QALAA HOLDINGS
القلعة

CITADEL CAPITAL COMPANY S.A.E.
AUDITOR'S REPORT
SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2021

Contents

Auditor's report

To The Shareholders of Citadel Capital Company S.A.E.

Report on the separate financial statements

We have audited the accompanying separate financial Statement of Citadel Capital Company S.A.E (The "company") which comprise the separate statement of financial position as at 31 December 2021 and the separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the separate financial statements

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

Auditor's responsibility

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

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

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

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To : The Shareholders of Citadel Capital Company S.A.E.

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of Citadel Capital Company S.A.E as at 31 December 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

Emphasis of matter

Without qualifying our opinion, and as described in note (22)(a)(iii) to the separate financial statements, the company incurred a net loss of EGP 509 million for the financial year ended 31 December 2021 and as of that date its current liabilities exceeded its current assets by EGP 4.2 billion and it had accumulated losses of EGP 5 billion. In addition, as of that date, the Company was in breach of its debt covenants and had defaulted in settling the loan instalments on the respective due dates. These events and conditions along with other matters disclosed in note (22)(a)(iii) to the separate financial statements, indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The separate financial statements do not include the adjustments that would be necessary if the company is unable to continue as a going concern.

Report on other legal and regulatory requirements

The company maintains proper financial records, which include all that is required by the law and the company's statutes, and the accompanying separate financial statements are in agreement therewith.

The financial information included in the Board of Directors' report is prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the company's accounting records, within the limits that such information recorded therein.

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

29 April 2022
Cairo

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

Separate statement of financial position - As of 31 December 2021

	Note	31 December 2021	31 December 2020
Non-current assets			
Fixed assets	3(a)	23,610	32,993
Investments in subsidiaries	3(b)	5,540,052	5,540,052
Financial assets at fair value through other comprehensive income	2(b)	7,093	6,906
Payments under investments	3(c)	2,609,238	2,608,995
Loans to subsidiaries	2(c)	175,995	186,692
Deferred tax assets	3(d)	-	391
Total non-current assets		**8,355,988**	**8,376,029**
Current assets			
Loans to subsidiaries	2(c)	1,473,796	1,505,081
Other debit balances	2(a)	10,385	6,318
Due from related parties	13(a)	2,244,387	2,133,836
Cash and bank balances	2(d)	2,341	3,954
Total current assets		**3,730,909**	**3,649,189**
Total assets		**12,086,897**	**12,025,218**
Equity			
Paid up capital	4(a)	9,100,000	9,100,000
Reserves	4(b)	88,638	88,485
Accumulated losses		(5,022,318)	(4,512,850)
Net Equity		**4,166,320**	**4,675,635**
Non-current liabilities			
Deferred tax liabilities	3(d)	824	-
Total Non-current liabilities		**824**	-
Current liabilities			
Provisions	3(e)	230,734	159,584
Creditors and other credit balances	2(e)	838,765	799,530
Due to related parties	13(b)	1,179,273	1,095,235
Loans	2(f)	5,670,981	5,295,234
Total current liabilities		**7,919,753**	**7,349,583**
Total equity and liabilities		**12,086,897**	**12,025,218**

- The accompanying notes on pages 8 to 53 form an integral part of these separate financial statements.
- Auditor's report attached

Moataz Farouk
Chief Financial Officer

Hisham El Khazindar
Managing Director

Ahmed Mohamed Hassanien Heikal
Chairman

29 April 2022

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

Separate statement of profit or loss - For the year ended 31 December 2021

	Note	2021	2020
Advisory revenue	5	83,281	110,744
General and administrative expenses	6	(197,254)	(211,087)
Provisions formed	7	(293,245)	(229,606)
Operating loss		**(407,218)**	**(329,949)**
Finance income	8	299,860	258,441
Finance cost	8	(400,940)	(426,250)
Loss on sale of investments		-	(12,567)
Loss before income tax		**(508,298)**	**(510,325)**
Income tax	9	(1,170)	29
Net loss for the year		**(509,468)**	**(510,296)**
Loss per share			
Basic loss per share (EGP/Share)	14	(0.28)	(0.28)
Diluted loss per share (EGP/Share)	14	(0.28)	(0.28)

- The accompanying notes on pages 8 to 53 form an integral part of these separate financial statements.

