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

LIMITED REVIEW REPORT AND CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

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

Consolidated interim financial statements - For the six months period ended 30 June 2018

Index	**Page**

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Limited review report on the consolidated interim financial statements

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

Introduction

We have reviewed the accompanying consolidated statement of financial position of Citadel Capital Company (S.A.E.) and its subsidiaries ("the Group") as at 30 June 2018 and the related consolidated statements of profits or losses, comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of limited review

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

Basis for qualified conclusion

As described in note (44) of the notes accompanying the consolidated interim financial statements, the Group has indirect investments in subsidiaries, Rift Valley Railways (Kenya) Limited "RVR Kenya" and Rift Valley Railways (Uganda) Limited "RVR Uganda", through Kenya Uganda Railways Holding Limited "KURH" and its subsidiary Rift Valley Railways "RVR" . As also described in that note, the courts and governments of Kenya and Uganda have both separately and independently issued orders, in July 2017 and January 2018 respectively ("Court Orders"), indicating that those governments would take into state ownership the assets and operations of the concession agreements of the railway businesses of both RVR Kenya and RVR Uganda. Accordingly, the Group has determined that they have lost control over the railway businesses during the six month period ended 30 June 2018.

The Group has been forced to cease trade of these railway businesses and these two companies' conceded net assets and their employees have been handed over to the governments of Kenya and Uganda, respectively. The total book value of assets that have been taken into government ownership in both countries as at the date of the Court Orders amounted to EGP 3.2 billion while total liabilities amounted to EGP 1.2 billion. The Group has fully provided EGP 3.2 billion against the assets.

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Although the Group has only lost control of RVR Kenya and RVR Uganda railway businesses, management of the Group took the decision to deconsolidate these two entities in the six-month period ended 30 June 2018 and recognise the resulting gain associated with the deconsolidation of EGP 1.2 billion as reflected in the consolidated interim statements of profits or losses for the six-month period then ended.

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

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

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

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

Qualified conclusion

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

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

Emphases of matter

Without further modifying our qualified conclusion:

1) We draw attention to note (45) to the consolidated interim financial statements which indicates that as at 30 June 2018 the Group's accumulated losses have reached EGP 17 billion and the Group's current liabilities exceeded its current assets by EGP 14 billion The Group is also in breach of its existing debt covenants and has defaulted in settling the loan instalments on their due dates. These conditions, along with other matters set out in note (45) indicate the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern.

2) We draw attention to note (4/2) to the consolidated interim financial statements which sets out the key considerations and critical accounting judgement applied by management in determining whether Egyptian Refining Company (ERC) should be consolidated by the Group. Should these judgements were to change, this would result in the deconsolidation of ERC.

3) We draw attention to note (46) to the consolidated financial statements which sets out the restatements made to the corresponding figures for the year ended 31 December 2017. This includes a payment for investment balance of EGP 149 million as at 31 December 2017 in respect of which management have been unable to demonstrate the recoverability of the balance as at that date.

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29 September 2018
Cairo

Consolidated statement of financial position - as of 30 June 2018

(All amounts in Egyptian Pounds)

	Note	30 June 2018	Restated 31 December 2017
Assets			
Non-current assets			
Fixed assets	5	5,709,060,295	5,280,215,325
Projects under construction	6	60,778,004,030	55,048,005,012
Intangible assets	7	588,108,341	606,482,802
Goodwill	8	815,059,319	389,842,534
Biological assets	9	276,350,433	242,834,593
Investments in associates	10	931,345,990	999,987,872
Available for sale financial assets	11	47,123,565	56,008,186
Payments under investments	12	10,208,840	5,793,911
Trade and notes receivable	13	14,177,364	5,157,816
Debtors and other debit balances	16	2,524,286,461	2,506,082,849
Deferred tax assets	23	16,320,858	12,584,085
Financial derivatives	24	401,092,804	-
Total non-current assets		**72,111,138,300**	**65,152,994,985**
Current assets			
Non-current assets held for sale and discontinued operations	14	98,744,572	617,197,064
Inventories	15	1,450,391,160	1,218,196,509
Biological assets	9	7,935,616	6,997,685
Trade and notes receivable	13	2,215,332,385	1,798,313,170
Debtors and other debit balances	16	1,560,548,303	1,396,995,225
Due from related parties	17	444,640,846	345,495,722
Financial assets at fair value through profit or loss	18	53,002,633	4,405,479
Cash and cash equivalents	19	6,421,500,419	2,353,470,400
Total current assets		**12,252,095,934**	**7,741,071,254**
Total assets		**84,363,234,234**	**72,894,066,239**
Equity and liabilities			
Equity attributable to owners of the parent			
Paid up capital	20	9,100,000,000	9,100,000,000
Reserves	21	1,804,268,306	1,600,864,420
Accumulated losses		(16,906,724,093)	(17,160,534,557)
Total equity attributable to owners of the parent		**(6,002,455,787)**	**(6,459,670,137)**
Non-controlling interest		19,002,240,869	16,673,180,896
Total equity		**12,999,785,082**	**10,213,510,759**
Liabilities			
Non-current liabilities			
Loans - non current	22	44,151,440,904	35,603,513,377
Deferred tax liabilities	23	495,648,158	417,906,487
Liabilities and financial derivatives	24	194,426,382	260,636,355
Loans due to related parties	22	129,553,944	36,939,964
Total non-current liabilities		**44,971,069,388**	**36,318,996,183**
Current liabilities			
Provisions	25	1,258,147,442	883,032,183
Bank overdraft	26	1,102,816,845	425,625,734
Trade and other payables	27	3,602,455,705	4,475,369,878
Creditors and other credit balances	28	3,503,431,693	3,725,480,000
Due to related parties	17	2,377,003,428	1,794,550,906
Short-term loans	22	8,142,803,695	8,056,429,305
Loans due to related parties	22	2,058,515,079	1,945,747,334
Liabilities associated with assets held for sale and discontinued operations	14	4,221,259,060	4,855,809,514
Current income tax liabilities	29	125,946,817	199,514,443
Total current liabilities		**26,392,379,764**	**26,361,559,297**
Total equity and liabilities		**84,363,234,234**	**72,894,066,239**

The accompanying notes on pages 9 to 90 form an integral part of these consolidated interim financial statements.
Limited review report attached

Moataz Farouk
Chief Financial Officer
29 September 2018

Hisham Hussein El Khazindar
Managing Director

Ahmed Mohamed Hassanien Heikal
Chairman

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

Consolidated interim statement of profit or loss
For the six months period ended 30 June 2018

(All amounts in Egyptian Pounds)

	Note	Six months ended 30 June 2018	Restated Six months ended 30 June 2017	Three months ended 30 June 2018	Restated Three months ended 30 June 2017
Revenue	30	6,216,561,258	4,345,207,117	3,133,081,900	2,230,570,358
Cost of goods sold	31	(5,251,582,515)	(3,748,094,147)	(2,697,925,255)	(1,945,260,942)
Gross profit		**964,978,743**	**597,112,970**	**435,156,645**	**285,309,416**
General and administrative expenses	32	(742,074,784)	(558,453,367)	(349,362,231)	(260,411,667)
Other operating income/ (expenses)	33	74,915,199	(84,731,125)	2,831,343	(9,932,152)
Operating profit / (loss)		**297,819,158**	**(46,071,522)**	**88,625,757**	**14,965,597**
Finance costs – net	34	(881,624,482)	(565,546,408)	(583,946,564)	(317,866,783)
Share of profit of investments in associates	35	1,928,410	1,112,778	5,406,509	14,249,451
Net loss before income tax		**(581,876,914)**	**(610,505,152)**	**(489,914,298)**	**(288,651,735)**
Income tax expense	36	(78,155,711)	(52,046,597)	(11,759,819)	(3,444,480)
Net loss for the period from continuing operations		**(660,032,625)**	**(662,551,749)**	**(501,674,117)**	**(292,096,215)**
Discontinued operations	14				
Operating revenues		4,721,419	258,443,325	14,149	54,401,483
Operating costs		(11,591,953)	(354,757,838)	(34,738)	(53,922,077)
Administrative expenses		(6,522,402)	(79,758,741)	(615,489)	(34,391,978)
Other expenses		(193,290)	(3,127,169,288)	(579)	(3,143,904,534)
Finance costs – net		(12,703,427)	(112,586,947)	(55,165)	(12,381,739)
Net loss for the period		**(26,289,653)**	**(3,415,829,489)**	**(691,822)**	**(3,190,198,845)**
Loss on sale of subsidiary		(247,036,448)	-	(247,036,448)	-
Gain on de-consolidation of subsidiary	44-B	1,166,642,111	-	1,166,642,111	-
Net profit from discontinued operations		-	404,379,272	-	404,379,272
Profit / (loss) from discontinued operations, net of tax		**893,316,010**	**(3,011,450,217)**	**918,913,841**	**(2,785,819,573)**
Profit / (loss) for the period		**233,283,385**	**(3,674,001,966)**	**417,239,724**	**(3,077,915,788)**
Attributable to					
Owners of the parent company		300,236,200	(3,158,583,345)	486,917,739	(2,756,186,438)
Non-controlling interest		(66,952,815)	(515,418,621)	(69,678,015)	(321,729,350)
		233,283,385	**(3,674,001,966)**	**417,239,724**	**(3,077,915,788)**
Profit / (loss) per share from continuing and discontinued operations attributable to owners of the parent company:					
Basic per share	37	0.165	(1.735)	0.268	(1.514)
Diluted per share	37	0.165	(1.735)	0.268	(1.514)

The accompanying notes on pages 9 to 90 form an integral part of these consolidated interim financial statements.

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

Consolidated interim statement of comprehensive income
For the six months period ended 30 June 2018

(All amounts in Egyptian Pounds)

	Six months ended 30 June 2018	Restated Six months ended 30 June 2017	Three months ended 30 June 2018	Restated Three months ended 30 June 2017
Net profit /(loss) for the period	233,283,385	(3,674,001,966)	417,239,724	(3,077,915,788)
Other comprehensive income				
Exchange differences on translation of foreign operation	(93,056,463)	(680,193,014)	419,554,577	(365,689,962)
Change in fair value of available for sale financial assets	-	411,785	-	145,336
Cash flow hedges	157,665,772	(10,935,568)	28,782,343	(8,392,710)
Total other comprehensive income for the period, net of	**64,609,309**	**(690,716,797)**	**448,336,920**	**(373,937,336)**
Total comprehensive income for the period	**297,892,694**	**(4,364,718,763)**	**865,576,644**	**(3,451,853,124)**
Attributable to				
Owners of the parent company	503,640,086	(3,852,607,768)	678,593,973	(3,151,125,702)
Non-controlling interest	(205,747,392)	(512,110,995)	186,982,671	(300,727,422)
	297,892,694	**(4,364,718,763)**	**865,576,644**	**(3,451,853,124)**

The accompanying notes on pages 9 to 90 form an integral part of these consolidated interim financial statements.

Consolidated interim statement of changes in equity
For the six months period ended 30 June 2018

(All amounts in Egyptian Pounds)		Total equity attributable to equity holders of the parent company							
	Note	Paid up capital	Treasury Shares	Legal reserve	Other reserves	(Accumulated losses)	Total Owners of the parent company	Non-controlling interest	Total owners' equity
Balance at 1 January 2017		**9,100,000,000**	**(3,338,658)**	**89,578,478**	**2,875,535,996**	**(12,572,941,657)**	**(511,165,841)**	**16,291,418,207**	**15,780,252,366**
Total comprehensive income for the period		-	-	-	(694,024,423)	(3,158,583,345)	**(3,852,607,768)**	(512,110,995)	**(4,364,718,763)**
Sale of treasury shares		-	3,338,658	-	-	(717,566)	**2,621,092**	(346,183)	**2,274,909**
Dividends distribution		-	-	-	-	(17,218,543)	**(17,218,543)**	(10,751,799)	**(27,970,342)**
Share of non-controlling interests from increase in the subsidiary capital		-	-	-	-	-	-	(532,291,735)	**(532,291,735)**
Balance at 30 June 2017		**9,100,000,000**	-	**89,578,478**	**2,181,511,573**	**(15,749,461,111)**	**(4,378,371,060)**	**15,235,917,495**	**10,857,546,435**
Balance at 1 January 2018 (as previously issued)		**9,100,000,000**	-	**89,578,478**	**1,511,285,942**	**(17,152,562,091)**	**(6,451,697,671)**	**16,709,412,000**	**10,257,714,329**
Prior years adjustments	46	-	-	-	-	(7,972,466)	(7,972,466)	(36,231,104)	**(44,203,570)**
Adjusted balance at 1 January 2018		**9,100,000,000**	-	**89,578,478**	**1,511,285,942**	**(17,160,534,557)**	**(6,459,670,137)**	**16,673,180,896**	**10,213,510,759**
Total comprehensive income for the period		-	-	-	203,403,886	300,236,200	**503,640,086**	(205,747,392)	**297,892,694**
Dividends distribution		-	-	-	-	(46,425,736)	**(46,425,736)**	(123,273,623)	**(169,699,359)**
Share of non-controlling interests from increase in the subsidiary capital		-	-	-	-	-	-	1,834,822,350	**1,834,822,350**
Non-controlling interests from business combination		-	-	-	-	-	-	403,622,300	**403,622,300**
Change in non-controlling interests		-	-	-	-	-	-	419,636,338	**419,636,338**
Balance at 30 June 2018		**9,100,000,000**	-	**89,578,478**	**1,714,689,828**	**(16,906,724,093)**	**(6,002,455,787)**	**19,002,240,869**	**12,999,785,082**

The accompanying notes on pages 9 to 90 form an integral part of these consolidated interim financial statements.

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

Consolidated interim statement of cash flows
For the six months period ended 30 June 2018

(All amounts in Egyptian Pounds)	Notes	30 June 2018	Restated 30 June 2017
Cash flows from operating activities			
Loss for the period before income tax		(581,876,914)	(610,505,152)
Net loss before taxes, adjusted to:			
Loss from discontinued operations, net of tax	5	26,289,653	3,415,829,489
Net liabilities reversed related to discontinued operations, net of tax		(919,605,663)	(404,379,272)
Depreciation and amortization		230,131,757	267,399,160
Allowance for doubtful accounts trade and notes receivable		1,303,593	5,527,820
Allowance for doubtful accounts due from related parties		(89,298,365)	14,384,701
Impairement of fixed assets		108,003	49,469,778
Impairement for payment for investments		3,000,000	-
Impairment of available for sale		96,331	(44,419)
Gain on sale of biological assets		(2,736,183)	-
Share of profit of investments in associates		(1,928,410)	(1,112,778)
Net change in the fair value of investments at fair value through profit or		-	(259,144)
Foreign currency exchange differences	34	65,397,671	(24,360,581)
Interest expenses	34	932,048,203	647,080,238
Gain on sale of fixed assets and projects under constructions	33	(7,417,731)	(9,184,771)
Interest income	34	(115,821,392)	(57,173,249)
Provisions formed	25	301,972,700	60,300,542
Provision no longer required	25	(6,082,032)	(67,450)
Inventory write down		2,066,816	1,943,348
Operating (loss) gain before changes in working capital		**(162,351,963)**	**3,354,848,260**
Changes in working capital:			
Inventories		(234,261,467)	(201,124,377)
Work in process		-	(31,640,490)
Due from related parties		(19,403,885)	(226,729,223)
Trade and notes receivable		71,347,805	(370,822,628)
Debtors and other debit balances		(328,876,502)	(63,896,387)
Due to related parties		582,452,522	(11,785,064)
Trade and other payables		(872,914,173)	(345,383,191)
Creditors, other credit balances and long term liabilities		(466,400,715)	747,671,635
Provisions used	25	(22,828,577)	(20,633,514)
Income tax paid		(208,234,943)	(4,544,084)
Cash flow from operating activities for discontinued operations		-	(59,190,134)
Net cash flow (used in)/ generated from operating activities		**(1,661,471,898)**	**2,766,770,803**
Cash flows from investing activities			
Payments to purchase of fixed assets and projects under construction		(5,452,277,640)	(4,110,665,471)
Proceeds from sale of fixed assets and projects under construction	5	13,469,238	23,444,757
Payments to purchase of biological assets		(66,300,718)	(41,556,308)
Proceeds from sale of biological assets		15,658,229	17,915,825
Payments to purchase of intangible assets		(792,802)	(3,020,054)
Proceeds from sale of assets classified as held for sale and discontinued operations		518,452,492	328,993,094
Proceeds loans to related parties		205,381,725	(643,249)
Payments under investments		(4,414,929)	(2,789,446)
(Payments) from investments in associates		-	(64,209)
Interest received		115,821,392	(26,665,030)
Cash flow from investing activities for discontinued operations		113,000,000	(1,722,953,121)
Net cash flow used in investing activities		**(4,542,003,013)**	**(5,538,003,212)**
Cash flows from financing activities			
Proceeds from loans		8,757,564,972	3,599,677,081
Repayments of loans		(123,263,055)	(78,005,839)
Proceeds from bank overdrafts		677,191,111	143,487,791
Proceeds from non-controlling interest		419,636,338	65,002,683
Dividends paid		(165,900,449)	(36,529,503)
Interest paid		(90,098,036)	(37,370,848)
Net cash flow generated from financing activities		**9,475,130,881**	**3,656,261,365**
Net change in cash and cash equivalents during the period		**3,271,655,970**	**885,028,956**
Cash and cash equivalents at beginning of the period		2,353,470,400	1,313,858,918
Assets held for sale and discontinued operations		-	(16,107)
Disposal of subsidiary companies		-	(200,900,960)
Foreign currency translation differences		796,374,049	1,530,940,216
Cash and cash equivalents at end of the period	19	**6,421,500,419**	**3,528,911,023**

The accompanying notes on pages 9 to 89 form an integral part of these consolidated interim financial statements.

