

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

**AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**



Auditor's report

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Citadel Capital Company (S.A.E.) and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2018 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Basis for qualified opinion

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

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

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

Qualified opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves for the matters discussed in the basis for qualified opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Citadel Capital Company and its subsidiaries as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

Emphases of matters

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

1. As described in note (47) to the consolidated financial statements which indicates that as at 31 December 2018 the Group's accumulated losses amounted to EGP 16 billion and the Group's current liabilities exceeded its current assets by EGP 15 billion. The Group is also in breach of part of its debt covenants and has defaulted in settling the loan instalments on certain of its borrowings on the respective due dates. These conditions, along with other matters set out in note (47) indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.
2. As described in note (4/2) to the consolidated financial statements which sets out the key considerations and critical accounting judgements applied by management in concluding that Egyptian Refining Company (ERC) should be consolidated by the Group. Should these judgements change, the Group would need to deconsolidate ERC.
3. As described in note (48) to the consolidated financial statements which sets out the restatements made to the corresponding figures for the year ended 31 December 2017.

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

16 May 2019
Cairo



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

Consolidated statement of financial position - As of 31 December 2018

(All amounts in Thousand Egyptian Pounds)

	Note	2018	Restated 2017	Restated 2016
Non-current assets				
Fixed assets	5	6,541,896	5,993,866	6,067,082
Projects under construction	6	65,130,468	55,206,703	48,685,442
Intangible assets	7	342,151	606,482	1,265,407
Goodwill	8	238,181	300,257	300,423
Biological assets	9	302,294	242,836	207,820
Investments in associates	10	165,961	640,500	1,106,525
Available for sale financial assets	11	16,496	56,028	83,821
Payments under investments	12	11,037	5,794	110,931
Trade receivables and other debit balances	15	785,622	1,005,692	717,053
Deferred tax assets	24	14,257	25,326	61,085
Derivative financial instruments	25	212,556	-	-
Total non-current assets		73,760,919	64,083,484	58,605,589
Current assets				
Inventories	14	1,438,758	1,519,368	1,666,936
Biological assets	9	27,283	6,997	7,246
Trade receivables and other debit balances	15	4,011,604	3,635,868	3,847,935
Due from related parties	16/A	528,071	369,318	214,732
Financial assets at fair value through profit or loss	17	4,223	4,405	1,279
Cash and bank balances	18	6,349,831	2,561,855	2,990,598
Total current assets		12,359,770	8,097,811	8,728,726
Non-current assets held for sale	13/B	1,175,442	835,210	6,008,952
Total assets		87,296,131	73,016,505	73,343,267
Equity attributable to owners of the parent				
Paid up capital	19	9,100,000	9,100,000	9,100,000
Treasury shares	20	(1,518,993)	(1,536,003)	(1,539,342)
Reserves	21	2,863,735	1,560,524	2,468,096
Accumulated losses		(16,189,793)	(17,365,821)	(12,562,282)
Total equity attributable to owners of the		(5,745,051)	(8,241,300)	(2,533,528)
Non-controlling interest		20,312,440	17,127,455	16,709,469
Total equity		14,567,389	8,886,155	14,175,941
Non-current liabilities				
Loans and borrowings - non current	23	44,310,150	36,018,918	35,036,834
Deferred tax liabilities	24	211,597	252,082	364,865
Derivative financial instruments	25	-	32,187	195,679
Trade payables and other credit balances	27	234,388	407,967	203,106
Finance lease	27	38,577	12,662	-
Total non-current liabilities		44,794,712	36,723,816	35,800,484
Current liabilities				
Provisions	26	1,321,340	991,206	822,769
Trade payables and other credit balances	27	7,618,833	8,484,448	5,779,392
Finance lease	27	135,042	161,248	-
Due to related parties	16/B	2,006,272	1,406,615	2,394,018
Current portion of loans and borrowings	23	15,744,478	14,966,015	8,278,259
Financial liabilities at fair value through profit or lo:	28	355,296	427,186	-
Current income tax liabilities	29	208,986	199,514	180,119
Total current liabilities		27,390,247	26,636,232	17,454,557
Liabilities associated with assets held for sale	13/C	543,783	770,302	5,912,285
Total equity and liabilities		87,296,131	73,016,505	73,343,267

The accompanying notes on pages 8 to 120 form an integral part of these consolidated financial statements.

Auditor's report attached


Mostaf Farouk
Chief Financial Officer


Hisham Hussein El Khazindar
Managing Director


Ahmed Mohamed Hassanien Heikal
Chairman

16 May 2019

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

Consolidated statement of profit or loss - For the year ended 31 December 2018

(All amounts in Thousand Egyptian Pounds)

	Note	2018	Restated 2017
Revenue	30	13,169,971	10,551,004
Cost of revenue	31	(11,126,918)	(9,046,946)
Gross profit		2,043,053	1,504,058
General and administrative expenses	33	(1,592,055)	(1,347,296)
Other expenses	34	(1,243,115)	(874,101)
Operating losses		(792,117)	(717,339)
Finance costs – net	35	(1,715,496)	(1,243,852)
Share of (loss) profit of investments in associates	36	(33,533)	35,739
Profit sale of investments - net		422	-
Net loss before income tax		(2,540,724)	(1,925,452)
Income tax expense	37	(135,810)	(135,323)
Net loss for the year from continuing operations		(2,676,534)	(2,060,775)
Discontinued operations	13/D		
Operating revenues		186,180	1,519,685
Operating costs		(254,536)	(1,343,279)
General and administrative expenses		(37,180)	(254,261)
Other expenses		(31,610)	(3,612,685)
Finance costs - net		(17,787)	(195,592)
Share of profit of investments in associates		14,346	-
Net loss for the year		(140,587)	(3,886,132)
(Loss) Gain on sale of subsidiaries		(213,889)	265,004
Gain on de-consolidation of subsidiaries	13/D	3,963,400	-
Income tax		(3,322)	(34,631)
Profit / (loss) from discontinued operations, net of tax		3,605,602	(3,655,759)
Net profit / (loss) for the year		929,068	(5,716,534)
Attributable to			
Owners of the parent company		1,350,843	(4,770,455)
Non-controlling interest		(421,775)	(946,079)
		929,068	(5,716,534)
Earning per share from continuing operations:			
Basic earning per share (EGP/Share)	38	(1.239)	(0.61)
Diluted earning per share (EGP/Share)	38	(1.239)	(0.61)
Earning per share from discontinued operations:			
Basic earning per share (EGP/Share)		2.0	(2.0)
Diluted earning per share (EGP/Share)		2.0	(2.0)

The accompanying notes on pages 8 to 120 form an integral part of these consolidated financial statements.

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

Consolidated statement of comprehensive income - For the year ended 31 December 2018

(All amounts in Thousand Egyptian Pounds)

	2018	Restated 2017
Net profit (loss) for the year	929,068	(5,716,534)
<u>Other comprehensive income</u>		
Exchange differences on translation of foreign operations	2,017,359	(991,639)
Share of other comprehensive income for associates accounted for using equity method	(18,622)	9,843
Change in fair value of available for sale financial assets	1,484	2,738
Derivative financial instruments cash flow hedge	94,990	56,657
Total other comprehensive income / (loss) for the year, net of tax	2,095,211	(922,401)
Total comprehensive income (loss) for the year	3,024,279	(6,638,935)
Attributable to		
Owners of the parent company	2,654,054	(5,678,027)
Non-controlling interest	370,225	(960,908)
	3,024,279	(6,638,935)

The accompanying notes on pages 8 to 120 form an integral part of these consolidated financial statements.

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

Consolidated statement of changes in equity - For the year ended 31 December 2018

(All amounts in Thousand Egyptian Pounds)		Total equity attributable to equity holders of the parent company					
		Paid up capital	Treasury Shares	Legal reserve	Other reserves	Accumulated losses	Non-Total owners of the parent company controlling interest
Note							Total owners' equity
	Balance at 1 January 2017 (as previously issued)	9,100,000	(3,339)	89,578	2,875,536	(12,572,942)	15,780,252
48	Prior year adjustment	-	(1,536,003)	-	(497,018)	10,660	(1,604,311)
	Adjusted balance at 1 January 2017	9,100,000	(1,539,342)	89,578	2,378,518	(12,562,282)	14,175,941
	Total comprehensive loss for the year	-	-	-	(907,572)	(4,770,455)	(6,638,935)
	Sale of treasury shares	-	3,339	-	-	(718)	2,274
	Dividends distribution	-	-	-	-	(32,366)	(51,163)
	Effect of sale of subsidiaries	-	-	-	-	-	(264,149)
	Change of non-controlling interests	-	-	-	-	-	1,662,187
	Balance at 31 December 2017	9,100,000	(1,536,003)	89,578	1,470,946	(17,365,821)	8,886,155
	Balances 1 January 2018 (as previously issued)	9,100,000	-	89,578	1,511,286	(17,152,562)	10,257,714
48	Prior year adjustment	-	(1,536,003)	-	(40,340)	(213,259)	(1,371,559)
	Adjusted balance at 1 January 2018	9,100,000	(1,536,003)	89,578	1,470,946	(17,365,821)	8,886,155
	Total comprehensive income for the year	-	-	-	1,303,211	1,350,843	3,024,279
	Dividends distribution	-	-	-	-	(64,706)	(204,926)
	Share of non-controlling interests from increase in the subsidiary capital	-	-	-	-	-	1,858,706
	Foreign exchange differences of treasury shares	-	17,010	-	-	-	17,010
	Non-controlling interests disposed	-	-	-	-	39,094	71,417
	Effect of hyper-inflation economy	-	-	-	-	(183,021)	(246,412)
	Transactions with non-controlling interests	-	-	-	-	33,818	1,127,342
	Balance at 31 December 2018	9,100,000	(1,518,993)	89,578	2,774,157	(16,189,793)	14,567,389

The accompanying notes on pages 8 to 120 form an integral part of these consolidated financial statements.

CITADEL CAPITAL COMPANY (S.A.E) AND ITS SUBSIDIARIES
Consolidated statement of cash flows - For the year ended 31 December 2018
(All amounts in Thousand Egyptian Pounds)

	Notes	2018	Restated 2017
Cash flows from operating activities			
Loss for the year before income tax		(2,540,724)	(1,925,452)
Adjusted to:			
Depreciation and amortization		573,884	596,292
Gain (Loss) from discontinued operations, net of tax		3,605,603	(3,655,759)
(Reversal) Impairment of due from related parties		(114,040)	21,064
Impairment of trade and other receivables		305,558	381,216
Impairment of available for sale investments		269	22,379
Impairment of payment under investment		3,000	148,637
Impairment of fixed assets		120	17,026
Impairment of intangible assets		228,079	32,278
Impairment of goodwill		62,076	166
Write down of inventory		2,848	7,993
Share of profit of investments in associates		33,533	(35,739)
Effect of investments at fair value through profit or loss		182	(3,126)
Effect of financial liabilities at fair value through profit or loss		90,199	-
Gain on sale of fixed assets, projects under constructions and biological assets	34	(4,723)	(22,879)
Provisions	26	614,261	304,937
Interest expenses	35	1,788,970	1,534,708
Interest income	35	(240,782)	(199,804)
Operating profit (loss) before changes in working capital		4,408,313	(2,776,063)
Changes in working capital:			
Inventories		77,762	139,575
Trade receivables and other debit balances		(461,224)	(457,788)
Due from related parties		(44,713)	(175,650)
Due to related parties		599,657	(987,403)
Trade payables and other credit balances		(1,039,194)	2,909,917
Provisions used	26	(112,515)	(83,853)
Income tax paid		(154,790)	(160,692)
		3,273,296	(1,591,957)
Cash flows from operating activities of discontinued operations		(288,390)	577,990
Net cash flow generated from / (used in) operating activities		2,984,906	(1,013,967)
Cash flows from investing activities			
Payments to purchase of fixed assets and projects under construction		(10,790,421)	(8,907,759)
Payments to purchase of intangible assets		(2,950)	(43,928)
Proceeds from sale of fixed assets and projects under construction	5	12,683	129,858
Payments to purchase of biological assets		(146,470)	(97,448)
Proceeds from sale of biological assets		16,600	74,592
Payments under investments		(3,000)	(266,756)
Dividends from investments in associates		-	19,095
Proceeds from sale of subsidiaries and assets held for sale		215,338	503,365
Interest received		240,782	199,804
		(10,457,438)	(8,389,177)
Cash flows from investing activities of discontinued operations		388,440	952,705
Net cash flow used in investing activities		(10,068,998)	(7,436,472)
Cash flows from financing activities			
Proceeds from loans		8,545,371	7,872,809
Repayments of loans		-	(156,518)
Proceeds (Repayment) from bank overdrafts		524,324	(46,451)
Proceeds from non-controlling interest		1,306,902	1,946,088
Dividends paid		(204,388)	(51,163)
Interest paid		(1,788,970)	(1,534,708)
		8,383,239	8,030,057
Cash flows from financing activities of discontinued operations		(209,427)	983,278
Net cash flow generated from financing activities		8,173,812	9,013,335
Net change in cash and cash equivalents during the year		1,089,720	562,896
Cash and cash equivalents at beginning of the year		2,561,855.00	2,990,598
Effect of hyperinflation economy		680,897.00	-
Foreign currency translation differences		2,017,359.00	(991,639)
Cash and cash equivalents at end of the year	18	6,349,831	2,561,854.75

The accompanying notes on pages 8 to 120 form an integral part of these consolidated financial statements.

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

Notes to the consolidated financial statements - For the year ended 31 December 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 registered under number 11121, Cairo on 13 April 2004 The Holding Company's term is 25 years as of the date it is entered in the commercial registered. The Holding Company is registered in the Egyptian Stock Exchange.

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

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

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

The consolidated financial statements were authorised to be issued by the Group's Board of Directors on 15 May 2019. The Ordinary General Assembly Meeting of shareholders has the right to amend the consolidated financial statements after its issuance.

2. Accounting policies

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

A. Basis of preparation of the consolidated financial statements

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

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

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

All other assets are classified as non-current.

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 financial statements - For the year ended 31 December 2018

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

Basis of preparation of the consolidated 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 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 financial statements, as well as significant judgments used by the Group's management when applying the Group's accounting policies.

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

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

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

1- EAS No. (47) – "Financial instruments":

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

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

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

2- EAS No. (48) – "Revenue from contracts with customers":

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

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

3- EAS No. (49) – "Leases":

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

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

C. Basis of consolidation

(1) Subsidiaries

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

i. Acquisition method

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

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

Acquisition-related costs are expensed as incurred.

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

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

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.

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Basis of consolidation (continued)

iv. Goodwill

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

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

The Group undertakes impairment reviews of goodwill acquired in a business combination annually 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 of sale and value in use. The Group recognises any impairment loss immediately in profit or loss, and is not subsequently reversed.

v. Measurement period

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

(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 recognized the changes after the date of acquisition on the Group's share in the net assets of the associate. The Group's consolidated statement of profit or loss includes its share in the associate's profit or loss, and the consolidated statement of comprehensive income includes the Group's share in the associate's other comprehensive income.

ii. Changes in equity

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Basis of consolidation (continued)

iii. Losses of associates

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

iv. Transactions with associates

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

v. Goodwill resulting from investment in associates

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

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

D. Foreign currency transactions

(1) **Functional and presentation currency**

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

(2) **Transactions and balances**

Transactions made in foreign currency during the year 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 year. 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 year or in previous financial statements, are generally recognised by the Group in the profit or loss in the year in which these difference arise, except when currency exchange differences resulting from the translation of non-monetary item are deferred in other comprehensive income, which constitutes an effective part of net investment hedges in a foreign operation or an effective part of cash flow risk hedges.

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Foreign currency transactions (continued)

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

(3) Group companies

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

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

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

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

E. Fixed assets

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Fixed assets (continued)

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

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

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

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

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

F. Projects under construction

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

G. Intangible assets

(1) Exploration licences and extraction

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

(2) Customer contracts

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

(3) Trade mark

Separately acquired trade mark are shown at cost less the accumulated impairment losses. Trade mark acquired in a business combination are recognised at fair value at the acquisition date. Expected cash flows will be generated over an indefinite period therefore no amortisation, but is tested for impairment.

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Intangible assets (continued)

(4) Computer software

Separately acquired computer software are shown at cost less the accumulated impairment losses. Computer software acquired in a business combination are recognised at fair value at the acquisition date.

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

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

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

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

H. Exploration and valuation assets

Recognition

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

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

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

Measurement

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

I. Biological assets

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

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

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

J. Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

L. Inventories

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

M. Financial assets

(1) Classification

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

Financial assets at fair value through profit or loss

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

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 year. The Group's loans and receivables comprise 'Trade receivables and other debit balances and due from related parties' and 'cash and cash equivalents' in the statement of financial position.

Available-for-sale financial assets

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Financial assets (continued)

(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 operating income / (expenses)'.

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 consolidated statement of profit or loss.

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

N. Offsetting financial asset and liability

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

O. Impairment of financial assets

(1) Financial assets carried at amortised cost

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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Impairment of financial assets (continued)

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

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

(2) Available-for-sale financial assets

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

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

P. Derivative financial instruments and hedging activities

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

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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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 consolidated statement of profit or loss within 'other gains/ (losses) – net'.

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

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

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

Q. Trade receivables

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

R. Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and with banks, deposits held at call with banks, other short-term investments with original maturities of not more than three months from the date of placement, less bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within current liabilities.

S. Financial liabilities

(1) Classification

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

(2) Recognition and derecognition

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Financial liabilities (continued)

(3) Measurement

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

T. Capital

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

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

U. Preferred shares

The Group's non –redeemable preferred shares 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.

