QALAA HOLDINGS
القلعة

CITADEL CAPITAL COMPANY S.A.E.
AND ITS SUBSIDIARIES
AUDITOR'S REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

Contents

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 2021 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial 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. 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 judgement, 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.

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

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 2021 and of their financial performance and their cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

Emphases of matter

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

- As described in note (28)(a)(iii) to the consolidated financial statements, the Group incurred a net loss of EGP 5.7 billion in for the financial year ended 31 December 2021 and as of that date its current liabilities exceeded its current assets by EGP 55.9 billion and it had accumulated losses of EGP 22.3 billion. In addition, as of that date, some of the Group's subsidiaries were in breach of some of their debt covenants and had defaulted in settling the loan instalments on certain of their borrowings on the respective due dates. These events and conditions along with other matters disclosed in note (28)(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 (2)(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.

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
pwc

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

29 April 2022
Cairo

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

Consolidated statement of financial position - As of 31 December 2021

	Note	2021	2020
Non-current assets			
Fixed assets	6(a)	63,979,478	65,657,149
Right of use assets	6(b)	1,408,523	1,439,649
Intangible assets	6(d)	557,807	577,265
Goodwill	6(e)	205,570	205,570
Biological assets	6(f)	352,157	430,706
Investments in associates	2(f)	555,241	602,659
Financial assets at fair value through other comprehensive income	5(b)	7,969	7,781
Trade and other receivables	5(a)	405,695	565,437
Deferred tax assets	6(g)	158,912	137,632
Total non-current assets		**67,631,352**	**69,623,848**
Current assets			
Inventories	6(h)	3,255,064	2,650,315
Biological assets	6(f)	17,375	12,758
Trade and other receivables	5(a)	6,334,778	5,420,559
Due from related parties	21(a)	352,796	335,204
Financial assets at fair value through profit or loss	5(c)	-	5,439
Investment in treasury bills	5(d)	813,714	958,407
Restricted cash	5(d)	434,140	662,765
Cash and cash equivalents	5(d)	5,406,555	2,283,175
Total current assets		**16,614,422**	**12,328,622**
Assets classified as held for sale	3(c)	22,674	35,052
Total assets		**84,268,448**	**81,987,522**
Equity			
Paid-up capital	7(a)	9,100,000	9,100,000
Legal reserve	7(b)	89,578	89,578
Reserves	7(c)	904,052	575,466
Accumulated losses		(22,349,936)	(19,956,797)
Total equity attributable to owners of Citadel Capital Company		**(12,256,306)**	**(10,191,753)**
Non-controlling interests		9,882,024	12,533,535
Total equity		**(2,374,282)**	**2,341,782**
Non-current liabilities			
Loans and borrowings	5(h)	11,167,509	11,268,528
Lease liabilities	6(b)	1,316,042	1,294,909
Borrowing from financial leasing entities	6(c)	650,640	-
Deferred tax liabilities	6(g)	268,027	204,976
Trade and other payables	5(e)	404,398	289,290
Derivative financial instruments	5(f)	295,653	677,154
Total non-current liabilities		**14,102,269**	**13,734,857**
Current liabilities			
Provisions	6(i)	3,436,949	2,109,032
Trade and other payables	5(e)	11,754,413	10,791,169
Due to related parties	21(b)	1,676,625	1,610,562
Loans and borrowings	5(h)	54,641,866	50,464,096
Lease liabilities	6(b)	363,155	341,839
Borrowing from financial leasing entities	6(c)	24,510	-
Financial liabilities at fair value through profit or loss	5(g)	418,023	396,527
Current income tax liabilities	6(j)	223,137	195,872
Total current liabilities		**72,538,678**	**65,909,097**
Liabilities associated with assets held for sale	3(c)	1,783	1,786
Total equity and liabilities		**84,268,448**	**81,987,522**

The accompanying notes on pages 8 - 140 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

29 April 2022

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

Consolidated statement of profit or loss - For the year ended 31 December 2021

	Note	2021	2020
Continuing operations			
Revenue	9	45,826,076	35,973,379
Cost of revenue	10	(43,681,897)	(36,521,494)
Gross profit / (loss)		**2,144,179**	**(548,115)**
General and administrative expenses	11/a	(2,018,301)	(2,012,307)
Selling and marketing	11/b	(560,445)	(329,008)
Net impairment of financial assets	12/a	(191,226)	(216,560)
Other losses	12/b	(1,476,257)	(788,173)
Operating losses		**(2,102,050)**	**(3,894,163)**
Finance income	14	1,113,042	523,336
Finance cost	14	(4,390,986)	(5,880,777)
Share of loss of investments in associates	15	(52,662)	(22,846)
Loss before income tax		**(5,432,656)**	**(9,274,450)**
Income tax expense	16	(275,954)	(178,922)
Net loss from continuing operations		**(5,708,610)**	**(9,453,372)**
Loss from discontinued operations	3(b)	-	(119,782)
Net loss for the year		**(5,708,610)**	**(9,573,154)**
Allocated to			
Owners of the parent company		(2,278,374)	(2,553,121)
Non-controlling interest		(3,430,236)	(7,020,033)
		(5,708,610)	**(9,573,154)**
		(EGP/share)	(EGP/share)
Loss per share from continuing operations:	22		
Basic per share		(3.14)	(5.19)
Diluted per share		(3.14)	(5.19)
Loss per share from the net loss for the year:	22		
Basic per share		(3.14)	(5.26)
Diluted per share		(3.14)	(5.26)

The accompanying notes on pages 8 - 140 form an integral part of these consolidated financial statements.

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

Consolidated statement of comprehensive income - For the year ended 31 December 2021

	Note	2021	2020
Net loss for the year		**(5,708,610)**	**(9,573,154)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		1,348,307	(137,389)
Change in fair value of financial assets at fair value through other comprehensive income	7(c)	5,088	697
Cash flow hedge	7(c)	41,718	273,064
Income tax relating to these items		(9,454)	(47,759)
Other comprehensive profit for the year, net of tax		**1,385,659**	**88,613**
Total comprehensive loss for the year		**(4,322,951)**	**(9,484,541)**
Total comprehensive loss for the year allocated to:			
Owners of the parent company		(1,927,053)	(2,491,640)
Non-controlling interest		(2,395,898)	(6,992,901)
		(4,322,951)	**(9,484,541)**
Total comprehensive loss for the year arises from:			
Continuing operations		(4,322,951)	(9,364,759)
Discontinued operations		-	(119,782)
		(4,322,951)	**(9,484,541)**

The accompanying notes on pages 8 - 140 form an integral part of these consolidated financial statements.

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

Consolidated statement of changes in equity - For the year ended 31 December 2021

	Total equity attributable to owners of Citadel Capital Company S.A.E						
	Paid up capital	Legal reserve	Reserves	Accumulated losses	Total of the shareholders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2019 as issued	**9,100,000**	**89,578**	**525,886**	**(17,268,830)**	**(7,553,366)**	**19,736,696**	**12,183,330**
Effect of early adoption of new accounting standards	-	-	-	(69,604)	**(69,604)**	(97,959)	**(167,563)**
Restated balance 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	-	-	61,481	(2,553,121)	**(2,491,640)**	(6,992,901)	**(9,484,541)**
Dividends distribution	-	-	-	(35,373)	**(35,373)**	(85,671)	**(121,044)**
Foreign exchange differences of shareholders reserve	-	-	26,367	-	**26,367**	-	**26,367**
Reclassification for the split of TAQA Electricity Company	-	-	29,869	(29,869)	-	-	-
Put option reserve	-	-	(60,570)	-	**(60,570)**	-	**(60,570)**
Non-controlling interests share from increase in the share capital of subsidiaries	-	-	-	-	-	12,352	**12,352**
Payments to Shareholders	-	-	-	-	-	(16,366)	**(16,366)**
Transactions with non-controlling interests	-	-	(7,567)	-	**(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**
Balances 1 January 2021	**9,100,000**	**89,578**	**575,466**	**(19,956,797)**	**(10,191,753)**	**12,533,535**	**2,341,782**
Total comprehensive loss for the year	-	-	351,321	(2,278,374)	**(1,927,053)**	(2,395,898)	**(4,322,951)**
Dividends distribution	-	-	-	(114,765)	**(114,765)**	(347,559)	**(462,324)**
Treasury shares through subsidiaries	-	-	-	-	-	(912)	**(912)**
Foreign exchange differences of shareholders reserve	-	-	2,550	-	**2,550**	-	**2,550**
Non-controlling interests share from increase in the share capital of subsidiaries	-	-	-	-	-	100,989	**100,989**
Transactions with non-controlling interests	-	-	(25,285)	-	**(25,285)**	(8,131)	**(33,416)**
Balance at 31 December 2021	**9,100,000**	**89,578**	**904,052**	**(22,349,936)**	**(12,256,306)**	**9,882,024**	**(2,374,282)**

The accompanying notes on pages 8 - 140 form an integral part of these consolidated financial statements.

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

Consolidated statement of cash flows - For the year ended 31 December 2021

	Notes	2021	2020
Operating profit before changes in working capital	17(a)	**4,188,065**	**1,344,044**
Changes in working Capital:			
Inventories		(603,993)	(108,880)
Trade and other receivables		(939,946)	1,280,039
Due from related parties		(14,345)	(20,118)
Due to related parties		65,593	(59,805)
Trade and other payables		346,178	1,150,870
Provisions used	6(i)	(101,044)	(230,233)
Income tax paid	6(j)	(194,964)	(216,027)
		2,745,544	**3,139,890**
Cash flows from operating activities of discontinued operations		-	(119,782)
Net cash flow generated from operating activities		**2,745,544**	**3,020,108**
Cash flows from investing activities			
Payments to purchase of fixed assets and intangible assets		(1,789,314)	(1,715,257)
Payment to purchase biological assets		(4,617)	-
Proceeds from sale of fixed assets		52,978	34,259
Proceeds from sale of biological assets		51,658	37,235
Proceeds from sale of associates		-	5,962
Payments to purchase of treasury shares through subsidiaries		(912)	-
Treasury bills more than three months		143,590	210,785
Proceeds from sale of subsidiaries		-	9,657
Interest received		542,610	380,515
Net cash flow used in investing activities		**(1,004,007)**	**(1,036,844)**
Cash flows from financing activities			
Proceeds from loans		591,267	672,731
Proceeds from financial leasing entities		638,709	-
Repayments of loans		(1,342,741)	(255,789)
Lease payments		(140,840)	(108,083)
Proceeds from banks – overdrafts		3,181,193	157,825
Dividends paid		(462,324)	(121,044)
Restricted cash		228,625	18,120
Proceeds from non-controlling interests		54,449	45,213
Payments to non-controlling interests		(87,866)	(16,366)
Interest paid		(1,704,448)	(1,896,438)
Net cash flow generated from / (used in) financing activities		**956,024**	**(1,503,831)**
Net change in cash and cash equivalents during the year		**2,697,561**	**479,433**
Cash and cash equivalents at beginning of the year		2,283,175	1,798,984
Foreign currency translation differences		425,819	4,758
Cash and cash equivalents at end of the year	5(d)	**5,406,555**	**2,283,175**

The accompanying notes on pages 8 - 140 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
For the year ended 31 December 2021

(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, managing, executing and restructuring of projects.

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 29 April 2022.

Notes to the consolidated financial statements
For the year ended 31 December 2021

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

2. Interests in other entities

2(a) Material subsidiaries

Below is a list of material subsidiaries at 31 December 2021 and 31 December 2020:

Company name	Country of Incorporation	Effective shareholding by the Group share% 31 December 2021	Effective shareholding by the Group share% 31 December 2020	Non-controlling interest % 31 December 2021	Non-controlling interest % 31 December 2020
Citadel Capital Ltd.	British Virgin Island	99.99	99.99	0.01	0.01
Citadel Capital Holding for Financial Investments-Free Zone	British Virgin Island	99.99	99.99	0.01	0.01
Sequoia Willow Investments Ltd.	British Virgin Island	99.99	99.99	0.01	0.01
Arab Company for Financial Investments	Arab Republic of Egypt	94.00	94.00	6.00	6.00
Lotus Alliance Limited	British Virgin Island	85.69	85.69	14.31	14.31
Trimstone Assets Holding Limited – BVI	British Virgin Island	100.00	100.00	0.00	0.00
Eco-Logic Ltd.	British Virgin Island	100.00	100.00	0.00	0.00
Citadel Capital for International Investments Ltd.	British Virgin Island	100.00	100.00	0.00	0.00
Qalaa Energy Ltd.	British Virgin Island	100.00	100.00	0.00	0.00
United for Petroleum Refining Consultation	Arab Republic of Egypt	100.00	100.00	0.00	0.00
Specialized for Refining Consulting	Arab Republic of Egypt	100.00	100.00	0.00	0.00
National Company for Refining Consultation	Arab Republic of Egypt	100.00	100.00	0.00	0.00
Citadel Capital Financing Corp.	British Virgin Island	99.99	99.99	0.01	0.01
Africa Railways Holding	Republic of Mauritius	66.24	66.24	33.76	33.76
Andalusia Trading Investments	British Virgin Island	99.99	99.99	0.01	0.01
Tanweer for Marketing and Distribution Company (Tanweer)	Arab Republic of Egypt	99.87	99.87	0.13	0.13
Financial Unlimited for Financial Consulting	Arab Republic of Egypt	99.87	99.87	0.13	0.13
Citadel Capital Joint Investment Fund Management Limited	Republic of Mauritius	99.99	99.99	0.01	0.01
Darley Dale Investments Ltd.	British Virgin Island	100.00	100.00	0.00	0.00
International for Refinery Consultation	Arab Republic of Egypt	100.00	100.00	0.00	0.00
Falcon for Agriculture Investments	British Virgin Island	54.95	54.95	45.05	45.05
Silverstone Capital Investments Ltd.	British Virgin Island	61.56	61.56	38.44	38.44
Taqa Arabia Company	Arab Republic of Egypt	55.33	55.92	44.67	44.08
Taqa for Marketing Petroleum Products – SAE	Arab Republic of Egypt	55.54	55.91	44.46	44.09
Gas and Energy Company SAE	Arab Republic of Egypt	55.54	55.91	44.46	44.09
Taqa for Electricity, Water and Cooling – SAE	Arab Republic of Egypt	55.54	55.91	44.46	44.09
Citadel Capital Transportation Opportunities Ltd.	British Virgin Island	67.55	67.55	32.45	32.45
National Company for River Transportation Nile Cargo S.A.E.	Arab Republic of Egypt	46.46	46.46	53.54	53.54
National Company for River Ports Management S.A.E.	Arab Republic of Egypt	46.41	46.41	53.59	53.59
National Development and Trading Company	Arab Republic of Egypt	69.28	69.28	30.72	30.72
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
Orient Investments Properties Ltd.	British Virgin Island	31.75	31.75	68.25	68.25
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 held through Orient Investment Property)	Arab Republic of Egypt	13.08	13.08	86.92	86.92
Tawazon for Solid Waste Management (Tawazon)	Arab Republic of Egypt	99.99	68.04	0.01	31.96
United Foundries Company	Arab Republic of Egypt	67.46	67.46	32.54	32.54
Underscore International Holdings Ltd.	British Virgin Island	100.00	100.00	0.00	0.00
Sphinx Egypt for Financial Consulting Company	Arab Republic of Egypt	69.88	69.88	30.12	30.12
Africa Joint Investment Fund	Republic of Mauritius	30.87	30.87	69.13	69.13

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

Company name	Country of Incorporation	Effective shareholding by the Group share% 31 December 2021	Effective shareholding by the Group share% 31 December 2020	Non-controlling interest % 31 December 2021	Non-controlling interest % 31 December 2020
Mena Joint Investment Fund	Luxembourg	73.25	73.25	26.75	26.75
ASEC company for mining (ASCOM)	Arab Republic of Egypt	54.05	54.05	45.95	45.95
ASCOM Carbonate & Chemical Manufacture Company	Arab Republic of Egypt	54.04	54.04	45.96	45.96
Glassrock Insulation Company	Arab Republic of Egypt	50.56	50.41	49.44	49.59
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
Modern Shorouk for Printing & Packaging	Arab Republic of Egypt	24.65	22.70	75.35	77.30
El Baddar for Packages	Arab Republic of Egypt	25.22	23.65	74.78	76.35
Uniboard	Arab Republic of Egypt	12.87	12.76	87.13	87.24
ASEC Trading Company	Arab Republic of Egypt	99.80	99.80	0.20	0.20

2(b) Key financial information for significant subsidiaries

31 December 2021	Total Assets	Total Equity	Total Revenue	Net Profit / (Losses)
Orient Investment Properties Ltd. (ERC)	59,437,086	10,107,657	28,501,763	(3,363,244)
Silverstone Capital Investment Ltd. Group	12,039,164	1,926,652	9,102,016	502,126
National Development and Trading Company	5,806,829	(4,959,224)	3,105,027	(2,032,844)
ASEC Company for Mining (ASCOM)	1,360,263	(171,572)	937,663	(90,897)
Citadel Capital Transportation Opportunities Ltd.	894,398	(1,472,215)	253,128	(174,255)
United Foundries Company	221,895	(744,080)	275,998	35,696
Grandview Investment holdings	2,835,684	570,782	2,604,516	219,031
Falcon for Agriculture Investments Group	1,505,711	125,289	1,013,812	(28,687)

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.	932,504	(1,294,479)	292,396	(146,239)
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

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.

