential in the production of the carbonate materials for both domestic and export consumptions.	322 Million
TAQA	Energy	The CGU is represented in the Benban solar energy project and the gas stations, This arm provides its customers with connections construction, gas distribution and operations & maintenance services targeting both residential and industrial customers, also Taqa Specialize in delivering natural gas to both residential and industrial customers and Specialize in power generation systems, through combustible and solar energy stations, to off grid industrial customers.	1.7 Billion
Falcon - Dina Farms	Agriculture food industries	Citadel Capital Company investments in agri-foods aim to overcome challenges facing the agricultural and food production sector in Egypt and the region. Citadel Capital Companies in the agri-foods sector bring trusted household names to market, through Dina farms (the largest Milk producer), ICDP (Dina Farms' fresh dairy producer).	693 Million
Grandview (GV)	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.	742 Million
Citadel Capital Transportation Opportunities Ltd	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.	566 Million

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.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

Key assumptions and sensitivities by CGU

Assumptions used by the Group when testing the impairment of ERC as at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020
Pre-tax discount rate	8.4%
Growth rate beyond five years – Reflects the inflation of the US Dollar	2%
Refinery products prices	US \$543 per ton

* The Group has prepared an impairment assessment in 2018 which did not result in any impairment losses. In 2019, there was no changes in circumstances that would trigger an impairment indicator to assess. Accordingly, the Group's management did not perform any impairment assessments in 2019.

Assumption	Approach used to determine the values
Forecast sales growth rates	Forecast sales growth rates are based on past experience adjusted for the strategic direction and near-term investment priorities within the Company's sole CGU. The five-year sales forecasts were estimated using the prices scenario provided by one of the top ranked global information providers.
Operating profits:	Operating profits are forecast based on the prices provided by one of the top ranked global information providers (as mentioned in the forecast sales growth rates above), adjusted for the impact of changes to product mix and cost saving initiatives.
Period of cash flow projections:	The Company's Board members approved a long-term business plan that has been submitted to the senior lenders for the purpose of debt restructure approval. The first five years in this business plan form the basis of our value in use calculation. Estimated future cash flows are based on this plan's forecasts for the first five years, and the terminal value projected by applying a specific terminal growth rate as set out in the growth rate section below
Discount rate	In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. The risks specific to the asset are reflected as an adjustment to the future estimated cash flows. The Company's calculation of discount rates are performed based on a risk free rate of interest appropriate to the geographic location of the cash flows related to the asset being tested, which is subsequently adjusted to factor in local market risks and risks specific to
	the Company and the asset itself Pre-tax discount rates have been calculated using the capital asset pricing model, the inputs of which include a country risk free rate and a risk adjustment. A pre-tax discount rate of 8.4% is calculated by reference to a weighted average cost of capital (WACC) calculated by reference to an industry peer group of quoted companies.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

Growth rate:	Cash flows for succeeding 5 years are based on the oil prices provided by one of the top			
	ranked global information providers and the existing long-term contractual agreements			
	(i.e. transportation agreement, processing agreement and etc). The growth rate used to			
	extrapolate cash flows beyond the budget period do not exceed long-term industry			
	averages and reflect the revenue growth and ongoing efficiency initiatives, and the relative			
	maturity of the refinery business.			
Refinery products	The Company's management used one of the top ranked global information providers to			
prices	develop reliable sale and purchase prices and these prices were used in the forecast of			
	the cash flows for the succeeding 5 years.			

Sensitivity of recoverable amount and key sources of estimation uncertainty

Management performed sensitivity analysis on the estimates of recoverable amounts and found that the excess of recoverable amount over the carrying amount of the Company would be reduced as a result of a reasonably possible change in the key assumption of sales growth in the cash flow forecasts. Management do not consider that the relevant change in this assumption would have a consequential effect on other key assumptions.

For the Refinery CGU, the following reasonably possible changes in assumptions upon which the recoverable amount was estimated, would lead to the following changes in the net present value of the refinery CGU:

	Change in assumption		Decrease in the value in use of refinery CGU	Refinery CGU value in use after decrease
Refinery products prices	Decrease in forecast operating cash flows based on the lower refinery products' price scenario forecast	18.51%	32.4 billion	533 million
Pretax discount rate	Increase in discount rate by 3.35% to be 11.75% instead of 8.4%	3.35%	33 billion	(47 million)
Long term growth rate	Decrease in long term growth rate by 2% to be Nil	2%	17.1 billion	15.8 billion

TAQA Arabia

Within the TAQA CGU, there are indefinite lived intangibles. Indefinite life intangible assets are monitored by management at the level of Taqa. The impairment of intangible assets is reviewed annually to ensure that the carrying value of the intangible assets does not exceed the recoverable amount.

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. Management determines assumptions related to cash flow forecasting based on previous experience and market predictions by preparing business plans 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.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

Assumptions used by the Group when testing the impairment of TAQA Arabia trademark as at 31 December 2020 are as follows:

	31 December 2020	31 December 2019
Average gross margin	11%	15%
Sales growth rate	11%	16%
Pre-tax discount rate	15.76%	21%
Growth rate beyond five years	4%	4%

Sensitivity of recoverable amounts

Management performed sensitivity analysis on the estimates of recoverable amounts and found that the excess of recoverable amount over the carrying amount of the Company would be reduced as a result of a reasonably possible change in the key assumption.

The growth rate in the forecast period has been estimated to be 4%, a reduction of this growth rate by 3% does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than 3%.

The discount rate in the forecast period has been estimated to be 15.76%, an increase of this Discount rate by 4% does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than 4%.

The average of gross profit in the forecast period has been estimated to be 11%, a reduction of this average gross margin by 6% does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than 6%.

Falcon - Dina Farms

Included within the Falcon CGU for Dina Farms is goodwill. The Group tests the Goodwill impairment annually 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. Management determines the specific assumptions of cash flow forecasts based on past experience and expectations of the market. 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.

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 Falcon for agriculture investments biological assets).



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

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.

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 goodwill.

Assumptions used by the Group when testing the impairment of Dina Farms trademark as at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	
Average gross margin	24%	24%
Sales growth rate	12%	13%
Pre-tax discount rate	16%	18%
Growth rate beyond five years	4%	4%

Assumption	Approach used to determine the values
Growth rate	This is represented 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 margin	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.

Sensitivity of recoverable amounts

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 Dina Farms CGUs.

The growth rate in the forecast period has been estimated to be 4%, a reduction of this growth rate by 1% does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than 1%

The discount rate in the forecast period has been estimated to be 16%, an increase of this Discount rate by 4% does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than 4%.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

The average of gross profit in the forecast period has been estimated to be 24%, a reduction of this average gross margin by 3% does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than 3%

Impairment charge

During the year ended 31 December 2020, no impairment losses were recognized in the goodwill related to Dina for Agriculture Investments.

Other subsidiaries

Fixed assets are allocated to cash-generating units (CGUs, which represent the lowest level within the Group at which the fixed assets are monitored by management which is each component plant / machinery and equipment and biological assets)

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

	Growth rate beyond five years	Pre-tax discount rate	Average of gross profit
NDT - Sudan	4%	16%	8%
Ascom	2.5%	12.5%	18%
Taqa	4%	15.76%	11%
Falcon - Dina Farms	4%	16%	24%
GV	3%	14%	- 30%
ССТО	4%	15%	21%

Assumption	Approach used to determine the values		
Growth rate	This is represented 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.		
Average 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.		

Sensitivity of recoverable amount

The growth rate in the forecast period has been estimated to be as shown in the table above, a reduction of this growth rate by the percentages as shown in the table below does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than the percentages shown below.



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

Non-financial assets and liabilities (continued)

The discount rate in the forecast period has been estimated to be as shown in the table above, an increase of this discount rate by the percentages as shown in the table below does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than the percentages shown below.

The average of gross profit in the forecast period has been estimated to be as shown in the table above, a reduction of this Average of gross profit by the percentages as shown in the table below does not result in an impairment and in managements judgement/assessment it's not reasonable that there will be a change of more than the percentages shown below.

	Growth rate beyond five years	Pre-tax discount rate	Average of gross profit
NDT – Sudan	2.5%	4%	3%
Ascom	1.5%	2.5%	3%
Taqa	3%	4%	6%
Falcon - Dina Farms	1%	4%	3%
GV	2%	6%	5%
ССТО	3%	5%	3%

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 fixed assets.

Impairment of fixed assets (FV)

The recoverable amount of Glassrock (a component within the ASCOM CGU) was determined by using the fair value less the cost of selling, the component appointed an independent appraiser expert to determine the fair value of the assets and the assets were evaluated as follows: The lands were evaluated by referring to the sale prices of similar lands with limited adjustments made as a result of the different location and area. The factory buildings and machinery were evaluated using the replacement cost method due to the specialized nature of those assets. The assumptions used are based on management's past experience and information obtained from external sources. This asset group is categorised as level 2 in the fair value hierarchy. It was found that the recoverable value of the assets is more than its book value, and consequently, the impairment losses were not recorded. If fair value changed with 464.8M the CGU would be impaired.



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

Non-financial assets and liabilities (continued)

7(e) Biological assets

	31 December 2020	31 December 2019	
Non-current			
Pregnant heifer, dry and dairy cows	246,652	203,527	
Heifers	170,316	145,904	
Fruitful fruit gardens and orchards	7,049	6,636	
Fruitless fruit gardens and orchards	6,689	3,098	
	430,706	359,165	
Current			
Plants	15,112	20,620	
Accumulated impairment loss	(2,354)	(2,401)	
Net	12,758	18,219	
Total	443,464	377,384	

Non-financial assets and liabilities (continued)

Biological assets are accounted for in accordance with the Group policy disclosed in note 30(f) and is measured at fair value less cost to sell.

(i) Measuring biological assets at fair value:

Cattles are measured at fair value less cost to sell on the reporting date, based on market prices for similar age, breed and genetics. The fair value of dairy milk, 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.

Cattles, diary milk and growing fruit gardens and orchards fall under level 2 of the fair value hierarchy.

(ii) Valuation process

The fair value of biological assets (herd) is measured through the observable market of the same breed (Holstein) in the United States of America and all other costs necessary incurred by the company to bring the assets to its location. Price quotation are obtained through the company's supply chain department.

(iii) Reconciliation of biological assets carrying amount are as follows:

	31 December 2020	31 December 2019
Balance as at 1 January	359,165	302,294
Gains resulted from the change in fair value less cost to sell	125,548	110,373
Decrease due to sales	(54,165)	(49,198)
Disposals	-	(1,491)
Foreign currency translation	158	(2,813)
Balance	430,706	359,165



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

(iv) Financial risk strategy

The Group prices exposure for financial risks resulted from prices changes of dairy cattle and the Group did not expect decrease in dairy Cattles prices in the future, wherefore the Group did not have financial derivatives or contracts. Management reviews the price lists of dairy cattle consistency and take into consideration the effective risk management when needed. See note 28(b)(ii) for price risk management.

7(f) Deferred tax balances

	31 Decem	ber 2020	31 Decem	ber 2019
	Asset	Liabilities	Asset	Liabilities
Provisions	(44,961)	_	(14,707)	_
Fixed assets	(391)	198,667	(21,707)	207,372
Hedge Reserve – Swap contracts	(26,258)	-	(74,330)	-
Carried forward losses	(66,022)	-	(55,677)	-
Other	<u>-</u>	6,309	-	8,457
Total	(137,632)	204,976	(144,714)	215,829
Net deferred tax liabilities	\ -	67,344		71,115

The movement of net deferred tax liabilities are as follows:

	31 December 2020	31 December 2019
Balance as of January 1 before EAS 47 adjustment	71,115	197,340
Adjustment due to EAS 47 (see note 30(a)(v))	(4,479)	-
Balance as of January 1 after EAS 47 adjustment	66,636	197,340
Charged to the consolidated statement of profit or loss (note 17(a))	(34,850)	(4,889)
Charged to the consolidated statement of other comprehensive income	(79,257)	(109,957)
Foreign currency translation differences	(3,559)	(10,851)
Transferred to discontinued operation	-	(528)
Derecognition of deferred tax assets	127,016	-
Liabilities held for sale (Tawazon)	(8,642)	-
Net deferred tax liabilities	67,344	71,115

^{*} The deferred tax assets include an amount of EGP 66,022 which relates to carried forward tax losses of Grandview and NDT Groups, The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The subsidiaries are expecting to generate taxable income from 2021 onwards. The losses can be carried forward for 5 years and would expire by 2026. The Group has unrecognised carry forward tax losses as of 31 December 2020 amounting to EGP 430M and the related deferred tax assets amounted to EGP 96.8 M 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.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

7(g) Inventories

	31 December 2020	31 December 2019
Raw materials	1,468,513	735,262
Spare parts	696,363	543,971
Work in process	228,040	304,533
Finished goods	214,080	265,912
Goods in transit	19,301	7,412
Letters of credit	17,189	18,972
Oil and lubricants	10,791	12,515
Packing materials	10,560	10,117
Consignment goods*	-	744,973
Others	36,780	70,645
Total	2,701,617	2,714,312
Less: Write-down of inventory provision	(51,302)	(43,658)
Net	2,650,315	2,670,654

^{*} The balance represents the crude oil held by EGPC in favour of the Company.