1. Introduction

Citadel Capital Company "S.A.E." was incorporated in 2004 as an Egyptian joint stock company under Law No. 159 of 1981. It was is registered in the commercial register under number 11121, Cairo on 13 April 2004 The company's term is 25 years as of the date it is entered in the commercial register. The company's head office is in 1089 Nile Corniche, Four Season Nile Plaza, Garden City Cairo, Egypt. The company is registered in the Egyptian Stock Exchange.

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

The Company will start using its new logo and its new trademark "Qalaa Holding" in the English language only. This change will not effect the Arabic trademark which is used since the company's inception in 2004. This change will take place subsequent to the capital increase as a result of the strategic transformation to an investment company with a focus on strategic segments which include energy, cement, agrifoods, transportation, logistics and mining. The required procedures to amend the company's commercial register are currently in process.

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

The consolidated interim financial statements were authorised to be issued by the Company's Board of Directors on 29 September 2018.

2. Accounting policies

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

A. Basis of preparation of the consolidated interim financial statements

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

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

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

All other assets are classified as non-current.

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

The liability is classified as current when:

* It is expected to be settled in normal operating course;
* Held primarily for trading.
* Expected to be realised within 12 months after the end of the reporting period, or
* The entity does not have an unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

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

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

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

B. Basis of consolidation

(1) Subsidiaries

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

i. Acquisition method

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

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

Basis of consolidation (continued)

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.

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 pf the Group's equity previously held at the acquiree is less than the net of the identifiable acquired assets and liabilities assumed at the date of acquisition, the Group recognises the gain resulting from profit and loss at the date of acquisition and the gains are attributed to the parent shareholders.

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

The Group undertakes impairment reviews of goodwill acquired in a business combination annually if indicators or evidence indicate impairment of the CGU by comparing its carrying amount including goodwill with its recoverable amount, which is the higher of fair value less costs sale and value in use. The Group recognises any impairment loss immediately in profit or loss, and is not subsequently reversed.

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

Basis of consolidation (continued)

(2) Associates

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

i. Equity method

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

ii. Changes in equity

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

iii. Losses of associates

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

iv. Transactions with associates

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

v. Goodwill resulting from investment in associates

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

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

C. Foreign currency transaction

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

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

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

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

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

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

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

Foreign currency transaction (continued)

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

D. Fixed assets

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

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

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

Buildings and constructions	5-50 years
Leasehold improvements	3-10 years
Machinery, equipment and tools	4-33 years
Vehicles	3-15 years
Barges	5-20 years
Furniture and office equipment	4-16 years
Computers	2-10 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 book value of the item, and the gain or loss resulting from the disposal of fixed assets is included in the statement of profit and loss.

E. Intangible assets

(1) Trademarks and licenses

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

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

(2) Computer software

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

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

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

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

F. Biological assets

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

G. Exploration and valuation assets

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

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

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

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

H. Impairment of non-financial assets

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

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

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

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

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

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

I. 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.

J. Financial assets

(1) Classification

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Available-for-sale financial assets

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

(2) Initial recognition and measurement

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

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

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 gains/ (losses) – net'.

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

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

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

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

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

K. Offsetting financial asset and liability

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

L. Impairment of financial assets

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

Impairment of financial assets (continued)

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

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

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

(2) Available-for-sale financial assets

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

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

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

M. 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.

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

O. Inventories

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

P. Financial liabilities

(1) Classification

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

(2) Recognition and derecognition

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

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.

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 payables, and bank loans, are subsequently measures at amortised cost using the effective interest method.

Q. Capital

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

R. Preferred shares

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

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

S. Current and deferred income tax

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

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

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

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

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

Deferred income tax assets 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.

T. Employees' benefits

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

(1) Pension obligations

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

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

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

Employees' benefits (continued)

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

U. Leases

(1) Finance Lease

1- For leases within the scope of law 95 of 1995, lease costs including maintenance expense of leased assets are recognised in the statement of profit or loss in the year incurred. If the Company decides to exercise the right to purchase the leased assets, the cost of the right to purchase is capitalised as a fixed asset, which is depreciated over the useful life of the expected remaining life of the asset in the same method followed with similar assets.

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

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

(2) Operating lease
Leases in which the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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

V. Borrowings

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

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

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

W. Borrowing costs

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

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

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

X. Provisions

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

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

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

Provisions (continued)

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

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

Y. 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.

Z. Trade payables

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

AA. Revenue recognition

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

(1) Sales of goods

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

Revenue recognition (continued)

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

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

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

BB. Dividends

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

CC. Operating segments

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

DD. Comparative figures

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

3. Financial risk management

(1) Financial risks factors

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

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

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

Financial risk management (continued)

(A) Derivatives

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

The Company has the following derivative financial instruments:

	30 June 2018	31 December 2017
Non-current Assets (Liabilities)		
Interest rate swap contracts – cash flow hedges	401,092,804	(32,187,545)
Total non-current derivative financial instrument Assets (Liabilities)	**401,092,804**	**(32,187,545)**

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

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

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

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

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

There was no ineffectiveness during the six months ended 30 June 2018 or the year ended 31 December 2017 in relation to the interest rate swaps.

Financial risk management (continued)

(B) Market risk

iii. Foreign exchange risks

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

	30 June 2018	31 December 2017
USD 10%	(14,565,652)	(341,828,734)
Euro 10%	39,473,464	123,484,344
AED 10%	1,009,486	147,608
GBP 10%	(748,180)	(1,763)
SDP 10%	11,847,258	1,856,004
DZD 10%	(469,397)	19,204,000

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

	30 June 2018			31 December 2017
	Assets	Liabilities	Net	Net
USD	444,304,754	(589,961,276)	**(145,656,522)**	**(3,418,287,342)**
Euro	442,210,832	(47,476,188)	**394,734,644**	**1,234,843,442**
AED	11,837,057	(1,742,201)	**10,094,856**	**1,476,084**
GBP	28,684,054	(36,165,890)	**(7,481,836)**	**(17,263)**
SDP	128,062,508	(9,589,929)	**118,472,579**	**18,560,000**
DZD	332,030	(5,026,004)	**(4,693,974)**	**192,040,000**

iv. Price risk

The group's exposure to equity securities price risk arises from investments held by the group and classified in the statement of financial position either as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVPL). To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group. The majority of the group's equity investments are publicly traded and are included either in the Egyptian Stock Exchange or in Global Stock Exchange.

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

Financial risk management (continued)

v. Cash flows and fair value interest rate risks

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

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

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

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

	Increase/ decrease	Effect of consolidated profit or loss EGP
30 June 2018	±1%	**596,706,383**
31 December 2017	±1%	**501,537,636**

(C) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions The Group's credit risk is managed as a whole, except for the credit risk related to the customers' account balances, as each of the Group's companies manages and analyses the credit risk of their own customers.

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

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

If wholesale customers 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.

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

Financial risk management (continued)

Balances exposed to credit risks are as follows:

	30 June 2018	31 December 2017
Trade and notes receivables	2,229,509,749	1,803,470,986
Debtor and other debit balances	2,992,543,206	2,826,264,102
Due from related parties	444,640,846	345,495,722
Financial assets at fair value through profit or loss	53,002,633	4,405,479
Cash and cash equivalents	6,421,500,419	2,353,470,400
	12,141,196,853	**7,333,106,689**

(D) Liquidity risk

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

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

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

The table below summarises the maturities of the Group's undiscounted financial liabilities at 30 June 2018, based on contractual payment dates and current market interest rates.

	Below 6 months	From 6 months to 1 year	From 1 year to 2 years	Above 2 years
30 June 2018				
Trade suppliers and notes payable	3,602,455,705	-	-	-
Creditor and other credit balance	3,503,431,693	-	-	-
Bank overdraft	1,102,816,845	-	-	-
Loans	7,915,730,877	227,072,818	32,175,358	44,119,265,546
Due to related parties	2,377,003,428	-	-	-
Loans due to related parties	2,058,515,079	-	129,553,944	-
Total	**20,559,953,627**	**227,072,818**	**161,729,302**	**44,119,265,546**
31 December 2017				
Trade suppliers and notes payable	3,245,993,903	1,229,375,975	-	-
Creditor and other credit balance	3,725,480,000	-	-	-
Bank overdraft	425,625,734	-	-	-
Loans	7,371,038,804	685,390,501	19,245,139	35,584,268,238
Loans due to related parties	1,945,747,334	-	36,939,964	-
Due to related parties	1,794,550,906	-	-	-
Total	**18,508,436,681**	**1,914,766,476**	**56,185,103**	**35,584,268,238**

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

Financial risk management (continued)

(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.

i. Net debt to total capital ratio

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

	30 June 2018	Restated 31 December 2017
Total borrowings		
Loans	52,294,244,599	43,659,942,682
Bank overdraft	1,102,816,845	425,625,734
Loans due to related parties and shareholders	2,188,069,023	1,982,687,298
Less: Cash and cash equivalents	(6,421,500,419)	(2,353,470,400)
Net borrowings	**49,163,630,048**	**43,714,785,314**
Equity	12,999,785,082	10,213,510,759
Total capital	**62,163,415,130**	**53,928,296,073**
Net debts to total capital	**79%**	**81%**

ii. Compliance with debt covenants

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

- The minimum consolidated tangible net worth must be not less than USD 400 million;
- The minimum unconsolidated tangible net worth must be not less than USD 500 million;
- The debt service rate must be not less than 1.35;
- The current assets to current liabilities ratio must be not less than 1.2;
- Actual advisory fees must be not less than 85% of the budgeted amount;
- Financial leverage must not exceed 2.5;
- The debt to EBITDA ratio must not be more than 3.0; and
- The debt to equity ratio must not be less than 3.0

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

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

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 interim financial statements at 30 June 2018 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

- Level 1 - Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities, which the Group can have access to at the date of measurement.
- Level 2- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3- Unobservable inputs of the asset or the liability.

Financial assets	**Level 3**	**Total**
30 June 2018		
Financial assets at fair value through profit or loss	53,002,633	53,002,633
Available-for-sale financial assets		
Equity investments	47,123,565	47,123,565
Total financial assets	**100,126,198**	**100,126,198**

The table below shows the financial assets and liabilities at fair value in the consolidated interim financial statements at 31 December 2017 within the hierarchy of fair value.

Financial assets	**Level 3**	**Total**
31 December 2017		
Financial assets at fair value through profit or loss	4,405,479	4,405,479
Available-for-sale financial assets		
Equity investments	56,008,186	56,008,186
Total financial assets	**60,413,665**	**60,413,665**

The Group determines the level, in the case of transfers between levels within the hierarchy of fair value through the revaluation of the classification (based on the lowest input levels that are considered to be significant to the fair value measurement as a whole). The Group did not make any transfers between levels 1 and 2 during the year.

4. Critical accounting estimates and judgement

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

(1) Critical accounting estimates and assumptions

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

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

ii. Default life of intangible assets- technical information
The Group's management depreciates intangible assets - technical information 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
The Group tests annually whether it is probable that goodwill may suffer any impairment of goodwill in view of the accounting policy stated.
The recoverable amount of CGU is determined based on value in use that requires the use of estimates (Note 8).

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.

Critical accounting estimates and judgement (continued)

vi. Fair value for financial derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select different methods and make assumptions based primarily on market conditions at the end of each financial period. The Company used the cash flows allocated for the valuation of financial instruments available for sale not included in an active market.

vii. Impairment of trade receivables

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

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

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

Management have considered the accounting treatment and the principals in EAS 42 "Consolidated financial statements" and have determined that ERC is controlled by the Group. In determining the appropriate accounting treatment for ERC, management applied significant judgment and if management's judgments were to change, this would result in the deconsolidation of ERC. ERC currently has consolidated assets and liabilities amounting to approximately EGP 68.2 billion and EGP 43.5 billion respectively at 30 June 2018 and with a consolidated loss of approximately EGP 75 million for the six-month period then ended. The primary assets and liabilities making up these totals are represented in the projects under construction amounted EGP 60 billion, cash and equivalents amounted to EGP 5 billion and debt obligations to lender amounted to EGP 42.5 billion.

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

- ERC was set up for the purpose of constructing and operating refinery project and aim to provide benefits for its stakeholders such as debt and equity financiers in additional to cost savings to EGPC. The Group was involved with the set up and design of ERC.
- Management are of the view that the Group has power over ERC, exposure, or rights, to variable returns from its involvement with ERC; and has the ability to use its power 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 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 EGPC with the power to direct the relevant activities of ERC. During and for the first two years following the construction phase, the Group has been provided power 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 power 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.

Critical accounting estimates and judgement (continued)

- Subsequent to the two years, the clauses in the ERC Deed of Shareholders Support may cease to apply and control of ERC will be reassessed at that point taking into account the ability of investors to nominate ERC's board of directors. This may possibly result in the Group losing control of ERC at that time. The Group is currently in negotiations to increase its effective interest in ERC which may also increase the number of ERC board directors it may nominate .
- 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.

