CITADEL CAPITAL COMPANY S.A.E.
LIMITED REVIEW REPORT AND SEPARATE
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED
30 SEPTEMBER 2020

QALAA HOLDINGS القلعة

Contents

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Limited review report on the separate interim financial statements

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

Introduction

We have reviewed the accompanying separate interim statement of financial position of Citadel Capital Company (S.A.E.) ('the Company') as of 30 September 2020 and the related separate interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period then ended, and notes comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of limited review

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 separate 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 separate interim financial statements.

Conclusion

Based on our limited review nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 September 2020, and its financial performance and its cash flows for the nine-month period then ended in accordance with Egyptian Accounting Standards.

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 21 (a) (iii) to the separate interim financial statements which indicates that the Company incurred a loss of EGP 346 million in the nine-month period ended 30 September 2020 and as of that date its current liabilities exceeded its current assets by EGP 3.5 billion and it had accumulated losses of EGP 4.3 billion. The Company's is also in breach of its existing debt covenants and has defaulted in settling the loan instalments on their due dates. These conditions set out in note (21 (a) (iii)) indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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

10 December 2020
Cairo

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
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QALAA HOLDINGS القلعة

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

Separate interim statement of financial position - As of 30 September 2020

	Note	30 September 2020	31 December 2019
Assets			
Non-current assets			
Fixed assets	4(a)	33,521	34,384
Investments in subsidiaries	4(b)	4,557,132	4,602,560
Assets at fair value through OCI	3(b)	9,594	9,594
Payments under investments	4(c)	3,591,915	3,590,995
Loans to subsidiaries	3(c)	186,930	190,383
Deferred tax asset	4(d)	81	44
Total non-current assets		**8,379,173**	**8,427,960**
Current assets			
Loans to subsidiaries	3(c)	1,302,921	1,336,900
Other debit balances (net)	3(a)	6,332	6,638
Due from related parties	13(a)	2,016,484	2,088,683
Cash and bank balances	3(d)	1,425	791
Total current assets		**3,327,162**	**3,433,012**
Total assets		**11,706,335**	**11,860,972**
Equity			
Paid up capital	5(a)	9,100,000	9,100,000
Reserves	5(b)	89,578	89,578
Accumulated losses		(4,348,402)	(4,002,554)
Net Equity		**4,841,176**	**5,187,024**
Current liabilities			
Provisions	4(e)	103,584	103,584
Creditors and other credit balances	3(e)	2,278,151	1,966,909
Due to related parties	13(b)	696,446	746,526
Loans	3(f)	3,786,978	3,856,929
Total current liabilities		**6,865,159**	**6,673,948**
Total equity and liabilities		**11,706,335**	**11,860,972**

- The accompanying notes on pages 7 to 52 form an integral part of these separate interim financial statements,
- Limited review report attached

Moataz Farouk	**Hisham El Khazindar**	**Ahmed Mohamed Hassanien Heikal**
Chief Financial Officer	**Managing Director**	**Chairman**

10 December 2020

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

Separate interim statement of profit or loss - For the nine months period ended 30 September 2020

	Note	Nine months ended 30 September		Three months ended 30 September	
		2020	2019	2020	2019
Advisory revenue	6	74,137	74,549	24,390	24,292
General and administrative expenses	7	(164,862)	(171,699)	(56,093)	(53,959)
Provisions formed		-	(22,500)	-	(7,500)
Net impairment losses on financial assets	8	(129,720)	(147,217)	(43,346)	(52,351)
Loss from selling investments in subsidiaries		(12,567)	-	(12,567)	-
Operating loss		**(233,012)**	**(266,867)**	**(87,616)**	**(89,518)**
Finance income (costs) – net	9	(112,873)	46,907	1,746	20,802
Loss before income tax		**(345,885)**	**(219,960)**	**(85,870)**	**(68,716)**
Income tax	10	37	14	92	5
Net loss for the period		**(345,848)**	**(219,946)**	**(85,778)**	**(68,711)**
Basic loss per share (EGP/Share)	14	(0,19)	(0,12)	(0,05)	(0,04)
Diluted loss per share (EGP/Share)	14	**(0,19)**	**(0,12)**	**(0,05)**	**(0,04)**

- The accompanying notes on pages 7 to 52 form an integral part of these separate interim financial statements,

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

Separate interim statement of comprehensive income - For the nine months period ended 30 September 2020

	Note	Nine months ended 30 September		Three months ended 30 September	
		2020	2019	2020	2019
Net loss for the period		(345,848)	(219,946)	(85,778)	(68,711)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		**(345,848)**	**(219,946)**	**(85,778)**	**(68,711)**

- The accompanying notes on pages 7 to 52 form an integral part of these separate interim financial statements,

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

Separate interim statement of changes in equity - For the nine months period ended 30 September 2020

	Paid up capital	Reserves	Accumulated losses	Total equity
Balance at 1 January 2019	9,100,000	91,210	(3,668,338)	5,522,872
Total comprehensive loss for the period	-	-	(219,946)	(219,946)
Balance at 30 September 2019	9,100,000	91,210	(3,888,284)	5,302,926
Balance at 1 January 2020	9,100,000	89,578	(4,002,554)	5,187,024
Total comprehensive loss for the period	-	-	(345,848)	(345,848)
Balance at 30 September 2020	9,100,000	89,578	(4,348,402)	4,841,176

- The accompanying notes on pages 7 to 52 form an integral part of these separate interim financial statements.

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

Separate statement of cash flows - For the nine months period ended 30 September 2020

	Note	30 September 2020	30 September 2019
Cash flows from operating activities			
Loss for the period before tax		**(345,885)**	**(219,960)**
Adjusted to:			
Fixed assets depreciation	4(a)	1,847	1,781
Interest expense	9	303,738	324,023
Interest income	9	(193,100)	(206,049)
Loss from sales of investments		12,567	-
Unrealized foreign currencies exchange differences		(143,157)	(220,759)
Provisions formed	8	129,720	169,717
Operating (loss) before changes in working capital		**(234,270)**	**(151,247)**
Changes in working capital:			
Debtors and other debit balances		306	21,972
Due from related parties		66,604	(14,699)
Creditors and other credit balances		311,242	(55,512)
Due to related parties		-	(25,813)
Net cash flows generated from (used in) operating activities		**143,882**	**(225,299)**
Cash flows from investing activities			
Proceeds from loans to subsidiaries		-	103,620
Proceeds from sale of investments		32,861	-
Payments to purchase property, plant, and equipment		(984)	(2,305)
Payments for investments		(920)	-
Net cash flows generated from investing activities		**30,957**	**101,315**
Cash flows from financing activities			
Due from related parties		(124,125)	314,880
Due to related parties		(50,080)	(196,092)
Net cash flows (used in) generated from financing activities		**(174,205)**	**118,788**
Change in cash and cash equivalents		**634**	**(5,196)**
Cash and cash equivalents at beginning of the period		791	6,969
Cash and cash equivalents at end of the period	3(d)	**1,425**	**1,773**

Non-cash transactions has been disclosed in the Note 11(a),

- The accompanying notes on pages 7 to 52 form an integral part of these separate interim financial statements,

Notes to the separate interim financial statements
For the nine months period ended 30 September 2020

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

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 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 financial and financing consultancy for different companies and preparing and providing 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 may have an interest in any way with companies and others that engage in activities similar to its own or that might help it achieve its purpose in Egypt or abroad. It may also merge with or buy the aforementioned companies in accordance with the provisions of the law and regulation.

