

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

**LIMITED REVIEW REPORT AND CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2018**

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

Consolidated interim financial statements

For the nine month period ended 30 September 2018

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Limited review report on the consolidated interim financial statements

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

Introduction

We have reviewed the accompanying consolidated statement of financial position of Citadel Capital Company (S.A.E.) and its subsidiaries (the "Group") as at 30 September 2018 and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine month 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 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 (41) of the notes accompanying the consolidated interim financial statements, the Group has indirect investments in subsidiaries, Africa Railways Logistics Limited (ARLL), Rift Valley Railways (Kenya) Limited ("RVR Kenya") and Rift Valley Railways (Uganda) Limited ("RVR Uganda"), through Kenya Uganda Railways Holding Limited (KURH) and Africa Railways Logistics Limited through Africa Railways Limited (ARL) and its subsidiary Rift Valley Railways ("RVR"). As also described in note (41), the courts and governments of Kenya and Uganda have both separately and independently issued orders, in July 2017 and January 2018 respectively ("Court Orders"), indicating that those governments would take into state ownership the assets and operations of the concession agreements of the railway businesses of both RVR Kenya and RVR Uganda. Accordingly, management has determined that the Group has lost control over the railway businesses during the nine month period ended 30 September 2018.

The Group has been forced to cease the trades of these railway businesses and, as a consequence, these companies have conceded their net assets and their employees have been transferred to the governments of Kenya and Uganda, respectively. The total book value of the companies' assets that have been taken into government ownership in both countries as at the date of the Court Orders amounted to EGP 3.2 billion while total liabilities amounted to EGP 1.4 billion. The Group fully provided EGP 3.2 billion against the assets during the year ended 31 December 2017.



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

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As the Group has only lost control of RVR Kenya and RVR Uganda Railway Businesses, management of the Group took the decision to deconsolidate each of RVR Kenya, RVR Uganda and Africa Railways Logistics Limited (ARLL) in the nine month period ended 30 September 2018 and recognise the resulting gain of EGP 1.4 billion associated with the deconsolidation in the consolidated interim statement of profit or loss for the nine month period then ended.

Since the issuance of the Court Orders, Group management has also not been able to obtain any financial information for these companies. Hence, management has prepared the financial information of these companies for the purposes of the consolidated interim financial statements solely based on management assumptions and estimates.

As further financial information was not available, management of the Group have been unable to assess the recoverability or otherwise of the Group's former railway assets in Kenya and Uganda or to conclude with the governments of these countries any financial compensation or arrangements relating to the takeover of the companies' assets. Management is also unable to determine how, if at all, the settlement of the companies' existing liabilities relating to these businesses is to be resolved or to identify any further potential liabilities that may arise.

Further, the Group management was not able to obtain any financial information in respect of KURH and RVR as of 30 September 2018. Management has also prepared the financial information of these companies, which primarily includes short-term borrowings of EGP 4 billion, solely based on management assumptions and estimates. The consolidated interim financial statements of the Group include the results and financial position of these companies.

We were unable to perform any alternative procedures to verify the accuracy, completeness and presentation of the financial information of all these companies (ARLL, RVR Kenya, RVR Uganda, KURH and RVR) as at 30 September 2018 and for the nine month period then ended. Had further information been available, matters might have come to our attention indicating that adjustments to the carrying value of these assets and liabilities as at 30 September 2018 might have been necessary and also to the results of the Group's operations for the nine month period then ended.

- The Group management has been unable to provide us with appropriate and sufficient evidence relating to the provision for impairment loss included in other expenses within discontinued operations amounting to EGP 69.5 million recognised during nine month period ended 30 September 2018. Had further information been available matters might have come to our attention indicating that adjustments to this provision balance as at 30 September 2018 might have been necessary and also to the results of the Group's operations for the nine month period then ended.


Qualified conclusion

Except for the effects of any adjustments that we might have become aware of, had it not been for the situations described in the preceding paragraphs, and based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 September 2018 and of its financial performance and its cash flows for the nine month period then ended in accordance with Egyptian Accounting Standards.

The Board of Directors of Citadel Capital Company (S.A.E.)**Page 3****Emphases of matter**

Without further modifying our qualified conclusion:

1. We draw attention to note (42) to the consolidated interim financial statements which indicates that as at 30 September 2018 the Group's accumulated losses have reached EGP 17 billion and the Group's current liabilities exceeded its current assets by EGP 14.1 billion. The Group is also in breach of its existing debt covenants and has defaulted in settling the loan instalments on their due dates. These conditions, along with other matters set out in note (42) indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern.
2. We draw attention to note (4/2) to the consolidated interim financial statements which sets out the key considerations and critical accounting judgements applied by management in determining whether Egyptian Refining Company (ERC) should be consolidated by the Group. Should these judgements change, this would result in the deconsolidation of ERC.
3. We draw attention to note (43) to the consolidated interim financial statements which sets out the restatements made to the corresponding figures for the year ended 31 December 2017. This includes a payment for investment balance of EGP 149 million as at 31 December 2017 in respect of which management have been unable to demonstrate the recoverability of the balance as at that date.


Wael Sakr
R.A.A. 26144
F.R.A. 381
Mansour & Co. PricewaterhouseCoopers

20 December 2018
Cairo



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

Consolidated statement of financial position - As of 30 September 2018

(All amounts in Thousand Egyptian Pounds)

	Note	30 September 2018	Restated 31 December 2017
Non-current assets			
Fixed assets	5	5,580,187	5,280,215
Projects under construction	6	62,336,496	55,048,005
Intangible assets	7	577,277	606,483
Goodwill	8	815,059	389,843
Biological assets	9	290,333	242,835
Investments in associates	10	205,476	999,988
Available for sale financial assets	11	14,140	56,008
Payments under investments	12	10,199	5,794
Trade receivables and other debit balances	15	2,605,789	2,511,241
Deferred tax assets	22	20,730	12,584
Financial derivatives	23	489,059	-
Total non-current assets		72,944,745	65,152,996
Current assets			
Inventories	14	1,437,942	1,218,197
Biological assets	9	13,408	6,998
Trade receivables and other debit balances	15	3,901,138	3,195,308
Due from related parties	16/A	457,559	345,496
Financial assets at fair value through profit or loss	17	45,178	4,405
Cash and bank balances	18	7,549,877	2,353,470
Total current assets		13,405,102	7,123,874
Non-current assets held for sale	13/A	1,274,240	617,197
Total assets		87,624,087	72,894,067
Equity attributable to owners of the parent			
Paid up capital	19	9,100,000	9,100,000
Reserves	20	1,504,329	1,600,864
Accumulated losses		(16,794,406)	(17,160,535)
Total equity attributable to owners of the parent		(6,190,077)	(6,459,671)
Non-controlling interest		18,996,832	16,673,181
Total equity		12,806,755	10,213,510
Non-current liabilities			
Loans and borrowings - non current	21	44,600,240	35,640,457
Deferred tax liabilities	22	530,721	417,906
Financial derivatives	23	-	32,188
Trade payables and other credit balances	25	278,768	228,446
Total non-current liabilities		45,409,729	36,318,997
Current liabilities			
Provisions	24	952,766	883,032
Trade payables and other credit balances	25	8,487,918	8,200,853
Due to related parties	16/B	2,425,520	1,794,551
Current portion of loans and borrowings	21	12,882,540	14,513,308
Current income tax liabilities	26	142,268	199,514
Total current liabilities		24,891,012	25,591,258
Liabilities associated with assets held for sale	13/B	4,516,591	770,302
Total equity and liabilities		87,624,087	72,894,067

The accompanying notes on pages 9 to 94 form an integral part of these consolidated interim financial statements.
Limited review report attached


Mostafaz Farouk
Chief Financial Officer


Hisham Hussein El Khazindar
Managing Director


Ahmed Mohamed Hassanien Heikal
Chairman

20 December 2018

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

Consolidated statement of profit or loss - For the nine month period ended 30 September 2018

(All amounts in Thousand Egyptian Pounds)

		Nine months ended 30 September		Three months ended 30 September	
	Note	2018	Restated 2017	2018	Restated 2017
Revenue	27	9,396,135	6,448,186	3,278,720	2,347,084
Cost of goods sold	28	(7,888,017)	(5,582,644)	(2,776,002)	(2,063,515)
Gross profit		1,508,118	865,542	502,718	283,569
General and administrative expenses	29	(1,093,061)	(801,363)	(362,882)	(257,312)
Other operating income/ (expenses)	30	293,185	(65,313)	212,871	14,789
Operating profit / (loss)		708,242	(1,134)	352,707	41,046
Finance costs – net	31	(1,286,199)	(933,809)	(406,032)	(371,436)
Share of loss of investments in associates	32	(1,180)	(16,095)	(568)	(14,068)
Net loss before income tax		(579,137)	(951,038)	(53,893)	(344,458)
Income tax expense	33	(173,850)	(85,267)	(96,278)	(32,786)
Net loss for the period from continuing operations		(752,987)	(1,036,305)	(150,171)	(377,244)
Discontinued operations	13/C				
Operating revenues		214,292	625,853	110,425	123,304
Operating costs		(268,689)	(686,579)	(100,192)	(102,857)
General and administrative expenses		(6,522)	(120,203)	(5,441)	(26,041)
Other (expenses) incomes		(69,720)	(3,130,240)	(66,668)	1,559
Finance (costs) income – net		(12,705)	(112,885)	1,455	2,875
Share of profit of investments in associates		-	21,491	-	18,351
Net (loss) / profit for the period		(143,344)	(3,402,563)	(60,421)	17,191
(Loss) /gain on sale of subsidiaries		(247,036)	301,287	-	(103,092)
subsidaries	41-B	1,442,907	-	276,265	-
Income Tax		(1,112)	(1,508)	(528)	(1,943)
Profit / (loss) from discontinued operations, net of tax		1,051,415	(3,102,784)	215,316	(87,844)
Net profit / (loss) for the period		298,428	(4,139,089)	65,145	(465,088)
Attributable to					
Owners of the parent company		426,823	(3,470,191)	126,587	(311,608)
Non-controlling interest		(128,395)	(668,898)	(61,442)	(153,480)
		298,428	(4,139,089)	65,145	(465,088)
Profit / (loss) per share from continuing operations:					
Basic per share (EGP/Share)	34	0.23	(1.91)	0.07	(0.17)
Diluted per share (EGP/Share)	34	0.23	(1.91)	0.07	(0.17)

The accompanying notes on pages 9 to 94 form an integral part of these consolidated interim financial statements.

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

Consolidated statement of comprehensive income - For the nine month period ended 30 September 2018

(All amounts in Thousand Egyptian Pounds)

	Nine months ended 30 September		Three months ended 30 September	
	Restated		Restated	
	2018	2017	2018	2017
Net profit / (loss) for the period	298,428	(4,139,089)	65,145	(465,088)
Other comprehensive income				
Exchange differences on translation of foreign operations	(372,314)	(1,229,875)	(285,057)	(549,681)
Share of other comprehensive income for associates accounted for using equity method	(19)	-	(19)	-
Change in fair value of available for sale financial assets	(1,125)	1,370	(1,125)	959
Gain / (loss) on cash flow hedges	186,847	(8,022)	29,181	2,914
Total other comprehensive loss for the period, net of tax	(186,611)	(1,236,527)	(257,020)	(545,808)
Total comprehensive income / (loss) for the period	111,817	(5,375,616)	(191,875)	(1,010,896)
Attributable to				
Owners of the parent company	330,288	(4,314,314)	(179,152)	(461,706)
Non-controlling interest	(218,471)	(1,061,302)	(12,723)	(549,190)
	111,817	(5,375,616)	(191,875)	(1,010,896)

The accompanying notes on pages 9 to 94 form an integral part of these consolidated interim financial statements.

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

Consolidated statement of changes in equity - For the nine month period ended 30 September 2018

	Note	Total equity attributable to equity holders of the parent company						Non-controlling interest	Total owners' equity
		Paid up capital	Treasury Shares	Legal reserve	Other reserves	Accumulated losses	Total owners of the parent company		
Balance at 1 January 2017									
Total comprehensive loss for the period		9,100,000	(3,339)	89,578	2,875,536	(12,485,409)	(423,634)	16,291,419	15,867,785
Sale of treasury shares		-	-	-	(844,124)	(3,470,191)	(4,314,315)	(1,030,788)	(5,345,103)
Dividends distribution		-	3,339	-	-	(718)	2,621	(346)	2,275
Effect of sale of subsidiaries		-	-	-	-	(28,671)	(28,671)	(16,490)	(45,161)
Change of non-controlling interests		-	-	-	9,860	-	9,860	(213,167)	(203,307)
Balance at 30 September 2017		9,100,000	-	89,578	2,041,272	(15,984,989)	(4,754,139)	15,769,151	11,015,012
Balance at 1 January 2018 (as previously issued)									
Prior years adjustments	43	9,100,000	-	89,578	1,511,286	(17,152,562)	(6,451,698)	16,709,412	10,257,714
Adjusted balance at 1 January 2018		-	-	-	-	(7,973)	(7,973)	(36,231)	(44,204)
Total comprehensive income for the period		9,100,000	-	89,578	1,511,286	(17,160,535)	(6,459,671)	16,673,181	10,213,510
Dividends distribution		-	-	-	(96,535)	426,823	330,288	(218,471)	111,817
Share of non-controlling interests from increase in the subsidiary capital		-	-	-	-	(60,694)	(60,694)	(137,563)	(198,257)
Non-controlling interests from business combination		-	-	-	-	-	-	1,858,706	1,858,706
Change of non-controlling interests		-	-	-	-	-	-	423,912	423,912
Balance at 30 September 2018		9,100,000	-	89,578	1,414,751	(16,794,406)	(6,190,077)	18,996,832	12,806,755

The accompanying notes on pages 9 to 94 form an integral part of these consolidated interim financial statements.

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

Consolidated statement of cash flows - For the nine month period ended 30 September 2018

(All amounts in Thousand Egyptian Pounds)			30 September	Restated
	Notes		2018	30 September
				2017
Cash flows from operating activities				
Loss for the period before income tax			(579,137)	(951,038)
Net loss before taxes, adjusted to:				
Loss from discontinued operations, net of tax			144,457	3,404,071
Net liabilities reversed related to discontinued operations, net of tax			(1,195,871)	(301,287)
Depreciation and amortization			332,104	416,049
Allowance for trade receivables and other debit balances			6,239	6,344
Allowance for due from related parties			(96,146)	21,380
Impairment of fixed assets and intangible assets			1,047	49,470
Impairment for payment for investments			3,000	-
Impairment of investments available for sale			97	44
Share of profit of investments in associates			1,180	16,095
Net change in the fair value of investments at fair value through profit or loss			1,388	(1,442)
Foreign currency exchange differences	31		84,598	106,838
Interest expenses	31		1,389,114	997,130
Interest income	31		(187,513)	170,159
Gain on sale of fixed assets and projects under constructions and biological assets	30		(8,333)	(22,850)
Provisions formed	24		161,063	70,527
Loss on sale of investments			23,709	-
Provision no longer required			(11,377)	-
Inventory write down			-	(1,943)
Operating gain before changes in working capital			69,619	3,979,547
Changes in working capital:				
Inventories			(219,745)	(181,787)
Work in process			-	(15,019)
Due from related parties			(15,917)	(214,816)
Trade receivables and other debit balances			(800,378)	(884,757)
Investments at fair value through profit and loss			(39,385)	-
Due to related parties			630,969	(152,292)
Trade payables and other credit balances			248,970	571,343
Cash flows from operating activities for discontinued operations			1,451,694	(4,524,158)
Provisions used	24		(47,303)	(20,130)
Income tax paid			(208,235)	(14,940)
Net cash flow generated from / (used in) operating activities			1,070,289	(1,457,009)
Cash flows from investing activities				
Payments to purchase of fixed assets and projects under construction			(7,104,198)	(4,537,325)
Proceeds from sale of fixed assets and projects under construction	5		15,253	63,492
Payments to purchase of biological assets			(102,076)	(68,650)
Proceeds from sale of biological assets			-	28,098
Payments to purchase of intangible assets			(1,034)	(2,938)
Proceeds from / (payments) loans to related parties			263,049	(875)
Payments under investments			(7,405)	(10,277)
Proceeds from treasury bills			-	191,577
Payments to purchase of other assets			-	(2,125)
Proceeds from investments in associates			-	11,545
Interest received			187,513	-
Net cash flow used in investing activities			(6,748,898)	(4,327,478)
Cash flows from financing activities				
Proceeds from loans			10,322,599	3,541,574
Repayments of loans			(140,102)	(89,249)
Proceeds from bank overdrafts			828,869	285,169
Proceeds from non-controlling interest			397,067	738,523
Dividends paid			(198,257)	(75,337)
Interest paid			(707,471)	(136,392)
Net cash flow generated from financing activities			10,502,705	4,264,288
Net change in cash and cash equivalents during the period			4,824,096	(1,520,199)
Cash and cash equivalents at beginning of the period			2,353,470	2,837,035
Disposal of subsidiaries			-	(196,145)
Foreign currency translation differences			372,311	1,229,875
Cash and cash equivalents at end of the period	18		7,549,877	2,350,566

The accompanying notes on pages 9 to 94 form an integral part of these consolidated interim financial statements.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

1. Introduction

Citadel Capital Company "S.A.E." "The Holding Company" was incorporated in 2004 as an Egyptian joint stock company under Law No. 159 of 1981. It was registered in the commercial register 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 register. The Holding Company's head office is in 1089 Nile Corniche, Four Season Nile Plaza, Garden City Cairo, Egypt. The Holding Company is registered in the Egyptian Stock Exchange.