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

5. Fixed assets

1 January 2017	Lands	Buildings & constructions	Leasehold improvements	Machinery, equipment & tools	Furniture & office equipment	Computers	Vehicles and Barges	Total
Cost	1,963,526,487	1,447,236,970	170,380,458	4,476,025,377	256,644,920	44,036,586	683,095,302	**9,040,946,100**
Accumulated depreciation and impairment	(183,490)	(355,048,696)	(153,815,976)	(2,216,207,021)	(229,086,509)	(34,268,181)	(277,055,197)	**(3,265,665,070)**
Net carrying value	**1,963,342,997**	**1,092,188,274**	**16,564,482**	**2,259,818,356**	**27,558,411**	**9,768,405**	**406,040,105**	**5,775,281,030**
Net book value at the beginning of the year	**1,963,342,997**	**1,092,188,274**	**16,564,482**	**2,259,818,356**	**27,558,411**	**9,768,405**	**406,040,105**	**5,775,281,030**
Additions	7,761,779	48,714,297	399,404	150,368,672	16,504,761	4,977,830	33,540,755	**262,267,498**
Disposals	-	(2,907,190)	-	(56,117,143)	(3,590,507)	(1,365,045)	(18,092,886)	**(82,072,771)**
Disposals of subsidiaries	(1,112,715)	(26,634,067)	-	(38,958,630)	(5,744,124)	-	(697,473)	**(73,147,009)**
Depreciation of subsidiaries disposals	-	8,675,352	-	17,779,486	3,431,959	-	778,177	**30,664,974**
Foreign currencies translation differences- cost	(27,606,608)	(19,493,563)	(242,133)	(367,367,848)	(3,429,870)	(1,088,074)	(6,891,461)	**(426,119,557)**
Depreciation foreign currency translation accumulated depreciation	161,463	29,860,370	476,190	109,941,880	931,204	994,455	13,495,480	**155,861,042**
Accumulated depreciation of disposals	-	2,868,798	342,663	44,508,282	5,941,995	1,027,788	10,875,541	**65,565,067**
Depreciation expense	(56,247)	(50,061,478)	(2,898,579)	(316,659,245)	(11,080,852)	(6,793,354)	(40,818,708)	**(428,368,463)**
Impairment during the year	-	(12,317,623)	(3,114,065)	(415,784,313)	(4,198,871)	(3,551,120)	(48,727)	**(439,014,719)**
Prior year adjustment - cost (note 46)	-	(1,831,718)	-	(43,119,060)	(137,541)	(49,993)	(5,610,926)	**(50,749,238)**
Prior year adjustment – accumulated depreciation (note 46)	-	753,503	-	32,691,888	131,966	41,290	104,854	**33,723,501**
Transferred to group disposal classified as held for sale-cost	-	15,777,306	16,909,686	522,573,884	38,248,100	32,568,212	13,925,759	**640,002,947**
Transferred to group disposal classified as held for sale-accumulated depreciation	-	(3,023,948)	(13,683,972)	(93,553,780)	(31,737,199)	(29,032,714)	(12,647,364)	**(183,678,977)**
Net book value at the end of the year	**1,942,490,669**	**1,082,568,313**	**14,753,676**	**1,806,122,429**	**32,829,432**	**7,497,680**	**393,953,126**	**5,280,215,325**
31 December 2017:								
Cost	1,942,568,943	1,460,862,035	187,447,415	4,643,405,252	298,495,739	79,079,516	699,269,070	**9,311,127,970**
Accumulated depreciation and impairment	(78,274)	(378,293,722)	(172,693,739)	(2,837,282,823)	(265,666,307)	(71,581,836)	(305,315,944)	**(4,030,912,645)**
Net carrying value	**1,942,490,669**	**1,082,568,313**	**14,753,676**	**1,806,122,429**	**32,829,432**	**7,497,680**	**393,953,126**	**5,280,215,325**
Financial period ended 30 June 2018								
Net book value at the beginning of the period	**1,942,490,669**	**1,082,568,313**	**14,753,676**	**1,806,122,429**	**32,829,432**	**7,497,680**	**393,953,126**	**5,280,215,325**
The effect of acquisition on subsidiary company – cost	101,942,882	243,014,823	574,572	648,037,234	38,141,116	-	14,488,961	**1,046,199,588**
Additions	1,943,339	27,807,499	1,128,546	45,634,178	11,801,575	1,840,305	10,310,370	**100,465,812**
Foreign currencies translation differences- cost	5,113,211	(29,276,769)	(11,623,610)	(286,818,720)	(3,993,445)	(94,496)	1,208,843	**(325,484,986)**
Deconsolidation of subsidiary – cost	-	(20,594,898)	(16,694,336)	(515,918,735)	(37,781,110)	(32,060,543)	(13,748,410)	**(636,798,032)**
Disposals	-	(1,492,964)	(59,414)	(14,648,866)	(3,571,752)	-	(2,563,416)	**(22,336,412)**
Transfers to projects under construction	-	(832,300)	-	(18,492,180)	45,368	-	821,547	**(18,457,565)**
Transfers from projects under construction	-	2,258,131	-	2,029,698	820,383	-	-	**5,108,212**
The effect of acquisition on subsidiary company – accumulated depreciation	-	(27,491,827)	(574,198)	(261,254,984)	(26,511,677)	-	(13,095,850)	**(328,928,536)**
Depreciation expense	(16,443)	(24,794,267)	(1,888,946)	(139,920,000)	(7,849,593)	(3,254,530)	(19,793,595)	**(197,517,374)**
Impairment during the year	-	-	-	(94,414)	(13,589)	-	-	**(108,003)**
Foreign currencies translation differences- accumulated depreciation	-	4,969,295	11,628,208	130,358,474	5,073,928	105,295	1,484,129	**153,619,329**
Accumulated depreciation of disposals	-	1,008,102	21,249	11,351,851	1,824,487	-	2,079,216	**16,284,905**
Deconsolidation of subsidiary – Accumulated depreciation	-	20,594,898	16,694,336	515,918,735	37,781,110	32,060,543	13,748,410	**636,798,032**
Net book value at the end of the period	**2,051,473,658**	**1,277,738,036**	**13,960,083**	**1,922,304,700**	**48,596,233**	**6,094,254**	**388,893,331**	**5,709,060,295**
30 June 2018								
Cost	2,051,568,375	1,681,745,557	160,773,173	4,503,227,861	303,957,874	48,764,782	709,786,965	**9,459,824,587**
Accumulated depreciation and impairment	(94,717)	(404,007,521)	(146,813,090)	(2,580,923,161)	(255,361,641)	(42,670,528)	(320,893,634)	**(3,750,764,292)**
Net carrying value	**2,051,473,658**	**1,277,738,036**	**13,960,083**	**1,922,304,700**	**48,596,233**	**6,094,254**	**388,893,331**	**5,709,060,295**

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

Fixed assets (continued)

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

	30 June 2018	**30 June 2017**
Cost of sales	146,672,196	188,493,682
General and administration expenses	50,845,178	37,404,466
	197,517,374	**225,898,148**

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

	30 June 2018	**30 June 2017**
Net book value for disposal assets	6,051,507	13,509,767
Gain on disposal of fixed assets (Note 33)	7,417,731	9,184,771
Proceeds from sale of fixed assets	**13,469,238**	**22,694,538**

6. Projects under construction

Balance of projects in progress comprises the following:

	30 June 2018	**31 December 2017**
Balance at the beginning of the period/ year	55,679,720,304	48,628,176,224
Additions	5,351,811,828	7,908,518,239
Assets acquired through business combination	62,010,176	-
Transferred from fixed assets	18,457,565	68,903,975
Deconsolidation of a subsidiary	(63,007,939)	-
Disposals	(6,468,853)	(1,456,839)
Transferred to fixed assets (Note 5)	(5,108,212)	(81,834,585)
Foreign currencies translation differences	310,378,026	(842,586,710)
Balance	**61,347,792,895**	**55,679,720,304**
Accumulated impairment losses	(569,788,865)	(631,715,292)
Net	**60,778,004,030**	**55,048,005,012**

Balance of projects in progress for group, as the following:

	30 June 2018	**31 December 2017**
Energy sector	60,529,395,751	54,867,030,137
Agriculture and food sector	4,706,015	6,504,798
Transportation and logistics sector	93,758,074	92,888,928
Cement sector	56,677,814	51,160,299
Financial services sector	78,646,325	22,386,681
Metallurgy sector	14,820,051	8,034,169
Total	**60,778,004,030**	**55,048,005,012**

Energy sector include an amount of EGP 60,261,384,399 as at 30 June 2018 against EGP 54,745,164,817 as at 31 December 2017 represents the project of Egyptian Refining Company – a subsidiary in the energy sector.

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

Projects under construction (continued)

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

	30 June 2018	31 December 2017
Balance at the beginning of the period / year	631,715,292	543,898,561
Provision formed during the period / year	-	87,816,731
Deconsolidation of a subsidiary	(63,007,939)	-
Foreign currency translation differences	1,081,512	-
Total	**569,788,865**	**631,715,292**

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

7. Intangible assets

	Software	Exploration & valuation	Trademark	Customer contracts	Other intangible assets	Concession	Total
1 January 2017							
Cost	58,297,051	615,369,018	484,041,987	461,637,000	4,516,265	-	**1,623,861,321**
Accumulated amortization	(45,410,121)	(8,246,022)	-	(166,966,644)	-	-	**(220,622,787)**
Accumulated impairment	-	-	(137,831,468)	-	-	-	**(137,831,468)**
Net carrying value	**12,886,930**	**607,122,996**	**346,210,519**	**294,670,356**	**4,516,265**	-	1,265,407,066
Net book value at the beginning of the year	**12,886,930**	**607,122,996**	**346,210,519**	**294,670,356**	**4,516,265**	-	**1,265,407,066**
Additions	4,448,582	38,894,543	-	-	586,366	-	**43,929,491**
Disposals	-	(580,368,274)	-	-	-	-	**(580,368,274)**
Foreign currencies translation differences- cost	(10,563,099)	(33,211,142)	-	-	-	146,333,785	**102,559,544**
F.X translation differences- Accumulated amortisation	2,779,026	-	-	-	-	(225,659,838)	**(222,880,812)**
Amortization	(1,115,951)	(159,662)	-	(55,655,548)	-	(26,599,714)	**(83,530,875)**
Impairment	(61,380)	-	-	-	-	(1,471,033,123)	**(1,471,094,503)**
Prior year's adjustment (note 46)	-	(32,278,461)	-	-	-	-	**(32,278,461)**
Cost transferred from assets held for sale	49,266,344	-	-	-	-	2,111,798,656	**2,161,065,000**
Accumulated depreciation transferred from assets held for sale	(41,485,608)	-	-	-	-	(534,839,766)	**(576,325,374)**
Net book value at the end of the year	**16,154,844**	-	**346,210,519**	**239,014,808**	**5,102,631**	-	**606,482,802**
31 December 2017:							
Cost	101,448,878	40,684,145	484,041,987	461,637,000	5,102,631	2,258,132,441	**3,351,047,082**
Accumulated amortization	(85,232,654)	(8,405,684)	-	(222,622,192)	-	(787,099,318)	**(1,103,359,848)**
Accumulated impairment	(61,380)	(32,278,461)	(137,831,468)	-	-	(1,471,033,123)	**(1,641,204,432)**
Net carrying value	**16,154,844**	-	**346,210,519**	**239,014,808**	**5,102,631**	-	**606,482,802**
Six month period ended 30 June 2018							
Net book value at the beginning of the period	**16,154,844**	-	**346,210,519**	**239,014,808**	**5,102,631**	-	**606,482,802**
Additions	614,765	-	-	-	178,037	-	**792,802**
Deconsolidation of subsidiary – Cost	(39,595,848)	-	-	-	-	(2,269,588,581)	**(2,309,184,429)**
F.X translation differences- cost	340,665	-	-	-	-	11,456,140	**11,796,805**
Deconsolidation of subsidiary – Acc. amortisation	39,595,848	-	-	-	-	2,269,588,581	**2,309,184,429**
F.X translation differences- Acc. amortisation	(346,083)	-	-	-	-	(11,456,140)	**(11,802,223)**
Amortization	(1,279,441)	-	-	(17,882,404)	-	-	**(19,161,845)**
Net book value at the end of the period	**15,484,750**	-	**346,210,519**	**221,132,404**	**5,280,668**	-	**588,108,341**
30 June 2018							
Cost	62,808,460	40,684,145	484,041,987	461,637,000	5,280,668	-	**1,054,452,260**
Accumulated amortization	(47,323,710)	(8,405,684)	-	(240,504,596)	-	-	**(296,233,990)**
Accumulated impairment	-	(32,278,461)	(137,831,468)	-	-	-	**(170,109,929)**
Net carrying value	**15,484,750**	-	**346,210,519**	**221,132,404**	**5,280,668**	-	**588,108,341**

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

8. Goodwill

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

Grand view Investment Holdings Corporation company was consolidated in the consolidated interim financial statements as of 1 January 2018, which is the date the Group actually acquired control on the subsidiary and the ability to influence the financial and operation policies was transferred to the Group.

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

The previously held interest is re-measured to fair value at the acquisition date and a gain is recognized in the statement of profit or loss.

The group expects that the acquisition will result in increase of its market share and achieving future economic benefits.

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

	Sector	Balance at 1 January 2018	Addition	Foreign currencies translation differences	Balance at 30 June 2018
National Development and Trading Company Group	Cement Sector	62,075,127	-	-	**62,075,127**
Falcon for Agricultural Investments Ltd. Group-BVI	Agriculture and Food Sector	281,157,503	-	-	**281,157,503**
Silverstone Capital Investment Ltd. Group	Energy Sector	13,998,593	-	(74,933)	**13,923,660**
Grandview Investment Holding Group – BVI	Paper manufacturing Sector	-	425,291,718	-	**425,291,718**
Tawazon for Solid Waste Management (Tawazon) Company Group	Energy Sector	32,611,311	-	-	**32,611,311**
Balance		**389,842,534**	**425,291,718**	**(74,933)**	**815,059,319**

	Sector	Balance at 1 January 2017	Impairment	Foreign currencies translation differences	Balance at 31 December 2017
National Development and Trading Company Group	Cement Sector	62,240,706	(165,579)	-	**62,075,127**
Falcon for Agricultural Investments Ltd. Group-BVI	Agriculture and Food Sector	281,157,503	-	-	**281,157,503**
Silverstone Capital Investment Ltd. Group	Energy Sector	16,407,581	-	(2,408,988)	**13,998,593**
Tawazon for Solid Waste Management (Tawazon) Company Group	Energy Sector	32,611,311	-	-	**32,611,311**
Balance		**392,417,101**	**(165,579)**	**(2,408,988)**	**389,842,534**

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

9. Biological assets

	Fruitful fruit gardens and orchards	Fruitless fruit gardens and orchards	Pregnant heifer, dry and dairy cows	Heifers	Plants (cotton, corn, sun flowers)	Total
1 January 2017						
Cost	9,868,436	3,224,288	185,540,150	88,642,037	9,774,885	**297,049,796**
Accumulated depreciation	(3,718,229)	-	(75,736,217)	-	-	**(79,454,446)**
Impairment	-	-	-	-	(2,528,400)	**(2,528,400)**
Net carrying value	**6,150,207**	**3,224,288**	**109,803,933**	**88,642,037**	**7,246,485**	**215,066,950**
Net book value at the beginning of the year	**6,150,207**	**3,224,288**	**109,803,933**	**88,642,037**	**7,246,485**	**215,066,950**
Additions	-	1,744,158	-	95,518,285	186,164	**97,448,607**
Transfers	3,881,151	(3,881,151)	59,323,736	(59,323,736)	-	**-**
Foreign currencies translation differences	(5,265)	3,218	(37,110)	(87,462)	-	**(126,619)**
Disposals	-	-	(54,541,572)	(4,440,063)	(434,964)	**(59,416,599)**
Depreciation expense	(410,268)	-	(25,438,964)	-	-	**(25,849,232)**
Accumulated depreciation of disposals	-	-	22,709,171	-	-	**22,709,171**
Net book value at the end of the year	**9,615,825**	**1,090,513**	**111,819,194**	**120,309,061**	**6,997,685**	**249,832,278**
31 December 2017:						
Cost	13,744,322	1,090,513	190,285,204	120,309,061	9,526,085	**334,955,185**
Accumulated depreciation	(4,128,497)	-	(78,466,010)	-	-	**(82,594,507)**
Impairment	-	-	-	-	(2,528,400)	**(2,528,400)**
Net carrying value	**9,615,825**	**1,090,513**	**111,819,194**	**120,309,061**	**6,997,685**	**249,832,278**
Financial year ended 30 June 2018						
Net book value at the beginning of the period	**9,615,825**	**1,090,513**	**111,819,194**	**120,309,061**	**6,997,685**	**249,832,278**
Additions	-	396,821	-	64,965,966	937,931	**66,300,718**
Transfers	-	-	27,011,333	(27,011,333)	-	**-**
Foreign currencies translation differences	(7)	27	(5,760,140)	(13,785,755)	-	**(19,545,875)**
Foreign currencies translation differences – accumulated	10	-	19,545,868	-	-	**19,545,878**
Disposals	-	-	(27,617,343)	(1,998,624)	-	**(29,615,967)**
Accumulated depreciation of disposals	-	-	11,221,555	-	-	**11,221,555**
Depreciation expense	(569,189)	-	(12,883,349)	-	-	**(13,452,538)**
Net book value at the end of the period	**9,046,639**	**1,487,361**	**123,337,118**	**142,479,315**	**7,935,616**	**284,286,049**
30 June 2018:						
Cost	13,744,315	1,487,361	183,919,054	142,479,315	10,464,016	**352,094,061**
Accumulated depreciation	(4,697,676)	-	(60,581,936)	-	-	**(65,279,612)**
Impairment	-	-	-	-	(2,528,400)	**(2,528,400)**
Net carrying value	**9,046,639**	**1,487,361**	**123,337,118**	**142,479,315**	**7,935,616**	**284,286,049**

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

Biological assets (continued)

	30 June 2018	31 December 2017
Non-current		
Fruitful fruit gardens and orchards	9,046,639	9,615,825
Fruitless fruit gardens and orchards	1,487,361	1,090,513
Pregnant heifer, dry and dairy cows	123,337,118	111,819,194
Heifers	142,479,315	120,309,061
	276,350,433	**242,834,593**
Current		
Plants (cotton, corn, sun flowers)	2,528,400	2,714,564
Others	7,935,616	6,811,521
Accumulated impairment	(2,528,400)	(2,528,400)
Net	**7,935,616**	**6,997,685**
Total	**284,286,049**	**249,832,278**

10. Investments in associates

		Shareholding %		Book value	
	Country	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Al Kateb Co for Marketing and Distribution	Egypt	48.88	48.88	459,086	530,870
Al Sharq for Book Stores	Egypt	40.00	40.00	12,596,277	12,577,283
Dar AL Sherouk Company	British Virgin Islands	58.51	58.51	158,150,424	124,257,684
Zahana Cement Company	Algeria	35.00	35.00	443,717,623	448,465,115
Grandview Investment Ltd.	British Virgin Islands	-	48.02	-	370,654,388
Ascom Precious Metals (APM)	Ethiopia	35.54	35.54	143,502,532	143,502,532
Allmed Medical Industries "AMI" Germany	Germany	1.80	-	7,349,223	-
Allmed Medical care Holdings	England	30	-	288,567,870	-
Total				**1,054,343,035**	**1,099,987,872**
Accumulated impairment loss				(122,997,045)	(100,000,000)
Net				**931,345,990**	**999,987,872**

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

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

	Balance at 1 January 2018	Effect of acquisition of subsidiary	Foreign currency translation differences	Balance at 30 June 2018
Dar AL Sherouk Company	100,000,000	28,925,859	(5,928,814)	122,997,045
Total	**100,000,000**	**28,925,859**	**(5,928,814)**	**122,997,045**

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

Investments in associates (continued)