The movement of the inventory provision was as follows:

	31 December 2020	31 December 2019
8 7		
Balance at 1 January	43,658	39,684
Formed during the year	10,714	5,720
Inventory write-off		-
Used during year	-	(333)
No longer required	(2,610)	(150)
Foreign currency translation differences	(460)	(1,263)
	51,302	43,658

7(h) Provisions

/(II) PIOVISIONS				
	Provision for	Legal	Other	
	claims*	provisions	provisions	Total
Balance at 1 January 2019	1,318,280	2,223	837	1,321,340
Re-class from current tax liability	6,802	2,223	037	6,802
	0,802	-	134,316	134,316
Provisions for capitalized PUC	100 240	-	,	•
Provisions formed	180,349	-	51,550	231,899
Transferred to discontinued operations	10,396	-	-	10,396
Provisions used	(173,163)	-	-	(173,163)
Provisions no longer required	(17,379)	-	(5,639)	(23,018)
Transferred from liabilities held for sale	115,928	-	1,692	117,620
Foreign currency translation	(7,799)	(45)	9,363	1,519
Balance at 31 December 2019 and 1 January				
2020	1,433,414	2,178	192,119	1,627,711
Provisions formed (Note 13 b)	575,037	4,208	204,978	784,223
Provisions used	(93,921)	-	(136,312)	(230,233)
Provisions no longer required (Note 13 b)	(9,275)	-	(573)	(9,848)
Transferred from liabilities held for sale	(52,482)	-	-	(52,482)
Foreign currency translation	(3,575)	(43)	(6,721)	(10,339)
Balance at 31 December 2020	1,849,198	6,343	253,491	2,109,032



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Non-financial assets and liabilities (continued)

* The provisions for claims have 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.

Significant estimates

Provisions are related to claims expected to be made by third parties in connection with the Group's operations. Provisions is recognised based on management study and in-light of its advisors' opinion and shall be used for its intended purposes. In case of any differences between the actual claims received and the preliminary recorded amounts, such differences will affect the year in which these differences are occurred.

7(i) Current income tax liabilities

	31 December 2020	31 December 2019
Balance at 1 January	221,512	176,895
Income tax paid during the year	(171,463)	(161,653)
Income tax for the year (Note 17)	213,772	212,903
Withholding tax paid	(44,564)	(30,286)
Transferred from assets held for sale	-	22,412
Transferred to discontinued operations	-	10,831
Foreign currency translation differences	(23,385)	(2,788)
Reclassification to provisions		(6,802)
	195,872	221,512



Notes to the consolidated financial statements For the year ended 31 December 2020

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

8. Equity

8(a) Paid-up 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 1,418,260,351 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 principal 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	8.29%	150,816,871	754,084
Sadiq Ahmed Sadiq Al Sewedy	5.62%	102,350,000	511,750
Emirates International Investments Company	5.54%	100,900,000	504,500
Other shareholders	57.06%	1,038,477,458	5,192,388
	100%	1,820,000,000	9,100,000

8(b) Legal reserve

As required by the Holding 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 Holding 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.

8(c) Reserves

o(c) Reserves						
		Fair value- financial	Foreign currency			
	Shareholders' reserve	assets through OCI	translation differences	Other reserves	Hedging reserve	Total
Balance at 1 January 2019	(1,518,993)	3,154	2,832,256	(86,208)	24,955	1,255,164
Revaluation of financial assets at fair value through OCI	-	(2,079)	-	-	-	(2,079)
Foreign currency translation differences The company's share in the change of equity	159,044	-	(816,456)	-	-	(657,412)
of associates companies	-	-	-	17	-	17
Hedge risk in interest rates of swap contracts	-	-	-	-	(69,804)	(69,804)
Balance at 31 December 2019 and 1 January	()			(00.404)	444.040	
2020	(1,359,949)	1,075	2,015,800	(86,191)	(44,849)	525,886
Revaluation of financial assets at fair value through OCI	-	697	-	-	-	697
Foreign currency translation differences	26,367	-	47,349	-	=	73,716
Transactions with NCI	-	-	-	(7,567)	=	(7,567)
Put option reserve	-	-	-	(60,570)	-	(60,570)
Reclassification for the split of Taqa electricity	•	-	-	29,869	-	29,869
Reclassification to profit or loss – gross	-	-	-	-	56,695	56,695
Hedge risk in interest rates of swap contracts			-	-	(43,260)	(43,260)
Balance at 31 December 2020	(1,333,582)	1,772	2,063,149	(124,459)	(31,414)	575,466



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Equity (continued)

(i) 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 85.05 Million 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 2020: USD 85.05 Million . 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.

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.

(ii) 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.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Equity (continued)

Discontinuing cash flow hedge accounting

In December 2020, as a result of the Group Component (ERC) 's failure to pay the senior loans' due instalments as they become due, the interest rate swap cash flow hedge is no longer meets the criteria for hedge accounting in accordance with the Egyptian Accounting Standards and the forecast transactions are no longer expected to occur due to the debt restructure in process with the senior lenders. Accordingly, the cumulative loss on the hedging instrument that remains recognized directly in other comprehensive income from the period when the hedge was effective has been recognized in the statement of profit or loss.

Hedge accounting ceased prospectively from December 2020 and the loss deferred in other comprehensive income has been recycled in the statement of profit or loss and the forward is now marked to market through profit or loss.

The following table shows the amounts recognized in the statement of profit or loss as follows:

		2020
Recycling of loss as hedged transaction is no longer expected to occur		625,523
	i	625,523

Reconciliation of component of equity – attributable to the owners of the parent company

	ERC	TAQA	Total
Balance at 1 January 2020	(24,903)	(19,946)	(44,849)
Effective portion of changes in fair value	(41,585)	(14,497)	(56,082)
Related tax	9,357	2,976	12,333
Recycling of loss as hedged transaction is no longer expected to occur	73,751	-	73,751
Related tax- reclassed	(17,056)	-	(17,056)
Translation	436	53	489
Balance at 31 December 2020		(31,414)	(31,414)



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Equity (continued)

Reconciliation of component of equity – attributable to the owners of the parent company and Noncontrolling interest

	ERC interest rate swap	Taqa interest swap
Opening balance 1 January 2019	94,221	-
Add:		
Change in fair value of hedging instrument recognized in OCI	(470,337)	(72,463)
Translation	11,355	-
Less:		
Deferred tax	105,826	16,304
Translation		(616)
Ending balance 31 December 2019	(258,935)	(56,775)
Add:		
Change in fair value of hedging instrument recognized in OCI	(309,689)	(42,566)
Less:		
Deferred tax	69,680	9,577
Recycling of loss as hedged transaction is no longer expected to occur		
(note 15)	625,523	-
Deferred tax - reclass	(127,016)	-
Translation	437	(641)
Closing balance 31 December 2020		(90,405)



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Performance

9. Segment information

The Management Board is identified as the Chief Operating Decision-Maker (CODM) at Group level.

9(a) Description of segments and principal activities

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, midstream and downstream including refining, energy distribution, power generation and solid waste management, 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. Citadel Capital, 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 research and development, precious metals mining, mining for the cement industry, quarry management and the production of insulation materials 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 agri-foods aim to overcome challenges facing the agricultural and food production sector in Egypt and the region. Citadel Capital Companies in the agri-foods sector bring trusted household names to market, through Dina farms, ICDP (Dina Farms' fresh dairy producer).

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.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Segment information (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

Energy Sector

- Silverstone Capital Investments Ltd. Group
- Orient Investment Properties Ltd. Group
- Tawazon for Solid Waste Management (Tawazon)

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.
- 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
- Everys Holdings Limited
- Ledmore Holdings Ltd. Group
- Qalaa Energy Ltd.
- 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



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Segment information (continued)

9(b) Segment results, assets and liabilities

Below is summary of operating results by segment. The amounts presented include inter-segment transactions, which are conducted in the normal course of business and priced in a manner similar to third party transactions. The revenue from external parties is measured in the same way as in the consolidated statement of profit or loss.

		lut-u	Revenue	Timing	gnition	
31 December 2020	Segment revenue	Inter- segment revenue	from external customers	At a point in time	Over time	Total
Energy	29,482,521	-	29,482,521	29,270,562	211,959	29,482,521
Cement	2,508,664	-	2,508,664	2,125,603	383,061	2,508,664
Packaging & printing sector	1,788,318	-	1,788,318	1,788,318	-	1,788,318
Agriculture food industries	877,644	-	877,644	877,644	-	877,644
Mining	841,860	-	841,860	841,860	-	841,860
Transportation and logistics	292,396	_	292,396	292,396	-	292,396
Financial services	4,680	(4,680)	-	-	=	-
Other	193,863	(11,887)	181,976	181,976	_	181,976
	35,989,946	(16,567)	35,973,379	35,378,359	595,020	35,973,379

6				Timing of revenue recogn		nition
31 December 2019	Segment revenue	Inter- segment revenue	Revenue from external customers	At a point in time	Over time	Total
Energy	7,724,127	4	7,724,127	7,724,127	2	7,724,127
Cement	2,731,553	-	2,731,553	2,731,553	-	2,731,553
Packaging & printing sector	1,817,217	-	1,817,217	1,817,217	-	1,817,217
Agriculture food industries	871,200	-	871,200	871,200	-	871,200
Mining	967,050	-	967,050	967,050	-	967,050
Transportation and logistics	235,983	-	235,983	235,983	-	235,983
Financial services	8,530	(8,530)	-	-	-	-
Other	171,521	(12,196)	159,325	159,325		159,325
	14,527,181	(20,726)	14,506,455	 14,506,455		14,506,455



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Segment information (continued)

9(c) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segments and the physical location of the asset.

	3	31 December 2020			31 December 2019		
Segment assets	Current assets	Non-current assets	Total assets	Current assets	Non-current assets	Total assets	
Energy	8,650,221	63,215,152	71,865,373	9,927,110	66,509,966	76,437,076	
Cement	2,540,563	1,993,183	4,533,746	2,881,395	1,660,852	4,542,247	
Transportation and logistics	117,946	814,558	932,504	120,917	654,225	775,142	
Mining	424,746	876,339	1,301,085	507,147	962,601	1,469,748	
Agriculture food industries	274,156	1,182,743	1,456,899	337,080	1,088,525	1,425,605	
Financial services	6,624,643	19,090,168	25,714,811	6,742,063	19,598,826	26,340,889	
Packaging & printing sector	978,584	1,203,686	2,182,270	816,384	1,043,178	1,859,562	
Other	179,764	37,656	217,420	153,411	25,631	179,042	
	19,790,623	88,413,485	108,204,108	21,485,507	91,543,804	113,029,311	
Elimination	(7,426,949)	(18,789,637)	(26,216,586)	(7,594,277)	(19,235,700)	(26,829,977)	
Total	12,363,674	69,623,848	81,987,522	13,891,230	72,308,104	86,199,334	

9(d) Segments liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segments.