Notes to the consolidated financial statements
For the year ended 31 December 2021

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

Interests in other entities (continued)

2(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

31 December 2021	Silverstone	CCTO	NDT	Orient *	Ascom	Grandview
Current assets	8,169,232	133,376	2,503,374	3,640,627	542,593	1,515,336
Current liabilities	(7,607,676)	(2,123,306)	(5,335,910)	(40,234,794)	(740,106)	(1,604,109)
Net current assets	**561,556**	**(1,989,930)**	**(2,832,536)**	**(36,594,167)**	**(197,513)**	**(88,773)**
Non-current assets	3,869,932	761,022	3,303,455	55,796,459	817,670	1,320,348
Non-current liabilities	(2,504,836)	(243,307)	(5,430,143)	(9,094,635)	(791,729)	(660,793)
Non-current net assets	**1,365,096**	**517,715**	**(2,126,688)**	**46,701,824**	**25,941**	**659,555**
Accumulated NCI	642,174	(463,228)	1,600,647	4,015,297	(84,099)	482,825

31 December 2020	Silverstone	CCTO	NDT	Orient *	Ascom	Grandview
Current assets	4,912,189	117,946	2,540,563	3,343,644	424,746	978,584
Current liabilities	(4,231,640)	(1,947,631)	(3,968,183)	(39,095,598)	(617,210)	(1,302,777)
Net current assets	**680,549**	**(1,829,685)**	**(1,427,620)**	**(35,751,954)**	**(192,464)**	**(324,193)**
Non-current assets	3,290,259	814,558	1,993,182	59,553,598	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**	**112,382**	**742,303**
Accumulated NCI	558,069	(412,569)	1,137,445	6,341,592	(79,299)	327,674

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

(ii) Summarised comprehensive income

31 December 2021	Silverstone	CCTO	NDT	Orient	Ascom	Grandview
Revenue	9,102,016	253,128	3,105,027	28,501,763	937,663	2,604,516
Profit /(losses) for the year	**502,126**	**(174,255)**	**(2,032,844)**	**(3,363,244)**	**(90,897)**	**219,031**
Other comprehensive income / (losses)	32,512	(5,810)	1,211,415	-	(4,984)	12,054
Total comprehensive income /(losses)	**534,638**	**(180,065)**	**(821,429)**	**(3,363,244)**	**(95,881)**	**231,085**
Profit / (losses) allocated to NCI	163,557	(50,658)	562,269	(1,986,929)	(6,138)	177,666
Dividends to NCI	(68,819)	-	(69,924)	-	-	(30,840)

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Interests in other entities (continued)

31 December 2020	Silverstone	CCTO	NDT	Orient	Ascom	Grandview
Revenue	7,923,733	292,396	2,508,664	21,558,788	841,860	1,788,318
Profit /(losses)for the year	404,551	(146,239)	(1,016,230)	(7,918,126)	(71,719)	100,758
Other comprehensive income / (losses)	(62,061)	(30,333)	72,197	270,330	5,149	61,005
Total comprehensive income /(losses)	**342,490**	**(176,572)**	**(944,033)**	**(7,647,796)**	**(66,570)**	**161,763**
Profit / (losses) allocated to NCI	53,798	(60,039)	37,665	(4,342,063)	(356)	121,107
Dividends to NCI	(7,721)	-	(61,935)	-	-	(11,125)

(iii) Summarised cash flows

31 December 2021	Silverstone	CCTO	NDT	Orient	Ascom	Grandview
Cash flows generated from / (used in)						
- Operating activities	344,879	110,868	1,477,200	1,355,437	37,924	(51,559)
- Investing activities	(298,523)	4,999	(2,091,199)	(220,304)	(93,482)	(333,935)
- Financing activities	2,874,175	(60,158)	589,454	(919,245)	41,353	446,760
Net increase/ (decrease) in cash and cash equivalent	**2,920,531**	**55,709**	**(24,545)**	**215,888**	**(14,205)**	**61,266**

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

2(d) Transactions with non-controlling interest

During the year ended 31 December 2021, the Group had the following transactions with non-controlling interest.

A) The Group's management through "National printing Subsidiary of Grandview" acquired an additional 7.74% of the issued shares of "Elsherouk".
B) The Group's management through "Silverstone" sold 0.98% from its percentage of the issued shares of "Taqa Arabia".
C) The Group's management through "Ascom" signed an agreement with South Valley Cement Company stating that the amounts due from South valley Cement Company shall be settled against transferring the ownership of 436,546 shares of South Valley Cement Company's shares in "Falcon" Company to "Ascom".
D) The Group's management through "Ascom" acquired an additional 0.3% of the issued shares of its subsidiary "Glassrock".
E) The Group's management through "CCII" acquired an additional 66.66% of the issued shares of "Tawazon for Solid Waste Management (Tawazon)".

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Interests in other entities (continued)

2(e) Significant judgements

(i) 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's operations.

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.

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 year 2020, however as at 31 December 2021 the technical criteria for the project completion has not yet been met.

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 31 December 2021, 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 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.

Interests in other entities (continued)

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 judgement. If management's judgements 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 59.4 billion and EGP 49.3 billion respectively as of 31 December 2021 and with a consolidated loss of EGP 3.3 billion for the twelve-month period. The primary assets and liabilities making up these totals are represented in the fixed assets amounted EGP 54.6 billion, Trade and other payables amounted to EGP 3.7 billion and loans liabilities amounted to EGP 42.6 billion.

(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 is:

- Mainly influences prices for goods and services,
- official for the country that mainly determine the prices according to competitive forces and regulations.
- 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.

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Interests in other entities (continued)

(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 judgement and if management's judgements 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.

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 judgement. If management's judgement 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 2.8 billion and EGP 2.3 billion respectively as of 31 December 2021 and with a consolidated profit of EGP 219 million for the twelve-month period. The primary assets and liabilities making up these totals are represented in the fixed assets amounted EGP 1 billion, Trade and other receivables amounted to EGP 640 million and loans liabilities and overdrafts amounted to EGP 1.5 billion.

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Interests in other entities (continued)

2(f) Investments in associates

	Place of business / country of incorporation	Shareholding %		Carrying amount	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Al Kateb Co for Marketing and Distribution*	Egypt	48.88%	48.88%	-	-
Castrol Egypt *	Egypt	49%	49%	-	-
Allmed Medical industries	UK	30%	30%	87,063	101,201
Dar AL Sherouk Company	British Virgin Islands	58.51%	58.51%	132,052	124,219
Ascom Precious Metals (APM)	Ethiopia	35.54%	35.54%	89,831	125,800
Egyptian Company for Solid Waste Recycling (ECARU)	Egypt	31%	24.73%	-	1,436
Engineering Tasks Group (ENTAG)	Egypt	31%	24.73%	4,593	6,297
Zahana Cement Company	Algeria	35%	35%	352,848	354,852
Total				**666,387**	**713,805**
Accumulated impairment loss				(111,146)	(111,146)
Net				**555,241**	**602,659**

* 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 EGP 7,286 K for 2021 (Cumulative: EGP 34,224 K).

(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.
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 Waste Recycling (ECARU)	the production of natural organic fertilizers as an alternative to house 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.

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Interests in other entities (continued)

(ii) Group share in results of associates

	Dar Al-Sherouk BVI		Ascom Precious Metals (APM)		Allmed Medical Industries	
	2021	2020	2021	2020	2021	2020
Opening at 1 January	124,219	126,712	125,800	149,035	101,201	103,202
Group share in profit (Loss) for the year	2,987	(4,302)	(36,508)	(28,659)	(13,944)	-
Group share in other comprehensive income/ loss	4,846	1,809	539	5,424	(194)	(2,001)
	132,052	124,219	89,831	125,800	87,063	101,201
Accumulated impairment	(111,146)	(111,146)	-	-	-	-
Carrying amount at 31 December	20,906	13,073	89,831	125,800	87,063	101,201
Net Assets	35,731	22,343	252,760	353,967	290,210	337,337
Group's share in %	58.51%	58.51%	35.54%	35.54%	30%	30%
Group's share in EGP	20,906	13,073	89,831	125,800	87,063	101,201

	Egyptian Company for Solid Waste Recycling (ECARU)		Engineering Tasks Group (ENTAG)		Zahana Cement Company	
	2021	2020	2021	2020	2021	2020
Opening at 1 January	1,436	-	6,297	-	354,852	-
Transfer from assets held for sale	-	-	-	-	-	340,488
Transfer from Subsidiary to associate	-	6,198	-	1,549	-	-
Group share in profit (Loss) for the year	(1,436)	(3,922)	(1,704)	(327)	(2,057)	14,364
Group share in other comprehensive (loss) income	-	(840)	-	5,075	53	-
	-	1,436	4,593	6,297	352,848	354,852
Accumulated impairment	-	-	-	-	-	-
Carrying amount at 31 December	-	1,436	4,593	6,297	352,848	354,852
Net Assets	-	5,807	14,816	25,463	1,008,137	1,013,863
Group's share in %	31%	24.73%	31%	24.73%	35%	35%
Group's share in EGP	-	1,436	4,593	6,297	352,848	354,852

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Interests in other entities (continued)

(iii) Summarised financial information for associates

31 December 2021	Total assets	Total shareholders' equity	Total revenue	Net profit / (loss) for the year
Ascom Precious Metals (APM)	850,300	252,760	-	(102,724)
Dar Al Sherouk Company	278,270	132,052	51,371	5,105
Castrol Egypt	90,168	59,268	-	-
Al Kateb Co for Marketing and Distribution	13,082	8,937	-	(95)
Allmed Medical Industries	1,386,273	290,210	797,671	(46,480)
Egyptian Company for Solid Waste Recycling (ECARU)	264,848	4,349	192,263	(29,393)
Engineering Tasks Group (ENTAG)	72,453	14,816	20,226	(6,890)
Zahana Cement Company	6,130,374	1,008,137	530,081	(5,877)

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	1,677,000	644,000	1,127,000	(311,000)
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	6,194,266	1,013,863	430,813	41,040

Significant judgement

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 would increase by 278M (2020: 237M) and total liabilities would increase by 149M (2020: 122M).

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3. Discontinued operation

3(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 31% are recorded as investment in associates (note 2f). The sale resulted in a loss of 89,049 EGP.

(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.

3(b) Loss from discontinued operations.

Discontinued operations after tax are represented in the following:

	Subsidiaries of Tawazon for Solid Waste Management Company	Nile Company for Food Industries	Total
31 December 2021			
Operating income	-	-	-
Operation cost	-	-	-
Operating losses	**-**	**-**	**-**
(loss) gain on sale of investment	-	-	-
Net (loss) profit for the year	**-**	**-**	**-**
Income tax	-	-	-
(Loss) profit from discontinued operations, net of tax	**-**	**-**	**-**

	Subsidiaries of Tawazon for Solid Waste Management Company	Nile Company for Food 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)	-	**(35)**
(Loss) profit from discontinued operations, net of tax	**(166,742)**	**46,960**	**(119,782)**

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Discontinued operation (continued)

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

(i) Assets

31 December 2021	El Baddar	Ledmore Holding Limited	Asenpro	Total
Fixed assets	9,877	-	5,728	**15,605**
Trade receivables and other debit balances	-	3,830	-	**3,830**
Cash and cash equivalents	-	3,239	-	**3,239**
	9,877	**7,069**	**5,728**	**22,674**
Impairment	-	-	-	**-**
Balance	**9,877**	**7,069**	**5,728**	**22,674**

31 December 2020	El Baddar	Ledmore Holding Limited	Asenpro	Total
Fixed assets	22,241	-	5,728	**27,969**
Trade receivables and other debit balances	-	3,837	-	**3,837**
Cash and cash equivalents	-	3,246	-	**3,246**
	22,241	**7,083**	**5,728**	**35,052**
Impairment	-	-	-	**-**
Balance	**22,241**	**7,083**	**5,728**	**35,052**

(ii) Liabilities

31 December 2021	Mena Home Furnishing Malls Ltd.	Ledmore Holding Limited	Asenpro	Total
Trade payables and other credit balances	826	711	-	**1,537**
Deferred tax	-	-	246	**246**
Balance	**826**	**711**	**246**	**1,783**

31 December 2020	Mena Home Furnishing Malls Ltd.	Ledmore Holding Limited	Asenpro	Total
Trade payables and other credit balances	826	711	-	**1,537**
Deferred tax	-	-	249	**249**
Balance	**826**	**711**	**249**	**1,786**

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

	2021	2020
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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4. 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.

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 exceeding, 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.

Year	Index	Conversion factor
2021	36,131.06	1.63
2020	8,639.50	1.77
2019	2,291.21	1.21
2018	1,489.8	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

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Hyper-inflationary economies (continued)

The net monetary gains from operating activities is as follows:

In thousand Sudanese Pound	Closing Position	Closing purchasing power	Inflation adjustments
Fixed assets	689,447	68,429,889	56,367,240
Project under construction	116,391	216,787	(80,433)
Share capital	1,205,705	113,811,534	(86,597,430)
Retained earnings / (Accumulated losses)	2,245,655	(37,660,051)	24,790,102
Inventories	8,377,297	13,236,583	(1,243,365)

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

In thousand Sudanese Pound	2021
Increase in revenues	25,355,208
Decrease in EBITDA	(8,389,778)
Net monetary gain	6,763,887
Decrease in profit after tax	2,114,900

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 0.0349 to EGP 1.

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Financial position

5. 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	Financial assets at amortised cost	Total
31 December 2021						
Trade and other receivables *	5(a)	-	-	-	5,477,930	**5,477,930**
Due from related parties	21(a)	-	-	-	352,796	**352,796**
Financial assets at fair value through other comprehensive income	5(b)	-	-	7,969	-	**7,969**
Financial assets at fair value through profit or loss	5(c)	-	-	-	-	**-**
Investment in treasury bills	5(d)	-	813,714	-	-	**813,714**
Restricted cash	5(d)	-	-	-	434,140	**434,140**
Cash and cash equivalents	5(d)	-	-	-	5,406,555	**5,406,555**
		-	**813,714**	**7,969**	**11,671,421**	**12,493,104**

Financial assets	Notes	FVTPL	Debt instruments at amortised cost	Equity instruments at FVOCI	Financial assets at amortised cost	Total
31 December 2020						
Trade and other receivables *	5(a)	-	-	-	4,957,320	**4,957,320**
Due from related parties	21(a)	-	-	-	335,204	**335,204**
Financial assets at fair value through other comprehensive income	5(b)	-	-	7,781	-	**7,781**
Financial assets at fair value through profit or loss	5(c)	5,439	-	-	-	**5,439**
Investment in treasury bills	5(d)	-	958,407	-	-	**958,407**
Restricted cash	5(d)	-	-	-	662,765	**662,765**
Cash and cash equivalents	5(d)	-	-	-	2,283,175	**2,283,175**
		5,439	**958,407**	**7,781**	**8,238,464**	**9,210,091**

* Excluding prepayments, advance to suppliers and contract assets.