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

The holding company is owned by Citadel Capital Partners Ltd. Company (Malta) by 24.36%.

The consolidated interim financial statements were authorised to be issued by the Company's Board of Directors on 20 December 2018.

2. Accounting policies

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

A. Basis of preparation of the consolidated interim financial statements

These consolidated interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASSs) and the relevant laws, and on the basis of the historical cost convention, except for available-for-sale financial assets, which are measured at the present value.

The Group presents its assets and liabilities in the 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.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

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

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

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

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

B. Basis of consolidation

(1) Subsidiaries

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

i. Acquisition method

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Basis of consolidation (continued)

ii. Changes in ownership interests held within controlling interests

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

iii. Disposal of subsidiaries

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

iv. Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired, and contingent liabilities at the date of acquisition. If the consideration transferred, non-controlling interest in the acquiree and the date of acquisition fair value of the Group's equity previously held at the acquiree is less than the net of the identifiable acquired assets and liabilities assumed at the date of acquisition, the Group recognises the gain resulting from profit and 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 if indicators or evidence indicate impairment of the CGU by comparing its carrying amount including goodwill with its recoverable amount, which is the higher of fair value less costs sale and value in use. The Group recognises any impairment loss immediately in profit or loss, and is not subsequently reversed.

v. Measurement period

The measurement period is the period 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.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Basis of consolidation (continued)

(2) Associates

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

i. Equity method

Under the equity method, the investment in associates is initially recognised at cost, and the cost is modified after the date of acquisition to the changes during post-acquisition period on the Group's share in the net assets of the associate. The Group's profit or loss includes its share in the associate's profit or loss, and the statement of comprehensive income includes the Group's share in the associate's other comprehensive income. The carrying amount of the investment is adjusted by the Group's total share in the changes in equity after the date of acquisition.

ii. Changes in equity

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

iii. Losses of associates

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

iv. Transactions with associates

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

v. Goodwill resulting from investment in associates

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

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

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

C. Foreign currency transaction

(1) Functional and presentation currency

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

(2) Transactions and balances

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

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

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

(3) Group companies

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

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

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Foreign currency transaction (continued)

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

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

D. Fixed assets

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

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

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

Buildings and constructions	5-50 years
Leasehold improvements	3-10 years
Machinery, equipment and tools	4-33 years
Furniture and office equipment	4-16 years
Computers	2-10 years
Barges	5-20 years
Vehicles	3-15 years

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

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

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

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

E. Projects under construction

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

F. Intangible assets

(1) Trademarks and licenses

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

(2) Computer licenses

The costs of the acquisition of computer licenses that are not considered an integral part of computers are recognised as intangible assets on the basis of costs related to preparing the asset for use in the purpose for which it was acquired.

(3) Computer software

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

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

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

The Group recognises other development costs which do not meet the required criteria as expenses as incurred. Expenditures related to intangible assets, which were initially recognised as expenses are not recognised in a subsequent date as part of the cost of intangible asset. The Group charges the amortisation amount of the computer software consistently over their estimated useful lives of 10 years using the straight-line method.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

G. Exploration and valuation assets

Recognition

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

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

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

Measurement

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

H. Biological assets

The biological assets are recorded at fair value less estimated point of sale costs, and where the fair value cannot be measured, the biological assets are measured at their cost less any accumulated amortisation and any accumulated impairment. And where the fair value can be measured reliably, the biological are recorded at fair value less estimated point of sale costs. The Biological assets includes fruit gardens and orchards and livestock. All the biological assets recorded within the group's consolidated interim financial statements are recorded at cost less the accumulated depreciation. Since there was not any active market to determine the fair value reliably. The fruit gardens and orchards are depreciated according to the useful life of the trees which varies between tress and fifty years. And the biological assets livestock are depreciated over the useful production life which have been estimated to be 56 month which is equivalent to 21.4% annually. Calculation of depreciation starts at the end of pregnancy stage.

I. Impairment of non-financial assets

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

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

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

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

Impairment of non-financial assets (continued)

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

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

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

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

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

K. Inventories

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

L. Financial assets

(1) Classification

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

Financial assets at fair value through profit or loss

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

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Financial assets (continued)

Loans and receivables

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

Available-for-sale financial assets

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

(2) Initial recognition and measurement

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

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

(3) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently measured at fair value. Increase or decrease in the fair value during the year is recognised in the statement of profit or loss within 'Other gains/ (losses) – net'.

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

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

(4) Derecognition

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

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

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Financial assets (continued)

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

M. 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.

N. Impairment of financial assets

(1) Financial assets carried at amortised cost

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

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

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

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Impairment of financial assets (continued)

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 the consolidated statement of profit or loss.

(2) Available-for-sale financial assets

The Group assesses impairment at the end of each reporting period whenever there is objective evidence that a specific financial asset or a group of financial assets may be impaired.

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

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

O. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company 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 Company 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 Company 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 14). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Derivative financial instruments and hedging activities (continued)

Cash flow hedge

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

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

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

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

P. 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.

Q. 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 nine months from the date of placement, less bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within current liabilities.

R. Financial liabilities

(1) Classification

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

(2) Recognition and derecognition

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

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

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Financial liabilities (continued)

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

(3) Measurement

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

S. Capital

Ordinary shares are classified within equity. Share premiums, 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 issue expenses (net of any advantage related to their income taxes) from the amount of share premium.

T. Preferred shares

The group's redeemable preferred shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

The Group's preference shares are all non -redeemable and are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variance number of the Group's equity instruments. Discretionary dividends there on are recognized as equity distributions on approval by the group's shareholders.

U. Current and deferred income tax

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

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

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

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Current and deferred income tax (continued)

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

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

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

Deferred income tax liabilities are recognised on temporary differences arising from investments in subsidiaries, associates and shares in joint arrangements, except for such cases where the timing of the settlement of the temporary difference is controlled by the Group and it is probable that the temporary differences will not be settled in the foreseeable future. Generally the Group is unable to control the settlement of the temporary difference for associates, only where there is an agreement in place that gives the Group the ability to control the settlement of the temporary difference.

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

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

V. Employees' benefits

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

(1) Pension obligations

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity (fund). The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

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Employees' benefits (continued)

(2) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of EAS 28 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination costs and benefits obligation are initially measured. The Group measures and recognises the subsequent changes in accordance to the nature of the benefits based on the number of employees expected to accept the offer of benefits. Where it is not expected to settle the benefits falling due before 12 months after the end of the reporting period, the benefits are discounted to their present value.

(3) Employees' share in legally defined profits

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

W. Leases

(1) Finance Lease

- 1- For 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 incurred. If the Company decides to exercise the right to purchase the leased assets, the cost of the right to purchase is 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.
- 2- Other finance leases that do not fall under the scope of law 95 for 1995, or fall within the scope of law 95 of 1995 but do not fall under the scope of EAS No. 20 (Accounting standards and regulations related to the finance lease), and when the Company sells the fixed assets or re-lease them, are recognised as fixed asset at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liabilities and finance charges so as to achieve a constant rate of interest charge on the finance balance outstanding. The finance lease obligations, net of finance charges, are included in liabilities. The interest cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

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

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Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Leases (continued)

(2) Operating lease

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

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

X. Borrowings

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

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

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

Y. 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 of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

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Z. Provisions

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

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

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

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

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

AA. 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.

BB. 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.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

CC. Revenue recognition

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

(1) Sales of goods

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

(2) Rendering of services

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

(3) Interest income

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

(4) Dividend income

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

(5) Government's export subsidy

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

DD. Dividends

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

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

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

EE. Operating segments

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

FF. Comparative figures

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

3. Financial risk management

(1) Financial risks factors

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

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

(A) Derivatives

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

The Company has the following derivative financial instruments:

	30 September 2018	31 December 2017
Non-current Assets (Liabilities)		
Interest rate swap contracts – cash flow hedges	489,059	(32,188)
Total non-current derivative financial instrument Assets (Liabilities)	489,059	(32,188)

i. Classification of derivatives

Derivatives are only used for accounting hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

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Financial risk management (continued)

ii. Hedge ineffectiveness

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 nine months ended 30 September 2018 or the year ended 31 December 2017 in relation to the interest rate swaps.

(B) Market risk

iii. Foreign exchange risks

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

	30 September 2018	31 December 2017
USD 10%	(44,136)	(341,829)
Euro 10%	18,155	123,484
AED 10%	628	148
GBP 10%	(48)	(2)
SDP 10%	13	1,856
DZD 10%	12,894	19,204

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Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Financial risk management (continued)

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

	30 September 2018			31 December 2017
	Assets	Liabilities	Net	Net
USD	519,012	(960,375)	(441,363)	(3,418,287)
Euro	401,364	(219,817)	181,547	1,234,843
AED	6,422	(144)	6,278	1,476
GBP	30	(507)	(477)	(17)
SDP	129	-	129	18,560
DZD	135,669	(6,731)	128,938	192,040

iv. Price risk

The group's exposure to equity securities price risk arises from investments held by the group and classified in the statement of financial position either as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVPL).

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group. The majority of the group's equity investments are publicly traded and are included either in the Egyptian Stock Exchange or in Global Stock Exchange.

During the nine month ended 30 September 2018 and for the year ended 31 December 2017, the change in the fair value of the investment in equity securities were insignificant.

v. Cash flows and fair value interest rate risks

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in interest rates.

The Group is exposed to interest rate risk on all interest bearing assets and liabilities (bank deposits, overdrafts, notes receivables, loans and borrowings). The Group maintains an appropriate mix of fixed rate and variable rate borrowings to manage the interest rate risk.

The below table shows the analysis of sensitivity to possible and reasonable changes in interest rates, while holding the other variables constant, on the consolidated statement of profit or loss.

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Financial risk management (continued)

The sensitivity on the consolidated statement of profit or loss is the effect of the assumed changes in the interest rates on the Group's results for one year based on financial assets and liabilities with variable interest rates at 30 September and 31 December:

	Increase/ decrease	Effect of consolidated profit or loss
30 September 2018	±1%	552,370
31 December 2017	±1%	481,711

(C) Credit risk

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

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

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

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

Balances exposed to credit risks are as follows:

	30 September 2018	31 December 2017
Trade receivables and other debit balances	6,506,927	5,706,549
Due from related parties	457,559	345,496
Financial assets at fair value through profit or loss	45,178	4,405
Cash and bank balances	7,549,877	2,353,470
	14,559,541	8,409,920

(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.

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Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Financial risk management (continued)

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 undiscounted financial liabilities at 30 September 2018, based on contractual payment dates and current market interest rates.

	Below 6 months	From 6 months to 1 year	From 1 year to 2 years	Above 2 years
30 September 2018				
Trade payables and other credit balances	8,449,823	-	-	-
Loans and borrowings	11,774,826	1,107,714	4,075,614	40,524,626
Due to related parties	2,425,520			
Total	22,650,169	1,107,714	4,075,614	41,257,608
31 December 2017				
Trade payables and other credit balances	6,971,477	1,229,376	-	-
Loans and borrowings	13,827,918	685,390	56,185	35,584,272
Due to related parties	1,794,551	-	-	-
Total	22,593,946	1,914,766	56,185	35,584,272

(2) Capital risk management

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

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

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

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

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

Financial risk management (continued)

i. Net debt to total capital ratio

Net debt to total capital ratio as at 30 September 2018 and 31 December 2017 is as follows:

	30 September 2018	Restated 31 December 2017
Total borrowings		
Loans and borrowings	57,482,780	50,153,765
Less: Cash and bank balances	(7,549,877)	(2,353,470)
Net borrowings	49,932,903	47,800,295
Equity	12,806,755	10,213,510
Total capital	62,739,658	58,013,805
Net debts to total capital	80%	82%

ii. Compliance with debt covenants

Under the terms of the major borrowing facilities and bank overdrafts, the group is required to comply with the following financial covenants:

- The minimum consolidated tangible net worth must be not less than USD 400 million;
- The minimum unconsolidated tangible net worth must be not less than USD 500 million;
- The debt service rate must be not less than 1.35;
- The current assets to current liabilities ratio must be not less than 1.2;
- Actual advisory fees must be not less than 85% of the budgeted amount;
- Financial leverage must not exceed 2.5;
- The debt to EBITDA ratio must not be more than 30%; and
- The debt to equity ratio must not be less than 30%

Some of group companies has breached the loan covenants in the parent company as well as some of its subsidiaries amounting to approximately EGP 10 billion out of EGP 56 billion total debts, which classified as current liabilities throughout the reporting period and for the year ending 31 December 2017.

(3) Fair value estimation

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

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

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

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Financial risk management (continued)

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

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

Financial assets at fair value	Level 1	Level 3	Total
30 September 2018			
Through profit or loss (Note 17)	45,178	-	45,178
Through other comprehensive income (Note 11)	-	14,140	14,140
Total financial assets at fair value	45,178	14,140	59,318

Financial assets at fair value	Level 1	Level 3	Total
31 December 2017			
Through profit or loss (Note 17)	4,405	-	4,405
Through other comprehensive income (Note 11)	-	56,008	56,008
Total financial assets at fair value	4,405	56,008	60,413

The Group determines the level, in the case of transfers between levels within the hierarchy of fair value through the revaluation of the classification (based on the lowest input levels that are considered to be significant to the fair value measurement as a whole). The Group did not make any transfers between levels 1 and 3 during the period.

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

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4. Critical accounting estimates and judgement

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

(1) Critical accounting estimates and assumptions

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

i. Useful lives 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.

ii. Useful life of intangible assets

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

iii. Impairment in goodwill and trade mark

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

iv. Provision for income tax

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

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

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Critical accounting estimates and judgement (continued)

vi. Impairment of trade receivables and other debit balances

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

(2) Critical judgment in applying the Company's accounting policies

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

Management have considered the accounting treatment and the principals in EAS 42 “Consolidated financial statements” and have determined that ERC is controlled by the Group. In determining the appropriate accounting treatment for ERC, management applied significant judgment and if management’s judgments were to change, this would result in the deconsolidation of ERC. ERC currently has consolidated assets and liabilities amounting to approximately EGP 65 billion and EGP 46 billion respectively at 30 September 2018 and with a consolidated loss of approximately EGP 103.5 million for the nine month period then ended. The primary assets and liabilities making up these totals are represented in the projects under construction amounted EGP 61.2 billion, cash and equivalents amounted to EGP 5.5 billion and loans liabilities amounted to EGP 44 billion.

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

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

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

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Critical accounting estimates and judgement (continued)

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

- The Group is currently in negotiations to increase its effective interest in ERC which may also increase the number of ERC board directors it may nominate .
- As soon as the two-year period ended, the Group's management concluded that the non-controlling interest rights were insignificant and therefore the Group had the control over the ERC.
- The Group has appointed the key management personnel of ERC such as the Chief Executive Officer and Chief Financial Officer and the majority of the board of directors are Group appointments.
- The Group is exposed to variable returns with the involvement with ERC. Variable returns consist of equity returns, fees for service contracts, guarantee fees incurred by the Group on behalf of ERC and exposure to reputational risk.
- The Group has the ability to use the power to affect the variable returns and is not acting in an agent capacity.