The Extraordinary General Assembly of the Company decided on 20 October 2013 to approve the Company's conditions of work in accordance with the Capital Market Law and its Executive Regulations as a company engaged in the purpose of establishing companies and participating in increasing the capital of companies in accordance with the provisions of Article 27 of the Capital Market Law and 122 of its executive regulations. The necessary legal procedures have been initiated after completion of all necessary legal procedures to increase the company's capital until the situation is reconciled according to the new capital of the company.

The company's preferred shares are owned by Citadel Capital Partners Ltd. Company, the principle shareholder of the company, by 23.49%.

These separate interim financial statements have been authorised by the company's Board of Directors on 10 December 2020, and the Shareholders' General Assembly has the right to modify the separate interim financial statements after being issued.

2. Significant changes in the current reporting period

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

The situation differs greatly from region to region. Whereas some countries are keeping their borders closed, restricting the flow of goods and imposing lockdowns, others are already.

Notes to the separate interim financial statements
For the nine months period ended 30 September 2020

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

Significant changes in the current reporting period (continued)

starting to lift restrictions in areas with low rates of new infections. The global market conditions have affected market confidence and consumer spending patterns locally and globally. Though management expectations for the Company's performance post COVID-19 remains positive given its strategic importance.

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

The company also benefits from the Egyptian government's stimulus plan and relief measures in response to the Covid-19, including a six-month deferral on debt payments. These relief will further support Company' liquidity position and leading to significant reductions in interest expense. Also, Management has reached advanced stages of negotiations over the restructuring of debts at the holding level.

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

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

Notes to the separate interim financial statements
For the nine months period ended 30 September 2020

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

Financial position

3. Financial assets and financial liabilities

The Company holds the following financial instruments:

Financial assets	Notes	Assets at FVOCI	Loans and Receivables at amortised cost	Total
30 September 2020				
Other debit balances*	3(a)	-	2,020	**2,020**
Due from related parties	13(a)	-	2,016,484	**2,016,484**
Assets at fair value through OCI	3(b)	9,594	-	**9,594**
Loans to subsidiaries	3(c)	-	1,489,851	**1,489,851**
Cash and bank balances	3(d)	-	1,425	**1,425**
		9,594	**3,509,779**	**3,519,373**

Financial assets	Notes	Assets at FVOCI	Loans and Receivables at amortised cost	Total
31 December 2019				
Other debit balances *	3(a)	-	2,055	**2,055**
Due from related parties	13(a)	-	2,088,683	**2,088,683**
Assets at fair value through OCI	3(b)	9,594	-	**9,594**
Loans to subsidiaries	3(c)	-	1,527,283	**1,527,283**
Cash and bank balances	3(d)	-	791	**791**
		9,594	**3,618,812**	**3,628,406**

* excluding advances to suppliers, employee advances, and withholding tax.

Financial liabilities	Notes	Liabilities at amortised cost	Total
30 September 2020			
Creditors and other credit balances**	3(e)	2,024,419	**2,024,419**
Due to related parties	13(b)	696,446	**696,446**
Loans	3(f)	3,786,978	**3,786,978**
		6,507,843	**6,507,843**

Financial liabilities	Notes	Liabilities at amortised cost	Total
31 December 2019			
Creditors and other credit balances**	3(e)	1,739,940	**1,739,940**
Due to related parties	13(b)	746,526	**746,526**
Loans	3(f)	3,856,929	**3,856,929**
		6,343,395	**6,343,395**

** excluding tax authority and social insurance authority

Notes to the separate interim financial statements
For the nine months period ended 30 September 2020

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

Financial assets and financial liabilities (continued)

3(a) Other debit balances (net)

	30 September 2020			31 December 2019		
	Current	Non-current	Total	Current	Non-current	Total
Other debit balances	7,571	-	7,571	7,767	-	**7,767**
Letter of guarantee margins	1,965	-	1,965	2,002	-	**2,002**
Employee advances	2,497	-	2,497	1,930	-	**1,930**
Advances to suppliers	946	-	946	1,786	-	**1,786**
Withholding tax	867	-	867	867	-	**867**
Deposits with others	57	-	57	57	-	**57**
Impairment losses*	(7,571)		(7,571)	(7,771)		**(7,771)**
Total other debit balances	**6,332**	**-**	**6,332**	**6,638**	**-**	**6,638**

*The movement of impairment in other debit balances was as follows:

	30 September 2020	31 December 2019
Balance at 1 January	7,771	7,771
Formed during the period / year	(200)	-
	7,571	7,771

(i) Impairment and risk exposure

Information about the impairment of other debit balances, their credit quality and the Company's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 19(a) and note 19(b).

3(b) Assets at fair value through OCI

	30 September 2020	31 December 2019
Non-current assets		
EFG Capital Partners Fund III	9,594	9,594
	9,594	**9,594**

(i) Classification of Assets at fair value through OCI

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, or loans and receivables) are also included in the available-for-sale category. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

(ii) Impairment indicators for Assets at fair value through OCI

An equity security is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost. See note 21 h(ii) further details about the Company's impairment policies for financial assets.

Notes to the separate interim financial statements
For the nine months period ended 30 September 2020

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

Financial assets and financial liabilities (continued)

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

During the period, the following gains/(losses) were recognized in profit or loss and other comprehensive income.

	30 September 2020	31 December 2019
Gains/(losses) recognised in other comprehensive income - before tax (note 5(b))	-	(2,106)
Gains/(losses) recognised in profits or losses	-	(200)
	-	**(2,306)**

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

The table below shows the financial assets and liabilities at fair value in the separate interim financial statements at 30 September 2020 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 Company 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.

- *Valuation techniques used to determine fair values*

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the assets at fair value through OCI unlisted equity investments compose interest in an investment fund. Fair value is measured by reference to published net asset value of the fund.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

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

Financial assets and financial liabilities (continued)

Recurring fair value measurements At 30 September 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Equity investments	-	9,594	-	**9,594**
Total financial assets	**-**	**9,594**	**-**	**9,594**

The table below shows the financial assets and liabilities at fair value in the separate financial statements at 31 December 2019 within the hierarchy of fair value.

Recurring fair value measurements At 31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Equity investments	-	9,594	-	**9,594**
Total financial assets	**-**	**9,594**	**-**	**9,594**

The Company 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 Company did not make any transfers between levels 1 and 2 during the period.

3(c) Loans to subsidiaries

Loans to subsidiaries are represented in finance agreements to subsidiaries as follows:

	30 September 2020	**31 December 2019**
Current		
National Development and Trading Company	1,622,553	1,531,466
Less: Accumulated impairment loss	(319,632)	(194,566)
	1,302,921	**1,336,900**
Non-current		
United Foundries Company	186,930	190,383
	186,930	**190,383**
	1,489,851	**1,527,283**

The movement in impairment of loans due from subsidiaries:

	30 September 2020	**31 December 2019**
Balance at 1 January	194,566	40,767
Formed during the period / year (note 8)	129,720	164,903
Foreign currency exchange	(4,654)	(11,104)
	319,632	**194,566**

Notes to the separate interim financial statements
For the nine months period ended 30 September 2020

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

Financial assets and financial liabilities (continued)

(A) National Development and Trading Company Loan

The Company granted two subordinating loans to National Development and Trading Company subsidiary, two loans dated 28 December 2009 and 21 September 2010 with amounts of US $41 million and US $8 million respectively. The loans contracts period is five years, the principle of the two loans have to be paid with interest at the end of loans' period, with 11.5% annual compound interest, according to loans contracts the Company has the right to convert the value of loans in addition to its interest due into capital increase in National Development and Trading Company with par value at the end of loans period.