	31	31 December 2020			31 December 2019		
Segment liabilities	Current liabilities	Non- current liabilities	Total liabilities	Current liabilities	Non- current liabilities	Total liabilities	
Energy	44,420,367	11,714,645	56,135,012	12,246,560	40,433,398	52,679,958	
Cement	6,198,434	2,561,928	8,760,362	5,325,383	2,361,344	7,686,727	
Transportation and logistics	1,947,631	279,352	2,226,983	1,865,819	32,046	1,897,865	
Mining	617,210	763 ,957	1,381,167	1,342,757	140,500	1,483,257	
Agriculture food industries	2,276,134	214,238	2,490,372	2,356,950	174,509	2,531,459	
Financial services	19,279,558	766,521	20,046,079	18,783,087	435,060	19,218,147	
Packaging & printing sector	1,302,777	461,383	1,764,160	1,071,012	482,482	1,553,494	
Other	762,649	226,535	989,184	682,647	237,802	920,449	
	76,804,760	16,988,559	93,793,319	43,674,215	44,297,141	87,971,356	
Elimination	(10,893,877)	(3,253,702)	(14,147,579)	(10,974,147)	(2,981,205)	(13,955,352)	
Total	65,910,883	13,734,857	79,645,740	32,700,068	41,315,936	74,016,004	



Notes to the consolidated financial statements For the year ended 31 December 2020

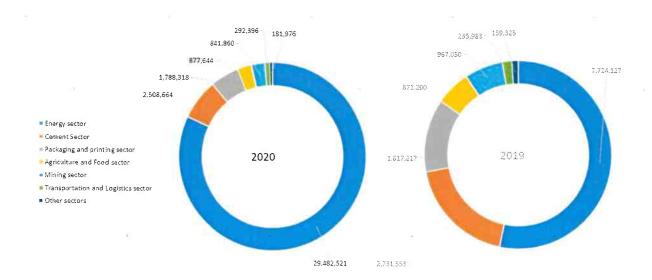
(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

10. Revenue

	31 December 2020	31 December 2019
Energy sector	29,482,521	7,724,127
Cement Sector	2,508,664	2,731,553
Packaging and printing sector	1,788,318	1,817,217
Agriculture and Food sector	877,644	871,200
Mining sector	841,860	967,050
Transportation and Logistics sector	292,396	235,983
Other sectors	181,976	159,325
	35,973,379	14,506,455

10(a) Segment revenue

The five segments that drive majority of revenues from external sales are the energy, cement, packaging and printing, mining and agriculture food as the energy segment contributes more than 82% of sales during the year ended 31 December 2020 after the full operation of the refinery. Below are segment revenues after elimination of inter-segment sales.





Notes to the consolidated financial statements For the year ended 31 December 2020

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

Revenue (continued)

10(b) Assets and liabilities related to contracts with customers

(i) The Group has recognized the following assets and liabilities related to contracts with customers:

	31 December 2020	31 December 2019
rrent contract assets relating to construction contracts (note		
a))	134,859	272,462
tal contract assets	134,859	272,462
	31 December	31 December
	2020	2019
ontract liabilities – constructions contracts (note 6(e))	378,857	391,492
current contract liabilities	378,857	391,492

(ii) The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	31 December 2020	31 December 2019
9	5	
Revenue recognised that was included in the contract liability balance at the beginning of the year	268,481	111,043
Revenue recognised from performance obligations satisfied in		
previous years	3,208	
Total	271,689	111,043

11. Cost of revenue

	31 December	31 December 2019
Energy sector	31,438,814	6,951,253
Cement Sector	2,154,745	2,397,287
Packaging and printing sector	1,268,926	1,380,394
Agriculture and Food sector	676,365	670,126
Mining sector	652,933	711,151
Transportation and Logistics sector	178,707	149,366
Financial services sector	5,160	8,552
Other sectors	145,844	186,563
	36,521,494	12,454,692



Notes to the consolidated financial statements For the year ended 31 December 2020

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

12. General, administrative, selling and marketing expenses

	31 December 2020	31 December 2019
a) General and administrative expenses		2020
Wages, salaries and in- kind benefits	810,387	634,157
Depreciation and amortization	452,709	134,714
Professional and consultancies fees	162,360	158,150
Low value and short-term rents	81,579	19,754
Insurance	66,646	12,699
Supplies	32,395	14,238
IT supplies	31,046	12,270
Donations	25,790	24,279
Maintenance	17,999	16,295
Electricity and utilities supplies	11,580	12,902
Transportation and vehicles	9,214	26,380
Advertising and public relations	9,081	13,096
Penalties	8,426	50,750
Bank Charges	7,583	51,978
Other	285,512	208,695
	2,012,307	1,390,357
	31 December	31 December
	2020	2019
b) Selling and marketing expenses	2020	2013
Transportation and vehicles	157,375	150,263
Advertising and public relations	67,952	63,351
Wages, salaries and in- kind benefits	49,504	46,210
Low value and short-term rents	4,552	4,576
Travel and accommodation	1,177	6,639
Depreciation and amortization	1,060	639
Other	47,388	46,805
Ottlei	329,008	318,483
	323,000	



Notes to the consolidated financial statements For the year ended 31 December 2020

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

General, administrative, selling and marketing expenses (continued)

	31 December 2020	31 December 2019
c) Cost of revenue		
Manufacturing materials	20,603,786	2,511,783
Fuel and lubricants	4,700,813	4,720,705
Depreciation and amortization	3,895,848	367,611
Electricity and utilities supplies	3,091,360	1,930,041
Wages, salaries and other staff costs	1,752,557	1,004,110
Gas network construction	852,871	747,751
Insurance	370,017	29,743
Supplies	255,514	337,664
Maintenance	213,819	204,262
Low value and short-term rents	178,940	206,254
Gas car conversion	78,582	54,099
Penalties	53,137	64,119
Promotions, advertisements, gifts and public relations	20,660	20,417
Travel and accommodation	18,722	28,428
It Supplies	7,943	289
Tools and equipment	2,622	-
Professional and consultancies fees	_	8,768
Transportation and vehicles	0 15	2,636
Others	424,303	216,012
	36,521,494	12,454,692

13. Net impairment of financial assets and other operating expenses

	31 December 2020	31 December 2019
a) Net impairment of financial assets		
Impairment of due from related parties formed (Note 22(a))	10,676	2,117
Impairment of due from related parties no longer required (Note 22(a))	(772)	(6,709)
Impairment of trade receivables and other debit balances formed (Note		
28(c))	225,518	56,531
Impairment of trade receivables and other debit balances no longer		
required (Note 28(c))	(30,605)	(1,311)
Impairment Treasury Bills	(1,183)	-
Impairment of Bank Accounts (Note 6(d))	4,822	-
Others	8,104	5,570
	216,560	56,198



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Net impairment of financial assets and other operating expenses (continued)

	31 December 2020	31 December 2019
b) Other losses		
Gain on sale of fixed assets (Note 7(a))	(26,729)	(43,540)
Gain on sale of investments in associates	7,309	-
loss on sale of biological assets	16,930	(866)
Provisions formed (Note 7(h))	784,223	231,899
Provisions no longer required (Note 7(h))	(9,848)	(23,018)
Net change in the fair value of investments at fair value through profit and loss (Note 6(c)) Net change in the fair value of liabilities at fair value through profit	(2,429)	1,213
and loss (Note 6(g)) Impairment of financial assets at fair value through other	25,493	36,238
comprehensive income	1,824	-
Management Fees	-	135,844
Others	(8,600)	4,062
	788,173	341,832

14. Expenses by nature

	31 December 2020	31 December 2019
Cost of revenue (Note 11)	36,521,494	12,454,692
General and administrative expenses (Note 12)	2,012,307	1,390,357
Selling and marketing expenses (Note 12)	329,008	318,483
	38,862,809	14,163,532

	31 December 2020	31 December
Manufacturing materials	20,603,786	2,511,783
Fuel and lubricants	4,700,813	4,720,705
Depreciation and amortization	4,361,375	506,233
Electricity and utilities supplies	3,102,940	1,942,943
Wages, salaries and other staff costs	2,582,160	1,719,498
Gas network construction	852,871	747,751
Insurance	442,125	42,442
Supplies	287,909	351,902
Low value and short-term rents	271,686	237,426
Maintenance	231,818	220,557
Professional and consultancies fees	177,553	195,431
Transportation and vehicles	155,376	179,278
Promotions, advertisements, gifts and public relations	97,687	96,865
Gas car conversion	78,582	54,099
Penalties	61,563	114,870
It Supplies	38,989	12,560
Donations	25,790	24,279
Travel and accommodation	19,899	35,067
Bank Charges	7,583	51,978
Tools and equipment	2,622	-
Others	759,682	397,865
	38,862,809	14,163,532



Notes to the consolidated financial statements For the year ended 31 December 2020

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

15. Finance costs - net

	31 December 2020	31 December 2019
Credit interest	(380,515)	(254,165)
Gains from restructuring of loans	(91,955)	-
Net foreign exchange gain	(50,866)	(618,466)
Total finance income	(523,336)	(872,631)
Interest expenses	4,052,052	4,915,522
Lease interest expense	169,140	
Deferred financing cost write off	1,051,585	-
Amount capitalized*	(17,523)	(2,924,069)
Ineffective portion of cash flow hedge	625,523	
Total Finance costs	5,880,777	1,991,453
Net	5,357,441	1,118,822

^{*} The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year is 11.25%

16. Share of loss of investments in associates

	31 December 2020	31 December 2019
9		
Al Kateb Co for marketing and distribution	-	(311)
Al Sharq for bookstores	-	631
Dar AL Shrook Company	(4,302)	(3,573)
Allmed Medical Industries	_	(87,521)
Ascom Precious Metals (APM)	(28,659)	33,926
Egyptian Company for Solid Waste Recycling (ECARU)	(3,922)	
Engineering Tasks Group (ENTAG)	(327)	-
Zahana Cement Company	14,364	(107,084)
Ř Ř	(22,846)	(163,932)



Notes to the consolidated financial statements For the year ended 31 December 2020

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

17. Income tax

17(a) Income tax expense

	31 December 2020	31 December 2019
Current income tax (note 7(i))	213,772	212,903
Deferred income tax (note 7(f))	(34,850)	(4,889)
Net	178,922	208,014

17(b) Significant estimates

The Group is subject to income tax in several countries. Majority of the Group's operations is concentrated in Egypt and is subject to income tax rules in that jurisdiction. 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 outcome 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.

17(c) Numerical reconciliation of income tax expense to prima facie tax payable

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

	2020	2019	
Net loss before tax	(9,274,450)	(1,337,861)	
Income tax based on tax rate	(2,086,751)	(301,019)	
Expenses not deductible for tax purposes	720,918	272,925	
Income not taxable for tax purposes	(47,744)	(84,574)	
Effect of tax losses	1,592,499	320,682	
Income tax expense	178,922	208,014	



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Cash flows

18. Cash flow information

18(a) cash flow generated from operating activities

o(a) cash now generated from operating activities			
	Nata	31 December	31 December
	Notes	2020	2019
Cash flows from operating activities			
Loss for the year before income tax		(9,274,450)	(1,337,861)
Adjusted to:			
Depreciation and amortization	14	4,361,375	506,233
Impairment of financial assets at fair value through other comprehens	sive	1,824	-
income	13		
Gain on sale of associate	13	7,309	٠.
Unrealised forex gain		(67,600)	(235,736)
Gains from restructuring of loans	15	(91,955)	-
mpairment of due from related parties – net	13	9,904	(4,592)
Impairment of trade and other receivables – net	13	194,913	55,220
Ineffective portion of cash flow hedge	15	625,523	-
Share of profit of investments in associates	16	22,846	163,932
Effect of investments at fair value through profit or loss	13	(2,429)	1,213
Effect of financial liabilities at fair value through profit or loss	13	25,493	36,238
Gain on sale of fixed assets	13	(26,729)	(43,540)
Loss on sale of biological assets	13	16,930	(866)
Gains resulted from the change in FV less costs to sell of biological ass	ets	(125,548)	(110,373)
Provisions – net	13	774,376	208,881
Deferred Financing Cost write off	15	1,051,585	-
Interest expenses	15	4,221,192	1,999,330
Interest income	15	(380,515)	(254,165)
Operating profit before changes in working capital		1,344,044	983,914

18(b) Non-cash investing and financing activities

	31 December 2020	31 December 2019
Unrealised forex on borrowings	(1,441,686)	(5,334,953)
Right of use assets	1,102,275	814,337



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Cash flow information (continued)

18(c) Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the years presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