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

Separate statement of comprehensive income - For the year ended 31 December 2021

	Note	2021	2020
Net loss for the year		(509,468)	(510,296)
Other comprehensive income			
Change in fair value of financial assets at fair value through other comprehensive income	2(b)	198	(1,411)
Tax income relating to other comprehensive income	3(d)	(45)	318
Total other comprehensive income/(loss) for the year, net of tax		**153**	**(1,093)**
Total comprehensive loss for the year		**(509,315)**	**(511,389)**

- The accompanying notes on pages 8 to 53 form an integral part of these separate financial statements.

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

Separate statement of changes in equity - For the year ended 31 December 2021

	Paid up capital	Reserves	Accumulated losses	Total equity
Balance at 1 January 2020	**9,100,000**	**89,578**	**(4,002,554)**	**5,187,024**
Total comprehensive loss for the year	-	(1,093)	(510,296)	**(511,389)**
Balance at 31 December 2020 and 1 January 2021	**9,100,000**	**88,485**	**(4,512,850)**	**4,675,635**
Total comprehensive loss for the year	-	153	(509,468)	**(509,315)**
Balance at 31 December 2021	**9,100,000**	**88,638**	**(5,022,318)**	**4,166,320**

- The accompanying notes on pages 8 to 53 form an integral part of these separate financial statements.

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

Separate statement of cash flows - For the year ended 31 December 2021

	Note	2021	2020
Cash flows from operating activities			
Loss for the year before tax		(508,298)	(510,325)
Adjusted to:			
Depreciation	3(a)	9,383	2,375
Loss on sale of investments		-	12,567
Provisions formed	7	293,245	229,606
Unrealized foreign currency exchange differences gain		(35,660)	(8,089)
Interest income	8	(264,200)	(258,441)
Interest expense	8	400,940	393,191
Operating loss before changes in working capital		**(104,590)**	**(139,116)**
Changes in working capital:			
Other debit balances		(4,067)	320
Due from related parties		(71,892)	(36,133)
Creditors and other credit balances		39,235	59,722
Net cash flows used in operating activities		**(141,314)**	**(115,207)**
Cash flows from investing activities			
Payments to purchase of fixed assets	3(a)	-	(984)
Proceeds from sale of investments		-	31,941
Payments under investments in subsidiaries		(243)	-
Proceeds from loans to subsidiaries		29,399	25,036
Net cash flows generated from investing activities		**29,156**	**55,993**
Cash flows from financing activities			
Due from related parties		15,865	(203,498)
Due to related parties		94,680	265,875
Net cash flows generated from financing activities		**110,545**	**62,377**
Change in cash and cash equivalents		**(1,613)**	**3,163**
Cash and cash equivalents at beginning of the year	2(d)	3,954	791
Cash and cash equivalents at end of the year	2(d)	**2,341**	**3,954**

Non-cash transactions has been disclosed in the Note 10(a).

- The accompanying notes on pages 8 to 53 form an integral part of these separate financial statements.

Notes to the separate financial statements - For the year ended 31 December 2021

(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 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 financial statements has been authorised by the company's Board of Directors on 29 April 2022, and the Shareholders' General Assembly has the right to modify the separate financial statements after being issued.

Notes to the separate financial statements - For the year ended 31 December 2021

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

Financial position

2. Financial assets and financial liabilities

The Company holds the following financial instruments:

Financial assets at 31 December 2021	Notes	Assets at FVOCI	Loans and Receivables at amortised cost	Total
Other debit balances*	2(a)	-	2,014	**2,014**
Due from related parties	13(a)	-	2,244,387	**2,244,387**
Financial assets at fair value through other comprehensive income	2(b)	7,093	-	**7,093**
Loans to subsidiaries	2(c)	-	1,649,791	**1,649,791**
Cash and bank balances	2(d)	-	2,341	**2,341**
		7,093	**3,898,533**	**3,905,626**

Financial assets at 31 December 2020	Notes	Assets at FVOCI	Loans and Receivables at amortised cost	Total
Other debit balances *	2(a)	-	2,020	**2,020**
Due from related parties	13(a)	-	2,133,836	**2,133,836**
Financial assets at fair value through other comprehensive income	2(b)	6,906	-	**6,906**
Loans to subsidiaries	2(c)	-	1,691,773	**1,691,773**
Cash and bank balances	2(d)	-	3,954	**3,954**
		6,906	**3,831,583**	**3,838,489**