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

	Total assets	Total shareholders' equity	Total revenue	Net profit for the period
Al Kateb Co for marketing and distribution	18,795,902	9,939,160	2,424,827	2,581,054
Al Sharq for book stores	12,227,563	11,753,621	6,186,699	6,042,689
Dar AL Sherouk Company	239,747,735	145,239,637	12,082,720	10,484,673
Zahana Cement Company	4,243,307,312	1,349,358,864	307,955,341	7,259,877
Ascom Precious Metals (APM)	934,233,482	27,325,934	-	2,857

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

	Total assets	Total shareholders'' equity	Total revenue	Net profit/(loss) for the year
Al Kateb Co for marketing and distribution	18,795,902	7,358,109	9,739,309	(548,908)
Al Sharq for book stores	12,227,563	5,710,932	24,746,796	(568,037)
Dar AL Sherouk Company	239,747,735	134,754,964	48,330,878	(4,092,487)
Zahana Cement Company	4,316,149,066	1,869,036,807	962,511,583	86,630,111
Grandview Investment Ltd.	2,106,118,558	731,524,440	2,411,199,724	574,894,501
Ascom Precious Metals (APM)	717,367,791	(30,652,544)	15,487	15,487

11. Available-for-sale investments

	30 June 2018	31 December 2017
Logria Holding Ltd.	1,158,950,000	1,153,100,000
Golden Crescent Investment Ltd,	1,129,842,525	1,124,139,450
EFG Capital Partners Fund II&III.	17,007,909	17,430,027
Sphinx Turnaround	55,450,712	63,815,729
Modern Co. for Isolating Materials	43,396	43,396
MEFEK Co.	872,388	872,388
ASEC Automation Co. – Free zone	116,300	116,300
Ecligo Design Ltd.	1,000	1,000
Sharming Sharm	802,992	702,007
Medcom National Company	-	1,000
ASEC Cement Menya	50,000	50,000
Cayman Resources	31,331,774	31,331,774
Arab Swiss Engineering Co. (AESC)	-	17,480
Sphinx International Management Ltd.	1,927,566	1,917,836
Others	20,005	-
Total	**2,396,416,567**	**2,393,538,387**
Accumulated impairment loss	(2,349,293,002)	(2,337,530,201)
Balance	**47,123,565**	**56,008,186**

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

Available-for-sale investments (continued)

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

	Balance at 1 January 2018	Foreign currency translation differences	Formed	Balance at 30 June 2018
Logria Holding Ltd.	1,153,100,000	5,850,000	-	1,158,950,000
Golden Crescent Investment Ltd.	1,124,139,450	5,703,075	-	1,129,842,525
EFG Capital Partners Fund II&III	5,962,037	-	-	5,962,037
Sphinx Turnaround	22,351,301	113,395	-	22,464,696
Modern Co. for Isolating Materials	43,396	-	-	43,396
MEFEK Co.	872,388	-	-	872,388
Cayman Resources	31,061,629	-	96,331	31,157,960
Total	**2,337,530,201**	**11,666,470**	**96,331**	**2,349,293,002**

12. Payments under investments

	30 June 2018	Restated 31 December 2017
Nile Valley Petroleum Ltd.	133,447,316	132,773,717
Citadel Capital Al Qalaa – Saudi Arabia	2,578,254	2,565,239
National Development and Trading Co. (IRAQ) Ltd.	314,831	300,512
ASEC for Manufacturing and Industries project Co. (ARESCO)	13,015	-
ASA Co. – Philippines	1,797,039	-
ASA International Co.	5,820,532	1,432,407
Golden Crescent Investment Ltd.	4,457,500	4,435,000
Others	151,636,800	150,433,065
Total	**300,065,287**	**291,939,940**
Accumulated impairment loss	(289,856,447)	(286,146,029)
Net	**10,208,840**	**5,793,911**

Accumulated impairment loss on payments under investments is represented in:

	Balance at 1 January 2018	Foreign currency translation differences	Formed	Balance at 30 June 2018
Nile Valley Petroleum Ltd.	132,773,717	673,599	-	133,447,316
National Development and Trading Co. (IRAQ) Ltd.	300,512	14,319	-	314,831
Others	148,636,800	-	3,000,000	151,636,800
Golden Crescent Investment Ltd.	4,435,000	22,500	-	4,457,500
Balance	**286,146,029**	**710,418**	**3,000,000**	**289,856,447**

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

13. Trade and notes receivable

	30 June 2018	31 December 2017
Non-current balance		
Trade receivables	14,177,364	5,157,816
Total	**14,177,364**	**5,157,816**
Current balance		
Trade receivables	2,364,058,900	2,509,064,666
Notes receivable	93,905,638	11,228,129
Total	**2,457,964,538**	**2,520,292,795**
Accumulated impairment loss	(242,632,153)	(721,979,625)
Net	**2,215,332,385**	**1,798,313,170**
Balance	**2,229,509,749**	**1,803,470,986**

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

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

National Development and Trading Company's management decided in its meeting held on December 24, 2012 to sell its entire share in ESACO for Manufacturing Engineering and Construction (subsidiary, 70%). Then the National Development and Trading Company's management decided to keep its investment in ESACO for Manufacturing Engineering and construction (subsidiary, 70%) and accordingly re-classified as continued operation.

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

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

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

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

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

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

* **KU Railways Holding Limited Company**

The Company's management expressed its intention to sell its subsidiary "KU Railways Holdings", a number of investors have expressed their interest in purchasing the company.

Non-current assets held for sale (continued)

On July 31, 2017, the Court of Kenya issued an order to terminate the Concession Agreement granted to Rift Valley Railways (Kenya) Limited "RVRK" — Railway operator in Kenya , which is indirectly owned by the Citadel Capital Company through its subsidiary KU Railways Holding Limited "KURH". Accordingly, it was decided to form a takeover committee by all parties in the Concession Agreement to supervise the termination process of the Concession and to transfer all the assets and the employees of Rift Valley Railways (Kenya) Limited "RVRK" to "Kenya Railways Corporation" within 30 days. The same events have been evolved to the company's other subsidiary, Rift Valley Railways (Uganda) Limited "RVRU". (Note 44)

As mentioned in note (44), The group management has decided to deconsolidate Rift Valley Railways (Kenya) Limited ("RVRK") in Kenya and Rift Valley Railways (Uganda) Limited ("RVRU") in Uganda after the termination of the two concession agreements and recognized a gain associated with the disposal of the entire operational liabilities of these two entities amounting to EGP 1,166,642,111 in the statement of profit and loss.

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

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

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

* **Every Holding Limited Company**
On December 10, 2017 the Company sold all its shares in Arab Company forTrade and Service a subsidiary of **Everys Holding limited** to Arabian Holding Company against the settlement of some liabilities of the sold Company.

* **MENA Home Furnishings Malls Ltd**
The Company concluded an agreement to the effect of selling its entire share in Bonyan for Development and Trade SAE (Bonyan) (a subsidiary of MENA Home Furnishings Malls Ltd), the owner of Designopolis Mall, to Sky Realty ,a subsidiary of Compass Investment Holding (DIFC). The selling transaction was executed on April 30, 2018 through the sale of the entire shares of Bonyan for Development and Trade S.A.E, for a net transferred consideration of EGP 162,014,693 The sale transaction resulted in loss charged to statement of profit and loss by an amount of EGP 247,036,448.

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

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

14.1 Assets held-for-sale as at 30 June 2018 are represented in the following:

	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI	Ledmore Holding Limited.	Total
Fixed assets	-	79,914,720	368,795	**80,283,515**
Intangible assets	-	1,033,801	-	**1,033,801**
Inventories	-	16,100	-	**16,100**
Debtors and other debit balance	-	913,467	169,991	**1,083,458**
Due from related parties	-	45,324	-	**45,324**
Cash and cash equivalents	5,545	4,688,541	11,588,288	**16,282,374**
Balance	**5,545**	**86,611,953**	**12,127,074**	**98,744,572**
Less: Impairment loss				
Goodwill	-	-	-	-
	5,545	**86,611,953**	**12,127,074**	**98,744,572**

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

	Subsidiary of Company				
	NDT Subsidiaries Arab Swiss Engineering Co. (ASEC)	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI	Ledmore Holding Limited.	Total
Fixed assets	5,750,000	265,355	79,914,709	366,934	86,296,998
Intangible assets	-	-	1,033,816	-	1,033,816
Projects under construction	-	188,039,725	-	-	188,039,725
Inventories	-	-	16,090	-	16,090
Debtors and other debit balance	-	3,350,465	913,486	169,133	4,433,084
Due from related parties	-	-	45,326	-	45,326
Investment property	-	320,480,852	-	-	320,480,852
Cash and cash equivalents	-	632,839	4,688,540	11,529,794	16,851,173
Goodwill	-	76,929,159	-	-	76,929,159
Balance	**5,750,000**	**589,698,395**	**86,611,967**	**12,065,861**	**694,126,223**
Less: Goodwill Impairment	-	(76,929,159)	-	-	(76,929,159)
	5,750,000	**512,769,236**	**86,611,967**	**12,065,861**	**617,197,064**

14.2 Labilities held-for-sale as at 30 June 2018 are represented in the following:

	Subsidiary of Company				
	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI	Ledmore Holding Limited.	KU Raliways Holding Limited *	Total
Provisions	-	16,451,634	-	-	**16,451,634**
Trade and notes payable	-	116,965,068	-	-	**116,965,068**
Due to related parties	-	1,035,049	-	-	**1,035,049**
Loans	-	-	-	4,085,507,859	**4,085,507,859**
Creditors and other credit balances	814,385	-	485,065	-	**1,299,450**
Balance	**814,385**	**134,451,751**	**485,065**	**4,085,507,859**	**4,221,259,060**

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

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

Labilities held-for-sale as at December 31, 2017 (restated) are represented in the following:

	Subsidiary of Company				
	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI	Ledmore Holding Limited.	KU Raliways Holding Limited *	Total
Provisions	259,097,885	16,451,633	-	-	**275,549,518**
Loans	209,785,204	-	-	4,085,507,859	**4,295,293,063**
Trade and notes payable	-	115,681,866	-	-	**115,681,866**
Due to related parties	-	1,035,040	-	-	**1,035,040**
Creditors and other credit balances	167,767,410	-	482,617	-	**168,250,027**
Balance	**636,650,499**	**133,168,539**	**482,617**	**4,085,507,859**	**4,855,809,514**

14.3Discontinued operations after tax

30 June 2018	Mena Home Furnishing Malls Ltd.	KU Raliways Holding Limited	Total
Discontinued operations		-	
Operating Revenue	4,721,419	-	4,721,419
Operating Costs	(11,591,953)	-	(11,591,953)
Administrative costs	(2,580,387)	(3,942,015)	(6,522,402)
Other (Expenses)	(193,290)	-	(193,290)
Finance costs net	(12,703,427)	-	(12,703,427)
Net loss for the period	**(22,347,638)**	**(3,942,015)**	**(26,289,653)**
Loss on sale of a subsidiary	(247,036,448)		**(247,036,448)**
Gain from de-consolidating of subsidiary	-	1,166,642,111	**1,166,642,111**
(Loss) profit from discontinued operations, net of tax	**(269,384,086)**	**1,162,700,096**	**893,316,010**

30 June 2017	Mena Home Furnishing Malls Ltd.	KU Raliways Holding Limited	ASEC Cement Company	Arab company for services and Trade	Total
Discontinued operations					
Operating revenue	2,259,667	204,725,706	-	51,457,952	258,443,325
Operating costs	(5,763,098)	(300,775,603)	(2,161,084)	(46,058,053)	(354,757,838)
Administrative costs	(1,821,531)	(44,673,825)	-	(33,263,385)	(79,758,741)
Other (expenses) / revenue	(2,573,263)	(3,132,634,514)	7,934,204	104,285	(3,127,169,288)
Finance costs net	(23,758,718)	(88,841,909)	-	13,680	(112,586,947)
Net Loss for the period	**(31,656,943)**	**(3,362,200,145)**	**5,773,120**	**(27,745,521)**	**(3,415,829,489)**
Gain/(loss) on disposal of subsidiaries	-	-	404,379,272	-	**404,379,272**
(Loss) profit from discontinued operations, net of tax	**(31,656,943)**	**(3,362,200,145)**	**410,152,392**	**(27,745,521)**	**(3,011,450,217)**

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

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

*** KU Raliways Holding Limited Borrowings:**

Borrower	Bank / Company	Interest rate	Maturity date	Outstanding - Current balances
KU Railways Holding Limited	International Finance Corporation	USD :14% effective interest rate for year 2013	2017-2021	665,150,414
	International Finance Corporation	USD: fixed rate : basic lending rate plus 6.25 % or variable rate Libor for 6 month plus 6.25%	2017 - 2027	427,134,071
	Africa Development Bank	USD: Libor plus 6.25%	2017 -2027	775,744,359
	FMO	USD: Libor plus 6.25%	2017 -2027	582,296,508
	International Finance Corporation	USD: Libor plus 6.25% or 5.5%	2017 - 2027	394,746,697
	Equity Bank	USD interest rate for treasury bills of Kenya 91 day plus 4% or 14 % which is bigger	2017 -2027	352,236,036
	KFW	USD Libor rate plus(5.5% or 6.5%)	2017 - 2027	612,244,543
	Standard Bank	USD :Libor rate plus(5.5% or 6.25%)	2017 -2019	275,955,231
	Total			**4,085,507,859**

15. Inventories

	30 June 2018	31 December 2017
Spare parts	444,792,100	705,723,378
Raw materials	629,997,434	419,911,675
Work in process	148,404,077	179,747,300
Finished goods	170,406,677	136,087,646
Goods in transit	14,554,035	27,213,641
Packing materials	10,410,459	10,894,202
Oil and lubricants	16,977,761	49,666,205
Others	60,287,719	29,994,601
Total	**1,495,830,262**	**1,559,238,648**
Less: Inventories write-down	(45,439,102)	(341,042,139)
Net	**1,450,391,160**	**1,218,196,509**

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

16. Debtors and other debit balances

	30 June 2018	31 December 2017
Egyptian General Petroleum Corp.*	1,516,441,500	1,508,787,000
Receivables from sale of investment **	503,127,755	616,609,329
Advances payments ***	512,521,044	335,542,899
Due from the contractor FlSmidth	446,815,589	450,288,360
Tax Authority	260,795,240	272,655,775
Gas consumption deposits	241,723,360	237,752,420
Deposit with others	206,041,057	242,925,858
Accrued revenues	173,148,050	167,249,655
Employees' imprest	77,636,278	37,695,453
Work in progress	67,671,147	81,163,430
Prepaid expenses	50,941,070	48,641,295
Letters of guarantees	43,831,529	53,197,227
Letters of credit	32,683,934	75,306
Payments for purchase of fixed assets	11,052,977	11,052,960
Custom Authority	6,464,492	725,413
Restricted cash	-	117,357,397
Refundable deposits	3,742,036	3,742,058
Other debit balances ****	392,113,807	310,022,046
Deduct: Non-current portion of other debit balances	(2,524,286,461)	(2,506,082,849)
Total	**2,022,464,404**	**1,989,401,032**
Accumulated impairment losses	(461,916,101)	(592,405,807)
Balance	**1,560,548,303**	**1,396,995,225**

* The balance represents the amount paid on behalf of Egyptian General Petroleum Corp. in the share capital of the Egyptian Refining Company – free zone – a subsidiary.

** This balance include the amount of EGP 359,509,460 at 30 June 2018 (against EGP 359,509,460 as at December 31, 2017) represents the accrued consideration from sale of investments in accordance with the United Foundries Company's extra-ordinary general assembly meeting held on November 23, 2014 decree which decided to sell its entire share interest in Alexandria for Car Foundries and Amerya. Metal Company On December 11, 2014 the company sold its entire share interest according to the signed sale agreement and this amount is fully impaired.

*** Advance payment included amount of EGP 100,399,446 equivalent to USD 5,630,928 at 30 June 2018 represents the amount paid against signing a finance lease for a new factory related to Elbaddar subsidiary.

**** Others debit balances included amount of EGP 17,045,865 equivalent to USD 1,000,000 at 30 June 2018 (against EGP 17,545,013 as at December 31, 2017) 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.