Financial liabilities	Notes	FVTPL	Equity instruments at FVOCI	Financial liabilities at amortised cost	Leases	Total
31 December 2021						
Trade and other payables **	5(e)	-	-	10,195,506	-	**10,195,506**
Due to related parties	21(b)	-	-	1,676,625	-	**1,676,625**
Lease liabilities	6(b)(2)	-	-	-	1,679,197	**1,679,197**
Derivative financial liabilities	5(f)/5(g)	418,023	295,653	-	-	**713,676**
Loans and borrowings	5(h)	-	-	65,809,375	-	**65,809,375**
		418,023	**295,653**	**77,681,506**	**1,679,197**	**80,074,379**

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Financial assets and financial liabilities (continued)

Financial liabilities	Notes	FVTPL	Equity instruments at FVOCI	Financial liabilities at amortised cost	Leases	Total
31 December 2020						
Trade and other payables **	5(e)	-	-	9,547,968	-	**9,547,968**
Due to related parties	21(b)	-	-	1,610,562	-	**1,610,562**
Lease liabilities	6(b)(2)	-	-	-	1,636,748	**1,636,748**
Derivative financial liabilities	5(f)/5(g)	396,527	677,154	-	-	**1,073,681**
Loans and borrowings	5(h)	-	-	61,732,624	-	**61,732,624**
		396,527	**677,154**	**72,891,154**	**1,636,748**	**75,601,583**

** Excluding non-financial liabilities.

5(a) Trade and other receivables

	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables – government	3,496,506	-	**3,496,506**	3,048,936	-	**3,048,936**
Trade receivables – non-government	1,573,470	71,565	**1,645,035**	1,290,813	29,094	**1,319,907**
Impairment for credit losses (note 26(c-2))	(347,844)	-	**(347,844)**	(399,379)	-	**(399,379)**
	4,722,132	**71,565**	**4,793,697**	**3,940,370**	**29,094**	**3,969,464**
Other receivables	940,469	751,441	**1,691,910**	990,376	794,969	**1,785,345**
Contract Assets	190,094	-	**190,094**	134,859	-	**134,859**
Impairment of contract assets and other receivables (note 26(c-2))	(589,933)	(417,744)	**(1,007,677)**	(538,755)	(258,734)	**(797,489)**
	540,630	**333,697**	**874,327**	**586,480**	**536,235**	**1,122,715**
Prepayments	1,072,016	433	**1,072,449**	893,709	108	**893,817**
Total trade and other receivables	**6,334,778**	**405,695**	**6,740,473**	**5,420,559**	**565,437**	**5,985,996**

(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 8). 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 note 28(j)(iv) and note 28(o) respectively.

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 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 EGP 1,008M (2020: EGP 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 EGP 554,915 (2020: 441,977 EGP), prepaid expenses 93,631 EGP (2020: 100,483 EGP) and tax authorities balance 423,470 EGP (2020: 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 26(c), note 26(b)(i) and note 26(b)(iii) respectively.

(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.

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Financial assets and financial liabilities (continued)

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

	2021	2020
Non-current assets		
Unlisted equity securities	7,969	7,781
	7,969	**7,781**

(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 be recognised 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.

	2021	2020
Gain recognised in other comprehensive income (note 7(c))	5,088	697
	5,088	**697**

	31 December 2021	31 December 2020
Impairment formed (note 12(b))	-	1,824
	-	**1,824**

(iii) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in note 5(i).

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

Financial assets and financial liabilities (continued)

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

	2021	2020
Current assets		
Egyptian listed equity securities	-	5,439
	-	**5,439**

(i) 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 28(j) for the Group's other accounting policies for financial assets.

(ii) 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 (2021 – gain of EGP (Nil); 2020 – loss of EGP 2,429). (Note 12(b))

(iii) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in note 26(b)(ii). For information about the methods and assumptions used in determining fair value please refer to note 5(i).

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

	2021	2020
Current assets		
Time deposits	431,648	397,842
Banks - current accounts	1,439,489	1,783,469
Cheques under collection	19,084	20,124
Letters of guarantee	17,591	20,593
Cash on hand	8,080	6,996
Treasury bills	4,759,092	1,697,257
Gross carrying amount	**6,674,984**	**3,926,281**
Impairment on banks accounts	(20,575)	(4,822)
EAS 47 adoption	-	(17,112)
Net Carrying value	**6,654,409**	**3,904,347**
Less:		
Investment in treasury bills with maturity more than three month (ii)	(813,714)	(958,407)
Restricted cash (iii)	(434,140)	(662,765)
Cash and cash equivalents	**5,406,555**	**2,283,175**

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

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 equivalents 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 28(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 2021 and 2020 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 17.6M (2020: 20.5M), which are placed with banks as cash cover for letters of guarantee issued in favour of the Group, and EGP 416.4M (2020: 386M) 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. The Company is currently in progress with the bank to sign a new agreement to pay the loan in June 2022. The restricted cash amounting to 255M in 2020 has been used for the repayment of EIB loan in FY 2021.

The average effective interest rate on deposits at 31 December 2021 is 8.75% (2020: 8.75%). Time deposits and current accounts with banks are placed with local banks under the supervision of the Central Bank of Egypt.

5(e) Trade and other payables

	2021			2020		
	Current [1]	Non-current [3]	Total	Current [1]	Non-current [3]	Total
Trade payables [2]	7,016,624	404,398	**7,421,022**	6,491,420	289,290	**6,780,710**
Accrued expenses	1,472,223	-	**1,472,223**	1,553,220	-	**1,553,220**
Tax authority payable [4]	1,064,351	-	**1,064,351**	1,056,706	-	**1,056,706**
Advances from customers and contract advances	785,679	-	**785,679**	378,857	-	**378,857**
Social insurance authority	113,275	-	**113,275**	96,928	-	**96,928**
Other credit balances	1,302,261	-	**1,302,261**	1,214,038	-	**1,214,038**
Total trade and other payables	**11,754,413**	**404,398**	**12,158,811**	**10,791,169**	**289,290**	**11,080,459**

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Financial assets and financial liabilities (continued)

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

[1] This balance includes the amount of EGP 540 million (2020: 542 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.

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

5(f) Derivatives financial instruments

	2021	2020
Interest rate swap contracts (ERC)	(220,367)	(560,230)
Interest rate swap contracts (Taqa)	(73,067)	(114,705)
Written call option agreement	(2,219)	(2,219)
	(295,653)	**(677,154)**

At 31 December 2021 and 31 December 2020, 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:

	2021			2020		
	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	2,921,647	6,137,698	-	2,771,537	9,111,223	90,490
Average fixed interest rate	2.8823%	2.8823%	-	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

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.

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Financial assets and financial liabilities (continued)

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 to note 26(a)(iii) under hedging reserve.

(ii) Interest rate swap contracts (Taqa)

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.

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

	2021	2020
Opening balance at 1 January	396,527	364,592
Financial liability fair value change through profit or loss	8,179	25,493
Interest expense	14,076	13,809
Foreign currency translation differences	(759)	(7,367)
	418,023	**396,527**

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.

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Financial assets and financial liabilities (continued)

On 31 December 2014, the same parties have commercially agreed, and Citadel Capital Company S.A.E. thus guarantees, that the disposal by the Company of the investment shares shall achieve to the former shareholders a specific target cash return of USD 25,378K (Target return), to be unconditionally made available to the former shareholder no later than the longstop date on 30 March 2017. Therefore, the Group management at the end of each reporting period is measuring the fair value of Citadel Capital Company capital shares 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 2021 is US $26,711K (31 December 2020: US $25,289K).

5(h) Loans and borrowings

	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Secured						
Bank loans	44,661,048	10,459,528	**55,120,576**	44,234,965	10,227,912	**54,462,877**
Loans from related parties	3,246,042	707,981	**3,954,023**	2,675,548	1,040,616	**3,716,164**
	47,907,090	**11,167,509**	**59,074,599**	**46,910,513**	**11,268,528**	**58,179,041**
Secured and Unsecured						
Short term facilities and bank overdrafts	6,734,776	-	**6,734,776**	3,553,583	-	**3,553,583**
	6,734,776	**-**	**6,734,776**	**3,553,583**	**-**	**3,553,583**
Total borrowings	**54,641,866**	**11,167,509**	**65,809,375**	**50,464,096**	**11,268,528**	**61,732,624**

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(i) 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:

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
Arab Financial Investments Company (AFIC)										
Commercial International Bank	Fixed	**Collaterals:** Pledge for the shares owned by CCII in Asec Cement which cover more than 100% from the liability, in addition to pledge of all tangible and intangible assets. **Repayment terms:** The loan is repayable on demand. **Loan negotiations:** Negotiations are currently in progress with the bank to reschedule loan installment.	195,195	-	26,120	**221,315**	203,748	-	13,397	**217,145**
Arab Swiss Engineering Co. (ASEC)										
Ahli United Bank	corridor + margin	**Collaterals:** Granted by the administrative building owned by the company. **Repayment terms:** The loan is repayable on demand. **Negotiation:** Negotiations are currently in progress with the bank to reschedule loan installment.	62,424	-	-	**62,424**	62,424	-	-	**62,424**
Al Baraka	corridor + margin	**Collaterals:** Assignment of White Sinai Co. management contract. **Repayment terms:** The loan has been settled in 2021.	-	-	-	-	1,017	-	-	**1,017**

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Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
ASCOM company for chemicals and carbonates manufacturing Ahli United Bank	Libor + margin	<u>**Collaterals:**</u> - First degree mortgage for all property and real estate on the project. - First degree commercial mortgage on calcium carbonate production line. - Deposit all earnings resulting from future sale contracts related to calcium carbonate production in operating account. - The company undertakes not to change, pledge, mortgage, sell or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the bank. - The waiver of the value of final letter of guarantee issued by ALPINE, provided that such letter is acceptable to the Bank and is expressly waived in favor of the Bank. - Opening the account of the insurance proceeds with the bank. <u>**Debt covenants:**</u> - Maintain certain financial ratios as well as some commitments related to new borrowing operations, dividends and new investments. - The debt service ratio is not less than 1:2 for the entire period and the financial leverage shall not exceed 1 during the financing period. <u>**Repayment terms:**</u> The company renegotiated its loan in October 2018 with the bank to reach a rescheduled repayment whereby, the first instalment to be due on 1 January 2021 and the last instalment will be due on 1 January 2025.	36,021	164,521	1,934	**202,476**	20,660	132,326	7,326	**160,312**

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Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
ASEC Cement Company Sudanese Egyptian bank	Fixed	<u>Collaterals:</u> Pledge on the land of the factory, machinery and equipment of Al-Takamol for Cement Ltd. Co. <u>Repayment terms:</u> The loan is repayable on demand.	21,245	-	20,683	**41,928**	27,112	-	1,531	**28,643**
Citadel Capital S.A.E. Citi Bank (syndication loan manager) (Arab African International Bank, Arab International bank, Bank De Caire, Banque Misr, and Piraeus Bank)	Libor + margin	<u>Collaterals:</u> - 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. <u>Debt covenants:</u> - 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. - The ratio of its current assets to current liabilities is not less than 1.2:1 - 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 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 - 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	3,774,918	-	1,896,063	**5,670,981**	3,782,154	-	1,513,080	**5,295,234**

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Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
		- 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:** - The loan is repayable on demand. **Loans negotiation:** Negotiations are currently in progress with lenders to reschedule the debt repayment.								
Dina for Agriculture (Falcon)										
HSBC Bank Egypt	corridor + margin	**Collaterals:** - Insurance documents against all risks on the assets of the company covering at least 110% of the value of the existing 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 period. - Executing first-class commercial mortgage and real estate mortgage to cover all financing. **Repayment terms:** The company has made a full payment of the loan balance subsequently in 2022.	30,959	-	-	**30,959**	44,312	106,035	-	**150,347**
Egyptian Refining Company – S.A.E										
Japan Bank for International Cooperation (JBIC)	Libor + margin	**Collaterals and debt covenants:** The major covenants and guarantees for Egyptian Refining Company S.A.E ("ERC") syndicated loans with some exceptions to the general rules as stated in the common term's agreement are: - Commercial mortgage - Real mortgage for any acquisition or constructions having a	7,678,271	-	143,368	**7,821,639**	7,801,483	-	57,835	**7,859,318**

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

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
		book value of more than a specific amount. - Pledge for the shares of Arab Refining Company and Specialized Refining Consultancy S.A.E. - Promissory notes. - Guarantee contracts with EIB and KEXIM. - ERC shall comply with the insurance and reinsurance requirements. - ERC shall not incur or permit to subsist any Financial Indebtedness other than allowed Financial Indebtedness. - ERC shall not undertake any material capital or operating expenditures except for certain conditions as stated in the common term's agreement. - ERC shall not create or permit to subsist any security interest over all or any of its assets. - ERC shall not sell or otherwise dispose of all or any material part of its assets, either in a single transaction or a series of transactions that are outside the normal course of business. - ERC shall not acquire any company or entity or any shares or any business or undertaking (or, in each case, any interest in any of them) or incorporate any company or entity. - ERC shall not enter into any amalgamation, demerger, merger, reconstruction, consolidation or winding-up. - Restrictions on entering into loans and guarantees' agreements. - ERC shall not repurchase, cancel or redeem its shares or otherwise reduce its share capital or make payments in respect of any convertible or hybrid instrument other than distributions permitted under the Finance Documents. - All shares and other instruments issued by ERC shall be subject to security as envisaged by the "common terms agreement" and the "Deed of Shareholder Support" unless such shares or other instruments are issued to a Government Entity, in which case they shall be subject to an irrevocable power of attorney. **Repayment terms:** 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.								

Notes to the consolidated financial statements
For the year ended 31 December 2021

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

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
		Loans negotiation: Negotiations are currently in progress with lenders to reschedule debt repayment.								
Group of Commercial Banks (NEXI Covered Lenders)	Libor + margin	**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. - 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:** The loan is repayable in demand. **Loans negotiation:** Negotiations are currently in progress with lenders to reschedule debt repayment.	5,118,846	-	84,224	**5,203,070**	5,201,229	-	28,000	**5,229,229**

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

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
Export – Import Bank of Korea (KEXIM)	Libor + margin	<u>Collaterals and debt covenants:</u> - 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. - 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. <u>Repayment terms:</u> The loan is repayable on demand. <u>Loans negotiation:</u> Negotiations are currently in progress with lenders to reschedule debt repayment.	8,815,792	-	152,484	**8,968,276**	8,958,032	-	54,911	**9,012,943**

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

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
Financial Institutions (KEXIM Initial Guaranteed facility lenders)	Libor + margin	**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. - 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:** - The loan is repayable on demand. **Loans negotiation:** Negotiations are currently in progress with lenders to reschedule debt repayment.	2,559,423	-	42,265	**2,601,688**	2,600,615	-	14,127	**2,614,742**

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

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
European Investment Bank (EIB)	Libor + margin	**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. - 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:** - The loan is repayable on demand. **Loans negotiation:** Negotiations are currently in progress with lenders to reschedule debt repayment.	6,183,390	-	125,366	**6,308,756**	6,501,536	-	61,249	**6,562,785**

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

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
African Development Bank (AFDB)	Libor + margin	**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. - 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:** - The loan is repayable on demand. **Loans negotiation:** Negotiations are currently in progress with lenders to reschedule debt repayment.	2,843,804	634,356	58,321	**3,536,481**	2,889,572	602,338	26,573	**3,518,483**

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

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
MITSUE & Co. Ltd.	Libor + margin	<u>Collaterals and debt covenants:</u> original, signed, undated and blank promissory notes. The Company has finalized all commercial and real estate mortgage procedures and registered at its Commercial Registration.	-	3,890,208	-	**3,890,208**	-	3,775,728	-	**3,775,728**
GS Engineering & Construction Corp	Libor + margin	<u>Collaterals and debt covenants:</u> 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.	-	3,081,468	-	**3,081,468**	-	3,007,463	-	**3,007,463**
Mitsui NEXI Insurance Premium-	Libor + margin	<u>Collaterals</u>: 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.	-	221,984	-	**221,984**	-	222,410	-	**222,410**
Mitsui -compounded interest	Libor + margin	<u>Collaterals</u>: 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.	-	61,101	-	**61,101**	-	52,360	-	**52,360**
Glass rock company for isolation										
Misr Bank	Libor + margin	<u>Collaterals</u>: - First degree mortgage for all property and real estate on the project. - First degree commercial mortgage on all physical and intangible 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 mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the bank. - ASEC company for mining (the holding company) undertake the obligation to pay the company's debt in case of default.	22,145	597,931	-	**620,076**	-	597,855	3,474	**601,329**

Notes to the consolidated financial statements
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(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
		Debt covenants: - The Financial leverage should not exceed 2.5 in 2018 and 1.2 in 2019, 2020 & 2021. - The Current ratio should not be less than 1 in years 2017 to 2021. - The Debt service ratio should not be less than 1.2 in the years 2018 to 2021. - The company's sales in foreign currencies should be used to pay instalments. - The company should have 80% of free cash flow that should be used to make mandatory accelerated payment of instalments. - 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 transfer 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 Parties 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 resources. - 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.								