The guarantees are representing liens on a number of the National for Development and Trading Company's investments in shares of the following subsidiaries in favour of the company as a guarantee for the loan principal:

ASEC Cement Company	41,050,000 shares
Arab Swiss Engineering Company (ASEC)	899,900 shares

(B) United Foundries Company Loan

The Company granted a subordinating convertible loan to United Foundries Company - one of its subsidiaries - on 2 June 2010 with an amount of US $11.5 million for Six years contract, the principle of the loan has to be paid with interest at the end of the loan period, with 11.5% annual compound interest , according to the loan contract the Company has the right to convert the value of the loan in addition to its interest due into capital increase in the capital of United Foundries Company with par value at the end of loan period.

On 30 September 2018, the company has waived 16 million us dollars equivalent to EGP 280 million for Citadel Capital for International Investment Ltd. (CC ltd) one of the subsidiary companies from the total accrued to CC ltd with annual interest of 6%

The subordinating loan for United Foundries Company is US $11.9 million (equivalent to EGP 187 million) as at 30 September 2020 versus US $11.9 million (equivalent to EGP 190 million) as at 31 December 2019 including accrued interest amounted to US 8.7 million (equivalent to EGP 141 million) as at 30 September 2020 versus US $8.7 million (equivalent to EGP 139.1 million) as at 31 December 2019.

Notes to the separate interim financial statements
For the nine months period ended 30 September 2020

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

Financial assets and financial liabilities (continued)

3(d) Cash and bank balances

	30 September 2020	31 December 2019
Bank Current accounts – local currency	903	459
Cash on hand	471	252
Bank Current accounts – foreign currency	51	80
	1,425	**791**

The average effective interest rate on deposits at 30 September 2020 was 10.25%% (2019 – was 10 %). Time deposits and current accounts with banks are placed with local banks under the supervision of CBE.

3(e) Creditors and other credit balances

	30 September 2020			31 December 2019		
	Current	Non-current	Total	Current	Non-current	Total
Accrued interest	1,421,576	-	1,421,576	1,157,081	-	1,157,081
Former shareholder credit balances **	232,683	-	232,683	233,971	-	233,971
Tax authority	251,350	-	251,350	224,274	-	224,274
Accrued expenses	223,383	-	223,383	197,862	-	197,862
Trade and notes payable*	143,882	-	143,882	148,132	-	148,132
Dividends payable	2,894	-	2,894	2,894	-	2,894
Social insurance authority	2,381	-	2,381	2,695	-	2,695
	2,278,151	**-**	**2,278,151**	**1,966,909**	**-**	**1,966,909**

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

The carrying amounts of creditors and other credit balances are considered to be the same as their fair values, due to their short-term nature.

**Former shareholder credit balance represents amounts due to shareholders that resulted from prior acquisitions as well as financing certain subsidiaries. Management doesn't have unconditional rights to defer the settlement and expects these balances to be repaid within twelve months from the date of the separate interim financial statements.

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

Financial assets and financial liabilities (continued)

3(f) Loans

On 1 February 2012 the Company has signed a long-term loan contract with an amount of US $325 million with Citi Bank Group - syndication manager along with other group of banks (represented in Arab African International Bank S.A.E, Arab International Bank, Banque du Caire, Misr Bank S.A.E, and Piraeus Bank) and guaranteed by Overseas Private Investment Corporation (OPIC) for the purpose of expanding the Company's investments and refinancing the outstanding debts as at 31 December 2011 (which is represented in the loan granted to the Company on 15 May 2008 with an amount of US $200 million for a period of five years from a group of banks represented in Arab African International Bank, Suez Canal Bank, Misr bank , Piraeus Bank, Morgan Stanely Bank and Citi Bank London "syndication manager"); loan is to be paid on nine instalments during the contract period begins from the third year to the end of contract on 15 May 2013. The loan balance is US $172 million (equivalent to EGP 1 billion) as at 31 December 2011).

The loan amount is divided into three classes:

First class: Irrevocable amount of US $175 million bearing variable interest rate (4.25%+Libor rate) for 5 years begins from the date of the contract and payable on five equal annual instalments.

Second class: Irrevocable amount of US $125 million bearing variable interest rate (3.9%+Libor rate on the date of withdrawal) for 10 years begins from the date of the contract and payable on nine equal annual instalments with one-year grace period.
Third class: Irrevocable amount of US $25 million bearing variable interest rate (3.9%+Libor rate on the date of withdrawal) and the Company has the right to use it within nine years begins from the date of the contract and payable on nine equal annual instalments begins from the date of withdrawal with one year grace period (not yet used).

The total loans balance has been reclassified to current liabilities at 31 December 2018 were as the Company has breached the debt covenants associated with the loan until finalising the negotiations with banks.

	30 September 2020	31 December 2019
First Class	2,010,917	2,048,062
Second Class	1,776,061	1,808,867
Balance	**3,786,978**	**3,856,929**

Loan guarantees are as follows:
- First degree lien contract on the equity shares owned by the Company in National Development and Trading Company.
- First degree lien contract on the equity shares owned by the Company in International Company for Mining Consulting.
- First degree lien contract on the shares owned by the Company in United Foundries Company.
- First degree lien contract on the shares of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone).
- First degree lien contract on the shares owned by the Company in ASEC Cement Company.
- First degree lien contract on the shares owned by the Company in ASEC Company for Mining (ASCOM).

Financial assets and financial liabilities (continued)

- First degree lien contract on the investments of Citadel Capital Ltd. (One of the subsidiaries of Citadel)
- Capital Holding for Financial Investments-Free Zone) on the following companies:
  - Orient Investments Properties Ltd.
  - Logria Holding Ltd.
  - Golden Crescent Investments Ltd.
  - Falcon Agriculture Investments Ltd.
  - Silverstone Capital Investment Ltd.
  - Mena Glass Ltd.
  - Mena Home Furnishings Mall
  - Valencia Trading Investments Ltd.
  - Andalusia Trading Investments Ltd.
  - Citadel Capital Transportation Opportunities Ltd.
  - Lotus Alliance Limited
  - Citadel Capital financing Corp
  - Grandview Investment Holding
  - Africa Railways Holding
  - National Company for Marine Petroleum Services (Petromar)
  - Taqa Arabia S.A.E.
  - Egyptian Company for Solid Waste Recycling (ECARU)
  - Engineering Tasks Group (ENTAG)
  - Mashreq Petroleum
  - Ledmore Holdings Ltd.
  - Everys Holdings Limited
  - Eco-Logic Ltd.
  - Sequoia Willow Investments Ltd.
  - Undersore International Holdings Ltd
  - Brennan Solutions
  - Citadel Capital Transportation Opportunities II Ltd.
  - Citadel for investments promotion

The debt covenants for these loans are as follows:

- The Company must ensure that Consolidated Tangible Net Worth is not at any time less than U.S.$400 million.
- The Company must ensure that Unconsolidated Tangible Net Worth is not at any time less than U.S.$500 million.
- The Company must ensure that the ratio of Cash Available for Debt Service to Net Finance Costs is not, for any Measurement Period, less than 1.35 : 1.
- The Company must ensure that its aggregate interests (directly or indirectly) in its largest two investments (as identified in the most recently delivered Valuation) shall not represent more than 85% of the Value of the interests held by the Company.
- The ratio of its Current Assets to Current Liabilities is not less than 1.2 : 1.
- The aggregate amount of advisory fees actually received by the company and Citadel Capital Ltd. in cash in each financial year of the Company are at least equal to 85% of the budgeted advisory fees for that financial year.

