CITADEL CAPITAL COMPANY S.A.E.
AND ITS SUBSIDIARIES
LIMITED REVIEW REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020

Contents

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Limited review report on the consolidated interim financial statements

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

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of Citadel Capital Company (S.A.E.) and its subsidiaries (the "Group") as at 31 March 2020 and the related consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-months period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of limited review

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

Basis for qualified conclusion

As described in note (30) to the accompanying consolidated interim financial statements, the Group's management assessed that it had lost control over Africa Railways Limited and its subsidiaries (the "ARL Group") as at 31 December 2018 in light of the issuance of a court order during 2018 to liquidate the ARL Group. As a result, it deconsolidated the ARL Group as at 31 December 2018 and consequently recognized a gain in the consolidated statement of profit or loss of EGP 3.9 billion for the year then ended.

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

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

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The shareholders of Citadel Capital Company (S.A.E.)
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As a result of this unresolved matter, we were therefore, unable to determine whether adjustments might be required to these amounts that could have an impact on the comparability of the current period figures and the corresponding figures for the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period ended 31 March 2019.

Qualified conclusion

Except for any adjustments to the corresponding figures in the consolidated interim financial statements that we might have become aware of had it not been for the situation described above, based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 31 March 2020 and of its financial performance and its cash flows for the three-months period then ended in accordance with Egyptian Accounting Standards.

Emphases of matter

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

- As described in note (29)(a)(iii) to the consolidated interim financial statements, the Group's accumulated losses amounted to EGP 17.8 billion and the Group's current liabilities exceeded its current assets by EGP 20.1 billion as at 31 March 2020. The Group is also in breach of some of its debt covenants and has defaulted in settling the loan instalments on certain of its borrowings on the respective due dates. These conditions, along with other matters set out in note (29)(a)(iii) indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

- Note (3)(e)(i) to the consolidated interim 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.

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30 June 2020
Cairo

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

Consolidated interim statement of financial position - As of 31 March 2020

	Note	31 March 2020	31 December 2019
Non-current assets			
Fixed assets	7(a)	68,635,992	69,671,689
Right of use assets	7(b)	1,432,954	375,774
Intangible assets	7(c)	318,565	325,403
Goodwill	7(d)	238,181	238,181
Biological assets	7(e)	368,445	359,165
Investments in associates	3(f)	284,836	281,119
Available for sale financial assets	6(b)	12,281	12,314
Trade and other receivables	6(a)	829,967	899,745
Deferred tax assets	7(f)	222,626	128,410
Total non-current assets		**72,343,847**	**72,291,800**
Current assets			
Inventories	7(g)	1,990,189	2,670,654
Biological assets	7(e)	10,703	18,219
Trade and other receivables	6(a)	6,276,760	6,753,310
Due from related parties	21(a)	372,659	346,023
Financial assets at fair value through profit or loss	6(c)	2,476	3,010
Cash at bank and in hand	6(d)	4,786,735	3,667,814
Total current assets		**13,439,522**	**13,459,030**
Assets classified as held for sale	4(c)	341,726	432,200
Total assets		**86,125,095**	**86,183,030**
Equity			
Paid-up capital	8(a)	9,100,000	9,100,000
Legal reserve		89,578	89,578
Reserves	8(c)	450,566	525,886
Accumulated losses		(17,788,419)	(17,268,830)
Total equity attributable to owners of Citadel Capital Company		**(8,148,275)**	**(7,553,366)**
Non-controlling interests		17,700,889	19,736,696
Total equity		**9,552,614**	**12,183,330**
Non-current liabilities			
Loans and borrowings	6(h)	39,766,835	40,358,172
Lease liabilities	7(b)	1,175,365	184,787
Deferred tax liabilities	7(f)	709,227	199,525
Trade and other payables	6(e)	351,095	299,255
Derivative financial instruments	6(f)	658,735	257,893
Total non-current liabilities		**42,661,257**	**41,299,632**
Current liabilities			
Provisions	7(h)	1,668,887	1,627,711
Trade and other payables	6(e)	11,326,808	10,679,343
Due to related parties	21(b)	1,855,292	1,678,175
Loans and borrowings	6(h)	18,123,253	17,897,982
Lease liabilities	7(b)	264,701	98,300
Financial liabilities at fair value through profit or loss	6(g)	398,772	364,592
Current income tax liabilities	7(i)	271,973	221,512
Total current liabilities		**33,909,686**	**32,567,615**
Liabilities associated with assets held for sale	4(c)	1,538	132,453
Total equity and liabilities		**86,125,095**	**86,183,030**

The accompanying notes on pages 8 - 108 form an integral part of these consolidated interim financial statements.
Limited review report attached

Moataz Farouk
Chief Financial Officer

Hisham Hussein El Khazindar
Managing Director

Ahmed Mohamed Hassanien Heikal
Chairman

30 June 2020

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

Consolidated interim statement of profit or loss - For the three months period ended 31 March 2020

	Note	31 March 2020	31 March 2019
Continuing operations			
Revenue	10	10,408,173	3,580,967
Cost of revenue	11	(9,941,182)	(3,016,517)
Gross profit		**466,991**	**564,450**
General and administrative expenses	12	(454,667)	(349,129)
Other operating expenses	13	(93,241)	(41,656)
Operating (losses) / profit		**(80,917)**	**173,665**
Finance costs – net	15	(946,099)	(252,169)
Share of profit (loss) of investments in associates	16	3,829	(12,645)
Loss before income tax		**(1,023,187)**	**(91,149)**
Income tax expense	17	(600,635)	(65,368)
Net loss from continuing operations		**(1,623,822)**	**(156,517)**
Profit / (Loss) from discontinued operations	4(b)	40,695	(14,960)
Net loss for the period		**(1,583,127)**	**(171,477)**
Attributable to			
Owners of the parent company		(405,103)	(154,631)
Non-controlling interest		(1,178,024)	(16,846)
		(1,583,127)	**(171,477)**
Loss per share from continuing operations:	22	(EGP/Share)	(EGP/Share)
Basic per share		(0.23)	(0.08)
Diluted per share		(0.23)	(0.08)
Loss per share from the net loss for the period:			
Basic per share		(0.22)	(0.08)
Diluted per share		(0.22)	(0.08)

The accompanying notes on pages 8 - 108 form an integral part of these consolidated interim financial statements.

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

Consolidated interim statement of comprehensive income - For the three months period ended 31 March 2020

	Note	31 March 2020	31 March 2019
Net loss for the period		(1,583,127)	(171,477)
Other comprehensive income			
Exchange differences on translation of foreign operations		(548,488)	(945,598)
Change in fair value of available for sale financial assets	8(c)	(772)	(888)
Cash flow hedge		(339,673)	(106,813)
Share of other comprehensive income for associates accounted for using equity method	8(c)	-	17
Other comprehensive loss for the period, net of tax		**(888,933)**	**(1,053,282)**
Total comprehensive loss for the period		**(2,472,060)**	**(1,224,759)**
Total comprehensive loss for the three-month period attributable to:			
Owners of the parent company		(536,657)	(512,531)
Non-controlling interest		(1,935,403)	(712,228)
		(2,472,060)	**(1,224,759)**
Total comprehensive loss for the three-month period arises from:			
Continuing operations		(2,512,755)	(1,209,799)
Discontinued operations		40,695	(14,960)
		(2,472,060)	**(1,224,759)**

The accompanying notes on pages 8 - 108 form an integral part of these consolidated interim financial statements.

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

Consolidated interim statement of changes in equity - For the three months period ended 31 March 2020

		Total equity attributable to owners of Citadel Capital Company S.A.E						
	Note	Paid up capital	Legal reserve	reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balance at 1 January 2019		9,100,000	89,578	1,255,164	(16,189,793)	(5,745,051)	20,312,440	14,567,389
Total comprehensive loss for the year		-	-	(357,900)	(154,631)	(512,531)	(712,228)	(1,224,759)
Dividends distribution		-	-	-	(38,604)	(38,604)	(77,291)	(115,895)
Foreign exchange differences of shareholders reserve		-	-	50,179	-	50,179	-	50,179
Effect of hyper-inflation economy		-	-	-	59,218	59,218	(317,544)	(258,326)
Transactions with non-controlling interests		-	-	-	(6,020)	(6,020)	(2,503)	(8,523)
Share of non-controlling interests from increase in the subsidiary capital		-	-	-	-	-	47,566	47,566
Other transactions with non-controlling interests		-	-	-	-	-	(10,271)	(10,271)
Balance at 31 March 2019		9,100,000	89,578	947,443	(16,329,830)	(6,192,809)	19,240,169	13,047,360
Balances 1 January 2020		9,100,000	89,578	525,886	(17,268,830)	(7,553,366)	19,736,696	12,183,330
Effect of adoption of new accounting standard	29(a)(v)	-	-	-	(62,098)	(62,098)	(87,222)	(149,320)
Adjusted balance as at 1 January 2020		9,100,000	89,578	525,886	(17,330,928)	(7,615,464)	19,649,474	12,034,010
Total comprehensive loss for the period		-	-	(131,554)	(405,103)	(536,657)	(1,935,403)	(2,472,060)
Dividends distribution		-	-	-	(22,519)	(22,519)	(17,709)	(40,228)
Foreign exchange differences of shareholders reserve	8(c)	-	-	26,365	-	26,365	-	26,365
Reclassification for the split of Taqa electricity		-	-	29,869	(29,869)	-	3,654	3,654
Non-controlling interests share from increase in the share capital of subsidiaries		-	-	-	-	-	873	873
Balance at 31 March 2020		9,100,000	89,578	450,566	(17,788,419)	(8,148,275)	17,700,889	9,552,614

The accompanying notes on pages 8 - 108 form an integral part of these consolidated interim financial statements.

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

Consolidated interim statement of cash flows - For the three months period ended 31 March 2020

	Notes	31 March 2020	31 March 2019
Net cash flow generated from operating activities	18(a)	**1,812,208**	**1,817,740**
Cash flows from investing activities			
Payments to purchase of fixed assets and intangible assets		(1,036,277)	(2,751,791)
Payments to purchase of biological assets		(14,187)	(44,075)
Proceeds from sale of fixed assets and biological assets		54,819	8,897
Interest received		104,595	72,469
Net cash flow used in investing activities		**(891,050)**	**(2,714,500)**
Cash flows from financing activities			
Proceeds from loans		426,449	805,728
Repayments of loans		(166,164)	(44,400)
Dividends paid		(40,228)	(115,895)
Restricted cash and Treasury bills more than three month		(1,819,888)	-
Proceeds from non-controlling interest		873	(22,634)
Interest paid		(153,486)	-
		(1,752,444)	**622,799**
Cash flows from financing activities of discontinued operations		-	245
Net cash flow (used in) /generated from financing activities		**(1,752,444)**	**623,044**
Net change in cash and cash equivalents during the period		**(831,286)**	**(273,716)**
Cash and cash equivalents at beginning of the period		3,667,814	6,349,831
Foreign currency translation differences		130,319	(583,238)
Cash and cash equivalents at end of the period	6(d)	**2,966,847**	**5,492,877**

The accompanying notes on pages 8 - 108 form an integral part of these consolidated interim financial statements.

Notes to the consolidated interim financial statements
For the three months period ended 31 March 2020

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

Group structure

1. Introduction

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

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

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

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

The consolidated financial statements were authorised to be issued by the Board of Directors on 30 June 2020. The Ordinary General Assembly Meeting of shareholders has the right to amend the consolidated interim financial statements after its issuance.

2. Significant changes in the current reporting period

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across the whole world, causing disruptions to businesses and economic activity in general. The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions. The restrictions resulting from the COVID-19 pandemic are impacting the local and the entire global economy. However, the group are delivering growth and proving resilient in the face of Covid-19 supported by the diversification strategy of its portfolio.

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

Notes to the consolidated interim financial statements
For the three months period ended 31 March 2020

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

Significant changes in the current reporting period (continued)

The group has reviewed its exposure to COVID-19 related and other emerging business risks and believe that upon the resolution of the COVID pandemic the group will accelerate growth trends across the portfolio and that due to the diversity of the group's portfolio.

The first quarter of 2020 marked a milestone for the group with the full operation of Egyptian Refining Company (ERC), which increased the revenue by 6.9 billion EGP compared to same period in last year.

In addition to the strong performance at energy sector across its divisions recorded an 18% increase in revenues compared to last year on the back of solid performance across its gas, marketing, and power divisions and with growing contribution from TAQA Solar.

The group is also benefit from the Egyptian government's stimulus plan and relief measures in response to the Covid-19, including energy price cuts, interest rate cuts and a six-month deferral on debt payments. These relief measures will further support group' liquidity position and leading to significant reductions in interest expense and the group's variable costs. Additionally, given the recent macroeconomic situation and the impact of COVID-19, in particular with regards to oil market volatility, ERC is currently negotiating to reached a debt-deferral agreement with its senior lenders includes, but not limited to, a senior loan principle deferral to December 2020, with interest payments due in June 2020 to be paid as scheduled. However, our ability to be predictive is quite uncertain, since the magnitude, duration and speed of the global pandemic is uncertain and may change the group's plans, and accordingly the group may revisit its plans, and negotiate with the senior lenders for further deferral of the loan principal by end of December 2020. Also, Management has reached advanced stages of negotiations over the restructuring of debts at the holding level and at a number of its subsidiaries in cement, mining and transportation sectors, which should result in debt reduction Other subsidiaries' loans are anticipated to be restructured onto a longer term basis and negotiations are underway in this regard with the lenders.

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

The group has reviewed and assessed the COVID impact on the financial performance and position and its impact on the subsidiaries' assets through the impairment test performed on different segment levels and the management concluded that there is no material impact on the net book value of the group assets.

Notes to the consolidated interim financial statements
For the three months period ended 31 March 2020

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

3. Interests in other entities

3(a) Material subsidiaries

Below is a list of subsidiaries at 31 March 2020 and 31 December 2019 presenting the Group's direct interest in their subsidiaries ordinary shares.

		Group share%		Non-controlling interest %	
Company name	Country of Incorporation	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Citadel Capital Holding for Financial Investments	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Citadel Capital for International Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Bright Living	Arab Republic of Egypt	56.17	56.17	43.83	43.83
International for Mining Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01
International for Refinery Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Arab Company for Financial Investments	Arab Republic of Egypt	94.00	94.00	6.00	6.00
Tanweer for Marketing and Distribution Company (Tanweer)	Arab Republic of Egypt	99.88	99.88	0.12	0.12
Financial Unlimited for Financial Consulting	Arab Republic of Egypt	99.88	99.88	0.12	0.12
Citadel Company for Investment Promotion	Arab Republic of Egypt	99.90	99.90	0.1	0.1
National Company for Touristic and Property Investment	Arab Republic of Egypt	99.88	99.88	0.12	0.12
United for Petroleum Refining Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Specialized for Refining Consulting	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Specialized for Real Estate Company	Arab Republic of Egypt	99.99	99.99	0.01	0.01
National Company for Refining Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Citadel Capital Algeria	Republic of Algeria	99.99	99.99	0.01	0.01
Citadel Capital Ltd.	British Virgin Island	100.00	100.00	-	-
Valencia Trading Holding Ltd.	British Virgin Island	100.00	100.00	-	-
Andalusia Trading Investments	British Virgin Island	100.00	100.00	-	-
Lotus Alliance Limited	British Virgin Island	85.70	85.70	14.3	14.3
Citadel Capital Financing Corp.	British Virgin Island	100.00	100.00	-	
Ambience Ventures Ltd.	British Virgin Island	100.00	100.00	-	-
Africa Railways Limited	British Virgin Island	86.81	86.81	13.19	13.19
Sequoia Williow Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Brennan Solutions Ltd.	British Virgin Island	100.00	100.00	-	-
Mena Enterprises Ltd.	British Virgin Island	100.00	100.00	-	-
Alcott Bedford Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Eco-Logic Ltd.	British Virgin Island	100.00	100.00	-	-
Alder Burke Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Black Anchor Holdings Ltd.	British Virgin Island	100.00	100.00	-	-
Cobalt Mendoza	British Virgin Island	100.00	100.00	-	-
Africa Railways Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Darley Dale Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Africa Railways Holding	Republic of Mauritius	66.24	66.24	33.76	33.76
Citadel Capital Joint Investment Fund Management Limited	Republic of Mauritius	100	100.00	-	-
Mena Joint Investment Fund	Luxembourg	100.00	100.00	-	-
Wafra Agriculture S.A.E	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Valencia Assets Holding Ltd.	British Virgin Island	100.00	100.00		
Sabina for Integrated Solutions Ltd.	Sudan	96.00	96.00	4.00	4.00
Concord Agriculture	South Sudan	96.00	96.00	4.00	4.00

Notes to the consolidated interim financial statements
For the three months period ended 31 March 2020