V. Financial reporting in Hyperinflationary Economies

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

As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in price level in the current year. Differences between these comparative amounts and current year hyperinflation adjusted equity balances are recognised in other comprehensive income.

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

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

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

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)

Reporting in Hyperinflationary Economies (continued)

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

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

At the end of the first period and in subsequent periods, all components of equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

The Sudanese and South Sudanese economies have been classified as hyperinflationary since 1 January 2018.

Accordingly, the results, cash flows and financial position of the Group's subsidiaries; Takamul for Cement Company have been expressed in terms of the measuring unit current at the reporting date.

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

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

W. Current and deferred income tax

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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Current and deferred income tax (continued)

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

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

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and equity shares in joint ventures only to the extent that it is probable the temporary differences will 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.

X. 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 years.

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

(2) Termination benefits

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

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

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Employees' benefits (continued)

(3) Employees' share in legally defined profits

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

Y. Leases

(1) Finance lease

- 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 rules and standards related to 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 year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. Assets under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

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

(2) Operating lease

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

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

Z. Borrowings

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

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

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Borrowings (continued)

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

AA. Borrowing costs

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

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

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

BB. Share-based payments

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

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

CC. Provisions

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

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

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

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

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Provisions (continued)

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

DD. Contingent assets

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

EE. Trade payables

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

FF. Revenue recognition

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

(1) Sales of goods

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

(2) Rendering of services

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

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Revenue recognition (continued)

(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.

GG. Dividends

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

HH. Operating segments

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

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

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

II. Comparative figures

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

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

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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:

	2018	2017
Non-current Assets (Liabilities)		
Interest rate swap contracts – cash flow hedges	212,556	(32,187)
Total non-current derivative financial instrument Assets (Liabilities)	212,556	(32,187)

i. Classification of derivatives

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

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

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

ii. Hedge ineffectiveness

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

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

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

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Financial risk management (continued)

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

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

There was no ineffectiveness during the year ended 2018 or the year ended 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:

	2018	2017
United States Dollar 10%	(360,308)	(351,602)
Euro 10%	11,019	121,648
Sterling Pound 10%	(43)	(68)
United Arab Emirates Dirham 10%	801	5,750
Saudi Arabia Riyal 10%	(68)	24
Sudanese Pound 10%	(202)	19,204
Algerian Dinar 10%	13,816	1,364
Swiss Franc 10%	(286)	(266)
Jordanian Dinar 10%	169	(25)
Qatari Riyal 10%	-	70

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

	2018			2017
	Assets	Liabilities	Net	Net
United States Dollar 10%	806,361	(4,409,440)	(3,603,079)	(3,516,016)
Euro 10%	330,453	(220,261)	110,192	1,216,482
Sterling Pound 10%	34	(462)	(428)	(679)
United Arab Emirates Dirham 10%	8,428	(419)	8,009	57,497
Saudi Arabia Riyal 10%	424	(1,102)	(678)	236
Sudanese Pound 10%	7	(2,029)	(2,022)	192,039
Algerian Dinar 10%	143,681	(5,518)	138,163	13,637
Swiss Franc 10%	135	(2,999)	(2,864)	(2,663)
Jordanian Dinar 10%	1,686	-	1,686	(247)
Qatari Riyal 10%	-	-	-	700

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Financial risk management (continued)

iv. Price risk

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

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

v. Cash flows and fair value interest rate risks

The group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. Group policy is to maintain at least 90% of Egyptian Refining Company S.A.E syndicate borrowings at fixed rate using interest rate swaps to achieve this when necessary. During 2018 and 2017, the group's borrowings at variable rate were mainly denominated in Egyptian Pounds and US Dollars.

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

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

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

	2018	% of loans	2017	% of loans
Variable rate borrowings	47,003,756	83.33%	38,127,917	79.86%

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

(C) Credit risk

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

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Financial risk management (continued)

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

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

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

Balances exposed to credit risks are as follows:

	2018	Restated 2017
Trade receivables and other debit balances	4,011,604	3,635,868
Due from related parties	528,071	369,318
Cash and bank balances	6,349,831	2,561,855
	10,889,506	6,567,041

(D) Liquidity risk

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

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

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

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Financial risk management (continued)

The table below summarises the maturities of the Group's financial liabilities at 31 December 2018 and 31 December 2017, based on contractual payment dates.

	Below 6 months	From 6 months to 1 year	From 1 year to 2 years	Above 2 years
2018				
Loans and borrowings	14,957,254	787,224	69,852	44,240,298
Trade payables and other credit balances	7,618,833	-	-	-
Finance lease	173,619	-	-	-
Due to related parties	2,006,272	-	-	-
Total	24,755,978	787,224	69,852	44,240,298
2017 (Restated)				
Loans and borrowings	14,280,625	685,390	56,185	35,962,733
Trade payables and other credit balances	8,484,448	-	-	-
Finance lease	173,910	-	-	-
Due to related parties	1,406,615	-	-	-
Total	24,345,598	685,390	56,185	35,962,733

(2) Capital risk management

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

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

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

Net debt to total capital ratio

Net debt to total capital ratio as at 2018 and 2017 is as follows:

	2018	Restated 2017
Total borrowings		
Loans and borrowings	60,054,628	50,984,933
Less: Cash and bank balances	(6,349,831)	(2,561,855)
Net borrowings	53,704,797	48,423,078
Equity	14,567,389	8,886,155
Total capital	68,272,186	57,309,233
Net debt to total capital	79%	84%

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Financial risk management (continued)

(3) Fair value estimation

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

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

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

The table below shows the financial assets and liabilities at fair value in the consolidated financial statements at 31 December 2018 and 31 December 2017 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

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

Fair value measurement

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

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

Financial assets at fair value

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

The following table presents the Group's financial instruments at 31 December 2017:

	Level 1	Level 3	Total
Hedging derivatives – Interest rate swaps	-	(32,187)	(32,187)
Financial assets through profit or loss (Note 17)	4,405	-	4,405

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Financial risk management (continued)

Financial liabilities at fair value

	Level 1	Level 3	Total
2018			
Financial liabilities through profit or loss	355,296	-	355,296
Total	355,296	-	355,296
	Level 1	Level 3	Total
2017			
Financial liabilities through profit or loss	427,186	-	427,186
Hedging derivatives – Interest rate swaps	-	1,814,405	1,814,405
Total	427,186	1,814,405	2,241,591

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

a) Valuation techniques used to determine fair values

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

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

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

b) Valuation inputs and relationships to fair value

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

Description	Fair value at		Un-observable inputs	Inputs	Relationship of unobservable inputs to fair value
	31 December 2018	31 December 2017			
Hedging derivatives – Interest rate swaps	212,556	(32,187)	Credit risk Rate	1.32%	Applying a credit risk rate of 1.32% results in a change in fair value of hedging derivatives.

c) Valuation processes

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

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4. Critical accounting estimates and judgements

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

(1) Critical accounting estimates and assumptions

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

i. Useful 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 year of the operation of that asset. Estimates and assumptions of the useful lives of fixed assets are reviewed periodically in the event of any changes or adjustment to useful lives and the residual value. Such adjustment, if any, will be applied on the future periods.

ii. Useful life of intangible assets

The Group's management amortised intangible assets related to new technology provided by one of the Korean companies using the straight-line basis over 5 – 10 years, 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.

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Critical accounting estimates and judgements (continued)

vi. Impairment of trade receivables and other debit balances

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

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

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

Hyperinflationary Economies

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

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

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

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

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

The results, cash flows and financial positions of Takamul for Cement have been expressed in terms of the measuring units current at the reporting date.

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

The restatement has been calculated by means of conversion factors derived from the CPI. The indices used to restate the opening balance of non-monetary items of the subsidiary financial statements at 31 December 2018 are disclosed in note 22.

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Critical accounting estimates and judgement (continued)

Takamul for Cement

The economy of Sudan was assessed to be hyperinflationary effective in 1 January 2018, and hyperinflation accounting was applied for the year ended at 31 December 2018. Upon first application of hyperinflation, net loss of EGP 682,385 were recognised directly in equity.

During the year ended 31 December 2018, no impairment was recognised, as the value of inflated non-current assets did not exceed the recoverable amounts of these assets.

Consolidation of Grandview and its subsidiaries

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

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

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

The following are the key considerations and judgements applied by management in concluding that the Group had control over Grandview since 2005:

- The Group is able to appoint 5 of the 9 Board members of Grandview;
- Sphinx Capital has power over Grandview, which is demonstrated by the terms of the Participation agreement, whereby it has full discretion and responsibility over Grandview.

Accordingly, the Group consolidated “Grandview Investment Corporation and its subsidiaries” in the consolidated financial statements and restated the comparative period to reflect the impact in the prior periods.

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 70 billion and EGP 46 billion respectively at 2018 and with a consolidated loss of approximately EGP 1067 million for the year ended 31 December 2018. The primary assets and liabilities making up these totals are represented in the projects under construction amounted EGP 65 billion, cash and equivalents amounted to EGP 4 billion and loans liabilities amounted to EGP 45 billion.

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

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Critical accounting estimates and judgements (continued)

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

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

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

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

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

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

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5. Fixed assets

	Lands	Buildings & constructions	Leasehold improvements	Machinery, equipment & tools	Furniture & office equipment	Computers	Vehicles & barges	Total
1 January 2017								
Cost	2,075,047	1,646,908	170,380	4,869,138	320,090	44,037	707,892	9,833,492
Accumulated depreciation and impairment	(183)	(407,459)	(153,816)	(2,601,387)	(277,831)	(34,268)	(291,466)	(3,766,410)
Net book value	2,074,864	1,239,449	16,564	2,267,751	42,259	9,769	416,426	6,067,082
Year ended 2017								
Net book value at 1 January 2017	2,074,864	1,239,449	16,564	2,267,751	42,259	9,769	416,426	6,067,082
Prior year adjustment (Note 48)	-	(1,076)	-	(10,427)	(6)	(9)	(5,506)	(17,024)
Additions	66,801	208,214	399	658,318	24,719	4,978	35,812	999,241
Disposals	(69,310)	(6,366)	-	(77,990)	(3,590)	(1,365)	(18,501)	(177,122)
Transferred from group disposal classified as held for sale	-	15,777	16,910	522,574	38,248	32,568	13,926	640,003
- cost								
The effect of deconsolidation of subsidiary company - cost	(1,113)	(141,554)	-	(280,418)	(39,521)	-	(13,044)	(475,650)
Foreign currencies translation differences- cost	(27,419)	(18,469)	(242)	(359,666)	(3,366)	(1,088)	(6,780)	(417,030)
Depreciation expense	(56)	(57,841)	(2,899)	(364,226)	(13,390)	(6,793)	(41,707)	(486,912)
Accumulated depreciation of disposals	-	7,073	343	44,543	5,942	1,029	11,213	70,143
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	-	36,828	-	188,065	29,829	-	2,942	257,664
Foreign currency translation - accumulated depreciation	160	30,319	476	111,768	(775)	994	13,253	156,195
Impairment during the year	-	(12,318)	(3,114)	(415,784)	(4,199)	(3,551)	(79)	(439,045)
Net book value as at 31 December 2017	2,043,927	1,297,012	14,753	2,190,954	44,413	7,499	395,308	5,993,866
31 December 2017								
Cost	2,044,006	1,703,434	187,447	5,321,529	336,574	79,121	713,799	10,385,910
Accumulated depreciation and impairment	(79)	(406,422)	(172,694)	(3,130,575)	(292,161)	(71,622)	(318,491)	(4,392,044)
Net carrying value (Restated)	2,043,927	1,297,012	14,753	2,190,954	44,413	7,499	395,308	5,993,866

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

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Fixed assets (continued)

	Lands	Buildings & constructions	Leasehold improvements	Machinery, equipment & tools	Furniture & office equipment	Computers	Vehicles & Barges	Total
Year ended 31 December 2018								
Net book value at 1 January 2018	2,043,927	1,297,012	14,753	2,190,954	44,413	7,499	395,308	5,993,866
Adjustments for the year	-	(829)	-	(18,492)	542	-	321	(18,458)
Additions	1,951	58,852	3,065	857,624	17,060	34,924	17,891	991,367
Disposals	-	(1,689)	(4)	(19,562)	(4,766)	(256)	(5,146)	(31,423)
Transfers from projects under construction (Note 6)	-	10,959	-	68,358	1,430	-	22,351	103,098
Transfers to assets held for sale-cost	(43,133)	(82,442)	-	(19,012)	(1,600)	-	(187)	(146,374)
The effect of deconsolidation of subsidiaries – cost	-	(20,630)	(16,722)	(516,787)	(37,845)	(32,208)	(13,771)	(637,963)
Foreign currencies translation differences- cost	5,303	(62,007)	(22,484)	(1,082,015)	(14,949)	119	1,295	(1,174,738)
Hyperinflation cost	-	97,293	-	1,313,722	9,111	-	2,834	1,422,960
Adjustments for the year	-	(2)	-	-	100	-	-	98
Depreciation expense	(339)	(55,572)	(2,372)	(390,868)	(11,630)	(5,907)	(39,925)	(506,613)
Accumulated depreciation of disposals	-	1,094	4	14,099	4,138	235	3,893	23,463
Deconsolidation of subsidiaries – accumulated depreciation	-	20,630	16,723	516,787	37,845	32,209	13,768	637,962
Foreign currencies translation differences – accumulated depreciation	275	48,372	22,505	419,345	13,263	86	3,331	507,177
Impairment during the year	-	-	-	(94)	(14)	-	(12)	(120)
Hyperinflation - accumulated depreciation	(41)	(96,411)	-	(510,703)	(11,436)	-	(3,815)	(622,406)
Net book value as at 31 December 2018	2,007,943	1,214,630	15,468	2,823,356	45,662	36,701	398,136	6,541,896
31 December 2018								
Cost	2,008,127	1,702,939	151,302	5,905,365	305,657	81,700	739,387	10,894,477
Accumulated depreciation and impairment	(184)	(488,309)	(135,834)	(3,082,009)	(259,995)	(44,999)	(341,251)	(4,352,581)
Net carrying value	2,007,943	1,214,630	15,468	2,823,356	45,662	36,701	398,136	6,541,896

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Fixed assets (continued)

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

	2018	2017
Cost of revenue	382,006	389,574
General and administration expenses	124,607	97,338
	506,613	486,912

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

	2018	2017
Net book value for disposal assets	7,960	106,979
Gain on disposal of fixed assets (Note 34)	4,723	22,879
Proceeds from sale of fixed assets	12,683	129,858

Changes in estimates:

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

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

Encumbrances:

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

	Carrying amount of fixed assets
Subsidiaries:	
United Foundries Company	28,434
Asec for Mining – ASCOM	930,985
Taqa Marketing	100,499
National Company for Development and Trading “NDT”	1,300,257
Orient Investment Properties Ltd	937,792

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6. Projects under construction

Balance of projects under construction comprises of the following:

	2018	Restated 2017
Energy sector	64,993,168	55,025,728
Agriculture and food sector	11,306	6,505
Transportation and logistics sector	74,931	92,889
Cement sector	13,641	51,160
Financial services sector	31,328	22,387
Mining sector	6,094	8,034
Total	65,130,468	55,206,703

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

	2018	Restated 2017
Balance at the beginning of the year	55,838,418	48,628,176
Adjustments	-	601,164
Additions	9,799,054	7,908,518
Transferred to fixed assets (Note 5)	(103,098)	-
Reclass from fixed assets	-	68,905
Transferred for assets held for sales	(18,504)	-
Deconsolidation of a subsidiary	(63,114)	-
Disposals	(8,718)	(1,457)
Foreign currencies translation differences	258,942	(1,366,888)
Balance	65,702,980	55,838,418
Accumulated impairment losses	(572,512)	(631,715)
Net	65,130,468	55,206,703

Energy sector include an amount of EGP 63,811,910 as at 2018 against EGP 54,745,165 as at 2017 represents the project of Egyptian Refining Company – a subsidiary in the energy sector. The capitalized borrowing costs on projects under construction which is represented in interest and other finance costs amounted to EGP 12,999,212 (2017: EGP 9,541,040) and is calculated based on specific borrowings for construction purposes.