Notes to the separate interim financial statements
For the nine months period ended 30 September 2020

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

Financial assets and financial liabilities (continued)

- The ratio of United Foundries Company financial Indebtedness to United Foundries Company Tangible Net Worth is not more than 2:1
- The ratio of ASEC company for mining (ASCOM) financial Indebtedness to of ASEC company for mining (ASCOM) Tangible Net Worth is not more than 2:1
- The ratio of National Development and Trading Company (NDT) Total Liabilities to National Development and Trading Company (NDT) Tangible Net Worth is not more than 1:1
- The ratio of National Development and Trading Company (NDT) Financial Indebtedness to National Development and Trading Company (NDT) Tangible Net Worth is not more than 2:1
- The ratio of Gozour Financial Indebtedness to Gozour Tangible Net Worth is not more than 2:1
- The ratio of Taqa Arabia Financial Indebtedness to Taqa Arabia Tangible Net Worth is not more than 2:1
- The ratio of Egyptian Refining Company Financial Indebtedness to Egyptian Refining Company Tangible Net Worth is not more than 2.5:1
- The ratio of Africa Railways Financial Indebtedness to Africa Railways Tangible Net Worth is not more than 2.5:1

4. Non-financial assets and financial liabilities

4(a) Fixed assets

	Buildings	Computers	Furniture, fixture & office equipment	Vehicles	Projects under construction	Total
1 January 2019						
Cost	33,742	10,733	23,037	540	21,453	89,505
Accumulated depreciation	(20,245)	(9,470)	(23,017)	(540)	-	(53,272)
Net carrying value	**13,497**	**1,263**	**20**	**-**	**21,453**	**36,233**
Year ended 31 December 2019						
Net book value at the beginning of the year	**13,497**	**1,263**	**20**	**-**	**21,453**	**36,233**
Additions	-	384	-	-	163	547
Depreciation charges	(1,687)	(689)	(20)	-	-	(2,396)
Net book value	**11,810**	**958**	**-**	**-**	**21,616**	**34,384**
31 December 2019						
Cost	33,742	11,117	23,037	540	21,616	90,052
Accumulated depreciation	(21,932)	(10,159)	(23,037)	(540)	-	(55,668)
Net carrying value	**11,810**	**958**	**-**	**-**	**21,616**	**34,384**
Period ended 30 September 2020						
Net book value at the beginning of the year	**11,810**	**958**	**-**	**-**	**21,616**	**34,384**
Additions	-	265	-	-	719	984
Depreciation	(1,265)	(582)	-	-	-	(1,847)
Net book value	**10,544**	**641**	**-**	**-**	**22,335**	**33,521**
30 September 2020						
Cost	33,742	11,382	23,037	540	22,335	91,036
Accumulated depreciation	(23,197)	(10,741)	(23,037)	(540)	-	(57,515)
Net carrying value	**10,544**	**641**	**-**	**-**	**22,335**	**33,521**

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

Non-financial assets and financial liabilities (continued)

(i) Depreciation, method used and useful lives

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

	30 September 2020	30 September 2019
General and administration expenses	1,847	1,781
	1,847	**1,781**

The straight line method is used to allocate the depreciation of fixed assets consistently to their residual values over their estimated useful lives. Below are the estimated useful lives of each type of the assets' groups:

Buildings	20 years
Computers	2-3 years
Furniture, fixture, and office equipment	4 years
Vehicles	4 years

(ii) Projects under construction

Project under construction represents computer software and ERP system which is designed for reporting the separate financial position of the company and its subsidiaries and the separate financial performance in the appropriate times to take the decision and it is expected to be completed during the period ended 31 December 2020.

(iii) Impairment charges

Due to the COVID-19 pandemic there was indicators for impairment of fixed assets, the Company test the fixed asset impairment based on recoverable amount of cash-generating unit is estimated by calculating the value in use, using pre-tax cash flows based on financial budgets approved by management, which cover a period of five years maximum. The management determines the specific assumptions of cash flow forecasts based on past experience and expectations of the market. the management concluded that no impairment was needed for the fixed assets.

4(b) Investment in Subsidiaries

Company Name	Country of operation	Equity Interest 30 September 2020	Equity Interest 31 December 2019	30 September 2020	31 December 2019
Citadel Capital for International Investments Ltd,	Egypt	100%	100%	2,826,096	2,826,096
Citadel Capital Holding for Financial consultancy-Free Zone	Egypt	99.99%	99.99%	1,350,002	1,350,002
National Development and Trading Company	Egypt	47.65%	47.65%	668,171	668,171
ASEC Company for Mining (ASCOM)	Egypt	54.05%	61.32%	337,622	383,050
United Foundries Company	Egypt	29.29%	29.29%	103,699	103,699
ASEC Cement Company**	Egypt	1.8%	1.8%	41,913	41,913
ASEC Trading Company	Egypt	99.85%	99.85%	1,437	1,437
International Company for Mining	Egypt	99.99%	99.99%	62	62
Total				**5,329,002**	**5,374,430**
Accumulated impairment loss*				(771,870)	(771,870)
				4,557,132	**4,602,560**

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

Non-financial assets and financial liabilities (continued)

* Accumulated impairment loss on investments in subsidiaries comprised of the following:

	30 September 2020	31 December 2019
National Development and Trading Company	668,171	668,171
United Foundries Company	103,699	103,699
	771,870	**771,870**

** The investment in ASEC Cement company represents only the direct investment. Citadel Capital company controls ASEC Cement company indirectly through investments in other subsidiaries.

4(c) Payments under investments

	30 September 2020	31 December 2019
Citadel Capital Holding for Financial Investments – Free Zone	2,604,785	2,604,785
Citadel Capital for International Investments Ltd.	982,920	982,920
Others	155,847	154,927
Accumulated impairment *	(151,637)	(151,637)
Net	**3,591,915**	**3,590,995**

* The movement of accumulated impairment of payments under investment as follows:

	30 September 2020	31 December 2019
Balance at 1 January	151,637	151,637
Formed during the period / year	-	-
	151,637	**151,637**

(i) Significant Estimates

Impairment of investment in subsidiaries and payments under investments

The Company decides that the investment in subsidiaries and payment under investment are impaired when there is a significant or prolonged impairment to below their cost. This determination of what is significant or prolonged requires several factors that depend on judgement, industry, market, technological progress and financing and operating cash flows.

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

Notes to the separate interim financial statements
For the nine months period ended 30 September 2020

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

Non-financial assets and financial liabilities (continued)

4(d) Deferred tax balances

	30 September 2020		31 December 2019	
	Asset	Liability	Asset	Liability
Fixed assets	81	-	44	-
Fair value of AFS investments	-	-	-	-
	81	-	44	-
Net deferred tax assets (liabilities)	**81**	**-**	**44**	

The movement of deferred tax liabilities was as follows:

	30 September 2020	31 December 2019
Balance at 1 January	44	(423)
Net deferred tax liabilities charged to profit or loss (note (10))	37	(7)
Net deferred tax liabilities charged to other comprehensive income (note 5(b))	-	474
	81	**44**

4(e) Provisions

	Claims Provisions	Legal provisions	Other provisions	Total
Balance at 1 January 2019	**63,350**	**9,454**	**535**	**73,339**
Provision formed (note (8))	30,000	-	245	**30,245**
Balance at 31 December 2019 and 1 January 2020	**93,350**	**9,454**	**780**	**103,584**
Provision formed (note (8))	-	-	-	-
Balance at 30 September 2020	**93,350**	**9,454**	**780**	**103,584**

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.