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

Company name	Country of Incorporation	Group share% 31 March 2020	Group share% 31 Decembe 2019	Non-controlling interest % 31 March 2020	Non-controlling interest % 31 December 2019
Trimestone Assets Holding Limited – BVI	British Virgin Island	100.00	100.00	-	-
Cardinal Vine Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Global Services Realty	British Virgin Island	100.00	100.00	-	-
Silverstone Capital Investments Ltd.	British Virgin Island	61.56	61.56	38.44	38.44
Taqa Arabia Company	Arab Republic of Egypt	87.00	93.49	13.00	6.51
Gas and Energy Company SAE	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Taqa for Electricity, Water and Cooling – SAE	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Taqa for Marketing Petroleum Products – SAE	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Gas and Energy Group Limited	British Virgin Island	99.99	99.99	0.01	0.01
Genco for Mechanical and Electricity Work	Qatar	99.99	99.99	0.01	0.01
Qatar Gas Group Limited	Qatar	45.00	45.00	55.00	55.00
Arab Company for Gas Services	Libya	49.00	49.00	51.00	51.00
International Company for Gas works (House gas)	Arab Republic of Egypt	98.85	98.85	1.15	1.15
Pharaonic Gas Company-SAE	Arab Republic of Egypt	98.5	98.5	1.5	1.5
Taqa Arabia BV	Netherlands	100.00	100.00	-	-
Nile Valley Gas Company	Arab Republic of Egypt	50.00	50.00	50.00	50.00
Taqa EC	Arab Republic of Egypt	99.72	99.72	0.28	0.28
Taqa Arabia PV for Solar	Arab Republic of Egypt	99.97	99.97	0.03	0.03
National Development and Trading Company	Arab Republic of Egypt	69.27	69.27	30.73	30.73
Arab Swiss Engineering Co. (ASEC)	Arab Republic of Egypt	99.97	99.97	0.03	0.03
ASEC for Manufacturing and Industries Project Co (ARESCO)	Arab Republic of Egypt	99.8٠	99.80	0.2	0.2
ASEC Cement Co.	Arab Republic of Egypt	70.22	70.22	29.78	29.78
ASEC Environmental Protection Co. (ASENPRO)	Arab Republic of Egypt	63.01	63.01	36.99	36.99
ASEC Automation Co.	Arab Republic of Egypt	53.64	53.64	46.36	46.36
Grandiose Services Ltd.	British Virgin Island	100.00	100.00	-	-
ASEC for Integrated management	Sudan	99.90	99.90	0.1	0.1
Al Takamoul for Cement Ltd. Co.	Sudan	51.00	51.00	49.00	49.00
ASEC Syria Cement Co.	Syria	99.99	99.99	0.01	0.01
Dejalfa Offshore	British Virgin Island	67.13	67.13	32.87	32.87
ASEC Trading Company	Arab Republic of Egypt	99.88	99.88	0.12	0.12
United Foundries Company	Arab Republic of Egypt	67.46	67.46	32.54	32.54
Ledmore Holdings Ltd.	British Virgin Island	85.12	85.12	14.88	14.88
National Company for Marine Petroleum Services "PETROMAR"	Arab Republic of Egypt	93.54	93.54	6.46	6.46
Mashreq Petroleum Company	Arab Republic of Egypt	94.99	94.99	5.01	5.01
El Dawlia for Banking Services	Arab Republic of Egypt	70.00	70.00	30.00	30.00
Mena Home Furnishings Malls Ltd.	British Virgin Island	60.18	60.18	39.82	39.82
Investment Company for Modern Furniture	Arab Republic of Egypt	99.88	99.88	0.12	0.12
Citadel Capital Transportation Opportunities Ltd.	British Virgin Island	67.55	67.55	32.45	32.45
Nile Logistics S.A.E.	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Citadel Capital Transportation Opportunities II Ltd – Malta	Republic of Mauritius	81.62	81.62	18.38	18.38
National Company for Multimodal Transport S.A.E.	Arab Republic of Egypt	99.88	99.88	0.12	0.12

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

		Group share%		Non-controlling interest %	
Company name	Country of Incorporation	31 March 2020	31 December 2019	31 March 2020	31 December 2019
National Company for River Transportation Nile Cargo S.A.E.	Arab Republic of Egypt	99.99	99.99	0.01	0.01
National Company for River Ports Management S.A.E.	Arab Republic of Egypt	99.88	99.88	0.12	0.12
National Company for Maritime Clearance S.A.E	Arab Republic of Egypt	99.98	99.98	0.02	0.02
El-Orouba Company for Land Transportation S.A.E.	Arab Republic of Egypt	99.98	99.98	0.02	0.02
NMT for Trading S.A.E.	Arab Republic of Egypt	99.99	99.99	0.01	0.01
National Company for Marina Ports Management	Arab Republic of Egypt	99.90	99.90	0.1	0.1
NRTC Integrated Solutions Co. Ltd	Sudan	99.00	99.00	1.00	1.00
Nile Barges for River transport Co Ltd	Sudan	99.00	99.00	1.00	1.00
Regional River Investment Ltd	British Virgin Island	100.00	100.00	-	-
Falcon for Agriculture Investments	British Virgin Island	54.90	54.90	45.1	45.1
National Company for Investments and Agriculture	Arab Republic of Egypt	99.99	99.99	0.01	0.01
National Company for Food products	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Dina Company for Agriculture and Investments	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Dina for Auto Services	Arab Republic of Egypt	99.00	99.00	1.00	1.00
National Company for Agriculture Products	Arab Republic of Egypt	99.88	99.88	0.12	0.12
National Company for Integrated Food	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Royal Food Company	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Nile for Food Products “Enjoy”	Arab Republic of Egypt	-	99.99	-	0.01
Investments Company for Dairy Products	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Tiba Farms for Agriculture Developments	Arab Republic of Egypt	95.88	95.88	4.12	4.12
Dina for Agriculture Development	Arab Republic of Egypt	100.00	100.00	-	-
National Company for Dairy Exchange	Arab Republic of Egypt	100.00	100.00	-	-
Mena Development Limited	British Virgin Island	100.00	100.00	-	-
Anchor Real Estate Investments	British Virgin Island	100.00	100.00	-	-
Everys Holding Limited	British Virgin Island	100.00	100.00	-	-
Orient Investments Properties Ltd.	British Virgin Island	31.89	34.27	68.11	65.73
Arab Refining Company – S.A.E.	Arab Republic of Egypt	61.89	61.70	38.11	38.30
Egyptian Refining Company – S.A.E.	Arab Republic of Egypt	41.22	42.9	58.78	57.1
National Refining Company – S.A.E.	Arab Republic of Egypt	63.32	63.32	36.68	36.68
Crondall Holdings Ltd.	British Virgin Island	94.53	94.53	5.47	5.47
Capella Management Investments Inc. Company	British Virgin Island	100.00	100.00	-	-
Lotus Management Investment Ltd. Company	British Virgin Island	100.00	100.00	-	-
Cordoba Investment Services Inc. Company	British Virgin Island	100.00	100.00	-	-
Tawazon for Solid Waste Management (Tawazon)	Arab Republic of Egypt	66.67	66.67	33.33	33.33
Egyptian Company for Solid Waste Recycling (ECARU)	Arab Republic of Egypt	70.00	75.63	30.00	24.37
Engineering Tasks Group (ENTAG)	Arab Republic of Egypt	70.00	75.63	30.00	24.37
Entag Oman Company	Oman	70.00	70.00	30.00	30.00
Qalaa Energy Ltd.	British Virgin Island	100.00	100.00	-	-
Mena Joint Investment Fund	Luxembourg	73.25	73.25	26.75	26.75
Africa Joint Investment Fund	Republic of Mauritius	31.00	31.00	69.00	69.00

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

		Group share%		Non-controlling interest %	
Company name	Country of Incorporation	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Underscore International Holdings Ltd.	British Virgin Island	100.00	100.00	-	-
Valencia International Holdings Ltd.	British Virgin Island	100.00	100.00	-	-
Sphinx Egypt for Financial Consulting Company	Arab Republic of Egypt	69.88	69.88	30.12	30.12
Sphinx capital Corp	British Virgin Island	100.00	100.00	-	-
Melbourn Investments Ltd	British Virgin Island	100.00	100.00	-	-
Borton Hill Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Metal Anchor Holdings Ltd.	British Virgin Island	15.00	15.00	85.00	85.00
Tempsford Investments Ltd	British Virgin Island	100.00	100.00	-	-
ASEC company for mining (ASCOM)	Arab Republic of Egypt	61.32	54.74	38.68	٤٥,٢٦
ASCOM Carbonate & Chemical Manufacture Company	Arab Republic of Egypt	99.99	99.99	0.01	0.01
ASCOM for Geology & mining – Syria	Arab Republic of Syria	95.00	95.00	5.00	5.00
Nebta for Geology & Mining – Sudan	Sudan	99.00	99.00	1.00	1.00
Glass Rock Insulation Company	Arab Republic of Egypt	92.50	92.50	7.50	7.50
ASCOMA Algeria	Republic of Algeria	99.40	99.40	0.60	0.60
Lazerg Travaux Public	Republic of Algeria	70.00	70.00	30.00	30.00
ASCOM Precious Metals Mining S.A.E	Arab Republic of Egypt	99.99	99.99	0.01	0.01
ASCOM Emirates for Mining UAE	Limited Partnership Company Emirates	69.40	69.40	30.60	30.60
ASCOM Middle East	Arab Republic of Egypt	100.00	100.00	-	-
Nubia Mining Development PLC	Sudan	52.80	52.80	47.20	47.20
Sahari Gold Company	Ethiopia	99.99	99.99	0.01	0.01
ASCOM for Geology & Mining – Ethiopia	Ethiopia	99.99	99.99	0.01	0.01
ASCOM Precious Metals – Sudan	Sudan	99.99	99.99	0.01	0.01
Golden Resources Company	Ethiopia	99.99	99.99	0.01	0.01
ASCOM Cyprus Ltd	Cyprus	99.99	99.99	0.01	0.01
International Company for Mineral Exploration – Cyprus	Cyprus	99.99	99.99	0.01	0.01
Golden International Ltd	Ethiopia	99.99	99.99	0.01	0.01
Grandview Investment Holding Corp.	British Virgin Island	48.02	48.02	51.98	51.98
National Printing Company	Arab Republic of Egypt	52.57	52.57	47.43	47.43
Modern Shorouk for Printing and Packaging "El Shorouk"	Arab Republic of Egypt	47.27	47.27	52.73	52.73
El Baddar for Packaging "El Baddar"	Arab Republic of Egypt	49.26	49.26	50.74	50.74
Uniboard	Arab Republic of Egypt	25.56	25.56	74.44	74.44
Windsor	Arab Republic of Egypt	40.18	40.18	59.82	59.82
National Drilling	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Egyptian Textile Ltd.	British Virgin Island	100	100	-	-
National Company for Textile	Arab Republic of Egypt	100	100	-	-

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For the three months period ended 31 March 2020

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

Interests in other entities (continued)

3(b) Key financial information for significant subsidiaries

31 March 2020	Total Assets	Total Equity	Total Revenue	Net Profit / (Losses)
Orient Investment Properties Ltd.	67,739,536	19,410,429	6,828,940	(1,369,544)
Silverstone Capital Investment Ltd. Group	7,488,528	1,447,661	1,988,265	69,779
National Development and Trading Company	4,254,824	(3,523,547)	547,592	(125,789)
ASEC Company for Mining (ASCOM)	1,496,433	(31,937)	228,401	(23,240)
Citadel Capital Transportation Opportunities Ltd.	954,941	(1,165,068)	86,577	(16,375)
Tawazon for Solid Waste Management (Tawazon) Company Group	452,524	202,364	32,787	(15,796)
United Foundries Company	141,210	(733,438)	61,097	4,948
Grandview Investment holdings	1,856,359	322,746	431,108	33,314
Falcon for Agriculture Investments Group	1,358,048	156,290	204,534	53,757

31 December 2019	Total Assets	Total Equity	Total Revenue	Net Profit / (Losses)
Orient Investment Properties Ltd.	68,081,991	21,543,057	-	(294,783)
Silverstone Capital Investment Ltd. Group	7,119,387	1,500,366	7,724,127	379,207
National Development and Trading Company	4,542,248	(3,144,479)	2,731,249	(505,621)
ASEC Company for Mining (ASCOM)	1,469,749	(13,509)	967,050	(52,572)
Citadel Capital Transportation Opportunities Ltd.	775,142	(1,122,723)	235,983	(237,288)
Tawazon for Solid Waste Management (Tawazon) Company Group	444,509	220,729	410,296	20,590
United Foundries Company	146,654	(738,386)	171,521	39,224
Grandview Investment holdings	1,859,562	306,067	1,817,217	(78,922)
Falcon for Agriculture Investments Group	1,421,222	98,960	791,596	16,034

3(c) Non-controlling interests (NCI)

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

(i) Summarised financial position

31 March 2020	Silverstone	CCTO	NDT	Orient	Tawazon	Ascom	Grandview
Current assets	4,654,848	136,371	2,757,137	4,579,031	305,295	526,301	788,018
Current liabilities	4,216,369	1,934,886	3,326,366	8,601,566	236,910	1,358,316	996,294
Net current assets	**438,479**	**(1,798,515)**	**(569,229)**	**(4,022,535)**	**68,385**	**(832,015)**	**(208,276)**
Non-current assets	2,833,680	818,570	1,497,687	63,160,505	147,229	970,132	1,068,341
Non-current liabilities	1,824,498	185,123	4,452,004	39,727,541	13,251	170,054	537,319
Non-current net assets	**1,009,182**	**633,447**	**(2,954,317)**	**23,432,964**	**133,978**	**800,078**	**531,022**
Accumulated NCI	497,506	(371,107)	1,032,144	9,357,767	98,335	(78,973)	247,631

Notes to the consolidated interim financial statements
For the three months period ended 31 March 2020

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

Interests in other entities (continued)

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

(ii) Summarised comprehensive income

31 March 2020	Silverstone	CCTO	NDT	Orient	Tawazon	Ascom	Grandview
Revenue	1,988,265	86,577	547,592	6,828,940	32,787	228,401	431,108
Profit /(losses)for the period	69,779	(16,375)	(125,789)	(1,369,544)	(15,796)	(23,240)	33,314
Other comprehensive income / (losses)	(29,517)	(29,711)	(211,337)	(316,533)	(2,061)	4,812	10,480
Total comprehensive income /(losses)	**40,262**	**(46,086)**	**(337,126)**	**(1,686,077)**	**(17,857)**	**(18,428)**	**43,794**
Profit / (losses) allocated to NCI	(10,509)	(18,525)	(217,690)	(969,881)	(4,792)	(32)	25,163
Dividends to NCI	-	-	-	-	-	-	-

31 December 2019	Silverstone	CCTO	NDT	Orient	Tawazon	Ascom	Grandview
Revenue	7,724,127	235,983	2,731,249	-	410,296	967,050	1,817,217
Profit / (losses) for the year	379,207	(237,288)	(505,621)	(294,783)	20,590	(52,572)	(78,922)
Other comprehensive income / (losses)	(65,371)	(53,809)	(212,359)	(347,568)	(5,083)	1,699	58,195
Total comprehensive income / (losses)	**313,836**	**(291,097)**	**(717,980)**	**(642,351)**	**15,507**	**(50,873)**	**(20,727)**
Profit / (losses) allocated to NCI	(2,164)	(68,140)	(121,233)	(335,250)	15,738	239	21,500
Dividends to NCI	-	-	(45,619)	-	-	-	(1,420)

(iii) Summarised cash flows

31 March 2020	Silverstone	CCTO	NDT	Orient	Tawazon	Ascom	Grandview
Cash flows generated from / (used in)							
- Operating activities	(18,877)	50,351	93,057	1,705,227	(13,177)	47,966	(17,544)
- Investing activities	(12,277)	(4,553)	15,301	(934,120)	(281)	(2,630)	(50,923)
- Financing activities	(299,954)	(21,100)	(102,639)	321,863	316	(34,525)	116,216
Net increase/ (decrease) in cash and cash equivalent	**(331,108)**	**24,698**	**5,719**	**1,092,970**	**(13,142)**	**11,811**	**47,749**

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For the three months period ended 31 March 2020

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

Interests in other entities (continued)

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

3(d) Transactions with non-controlling interest

During the three months period ended 31 March 2020, the group did not have any transactions with non-controlling interest.

3(e) Significant judgements

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

In determining the appropriate accounting treatment for ERC, management applied significant judgment. If management's judgments were to change, this would result in the deconsolidation of ARC and its subsidiary ERC. ERC currently has consolidated assets and liabilities impacting the consolidated financial position amounting to approximately EGP 68 billion and EGP 48 billion respectively as at 31 March 2020 and with a consolidated loss of EGP 1.4 billion for the three-month period . The primary assets and liabilities making up these totals are represented in the fixed assets amounted EGP 62 billion, Cash amounted to EGP 1.6 billion, Trade and other payables amounted to EGP 3.8 billion and loans liabilities amounted to EGP 41.5 billion.

(ii) Control over Egypt Refining Company (ERC)

ERC was set up for the purpose of constructing and operating refinery project and aim to provide benefits for its stakeholders such as debt and equity financiers in addition to cost savings to Egyptian General Petroleum Corporation (EGPC). The Group was involved with the set up and design of ERC.

Management are of the view that the Group has control over ERC 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 consider that the relevant activities that most significantly affect variable returns will not be derived during the construction phase of the project but rather during the operational phase.

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.