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

	2018	Restated 2017
Balance at the beginning of the year	631,715	543,899
Impairment recognised during the year	2,044	87,816
Deconsolidation of a subsidiary	(62,690)	-
Foreign currency translation differences	1,443	-
Balance at the end of the year	572,512	631,715

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7. Intangible assets

	Computer software	Exploration license and extraction	Trademark	Customer contracts	Other license	Railway right of utilization	Total
1 January 2017							
Cost	58,297	615,369	369,512	461,637	4,516	-	1,509,331
Accumulated amortization	(45,410)	(8,246)	-	(166,967)	-	-	(220,623)
Accumulated impairment	-	-	(23,301)	-	-	-	(23,301)
Net carrying value	12,887	607,123	346,211	294,670	4,516	-	1,265,407
Year ended 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	-	43,929
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)	-	-	(1)	146,335	102,559
Accumulated depreciation transferred from assets held for sale	(1,117)	(160)	-	(55,655)	-	(26,599)	(83,531)
Foreign currency translation differences – accumulated amortization	(41,486)	-	-	-	-	(534,841)	(576,327)
Adjustments (Note 48)	2,779	-	-	-	-	(225,660)	(222,881)
	(60)	(32,279)	-	-	-	(1,471,033)	(1,503,372)
Net book value at 2017	16,155	-	346,211	239,015	5,101	-	606,482
31 December 2017:							
Cost	101,449	40,684	369,512	461,637	5,101	2,258,132	3,236,516
Accumulated amortization	(85,233)	(8,406)	-	(222,622)	-	(787,099)	(1,103,360)
Accumulated impairment	(62)	(32,278)	(23,301)	-	-	(1,471,033)	(1,526,673)
Net carrying value (Restated)	16,155	-	346,211	239,015	5,101	-	606,482
The year ended 2018							
Net book value at 1 January 2018							
Additions	16,155	-	346,211	239,015	5,101	-	606,482
Deconsolidation of subsidiary – cost	2,950	-	-	-	-	-	2,950
Foreign currency translation differences – cost	(39,601)	-	-	-	-	(2,260,678)	(2,300,279)
Amortization during the year	362	-	-	(35,765)	-	2,546	2,908
Deconsolidation of subsidiary – accumulated amortisation	(3,454)	-	-	-	-	-	(39,219)
Foreign currency translation differences- accumulated amortization	39,379	-	-	-	-	787,987	827,366
Impairment during the year	(124)	-	(222,977)	-	-	(888)	(1,012)
Deconsolidation of subsidiary-accumulated impairment	-	-	-	-	(5,101)	-	(228,078)
Foreign currency translation differences- accumulated impairment	-	-	-	-	-	1,472,692	1,472,692
	-	-	-	-	-	(1,659)	(1,659)
Net book value at 31 December 2018	15,667	-	123,234	203,250	-	-	342,151
31 December 2018							
Cost	65,160	40,684	369,512	461,637	5,101	-	942,094
Accumulated amortization	(49,432)	(8,406)	-	(258,387)	-	-	(316,225)
Accumulated impairment	(61)	(32,278)	(246,278)	-	(5,101)	-	(283,718)
Net carrying value	15,667	-	123,234	203,250	-	-	342,151

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Intangible assets (continued)

Intangible assets with definite useful life

- The exploration and the valuation represents the Group rights in prospecting of metals in Lazareque Company in Algeria through the Group of Asec for Mining – ASCOM. During the year, An impairment adjustment was recognized by EGP 32,278 as an adjustment for 2017 for the full carrying value of the intangible asset for the prior year opening balance as the recoverable amount was lower than their carrying amount and an impairment loss should have been recognised since the year ended December 2017. (note 48)
- License represents the payments from one of the subsidiaries of National Development And Trading Company – for the acquisition of license of constructing cement factory – Syria, the Group management recognized an impairment for the total license amounting to EGP 5,101 during the year.
- Customer contracts were acquired as part of the business combination of Silverstone Capital Investment Ltd segment attributable to TAQA Arabia CGU . They are recognized at their fair value at the date of acquisition and are subsequently amortized on a straight- line based on the timing of projected cash flows of the contracts over their estimated useful lives. The Group management has assessed the existing customer contracts for impairment and no indication for impairment exists.

Intangible assets with indefinite useful life - trademark

- Intangible assets - trademark amounted to EGP 222,977 as a result of the acquisition of National Development And Trading allocated to ASEC engineering and ASEC automation (ASA) CGUs . These rights have no definite useful life.
- Intangible assets - trademark amounted to EGP 108,279 as a result of the acquisition of Silverstone Capital Investment Ltd. attributable to TAQA Arabia CGU that owns the trademark of TAQA Marketing which operates a network of service stations selling refined petroleum products and fuel oil to retail , industrial and whole sale customers. These rights have no definite useful life.
- Intangible assets - trademark amounted to EGP 14,955 as a result of the acquisition of Falcon for Agricultural Investments Ltd. agricultural and consumer foods sector that owns trademark of Dina Farms CGU which produces pasteurized fresh milk and sells to local and international dairy producers through the utilization of it's cattle .These rights have no definite useful life.

Impairment test for indefinite useful life intangible assets

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

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

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Intangible assets (continued)

Impairment charge

During the year ended 2018, impairment loss of EGP 222,977 were recognized in the intangibles allocated to ASEC engineering and ASEC automation (ASA) CGUs. The estimated recoverable amount is lower than the carrying value for these intangibles. No other assets other than intangible assets and goodwill were impaired.

Assumptions used by the Group when testing the impairment of ASEC engineering and ASEC automation trademarks, as of 31 December 2018 as follows:

	2018	2017
Average gross margin	35%	35%
Sales growth rate	5%	5%
Pre-tax discount rate	26%	28%
Growth rate beyond five years	4%	4%

The Group management test the impairment of TAQA Arabia trademark, At the statement of financial position date, the carrying value was lower than it's recoverable amount therefore no indication of impairment.

Assumptions used by the Group when testing the impairment of TAQA Arabia trademark, as of 31 December 2018 as follows:

	2018	2017
Average gross margin	9.4%	8%
Sales growth rate	23%	23%
Pre-tax discount rate	16.9%	19%
Growth rate beyond five years	4%	4%

Sensitivity of recoverable amounts

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

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

The Group management test the impairment of Dina Farms trademark. At the statement of financial position date, the carrying value is lower than it's recoverable amount therefore no indication of impairment.

Assumptions used by the Group when testing the impairment of Dina Farms trademark, as of 31 December 2018 as follows:

	2018	2017
Average gross margin	24%	24%
Sales growth rate	10%	10%
Pre-tax discount rate	16%	18%
Growth rate beyond five years	4%	4%

Sensitivity of recoverable amounts

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

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Intangible assets (continued)

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

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

8. Goodwill

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

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

		Balance at 1 January 2017	Impairment	Restated Balance as at 31 December 2017
National Development and Trading Company Group	Cement Sector	62,242	(166)	62,076
Falcon for Agricultural Investments Ltd. Group-BVI	Agriculture and Food Sector	205,570	-	205,570
Tawazon for Solid Waste Management (Tawazon) Company Group	Energy Sector	32,611	-	32,611
Balance		300,423	(166)	300,257

Impairment

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

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Goodwill (continued)

Goodwill Impairment Test

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

	2018	2017
National Development and Trading Company	-	62,076
Dina for agricultural investments	205,570	205,570
Tawazon for Solid Waste Management (Tawazon) Company Group	32,611	32,611
Total carrying amount of goodwill at 31 December	238,181	300,257

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

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

	2018	2017
National Development and Trading Company		
Growth rate beyond five years	4%	4%
Pre-tax discount rate	26.5%	28%
Average of gross profit	32%	32%

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

Impairment charge:

During the year 2018, Impairment losses of EGP 62,076 were recognized in the goodwill related to the cement sector (National development and trading company).

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

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

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

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

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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	-	-	-	-	(2,529)	(2,529)
Net carrying value	6,150	3,224	109,804	88,642	7,246	215,066
Year ended 2017						
Net book value at 1 January 2017						
Additions	6,150	3,224	109,804	88,642	7,246	215,066
Disposals	-	1,744	-	95,518	186	97,448
Transfers	-	-	(54,542)	(4,440)	(435)	(59,417)
Foreign currencies translation differences – cost	3,881	(3,881)	59,324	(59,324)	-	-
Depreciation expense	(5)	4	(36)	(87)	-	(124)
Accumulated depreciation of disposals	(410)	-	(25,439)	-	-	(25,849)
Net book value as at 31 December 2017	9,616	1,091	111,820	120,309	6,997	249,833
31 December 2017:						
Cost	13,744	1,091	190,286	120,309	9,526	334,956
Accumulated depreciation	(4,128)	-	(78,466)	-	-	(82,594)
Accumulated impairment	-	-	-	-	(2,529)	(2,529)
Net carrying value	9,616	1,091	111,820	120,309	6,997	249,833
Year ended 2018						
Net book value at 1 January 2018						
Additions	9,616	1,091	111,820	120,309	6,997	249,833
Transfers	-	1,547	-	124,843	20,080	146,470
Foreign currencies translation differences – cost	-	-	(59,833)	(3,499)	-	(63,332)
Disposals	757	(757)	94,910	(94,910)	-	-
Depreciation expense	-	-	(5,760)	(13,786)	177	(19,369)
Accumulated depreciation of disposals	(1,204)	-	(26,848)	-	-	(28,052)
Foreign currencies translation- accumulated depreciation	-	-	24,454	-	-	24,454
Foreign currencies translation- accumulated impairment	-	-	19,544	-	-	19,544
Net book value as at 31 December 2018	9,169	1,881	158,287	132,957	27,283	329,577
31 December 2018:						
Cost	14,501	1,881	219,603	132,957	29,783	398,725
Accumulated depreciation	(5,332)	-	(61,316)	-	-	(66,648)
Accumulated impairment	-	-	-	-	(2,500)	(2,500)
Net carrying value	9,169	1,881	158,287	132,957	27,283	329,577

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Biological assets (continued)

	2018	2017
Non-current		
Fruitful fruit gardens and orchards	9,169	9,616
Fruitless fruit gardens and orchards	1,880	1,091
Pregnant heifer, dry and dairy cows	158,287	111,820
Heifers	132,958	120,309
	302,294	242,836
Current		
Plants	29,783	2,715
Others	-	6,811
Accumulated impairment loss	(2,500)	(2,529)
Net	27,283	6,997
Total	329,577	249,833

Accounting for biological assets:

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

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

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

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

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

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

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

Measuring biological assets at fair value:

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

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

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Biological assets (continued)

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

	2018	2017
Balance as at 1 January	242,835	207,820
Profits resulted from the change in fair value less estimated cost of sell due to biological transformation.	21,877	19,170
Profits resulted from the change in fair value less estimated cost of sell due to price changes.	76,460	52,018
Decrease to due sales	(38,878)	(36,173)
Balance at 31 December	302,294	242,835

Management financial risk strategy:

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

10. Investments in associates

	Place of business/ country of incorporation	Shareholding %		Quoted fair value		Carrying amount	
		2018	2017	2018	2017	2018	2017
Al Kateb Co for Marketing and Distribution	Egypt	48.88	48.88	-	-	311	531
Al Sharq for Book Stores	Egypt	40	40	-	-	12,685	12,577
Castrol Egypt	Egypt	49	-	-	-	9,800	-
Dar AL Sherouk Company	British Virgin Islands	58.51	58.51	-	-	130,767	135,424
Zahana Cement Company	Algeria	35	35	-	-	-	448,465
Ascom Precious Metals (APM)	Ethiopia	35.54	35.54	-	-	123,544	143,503
Total						277,107	740,500
Accumulated impairment loss						(111,146)	(100,000)
Net						165,961	640,500

Nature of the business

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

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Investments in associates (continued)

	Al Kateb Co for Marketing and Distribution		Al Sharq for Book Stores		Castrol Egypt		Dar Al-Sherouk BVI		Ascom Precious Metals (APM)		Zahana	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Opening at 1 January	531	817	12,577	12,369	-	-	135,424	135,037	143,503	-	448,465	435,499
Group share in profit (Loss) for the year	(220)	(286)	108	208	-	-	(3,931)	(2,395)	(19,959)	143,503	12,052	26,385
Group share in other comprehensive income	-	-	-	-	-	-	(726)	2,782	-	-	-	-
Investment purchased during the year	-	-	-	-	9,800	-	-	-	-	-	-	-
Transferred to held for sale	-	-	-	-	-	-	-	-	-	-	(453,229)	-
Dividends received during the year	-	-	-	-	-	-	-	-	-	-	(7,288)	(13,419)
Effect of partial disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated impairment	311	531	12,685	12,577	9,800	-	130,767	135,424	123,544	143,503	-	448,465
	-	-	-	-	-	-	(111,146)	(100,000)	-	-	-	-
Carrying amount on 31 December	311	531	12,685	12,577	9,800	-	19,621	35,424	123,544	143,503	-	448,465

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Investments in associates (continued)

Summary of financial statements for associate companies as of 2018:

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

Summary of financial statements for associate companies as of 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)
Ascom Precious Metals (APM)	717,368	(30,653)	15	15
Zahana	4,316,149	1,869,037	962,512	30,321

11. Available-for-sale financial assets

	2018	2017
Logria Holding Ltd.	1,160,900	1,153,100
Golden Crescent Investment Ltd.	1,131,744	1,124,139
EFG Capital Partners Fund II&III.	19,536	17,430
Sphinx	22,502	63,816
Cayman Resources	31,332	31,332
Others	3,838	3,741
Total	2,369,852	2,393,558
Accumulated impairment loss	(2,353,356)	(2,337,530)
Net	16,496	56,028

* 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 31 December 2018
Logria Holding Ltd.	1,153,100	7,800		1,160,900
Golden Crescent Investment Ltd.	1,124,139	7,605	-	1,131,744
EFG Capital Partners Fund II&III	5,962	-	-	5,962
Sphinx	22,351	152	-	22,503
Cayman Resources	31,063	-	269	31,332
Others	915	-	-	915
Total	2,337,530	15,557	269	2,353,356

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Available-for-sale assets (continued)

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

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

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

12. Payments under investments

	2018	Restated 2017
Nile Valley Petroleum Ltd.*	133,672	132,774
Citadel Capital Al Qalaa – Saudi Arabia	2,583	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.*	4,465	4,435
Payments for non-controlling interest for purchasing investments*	152,474	150,433
Total	301,094	291,940
Accumulated impairment loss	(290,057)	(286,146)
Net	11,037	5,794

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

	Balance at 1 January 2018	Financial statements Translation differences	Formed	Balance at 2018
Nile Valley Petroleum Ltd.	132,774	898	-	133,672
National Development and Trading Co. (IRAQ) Ltd.	301	-	-	301
Payments for non-controlling interest for purchasing investments	148,636	-	3,000	151,636
Golden Crescent Investment Ltd.	4,435	13	-	4,448
Balance	286,146	911	3,000	290,057

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Payments under investments (continued)

Nile Valley Petroleum:

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

Payments under non controlling interest for purchasing:

The Group made a number of payments between 2015 to 2017 to two minority shareholders of one of the Group's subsidiary company accumulating to EGP 148,637. Management had assessed the impairment of the advance payments at the end of the year ended 31 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 2017 (note 48).

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

13.A Description

i. MENA Home Furnishing Malls Ltd

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

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

ii. Update Company for Food Products and Nile Company for Food Products "Enjoy"

On 30 March 2014, the extra ordinary general assembly meeting of National Company for Agricultural Projects decided to sell its investments in Update Company for Food Products S.A.E and initiated an active program for locate a buyer. The associated assets and liabilities were consequently presented as held for sale in the 2017 and 2018 financial statements. On 30 November 2015, an agreement were signed to sell the Group interest in Update Company for Food Products and the transaction were initiated on 22 March 2016. As of 31 December 2018, the selling transaction is suspended on legal requirements to transfer the ownership to purchases.

On 30 March 2014, group management announced its intention to sell Nile Company for Food Products "Enjoy" and initiated an active program for locate a buyer. The associated assets and liabilities were consequently presented as held for sale in the 2017 and 2018 financial statements. On 22 March 2016, an agreement were signed to sell full group interest in Nile Company for Food Products "Enjoy". As of 31 December 2018, the selling transaction is suspended on legal requirements to transfer the ownership to purchases.

iii. Ledmore Holding Ltd

The concession arrangement between Mashreq Petroleum Company – subsidiary and Suez Canal General Economic Zone related to the construction and operating of liquid bulk station (2) in Portsaid Covernante port have been terminated. accordingly, group management announced its intention to sell Ledmore Holding Company – Intermediate Parent of Mashreq Petroleum Company. The associated assets and liabilities were consequently presented as held for sale in the 2017 financial statements and 2018.

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

iv. Allmed Medical care Holdings

Group management announced its intention to exit the medical business invested through Grandview Investment Corporation B.V.I. The Group management initiated an active program to locate a buyer on 30 September 2018. The associated investment in associate were consequently presented as held for sale in the 2017 and 2018 consolidated financial statements and investment horizon have been extended to allow for the completion of negotiations with expected buyers.

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

Group management through National Development and Trading Company's management announced their intention to exit the business of ASEC for Manufacturing and Industries Project Company (ARESCO) on 18 September 2018 and initiated an active program to locate a buyer. The associated assets and liabilities were consequently presented as held for sale in the 2018 financial statements. Group management expects the sale transaction to be completed during Q1 2019.

vi. ESACO for Manufacturing Engineering and Construction Company

Group management through National Development and Trading Company's management announced their intention to exit the business of ESACO for Manufacturing Engineering and Construction on 18 September 2018 and initiated an active program to locate a buyer. The associated assets and liabilities were consequently presented as held for sale in the 2018 financial statements. Group management expects the sale transaction to be completed during the first financial quarter of 2019.

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

vii. Zahana Cement Company

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

viii. RVR Kenya and RVR Uganda

The Group management decided to deconsolidate Africa Railways Limited "ARL" and its subsidiaries Ambience Ventures Limited, Kenya Uganda Holding Limited "KURH" and Rift Valley Railways (Kenya) Limited ("RVRK") and Rift Valley Railways (Uganda) Limited ("RVRU") after the termination of the two concession agreements and recognized a gain associated with the disposal of the entire finance and operational liabilities of those entities amounting to EGP 3.9 billion in the consolidated statement of profit or loss (for more details please refer to Note 46).

ix. Arab Company for services and Trade

On 10 December 2017 the Group management sold all its interest in Arab Company for Trade and Service through management of Everys Holding Limited to Arabian Holding Company against the settlement of some liabilities of the sold Company. No gain or loss resulted from the sale of the Group interest in Arab Company for Services and Trade.