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

17. Related party transactions

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

(a) Due from related parties

		Nature of transactions				
Name of the Company	**Nature of relation**	**Foreign Currency Translation Differences**	**Service Fees**	**Finance**	**30 June 2018**	**31 December 2017**
Logria Holding Ltd,	Investee	525,017	-	-	111,659,057	111,134,040
Golden Crescent Investment Ltd.	Investee	343,373	-	-	68,025,908	67,682,535
Golden Crescent Finco Ltd.	Investee	2,639,649	-	-	522,940,349	520,300,700
Emerald Financial Services Ltd.	Investee	(3,287,287)	-	(91,015,774)	483,574,654	577,877,715
Nile Valley Petroleum Ltd.	Investee	1,853,455	-	-	384,259,982	382,406,527
Citadel Capital East Africa	Investee	340	-	-	67,397	67,057
Citadel Capital AlQalaa-Saudi Arabia	Investee	5,132	-	-	1,311,807	1,306,675
El Kateb for Marketing & Distribution	associate	(7,500)	-	-	1,003,038	1,010,538
Nahda Company - Sudan	Investee	58,036	-	-	11,497,693	11,439,657

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

Related party transactions (continued)

Name of the Company	Nature of relation	Nature of transactions: Foreign Currency Translation Differences	Service Fees	Finance	30 June 2018	31 December 2017
Egyptian Company for International Publication	Investee	207,500	-	-	23,967,830	23,760,330
Citadel Capital Partners	Parent	(753,014)	-	57,002,024	214,456,548	158,207,538
Ecligo	Investee	-	-	-	2,000,000	2,000,000
Mena Glass Ltd	Investee	309,420	-	-	61,263,880	60,954,460
Zahana Cement Company	associate	-	-	7,336,701	7,470,915	134,214
ASEC Electric Rewinding and Repair Co	Investee	-	-	-	526,236	526,236
Egyptian Polypropylene Bags Co.	Investee	-	-	-	20,000	20,000
ASAI International	Investee	-	-	(1,274,888)	-	1,274,888
Visionaire	Investee	(399,374)	-	-	23,780,991	24,180,365
Haider	Investee	-	-	(609,348)	44,341	653,689
Rotation Ventures	Investee	489,896	-	7,731,373	104,781,650	96,560,381
Benu one Ltd.	Investee	943,475	-	-	186,913,101	185,969,626
Grandview	Subsidiary	-	-	(1,702,082)	-	1,702,082
Ascom Precious Metals (APM)	Associate	-	-	-	204,609	204,609
Scimitar Production Egypt Ltd	Investee	-	350,603	-	16,670,640	16,320,037
Golden Res	Investee	-	-	-	71,681	71,681
Trianon	Investee	-	-	599,706	7,432,462	6,832,756
Entag UAE	Investee	-	-	(886,176)	-	886,176
Adena	Shareholder	67,500	-	-	13,372,500	13,305,000
EIIC	Shareholder	-	-	89,150,000	89,150,000	-
Allmed Medical Industries "AMI"	Associate	-	-	16,158,027	16,158,027	-
Castrol Egypt	Investee	-	43,367,873	-	43,367,873	-
Others**	Investee	-	-	-	20,717,445	130,517,216
					2,416,710,613	**2,397,306,728**
Accumulated impairment loss					(1,972,069,767)	(2,051,811,006)
					444,640,846	**345,495,722**

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

Related party transactions (continued)

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

	Balance as of 1 January 2018	Formed during the period	Reversal of Impairment	Foreign Currency Translation Differences	Balance 30 June 2018
Logria Holding Ltd.	(111,134,040)	-	-	(525,017)	(111,659,057)
Nahda Imp	(11,439,657)	-	-	(58,036)	(11,497,693)
Rotation Ventures	(96,560,381)	(7,668,933)	-	(552,337)	(104,781,651)
Visionaire	(24,180,365)	-	517,828	(118,457)	(23,780,994)
Mena Glass	(60,954,460)	-	-	(309,420)	(61,263,880)
Golden Crescent Finco Ltd.	(520,300,700)	-	-	(2,639,649)	(522,940,349)
Emerald Financial Services Ltd.	(577,877,715)	-	96,449,470	(2,146,406)	(483,574,651)
Golden Crescent Investment Ltd.	(67,682,535)	-	-	(343,373)	(68,025,908)
Nile Valley Petroleum Ltd.	(382,406,527)	-	-	(1,853,455)	(384,259,982)
Benu II Ltd	(185,969,626)	-	-	(943,476)	(186,913,102)
Others	(13,305,000)	-	-	(67,500)	(13,372,500)
Balance	**(2,051,811,006)**	**(7,668,933)**	**96,967,298**	**(9,557,126)**	**(1,972,069,767)**

Advisory fees

Advisory fees item in the consolidated statement of profit or loss is represented in the advisory services provided to related parties according to signed contracts as follows:

	30 June 2018	31 December 2017
Scimitar Production Egypt Ltd.	-	45,212,230
Total	**-**	**45,212,230**

The company did not recognize advisory fees for subsidiaries companies, according to the signed contracts due to non-fulfilling the conditions of recognition and collection. The unrecognized advisory fees at 30 June 2018 as follows:

	30 June 2018	31 December 2017
Golden Crescent	28,713,217	27,679,431
Logria Holding Ltd.	11,370,804	5,125,258
Africa railways limited	5,289,611	4,738,986
Citadel Capital transportation opportunities Ltd.	5,978,328	953,568
Total	**51,351,960**	**38,497,243**

Notes to the consolidated interim financial statements
For the six months period ended 30 June 2018

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

Related party transactions (continued)

(b) Due to related parties

Name of the Company	Nature of relation	Nature of transactions: Foreign Currency Translation Differences	Nature of transactions: Service Fees	Nature of transactions: Finance	30 June 2018	31 December 2017
Mena Glass Ltd.	Associate	1,994,673	-	(113,220)	579,546,980	577,665,527
Pharos Holding Company	Investee	-	-	-	488,453	488,453
Asec Automationm-Europe Co.	Investee	-	-	-	161,007	161,007
Asec Automation Co.- Free zone	Investee	-	-	5,656,688	9,843,664	4,186,976
Kimonix Egypt for Consulting	Investee	-	-	(314,729)	1,988,323	2,303,052
Sphinx Capital	Investee	-	-	31,295,073	31,295,073	-
Others					7,738,427	4,397,842
					631,061,927	**589,202,857**
Due to shareholder						
Sadek Ahmed Swedy	Shareholder	630,000	-	-	124,810,000	124,180,000
Femix one Ltd.	Shareholder	-	-	219,854	69,415,043	69,195,189
Aly Hassan el Deyekh	Shareholder	970,455	-	158,952,899	351,210,865	191,287,511
Olayan	Shareholder	-	-	306,950,665	421,325,182	114,374,517
Joussour	Shareholder	2,167,234	-	8,336,969	437,690,038	427,185,835
IFC	Shareholder	1,176,855	-	7,228,959	240,376,821	231,971,007
Omran	Shareholder	63,485	-	-	12,577,068	12,513,583
EIIC	Shareholder	-	-	(1,477,050)	-	1,477,050
El-Rashed	Shareholder	-	-	125,394	24,842,004	24,716,610
FHI	Shareholder	-		36,193,391	39,055,545	2,862,154
Others	Shareholder				24,638,935	5,584,593
					1,745,941,501	**1,205,348,049**
Balance					**2,377,003,428**	**1,794,550,906**

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

18. Financial assets at fair value through profit or loss

	30 June 2018	31 December 2017
Investment funds	48,244,182	-
Modern Shorouk for Printing & Packaging	4,744,329	4,405,479
Others	14,122	-
	53,002,633	**4,405,479**

The financial assets at fair value through profit or loss includes investment in funds with banks, At 30 June 2018 , the group has 532,158 units with total amount of EGP 48,244,182 (31 December 2017: zero) in addition to investments in quoted equity instruments traded in the Egyptian stock market with total amount of EGP 4,744,329. Financial assets at fair value through profit or loss are included within the operating activities under changes in working capital in the statement of cash flows.

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

19. Cash and cash equivalents

	30 June 2018	31 December 2017
Current accounts	5,698,059,150	1,922,314,347
Treasury bills (less than 3 months)	551,137,103	367,436,025
Bank- Time deposits	144,502,154	29,009,835
Cheques under collection	15,958,133	29,062,431
Cash on hand	11,843,879	5,647,762
	6,421,500,419	**2,353,470,400**

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

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

20. Share capital

The Company's authorized capital is EGP 10 Billion and the issued and paid-in capital is EGP 9,100,000,000 represents 1,820,000,000 shares.

The Company's extra-ordinary general assembly meeting held on March 25, 2015 approved the increase of the authorized capital from EGP 9 billion to EGP 10 billion and the increase of the issued capital from EGP 8 billion to EGP 9.7 billion, with an amount of EGP 1.7 billion in cash allowing the use of credit balances payable to existing shareholders through issuance of 340 million new shares at par value of EGP 5 per share, consisting of (85 million preferred shares and 255 million ordinary shares), without issuance costs. The capital increase subscription has been completed on two stages on June 2, 2015 and closed on the end of the working day 9 September 2015, the subscription had been covered by 64.71% represented in 220 million share of which 1,738,649 preferred share with an amount of EGP 8,693,245 and 218,261,351 ordinary share with an amount of EGP 1,091,306,755, with a total amount of EGP 1.1 billion accordingly the company's issued share capital after increase became EGP 9.1 billion, represents 1,820 billion shares comprising of 1,418,261,351 ordinary share and 401,738,649 preferred share at par value of EGP 5 per share. The commercial register has been updated with the increase on September 29, 2015.

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

Shareholder's name	Percentage	No. of Shares	Amount
Citadel Capital Partners Ltd.	24.36	443,295,671	2,216,478,355
Emirates International Investments Company	7.62	138,767,960	693,839,800
Other shareholders	68.02	1,237,936,369	6,189,681,845
	100	1,820,000,000	9,100,000,000

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

21. Other reserves

	Legal reserve	Fair Value-Available-for-sale financial assets	Foreign currency translation differences	The company's share in the change of equity of associates companies	Hedge Risk in Interest Rates of Swap Contracts	Total
Balance at 1 January 2017	89,578,478	(1,068,496)	2,986,304,630	(77,428,645)	(32,271,493)	**2,965,114,474**
Revaluation fair value for Available-for-sale financial assets	-	2,738,314	-	-	-	**2,738,314**
Foreign currency translation differences	-	-	(1,399,575,793)	-	-	**(1,399,575,793)**
The company's share in the change of equity of associates companies	-	-	-	9,859,926	-	**9,859,926**
Hedge Risk in Interest Rates of Swap Contracts	-	-	-	-	22,727,499	**22,727,499**
Balance at 31 December 2017	**89,578,478**	**1,669,818**	**1,586,728,837**	**(67,568,719)**	**(9,543,994)**	**1,600,864,420**
Balance at 1 January 2018	**89,578,478**	**1,669,818**	**1,586,728,837**	**(67,568,719)**	**(9,543,994)**	**1,600,864,420**
Foreign currency translation differences	-	-	143,889,204	-	-	143,889,204
The company's share in the change of equity of associates companies	-	-	-	(16,595)	-	(16,595)
Hedge Risk in Interest Rates of Swap Contracts	-	-	-	-	59,531,277	59,531,277
Balance at 30 June 2018	**89,578,478**	**1,669,818**	**1,730,618,041**	**(67,585,314)**	**49,987,283**	**1,804,268,306**

Hedge reserve

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

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

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

22. Borrowings

23/1 Borrowings from financial institutions:

Borrower	Bank / Company	Interest rate	Maturity date	Outstanding balances	Current	Non-current	Guarantees
Arab Financial Investments Company	Commercial International Bank	-	-	205,150,579	-	205,150,579	-
Dina for Agriculture Investments	-Ahli United Bank -United Bank -Arab E`gyptian real estate	EGP: Average 3.625 % plus corridor	**2014 -2020**	88,481,251	32,175,002	56,306,249	Pledge over all the company's assets and real estate first rank Pledge on 7172 feddan of company's land
National Development and Trading company	Ahli Bank Qatar	12.5%	**Dec 2018**	239,065,238	239,065,238	-	Partial pledging shares of ASEC Cement company
	Arab Investment Bank	12 %	**Dec 2018**	126,174,023	126,174,023	-	Partially pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ESACO shares to the bank
	Indusrtial Development and workers bank of Egypt	11.5%	**Dec 2018**	242,230,927	242,230,927	-	pledging of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares ASEC automation shares and ESACO shares to the bank
	Misr Iran Development Bank	2.5% plus corridor	**Dec 2018**	165,432,771	165,432,771	-	Pledging 33.3 million shares of subsidiaries with a value not less than 333% from the ttotal amount of credit facility which is accepted by the bank to cover the minimum market value within the last six months, also shares custody should be by the bank and dividends to be collected under the cognition of the bank
Arab swiss Engineering Co. (ASEC)	Ahli Unite Bank	2.25% plus corridor for current portion – 3.25 % plus corridor for non-current portion	**November 2018**	64,620,363	64,620,363	-	Assignment of South Valley Co. management Contract
ASEC Cement Company	Al Baraka Bank	11.5%	**March 2019**	13,304,676	6,000,000	7,304,676	Assignment of White Sinai Co. management contract
	Sudanese Egyptian Bank	11%	**2017-2020**	55,790,711	51,791,781	3,998,930	Murabha contracts
Taqa Arabia	Commercial International Bank	3.25% plus corridor	**2016-2020**	340,000,003	11,249,999	328,750,004	
Taqa Marketing	HSBC Cairo Bank	EGP: 3% plus Corridor	**2018 -2021** **2018 -2021**	40,310,830	10,000,276	30,310,554	* The company made a proxy to the bank that is empowering to impose a commercial pledge on existing tangible and intangible assets which was financed by the loan.

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

Egyptian Refining Company	Japan bank for International Cooperation	USD: 4.1% plus Libor	**2017 - 2029**	9,122,179,340	-	9,122,179,340	Taqa Arabia undertakes the following: *Maintaining direct or indirect controlling interest during the contract period and till the actual repayment. *Cover any deficiency in the debt service ratio or operating expenses by injecting cash in the form of capital increase or subordinated loans with priority to the bank. *Company shall deliver to each lender original signed and blank promissory notes
Egyptian Refining Company	Group of commercial banks)NEXI Covered Lenders)	USD: 1.75% plus Libor	**2017 - 2029**	5,905,067,687	-	5,905,067,687	*Company has signed a general irrevocable power of attorney dated August 10,2010 to the benefits of CIB at his capacity as the Egyptian Security Agent of the term loan facility.
Egyptian Refining Company	Export – Import Bank of Korea (KEXIM)	USD: 3.6% plus Libor per annum up to the project completion date.4 % per annum from the project completion to the end of 5th year. 4.6% per annum for any time thereafter	**2017 - 2029**	10,165,677,433	-	10,165,677,433	-
Egyptian Refining Company	Financial institution (KEXIM Initial Guaranteed facility lenders)	USD: 1.95% plus Libor plus mandatory costs	**2017 - 2029**	2,948,898,850	-	2,948,898,850	-
Egyptian Refining Company	European Investment Bank	USD: 3.25% Per annum up to the project completion date. 3 % per annum from the project completion date to the second year. 3.5% per annum from the third year to the sixth year. 4 % per annum for any time thereafter	**2017 – 2029**	6,106,544,993	-	6,106,544,993	-
Egyptian Refining Company	African Development Bank	Fixed interest rate: 3.5 % per annum plus Base rate calculated by the bank as set in the agreement. Or Variable rate: Libor plus 3.5 % per annum	**2017 -2029**	3,566,000,000	-	3,566,000,000	-

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

Egyptian Refining Company	African Development Bank	Fixed interest rate: 5 % per annum plus Base rate. Or Variable rate: Libor plus 5 % per annum	**2017-2025**	576,233,738	-	576,233,738	*Company shall deliver to AFDB an original, signed undated and blank promissory notes. *Company shall not make any distribution or other payments to the shareholders in respect of equity financing or shareholders loans until all amounts due and payable under the loan have been paid in full.
Egyptian Refining Company	GS1	USD: 6 month Libor plus 2.5% per annum	**2023**	690,732,542	-	690,732,542	
Egyptian Refining Company	GS2	USD: 6 month Libor plus 2.5% per annum	**2023**	952,431,457	-	952,431,457	
Egyptian Refining Company	MITSUE & CO. Ltd	USD: 6 month Libor plus 3% per annum	**2020**	4,073,913,849	-	4,073,913,849	The company can not pay and dividends or any other payments to shareholders as financing owners' equity or shareholders loan unless paying the whole accrued amount of the loan.
Less : Deferred borrowing cost *(Egyptian Refining Company)				(1,580,210,299)	-	(1,580,210,299)	
Citadel Capital	Citi Bank (syndication loan manger) and other banks (Arab African International Bank, Arab International bank, Cairo bank, Misr Bank, and piraeus bank)	USD: First tranche : 4.25 % plus Libor Second tranche : 3.9% plus Libor Third tranche 3.9% plus Libor	**2012 – 2022**	4,300,753,226	4,300,753,226	-	*First degree lien contract of shares owned by the Company in National Development and Trading Company. *First degree lien contract of shares owned by the Company in International Company for Mining Consulting. *First degree lien contract of shares owned by the Company in United Foundries Company. *First degree lien contract of shares of Citadel Capital Ltd(one of the subsidiaries). *First degree lien contract on shares owned by the Company in ASEC Cement Company. *First degree lien contract on shares owned by the company in ASEC Company for Mining (ASCOM) *First degree lien contract of Citadel Capital Ltd(one of the subsidiaries of Citadel Capital Holding for financial investments)
International for Refining Consultation	Arab International Bank	USD 5.2% per annum	**2016**	551,764,773	551,764,773	-	*Letter of guarantee from Standard Chartered Bank of Korea Limited with the amount due to Arab International Bank.
		USD: 15, 608,926 to be paid upon maturity	**Under renewal**	1,374,280,984	1,374,280,984	-	*the loan is guaranteed by pledging the Company's (50 million) share in Orient Investments Properties Ltd. In favour of the bank and the bank has the authority to

							switch the ownership of these shares anytime against granted loan.
National Company for multimodal Transport	Arab African International Bank, Bank of Alexandria and Misr Bank (syndicated loan)	EGP: Average corridor and due each 6 months	**2017 -2025**	526,979,183	170,901,959	356,077,224	*Open the revenue account with the Loan Agent (Misr Bank). *Conclude a first degree pledge over the revenue account. *Conclude first degree mortgage on the barges *Conclude first degree mortgage over tangible and intangible assets *An undertaking with insurance policies over the new barges within 15 days from the expiry date of the insurance policy. *Assign the borrower's rights under the insurance policies covering the operating barges for the full replacement value against all insurable risks to be endorsed in favour of the Security Agent (Arab African International Bank) for itself and on behalf of the banks. *Assign all borrower's compensation rights under the insurance policies covering the borrower new barges during construction in favour of the Security Agent (Arab African International Bank) for itself & on behalf of the banks. *Assign proceeds from long term transportation service contracts signed with the borrower's customers in favour of the Security Agent (Arab African International bank). *Assign the borrower's rights of any damages arising under the Material project contracts and related banks' guarantees under such contracts in favour of Security Agent (Arab African International Bank)
ASCOM company for chemicals and carbonates manufacturing	Ahli United Bank	2% plus Libor for each 3 months . penalty rate 1 % per annum	**April 2019**	77,343,000	77,343,000	-	*First rank mortgage for all property and real estate on the project. *First rank commercial mortgage on calcium carbonate production line. *Deposit all earnings resulting from future sale contracts related to calcium carbonate production in operating account. *The company undertakes not to change, pledge, mortgage, sell or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the bank.