Notes to the consolidated financial statements
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(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
		Repayment terms: 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. - 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.								
Elbaddar QNB	corridor + margin	**Loan terms and details:** - EGP 40 million tenor 1 year ended December 2020 secured by Shorouk undertaking. - EGP 30 m tenor 5 years ended Dec.2024 on a quarterly instalment secured by assets mortgage. **Repayment terms:** Repayment date is 2024.	7,607	14,781	-	**22,388**	47,185	22,207	-	**69,392**
United Company for Paper and Carton Manufacturing Abu Dhabi Islamic Bank	corridor + margin	**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.	98,960	122,083	-	**221,043**	98,810	203,249	-	**302,059**
Windsor for trading and Manufacturing Qatar National Bank	corridor + margin	**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 **Repayment terms:** The loan has been settled in 2021.	-	-	-	-	3,975	5,632	-	**9,607**

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

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
Elsherouk Qatar National Bank QNB	corridor + margin	**Repayment terms:** The repayment date 2025.	10,022	58,152	-	**68,174**	15,375	32,469	-	**47,844**
International for Refinery Consultation Arab International Bank	Libor + margin	**Collaterals:** Letter of guarantee from Standard Chartered Bank of Korea Limited with the amount due to Arab International Bank. **Payment terms:** The loan is repayable on demand **Loan negotiations:** Negotiations are currently in progress with the bank to reschedule loan installments.	482,864	-	-	**482,864**	481,624	-	-	**481,624**
National Company for Multimodal Transport S.A.E. (CCTO) Arab African International Bank, Alex Bank and Banque Misr (syndicated loan)	corridor + margin	**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. - 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) for itself & on behalf of the banks. - Assign proceeds from long term transportation service contracts signed with the borrower's customers in favor of the Security Agent. - Assign the borrower's rights of any damages arising under the	1,025,665	-	-	**1,025,665**	884,900	-	-	**884,900**

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

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
		Material project contracts and related banks' guarantees under such contracts in favor of Security Agent Payments. **Debt covenants:** The debt service ratio to be not less than 1.1 till the date of repayment of the loans. **Repayment terms:** The Group through CCII (a wholly owned subsidiary) has subsequently settled the loan during the first quarter of 2022.								
National Company for Refining Consultation Arab International Bank	Libor + margin	**Collaterals:** Pledge of the Company's shares (50 million) in Orient Investments Properties Ltd. In favor of the bank. **Repayment terms:** The loan is repayable on demand. **Loan negotiations:** Negotiations are currently in progress with banks to reschedule the loan instalments.	1,622,394	-	-	**1,622,394**	1,485,740	-	-	**1,485,740**
National Development and Trading Company Qatar National Bank QNB	corridor + margin	**Collaterals:** Partial pledge of ASEC Cement company shares. **Repayment terms:** The loan is repayable on demand. **Loan negotiations:** Negotiations are currently in progress with banks to reschedule the loan instalments.	324,772	-	-	**324,772**	308,292	-	-	**308,292**
Arab Investment Bank	corridor + margin	**Collaterals:** Partial pledge of ASEC Cement Co. shares, ASEC Engineering shares and ASENPRO shares in favor of bank.	141,812	-	-	**141,812**	141,435	-	-	**141,435**

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

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
		Repayment terms: The loan is repayable on demand. **Loan negotiations:** Negotiations are currently in progress with the bank to reschedule the loan installment.								
Industrial Development and Workers Bank of Egypt	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 repayable on demand. **Loan negotiations:** Negotiations are currently in progress with the bank to reschedule the loan installment.	319,631	-	-	**319,631**	320,824	-	-	**320,824**
Misr Iran Development Bank	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. **Loan negotiations:** Negotiations are currently in progress with the bank to reschedule the loan installment.	222,927	-	-	**222,927**	223,319	-	-	**223,319**
Taqa Solar Group IFC	Libor + margin	**Collaterals:** - 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	50,587	693,360	53,447	**797,394**	48,511	744,659	27,065	**820,235**

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

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
		over any twelve (12) 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. **Repayment terms:** - The repayment date is 2032.								
Taqa Arabia HSBC	corridor + margin	**Collaterals and covenants:** - All dividends related to Gas Group should be transferred to Taqa Arabia account at HSBC, in which all transferred dividends must cover 1,25 of annual payment. - 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:** No covenants are breached and no defaults.	90,000	223,173	30,903	**344,076**	78,750	312,530	-	**391,280**
Taqa Industrial Zone Emirates NBD	corridor + margin	**Collaterals:** Assigning all cash and financial revenues and revenues generated by the funded project.	19,802	346,894	18,893	**385,589**	-	267,607	4,508	**272,115**
EBRD	corridor + margin	**Collaterals:** Assigning all cash and financial revenues and revenues generated by the funded project.	8,662	56,284	3,393	**68,339**	-	-	-	-
Taqa Marketing HSBC Banque De Caire National Bank of Egypt Emirates NBD	corridor + margin	**Collaterals:** The company maintain a constant percentage in the contract plus restricted dividends distribution till payment of instalments and accrued interest. **Repayment terms:** The repayment date is 2025.	19,232	119,824	13,715	**152,771**	15,148	62,636	271	**78,055**

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

Loan	Interest rate	Collaterals, debt covenants. repayments & loan negotiations	Current	Non-current	Accrued interest	Total 2021	Current	Non - current	Accrued interest	Total 2020
		Debt covenant: No covenants are breached and no defaults.								
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.	24,601	145,058	16,695	**186,354**	-	80,408	-	**80,408**
United Foundries Company Piraeus bank	Libor + margin	**Collaterals:** The Company's factory land has been used as a collateral for the loan obtained. **Debt covenants:** - The company is not allowed to distribute any profits during the year and during the duration of the contract until the due loan payments being performed for any year.	3,150	28,350	-	**31,500**	-	-	-	-
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 international Bank. 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. **Loan negotiations:** Negotiations are currently in progress with the bank to reschedule the loan installment.	158,053	-	-	**158,053**	173,836	-	-	**173,836**
						55,120,576				**54,462,877**

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Financial assets and financial liabilities (continued)

Loans from related parties

Loan	Relationship	Interest rate	Security/Collateral	Current	Non-current	Total 2021	Current	Non-current	Total 2020
National Development and Trading Company									
Financial Holding International	Shareholder in subsidiary	Fixed	The guarantees are represented in lien on part of National Development and Trading Company shares in Arab Swiss Engineering Co.	2,431,444	-	**2,431,444**	2,184,837	-	**2,184,837**
Vinegar Company	Shareholder in subsidiary	Fixed		50,540	-	**50,540**	45,414	-	**45,414**
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	8,069	**136,081**	128,012	8,193	**136,205**
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.	636,045	289,525	**925,570**	317,285	553,108	**870,393**
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.	-	334,613	**334,613**	-	310,682	**310,682**
Put option			According to the loan agreement with the 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.	-	75,775	**75,775**	-	67,747	**67,747**
Grandview									
Yousef Allam & CO.	Shareholder in subsidiary	No interest	The balance of 2020 represents payment under capital increase with no guarantees and debt covenants. The full amount is transferred to capital increase in Uniboard in 2021.	-	-	**-**	-	100,886	**100,886**
						3,954,023			**3,716,164**

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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 6(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 2021 and 31 December 2020 reporting period, see note 5(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 close to the borrowings which have 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 26(d).

5(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.

(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 2021	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVPL					
Egyptian listed equity instruments	5(c)	-	-	-	-
Financial assets at FVOCI					
Unlisted equity instruments	5(b)	-	7,969	-	7,969
Total financial assets		-	7,969	-	7,969
Financial liabilities					
Hedging derivatives – interest rate swaps	5(f)	-	-	293,434	293,434
Written call option agreement	5(f)	-	-	2,219	2,219
Trading derivatives	5(g)	-	418,023	-	418,023
Total financial liabilities		-	418,023	295,653	713,676

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	5(c)	5,439	-	-	5,439
Financial assets at FVOCI					
Unlisted equity instruments	5(b)	-	7,781	-	7,781
Total financial assets		5,439	7,781	-	13,220
Financial liabilities					
Hedging derivatives – interest rate swaps	5(f)	-	-	674,935	674,935
Written call option agreement	5(f)	-	-	2,219	2,219
Trading derivatives	5(g)	-	396,527	-	396,527
Total financial liabilities		-	396,527	677,154	1,073,681

There were no changes in the valuation technique for level 3 recurring fair value measurements during the year ended 31 December 2021 and 31 December 2020.

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 2021

(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 2021 and 31 December 2020:

	Hedging derivatives	Total
Opening balance at 1 January 2020	**(330,356)**	**(330,356)**
losses recognised in consolidated profit and loss	(351,931)	**(351,931)**
losses recognised through other comprehensive income	(2,219)	**(2,219)**
Foreign currency translation	7,352	**7,352**
Closing balance at 31 December 2020	**(677,154)**	**(677,154)**
Gains recognised through consolidated profit and loss	338,790	**338,790**
Gains recognised in consolidated other comprehensive income	41,718	**41,718**
Foreign currency translation	993	**993**
Closing balance at 31 December 2021	**(295,653)**	**(295,653)**

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(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.

Description	Fair value at 31 December 2021	Fair value at 31 December 2020	Un-observable inputs *	Range of Inputs 31 December 2021	Range of Inputs 31 December 2020	Valuation technique 31 December 2021	Valuation technique 31 December 2020	Inputs used 31 December 2021	Inputs used 31 December 2020	sensitivity analysis
Hedging derivatives – Interest rate swaps (ERC)	(220,367)	(560,230)	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 1% this would result in change in fair value by 149.7M
Interest rate swap contracts – cash flow hedge (Taqa)	(73,067)	(114,705)	Credit default rate	2.3%	2.3%	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 2.1M
Written call option agreement	(2,219)	(2,219)	probability of default rate	1.86%	1.86%	Option valuation model black Scholes	Option valuation model black Scholes	- Risk free interest rate & volatility	Risk free interest rate & volatility	If an observable input changed by 5% this would result in change in fair value by 8K.

* 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 2021 and 31 December 2020.

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.

(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:

	2021				2020			
	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	-	-	5,477,930	**5,477,930**	-	-	4,957,320	**4,957,320**
Due from related parties	-	-	352,796	**352,796**	-	-	335,204	**335,204**
Treasury bills	-	-	813,714	**813,714**	-	-	958,407	**958,407**
Restricted cash	-	-	434,140	**434,140**	-	-	662,765	**662,765**
Cash and cash equivalents	-	-	5,406,555	**5,406,555**	-	-	2,283,175	**2,283,175**
Total Assets	**-**	**-**	**12,485,135**	**12,485,135**	**-**	**-**	**9,196,871**	**9,196,871**

	2021				2020			
	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
LIABILITIES								
Borrowings								
Loans and borrowings	-	-	65,809,375	65,809,375	-	-	61,732,624	61,732,624
Other financial liabilities								
Lease liabilities	-	-	1,679,197	**1,679,197**	-	-	1,636,748	**1,636,748**
Trade and other payables	-	-	10,195,506	**10,195,506**	-	-	9,547,968	**9,547,968**
Due to related parties	-	-	1,676,625	**1,676,625**	-	-	1,610,562	**1,610,562**
Total LIABILITIES	**-**	**-**	**79,360,703**	**79,360,703**	**-**	**-**	**74,527,902**	**74,527,902**

The fair values in 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.

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, after being 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 and liabilities into the following categories: (a) financial assets at FVTPL; (b) financial assets at FVOCI, (c) debt instruments at FVOCI, (d) equity instruments at FVOCI (e) financial assets or liabilities 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.

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6. Non-financial assets and liabilities

6(a) Fixed assets

Non-current	Freehold land	Freehold buildings	Furniture, fittings and equipment	Machinery, barges and vehicles	Assets under construction	Total
At 1 January 2020						
Cost	1,946,802	2,921,092	574,710	6,916,470	63,272,607	**75,631,681**
Accumulated depreciation and impairment	296	(653,981)	(484,649)	(3,895,844)	(550,040)	**(5,584,218)**
Net book amount	**1,947,098**	**2,267,111**	**90,061**	**3,020,626**	**62,722,567**	**70,047,463**
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**	**70,047,463**
Reclassification to right of use asset – cost	(46,956)	(32,345)	-	(58,777)	(241,933)	**(380,011)**
Reclassification to right of use asset – Accumulated depreciation	-	-	-	4,237	-	**4,237**
Opening net book amount after EAS 49 adjustment	**1,900,142**	**2,234,766**	**90,061**	**2,966,086**	**62,480,634**	**69,671,689**
Additions	18,855	46,259	30,300	109,129	1,509,949	**1,714,492**
Disposals	(31,282)	(16,550)	(23,722)	(181,023)	(13,121)	**(265,698)**
Transfers to assets held for sale – cost	(5,304)	(14,931)	(2,579)	(84,778)	-	**(107,592)**
Transfers to intangible assets – cost	-	-	-	-	(295,111)	**(295,111)**
Transfers from assets under construction	1,982	4,384,966	739,613	56,744,005	(61,870,566)	**-**
Foreign currency translation difference – cost	(18,694)	(134,015)	(16,008)	(1,446,832)	(747,071)	**(2,362,620)**
Effect of hyper-inflation – cost	3,889	92,710	7,457	1,251,009	-	**1,355,065**
Depreciation expense	(106)	(307,570)	(95,837)	(3,805,497)	-	**(4,209,010)**
Accumulated depreciation of disposals	-	6,312	16,421	126,337	-	**149,070**
Transfers to assets held for sale – accumulated depreciation	-	6,879	2,536	69,693	-	**79,108**
Foreign currency translation difference – accumulated depreciation	484	52,888	7,264	395,231	3,725	**459,592**
Effect of hyper-inflation – accumulated depreciation	(634)	(63,611)	(6,703)	(460,888)	-	**(531,836)**
Net book value at 31 December 2020	**1,869,332**	**6,288,103**	**748,803**	**55,682,472**	**1,068,439**	**65,657,149**
At 31 December 2020						
Cost	1,869,292	7,247,186	1,309,771	63,249,203	1,614,754	**75,290,206**
Accumulated depreciation and impairment	40	(959,083)	(560,968)	(7,566,731)	(546,315)	**(9,633,057)**
Net book amount	**1,869,332**	**6,288,103**	**748,803**	**55,682,472**	**1,068,439**	**65,657,149**
Year ended 31 December 2021						
Opening net book amount	**1,869,332**	**6,288,103**	**748,803**	**55,682,472**	**1,068,439**	**65,657,149**
Additions	124,837	117,244	28,768	705,065	812,023	**1,787,937**
Disposals	-	(3,604)	(19,718)	(55,526)	(388)	**(79,236)**
Transfers from / (to) right of use – cost	46,857	32,277	-	6,829	-	**85,963**
Transfers from assets held for sale-cost	-	-	-	5,493	-	**5,493**
Transfers to intangible asset – Cost	-	-	-	-	(27,426)	**(27,426)**
Transfers from assets under construction	-	229,259	30,668	817,392	(1,077,319)	**-**
Reclassification – cost	-	(11,055)	(129)	11,184	-	**-**
Write off – cost	-	(7,644)	-	(205)	(1,442)	**(9,291)**
Foreign currency translation difference – cost	(4,061)	(63,371)	(5,771)	(814,147)	352	**(886,998)**
Effect of hyperinflation – cost	8,271	199,039	15,858	2,660,263	-	**2,883,431**
Depreciation expense	(262)	(323,042)	(108,493)	(3,897,160)	-	**(4,328,957)**
Accumulated depreciation of disposals	-	1,535	15,569	46,479	-	**63,583**
Transfers from assets held for sale – accumulated depreciation	-	-	-	(4,785)	-	**(4,785)**
Transfers from / (to) right of use – accumulated depreciation	-	-	-	(3,967)	-	**(3,967)**
Reclassification – accumulated depreciation	-	10,741	-	(10,741)	-	**-**
Write of – accumulated depreciation	-	3,503	-	195	-	**3,698**
Impairment – net	-	-	-	-	8,978	**8,978**
Foreign currency translation difference – accumulated depreciation	395	41,133	6,673	295,356	360	**343,917**
Effect of hyper-inflation – accumulated depreciation	(1,827)	(169,596)	(17,883)	(1,330,705)	-	**(1,520,011)**
Net book value at 31 December 2021	**2,043,542**	**6,344,522**	**694,345**	**54,113,492**	**783,577**	**63,979,478**
At 31 December 2021						
Cost	2,045,196	7,739,331	1,359,447	66,585,551	1,320,554	**79,050,079**
Accumulated depreciation and impairment	(1,654)	(1,394,809)	(665,102)	(12,472,059)	(536,977)	**(15,070,601)**
Net book value at 31 December 2021	**2,043,542**	**6,344,522**	**694,345**	**54,113,492**	**783,577**	**63,979,478**

(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:

	2021	2020
Cost of revenue	3,974,119	3,833,122
General and administration expenses	354,838	375,888
	4,328,957	**4,209,010**

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:

	2021	2020
Net book value for disposal assets	**15,653**	**116,628**
(Less): Net book value disposed of as part of lease termination arrangement	(4,151)	-
Disposal of assets classified as held for sale	12,505	-
Gain on disposal of fixed assets (note 12(b))	28,971	26,729
Proceeds from sale of fixed assets	**52,978**	**143,357**

(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 that results an 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 5(h)) are secured by various categories of fixed assets with the following carrying amounts:

	Carrying amount of fixed assets
Subsidiaries:	
Egyptian Refinery Company "ERC"	54,678,514
National Company for Development and Trading "NDT"	2,476,328
Asec for Mining "ASCOM"	646,812
Taqa Marketing	205,239

(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:

	2021	2020
Energy sector	413,327	701,679
Packaging and printing sector	174,637	213,305
Transportation and logistics sector	82,508	90,588
Mining sector	45,457	824
Agriculture and food sector	27,036	11,922
Cement sector	22,646	16,446
Financial services sector	1,511	23,849
Others	16,455	9,826
Total	**783,577**	**1,068,439**

(vi) Critical accounting estimates and assumption

Useful life of fixed assets

a) Property, plant and equipment owned by ERC

The property, plant and equipment owned by ERC have 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 those estimates are 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, the management revises 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 years 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 and 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 annually. Any adjustment needed because of change in estimates, if any, will be applied on the future periods.