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

13.B Assets held-for-sale

	Arab Swiss Engineering Co. (ASEC)		Mena Home Furnishing Malls Ltd.		Subsidiaries of Falcon for Agriculture Investments Ltd. BVI		Ledmore Holding Limited.		Zahana Cement Company		ASEC for Manufacturing and Industries Project Co (ARESCO)		Allmed Medical Care Holdings		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Fixed assets	-	5,750	-	265	77,609	79,915	369	367	-	-	112,726	-	-	-	190,704	86,297
Intangible assets	-	-	-	-	1,034	1,034	-	-	-	-	-	-	-	-	1,034	1,034
Projects under construction	-	-	-	188,040	-	-	-	-	-	-	15,674	-	-	-	15,674	188,040
Inventories	-	-	-	-	-	16	-	-	-	-	96,094	-	-	-	96,094	16
Trade receivables and other debit balances	-	-	-	3,350	857	913	170	169	453,229	-	175,765	-	-	-	630,021	4,432
Investments in associates	-	-	-	-	-	-	-	-	-	-	-	-	219,488	218,013	219,488	218,013
Due from related parties	-	-	-	-	45	45	-	-	195	-	4,869	-	-	-	5,109	45
Investment property	-	-	-	320,481	-	-	-	-	-	-	-	-	-	-	-	320,481
Cash and cash equivalents	-	-	9	633	4,677	4,689	11,608	11,530	-	-	1,024	-	-	-	17,318	16,852
Goodwill	-	-	-	76,929	-	-	-	-	-	-	-	-	-	-	-	76,929
Balance	-	5,750	9	589,698	84,222	86,612	12,147	12,066	453,424	-	406,152	-	219,488	218,013	1,175,442	912,139
Less: Impairment of investments in associates	-	-	-	(76,929)	-	-	-	-	-	-	-	-	-	-	-	(76,929)
	-	5,750	9	512,769	84,222	86,612	12,147	12,066	453,424	-	406,142	-	219,488	218,013	1,175,442	835,210

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

13.C Liabilities held-for-sale

	Mena Home Furnishing Malls Ltd.		Subsidiaries of Falcon for Agriculture Investments Ltd. BVI		Ledmore Holding Limited.		ASEC for Manufacturing and Industries Project Co (ARESCO)		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	Restated 2017
Due to related parties	-	-	-	-	-	-	5,173	-	5,173	1,035
Provisions	-	259,098	16,352	16,452	-	-	117,619	-	133,971	275,550
Bank overdraft	-	-	-	-	-	-	358	-	358	-
Loans	-	209,785	-	-	-	-	-	-	-	209,785
Trade payables and other credit balances	-	167,767	115,346	115,682	486	483	275,325	-	391,157	283,932
Other Liabilities	-	-	-	-	-	-	15,318	-	15,318	-
Deferred tax liabilities	-	-	-	-	-	-	(2,194)	-	(2,194)	-
Balance	-	636,650	131,698	133,169	486	483	411,599	-	543,783	770,302

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

13.D Discontinued operations after tax

Discontinued operations after tax for the year ended 2018 are represented in the following:

	Mena Home Furnishing Malls Ltd.	KU Railways Holding Limited	ESACO for Manufacturing Engineering and Construction	Zahana Cement Company	Aresco	Falcon “Enjoy”	Total
Discontinued operations							
Operating revenue	4,721	-	7,780	-	173,679	-	186,180
Operating costs	(11,592)	-	(16,828)	-	(226,116)	-	(254,536)
Administrative costs	(2,580)	(10,835)	(4,048)	-	(19,717)	-	(37,180)
Other (expenses)	(193)	-	(9,761)	-	(21,656)	-	(31,610)
Finance costs net	(12,703)	-	(1,076)	-	(4,008)	-	(17,787)
Share of profit of investments in associates	-	-	-	14,346	-	-	14,346
Net loss for the year	(22,347)	(10,835)	(23,933)	14,346	(97,818)	-	(140,587)
Income tax	-	-	(374)	(2,293)	(655)	-	(3,322)
(Loss) / gain on foreign currency sale from discontinued operations	(247,036)	-	33,804	-	-	(657)	(213,889)
Gain from discontinued of subsidiary (Note 46)	-	3,963,400	-	-	-	-	3,963,400
Profit (Loss) from discontinued operations, net of tax	(269,383)	3,952,565	9,497	12,053	(98,473)	(657)	3,605,602

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

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

Discontinued operations after tax for the year ended 2017 are represented in the following:

	ASEC Algeria Cement Company	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI	Dice	Melbourne	ASEC for Manufacturing and Industries Projects Co. (ARESCO)	Taqa Solar Energy	Arab company for services and Trade	KU Railways Holding Limited	EPM Limited	Total
Discontinued operations											
Operating revenue	-	4,707	-	774,398	-	435,527	-	101,005	204,048	-	1,519,685
Operating costs	-	(11,557)	-	(536,943)	-	(384,607)	-	(94,213)	(315,959)	-	(1,343,279)
Administrative costs	(12,244)	(3,479)	-	(84636)	-	(44,614)	-	(64,762)	(44,526)	-	(254,261)
Other (expenses) / revenues*	(73,889)	(318,039)	(52,379)	36,873	-	24,003	-	(1,839)	(3,227,415)	-	(3,612,685)
Finance costs - net	-	(56,735)	-	(44,405)	-	(8,422)	-	100	(86,130)	-	(195,592)
Net profit / (Loss) for the year	(86,133)	(385,103)	(52,379)	145,287	-	21,887	-	(59,709)	(3,469,982)	-	(3,886,132)
Income tax	-	-	-	(14,836)	-	(19,795)	-	-	-	-	(34,631)
Gain / (loss) on sale discontinued operation (Note 13.D)	(105,574)	-	-	568,406	(50,423)	-	5,932	(48,047)	-	(105,290)	265,004
Profit / (loss) from discontinued operation, net of tax	(191,707)	(385,103)	(52,379)	698,857	(50,423)	2,092	5,932	(107,756)	(3,469,982)	(105,290)	(3,655,759)

13.F Details of the sale of the subsidiaries

	Mena Home Furnishing Malls Ltd.	ESACO for Manufacturing Engineering and Construction	Total as at 2018	Ascom Precious Metals (APM)	ASEC Algeria Cement Company	Total as at 2017
Consideration received	161,353	53,985	215,338	-	-	-
Carrying amount of net assets sold	(244,474)	(20,181)	(264,655)	(105,290)	(105,574)	(210,864)
(Loss) / gain on sale before income tax and reclassification of foreign currency translation reserve	(83,121)	33,804	(49,317)	(105,290)	(105,574)	(210,864)
Reclassification of foreign currency translation reserve	(163,915)	-	(163,915)	-	-	-
(Loss) / gain on sale of subsidiaries (Note 13.D)	(247,036)	33,804	(213,232)	(105,290)	(105,574)	(210,864)

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14. Inventories

	2018	Restated 2017
Spare parts	421,868	915,098
Raw materials	633,825	479,203
Work in process	83,511	199,587
Finished goods	201,086	138,492
Goods in transit	18,681	29,825
Packing materials	12,709	11,091
Oil and lubricants	14,521	49,836
Letters of credit	1,063	7,133
Others	91,178	29,896
Total	1,478,442	1,860,161
Less: Write-down of inventory provision	(39,684)	(340,793)
Net	1,438,758	1,519,368

The movement of the inventory provision was as follows:

	2018	2017
Balance at 1 January	340,793	338,063
Effect of acquisition of subsidiaries	566	-
Formed during the year	2,848	7,993
No longer required	(998)	(4,442)
Transfer to assets held for sale	(305,225)	-
Foreign currency translation differences	1,700	(821)
	39,684	340,793

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15. Trade receivables and other debit balances

	2018	2017
Trade receivables	2,798,909	2,914,551
Impairment of trade receivables	(290,056)	(778,003)
Net trade receivables	2,508,853	2,136,548
General Authority of Free Zone	25,429	-
Due from sale of investments*	502,654	616,609
Due from the contractor FLSmith	443,282	450,288
Advances to suppliers	588,431	378,340
Tax Authority	231,377	337,239
Refundable deposits	393,208	496,316
Accrued revenues	188,820	167,250
Employees' imprest	46,553	47,875
Work in progress	30,295	81,163
Prepaid expenses	55,017	49,957
Letters of guarantees	50,285	54,030
Letters of credit	51,462	75
Custom Authority	5,548	3,040
Restricted cash	1,220	117,357
Other debit balances	334,917	325,365
Total	2,948,498	3,124,904
Less: Non-current portion	(785,622)	(1,005,692)
Less: Impairment of other debit balances	(660,125)	(619,892)
Balance	4,011,604	3,635,868

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

	2018	2017
Trade receivables	11,821	5,158
Due from the contractor FLSmith	443,282	450,288
Refundable deposits	257,409	255,297
Due from sale of investment	18,839	-
Restricted cash	-	117,357
Other debit balances	164,095	177,592
Less: Impairment of trade receivables and other debit balances	(109,824)	-
Non-current portion of trade receivables and other debit balances	785,622	1,005,692

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Trade receivables and other debit balances (continued)

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

	2018	2017
Balance at 1 January	1,397,895	444,265
Formed during the year	327,221	974,160
No longer required	(9,841)	(2,980)
Utilised during the year	(169,323)	(599)
Transfer to assets held for sale	(595,498)	-
Disposal of subsidiaries	-	(18,812)
Foreign currency translation differences	(273)	1,861
Balance at 31 December	950,181	1,397,895

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

Others debit balances included amount of EGP 17,545 at 2018 (2017: EGP 17,545) 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, an impairment was formed with the full amount.

16. Related party transactions

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

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Related party transactions (continued)

(a) Due from related parties

Name of the Company	Nature of relationship	Nature of transactions			Outstanding balances	
		Foreign Currency Translation Differences	Service Fees	Finance	31 December 2018	31 December 2017
Golden Crescent Finco Ltd.	Investee	3,519	-	-	523,820	520,301
Emerald Financial Services Ltd.	Investee	3,054	-	(126,382)	454,550	577,878
Nile Valley Petroleum Ltd.	Investee	2,467	-	-	384,874	382,407
Citadel Capital Partners	Parent	22	-	96,601	254,831	158,208
Benu one Ltd.	Investee	1,258	-	-	187,228	185,970
Logria Holding Ltd,	Investee	712	-	-	111,846	111,134
Rotation Ventures	Investee	654	-	-	97,214	96,560
EIIC	Shareholder	-	-	89,300	89,300	-
Golden Crescent Investment Ltd.	Investee	457	-	-	68,140	67,683
Mena Glass Ltd	Associate	413	-	-	61,367	60,954
Egyptian Company for International Publication	Investee	-	-	2,700	26,460	23,760
Visionaire	Investee	160	-	(519)	23,821	24,180
Allmed Medical Industries "AMF"	Associate	-	-	20,635	20,635	21,902
Castrol Lubricants	Associate	-	20,233	-	20,233	-
Scimitar Production Egypt Ltd	Investee	110	-	905	17,335	16,320
Adena	Shareholder	90	-	-	13,395	13,305
Nahda Company - Sudan	Investee	77	-	-	11,517	11,440
Trianon	Investee	33	-	2,903	9,769	6,833
Haider	Investee	-	-	1,004	1,658	654
Citadel Capital AlQalaa- Saudi Arabia	Investee	9	-	(2)	1,314	1,307
El Kateb for Marketing & Distribution	Associate	-	-	-	1,011	1,011
ASEC Electric Rewinding and Repair Co	Investee	-	-	-	526	526
Ascom Precious Metals (APM)	Associate	4	-	-	209	205
Golden Resources	Investee	-	-	-	72	72
Citadel Capital East Africa	Investee	1	-	-	68	67
Egyptian Polypropylene Bags Co.	Investee	-	-	-	20	20
Ecligo	Investee	-	-	(2,000)	-	2,000
Zahana Cement Company	Associate	-	-	(134)	-	134
ASAI International	Investee	-	-	(1,275)	-	1,275
Grandview	Subsidiary	-	-	(1,702)	-	1,702
Entag UAE	Investee	-	-	(886)	-	886
Others	Investee	-	-	-	84,630	132,436
Total					2,465,843	2,421,130
Less:						
Accumulated impairment loss*					(1,937,772)	(2,051,812)
					528,071	369,318

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Related party transactions (continued)

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

	Balance as of 1 January 2018	Provided during the year	Reversal of impairment	Balance as of 31 December 2018
Logria Holding Ltd.	111,134	712	-	111,846
Nahda	11,440	77	-	11,517
Rotation Ventures	96,560	653	-	97,213
Visionaire	24,180	161	(520)	23,821
Mena Glass	60,954	413	-	61,367
Golden Crescent Finco Ltd.	520,301	3,520	-	523,821
Emerald Financial Services Ltd.	577,878	3,197	(126,525)	454,550
Golden Crescent Investment Ltd.	67,683	457	-	68,140
Nile Valley Petroleum Ltd.	382,407	2,467	-	384,874
Benu One Ltd	185,970	1,258	-	187,228
Others	13,305	90	-	13,395
	2,051,812	13,005	(127,045)	1,937,772

(b) Due to related parties

Name of the Company	Nature of relationship	Nature of transactions		Outstanding balances	
		Foreign Currency Translation Differences	Finance	31 December 2018	31 December 2017
Mena Glass Ltd.	Associate	4,873	-	582,539	577,666
Pharos Holding Company	Investee	-	-	488	488
Asec Automation-Europe Co.	Investee	-	-	161	161
Asec Automation Co.- Free zone	Investee	-	(4,187)	-	4,187
Kimonix Egypt for Consulting	Investee	-	(2,303)	-	2,303
Sphinx Capital	Investee	-	26,331	26,331	36,221
Others				13,271	4,398
				622,790	625,424
Due to shareholders					
Sadek Ahmed Swedy*	Shareholder	840	183,192	308,212	124,180
Fenix one Ltd.	Shareholder	467	(187)	69,475	69,195
Aly Hassan el Deyekh	Shareholder	1,294	41,460	234,042	191,288
Olayan**	Shareholder	-	(42,676)	71,699	114,375
Glassco	Shareholder	-	29,400	29,400	-
IFC	Shareholder	1,569	6,608	240,148	231,971
Omran	Shareholder	84	-	12,598	12,514
Ali Abo Zied	Shareholder	-	294,333	294,333	-
EIIC	Shareholder	-	(1,477)	-	1,477
El-Rashed	Shareholder	167	7,899	32,783	24,717
FHI	Shareholder	19	49,550	52,431	2,862
Others	Shareholder			38,361	8,612
				1,383,482	781,191
				2,006,272	1,406,615

* The balance of US \$ 14 million is secured against a guarantee of solidarity through Citadel Capital Partners Ltd, a major shareholder of the company.

** The balance of US \$ 4 million is secured against a guarantee of solidarity through Citadel Capital Partners Ltd, a major shareholder of the company.

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Related party transactions (continued)

(c) Key management compensation

The Group paid EGP 223,283 as salaries and benefits to senior management personnel during the year 2018 (2017: EGP 221,862).

17. Financial assets at fair value through profit or loss

	2018	2017
Modern Shorouk for Printing & Packaging	4,223	4,405
	4,223	4,405
	2018	2017
Balance at 1 January	4,405	1,279
Fair value gains (losses)	(182)	3,126
Balance at 31 December	4,223	4,405

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

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

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

18. Cash and bank balances

	2018	2017
Banks - current accounts	990,404	2,037,570
Treasury bills (less than 3 months)	1,115,349	367,436
Time deposits	4,210,651	69,942
Cheques under collection	24,080	29,062
Cash on hand	9,347	57,845
	6,349,831	2,561,855

The interest rate applied to the time deposits with banks is 14.4% and the term of these deposits is less than 3 months from the date of placement. Time deposits and current accounts with banks are placed with local banks under the supervision of CBE.

The average annual interest rate on deposits in Egyptian pound in 2018 was 13%. The average annual interest rate on US Dollar deposits in 2018 was 5.25%.

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19. Share capital

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

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

Shareholder's name	Percentage	No. of Shares	Amount EGP
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. Treasury shares

Treasury share represents loans provided to EGPC to purchase shares in ERC and accounted for as an equity-settled share based payment transaction.

Included in the ordinary shareholders equity under share-based payment reserve is a loan provided to EGPC for the value of US \$ 85,050 in 2018 (2017: US \$85,050) to increase their shareholding in ERC. This loan does not accrue interest and is only payable through future dividends to be declared by EGPC and there is no security or recourse to other assets for which contractual right of payment could be established. Dividends payable by ERC are discretionary and the Group could not contractually require dividends to be paid to pay the loan.

As such, EGPC has not assumed the risks related to the shares to which they have subscribed for in ERC as EGPC is protected from any losses relating to the value of the shares, and will benefit from the increase in the share value above the loan value. EGPC has in substance been issued a call option on ERC shares. EGPC assumes no downside on the ERC shares but receives the upside of the shares similar to the pay off profile of a call option. The total amount of shares represents 7.5% shareholding in ERC. The shares issued to EGPC on the loan should not be shown as issued by ERC.

As the transaction represents an option issued on the shares of the Group and EGPC has not paid any consideration for such an option, the transaction would be considered an equity- share-based payment transaction under EAS 39- Share-based payments. As this is an equity-settled share-based payment, the option would be fair valued initially and would not require fair value at each reporting period. There were no additional loans issued in 2017 or 2018.

Any distributions to EGPC, which would offset against the loan amount, should be accounted for as a reallocation in equity between retained earnings and share-based payment reserve.