In August 2019 the company started its pre-completion operations which resulted supplying EGPC with LPG, reformate, JET fuel, Diesel and Fuel Oil products

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

Interests in other entities (continued)

On 29 February 2020 the contractor has sent a notification to ERC that the contractor has attained initial acceptance and requested to issue the initial acceptance certificate as the contractor completed the requirements set forth in contracts Including but not limited to the following:

- All unit's performance test, plant performance test and plant reliability test have been successfully completed
- The delay liquidated damages is comprehensively negotiated between the parties in good faith while reserving contractor's right and are to be settled through a settlement agreement in due course

Also, the operation phase started at the beginning of the current period, considering the year 2020 marks the first full operational fiscal year for the ERC project, which gives the Group two years on full control over the relevant activities through clauses in the ERC Deed of Shareholders Support. The Group shall always procure that and prior to the project completion it shall have control over ERC's decision-making, management and operations. Contractually with these clauses, the Group has the full ability to direct the relevant activities of ERC until two years post completion of the construction phase.

Whilst Egyptian General Petroleum Corporation (EGPC) and ERC have entered into several contractual arrangements, which will be effective during the operational phase, these have been assessed and do not provide Egyptian General Petroleum Corporation (EGPC) with the control to direct the relevant activities of ERC.

As soon as the two-year period ends, the Group's management concluded that the non-controlling interest rights will be insignificant and therefore the Group continue to have the control over the ERC.

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

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

3(f) Interest in associates

	Place of business/ country of incorporation	Shareholding %		Carrying amount	
		31 March 2020	31 December 2019	31 March 2020	31 December 2019
Al Kateb Co for Marketing and Distribution *	Egypt	48.88%	48.88%	-	-
Castrol Egypt *	Egypt	49%	49%	-	-
Al Sharq for Book Stores	Egypt	40%	40%	13,624	13,316
Allmed Medical industries	UK	30%	30%	101,201	103,202
Dar AL Sherouk Company	British Virgin Islands	58.51%	58.51%	124,831	126,712
Ascom Precious Metals (APM)	Ethiopia	35.54%	35.54%	156,326	149,035
Total				**395,982**	**392,265**
Accumulated impairment loss				(111,146)	(111,146)
Net				**284,836**	**281,119**

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Interests in other entities (continued)

*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.

(i) Nature of activities

	Activities
Al Kateb Co for Marketing and Distribution	Marketing and distributing books including books and magazines, musical and cinematic, television and recording works
Al Sharq for Book Stores	Sale and distribution of literary and artistic products of all kinds, including books and magazines, musical and cinematic, television and recording works - Diwan Bookstores
Castrol Egypt	Castrol is a leading distributor and marketer of premium lubricating oils, greases and related services to automotive, industrial, marine, aviation, oil exploration and production.
Dar AL Sherouk Company	Sale and distribution of literary and artistic products of all kinds, including books and magazines, musical and cinematic, television and recording works.
Ascom Precious Metals (APM)	Exploration of Gold – Ethiopia
Allmed Medical industries	Manufacturing and distributing an end-to-end range of consumables Haemodialysis for Renal Care Therapies

(ii) Group share in results of associates

	Al Sharq for Book Stores		Dar Al-Sherouk BVI		Ascom Precious Metals (APM)		Allmed Medical Industries	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Opening at 1 January	13,316	12,685	126,712	130,767	149,035	123,544	103,202	-
Transfer from assets held for sale	-	-		-	-	-	-	219,488
Group share in profit (Loss) for the period	308	631	(1,129)	(3,573)	4,650	33,926	-	(87,521)
Group share in other comprehensive income/ loss	-	-	(752)	(482)	2,641	(8,435)	(2,001)	(28,765)
	13,624	13,316	124,831	126,712	156,326	149,035	101,201	103,202
Accumulated impairment	-	-	(111,146)	(111,146)	-	-	-	-
Carrying amount at 31 March / 31 December	13,624	13,316	13,685	15,566	156,326	149,035	101,201	103,202

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

Interests in other entities (continued)

(iii) Summarised financial information for associates

31 March 2020	Total assets	Total shareholders' equity	Total revenue	Net profit / (loss) for the period
Ascom Precious Metals (APM)	143,924	140,791	-	(6)
Dar Al Sherouk Company	231,568	116,787	15,995	(1,929)
Castrol Egypt	95,955	(43,277)	9,622	(9,203)
Al Kateb Co for Marketing and Distribution	13,549	9,106	-	(24)
Al Sharq for Book Stores	15,782	8,386	8,034	770
Allmed Medical Industries	1,676,933	644,271	1,127,284	-

31 December 2019	Total assets	Total shareholders' equity	Total revenue	Net profit / (loss) for the year
Ascom Precious Metals (APM)	721,983	672,822	-	(122,923)
Dar Al Sherouk Company	233,703	119,965	59,499	(6,085)
Castrol Egypt	76,622	(375)	25,484	(29,780)
Al Kateb Co for Marketing and Distribution	24,165	4,310	11,956	(1,782)
Al Sharq for Book Stores	15,329	7,616	31,784	1,645
Allmed Medical Industries	1,676,933	644,271	1,127,284	(311,014)

4. Discontinued operation

4(a) Description

(i) Zahana Cement Company

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

(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

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Discontinued operation (continued)

4(b) Financial performance and cash flow information

Discontinued operations after tax are represented in the following:

31 March 2020	Nile Company for Food Industries	Zahana Cement Company	Total
Share of losses of investments in associates	-	(6,265)	**(6,265)**
Gain on sale of Investment *	46,960	-	**46,960**
Net Profit (Loss) for the period	**46,960**	**(6,265)**	**40,695**
Income tax	-	-	-
Profit (Loss) from discontinued operations, net of tax	**46,960**	**(6,265)**	**40,695**

31 March 2019	Nile Company for Food Industries	Zahana Cement Company	Total
Share of losses of investments in associates	-	(17,213)	**(17,213)**
Net loss for the period	**-**	**(17,213)**	**(17,213)**
Income tax	-	2,253	**2,253**
Loss from discontinued operations, net of tax	**-**	**(14,960)**	**(14,960)**

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

(i) Assets

31 March 2020	Mena Home Furnishing Malls Ltd.	Subsidiaries of Falcon for Agriculture Investments Ltd. BVI	Ledmore Holding Limited.	Zahana Cement Company	Total
Trade receivables and other debit balances	-	-	3,837	-	**3,837**
Investments in associates	-	-	-	334,222	**334,222**
Due from related parties	-	-	-	421	**421**
Cash and cash equivalents		-	3,246	-	**3,246**
	-	-	7,083	334,643	**341,726**
Impairment	-	-	-	-	**-**
Balance	**-**	**-**	**7,083**	**334,643**	**341,726**

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

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Discontinued operation (continued)

(ii) Liabilities

	Mena Home Furnishing Malls Ltd.	Subsidiaries of Falcon for Agriculture Investments Ltd. BVI	Ledmore Holding Limited.	Total
31 March 2020				
Trade payables and other credit balances	826	-	712	**1,538**
Balance	**826**	**-**	**712**	**1,538**

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

5. Hyper-inflationary economies

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

5(a) Significant judgement

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

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

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

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

The results, cash flows and financial positions of Takamul for Cement have been expressed in terms of the measuring units current 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 Takamul for Cement set out below is based on the Consumer Price Index (CPI) published by Sudan Bureau for Statistics. Management applied the below conversion factors as fixed assets additions took place during all of these years.

Hyper-inflationary economies (continued)

Year	Index	Conversion factor
2020	2,970.89	1.13
2019	2,291.21	1.21
2018	1,365.05	1.23
2017	861.5	1.76
2016	688.37	2.25
2015	527.59	2.74
2014	468.6	3.24
2013	372.9	4.29
2012	262.79	6.14
2011	181.94	8.15

The net monetary gains from operating activities is as follows:

In thousand Sudanese Pound	Closing Position	Closing purchasing power	Inflation adjustments
Fixed assets	738,284	6,425,485	1,498,359
Project under construction	6,407	9,643	(2,082)
Inventories	1,197,857	1,877,841	289,620
Net monetary loss charged to the consolidated statement of profit or loss	-	-	23,539
Net monetary gain from operating activities	-	-	1,809,436

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

In thousand Sudanese Pound	31 March 2020
Increase in revenue	226,559
Decrease in EBITDA	(216,738)
Net monetary gain	23,539
Decrease in profit after tax	235,551

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Financial position

6. Financial assets and financial liabilities

The Group holds the following financial instruments:

Financial assets	Notes	Assets at FVPL	Assets at FVOCI	Derivatives used for hedging	Loans and Receivables at amortised cost	Total
31 March 2020						
Trade and other receivables *	6 (a)	-	-	-	6,129,611	6,129,611
Due from related parties	21(a)	-	-	-	372,659	372,659
Available for sale financial assets	6(b)	-	12,281	-	-	12,281
Financial assets at fair value through profit or loss	6(c)	2,476	-	-	-	2,476
Cash and cash equivalent	6(d)	-	-	-	4,786,735	4,786,735
		2,476	**12,281**	**-**	**11,289,005**	**11,303,762**

Financial assets	Notes	Assets at FVPL	Assets at FVOCI	Derivatives used for hedging	Loans and Receivables at amortised cost	Total
31 December 2019						
Trade and other receivables *	6 (a)	-	-	-	6,779,022	6,779,022
Due from related parties	21(a)	-	-	-	346,023	346,023
Available for sale financial assets	6(b)	-	12,314	-	-	12,314
Financial assets at fair value through profit or loss	6(c)	3,010	-	-	-	3,010
Cash and cash equivalent	6(d)	-	-	-	3,667,814	3,667,814
		3,010	**12,314**	**-**	**10,792,859**	**10,808,183**

* excluding prepayments

Financial liabilities	Notes	Derivatives at FVPL	Derivatives used for hedging	Liabilities at amortised cost	Total
31 March 2020					
Trade and other payables **	6(e)	-	-	10,090,320	10,090,320
Due to related parties	21(b)	-	-	1,855,292	1,855,292
Lease liabilities	6(h)	-	-	1,440,066	1,440,066
Derivative financial liabilities	0	398,772	658,735	-	1,057,507
Loans and borrowings	6(h)	-	-	57,890,088	57,890,088
		398,772	**658,735**	**71,275,766**	**72,333,273**

Financial liabilities	Notes	Derivatives at FVPL	Derivatives used for hedging	Liabilities at amortised cost	Total
31 December 2019					
Trade and other payables **	6(e)	-	-	9,456,653	9,456,653
Due to related parties	21(b)	-	-	1,678,175	1,678,175
Lease liabilities	6(h)	-	-	283,087	283,087
Derivative financial liabilities	0	364,592	257,893		622,485
Loans and borrowings	6(h)	-	-	58,256,154	58,256,154
		364,592	**257,893**	**69,674,069**	**70,296,554**

** excluding non-financial liabilities

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

Financial assets and financial liabilities (continued)

6(a) Trade and other receivables

	31 March 2020			31 December 2019		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	5,008,414	54,830	5,063,244	5,570,873	24,242	5,595,115
Impairment for credit losses (note 0)	(423,036)	-	(423,036)	(333,424)	-	(333,424)
	4,585,378	**54,830**	**4,640,208**	**5,237,449**	**24,242**	**5,261,691**
Other receivables	1,559,990	887,294	2,447,284	1,183,400	970,691	2,154,091
Impairment losses	(533,083)	(113,112)	(646,195)	(526,936)	(109,824)	(636,760)
	1,026,907	**774,182**	**1,801,089**	**656,464**	**860,867**	**1,517,331**
Financial assets at amortised cost						
Prepayments	664,475	955	665,430	859,397	14,636	874,033
Total trade and other receivables	**6,276,760**	**829,967**	**7,106,727**	**6,753,310**	**899,745**	**7,653,055**

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. 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 29(n) and notes 29(j)(iv) respectively.

(ii) Other receivables

These amounts are 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.

(iii) 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.

(iv) 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 27(b) and note 0.

(v) Significant estimates

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

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Financial assets and financial liabilities (continued)

6(b) Available-for-sale financial assets

	31 March 2020	31 December 2019
Non-current assets		
Unlisted equity securities	12,281	12,314
	12,281	**12,314**

(i) Classification of available for sale financial assets

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, or loans and receivables) are also included in the available-for-sale category.

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) Impairment indicators for available for sale financial assets

An equity security is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost. See note 29(j)(iv) for further details about the Group's impairment policies for financial assets.

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

During the period, the following losses were recognised in profit or loss and other comprehensive income.

	31 March 2020	31 December 2019
losses recognised in other comprehensive income (see note 8(c))	(772)	(2,079)
	(772)	**(2,079)**

(iv) Fair value, impairment and risk exposure

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

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

	31 March 2020	31 December 2019
Current assets		
Egyptian listed equity securities	2,476	3,010
	2,476	**3,010**

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Financial assets and financial liabilities (continued)

(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. The Group has not elected to designate any financial assets at fair value through profit or loss. See note 29(j) for the Group's other accounting policies for financial assets.

(ii) Amounts recognised in profit or loss

Changes in fair values of financial assets at fair value through profit or loss are recorded in "Other income (loss)" in profit or loss (2020 – loss of EGP (534); 2019 – loss of EGP 1,096).

(iii) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in note 27(b). For information about the methods and assumptions used in determining fair value please refer to note 6(i) below.

6(d) Cash at bank and in hand

	31 March 2020	31 December 2019
Current assets		
Time deposits	395,873	398,263
Banks - current accounts	2,697,860	1,857,051
Cheques under collection	13,337	15,578
Letters of guarantee	41,529	37,885
Cash on hand	12,457	6,565
Treasury bills	1,652,449	1,352,472
	4,813,505	**3,667,814**
Impairment on Banks accounts	(96)	-
EAS 47 adoption	(26,674)	-
	4,786,735	**3,667,814**

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial period as follows:

	31 March 2020	31 December 2019
Balances as above	4,786,735	3,667,814
Restricted cash	(681,255)	(680,885)
Treasury bills	(1,138,633)	(1,187,945)
Balances per statement of cash flows	**2,966,847**	**1,798,984**

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

Financial assets and financial liabilities (continued)

(ii) Classification as cash equivalents

Term deposits are held with banks and presented as cash equivalents if they have a maturity of three months or less from the date of placement and are repayable with 24 hours' notice with no loss of interest. Treasury bills included under Cash and cash equivalent have original maturities of not more than three months from the date of acquisition, are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. See note 29(o) for the Group's other accounting policies on cash and cash equivalents.

(iii) Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows include EGP 41.5M (2019 – EGP 38M), which are placed with banks as cash cover for letters of guarantee issued in favour of the Group, EGP 383M in time deposits that are held by HSBC bank as collateral against the loan granted to Citadel Capital for International Investments on December 24, 2019 for a period of 6 months, EGP 255M (2019 – EGP 260M) that are held by HSBC bank as collateral against the loan. The restriction will be released upon the full repayment of EIB loan and therefore are not available for general use by the entities within the Group.

The average effective interest rate on deposits at 31 March 2020 is 10.25 % (2019 – was 10 %). Time deposits and current accounts with banks are placed with local banks under the supervision of CBE.

(iv) Treasury bills

The Treasury bills disclosed above and in the statement of cash flows include EGP 1.1Billion (2019 – EGP 1.2 Billion) with maturity date more than three month but less than one year.

6(e) Trade and other payables

	31 March 2020			31 December 2019		
	Current	Non-current	Total	Current	Non-current	Total
Trade Payables *	5,380,039	346,321	5,726,360	5,607,034	294,323	5,901,357
Accrued expenses	3,582,525	-	3,582,525	2,742,992	-	2,742,992
Advances from customers	262,054	-	262,054	151,201	-	151,201
Deferred revenue	255,065	-	255,065	203,970	-	203,970
Tax authority payable	1,082,789	-	1,082,789	1,082,670	-	1,082,670
Social insurance authority	85,855	-	85,855	84,104	-	84,104
Other credit balances	678,481	4,774	683,255	807,372	4,932	812,304
Total trade and other payables	**11,326,808**	**351,095**	**11,677,903**	**10,679,343**	**299,255**	**10,978,598**

* Current Trade payables are unsecured and are usually paid within 60 days of recognition.

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.

* This balance includes the amount of EGP 542 million that is payable to Egyptian General Petroleum Corporation (EGPC) represents in purchases of unrefined petroleum products.

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Financial assets and financial liabilities (continued)

6(f) Financial derivatives assets (liabilities)

	31 March 2020	31 December 2019
Derivative financial liabilities of interest rate swap	(658,735)	(257,893)
	(658,735)	**(257,893)**

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

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

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

The main terms of the transactions for Credit Agricole:
Trade date: January 24, 2018
Effective date: February 28, 2018
Termination date: June 22, 2020
Floating rate paid by bank is USD – LIBOR – BBA 6 months (Cap Rate) is 2.350000%
Payment date: Semi – annually on 19th commencing 19th – June -2018 till termination date

Maximum estimated amount under these transactions are:

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

Maximum notional amount covered under Credit Agricole are US$ 840,000,000 from the effective date till 22-June-2020

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

	31 March 2020	31 December 2019
Interest rate swaps – cash flow hedges		
Balance at 1 January	(257,893)	212,556
Change in fair value	(408,430)	(470,363)
Forex	7,588	(86)
Ending balance	**(658,735)**	**(257,893)**

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Financial assets and financial liabilities (continued)

The outstanding Interest Rate Swap (IRS) contracts at 31 March 2020 amounted to EGP 14.4 billion (31 December 2019: EGP 14.7 billion) equivalent to US $ 919.7 million (31 December 2019: US $919.7 million).