	Borrowings	Lease liabilities	Dividends payable	Total
Balances at 1 January 2019	60,228,247	-	24,843	60,253,090
Cash flows				
Loan drawdowns	5,661,431	-	-	5,661,431
Dividends paid	-	-	(329,790)	(329,790
Repayments of principal	(3,496,908)	-	-	(3,496,908
Interest payments	(215,047)	-	-	(215,047
Non-cash changes				
Finance cost	1,999,330	-	-	1,999,330
Foreign exchange adjustments	(5,334,953)	-	860	(5,334,093
Dividends declared	-	-	329,790	329,790
New standards first adoption	-	283,087	-	283,08
Other	813,885		<u>-</u>	813,885
Balance at 31 December 2019	59,665,985	283,087	25,703	59,964,775
Cash flows				
Loan drawdowns	672,731	-	-	672,731
Dividends paid	<u> </u>	-	(121,044)	(121,044
Repayments of principal	(255,789)	(108,083)	-	(363,872
Interest payments	(1,896,438)	-	-	(1,896,438
Non-cash changes				
Finance cost	5,097,753	175,024	_	5,272,77
Foreign exchange adjustments	(1,441,686)	18,833	(3,934)	(1,426,787
New standards first adoption	•	1,267,888	-	1,267,888
Dividends declared	-	-	121,044	121,044
Restructuring of loans	(179,154)	-	-	(179,154
Other	79,222	-	-	79,222
Balance as at 31 December 2020	61,732,624	1,636,749	21,769	63,391,142



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Unrecognised items

19. Contingent liabilities and contingent assets

The contingent liabilities as at 31 December 2020 and 31 December 2019 are as follows:

19(a) ASEC Automation Co.		
	31 December 2020	31 December 2019
Letters of guarantee	1,131	880
19(b) ASEC Environmental Protection Co.		
	31 December 2020	31 December 2019
Letters of guarantee	551	551
19(c) Arab Swiss Engineering Co.		
	31 December 2020	31 December 2019
Letters of guarantee Letters of credit	28,802 613	30,939 2,990
19(d) ASEC for Manufacturing and Industries Project Co.		
	31 December 2020	31 December 2019
Letters of guarantee	146,673	126,884

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

19(e) United Foundries Company		
	31 December	31 December 2019
Letters of guarantee	-	1,482
19(f) ASEC Company for Mining		
	31 December 2020	31 December 2019
Letters of guarantee	17,264	18,648

The uncovered portion of letters of guarantee amounted to EGP 1.6 million (equivalent to US \$100 K) issued from banks in favour of ASCOM Carbonate & Chemical Manufacture Company (subsidiary).



Notes to the consolidated financial statements For the year ended 31 December 2020

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

20. Financial assets and liability offset

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2020 and 31 December 2019. The column 'net amount 'shows the impact on the Group's balance sheet if all set-off rights were exercised.

	Effects of offsetting on the balance sheet			Related amounts not offset			
31 December 2020	Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c) = (a) - (b)	Amounts subject to master netting (d)	Cash collateral received (e)	Net amount of exposure (c) – (d) – (e)	
ASSETS			4	-	=		
Trade and other receivables * Restricted cash	6,581,487 662,765	(1,624,167) -	4,957,320 662,765	(541,619)	(662,765)	4,415,701	
Total assets subject to offsetting, master netting and similar arrangement	7,244,252	(1,624,167)	5,620,085	(541,619)	(662,765)	4,415,701	
LIABILITIES							
Trade and other payables * Derivative financial liabilities Loans and borrowings	11,172,135 1,073,681 61,732,624	(1,624,167) - -	9,547,968 1,073,681 61,732,624	(541,619) - 	- - (662,765)	9,006,349 1,073,681 61,069,859	
Total liabilities subject to offsetting, master netting and similar arrangement	73,978,440	(1,624,167)	72,354,273	(541,619)	(662,765)	71,149,889	



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial assets and liability offset (continued)

	Effects of offsetting on the balance sheet			Re	Related amounts not offset			
31 December 2019	Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c) = (a) – (b)	Amounts subject to master nettil (d)	ng Cash collateral received (e)	Net amount of exposure (c) – (d) – (e)		
ASSETS								
Trade and other receivables*	7,862,594	(1,679,065)	6,183,529	(552,32	7) -	5,631,202		
Restricted cash	680,885	_	680,885		- (680,885)			
Total assets subject to offsetting, master netting and similar		(4 5=0 55=)		(-) (500.00-1)			
arrangement	8,543,479	(1,679,065)	6,864,414	(552,32	7) (680,885)	5,631,202		
LIABILITIES								
Trade and other payables*	9,557,083	(1,679,065)	7,878,018	(552,32	7) -	7,325,691		
Derivative financial liabilities	694,948	-	694,948			694,948		
Loans and borrowings	59,655,985	-	59,655,985		- (680,885)	58,975,100		
Total liabilities subject to offsetting, master netting and similar	3 <u>=====</u>		=======================================					
arrangement	69,908,016	(1,679,065)	68,228,951	(552,32	7) (680,885)	66,995,739		

^{*} In terms of an agreement with a supplier, the amounts due to and due from may be offset. The requirements of offsetting have been met and offsetting is allowed in all cases including on liquidation.

21. Capital commitments

The capital commitments as at 31 December 2020 and 31 December 2019 are as follows:

Egyptian refining company

Non-exercised contracts amounted to EGP Nil (31 December 2019: USD 258 million equivalent to EGP 4.12 billion).



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Other information

22. 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.

22(a) Due from related parties

		Nature of tra	ansactions	Bala	nces
Name of the Company	Nature of relationship	Foreign Currency Translation Differences	Finance	31 December 2020	31 December 2019
Golden Crescent Finco Ltd.	Investee	(9,095)	-	459,880	468,975
Emerald Financial Services Ltd.	Investee	(8,263)	=	392,301	400,564
Nile Valley Petroleum Ltd.	Investee	(6,451)	-	338,075	344,526
Benu one Ltd.	Investee	(3,249)	-	164,375	167,624
Citadel Capital Partners	Parent	-	38,853	141,598	102,745
Logria Holding Ltd,	Investee	(1,804)	-	99,141	100,945
EIIC	Shareholder	-	14,130	94,080	79,950
Rotation Ventures	Investee	(1,687)	-	85,348	87,035
Golden Crescent Investment Ltd.	Investee	(1,183)	-	59,823	61,006
Mena Glass Ltd	Associate	(1,066)	-	53,876	54,942
Castrol Lubricants	Associate	-	-	39,200	39,200
Egyptian Company for International					
Publication	Investee	200	-	26,660	26,460
Visionaire	Investee	(677)	-	20,578	21,255
Allmed Medical Industries	Associate	(316)	1	15,994	16,310
Adena	Shareholder	(233)	-	11,760	11,993
Nahda Company – Sudan	Investee	(200)	-	10,111	10,311
Trianon	Investee	-	(1,556)	9,549	11,105
Citadel Capital AlQalaa- Saudi Arabia	Investee	(19)	81	1,188	1,207
El Kateb for Marketing & Distribution	Associate	-		1,003	1,003
Ascom Precious Metals (APM)	Associate	-	-	209	209
Hisham El Sherif	Shareholder	-	(8,206)	-	8,206
Others		-	(27,841)	33,577	61,418
Total			•	2,058,326	2,076,989
Less: Accumulated impairment loss*				(1,723,122)	(1,730,966
•				335,204	346,023



Notes to the consolidated financial statements For the year ended 31 December 2020

(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:-

The accamatacea impairment to			Foreign			
	Balance as of 1 January 2020	Impact of EAS 47	Currency Translation Differences	Formed	Reversal of impairment	Balance as of 31 December 2020
Golden Crescent Finco Ltd.	468,975	_	(9,093)	_	_	459,882
Emerald Financial Services Ltd.	400,564	_	(7,761)	_	(502)	392,301
Nile Valley Petroleum Ltd.	344,526	_	(6,451)	_	(302)	338,075
Benu One Ltd	167,625	_	(3,250)	_	_	164,375
Logria Holding Ltd.	100,945	_	(1,804)	_	-	99,141
Rotation Ventures	87,034	-	(1,686)	_	-	85,348
Golden Crescent Investment Ltd.	61,006	-	(1,183)	-	-	59,823
Mena Glass	54,942	-	(1,066)	-	-	53,876
Visionaire	21,255	-	(410)	-	(267)	20,578
Allmed Medical Industries	-	16,310	(316)	-	-	15,994
Nahda	10,311	-	(200)	-	-	10,111
Trianon	-	1,085	8	61	-	1,154
Egyptian Company for International Publication	-	-	-	406	-	406
Citadel Capital Partners	-	75	1	9	-	85
El Kateb for Marketing & Distribution	-	-	-	60	-	60
EIIC	-	13	_	-	-	13
Others	13,783	3	(2,023)	10,140	(3)	21,900
_	1,730,966	17,486	(35,234)	10,676	(772)	1,723,122

22(b) Due to related parties

		Nature of trai	nsactions	Balaı	nces
Name of the Company	Nature of relationship	Foreign Currency Translation Differences	Finance	31 December 2020	31 December 2019
Mena Glass Ltd.	Associate	(6,484)		536,976	543,460
Castrol Egypt	Associate	-	(16,660)	19,315	35,975
Others		-	(22,573)	13,372	35,945
				569,663	615,380
Due to shareholders					
IFC	Shareholder	-	36,009	291,273	255,264
Ali Abu Zied	Shareholder	-	(30,704)	196,332	227,036
Aly Hassan el Deyekh	Shareholder	-	(1,810)	180,358	182,168
FHI	Shareholder	-	18,960	250,768	231,808
Fenix one Ltd.	Shareholder	-	(2,712)	56,290	59,002
El-Rashed	Shareholder	=	5,919	31,384	25,465
Omran	Shareholder	-	(345)	15,768	16,113
Ahmed Heikal	Chairman	-	(30,918)	766	31,684
Olayan	Shareholder	-	(78,920)	-	78,920
Sadek Ahmed Swedy	Shareholder	-	(5,440)	-	5,440
Glassco	Shareholder	-	(112)	-	112
Others		-	(1,843)	17,960	19,803
				1,040,899	1,132,815
				1,610,562	1,748,195



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Related party transactions (continued)

22(c) Key management compensation

The Group paid EGP 258,106 as salaries and benefits to senior management personnel during the year ended 31 December 2020 (31 December 2019: EGP 232,998).

22(d) Terms and conditions

Transactions relating to dividends, calls on partly paid ordinary shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders. The loans to related parties are repayable between 1 to 10 years from the reporting date. The average interest rate on the loans to related parties during the year was 7.5% (2019 - 7.5%). Outstanding balances are secured and are repayable in cash.

23. Losses per share

Basic losses per share is calculated by dividing the losses attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year after excluding ordinary shares held in treasury.

	31 December 2020	31 December 2019
	((1 - 1 - 1 - 1
Net loss for the year- Continued operations	(9,453,372)	(1,545,875)
Net (loss) profit for the year- Discontinued operations	(119,782)	20,616
Net loss for the year	(9,573,154)	(1,525,259)
Weighted average number of shares including preferred shares with the same distribution rights as ordinary shares	1,820,000	1,820,000
	31 December 2020	31 December 2019

Net loss per share – Continued operation	(5.19)	(0.85)
Net (loss) earnings per share – Discontinued operation	(0.07)	0.01
Loss per share (EGP)	(5.26)	(0.84)

Diluted losses 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 31 December 2020 and 31 December 2019, hence the diluted losses per share is the same as the basic losses per share.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

24. Employees stock option plan

The Holding Company's extraordinary general assembly meeting held on 20 February 2008 approved to add a new article to the Holding 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 Holding Company has not yet obtained the approvals from the Financial Regulatory Authority on the employees' stock option plan until the preparation of these consolidated financial statements and this was not formally communicated to the employees. Accordingly, it is not yet activated, and no share-based payment charges would be required.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

25. Tax position of Citadel Capital Company

Because of the nature of the procedures of estimating tax liabilities in the Arab Republic of Egypt, the final result of this estimations by the Tax Authority may not be realistic. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority over the Company. A summary of the tax status of the Company to 31 December 2020 is as follows:

25(a) Corporate tax

The period since inception to 31 December 2008

The period mentioned above was not inspected by the tax authority till date but the tax returns for this period were submitted on the legal dates.

The years from 2009 till 2014

- The tax department has disregarded the company's submitted tax returns and estimated the taxes for these years on a deemed profit basis. However, the company has appealed this tax estimation and accordingly these years associated tax returns will be re-audited by the tax department on a documentation basis.

The years from 2015 till 2019

The years mentioned above was not inspected by the tax authority till date but the tax returns for these years were submitted on the legal dates.

25(b) Payroll tax

The period since inception to 31 December 2004

- The tax department estimated the payroll tax for this period roughly however the company rejected this estimation. The dispute has been finally settled by the tax disputes settlement committee at an amount of EGP 150,000.

The years from 2005 till 2009

 Necessary documents have been presented for tax inspection and the Company has not yet received the official notification with the inspection results.