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21. Reserves

	Legal reserve*	Fair value- available- for-sale financial assets	Foreign currency translation differences	The company's share in the change of equity of associates companies	Hedging reserve	Total
Balance at 1 January 2017 (as previously issued)	89,578	(1,068)	2,986,304	(77,429)	(32,271)	2,965,114
Prior year adjustment	-	-	(497,018)	-	-	(497,018)
Restated balance at 1 January 2017	89,578	(1,068)	2,489,286	(77,429)	(32,271)	2,468,096
Revaluation fair value for available-for-sale financial assets	-	2,738	-	-	-	2,738
Foreign currency translation differences	-	-	(942,880)	-	-	(942,880)
The company's share in the change of equity of associates companies	-	-	-	9,843	-	9,843
Hedge risk in interest rates of swap contracts	-	-	-	-	22,727	22,727
Balance at 31 December 2017	89,578	1,670	1,546,406	(67,586)	(9,544)	1,560,524
Balance at 1 January 2018 (as previously issued)	89,578	1,670	1,586,729	(67,569)	(9,544)	1,600,864
Prior year adjustment	-	-	(40,323)	(17)	-	(40,340)
Adjusted balance at 1 January 2018	89,578	1,670	1,546,406	(67,586)	(9,544)	1,560,524
Revaluation of available-for-sale at fair value	-	1,484	-	-	-	1,484
Foreign currency translation differences	-	-	1,285,850	-	-	1,285,850
The company's share in the change of equity of associates companies	-	-	-	(18,622)	-	(18,622)
Hedge risk in interest rates of swap contracts	-	-	-	-	34,499	34,499
Balance at 31 December 2018	89,578	3,154	2,832,256	(86,208)	24,955	2,863,735

* Legal reserve

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

Hedging reserve

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

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

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22. Hyper-inflationary economy

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

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

<u>Year</u>	<u>Index</u>	<u>Conversion factor</u>
2018	1,365.05	1.23
2017	861.5	1.76
2016	688.37	2.25
2015	527.59	2.74
2014	468.6	3.24
2013	372.9	4.29
2012	262.79	6.14
2011	181.94	8.15

The net monetary gains from operating activities is as follows:

In Sudanese Pound	Closing Position	Closing purchasing power	Inflation adjustments
Fixed assets	762,333	3,314,889	2,552,556
Project under construction	14,098	37,848	23,750
Inventories	530,384	615,062	84,678
Net monetary loss charged to the consolidated statement of profit or loss	-	-	(5,402)
Net monetary gain from operating activities			2,655,582

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

	2018
In Sudanese Pound	
Increase in revenue	657,293
Increase in EBITDA	223,709
Net monetary loss	(5,402)
Increase in profit after tax	29,971

23. Loans and borrowings

	2018		2017	
	Current	Non-current	Current	Non-current
A. Loans from external lenders	12,221,222	44,181,014	12,190,874	35,880,339
B. Loans from related parties	2,169,543	129,136	1,945,749	138,579
C. Bank overdraft	1,353,713	-	829,392	-
	15,744,478	44,310,150	14,966,015	36,018,918

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Loans and borrowings (continued)

A. Loans from external lenders

Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			2018	2017	2018		2017		
					Current	Non-current	Current	Non-current	
Arab Financial Investments Company	Commercial International Bank	5% fixed rate on EGP 2.5% fixed rate on USD	214,990	204,653	81,481	133,509	-	204,653	- pledge for the shares owned in Asec Cement which cover more than 100% from the liability, in addition to pledge of all tangible and intangible assets. A renegotiated agreement was signed with bank in September 2018
Dina for Agriculture Investments	Ahli United Bank The United Bank Egyptian Arab Land Bank	Average 3.625% plus corridor rate	198,590	104,569	41,088	157,502	32,175	72,394	- First degree real estate mortgage for all the company's assets First degree real estate pledge in favour of banks over the 7172 acres land owned by the company excluding land subject to sale.
National Development and Trading company	Qatar National Bank	3.75 % plus corridor rate	264,193	214,915	264,193	-	214,915	-	- Partial pledge of ASEC Cement company shares
	Arab Investment Bank	2.75 % plus corridor rate	140,358	113,690	140,358	-	113,690	-	- Partial pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ESACO shares in favour of bank.
	Industrial Development and workers bank of Egypt	0.5 % plus corridor rate	267,835	220,952	267,835	-	220,952	-	- Pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares, ASEC automation shares and ESACO shares in favour of bank.
	Misir Iran Development Bank	2.5% plus corridor rate	184,605	149,649	184,605	-	149,649	-	- Pledge of 33.3 million of the Company's shares in its subsidiaries at a value of not less than 333% of the value of the loan amount, provided that the shares are owned by the Bank and the shares are distributed by the Bank approval.
Arab Swiss Engineering Co. (ASEC)	Ahli United Bank Al Baraka Bank	3.25 % plus corridor 11.5% fixed rate	62,437	69,832	62,437	-	69,832	-	- The loan was expected to be settled fully on December 2018 and the company defaulted in the payments and currently are negotiating with the bank for rescheduling the loan instalments, however, no default notice received or action taken by the lender.
ASEC Cement Company	Sudanese Egyptian Bank	11% fixed rate	4,691	44,991	4,691	-	39,058	9,710	- Assignment of South Valley Co. management Contract - Assignment of White Sinai Co. management contract. - Pledge on the land of the factory, machinery and equipment of Al Takamoul for Cement Ltd. Co.

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)

Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			2018	2017	2018		2017		
					Current	Non-current	Current	Non-current	
Taqa Arabia	Animal Resources Bank	12% fixed rate	5,353	-	3,691	1,662	-	-	- The loan has been obtained with guarantee of cement issuing voucher equal to 100% of the Murabha value.
	Commercial International Bank	3.25% plus corridor	378,391	305,601	25,931	352,460	-	305,601	- Pledge all stocks related to Gas Group in favour of the Bank. All dividends related to Gas Group should be transferred to Taqa Arabia account at HSBC, in which all transferred dividends must cover 1.25 of annual payment.
Taqa Marketing	HSBC Banque De Caire National Bank of Egypt	3% plus Corridor rate	31,568	42,829	8,668	22,900	11,320	31,509	- The company maintain a constant percentage in the contract plus restricted dividends distribution till payment of instalments and accrued interest.
Global for Energy Company	HSBC	2.25% pulse Corridor rate	-	8,776	-	-	8,776	-	- The Company cannot change it's capital structure without written permission from the bank. - Maximum ratio of debt to equity should be 2:1. - There is no outstanding loan balance as of 2018 as the Company paid all outstanding balance during 2018.
Egyptian Refining Company ("ERC")	Japan bank for International Cooperation	6 months libor plus 4.1%	9,443,947	6,942,517	801,580	8,642,367	-	6,942,517	- The major covenants and guarantees for Egyptian Refining Company S.A.E ("ERC") syndicated loans with some exceptions to the general rules as stated in the common terms agreement are : - Commercial mortgage - Real mortgage for any acquisition or constructions having a book value of more than a specific amount. - Pledge for the shares of Arab Refining Company and Specialized Refining Consultancy S.A.E. - Promissory notes. - Guarantee contracts with EIB and KEXIM. - ERC shall comply with the insurance and reinsurance requirements. - ERC shall not incur or permit to subside any Financial Indebtedness other than allowed Financial Indebtedness. - ERC shall not undertake any material capital or operating expenditures except for certain conditions as stated in the common terms agreement. - ERC shall not create or permit to subside any Security Interest over all or any of its assets. - ERC shall not sell or otherwise dispose of all or any material part of its assets, either in a single transaction or a series of transactions that are outside the normal course of business.

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Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			2018	2017	2018		2017		
					Current	Non-current	Current	Non-current	
									<div>- ERC shall not acquire any company or entity or any shares or any business or undertaking (or, in each case, any interest in any of them) or incorporate any company or entity.</div> <div>- ERC shall not enter into any amalgamation, demerger, merger, reconstruction, consolidation or winding-up.</div> <div>- Restrictions on entering into loans and guarantees' agreements;</div> <div>- ERC shall not repurchase, cancel or redeem its shares or otherwise reduce its share capital or make payments in respect of any convertible or hybrid instrument other than distributions permitted under the Finance Documents.</div> <div>- All shares and other instruments issued by ERC shall be subject to security as envisaged by the "common terms agreement" and the "Deed of Shareholder Support" unless such shares or other instruments are issued to a Government Entity, in which case they shall be subject to an irrevocable power of attorney.</div> <div>Loans renegotiation :</div> <div>- The first loan instalment was due on 20 December 2017. On 31 January 2018, an amended agreement was signed with banks based on which the loan has been rescheduled so that the first instalment will be due on 20 June 2019.</div>
	Group of commercial banks (NEXI Covered Lenders)	6-months libor plus 1.75%	6,042,698	4,517,476	534,387	5,508,311	-	4,517,476	
	Export – Import Bank of Korea (KEXIM)	6-months libor plus 3.6% up to the project completion date, 4 % from the project completion to the end of 5 th year. And 4.6% for any time thereafter	10,498,372	8,612,891	920,332	9,578,040	-	8,612,891	
	Financial institution (KEXIM Initial Guaranteed facility lenders)	6-months libor plus 1.95%	3,020,632	2,879,686	267,193	2,753,439	-	2,879,686	
	European Investment Bank	6-months libor plus 3.25% up to the project completion date, 3 % from the project completion date to the	7,466,107	5,384,056	667,983	6,798,124	-	5,384,056	

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

Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			2018	2017	2018		2017		
					Current	Non-current	Current	Non-current	
		second year, 3.5% from the third year to the ninth year and 4 % for any time thereafter							
	African Development Bank	6-months libor plus 3.5%	3,572,000	3,548,000	296,881	3,275,119	-	3,548,000	
	African Development Bank	6-months libor plus 5%	599,394	4,243,374	-	599,394	-	4,243,374	
	GS	6-months libor plus 2.5%	869,382	-	-	869,382	-	-	
	GS	6 month Libor plus 2.5%	977,776	-	-	977,776	-	-	
	MITSUI & CO. Ltd	6 month Libor plus 3%	4,192,497	217,332	-	4,192,497	-	217,332	
Less : Deferred borrowing costs (Egyptian Refining Company)			(1,318,237)	(2,170,102)	(331,701)	(986,536)	-	(2,170,102)	
Citadel Capital	Citi Bank (syndication loan) and other banks (Arab African International Bank, Arab International bank, Bank De Caire, Banque Misr, and Piraeus bank)	First tranche : 4.25% plus Libor Second tranche : 3.9% plus Libor Third tranche 3.9% plus Libor	4,307,989	4,279,044	4,307,989	-	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 of one of the subsidiaries. Loans renegotiation: Renegotiations are currently in progress with lenders to reschedule debt repayment The debt covenants for these loans are as follows: - The Company must ensure that Consolidated Tangible Net Worth is not at any time less than U.S.\$400,000 - The Company must ensure that Unconsolidated Tangible Net Worth is not at any time less than U.S.\$500,000. - The Company must ensure that the ratio of Cash Available for Debt Service to Net Finance Costs is not, for any Measurement Period, less than 1.35:1 - The Company must ensure that its aggregate interests (directly or indirectly) in its largest two investments (as identified in the most recently delivered Valuation) shall not represent more than 85% of the Value of the interests held by the Company. - The ratio of its Current Assets to Current Liabilities is not less than 1.2:1

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

Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification			Guarantees and debt covenants
			2018	2017	2018		2017	
					Current	Non-current		
International for Refining Consultation	Arab International Bank	5.2% fixed rate	548,257	548,980	548,257	-	548,980	-
			Letter of guarantee from Standard Chartered Bank of Korea Limited with the amount due to Arab International Bank.					
Loans renegotiation : The company renegotiated it's loan in September 2018 with the bank to reach a rescheduled repayment.								
There are no debt covenants set by the bank but the loan is covered by letters of guarantee								
National Company for Refining Consultation	Arab International Bank	6-months libor plus 3.75%	1,436,126	1,315,380	1,436,126	-	1,315,380	-
Pledge of the Company's shares (50 million) in Orient Investments Properties Ltd. In favour of the bank.								
Debt renegotiation : The company renegotiated it's loan in September 2018 with the bank to reach a rescheduled repayment.								

- The aggregate amount of Advisory Fees actually received by the Company and CC Ltd. in cash in each financial year of the Company are at least equal to 85% of the Budgeted Advisory Fees for that financial year

- The ratio of UCF Financial Indebtedness to UCF Tangible Net Worth is not more than 2:1

- The ratio of ASCOM Financial Indebtedness to ASCOM Tangible Net Worth is not more than 2:1

- The ratio of NDT Total Liabilities to NDT Tangible Net Worth is not more than 1:1

- The ratio of NDT Financial Indebtedness to NDT Tangible Net Worth is not more than 2:1

- The ratio of Gozour Financial Indebtedness to Gozour Tangible Net Worth is not more than 2:1

- The ratio of Taqa Arabia Financial Indebtedness to TA Tangible Net Worth is not more than 2:1

- The ratio of ERC Financial Indebtedness to ERC Tangible Net Worth is not more than 2.5:1

- The ratio of Africa Railways Financial Indebtedness to Africa Railways Tangible Net Worth is not more than 2.5:1

- Letter of guarantee from Standard Chartered Bank of Korea Limited with the amount due to Arab International Bank.

Loans renegotiation :
The company renegotiated it's loan in September 2018 with the bank to reach a rescheduled repayment.

There are no debt covenants set by the bank but the loan is covered by letters of guarantee

Pledge of the Company's shares (50 million) in Orient Investments Properties Ltd. In favour of the bank.

Debt renegotiation :
The company renegotiated it's loan in September 2018 with the bank to reach a rescheduled repayment.

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			2018	2017	2018		2017		
					Current	Non-current	Current	Non-current	
National Company for Multimodal Transport	Arab African International Bank, and Banque Misr (syndicated loan)	6-months corridor plus 3.25%	593,228	601,287	593,228	-	235,017	366,270	- Open the revenue account with the Loan Agent (Banque Misr), - First degree pledge over the revenue account. - First degree mortgage on the barges - First degree mortgage over tangible and intangible assets - Insurance policies over the new barges. - Assign the borrower's rights under the insurance policies covering the operating barges for the full replacement value against all insurable risks to be endorsed in favour of the Security Agent for itself and on behalf of the banks. - Assign all borrower's compensation rights under the insurance policies covering the borrower new barges during construction in favour of the Security Agent (Arab African International Bank) for itself & on behalf of the banks. - Assign proceeds from long term transportation service contracts signed with the borrower's customers in favour of the Security Agent. - Assign the borrower's rights of any damages arising under the Material project contracts and related banks' guarantees under such contracts in favour of Security Agent - The debt service ratio to be not less than 1.1 till the date of repayment of the loans.
ASCOM company for chemicals and carbonates manufacturing	Ahli United Bank	3-month Libor plus 2%	69,905	81,989	37,493	32,412	42,408	39,581	Debt renegotiation : Negotiation is currently in progress with banks to reschedule the loan instalments. - First degree mortgage for all property and real estate on the project. - First degree commercial mortgage on calcium carbonate production line. - Deposit all earnings resulting from future sale contracts related to calcium carbonate production in operating account. - The company undertakes not to change, pledge, mortgage, sell or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the bank.

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

Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			2018	2017	2018		2017		
					Current	Non-current	Current	Non-current	
Glass Rock company for isolation	Banque Misr	3 month labor plus 4.5%	662,049	684,708	662,049	-	684,708	-	<div><div><div>- The waiver of the value of final letter of guarantee issued by ALPINE, provided that such letter is acceptable to the Bank and is expressly waived in favour of the Bank.</div><div>- Opening the account of the insurance proceeds with the bank.</div><div>- Maintain certain financial ratios as well as some commitments related to new borrowing operations, dividends and new investments.</div><div>- The debt service ratio is not less than 1.2 for the entire period and the financial leverage shall not exceed 1 during the financing period.</div></div><div><div>Debt renegotiation :</div><div>The company renegotiated it's loan in October 2018 with the bank to reach a rescheduled repayment where by, the first instalment will be due on 1 January 2019 and the last instalment will be due on 1 July 2020.</div></div><div><div>- First degree mortgage for all property and real estate on the project.</div><div>- First degree commercial mortgage on all physical and moral assets.</div><div>- Deposit all earnings resulting from future sale contracts in favour of the bank.</div><div>- 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.</div><div>- ASEC company for mining (the holding company) undertake the obligation to pay the company's debt in case of default.</div><div>- The Financial leverage should not exceed 2.5 in 2018 and 1.2 in 2019,2020 & 2021.</div><div>- The Current ratio should not be less than 1 in years 2017 to 2021.</div><div>- The Debt service ratio should not be less than 1.2 in the years 2018 to 2021.</div><div>- The company's sales in foreign currencies should be used to pay instalments.</div></div></div>

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Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification			Guarantees and debt covenants
			2018	2017	2018		2017	
					Current	Non-current		
Trimstone Assets Holdings Ltd.	Arab International Bank	6 month Libor plus 5%	361,117	358,632	361,117	-	358,632	<div>- The company should have 80% of free cash flow that should be used to make mandatory accelerated payment of instalments.</div> <div>- Any payment of intercompany loans, dividends or capital expenditures should not be done before getting written approval from the bank</div> <div>- At 31 December 2018 , the company was in breach of some of the existing debt covenants and renegotiation is currently in progress with banks to reschedule the loan instalments, and no default notice received or action taken by the lender.</div> <div>- First degree pledge over all shares owned TAQA Arabia covering 115% of the value of the existing liability in favour of Arab international Bank</div> <div>- 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</div>
United Foundries Company	Piraeus Bank	3-month lobar plus 1.5%	-	3,545	-	-	3,545	<div>Bank facility with no significant debt covenants.</div>
	HSBC Bank	applied 5% debit interest.	-	37,660	-	-	3,656	<div>- Pledge for all raw materials and machines</div> <div>- The company shall not pay any dividends or any other payments to shareholders as financing owners' equity or shareholders loan unless paying the whole accrued amount of the loan.</div>
Windsor for trading and Manufacturing	Qatar National Bank	annual interest of 5% as declining interest rate of the outstanding balance	14,714	16,990	3,757	10,957	2,202	<div>- First degree commercial mortgage on materials, and related tools and equipment.</div> <div>- Not to make any distributions unless the instalments are fully paid and commitment to some financial ratios</div>