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

The Hedging effectiveness test conducted at 31 March 2020 indicated that the IRS was highly effective, and accordingly the change in fair value of the IRS was recognised in other comprehensive income.

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

	31 March 2020	31 December 2019
Opening balance at 1 January	364,592	355,296
Financial liability fair value change through profit or loss	38,283	36,238
Interest expense	3,229	12,559
Foreign currency translation differences	(7,332)	(39,501)
	398,772	**364,592**

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

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

Fair value of the outstanding liability recognized as of 31 March 2020 is US $25,432 (31 December 2019: US $22,801).

6(h) Borrowings

	31 March 2020			31 December 2019		
	Current	Non-current	Total	Current	Non-current	Total
Secured						
Bank loans	11,906,257	38,981,910	**50,888,167**	12,091,838	39,568,897	51,660,735
Loans from related parties	2,352,637	784,925	**3,137,562**	2,329,862	789,275	3,119,137
	14,258,894	**39,766,835**	**54,025,729**	**14,421,700**	**40,358,172**	**54,779,872**
Unsecured						
Short term facilities and bank overdrafts	3,864,359	-	**3,864,359**	3,476,282	-	3,476,282
	3,864,359	-	**3,864,359**	**3,476,282**	-	**3,476,282**
Total borrowings	**18,123,253**	**39,766,835**	**57,890,088**	**17,897,982**	**40,358,172**	**58,256,154**

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Financial assets and financial liabilities (continued)

(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:

Entity / Lender	Outstanding balance 31 March 2020	Outstanding balance 31 December 2019	Guarantees and debt covenants
Arab Financial Investments Company (AFIC)			
Commercial International Bank	203,909	203,907	- pledge for the shares owned in Asec Cement which cover more than 100% from the liability, in addition to pledge of all tangible and intangible assets. A renegotiated agreement was signed with bank in September 2018
Dina for Agriculture Investments			
Ahli United Bank The United Bank Egyptian Arab Land Bank	143,806	157,502	- First degree real estate mortgage for all the company's assets First degree real estate pledge in favour of banks over the 7172 acres land owned by the company excluding land subject to sale.
National Development and Trading company			
Qatar National Bank QNB	295,205	289,973	- Partial pledge of ASEC Cement company shares A rescheduling contract signed on 30 July 2019, loan to be settled fully on 30 June 2020
Arab Investment Bank	142,261	142,181	- Partial pledge of ASEC Cement Co. shares, ASEC Engineering shares and ASENPRO shares in favour of bank. A rescheduling contract signed on 9 July 2019, loan to be settled fully on 30 June 2020
Industrial Development and workers bank of Egypt	321,091	321,014	- Pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ASEC automation shares in favour of bank. - The loan was expected to be settled fully on December 2018 and the company defaulted in the payments and currently are negotiating with the bank for rescheduling the loan instalments, however, no default notice received or action taken by the lender.
Misr Iran Development Bank	222,938	228,822	- Pledge of 33.3 million of the Company's shares in its subsidiaries at a value of not less than 333% of the value of the loan amount, provided that the shares are owned by the Bank and the shares are distributed by the Bank approval. - The loan was expected to be settled fully on December 2018 and the company defaulted in the payments and currently are negotiating with the bank for rescheduling the loan instalments, however, no default notice received or action taken by the lender.
Arab Swiss Engineering Co. (ASEC)			
Ahli United Bank	62,424	61,397	- Granted by the administrative building owned by the company.
Al Baraka Bank	2,699	4,254	- Assignment of White Sinai Co. management contract.

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Entity / Lender	Outstanding balance 31 March 2020	Outstanding balance 31 December 2019	Guarantees and debt covenants
ASEC Cement Company			
Sudanese Egyptian Bank	10,080	26,185	- Pledge on the land of the factory, machinery and equipment of Al Takamoul for Cement Ltd. Co.
Animal Resources Bank	-	-	- The loan has been obtained with guarantee of cement issuing voucher equal to 100% of the Murabha value.
Taqa Arabia			
Commercial International Bank	426,103	426,103	- Pledge all stocks related to Gas Group in favour of the Bank. All dividends related to Gas Group should be transferred to Taqa Arabia account at HSBC, in which all transferred dividends must cover 1,25 of annual payment.
Taqa Marketing			
HSBC Banque De Caire National Bank of Egypt	95,982	85,793	- The company maintain a constant percentage in the contract plus restricted dividends distribution till payment of instalments and accrued interest.
Swent Group			
IFC	818,217	857,730	- 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.
Egyptian Refining Company ("ERC")			
Japan bank for International Cooperation	7,766,962	7,920,519	- The major covenants and guarantees for Egyptian Refining Company S.A.E ("ERC") syndicated loans with some exceptions to the general rules as stated in the common terms agreement are : - Commercial mortgage - Real mortgage for any acquisition or constructions having a book value of more than a specific amount. - Pledge for the shares of Arab Refining Company and Specialized Refining Consultancy S.A.E. - Promissory notes. - Guarantee contracts with EIB and KEXIM. - ERC shall comply with the insurance and reinsurance requirements. - ERC shall not incur or permit to subsist any Financial Indebtedness other than allowed Financial Indebtedness. - ERC shall not undertake any material capital or operating expenditures except for certain conditions as stated in the common terms agreement. - ERC shall not create or permit to subsist any Security Interest over all or any of its assets. - ERC shall not sell or otherwise dispose of all or any material part of its assets, either in a single transaction or a series of transactions that are outside the normal course of business. - 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.

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Entity / Lender	Outstanding balance 31 March 2020	Outstanding balance 31 December 2019	Guarantees and debt covenants
			- All shares and other instruments issued by ERC shall be subject to security as envisaged by the "common terms agreement" and the "Deed of Shareholder Support" unless such shares or other instruments are issued to a Government Entity, in which case they shall be subject to an irrevocable power of attorney. Loans renegotiation : - The first loan instalment was due on 20 December 2017. On 31 January 2018, an amended agreement was signed with banks based on which the loan has been rescheduled so that the first instalment will be due on 20 June 2019.
Group of commercial banks (NEXI Covered Lenders)	5,177,975	5,280,346	original, signed, undated and blank promissory notes. The Company has finalized all commercial and real estate mortgage procedures and registered at its Commercial Registration.
Export – Import Bank of Korea (KEXIM)	8,917,623	9,093,929	original, signed, undated and blank promissory notes. The Company has finalized all commercial and real estate mortgage procedures and registered at its Commercial Registration.
Financial institution (KEXIM Initial Guaranteed facility lenders)	2,588,987	2,640,173	original, signed, undated and blank promissory notes. The Company has finalized all commercial and real estate mortgage procedures and registered at its Commercial Registration.
European Investment Bank	6,472,468	6,600,432	original, signed, undated and blank promissory notes. The Company has finalized all commercial and real estate mortgage procedures and registered at its Commercial Registration.
African Development Bank	2,876,652	2,933,525	original, signed, undated and blank promissory notes. The Company has finalized all commercial and real estate mortgage procedures and registered at its Commercial Registration.
African Development Bank	577,217	578,535	original, signed, undated and blank promissory notes. The Company has finalized all commercial and real estate mortgage procedures and registered at its Commercial Registration.
GS Engineering & Construction Corp	1,157,857	1,167,940	original, signed, undated and blank promissory notes. The Company has finalized all commercial and real estate mortgage procedures and registered at its Commercial Registration.
GS Engineering & Construction Corp	1,773,423	1,788,867	original, signed, undated and blank promissory notes. The Company has finalized all commercial and real estate mortgage procedures and registered at its Commercial Registration.
MITSUI & CO. Ltd	3,665,116	3,692,987	original, signed, undated and blank promissory notes. The Company has finalized all commercial and real estate mortgage procedures and registered at its Commercial Registration.
Consent fees	169,003	172,345	Additional consent fee on total commitments amortized through the revised repayment schedule, provided that interest at the rate applicable under each Facility shall accrue on the outstanding consent fee amount as if it was loan principal under the Facility, such interest being payable on each interest payment date and also being characterized as consent fee.
Mitsui NEXI Insurance Premium-	202,529	206,533	original, signed, undated and blank promissory notes. The Company has finalized all commercial and real estate mortgage procedures and registered at its Commercial Registration.

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For the three months period ended 31 March 2020

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

Entity / Lender	Outstanding balance 31 March 2020	31 December 2019	Guarantees and debt covenants
Mitsui -compounded interest	64,489	62,489	original, signed, undated and blank promissory notes. The Company has finalized all commercial and real estate mortgage procedures and registered at its Commercial Registration.
Less : Deferred borrowing costs (Egyptian Refining Company)	(985,703)	(1,064,230)	This balance represents the necessary financing cost incurred by the Company to obtain the credit facility and loans required to finance its project. It will be amortized over the life of the loan using the effective interest rate.
Citadel Capital			
Citi Bank (syndication loan) and other banks (Arab African International Bank, Arab International bank, Bank De Caire, Banque Misr, and Piraeus bank)	3,782,154	3,856,929	- First degree lien contract of shares owned by the Company in National Development and Trading Company. - First degree lien contract of shares of one of the subsidiaries. Loans renegotiation: Renegotiations are currently in progress with lenders to reschedule debt repayment The debt covenants for these loans are as follows: - The Company must ensure that Consolidated Tangible Net Worth is not at any time less than U.S.$400 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 Tangible Net Worth is not more than 2:1 - The ratio of NDT Total Liabilities to NDT Tangible Net Worth is not more than 1:1 - The ratio of NDT Financial Indebtedness to NDT Tangible Net Worth is not more than 2:1 - The ratio of Gozour Financial Indebtedness to Gozour Tangible Net Worth is not more than 2:1 - The ratio of Taqa Arabia Financial Indebtedness to 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

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

Entity / Lender	Outstanding balance 31 March 2020	Outstanding balance 31 December 2019	Guarantees and debt covenants
International for Consultation			
Arab International Bank	477,393	487,938	Letter of guarantee from Standard Chartered Bank of Korea Limited with the amount due to Arab International Bank. **Loans renegotiation :** The company renegotiated its loan in September 2018 with the bank to reach a rescheduled repayment. There are no debt covenants set by the bank but the loan is covered by letters of guarantee
National Company for Refining Consultation			
Arab International Bank	1,400,151	1,394,668	Pledge of the Company's shares (50 million) in Orient Investments Properties Ltd. In favour of the bank. Debt renegotiation : The company renegotiated its loan in September 2018 with the bank to reach a rescheduled repayment.
National Company for Multimodal Transport			
Arab African International Bank, and Banque Misr (syndicated loan)	780,013	741,536	- 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 favour of the Security Agent for itself and on behalf of the banks. - Assign all borrower's compensation rights under the insurance policies covering the borrower new barges during construction in favour of the Security Agent (Arab African International Bank) for itself & on behalf of the banks. - Assign proceeds from long term transportation service contracts signed with the borrower's customers in favour of the Security Agent. - Assign the borrower's rights of any damages arising under the Material project contracts and related banks' guarantees under such contracts in favour of Security Agent - The debt service ratio to be not less than 1.1 till the date of repayment of the loans. **Debt renegotiation :** Negotiation is currently in progress with banks to reschedule the loan instalments.
ASCOM company for chemicals and carbonates manufacturing			
Ahli United Bank	149,379	156,394	- 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.

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Entity / Lender	Outstanding balance 31 March 2020	Outstanding balance 31 December 2019	Guarantees and debt covenants
			- The company undertakes not to change, pledge, mortgage, sell or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the bank. - The waiver of the value of final letter of guarantee issued by ALPINE, provided that such letter is acceptable to the Bank and is expressly waived in favour of the Bank. - Opening the account of the insurance proceeds with the bank. - Maintain certain financial ratios as well as some commitments related to new borrowing operations, dividends and new investments. - The debt service ratio is not less than 1:2 for the entire period and the financial leverage shall not exceed 1 during the financing period. **Debt renegotiation :** The company renegotiated its loan in October 2018 with the bank to reach a rescheduled repayment where by, the first instalment will be due on 1 January 2019 and the last instalment will be due on 1 July 2020.
Glass Rock company for isolation			
Banque Misr	568,728	586,581	- First degree mortgage for all property and real estate on the project. - First degree commercial mortgage on all physical and moral assets. - Deposit all earnings resulting from future sale contracts in favour of the bank. - The company undertakes not to change, pledge, mortgage, sell or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the bank. - ASEC company for mining (the holding company) undertake the obligation to pay the company's debt in case of default. - The Financial leverage should not exceed 2.5 in 2018 and 1.2 in 2019,2020 & 2021. - The Current ratio should not be less than 1 in years 2017 to 2021. - The Debt service ratio should not be less than 1.2 in the years 2018 to 2021. - The company's sales in foreign currencies should be used to pay instalments. - The company should have 80% of free cash flow that should be used to make mandatory accelerated payment of instalments. - Any payment of intercompany loans, dividends or capital expenditures should not be done before getting written approval from the bank - During 2019, the company renegotiated its borrowings with the banks to reach a rescheduled repayment where by, the instalments will be repaid over 9 years.
Trimstone Assets Holdings Ltd.			
Arab International Bank	151,337	154,322	- First degree pledge over all shares owned TAQA Arabia covering 115% of the value of the existing liability in favour of Arab international Bank

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Entity / Lender	Outstanding balance 31 March 2020	Outstanding balance 31 December 2019	Guarantees and debt covenants
			- First degree pledge over shares of Citadel Capital for financial consultancy covering 35% of the value of the existing liability in favour of Arab international Bank Debt renegotiation : The full principal of the loan and accrued interest was due on 30 September 2015 and the company didn't pay on due dates and currently the company is negotiating with the banks to reschedule the loan repayments and no agreement is reached yet between the company and the bank.
Windsor for trading and Manufacturing			
Qatar National Bank	10,409	11,025	- First degree commercial mortgage on materials, and related tools and equipment. - Not to make any distributions unless the instalments are fully paid and commitment to some financial ratios
United Company for Paper and Carton			
Arab African International Bank	340,939	340,500	- 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.
El Baddar			
QNB	58,351	51,591	- EGP 40 million tenor 1 year ended Dec.2020 secured by Shorouk undertaking. - EGP 30 m tenor 5 years ended Dec.2024 on a quarterly instalments secured by assets mortgage
	50,888,167	**51,660,735**	

Loans from related parties

Entity/ Lender	Outstanding balance 31 March 2020	Outstanding balance 31 December 2019	Guarantees and debt covenants
National Development and Trading Company			
Financial Holding International	2,028,812	2,011,187	The guarantees are represented in lien on part of National Development and Trading Company shares in Arab Swiss Engineering Co.
Ali Bin Hassan Dayekh	42,171	41,805	
United Foundries			
Financial Holding International	130,410	130,996	The guarantees are represented in a first degree lien of United Foundries Company shares in Ameryah Metal Company (one of its subsidiaries) with a percentage of 99.72%
Orient			
QPI Egypt, QPI Limited and ARC	831,268	833,385	Distribution of dividends shall be permitted during the grace period and at any repayment date to the extent, in the latter case, that scheduled repayments due at such repayment date and/or any deferred repayments from previous repayment dates are repaid.
Grandview			
Yousef Allam & CO	104,901	101,764	There are no Guarantees and debt covenants and this balance represents payment under capital increase and till reporting date the Company did not start legal procedures to capitalise this amount to capital.
	3,137,562	**3,119,137**	

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

Financial assets and financial liabilities (continued)

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

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

(ii) Compliance with loan covenants

The Group has not complied with all of the financial covenants of its borrowing facilities during the three months ended 31 March 2020 and 31 December 2019 reporting period, see note 6(h)(i) for details.

(iii) Fair value

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

(iv) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 27 (b).

6(i) Recognised fair value measurements

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under EAS 45 *"Fair value measurement"*. An explanation of each level follows underneath the table.

Recurring fair value measurements **At 31 March 2020**	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets at FVPL					
Egyptian listed equity instruments	6(c)	2,476	-	-	2,476
Available for sale financial assets					
Unlisted equity instruments	6(b)	-	12,281	-	12,281
Total financial assets		**2,476**	**12,281**	**-**	**14,757**
Financial liabilities					
Hedging derivatives – interest rate swaps	6 (f)	-	-	658,735	658,735
Trading derivatives	6(g)	-	398,772	-	398,772
Total financial liabilities		**-**	**398,772**	**658,735**	**1,057,507**

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

Financial assets and financial liabilities (continued)

Recurring fair value measurements At 31 December 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVPL					
Egyptian listed equity instruments	6(c)	3,010	-	-	3,010
Available for sale financial assets					
Unlisted equity instruments	6(b)	-	12,314	-	12,314
Total financial assets		**3,010**	**12,314**	**-**	**15,324**
Financial liabilities					
Hedging derivatives – interest rate swaps	6 (f)	-	-	257,893	257,893
Trading derivatives	6(g)	-	364,592	-	364,592
Total financial liabilities		**-**	**364,592**	**257,893**	**622,485**

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the period /year.

Level 1: The fair value of financial instruments traded in active markets (such as trading instruments) is based on quoted market prices 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.