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

5. Fixed assets

	Lands	Buildings & constructions	Leasehold improvements	Machinery, equipment & tools	Furniture & office equipment	Computers	Vehicles and Barges	Total
1 January 2017								
Cost	1,963,526	1,447,237	170,380	4,476,025	256,645	44,037	683,095	9,040,945
Accumulated depreciation and impairment	(183)	(355,049)	(153,816)	(2,216,207)	(229,087)	(34,268)	(277,055)	(3,265,665)
Net carrying value	1,963,343	1,092,188	16,564	2,259,818	27,558	9,769	406,040	5,775,280
Year ended 31 December 2017								
Net book value at 1 January 2017	1,963,343	1,092,188	16,564	2,259,818	27,558	9,769	406,040	5,775,280
Prior year adjustment - cost (note 43)	-	(1,832)	-	(43,119)	(138)	(50)	(5,611)	(50,750)
Additions	7,762	48,714	399	150,369	16,505	4,978	33,541	262,268
Disposals	-	(2,907)	-	(56,117)	(3,591)	(1,365)	(18,093)	(82,073)
Transferred from group disposal classified as held for sale - cost	-	15,777	16,910	522,574	38,248	32,568	13,926	640,003
The effect of deconsolidation of subsidiary company - cost	(1,113)	(26,634)	-	(38,959)	(5,744)	-	(697)	(73,147)
Foreign currencies translation differences- cost	(27,607)	(19,490)	(242)	(367,368)	(3,430)	(1,088)	(6,891)	(426,116)
Prior year adjustment - accumulated depreciation (Note 43)	-	754	-	32,692	132	41	105	33,724
Depreciation expense	(56)	(50,061)	(2,899)	(316,659)	(11,081)	(6,793)	(40,819)	(428,368)
Accumulated depreciation of disposals	-	2,869	343	44,508	5,942	1,029	10,876	65,567
Transferred from group disposal classified as held for sale-accumulated depreciation	-	(3,024)	(13,684)	(93,554)	(31,737)	(29,033)	(12,647)	(183,679)
The effect of deconsolidation of subsidiary company - accumulated depreciation	-	8,675	-	17,779	3,432	-	778	30,664
Foreign currency translation - accumulated depreciation	161	29,860	476	109,940	931	994	13,495	155,857
Impairment during the year	-	(12,318)	(3,114)	(415,784)	(4,199)	(3,551)	(49)	(439,015)
Net book value at 31 December 2017	1,942,490	1,082,571	14,753	1,806,120	32,828	7,499	393,954	5,280,215
31 December 2017:								
Cost	1,942,568	1,460,865	187,447	4,643,405	298,495	79,080	699,270	9,311,130
Accumulated depreciation and impairment	(78)	(378,294)	(172,694)	(2,837,285)	(265,667)	(71,581)	(305,316)	(4,030,915)
Net carrying value (Restated)	1,942,490	1,082,571	14,753	1,806,120	32,828	7,499	393,954	5,280,215
Period ended 30 September 2018								
Net book value at 1 January 2018	1,942,490	1,082,571	14,753	1,806,120	32,828	7,499	393,954	5,280,215
Additions	1,948	16,368	1,083	81,333	12,869	3,997	12,660	130,258
Disposals	-	(1,687)	(59)	(14,043)	(2,691)	(215)	(3,498)	(22,193)
Transfers to projects under construction (Note 6)	-	(832)	-	(18,489)	41	-	822	(18,458)
Transfers from projects under construction (Note 6)	-	2,261	-	88,813	822	-	-	91,896
Transfers to assets held for sale-cost	(43,133)	(82,442)	-	(19,012)	(1,600)	-	(187)	(146,374)
The effect of acquisition on subsidiary company - cost	102,057	243,287	575	648,764	38,184	-	14,505	1,047,372
The effect of deconsolidation of subsidiaries - cost	-	(20,595)	(16,694)	(515,919)	(37,781)	(32,153)	(13,748)	(636,890)
Foreign currencies translation differences- cost	6,048	(19,131)	(11,594)	(333,794)	(4,604)	9	1,658	(361,408)
Depreciation expense	(22)	(35,680)	(2,384)	(199,381)	(9,942)	(4,962)	(30,163)	(282,534)
Accumulated depreciation of disposals	-	1,093	21	9,378	2,136	195	2,450	15,273
The effect of acquisition on subsidiaries - accumulated depreciation	-	(27,523)	(575)	(261,548)	(26,541)	-	(13,111)	(329,298)
Deconsolidation of subsidiary - accumulated depreciation	-	20,595	16,694	515,919	37,781	32,153	13,748	636,890
Foreign currencies translation differences - accumulated depreciation	100	13,388	11,607	143,908	5,228	13	1,303	175,547
Impairment during the period	-	-	-	(94)	(15)	-	-	(109)
Net book value at 30 September 2018	2,009,488	1,191,673	13,427	1,931,955	46,715	6,536	380,393	5,580,187
30 September 2018								
Cost	2,009,488	1,598,094	160,758	4,561,058	303,735	50,718	711,482	9,395,333
Accumulated depreciation and impairment	-	(406,421)	(147,331)	(2,629,103)	(257,020)	(44,182)	(331,089)	(3,815,146)
Net carrying value	2,009,488	1,191,673	13,427	1,931,955	46,715	6,536	380,393	5,580,187

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Fixed assets (continued)

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

	30 September 2018	30 September 2017
Cost of sales	203,350	187,458
General and administration expenses	79,184	104,732
	282,534	292,190

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

	30 September 2018	30 September 2017
Net book value for disposal assets	6,920	40,642
Gain on disposal of fixed assets (Note 30)	8,333	22,850
Proceeds from sale of fixed assets	15,253	63,492

6. Projects under construction

Balance of projects under construction comprises the following:

	30 September 2018	31 December 2017
Balance at the beginning of the period/ year	55,679,720	48,628,176
Additions	6,973,940	7,908,518
Assets acquired through business combination	23,655	-
Transferred to fixed assets (Note 5)	(91,896)	(81,835)
Reclass from fixed assets (Note 5)	18,458	68,905
Transferred for assets held for sales	(18,504)	-
Deconsolidation of a subsidiary	(63,008)	-
Disposals	(4,301)	(1,457)
Foreign currencies translation differences	388,779	(842,587)
Balance	62,906,843	55,679,720
Accumulated impairment losses	(570,347)	(631,715)
Net	62,336,496	55,048,005

Balance of projects under construction for group, as the following:

	30 September 2018	31 December 2017
Energy sector	62,170,284	54,867,030
Agriculture and food sector	7,953	6,505
Transportation and logistics sector	95,506	92,889
Cement sector	14,923	51,160
Financial services sector	36,581	22,387
Mining sector	11,249	8,034
Total	62,336,496	55,048,005

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Projects under construction (continued)

Energy sector include an amount of EGP 61,676,426 as at 30 September 2018 against EGP 54,745,165 as at 31 December 2017 represents the project of Egyptian Refining Company – a subsidiary in the energy sector.

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

	30 September 2018	31 December 2017
Balance at the beginning of the period / year	631,715	543,899
Impairment formed during the period / year	-	87,816
Deconsolidation of a subsidiary	(62,690)	-
Foreign currency translation differences	1,322	-
Balance	570,347	631,715

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

Notes to the consolidated interim financial statements - For the nine months period ended 30 September 2018

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

7. Intangible assets

	Computer license	Exploration license and extraction	Trademark	Customer contracts	Other license	Railway right of utilization	Total
1 January 2017							
Cost	58,297	615,369	484,042	461,637	4,516	-	1,623,861
Accumulated amortization	(45,410)	(8,246)	-	(166,967)	-	-	(220,623)
Accumulated impairment	-	-	(137,831)	-	-	-	(137,831)
Net carrying value	12,887	607,123	346,211	294,670	4,516	-	1,265,407
Year ended 31 December 2017							
Net book value at 1 January 2017							
Additions	12,887	607,123	346,211	294,670	4,516	-	1,265,407
Disposals	4,449	38,895	-	-	586	-	43,930
Cost transferred from assets held for sale	-	(580,368)	-	-	-	-	(580,368)
Foreign currencies translation differences – cost	49,266	-	-	-	-	2,111,799	2,161,065
Amortization during the year	(10,563)	(33,211)	-	-	-	146,334	102,560
Accumulated depreciation transferred from assets held for sale	(1,116)	(160)	-	(55,655)	-	(26,600)	(83,531)
Foreign currency translation differences – accumulated amortisation	(41,486)	-	-	-	-	(534,841)	(576,327)
Impairment during the year	2,779	-	-	-	-	(225,660)	(222,881)
Net book value at 31 December 2017	(61)	(32,278)	-	-	-	(1,471,033)	(1,503,372)
31 December 2017;	16,155	-	346,211	239,015	5,102	-	606,483
Cost	101,449	40,684	484,042	461,637	5,102	2,258,132	3,351,046
Accumulated amortization	(85,233)	(8,406)	-	(222,622)	-	(787,099)	(1,103,360)
Accumulated impairment	(61)	(32,278)	(137,831)	-	-	(1,471,033)	(1,641,203)
Net carrying value (Restated)	16,155	-	346,211	239,015	5,102	-	606,483
Period ended 30 September 2018							
Net book value at 1 January 2018							
Additions	16,155	-	346,211	239,015	5,102	-	606,483
Deconsolidation of subsidiary – cost	1,034	-	-	-	-	-	1,034
Foreign currency translation differences – cost	(39,596)	-	-	-	-	(2,269,589)	(2,309,185)
Amortization during the period	390	-	-	-	-	11,456	11,846
Deconsolidation of subsidiary – accumulated amortisation and impairment	(2,487)	-	-	(26,824)	-	-	(29,311)
Foreign currency translation differences- accumulated amortisation and impairment	39,596	-	-	-	-	2,269,589	2,309,185
Impairment during the period	(384)	-	-	-	-	(11,456)	(11,840)
Net book value at 30 September 2018	-	-	-	-	(935)	-	(935)
30 September 2018	14,708	-	346,211	212,191	4,167	-	577,277
Cost	63,277	40,684	484,042	461,637	5,102	-	1,054,742
Accumulated amortization	(48,508)	(8,406)	-	(249,446)	-	-	(306,360)
Accumulated impairment	(61)	(32,278)	(137,831)	-	(935)	-	(171,105)
Net carrying value	14,708	-	346,211	212,191	4,167	-	577,277

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

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

Intangible assets (continued)

- The exploration and the valuation represents the group rights in prospecting of metals in Algeria and prospecting of gold in Ethiopia through the group of Asec for Mining – ASCOM.
- The other exploration represents the payments from one of the subsidiaries of National Development And Trading Company – for the acquiring of license of constructing cement factory – Syria, the group management recognized an impairment for the total license amount during the period ended 30 September 2018.
- The group management test the impairment of the trademarks based on the recoverable amount for cash generating unit which is estimated by calculating the value in use by using net forecasted cash flow for the next five years, the management determine assumptions related to cash flow forecasting based on previous experience and market predictions.

8. Goodwill

To calculate the goodwill, assume the following companies as a CGU (s). which is the basis for Goodwill resulting from acquisition was allocated.

	Sector	Balance at 1 January 2018	Additions	Foreign currencies translation differences	Balance at 30 September 2018
National Development and Trading Company Group	Cement Sector	62,075	-	-	62,075
Falcon for Agricultural Investments Ltd. Group-BVI	Agriculture and Food Sector	281,158	-	-	281,158
Silverstone Capital Investment Ltd. Group	Energy Sector	13,999	-	(75)	13,924
Tawazon for Solid Waste Management (Tawazon) Company Group	Energy Sector	32,611	-	-	32,611
Grandview Investment Holding Group – BVI (*)	Paper Manufacturing Sector	-	425,291	-	425,291
Balance		389,843	425,291	(75)	815,059
	Sector	Balance at 1 January 2017	Impairment	Foreign currencies translation differences	Restated Balance at 31 December 2017
National Development and Trading Company Group	Cement Sector	62,241	(166)	-	62,075
Falcon for Agricultural Investments Ltd. Group-BVI	Agriculture and Food Sector	281,158	-	-	281,158
Silverstone Capital Investment Ltd. Group	Energy Sector	16,408	-	(2,409)	13,999
Tawazon for Solid Waste Management (Tawazon) Company Group	Energy Sector	32,611	-	-	32,611
Balance		392,418	(166)	(2,409)	389,843

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

Notes to the consolidated interim financial statements For the nine months period ended 30 September 2018

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

Goodwill (continued)

On 1 January 2018, the Group's management consolidated "Grandview Investment Group" in the consolidated financial statements, Grandview Co. control a group of subsidiaries that are mainly engaged in the manufacture of packaging and printing materials. The Group's management revalued the investment balance of Grand View to its fair value on 1 January 2018 as a result of changing the treatment of the investment in Grandview from equity method to consolidate all its assets and liabilities, balance of investment is shown as follows:

A. Grandview Investment Holding (*)

On 1 January 2018, the Group acquired control over the financial and operating decisions of Grandview Investment Holding and the ability to influence the financial and operation policies was transferred to the Group which were consolidated in the consolidated interim financial statements. The Group's management is still in the process of preparing the fair value study of the Company's net assets at the date of transfer of control for the purpose of recognition and measurement in the consolidated interim financial statements. The goodwill arising from the acquisition is calculated based on the carrying amounts of the net assets.

	Thousand Egyptian pound
Carrying amount of the investment on 1 January 2018	370,654
Fair value valuation differences on 1 January 2018	238,425
Consideration value on 1 January 2018	609,079
Non-controlling interest on 1 January 2018	198,951
(Deduct):	
Carrying amount for net assets	(382,739)
Balance	425,291

B. Impairment

The Group test the Goodwill impairment bases 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.

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

Notes to the consolidated interim financial statements - For the nine months period ended 30 September 2018

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

9. Biological assets

	Fruitful fruit gardens and orchards	Fruitless fruit gardens and orchards	Pregnant heifer, dry and dairy cows	Heifers	Plants	Total
1 January 2017						
Cost	9,868	3,224	185,540	88,642	9,775	297,049
Accumulated depreciation	(3,718)	-	(75,736)	-	-	(79,454)
Accumulated impairment	-	-	-	-	(2,528)	(2,528)
Net carrying value	6,150	3,224	109,804	88,642	7,247	215,067
Year ended 31 December 2017						
Net book value at 1 January 2017						
Additions	6,150	3,224	109,804	88,642	7,247	215,067
Disposals	-	1,744	-	95,518	186	97,448
Transfers	-	-	(54,542)	(4,440)	(435)	(59,417)
Foreign currencies translation differences	3,881	(3,881)	59,324	(59,324)	-	-
Depreciation expense	(5)	3	(36)	(87)	-	(125)
Accumulated depreciation of disposals	(410)	-	(25,439)	-	-	(25,849)
Net book value at 31 December 2017	9,616	1,090	111,820	120,309	6,998	249,833
31 December 2017:						
Cost	13,744	1,090	190,286	120,309	9,526	334,955
Accumulated depreciation	(4,128)	-	(78,466)	-	-	(82,594)
Accumulated impairment	-	-	-	-	(2,528)	(2,528)
Net carrying value	9,616	1,090	111,820	120,309	6,998	249,833
Period ended 30 September 2018						
Net book value at 1 January 2018						
Additions	9,616	1,090	111,820	120,309	6,998	249,833
Transfers	-	1,015	-	94,651	6,410	102,076
Foreign currencies translation differences	757	(757)	58,996	(58,996)	-	-
Disposals	-	-	13,786	(13,786)	-	-
Depreciation expense	(886)	-	(43,130)	(2,561)	-	(45,691)
Accumulated depreciation of disposals	-	-	(19,373)	-	-	(20,259)
Net book value at 30 September 2018	9,487	1,348	139,881	139,617	13,408	303,741
30 September 2018:						
Cost	14,501	1,348	219,938	139,617	15,936	391,340
Accumulated depreciation	(5,014)	-	(80,057)	-	-	(85,071)
Accumulated impairment	-	-	-	-	(2,528)	(2,528)
Net carrying value	9,487	1,348	139,881	139,617	13,408	303,741

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Biological assets (continued)

	30 September 2018	31 December 2017
Non-current		
Fruitful fruit gardens and orchards	9,487	9,616
Fruitless fruit gardens and orchards	1,348	1,091
Pregnant heifer, dry and dairy cows	139,881	111,819
Heifers	139,617	120,309
	290,333	242,835
Current		
Plants	2,528	2,715
Others	13,408	6,811
Accumulated impairment loss	(2,528)	(2,528)
Net	13,408	6,998
Total	303,741	249,833

10. Investments in associates

	Country	Shareholding %		Book value	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
Al Kateb Co for Marketing and Distribution	Egypt	48.88	48.88	846	531
Al Sharq for Book Stores	Egypt	40.00	40.00	12,981	12,577
Castrol Lubricants	Egypt	49.00	-	9,800	-
Dar AL Sherouk Company	British Virgin Islands	58.51	58.51	130,990	124,258
Zahana Cement Company*	Algeria	35.00	35.00	-	448,465
Grandview Investment Ltd. (Note 8)	British Virgin Islands	-	48.02	-	370,654
Ascom Precious Metals (APM)	Ethiopia	35.54	35.54	143,503	143,503
Allmed Medical Industries "AMI" Germany**	Germany	1.80	-	7,356	-
Total				305,476	1,099,988
Accumulated impairment loss				(100,000)	(100,000)
Net				205,476	999,988

* Zahana Cement Company has been reclassified to be non-current asset held for sale and discontinued operation.