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Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			2018	2017	2018		2017		
					Current	Non-current	Current	Non-current	
United Company for Paper and Carton Manufacturing	Arab African Bank	2.25% plus 6 months corridor	260,722	300,972	-	260,722	38,938	262,034	- Pledge for all raw materials and machines
									- The company shall not pay any dividends or any other payments to shareholders as financing owners' equity or shareholders loan unless paying the whole accrued amount of the loan.
Swent Group	IFC	Libor plus 3%	968,427	-	10,072	958,355	-	-	- First degree commercial mortgage on materials, and related tools and equipment.
									- Not to make any distributions unless the instalments are fully paid and commitment to some financial ratios.
Modern East for printing and packing	Export development bank Egypt	1.75% plus Corridor rate	51,794	7,799	13,501	38,293	7,799	-	- First degree lien contract of materials and physical assets for warehouses and equipment's related to the company
									- Not to make any distributions unless the instalments are fully paid and commitment to some financial ratios.
KU railways Holding limited	International Finance Corporation International Finance Corporation Africa Development Bank FMO International Finance bank Equity bank KFW Barclays Equity Bank EARTH Loan Standard Bank	US Dollar: 14% US Dollar: basic lending rate plus 6.25% US Dollar : libor rate plus 6.25% US Dollar : libor rate plus 6.25% US Dollar : libor rate plus 6.25% US Dollar : libor rate plus 6.25% Us Dollar: libor plus interest rate 6.25% Us Dollar: libor plus interest rate 6.25% Libor plus interest rate 6.25% Libor plus interest rate 6.25% Libor plus interest rate 6.25%	-	661,793	-	-	661,793	-	- Pledge of the company's shares
			-	424,978	-	-	424,978	-	- Pledge of the company's shares
			-	771,829	-	-	771,829	-	- Pledge of the company's shares
			-	579,357	-	-	579,357	-	- Pledge of the company's shares
			-	392,754	-	-	392,754	-	- Pledge of the company's shares
			-	350,458	-	-	350,458	-	- Pledge of the company's shares
			-	609,154	-	-	609,154	-	- Pledge of the company's shares
			-	62,749	-	-	62,749	-	- Pledge of the company's shares
			-	35,196	-	-	35,196	-	- Pledge of the company's shares
			-	274,562	-	-	274,562	-	- Pledge of the company's shares
			56,402,236	48,071,213	12,221,222	44,181,014	12,190,874	35,880,339	

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B. Borrowings from related parties:

Borrower	Lender	Interest rate	Outstanding balance		Financial Position classification				Guarantees and debt covenants
			2018	2017	2018		2017		
					Current	Non-current	Current	Non-current	
National Development and Trading Company	Financial Holding International	6% per annum compounded interest	2,017,744	1,908,039	2,017,744	-	1,908,039	-	The guarantees are represented in lien on part of National Development and Trading Company shares in Arab Swiss Engineering Co.
	Vinegar Company	6% per annum compounded interest	41,941	37,710	41,941	-	37,710	-	
	United Foundries	Financial Holding International	6% per annum compounded interest	137,860	36,938	109,858	28,002	-	36,938
Grandview	Yousef Allam & CO	6% per annum compounded interest	101,134	101,641	-	101,134	-	101,641	There are no Guarantees and debt covenants and this balance represents payment under capital increase and till reporting date the Company did not start legal procedures to capitalise this amount to capital.
			2,298,679	2,084,328	2,169,543	129,136	1,945,749	138,579	

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Loans and borrowings (continued)

C) Bank overdrafts

	2018	2017
National Development and Trading Company	26,685	26,146
ASEC for Mining (ASCOM)	158,619	159,212
United Foundries Company	42,092	54,096
Tawazon for Solid Waste Management (Tawazon)	62,969	43,227
Falcon Agriculture Investment	22,804	37,044
Silverstone Capital Investments Ltd.	474,032	105,901
Grandview Investments Holdings	566,512	403,766
Total	1,353,713	829,392

The average interest rate on bank overdrafts over Egyptian Pounds in 2018 is 5.5% plus corridor rate (2017: 5.5% plus corridor rate).

24. Deferred tax assets / (liabilities)

	2018		2017	
	Asset	Liability	Asset	Liability
Fixed assets	-	(171,993)	-	(222,369)
Fair value of interest rate hedge	-	-	7,242	-
Provisions	9,194	-	5,198	-
Tax losses	5,062	-	12,886	-
Others	1	(39,604)	-	(29,713)
Total deferred tax assets / (liabilities)	14,257	(211,597)	25,326	(252,082)

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

	2018	2017
Balance at 1 January	226,756	317,839
Charged to the consolidated statement of profit or loss (Note 37)	(77,031)	(128,041)
Charged to the consolidated statement of comprehensive income	54,354	(1,041)
Foreign currency translation differences	(6,739)	37,999
Balance at 31 December	197,340	226,756

The Group has carry forward tax losses as of 31 December 2018 amounting to EGP 522,788 and the related deferred tax assets amounted to EGP 117,627 which has not been recognized as it is not probable that future taxable profits will be available, which the Group can utilize the benefits relating to these assets.

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25. Financial derivatives assets (liabilities)

	2018	2017
Derivative financial asset (liabilities) of interest rate swap (23.1)	212,556	(32,187)
	212,556	(32,187)

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

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

The main terms of the transactions are as follows:

Trade date: June 25, 2012.

Effective date: July 3, 2012.

Termination date: December 20, 2024.

Fixed rate paid by the company is 2.3475%.

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

Maximum estimated amount under these transactions are:

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

Maximum notional amount covered under Credit Agricole are

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

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

	2018	2017
Interest rate swaps – cash flow hedges		
Balance at 1 January	(32,187)	(195,679)
Change in fair value	243,590	160,223
Forex	1,153	3,269
Balance at 31 December	212,556	(32,187)

The outstanding Interest Rate Swap (IRS) contracts at 31 December 2018 were EGP 36.8 billion (2017: EGP 21.7 billion) equivalent to US \$2 billion (2017: US \$1.2 billion).

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

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Financial derivatives assets (liabilities) (continued)

The Hedging effectiveness test conducted at 31 December 2018 indicated that the IRS was highly effective, and accordingly the change in fair value of the IRS was recognised in other comprehensive income.

26. Provisions

	Provision for claims*	Legal provisions	Other provisions	Total
Balance at 1 January 2017	809,088	1,265	12,416	822,769
Provisions formed	295,015	916	16,939	312,870
Provisions used	(81,692)	-	(2,161)	(83,853)
Provisions no longer required	(4,204)	(67)	(3,662)	(7,933)
Disposal of subsidiaries	(42,841)	-	-	(42,841)
Foreign currency translation	(2,269)	(12)	(7,525)	(9,806)
Balance at 31 December 2017 and 1 January 2018 (restated)	973,097	2,102	16,007	991,206
Re-class to creditor and other credit balance	(31,745)	-	(3,106)	(34,851)
Provisions formed (Note 34)	668,481	201	3,664	672,346
Provisions used	(110,504)	(87)	(1,924)	(112,515)
Provisions no longer required (Note 34)	(58,085)	-	-	(58,085)
Transfer to liabilities held for sale	(126,669)	-	(11,652)	(138,321)
Foreign currency translation	3,705	7	(2,152)	1,560
Balance at 31 December 2018	1,318,280	2,223	837	1,321,340

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

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

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Notes to the consolidated financial statements - For the year ended 31 December 2018

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27. Lease and trade payables and other credit balances

A. Trade payables and other credit balance

	2018	Restated 2017
Trade payables	3,997,652	4,703,203
Accrued expenses	957,301	1,404,652
Accrued interest	968,963	723,268
Tax authority	760,322	946,701
Deferred revenue	353,328	11,319
Retention	345,689	354,742
Advances from customers	41,310	138,387
Social insurance authority	22,298	155,930
Creditors- purchase of investment*	21,574	21,574
Creditors- purchase of fixed assets	5,964	5,964
Shareholders' credit balances	-	24,493
Other credit balances	378,820	402,182
	7,853,221	8,892,415
Less: non-current portion	(234,388)	(407,967)
	7,618,833	8,484,448

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

	2018	Restated 2017
Retention	155,343	146,445
Trade payables	68,078	184,111
Creditors - purchase of investment	10,787	10,787
Social insurance authority	-	61,873
Other credit balances	180	4,751
	234,388	407,967

The balance represents accrual from Tanweer for Marketing and Distribution Company (Tanweer) – 99.88% owned by subsidiary by purchases of investments in Dar AL Sherouk Company – BVI , for the benefit of the mentioned company.

B. Finance lease

Commitments in relation to finance leases are payable as follows:

	2018	Restated 2017
Within one year	135,042	161,248
Later than one year	38,577	12,662
Minimum lease payments excluding future finance charges	173,619	173,910

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

28. Financial liabilities at fair value through profit or loss

	2018	2017
Opening balance at 1 January	427,186	-
Financial liability fair value change through profit or loss	(90,199)	415,258
Interest expense	15,838	12,458
Forex	2,471	(530)
	355,296	427,186

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

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

Fair value of the outstanding liability recognized as of 31 December 2018 is US \$19,893 (2017: US \$24,080).

29. Current income tax liabilities

	2018	2017
Balance at 1 January	199,514	180,119
Income tax paid during the year	(154,790)	(160,692)
Income tax for the year (Note 37)	212,841	263,364
Withholding tax paid	(43,798)	(38,840)
Transferred to assets held for sale	(26,632)	(21,469)
Foreign currency translation differences	21,851	(22,968)
	208,986	199,514

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

30. Revenue

	2018	2017
Energy sector	6,351,008	4,587,903
Cement sector	2,712,094	2,257,352
Financial services sector	5,855	11,120
Mining sector	911,856	954,230
Agriculture and food sector	816,686	717,276
Transportation and logistics sector	131,836	117,834
Packaging sector	1,959,637	1,704,210
Others*	280,999	201,079
	13,169,971	10,551,004

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

31. Cost of revenue

	2018	2017
Energy sector	5,750,503	4,155,014
Cement Sector	2,032,577	1,868,158
Financial services sector	7,390	7,482
Mining sector	708,240	834,793
Agriculture and Food sector	642,133	554,028
Transportation and Logistics sector	157,575	145,589
Packaging sector	-	1,333,337
Other costs*	1,828,500	148,545
	11,126,918	9,046,946

* Other sectors represents costs from generated from United Foundries Company

CITADEL CAPITAL COMPANY (S.A.E) AND ITS SUBSIDIARIES**Notes to the consolidated financial statements - For the year ended 31 December 2018**

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

32. Expenses by nature

	2018	2017
Cost of revenue	11,126,918	9,046,946
General, administrative, selling and marketing expenses (Note 33)	1,592,055	1,347,296
	12,718,973	10,394,242
	2018	2017
Manufacturing materials	2,391,148	1,264,032
Fuel and lubricants	3,664,263	2,524,658
Electricity supplies	971,442	610,473
Gas network construction	490,809	393,942
Gas car conversion	27,802	17,318
Wages, salaries and other staff costs	1,404,460	1,449,120
Professional and consultancies fees	281,744	191,606
Depreciation and amortization	573,884	596,292
Travel and accommodation	30,101	30,877
Rent	304,406	301,032
Maintenance	209,176	199,183
Insurance	15,142	12,662
Transportation and vehicles	219,771	182,663
Supplies	344,859	318,386
Promotion, advertisement and gifts and public relation	9,923	13,319
Donations	71,031	5,530
Management fees	35,726	46,494
Utilities	853,829	735,227
Changes in inventories	(23,719)	7,577
Tools and equipment	6,434	1,986
Others	836,742	1,491,865
	12,718,973	10,394,242

33. General, administrative, selling and marketing expenses

	2018	2017
Wages, salaries and other staff costs	609,347	487,428
Selling and marketing	323,440	218,417
Consultancy fees	117,928	56,369
Depreciation and amortization	136,782	110,973
Travel and accommodation	16,181	15,636
Rent	10,112	11,642
Advertising and public relations	8,161	6,884
Donations	27,731	5,525
Management fees	34,366	-
Others	308,007	434,422
	1,592,055	1,347,296

CITADEL CAPITAL COMPANY (S.A.E) AND ITS SUBSIDIARIES**Notes to the consolidated financial statements - For the year ended 31 December 2018**

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

34. Other operating income / (expenses) - net

	2018	2017
(Reversal) impairment of due from related parties (Note 16)	(114,040)	21,064
Impairment of trade receivables and other debit balances	305,558	381,216
Impairment of available-for-sale investments	269	22,379
Impairment of payments under investment (Note 12)	3,000	148,637
Impairment of fixed assets	120	17,026
Impairment of intangible assets	228,079	32,278
Impairment of goodwill	62,076	166
Write down of inventory	2,848	7,993
Gain on sale of fixed assets (Note 5)	(4,723)	(22,879)
Loss on sale of biological assets	2,094	(147)
Provisions (Note 26)	672,346	312,870
Net change in the fair value of financial assets at fair value through profit or loss (Note 17)	182	(3,126)
Provision no longer required (Note 26)	(58,085)	(7,933)
Others	143,391	(35,443)
	1,243,115	874,101

35. Finance costs - (net)

	2018	2017
Interest income	(240,782)	(199,804)
Interest expenses	1,788,970	1,534,708
Foreign currency exchange differences	167,308	(91,052)
	1,715,496	1,243,852

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

	2018	2017
Al Kateb Co for Marketing and Distribution	(219)	(286)
Al Sharq for Book Stores	108	231
Dar AL Sherouk Company	(4,449)	(2,395)
Allmed	-	38,189
Ascom Precious Metals (APM)	(28,973)	-
	(33,533)	35,739

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

37. Income tax expense

	2018	2017
Current income tax	212,841	263,364
Deferred income tax	(77,031)	(128,041)
	135,810	135,323

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:

	2018	2017
Net (loss) before tax	(2,540,724)	(1,925,452)
Income tax based on tax rate	(571,663)	(433,227)
Expenses not deductible for tax purposes	7,628	209,720
Income not taxable for tax purposes	(23,540)	(1,139)
Effect of tax losses	723,385	359,969
Income tax expense	135,810	135,323

38. Earnings profit (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 year after excluding ordinary shares held in treasury.

	2018	2017
Net profit / (loss) for the year	929,068	(5,699,961)
Net profit (loss) for equity holders of the parent company	1,350,843	(4,786,611)
Weighted average number of shares including preferred shares with the same distribution rights as ordinary shares	1,820,000,000	1,820,000,000
Earning	0.0742	(2.62)

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 2018 and 2017, hence the diluted earnings (loss) per share is the same as the basic earnings (loss) per share.

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

39. Operating segments

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

	Energy	Cement	Transportation and logistics	Mining	Agriculture food industries	Financial services	Printing sector	Other	Elimination (NCI)	Total
Operating results										
For the year ended 31 December 2018										
Operating revenue	6,351,009	2,712,094	131,835	911,856	816,686	5,855	1,959,637	280,999	-	13,169,971
Operating cost	(5,750,503)	(2,032,577)	(157,575)	(708,240)	(642,133)	(7,390)	(1,594,944)	(233,556)	-	(11,126,918)
Gross profit / (loss)	600,506	679,517	(25,740)	203,616	174,553	(1,535)	364,693	47,443	-	2,043,053
Owners of the parent company										
	93,610	(623,190)	(292,208)	(92,437)	(8,153)	(3,273,438)	(87,920)	(457,226)	6,091,805	1,350,843
Financial position										
Balance as of 31 December 2018										
Current assets	9,384,187	3,069,207	89,257	503,007	311,203	5,973,341	1,063,313	141,719	(7,000,022)	13,535,212
Non-current assets	69,502,977	1,660,349	674,553	1,060,623	1,004,334	20,787,257	882,152	28,434	(21,839,760)	73,760,919
Total assets	78,887,164	4,729,556	763,810	1,563,630	1,315,537	26,760,598	1,945,465	170,153	(28,839,782)	87,296,131
Current liabilities	8,199,327	4,747,026	8,304,337	1,412,976	2,361,736	18,686,966	1,077,030	1,064,530	(17,919,898)	27,934,030
Non-current liabilities	43,805,208	2,365,172	70,011	193,290	193,942	618,591	473,932	271,335	(3,196,769)	44,794,712
Shareholders' equity	26,882,629	(2,382,642)	(7,610,538)	(42,636)	(1,240,141)	7,455,041	394,503	(1,165,712)	(7,723,115)	14,567,389
Total liabilities and shareholders' equity	78,887,164	4,729,556	763,810	1,563,630	1,315,537	26,760,598	1,945,465	170,153	(28,839,782)	87,296,131

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

Notes to the consolidated financial statements - For the year ended 31 December 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	Printing sector	Other	Elimination (NCI)	Total
Operating results (Restated)										
For the year ended										
31 December 2017										
Operating revenue	4,587,903	2,257,351	117,834	954,230	717,276	11,120	1,704,211	201,079	-	10,551,004
Operating cost	(4,155,014)	(1,868,157)	(145,590)	(834,793)	(554,028)	(7,482)	(1,333,337)	(148,545)	-	(9,046,946)
Gross profit / (loss)	432,889	389,194	(27,756)	119,437	163,248	3,638	370,874	52,534	-	1,504,058
Owners of the parent company	(651)	(676,063)	(11,657,749)	(253,558)	(13,607)	(7,032,333)	644,734	(410,141)	14,628,923	(4,770,445)

Financial position (Restated)

Balance as of

31 December 2017

Current assets	3,884,991	3,485,063	91,104	522,129	420,833	7,233,563	1,142,234	665,856	(8,512,751)	8,933,022
Non-current assets	59,622,266	1,255,766	697,666	1,171,468	1,589,496	22,128,371	764,489	36,329	(23,182,368)	64,083,483
Total assets	63,507,257	4,740,829	788,770	1,693,597	2,010,329	29,361,934	1,906,723	702,185	(31,695,119)	73,016,505
Current liabilities	4,343,207	2,856,614	7,621,743	1,395,151	2,416,449	16,054,698	984,009	1,225,475	(9,490,812)	27,406,534
Non-current liabilities	34,752,135	4,116,892	366,270	203,142	108,240	3,098,729	390,585	642,364	(6,954,541)	36,723,816
Shareholders' equity	24,411,915	(2,232,677)	(7,199,243)	95,304	(514,360)	10,208,507	532,129	(1,165,654)	(15,249,766)	8,886,115
Total liabilities and shareholders' equity	63,507,257	4,740,829	788,770	1,693,597	2,010,329	29,361,934	1,906,723	702,185	(31,695,119)	73,016,505

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Operating segments (continued)

The following summary describes each reportable segment:

Energy sector

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

Cement Sector

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

Transportation and logistics

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

Mining

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

Agriculture food industries

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

Printing sector

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

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

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Notes to the consolidated financial statements - For the year ended 31 December 2018

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Operating segments (continued)

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

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
- 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.