The years from 2010 till 2019

- The company's documents were not inspected by the tax authority till date.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Tax position of Citadel Capital Company (continued)

25(c) Stamp duty tax

The period since inception to July 2006

- The inspection was made, and the outstanding tax amount was paid.

The period from August 2006 to 31 December 2009

- The Company has been notified with the estimated tax amount from Tax Authority Dokki.
- The Company has filed a Lawsuit under No. 25/2014, and it is still under the review of the Egyptian Council of State.
- The Company has paid monthly payments under the due tax, until a final decision to be issued.
- The dispute is currently negotiated with the Tax disputes settlement committee, but no final agreement is reached yet

The years from 2010 till 2013

- The tax department Dokki has roughly estimated the tax for these years.
- The Company has filed a Lawsuit under No. 25/2014, and it is still under the review of the Egyptian Council of State.
- The dispute is currently negotiated with the tax disputes settlement committee, but no final agreement is reached yet.

The years from 2014 till 2019

- The company's documents were not inspected by the tax authority till date.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

26. Restatement of comparative figures

Certain items of the statement of the financial position with regards to Cash and cash equivalents and accrued interest balances were restated to correct the classification thereof. the following table summarizes the reclassification on the consolidated financial position as at 31 December 2019 and 1 January 2019:

	Desciously Destatement Bestatement Discoursetion			Re-		
	Previously reported	Restatement 1*	Restatement 2**	Disaggregation ***	presentation***	Restated
Effect on the Consolidated						
Statement of Financial Position						
As at 31 December 2019						
Current assets						
Cash and cash equivalents	3,667,814	(1,868,830)	-	-	•	1,798,98
Treasury bills	-	1,187,945	-	-	-	1,187,94
Restricted cash	-	680,885	_	_		680,88
Total current assets	3,667,814	-	•		-	3,667,81
Non-Current assets						
Fixed assets	70,047,463	-	-	(375,774)	-	69,671,68
Right of use assets	-	_	v -	375,774	- 1	375,77
Total non-Current assets	70,047,463		-	-	<u> </u>	70,047,46
Current Liabilities						
Trade and other payables	10,679,343	_	(1,399,831)	-	_	9,279,51
Loans and borrowings –	17,996,282	_ 0	1,399,831	(98,300)	÷	19,297,81
Current portion	,		_,,	(,,		
Lease liabilities – Current portion	-	-	-	98,300	=	98,30
Total Current Liabilities	28,675,625	-	-	-		28,675,62
Non-Current Liabilities						
Loans and borrowings – Non-current portion	40,542,959	-		(184,787)	-	40,358,17
Lease liabilities – Non- current portion	-	-	-	184,787	-	184,78
Total Non-Current Liabilities	40,542,959	-	-	•		40,542,95
As at 1 January 2019						
Current assets						
Cash and cash equivalents	6,401,336	(625,120)	-	-		5,776,21
Treasury bills	-	574,835	-	-	-	574,83
Restricted cash	-	50,285	_	_	-	50,28
Fotal current assets	6,401,336	-	•	-	-	6,401,33
Current Liabilities						
Trade and other payables	7,650,924	-	(956,181)	-	-	6,694,74
Loans and borrowings – Current portion	15,783,055	-	956,181	-	-	16,739,23



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Cost of revenue (12,789,984)		Previously reported	Restatement 1*	Restatement 2**	Disaggregation ***	Re- presentation*** *	Restated
Statement of profit or loss As at 31 December 2019 Revenue							
Revenue 14,916,751	Statement of profit or loss						
Cost of revenue (12,789,984) - 335,292 (12,48 foress profit / loss) (2,126,767 - 7,5004) 2,0 (2,0 deneral and administrative expenses and selling and marketing other operating expenses (14,141,448) - 10,413 (31,441,448) - 10,413 (31,441,448) - 10,413 (31,441,448) - 10,441 (31,441,448)		14.016.751				(410.296)	14,506,455
Gress profit / (loss)			-	-	_		(12,454,692
32,608 1,74	-						2,051,76
20ther operating expenses (408,443)	General and administrative expenses and selling and		-	-	•		(1,708,840
Finance costs – net (1,119,886)	-	(408,443)			-	10,413	(398,030
Share of profit (loss) of (107,084) (117,084) (117,084) (118,093) of minestments in associates (118,093) (118,003) (Operating losses	(23,124)	•	-	•	(31,983)	(55,107
nvestments in associates costs before income tax (1,199,858)	Finance costs – net	(1,119,886)	-	=	-	1,064	(1,118,822
Income tax expense (218,317) - 10,303 (2) Net loss from continuing poperations (1,418,175) - (127,700) Loss from discontinued (107,084) - 127,700 Operations (1,525,259) - - - (1,5) Effect on the Consolidated Statement of Cash flows As at 31 December 2019 Cash flow from investing activities (1,187,945) - (1,187,945) Net cash flow used in investing activities (1,818,545) 1,187,945 - (5,9) Cash flow from investing activities (1,818,545) 1,187,945 - (6) Net cash flow generated from financing activities (1,203,980 1,187,945 - 2,2 Cash flow from investing activities (1,818,545) 1,187,945 - (6) Net cash flow from investing activities (1,818,545) 1,187,945 - (2,2 2,2 2,2 2,2 2,2 Cash flow from investing activities (1,818,545) (1,818,5		(56,848)		-			(163,932
Net loss from continuing operations (1,418,175) (127,700) (1,5) operations (105) operations (107,084) 127,700 operations (107,084) 127,700 operations (1,525,259) (1,5) operations (1,525,259) opera	Loss before income tax		-	-	-	• • •	(1,337,861
Departations Class from discontinued (107,084) -	Income tax expense	(218,317)		-			(208,014
Departions Petros for the year (1,525,259) -	operations		-	-	-		(1,545,875 20,61
Effect on the Consolidated Statement of Cash flows As at 31 December 2019 Cash flow from investing activities	operations					127,700	(1,525,259
Statement of Cash flows As at 31 December 2019 Cash flow from investing activities Investments in treasury (1,187,945) - (1,187,945) Investing activities Cash flow used in (4,765,181) (1,187,945) (5,9) Investing activities Cash flow from investing activities Cash flows from financing activities Cash flow generated from financing activities As at 1 January 2019 Cash flow from investing activities Cash flow from investing activities Cash flow generated from financing activities Cash flow from investing activities Cash flow sed in (9,866,706) (574,835) (10,4) Cash flows from financing activities Cash flows from financing activitie	tectioss for the year	(1,525,255)			F		(2)0207203
bills Net cash flow used in (4,765,181) (1,187,945) (5,9) investing activities Cash flow from investing activities Cash flow from financing activities Restricted cash (1,818,545) 1,187,945 (6) Net cash flow generated 1,203,980 1,187,945 2,3 From financing activities As at 1 January 2019 Cash flow from investing activities Investments in treasury (574,835) (5) Investing activities Net cash flow used in (9,866,706) (574,835) (10,4) Investing activities Cash flows from financing activities Restricted cash (573,835) 573,835 8, Net cash flow generated 7,639,587 573,835 8,	Statement of Cash flows As at 31 December 2019 Cash flow from investing activities		(4.407.045)				/1 197 045
Cash flow from investing activities Cash flow from financing activities	bills				-	-	(1,187,945
Cash flows from financing activities Restricted cash (1,818,545) 1,187,945 (6 Net cash flow generated 1,203,980 1,187,945 2,3 from financing activities As at 1 January 2019 Cash flow from investing activities Investments in treasury - (574,835) (574,835) Net cash flow used in (9,866,706) (574,835) (10,4 investing activities Cash flows from financing activities Cash flows from financing activities Restricted cash (573,835) 573,835 8, Net cash flow generated 7,639,587 573,835 8,	investing activities	(4,765,181)	(1,187,945)	-		-	(5,953,126
Activities Restricted cash (1,818,545) 1,187,945 (6 Net cash flow generated from financing activities As at 1 January 2019 Cash flow from investing activities Investments in treasury bills Net cash flow used in investing activities Cash flows from financing activities Cash flow from financing activities Restricted cash (573,835) 573,835 8, 8, 8, 8, 8, 8, 8, 8, 8, 8, 8, 8, 8,							
As at 1 January 2019 Cash flow from investing activities Investments in treasury (574,835) - (574,835) Net cash flow used in (9,866,706) (574,835) - (10,4 investing activities Cash flows from financing activities Cash flows from financing activities Restricted cash (573,835) 573,835 8,6 investing activities Restricted cash (573,835) 573,835 8,6 investing activities	activities	(1,818,545)	1,187,945		_ -		(630,600
Cash flow from investing activities Investments in treasury - (574,835) (584,835) - (10,4835) Net cash flow used in (9,866,706) (574,835) (10,4835) Cash flows from financing activities Cash flows from financing activities Restricted cash (573,835) 573,835 8,856 - 8,856		1,203,980	1,187,945	•	-	-	2,391,92
Investments in treasury	Cash flow from investing						
Net cash flow used in investing activities (10,4) Cash flows from financing activities (10,4) Restricted cash (573,835) 573,835	Investments in treasury	-	(574,835)	-	-		(574,83
activities Restricted cash (573,835) 573,835 8, Net cash flow generated 7,639,587 573,835 8,	Net cash flow used in	(9,866,706)	(574,835)	-	-	-	(10,441,54
Restricted cash (573,835) 573,835 - - - - 8, Net cash flow generated 7,639,587 573,835 - - - 8,	_						
Net cash flow generated 7,639,587 573,835 8,		/572 8 25\	572 825	-	_	_	
							8,213,42
	_	7,033,301					0,223,70



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Restatement of comparative figures (continued)

*Restatement 1: Cash and cash equivalents reclassification

During the current year, the Group undertook an analysis of the classification of treasury bills and restricted cash balances as cash and cash equivalents. Investments in treasury bills with maturities of more than 3 month and certain restrictions on the restricted cash prevented classification as cash and cash equivalents. As a result, the balances were reclassified from cash and cash equivalents.

As at 31 December 2019 and 1 January 2019, cash and cash equivalents were represented to show the balances related to treasury bills and restricted cash reclassified to separate line items on the consolidated statement of financial position.

In addition, the cash and cash equivalents in the cash flow statement was restated to include investment in treasury bills under investing activity. Other balances related to restricted cash were correctly shown and did not require adjusting in the cash flow statement. The adjustment had no impact on any other primary statements.

**Restatement 2: Interest payable / accrued

As at 31 December 2019 and 1 January 2019, interest payable/accrued were included within trade and other payables, which is inconsistent with the nature of trade and other payables. Trade and other payables are generally liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Interest payable/accrued are financing in nature, Egyptian Accounting Standards (EAS) require financing to be shown separately from trade and other payables.

In the current year, the Group management has reclassified these balances from trade and other payables to short term borrowings in order to be more appropriately reflect the nature of these balances.

The comparative information has been restated to reflect the appropriate classification. Such reclassifications have not resulted in change in any other primary statements.

***Representation

- a. As a result of the Group's decision to sell the subsidiaries of "Tawazon for Solid Waste Management "Tawazon" (S.A.E.), The previous year results of the subsidiaries' operations have been represented as discontinued operations.
- b. On 31 December 2020 the management couldn't meet the criteria of Egyptian Accounting Standard 32 "Non-current assets held for sale and discontinued operations" to present the investment in Zahana as held for sale or as a discontinued operation and so the investment has been represented as investment in associate instead of assets held for sale or discontinued operation.

****Disaggregation

Certain comparative figures have been disaggregated in the consolidated statement of financial position to conform with the current period presentation. These relates to the assets and liabilities related to finance leases.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Risk

27. 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.

27(a) 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 material impact to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- Impairment of trade receivables and other debit balances note 6(a)(vii)
- Useful life of fixed assets note 7(a)(Vi)
- Provision for income tax note 17(b)
- Provisions note (7)(h)
- Impairment of non-financial assets note (7)(d)(i)

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

In general, applying the Group accounting policies does not require judgments other than the below and apart from those involving estimates refer to in note 27(a) above that have significant effects on the amounts recognized in the consolidated financial statements.

- Hyperinflationary Economies See note 5(a)
- Consolidation of Arab Refining Company S.A.E "ARC" and its subsidiary Egyptian Refining Company – S.A.E ("ERC") – note 3(e)(i)(a)
- Functional currencies of different entities of the Group—note 3(e)(ii)
- Assessing whether the arrangement with EGPC is or contains a lease note 7(b)(2)(iii)
- Control Grandview Investment Holdings Corporation (Grandview) note 3(e)(iii)
- Control over Dar Elsherouk company note 3(f)(iii)
- Critical judgement with respect to the going concern of the Group note 30(a)(iii)



Notes to the consolidated financial statements For the year ended 31 December 2020

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

28. Financial risk management

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.