(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
- the available for sale 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.

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

Financial assets and financial liabilities (continued)

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

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

	Hedging derivatives	Total
Opening balance at 1 January 2019	**212,556**	**212,556**
losses recognised in other comprehensive income	(470,363)	**(470,363)**
Forex losses	(86)	**(86)**
Closing balance at 31 December 2019	**(257,893)**	**(257,893)**
losses recognised in other comprehensive income	(408,430)	**(408,430)**
Forex gain	7,588	**7,588**
Closing balance at 31 March 2020	**(658,735)**	**(658,735)**

(iv) Valuation inputs and relationships to fair value

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

	Fair value at			Range of Inputs		
Description	**31 March 2020**	**31 December 2019**	**Un-observable inputs ***	**31 March 2020**	**31 December 2019**	**Relationship of unobservable inputs to fair value**
Hedging derivatives – Interest rate swaps	(658,735)	(257,893)	Credit default rate	1.32%	1.32%	Applying a credit risk rate of 1.32% results in a change in fair value of hedging derivatives.

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

(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 group.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

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7. Non-financial assets and liabilities

7(a) Fixed assets

Non-current	Freehold land	Freehold buildings	Furniture, fittings and equipment	Machinery, barges and vehicles	Assets under construction	Total
At 1 January 2019						
Cost	2,008,127	1,702,939	538,659	6,644,752	65,702,980	**76,597,457**
Accumulated depreciation and impairment	(184)	(488,309)	(440,828)	(3,423,260)	(572,512)	**(4,925,093)**
Net book amount	**2,007,943**	**1,214,630**	**97,831**	**3,221,492**	**65,130,468**	**71,672,364**
Year ended 31 December 2019						
Opening net book amount	2,007,943	1,214,630	97,831	3,221,492	65,130,468	**71,672,364**
Additions	48,791	128,071	36,778	252,787	5,666,344	**6,132,771**
Disposals	(43,393)	(8,817)	(3,793)	(48,160)	(1,657)	**(105,820)**
Transfers from assets under construction	4,231	1,126,374	6,164	48,423	(1,185,192)	**-**
Transfers from assets held for sale - cost	33,763	161,418	18,797	282,532	15,674	**512,184**
Transfer to intangible assets	-	-	-	-	(6,862)	**(6,862)**
Foreign currency translation difference – cost	(105,855)	(230,241)	(24,051)	(831,634)	(6,912,234)	**(8,104,015)**
Effect of hyper-inflation – cost	1,138	41,348	2,156	567,770	(6,446)	**605,966**
Depreciation expense	(41)	(97,071)	(39,444)	(351,180)	-	**(487,736)**
Accumulated depreciation of disposals	-	2,181	2,627	37,261	-	**42,069**
Foreign currency translation difference – accumulated depreciation	557	46,118	13,044	281,782	22,472	**363,973**
Effect of hyper-inflation – accumulated depreciation	(36)	(24,694)	(2,211)	(171,692)	-	**(198,633)**
Transfers from assets held for sale - accumulated depreciation	-	(92,206)	(17,837)	(268,755)	-	**(378,798)**
Net book value at 31 December 2019	**1,947,098**	**2,267,111**	**90,061**	**3,020,626**	**62,722,567**	**70,047,463**
At 31 December 2019						
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**
Period ended 31 March 2020						
Opening net book amount before EAS 47 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 47 adjustment	**1,900,142**	**2,234,766**	**90,061**	**2,966,086**	**62,480,634**	**69,671,689**
Additions	-	564,435	3,108	385,050	82,957	**1,035,550**
Disposals	-	(4,479)	(1,033)	(16,402)	-	**(21,914)**
Transfers from assets under construction	-	60,557,376	699	9,118	(60,567,193)	**-**
Foreign currency translation difference – cost	(16,274)	(449,325)	(7,153)	(519,481)	(821,724)	**(1,813,957)**
Effect of hyper-inflation – cost	846	20,155	1,344	271,208	-	**293,553**
Depreciation expense	(18)	(530,631)	(9,432)	(123,549)	-	**(663,630)**
Accumulated depreciation of disposals	-	3,800	1,027	16,396	-	**21,223**
Foreign currency translation difference – accumulated depreciation	248	28,983	4,272	191,858	3,725	**229,086**
Effect of hyper-inflation – accumulated depreciation	(138)	(13,829)	(1,457)	(100,184)	-	**(115,608)**
Net book value at 31 March 2020	**1,884,806**	**62,411,251**	**81,436**	**3,080,100**	**1,178,399**	**68,635,992**
At 31 March 2020						
Cost	1,884,418	63,576,909	571,675	6,987,186	1,724,714	**74,744,902**
Accumulated depreciation and impairment	388	(1,165,658)	(490,239)	(3,907,086)	(546,315)	**(6,108,910)**
Net book amount	**1,884,806**	**62,411,251**	**81,436**	**3,080,100**	**1,178,399**	**68,635,992**

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Non-financial assets and liabilities (continued)

(i) Depreciation, method used and useful lives

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

	31 March 2020	31 December 2019
Cost of sales	624,709	379,638
General and administration expenses	38,921	108,098
	663,630	**487,736**

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

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

(ii) Proceeds from sale of fixed assets

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

	31 March 2020	31 December 2019
Net book value for disposal assets	691	63,751
Gain on disposal of fixed assets (Note 12)	22,402	43,540
Proceeds from sale of fixed assets	**23,093**	**107,291**

(iii) Changes in estimates

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

The subsidiary Takamol Sudan is operating in a hyperinflationary economy from 1 January 2018 onwards. Hyperinflation accounting resulted in the write up of non-monetary assets and a resulting increase in the carrying value of these operations. No impairment indicators identified during the period.

(iv) Non-current assets pledged as security

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

	Carrying amount of fixed assets
Subsidiaries:	
National Company for Development and Trading "NDT"	888,283
Orient Investment Properties Ltd.	61,396,543
Asec for Mining – ASCOM	777,837
Taqa Marketing	148,138

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

Non-financial assets and liabilities (continued)

(v) Projects under construction

Balance of projects under construction comprises of the following:

	31 March 2020	31 December 2019
Energy sector	946,713	62,529,341
Transportation and logistics sector	92,914	88,174
Packaging and printing sector	71,317	44,601
Financial services sector	23,130	23,160
Agriculture and food sector	23,412	17,902
Cement sector	16,070	16,126
Mining sector	1,448	1,447
Others	3,395	1,816
Total	**1,178,399**	**62,722,567**

(vi) Critical accounting estimates and assumption

1. *Useful life of fixed assets*

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

2. *Impairment of Fixed asset*

Due to the COVID-19 pandemic there was indicators for impairment of fixed assets, the Group test the fixed asset impairment based on recoverable amount of cash-generating unit is estimated by calculating the value in use, using pre-tax cash flows based on financial budgets approved by management, which cover a period of five years maximum. The management determines the specific assumptions of cash flow forecasts based on past experience and expectations of the market. Group management determines assumptions related to cash flow forecasting based on sales growth and operating costs and estimated profits.

Fixed assets is allocated to cash-generating units (CGUs, which represent the lowest level within the Group at which the fixed assets is monitored by management which is the level of the operating segment)

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

Non-financial assets and liabilities (continued)

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

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
Energy	4%	21%	11%
Cement	4%	16.7%	23.3%
Mining	4%	17.6%	31%
Agriculture food industries	4%	20%	28%
Packaging & printing sector	4%	17.4%	24.4%
Other	4%	16.4%	17.6%

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 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.

(vii) Impairment charge

During the period ended 31 March 2020, no impairment losses were recognized in the fixed assets.

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

Non-financial assets and liabilities (continued)

7(b) Leases

1. Right of use assets

Non-current	Land	Buildings	Electricity supply contract	Machinery	Vehicles	Quarry	Total
Period ended 31 March 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 period	-	2,044	-	-	-	-	**2,044**
Additions due to application of EAS 49	598,190	478,772	-	48,509	1,804	25,497	**1,152,772**
Foreign currency translation difference – cost	(5,125)	(7,602)	(4,690)	(1,216)	(30)	-	**(18,663)**
Accumulated amortization due to application of EAS 49	(14,692)	(7,437)	-	(28,198)	(170)	-	**(50,497)**
Amortization charged during the period	(7,820)	(10,430)	(6,048)	(3,121)	(318)	(427)	**(28,164)**
Impairment	-	(751)	-	-	-	(230)	**(981)**
Foreign currency translation difference – accumulated amortization	329	65	38	210	29	(2)	**669**
Net book value at 31 March 2020	**617,838**	**487,006**	**231,233**	**69,251**	**2,788**	**24,838**	**1,432,954**
At 31 March 2020							
Cost	640,021	505,559	237,243	104,209	3,635	25,497	**1,516,164**
Accumulated amortization and impairment	(22,183)	(18,553)	(6,010)	(34,958)	(847)	(659)	**(83,210)**
Net book amount	**617,838**	**487,006**	**231,233**	**69,251**	**2,788**	**24,838**	**1,432,954**

2. Lease liabilities

	31 March 2020	**31 December 2019**
Current	264,701	98,300
Non- Current	1,175,365	184,787
	1,440,066	**283,087**

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

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

	31 March 2020	**31 December 2019**
Interest expense (included in finance cost)	26,080	-
Expense related to short term and low value leases (included in COGS and G&A)	65,280	-

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

Non-financial assets and liabilities (continued)

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

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 payment 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.

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.

7(c) Intangible assets

	Computer software	Exploration license and extraction	Trademark	Customer contracts	Other license	Total
The period ended 31 March 2020						
Net book value at 1 January 2020	**24,083**	**-**	**123,234**	**178,086**	**-**	**325,403**
Additions	-	727	-	-	-	**727**
Foreign currency translation differences – cost	(942)	-	-	-	-	**(942)**
Amortization during the period	(1,369)	-	-	(6,196)	-	**(7,565)**
Foreign currency translation differences-accumulated amortization	942	-	-	-	-	**942**
Net book value	**22,714**	**727**	**123,234**	**171,890**	**-**	**318,565**
31 March 2020						
Cost	73,885	41,411	369,512	461,637	5,101	**951,546**
Accumulated amortization	(51,109)	(8,406)	-	(289,747)	-	**(349,262)**
Accumulated impairment	(62)	(32,278)	(246,278)	-	(5,101)	**(283,719)**
Net carrying value	**22,714**	**727**	**123,234**	**171,890**	**-**	**318,565**

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

Non-financial assets and liabilities (continued)

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

(i) Amortization, method used and useful lives

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

	31 March 2020	31 December 2019
Cost of sales	1,369	5,324
General and administration expenses	6,196	25,164
	7,565	**30,488**

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

Licences	10 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.

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

Non-financial assets and liabilities (continued)

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.

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.

- Trademark amounted to EGP 14,955 as a result of the acquisition of Falcon for Agricultural Investments Ltd. that owns trademark of Dina Farms CGU which produces pasteurized fresh milk and sells dairy produce locally and internationally. These rights have no definite useful life.

(ii) Significant estimates

Impairment test for indefinite useful life intangible assets

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

The Group management test the impairment of the trademarks based on the recoverable amount for cash generating unit which is estimated by calculating the value in use by using net forecasted cash flow for the next five years. Management determine 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 March 2020 and 31 December 2019 are as follows:

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

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

Non-financial assets and liabilities (continued)

Sensitivity of recoverable amounts

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

The discount rate in the forecast period has been estimated to be 21%. If all other assumptions kept the same, and the discount rate is 30% would give a value in use exceed the current carrying amount.

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

	31 March 2020	31 December 2019
Average gross margin	28%	28%
Sales growth rate	15%	15%
Pre-tax discount rate	20%	20%
Growth rate beyond five years	4%	4%

Sensitivity of recoverable amount

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

The discount rate in the forecast period has been estimated to be 20%. If all other assumptions kept the same, and the discount rate is 27% would give a value in use exceed the current carrying amount.

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

7(d) Goodwill

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

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

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Non-financial assets and liabilities (continued)

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

(i) Significant estimates

Impairment of goodwill

The Group test 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. The 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 the level of the operating segment)

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.

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

	Dina for Agricultural Investments	Tawazon for Solid Waste Management
Growth rate beyond five years	4%	4%
Pre-tax discount rate	20%	21%
Average of gross profit	28%	20%

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 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.

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Non-financial assets and liabilities (continued)

(ii) Impairment charge

During the period ended 31 March 2020, no impairment losses were recognized in the goodwill related to Dina for Agriculture Investments and Tawazon for Solid Waste Management

7(e) Biological assets

	31 March 2020	31 December 2019
Non-current		
Pregnant heifer, dry and dairy cows	206,061	203,527
Heifers	152,093	145,904
Fruitful fruit gardens and orchards	6,426	6,636
Fruitless fruit gardens and orchards	3,865	3,098
	368,445	**359,165**
Current		
Plants	13,057	20,620
Accumulated impairment loss	(2,354)	(2,401)
Net	**10,703**	**18,219**
Total	**379,148**	**377,384**

Biological assets are accounted for in accordance with the Group policy disclosed in note 29(f) and is measured at fair value less cost to sell.

(i) Measuring biological assets at fair value:

Cattles are measured at fair value less cost to sell on the reporting date, based on market prices for similar age, breed and genetic. The fair value of dairy milk, growing fruit gardens and orchards is determined using the discounted cash flow model based on the expected fruits yield by plantation size, the market price for fruits after allowing for harvesting cost. the Group has classified its non-financial and assets and liabilities into the three levels prescribed under EAS 45 "*Fair value measurement*". An explanation of each level is provided in note 0.

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

(ii) Valuation process

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

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

	31 March 2020	31 December 2019
Balance as at 1 January	359,165	302,294
Gains resulted from the change in fair value less cost to sell	23,710	110,373
Decrease due to sales	(14,463)	(49,198)
Disposals	-	(1,491)
Foreign currency translation	33	(2,813)
Balance	**368,445**	**359,165**

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

Non-financial assets and liabilities (continued)

(iv) Financial risk strategy

The Group prices exposure for financial risks resulted from prices changes of dairy cattle and the Group did not expect decrease in dairy Cattles prices in the future, wherefore the Group did not have financial derivatives or contracts. Management review the price lists of dairy cattle consistency and take into consideration the effective risk management when needed. See note 0 for price risk management.

7(f) Deferred tax balances

	31 March2020		31 December 2019	
	Asset	Liabilities	Asset	Liabilities
Provisions	(20,927)	-	(14,707)	-
Fixed assets	-	704,234	-	191,068
Tax losses	(53,484)	-	(55,677)	-
Hedge Reserve – Swap Contract	(148,215)	4,993	(58,026)	8,457
Total	**(222,626)**	**709,227**	**(128,410)**	**199,525**
Net deferred tax liabilities		**486,601**		**71,115**

The movement of net deferred tax liabilities are as follows:

	31 March 2020	31 December 2019
Balance as of January 1 before EAS 47 adjustment	**71,115**	**197,340**
Adjustment due to EAS 47 (see Note 29(a) (v))	4,479	-
Balance as of January 1 after EAS 47 adjustment	**75,594**	**197,340**
Charged to the consolidated statement of profit or loss (Note 17)	528,265	(5,417)
Charged to the consolidated statement of other comprehensive income	91,315	(100,843)
Foreign currency translation differences	(208,573)	(19,965)
Net deferred tax liabilities	**486,601**	**71,115**

(i) Significant estimates

The deferred tax assets include an amount of EGP 53,484 which relates to carried forward tax losses of Grandview and NDT groups, The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The subsidiaries are expecting to generate taxable income from 2021 onwards. The losses can be carried forward for 5 years and would expire by 2026. The Group has unrecognised carry forward tax losses as of 31 December 2019 amounting to EGP 721M and the related deferred tax assets amounted to EGP 106M 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.

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Non-financial assets and liabilities (continued)

7(g) Inventories

	31 March 2020	31 December 2019
Consignment goods*	140,229	744,973
Raw materials	815,118	735,262
Spare parts	536,190	543,971
Work in process	186,139	304,533
Finished goods	235,370	265,912
Others	69,339	70,645
Oil and lubricants	10,798	12,515
Packing materials	8,063	10,117
Goods in transit	5,744	7,412
Letters of credit	25,072	18,972
Total	**2,032,062**	**2,714,312**
Less: Write-down of inventory provision	(41,873)	(43,658)
Net	**1,990,189**	**2,670,654**

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

The movement of the inventory provision was as follows:

	31 March 2020	31 December 2019
Balance at 1 January	43,658	39,684
Formed during the period / year	1,261	5,720
Inventory Write-off	(2,627)	-
Used during period / year	-	(333)
No longer required	-	(150)
Foreign currency translation differences	(419)	(1,263)
	41,873	**43,658**

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Non-financial assets and liabilities (continued)

7(h) Provisions

	Provision for claims*	Legal provisions	Other provisions	Total
Balance at 1 January 2019	1,318,280	2,223	837	**1,321,340**
Re-class from current tax liability	7,482	-	-	**7,482**
Provisions for capitalized PUC	-		134,316	**134,316**
Provisions formed	190,745	-	51,550	**242,295**
Provisions used	(173,163)	-	-	**(173,163)**
Provisions no longer required	(17,379)	-	(5,639)	**(23,018)**
Transferred from liabilities held for sale	115,928	-	1,692	**117,620**
Foreign currency translation	(8,479)	(45)	9,363	**839**
Balance at 31 December 2019 and 1 January 2020	**1,433,414**	**2,178**	**192,119**	**1,627,711**
Provisions formed (Note 13)	19,502	-	43,430	**62,932**
Provisions used	(14,324)	-	-	**(14,324)**
Provisions no longer required (Note 13)	(3,524)	-	(573)	**(4,097)**
Foreign currency translation	(3,076)	(10)	(249)	**(3,335)**
Balance at 31 March 2020	**1,431,992**	**2,168**	**234,727**	**1,668,887**

* 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.