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

Financial liabilities at 31 December 2021	Notes	Liabilities at amortised cost	Total
Creditors and other credit balances**	2(e)	561,678	**561,678**
Due to related parties	13(b)	1,179,273	**1,179,273**
Loans	2(f)	5,670,981	**5,670,981**
		7,411,932	**7,411,932**

Financial liabilities at 31 December 2020	Notes	Liabilities at amortised cost	Total
Creditors and other credit balances**	2(e)	544,984	**544,984**
Due to related parties	13(b)	1,095,235	**1,095,235**
Loans	2(f)	5,295,234	**5,295,234**
		6,935,453	**6,935,453**

** excluding advances to tax authority and social insurance authority.

Notes to the separate financial statements - For the year ended 31 December 2021

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

Financial assets and financial liabilities (continued)

2(a) Other debit balances (Net)

	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Other debit balances	7,571	-	**7,571**	7,571	-	**7,571**
Letter of guarantee margins	1,956	-	**1,956**	1,963	-	**1,963**
Employee advances	2,736	-	**2,736**	2,498	-	**2,498**
Advances to suppliers	4,768	-	**4,768**	933	-	**933**
Withholding tax	867	-	**867**	867	-	**867**
Deposits with others	58	-	**58**	57	-	**57**
Impairment losses*	(7,571)	-	**(7,571)**	(7,571)	-	**(7,571)**
Total other debit balances	**10,385**	**-**	**10,385**	**6,318**	**-**	**6,318**

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

	2021	2020
Balance at 1 January	7,571	7,771
Write-off during the year	-	(200)
	7,571	**7,571**

(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 20.

2(b) financial assets at fair value through other comprehensive income

	2021	2020
Non-current assets		
EFG Capital Partners Fund III	7,093	6,906
	7,093	**6,906**

(i) *Financial assets at fair value through other comprehensive income*

Investments are designated as fair value through other comprehensive income 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 FVOCI 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 Financial assets at fair value through other comprehensive income

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 22 f(iv) further details about the Company's impairment policies for financial assets.

Notes to the separate financial statements - For the year ended 31 December 2021

(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 year, the following Profit/(losses) were recognised in profit or loss and other comprehensive income.

	2021	2020
Profit/(Losses) recognised in other comprehensive income - before tax (note 4(b))	198	(1,411)
Losses recognised in profits or losses	(12)	(193)
	186	**(1,604)**

(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 financial statements at 31 December 2021 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.

Recurring fair value measurements At 31 December 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at fair value through other comprehensive income				
Equity securities	-	7,093	-	7,093
Total financial assets	**-**	**7,093**	**-**	**7,093**

Notes to the separate financial statements - For the year ended 31 December 2021

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

Financial assets and financial liabilities (continued)

The table below shows the financial assets at fair value in the separate financial statements at 31 December 2020 within the hierarchy of fair value.

Recurring fair value measurements At 31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at fair value through other comprehensive income				
Equity securities	-	6,906	-	6,906
Total financial assets	**-**	**6,906**	**-**	**6,906**

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 year.

2(c) Loans to subsidiaries

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

	2021	**2020**
Current		
National Company for Multimodal	195,766	203,820
National Development and Trading Company	1,852,537	1,664,653
	2,048,303	**1,868,473**
Less: Accumulated impairment loss*	(574,507)	(363,392)
	1,473,796	**1,505,081**
Non-current		
United Foundries Company	186,335	186,692
Less: Accumulated impairment loss*	(10,340)	-
	175,995	**186,692**
	1,649,791	**1,691,773**

*The movement in impairment of loans due from subsidiaries:

	2021	**2020**
Balance at 1 January	363,392	194,566
Formed during the year (note 7)	222,095	173,606
Foreign currency exchange gain differences	(640)	(4,780)
	584,847	**363,392**

Notes to the separate financial statements - For the year ended 31 December 2021

(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 line 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

During 2014, the Company has signed two waiver contracts with Al Olayan Saudi investment Ltd for a portion from the two loans with a total amount of US $23 million divided to US $14.8 million (principle amount) and US $8 million (accrued interest amount). The balances of the two loans after the waiver agreements of US $118 million (equivalent to EGP 1.852 billion) as at 31 December 2021 versus US $106 million (equivalent to EGP 1.66 billion) as at 31 December 2020 including accumulated accrued interest amounted to US $74 million.