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Non-financial assets and liabilities (continued)

6(b) Leases

1. Right of use assets

Non-current	Land	Buildings	Electricity supply contract	Machinery	Vehicles	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**
Year ended 31 December 2021							
Opening net book amount	**679,775**	**438,884**	**219,212**	**72,626**	**5,132**	**24,020**	**1,439,649**
Additions of the year	-	160,803	-	7,972	9,797	259	**178,831**
Disposals	(18,947)	(1,370)	-	(31,054)	-	-	**(51,371)**
Transfer from fixed assets – cost	-	-	-	8,759	-	-	**8,759**
Transfer to fixed assets - cost	(46,857)	(32,277)	-	(11,262)	(4,326)	-	**(94,722)**
Foreign currency translation difference – cost	(1,190)	(371)	(454)	(36)	3	(131)	**(2,179)**
Amortization charged during the year	(34,361)	(49,891)	(13,497)	(14,069)	(5,616)	(1,658)	**(119,092)**
Accumulated amortization of disposal	14,650	991	-	31,094	-	-	**46,735**
Transfer to fixed assets – accumulated amortization	-	-	-	5,941	3,598	-	**9,539**
Transfer from fixed assets – accumulated amortization	-	-	-	(5,572)	-	-	**(5,572)**
Impairment	-	75	-	-	-	-	**75**
Foreign currency translation difference – accumulated amortization	49	(2,313)	34	3	8	90	**(2,129)**
Net book value at 31 December 2021	**593,119**	**514,531**	**205,295**	**64,402**	**8,596**	**22,580**	**1,408,523**
At 31 December 2021							
Cost	663,518	614,333	236,788	96,712	15,393	25,714	**1,652,458**
Accumulated amortization and impairment	(70,399)	(99,802)	(31,493)	(32,310)	(6,797)	(3,134)	**(243,935)**
Net book amount	**593,119**	**514,531**	**205,295**	**64,402**	**8,596**	**22,580**	**1,408,523**

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Non-financial assets and liabilities (continued)

2. Lease liabilities

	2021	2020
Current	363,155	341,839
Non-current	1,316,042	1,294,909
	1,679,197	**1,636,748**

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:

	2021	2020
Expense related to short term and low value leases (note 13)	279,871	271,686
Interest expense (note 14)	189,226	169,140
Total cash outflow for leases	90,354	108,083

(ii) 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.

(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.

6(c) Borrowing from financial leasing entities

	2021
Borrowing from financial leasing entities (current portion)	24,510
Borrowing from financial leasing entities (non-current portion)	650,640
Balance at 31 December 2021	**675,150**

One of the Group's subsidiaries signed a financing contract. The contractual value of the contract amounted to EGP 321.9M is divided into two tranches.

The total value of the first tranche amounted to EGP 208.7M with interest rate 3% above LIBOR to be paid in quarterly instalments until 20 March 2028.

The interest charged to consolidated statement of profit or loss during the year ended 31 December 2021 amounted to EGP 24.9M.

One of the Group's subsidiaries signed a financing contract. The contractual value of the contract amounted to EGP 388.7M with interest rate 11.41% for seven years and the first payment will be in April 2023.

The interest charged to consolidated statement of profit or loss during the year ended 31 December 2021 amounted to EGP 16.3M.

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Non-financial assets and liabilities (continued)

6(d) Intangible assets

	Computer software	Exploration license and extraction	Plant license	Trademark	Customer contracts	Other licenses	Total
The year ended 31 December 2021							
Net book value at 1 January 2021	**20,178**	**540**	**280,007**	**123,234**	**153,306**	**-**	**577,265**
Additions	612	765	-	-	-	-	**1,377**
Transfer from PUC – cost	27,426	-	-	-	-	-	**27,426**
Foreign currency translation differences – cost	(55)	-	(558)	-	-	-	**(613)**
Amortization during the year	(11,948)	(471)	(11,645)	-	(23,663)	-	**(47,727)**
Foreign currency translation differences- accumulated amortization	55	-	24	-	-	-	79
Net book value	**36,268**	**834**	**267,828**	**123,234**	**129,643**	**-**	**557,807**
31 December 2021							
Cost	103,063	42,215	291,117	369,512	461,637	5,101	**1,272,645**
Accumulated amortization	(66,733)	(9,103)	(23,289)	-	(331,994)	-	**(431,119)**
Accumulated impairment	(62)	(32,278)	-	(246,278)	-	(5,101)	**(283,719)**
Net carrying value	**36,268**	**834**	**267,828**	**123,234**	**129,643**	**-**	**557,807**

	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 differences – cost	(950)	-	(2,232)	-	-	-	**(3,182)**
Amortization during the year	(3,769)	-	(11,756)	-	(24,780)	-	**(40,305)**
Foreign currency translation differences- accumulated amortization	(389)	(226)	88	-	-	-	**(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**

(i) Amortization, method used and useful lives

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

	2021	2020
Cost of revenue	23,593	15,525
General and administration expenses	24,134	24,780
	47,727	**40,305**

Non-financial assets and liabilities (continued)

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.

(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 it's 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.

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Non-financial assets and liabilities (continued)

6(e) Goodwill

	Sector	Balance at 1 January 2021	Balance as at 31 December 2021
Falcon for Agricultural Investments Ltd. Group-BVI– Dina Farms	Agriculture and Food Sector	205,570	205,570
Balance		**205,570**	**205,570**

	Sector	Balance at 1 January 2021	Impairment	Balance at 31 December 2021
Falcon for Agricultural Investments Ltd. Group-BVI – Dina Farms	Agriculture and Food Sector	**205,570**	-	**205,570**
Balance		**205,570**	-	**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.

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.	54.6 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.	2.7 Billion
ASCOM (excluding Glassrock)	Mining	Citadel Capital Company's investments in the mining sector help develop nations and add value to their natural resources. All of Group's 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	382 Million

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CGU	Sector	Description	Carrying Value
		domestic and international consumption to help countries in Africa and the Middle East to 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 international consumptions.	
TAQA	Energy	The CGU is represented in the Benban solar energy project and the gas stations, this CGU provides its customers with connections construction, gas distribution and operations & maintenance services targeting both residential and industrial customers. Also, Taqa Specialized in delivering natural gas to both residential and industrial customers and Specialized in power generation systems through combustible and solar energy stations, to off grid industrial customers.	2.6 Billion
Falcon - Dina Farms	Agriculture food industries	Citadel Capital Company's investments in agri-foods aim to overcome challenges facing the agricultural and food production sector in Egypt and the surrounding region. Citadel Capital Company in the agri-foods sector bring trusted household names to market, through Dina farms (the largest Milk producer), ICDP (Dina Farms' fresh dairy producer).	699 Million
Grandview (GV)	Packaging and printing sector	Citadel Capital's investment 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.	1.2 Billion
Citadel Capital Transportation Opportunities Ltd	Transportation and logistics	Citadel Capital Company invests in the river transport, logistics and port management sector as fuel subsidies are gradually removed in Egypt, as a result fuel becomes more costly and manufacturers seek for an alternative means of transporting goods. Time to move cargo via river barges has become 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.	630 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.

Key assumptions and sensitivities by CGU

Assumptions used by the Group when testing the impairment of ERC as at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Pre-tax discount rate	8.68%	8.4%
Growth rate beyond five years – Reflects the inflation of the US Dollar	2.3%	2%
Refinery products prices	US $531 per ton	US $543 per ton

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Non-financial assets and liabilities (continued)

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 is 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 8.68% is calculated by reference to a weighted average cost of capital (WACC) calculated by reference to an industry peer group of quoted companies.
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 prices	The Company's management used one of the top ranked global information providers to 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.

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Non-financial assets and liabilities (continued)

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	Change in percentage	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	10%	46.4 billion	15.2 billion
Discount rate	Increase in discount rate to be 9.6% instead of 8.68%	0.92%	6.9 billion	54.7 billion
Long term growth rate	Decrease in long term growth rate by 2.3% to be nil	2.3%	11.8 billion	49.9 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.

Assumptions used by the Group when testing the impairment of TAQA Arabia trademark as at 31 December 2021 are as follows:

	2021	2020
Average gross margin	11%	11%
Sales growth rate	11%	11%
Pre-tax discount rate	16.75%	15.76%
Growth rate beyond five years	3%	4%

Non-financial assets and liabilities (continued)

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 3%, 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 16.75%, 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).

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.

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Non-financial assets and liabilities (continued)

Assumptions used by the Group when testing the impairment of Dina Farms trademark as at 31 December 2021 and 31 December 2020 are as follows:

	2021	2020
Average gross margin	30%	24%
Sales growth rate	14%	12%
Pre-tax discount rate	16%	16%
Growth rate beyond five years	10%	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 10%, 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%.

The average of gross profit in the forecast period has been estimated to be 30%, 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 2021, no impairment losses were recognized in the goodwill related to Dina for Agriculture Investments.

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Non-financial assets and liabilities (continued)

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	3%	16.75%	11%
Falcon - Dina Farms	4%	16%	24%
GV	3%	14%	30%
CCTO	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.

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.

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Non-financial assets and liabilities (continued)

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%
CCTO	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 525M the CGU would be impaired.

6(f) Biological assets

	2021	2020
Non-current		
Pregnant heifer, dry and dairy cows	273,299	246,652
Heifers	59,076	170,316
Fruitful fruit gardens and orchards	11,558	7,049
Fruitless fruit gardens and orchards	8,224	6,689
	352,157	**430,706**
Current		
Plants	19,725	15,112
Accumulated impairment loss	(2,350)	(2,354)
Net	**17,375**	**12,758**
Total	**369,532**	**443,464**

Biological assets are accounted for in accordance with the Group policy disclosed in note 28(f) and is measured at fair value less cost to sell.

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Non-financial assets and liabilities (continued)

(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 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, dairy 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 quotations are obtained through the company's supply chain department.

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

	2021	2020
Balance as at 1 January	430,706	359,165
Gains resulted from the change in fair value less cost to sell	114,342	125,548
Decrease due to sales	(74,630)	(54,165)
Transfer to inventory	(118,298)	-
Disposals	(231)	-
Foreign currency translation	268	158
Balance	**352,157**	**430,706**

(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 26(b)(ii) for price risk management.

6(g) Deferred tax balances

	2021		2020	
	Asset	Liabilities	Asset	Liabilities
Provisions	(83,185)	-	(44,961)	-
Fixed assets	-	262,606	(391)	198,667
Hedge Reserve – Swap contracts	(16,677)	-	(26,258)	-
Carried forward losses	(48,910)	-	(66,022)	-
Change in accounting policy	(8,759)	-	-	-
Other	(1,381)	5,421	-	6,309
Total	**(158,912)**	**268,027**	**(137,632)**	**204,976**
Net deferred tax liabilities		**109,115**		**67,344**

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Non-financial assets and liabilities (continued)

The movement of net deferred tax liabilities are as follows:

	2021	2020
Balance as of January 1 before EAS 47 adjustment	**67,344**	**71,115**
Adjustment due to EAS 47	-	(4,479)
Balance as of January 1 after EAS 47 adjustment	**67,344**	**66,636**
Charged to the consolidated statement of profit or loss (note 16(a))	34,592	(34,850)
Charged to the consolidated statement of other comprehensive income	9,454	(79,257)
Foreign currency translation differences	(2,275)	(3,559)
Derecognition of deferred tax assets	-	127,016
Liabilities held for sale (Tawazon)	-	(8,642)
Net deferred tax liabilities	**109,115**	**67,344**

* The deferred tax assets include an amount of EGP 48,910 which relates to carried forward tax losses of Grandview, NDT & Silverstone 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 2022 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 2021 amounting to EGP 9 Billion and the related deferred tax assets amounted to EGP 2 Billion 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.

6(h) Inventories

	2021	2020
Raw materials	1,731,615	1,468,513
Spare parts	681,705	696,363
Work in process	448,144	228,040
Finished goods	210,038	214,080
Heifers	118,298	-
Letters of credit	64,239	17,189
Goods in transit	18,163	19,301
Packing materials	14,915	10,560
Oil and lubricants	11,310	10,791
Others	123,737	36,780
Total	**3,422,164**	**2,701,617**
Less: Write-down of inventory provision	(167,100)	(51,302)
Net	**3,255,064**	**2,650,315**

The movement of the inventory provision was as follows:

	2021	2020
Balance at 1 January	51,302	43,658
Formed during the year	118,359	10,714
Used during year	(2,186)	-
No longer required	(595)	(2,610)
Foreign currency translation differences	220	(460)
	167,100	**51,302**

Notes to the consolidated financial statements
For the year ended 31 December 2021

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

Non-financial assets and liabilities (continued)

6(i) Provisions

	Provision for claims*	Legal provisions	Other provisions	Total
Balance at 1 January 2020	**1,433,414**	**2,178**	**192,119**	**1,627,711**
Provisions formed (Note 12 b)	575,037	4,208	204,978	**784,223**
Provisions used	(93,921)	-	(136,312)	**(230,233)**
Provisions no longer required (Note 12 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 and 1 January 2021	**1,849,198**	**6,343**	**253,491**	**2,109,032**
Provisions formed (Note 12 b)	454,256	2,565	999,586	**1,456,407**
Provisions used	(99,768)	(1,276)	-	**(101,044)**
Provisions no longer required (Note 12 b)	(26,240)	(961)	(957)	**(28,158)**
Foreign currency translation	742	(12)	(18)	**712**
Balance at 31 December 2021	**2,178,188**	**6,659**	**1,252,102**	**3,436,949**

* 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.

6(j) Current income tax liabilities

	2021	2020
Balance at 1 January	195,872	221,512
Income tax paid during the year	(133,302)	(171,463)
Income tax for the year (Note 16)	241,362	213,772
Withholding tax paid	(61,662)	(44,564)
Foreign currency translation differences	(19,133)	(23,385)
	223,137	**195,872**

Notes to the consolidated financial statements
For the year ended 31 December 2021

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

7. Equity

7(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	9.12%	165,964,000	829,820
Emirates International Investments Company	5.54%	100,900,000	504,500
Other shareholders	61.85%	1,125,680,329	5,628,402
	100%	**1,820,000,000**	**9,100,000**

7(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.

7(c) Reserves

	Shareholders' reserve	Fair value-financial assets through OCI	Foreign currency translation differences	Other reserves	Hedging reserve	Total
Balance at 1 January 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 and 1 January 2021	**(1,333,582)**	**1,772**	**2,063,149**	**(124,459)**	**(31,414)**	**575,466**
Revaluation of financial assets at fair value through OCI	-	5,088	-	-	-	**5,088**
Foreign currency translation differences	2,550	-	335,402	-	-	**337,952**
Transactions with NCI	-	-	-	(25,285)	-	**(25,285)**
Hedge risk in interest rates of swap contracts	-	-	-	-	10,831	**10,831**
Balance at 31 December 2021	**(1,331,032)**	**6,860**	**2,398,551**	**(149,744)**	**(20,583)**	**904,052**

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 2021: 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.