7(i) Current income tax liabilities

	31 March 2020	31 December 2019
Balance at 1 January	221,512	176,895
Income tax paid during period / the year	(15,109)	(161,653)
Income tax for the period / year (Note 17)	72,370	223,734
Withholding tax paid	-	(30,286)
Transferred from assets held for sale	-	22,412
Foreign currency translation differences	(6,800)	(2,108)
Reclassification to provisions	-	(7,482)
	271,973	**221,512**

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8. Equity
8(a) Paid-up capital

The Company's authorized capital is EGP 10 Billion and the issued and paid-in capital is EGP 9.1 billion representing 1,820,000,000 shares distributed between 1,418,260,351 ordinary stocks and 401,739,649 preferred stocks. Preferred shares have the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extra-ordinary general assembly meeting held on 12 May 2008 and also paragraph No. (3) of article No. (18) of the Company's article of associations. Those preferred shares are owned by Citadel Capital Partners Ltd. Company, the principle shareholder of the Company. The shareholders' structure - is represented in the following:

Shareholder's name	Percentage	No. of Shares	Amount
Citadel Capital Partners Ltd.	23.49%	427,455,671	2,137,278
Olayan Saudi Investment company	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**

8(b) Legal reserve

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

8(c) Reserves

	Shareholders reserve	Fair value-available-for-sale financial assets	Foreign currency translation differences	Other reserves	Hedging reserve	Total
Balance at 1 January 2019	**(1,518,993)**	**3,154**	**2,832,256**	**(86,208)**	**24,955**	**1,255,164**
Effect of hyper-inflation economy	-	-	(168,845)	-	-	**(168,845)**
Revaluation fair value for available-for-sale financial assets	-	(2,079)	-	-	-	**(2,079)**
Foreign currency translation differences	159,044	-	(647,611)	-	-	**(488,567)**
The company's share in the change of equity of associates companies	-	-	-	16	-	**16**
Hedge risk in interest rates of swap contracts	-	-	-	-	(69,803)	**(69,803)**
Balance at 31 December 2019 and 1 January 2020	**(1,359,949)**	**1,075**	**2,015,800**	**(86,192)**	**(44,848)**	**525,886**
Effect of hyper-inflation economy	-	-	-	-	-	**-**
Revaluation of available-for-sale at fair value	-	(772)	-	-	-	**(772)**
Foreign currency translation differences	26,365	-	(77,493)	-	-	**(51,128)**
Reclassification for the split of Taqa electricity	-	-	-	29,869	-	**29,869**
Hedge risk in interest rates of swap contracts	-	-	-	-	(53,289)	**(53,289)**
Balance at 31 March 2020	**(1,333,584)**	**303**	**1,938,307**	**(56,323)**	**(98,137)**	**(450,566)**

Equity (continued)

(i) Shareholders reserve

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

EGPC has not assumed the risks related to the un-paid shares to which they have subscribed for in ERC share capital as EGPC is protected from any losses related to half of the shares, does not receive any dividends until the loan is settled and will benefit from the shares. EGPC assumes no downside on the ERC shares but receives the upside of the shares. The total amount of shares is USD 85.05 Million representing 6.28% shareholding in ERC.

The loan extended to EGPC does not accrue interest and there is no security or recourse to other assets for which contractual right of payment could be established, where shares paid on behalf of EGPC have been included in the non-controlling interest line item for the value of 2020: USD 85.05 Million . Until the loan is repaid, the shares will be continued to be shown as not issued to EGPC.

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

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

(ii) Hedging reserve

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

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

Performance

9. Segment information

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

9(a) Description of segments and principal activities

The following summary describes each reportable segment:

Energy sector

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

Cement Sector

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

Transportation and logistics

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

Mining

Citadel Capital Company investments in the mining sector help develop nations and add value to their natural resources. All of Group investments in the mining sector focus on research and development, precious metals mining, mining for the cement industry, quarry management and the production of insulation materials products for domestic and export consumption to help countries in Africa and the Middle East unlock their economic potential.

Agriculture food industries

Citadel Capital Company investments in agri-foods aim to overcome challenges facing the agricultural and food production sector in Egypt and the region. Citadel Capital Companies in the agri-foods sector bring trusted household names to market, through Dina farms, ICDP (Dina Farms' fresh dairy producer).

Packaging and printing sector

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

Notes to the consolidated interim financial statements
For the three months period ended 31 March 2020

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

Segment information (continued)

The following summary describes the entities of each reportable segment:

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

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

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

Financial services Sector:
- Citadel Capital Holding for Financial Investments
- Citadel Capital Ltd
- Sequoia Willlow Investments Ltd
- Arab Company for Financial Investments
- Lotus Alliance Limited
- Citadel Capital Holding for Financial Investment – Free Zone
- Citadel Capital for international Investment Ltd
- International for Mining Consultation
- International for Refinery Consultation
- Tanweer for Marketing and Distribution Company (Tanweer)
- Financial Unlimited for Financial Consulting
- Citadel Company for Investment Promotion
- National Company for Touristic and Property Investment
- United for Petroleum Refining Consultation
- Specialized for Refining Consulting
- Specialized for Real Estate Company
- National Company for Refining Consultation
- Citadel Capital Algeria
- Valencia Trading Holding Ltd.
- Andalusia Trading Investments
- Citadel Capital Financing Corp.
- Brennan Solutions Ltd.
- Mena Enterprises Ltd.
- Alcott Bedford Investments Ltd.
- Eco-Logic Ltd.
- Alder Burke Investments Ltd.
- Black Anchor Holdings Ltd.
- Cobalt Mendoza
- Africa Railways Investments Ltd.
- Darley Dale Investments Ltd.
- Citadel Capital Joint Investment Fund Management Limited
- Mena Joint Investment Fund
- Trimestone Assets Holding Limited – BVI
- Cardinal Vine Investments Ltd
- Global Service Realty Ltd
- Crondall Holdings Ltd
- Africa Joint Investments Fund
- Underscore International Holdings Ltd
- Valencia Regional Investments Ltd
- Sphinx Egypt for Financial Consulting Company
- Everys Holdings Limited
- Ledmore Holdings Ltd. Group
- Qalaa Energy Ltd.
- Investment Company for Modern Furniture

Mining Sector:
- ASEC company for mining (ASCOM)

Packaging and Printing Sector:
- Grandview Investment Holding

Cement Sector
- National Company for Development and Trading Group

Others:
- United Foundries Company

Notes to the consolidated interim financial statements
For the three months period ended 31 March 2020

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

Segment information (continued)

9(b) Segment results, assets, liabilities and

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 part transactions. The revenue from external parties is measured in the same way as in the statement of profit or loss.

31 March 2020	Segment revenue	Inter-segment revenue	Revenue from external customers	Timing of revenue recognition: At a point in time	Over time	Total
Energy	8,849,993	-	**8,849,993**	8,639,888	210,105	**8,849,993**
Cement	547,592	-	**547,592**	467,990	79,602	**547,592**
Transportation and logistics	86,577	-	**86,577**	86,577	-	**86,577**
Mining	228,401	-	**228,401**	228,401	-	**228,401**
Agriculture food industries	212,060	-	**212,060**	212,060	-	**212,060**
Financial services	1,550	(1,550)	**-**	-	-	**-**
Packaging & printing sector	431,108	-	**431,108**	431,108	-	**431,108**
Other	61,097	(8,655)	**52,442**	52,442	-	**52,442**
	10,418,378	**(10,205)**	**10,408,173**	**10,118,466**	**289,707**	**10,408,173**

31 March 2019	Segment revenue	Inter-segment revenue	Revenue from external customers	Timing of revenue recognition: At a point in time	Over time	Total
Energy	1,833,729	-	**1,833,729**	**1,833,729**	-	**1,833,729**
Cement	664,669	-	**664,669**	**664,669**	-	**664,669**
Transportation and logistics	47,778	-	**47,778**	**47,778**	-	**47,778**
Mining	271,192	-	**271,192**	**271,192**	-	**271,192**
Agriculture food industries	212,899	-	**212,899**	**212,899**	-	**212,899**
Financial services	1,350	(1,350)	**-**	**-**	-	**-**
Packaging & printing sector	492,626	**-**	**492,626**	**492,626**	-	**492,626**
Other	58,074	-	**58,074**	**58,074**	-	**58,074**
	3,582,317	**(1,350)**	**3,580,967**	**3,580,967**	**-**	**3,580,967**

Notes to the consolidated interim financial statements
For the three months period ended 31 March 2020

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

Segment information (continued)

9(c) Segment assets

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

Segment assets	31 March 2020			31 December 2019		
	Current assets	Non-current assets	Total assets	Current assets	Non-current assets	Total assets
Energy	9,930,985	66,507,825	**76,438,810**	9,927,110	66,493,662	**76,420,772**
Cement	2,804,581	1,497,798	**4,302,379**	2,913,671	1,660,964	**4,574,635**
Transportation and logistics	136,371	818,570	**954,941**	120,917	654,225	**775,142**
Mining	526,301	970,132	**1,496,433**	507,147	962,601	**1,469,748**
Agriculture food industries	260,012	1,100,080	**1,360,092**	337,080	1,088,525	**1,425,605**
Financial services	6,664,069	19,463,063	**26,127,132**	6,742,063	19,598,826	**26,340,889**
Packaging & printing sector	788,018	1,068,341	**1,856,359**	816,384	1,043,178	**1,859,562**
Other	114,398	26,812	**141,210**	121,135	25,519	**146,654**
	21,224,735	**91,452,621**	**112,677,356**	**21,485,507**	**91,527,500**	**113,013,007**
Elimination	(7,443,487)	(19,108,774)	**(26,552,261)**	(7,594,277)	(19,235,700)	**(26,829,977)**
Total	**13,781,248**	**72,343,847**	**86,125,095**	**13,891,230**	**72,291,800**	**86,183,030**

9(d) Segments liabilities

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

Segment liabilities	31 March 2020			31 December 2019		
	Current liabilities	Non-current liabilities	Total liabilities	Current liabilities	Non-current liabilities	Total liabilities
Energy	13,329,665	41,565,290	**54,894,955**	12,246,560	40,417,094	**52,663,654**
Cement	5,447,970	2,381,021	**7,828,991**	5,360,792	2,361,344	**7,722,136**
Transportation and logistics	1,934,886	185,123	**2,120,009**	1,865,819	32,046	**1,897,865**
Mining	1,358,316	170,054	**1,528,370**	1,342,757	140,500	**1,483,257**
Agriculture food industries	2,229,665	160,587	**2,390,252**	2,356,950	174,509	**2,531,459**
Financial services	18,805,811	426,679	**19,232,490**	18,783,087	435,060	**19,218,147**
Packaging & printing sector	996,294	537,319	**1,533,613**	1,071,012	482,482	**1,553,494**
Other	649,289	225,359	**874,648**	647,238	237,802	**885,040**
	44,751,896	**45,651,432**	**90,403,328**	**43,674,215**	**44,280,837**	**87,955,052**
Elimination	(10,840,672)	(2,990,175)	**(13,830,847)**	(10,974,147)	(2,981,205)	**(13,955,352)**
Total	**33,911,224**	**42,661,257**	**76,572,481**	**32,700,068**	**41,299,632**	**73,999,700**

Notes to the consolidated interim financial statements
For the three months period ended 31 March 2020

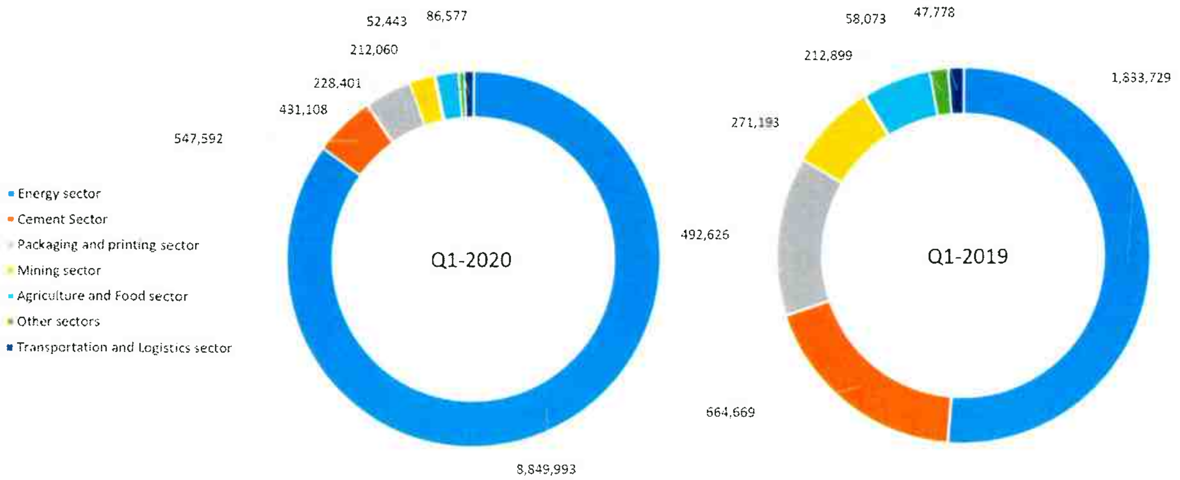
(All amounts in the notes are shown in Thousand Egyptian Pounds unless otherwise stated)

10. Revenue

	31 March 2020	31 March 2019
Energy sector	8,849,993	1,833,729
Cement Sector	547,592	664,669
Packaging and printing sector	431,108	492,626
Mining sector	228,401	271,193
Agriculture and Food sector	212,060	212,899
Other sectors	52,442	58,073
Transportation and Logistics sector	86,577	47,778
	10,408,173	**3,580,967**

10(a) Segment revenue

The five segments that drive majority of revenues from external sales are the energy, cement, packaging and printing, mining and agriculture food, with the energy segment contributes more than 80% of sales in the three months ended 31 March 2020 after the full operation of the refinery. Below is segment revenues after elimination of inter-segment sales.



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

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

	31 March 2020	31 March 2019
Current contract assets relating to Constructions contracts	66,562	-
Total contract assets	**66,562**	**-**

Notes to the consolidated interim financial statements
For the three months period ended 31 March 2020

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

Revenue (continued)

	31 March 2020	31 March 2019
Contract liabilities – Constructions contracts	4,464	-
Total current contract liabilities	**4,464**	**-**

11. Cost of revenue

	31 March 2020	31 March 2019
Energy sector	8,665,532	1,629,323
Cement Sector	533,521	531,271
Packaging and printing sector	313,801	402,511
Mining sector	173,113	199,472
Agriculture and Food sector	157,900	158,453
Other sectors	43,208	51,615
Transportation and Logistics sector	50,162	40,312
Financial services sector	3,945	3,560
	9,941,182	**3,016,517**

12. General, administrative, selling and marketing expenses

	31 March 2020	31 March 2019
Wages, salaries and similar items	188,281	155,507
Selling and marketing	70,921	74,171
Depreciation and amortization	45,117	34,390
Consultancy	35,656	16,915
Travel and accommodation	3,106	4,572
Rent	13,858	1,659
Advertising and public relations	3,013	1,320
Donations	3,075	3,006
Other	91,640	57,589
	454,667	**349,129**

Notes to the consolidated interim financial statements
For the three months period ended 31 March 2020

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

13. Other operating expenses

	31 March 2020	31 March 2019
Impairment of due from related parties formed (Note 21(a))	480	263
Impairment of due from related parties no longer required (Note 21(a))	(501)	(7,056)
Impairment of trade receivables and other debit balances formed (Note 27(c))	17,244	3,066
Impairment of trade receivables and other debit balances no longer required (Note 27(c))	(1,095)	(1,206)
Impairment of fixed assets (Note 7(a))	-	633
Gain on sale of fixed assets (Note 7(a))	(22,402)	(156)
Inventory provision formed (Note 7(g))	1,261	2,081
Inventory provision no longer required (Note 7(g))	-	(134)
(Gain) loss on sale of biological assets	4,440	(1,433)
Provisions formed (Note 7(h))	62,932	47,567
Provisions no longer required (Note 7(h))	(4,097)	(2,776)
Net change in the fair value of investments at fair value through profit and loss (Note 6(c))	534	1,096
Impairment of right of use assets (Note 7(b))	981	-
Impairment of Bank Accounts(Note 6(d))	96	-
Net change in the fair value of liabilities at fair value through profit and loss (Note 6(g))	38,283	3,212
Others	(4,915)	(3,501)
	93,241	**41,656**

14. Expenses by nature

	31 March 2020	31 March 2019
Cost of revenue	9,941,182	3,016,517
General, administrative, selling and marketing expenses (Note 12)	454,667	349,129
	10,395,849	**3,365,646**