** Despite the fact that the capital group's ownership interest in Allmed Medical Industries "AMI" Germany is below 20% it has significant influence over the investee based on the fact that the Allmed Medical Care Holdings (associate) also hold additional stake in the same associate where the company has the ability to participate in the decision making progress that govern the financial and operating policies of the investee.

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Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Investments in associates (continued)

Accumulated impairment loss on investments in associates is represented in the following:

	Balance at 1 January 2018	Foreign currency translation differences	Effect of acquisition of subsidiary	Balance at 30 September 2018
Dar AL Sherouk Company	100,000	-	-	100,000
Total	100,000	-	-	100,000

Summary of financial statements for associate companies as of 30 September 2018:

	Total assets	Total shareholders' equity	Total revenue	Net profit (loss) for the period
Al Kateb Co for Marketing and Distribution	24,418	7,769	14,871	1,136
Al Sharq for Book Stores	10,082	5,456	21,524	10,010
Dar AL Sherouk Company	236,873	128,669	36,199	(3,282)
Ascom Precious Metals (APM)	690,168	(26,605)	-	3

Summary of financial statements for associate companies as of 31 December 2017:

	Total assets	Total shareholders' equity	Total revenue	Net profit/(loss) for the year
Al Kateb Co for Marketing and Distribution	18,796	7,358	9,739	(549)
Al Sharq for Book Stores	12,228	5,711	24,747	(568)
Dar AL Sherouk Company - BVI	239,748	134,755	48,331	(4,092)
Zahana Cement Company	4,316,149	1,869,037	962,512	86,630
Grandview Investment Ltd.	2,106,119	731,524	2,411,200	574,895
Ascom Precious Metals (APM)	717,368	(30,653)	15	15

11. Available-for-sale assets

	30 September 2018	31 December 2017
Logria Holding Ltd.	1,160,250	1,153,100
Golden Crescent Investment Ltd.	1,131,110	1,124,139
EFG Capital Partners Fund II&III.	17,008	17,430
Sphinx	22,490	63,816
Cayman Resources	31,332	31,332
Others	3,837	3,721
Total	2,366,027	2,393,538
Accumulated impairment loss	(2,351,887)	(2,337,530)
Balance	14,140	56,008

The group's management applies inputs of level 3 in determining fair value of available for sale assets (Note 3)

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

Available-for-sale investments (continued)

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

	Balance at 1 January 2018	Foreign currency translation differences	Formed	Balance at 30 September 2018
Logria Holding Ltd.	1,153,100	7,150	-	1,160,250
Golden Crescent Investment Ltd.	1,124,139	6,970	-	1,131,109
EFG Capital Partners Fund II&III	5,962	-	-	5,962
Sphinx	22,351	139	-	22,490
Modern Co. for Isolating Materials	44	1	-	45
MEFEK Co.	872	-	-	872
Cayman Resources	31,062	-	97	31,159
Total	2,337,530	14,260	97	2,351,887

12. Payments under investments

	30 September 2018	Restated 31 December 2017
Nile Valley Petroleum Ltd.*	133,597	132,774
Citadel Capital Al Qalaa – Saudi Arabia	2,599	2,565
National Development and Trading Co. (IRAQ) Ltd.*	301	301
ASA Co. – Philippines	1,797	-
ASA International Co.	5,802	1,432
Golden Crescent Investment Ltd.*	4,463	4,435
Payments for non-controlling interest for purchasing investments*	151,637	150,433
Total	300,196	291,940
Accumulated impairment loss	(289,997)	(286,146)
Net	10,199	5,794

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

	Balance at 1 January 2018	Financial statements Translation differences	Formed	Balance at 30 September 2018
Nile Valley Petroleum Ltd.	132,774	823	-	133,597
National Development and Trading Co. (IRAQ) Ltd.	301	-	-	301
Payments for non-controlling interest for purchasing investments	148,637	-	3000	151,637
Golden Crescent Investment Ltd.	4,434	28	-	4,462
Balance	286,146	851	3,000	289,997

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

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

* **National Development and Trading company's subsidiaries**

National Development and Trading Company's management decided in its meeting held on 24 December 2012 to sell its entire share in ESACO for Manufacturing Engineering and Construction (subsidiary, 70%).

ASEC Cement Company's board of directors decided on May 4, 2014 the commitment to the selling plan of ASEC Algeria Cement Company (ASEC CIMENT) and the Company has received an offer from one of the investors to acquire the Company (ASEC CIMENT).

ASEC Cement Company's Extra-ordinary General Assembly meeting approved on May 16, 2016 the debt transfer agreement to be concluded between ASEC Cement Company and ASEC Cement Gulf Offshore Limited, in addition to the debt transfer and settlement agreement to be concluded with the creditors of ASEC Cement Algeria Company and both of the ASEC Cement and ASEC Cement Gulf Offshore Limited, as a part of the entire debts cancelation of ASEC Cement Algeria as a pre-condition to sell the entire shares of ASEC Cement Algeria.

On 15 May 2017, the Citadel Capital Company announced that it has signed an agreement to sell its investment in ASEC Algeria Cement Company - indirect subsidiaries with 37 % ownership percentage, within a deal amounted to approximately USD 60 million for selling the whole company.

National Development and Trading Company's Board of Directors decided in its meeting held on 18 September 2018 to plan to sell its investment in ESACO for Manufacturing Engineering and Construction S.A.E. (a subsidiary 70%) and ASEC for Manufacturing an Industrial Projects ARESCO S.A.E. (a subsidiary). The management of National Company for Development and Trade is still studying the offers of sale.

* **Falcon for Agricultural Investments Ltd BVI subsidiary**

Falcon for Agriculture Investments Ltd. BVI Company's management decided to sell its shares in the following companies:

1. Up-date Company for Food Products
2. Nile for Food Products "Enjoy"

* **KU Railways Holding Limited Company**

As mentioned in note (41), The group management has decided to deconsolidate Rift Valley Railways (Kenya) Limited ("RVRK") in Kenya and Rift Valley Railways (Uganda) Limited ("RVRU") in Uganda after the termination of the two concession agreements and recognized a gain associated with the disposal of the entire operational liabilities of these two entities amounting to EGP 1,166,642 K, in the statement of profit and loss.

* **ASEC Mining (Ascom)**

ASEC Company for Mining - ASCOM (a subsidiary) has signed a shareholders' agreement with Allied Gold Corp (Allied), where Allied Gold Corp (Allied) acquires 64.46% of its subsidiary's share APM Ethiopia – An owned Ethiopian Company specialized in extracting, mining materials and precious metals owned by ASEC Company for Mining (ASCOM) – through APM Ethiopia capital increase.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Non-current assets held for sale (continued)

The transaction will be executed through a capital increase in APM Ethiopia. The amount of the capital increase shall be paid in tranches over the period from 18-24 months. Allied will be granted full management control rights after completion of the transaction. Meanwhile, APM Ethiopia will allocate the full amount of the proceeds of the transaction to accelerate the pace of development at its concession Dish Mountain, in Western Ethiopia, after the fulfilment of the remaining requirements of the Ethiopians Ministry of Mines, Petroleum and natural Gas in order to obtain a license to operate in exploring activities for precious metals mining, which the Company has completed all initial approvals of such license.

As per the agreement (referred to above) AME Ethiopia became owned by 35.54% (Investment in associates) as a result of losing control and becoming with significant influence.

* **Every Holding Limited Company**

On 10 December 2017 the Company sold all its shares in Arab Company for Trade and Service a subsidiary of Every Holding limited to Arabian Holding Company against the settlement of some liabilities of the sold Company.

* **MENA Home Furnishings Malls Ltd**

The Company concluded an agreement to the effect of selling its entire share in Bonyan for Development and Trade SAE (Bonyan) (a subsidiary of MENA Home Furnishings Malls Ltd), the owner of Designopolis Mall, to Sky Realty ,a subsidiary of Compass Investment Holding (DIFC). The selling transaction was executed on April 30, 2018 through the sale of the entire shares of Bonyan for Development and Trade S.A.E, for a net transferred consideration of EGP 162,015K, the sale transaction resulted in loss charged to statement of profit and loss by an amount of EGP 247,036K.

* **Allmed Medical care Holdings**

Grandview Investments' Board of Directors Meeting decided to sell its entire share in Allmed Medical Holdings (Investment in associate, 30%). The Company's management is still studying the offers of sale.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

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

13.A Assets held-for-sale

Assets held-for-sale as at 30 September 2018 are represented in the following

	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI	Ledmore Holding Limited.	ESACO for Manufacturing Engineering and Construction	Zahana Cement Company	ASEC for Manufacturing and Industries Project Co (ARESCO)	Allmed Medical Care Holdings	Total
Fixed assets	-	79,915	369	24,975	-	110,779	-	216,038
Other assets	-	-	-	306	-	27,522	-	27,828
Intangible assets	-	1,034	-	-	-	-	-	1,034
Projects under construction	-	-	-	-	-	19,933	-	19,933
Inventories	-	16	-	6,866	-	62,107	-	68,989
Trade receivables and other debit balances	-	913	170	10,043	-	220,465	-	231,591
Investments in associates	-	-	-	-	450,555	1	288,892	739,448
Payments under investments	-	-	-	-	-	13	-	13
Deferred tax assets	-	-	-	1,586	-	-	-	1,586
Due from related parties	-	45	-	8,961	7,459	3,158	-	19,623
Cash and cash equivalents	5	4,689	11,601	156	-	1,233	-	17,684
Balance	5	86,612	12,140	52,893	458,014	445,211	288,892	1,343,767
Less: Impairment of investments in associates	-	-	-	-	-	-	(69,527)	(69,527)
	5	86,612	12,140	52,893	458,014	445,211	219,365	1,274,240

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

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

Assets held-for-sale at 31 December 2017 are represented in the following:

	Subsidiary of Company				Total
	Arab Swiss Engineering Co. (ASEC)	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI	Ledmore Holding Limited.	
Fixed assets	5,750	265	79,915	367	86,297
Intangible assets	-	-	1,034	-	1,034
Projects under construction	-	188,040	-	-	188,040
Inventories	-	-	16	-	16
Trade receivables and other debit balances	-	3,350	913	169	4,432
Due from related parties	-	-	45	-	45
Investment property	-	320,481	-	-	320,481
Cash and cash equivalents	-	633	4,689	11,530	16,852
Goodwill	-	76,929	-	-	76,929
Balance	5,750	589,698	86,612	12,066	694,126
Less: Goodwill Impairment	-	(76,929)	-	-	(76,929)
	5,750	512,769	86,612	12,066	617,197

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

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

13.B Liabilities held-for-sale

Liabilities held-for-sale as at 30 September 2018 are represented in the following:

	Subsidiary of Company						Total
	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI	Ledmore Holding Limited.	KU Railways Holding Limited *	ESACO for Manufacturing Engineering and Construction	ASEC for Manufacturing and Industries Project Co (ARESCO)	
Short-term loans	-	-	-	-	10,563	-	10,563
Due to related parties	-	1,035	-	-	-	8,891	9,926
Provisions	-	16,452	-	-	38,247	111,006	165,705
Bank overdraft	-	-	-	-	-	2	2
Loans	-	-	-	3,813,826	25,472	-	3,839,298
Trade payables and other credit balances	814	115,131	486	10,905	69,736	279,615	476,687
Other Liabilities	-	-	-	-	-	16,903	16,903
Deferred tax liabilities	-	-	-	-	(246)	(2,247)	(2,493)
Balance	814	132,618	486	3,824,731	143,772	414,170	4,516,591

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

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

Liabilities held-for-sale as at 31 December 2017 are represented in the following:

	Subsidiary of Company				Restated Total
	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI	Ledmore Holding Limited.		
Provisions	259,098	16,452	-	-	275,550
Loans	209,785	-	-	-	209,785
Due to related parties	-	1,035	-	-	1,035
Trade payables and other credit balances	167,767	115,682	483	-	283,932
Balance	636,650	133,169	483		770,302

13.C Discontinued operations after tax

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

	ESACO for		ASEC for		Total
	KU Railways Holding Limited	Manufacturing Engineering and Construction	Manufacturing and Industries Project Co (ARESCO)	Allmed Medical Care Holdings	
Discontinued operations					
Operating revenue	4,722	-	9,601	9,378	214,292
Operating costs	(11,592)	-	(22,489)	-	(268,689)
Administrative costs	(2,580)	(3,942)	-	-	(6,522)
Other (expenses)	(193)	-	-	-	(69,720)
Finance costs net	(12,705)	-	-	-	(12,705)
Income tax	-	-	(375)	-	(1,112)
Net loss for the period	(22,348)	(3,942)	(13,263)	9,378	(144,456)
Loss on sale of a subsidiary (Note 13.D)	(247,036)	-	-	-	(247,036)
Gain from de-consolidating of subsidiary (Note 41.A)	1,442,907	-	-	-	1,442,907
(Loss) profit from discontinued operations, net of tax	(269,384)	1,438,965	(13,263)	9,378	1,051,415

Notes to the consolidated interim financial statements
For the nine month period ended 30 September 2018

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

ESACO for ASEC for

13.D Details of the sale of the subsidiaries

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

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

* KU Railways Holding Limited Borrowings:

Borrower	Bank / Company	Interest rate	Outstanding - Current balances
KU Railways Holding Limited	International Finance Corporation	USD :14% effective interest rate for year 2013	665,897
	International Finance Corporation	USD: fixed rate : basic lending rate plus 6.25 % or variable rate Libor for 6 month plus 6.25%	427,613
	Africa Development Bank	USD: Libor plus 6.25%	776,615
	FMO	USD: Libor plus 6.25%	582,950
	International Finance Corporation	USD: Libor plus 6.25% or 5.5%	395,189
	Equity Bank	USD interest rate for treasury bills of Kenya 91 day plus 4% or 14 % which is bigger	352,631
	KFW	USD Libor rate plus(5.5% or 6.5%)	612,931
	Total		3,813,826

14. Inventories

	30 September 2018	31 December 2017
Spare parts	732,888	705,723
Raw materials	667,220	419,912
Work in process	82,440	179,747
Finished goods	175,628	136,088
Goods in transit	10,220	19,345
Packing materials	14,756	10,894
Oil and lubricants	27,186	49,666
Letters of credit	873	7,869
Others	62,099	29,995
Total	1,773,310	1,559,239
Less: Inventories write-down	(335,368)	(341,042)
Net	1,437,942	1,218,197

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

15. Trade receivables and other debit balances

	30 September 2018	31 December 2017
Trade receivables	2,628,296	2,525,451
Impairment of trade receivables	(222,338)	(721,980)
Net trade receivables	2,405,958	1,803,471
Egyptian General Petroleum Corporation	1,518,143	1,508,787
Due from sale of investment	505,141	616,609
Due from the contractor FISmith	446,058	450,288
Advances to suppliers	528,478	346,596
Tax Authority	239,668	272,656
Refundable deposits	376,449	484,420
Accrued revenues	188,590	167,250
Employees' imprest	75,546	37,695
Work in progress	36,046	81,163
Prepaid expenses	46,342	48,641
Letters of guarantees	35,374	53,197
Letters of credit	51,178	75
Custom Authority	4,492	725
Restricted cash	-	117,357
Other debit balances	517,618	310,025
Total	4,569,123	4,495,484
Less: Non-current portion	(2,605,789)	(2,511,241)
Less: Impairment of other debit balances	(468,154)	(592,406)
Balance	3,901,138	3,195,308

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

	30 September 2018	31 December 2017
Trade receivables	23,204	5,158
Egyptian General Petroleum Corporation	1,518,143	1,508,787
Due from the contractor FISmith	446,058	450,288
Refundable deposits	257,240	255,297
Due from sale of investment	18,063	-
Restricted cash	-	117,357
Other debit balances	343,081	174,354
Non-current portion of trade receivables and other debit balances	2,605,789	2,511,241

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Trade receivables and other debit balances (continued)

- The balance represents the amount paid on behalf of Egyptian General Petroleum Corp. in the share capital of the Egyptian Refining Company – free zone – a subsidiary.
- This balance include the amount of EGP 359,509 K at 30 September 2018 (31 December 2017: EGP 359,509 K) represents the accrued consideration from sale of investments in accordance with the United Foundries Company's extra-ordinary general assembly meeting held on November 23, 2014 decree which decided to sell its entire share interest in Alexandria for Car Foundries and Amerya. Metal Company On December 11, 2014 the company sold its entire share interest according to the signed sale agreement and this amount is fully impaired.
- Others debit balances included amount of EGP 17,046 at 30 September 2018 (31 December 2017: EGP 17,545K) represents deposits at Syria Central Bank as a guarantee for the seriousness of constructing ASEC Syria Cement Capital Factory and will be refunded at the beginning of production process.