(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 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 was 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:

	2021	2020
Recycling of loss as hedged transaction is no longer expected to occur	-	625,523
	-	**625,523**

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

	TAQA	Total
Balance at 1 January 2021	(31,414)	**(31,414)**
Effective portion of changes in fair value	14,008	**14,008**
Related tax	(3,177)	**(3,177)**
Balance at 31 December 2021	**(20,583)**	**(20,583)**

Reconciliation of component of equity – attributable to the owners of the parent company and non-controlling interest

	ERC interest rate swap	Taqa interest rate swap
Opening balance 1 January 2020	**(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 14)	625,523	-
Deferred tax – reclass	(127,016)	-
Translation	437	(641)
Ending balance 31 December 2020	**-**	**(90,405)**
Add:		
Change in fair value of hedging instrument recognized in OCI	-	41,718
Less:		
Deferred tax	-	(9,454)
Translation	-	(79)
Closing balance 31 December 2021	**-**	**(58,220)**

Performance

8. Segment information

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

8(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
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(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 Willow 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

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Segment information (continued)

8(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.

				Timing of revenue recognition		
31 December 2021	**Segment revenue**	**Inter-segment revenue**	**Revenue from external customers**	**At a point in time**	**Over time**	**Total**
Energy	37,603,779	-	**37,603,779**	37,277,368	326,411	**37,603,779**
Cement	3,105,027	-	**3,105,027**	2,964,800	140,227	**3,105,027**
Packaging & printing sector	2,604,516	-	**2,604,516**	2,604,516	-	**2,604,516**
Agriculture food industries	1,045,409	-	**1,045,409**	1,045,409	-	**1,045,409**
Mining	937,663	-	**937,663**	937,663	-	**937,663**
Transportation and logistics	253,128	-	**253,128**	253,128	-	**253,128**
Financial services	-	-	**-**	-	-	**-**
Other	279,617	(3,063)	**276,554**	276,554	-	**276,554**
	45,829,139	**(3,063)**	**45,826,076**	**45,359,438**	**466,638**	**45,826,076**

				Timing of revenue recognition		
31 December 2020	**Segment revenue**	**Inter-segment revenue**	**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**

Notes to the consolidated financial statements
For the year ended 31 December 2021

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

Segment information (continued)

8(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.

Segment assets	2021			2020		
	Current assets	Non-current assets	Total assets	Current assets	Non-current assets	Total assets
Energy	12,200,926	60,036,985	**72,237,911**	8,650,221	63,215,152	**71,865,373**
Cement	2,503,346	3,303,482	**5,806,828**	2,540,563	1,993,183	**4,533,746**
Transportation and logistics	133,376	761,022	**894,398**	117,946	814,558	**932,504**
Mining	542,593	817,670	**1,360,263**	424,746	876,339	**1,301,085**
Agriculture food industries	387,559	1,119,586	**1,507,145**	274,156	1,182,743	**1,456,899**
Financial services	6,724,106	19,117,130	**25,841,236**	6,624,643	19,090,168	**25,714,811**
Packaging & printing sector	1,515,336	1,320,348	**2,835,684**	978,584	1,203,686	**2,182,270**
Other	236,165	52,576	**288,741**	179,764	37,656	**217,420**
	24,243,407	**86,528,799**	**110,772,206**	**19,790,623**	**88,413,485**	**108,204,108**
Elimination	(7,606,311)	(18,897,447)	**(26,503,758)**	(7,426,949)	(18,789,637)	**(26,216,586)**
Total	**16,637,096**	**67,631,352**	**84,268,448**	**12,363,674**	**69,623,848**	**81,987,522**

8(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.

Segment liabilities	2021			2020		
	Current liabilities	Non-current liabilities	Total liabilities	Current liabilities	Non-current liabilities	Total liabilities
Energy	48,117,778	11,599,471	**59,717,249**	44,420,367	11,714,645	**56,135,012**
Cement	7,817,895	2,948,158	**10,766,053**	6,198,434	2,561,928	**8,760,362**
Transportation and logistics	2,123,306	243,307	**2,366,613**	1,947,631	279,352	**2,226,983**
Mining	740,106	791,729	**1,531,835**	617,210	763,957	**1,381,167**
Agriculture food industries	2,230,036	333,244	**2,563,280**	2,276,134	214,238	**2,490,372**
Financial services	20,203,098	790,427	**20,993,525**	19,279,558	766,521	**20,046,079**
Packaging & printing sector	1,604,109	660,793	**2,264,902**	1,302,777	461,383	**1,764,160**
Other	766,383	254,922	**1,021,305**	762,649	226,535	**989,184**
	83,602,711	**17,622,051**	**101,224,762**	**76,804,760**	**16,988,559**	**93,793,319**
Elimination	(11,062,250)	(3,519,782)	**(14,582,032)**	(10,893,877)	(3,253,702)	**(14,147,579)**
Total	**72,540,461**	**14,102,269**	**86,642,730**	**65,910,883**	**13,734,857**	**79,645,740**

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

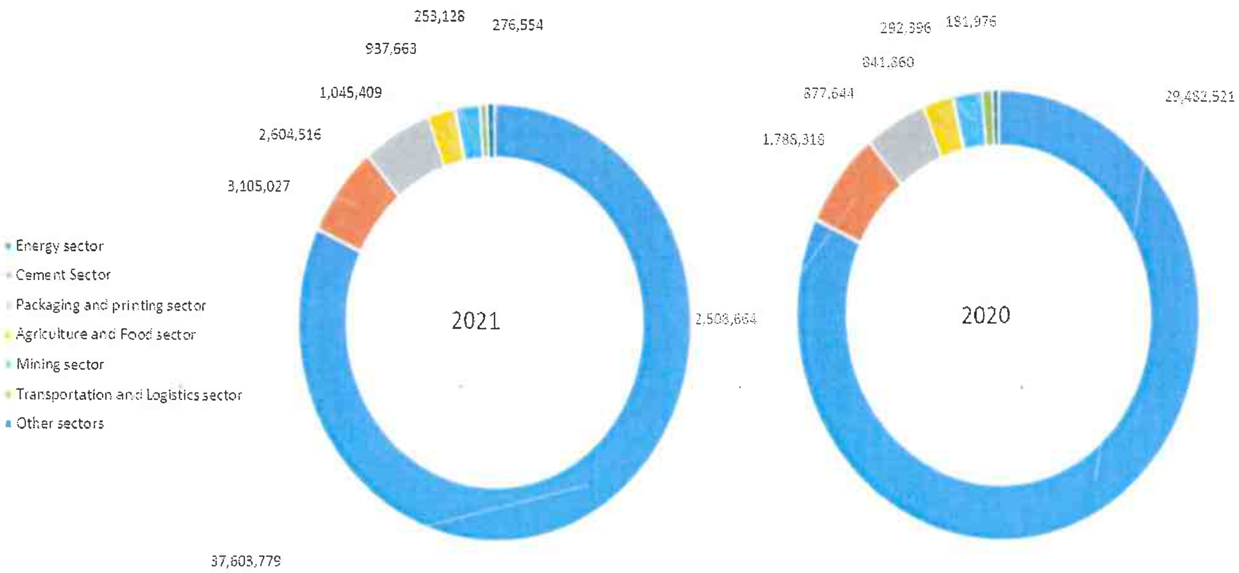
Profit or loss

9. Revenue

	2021	2020
Energy sector	37,603,779	29,482,521
Cement Sector	3,105,027	2,508,664
Packaging and printing sector	2,604,516	1,788,318
Agriculture and Food sector	1,045,409	877,644
Mining sector	937,663	841,860
Transportation and Logistics sector	253,128	292,396
Other sectors	276,554	181,976
	45,826,076	**35,973,379**

9(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 2021 after the full operation of the refinery. Below are segment revenues after elimination of inter-segment sales.



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

Revenue (continued)

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

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

	2021	2020
Current contract assets relating to construction contracts (note 5(a))	190,094	134,859
Total contract assets	**190,094**	**134,859**

	2021	2020
Contract liabilities – constructions contracts (note 5(e))	785,679	378,857
Total current contract liabilities	**785,679**	**378,857**

(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:

	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year	203,188	268,481
Revenue recognised from performance obligations satisfied in previous years	-	3,208
Total	**203,188**	**271,689**

10. Cost of revenue

	2021	2020
A) Cost of revenue by segment		
Energy sector	37,036,393	31,438,814
Cement Sector	2,780,270	2,154,745
Packaging and printing sector	1,950,436	1,268,926
Agriculture and Food sector	809,996	676,365
Mining sector	689,124	652,933
Transportation and Logistics sector	175,035	178,707
Financial services sector	-	5,160
Other sectors	240,643	145,844
	43,681,897	**36,521,494**

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Cost of revenue (continued)

	2021	2020
B) Cost of revenue		
Manufacturing materials	26,278,560	20,603,786
Fuel and lubricants	5,286,903	4,700,813
Depreciation and amortization	4,065,164	3,895,848
Electricity and utilities supplies	3,640,426	3,091,360
Wages, salaries and other staff costs	1,673,093	1,752,557
Gas network construction	900,474	852,871
Insurance	348,535	370,017
Supplies	330,798	255,514
Maintenance	197,326	213,819
Low value and short-term rents	207,284	178,940
Gas car conversion	128,745	78,582
Penalties	6,530	53,137
Promotions, advertisements, gifts and public relations	47,978	20,660
Travel and accommodation	17,703	18,722
IT Supplies	4,383	7,943
Tools and equipment	825	2,622
Professional and consultancies fees	7,158	-
Transportation and vehicles	3,751	-
Others	536,261	424,303
	43,681,897	**36,521,494**

11. General, administrative, selling and marketing expenses

	2021	2020
a) General and administrative expenses		
Wages, salaries and in- kind benefits	817,702	810,387
Depreciation and amortization	423,505	452,709
Professional and consultancies fees	206,223	162,360
Low value and short-term rents	67,143	81,579
Insurance	93,817	66,646
Supplies	15,915	32,395
IT supplies	35,997	31,046
Donations	250	25,790
Maintenance	5,060	17,999
Electricity and utilities supplies	16,523	11,580
Transportation and vehicles	17,513	9,214
Advertising and public relations	6,881	9,081
Penalties	3,752	8,426
Bank Charges	10,358	7,583
Other	297,662	285,512
	2,018,301	**2,012,307**

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General, administrative, selling and marketing expenses (continued)

	2021	2020
b) Selling and marketing expenses		
Transportation and vehicles	191,909	157,375
Advertising and public relations	199,631	67,952
Wages, salaries and in- kind benefits	63,618	49,504
Low value and short-term rents	5,444	4,552
Travel and accommodation	1,414	1,177
Depreciation and amortization	7,108	1,060
Other	91,321	47,388
	560,445	**329,008**

12. Net impairment of financial assets and other operating expenses

	2021	2020
a) Net impairment of financial assets		
Impairment of due from related parties formed (Note 21(a))	245	10,676
Impairment of due from related parties no longer required (Note 21(a))	-	(772)
Impairment of trade receivables and other debit balances formed (Note 26(c))	245,519	225,518
Impairment of trade receivables and other debit balances no longer required (Note 26(c))	(60,531)	(30,605)
Impairment Treasury Bills	1,103	(1,183)
Impairment of bank accounts formed (Note 5(d))	-	4,822
Impairment of bank accounts no longer required (Note 5(d))	(2,462)	-
Impairment of right of use assets (Note 6(b))	(75)	-
Others	7,427	8,104
	191,226	**216,560**

	2021	2020
b) Other losses		
Gain on sale of fixed assets (Note 6(a))	(28,971)	(26,729)
Loss on fixed assets written off	5,593	-
Gain on sale of investments in associates	-	7,309
Impairment of inventory – net (Note 6(h))	117,764	-
loss on sale of biological assets	23,203	16,930
Provisions formed (Note 6(i))	1,456,407	784,223
Provisions no longer required (Note 6(i))	(28,158)	(9,848)
Net change in the fair value of investments at fair value through profit and loss (Note 5 (c) (ii))	-	(2,429)
Net change in the fair value of liabilities at fair value through profit and loss (Note 5(g))	8,179	25,493
Impairment of fixed assets – net (Note 6(a))	8,978	-
Impairment of financial assets at fair value through other comprehensive income – net	-	1,824
Others	(86,738)	(8,600)
	1,476,257	**788,173**

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

13. Expenses by nature

	2021	2020
Cost of revenue (Note 10)	43,681,897	36,521,494
General and administrative expenses (Note 11(a))	2,018,301	2,012,307
Selling and marketing expenses (Note 11(b))	560,445	329,008
	46,260,643	**38,862,809**

	2021	2020
Manufacturing materials	26,278,560	20,603,786
Fuel and lubricants	5,286,903	4,700,813
Depreciation and amortization	4,495,776	4,361,375
Electricity and utilities supplies	3,656,948	3,102,940
Wages, salaries and other staff costs	2,554,413	2,582,160
Gas network construction	900,474	852,871
Insurance	442,352	442,125
Supplies	346,713	287,909
Low value and short-term rents	279,871	271,686
Maintenance	202,386	231,818
Professional and consultancies fees	213,382	177,553
Transportation and vehicles	213,173	155,376
Promotions, advertisements, gifts and public relations	254,490	97,687
Gas car conversion	128,745	78,582
Penalties	10,282	61,563
IT Supplies	40,380	38,989
Donations	250	25,790
Travel and accommodation	19,117	19,899
Bank Charges	10,358	7,583
Tools and equipment	825	2,622
Others	925,245	759,682
	46,260,643	**38,862,809**

14. Finance costs – net

	2021	2020
Credit interest	(542,610)	(380,515)
Gains from restructuring of loans	(3,030)	(91,955)
Ineffective portion of cash flow hedge (gain)	(338,790)	-
Net foreign exchange gain	(228,612)	(50,866)
Total finance income	**(1,113,042)**	**(523,336)**
Interest expenses	4,201,760	4,052,052
Lease interest expense	189,226	169,140
Deferred financing cost write off	-	1,051,585
Amount capitalized*	-	(17,523)
Ineffective portion of cash flow hedge (loss)	-	625,523
Total Finance costs	**4,390,986**	**5,880,777**
Net	**3,277,944**	**5,357,441**

* 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%.

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15. Share of loss of investments in associates

	2021	2020
Dar AL Shorouk Company	2,985	(4,302)
Ascom Precious Metals (APM)	(36,508)	(28,659)
Egyptian Company for Solid Waste Recycling (ECARU)	(1,436)	(3,922)
Engineering Tasks Group (ENTAG)	(1,703)	(327)
ALLMED Medical Care Holdings	(13,944)	-
Zahana Cement Company	(2,056)	14,364
	(52,662)	**(22,846)**

16. Income tax

16(a) Income tax expense

	2021	2020
Current income tax (note 6(j))	241,362	213,772
Deferred income tax (note 6(g))	34,592	(34,850)
Net	**275,954**	**178,922**

16(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.