	31 March 2020	31 March 2019
Fuel and lubricants	1,194,020	1,013,522
Manufacturing materials	6,123,003	687,621
Wages, salaries and other staff costs	595,471	392,888
Electricity and utilities supplies	680,612	368,632
Gas network construction	236,104	203,122
Depreciation and amortization	699,359	117,371
Rent	65,280	78,667
Supplies	71,303	73,347
Transportation and vehicles	45,626	63,262
Maintenance	40,510	58,391
Professional and consultancies fees	31,663	37,831
Tools and equipment	10,905	13,311
Gas car conversion	19,285	10,596
Travel and accommodation	8,061	9,392
Insurance	106,446	3,709
Promotion, advertisement and gifts and public relation	6,331	2,720
Others	461,870	231,264
	10,395,849	**3,365,646**

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

15. Finance costs – net

	31 March 2020	31 March 2019
Interest expenses	(1,201,090)	(505,970)
Credit interest	104,595	72,469
Foreign currency translation differences	150,396	181,332
Net	**(946,099)**	**(252,169)**

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

	31 March 2020	31 March 2019
Al Kateb Co for marketing and distribution	-	39
Al Sharq for book stores	308	109
Dar AL Shrook Company	(1,129)	196
Ascom Precious Metals (APM)	4,650	(12,989)
	3,829	**(12,645)**

17. Income tax

17(a) Income tax expense

	31 March 2020	31 March 2019
Current income tax	72,370	60,105
Prior period adjustments	-	2
Deferred income tax	528,265	5,261
Net	**600,635**	**65,368**

17(b) Significant estimates

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

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

Cash flows

18. Cash flow information

18(a) Net cash flow generated from operating activities

	Notes	31 March 2020	31 March 2019
Cash flows from operating activities			
Loss for the Period before income tax		(1,023,187)	(91,149)
Adjusted to:			
Depreciation and amortization	14	699,359	117,371
Impairment in right of use of assets	13	981	-
Unrealised forex (gain)/loss		(135,470)	8,487
Impairment of due from related parties - net	13	(21)	(6,793)
Impairment of trade and other receivables - net	13	16,149	1,860
Impairment of fixed assets	13	-	633
Write down of inventory – net	13	(1,366)	1,947
Share of profit of investments in associates	15	(3,829)	12,645
Effect of investments at fair value through profit or loss	13	534	1,096
Effect of financial liabilities at fair value through profit or loss	13	38,283	3,212
Gain on sale of fixed assets	13	(22,402)	(156)
Loss / (Gain) on sale of biological assets	13	4,440	(1,433)
Gains resulted from the change in FV less costs to sell of biological assets		(23,710)	(21,285)
Provisions – net	13	58,835	44,791
Interest expenses	15	1,201,090	505,970
Interest income	15	(104,595)	(72,469)
Operating profit before changes in working capital		**705,091**	**504,727**
Changes in working capital:			
Inventories		681,945	53,067
Trade and other receivables		436,425	(270,053)
Due from related parties		(42,925)	(23,264)
Due to related parties		177,117	(51,878)
Trade and other payables		(116,265)	1,717,035
Provisions used	7(h)	(14,324)	(40,588)
Income tax paid	7(i)	(15,109)	(16,823)
		1,811,955	**1,872,223**
Cash flows from operating activities of discontinued operations		253	(54,483)
Net cash flow generated from operating activities		**1,812,208**	**1,817,740**

18(b) Non-cash investing and financing activities

	31 March 2020	31 March 2019
Unrealised forex on borrowings	135,470	(8,487)
Right of use assets	(1,104,319)	-

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

Cash flow information (continued)

18(c) Net debt reconciliation

Below is an analysis of net debt and the movements in net debt for each of the periods presented.

	31 March 2020	31 December 2019
Net debt		
Cash and cash equivalent (note 5.d (i))	2,966,848	1,798,984
Borrowings – repayable within one year (including overdraft)	(18,387,954)	(17,996,282)
Borrowings – repayable after one year	(40,942,200)	(40,542,959)
Net debt	**(56,363,306)**	**(56,740,257)**

			Liabilities from financing activities				
			Finance lease		Borrowings		
	Cash	Cash equivalent	Due in 1 year	Due after 1 year	Due in 1 year	Due after 1 year	Total
Net debt at 1 January 2019	**1,025,051**	**5,326,000**	**(38,577)**	**(135,042)**	**(15,744,478)**	**(44,310,150)**	**(53,877,196)**
Cash flows	359,467	(5,146,210)	(46,062)	(187,823)	(2,153,504)	3,262,058	**(3,912,074)**
Acquisitions – borrowings	-	-	-	-	-	676,259	**676,259**
Other non-cash movements	234,676						**234,676**
Acquisitions – finance lease	-	-	-	138,078	-	-	**138,078**
Net debt as at 31 December 2019	**1,619,194**	**179,790**	**(84,639)**	**(184,787)**	**(17,897,982)**	**(40,371,833)**	**(56,740,257)**
Cash flows	862,210	89,198	(180,062)	113,741	(225,271)	14,626	**674,442**
Acquisitions – borrowings	-	-	-	-		135,470	**135,470**
Other non-cash movements	216,456	-	-	-		454,902	**671,358**
Acquisitions – finance lease	-	-	-	(1,104,319)	-	-	**(1,104,319)**
Net debt as at 31 March 2020	**2,697,860**	**268,988**	**(264,701)**	**(1,175,365)**	**(18,123,253)**	**(39,766,835)**	**(56,363,306)**

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

Unrecognised items

19. Contingent liabilities and contingent assets

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

19(a) ASEC Automation Co.

	31 March 2020	31 December 2019
Letters of guarantee	819	880

19(b) ASEC Environmental Protection Co.

	31 March 2020	31 December 2019
Letters of guarantee	551	551

19(c) Arab Swiss Engineering Co.

	31 March 2020		31 December 2019		
	Euro	EGP	Euro	Dirham	EGP
Letters of guarantee	639	28,512	-	-	33,928

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

	31 March 2020			31 December 2019		
	Euro	USD	EGP	Euro	USD	EGP
Letters of guarantee	-	2,409	93,128	-	-	126,883

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

19(e) United Foundries Company

	31 March 2020	31 December 2019
Letters of guarantee (outstanding)	884	1,482
Total	**884**	**1,482**

19(f) ASEC Cement

	31 March 2020	31 December 2019
Letters of guarantee – (unsecured portion)	15,730	-
Total	**15,730**	**-**

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

Contingent liabilities and contingent assets (continued)

19(g) ASEC Company for Mining

	31 March 2020	31 December 2019
Letters of guarantee – (unsecured portion)	18,630	18,648
Total	18,630	18,648

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

20. Commitments

20(a) Capital commitments

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

(i) Egyptian refining company

Non-exercised contracts amounted to USD 243 million equivalent to EGP 3.8 billion (31 December 2019: USD 258 million equivalent to EGP 4.12 billion)

(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 interim financial statements.

21(a) Due from related parties

		Nature of transactions		Outstanding balances	
Name of the Company	**Nature of relationship**	**Foreign Currency Translation Differences**	**Finance**	**31 March 2020**	**31 December 2019**
Golden Crescent Finco Ltd.	Investee	(9,093)	-	459,882	468,975
Emerald Financial Services Ltd.	Investee	(8,263)	-	392,301	400,564
Nile Valley Petroleum Ltd.	Investee	(6,703)	-	337,823	344,526
Benu one Ltd.	Investee	(3,249)	-	164,375	167,624
Citadel Capital Partners	Parent	-	23,775	126,520	102,745
Logria Holding Ltd,	Investee	(1,804)	-	99,141	100,945
Rotation Ventures	Investee	(1,687)	-	85,348	87,035
EIIC	Shareholder	(1,650)	15,780	94,080	79,950
Golden Crescent Investment Ltd.	Investee	(1,183)	-	59,823	61,006
Mena Glass Ltd	Associate	(1,066)	-	53,876	54,942
Castrol Lubricants	Associate	-	-	39,200	39,200
Egyptian Company for International Publication	Investee	200	-	26,660	26,460
Visionaire	Investee	(412)	-	20,843	21,255
Adena	Shareholder	(233)	-	11,760	11,993
Trianon	Investee	(6)	(2,050)	9,049	11,105
Nahda Company – Sudan	Investee	(200)	-	10,111	10,311
Hisham El Sherif	Shareholder	-	2,421	10,627	8,206
Citadel Capital AlQalaa- Saudi Arabia	Investee	(18)	-	1,189	1,207
Allmed Medical Industries	Associate	(316)	-	15,994	16,310
El Kateb for Marketing & Distribution	Associate	-	-	1,003	1,003
ASEC Electric Rewinding and Repair Co (REPLECO)	Investee	-	-	526	526
Ascom Precious Metals (APM)	Associate	-	-	209	209
Golden Resources	Investee	-	-	76	76
Citadel Capital East Africa	Investee	-	-	60	60
Egyptian Polypropylene Bags Co.	Investee	-	-	20	20
Others		(494)	5,472	65,714	60,736
Total				**2,086,210**	**2,076,989**
Less: Accumulated impairment loss*				(1,713,551)	(1,730,966)
				372,659	**346,023**

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

Related party transactions (continued)

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

	Balance as of 1 January 2020	Impact of EAS 47	Foreign Currency Translation Differences	Formed	Reversal of impairment	Balance as of 31 March 2020
Golden Crescent Finco Ltd.	468,975	-	(9,093)	-	-	459,882
Emerald Financial Services Ltd.	400,564	-	(7,762)	-	(501)	392,301
Nile Valley Petroleum Ltd.	344,526	-	(6,703)	-	-	337,823
Benu One Ltd	167,625	-	(3,249)	-	-	164,375
Logria Holding Ltd.	100,945	-	(1,804)	-	-	99,141
Rotation Ventures	87,034	-	(1,687)	-	-	85,348
Golden Crescent Investment Ltd.	61,006	-	(1,183)	-	-	59,823
Mena Glass	54,942	-	(1,066)	-	-	53,876
Visionaire	21,255	-	(412)	-	-	20,843
Nahda	10,311	-	(200)	-	-	10,111
Others	13,783	3	(232)	59	-	13,613
Egyptian Company for International Publication	-	-	-	406	-	406
El Kateb for Marketing & Distribution	-	-	-	15	-	15
Allmed Medical Industries	-	16,310	(316)	-	-	15,994
	1,730,966	**16,313**	**(33,707)**	**480**	**(501)**	**1,713,551**

21(b) Due to related parties

Name of the Company	Nature of relationship	Nature of transactions: Foreign Currency Translation Differences	Nature of transactions: Finance	Outstanding balances: 31 March 2020	Outstanding balances: 31 December 2019
Mena Glass Ltd.	Associate	(6,484)	-	536,976	543,460
Castrol Egypt	Associate	(622)	(11,888)	23,465	35,975
Sphinx Capital	Investee	(917)	-	20,525	21,442
Pharos Holding Company	Investee	-	-	488	488
ASEC Automation Co.-Free Zone	Investee	(263)	-	55	318
Asec Automation-Europe Co.	Investee	-	-	161	161
Others		(5,413)	205	8,328	13,536
				589,998	**615,380**
Due to shareholders					
IFC	Shareholder	(5,039)	14,142	264,367	255,264
Ali Abu Zied	Shareholder	-	13,946	213,090	227,036
Aly Hassan el Deyekh	Shareholder	(3,582)	7,863	186,449	182,168
FHI	Shareholder	(3,188)	8,179	166,779	161,788
Olayan*	Shareholder	(2,945)	223,441	299,416	78,920
Fenix one Ltd.	Shareholder	(1,144)	(1,568)	56,290	59,002
Ahmed Heikal	Chairman	-	(30,918)	766	31,684
El-Rashed	Shareholder	(493)	-	24,972	25,465
Omran	Shareholder	(313)	-	15,800	16,113
Sadek Ahmed Swedy	Shareholder	106	-	5,334	5,440
Glassco	Shareholder	(2)	(110)	-	112
Others		12,560	(332)	32,031	19,803
				1,265,294	**1,062,795**
				1,855,292	**1,678,175**

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Related party transactions (continued)

* The balance of US $ 25.5 million is secured against a guarantee of solidarity through Citadel Capital Partners Ltd, a major shareholder of the company.

21(c) Key management compensation

The Group paid EGP 103,258 – as salaries and benefits to senior management personnel during the period ended 31 March 2020 (31 December 2019: EGP 232,998).

22. (Losses) earnings per share

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

	31 March 2020	31 March 2019
Net loss for the period- Continued operations	(426,367)	(143,998)
Net gain (loss) for the period- Discontinued operations	21,354	(10,633)
Net loss for the period	(405,103)	(154,631)
Weighted average number of shares including preferred shares with the same distribution rights as ordinary shares	1,820,000	1,820,000

	31 March 2020	31 March 2019
Net Loss per share – Continued operation	(0.23)	(0.08)
Net earnings (Loss) per share – Discontinued operation	0.01	(0.006)
Loss per share (EGP)	**(0.22)**	**(0.08)**

Diluted (losses) / earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group does not have any categories of dilutive potential ordinary shares on 31 March 2020 and 31 March 2019, hence the diluted (losses) / earnings per share is the same as the basic (losses) / earnings per share.

23. Employees Stock Option Plan

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

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

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

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

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

24. Tax position of Citadel Capital Company

24(a) Corporate tax

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

24(b) Payroll tax

The Company deducts the salaries tax according to tax law no. 91/2005 and the Company's books have been inspected for the period since inception till 31 December 2009 but the authority did not inform the Company with results yet, and the years from 2010 to 2019 have not been inspected yet.

24(c) Stamp duty tax

The Company's books have been inspected since inception till 31 July 2006 and settled the due amounts resulted from inspection.

The Company's books have been inspected from 1 August 2006 to 31 December 2013 and the dispute has been transferred to Internal Committee.

The Company's books have not been inspected for the years after 2013.

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Tax position of Citadel Capital Company (continued)

24(d) Withholding tax

The Company applies the withholding tax in accordance with tax law No. 91/2005. The Company's books have not been inspected since inception till 31 March 2020.

25. Comparative figures

Certain comparative figures have been reclassified in the consolidated statement of financial position to conform with the current period presentation. The following table summarizes the reclassification on the consolidated financial position as at 31 December 2019.

	31 December 2019 As issued	Reclassifications	31 December 2019 After Reclassification
Fixed assets	70,047,463	(375,774)	69,671,689
Right of use assets	-	375,774	375,774
Loans and borrowings – Non-current portion	40,542,959	(184,787)	40,358,172
Loans and borrowings – Current portion	17,996,282	(98,300)	17,897,982
Lease liabilities – Non-current portion	-	184,787	184,787
Lease liabilities – Current portion	-	98,300	98,300

The results of the discontinued operations of the previous year of "ASEC for Manufacturing and Industrial Projects (ARESCO)" were reclassified to the consolidated statement of profit or loss items as a result of the Group's retreat from the decision to sell the company. The following table summarizes the reclassification on the consolidated statement of profit or loss as at 31 March 2019.

	31 March 2019 As issued	Reclassifications	31 March 2019 After Reclassification
Revenue	3,440,751	140,216	3,580,967
Cost of revenue	(2,890,353)	(126,164)	(3,016,517)
General and administrative expenses	(344,299)	(4,830)	(349,129)
Other operating expenses	(38,127)	(3,529)	(41,656)
Finance costs – net	(251,801)	(368)	(252,169)
Income tax expense	(65,548)	180	(65,368)
Loss from discontinued operations	(9,455)	(5,505)	(14,960)

Risk

26. 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.

26(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 significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- Impairment of trade receivables and other debit balances – note 6(a)(v)
- Useful life of fixed assets – note 7(a)(i)
- Useful life of intangible assets – note 7(c)(ii)
- Impairment of goodwill– note 7(d)(i)
- Provision for income tax – note 7(f)(i)
- Provisions – note 7(f)(i)

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

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

- Hyperinflationary Economies – See note 5(a)
- Consolidation of Arab Refining Company – S.A.E "ARC" and its subsidiary Egyptian Refining Company – S.A.E ("ERC") – note 3(e)(i)
- Control over Egypt Refining Company – note 3(e)(ii)

27. 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.

27(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.

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

Financial risk management (continued)

The Company has the following derivative financial instruments:

	31 March 2020	31 December 2019
Non-current (liabilities) assets		
Interest rate swap contracts – cash flow hedges	(658,735)	(257,893)
Total non-current derivative financial instrument (liabilities) assets	**(658,735)**	**(257,893)**

(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 29(l).

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.

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

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

There was no ineffectiveness during the period ended 31 March 2020 or the year ended 31 December 2019 in relation to the interest rate swaps.