16. Related party transactions

The Group entered into several transactions with companies and entities that are included within the definition of related parties, as stated in EAS 15, "Disclosure of related parties". The related parties comprise the Group's board of directors, their entities, companies under common control, and/ or joint management and control, and their partners and employees of senior management. The partners of joint arrangement and non-controlling interest are considered by the Group as related parties. The management decides the terms and conditions of transactions and services provided from/ to related parties, as well as other expenses. Below is the statement that shows the nature and values of transaction with related parties during the year, and the balances due at the date of the consolidated interim financial statements.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Related party transactions (continued)

(a) Due from related parties

Name of the Company	Nature of relation	Nature of transactions			30 September 2018	31 December 2017
		Foreign Currency Translation Differences	Service Fees	Finance		
Logria Holding Ltd,	Investee	649	-	-	111,783	111,134
Golden Crescent Investment Ltd.	Investee	420	-	-	68,103	67,683
Golden Crescent Finco Ltd.	Investee	3,226	-	-	523,527	520,301
Emerald Financial Services Ltd.	Investee	2,884	-	(103,315)	477,447	577,878
Nile Valley Petroleum Ltd.	Investee	2,311	-	-	384,718	382,407
Citadel Capital East Africa	Investee	-	-	-	67	67
Citadel Capital AlQalaa- Saudi Arabia	Investee	6	-	-	1,313	1,307
El Kateb for Marketing & Distribution	Associate	-	-	-	1,011	1,011
Nahda Company - Sudan	Investee	71	-	-	11,511	11,440
Egyptian Company for International Publication	Investee	-	-	1,200	24,960	23,760
Citadel Capital Partners	Parent	29	-	78,444	236,681	158,208
Ecligo	Investee	-	-	-	2,000	2,000
Mena Glass Ltd	Associate	379	-	-	61,333	60,954
Zahana Cement Company	Associate	-	-	(134)	-	134
ASEC Electric Rewinding and Repair Co	Investee	-	-	-	526	526
Egyptian Polypropylene Bags Co.	Investee	-	-	-	20	20
ASAI International	Investee	(56)	-	1,976	3,195	1,275
Visionaire	Investee	(372)	-	-	23,808	24,180
Haider	Investee	-	-	(651)	3	654
Rotation Ventures	Investee	599	-	7,740	104,899	96,560
Benu one Ltd.	Investee	1,153	-	-	187,123	185,970
Grandview	Subsidiary	-	-	(1,702)	-	1,702
Ascom Precious Metals (APM)	Associate	-	-	-	205	205
Scimitar Production Egypt Ltd	Investee	102	2,552	-	18,974	16,320
Golden Resources	Investee	-	-	-	72	72
Trianon	Investee	(649)	-	1,498	7,682	6,833
Entag UAE	Investee	-	-	(886)	-	886
Adena	Shareholder	83	-	-	13,388	13,305
EIIC	Shareholder	-	-	89,250	89,250	-
Allmed Medical Industries "AMI"	Associate	-	-	23,947	23,947	-
Castrol Egypt	Associate	-	2,499	-	2,499	-
Others	Investee	-	-	-	45,155	130,515
					2,425,200	2,397,307
Accumulated impairment loss					(1,967,641)	(2,051,811)
					457,559	345,496

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

(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 2018	Formed during the period	Reversal of impairment	Foreign currency translation differences	Balance 30 September 2018
Logria Holding Ltd.	(111,134)	-	-	(649)	(111,783)
Nahda	(11,440)	-	-	(71)	(11,511)
Rotation Ventures	(96,560)	(7,688)	-	(651)	(104,899)
Visionaire	(24,180)	-	519	(146)	(23,807)
Mena Glass	(60,954)	-	-	(379)	(61,333)
Golden Crescent Finco Ltd.	(520,301)	-	-	(3,226)	(523,527)
Emerald Financial Services Ltd.	(577,878)	-	103,315	(2,884)	(477,447)
Golden Crescent Investment Ltd.	(67,683)	-	-	(420)	(68,103)
Nile Valley Petroleum Ltd.	(382,407)	-	-	(2,315)	(384,722)
Benu One Ltd	(185,970)	-	-	(1,153)	(187,123)
Others	(13,304)	-	-	(82)	(13,386)
Balance	(2,051,811)	(7,688)	103,834	(11,976)	(1,967,641)

(b) Due to related parties

Name of the Company	Nature of relation	Nature of transactions			30 September 2018	31 December 2017
		Foreign Currency Translation Differences	Service Fees	Finance		
Mena Glass Ltd.	Associate	2,299	-	(130)	579,835	577,666
Pharos Holding Company	Investee	-	-	-	488	488
Asec Automation-Europe Co.	Investee	-	-	-	161	161
Asec Automation Co.- Free zone	Investee	-	-	5,335	9,522	4,187
Kimonix Egypt for Consulting	Investee	-	-	(349)	1,954	2,303
Sphinx Capital	Investee	-	-	30,400	30,400	-
Entag UAE	-	-	-	1,408	1,408	-
Others	-	-	-	-	14,461	4,398
					638,229	589,203
Due to shareholder						
Sadek Ahmed Swedy	Shareholder	125,720	-	-	249,900	124,180
Femix one Ltd.	Shareholder	52	-	189	69,436	69,195
Aly Hassan el Deyekh	Shareholder	1,186	-	141,281	333,755	191,288
Olayan	Shareholder	-	-	307,423	421,798	114,375
Joussour	Shareholder	2,649	-	(64,931)	364,904	427,186
IFC	Shareholder	1,439	-	7,634	241,044	231,971
Omran	Shareholder	77	-	-	12,591	12,514
EIIC	Shareholder	-	-	(1,477)	-	1,477
El-Rashed	Shareholder	-	-	153	24,870	24,717
FHI	Shareholder	(2,297)	-	45,272	45,837	2,862
Others	Shareholder	-	-	-	23,156	5,583
					1,787,291	1,205,348
Balance					2,425,520	1,794,551

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Related party transactions (continued)

(c) Senior management personnel

The group paid EGP 223,283K as salaries and benefits at 30 September 2018 to senior management personnel (31 December 2017: EGP 221,862K).

17. Financial assets at fair value through profit or loss

	30 September 2018	31 December 2017
Investment funds – Local banks	42,052	-
Modern Shorouk for Printing & Packaging	3,017	4,405
Others	109	-
	<u>45,178</u>	<u>4,405</u>

The financial assets at fair value through profit or loss includes investment in funds with banks, At 30 September 2018 , the group has 532 units with total amount of EGP 42,052 (31 December 2017: zero), plus investments in ordinary stocks in companies listed in the Egyptian Exchange amounted EGP 3,126 (31 December 2017: EGP 4,405).

Financial assets at fair value through profit or loss are included within the operating activities under changes in working capital in the statement of cash flows.

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

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

18. Cash and bank balances

	30 September 2018	31 December 2017
Banks - current accounts	1,636,480	1,922,314
Treasury bills (less than 3 months)	981,689	367,436
Bank- Time deposits	4,902,548	29,010
Cheques under collection	20,856	29,062
Cash on hand	8,304	5,648
	<u>7,549,877</u>	<u>2,353,470</u>

The short-term deposits maturity profile is less than 3 months from the date of placement.

The average interest rate on deposits in Egyptian pound on 30 September 2018 was 13%. The average US dollar deposit rate on 30 September 2018 was 5.25%.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

19. Share capital

The Company's authorized capital is EGP 10 Billion and the issued and paid-in capital is EGP 9,100,000K represents 1,820,000,000 shares distributed between 1,418,261,351 ordinary stocks and 401,739,649 preferred stocks.

Preferred shares have the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extra-ordinary general assembly meeting held on May 12, 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. 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.	24.36 %	443,295,671	2,216,478
Emirates International Investments Company	7.62 %	138,767,960	693,840
Other shareholders	68.02 %	1,237,936,369	6,189,682
	100 %	1,820,000,000	9,100,000

20. Other reserves

	Legal reserve*	Fair value- available- for-sale financial assets	Foreign currency translation differences	The company's share in the change of equity of associates companies	Hedge reserve**	Total
Balance at 1 January 2017	89,578	(1,068)	2,986,305	(77,429)	(32,271)	2,965,115
Revaluation fair value for available- for-sale financial assets	-	2,738	-	-	-	2,738
Foreign currency translation differences	-	-	(1,399,576)	-	-	(1,399,576)
The company's share in the change of equity of associates companies	-	-	-	9,860	-	9,860
Hedge risk in interest rates of swap contracts	-	-	-	-	22,727	22,727
Balance at 31 December 2017	89,578	1,670	1,586,729	(67,569)	(9,544)	1,600,864
Balance at 1 January 2018	89,578	1,670	1,586,729	(67,569)	(9,544)	1,600,864
Revaluation of available-for-sale at fair value	-	(1,125)	-	-	-	(1,125)
Foreign currency translation differences	-	-	(165,949)	-	-	(165,949)
The company's share in the change of equity of associates companies	-	-	-	(19)	-	(19)
Hedge risk in interest rates of swap contracts	-	-	-	-	70,558	70,558
Balance at 30 September 2018	89,578	545	1,420,780	(67,588)	61,014	1,504,329

* Legal reserve

In accordance with the companies' law number 159 for year 1981, 5 % of the net profit for the year is transferred to the legal reserve account. Based on a proposal by the board and the approval of the General Assembly of the company, this transfer may be partially discontinued if the legal reserve reaches 50% of the issued capital. This reserve is not available for distribution to shareholders.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Other reserves (continued)

**** Cash flows Hedge 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.

21. Loans and borrowings

	30 September 2018		31 December 2018	
	Current	Non-current	Current	Non-current
A. Loans from financial institutions	9,512,109	44,470,432	12,141,935	35,603,517
B. Loans from related parties – Non-controlling interest portion	2,115,936	129,808	1,945,747	36,940
C. Bank overdraft	1,254,495	-	425,626	-
	12,882,540	44,600,240	14,513,308	35,640,457

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Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Loans and borrowings (continued)

Borrower	Bank / Company	Interest rate	Outstanding balance		Financial Position classification				Guarantees
			30 September 2018	31 December 2017	30 September 2018		31 December 2017		
			Current	Non-current	Current	Non-current	Current	Non-current	
Arab Financial Investments Company	Commercial International Bank	EGP: 5%, USD: 2.5%	223,901	204,653	-	223,901	-	204,653	-pledge for the shares owned in Asec Cement which cover at least 100% from the liability, moreover pledge a store for Arabic financial investments company
Dina for Agriculture Investments	-Ahli United Bank -United Bank -Arab Egyptian real estate	EGP: Average 3.625 % plus corridor rate	80,438	104,569	32,175	48,263	32,175	72,394	Pledge over all the company's assets and real estate first rank Pledge on 7172 feddan of company's land
National Development and Trading company	Ahli Bank Qatar	3.75 % plus corridor rate	251,200	214,915	251,200	-	214,915	-	Partial pledging shares of ASEC Cement company
	Arab Investment Bank	2.75 % plus corridor rate	131,638	113,690	131,638	-	113,690	-	Partially pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ESACO shares to the bank
	Industrial Development and workers bank of Egypt	0.5 % plus corridor rate	254,147	220,952	254,147	-	220,952	-	pledging of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares ASEC automation shares and ESACO shares to the bank
	Misir Iran Development Bank	2.5% plus corridor	173,749	149,649	173,749	-	149,649	-	Pledging 33.3 million shares of subsidiaries with a value not less than 333% from the total amount of credit facility which is accepted by the bank to cover the minimum market value within the last nine months, also shares custody should be by the bank and dividends to be collected under the cognition of the bank
Arab Swiss Engineering Co. (ASEC)	Ahli United Bank	3.25 % plus corridor for non-current portion	62,437	69,832	62,437	-	69,832	-	Assignment of South Valley Co. management Contract
ASEC Cement Company	Al Baraka Bank Sudanese Egyptian Bank Bank of Livestock in Sudan	11.5% 11%	11,601 15,393	15,710 44,991	6,000 12,932	5,601 2,461	6,000 39,058	9,710 5,933	Assignment of White Sinai Co. management contract Pledge on the land of the factory and machinery and equipment's of Al Takamoul for Cement Ltd. Co.
Taqa Arabia	Commercial International Bank	3.25% plus corridor	340,000	305,601	22,500	317,500	-	305,601	Pledge the stocks for the banks in Nile Valley Petroleum Ltd. And City Gas – and the company distribute dividend to the bank which cover profits 1.25 from the annual payments.
Taqa Marketing	HSBC Cairo Bank National Bank of Egypt	EGP: 3% plus Corridor rate	38,581	42,829	9,880	28,701	11,320	31,509	The company maintain a constant percentage in the contract plus restrict dividends distribution of the company till payment the instalments and the accrued interest.

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Global Energy Company	HSBC	2.25% pulse Corridor rate	-	8,776	-	8,776	-	The company maintain the direct and indirect percentage for the contract period till the date of the actual payment.
Egyptian Refining Company	Japan bank for International Cooperation	USD: 4.1% plus Libor	9,132,412	6,942,517	366,282	8,766,130	6,942,517	*Company shall deliver to each lender original signed and blank promissory notes
	Group of commercial banks (NEXI)	USD: 1.75% plus Libor	5,911,691	4,517,476	244,188	5,667,503	4,517,476	-
	Covered Lenders)							
	Export – Import Bank of Korea (KEXIM)	USD: 3.6% plus Libor per annum up to the project completion date. 4 % per annum from the project completion to the end of 5 th year. 4.6% per annum for any time thereafter	10,177,080	8,612,891	420,546	9,756,534	8,612,891	-
	Financial institution (KEXIM Initial Guaranteed facility lenders)	USD: 1.95% plus Libor plus mandatory costs	2,952,207	2,879,686	122,094	2,830,113	2,879,686	-
	European Investment Bank	USD: 3.25% Per annum up to the project completion date. 3 % per annum from the project completion date to the second year. 3.5% per annum from the third year to the ninth year. 4 % per annum for any time thereafter	7,461,927	5,384,056	305,235	7,156,692	5,384,056	-
	African Development Bank	Fixed interest rate: 3.5 % per annum plus Base rate calculated by the bank as set in the agreement. Or	3,570,000	3,548,000	135,660	3,434,340	3,548,000	-
		Variable rate: Libor plus 3.5 % per annum						
	African Development Bank	Fixed interest rate: 5 % per annum plus Base rate. Or	587,909	4,243,374	-	587,909	4,243,374	*Company shall not make any distribution or other payments to the shareholders in respect of equity financing or shareholders loans until all amounts due and payable under the loan have been paid in full.
		Variable rate: Libor plus 5 % per annum						