(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. (CCII) one of the subsidiary companies from the total accrued to CCII with annual interest of 6%.

On 1 January 2021, as per the amended agreement with United Foundries Company (UCF) the annual interest changed from 6% to 0.1%.

The subordinating loan for United Foundries Company is US $11.9 million (equivalent to EGP 186.3 million) as at 31 December 2021 versus US $11.9 million (equivalent to EGP 186.7 million) as at 31 December 2020 including accrued interest amounted to US 8.7 million (equivalent to EGP 136.1 million) as at 31 December 2021 versus US $8.7 million (equivalent to EGP 137.6 million) as at 31 December 2020.

Notes to the separate financial statements - For the year ended 31 December 2021

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

Financial assets and financial liabilities (continued)

(C) National Company for Multimodal

A debt transfer agreement was signed on 15 May 2017 between Citadel Capital, National Transport Company and Nile Cargo; that all the debts owed by Nile Cargo to Alex Bank to be transferred to National Transport Company. Also the second party agreed to accept the offer of Citadel Capital to pay the settlement amounted to EGP 58 million on behalf of the first party.

* The first instalment of EGP 29 M is due for payment on 22 September 2018.
* The second instalment, amounting to 28M EGP, is due for payment on 15 December 2018.

- The National Company for River Transport - Nile Cargo and the National Transportation Company agreed, Citadel Capital Company and National Transport Company, that once the Al Citadel Capital Company pays the full value of the settlement amount in favour of the Bank of Alexandria and the clearance of the National Transport Company from that debt before the bank, Citadel Capital Company replaces the Bank of Alexandria with the net balance of the owed debt With a total amount of 165,223,055 EGP.

2(d) Cash and bank balances

	2021	2020
Bank Current accounts – local currency	2,000	2,797
Cash on hand	301	15
Bank Current accounts – foreign currency	40	1,142
	2,341	**3,954**

The average effective interest rate on deposits at 31 December 2021 was 10% (2020 was 10 %). Time deposits and current accounts with banks are placed with local banks under the supervision of CBE.

2(e) Creditors and other credit balances

	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Former Shareholders credit balances*	150,242	-	**150,242**	152,879	-	**152,879**
Tax authority	276,729	-	**276,729**	251,605	-	**251,605**
Accrued expenses	254,912	-	**254,912**	240,894	-	**240,894**
Trade and notes payable	153,630	-	**153,630**	148,317	-	**148,317**
Dividends payable	2,894	-	**2,894**	2,894	-	**2,894**
Social insurance authority	358	-	**358**	2,941	-	**2,941**
Total creditors and other credit balances	**838,765**	**-**	**838,765**	**799,530**	**-**	**799,530**

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 Shareholders 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 financial statements.

Notes to the separate financial statements - For the year ended 31 December 2021

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

Financial assets and financial liabilities (continued)

2(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 Company - syndication manager along with other Company 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 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 Consortium of banks represented in Arab African International Bank, Suez Canal Bank, Misr bank , Piraeus 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 until the date of the new contract).

The new 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 2019 were as the Company has breached the debt covenants associated with the loan until finalising the negotiations with banks.

	2021	2020
First Class	2,004,512	2,008,356
Second Class	1,770,406	1,773,798
Accrued Interest	1,896,063	1,513,080
Balance	**5,670,981**	**5,295,234**

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) 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 (Petromasr)
  - Taqa Arabia S.A.E.
  - Egyptian Company for Solid Waste Recycling (ECARU)
  - Engineering Tasks Company (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 syndicated loan with a balance of EGP 5.6 billion outstanding as at 31 December 2021, are in the process of being renegotiated. The company has negotiated to settle all the overdue debts through finance from lenders. On reaching the rescheduling agreement, the company will benefit from the longer settlement period and the waiver of the charges on the defaulted loans.