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Financial risk management (continued)

27(b) Market risk

(i) Foreign exchange risks

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

	31 March 2020	31 December 2019
United States Dollar 10%	4,947	115,457
Euro 10%	63,527	62,805
Sterling Pound 10%	(177)	(206)
United Arab Emirates Dirham 10%	1,992	1,557
Saudi Arabia Riyal 10%	80	(47)
Sudanese Pound 10%	(11)	(10)
Algerian Dinar 10%	2,019	2,019
Swiss Franc 10%	(38)	68
Jordanian Dinar 10%	(36)	280
Libyan Dinar 10%	(753)	(779)
Riyal Omani 10%	(5,901)	(5,054)
Syrian Lira 10%	(852)	(852)

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

	31 March 2020			31 December 2019
	Assets	Liabilities	Net	Net
United States Dollar 10%	1,631,192	(1,581,727)	**49,465**	**1,154,572**
Euro 10%	1,215,791	(580,518)	**635,273**	**628,046**
Sterling Pound 10%	492	(2,259)	**(1,767)**	**(2,057)**
United Arab Emirates Dirham 10%	20,784	(862)	**19,922**	**15,566**
Saudi Arabia Riyal 10%	953	(150)	**803**	**(473)**
Sudanese Pound 10%	9	(115)	**(106)**	**(97)**
Algerian Dinar 10%	20,824	(631)	**20,193**	**20,193**
Swiss Franc 10%	675	(1,052)	**(377)**	**684**
Jordanian Dinar 10%	4	(360)	**(356)**	**2,802**
Libyan Dinar 10%	-	(7,529)	**(7,529)**	**(7,793)**
Riyal Omani 10%	-	(59,006)	**(59,006)**	**(50,537)**
Syrian Lira 10%	-	(8,523)	**(8,523)**	**(8,523)**

Notes to the consolidated interim financial statements
For the three months period ended 31 March 2020

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

The Group is also exposed to risks arising from environmental and climatic changes, and commodity prices affecting the biological asset held by the Group.

The Group has strong environmental policies and procedures in place to comply with environmental and other laws.

(iii) Cash flows and fair value interest rate risks

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy is to maintain at least 90% of Egyptian Refining Company S.A.E syndicate borrowings at fixed rate using interest rate swaps to achieve this when necessary. During the year ended 31 March 2020 and 31 December 2019, the group's borrowings at variable rate were mainly denominated in Egyptian Pounds and US Dollars.

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

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

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

	31 March 2020	% of loans	31 December 2019	% of loans
Variable rate borrowings	57,890,088	96.92%	58,539,241	94.85%

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

Financial risk management (continued)

27(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 are 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.

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

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

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

Balances exposed to credit risks are as follows:

	31 March 2020	31 December 2019
trade and other receivables	7,106,727	7,653,055
Due from related parties	372,659	346,023
Cash and bank balances	4,786,735	3,667,814
	12,266,121	**11,666,892**

Impairment of trade and other receivables movement represented as follows:

	31 March 2020	31 December 2019
Balance as of January 1 before EAS 47 adjustment	**972,184**	**950,181**
Adjustment due to EAS 47 (see Note 29(a) (v))	99,492	-
Balance as of January 1 after EAS 47 adjustment	**1,071,676**	**950,181**
Formed during the period / year	17,244	60,218
No longer required	(1,095)	(5,338)
Utilised during the period / year	(6,468)	(11,497)
Transfer from assets held for sale	-	21,965
Write off	(1,170)	-
Foreign currency translation differences	(10,956)	(43,345)
Balance	**1,069,231**	**972,184**

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

Financial risk management (continued)

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.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 March 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries 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

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

		Days past due			
March 31, 2020	**Current**	**< 30 days**	**Between 31 and 120 days**	**> 120 days**	**Total**
Expected loss rate, %	13%	7%	6%	12%	
Trade receivables	7,114,427	63,920	54,532	943,079	8,175,958
Expected credit losses	948,316	4,480	3,323	113,112	1,069,231
Trade receivables, net	**6,166,111**	**59,440**	**51,209**	**829,967**	**7,106,727**

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

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 past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the table above.

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

Financial risk management (continued)

27(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.

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

	Below 6 months	From 6 months to 1 year	From 1 year to 2 years	Above 2 years
31 December 2019				
Borrowings	3,504,440	14,608,310	8,321,585	32,104,906
Trade payables and other credit balances	-	10,679,343	299,255	-
Due to related parties	-	1,678,175	-	-
Total	**3,504,440**	**26,965,828**	**8,620,840**	**32,104,906**
31 March 2020				
Borrowings	16,030,375	2,092,878	8,608,041	31,158,794
Trade payables and other credit balances	11,321,110	5,698	31,600	319,495
Due to related parties	-	1,855,292	-	-
Total	**27,351,486**	**3,953,868**	**8,639,640**	**31,478,290**

28. 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.

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

Capital risk management (continued)

Net debt to total capital ratio

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

	31 March 2020	31 December 2019
Total borrowings		
Loans and borrowings	57,890,088	58,256,154
Less: Cash and bank balances	(4,786,735)	(3,667,814)
Net borrowings	**53,103,353**	**54,588,340**
Equity	9,552,614	12,183,330
Total capital	**62,655,967**	**66,771,670**
Net debt to total capital	**85%**	**82%**

29. Summary of significant accounting policies

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

29(a) Basis of preparation

(i) Compliance with EAS

The consolidated interim financial statements of the Citadel Capital Company "S.A.E." group have been prepared in accordance with Egyptian Accounting Standards (EAS) [EAS 30 "Interim Financial statements"], Egyptian Accounting Standards Interpretations (EAI) and relevant laws. The consolidated interim 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 interim 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

Summary of significant accounting policies (continued)

(iii) Going concern

As of 31 March 2020, the Group's accumulated losses amounted to approximately EGP 17.8 billion (31 December 2019: EGP 17.2 billion) and the Group's current liabilities exceeded its current assets by EGP 20.1 billion (31 December 2019: EGP 18.8 billion). The Group has made a net loss of approximately EGP 1.6 billion for the three months period ended 31 March 2020 (31 March 2019: EGP 171 million loss). In addition, the Group is also in breach of its existing debt covenants and some of the subsidiaries have defaulted in settling loan instalments on their due dates. Loans, including interest, amounting to EGP 6.2 billion where default has occurred which makes this amount repayable on demand, have been classified as current liabilities as at 31 March 2020. These circumstances indicate significant doubts as to whether the Group will be able to meet its debt obligations as they fall due and continue its operations without a significant curtailment.

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

Management have prepared a comprehensive cash flow forecast for the next 5 years resulting from the following management actions that will be implemented and some of these are already in an advanced completion stage. Furthermore, management forecasted increase in cash inflows from revenue operating activities as resulted from:

- Egyptian Refinery Company "ERC" is operating at 100% capacity utilization and has been classified as an asset at the beginning of January 2020 and has delivered a staggering EGP 6.8 billion in revenue.
- TAQA Arabia has also diversified its energy portfolio through the Benban solar energy project that commenced its operation in Q1 2019, which strengthened the Group's cash inflows. Further, TAQA is strengthening its market position through new openings that enhance its dominant position as major supplier for long-term strategic services under secured long-term contracts.
- Management has strategic capital transactions initiatives that will generate cash inflows through local and foreign investors, for the Energy operating segment which lies under strategic long-term secured customer contracts and other intangible assets.
- Implementing a restructuring and reorganisation plan for non-core assets which includes the disposal of non-core investments and assets. This is expected to contribute approximately EGP 500 million as cash proceeds from the disposals.
- Increase in the operational cash inflows in agricultural, printing and transportation operating segments resulting from management actions in place to restructure and reduce the fixed and variable costs, which will strengthen the management financial position.
- Management has reached advanced stages of negotiations over the restructuring of debts at the holding level and at a number of its subsidiaries ,Loans of approximately EGP 5 billion included currently within current liabilities are anticipated to be restructured onto a longer term basis and negotiations are underway in this regard with the lenders. The interest on these borrowings is expected to be serviced through the net cash savings resulting from the actions described above.

Summary of significant accounting policies (continued)

With the expected cash flows from the above strategic initiatives and debt restructuring plans, management is confident that sufficient cash flows will be generated to meet loans and debt obligations as they fall due and continue the operations of the Group without significant curtailment. Accordingly, the consolidated interim financial statements of the Group 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.

(v) New and amended standards adopted by the Group

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

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

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Summary of significant accounting policies (continued)

Impact on the financial statements

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

Statement of financial position	Opening balance sheet 1/1/2020	EAS 47	EAS 49 (Second phase)	Adjusted opening balance sheet
Assets				
Non-current assets				
Fixed assets	69,671,689	-	-	69,671,689
Right of use assets	375,774	-	1,102,275	1,478,049
Intangible assets	325,403	-	-	325,403
Goodwill	238,181	-	-	238,181
Biological assets	359,165	-	-	359,165
Investments in associates	281,119	-	-	281,119
Available for sale financial assets	12,314	-	-	12,314
Trade and other receivables	899,745	(99,492)	-	800,253
Deferred tax assets	128,410	4,946	(467)	132,889
Total non-current assets	**72,291,800**	**(94,546)**	**1,101,808**	**73,299,062**
Current assets				
Inventories	2,670,654	-	-	2,670,654
Biological assets	18,219	-	-	18,219
Trade and other receivables	6,753,310	-	-	6,753,310
Due from related parties	346,023	(16,313)	-	329,710
Financial assets at fair value through profit or loss	3,010	-	-	3,010
Cash at bank and in hand	3,667,814	(27,127)	-	3,640,687
Total current assets	**13,459,030**	**(43,440)**	**-**	**13,415,590**
Assets classified as held for sale	432,200	-	-	432,200
Total assets	**86,183,030**	**(137,986)**	**1,101,808**	**87,146,852**
Equity				
Equity attributable to equity owners of the parent	(7,553,366)	(55,826)	(6,272)	(7,615,464)
Non-controlling interests	19,736,696	(82,160)	(5,062)	19,649,474
Total equity	**12,183,330**	**(137,986)**	**(11,334)**	**12,034,010**
Non-current liabilities				
Loans and borrowings	40,358,172	-	-	40,358,172
Lease liabilities	184,787	-	1,096,225	1,281,012
Deferred tax liabilities	199,525	-	-	199,525
Trade and other payables	299,255	-	-	299,255
Derivative financial instruments	257,893	-	-	257,893
Total non-current liabilities	**41,299,632**	**-**	**1,096,225**	**42,395,857**
Current liabilities				
Provisions	1,627,711	-	-	1,627,711
Trade and other payables	10,679,343	-	-	10,679,343
Due to related parties	1,678,175	-	-	1,678,175
Loans and borrowings	17,897,982	-	-	17,897,982
Lease liabilities	98,300	-	16,917	115,217
Financial liabilities at fair value through profit or loss	364,592	-	-	364,592
Current income tax liabilities	221,512	-	-	221,512
Total current liabilities	**32,567,615**	**-**	**16,917**	**32,584,532**
Liabilities associated with assets held for sale	132,453	-	-	132,453
Total equity and liabilities	**86,183,030**	**(137,986)**	**1,101,808**	**87,146,852**

Summary of significant accounting policies (continued)

1. EAS 47 Financial Instruments – Impact of adoption

EAS 47 replaces the provisions of EAS 26 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.
The adoption of EAS 47 Financial Instruments from 1 January 2020 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

A. Classification and measurement

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

B. Derivatives and hedging activities

Impact from the adoption of EAS 47 on prior periods
The interest rate swaps in place as at 31 December 2019 qualified as cash flow hedges under EAS47. The Group's risk management strategies and hedge documentation are aligned with the requirements of EAS47 and these relationships are therefore treated as continuing hedges.

C. Impairment of financial assets

The Group was required to revise its impairment methodology under EAS 47 for its financial assets. The impact of the change in impairment methodology on the Group's retained earnings and equity is disclosed in the table in note 29 (a-v)above.
While cash and cash equivalents are also subject to the impairment requirements of EAS 47.

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

The loss allowances increased by 137,985 EGP for the financial assets during the three months to 31 March 2020. under the incurred loss model of EAS 26. Note 29 (a-v) provides for details about the allowance.

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

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

Summary of significant accounting policies (continued)

3. EAS 49 - Leases – Impact of adoption

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

A. Adjustments recognised on adoption of EAS 49

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

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

(i) Practical expedients applied

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

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

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

Summary of significant accounting policies (continued)

29(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 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.

Summary of significant accounting policies (continued)

(ii) Associates

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

(iii) Equity method

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

Changes in ownership interest

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

Losses of equity-accounted investment

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

Transactions with equity-accounted investment

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

Goodwill resulting from investment in equity-accounted entities

The excess of the total transferred consideration over the Group's share in the net fair value for the acquired determinable assets and assumed liabilities at the date of acquisition is recognised as goodwill. The goodwill resulting from contribution in associates is recognised within the cost of investment in the entity net of the accumulated impairment losses in the investment value of associates and is not be recognised separately.

Summary of significant accounting policies (continued)

Impairment of equity-accounted investment

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

29(c) Foreign currency transactions

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

Summary of significant accounting policies (continued)

(iii) Group companies

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

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

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

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

(iv) Financial reporting in Hyperinflationary Economies

The Sudanese and South Sudanese economies have been classified as hyperinflationary. The Egyptian Accounting Standards do not address financial reporting in hyper-inflationary economies. Therefore, the Group applied IAS 29 "Financial reporting in hyper-inflationary economies", under which the financial statement of Takamul for Cement Company have 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 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 interim financial statements under historical cost convention. The amended policies include:

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

Summary of significant accounting policies (continued)

29(d) Fixed assets

The Group applies the cost model at measurement of fixed assets. All fixed assets are is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the group are disclosed in Note 7a(i)

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

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

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

29(e) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 29(b). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 9).

(ii) Trademarks, licenses and customer contracts

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. (trademarks have indefinite useful life)

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Summary of significant accounting policies (continued)

(iii) Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.
Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iv) Research and development

Research expenditure and development expenditure that do not meet the criteria in (0) 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 0 for details about amortisation methods and periods used by the group for intangible assets.

29(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 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.

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Summary of significant accounting policies (continued)

29(g) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Impairment losses recognised in prior years are reversed when there is an indication that such losses no longer exist or have decreased. Reversal of loss of impairment should not exceed the carrying amount that would have been determined (net of depreciation). Such reversal is recognised in the statement of profit or loss.

29(h) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, and financial assets that are carried at fair value, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Notes to the consolidated interim financial statements
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Summary of significant accounting policies (continued)

29(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

29(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.

Summary of significant accounting policies (continued)

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(I) Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(II) 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.

Summary of significant accounting policies (continued)

(iv) Impairment

From 1 January 2020, the group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by EAS 47, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(v) Accounting policies applied until 31 December 2019

(i) Classification

The group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Available-for-sale financial assets

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

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

Summary of significant accounting policies (continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' – in profit or loss within 'other operating income / (expenses)'.
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

(iv) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Summary of significant accounting policies (continued)

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(v) 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.

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Summary of significant accounting policies (continued)

29(k) 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.

29(l) Derivatives and hedging activities

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

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

The fair values of various derivative instruments used for hedging purposes as well as movements on the hedging reserve in other comprehensive income are disclosed in note 8(c). The full fair value of a hedging derivative is classified as a non-current asset or non-current liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or current liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives, if any, are classified as a current asset or current liability.

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 accumulated 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'.

Summary of significant accounting policies (continued)

29(m) Financial guarantee contracts

Financial guarantee contracts are recognised 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 EAS 28 “Provisions, contingent liabilities and contingent assets” and the amount initially recognised less cumulative amortisation, where appropriate.

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.

29(n) 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 (See note 27(i) for further information about the Group’s accounting for trade receivables).

29(o) 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.

29(p) 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.

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Summary of significant accounting policies (continued)

29(q) 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.

29(r) 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.

Notes to the consolidated interim financial statements
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Summary of significant accounting policies (continued)

29(s) 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.

29(t) Leases

(i) Finance lease

As explained in note 29(a)(v) above, the Group has changed its accounting policy for finance leases where the Group is the lessee. The new policy and the impact of the change are described in note 29(a)(v).

Until 31 December 2018, leases within the scope of law 95 of 1995, lease costs including maintenance expense of leased assets are recognised in the statement of profit or loss in the year they are incurred. When the Group decided to exercise the right to purchase the leased item, the cost of the right to purchase was capitalised as a fixed asset, which is depreciated over the useful life of the expected remaining life of the asset in the same method followed with similar assets.

Summary of significant accounting policies (continued)

(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.

29(u) 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 interim financial statements.

29(v) 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)

29(w) 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.

29(x) 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 interim financial statements.

Summary of significant accounting policies (continued)

(iii) Contingent assets

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

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

29(y) 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.

29(z) 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	**Abdalla El-Ebiary** Managing Director

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.

Summary of significant accounting policies (continued)

29(aa) 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 services

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

29(bb) 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.

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Summary of significant accounting policies (continued)

29(cc) Dividends

Dividends are recognised as liabilities in the consolidated interim 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.

29(dd) 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 8(a)).

(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.

30) Significant Events

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

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

During July 2017 and January 2018, the courts and governments of Kenya and Uganda issued separate adjudications and orders to terminate the two concession agreements and, as a result, the Governments of Kenya and Uganda terminated their respective concession agreements due to default in payment of concession fees, rent and non-compliance with other key performance indicators. In accordance with the terms of the concession agreements, the respective Governments took over the assets of RVRK and RVRU. Accordingly, the Group management recognised an impairment for the entire carrying amount of the assets relating to both RVRK and RVRU amounting to EGP 3.25 billion within the consolidated financial statements for the year ended 31 December 2017.

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Summary of significant accounting policies (continued)

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