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

Glass Rock company for isolation	Misr Bank	4.5% plus Libor for each 3 months . penalty rate 1 % per annum	**August 2018**	665,587,715	665,587,715	-	*First rank mortgage for all property and real estate on the project. *First rank commercial mortgage on all physical and moral assets. *Deposit all earnings resulting from future sale contracts in favour of the bank. *The company undertakes not to change, pledge, mortgage, sell or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the bank. *ASEC company for mining –the holding company- undertake the obligation to pay the company debt in case of default.
Trimstone Assets Holdings Ltd.	Arab International Bank	USD: 5% plus 6 month Libor	**2020**	353,341,674	-	353,341,674	*Includes a first degree pledge over all shares owned by the borrower of TAQA Arabia covering 115% of the value of the existing liability in favour of Arab international Bank * Includes a first degree pledge over shares of Citadel Capital for financial consultancy covering 35% of the value of the existing liability in favour of Arab international Bank
United foundaries Company	Piraeus	Debit interest rate 1.55 annually over loan rate and apply debit interest rate 1.5% plus 3 month Libor rate for liability in USD	**2018**	985,436	985,436	-	
ESACO for Manufacturing and Engineering	HSBC		**2020**	36,742,349	11,270,279	25,472,070	-
Grandview Windsor	Qatar National Bank	EGP: 5% decreasing interest rate. Delay interest 1%	**2018 -2023**	16,690,146	2,204,359	14,485,787	*Commercial mortgage for materials and Doto equipment parts in addition to other procedures including not to distribute dividends before instalment payment during the year and maintaining some financial ratios.
Grandview Uniboard	Arab African Bank	EGP: 2.25% plus corridor each 6 months	**2016-2020**	281,745,151	38,971,584	242,773,567	*First degree commercial mortgage on materials, and related tools and equipment.
Balance as of 30 June 2018				**52,294,244,599**	**8,142,803,695**	**44,151,440,904**	
Balance as of 31 December 2017				**43,659,942,682**	**8,056,429,305**	**35,603,513,377**	

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

23/2 Borrowings from related parties:

Borrower	Bank / Company	Interest rate	Maturity date	Outstanding balances	Current	Non-current	Guarantees
National Development and Trading Company	Financial Holding International	11.5% per annum compound interest	**Under renewal**	1,910,674,789	1,910,674,789	-	The guarantees are represented in lien on part of National Development and Trading Company shares in the following subsidiaries companies:
	Vinegar Company	11.5% per annum compound interest	**Under renewal**	39,715,650	39,715,650	-	ASEC Cement Company 41,050,000 shares. Arab Swiss Engineering Company (ASEC) 899,900 share
United Foundries	Financial Holding International	11.5% per annum compound interest	**2020**	135,948,324	108,124,640	27,823,684	The guarantees are represented in a first degree lien of United Foundries Company shares in Ameryah Metal Company one of its subsidiaries with a percentage of 99.72%
Grand View	Yousef Allam & CO	11.5% per annum compound interest	**2020**	101,730,260	-	101,730,260	
Balance as of 30 June 2018				**2,188,069,023**	**2,058,515,079**	**129,553,944**	
Balance as of 31 December 2017				**1,982,687,298**	**1,945,747,334**	**36,939,964**	

* This balance represents the financing cost incurred by Egyptian Refining Company to obtain the necessary credit facilities and loans required to finance its projects. The amount will be amortized over the loan term using the effective interest rate.

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

23. Deferred tax assets / liabilities

	30 June 2018		31 December 2017	
	Asset	Liability	Asset	Liability
Fixed assets	-	204,216,643	-	164,338,308
Intangible assets	-	131,195,308	-	135,218,849
Fair value of interest rate hedge	-	90,245,903	7,242,213	-
Provisions	5,894,321		5,198,033	-
Deferred tax liabilities related to Berber for electricity Ltd. Co.	-	9,737,046	-	9,737,046
Tax losses	10,426,537		143,839	-
Others	-	60,253,258	-	108,612,284
Total deferred tax assets / liabilities	**16,320,858**	**495,648,158**	**12,584,085**	**417,906,487**

The Group have remaining carried forward tax losses as of 30 June 2018 amounted to 522,788,512 and the related deferred tax assets amounted to 117,627,415 which have not been recognized as it is not probable that future taxable profit will be available against the Group can utilize the benefits relating to these assets.

24. Asset/Liabilities and financial derivatives

Derivatives financial asset:

	30 June 2018	31 December 2017
Derivative financial asset of interest rate swap (24.3)	401,092,804	-
Balance	**401,092,804**	-

Derivatives financial liability and other financial liabilities :

	30 June 2018	31 December 2017
Derivatives swap contracts (24.3)	-	32,187,545
Creditors-purchase of investments (24.1)	10,787,486	10,787,486
End of service provision	2,650,109	2,648,769
Deposits from others (24.2)	162,435,133	146,444,641
Social Insurance authority	18,487,670	61,872,557
Other liabilities	65,984	6,695,357
Balance	**194,426,382**	**260,636,355**

24.1 This balance represents the amount due from Tanweer for Marketing and Distribution Company "Tanweer" (a subsidiary - 99.88%) for purchasing investment in Dar El-Sherouk Ltd.-BVI- in the favour of the shareholders of the mentioned company.

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

Long-term liabilities and financial derivatives (continued)

24.2 Deposits from others

	30 June 2018	31 December 2017
Gas consumption deposits	41,527,782	44,385,888
Power consumption deposits	94,464,142	77,596,286
Others	26,443,209	24,462,467
Balance	**162,435,133**	**146,444,641**

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

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

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

Maximum estimated amount under these transactions are:

- US$789,445,078 by Standard Chartered Bank.
- US$450,970,501 by Societe General Corporate & Investment Banking.
- US$435,971,044 by HSBC Bank Middle East Limited.
- US$107,759,253 by KFW IPEX — Bank GMBH.
- US$189,466,819 by Mitsubishi UFJ Securities International PLC.
- US $985,000,000 by Credit Agrigole Bank

Maximum notional amount covered under Credit Agricole are

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

As at 30 June 2018, the balance of the change in the fair value of cash flow hedges is amounting to EGP 401,092,804 (equivalent to US$ 22,495,390) versus EGP 32,187,545 (equivalent to US.$ 1,814,405) as at December 31, 2017.

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

25. Provisions

	Provision for claims*	Legal provisions	Other provisions	Total
Balance at 1 January 2017	670,359,184	1,264,609	9,913,501	**681,537,294**
Provisions formed	284,472,825	915,544	16,939,078	**302,327,447**
Provisions used	(81,692,372)	-	(2,160,722)	**(83,853,094)**
Provisions no longer required	(4,204,010)	(67,450)	(3,662,234)	**(7,933,694)**
Foreign currency translation	(4,013,058)	(12,470)	(5,020,242)	**(9,045,770)**
Balance at 31 December 2017	**864,922,569**	**2,100,233**	**16,009,381**	**883,032,183**

	Provision for claims*	Legal provisions	Other provisions	Total
Balance at 1 January 2018	864,922,569	2,100,233	16,009,381	883,032,183
Effect of acquisition of subsidiaries	107,844,417	-	-	107,844,417
Provisions formed (Note 33)	294,383,903	201,450	7,387,347	301,972,700
Provisions used	(14,224,008)	(59,845)	(8,544,724)	(22,828,577)
Provisions no longer required (Note 33)	(6,082,032)	-	-	(6,082,032)
Foreign currency translation	1,937,026	3,944	(7,732,219)	(5,791,249)
Balance at 30 June 2018	**1,248,781,875**	**2,245,782**	**7,119,785**	**1,258,147,442**

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

26. Bank overdrafts

	30 June 2018	31 December 2017
Silverstone Capital Investments Ltd.	229,553,868	105,900,846
United Foundries Company	54,326,607	54,095,560
National Development and Trading Company	26,840,993	26,146,495
Tawazon for Solid Waste Management (Tawazon)	63,985,083	43,226,859
ASEC for Mining (ASCOM)	157,730,484	159,212,370
Falcon Agriculture Investment	22,990,537	37,043,604
Grandview Investments Holdings	547,389,273	-
Total	**1,102,816,845**	**425,625,734**

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

27. Trade and notes payable

	30 June 2018	31 December 2017
Trade payables	2,664,203,995	3,723,288,715
Notes payable	938,251,710	752,081,163
	3,602,455,705	**4,475,369,878**

28. Creditors and other credit balances

	30 June 2018	31 December 2017
Accrued expenses	909,536,116	1,397,366,907
Accrued interest	956,023,118	715,469,620
Social Security Authority	32,591,095	32,184,405
Tax authority	744,267,611	856,440,101
Advances from customers	101,411,001	106,855,085
Refundable deposits	1,295,225	2,991,798
Deferred revenue	63,157,398	11,319,131
Subcontractors	19,919,896	11,333,502
Creditors- purchase of fixed assets	5,963,903	5,963,904
Deposits from others	58,626,465	55,200,849
Dividends payable- prior years	26,849,996	23,051,086
Shareholders' credit balances	1,464,312	1,441,919
Other credit balances	582,325,557	505,861,693
	3,503,431,693	**3,725,480,000**

29. Current income tax liabilities

	30 June 2018	31 December 2017
Balance at 1 January	199,514,443	180,119,433
Effect of acquisition of subsidiary	40,561,966	-
Income tax paid during the period / year	(208,234,943)	(160,691,574)
Withholding tax paid	(7,592,685)	-
Income tax for the period / year (Note 36)	99,247,310	188,312,739
Foreign currency translation differences	2,450,726	(8,226,155)
	125,946,817	**199,514,443**

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

30. Operating revenue

	Six months ended 30 June		Three months ended 30 June	
	2018	2017	2018	2017
Energy sector	2,759,038,344	1,900,104,906	1,470,267,144	964,773,715
Cement Sector	1,290,422,735	1,376,548,455	563,889,641	699,270,109
Financial services sector	5,050,000	5,650,000	2,550,000	2,100,000
Mining sector	443,836,874	503,217,378	213,396,015	234,506,948
Agriculture and Food sector	445,852,159	417,088,290	246,307,774	263,218,636
Transportation and Logistics sector	61,782,575	57,920,478	36,063,363	34,360,280
Others*	1,210,578,571	84,677,610	600,607,963	32,340,670
	6,216,561,258	**4,345,207,117**	**3,133,081,900**	**2,230,570,358**

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

31. Operating cost

	Six months ended 30 June		Three months ended 30 June	
	2018	2017	2018	2017
Energy sector	2,457,413,499	1,692,842,070	1,309,320,071	869,541,366
Cement Sector	1,000,802,390	1,189,496,035	455,461,821	610,591,732
Financial services sector	3,931,304	3,735,545	1,623,726	1,250,000
Mining sector	348,865,253	435,281,728	166,731,615	203,051,572
Agriculture and Food sector	353,806,190	303,994,839	203,296,624	200,545,664
Transportation and Logistics sector	74,185,855	69,012,428	37,941,223	39,223,655
Other costs*	1,012,578,024	53,731,502	523,550,175	21,056,953
	5,251,582,515	**3,748,094,147**	**2,697,925,255**	**1,945,260,942**

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

32. Administrative and general expenses

	Six months ended 30 June		Three months ended 30 June	
	2018	2017	2018	2017
Wages, salaries and similar items	281,448,868	243,934,863	134,415,419	139,012,487
Consultancy	66,157,277	62,705,088	8,937,739	31,703,833
Advertising and public relations	4,271,507	4,479,356	2,793,714	1,758,273
Selling and marketing	157,060,583	59,942,339	74,711,573	28,036,843
Travel and accommodation	6,410,477	7,375,820	2,015,377	2,897,470
Rent	5,344,882	5,464,579	2,737,360	2,511,899
Depreciation and amortization	68,334,497	50,736,130	33,527,299	22,971,466
Donations	460,000	2,750,000	-	1,375,000
Other	152,586,693	121,065,192	90,223,750	30,144,396
	742,074,784	**558,453,367**	**349,362,231**	**260,411,667**

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

33. Other (income) expenses

	Six months ended 30 June		Three months ended 30 June	
	2018	**2017**	**2018**	**2017**
Impairment loss:				
Due from related parties (Note 17)	89,298,365	(14,384,701)	(4,115,593)	(7,521,778)
Debtors and other debit balances	(4,282,543)	(432,592)	(3,982,782)	6,432,781
Receivables	2,978,950	(5,095,228)	2,978,950	(5,095,228)
Payment under investment	(3,000,000)	-	(3,000,000)	-
Available for sale investments (Note 12)	(96,331)	44,419	(96,331)	-
Impairment of fixed assets	(108,003)	(49,469,778)	(108,003)	-
	84,790,438	**(69,337,880)**	**(8,323,759)**	**(6,184,225)**
Others:				
Gain on sale of fixed assets	7,417,731	9,184,771	8,047,780	(561,789)
Gain (Loss) on sale of biological assets	2,736,183	-	500,389	-
Provisions (Note 25)	(301,972,700)	(60,300,542)	(267,756,988)	(13,921,298)
Net change in the fair value of investments at fair value through profit and loss	-	259,144	(54,076)	179,407
Provision no longer required (Note 25)	6,082,032	67,450	4,494,970	(4,670,310)
Other income	275,861,515	35,395,932	265,923,027	15,226,063
Total	**(9,875,239)**	**(15,393,245)**	**11,155,102**	**(3,747,927)**
Net	**74,915,199**	**(84,731,125)**	**2,831,343**	**(9,932,152)**

34. Finance costs - (net)

	Six months ended 30 June		Three months ended 30 June	
	2018	**2017**	**2018**	**2017**
Credit interest	115,821,392	57,173,249	69,919,419	28,361,933
Interest expenses	(932,048,203)	(647,080,238)	(533,697,200)	(315,790,236)
Foreign currency translation differences	(65,397,671)	24,360,581	(120,168,783)	(30,438,480)
Net	**(881,624,482)**	**(565,546,408)**	**(583,946,564)**	**(317,866,783)**

35. Share of profit/(loss) of investments in associates

	Six months ended 30 June		Three months ended 30 June	
	2018	**2017**	**2018**	**2017**
Al Kateb Co for marketing and distribution	(71,476)	10,065	-	(137,078)
Al Sharq for book stores	57,604	(70,443)	-	(118,476)
Dar AL Shrook Company	(598,629)	(745,783)	-	(1,063,582)
Zahana Cement Company	2,540,911	3,140,235	5,406,509	16,743,751
Mena Glass Ltd	-	(1,221,296)	-	(1,175,164)
	1,928,410	**1,112,778**	**5,406,509**	**14,249,451**