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 financial statements - For the year ended 31 December 2021

(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

3. Non-financial assets and financial liabilities

3(a) Fixed assets

	Buildings	Computers	Furniture, fixture & office equipment	Vehicles	Software	Projects under construction	Total
1 January 2020							
Cost	33,742	8,597	23,037	540	2,521	21,616	**90,053**
Accumulated depreciation	(21,932)	(7,639)	(23,037)	(540)	(2,521)	-	**(55,669)**
Net carrying value	**11,810**	**958**	**-**	**-**	-	**21,616**	**34,384**
Year ended 31 December 2020							
Net book value at the beginning of the year	**11,810**	**958**	**-**	**-**	**-**	**21,616**	**34,384**
Additions	-	265	-	-	-	719	**984**
Transfer to fixed assets	-	-	-	-	22,335	(22,335)	**-**
Depreciation	(1,687)	(688)	-	-	-	**-**	**(2,375)**
Net book value	**10,123**	**535**	**-**	**-**	**22,335**	**-**	**32,993**
31 December 2020							
Cost	33,742	8,862	23,037	540	24,856	**-**	**91,037**
Accumulated depreciation	(23,619)	(8,327)	(23,037)	(540)	(2,521)	**-**	**(58,044)**
Net carrying value	**10,123**	**535**	**-**	**-**	**22,335**	**-**	**32,993**
Year ended 31 December 2021							
Net book value at the beginning of the year	**10,123**	**535**	**-**	**-**	**22,335**	**-**	**32,993**
Depreciation	(1,687)	(325)	-	-	(7,371)	**-**	**(9,383)**
Net book value	**8,436**	**210**	-	-	**14,964**	-	**23,610**
31 December 2021							
Cost	33,742	8,862	23,037	540	24,856	**-**	**91,037**
Accumulated depreciation	(25,306)	(8,652)	(23,037)	(540)	(9,892)	**-**	**(67,427)**
Net carrying value	**8,436**	**210**	**-**	**-**	**14,964**	**-**	**23,610**

Notes to the separate financial statements - For the year ended 31 December 2021

(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:

	2021	2020
General and administration expenses (note 6)	9,383	2,375
	9,383	**2,375**

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 Company's assets:

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

3(b) Investment in Subsidiaries

Company Name	Country of operation	Equity Interest 2021	Equity Interest 2020	2021	2020
Citadel Capital for International Investments Ltd.	Egypt	100%	100%	3,809,016	3,809,016
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%	54.05%	337,622	337,622
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 Consultation	Egypt	99.99%	99.99%	62	62
Total				**6,311,922**	**6,311,922**
Accumulated impairment loss ***				(771,870)	(771,870)
				5,540,052	**5,540,052**

** Citadel Capital's direct investment in ASEC Cement represents 1.8%, the indirect ratio is 49.38%, and therefore the effective ratio is 51.18.%.

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

	2021	2020
National Development and Trading Company	668,171	668,171
United Foundries Company	103,699	103,699
	771,870	**771,870**

Notes to the separate financial statements - For the year ended 31 December 2021

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

Non-financial assets and financial liabilities (continued)

*All investments in subsidiaries are represented in unlisted equity shares in the Stock Exchange except ASEC Company for Mining (ASCOM) with market value of EGP 230 million as at 31 December 2021 (31 December 2020: EGP 213.7 million), which represents 29,727,683 share with a market price EGP 7.74 per share as at 31 December 2021 (31 December 2020: 29,727,683 share with a market price EGP 7.19).

Losses of impairment in the value of the Company's investments in ASEC Mining Company (ASCOM) are not recognized as the recoverable value of the investment is higher than its market value and book value. The Company tests for impairment of all its investments annually at the reporting date using the recoverable amount calculated based on the present value of the expected future cash flows from ASEC Mining Company (ASCOM).

3(c) Payments under investments

	2021	2020
Citadel Capital Holding for Financial Investments – Free Zone	2,604,785	2,604,785
Others	156,090	155,847
Accumulated impairment *	(151,637)	(151,637)
Net	**2,609,238**	**2,608,995**

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

	2021	2020
Balance at 1 January	151,637	151,637
	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 were 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 investment in subsidiaries 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.

Assumptions used by the company when testing the impairment of investment in ASEC company for mining (ASCOM) at 31 December 2021 and 31 December 2020 are as follows:

	2021	2020
Average gross margin	30%	30%
Sales growth rate	9%	9%
Pre-tax discount rate	12.5%	13%
Growth rate beyond five years	2.5%	2.5%

Notes to the separate financial statements - For the year ended 31 December 2021

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

Non-financial assets and financial liabilities (continued)

Sensitivity of recoverable amounts

The growth rate beyond five years has been estimated to be 2.5%. If all other assumptions kept the same, a reduction of this growth rate by 100% would give a value in use exceed the current carrying amount.