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

5. Equity

5(a) Paid up capital

The Company's authorized capital was EGP 10 Billion and the issued and paid-in capital is EGP 9.1 billion represents 1,820,000,000 shares distributed over 1,418,261,351 ordinary stocks and 401,738,649 preferred stocks. Preferred shares have the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extra-ordinary general assembly meeting held on 12 May 2008 and also paragraph No. (3) of article No.(18) of the Company's article of associations. Those preferred shares are owned by Citadel Capital Partners Ltd. Company, the principle shareholder of the Company. The shareholders' structure - is represented in the following:

Shareholder's name	Percentage	No, of Shares	Amount
Citadel Capital Partners Ltd,	23,49%	427,455,671	2,137,278
Olayan Saudi Investment company	8.29%	150,816,871	754,084
Emirates International Investments Company	5,62%	102,350,000	511,750
Other shareholders	62,60%	1,139,377,458	5,696,888
	100%	**1,820,000,000**	**9,100,000**

5(b) Reserves

	Legal Reserve*	Assets at fair value through OCI revaluation reserve	Total
Balance at 1 January 2019	**89,578**	**1,632**	**91,210**
Revaluation of Assets at fair value through OCI –before tax (note 3(b))	-	**(2,106)**	**(2,106)**
Deferred tax (note 4(d))	-	474	**474**
Balance at 31 December 2019 and 1 January 2020	**89,578**	-	**89,578**
Revaluation of Assets at fair value through OCI – before tax (note 3(b))	-	-	-
Deferred tax (note 4(d))	-	-	-
Balance at 30 September 2020	**89,578**	-	**89,578**

* Legal Reserve

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

Notes to the separate interim financial statements
For the nine months period ended 30 September 2020

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

Performance

6. Advisory Revenue

Advisory fee represents advisory services rendered to the subsidiaries and other related parties by virtue of shareholders agreements:

	Nine months ended 30 September		Three months ended 30 September	
	2020	2019	2020	2019
Falcon Agriculture Investments Ltd	30,090	32,108	10,013	10,449
Citadel Capital Transportation Opportunities II Ltd	13,046	13,922	4,342	4,531
Silverstone Capital Investment Ltd	11,445	12,213	3,808	3,975
ASEC for Cement	11,561	8,967	2,899	2,951
Citadel Capital Joint Investment Fund Limited	3,078	3,233	1,024	1,050
Mena Joint Investment Fund GP	3,078	2,469	1,024	286
Grandview	1,001	-	1,001	-
Africa JIF HOLD CO I	838	1,637	279	1,050
	74,137	**74,549**	**24,390**	**24,292**

7. General and administrative expenses

	Nine months ended 30 September		Three months ended 30 September	
	2020	2019	2020	2019
Salaries, wages and other employee benefits	127,424	129,687	46,755	44,143
Consultancy	17,991	22,974	3,967	4,997
Travel and accommodation	2,150	5,461	522	592
Marketing, advertising and public relations	6,738	4,324	2,165	1,838
Other expenses	8,198	6,598	1,885	1,428
Depreciation	1,847	1,781	613	597
Rent	414	555	186	172
Donations	100	319	-	193
	164,862	**171,699**	**56,093**	**53,959**

8. Provisions formed

	Nine months ended 30 September		Three months ended 30 September	
	2020	2019	2020	2019
Impairment in loans to subsidiaries	129,720	124,078	43,346	40,834
Impairment of due from related parties	-	23,139	-	11,517
Provisions for claim (Note 4(e))	-	22,500	-	7,500
	129,720	169,717	43,346	59,851

Notes to the separate interim financial statements
For the nine months period ended 30 September 2020

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

9. Finance income (costs) - net

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
Interest income	193,100	206,049	65,228	66,726
Foreign currency translation differences	(2,235)	164,881	33,566	61,291
Interest expenses	(303,738)	(324,023)	(97,048)	(107,215)
Net	**(112,873)**	**46,907**	**1,746**	**20,802**

Interest represents the accrued interest income according to the signed contracts with related parties as follows:

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
National Development and Trading Company	129,720	124,078	43,346	40,834
United Foundries Company	8,346	6,702	2,929	2,359
Citadel Capital Holding for Financial Investments-Free Zone	38,717	42,884	13,187	13,411
ASEC Company for Mining (ASCOM)	-	3,483	-	676
National Multimodal Transportation	16,278	28,697	5,759	9,385
Other	39	-	7	-
	193,100	**205,844**	**65,228**	**66,665**

10. Income tax

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
Deferred tax	37	14	92	5
	37	**14**	**92**	**5**

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

Cash flows

11. Cash flow information

11. (a) Non cash transactions

The non-cash transaction represent as follows:

	30 September 2020	31 December 2019
Investing activities		
Acquisition of fixed assets	-	163

11 (b) Net debt reconciliation

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

	30 September 2020	31 December 2019
Net debt		
Cash and cash equivalent (note 3(d))	1,425	791
Borrowings – repayable within one year	(3,786,978)	(3,856,929)
Net debt	**(3,785,553)**	**(3,856,138)**

	Cash & Cash Equivalent	Borrowings Due in 1 year	Total
Net debt at 1 January 2019	**6,969**	**(4,307,991)**	**(4,301,022)**
Cash flows	(6,178)	-	**(6,178)**
Foreign exchange adjustments	-	451,062	**451,062**
Net debt as at 31 December 2019	**791**	**(3,856,929)**	**(3,856,138)**
Cash flows	634	-	634
Foreign exchange adjustments	-	69,951	69,951
Net debt as at 30 September 2020	**1,425**	**(3,786,978)**	**(3,785,553)**

Unrecognised items

12. Contingent liabilities

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

The same parties on 31 December 2014 have commercially agreed, and Citadel Capital Company S.A.E. thus guarantees, that the disposal by the Company of the investment shares shall achieve to the former shareholders a specific target cash return of US $25.3 million (Target Return), to be unconditionally made available to the former shareholder no later than the longstop date on 30 September 2017. Therefore, the Company management at the end of each reporting period is measuring the fair value of Citadel Capital Company capital increase by reference to quoted market price of the share and measure the outstanding liability to reach the agreed target return.

Fair value of the outstanding liability recognized as of 30 September 2020 is EGP 404 million equivalent to US $25 million (31 December 2019: EGP 365 million equivalent to US $22.8 million).

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

Other information

13. Related party transactions

The Company 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 Company's top management of the company, their entities, companies under common control. The management decide the terms and conditions of the transactions and services provided beyond to the related parties and any other expenses fairly and depending on contracts and agreements the following are the nature and values of the transactions with the related parties during the period also the accrued balances at the date of separate interim financial position .