28(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 Group has the following derivative financial instruments:

	31 December 2020	31 December 2019
Non-current liabilities)	
Interest rate swap contracts – cash flow hedges	677,154	330,356
Total non-current derivative financial instrument liabilities	677,154	330,356

(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 30(m).

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.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

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. Except for ERC Hedges.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial risk management (continued)

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 year ended 31 December 2019 in relation to the interest rate swaps. And the ineffectiveness during the year ended 31 December 2020 in relation to interest rate swap were discussed in (Note 6(f))

(iii) Hedging reserves:

The Group's hedging reserves movement disclosed in note 8(c).

28(b) Market risk

(i) Foreign currency exchange risks

Foreign currency 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:

	31 December 2020	31 December 2019
United States Dollar 10%	(302,952)	115,457
Euro 10%	140,894	62,805
Sterling Pound 10%	(46,723)	(206)
United Arab Emirates Dirham 10%	1,488	1,557
Saudi Arabia Riyal 10%	(85)	(47)
Sudanese Pound 10%	(987)	(10)
Algerian Dinar 10%	1,498	2,019
Swiss Franc 10%	(15)	68
Jordanian Dinar 10%	493	280
Libyan Dinar 10%	-	(779)
Riyal Omani 10%	-	(5,054)
Syrian Lira 10%	-	(852)



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial risk management (continued)

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

ornoonaatea statement or inju	rolar positions			
		31 December 2020		31 December
		2019		
	Assets	Liabilities	Net	Net
United States Dollar	2,371,858	(5,401,377)	(3,029,519)	1,154,572
Euro	1,758,165	(349,227)	1,408,938	628,046
Sterling Pound	63	(467,290)	(467,227)	(2,057)
United Arab Emirates Dirham	16,121	(1,243)	14,878	15,566
Saudi Arabia Riyal	-	(849)	(849)	(473)
Sudanese Pound	84	(9,957)	(9,873)	(97)
Algerian Dinar	15,441	(460)	14,981	20,193
Swiss Franc	948	(1,099)	(151)	684
Jordanian Dinar	5,046	(113)	4,933	2,802
Libyan Dinar	-	-	-	(7,793)
Riyal Omani	-	-	-	(50,537)
Syrian Lira	_	-	-	(8,523)

(ii) 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 and Financial assets at fair value through profit or loss are considered immaterial, and accordingly the Group considered that expose to price risk is insignificant.

The Group is also exposed to risks arising from environmental and climatic changes, and commodity prices affecting the biological asset and refinery industry held by the Group. The Group has strong environmental policies and procedures in place to comply with environmental and other laws.

(iii) Fair value and interest rate market risk

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 year ended 31 December 2020 and 31 December 2019, 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.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial risk management (continued)

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

	31 December 2020	% of loans	31 December 2019	% of loans
Variable rate borrowings	58,741,951	95%	57,228,223	96%

Swaps currently in place cover approximately 44.8% (2019 - 42.8%) of the variable loan principal outstanding. The fixed interest rates of the swaps range between 2.3475% and 3.417% (2019 - 2.3475% and 3.417%), and the variable rates of the loans are between .0011% and .0087% above the 90 day bank bill rate which, at the end of the reporting period, was .0011% (2019 - .0087%).

The swap contracts require settlement of net interest receivable or payable every 180 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

the second state of the second state of the second state of	2020	2019
Interest rate swaps		
Carrying amount (current and non-current)	42,909,692	43,311,079
Notional amount	12,441,838	15,542,406
Maturity date	15-Jan-2032	15-Jan-2032
Hedge ratio	15.71%	34.00%
Change in fair value of outstanding hedging instruments since 1	(265,094)	(381,897)
January		
Change in value of hedged item used to determine hedge	(265,094)	(381,897)
effectiveness		
Weighted average hedged rate for the year	29%	36%
Weighted average hedged rate for the year	29%	36%

Sensitivity:

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates:

	Impact on pa	st tax profit
	2020	2019
Interest Rate-increase by 3%	14,174	7,625
Interest rates-decrease by 3%	(14,174)	(7,625)

Libor reform

In July 2017, the United Kingdom Financial Conduct Authority ('FCA'), which regulates the London Interbank Offered Rate ('LIBOR'), announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates. LIBOR reforms will be dealt with between the group and the lending banks according to the facility agreements. We continue to assess the impact of LIBOR reform. Our LIBOR exposures arise from: interest on foreign currency bank loans and interest rate derivatives.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial risk management (continued)

28(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.

(1) Risk management

Credit risk is managed on a group basis for banks and financial institutions, only high-credit-quality and rating banks and financial institutions are accepted.

For the new customers, their credit risk is 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 and approved by the board. The credit limits are regularly reviewed for each individual customer.

The revenue obtained from the major customer of the Group represents 60% of the total Group's revenue.

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

(2) Impairment of financial assets:

Balances exposed to credit risks are as follows:

	31 December 2020	31 December 2019
Trade receivables	4,368,843	5,351,904
other receivables	2,136,594	2,124,840
Contract assets	134,859	272,462
Treasury bills	974,137	1,187,945
Due from related parties	335,204	346,023
Restricted cash	662,765	680,885
Cash and cash equivalents	2,283,175	1,798,984
·	10,895,577	11,763,043



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial risk management (continued)

Impairment of trade and other receivables movement represented as follows:

	31 December 2020	31 December 2019	
Balance as of January 1 before EAS 47 adjustment	970,184	950,181	
Adjustment due to EAS 47 (note 30(a) (v))	99,177	-	
Balance as of January 1 after EAS 47 adjustment	1,069,361	950,181	
Formed during the year	225,518	56,531	
No longer required	(30,605)	(1,311)	
Utilised during the year	(21,821)	(11,497)	
Transfer to assets held for sale	(28,353)	24,915	
Write off	(10,183)		
Foreign currency translation differences	(7,049)	(48,635)	
Balance	1,196,868	970,184	

Trade receivable and contract assets:

The Group applies the EAS 47 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Set out below is the information about the Group's trade receivables and contract assets using a provision matrix:

I) Trade receivables- Governmental

		В	etween 31 and	Credit impaired	
31 December 2020	Current	< 30 days	120 days	> 120 days	Total
Expected loss rate %	1%	1%	4%	-	
Trade receivables- Governmental	26,333	1,349,987	1,672,616	-	3,048,936
Expected credit losses	(193)	(9,879)	(65,702)	-	(75,774)
	26,140	1,340,108	1,606,914	-	2,973,162



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial risk management (continued)

II) Trade receivables- Nongovernment

		Days past due				
			etween 31 and	Credit impaired		
31 December 2020	Current	< 30 days	120 days	> 120 days	Total	
Expected loss rate %	3.2%	8.4%	23.8%	75.7%		
Trade receivables- Nongovernmental	321,923	116,641	701,482	179,861	1,319,907	
Expected credit losses	(10,321)	(9,803)	(167,260)	(136,221)	(323,605)	
	311,602	106,838	534,222	43,640	996,302	

III) Trade receivables- Contract asset

		Days past due				
				Credit		
		B	etween 31 and	impaired		
31 December 2020	Current	< 30 days	120 days	> 120 days	Total	
Expected loss rate %	1%	1.5%	3.9%	5.2%		
Contract assets	36,729	35,693	42,850	19,587	134,859	
Expected credit losses	(367)	(525)	(1,668)	(1,018)	(3,578)	
	36,362	35,168	41,182	18,569	131,281	

The loss allowances for trade receivables and contract assets as at 31 December reconcile to the opening loss allowances as follows:

	Government	Non- government	Contract assets	Other receivables	Total
Balance at 1 January	44,943	288,481	-	636,760	970,184
Adjustments	39,202	41,210	3,578	15,187	99,177
Balance as at 1 January after EAS 47	84,145	329,691	3,578	651,947	1,069,361
Increase in loan loss allowance recognized in profit or loss during the year	6,421	36,174	-	175,869	218,464
Unused amount reversed	(13,857)	(8,493)	-	(8,255)	(30,605)
Utilized during the year	-	(2,589)	-	(19,232)	(21,821)
Transfer from assets held for sale		(23,622)	-	2,323	(21,299)
Receivables written off during the year as uncollectible	-	(3,737)	-	(6,446)	(10,183)
Foreign currency translation differences	(935)	(3,819)	-	(2,295)	(7,049)
Closing loss allowance at 31 December	75,774	323,605	3,578	793,911	1,196,868

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial risk management (continued)

Significant estimates and judgements

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward looking estimates at the end of each reporting period. The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the countries and oil prices in which it sells its goods and services.

to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Sensitivity

Reasonable changes in inputs/assumptions would not result into significant change in expected credit loss impairment recognised in financial statements.

Other financial assets at amortized cost:

The following table contains an analysis of debt securities at AC by credit quality at 31 December 2020 based on credit risk grades and discloses the balances by three stages for the purpose of ECL measurement.

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	POCI	Total	2019
Egyptian government T-bills				et.		10
Gross carrying amount- more than 3 month	974,137	-	~	-	974,137	1,187,945
Gross carrying amount-less than 3 month	738,850	-	-	-	738,850	164,527
Credit loss allowance	(15,730)	-	-	-	(15,730)	-
Carrying amount	1,697,257	-	-	-	1,697,257	1,352,472

The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2020 is EGP 10 million (2019: EGP Nil).



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial risk management (continued)

28(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.

(i)Financing arrangements:

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2020	2019
Floating rate	LIBOR +1.5%	LIBOR +1.5%
Expiring within one year	37M	31M

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

(ii) Maturities of financial liabilities

The table below summarises the maturities of the Group's financial liabilities at 31 December 2020 and 31 December 2019, based on contractual payment dates.

	Below 6 months	From 6 months to 1 year	From 1 year to 2 years	Above 2 years
31 December 2019				
Borrowings and interest	3,572,306	15,725,507	8,921,585	33,167,847
Trade payables and other credit balances	8,353,987	983,172	82,495	301,224
Due to related parties	-	1,678,175	-	-
Lease Liabilities	-	98,300	-	244,787
Derivative financial instruments	4,369	253,453	21,043	51,491
Financial liabilities at fair value through profit or loss	-	364,592	-	-
Total	11,930,662	19,103,199	9,025,123	33,765,349
31 December 2020				
Borrowings and interest	70,232,913	1,972,064	3,140,235	2,537,886
Trade payables and other credit balances	10,548,337	738,923	-	393,208
Due to related parties	-	1,527,728	-	-
Lease Liabilities	286,659	312,919	873,586	2,393,488
Derivative financial instruments	9,640	542,512	34,512	90,490
Financial liabilities at fair value through profit or loss	-	396,527	-	-
Total	81,077,549	5,490,673	4,048,333	5,415,072



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Financial risk management (continued)

Some of the Group's subsidiaries are currently experiencing liquidity issues which resulted in not meeting certain payments and breaching debt covenants. These are set out in detail in note 6(h) and note 30(a)(iii) on going concern.

29. 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.

Capital risk management is monitored by the Group. Currently, some of the Group's subsidiaries have significant liquidity constraints and have defaulted on payments and debt covenants. Assessment of the impact has been set out in note 30(a)(iii) on going concern.

Net debt to total capital ratio

Net debt to total capital ratio as at 31 December 2020 and 31 December 2019 is as follows:

	31 December 2020	31 December 2019	
Total borrowings		2013	
Loans and borrowings	61,732,624	59,655,985	
Less: Cash and bank balances	(2,283,175)	(1,798,984)	
Net borrowings	59,449,449	57,857,001	
Equity	2,341,782	12,183,330	
Total capital	61,791,231	70,040,331	
Net debt to total capital	96%	82%	



Notes to the consolidated financial statements For the year ended 31 December 2020

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

30. Summary of significant accounting policies

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

30(a) Basis of preparation

(i) Compliance with EAS

The consolidated financial statements of the Citadel Capital Company "S.A.E." Group have been prepared in accordance with Egyptian Accounting Standards (EAS) [EAS 1 "Presentation of Financial statements"], Egyptian Accounting Standards Interpretations (EAI) and relevant laws. The consolidated financial statements comply with the Egyptian Accounting Standards and its modifications as issued by the Minister of Investment and International Cooperation on 18 March 2019.