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Less : Deferred borrowing cost *(Egyptian Refining Company) Citadel Capital	GS1	USD: 6 month Libor plus 2.5% per annum	719,015	-	-	719,015	-	-	*Company shall not make any distribution or other payments to the shareholders in respect of equity financing or shareholders loans until all amounts due and payable under the loan have been paid in full.
	GS2	USD: 6 month Libor plus 2.5% per annum	964,829	-	-	964,829	-	-	*Company shall not make any distribution or other payments to the shareholders in respect of equity financing or shareholders loans until all amounts due and payable under the loan have been paid in full.
	MITSUE & CO. Ltd	USD: 6 month Libor plus 3% per annum	4,132,976	217,332	-	4,132,976	-	217,332	* Company can't sell or dispose any significant assets without the approval of the lender. The company shall not pay and dividends or any other payments to shareholders as financing owners' equity or shareholders loan unless paying the whole accrued amount of the loan.
			(1,527,670)	(2,170,102)	(302,001)	(1,225,669)	-	(2,170,102)	* Company can't sell or dispose any significant assets without the approval of the lender.
International for Refining Consultation	Citi Bank (syndication loan manager) and other banks (Arab African International Bank, Arab International bank, Cairo bank, Misr Bank, and Piraeus bank)	USD: First tranche : 4.25 % plus Libor Second tranche : 3.9% plus Libor Third tranche 3.9% plus Libor	4,305,577	4,279,044	4,305,577	-	4,279,044	-	*First degree lien contract of shares owned by the Company in National Development and Trading Company. *First degree lien contract of shares owned by the Company in International Company for Mining Consulting. *First degree lien contract of shares owned by the Company in United Foundries Company. *First degree lien contract of shares of Citadel Capital Ltd(one of the subsidiaries). *First degree lien contract on shares owned by the Company in ASEC Cement Company. *First degree lien contract on shares owned by the company in ASEC Company for Mining (ASCOM)
		USD 5.2% per annul	552,398	548,980	552,398	-	548,980	-	*First degree lien contract of Citadel Capital Ltd(one of the subsidiaries) of Citadel Capital Holding for financial investments)
		USD: 15, 608,926 to be paid upon maturity	1,401,964	1,315,380	1,401,964	-	1,315,380	-	*Letter of guarantee from Standard Chartered Bank of Korea Limited with the amount due to Arab International Bank. *the loan is guaranteed by pledging the Company's (50 million) share in Orient Investments Properties Ltd. In favour of the bank and the bank has the authority to switch the ownership of these shares anytime against granted loan.
National Company for Refining Consultation	Arab International Bank								

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

National Company for Multimodal Transport	Arab African International Bank, Bank of Alexandria and Misr Bank (syndicated loan)	EGP: Average corridor and due each 6 months	559,123	601,287	202,487	356,636	235,017	366,270	<p>*Open the revenue account with the Loan Agent (Misr Bank). *Conclude a first degree pledge over the revenue account. *Conclude first degree mortgage on the barges *Conclude first degree mortgage over tangible and intangible assets *An undertaking with insurance policies over the new barges within 15 days from the expiry date of the insurance policy. *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 (Arab African International Bank) 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 (Arab African International bank) *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 (Arab African International Bank) *First rank mortgage for all property and real estate on the project. *First rank commercial mortgage on calcium carbonate production line. *Deposit all earnings resulting from future sale contracts related to calcium carbonate production in operating account. *The company undertakes not to change, pledge, mortgage, sell or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the bank.</p>
ASCOM company for chemicals and carbonates manufacturing	Ahli United Bank	2% plus Libor for each 3 months , penalty rate 1 % per annum	64,008	81,989	64,008	-	42,408	39,581	

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Glass Rock company for isolation	Misir Bank	4.5% plus Libor for each 3 months - penalty rate 1 % per annum	667,877	684,708	667,877	-	684,708	-	*First rank mortgage for all property and real estate on the project. *First rank 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 debt in case of default *Includes a first degree pledge over all shares owned by the borrower of TAQA Arabia covering 115% of the value of the existing liability in favour of Arab international Bank * Includes a 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 *official procuration unchangeable for the bank for the procedures of pledge of store
Trimstone Assets Holdings Ltd.	Arab International Bank	USD: 5% plus 6 month Libor	363,318	358,632	-	363,318	-	358,632	
United foundries Company	Piraeus	Debit interest rate 1.55 annually over loan rate and apply debit interest rate 1.5% plus 3 month Libor rate for liability in USD	630	3,545	630	-	3,545	-	
ESACO for Manufacturing and Engineering	HSBC		-	37,660	-	-	3,656	34,004	Pledge for all raw materials and machines plus collateral The company shall not pay and dividends or any other payments to shareholders as financing owners' equity or shareholders loan unless paying the whole accrued amount of the loan. First degree commercial mortgage on materials, and related tools and equipment.
Grandview investments Holding	Qatar National Bank	EGP: 5% decreasing interest rate. Delay interest 1% EGP: 2.25% plus corridor each 6 months	15,734	-	2,203	13,531	-	-	First degree commercial mortgage on materials, and related tools and equipment.
Swent group	Arab African Bank		262,071	-	38,943	223,128	-	-	First degree lien contract of materials and physical assets for warehouses and equipment's related to the company. Pledge the company shares
Modern East for printing and packing KU railways Holding limited	Export development bank Egypt International Finance Corporation International Finance Corporation	1,75% plus Corridor rate US Dollar: 14% interest rate for 2013. US Dollar: fixed interest with 6.25% or variable interest rate labour for 6 months plus 6.25%.	62,500 48,328	-	13,808	62,500 34,520	-	-	Pledge the company shares
			-	661,793	-	-	661,793	-	
			-	424,978	-	-	424,978	-	

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Africa Development Bank	US Dollar : labour rate plus 6.25%	-	771,829	-	771,829	-	Pledge the company shares
	FMO	-	579,357	-	579,357	-	Pledge the company shares
International Finance bank	US Dollar : labour rate plus 6.25%	-	392,754	-	392,754	-	Pledge the company shares
	US Dollar: 14% interest rate for 2013.	-	350,458	-	350,458	-	Pledge the company shares
KFW	Us Dollar: labour plus interest rate (5,5% or 6.25%)	-	609,154	-	609,154	-	Pledge the company shares
	Barclays	-	62,749	-	62,749	-	Pledge the company shares
Equity Bank EARTH Loan	Us Dollar: labour plus interest rate (5,5% or 6.25%)	-	35,196	-	35,196	-	Pledge the company shares
	Standard Bank	-	274,562	-	274,562	-	Pledge the company shares
Loans and Borrowing balances		53,982,541	47,745,452	9,512,109	44,470,432	12,141,935	35,603,517

Borrower	Bank / Company	Interest rate	Outstanding balance		Financial Position classification				Guarantees
			30 September 2018	31 December 2017	30 September 2018		31 December 2017		
			Current	Non-current	Current	Non-current			
National Development and Trading Company	Financial Holding International	11.5% per annum compound interest	1,965,179	1,908,038	1,965,179	-	1,908,038	-	The guarantees are represented in lien on part of National Development and Trading Company share in Arab Swiss Engineering Co.
	Vinegar Company	11.5% per annum compound interest	40,849	37,709	40,849	-	37,709	-	
United Foundries	Financial Holding International	11.5% per annum compound interest	138,053	36,940	109,908	28,145	-	36,940	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%
Grand View	Yousef Allam & CO	11.5% per annum compound interest	101,663	-	-	101,663	-	-	
Loans and Borrowing balances			2,245,744	1,982,687	2,115,936	1,29,808	1,945,747	36,940	

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Loans and borrowings (continued)

C) Bank overdrafts

	30 September 2018	31 December 2017
Silverstone Capital Investments Ltd.	393,908	105,901
United Foundries Company	50,030	54,096
National Development and Trading Company	25,189	26,146
Tawazon for Solid Waste Management (Tawazon)	41,179	43,227
ASEC for Mining (ASCOM)	159,171	159,212
Falcon Agriculture Investment	23,376	37,044
Grandview Investments Holdings	561,642	-
Total	1,254,495	425,626

The average interest rate on bank overdrafts over Egyptian Pounds was 5.5% plus corridor rate on 30 September 2018 (31 December 2017: 5.5% plus corridor rate).

22. Deferred tax assets / liabilities

	30 September 2018		Restated 31 December 2017	
	Asset	Liability	Asset	Liability
Fixed assets	-	255,281	-	251,691
Intangible assets	-	129,184	-	135,219
Fair value of interest rate hedge	-	110,038	7,242	-
Provisions	-	-	5,198	-
Tax losses	20,730	-	144	-
Others	-	36,218	-	30,996
Total deferred tax assets / liabilities	20,730	530,721	12,584	417,906

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

	30 September 2018	31 December 2017
Balance at 1 January	405,322	482,279
Charged to the consolidated statement of profit or loss	21,397	(114,731)
Charged to the consolidated statement of comprehensive income	102,796	(1,041)
Deferred tax liabilities arising from business combination	1,809	-
Foreign currency translation differences	(21,334)	38,815
Balance at 31 December	509,991	405,322

The Group have remaining carried forward tax losses as of 30 September 2018 amounted to EGP 522,788 and the related deferred tax assets amounted to EGP 117,627 which have not been recognized as it is not probable that future taxable profit will be available against the Group can utilize the benefits relating to these assets.

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23. Financial derivatives assets (liabilities)

	30 September 2018	31 December 2017
Derivative financial liabilities (asset) of interest rate swap (23.1)	489,059	(32,188)
Balance	489,059	(32,188)

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

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

The main terms of the transactions are as follows:

Trade date: June 25, 2012.

Effective date: July 3, 2012.

Termination date: December 20, 2024.

Fixed portion rate paid by the company is 2.3475%.

Floating rate paid by bank is USD — LIBOR — BBA semi-annual.

Payment date: December 20, 2012.

Maximum estimated amount under these transactions are:

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

Maximum notional amount covered under Credit Agricole are

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

As at 30 September 2018, the balance of the change in the fair value of cash flow hedges is amounting to EGP 489,059K equivalent to US \$22,495 K (31 December 2017: EGP 32,188 K equivalent to US \$1,814 K).

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

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24. Provisions

	Provision for claims*	Legal provisions	Other provisions	Total
Balance at 1 January 2017	670,359	1,265	9,914	681,538
Provisions formed	284,473	916	16,939	302,328
Provisions used	(81,692)	-	(2,161)	(83,853)
Provisions no longer required	(4,204)	(67)	(3,662)	(7,933)
Foreign currency translation	(4,013)	(12)	(5,023)	(9,048)
Balance at 31 December 2017	864,923	2,102	16,007	883,032
	Provision for claims*	Legal provisions	Other provisions	Total
Balance at 1 January 2018	864,923	2,102	16,007	883,032
Effect of acquisition of subsidiaries	108,112	-	-	108,112
Provisions formed (Note 30)	158,511	201	2,351	161,063
Provisions used	(41,571)	-	(2)	(41,573)
Provisions no longer required (Note 30)	(9,366)	(87)	(1,924)	(11,377)
Transfer to liabilities held for sale	(126,669)	-	(11,652)	(138,321)
Foreign currency translation	(4,659)	4	(3,515)	(8,170)
Balance at 30 September 2018	949,281	2,220	1,265	952,766

* The provisions for claims has been formed against the expected claims from certain external parties in relation to the Company's 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.

25. Trade payables and other credit balances

	30 September 2018	31 December 2017
Trade payables	4,276,613	4,486,704
Accrued interest	1,397,113	715,470
Accrued expenses	1,115,839	1,397,367
Tax authority	760,680	856,440
Retention	225,979	204,638
Advances from customers	61,176	106,855
Social insurance authority	19,600	94,057
Shareholders' credit balances	26,130	24,493
Creditors- purchase of investment*	10,787	10,787
Deferred revenue	9,190	11,319
Creditors- purchase of fixed assets	5,964	5,964
End of service provision	2,710	2,647
Other credit balances	854,905	512,558
	8,766,686	8,429,299
Less: non-current portion	(278,768)	(228,446)
	8,487,918	8,200,853

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Trade payables and other credit balances (continued)

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

	30 September 2018	31 December 2017
Retention	190,824	146,445
Trade payables	74,381	4,590
Creditors- purchase of investment	10,787	10,787
End of service provision	2,710	2,647
Other credit balances	66	2,104
Social insurance authority	-	61,873
Balance	278,768	228,446

The balance represents accrual from Tanweer for Marketing and Distribution Company (Tanweer) – subsidiary by 99,88%- by purchases of investments in Dar AL Sherouk Company – BVI , for the benefit of the mentioned company.

26. Current income tax liabilities

	30 September 2018	Restated 31 December 2017
Balance at 1 January	199,514	180,119
Effect of acquisition of subsidiary	40,607	-
Income tax paid during the period / year	(141,801)	(160,692)
Income tax for the period / year (Note 33)	152,453	188,313
Withholding tax paid	(25,782)	-
Transferred to assets held for sale	(28,161)	-
Foreign currency translation differences	(54,562)	(8,226)
	142,268	199,514

27. Operating revenue

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Energy sector	4,486,151	3,255,673	1,727,113	1,355,568
Cement sector	1,643,477	1,694,623	452,201	562,180
Financial services sector	7,725	6,935	2,675	1,285
Mining sector	682,600	721,001	238,763	217,783
Agriculture and food sector	629,682	579,624	183,830	162,536
Transportation and logistics sector	106,114	82,276	44,331	24,355
Others*	1,840,386	108,054	629,807	23,377
	9,396,135	6,448,186	3,278,720	2,347,084

* Other revenue represents revenue from Grandview Investment Ltd Company and United Foundries Company.

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28. Operating cost

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Energy sector	4,050,730	2,915,749	1,593,316	1,222,907
Cement Sector	1,184,658	1,409,910	323,425	449,378
Financial services sector	5,565	4,987	1,634	1,251
Mining sector	530,415	627,562	181,500	192,281
Agriculture and Food sector	497,913	449,985	144,107	145,990
Transportation and Logistics sector	115,337	96,941	41,151	27,929
Other costs*	1,503,399	77,510	490,869	23,779
	7,888,017	5,582,644	2,776,002	2,063,515

* Other costs represents costs from Grandview Investment Ltd Company and United Foundries Company

29. General and administrative expenses

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Wages, salaries and similar items	374,702	342,845	93,253	98,910
Selling and marketing	228,421	120,037	73,100	60,095
Consultancy	94,216	73,427	28,059	10,722
Depreciation and amortization	104,027	73,773	36,437	22,433
Travel and accommodation	12,976	10,673	6,566	3,297
Rent	10,913	8,723	5,568	3,258
Advertising and public relations	5,670	5,408	1,398	3,104
Donations	1,169	4,155	709	1,405
Management fees	8,043	-	8,043	-
Other	252,924	162,322	109,749	54,088
	1,093,061	801,363	362,882	257,312

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30. Other income / (expenses)

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Impairment / reversal of due from related parties (Note 16)	96,146	(21,380)	6,848	(6,995)
Impairment of trade receivables and other debit balances	(6,239)	(6,344)	(4,935)	(816)
Impairment of available for sale investments	(97)	44	(1)	-
Impairment of payment under investment (Note 12)	(3,000)	-	-	-
Impairment of fixed assets	(108)	(17,026)	-	-
Impairment of intangible assets	(939)	(32,444)	(939)	-
Gain on sale of fixed assets (Note 5)	8,333	22,850	915	13,666
Loss on sale of biological assets	-	(366)	(2,736)	(366)
Provisions (Note 24)	(161,063)	(74,105)	152,287	(13,805)
Net change in the fair value of investments at fair value through profit and loss	(1,388)	1,442	(1,388)	1,183
Provision no longer required (Note 24)	11,377	3,578	(6,082)	3,511
Other income	373,872	58,438	92,611	18,411
Loss on sale of investments	(23,709)	-	(23,709)	-
	293,185	(65,313)	212,871	14,789

31. Finance costs - (net)

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Credit interest	(187,513)	(170,159)	(71,692)	(112,986)
Interest expenses	1,389,114	997,130	461,903	353,545
Foreign currency translation differences	84,598	106,838	15,821	130,877
Net	1,286,199	933,809	406,032	371,436

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

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

32. Share of loss of investments in associates

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Al Kateb Co for Marketing and Distribution	336	(36)	407	(46)
Al Sharq for Book Stores	404	27	346	96
Dar AL Sherouk Company	(1,920)	(2,166)	(1,321)	(1,420)
Mena Glass Ltd	-	(13,920)	-	(12,698)
	(1,180)	(16,095)	(568)	(14,068)

33. Income taxes

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Current income tax	(152,453)	(115,632)	(53,790)	(35,388)
Deferred income tax	(21,397)	30,365	(42,488)	2,602
Net	(173,850)	(85,267)	(96,278)	(32,786)

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

	30 September 2018	30 September 2017
Net profit (loss) before tax	(579,137)	(951,038)
Income tax based on tax rate	(130,306)	(213,984)
Expenses not deductible for tax purposes	36,328	34,308
Income not taxable for tax purposes	(20,419)	(1,139)
Effect of tax losses	(59,453)	95,548
Income tax expense	(173,850)	(85,267)

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

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

34. Earnings (loss) per share

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

	Nine months ended 30 September		Three months ended 30 September	
	2018	2017	2018	2017
Net profit / (loss) for the period	298,428	(4,139,089)	65,145	(465,088)
Net profit (loss) for equity holders of the parent company	426,823	(3,470,191)	126,587	(311,608)
Weighted average number of shares including preferred shares with the same distribution rights as ordinary shares	1,820,000,000	1,820,000,000	1,820,000,000	1,820,000,000
Profit (loss) per share (EGP)	0.23	(1.91)	0.07	(0.17)

Diluted earnings /(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The group does not have any categories of dilutive potential ordinary shares on 30 September 2018 and 30 September 2017, hence the diluted earnings (loss) per share is the same as the basic earnings (loss) per share.