16(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:

	2021	2020
Net loss before tax	**(5,432,656)**	**(9,274,450)**
Income tax based on tax rate	(1,222,348)	(2,086,751)
Expenses not deductible for tax purposes	476,747	720,918
Income not taxable for tax purposes	(31,573)	(47,744)
Effect of tax losses	1,053,128	1,592,499
Income tax expense	**275,954**	**178,922**

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Cash flows

17. Cash flow information

17(a) Cash flow generated from operating activities

	Notes	2021	2020
Cash flows from operating activities			
Loss for the year before income tax		(5,432,656)	(9,274,450)
Adjusted to:			
Depreciation and amortization	13	4,495,776	4,361,375
Impairment of financial assets at fair value through other comprehensive income	12(b)	-	1,824
Gain on settlement of lease contract		(18,383)	-
Impairment in investment in treasury bills	12(a)	1,103	(1,183)
Impairment in fixed assets – net	12(b)	(8,978)	-
Impairment in right of use of assets	12(a)	(75)	-
Gain on sale of associate	12(b)	-	7,309
Unrealised forex gain		(32,848)	(66,416)
Gains from restructuring of loans	14	(3,030)	(91,955)
Impairment of inventory – net	12(b)	117,764	-
Impairment of due from related parties – net	12(a)	245	9,904
Impairment of trade and other receivables – net	12(a)	184,988	194,913
Ineffective portion of cash flow hedge	14	(338,790)	625,523
Share of profit of investments in associates	15	52,662	22,846
Effect of investments at fair value through profit or loss	12(b)	-	(2,429)
Effect of financial liabilities at fair value through profit or loss	12(b)	8,179	25,493
Gain on sale of fixed assets	12(b)	(23,378)	(26,729)
Loss on sale of biological assets	12(b)	23,203	16,930
Gains resulted from the change in FV less costs to sell of biological assets		(114,342)	(125,548)
Provisions – net	12(b)	1,428,249	774,375
Deferred financing cost write off	14	-	1,051,585
Interest expenses	14	4,390,986	4,221,192
Interest income	14	(542,610)	(380,515)
Operating profit before changes in working capital		**4,188,065**	**1,344,044**

17(b) Non-cash investing and financing activities

	2021	2020
Transfer from right of use to fixed assets	85,183	-
Transfer from fixed assets to assets held for sale	-	27,969
Transfer from PUC to intangible assets	27,426	295,111
Transfer from assets held for sale to fixed assets	708	340,755
Fixed assets (NBV) written off	5,593	-
Transfer from biological assets to inventory	118,298	-
Reclassification from lease liabilities to accounts payables	8,349	-
Reclassification between retained earnings and reserves	-	29,869
New leases during the year	178,831	1,197,923
Reclassification between due to related parties and loans	-	77,384
Put option reserve	-	60,570
The effective portion of cash flow hedge - net of tax	32,264	(400,014)
The change in fair value of investment at FVOCI	5,088	697
Settlement of shareholder loan through non-controlling interest capital increase	100,989	-

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Cash flow information (continued)

17(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 2020	**59,655,985**	**283,087**	**25,703**	**59,964,775**
Cash flows				
Loan drawdowns	672,731	-	-	**672,731**
Dividends paid	-	-	(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	-	**5,272,777**
Foreign exchange adjustments	(1,441,686)	18,832	(3,934)	**(1,426,788)**
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 at 31 December 2020	**61,732,624**	**1,636,748**	**21,769**	**63,391,141**
Cash flows				
Loan drawdowns	591,267	-	-	**591,267**
Bank overdraft drawdowns	3,181,193	-		**3,181,193**
Proceeds from leasing entities	-	638,709	-	**638,709**
Dividends paid	-	-	(462,324)	**(462,324)**
Repayments of principal	(1,342,741)	(140,840)	-	**(1,483,581)**
Interest payments	(1,556,935)	(147,513)	-	**(1,704,448)**
Non-cash changes				
Finance cost	3,429,335	206,643	-	**3,635,978**
Foreign exchange adjustments	(121,350)	(56)	1,140	**(120,266)**
New leases during the year	-	180,436	-	**180,436**
Dividends declared	-	-	462,324	**462,324**
Other	(104,018)	(19,780)	-	**(123,798)**
Balance as at 31 December 2021	**65,809,375**	**2,354,347**	**22,909**	**68,186,631**

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

Unrecognised items

18. Contingent liabilities and contingent assets

The contingent liabilities as at 31 December 2021 and 31 December 2020 are as follows:

18(a) ASEC Automation Co.

	2021	2020
Letters of guarantee	-	1,131

18(b) ASEC Environmental Protection Co.

	2021	2020
Letters of guarantee	551	551

18(c) Arab Swiss Engineering Co.

	2021	2020
Letters of guarantee	16,791	28,802
Letters of credit	622	613

18(d) ASEC for Manufacturing and Industries Project Co.

	2021	2020
Letters of guarantee	93,917	146,673

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

18(e) ASEC Company for Mining

	2021	2020
Letters of guarantee	15,076	17,264

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

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19. 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 2021 and 31 December 2020. 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 2021	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						
Trade and other receivables *	7,925,412	(2,447,482)	**5,477,930**	-	-	**5,477,930**
Restricted cash	434,140	-	**434,140**	-	(434,140)	**-**
Total assets subject to offsetting, master netting and similar arrangement	**8,359,552**	**(2,447,482)**	**5,912,070**	**-**	**(434,140)**	**5,477,930**
LIABILITIES						
Trade and other payables *	12,756,263	(2,447,482)	**10,308,781**	-	-	**10,308,781**
Derivative financial liabilities	713,676	-	**713,676**	-	-	**713,676**
Loans and borrowings	66,198,084	-	**66,198,084**	-	(434,140)	**65,763,944**
Total liabilities subject to offsetting, master netting and similar arrangement	**79,668,023**	**(2,447,482)**	**77,220,541**	**-**	**(434,140)**	**76,786,401**

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Financial assets and liability offset (continued)

31 December 2020	Effects of offsetting on the balance sheet			Related amounts not offset		
	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						
Trade and other receivables *	6,581,487	(1,624,167)	**4,957,320**	(541,619)	-	**4,415,701**
Restricted cash	662,765	-	**662,765**	-	(662,765)	**-**
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 *	11,172,135	(1,624,167)	**9,547,968**	(541,619)	-	**9,006,349**
Derivative financial liabilities	1,073,681	-	**1,073,681**	-	-	**1,073,681**
Loans and borrowings	61,732,624	-	**61,732,624**	-	(662,765)	**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**

* 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.

20. Capital commitments

There were no capital commitments as of 31 December 2021 and 31 December 2020.

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

Other information

21. 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.

21(a) Due from related parties

		Nature of transactions		Balances	
Name of the Company	Nature of relationship	Foreign Currency Translation Differences	Finance	2021	2020
Golden Crescent Finco Ltd.	Investee	(877)	-	459,003	459,880
Emerald Financial Services Ltd.	Investee	(751)	-	391,550	392,301
Nile Valley Petroleum Ltd.	Investee	(845)	-	337,230	338,075
Benu one Ltd.	Investee	(315)	-	164,060	164,375
Citadel Capital Partners	Parent	(184)	(1,708)	139,706	141,598
Logria Holding Ltd,	Investee	(175)	-	98,966	99,141
EIIC	Shareholder	(180)	-	93,900	94,080
Rotation Ventures	Investee	(164)	-	85,184	85,348
Golden Crescent Investment Ltd.	Investee	(114)	-	59,709	59,823
Mena Glass Ltd	Associate	(103)	-	53,773	53,876
Castrol Lubricants	Associate	-	-	39,200	39,200
Egyptian Company for International Publication	Investee	-	-	26,660	26,660
Visionaire	Investee	(39)	-	20,539	20,578
Allmed Medical Industries	Associate	(31)	-	15,963	15,994
Adena	Shareholder	(22)	-	11,738	11,760
Nahda Company – Sudan	Investee	(19)	-	10,092	10,111
Trianon	Investee	-	1,895	11,444	9,549
Citadel Capital Al Qalaa- Saudi Arabia	Investee	-	-	1,188	1,188
El Kateb for Marketing & Distribution	Associate	-	(380)	623	1,003
Ascom Precious Metals (APM)	Associate	-	-	209	209
Others		-	18,357	51,934	33,577
Total				**2,072,671**	**2,058,326**
Less: Accumulated impairment loss*				(1,719,875)	(1,723,122)
				352,796	**335,204**

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Related party transactions (continued)

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

	Balance as of 1 January 2021	Foreign currency translation differences	Formed	Reversal of impairment	Balance as of 31 December 2021
Golden Crescent Finco Ltd.	**459,882**	(879)	-	-	**459,003**
Emerald Financial Services Ltd.	**392,301**	(751)	-	-	**391,550**
Nile Valley Petroleum Ltd.	**338,075**	(845)	-	-	**337,230**
Benu One Ltd	**164,375**	(315)	-	-	**164,060**
Logria Holding Ltd.	**99,141**	(190)	15	-	**98,966**
Rotation Ventures	**85,348**	(164)	-	-	**85,184**
Golden Crescent Investment Ltd.	**59,823**	(114)	-	-	**59,709**
Mena Glass	**53,876**	(103)	-	-	**53,773**
Visionaire	**20,578**	(39)	-	-	**20,539**
Allmed Medical Industries	**15,994**	(31)	-	-	**15,963**
Nahda	**10,111**	(19)	-	-	**10,092**
Trianon	**1,154**	-	231	-	**1,385**
Egyptian Company for International Publication	**406**	-	-	-	**406**
Citadel Capital Partners	**85**	-	(1)	-	**84**
El Kateb for Marketing & Distribution	**60**	-	-	-	**60**
EIIC	**13**	-	-	-	**13**
Others	**21,900**	(42)	-	-	**21,858**
	1,723,122	**(3,492)**	**245**	**-**	**1,719,875**

21(b) Due to related parties

Name of the company	Nature of relationship	Nature of transactions: Foreign currency translation differences	Nature of transactions: Finance	Balances: 2021	Balances: 2020
Mena Glass Ltd.	Associate	(664)	(49,963)	486,349	536,976
Castrol Egypt	Associate	(30)	18,094	37,379	19,315
Others		-	16,648	30,020	13,372
				553,748	**569,663**
Due to shareholders					
IFC	Shareholder	(558)	58,409	349,124	291,273
Ali Abu Zied	Shareholder	(719)	(22,578)	173,035	196,332
Aly Hassan el Deyekh	Shareholder	(345)	(2,323)	177,690	180,358
FHI	Shareholder	5,065	26,725	282,558	250,768
Fenix one Ltd.	Shareholder	(107)	-	56,183	56,290
El-Rashed	Shareholder	(60)	9,990	41,314	31,384
Omran	Shareholder	(27)	7,701	23,442	15,768
Ahmed Heikal	Chairman	-	-	766	766
Others		-	805	18,765	17,960
				1,122,877	**1,040,899**
				1,676,625	**1,610,562**

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

Related party transactions (continued)

21(c) Key management compensation

The Group paid EGP 367,813 as salaries and benefits to senior management personnel during the year ended 31 December 2021 (31 December 2020: EGP 258,106).

21(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% (2020: 7.5%). Outstanding balances are secured and are repayable in cash.

22. 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.

	2021	2020
Net loss for the year- Continued operations	(5,708,610)	(9,453,372)
Net loss for the year- Discontinued operations	-	(119,782)
Net loss for the year	(5,708,610)	(9,573,154)
Weighted average number of shares including preferred shares with the same distribution rights as ordinary shares	1,820,000	1,820,000

	2021	2020
Net loss per share – Continued operation	(3.14)	(5.19)
Net loss per share – Discontinued operation	-	(0.07)
Loss per share (EGP)	**(3.14)**	**(5.26)**

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 2021 and 31 December 2020, hence the diluted losses per share is the same as the basic losses per share.

23. 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.

24. 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 2021 is as follows:

24(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 2021

- 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.

24(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 2021

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

24(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.

Tax position of Citadel Capital Company (continued)

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 2021

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

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Risk

25. 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.

25(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 5(a)(vi)
- Useful life of fixed assets – note 6(a)(Vi)
- Provision for income tax – note 16(b)
- Provisions – note (6)(i)
- Impairment of non-financial assets – note (6)(e)(i)

25(b) Critical judgement in applying the Group's accounting policies

In general, applying the Group accounting policies does not require judgement other than the below and apart from those involving estimates refer to in note 26(a) above that have significant effects on the amounts recognized in the consolidated financial statements.

- Hyperinflationary Economies –note 4
- Consolidation of Arab Refining Company – S.A.E "ARC" and its subsidiary Egyptian Refining Company – S.A.E ("ERC") – note 2(e)(i)
- Functional currencies of different entities of the Group– note 2(e)(ii)
- Assessing whether the arrangement with EGPC is or contains a lease – note 6(b)(2)(ii)
- Control Grandview Investment Holdings Corporation (Grandview) – note 2(e)(iii)
- Control over Dar Elsherouk company – note 2(f)(iii)
- Critical judgement with respect to the going concern of the Group – note 28(a)(iii)

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

26. 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.

26(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:

	2021	2020
Non-current liabilities		
Interest rate swap contracts – cash flow hedges	295,653	677,154
Total non-current derivative financial instrument liabilities	**295,653**	**677,154**

(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 28(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.

(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 2020 in relation to the interest rate swaps. And the ineffectiveness during the year ended 31 December 2021 in relation to interest rate swap were discussed in (Note 5(f)).

(iii) Hedging reserves

The Group's hedging reserves movement disclosed in note 7(c).

26(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:

	2021	2020
United States Dollar 10%	(94,457)	(302,952)
Euro 10%	36,804	140,894
Sterling Pound 10%	(284)	(46,723)
United Arab Emirates Dirham 10%	(356)	1,488
Saudi Arabia Riyal 10%	(6)	(85)
Sudanese Pound 10%	(12)	(987)
Algerian Dinar 10%	162	1,498
Swiss Franc 10%	(5)	(15)
Jordanian Dinar 10%	17	493
Syrian Lira 10%	(215)	-

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

	2021			2020
	Assets	Liabilities	Net	Net
United States Dollar	1,322,182	(2,266,750)	**(944,568)**	**(3,029,519)**
Euro	1,027,685	(659,648)	**368,037**	**1,408,938**
Sterling Pound	(342)	(2,498)	**(2,840)**	**(467,227)**
United Arab Emirates Dirham	164	(3,724)	**(3,560)**	**14,878**
Saudi Arabia Riyal	-	(56)	**(56)**	**(849)**
Sudanese Pound	-	(124)	**(124)**	**(9,873)**
Algerian Dinar	1,716	(93)	**1,623**	**14,981**
Swiss Franc	-	(49)	**(49)**	**(151)**
Jordanian Dinar	180	(12)	**168**	**4,933**
Syrian Lira	-	(2,147)	**(2,147)**	**-**

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

Financial risk management (continued)

(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 2021 and 31 December 2020, the Group's borrowings at variable rate were mainly denominated in Egyptian Pounds and US Dollars.

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

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

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

	2021	% of loans	2020	% of loans
Variable rate borrowings	65,451,977	98.87%	58,741,951	95%

Swaps currently in place cover approximately 21.03% (2020: 44.8%) of the variable loan principal outstanding. The fixed interest rates of the swaps range between 2.3475% and 3.417% (2020: 2.3475% and 3.417%), and the variable rates of the loans are between 0.0011% and 0.0087% above the 90 day bank bill rate which, at the end of the reporting period, was 0.3115% (2020: 0.0011%).

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.

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

Financial risk management (continued)

	2021	2020
Interest rate swaps		
Carrying amount (current and non-current)	43,068,620	42,909,692
Notional amount	9,059,345	12,441,838
Maturity date	20-Dec-2024	15-Jan-2032
Hedge ratio	21.03%	15.71%
Change in fair value of outstanding hedging instruments since 1 January	338,790	(265,094)
Change in value of hedged item used to determine hedge effectiveness	460,057	(265,094)
Weighted average hedged rate for the year	2.35%	29%

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 past tax profit	
	2021	2020
Interest rate-increase by 3%	16,369	14,174
Interest rates-decrease by 3%	(16,369)	(14,174)

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.

26(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.

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Financial risk management (continued)

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:

	2021	2020
Trade receivables	5,141,541	4,368,843
Other receivables	2,115,380	2,136,594
Contract assets	190,094	134,859
Treasury bills	815,012	974,137
Due from related parties	352,796	335,204
Restricted cash	434,140	662,765
Cash and cash equivalents	5,406,555	2,283,175
	14,455,518	**10,895,577**

Impairment of trade and other receivables movement represented as follows:

	2021	2020
Balance as of January 1 before EAS 47 adjustment	**1,196,868**	**970,184**
Adjustment due to EAS 47	-	99,177
Balance as of January 1 after EAS 47 adjustment	**1,196,868**	**1,069,361**
Formed during the year	245,519	225,518
No longer required	(60,531)	(30,605)
Utilised during the year	(25,821)	(21,821)
Transfer to assets held for sale	-	(28,353)
Write off	(97)	(10,183)
Foreign currency translation differences	(417)	(7,049)
Balance	**1,355,521**	**1,196,868**

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.