On 17 September 2020, the prime minister issued a resolution No. 1871 of 2020, Deferring the effective date for the implementation of the new Egyptian Accounting Standards [EAS (47) "Financial instruments", EAS (48) "Revenue from Contracts with Customers" and EAS (49) "Leases"] that was previously issued On 28 March 2019, under the Resolution No. 69 of 2019, The amendments in this Resolution defer the mandatory effective dates of the new standards from 1 January 2020 to 1 January 2021, with the option for the early adoption, this amendments are effective upon issuance of such resolution.

However, the Group decided to choose the early adoption option for all of the above-mentioned new standards starting from 1 January 2020.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets (including derivative instruments) measured at fair value
- biological assets measured at fair value, and
- defined benefit plans –measured using the projected credit method.
- Assets and liabilities arising from lease contracts.
- Goodwill.
- Right of use assets
- Lease liabilities



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

(iii) Critical judgement with respect to the going concern of the Group

The Group incurred a net loss of approximately EGP 9.5 billion for the year ended 31 December 2020 (2.5 billion allocated to the owners of the parent company and 7 billion allocated to the Noncontrolling interest) (31 December 2019: EGP 1.5 billion loss- 1.1 billion allocated to the owners of the parent company and 0.4 billion allocated to the Noncontrolling interest). This has further increased the Group's accumulated losses amounted to approximately EGP 19.9 billion as at 31 December 2020 (31 December 2019: EGP 17.2 billion).

As at 31 December 2020, the Group is financed by borrowings and bank facilities to the amount of EGP 61.7 billion and the majority of the financing is within the energy sector. The Group had EGP2.2 billion of cash and cash equivalents and the majority of the cash is also held within the energy sector. The following notes are relevant to understanding the liquidity position of the Group:

- Details of the borrowings such as collateral, debt covenants, repayments terms, interest rates as well as breaches of the loan covenants and related defaults are set out in note 6h.
- Movement of the liabilities arising from financing activities can be found in note 18c.
- The debt to total capital ratio is provided in note 29.
- The maturity analysis of borrowings is set out in the liquidity management in note 28(d).
- Details of cash and cash equivalents including restricted cash and treasury bills are included under note 6d.

During the financial year, some of the Group's subsidiaries were in breach of its existing debt covenants. Furthermore, some of the subsidiaries have defaulted in settling loan instalments on their due dates. As a result of the breaches and defaults, an amount of EGP 41 billion was repayable on demand and the loans have been classified as current liabilities as at 31 December 2020. As a result, the Group's current liabilities exceeded its current assets by EGP 53.5 billion (31 December 2019: EGP 18.8 billion).

Furthermore, due to the adverse impact globally from Covid-19, the Group's business activities were in certain parts of the business significantly impacted. Details of which are set out in note 2A on business activities.

These circumstances indicate significant doubts as to whether some of the Group's subsidiaries will be able to meet its debt obligations as they fall due and represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The key factors which could lead to the Group not being a going concern are considered to be:

- If the Group starts to make losses from operations and does not generate sufficient cash flows from the operations. As a result, the Group would not be able to provide services to its customers, pay employees and suppliers.
- If the Group is unable to remedy any breaches of financial covenants financial nor able to renegotiate or restructure any defaulted positions.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

Assessment of cash flow forecasts produced by management

The assessment of the going concern basis for the preparation of the consolidated financial statements of the Group relies heavily on the ability to forecast future cash flows over the going concern assessment period and to successfully restructure the defaulted debt and remedy any breaches. Although the Group has a robust budgeting and forecasting process, there is an inherent uncertainty in the assumptions used in this process. This is further exacerbated by the current economic uncertainty caused by the Covid-19 pandemic and other factors such as changes in oil prices.

Management has prepared a comprehensive cash flow forecast for the next 5 years for each key component of the business which has been subject to each subsidiary's Board review and challenge. These cash flows are consistently used for purposes of testing the non-current assets for impairment and details of the assessments and key assumptions, sensitivities and judgements made by management in these forecasts for each key component are included under note 7(d)(i). During the year, no impairment losses were recognized against non-current assets.

Key areas in determining the Group is a going concern

The key considerations in respect in respect of assessing going concern and in reaching the conclusion are set out below:

Operational Activity

- Egyptian Refinery Company "ERC" is operating at 100% capacity utilization as from the beginning of January 2020 and has contributed EGP 21.5 billion in revenue during the year. ERC has a long-term supply contract with Egyptian General Petroleum Corporation to supply various products for 25 years.
- TAQA Arabia has also diversified its energy portfolio through the Benban solar energy project
 that commenced its operation in Q1 2019. This has further strengthened the Group's cash
 inflows. TAQA continues to grow its market position opening more gas stations and new solar
 energy plants which have enhanced its dominant position as major supplier for long-term
 strategic services under secured long-term contracts. TAQA contributed EGP 8 billion in
 revenue.
- NDT Sudan operations impacted in 2020 due to difficulties at Al-Takamol which faced multiple stoppages and logistical difficulties in importing refractories in Sudan. As from 15 march the operations are recovering, and the production has been stabilized.
- ASCOM and its subsidiaries will continue to capitalize on growing exports and the recovery
 across regional markets. Management is planning to implement its sales channel
 diversification strategy with the aim of growing its local market presence. This strategy will
 act as a hedge against foreign exchange risk and will allow ASCOM to benefit from the local
 market's greater working capital dynamics, improved cash flow and healthy margins.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

- Falcon Dina Farms has implemented multiple efficiency and facility enhancement initiatives which has increased yields from milk producing cows. This strategy led to a positive upward trend in different metrics especially in terms of production and operating revenues.
- Grandview has been able to diversify and expand its product range. In particular corrugated cartons and various types of boxes expanded its customer base. Within Grandview, the National Printing subsidiary is the largest producer of packaging and printing products in Egypt and as such contributes to the performance of the business.
- Transportation and Logistics Nile logistics (Sea port services as well as river transportation in Egypt) has recorded strong top line and EBITDA growth driven by the company's stevedoring operations and improved operational efficiencies

Liquidity Position

Some subsidiaries within the Group have experienced significant liquidity issues and in order to address the liquidity issues, management has undertaken the following actions:

- Senior loans from international financial institutions related to ERC, with a balance of 34.8 billion EGP outstanding as at 31 December 2020, are currently in the process of debt renegotiation and restructuring. Based on the relevant correspondences with the senior lenders to date, management has reached a position whereby the lenders initially accepted an implementation process of the debt restructuring. As part of this process, the Group submitted its restructuring proposal to the senior lenders in March 2021 and in April 2021 the lenders responded whereby they partially accepted the proposal. However, this is subject to certain conditions precedent. Management have assessed the conditions precedent and are confident that an agreement will be reached. The remaining proposed amendments that are not yet agreed upon between the parties are still subject to further negotiations. The proposed amendments accepted to date provide the Group with the ability to significantly reduce the Group's cash outflows over the next 12 months. The proposals allow for the loan instalments to be extended over a longer term, both for the senior debt and the subordinated debt. This is being achieved through deferral rights for the scheduled repayment instalments. In addition, financial support has been requested in the form of a letter of credit from the shareholders to fund any shortfall in interest or principal repayment.
- Loans from local financial institutions, with a balance of EGP 6.2 billion outstanding as at 31 December 2020, are in the process of being renegotiated. The Group has negotiated to settle all the overdue debts through finance from one lender. On reaching the rescheduling agreement, the Group will benefit from the longer settlement period and the waiver of the charges on the defaulted loans. As explained in note 6h, one of the group components (Glassrock) succeeded to restructure its debt to be paid on longer period with lower interest rate and the rest of defaulted borrowings restructure will follow.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

Other initiatives

- Management will continue to focus on strategic positioning of the ERC and TAQA businesses and prioritize the growth.
- Furthermore, management is in the process of implementing strategic capital transactions initiatives for the Energy operation segment that will generate cash inflows through local and foreign investors.
- In terms of the agricultural printing and transportation segments, management actions are currently being considered to restructure and reduce the fixed and variable costs.
- ASCOM's subsidiary, GlassRock, succeeded to restructure its debt and are hopeful that will enhance GlassRock's profitability going forward

Based on the above factors, management is of the view that the Group remains a going concern, and the consolidated financial statements of the Group have been prepared on a going concern basis. and, therefore, to continue realizing its assets and discharging its liabilities in the normal course of business.

(iv) Classification of assets and liabilities

The Group presents its assets and liabilities in the consolidated statement of 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.

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.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

(v) New and amended standards adopted by the Group

The Group applied the following standards, amendments and interpretations for the first time to its annual report as of 1 January 2020:

- EAS (38) "Employees benefits" Amended to introduce new measurement rules to account for amendment, curtailment or settlement to benefit plans.; The Group was not affected by this amendment.
- EAS (42) "Consolidated financial statements" Amended to introduce definition of investment entity and provided exception from consolidating particular subsidiaries for investment entities. The Group was not affected by this amendment.
- EAS (47) "Financial instruments" The standard includes new classification and measurement method categories of financial assets that reflect the business model in order to manage the assets and the characteristics of its cash flows.
- EAS (48) "Revenue from Contracts with Customers" This standard establishes a comprehensive concept framework by determining the amount and timing of revenue recognition.
- EAS (49) "Leases" Second Phase The standard relates to lease arrangements other than finance leases (operating leases).



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

(1) Impact on the financial statements

The following tables show the adjustments recognized for each individual line item:

Consolidated statement of financial position	Opening balance			EAS 49	Adjusted opening
consolidated statement of financial position	sheet			(Second	balance
	1/1/2020	EAS 47	EAS 48	phase)	sheet
Assets					
Non-current assets					
ixed assets	69,671,689	-	-	-	69,671,6
light of use assets	375,774	-	-	1,102,275	1,478,0
ntangible assets	325,403	- 7	-	-	325,4
oodwill	238,181	-	-	-	238,1
iological assets	359,165	•	-	-	359,1
vestments in associates	281,119	-	-	-	281,1
vailable for sale financial assets	12,314	-	=	-	12,3
rade and other receivables	899,745	(99 <i>,</i> 492)	-	-	800,2
eferred tax assets	144,714	4,946		(467)	149,1
otal non-current assets	72,308,104	(94,546)	-	1,101,808	73,315,3
urrent assets	-				
ventories	2,670,654	-	(17,036)	-	2,653,6
ological assets	18,219	=	=	-	18,2
ade and other receivables	6,753,310	, E	-	-	6,753,3
ue from related parties	346,023	(17,520)	-	-	328,5
nancial assets at fair value through profit or loss	3,010	-	-	-	3,0
easury bills	1,187,945	(18,753)	-	-	1,169,3
estricted cash	680,885	-	-	-	680,8
ash and cash equivalents	1,798,984	(8,374)		-	1,790,0
otal current assets	13,459,030	(44,647)	(17,036)	-	13,397,
ssets classified as held for sale	432,200	-	-	_	432,
otal assets	86,199,334	(139,193)	(17,036)	1,101,808	87,144,
quity			, , , , ,		, ,
quity attributable to equity owners of the parent	(7,553,366)	(57,033)	(6,299)	(6,272)	(7,622,9
on-controlling interests	19,736,696	(82,160)	(10,737)	(5,062)	19,638,7
otal equity	12,183,330	(139,193)	(17,036)	(11,334)	12,015,
on-current liabilities	12,103,330	(133,133)	(17,030)	(11,554)	12,013,
pans and borrowings	40,358,172	_	_	_	40,358,3
ease liabilities	184,787	_		1,096,225	
eferred tax liabilities	215,829	~	-	1,090,223	1,281,0
rade and other payables	226,792	-	-	-	215,8
erivative financial instruments		-	-	-	226,
otal non-current liabilities	330,356			1 006 335	330,3
	41,315,936	-	•	1,096,225	42,412,
urrent liabilities	4 607 744				4 607
rovisions	1,627,711	-	-	-	1,627,
rade and other payables	9,209,492	-	-	-	9,209,4
ue to related parties	1,748,195	-	-	-	1,748,:
eans and borrowings	19,297,813	-	-	-	19,297,8
ease liabilities	98,300	-	-	16,917	115,2
nancial liabilities at fair value through profit or			-		
SS	364,592	-		-	364,5
urrent income tax liabilities	221,512			-	221,
otal current liabilities	32,567,615	-	-	16,917	32,584,
abilities associated with assets held for sale	132,453	-			132,4
otal equity and liabilities	86,199,334	(139,193)	(17,036)	1,101,808	87,144,9



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

(2) EAS 47 Financial Instruments – Impact of adoption

EAS 47 replaces the provisions of EAS 26 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of EAS 47 Financial Instruments from 1 January 2020 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

A. Classification and measurement

On 1 January 2020 (the date of initial application of EAS 47), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate EAS 47 categories.