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

36. Income taxes

	Six months ended 30 June		Three months ended 30 June	
	2018	**2017**	**2018**	**2017**
Current income tax	(99,247,310)	(79,810,332)	(36,074,681)	(33,069,026)
Deferred income tax	21,091,599	27,763,735	24,314,862	29,624,546
Net	**(78,155,711)**	**(52,046,597)**	**(11,759,819)**	**(3,444,480)**

37. Earnings (loss) per share

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

	Six months ended 30 June		Three months ended 30 June	
	2018	**2017**	**2018**	**2017**
Net profit (loss) for the period	233,283,385	(3,674,001,966)	417,239,724	(3,077,915,788)
Net profit (loss) for equity holders of the parent company	300,236,200	(3,158,583,345)	486,917,739	(2,756,186,438)
Weighted average number of shares including preferred shares with the same distribution rights as ordinary shares	1,820,000,000	1,820,000,000	1,820,000,000	1,820,000,000
Profit (loss) per share	**0.165**	**(1.735)**	**0.268**	**(1.514)**

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

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

38. Operating segments

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

	Energy	Cement	Transportation and logistics	Mining	Agriculture food Industries	Financial services	Other	Elimination (NCI)	Total
Operating results									
For the period ended 30 June 2018									
Operating revenue	2,759,038,345	1,290,422,735	61,782,575	443,836,874	445,852,159	5,050,000	1,210,578,570	-	6,216,561,258
Operating cost	(2,457,413,499)	(1,000,802,390)	(74,185,855)	(348,865,253)	(353,806,190)	(3,931,304)	(1,012,578,024)	-	(5,251,582,515)
Gross profit(loss)	**301,624,846**	**289,620,345**	**(12,403,280)**	**94,971,621**	**92,045,969**	**1,118,696**	**198,000,546**	-	**964,978,743**
Net loss for the period	9,087,516	(402,759,004)	(88,356,249)	(3,935,162)	18,060,182	(157,818,231)	(432,159,642)	1,358,116,790	300,236,200
Financial position									
Balance as of 30 June 2018									
Current assets	8,610,133,844	2,480,833,522	135,810,379	523,961,638	282,724,092	6,969,460,165	1,115,266,437	(7,866,094,143)	12,252,095,934
Non-current assets	65,252,532,122	1,535,653,677	681,851,954	1,130,026,441	977,809,823	22,390,968,243	1,213,756,691	(21,071,460,651)	72,111,138,300
Total assets	**73,862,665,966**	**4,016,487,199**	**817,662,333**	**1,653,988,079**	**1,260,533,915**	**29,360,428,408**	**2,329,023,128**	**(28,937,554,794)**	**84,363,234,234**
Current Liabilities	3,762,120,347	4,837,703,201	7,722,701,197	1,436,183,840	2,395,770,017	18,356,488,764	1,991,334,304	(14,109,921,906)	26,392,379,764
Non-current liabilities	43,198,264,959	2,315,093,647	460,917,624	160,366,926	93,289,561	1,042,060,741	917,547,966	(3,216,472,036)	44,971,069,388
Shareholders' equity	26,902,280,660	(3,136,309,649)	(7,365,956,488)	57,437,313	(1,228,525,663)	9,961,878,903	(579,859,142)	(11,611,160,852)	12,999,785,082
Total liabilities and shareholders' equity	**73,862,665,966**	**4,016,487,199**	**817,662,333**	**1,653,988,079**	**1,260,533,915**	**29,360,428,408**	**2,329,023,128**	**(28,937,554,794)**	**84,363,234,234**

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

Operating segments (continued)

	Energy	Cement	Transportation and logistics	Mining	Agriculture food Industries	Financial services	Other	Elimination (NCI)	Total
Operating results									
For the year ended 31 December 2017									
Operating revenue	4,587,902,971	2,692,878,662	117,833,925	954,230,277	717,275,819	11,120,000	201,078,789	-	**9,282,320,443**
Operating cost	(4,155,013,797)	(2,252,763,548)	(145,589,537)	(834,793,363)	(554,028,205)	(7,482,052)	(148,544,685)	-	**(8,098,215,187)**
Gross profit(loss)	**432,889,174**	**440,115,114**	**(27,755,612)**	**119,436,914**	**163,247,614**	**3,637,948**	**52,534,104**	**-**	**1,184,105,256**
Net loss for the period	(650,779)	(676,063,314)	(11,657,748,567)	(253,558,285)	(13,606,704)	(7,032,333,318)	(410,141,497)	15,330,087,305	(4,714,015,159)
Financial position									
Balance as of 31 December 2017									
Current assets	3,884,991,239	3,485,062,946	91,104,497	522,128,847	420,832,648	7,233,563,113	665,855,904	(8,562,467,940)	**7,741,071,254**
Non-current assets	59,622,265,549	1,255,765,573	697,665,237	1,171,468,264	1,589,496,449	22,128,370,906	36,328,715	(21,348,365,708)	**65,152,994,985**
Total assets	**63,507,256,788**	**4,740,828,519**	**788,769,734**	**1,693,597,111**	**2,010,329,097**	**29,361,934,019**	**702,184,619**	**(29,910,833,648)**	**72,894,066,239**
Current liabilities	4,343,206,507	2,856,613,296	7,621,742,338	1,395,151,064	2,416,448,505	16,054,698,243	1,225,474,794	(9,551,775,450)	**26,361,559,297**
Non-current liabilities	34,752,134,530	4,116,891,765	366,270,134	203,142,333	108,240,823	3,098,728,713	642,363,930	(6,968,776,045)	**36,318,996,183**
Shareholders' equity	24,411,915,751	(2,232,676,542)	(7,199,242,738)	95,303,714	(514,360,231)	10,208,507,063	(1,165,654,105)	(13,390,282,153)	**10213,510,759**
Total liabilities and shareholders' equity	**63,507,256,788**	**4,740,828,519**	**788,769,734**	**1,693,597,111**	**2,010,329,097**	**29,361,934,019**	**702,184,619**	**(29,910,833,648)**	**72,894,066,239**

Operating segments (continued)

The following summary describes the entities of each reportable segment:

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

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

Cement Sector:
- National Company for Development and Trading Group

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

Metallurgy Sector:
- United Foundries Company

Speciality real estate:
- Mena Home Furnishing Malls Lt.

Financial services Sector:
- Citadel Capital Holding for Financial Investments
- Citadel Capital Ltd
- Sequoia Williow Investments Ltd
- Arab Company for Financial Investments
- Lotus Alliance Limited
- 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

Operating segments (continued)

- National Company for Refining Consultation
- Citadel Capital Algeria
- Valencia Trading Holding Ltd.
- Andalusia Trading Investments
- Citadel Capital Financing Corp.
- Brennan Solutions Ltd.
- Mena Enterprises Ltd.
- Alcott Bedford Investments Ltd.
- Eco-Logic Ltd.
- Alder Burke Investments Ltd.
- Black Anchor Holdings Ltd.
- Cobalt Mendoza
- Africa Railways Investments Ltd.
- Darley Dale Investments Ltd.
- Citadel Capital Joint Investment Fund Management Limited
- Mena Joint Investment Fund
- Trimestone Assets Holding Limited – BVI
- Cardinal Vine Investments Ltd
- Global Service Realty Ltd
- Crondall Holdings Ltd
- Africa Joint Investments Fund
- Underscore International Holdings Ltd
- Valencia Regional Investments Ltd
- Sphinx Egypt for Financial Consulting Company
- Investment Company for Modern Furniture

Mining Sector:
- ASEC company for mining (ASCOM)

Others:
- United Foundries Company
- Mena Home Furnishing Malls Ltd. Group
- Grandview Investment Holding

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

39. Ownership interests in subsidiaries

At 30 June 2018, the Group is composed of the following companies, unless otherwise stated. The percentage of the Group's shareholding in subsidiaries is represented in the Group's direct ownership interests in the ordinary shares of the capital only.

Company's name	Country of Incorporation	Group share percentage		Non-controlling interest %	
		2018	2017	2018	2017
Citadel Capital Holding for Financial Investments	Arab Republic of Egypt – Free Zone	99.99	99.99	0.01	0.01
Citadel Capital for International Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Bright Living	Arab Republic of Egypt	56.17	56.17	43.83	43.83
International for Mining Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01
International for Refinery Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Arab Company for Financial Investments	Arab Republic of Egypt	94.00	94.00	6.00	6.00
Tanweer for Marketing and Distribution Comapany (Tanweer)	Arab Republic of Egypt	99.88	99.88	0.12	0.12
Financial Unlimited for Financial Consulting	Arab Republic of Egypt	99.88	99.88	0.12	0.12
Citadel Company for Investment Promotion	Arab Republic of Egypt	99.90	99.90	0.1	0.1
National Company for Touristic and Property Investment	Arab Republic of Egypt	99.88	99.88	0.12	0.12
United for Petroleum Refining Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Specialized for Refining Consulting	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Specialized for Real Estate Company	Arab Republic of Egypt	99.99	99.99	0.01	0.01
National Company for Refining Consultation	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Citadel Capital Algeria	Republic of Algeria	99.99	99.99	0.01	0.01
Citadel Capital Ltd.	British Virgin Island	100.00	100.00	-	-
Valencia Trading Holding Ltd.	British Virgin Island	100.00	100.00	-	-
Andalusia Trading Investments	British Virgin Island	100.00	100.00	-	-
Lotus Alliance Limited	British Virgin Island	85.70	85.70	14.3	14.3
Citadel Capital Financing Corp.	British Virgin Island	100.00	100.00	-	
Ambience Ventures Ltd.	British Virgin Island	100.00	100.00	-	-
Africa Railways Limited	British Virgin Island	86.81	86.81	13.19	13.19
Sequoia Williow Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Brennan Solutions Ltd.	British Virgin Island	100.00	100.00	-	-
Mena Enterprises Ltd.	British Virgin Island	100.00	100.00	-	-
Alcott Bedford Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Eco-Logic Ltd.	British Virgin Island	100.00	100.00	-	-
Alder Burke Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Black Anchor Holdings Ltd.	British Virgin Island	100.00	100.00	-	-
Cobalt Mendoza	British Virgin Island	100.00	100.00	-	-
Africa Railways Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Darley Dale Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Africa Railways Holding	Republic of Mauritius	66.24	66.24	33.76	33.76
Citadel Capital Joint Investment Fund Management Limited	Republic of Mauritius	100	100.00	-	-
Mena Joint Investment Fund	Luxembourg	100.00	100.00	-	-
Wafra Agriculture S.A.E	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Valencia Assets Holding Ltd.	British Virgin Island	100.00	100.00		
Sabina for Integrated Solutions Ltd.	Sudan	96.00	96.00	4.00	4.00
Concord Agriculture	South Sudan	96.00	96.00	4.00	4.00

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

Company's name	Country of Incorporation	Group share percentage 2018	Group share percentage 2017	Non-controlling interest % 2018	Non-controlling interest % 2017
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 Gsa 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	30.72	30.72
Arab Swiss Engineering Co. (ASEC)	Arab Republic of Egypt	99.97	99.97	0.03	0.03
ASEC for Manufacturing and Industries Project Co (ARESCO)	Arab Republic of Egypt	99.80	99.80	0.2	0.2
ASEC Cement Co.	Arab Republic of Egypt	70.22	70.22	29.78	29.78
ASEC Environmental Protection Co. (ASENPRO)	Arab Republic of Egypt	63.01	63.01	36.99	36.99
ASEC Automation Co.	Arab Republic of Egypt	53.64	53.64	46.36	46.36
ESACO for Manufacturing Engineering and Construction	Arab Republic of Egypt	70.00	70.00	30.00	30.00
Grandiose Services Ltd.	British Virgin Island	100.00	100.00	-	-
ASEC for Integrated management	Sudan	99.90	99.90	0.1	0.1
Al Takamoul for Cement Ltd. Co.	Sudan	51.00	51.00	49.00	49.00
ASEC Syria Cement Co.	Syria	99.99	99.99	0.01	0.01
Dejalfa Offshore	British Virgin Island	67.13	67.13	32.87	32.87
ASEC Trading Company	Arab Republic of Egypt	99.88	99.88	0.12	0.12
Berber for Electricity – Limited	Sudan	51.00	51.00	49.00	49.00
United Foundries Company	Arab Republic of Egypt	67.46	67.46	32.54	32.54
Ledmore Holdings Ltd.	British Virgin Island	85.12	85.12	14.88	14.88
National Company for Marine Petroleum Services "PETROMAR"	Arab Republic of Egypt – FZ	93.54	93.54	6.46	6.46
Mashreq Petroleum Company	Arab Republic of Egypt	94.99	94.99	5.01	5.01
El Dawlia for Banking Services	Arab Republic of Egypt	70.00	70.00	30.00	30.00
Mena Home Furnishings Malls Ltd.	British Virgin Island	60.18	60.18	39.82	39.82
Bonian 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

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

Company's name	Country of Incorporation	Group share percentage 2018	Group share percentage 2017	Non-controlling interest % 2018	Non-controlling interest % 2017
National Company for River Transportation – Nile Cargo S.A.E.	Arab Republic of Egypt	99.99	99.99	0.01	0.01
National Company for River Ports Management S.A.E.	Arab Republic of Egypt	99.88	99.88	0.12	0.12
National Company for Maritime Clearance S.A.E	Arab Republic of Egypt	99.98	99.98	0.02	0.02
El-Orouba Company for Land Transportation S.A.E.	Arab Republic of Egypt	99.98	99.98	0.02	0.02
NMT for Trading S.A.E.	Arab Republic of Egypt	99.99	99.99	0.01	0.01
National Company for Marina Ports Management	Arab Republic of Egypt	99.90	99.90	0.1	0.1
NRTC Integrated Solutions Co. Ltd	Sudan	99.00	99.00	1.00	1.00
Nile Barges for River transport Co Ltd	Sudan	99.00	99.00	1.00	1.00
Regional River Investment Ltd	British Virgin Island	100.00	100.00	-	-
Falcon for Agriculture Investments	British Virgin Island	54.90	54.90	45.1	45.1
National Company for Investments and Agriculture	Arab Republic of Egypt	99.99	99.99	0.01	0.01
National Company for Food products	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Dina Company for Agriculture and Investments	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Dina for Auto Services	Arab Republic of Egypt	99.00	99.00	1.00	1.00
National Company for Agriculture Products	Arab Republic of Egypt	99.88	99.88	0.12	0.12
National Company for Integrated Food	Arab Republic of Egypt	99..99	99..99	0.01	0.01
Royal Food Company	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Up-date Company for Food Products	Arab Republic of Egypt	85.00	85.00	15.00	15.00
Nile for Food Products "Enjoy"	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Investments Company for Dairy Products	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Tiba Farms for Agriculture Developments	Arab Republic of Egypt	95.88	95.88	4.12	4.12
Dina for Agriculture Development	Arab Republic of Egypt	100.00	100.00	-	-
National Company for Dairy Exchange	Arab Republic of Egypt	100.00	100.00	-	-
Mena Development Limited	British Virgin Island	100.00	100.00	-	-
Anchor Real Estate Investments	British Virgin Island	100.00	100.00	-	-
Everys 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	-	-

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

Company's name	Country of Incorporation	Group share percentage 2018	Group share percentage 2017	Non-controlling interest % 2018	Non-controlling interest % 2017
Tawazon for Solid Waste Management (Tawazon)	Arab Republic of Egypt	66.67	66.67	33.33	33.33
Egyptian Company for Solid Waste Recycling (ECARU)	Arab Republic of Egypt	75.63	75.63	24.37	24.37
Engineering Tasks Group (ENTAG)	Arab Republic of Egypt	75.73	75.73	24.27	24.27
Entag Oman	Company Oman	70.00	70.00	30.00	30.00
Qalaa Energy Ltd.	British Virgin Island	100.00	100.00	-	-
Mena Joint Investment Fund*	Luxembourg	73.25	73.25	26.75	26.75
Africa Joint Investment Fund	Republic of Mauritius	31.00	31.00	69.00	69.00
Underscore International Holdings Ltd.	British Virgin Island	100.00	100.00	-	-
Valencia International Holdings Ltd.	British Virgin Island	100.00	100.00	-	-
Sphinx Egypt for Financial Consulting Company*	Arab Republic of Egypt	69.88	69.88	30.12	30.12
Sphinx capital Corp	British Virgin Island	100.00	100.00	-	-
Melbourn Investments Ltd	British Virgin Island	100.00	100.00	-	-
Borton Hill Investments Ltd.	British Virgin Island	100.00	100.00	-	-
Metal Anchor Holdings Ltd.	British Virgin Island	15.00	15.00	85.000	85.000
Tempsford Investments Ltd	British Virgin Island	100.00	100.00	-	-
ASEC company for mining (ASCOM)	Arab Republic of Egypt	54.74	54.74	45.26	45.26
ASCOM Carbonate & Chemical Manufacture Company	Arab Republic of Egypt	99.99	99.99	0.01	0.01
ASCOM for Geology & mining – Syria	Arab Republic of Syria	95.00	95.00	5.00	5.00
Nebta for Geology & Mining – Sudan	Sudan	99.00	99.00	1.00	1.00
Glass Rock Insulation Company	Arab Republic of Egypt	92.50	92.50	7.50	7.50
ASCOMA Algeria	Republic of Algeria	99.40	99.40	0.60	0.60
Lazerg Travaux Public	Republic of Algeria	70.00	70.00	30.00	30.00
ASCOM Precious Metals Mining S.A.E	Arab Republic of Egypt	99.99	99.99	0.01	0.01
ASCOM Emirates for Mining UAE	Limited Partnership Company Emirates	69.40	69.40	30.60	30.60
ASCOM Middle East	Joint Stock Company	100.00	100.00	-	-
Nubia Mining Development PLC	Limited partnership Company	52.80	52.80	47.20	47.20
Sahari Gold Company	Limited partnership Company	99.99	99.99	0.01	0.01
ASCOM for Geology & Mining – Ethiopia	Limited Partnership Company Ethiopia	99.99	99.99	0.01	0.01
ASCOM Precious Metals – Sudan	Limited Partnership Company Sudan	99.99	99.99	0.01	0.01
Golden Resources Company	Limited Partnership Company	99.99	99.99	0.01	0.01
ASCOM Cyprus Ltd	Limited Partnership Compan Cuprus	99.99	99.99	0.01	0.01
International Company for Mineral Exploration – Cyprus	Limited Partnership Company Cyprus	99.99	99.99	0.01	0.01
Golden International Ltd	Limited Partnership Company	99.99	99.99	0.01	0.01
Grand View Investment Holding Corp.	British Virgin Island	48.02	48.02	51.98	51.98
National Printing Company	Arab Republic of Egypt	52.57	52.57	47.43	47.43
Modern Shorouk for Printing and Packaging "El Shorouk"	Arab Republic of Egypt	47.27	47.27	52.73	52.73
El Baddar for Packaging "El Baddar"	Arab Republic of Egypt	49.26	49.26	50.74	50.74
Uniboard	Arab Republic of Egypt	25.56	25.56	74.44	74.44