13(a) Due from related parties

Company name	Nature of relationship	Nature and volume of transaction: Advisory fee	Nature and volume of transaction: Finance	30 September 2020	31 December 2019
Mena Home furnishings Mall	Subsidiary	(1,527)	-	82,715	84,242
Falcon Agriculture Investments Ltd.	Subsidiary	18,324	-	338,717	320,393
Golden Crescent Investments Ltd.	Subsidiary	(1,107)	-	59,899	61,006
Citadel Capital Transportation Opportunities Ltd.	Subsidiary	(337)	-	18,259	18,596
Logria Holding Ltd.	Subsidiary	(1,596)	-	86,411	88,007
Mena Glass Ltd.	Subsidiary	(997)	-	53,945	54,942
Silverstone Capital Investment Ltd.	Subsidiary	(5,083)	-	25,732	30,815
Sabina for Integrated Solutions	Subsidiary	-	(319)	17,270	17,589
Citadel Capital Financing Corp.	Subsidiary	-	(1,904)	103,066	104,970
Citadel Capital Transportation Opportunities II Ltd.	Subsidiary	10,703	-	133,641	122,938
Citadel Capital Holding for Financial Investments-Free Zone	Subsidiary	-	29,500	1,243,231	1,213,731
ASEC Company for Mining (ASCOM)	Subsidiary	-	(19,506)	15,009	34,515
United Foundries Company	Subsidiary	-	33,589	204,028	170,439
Citadel Capital for International Investments Ltd.	Subsidiary	-	(143,166)	838,110	981,276
Africa Raliways Limited	Subsidiary	(349)	-	18,895	19,244
Mena Joint Investment Fund management S.A	Subsidiary	2,428	-	36,772	34,344
Citadel Capital Joint Investment and Management limited Fund	Subsidiary	2,952	-	8,434	5,481
Africa JIF Holdco I fund	Subsidiary	640	-	11,152	10,511
Crondall Holdings Ltd.	Subsidiary	-	(512)	27,740	28,252
International Company for Mining Consultation	Subsidiary	-	(5)	140	135
National Company for Multimodal	Subsidiary	-	(21,814)	202,475	224,289
Total				**3,525,641**	**3,625,715**
Accumulated impairment loss *				(1,509,157)	(1,537,032)
Net				**2,016,484**	**2,088,683**

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

Related party transactions (continued)

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

	Balance as at 1 January 2020	Formed	Write off	Foreign exchange	Balance as at 30 September 2020
Logria Holding Ltd.	88,007	-	-	(1,596)	86,411
Citadel Capital Financing Corp.	104,970	-	-	(1,904)	103,066
Golden Crescent Investments Ltd.	61,006	-	-	(1,107)	59,899
Sabina for Integrated Solutions	17,589	-	-	(319)	17,270
Citadel Capital Transportation Opportunities Ltd.	18,596	-	-	(337)	18,259
Mena Glass Ltd.	54,942	-	-	(997)	53,945
Africa Raliways Limited	19,244	-	-	(349)	18,895
Crondall Holdings Ltd.	28,252	-	-	(512)	27,740
Citadel Capital Holding for Financial Investments-Free Zone	774,251	-	-	(14,041)	760,210
Citadel Capital for International Investments Ltd.	285,933			(5,186)	280,747
Mena Home furnishings Mall	84,242	-	-	(1,527)	82,715
Balance	**1,537,032**	**-**	**-**	**(27,875)**	**1,509,157**

13(b) Due to related parties

	Nature of relationship	Nature and volume of transaction: Advisory fee	Nature and volume of transaction: Finance	30 September 2020	31 December 2019
National Development and Trading Company	Subsidiary	-	(17,796)	637,244	655,039
ASEC Cement Company	Subsidiary	-	(366)	13,221	13,587
Asec Trading Company	Subsidiary	-	999	43,215	42,216
Grandview Investment Corp	Subsidiary	-	(2,000)	2,000	4,000
Ahmed Heikal	Chairman	-	(30,918)	766	31,684
Total				**696,446**	**746,526**

* The volume of transactions with related parties includes the foreign exchange differences at the date of the separate interim financial statements.

13(c) Key Management Compensation

Key management personnel received total benefits during the period with an amount of EGP 16 million represented in salaries and other benefits (30 September 2019: EGP 14 million).

(i) Impairment of loans to related parties and due from related parties

Impairment of loans to related parties and due from related parties is estimated by monitoring ageing of balances. The Company's management examines the credit position and ability of related parties to make payments for their past due debts. Impairment is recognised for amounts due from related parties whose credit position, as believed by the management, does not allow them to pay their dues. The amount of the loss is measured as the difference between the carrying amount of the asset 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 related parties balance by making a provision for impairment of related parties' balance.

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

14. Basic and diluted (loss) per share

Basic loss per share is calculated by dividing the net loss of the period by the weighted average number of ordinary shares in issue during the period.

	Nine months ended 30 September		Three months ended 30 September	
	2020	**2019**	**2020**	**2019**
Net loss for the period	(345,848)	(219,946)	(85,778)	(68,711)
Weighted average number of ordinary shares	182,000	182,000	182,000	182,000
Loss per share - EGP	**(0,19)**	**(0,12)**	**(0,05)**	**(0,04)**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company does not have any categories of dilutive potential ordinary shares, hence the diluted earnings per share is the same as the basic earnings per share.

15. Employee stock option plan

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

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

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

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

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

16. Shareholder management fees

On May 2008, Citadel Capital Company's Extraordinary Shareholder's Meeting approved the management contract between the Company and its parent – Citadel Capital Partners, upon which, Citadel Capital Partners will manage the company and will be entitled to 10% share of the Company's distributable separate net profit for the year.

Subsequently, the Company's General Assembly Meeting held on 25 July 2019 decided the interpretation and application of the management fee calculation to Citadel Capital Partners Ltd. (CCP) which will be based on 10% of the controlling interest share in separate net profit after deducting the non-controlling interest share the separate profit. Further, the Company's Extraordinary Shareholder's Meeting decided that such management fee shall be recorded on the Company's records or one of its fully owned subsidiaries, hence during the period ended 30 September 2020 management charged the amount to Citadel Capital for International Investment (CCII) – fully owned subsidiary.

17. Tax position

Because of the nature of the procedures of estimating tax liabilities in the Arab Republic of Egypt, the final result of this estimations by the Tax Authority may not be realistic. Therefore, additional liabilities are contingent upon the tax inspection and assessment of the Tax Authority over the Company. A summary of the tax status of the Company to 30 September 2020 is as follows:

A) Corporate tax

The period since inception to 31 December 2008
The period mentioned above was not inspected by the tax authority till date but the tax returns for this period were submitted on the legal dates.

The years from 2009 till 2014
The public tax authority estimated the amount of the period mentioned above and the company refused this estimation. Necessary procedures are being taken to issue the decision of re-inspecting the tax returns submitted by the company.

The years from 2015 till 2018
The period mentioned above was not inspected by the tax authority till date but the tax returns for this period were submitted on the legal dates.

B) Payroll tax

The period since inception to 31 December 2004

- The public tax authority estimated the amount of the period mentioned above and the company rejected this estimation and the disputes have been transferred to the appeal committee which decided to decrease the tax to be EGP 150,000.
- The Company has filed a law suit and the session has not yet determine.
- The Company has requested an appeal for review from the tax disputes committee for the disputes to be resolved and the date has not yet determined.

Tax position (continued)

The years from 2005 till 2009

Necessary documents have been presented for tax inspection and the Company has not yet received the official notification with the inspection results.

The years from 2010 till 2018

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

C) Stamp tax

The period since inception to July 2006

The inspection was made and the outstanding tax amount was paid.