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

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Operating segments (continued)

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

Mining Sector:

- ASEC company for mining (ASCOM)

Printing Sector:

- Grandview Investment Holding

Cement Sector

- National Company for Development and Trading Group

Others:

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

40. Ownership interest in subsidiaries

The subsidiaries represents at 2018 and 2017 are as follows, and the percentage represents the Group's shareholding in subsidiaries in the capital ordinary shares unless otherwise mentioned . The Group's ownership interest in the ordinary shares equivalent to the voting powers in the below companies.

Company name	Country of Incorporation	Group share%		Non-controlling interest %	
		2018	2017	2018	2017
Citadel Capital Holding for Financial Investments	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Citadel Capital for International Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Bright Living	Arab Republic of Egypt	56.17	56.17	43.83	43.83
International for Mining Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01
International for Refinery Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Arab Company for Financial Investments	Arab Republic of Egypt	94.00	94.00	6.00	6.00
Tanweer for Marketing and Distribution Company (Tanweer)	Arab Republic of Egypt	99.88	99.88	0.12	0.12
Financial Unlimited for Financial Consulting	Arab Republic of Egypt	99.88	99.88	0.12	0.12

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Company name	Country of Incorporation	Group share%		Non-controlling interest %	
		2018	2017	2018	2017
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
Update 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	-	-
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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Company name	Country of Incorporation	Group share%		Non-controlling interest %	
		2018	2017	2018	2017
Glass Rock Insulation Company	Arab Republic of Egypt	92.50	92.50	7.50	7.50
ASCOMA Algeria	Republic of Algeria	99.40	99.40	0.60	0.60
Lazerg Travaux Public	Republic of Algeria	70.00	70.00	30.00	30.00
ASCOM Precious Metals Mining S.A.E	Arab Republic of Egypt	99.99	99.99	0.01	0.01
ASCOM Emirates for Mining UAE	Limited Partnership Company Emirates	69.40	69.40	30.60	30.60
ASCOM Middle East	Arab Republic of Egypt	100.00	100.00	-	-
Nubia Mining Development PLC	Sudan	52.80	52.80	47.20	47.20
Sahari Gold Company	Ethiopia	99.99	99.99	0.01	0.01
ASCOM for Geology & Mining – Ethiopia	Ethiopia	99.99	99.99	0.01	0.01
ASCOM Precious Metals – Sudan	Sudan	99.99	99.99	0.01	0.01
Golden Resources Company	Ethiopia	99.99	99.99	0.01	0.01
ASCOM Cyprus Ltd	Cyprus	99.99	99.99	0.01	0.01
International Company for Mineral Exploration – Cyprus	Cyprus	99.99	99.99	0.01	0.01
Golden International Ltd	Ethiopia	99.99	99.99	0.01	0.01
Grandview Investment Holding Corp.	British Virgin Island	48.02	48.02	51.98	51.98
National Printing Company	Arab Republic of Egypt	52.57	52.57	47.43	47.43
Modern Shorouk for Printing and Packaging “El Shorouk”	Arab Republic of Egypt	47.27	47.27	52.73	52.73
El Baddar for Packaging “El Baddar”	Arab Republic of Egypt	49.26	49.26	50.74	50.74
Uniboard	Arab Republic of Egypt	25.56	25.56	74.44	74.44
Windsor	Arab Republic of Egypt	40.18	40.18	59.82	59.82
National Drilling	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Egyptian Textile Ltd.	British Virgin Island	100	100	-	-
National Company for Textile	Arab Republic of Egypt	100	100	-	-

The financial information for the significant subsidiaries at 31 December 2018 is as follows:

	Total Assets	Total Equity	Total Revenue	Net Profit
Orient Investment Properties Ltd.	71,174,614	24,462,573	-	(183,303)
Silverstone Capital Investment Ltd. Group	6,391,274	1,669,995	5,904,767	249,326
National Development and Trading Company	4,729,556	(2,382,642)	2,712,094	(531,487)
ASEC Company for Mining (ASCOM)	1,563,629	(42,636)	911,856	(102,822)
Citadel Capital Transportation Opportunities Ltd.	763,803	(948,021)	131,836	(276,817)
Tawazon for Solid Waste Management (Tawazon) Company Group	461,937	205,223	446,242	47,744
United Foundries Company	170,147	(769,917)	280,999	(41,963)
Grandview Investment holdings	1,945,465	394,503	1,959,637	(102,563)
Falcon for Agriculture Investments Group	1,311,774	86,892	752,210	4,997

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

41. Tax position of Citadel Capital Company

41.1 Corporate tax

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

41.2 Payroll tax

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

41.3 Stamp duty tax

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

41.4 Withholding tax

The Company applies the withholding tax in accordance with tax law No. 91/2005. The Company's books have not been inspected since inception till 31 December 2018.

42. Capital Commitments

The capital commitments as at 31 December 2018 are as follows:

42.1 Egyptian refining company

Non-exercised contracts amounted to USD 702,397 K equivalent to EGP 12,544,817 K (2017: USD 984,497 K equivalent to EGP 17,464,977 K)

42.2 ASEC for Manufacturing and Industries project Co.

	Contract commitment amount	
	2018	2017
Self-extinguishing system in the factory	100	100
Work shop (7)	-	3,285
Work shop (1)	-	675
Work shop (9)	-	370
Total	100	4,430

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

43. Contingent liabilities

The contingent liabilities as at 31 December 2018 are as follows:

43.1 ASEC Automation Co.

	2018	2017
Letters of guarantee	1,374	1,823

43.2 ASEC Environmental Protection Co.

	2018	2017
Letters of guarantee	2,118	1,487

43.3 Arab Swiss Engineering Co.

	2018		2017		
	Euro	EGP	Euro	Dirham	EGP
Letters of guarantee	739	28,800	765	241	34,315

43.4 ASEC for Manufacturing and Industries Project Co.

	2018	2017		
	EGP	Euro	USD	EGP
Letters of guarantee	160,839	2,669	77,083	53,267

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

43.5 United Foundries Company

	2018	2017
Letters of guarantee (outstanding)	1,482	-
Total	1,482	-

43.6 ASEC Company for Mining

	2018	2017
Letters of guarantee – (unsecured portion)	22,205	24,977
Total	22,205	24,977

The uncovered portion of letters of guarantee amounted to EGP 1.78K (equivalent to US \$100 K) issued from banks in favour of ASCOM Carbonate & Chemical Manufacture Company (subsidiary) on 3 October 2007 and available for use until 1 January 2019.

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

44. Financial instruments by category

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

	Loans and receivables	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
Available-for-sale investments								
Logria	-	1,160,900	-	-	-	Fully impaired	-	2
Golden Crescent	-	1,131,744	-	-	-	Fully impaired	-	2
Other	-	77,208	-	-	-	Partially impaired	16,496	2
Trade and other receivables and other debt balances								
Trade receivables	2,789,909	-	-	-	-		-	-
Due from sale of investment	502,654	-	-	-	-		-	-
Due from contractor FISmith	443,282	-	-	-	-		-	-
Refundable deposits	393,208	-	-	-	-		-	-
Accrued revenues	188,820	-	-	-	-		-	-
Employees' imprest	46,553	-	-	-	-		-	-
Custom Authority	5,548	-	-	-	-		-	-
Other debit balances	334,917	-	-	-	-		-	-
Due from related party								
El Kateb for Marketing & Distribution	1,011	-	-	-	-		-	-
Mena Glass Ltd	61,367	-	-	-	-		-	-
Ascom Precious Metals (APM)	209	-	-	-	-		-	-
Allmed Medical Industries (AMI)	20,635	-	-	-	-		-	-
Castrol Lubricants	20,233	-	-	-	-		-	-
Logria Holding Ltd,	111,846	-	-	-	-		-	-
Golden Crescent Investment Ltd.	68,140	-	-	-	-		-	-
Golden Crescent Finco Ltd.	523,820	-	-	-	-		-	-
Emerald Financial Services Ltd.	454,550	-	-	-	-		-	-

Notes to the consolidated financial statements - For the year ended 31 December 2018

	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
Loans and receivables							

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

	Loans and receivables	Investment available-for-sale (fair movement in OCL, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
Treasury Bills	1,115,349	-	-	-	-	-	-	-
Bank time deposits	4,210,651	-	-	-	-	-	-	-
Other	33,427	-	-	-	-	-	-	-
Borrowings								
Loans from external lenders	-	-	-	56,402,236	-	-	-	-
Loans from related parties	-	-	-	2,298,679	-	-	-	-
Bank overdraft	-	-	-	1,353,713	-	-	-	-
Trade and Other Payable								
Trade payables	-	-	-	3,997,652	-	-	-	-
Accrued Expenses	-	-	-	957,301	-	-	-	-
Accrued Interest	-	-	-	968,963	-	-	-	-
Retention	-	-	-	345,689	-	-	-	-
Social insurance authority	-	-	-	22,298	-	-	-	-
Creditors- purchase of investment	-	-	-	21,574	-	-	-	-
Creditors- purchase of fixed assets	-	-	-	5,964	-	-	-	-
Others	-	-	-	378,820	-	-	-	-
Financial liabilities at fair value through profit or loss								
Shareholders swap	-	-	-	-	355,296	-	355,296	1
Due to related parties								
Mena Glass Ltd.	-	-	-	582,539	-	-	-	-
Pharos Holding Company	-	-	-	488	-	-	-	-
Asec Automation-Europe Co.	-	-	-	161	-	-	-	-
Sphinx Capital	-	-	-	26,331	-	-	-	-
Others	-	-	-	13,271	-	-	-	-
Due to shareholders								
Sadek Ahmed Swedy	-	-	-	308,212	-	-	-	-

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

The following schedule presents the financial instruments by category at 31 December 2017:

	Loans and receivables	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
Available-for-sale investments								
Logria	-	1,153,100	-	-	-	Fully impaired	1,153,100	2
Golden Crescent	-	1,124,139	-	-	-	Fully impaired	1,124,139	2
Other	-	116,319	-	-	-	Partially impaired	116,299	2
Trade and other receivables and other debit balances								
Trade receivables	2,914,551	-	-	-	-		-	-
Due from sale of investment	616,609	-	-	-	-		-	-
Due from contractor Flsmidth	450,288	-	-	-	-		-	-
Refundable deposits	496,316	-	-	-	-		-	-
Accrued revenues	167,250	-	-	-	-		-	-
Employees' imprest	47,875	-	-	-	-		-	-
Custom Authority	3,040	-	-	-	-		-	-
Other debit balances	325,365	-	-	-	-		-	-
Due from related parties								
El Kateb for Marketing & Distribution	1,011	-	-	-	-		-	-
Mena Glass Ltd	60,954	-	-	-	-		-	-
Zahana Cement Company	134	-	-	-	-		-	-
Ascom Precious Metals (APM)	205	-	-	-	-		-	-
Allmed Medical Industries (AMI)	21,902	-	-	-	-		-	-
Logria Holding Ltd,	111,134	-	-	-	-		-	-
Golden Crescent Investment Ltd.	67,683	-	-	-	-		-	-
Golden Crescent Finco Ltd.	520,301	-	-	-	-		-	-
Emerald Financial Services Ltd.	577,878	-	-	-	-		-	-
Nile Valley Petroleum Ltd.	382,407	-	-	-	-		-	-
Citadel Capital East Africa	67	-	-	-	-		-	-
Citadel Capital AlQalaa- Saudi Arabia	1,307	-	-	-	-		-	-
Nahda Company ~ Sudan	11,440	-	-	-	-		-	-

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

	Loans and receivables	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
Egyptian Company for International Publication	23,760	-	-	-	-	-	-	-
Ecligo	2,000	-	-	-	-	-	-	-
ASEC Electric Rewinding and Repair Co.	526	-	-	-	-	-	-	-
Egyptian Polypropylene Bags	20	-	-	-	-	-	-	-
ASA International	1,275	-	-	-	-	-	-	-
Visionaire	24,180	-	-	-	-	-	-	-
Haider	654	-	-	-	-	-	-	-
Rotation Ventures	96,560	-	-	-	-	-	-	-
Benu one Ltd.	185,970	-	-	-	-	-	-	-
Scimitar Production Egypt Ltd	16,320	-	-	-	-	-	-	-
Golden Resources	72	-	-	-	-	-	-	-
Trianon	6,833	-	-	-	-	-	-	-
Entag UAE	886	-	-	-	-	-	-	-
Others	132,436	-	-	-	-	-	-	-
Citadel Capital Partners	158,208	-	-	-	-	-	-	-
Adena	13,305	-	-	-	-	-	-	-
Grandview	1,702	-	-	-	-	-	-	-
Financial assets at fair value through profit and loss								
Modern Shorouk	-	-	-	-	4,405		4,405	1
Derivatives financial instrument								
Derivatives financial instrument	-	-	-	-	32,187		32,187	3
Cash and cash equivalents								
Bank balances	2,037,570	-	-	-	-		-	-
Treasury Bills	367,436	-	-	-	-		-	-
Bank time deposits	69,942	-	-	-	-		-	-
Other	86,907	-	-	-	-		-	-
Borrowings								
Loans from external lenders	-	-	-	48,071,213	-		-	-
Loans from related parties	-	-	-	2,084,328	-		-	-

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

	Loans and receivables	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
Bank overdraft	-	-	-	829,392	-	-	-	-
Trade and Other Payable								
Trade payables	-	-	-	4,703,203	-	-	-	-
Accrued Expenses	-	-	-	1,404,652	-	-	-	-
Accrued Interest	-	-	-	723,268	-	-	-	-
Retention	-	-	-	354,742	-	-	-	-
Social insurance authority	-	-	-	155,930	-	-	-	-
Creditors- purchase of investment	-	-	-	21,574	-	-	-	-
Creditors- purchase of fixed assets	-	-	-	5,964	-	-	-	-
Shareholders' credit balances	-	-	-	24,493	-	-	-	-
Other credit balances	-	-	-	399,794	-	-	-	-
Financial liabilities at fair value								
through profit or loss								
Shareholders swap		427,186	-	-	-	-	427,186	1
Shareholders swap	-	-	-	-	-	-	-	-
Due to related parties								
Mena Glass Ltd.	-	-	-	577,666	-	-	-	-
Pharos Holding Company	-	-	-	488	-	-	-	-
Asec Automation-Europe Co.	-	-	-	161	-	-	-	-
Asec Automation Co.- Free zone	-	-	-	4,187	-	-	-	-
Kimonix Egypt for Consulting	-	-	-	2,303	-	-	-	-
Sphinx Capital	-	-	-	36,221	-	-	-	-
Others	-	-	-	4,398	-	-	-	-
Due to shareholders								
Sadek Ahmed Swedy	-	-	-	124,180	-	-	-	-
Fenix one Ltd.	-	-	-	69,195	-	-	-	-
Aly Hassan el Deyekh	-	-	-	191,288	-	-	-	-
Olayan	-	-	-	114,375	-	-	-	-
IFC	-	-	-	231,971	-	-	-	-
Omran	-	-	-	12,514	-	-	-	-

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)

	Loans and receivables	Investment available-for-sale (fair movement in OCI, impairment in statement of profit or loss)	Fair value through profit or loss (financial assets and derivative instruments)	Financial liabilities at amortised cost	Financial liabilities at fair value	Notes	Fair value	Level in the fair value hierarchy
ElIC	-	-	-	1,477	-	-	-	-
El-Rashed	-	-	-	24,717	-	-	-	-
FHI	-	-	-	2,862	-	-	-	-
Other	-	-	-	8,612	-	-	-	-

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)

45. Employees Stock Option Plan

The Company's Extraordinary General Assembly Meeting held on 20 February 2008 approved to add a new article to its Article of association 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.

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

46. Significant events

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

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

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

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

Accordingly, RVRK and RVRU have been forced to cease to operate and the Group has lost control over the freight railways business as well as the power to control the entities as Group management was unable to obtain the financial information and accounting records for those companies as of 31 December 2017 and 2018.