B. Derivatives and hedging activities

Impact from the adoption of EAS 47 on prior periods

The interest rate swaps in place as at 31 December 2019 qualified as cash flow hedges under EAS47. The Group's risk management strategies and hedge documentation are aligned with the requirements of EAS47 and these relationships are therefore treated as continuing hedges.

C. Impairment of financial assets

The Group was required to revise its impairment methodology under EAS 47 for its financial assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed in the table in note 30 (V)(1) above.

While cash and cash equivalents are also subject to the impairment requirements of EAS 47.

The Group applies the EAS 47 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets.

The loss allowances increased by 225,518 EGP for the financial assets during the year ended 31 December 2020. under the incurred loss model of EAS 26. Note 30 (j)(iv) provides for details about the allowance.

3. EAS 48- Revenue from Contracts with Customers – Impact of adoption

The Group has adopted EAS 48 Revenue from Contracts with Customers from 1 January 2020 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in EAS 48, the Group has adopted the new rules using Cumulative Effect Method.



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Summary of significant accounting policies (continued)

4. EAS 49 - Leases - Impact of adoption

The Group has applied First Phase of EAS (49) in relation to finance lease arrangements in 2019. The Second Phase of EAS (49) relates to lease arrangements other than finance leases (operating leases) and is applied from 1 January 2020.

A. Adjustments recognised on adoption of EAS 49

On adoption of EAS 49, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of EAS 20 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 13.7%

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 January 2020. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

B. Practical expedients applied

In applying EAS 49 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying EAS 20.



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

Summary of significant accounting policies (continued)

30(b) Principles of consolidation and equity accounting

(i) 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.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Acquisition method

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement;
 and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

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 the consolidated statement of profit or loss.



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

Summary of significant accounting policies (continued)

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.

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.

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.

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.



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

Summary of significant accounting policies (continued)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Changes in ownership interest

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.

Losses of equity-accounted investment

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, 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 other entity. 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.

Transactions with equity-accounted investment

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Goodwill resulting from investment in equity-accounted entities

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 the entity net of the accumulated impairment losses in the investment value of associates and is not be recognised separately.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

Impairment of equity-accounted investment

Investments in associates are assessed for impairment where indicators of impairment are present. The recoverable amount of an investment in an associate is the higher of value in use or fair value less costs of disposal and is assessed separately for each associate. Any resulting impairment loss is not allocated against the notional goodwill and purchase price allocation, but against the investment as a whole. Therefore, any reversal of the conditions led to recognising 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.

30(c) Foreign currency transactions

(i) 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 financial statements are presented in thousand Egyptian Pounds, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(iv) Financial reporting in Hyperinflationary Economies

The Sudanese and South Sudanese economies have been classified as hyperinflationary. The Egyptian Accounting Standards do not address financial reporting in hyper-inflationary economies. Therefore, the Group applied IAS 29 "Financial reporting in hyper-inflationary economies", under which the financial statement of Al-Takamol for Cement Company has been expressed in terms of the measuring unit current at the reporting date.

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. Gains or losses on the net monetary position are recognised in consolidated profit or loss.

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.

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

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



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

30(d) Fixed assets

The Group applies the cost model at measurement of fixed assets. All fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in Note 7a(i)

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 it's 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.

30(e) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 30(b). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 9).

(ii) Trademarks, licenses and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. (trademarks have indefinite useful life)



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

(iii) Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iv) Research and development

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(v) Amortisation methods and periods

Refer to note 7(c)(i) for details about amortisation methods and periods used by the Group for intangible assets.

30(f) 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.

Cattles held for slaughter are classified as immature until they are ready for slaughter. Livestock are classified as current assets if they are to be sold within one year.

The fruit gardens and orchards growing on the trees are accounted for as biological assets until the point of harvest. Harvested Fruits are transferred to inventory at fair value less cost to sell when harvested.

Change in fair value of livestock and fruit gardens and orchards on trees are recognized in the consolidated 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.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

30(g) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Impairment losses recognised in prior years are reversed when there is an indication that such losses no longer exist or have decreased. Reversal of loss of impairment should not exceed the carrying amount that would have been determined (net of depreciation). Such reversal is recognised in the statement of profit or loss.

30(h) Non-current assets or disposal groups held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, and financial assets that are carried at fair value, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

30(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using weighted average method. The cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity, that are incurred by the Group in bringing the inventories to their present location and condition but 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 when the write-down or loss occurs.

30(j) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortized cost. The Group's financial asset at amortized cost comprise of trade receivables, other debit balances and treasury bills.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(1) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those
 cash flows represent solely payments of principal and interest are measured at amortised
 cost. Interest income from these financial assets is included in finance income using the
 effective interest rate method. Any gain or loss arising on derecognition is recognised
 directly in profit or loss and presented in other gains/(losses), together with foreign
 exchange gains and losses. Impairment losses are presented as separate line item in the
 statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(2) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

(iv) Impairment

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider
- otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group defines default as a situation when the exposure meets one or more of the following criteria:

- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:
- the borrower is in breach of financial covenant(s);
- it is becoming likely that the borrower will enter bankruptcy; and
- the loans were purchased or originated at a deep discount that reflects the incurred credit losses.

The default definition stated above is applied to all types of financial assets of the Group.

(v) Accounting policies applied until 31 December 2019

(a) 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 investments were acquired. Management determines the classification of its investments 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.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

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 included 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.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' in profit or loss within 'other operating income / (expenses)'.
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale in other comprehensive income.



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

Summary of significant accounting policies (continued)

(d) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is 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. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, 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 profit or loss. If a loan 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 period, 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 profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, 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 equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

30(k) Income recognition

Interest income

Interest income from financial assets at fair value through profit or loss, available-for-sale securities and loans and receivables is included in 'finance income/ (costs) – net'.

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividends income

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established.

30(I) 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.

30(m) Derivatives 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 at the end of each reporting period . 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.

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 8(c). The full fair value of a hedging derivative is classified as a non-current asset or non-current liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or current liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives, if any, are classified as a current asset or current liability.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

Cash flow hedge

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

Amounts in equity relating to the effective portion of interest rate swaps hedging variable rate borrowings are recognized in the consolidated statement of profit or loss within 'finance costs',

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 equity and is recognized when the previously hedged item or forecast transaction is ultimately recognized in the statement of profit or loss. When a hedged item expires or terminated or when a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of profit or loss within 'other gains/(losses) – net'.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss as the gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within finance cost at the same time as the interest expense on the hedged borrowing.

30(n) Financial guarantee contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

The amount determined in accordance with the expected credit loss model under EAS 47 "Financial Instruments" and the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of EAS 48 "Revenue from Contracts with Customers".

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

30(o) 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.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

30(p) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

30(q) 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.

Where any Group company repurchases the Company's equity instruments (treasury shares), the consideration paid or received in exchange for those instruments, including any directly attributable incremental transaction costs (net of income tax) is deducted from the equity attributable to the owners of Citadel Capital Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Citadel Capital Company.

30(r) Preferred shares

The Company'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 variable number of the Group's equity instruments.

30(s) Income tax

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

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

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



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

30(t) Employees' benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

ii. Pension obligations

The Group pays contributions to publicly administered pension insurance plans on a mandatory basis in the countries it operates. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and as such are included in staff costs. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

iii. 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 benefits are initially measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

iv. Employees' share in legally defined profits

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

30(u) Leases

i. Finance lease

As explained in note 30(a)(v) above, the Group has changed its accounting policy for finance leases where the Group is the lessee. The new policy and the impact of the change are described in note 30(a)(v).

Until 31 December 2019, leases within the scope of law 95 of 1995, lease costs including maintenance expense of leased assets are recognised in the statement of profit or loss in the year they are incurred. When the Group decided to exercise the right to purchase the leased item, the cost of the right to purchase was capitalised as a fixed asset, which is depreciated over the useful life of the expected remaining life of the asset in the same method followed with similar assets.

ii. Operating lease

Leases in which the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as expense in the consolidated statement of profit or loss on a straight-line basis over the period of the lease.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

30(v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the 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.

30(w) 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 period 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The Group recognises other borrowing costs as expenses in the year the Group incurs such costs.

30(x) Shareholders reserve

Loans provided to Egyptian General Petroleum Corporation (EGPC) to purchase shares in Egyptian Refining Company (ERC), a wholly owned subsidiary, 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 EGPC vests immediately.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

30(y) Provisions, contingent liabilities and contingent assets

i. 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. Provisions are not recognised for future operating losses.

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.

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.

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 interest expense in the statement of profit or loss.

ii. Contingent liabilities

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

iii. 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.

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.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

30(z) 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.

30(aa) Segment reporting

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 Management Board, consisting:

Ahmed Heikal Chairman & Founder	Hisham El-Khazindar Co-Founder & Managing Director	Moataz Farouk Chief Financial Officer
Tarek Salah	Karim Sadek	*
Managing Director, Head of	Board Member, Head of	
Cement	Transportation & Logistics	

The Management Board convenes on a quarterly basis, or more frequently if needed, and is responsible for reviewing, amending, and endorsing the subsidiary companies' financial performance and overall strategy.

The management board 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.

30(bb) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold or service rendered within the Group's normal course of business. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and 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 estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

i. 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.

Sales are recognised when control of the products has transferred, being when the products are delivered to the traders or contractors, the traders or contractors have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the traders or contractor's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the traders or contractors, and either the traders or contractors have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, based on actual volume, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 90 days, which is consistent with market practice. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

ii. Rendering of construction services

Revenue resulting from providing construction services under fixed price contracts is recognized in the accounting period in which the services are rendered based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

If the services rendered by the Group exceed the billed amount, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

iii. Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants are recognised under other income in the statement of profit or loss.

iv. Dividends

Dividends are recognised as liabilities in the consolidated financial statements for the amount of any dividend declared, being appropriately authorised by the Company's General Assembly of Shareholders and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Summary of significant accounting policies (continued)

30(cc) Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (Note 23).

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

31) 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 had been operating two railway concessions by virtue of 25 years signed concession agreements between both companies and the governments of Kenya and Uganda respectively.

During July 2017 and January 2018, the courts and governments of Kenya and Uganda issued separate adjudications and orders to terminate the two concession agreements and, as a result, the Governments of Kenya and Uganda terminated their respective concession agreements due to default in payment of concession fees, rent and non-compliance with other key performance indicators. In accordance with the terms of the concession agreements, the respective Governments took over the assets of RVRK and RVRU. Accordingly, the Group management recognised an impairment for the entire carrying amount of the assets relating to both RVRK and RVRU amounting to EGP 3.25 billion within the consolidated financial statements for the year ended 31 December 2017.

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

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



Notes to the consolidated financial statements For the year ended 31 December 2020

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

Significant Events (continued)

On 3 December 2018 ex-employees of ARL filed a legal case against Africa Railways Limited 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 was filed. The company is considered insolvent and not able to pay its debts owed to ex-employees. Whilst these actions only occurred during 2019, 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 resulted in a gain recognized in the consolidated statement of profit or loss of EGP 3.9 billion in that year, as set out in the table below.

Furthermore, the loan agreements and related finance documents entered into between the subsidiaries of ARL and its financiers indicated that on deconsolidation there would be no further recourse to Citadel Capital as a legal entity. Accordingly, Citadel had not provided for any financial guarantees or other credit enhancements, having remained in compliance with all conditions of the financing documents.

Deconsolidation of ARL gain recognised during the year ended 31 December 2018 as follows:

	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

32) The subsequent events to the date of the financial statements

On 3 March 2021, a fire occurred in the Hydrocracker Unit (HCU) resulting in an emergency depressurization due to a leakage in the control valve. The fire was extinguished within 20 minutes. However, this fire and complications arising from it, have led to the refinery being fully shut down for three and half weeks.

The refinery restarted operation of the Naphta Complex on 28th of March 2021 with the remaining units (except the HCU) started up at 60% capacity on 7th of April 2021. The HCU started up on 15th of April 2021 with all refinery units operating at full capacity by 17th of April 2021. The damage to the unit has been evaluated by ERC and the estimated repair cost was around US\$3-4 million.