The period from August 2006 to 31 December 2009

- The Company has been notified with the estimated tax amount from Tax Authority – Dokki.
- The Company has filed a Law suit under No. 25/2014, and it is still under the review of the Egyptian Council of Sate..
- The Company has paid monthly payments under the due tax, until a final decision to be issued.
- The Company has requested an appeal for review to the Tax disputes committee, to settle the dispute between the Company and the Tax Authority and the session has not been determined yet.

The years from 2010 till 2013

- The Company has been notified with the estimated tax amount from Tax Authority – Dokki.
- The Company has filed a Law suit under No. 25/2014, and it is still under the review of the Egyptian Council of Sate..
- The Company has requested an appeal for review to the Tax disputes committee, to settle the dispute between the Company and the Tax Authority and the session has not been determined yet.

The years from 2014 till 2018

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

D) Withholding tax

The company applies withholding taxes according to the income tax law.

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

Risk

18. Critical accounting estimates and judgements

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

18(a) Critical accounting estimates and assumptions

The Company 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 year are addressed below

- Impairment of investment in subsidiaries and payments under investments - note 4c(i)
- Impairment of loans to subsidiaries and due from related parties- note 13(i)

18(b) Significant professional judgments in the application of the Company's accounting policies

In general, the application of the Company's accounting policies does not require management to use professional judgment (other than the accounting estimates and assumptions referred to in note 18(a) above) which may have a material impact on the recognized values in the financial statements.

19. Financial risk management

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

The Company's management aims to minimise the potential adverse effects of those risks on its financial performance, through monitoring process performed by the finance department and the Board of Directors.

The Company does not use any derivative financial instruments to hedge specific risks.

19(a) Market risk

(i) Foreign exchange risks

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

	30 September 2020	31 December 2019
USD 10%	(1,564)	10,116
Euro 10%	(2,500)	(2,499)
GBP 10%	(40)	(52)

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

Financial risk management (continued)

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

	30 September 2020			31 December 2019
	Assets	Liabilities	Net	Net
USD	392,374	(408,018)	**(15,644)**	**101,158**
Euro	135	(25,136)	**(25,001)**	**(24,994)**
GBP	3	(399)	**(396)**	**(518)**

(ii) Price risk

The Company have investments in equity securities listed and traded in financial markets, accordingly subject to risk of change in the fair value of the investments as a result of the changes in prices.

(iii) 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 Company is exposed to interest rate risk on all interest bearing assets and liabilities (loans due from subsidiaries and loans). The Company 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 separate statement of profit or loss.

The sensitivity on the separate statement of profit or loss is the effect of the assumed changes in the interest rates on the Company's results for one year based on financial assets and liabilities with variable interest rates at 30 September 2020 and 31 December 2019:

	Increase/ decrease	Effect on separate profit or loss
30 September 2020	±1%	39,367
31 December 2019	±1%	38,569

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Financial risk management (continued)

19(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions. For banks and financial institutions, only high-credit-quality and rating banks and financial institutions are accepted.

Balances exposed to credit risks are as follows:

	30 September 2020	31 December 2019
Due from related parties	2,016,484	2,088,683
Loan to subsidiaries	1,302,921	1,527,283
Other debit balances	6,332	6,638
Cash and bank balances	1,425	791
	3,327,162	**3,623,395**

Impairment of other debit balances movement represented as follows:

	30 September 2020	31 December 2019
Balance at 1 January	7,771	7,771
Write-off during the period / year	-	-
	7,771	**7,771**

19(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due, due to shortage of funding. Company'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 Board of directors meeting, and takes the necessary actions to negotiate with suppliers, follow-up the collection process from related parties in order to ensure sufficient cash is maintained to discharge the Company's liabilities. The Company'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 Company limits liquidity risk by maintaining sufficient 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 Company's undiscounted financial liabilities at 30 September 2020 and 31 December 2019, based on contractual payment dates and current market interest rates.

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Financial risk management (continued)

	Below 6 month
30 September 2020	
Loans	3,786,978
Creditors and other credit balances	2,278,151
Due to related parties	696,446
Total	**6,761,575**
31 December 2019	
Loans	3,856,929
Creditors and other credit balances	1,739,940
Due to related parties	746,526
Total	**6,343,395**

20. Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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 Company also aims to maintain an optimal capital structure to reduce the cost of capital.

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

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

Net debt to total capital ratio as at 30 September 2020 and 31 December 2019 is as follows:

	30 September 2020	31 December 2019
Total borrowings		
Loans	3,786,978	3,856,929
Creditors and other credit balances	2,278,151	1,739,940
Due to related parties	696,446	746,526
Less: Cash and bank balances	(1,425)	(791)
Net debts	**6,760,150**	**6,342,604**
Equity	4,841,176	5,187,024
Total capital	**11,601,326**	**11,529,628**
Net debts to total capital	**58%**	**55%**

21-Summary of significant accounting policies

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

21(a) Basis of preparation of the separate interim financial statements

(i) Compliance with EAS

The separate interim financial statements of Citadel Capital Company "S.A.E." have been prepared in accordance with Egyptian Accounting Standards (EAS) [EAS 30 “Interim Financial statements”], Egyptian Accounting Standards Interpretations (EAI) and relevant laws. and on the basis of the historical cost convention, except for available-for-sale financial assets, which are measures at the fair value.

The company has prepared the consolidated financial statements of the company and its subsidiaries under the Egyptian Accounting Standards. The subsidiaries have been fully consolidated in the consolidated financial statements, in which the company directly or indirectly have rights that the power to direct relevant activities of the subsidiary, exposed to variable return from its involvement with the subsidiary and the company has rights to use its power over the subsidiary to affect the amount of the subsidiary returns. The consolidated financial statements are available from the Company's management. Investments in subsidiaries are presented in these separate interim financial statements and accounted using cost method.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Available-for-sale financial assets – measured at fair value.

(iii) Going concern

As of 30 September 2020, the Company’s accumulated losses amounted to approximately EGP 4.3 billion (2019: EGP 4 billion). The Company incurred losses of EGP 346 million For the nine months period ended 30 September 2020 (2019: EGP 334 million loss) and the company’s current liabilities exceeded its current assets by EGP 3.5 billion (2019: EGP 3.2 billion). In addition, the company is also in breach of its existing debt covenants. The loan amount of EGP 3.8 billion where defaults including un-paid interest, have been classified as current liabilities as at 31 December 2019 and 30 September 2020. These circumstances indicate significant doubt about whether the company will be able to meet its debt obligations.

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

Summary of significant accounting policies (continued)

Management have performed a comprehensive forecasted cash flow for the next 5 years. To improve the cash position of the company, 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 due to the anticipated dividends from subsidiaries.
- Implementing a restructuring and reorganisation plan for non-core assets which will include the disposal investment in associate which is expected to contribute about EGP 500 million as a cash proceed from the disposal.
- Loans of approximately EGP 3.8 billion reflected under current liabilities is anticipated to be restructured and negotiations are underway in this regard with the lenders. The interest on the borrowings is expected to be serviced through the net cash savings noted above.

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

(iv) Classification of assets and liabilities

The Company presents its assets and liabilities in separate 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 month after the end of the reporting year, or
* Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve month after the reporting year.