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Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

35. Operating segments

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

Operating results	Energy	Cement	Transportation and logistics	Mining	Agriculture food industries	Financial services	Other	Elimination (NCI)	Total
For the period ended 30 September 2018									
Operating revenue	4,486,151	1,643,477	106,114	682,600	629,682	7,725	1,840,386	-	9,396,135
Operating cost	(4,050,730)	(1,184,658)	(115,337)	(530,415)	(497,913)	(5,565)	(1,503,399)	-	(7,888,017)
Gross profit / (loss)	435,421	458,819	(9,223)	152,185	131,769	2,160	336,987	-	1,508,118
Net profit / (loss) for the period	25,751	(520,285)	(156,909)	(24,062)	13,861	(165,507)	(483,787)	1,737,761	426,823
Financial position									
Balance as of 30 September 2018									
Current assets	10,191,336	3,109,875	136,179	568,849	335,349	6,929,744	1,374,838	(7,966,828)	14,679,342
Non-current assets	67,072,111	907,026	676,091	1,103,051	992,384	22,412,269	926,042	(21,144,229)	72,944,745
Total assets	77,263,447	4,016,901	812,270	1,671,900	1,327,733	29,342,013	2,300,880	(29,111,057)	87,624,087
Current liabilities	6,669,189	4,949,593	7,814,158	1,474,907	2,477,467	18,317,972	1,927,789	(14,223,472)	29,407,603
Non-current liabilities	43,572,256	2,333,205	461,594	160,161	85,918	1,071,317	1,013,398	(3,288,120)	45,409,729
Shareholders' equity	27,022,002	(3,265,897)	(7,463,482)	36,832	(1,235,652)	9,952,724	(640,307)	(11,599,465)	12,806,755
Total liabilities and shareholders' equity	77,263,447	4,016,901	812,270	1,671,900	1,327,733	29,342,013	2,300,880	(29,111,057)	87,624,087

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Operating segments (continued)

	Energy	Cement	Transportation and logistics	Mining	Agriculture food Industries	Financial services	Other	Elimination (NCI)	Total
Operating results									
For the year ended									
31 December 2017									
Operating revenue	4,587,903	2,692,879	117,834	954,230	717,276	11,120	201,079	-	9,282,321
Operating cost	(4,155,014)	(2,252,764)	(145,590)	(834,793)	(554,028)	(7,482)	(148,545)	-	(8,098,216)
Gross profit / (loss)	432,889	440,115	(27,756)	119,437	163,248	3,638	52,534	-	1,184,105
Net (loss) / profit for the period	(651)	(676,063)	(11,657,749)	(253,558)	(13,607)	(7,032,333)	(410,141)	15,330,087	(4,714,015)

Financial position

Balance as of

31 December 2017

Current assets	3,884,991	3,485,063	91,104	522,129	420,833	7,233,563	665,856	(8,562,468)	7,741,071
Non-current assets	59,622,266	1,255,766	697,666	1,171,468	1,589,496	22,128,371	36,329	(21,348,366)	65,152,996
Total assets	63,507,257	4,740,829	788,770	1,693,597	2,010,329	29,361,934	702,185	(29,910,834)	72,894,067
Current liabilities	4,343,207	2,856,614	7,621,743	1,395,151	2,416,449	16,054,698	1,225,475	(9,551,775)	26,361,562
Non-current liabilities	34,752,135	4,116,892	366,270	203,142	108,240	3,098,729	642,364	(6,968,777)	36,318,995
Shareholders' equity	24,411,915	(2,232,677)	(7,199,243)	95,304	(514,360)	10,208,507	(1,165,654)	(13,390,282)	10,213,510
Total liabilities and shareholders' equity	63,507,257	4,740,829	788,770	1,693,597	2,010,329	29,361,934	702,185	(29,910,834)	72,894,067

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

Operating segments (continued)

The following summary describes the entities of each reportable segment:

Agriculture and food sector

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

Energy Sector

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

Transportation and logistics Sector

- Africa Railways Holding
- Africa Railways Limited
- Citadel Capital Transportation Opportunities Ltd. Group
- KU Railways Holding Limited
- Ambience Venture Ltd

Metallurgy Sector:

- United Foundries Company

Speciality real estate:

- Mena Home Furnishing Malls Lt.

Financial services Sector:

- Citadel Capital Holding for Financial Investments
- Citadel Capital Ltd
- Sequoia Williwow 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

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

Operating segments (continued)

Financial services Sector: (continued)

- 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
- Investment Company for Modern Furniture

Mining Sector:

- ASEC company for mining (ASCOM)

Others:

- United Foundries Company
- Mena Home Furnishing Malls Ltd. Group
- Grandview Investment Holding
- National Company for Development and Trading Group

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

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

36. Ownership interest in subsidiaries

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

Company's name	Country of Incorporation	Group share percentage		Non-controlling interest %	
		2018	2017	2018	2017
Citadel Capital Holding for Financial Investments	Arab Republic of Egypt – Free Zone	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 Williwow 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

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Company's name	Country of Incorporation	Group share percentage		Non-controlling interest %	
		2018	2017	2018	2017
Concord Agriculture	South Sudan	96.00	96.00	4.00	4.00
Trimestone Assets Holding Limited – BVI	British Virgin Island	100.00	100.00	-	-
Cardinal Vine Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Global Services Realty	British Virgin Island	100.00	100.00	-	-
Silverstone Capital Investments Ltd.	British Virgin Island	61.56	61.56	38.44	38.44
Taqa Arabia Company	Arab Republic of Egypt	93.49	93.49	6.51	6.51
Gas and Energy Company (GENCO Group) SAE	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Taqa for Electricity, Water and Cooling – SAE	Arab Republic of Egypt	98.74	98.74	1.26	1.26
Taqa for Marketing Petroleum Products – SAE	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Gas and Energy Group Limited	British Virgin Island	99.99	99.99	0.01	0.01
Genco for Mechanical and Electricity Work	Qatar	99.99	99.99	0.01	0.01
Qatar Gas Group Limited	Qatar	45.00	45.00	55.00	55.00
Arab Company for Gas Services	Libya	49.00	49.00	51.00	51.00
Arabian Libyan Company for Energy	Libya	65.00	65.00	35.00	35.00
Taqa Arabia Solar Co.	Arab Republic of Egypt	60.00	60.00	40.00	40.00
National Development and Trading Company	Arab Republic of Egypt	69.27	69.27	30.73	30.73
Arab Swiss Engineering Co. (ASEC)	Arab Republic of Egypt	99.97	99.97	0.03	0.03
ASEC for Manufacturing and Industries Project Co (ARESCO)	Arab Republic of Egypt	99.80	99.80	0.2	0.2
ASEC Cement Co.	Arab Republic of Egypt	70.22	70.22	29.78	29.78
ASEC Environmental Protection Co. (ASENPRO)	Arab Republic of Egypt	63.01	63.01	36.99	36.99
ASEC Automation Co.	Arab Republic of Egypt	53.64	53.64	46.36	46.36
ESACO for Manufacturing Engineering and Construction	Arab Republic of Egypt	70.00	70.00	30.00	30.00
Grandiose Services Ltd.	British Virgin Island	100.00	100.00	-	-
ASEC for Integrated management	Sudan	99.90	99.90	0.1	0.1
Al Takamoul for Cement Ltd. Co.	Sudan	51.00	51.00	49.00	49.00
ASEC Syria Cement Co.	Syria	99.99	99.99	0.01	0.01
Dejalfa Offshore	British Virgin Island	67.13	67.13	32.87	32.87
ASEC Trading Company	Arab Republic of Egypt	99.88	99.88	0.12	0.12
Berber for Electricity – Limited	Sudan	51.00	51.00	49.00	49.00
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 – FZ	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
Bonyan for Trade and Development	Arab Republic of Egypt	-	99.99	-	0.01
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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Company's name	Country of Incorporation	Group share percentage		Non-controlling interest %	
		2018	2017	2018	2017
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
Up-date Company for Food Products	Arab Republic of Egypt	85.00	85.00	15.00	15.00
Nile for Food Products “Enjoy”	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Investments Company for Dairy Products	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Tiba Farms for Agriculture Developments	Arab Republic of Egypt	95.88	95.88	4.12	4.12
Dina for Agriculture Development	Arab Republic of Egypt	100.00	100.00	-	-
National Company for Dairy Exchange	Arab Republic of Egypt	100.00	100.00	-	-
Mena Development Limited	British Virgin Island	100.00	100.00	-	-
Anchor Real Estate Investments	British Virgin Island	100.00	100.00	-	-
Every's Holding Limited	British Virgin Island	100.00	100.00	-	-
Orient Investments Properties Ltd.	British Virgin Island	37.79	37.71	62.21	62.29
Arab Refining Company – S.A.E.	Arab Republic of Egypt	61.521	61.521	38.479	38.479
Egyptian Refining Company – S.A.E.	Arab Republic of Egypt	42.75	44.48	57.25	55.52
National Refining Company – S.A.E.	Arab Republic of Egypt	63.32	63.32	36.68	36.68
Africa Railways logistics limited	Republic of Mauritius	100.00	100.00	-	-
KU Railways Holding Limited –KURH	Republic of Mauritius	85.00	85.00	15.00	15.00
E A Rail & Handling Logistics Co. Limited	Republic of Mauritius	100.00	100.00	-	-
East African Rail and Handling Logistics Limited	Kenya	100.00	100.00	-	-
RVR Investments (Pty) Ltd.	Republic of Mauritius	100.00	100.00	-	-
Rift Valley Railways Kenya Co. (RVRK)	Kenya	-	100.00	-	-
Rift Valley Railways Uganda Co. (RVRU)	Uganda	-	100.00	-	-
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	-	-

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Company's name	Country of Incorporation	Group share percentage		Non-controlling interest %	
		2018	2017	2018	2017
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	75.63	75.63	24.37	24.37
Engineering Tasks Group (ENTAG)	Arab Republic of Egypt	75.73	75.73	24.27	24.27
Entag Oman	Company Oman	70.00	70.00	30.00	30.00
Qalaa Energy Ltd.	British Virgin Island	100.00	100.00	-	-
Mena Joint Investment Fund*	Luxembourg	73.25	73.25	26.75	26.75
Africa Joint Investment Fund	Republic of Mauritius	31.00	31.00	69.00	69.00
Underscore International Holdings Ltd.	British Virgin Island	100.00	100.00	-	-
Valencia International Holdings Ltd.	British Virgin Island	100.00	100.00	-	-
Sphinx Egypt for Financial Consulting Company*	Arab Republic of Egypt	69.88	69.88	30.12	30.12
Sphinx capital Corp	British Virgin Island	100.00	100.00	-	-
Melbourn Investments Ltd	British Virgin Island	100.00	100.00	-	-
Borton Hill Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Metal Anchor Holdings Ltd.	British Virgin Island	15.00	15.00	85.000	85.000
Tempsford Investments Ltd	British Virgin Island	100.00	100.00	-	-
ASEC company for mining (ASCOM)	Arab Republic of Egypt	54.74	54.74	45.26	45.26
ASCOM Carbonate & Chemical Manufacture Company	Arab Republic of Egypt	99.99	99.99	0.01	0.01
ASCOM for Geology & mining – Syria	Arab Republic of Syria	95.00	95.00	5.00	5.00
Nebta for Geology & Mining – Sudan	Sudan	99.00	99.00	1.00	1.00
Glass Rock Insulation Company	Arab Republic of Egypt	92.50	92.50	7.50	7.50
ASCOMA Algeria	Republic of Algeria	99.40	99.40	0.60	0.60
Lazerg Travaux Public	Republic of Algeria	70.00	70.00	30.00	30.00
ASCOM Precious Metals Mining S.A.E	Arab Republic of Egypt	99.99	99.99	0.01	0.01
ASCOM Emirates for Mining UAE	Limited Partnership Company Emirates	69.40	69.40	30.60	30.60
ASCOM Middle East	Joint Stock Company	100.00	100.00	-	-
Nubia Mining Development PLC	Limited partnership Company	52.80	52.80	47.20	47.20
Sahari Gold Company	Limited partnership Company	99.99	99.99	0.01	0.01
ASCOM for Geology & Mining – Ethiopia	Limited Partnership Company Ethiopia	99.99	99.99	0.01	0.01
ASCOM Precious Metals – Sudan	Limited Partnership Company Sudan	99.99	99.99	0.01	0.01
Golden Resources Company	Limited Partnership Company	99.99	99.99	0.01	0.01
ASCOM Cyprus Ltd	Limited Partnership Company Cyprus	99.99	99.99	0.01	0.01
International Company for Mineral Exploration – Cyprus	Limited Partnership Company Cyprus	99.99	99.99	0.01	0.01
Golden International Ltd	Limited Partnership Company	99.99	99.99	0.01	0.01
Grand View 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

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Company's name	Country of Incorporation	Group share percentage		Non-controlling interest %	
		2018	2017	2018	2017
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	-	-

The financial information for these significant subsidiaries are as follows:

	Total Assets	Total Equity	Total Revenue	Net Profit
Silverstone Capital Investment Ltd. Group	5,352,966	1,565,366	4,213,833	160,768
Citadel Capital Transportation Opportunities Ltd.	811,014	(852,496)	106,114	(165,469)
National Development and Trading Company	4,016,901	(3,265,897)	1,643,476	(367,430)
Orient Investment Properties Ltd.	70,651,256	24,742,145	-	(103,524)
Crondall Holdings Ltd.	333,988	301,992	-	-
Tawazon for Solid Waste Management (Tawazon) Company Group	387,746	169,959	272,317	12,465
United Foundries Company	171,918	(759,084)	228,723	(31,130)
ASEC Company for Mining (ASCOM)	1,672,064	36,996	682,600	(31,204)
Grandview Investment holdings	2,198,484	584,100	1,611,663	1,614
Sphinx Egypt for Financial Consulting Company	22,391	17,083	7,752	(396)
Mena Joint Investment Fund	290,437	277,400	-	-
Africa Joint Investment Fund	526,745	521,008	-	-
Mena Fund	6,569	(28,712)	-	-

37. Tax position

37.1 Tax on the profits of legal entities

The Company submitted its tax returns on regular basis for the years from 2005 to 2017 according to tax law No. 91/2005. The Company's books have not been inspected yet.

37.2 Payroll tax

The Company deducts the salaries tax according to tax law no. 91/2005 and the Company's books inspected for the period since inception till the date of 31/12/2009 but the authority did not inform the Company with results yet. And the years from 2010 to 2017 have not been inspected yet.

37.3 Stamp tax

The Company was inspected since inception till July 31, 2006 and paid all the accrued amounts according to the Internal Committee decision and for the period from August 1, 2006 to December 31, 2013 has been inspected and the dispute has transferred to Internal Committee in the Authority and has not been inspected for the years 2014 to 2017 yet.

37.4 Withholding tax

The Company applies the withholding tax provision on its transactions with private sector according to tax law No. 91/2005 and no tax inspection for withholding tax has been taken place yet.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

38. Capital Commitments

The capital commitments as at September 30, 2018 represented in the following:

38/1 Egyptian refining company

Represented in non-exercised contracts amounted to USD 702,397 K equivalent to EGP 12,537,793 K (31 December 2017: USD 984,497 K equivalent to EGP 17,464,977 K)

38/2 ASEC for Manufacturing and Industries project Co. (ARESCO)

	Contract amount	
	30 September 2018	31 December 2017
Work shop (1)	-	675
Work shop (7)	-	3,285
Work shop (9)	-	370
Self-extinguishing system in the factory	100	100
Legal Consultancy fees	-	1,500
Total	100	5,930

39. Contingent liabilities

The contingent liabilities as at 30 September 2018 are represented in the following:

39.1 ASEC Automation Co. (ASA)

	30 September 2018	31 December 2017
Letter of guarantee	733	1,823

39.2 ASEC Environmental Protection Co. (ASENPRO)

	30 September 2018	31 December 2017
Letter of guarantee	1,121	1,487

39.3 Arab Swiss Engineering Co. (ASEC)

	30 September 2018			31 December 2017		
	Euro	Dirham	EGP	Euro	Dirham	EGP
Letter of guarantee	36	-	29,262	765	241	34,315

39.4 ASEC for Manufacturing and Industries Project Co. (ARESCO)

	30 September 2018			31 December 2017		
	Euro	USD	EGP	Euro	USD	EGP
Letter of guarantee	32,500	-	20,267	2,669	77,083	53,267

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Contingent liabilities (continued)

39.5 United Foundries Company

	30 September 2018	31 December 2017
Letters of guarantee (outstanding)	1,509	-
Letters of guarantee (cover)	1,660	-
Letters of credit (cover)	3,402	-
Total	6,571	-

39.6 ASEC Company for Mining (ASCOM)

	30 September 2018	31 December 2017
Letters of guarantee — Uncovered portion (A)	22,573	24,977
Bank commitments for loans to subsidiaries (B)	623,193	563,522
Total	645,766	588,499

(A) The uncovered portion of letters of guarantee includes a letter of guarantee an amount to EGP 1,760 K (equivalent to US.\$100 K) issued from one of the banks the company deals with on behalf of ASCOM Carbonate & Chemical Manufacture Company (subsidiary) at October 3, 2007 and available for use until January 1, 2019.