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

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Significant events (continued)

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

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

As a result of the above, the following is the impact of the deconsolidation of ARL:

	2018
Liabilities related to subsidiaries derecognised – ARL and KURH	3,867,343
Liabilities related to subsidiaries derecognised – RVRK and RVRU	1,166,642
Liabilities related to subsidiaries derecognised – ARLL	276,265
Release of the translation reserve	(863,427)
Non-controlling interest derecognized	(483,423)
	3,963,400

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

47. Going concern

As of 31 December 2018, the Group's accumulated losses amounted to approximately EGP 16 billion (2017: EGP 17 billion) and the Group's current liabilities exceeded its current assets by EGP 15 billion (2017: EGP 18 billion). The Group has made a net profit of EGP 929 million for the year ended 31 December 2018 (2017: EGP 5.7 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. Loans with amount of EGP 6 billion where defaults have occurred have been classified as current liabilities as at 31 December 2018. These circumstances indicate significant doubts as to whether the group will be able to meet its debt obligations as they fall due and continue the operations without a significant curtailment.

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

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

- Egyptian refinery company "ERC". ERC's mega project is expected to start production in the second half of 2019 with projected revenue of EGP 16 billion for the year of 2019. In addition, there will be increase in revenue of the energy segment. These facts will strengthen the energy segment to reach a total revenue of EGP 22 billion.
- TAQA Arabia is also diversifying its energy portfolio with its Benban solar project commenced in Q1 2019, which will strengthen the group cash inflows.
- Implementing a restructuring and reorganisation plan for non-core assets which will include the disposal of non-core investments and assets. This is expected to contribute approximately EGP 500 million as cash proceed from the disposals.
- Loans of approximately EGP 4 billion reflected under current liabilities is anticipated to be restructured and negotiations are underway in this regard with the lenders. The interest on the borrowings is expected to be serviced through the net cash savings noted above.

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

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

48. Prior years' adjustments

During the year ended 31 December 2018, the Group's management has corrected certain comparative balances for the year ended 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 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)

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

	<u>All amounts are shown in Egyptian Pounds</u>		
	<u>2017</u>	<u>Impact of</u>	<u>2017</u>
	<u>As issued</u>	<u>restatement</u>	<u>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 under payment for investments in the consolidated statement of financial position.

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

Notes to the consolidated financial statements - For the year ended 31 December 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 these advance payments at the end of the year ended 31 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 consolidated statement of financial position at 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

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>2017</u>	<u>Impact of</u>	<u>2017</u>
	<u>As issued</u>	<u>restatement</u>	<u>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 year ended 31 December 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 study as required by EAS 31 "Impairment of assets" during the year ended 2017. If such impairment study 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.

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

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

Notes to the consolidated financial statements - For the year ended 31 December 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 on basic and diluted earnings per share for the year ended 2017:

	All amounts are shown in Egyptian Pounds		
	2017 As issued	Impact of restatement	2017 Restated
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's has a USD functional and presentation 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 classified as a disposal group in 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 this error resulted in an over statement of the impairment loss recognised when Mena Home Company was classified as a disposal group, which should have been recorded on the date of sale of Mena Home Company.

The effect of this error on the financial statement of the Group for the year 2017 is as follows:

	Amount
Liabilities related to assets held for sale	(172,511)
Accumulated losses	172,511

The effect of reversing the impairment loss recognised on basic and diluted earnings per share for the year ended 2017 is as follows:

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

E. Inter-group funding – ASEC Company for Mining "Ascom"

- I. During the year ended 31 December 2018, the Company management undertook a detailed review of its loan agreement with related parties and found that the terms and conditions of these loan agreements were the misinterpreted. As a consequence, loan to subsidiary had been incorrectly accounted for as an investment in subsidiary rather than as financial assets (loans to subsidiary), in the consolidated financial statements. The effect of foreign exchange gain from revaluation of intercompany loans has not been recorded in consolidated financial statements since it represents a commitment to convert one currency to another currency and exposes the Group to gain or loss through currency fluctuations.

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Prior years' adjustments (continued)

The effect of the above error have been corrected on the financial statements for the year ended 31 December 2016 as follows:

	<u>Amount</u>
Foreign currency reserve	(39,533)
Non-controlling interest	(3,187)
Accumulated losses	42,720

The effect of the above error have been corrected on the financial statements for the year ended 31 December 2017 as follows:

	<u>Amount</u>
Finance cost	(2,395)
Translation reserve	2,395

Summary of the effect of foreign exchange gain 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>2017</u>	<u>Impact of</u>	<u>2017</u>
	<u>As issued</u>	<u>restatement</u>	<u>Restated</u>
Basic loss per share	(2.59)	(0.0013)	(2.5913)
Diluted loss per share	(2.59)	(0.0013)	(2.5913)

- II. During the year ended 31 December 2018, management discovered that there are certain financial assets denominated in foreign currencies which were not revaluated at the proper foreign currencies exchange rates as of 31 December 2016. These financial assets has been restated to be recorded at the proper foreign exchange rate as of 31 December 2016.

The error has been corrected by restating the consolidated financial statements for the year end 31 December 2016 as follows:

	<u>Amount</u>
Foreign currency reserve	(3,266)
Non-controlling interest	(1,914)
Accumulated losses	(2,314)
Impairment in other financial assets	7,494

F. Project under construction – Egyptian Refinery Company “ERC”

- I. During the years 2015, 2016 and 2017 group management paid donations to “Tahya Misr” fund which have been capitalised to projects under construction.

In accordance with EAS 10 and the Group accounting policy, those amounts does not meet the asset recognition criteria and should be expensed once incurred.

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Prior years' adjustments (continued)

The following sets out the donations made and capitalised:

Payment made during financial year ended	Amount EGP
31 December 2015	7,500
31 December 2016	18,060
31 December 2017	17,740
	43,300

The Group restated its consolidated financial statements for the year ended 31 December 2017 to correct this error and recognize these donations in their proper period as follows:

	Amount
Project under constructions	(43,300)
General and administrative expenses – owners of the Company	2,838
General and administrative expenses – non-controlling interest	14,902
Accumulated losses	4,090
Non-controlling interest	21,470

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

	31 December 2017 As issued	Impact of restatement	31 December 2017 Restated
Basic loss per share	(2.59)	(0.009)	(2.599)
Diluted loss per share	(2.59)	(0.009)	(2.599)

- II. During the year ended 31 December 2018, ERC management corrected the impact of an agreement with the Egyptian Electricity Distribution Company S.A.E to supply electricity for the company's plant. In accordance with the contracted terms, the company will obtain an electricity facility amounting to EGP 204.6 million out of which it has to pay 15% as advance payment and the remaining amount to be paid over 120 months starting 11 October 2017 with a monthly payment of 2.3 million.

Due to the fact that the Egyptian Accounting Standards ("EAS") do not include equivalents to IFRIC 4 or IAS 17 in addition to the fact that EAS 49 is not yet applicable for 2018. Accordingly, we considered IFRIC 4 requirements and concluded that we should apply IAS 17 to the contract.

Accordingly the above arrangement should have been accounted for as finance lease for the present value of future cash flows to be recorded as follows:

	Amount
Project under constructions	178,330
Non-current liabilities	(178,330)

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Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Prior years' adjustments (continued)

Therefore, management restated its financial statements with respect to amounts the above:

No impact on the consolidated statement of profit or loss for the year ended 31 December 2017 from the above mentioned error.

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

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

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

The effect of such error on the consolidated financial statements for the year ended 31 December 2016 will be as follows:

	<u>Amount</u>
Deferred tax liability	190,175
Retained earnings	(1,309)
Goodwill	(91,994)
Non-controlling interest	(96,872)

Therefore the effect of such error on the consolidated financial statements for the year ended 31 December 2017 will be as follows:

	<u>Amount</u>
Deferred tax liability	176,758
Income tax expenses – owners of the company	7,573
Income tax expenses – non-controlling interest	5,844
Goodwill	(75,587)
Retained earnings	(17,716)
Non-controlling interest	(96,872)

	<u>31 December 2017 As issued</u>	<u>Impact of restatement</u>	<u>31 December 2017 Restated</u>
Basic loss per share	(2.59)	(0.004)	(2.594)
Diluted loss per share	(2.59)	(0.004)	(2.594)

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

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Prior years' adjustments (continued)

H. Control over "Grandview Investments"

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

During 2018, the Group management has decided to correct this error and consolidated "Grandview Investment Corporation and its subsidiaries" in the consolidated financial statements from 1 January 2015, which is the date where the group ownership reached 48%, and restated the consolidated financial statements for the years ended 31 December 2016 and 31 December 2017:

The effect of the above error on the consolidated statement of financial position was as follows:

	2017	2016
Fixed assets	713,651	291,801
Projects under construction	23,668	626,725
Investment in associates	(576,637)	-
Available-for-sale financial assets	20	20
Other investments	3,238	-
Trade and other receivables (non-current)	-	28,946
Deferred tax assets	12,742	-
Inventories	301,171	418,417
Due from related parties	23,822	38,116
Trade and other receivables	442,419	596,760
Cash and bank balances	156,808	153,563
Assets held for sale	218,013	(352,155)
Reserves	711,479	454,219
Accumulated loss	(315,418)	26,964
Non-controlling interest	(340,382)	(347,750)
Loans and borrowings (non-current)	(379,652)	(501,716)
Deferred tax liabilities	(10,933)	(11,677)
Loans and borrowings (current)	(452,705)	(846,058)
Due to related parties	(39,250)	(103,659)
Trade and other payables (non-current)	-	(4,990)
Trade and other payables (current)	(383,880)	(326,294)
Expected claims provision	(108,174)	(141,232)

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Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Prior years' adjustments (continued)

The effect of the above error on the statement of profit or loss for the year ended 31 December 2017 as follows:

	<u>Amount</u>
Revenue	1,704,211
Cost of revenue	(1,333,337)
General and administrative expenses	(225,957)
Other operating income / expenses	(69,929)
Finance cost	(129,589)
Share of profit of associates	(237,888)
Income tax expense	(44,432)
Net loss for the year from continuing operations	(336,921)
Discontinued operations:	
Revenue	774,398
Cost of revenue	(536,943)
General and administrative expenses	(84,635)
Other (expenses) incomes	36,874
Finance (costs) income – net	(44,406)
Income tax	(14,837)
Gain on sale of subsidiaries	568,406
Net profit for the year from discontinuing operations	698,857
Owners of the parent company	(2,214)
Non-controlling interest	364,150

The effect of the above error on the basic and diluted loss per share for the year ended 31 December 2017 as follows:

	<u>2017 As issued</u>	<u>Impact of restatement</u>	<u>2017 Restated</u>
Basic loss per share	(2.59)	(0.0012)	(2.387)
Diluted loss per share	(2.59)	(0.0012)	(2.387)

I. Consolidation of ASEC Cement Djelfa offshore

During 2017, The group has derecognized the assets and liabilities of a subsidiary to ASEC Cement Holding from the consolidated financial position, ASEC Cement Djelfa offshore. The group recognized a gain on disposal of this subsidiary. The company was transferred to an investment entity under common control of the group and therefore should be consolidated in the financial statements for the year ended 31 December 2017.

During the year ended 31 December 2018, management discovered that ASEC Cement Djelfa offshore was not included in the consolidated financial statements under the investment entity "Melborn investments" and has corrected the error through restating the consolidated financial statements for the year end 31 December 2017 as follows:

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Prior years' adjustments (continued)

	Amount		
Cash			51,576
Other debit balances			5,635
Loss of sale of subsidiary (owners of the parent)			33,848
Loss of sale of subsidiary (non controlling)			16,572
Trade payables			(71,240)
Non controlling interest			(36,391)
	31 December	Impact of	31 December
	2017	restatement	2017
	As issued		Restated
Basic loss per share	(2.59)	(0.0277)	(2.6177)
Diluted loss per share	(2.59)	(0.0277)	(2.6177)

J. Egyptian General Petroleum Corporation (EGPC) loan

By virtue of shareholders agreement, the Group made payments on behalf of EGPC to acquire shares in the Egyptian Refining Company (ERC) and such payments were accounted for as loans to EGPC in the Group's consolidated financial statements. On further reflection of the transaction and the accounting thereof, such loans should have been accounted for as an option issued to EGPC and would have resulted in an equity-settled share based payment transaction

According to the Egyptian Accounting Standards, the shares should not have been shown as issued and no loan should have been recorded as these were merely considered options issued to EGPC, which should have been accounted for as treasury shares.

This transaction related expenses should have been recorded prior to 1 January 2017 and no loan should be recorded, and such payments should have been expensed to profit or loss when payments made as this is accounted for as equity settled share based payment transaction and it would not require to fair value the option.

Therefore the effect of such error on the consolidated financial statements for the year ended 31 December 2016 will be as follows:

	Amount
Treasury shares	1,508,787
Trade receivable and other debit balances	(1,508,787)

This error have no impact on basic and dilated earning per shares.

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Prior years' adjustments (continued)

A summary of the above mentioned adjustments on the consolidated statement of financial position as of 2017 is as follows:

	2017 As issued	Correction	2017 Restated
Non-current assets			
Fixed assets	5,297,241	696,625	5,993,866
Projects under construction	55,048,005	158,698	55,206,703
Intangible assets	638,761	(32,279)	606,482
Goodwill	390,008	(89,751)	300,257
Biological assets	242,836	-	242,836
Investments in associates	999,988	(359,488)	640,500
Available for sale financial assets	56,008	20	56,028
Payments under investments	154,431	(148,637)	5,794
Trade receivables and other debit balances	2,511,241	(1,505,549)	1,005,692
Deferred tax assets	12,584	12,742	25,326
Total non-current assets	65,351,103	(1,267,619)	64,083,484
Current assets			
Inventories	1,218,197	301,171	1,519,368
Biological assets	6,997	-	6,997
Trade receivables and other debit balances	3,195,308	440,560	3,635,868
Due from related parties	345,496	23,822	369,318
Financial assets at fair value through profit or loss	4,405	-	4,405
Cash and bank balances	2,353,470	208,385	2,561,855
Total current assets	7,123,873	973,938	8,097,811
Non-current assets held for sale	617,197	218,013	835,210
Total assets	73,092,173	(75,668)	73,016,505
Equity attributable to owners of the parent			
Paid up capital	9,100,000	-	9,100,000
Treasury shares	-	(1,536,003)	(1,536,003)
Reserves	1,600,864	(40,340)	1,560,524
Accumulated losses	(17,152,562)	(213,259)	(17,365,821)
Total equity attributable to owners of the parent	(6,451,698)	(1,789,602)	(8,241,300)
Non-controlling interest	16,709,412	418,043	17,127,455
Total equity	10,257,714	(1,371,559)	8,886,155
Non-current liabilities			
Loans and borrowings - non current	35,640,453	378,465	36,018,918
Deferred tax liabilities	422,986	(170,904)	252,082
Derivative financial instruments	-	32,187	32,187
Trade payables and other credit balances	260,636	147,331	407,967
Finance lease	-	12,662	12,662
Total non-current liabilities	36,324,075	399,741	36,723,816
Current liabilities			
Provisions	883,032	108,174	991,206
Trade payables and other credit balances	7,344,411	1,140,037	8,484,448
Finance lease	-	161,248	161,248
Due to related parties	1,794,551	(387,936)	1,406,615
Current portion of loans and borrowings	14,513,310	452,705	14,966,015
Financial liabilities at fair value through profit or loss	-	427,186	427,186
Current income tax liabilities	1,032,267	(832,753)	199,514
Total current liabilities	25,567,571	1,068,661	26,636,232
Liabilities associated with assets held for sale	942,813	(172,511)	770,302
Total equity and liabilities	73,092,173	(75,668)	73,016,505

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

Notes to the consolidated financial statements - For the year ended 31 December 2018

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

Prior years' adjustments (continued)

And the summary of the effect on the consolidated statement of profit or loss for the year 2017 is as follows:

	2017 As issued	Correction	2017 Restated
Revenue	9,282,320	1,268,684	10,551,004
Cost of revenue	(8,098,215)	(948,731)	(9,046,946)
Gross profit	1,184,105	319,953	1,504,058
General and administrative expenses	(1,148,596)	(198,700)	(1,347,296)
Other operating income / (expenses)	(612,549)	(261,552)	(874,101)
Operating profit / (loss)	(577,040)	(140,299)	(717,339)
Finance costs – net	(1,120,289)	(123,563)	(1,243,852)
Share of loss of investments in associates	303,949	(268,210)	35,739
Net loss before income tax	(1,393,380)	(532,072)	(1,925,452)
Income tax expense	(78,516)	(56,807)	(135,323)
Net loss for the year from continuing operations	(1,471,896)	(588,879)	(2,060,775)
Discontinued operations	-	-	-
Operating revenues	309,760	1,209,925	1,519,685
Operating costs	(421,729)	(921,550)	(1,343,279)
General and administrative expenses	(125,011)	(129,250)	(254,261)
Other (expenses) incomes	(3,846,072)	233,387	(3,612,685)
Finance (costs) income – net	(142,765)	(52,827)	(195,592)
Net loss for the year	(4,225,817)	339,685	(3,886,132)
(Loss) on sale of subsidiaries	(252,982)	517,986	265,004
Income Tax	-	(34,631)	(34,631)
Profit / (loss) from discontinued operations, net of tax	(4,478,799)	823,040	(3,655,759)
Net loss for the year	(5,950,695)	234,161	(5,716,534)
Attributable to			
Owners of the parent company	(4,714,015)	(56,440)	(4,770,455)
Non-controlling interest	(1,236,680)	290,601	(946,079)
	(5,950,695)	234,161	(5,716,534)

Summary of the effect of corrections recognised on basic and diluted earnings per share for the year 2017:

	All amounts are shown in Egyptian Pounds		
	2017 As issued	Impact of restatement	2017 Restated
Basic loss per share	(2.59)	(0.03)	(2.62)
Diluted loss per share	(2.59)	(0.03)	(2.62)