All other assets are classified as non-current.
The liability is classified as current when:

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

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

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Summary of significant accounting policies (continued)

(v) New and amended standards adopted by the Company

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

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

1. EAS 47 Financial Instruments – Impact of adoption

EAS 47 replaces the provisions of EAS 26 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.
The adoption of EAS 47 Financial Instruments from 1 January 2020 resulted in changes in accounting policies and the Company's management found insignificant impact on the Company's Financial statements.

A. Classification and measurement

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

B. Impairment of financial assets

The Company was required to revise its impairment methodology under EAS 47 for its financial assets. There was no impact from the change in impairment methodology.

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

The Company has adopted EAS 48 Revenue from Contracts with Customers from 1 January 2020 which resulted in changes in accounting policies . In accordance with the transition provisions in EAS 48, the Company has adopted the new rules using Cumulative Effect Method. Based on the initial assessments undertaken to date, the Company's management found insignificant impact on the Company's Financial statements.

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Summary of significant accounting policies (continued)

3. EAS 49 - Leases – Impact of adoption

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

A. Adjustments recognised on adoption of EAS 49

On adoption of EAS 49, Based on the initial assessments undertaken to date, the Company's management found insignificant impact on the Company's Financial statements.

21(b) Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

Exchange differences resulting from the changes in the amortised cost of the monetary financial asset at fair value through OCI 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 assets at fair value through OCI, 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.

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

21(c) Fixed assets

The Company 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 assets includes any costs directly associated with bringing the asset to a working condition for its use intended by the management of the Company.

The Company 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 Company and the cost of the item can be measured reliably. The Company 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 depreciated over which lower, its useful life or the remaining useful life of the asset and the carrying amount of replaced parts are derecognised. The Company recognises the costs of daily servicing of the fixed assets in the statement of profit or loss.

The depreciation methods and periods used by the company are disclosed in Note 4a(iii)

The Company 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.

21(d) Investments in subsidiaries

Investments in subsidiaries is accounted for using the cost method. Investment in subsidiaries in the separate interim financial statements is stated at cost less impairment. The Cost method require recognition of investment at cost and recording of investment income to the extent of dividends distribution received from investee. The subsidiaries are entities controlled by the Company, a subsidiary is separate when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Summary of significant accounting policies (continued)

21 (e) Impairment of non-financial assets

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

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

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

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

21(f) Investments and other financial assets

(i) Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortized cost. The Company's financial asset at amortized cost comprise of trade receivables, other debit balances.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and derecognition

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

Summary of significant accounting policies (continued)

(iii) Measurement

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

(I) Debt instruments

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

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

(II) Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Summary of significant accounting policies (continued)

(iv) Impairment

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

(v) Accounting policies applied until 31 December 2019

i. Classification

The Company classifies its financial assets in the following categories: loans and receivables and assets at fair value through OCI. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 month from the date of the end of the financial year. The Company's loans and receivables comprise 'debtors and other debt balances' and 'cash and cash equivalents' in the separate statement of financial position.

Available-for-sale financial assets

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

ii. Initial recognition and measurement

A financial asset is recognised when the Company 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.

iii. Subsequent measurement

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 financial assets are subsequently measured at amortised cost using the effective interest rate. Interests calculated are recognised in the separate statement of profit or loss within finance costs – net.

Summary of significant accounting policies (continued)

iv. Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company 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 separate 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 assets at fair vale through OCI 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.

21(g) 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 Company 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 Company's normal practices and requirements of financial requirements and other conditions related to the considerations of the risk and timing of the Company's cash flows.

21(h) Impairment of financial assets

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

i. Financial assets carried at amortised cost

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 Company may measure impairment on the basis of an instrument's fair value using an observable market price.

Summary of significant accounting policies (continued)

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

ii. Available-for-sale financial assets

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

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 year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the Company reverses the impairment loss through the separate 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 Company 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 separate 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.

21(i) Cash and cash equivalents

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

21(j) Financial liabilities

i. Classification

The Company 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.

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

Summary of significant accounting policies (continued)

ii. Recognition and derecognition

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

The Company 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 separate statement of profit or loss.

iii. Measurement

At initial recognition, the Company 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 creditors and other credit balances, and bank loans, are subsequently measures at amortised cost using the effective interest method.

21(k) 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.

Where Company repurchases the Company's equity instruments (Treasury shares), the consideration paid or received in exchange of those instruments, is deducted from Owner's equity.

21(L) Preferred shares

The Company's non –redeemable preferred shares are classified as equity, because they bear discretionary voting power only, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Company's equity instruments.

Summary of significant accounting policies (continued)

21(m) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge for the period is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company operates and generates taxable income. Management annually evaluates tax positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Separate financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the separate interim financial statements
For the nine months period ended 30 September 2020

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

Summary of significant accounting policies (continued)

21(n) Employees' benefits

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

i. Pension obligations

Defined contribution plans

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

The defined contribution plan is a pension plans under which the Company pays fixed contributions to the General Authority for Social Insurance on mandatory basis. The Company 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.

ii. Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company 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 Company 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 month after the end of the reporting year, the benefits are discounted to their present value.

iii. Profit-sharing and bonus plans

The Company recognises a liability and an expense for expected bonuses and profit-sharing (other than the employees' share in legally defined profits), when the Company has a legal or constructive obligation as a result of past events; and the amount can be reliably estimated. The obligation will remain outstanding when the Company has no realistic alternative but to pay.

iv. Employees' share in legally defined profits

The Company 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 Company does not record any liabilities in the employees' share of undistributed dividends.

Summary of significant accounting policies (continued)

21(o) Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

A lessee may elect not to apply the requirements to:

- short-term leases; and
- leases for which the underlying asset is of low value.

If a lessee elects not to apply the requirements, the lessee shall recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The lessee shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit. The company has elected not to apply the requirements as the lease is short-term and of low value.

Until 31 December 2019:

- **Finance lease**

Leases within the scope of law 95 of 1995, lease costs including maintenance expense of leased assets are recognised in the statement of profit or loss in the year they are incurred. When the company decided to exercise the right to purchase the leased item, the cost of the right to purchase was capitalised as a fixed asset, which is depreciated over the useful

Summary of significant accounting policies (continued)

life of the expected remaining life of the asset in the same method followed with similar assets.

- **Operating lease**

  Leases in which the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as expense in the separate statement of profit or loss on a straight-line basis over the period of the lease.

21(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

Summary of significant accounting policies (continued)

21(q) Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The Company recognises other borrowing costs as expenses in the year the Company incurs such costs.

21(r) Provisions

Provisions are recognised when the Company 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 Company recognises the commitments required for restructuring and not related to the Company'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 Company disclosed its contingent liabilities in its note to the separate interim financial statements.

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

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

If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party outside the Company, 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 Company settles the obligation. The amount recognised should not exceed the amount of the provision.

Summary of significant accounting policies (continued)

21(s) Contingent assets

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

21(t) 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 Company control. The Company recognises the contingent assets in the statement of financial position when the realisation of the relevant revenue is certain. Contingent assets are disclosed only when there is a possibility of inflow of economic benefits.

If some or all of the expenditure required to settle a provision is expected to be reimbursed by another party outside the Company, 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 Company settles the obligation. The amount recognised should not exceed the amount of the provision.

21(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for service rendered due to the Company's normal course of business, stated net of value added taxes, discounts, or deductions. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Company; and when specific criteria have been met for each of the Company'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 Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the related specifics arrangement.

i. Rendering of services

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

ii. 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.

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

Summary of significant accounting policies (continued)

iii. Dividend income

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

21(v) Dividends

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

21(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (Note 14).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

21(X) Comparative figures

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