(B) ASEC Company for Mining (ASCOM) guarantees Glass Rock Insulation Company (subsidiary) against the loan provided to the subsidiary company from one of the banks the company deals with amounted to EUR 27,802 K due to the subsidiary's inability to settle its obligations resulting from the mentioned loan.

40. Employees Stock Option Plan

The Company's Extraordinary General Assembly Meeting held on 20 February 2008 approved to add a new article to the Articles of Incorporation to permit the adoption of a plan or more to motivate employees, managers and executive board of directors members – Employees Stock Option Plan (ESOP) in accordance with decision no. 282 for 2005 which modified executive regulation for the law no. 159 / 1981. On 22 June 2008 the Financial Regularity Authority (FRA) approved the ESOP plan.

On 10 December 2018, the Company's Extraordinary General Assembly Meeting decided to approve the Employees Stock Option Plan (ESOP) through promise to acquire shares/ designate share with distinctive conditions to employees, managers and executive board of directors members.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

41. Significant events

The Group has indirect investments in Rift Valley Railways (Kenya) Limited "RVR Kenya" and Rift Valley Railways (Uganda) Limited "RVR Uganda" through its subsidiary Africa Railways Limited and its subsidiaries Ambience Ventures Limited and Kenya Uganda Railways Holding Limited "KURH" and Rift Valley Railways "RVR".

Since 2011, RVR Kenya and RVR Uganda were operating two railway concessions in Kenya and Uganda by a 25 years signed concession agreement between both companies and both governments of Kenya and Uganda.

During July 2017 and January 2018, the courts and governments of Kenya and Uganda have issued separate adjudication and order to terminate the two concession agreements and hence all the companies' conceded assets and employees have been handed over to the governments of Kenya and Uganda.

Accordingly, the Group management have recognised impairment in the entire carrying amount of the assets amounting to EGP 3,250K within the consolidated financial statements for the year ended 31 December 2017.

During 2018 and after the Uganda Government to decision terminate the concession agreement during January 2018 the group management concluded that they lost any future economic benefit from the freight railways services which is the main and the sole purpose of RVR Kenya and RVR Uganda.

Accordingly, RVR Kenya and RVR Uganda have been forced to cease to operate and the Group has lost control over the freight railways business as well as the power to control the financial and operating policies of those entities. Hence, the Group management was unable to obtain the financial information and accounting records for those companies as at 31 December 2017 and 30 September 2018.

Referring to paragraph no. 25 of the Egyptian Accounting Standard no. 42, and as a result of loss of control over RVR Kenya and RVR Uganda, the group management decided to deconsolidate those two entities from the consolidated financial statements for the nine months ended 30 September 2018. The gain associated with the deconsolidation of Rift Valley Railways (Kenya) Limited and Rift Valley Railways (Uganda) Limited have been recognized in the consolidated statement of profit or loss. Deconsolidation of Rift Valley Railways (Kenya) Limited and Rift Valley Railways (Uganda) Limited net assets details are as follows:

A) The consolidated financial information for KURH (KU Railways Holding Limited) for the year ended 31 December 2017 and 30 September 2018 after the deconsolidation of RVR Kenya and RVR Uganda represented in the following:

	30 September 2018	31 December 2017
Total assets	-	3,245,490
Impairment of assets	-	(3,245,490)
Total loans and other liabilities	4,100,996	5,619,558
Net profit (loss) for the period / year	1,162,700	(3,469,982)

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Significant events (continued)

The details of the gain resulted from the deconsolidation of RVR Kenya and RVR Uganda.

	30 September 2018
Trade and other payables	641,699
Creditors and other credit balances	426,502
Loans	98,441
Gain resulted from the deconsolidation of RVR Kenya and RVR Uganda (Note 13.C)	1,166,642

All shares of the railways sector pledged to the lenders as a security for the payments of the debt.

On 30 September 2018, and as a result of losing power to control the financial and operating decision of Kenya and Uganda Railways, Group management decided to deconsolidated Africa Railways Logistics LTD. Company from the consolidated financial statement as of 30 September 2018. Whereas Africa Railways Logistics LTD. Company does not have any assets and it only recognises debts to finance the concession agreements, the deconsolidation resulted in gain recognised in the consolidated statement of profit or loss amounting to EGP 276,265K.

Accordingly, total gain from deconsolidated subsidiaries will be as follows:

	30 September 2018
Gain resulted from deconsolidation of RVR Kenya and RVR Uganda	1,166,642
Gain resulted from deconsolidation of Africa Railways Logistics LTD.	276,265
	1,442,907

It worth mentioned that Citadel Capital as separate legal entity has not contractually agreed or signed any contract or agreement pursuant to which Citadel Capital guaranteed the performance of obligations of RVR Kenya and RVR Uganda or their affiliates.

42. Going concern

As of 30 September 2018, the Group's accumulated losses amounts to EGP 17 billion (31 December 2017: EGP 17.1 billion) and the Group's current liabilities exceeded its current assets by EGP 15 billion (31 December 2017: EGP 18.6 billion). The Group has made a net profit of EGP 298 million for the nine months period ended 30 September 2018 (30 September 2017: EGP 4 billion loss). In addition, the Group is also in breach of its existing debt covenants and some of the subsidiaries have defaulted in settling the loan instalments on their due dates. The loan amount of EGP 10 billion where defaults have occurred have been classified as current liabilities as at 30 September 2018. These circumstances indicate significant doubt about as to whether the group will be able to meet its debt obligations.

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.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Going concern (continued)

In order to address the going concern of the group, the group will need to ensure that sufficient cash flows would be achieved in order to service the debt obligations and conduct its operations without significant curtailment. Management have performed a comprehensive forecasted cash flow for the next 5 years for each of the entities within the group. To improve the cash position of the group, included in such forecasts are the following actions which will be implemented or are in progress:

- Cash flows from revenue activities are expected to be increased: This will be achieved through planned and agreed increases in prices with current customers and securing contracts with new customers. Specifically, due to additional gas discoveries, the group is actively pursuing new opportunities for the group to improve revenue.
- Cash flows will be improved as certain key construction projects will be completed in the next 12 months and this will reduce the drain on operating cash flows.
- Cost reduction plans will be implemented as well as achieving efficiencies in production.
- Implementing a restructuring and reorganisation plan for non-core assets which will include the disposal of loss-making subsidiaries as noted in the sale of two subsidiaries during the first half of 2018.
- For certain major subsidiaries, plans are underway to enter into an initial public offering "IPO" to raise capital for the group.
- Negotiations are currently underway with certain lenders to restructure debts where defaults have occurred which will enable the group to prioritise cash flows appropriately. This will involve ensuring all breaches in covenants are remedied. This is expected to be completed by the end of 2018.
- The group's shareholders have also pledged their support by providing additional loan facilities for operating cash flows.

With the expected cash flows from the above actions to be implemented, management is confident that sufficient cash flows would be generated to meet the debt obligations and the consolidated interim financial statements of the group are therefore prepared on a going concern basis.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

43. Prior years' adjustments

During the nine month period ended 30 September 2018, the Group's management has corrected certain comparative balances for the year ended 31 December 2017 in accordance with Egyptian Accounting Standard No.5 "Accounting Policies and changes in accounting estimates and errors". These corrections related to certain errors as follows:

A. Income tax expenses – National Company for Development and Trading "NDT"

The calculation of the current and deferred tax liability of NDT had neither been calculated for the year ended 31 December 2017 nor included in the consolidated financial statements of the group due to the fact that the financial statements of NDT had not been issued by the date of issuing the consolidated financial statements of the Group. Accordingly, the income tax expenses included in the consolidated financial statements of the Group was understated in accordance with EAS 24 "Income tax" as a result of not considering 2017 income tax expense related to NDT. It would be expected that such calculations should have been performed and as such, the Group's accounting policy for Income tax was not applied appropriately. The impact of this error was:

	<u>Amount</u>
Current tax liability	23,688
Deferred tax liability	(5,079)
Accumulated losses	(12,891)
Non-controlling interest	(5,717)

The impact on the statement of profits or losses for the year ended 31 December 2017 will only be adjusted in the comparatives of the last quarter when the tax expenses are incurred and reflected in the 31 December 2018 annual financial statements. As such there is no adjustment of this error in the comparatives of the current interim statement of profit or loss.

Summary of the effect of income tax expenses recognised on basic and diluted earnings per share for the year ended 31 December 2017:

<u>All amounts are shown in Egyptian Pounds</u>			
	<u>31 December 2017 As issued</u>	<u>Impact of restatement</u>	<u>31 December 2017 Restated</u>
Basic loss per share	(2.59)	(0.007)	(2.597)
Diluted loss per share	(2.59)	(0.007)	(2.597)

B. Payment under investment – Citadel Capital Company

The company made a number of payments between 2015 to 2017 to two minority shareholders of one of the Group's subsidiary company accumulating to EGP 148,637K. The following sets out the payments made to the minority shareholders:

<u>Payment made during financial year ended</u>	<u>Amount</u>
31 December 2015	76,487
31 December 2016	30,400
31 December 2017	41,750
	<u>148,637</u>

The group during the years 2015 to 2017 treated these payments as advance payments and included these under Payment for Investments in the statement of financial position in its consolidated financial statements.

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

Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Prior years' adjustments (continued)

Management had assessed the impairment of the advance payments at the end of December 2017 but had not appropriately considered all relevant facts and circumstances in making the assessment of recoverability of the advance payments. If due consideration was given by management, such advance payments would not be considered recoverable for the year ended 31 December 2017 and as such should not have been shown as an asset in the statement of financial position at the year ended 31 December 2017.

Accordingly, the company restated its separate and consolidated financial statements with respect to this balance as follows:

	<u>Amount</u>
Payment under investment	(148,637)
Accumulated losses	148,637

The impact on the statement of profits or losses for the year ended 31 December 2017 will only be adjusted in the comparatives of the last quarter when the advance payments were deemed not recoverable and reflected in the 31 December 2018 annual financial statements. As such there is no adjustment of this error in the comparatives of the current interim statement of profit or loss.

Summary of the effect of impairment loss recognised on basic and diluted earnings per share for the year ended 31 December 2017:

	<u>All amounts are shown in Egyptian Pounds</u>		
	<u>31 December 2017 As issued</u>	<u>Impact of restatement</u>	<u>31 December 2017 Restated</u>
Basic loss per share	(2.59)	(0.0816)	(2.6716)
Diluted loss per share	(2.59)	(0.0816)	(2.6716)

C. Fixed assets and Intangible assets Impairment – Lazareqe Company Algeria

During the six month ended 30 June 2018, management identified that the mining licence held by Lazareqe Company had expired in 2015 and during 2017 the company was unable to renew the licence.. Therefore, the recoverable amounts of fixed assets, intangible assets and goodwill were lower than their carrying amounts and an impairment loss should have been recognised. Although such impairment indicators existed in prior year, management did not prepare an impairment analysis as required by EAS 31 "Impairment of assets" during the year ended 31 December 2017. If such impairment analysis would have been prepared in previous year, it would have identified an impairment loss that should have been recorded in 2017 in relation to the write down of the fixed assets, goodwill and intangibles which represents total assets recognised in Lazareqe financial statements in relation to the mining licence. An impairment loss in respect of each of the assets is for the full carrying amount and these have been written down to nil except for EGP 6 million that represent the expected recoverable amounts of those assets.

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Notes to the consolidated interim financial statements For the nine month period ended 30 September 2018

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

Prior years' adjustments (continued)

Summary of the effect of impairment loss recognised is included below:

	<u>Amount</u>
Fixed assets	17,026
Intangible assets	32,278
Goodwill	166
Accumulated losses	(18,956)
Non-controlling interest	(30,514)

The impact on the statement of profits or losses for the year ended 31 December 2017 have been adjusted in six months ended 30 June 2017 when those assets were deemed not recoverable and reflected in the 30 June 2018 comparatives.

Summary of the effect of impairment loss recognised on basic and diluted earnings per share for the year ended 31 December 2017:

	<u>All amounts are shown in Egyptian Pounds</u>		
	<u>31 December 2017 As issued</u>	<u>Impact of restatement</u>	<u>31 December 2017 Restated</u>
Basic loss per share	(2.59)	(0.0104)	(2.6)
Diluted loss per share	(2.59)	(0.0104)	(2.6)

D. Disposal group sale – Mena Home Company

Mena Home Company has a USD functional and presentational currency. During 2017, there was a formal approved plan by the board to sell 100% of the owned shares in Mena Home Company (Disposal group).

Since the Company met the recognition criteria as disposal group, the assets and liabilities were classified by reference to the lower of fair value less costs to sell or their carrying amount.

When Mena Home Company was reclassified as a disposal group as at 31 December 2017, management had included the cumulative translation reserve as part of the measurement basis of Mena Home Company. However, EAS 32 "Non-current assets held for sale and discontinued operations" states that translation reserves should not be included in measuring the assets held for sale at the lower of their carrying amount and fair value less costs to sell.

Accordingly, the impairment loss recognised when Mena Home Company was classified as a disposal group, and the liabilities in relation to the disposal group had been overstated with the amount of the translation reserve. Accordingly, overstatement in the impairment loss have restated in the prior year results and recorded on the date of sale of Mena Home Company.

	<u>Amount</u>
Liabilities related to assets held for sale	(172,511)
Accumulated losses	172,511

The impact on the statement of profits or losses for the year ended 31 December 2017 will only be adjusted in the comparatives of the last quarter when the impairment loss were deemed and reflected in the 31 December 2018 annual financial statements. As such there is no adjustment of this error in the comparatives of the current interim statement of profit or loss.

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Prior years' adjustments (continued)

Summary of the effect of reversing the impairment loss recognised on basic and diluted earnings per share for the year ended 31 December 2017:

All amounts are shown in Egyptian Pounds			
	31 December 2017 As issued	Impact of restatement	31 December 2017 Restated
Basic loss per share	(2.59)	0.0947	(2.4953)
Diluted loss per share	(2.59)	0.0947	(2.4953)

As a summary for the above mentioned the effect on the consolidated statement of financial position as of 31 December 2017 will be as follows:

	31 December 2017 As issued	Correction	31 December 2017 Restated
Fixed assets	5,297,241	(17,026)	5,280,215
Goodwill	390,008	(165)	389,843
Intangible assets	638,761	(32,278)	606,483
Payments for investment	154,431	(148,637)	5,794
Current tax liability	175,827	23,687	199,514
Deferred tax liability	422,986	(5,080)	417,906
Liabilities related to assets held for sale	942,813	(172,511)	770,302
Accumulated losses	(17,152,562)	(7,973)	(17,160,535)
Non-controlling interest	16,709,412	(36,231)	16,673,181

And the effect on the consolidated statement of profit or loss for the nine month ended 30 September 2017 will be as follows:

	30 September 2017 As issued	Correction	30 September 2017 Restated
Impairment of fixed assets	-	17,026	17,026
Impairment of intangible assets	-	32,444	32,444
Net loss for the period	(4,089,619)	(49,470)	(4,139,089)

Summary of the effect of corrections recognised on basic and diluted earnings per share for the nine month period ended 30 September 2017:

All amounts are shown in Egyptian Pounds			
	30 September 2017 As issued	Impact of restatement	30 September 2017 Restated
Basic loss per share	(1.90)	(0.011)	(1.911)
Diluted loss per share	(1.90)	(0.011)	(1.911)