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Financial risk management (continued)

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

I) Trade receivables- Governmental

		Days past due			
31 December 2021	**Current**	**< 30 days**	**Between 31 and 120 days**	**Credit impaired > 120 days**	**Total**
Effective expected loss rate %	0.14%	0.17%	0.89%	6%	
Trade receivables- Governmental	730,794	1,129,344	769,069	867,299	**3,496,506**
Expected credit losses	(997)	(1,903)	(6,857)	(55,552)	**(65,309)**
	729,797	**1,127,441**	**762,212**	**811,747**	**3,431,197**

		Days past due			
31 December 2020	**Current**	**< 30 days**	**Between 31 and 120 days**	**Credit impaired > 120 days**	**Total**
Effective 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**

II) Trade receivables- Nongovernment

		Days past due			
31 December 2021	**Current**	**< 30 days**	**Between 31 and 120 days**	**Credit impaired > 120 days**	**Total**
Effective expected loss rate %	8%	12%	15%	31%	
Trade receivables- Nongovernmental	292,852	363,316	584,716	404,151	**1,645,035**
Expected credit losses	(23,031)	(44,597)	(86,192)	(128,278)	**(282,535)**
	269,821	**318,719**	**498,524**	**275,873**	**1,362,501**

		Days past due			
31 December 2020	**Current**	**< 30 days**	**Between 31 and 120 days**	**Credit impaired > 120 days**	**Total**
Effective 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**

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Financial risk management (continued)

III) Trade receivables- Contract asset

31 December 2021	Current	< 30 days	Days past due Between 31 and 120 days	Credit impaired > 120 days	Total
Effective expected loss rate %	1%	1%	2%	3%	
Contract assets	26,576	53,152	26,576	83,790	**190,094**
Expected credit losses	(367)	(525)	(532)	(2,154)	**(3,578)**
	26,209	**52,627**	**26,044**	**81,636**	**186,516**

31 December 2020	Current	< 30 days	Days past due Between 31 and 120 days	Credit impaired > 120 days	Total
Effective 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	2020
Balance at 1 January	**75,774**	**323,605**	**3,578**	**793,911**	**1,196,868**	**970,184**
Adjustments	-	-	-	-	-	**99,177**
Balance as at 1 January after EAS 47	**75,774**	**323,605**	**3,578**	**793,911**	**1,196,868**	**1,069,361**
Increase in loan loss allowance recognized in profit or loss during the year	-	20,309	-	225,210	**245,519**	**218,464**
Unused amount reversed	(10,439)	(34,969)	-	(15,123)	**(60,531)**	**(30,605)**
Utilized during the year	-	(25,821)	-	-	**(25,821)**	**(21,821)**
Transfer from assets held for sale	-	-	-	-	-	**(21,299)**
Receivables written off during the year as uncollectible	-	(97)	-	-	**(97)**	**(10,183)**
Foreign currency translation differences	(26)	(492)	-	101	**(417)**	**(7,049)**
Closing loss allowance at 31 December	**65,309**	**282,535**	**3,578**	**1,004,099**	**1,355,521**	**1,196,868**

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

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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 2021 or 1 January 2021 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 2021 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	2020
Egyptian government T-bills						
Gross carrying amount- more than 3 month	815,012	-	-	-	**815,012**	**974,137**
Gross carrying amount- less than 3 month	3,945,378	-	-	-	**3,945,378**	**738,850**
Credit loss allowance	(1,297)	-	-	-	**(1,297)**	**(15,730)**
Carrying amount	**4,759,093**	**-**	**-**	**-**	**4,759,093**	**1,697,257**

The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2021 is EGP 97 K (2020: EGP 10 million).

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Financial risk management (continued)

26(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:

	2021	2020
Floating rate	LIBOR +1.5%	LIBOR +1.5%
Expiring within one year	68M EGP	37M EGP

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 2021 and 31 December 2020, 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 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**
31 December 2021				
Borrowings and interest	45,358,836	9,283,030	8,306,692	11,747,940
Trade payables and other credit balances	8,861,534	2,892,879	148,269	543,424
Due to related parties	-	1,676,625	-	-
Lease Liabilities	170,396	192,759	658,125	1,464,093
Borrowing from financial leasing entities	24,510	-	-	650,640
Derivative financial instruments	-	-	295,653	-
Financial liabilities at fair value through profit or loss	-	418,023	-	-
Total	**54,415,276**	**14,463,316**	**9,408,739**	**14,406,097**

(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 5(h) and note 28(a)(iii) on going concern.

27. 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 28(a)(iii) on going concern.

Net debt to total capital ratio

Net debt to total capital ratio as at 31 December 2021 and 31 December 2020 is as follows:

	2021	2020
Total borrowings		
Loans and borrowings	65,809,375	61,732,624
Less: Cash and bank balances	(5,406,555)	(2,283,175)
Net borrowings	**60,402,820**	**59,449,449**
Equity	(2,374,282)	2,341,782
Total capital	**58,028,538**	**61,791,231**
Net debt to total capital	**104%**	**96%**

28. 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:

28(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.

(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

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

The Group incurred a net loss of approximately EGP 5.7 billion for the year ended 31 December 2021, with EGP 2.3 billion allocated to the owners of the parent company and EGP 3.4 billion allocated to the non-controlling interest (31 December 2020: EGP 9.5 billion net loss, where EGP 2.5 billion allocated to the owners of the parent company and EGP 7 billion allocated to the non-controlling interest). This has further increased the Group's accumulated losses to approximately EGP 22.3 billion as at 31 December 2021 (31 December 2020: EGP 19.9 billion).

As at 31 December 2021, the Group is financed by borrowings and bank facilities amounting to EGP 66.1 billion and the majority of the financing is within the energy sector. The Group had EGP 5.4 billion of cash and cash equivalents and the majority of the cash is also held within the energy sector.

During the year ended 31 December 2021, some of the Group's subsidiaries were in breach of some of their debt covenants. Furthermore, some of them have defaulted in the settlement of loan instalments on certain of their borrowings on the respective due dates.

Summary of significant accounting policies (continued)

As a result of such breaches and defaults, an amount of EGP 43.9 billion was repayable on demand and accordingly, the relevant loans have been classified as current liabilities at 31 December 2021. This reclassification led to an increase in the Group's current liabilities which exceeded its current assets by EGP 55.9 billion (31 December 2020: EGP 53.5 billion), and currently the Group is in the process of renegotiating and restructuring the debts.

These conditions cast substantial doubt as to whether the Group will be able to meet its debt obligations, some of which are overdue, and material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern.

The key factors which could result in the Group not being able to continue as a going concern, include the following:

- If the Group continues to incur operating losses and is not able to generate sufficient cash flows from its operations.
- If the Group is unable to remedy breaches of financial covenants and not able to renegotiate banking facilities.

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 of the Group to generate future cash flows in order to meet its obligations as they fall due and to successfully restructure the debts and remedy breaches of financial covenants.

Management has prepared comprehensive cash flow forecasts 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 including the underlying key assumptions, sensitivities and judgements made by management in these forecasts for each key component are also consistently used for purposes of testing the non-current assets for impairment.

The key considerations in respect of assessing going concern are set out below:

Operational Activities

- ERC is a strategic national project with 4.7 million tons capacity of refined products per year, including 2.3 million tons of Euro V diesel representing more than 30%-40% of Egypt's current imports and 600,000 tons of jet fuel. ERC is working at full capacity since the beginning of year 2020 and has long-term non-cancellable supply contracts with the Egyptian General Petroleum Corporation to supply various products for 25 years. ERC benefits from the increase in the oil prices caused by the global worries about the oil and gas supplies and the further increase following the Russia-Ukraine conflict. The refining margins have recovered to pre-COVID levels.

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Summary of significant accounting policies (continued)

- TAQA Arabia has also diversified its energy portfolio through the Benban solar energy project that commenced its operation in the first quarter of 2019. This has further strengthened the Group's cash inflows. TAQA Arabia's growing revenues were driven by CNG station expansions at TAQA Gas as well as increasing distribution and generation volumes at TAQA Power. TAQA continues to grow its market position opening more gas stations and constructing 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 9.1 billion in revenue for the year ended 31 December 2021 and generated positive cash flows in the year then ended. TAQA successfully commenced operations in the 6th of October industrial zone substation in March 2021 which will increase the Group's profits and generate additional cash flows. TAQA also inaugurated a new subsidiary "TAQA Water", which will develop a variety of valuable water treatment solutions to serve the industrial, agricultural, touristic and real estate sectors.
- NDT Sudan, Al-Takamol was able to generate positive cash flows and increase its revenue compared to the same comparative period due to a significant increase in the average prices of cement during the year ended 31 December 2021. Prices were further driven by a widening demand gap as local producers struggled with fuel and spare parts shortages causing widespread production disruptions. Improved profitability came despite the rise in diesel prices as higher production volumes improved cost efficiencies and led to economies of scale with lower fixed and electricity costs per ton of cement produced. However, management notes that Sudan's challenging operating environment with recurring fuel and raw material shortages will remain a volatile drag on performance.
- 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.
- 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. 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.
- Despite the impact of the maintenance works at the Nubaria canal locks during Q1 2021, transportation, Logistics and Nile logistics (Sea port services as well as river transportation in Egypt) are showing growth driven by the company's stevedoring operations and improved operational efficiencies.

Summary of significant accounting policies (continued)

Liquidity position

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

- ERC (a subsidiary in the energy sector) has loans outstanding as of 31 December 2021 amounting to EGP 41.6 billion, of which EGP 33.2 billion is in default with senior lenders since 31 December 2020 and the remaining outstanding loans comprise of subordinated and working capital loans which are not yet in default.

- ERC's senior loans of EGP 33.2 billion from international financial institutions are currently in the process of being renegotiated and restructured. Based on the relevant correspondence with the senior lenders to date, management has reached a position whereby the lenders initially accepted to implement a debt restructuring process. 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. During the third quarter of 2021, another proposal was submitted in respect of the outstanding matters and the lenders responded in September 2021 with their oral acceptance for part of the proposed conditions that are under negotiation and the rest of conditions proposed in the same proposal are still under the lenders' review.

- ERC and Group Management have assessed the conditions precedent and are confident that a mutually acceptable agreement will be reached. The remaining proposed amendments that are not yet agreed upon between the parties are still subject to further negotiations, which are expected to be finalized by the end of June 2022. The proposed amendments accepted to date provide the Group with the ability to significantly reduce the Group's cash outflows over the next 12 month. Also, ERC's proposals allow for the loan instalments to be extended over a longer term. 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 and capital contributions to fund any shortfall in interest or principal repayments by ERC.

- The Group was in the final stages of concluding negotiations over the restructuring of transportation and logistics debts of EGP 1.03 billion outstanding as at 31 December 2021 and the Group through CCII (a wholly owned subsidiary) has subsequently settled the loan during the first quarter of 2022.

- Ascom's subsidiary (GlassRock) succeeded in restructuring its debt to be paid over a longer period with lower interest rates.

- On QH level, for the wholly owned subsidiaries and National Development and Trading Company, the Group is in advanced stages to settle all overdue debts through a restructuring with a group of lenders which is currently under negotiation.

Based on the current status of negotiations, management is confident that the debt renegotiation and restructuring initiatives would be successfully concluded.

Summary of significant accounting policies (continued)

Other initiatives

- Management will continue to focus on strategic positioning of the ERC and TAQA businesses and prioritize their growth.

- Management is in the process of implementing strategic capital transactions initiatives for the Energy segment that is expected to generate cash inflows through local and foreign investors.

- In terms of the agriculture, printing and transportation segments, management actions are currently being considered to restructure and reduce both fixed and variable costs.

- The Group also continued to benefit from the government's exports incentive program, which strengthened the cash flows during the year ended 31 December 2021.

Based on the above operational and liquidity factors as well as the other initiatives, the Group management is of the view that the Group expects to continue to realize its assets and discharge its liabilities in the normal course of business and be able to continue to operate as a going concern.

Therefore, the consolidated financial statements of the Group for the year ended 31 December 2021 have been prepared on a going concern basis.

(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.

Summary of significant accounting policies (continued)

28(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.

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.

(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.

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Summary of significant accounting policies (continued)

(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 recognised separately.

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.

Summary of significant accounting policies (continued)

28(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 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.

(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.

Summary of significant accounting policies (continued)

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.

28(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.

Summary of significant accounting policies (continued)

The depreciation methods and periods used by the Group are disclosed in note 6a(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.

28(e) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 28(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 8).

(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)

(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.

Summary of significant accounting policies (continued)

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 6(d)(i) for details about amortisation methods and periods used by the Group for intangible assets.

28(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.

28(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).

Summary of significant accounting policies (continued)

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.

28(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.

28(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.

Summary of significant accounting policies (continued)

28(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.

(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.

Summary of significant accounting policies (continued)

- 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.

(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
- 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.

Summary of significant accounting policies (continued)

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.

28(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.

28(l) 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.

28(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).

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Summary of significant accounting policies (continued)

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 7(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.

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.

28(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".

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Summary of significant accounting policies (continued)

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.

28(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.

28(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.

28(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.

28(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.

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Summary of significant accounting policies (continued)

28(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.

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.

Summary of significant accounting policies (continued)

28(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.

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.

28(u) Leases

i. Finance lease

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.

Summary of significant accounting policies (continued)

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.

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.

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Summary of significant accounting policies (continued)

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.

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.

28(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.

28(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.

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Summary of significant accounting policies (continued)

28(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.

28(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.

Summary of significant accounting policies (continued)

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.

28(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.

28(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 Managing Director, Head of Cement	**Karim Sadek** Board Member, Head of 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.

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Summary of significant accounting policies (continued)

28(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.

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.

Summary of significant accounting policies (continued)

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.

28(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 22).

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.

29. Significant Events

A) 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

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Significant Events (continued)

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.

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

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Significant Events (continued)

B) 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.

C) In early 2020, the existence of novel coronavirus (Covid-19) was confirmed and has spread across the whole world, causing disruptions to businesses and global economic activity in general. 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.

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 highly challenging external environment caused by COVID-19, coupled with oil markets volatility and significant pricing pressure on global petroleum products severely impacted the performance of the energy segment.

The impact of COVID-19 on the energy segment can be assessed as follows:

1- ERC: The historic plunge in global energy consumption in the early months of the COVID-19 crisis in the last years drove the prices of the oil markets to their lowest level. Meanwhile, global oil demand continues to recover from its 2020 lows. The oil and gas segment rebounded strongly mainly because of an exceptionally rapid global economic recovery. During the early months of 2021, oil prices started growing and the progress in COVID-19 vaccination has reflected an improvement in the oil demand and a gradual recovery in the global economic activity. ERC recorded an increase in revenue by 33% and a decrease in gross loss by 82%.

By Q4 2021, ERC's refining margin has risen, however, still short of its pre-COVID-19 levels. It is worth noting that, following year 2021 ERC's refining margin surged because of the global worries about the oil and gas supplies.

2- TAQA Arabia: TAQA Arabia's business operation was slightly impacted in 2020, the slowdown in tourism impacted the performance of Taqa's power division. However, the gas business continued to deliver impressive results and meet its operational targets. TAQA's revenue increased by 15% compared to last year, this was buoyed by CNG station expansions at TAQA Gas coupled with improved market conditions reflecting positively on total power distribution and generation at TAQA Power.

Significant Events (continued)

The impact of COVID-19 on the remaining affected sectors can be assessed as follows:

The operational performance of the remaining segments that was affected by COVID-19, reflects a sustained recovery starting the second half of FY 2020 during which COVID-19 restrictions were eased.

The easing restrictions related to COVID-19 also boded well for international trade, subsequently supporting improved performance at the Group's mining operations, where both ACCM and GlassRock (Subsidiaries of ASCOM) witnessed growth in export volumes.

Despite the increase in variable costs affected by COVID- 19-related supply chain disruptions, management's successful pricing strategy along with the government's most recent export incentive regulations supported a positive performance on mining and the packaging and printing sectors.

Below is a summary of the Mining's segment results during 2021.
- Increase in revenue by 14%
- Decrease in costs by 6%
- Overall result increase in gross profit of 47%

Below is a summary of the Packaging and printing's segment results during 2021.
- Increase in revenue by 46%
- Increase in costs by 54%
- Overall result increase in gross profit by 26%

30. The subsequent events to the date of the financial statements

Russia-Ukraine conflict started during February 2022, which has directly affected the global economy, as Russia and Ukraine are among the world's largest exporters of commodities, including energy sources. This caused supply concerns in many commodities, from energy to grain, which drove commodity prices to peaks. Oil prices continue to rise under the influence of Russia.

Nevertheless, global inflationary pressures began to build after the world economy emerged from the disruptions caused by the COVID-19 pandemic. These pressures became amplified with the recent Russia-Ukraine conflict. Rising international commodity prices resulted from further supply chain disruptions.

The Monetary Policy Committee decided, in its extraordinary meeting held on 21 March 2022, to raise the overnight deposit rate, the overnight lending rate and the rate of the main operation by 100 basis points to 9.25%, 10.25%, and 9.75%, respectively. The discount rate was also raised by 100 basis points to 9.75%, coinciding with an increase in the exchange rate of the Egyptian pound against the dollar reached an average of 18.22 Egyptian pounds instead of 15.69 Egyptian pounds.

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The subsequent events to the date of the financial statements (continued)

The Group's energy segment benefits from the increase in the oil prices caused by the global worries about the oil and gas supplies. ERC refining margins recover to pre-COVID levels. It worth noting that ERC revenues are all in USD.

At National Printing, management's revised pricing strategy at the Uniboard subsidiary helped to offset the rise in raw materials. Uniboard implemented a 23% price increase to offset the 59% increase in raw material costs primarily paper. It is worth noting that raw material constitutes 80% of Uniboard's total variable cost.

ACCM will continue to capitalize on growing exports and the recovery across regional markets, management will remain cognizant of the impacts on ACCM's variable costs due to volatile global market conditions and will monitor developments

GlassRock managed to penetrate new markets during the year and successfully grew export sales and it worth noting that the Company will benefit from the global political environment and the shift to the Middle East markets.

Whilst the loans dominated in USD become a pressure, management is making progress at debt restructuring and is confident that its efforts will result in a stronger balance sheet, healthier financial and leverage ratios, and improved profitability in the future.