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

Company's name	Country of Incorporation	Group share percentage 2018	Group share percentage 2017	Non-controlling interest % 2018	Non-controlling interest % 2017
Windsor	Arab Republic of Egypt	40.18	40.18	59.82	59.82
National Drilling	Arab Republic of Egypt	99.99	99.99	0.01	0.01
Egyptian Textile Ltd.	British Virgin Island	100	100	-	-
National Company for Textile	Arab Republic of Egypt	100	100	-	-

30 June 2018	Total Assets	Total Equity	Total Revenue	Net Profit
Citadel Capital	12,280,653,427	5,738,429,383	160,145,899	(2,352,751)
Citadel Capital Ltd,	2,505,023,170	(576,394,873)	64,404,153	(30,120,974)
Citadel Capital Holding for Financial Investments	5,646,525,400	4,318,708,984	-	107,645,043
Sequoia Willow Investments Ltd.	106,617,920	103,098,100	-	22,408
Arab Company for Financial Investments	220,840,949	14,563,015	320,371	244,132
Lotus Alliance Limited	65,963,800	(197,949,085)	-	(112,624)
Africa Railways Investments Ltd.	8,665	(133,975)	-	-
Trimestone Assets Holding Limited – BVI	350,951,122	(2,454,170)	7,570,563	(8,556,628)
Eco-logic Ltd.	43,204,138	37,810,777	-	(54,526)
Alder Burke Investments Ltd.	206,029,590	(452,151)	-	1,786
Citadel Capital for International Investments Ltd.	3,938,239,059	1,639,902,385	38,732,322	(238,799,609)
Qalaa Energy	729,595,042	416,105,610	-	1,769
United for Petroleum Refining Consultation	3,619	(6,990,341)	-	2,087
Specialized for Refining Consulting	5,530	(223,370)	-	(4,803)
National Company for Refining Consultation	347,815,865	(1,026,642,135)	-	(51,803,355)
National Company for Touristic and Property Investment	201	(78,984,518)	-	(344,012)
Citadel Capital Financing Corp	-	(520,200,181)	-	96,450,177
Africa Railways Holding	4,600	(764,289,333)	-	(939,339)
Africa Railways Limited	41,687	(155,750,880)	-	(2,871,287)
Ambience Ventures Ltd.	1,605	(247,908)	-	(4,047,052)
Andalusia Trading Investments	390,832,557	156,064,055	-	(30,933)
Tanweer for Marketing and Distribution Company (Tanweer)	134,137,107	(96,944,609)	-	-
Valencia Trading Holding Ltd.	321,034,339	51,697,283	-	(487,338)
Financial Unlimited for Financial Consulting	269,099,668	208,584,117	-	1,075,741
Citadel Capital Algeria	486,312	(2,201,511)	-	-
Black Anchor	-	(154,996)	-	(154,996)
Cobalt Mendoza	13,192,506	13,092,516	-	(3,520)
Mena Enterprises Ltd.	68,230,744	2,160,520	-	8,454
Brennan Solutions Ltd.	32,986,017	26,470,133	-	1,786
Citadel Capital Joint Investment Fund Management Limited	5,320,703	265,753	-	-
Mena Joint Investment Fund	6,561,939	(28,680,215)	-	-
Darley Dale Investments Ltd.	219,561,777	(93,553,456)	-	1,609
International for refining	196,528,104	(569,230,100)	-	(29,672,563)
International for Refinery Consultation	101	(240,899)	-	(84)

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

30 June 2018	Total Assets	Total Equity	Total Revenue	Net Profit
Global Service Realty Ltd.	14,512,764	14,360,407	-	(300,432)
Cardinal Vine Investments Ltd.	20,847,103	6,199,331	-	15,351
Startford Investments Ltd.	417,417,650	(3,917,356)	-	(27,431)
Wafra Agriculture SAE	380,332	(1,260,866,851)	572,956	(4,133,112)
Falcon and Agriculture Investment	1,256,241,820	94,277,337	123,362,255	22,717,897
KU Railways Holding Limited –KURH	-	(5,652,152,311)	-	(3,942,015)
Ledmore Holdings Ltd.	128,301,381	127,816,316	-	-
Silverstone Capital Investments Ltd.	4,355,635,070	1,502,283,161	242,971,824	64,858,400
Citadel Capital Transportation Opportunities LTD-BVI	817,614,441	(793,516,055)	(11,565,052)	(76,556,557)
Mena Home Furnishings Malls	5,545	(395,794,601)	-	(415,262,805)
National Development and Trading Company	4,022,099,920	(3,130,696,928)	307,834,771	(397,146,283)
Orient Investments Properties Ltd.	68,218,364,324	24,675,125,000	-	(65,719,514)
Crondall Holdings Ltd.	333,613,439	301,653,646	-	-
Tawazon for Solid Waste Management Company	430,770,149	180,950,573	61,299,695	9,946,861
United Foundries Company	172,273,468	(748,078,007)	36,042,797	(20,124,266)
Valencia Regional Investments Ltd.	66,700,000	(139,579,300)	-	(29,819)
Underscore International Holdings Ltd.	87,003,798	(181,004,584)	-	1,804
Sphinx Egypt	22,624,077	16,897,421	1,118,696	(581,534)
Mena Joint Investment fund	290,437,553	277,400,078	-	-
Africa Joint Investment fund	526,745,236	521,007,933	-	-
ASEC company for mining (ASCOM)	1,653,988,079	57,437,313	110,106,690	(3,935,162)
Everys Holding Limited	3,911,763	(61,936,151)	380,144	(524,603)
Investment Company for Modern Furniture	2,001,000	(11,258,566)	-	(3,730)
Bright Living	1,763,968	(12,049,640)	-	-
Grandview Investment Holdings-BVI	2,156,744,116	564,013,466	168,986,087	3,227,430

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

40. Tax position

41.1 Tax on the profits of legal entities

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

41.2 Payroll tax

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

41.3 Stamp tax

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

41.4 Withholding tax

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

41. Capital Commitments

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

41/1 Egyptian refining company

Represented in non-exercised contracts amounted to 729,723,052 USD equivalent to 13,010,962,017 EGP (2017:98,496,727 USD equivalent to 1,779,835,857 EGP)

41/2 ASEC for Manufacturing and Industries project Co. (ARESCO)

	Contract amount 30 June 2018	Contract amount 31 December 2017
Work shop (1)	-	675,000
Work shop (7)	-	3,285,000
Work shop (9)	-	370,000
Self-extinguishing system in the factory	100,350	100,350
Legal Consultancy fees	-	1,500,000
Total	**100,350**	**5,930,350**

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

42. Contingent liabilities

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

42.1 ASEC Automation Co. (ASA)

	30 June 2018	31 December 2017
Letter of guarantee	822,502	1,822,607
Total	**822,502**	**1,822,607**

42.2 ASEC Environmental Protection Co. (ASENPRO)

	30 June 2018	31 December 2017
Letter of guarantee	1,747,410	1,487,475
Total	**1,747,410**	**1,487,475**

42.3 Arab Swiss Engineering Co. (ASEC)

	30 June 2018			31 December 2017		
	Euro	Dirham	EGP	Euro	Dirham	EGP
Letter of guarantee	55,000	58,500	**35,130,399**	765,195	241,220	34,315,000
Total	**55,000**	**58,500**	**35,130,399**	**765,195**	**241,220**	**34,315,000**

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

	30 June 2018			31 December 2017		
	Euro	USD	EGP	Euro	USD	EGP
Letter of guarantee	2,534,997	3,832,310	53,484,994	2,668,844	77,083,056	53,266,514
Total	**2,534,997**	**3,832,310**	**53,484,994**	**2,668,844**	**77,083,056**	**53,266,514**

42.5 United Foundries Company

	30 June 2018	31 December 2017
Letters of guarantee (outstanding)	1,509,289	-
Letters of guarantee (cover)	1,660,199	-
Letters of credit (cover)	3,401,527	-
Total	**6,571,015**	**-**

42.6 ASEC Company for Mining (ASCOM)

	30 June 2018	31 December 2017
Letters of guarantee — Uncovered portion (A)	22,286,041	24,977,261
Bank commitments for loans to subsidiaries (B)	569,852,033	563,521,518
Total	**592,138,074**	**588,498,779**

Contingent liabilities (Continued)

(A) The uncovered portion of letters of guarantee includes a letter of guarantee an amount to EGP 1,760,100 (equivalent to US.$100,000) issued from one of the banks the company deals with on behalf of ASCOM Carbonate & Chemical Manufacture Company (subsidiary) at October 3, 2007 and available for use until January 1, 2019.

(B) ASEC Company for Mining (ASCOM) guarantees Glass Rock Insulation Company (subsidiary) against the loan provided to the subsidiary company from one of the banks the company deals with amounted to EUR 27,802,000 due to the subsidiary's inability to settle its obligations resulting from the mentioned loan.

43. Employees Stock Option Plan

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

On June 22, 2008 the Financial Regularity Authority (FRA) approved the ESOP plan and the Company has not start to apply it yet.

44. Significant events

The Group has indirect investments in Rift Valley Railways (Kenya) Limited "RVR Kenya" and Rift Valley Railways (Uganda) Limited "RVR Uganda" through its subsidiary Africa Railways Limited and its subsidiaries Ambience Ventures Limited and Kenya Uganda Railways Holding Limited "KURH" and Rift Valley Railways "RVR". Since the year 2011, RVR Kenya and RVR Uganda were operating two railway business in Kenya and Uganda by a 25 years signed concession agreement between both companies and both governments of Kenya and Uganda.

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

Based on this fact the Group management has made a total impairment provision with the entire carrying value of the assets amounting to EGP 3.25 Billion reflected in the consolidated interim financial statements for the year ended 31 December 2017.

During 2018 and after the takeover of Ugandan concession occurred during January 2018 the group management has concluded that they lost any future economic benefit from the freight railways services which considered the main and the sole purpose of RVR Kenya and RVR Uganda.

In effect, RVR Kenya and RVR Uganda have been forced to cease to operate and the Group has lost the control over the freight railways business as well as it lost the control to govern the financial and operating policies of these 2 entities. and hence, the Group management was unable to access the financial and accounting information for those companies as at December 31, 2017 as well as 30 June 2018.

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

Significant events (continued)

Reference to paragraph no. 25 of The Egyptian Accounting Standard no. 42, and as a result of loss of control over RVR Kenya and RVR Uganda, the group' management decided to deconsolidate the two entities. The gain amounted to EGP 1.2 Billion associated with the loss of control attributable to Rift Valley Railways (Kenya) Limited and Rift Valley Railways (Uganda) Limited will be recognized in the profit and loss statement during 2018.The details of the deconsolidation the net assets of Rift Valley Railways (Kenya) Limited and Rift Valley Railways (Uganda) Limited are as following:

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

	30 June 2018	31 December 2017
Total assets	-	3,245,489,754
Impairment of assets	-	(3,245,489,754)
Total loans and other liabilities	4,096,439,897	5,619,558,046
Net profit (loss) for the period / year	1,162,700,097	(3,469,981,949)

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

	30 June 2018
Trade and other payables	641,699,043
Creditors and other credit balances	426,501,588
Loans	98,441,480
Gain resulted from the deconsolidation of RVR Kenya and RVR Uganda	**1,166,642,111**

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

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

45. Going Concern

As of 30 June 2018, the Group's accumulated losses amounts to EGP17 billion (31 December 2017: EGP 17.1 billion) and the Group's current liabilities exceeded its current assets by EGP 14 billion (31 December 2017: EGP 18.6 billion).. The Group has made a net profit of EGP 0.3 billion for the six months period ended 30 June 2018 (31 Dec 2017: EGP 6 billion loss). In addition, the Group is also in breach of its existing debt covenants and some of the subsidiaries have defaulted in settling the loan instalments on their due dates. The loan amount of EGP 10 billion where defaults have occurred have been classified as current liabilities as at 30 June 2018. These circumstances indicate significant doubt about as to whether the group will be able to meet its debt obligations.

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

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

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

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

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

46. Prior years' adjustments

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

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

	Amount
Current tax liability	23,687,508
Deferred tax liability	(5,079,054)
Accumulated losses	(12,891,379)
Non-controlling interest	(5,717,075)

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

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

	31 December 2017 As issued	Impact of restatement	31 December 2017 Restated
Basic loss per share	(2.59)	(0.007)	(2.597)
Diluted loss per share	(2.59)	(0.007)	(2.597)

Prior years' adjustments (continued)

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 149 million. The following sets out the payments made to the minority shareholders:

Payment made during financial year ended	Amount
31 December 2015	76,487,200
31 December 2016	30,399,600
31 December 2017	41,750,000

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

Prior years' adjustments (continued)

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

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

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

	Amount
Payment under investment	(148,636,800)
Accumulated losses	148,636,800

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

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

	31 December 2017 As issued	Impact of restatement	31 December 2017 Restated
Basic loss per share	(2.59)	(0.0816)	(2.6716)
Diluted loss per share	(2.59)	(0.0816)	(2.6716)

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

Prior years' adjustments (continued)

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

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

	Amount
Fixed assets	17,025,738
Intangible assets	32,278,462
Goodwill	165,578
Accumulated losses	(18,955,749)
Non-controlling interest	(30,514,029)

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

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

	31 December 2017 As issued	Impact of restatement	31 December 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 has a USD functional and presentational currency. During 2017, there was a formal approved plan by the board to sell 100% of the owned shares in Mena Home Company (Disposal group).

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

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

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

Prior years' adjustments (continued)

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

	Amount
Liabilities related to assets held for sale	(172,511,462)
Accumulated losses	172,511,462

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

Summary of the effect of reversing the impairment loss 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)	0.0947	(2.4953)
Diluted loss per share	(2.59)	0.0947	(2.4953)

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

	31 December 2017 As issued	Correction	31 December 2017 Restated
Fixed assets	5,297,241,063	(17,025,738)	5,280,215,325
Goodwill	390,008,113	(165,578)	389,842,535
Intangible assets	638,761,263	(32,278,462)	606,482,801
Payments for investment	154,430,711	(148,636,800)	5,793,911
Current tax liability	175,826,935	23,687,508	199,514,443
Deferred tax liability	422,985,541	(5,079,054)	417,906,487
Liabilities related to assets held for sale	942,813,117	(172,511,462)	770,301,655
Accumulated losses	(17,152,562,091)	(7,972,466)	(17,160,534,557)
Non-controlling interest	16,709,412,000	(36,231,104)	16,673,180,896

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

Prior years' adjustments (continued)

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

	30 June 2017 As issued	Correction	30 June 2017 Restated
Impairment of fixed assets	-	17,025,738	17,025,738
Impairment of intangible assets	-	32,444,040	32,444,040
Net loss for the period	(3,624,532,188)	(49,469,778)	(3,674,001,966)

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

	30 June 2017 As issued	Impact of restatement	30 June 2017 Restated
Basic loss per share	(1.725)	(0.01)	(1.735)
Diluted loss per share	(1.725)	(0. 01)	(1.735)