The discount rate in the forecast period has been estimated to be 12.5%. If all other assumptions kept the same, and the discount rate is 30% would give a value in use exceed the current carrying amount.

3(d) Deferred tax balances

	2021		2020	
	Asset	Liability	Asset	Liability
Fixed asset	-	(1,097)	73	-
Financial assets at fair value through other comprehensive income	273	-	318	-
	273	**(1,097)**	**391**	**-**
Net deferred tax		**(824)**	**391**	

The movement of deferred tax liabilities was as follows:

	2021	2020
Balance at 1 January	391	44
Net deferred tax assets charged to profit or loss (note (9))	(1170)	29
Net deferred tax assets charged to other comprehensive income (note 4(b))	(45)	318
	(824)	**391**

3(e) Provisions

	Claims Provisions	Legal provisions	Other provisions	Total
Balance at 1 January 2020	**93,350**	**9,454**	**780**	**103,584**
Provision formed (note (7))	56,000	-	-	**56,000**
Balance at 31 December 2020 and 1 January 2021	149,350	9,454	780	**159,584**
Provision formed (note (7))	54,308	-	16,842	**71,150**
Balance at 31 December 2021	**203,658**	**9,454**	**17,622**	**230,734**

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.

Notes to the separate financial statements - For the year ended 31 December 2021

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

4. Equity

4(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	9.12%	165,964,000	829,820
Emirates International Investments Company	5.54%	100,900,000	504,500
Other shareholders	62%	1,125,680,329	5,628,402
	100%	**1,820,000,000**	**9,100,000**

4(b) Reserves

	Legal Reserve*	Financial assets at fair value through other comprehensive income revaluation reserve	Total
Balance at 1 January 2020	**89,578**	-	**89,578**
Revaluation of Financial assets at fair value through other comprehensive income –before tax (note 2(b))	-	(1,411)	(1,411)
Deferred tax (note 3(d))	-	318	318
Balance at 31 December 2020 and 1 January 2021	**89,578**	**(1,093)**	**88,485**
Revaluation of Financial assets at fair value through other comprehensive income – before tax (note 2(b))	-	198	**198**
Deferred tax (note 3(d))	-	(45)	**(45)**
Balance at 31 December 2021	**89,578**	**(940)**	**88,638**

* Legal Reserve

In accordance with the company's Article of Association, 5 % of the net profit for the period is transferred to the legal reserve account. Based on proposal from the board of directors and the approval of the General Assembly of the company, this transfer may be partially discontinued if the legal reserve reaches 50% of the issued capital. Whenever this reserve is lower than this percentage, the deduction should be continued. This reserve is not available for distribution to shareholders.

Notes to the separate financial statements - For the year ended 31 December 2021

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

Performance

5. Advisory Revenue

Advisory fee represents advisory services rendered to the subsidiaries by virtue of shareholders agreements:

	2021	2020
Falcon Agriculture Investments Ltd	39,633	39,957
Citadel Capital Transportation Opportunities II Ltd	17,184	17,324
Silverstone Capital Investment Ltd	15,075	15,198
ASEC for Cement	11,389	14,424
Citadel Capital Joint Investment Fund Limited	-	3,078
Mena Joint Investment Fund Management SA	-	3,078
Africa JIF HOLD CO I	-	838
Grandview	-	16,847
	83,281	**110,744**

6. General and administrative expenses

	2021	2020
Salaries, wages and other employee benefits	150,683	167,703
Professional fees	19,648	20,236
Travel and accommodation	793	2,172
Marketing, advertising and public relations	1,406	8,134
Other expenses	8,856	6,697
Telecom expenses	2,233	1,520
Legal expenses	2,175	-
Depreciation (Note 3(a))	9,383	2,375
Utilities	1,236	1,360
Rent expenses*	591	790
Donations	250	100
	197,254	**211,087**

*Rent expenses includes low value and short term rent.

7. Provisions formed

	2021	2020
Impairment in loans to subsidiaries (Note 2(c))	222,095	173,606
Provisions for claim (Note 3(e))	54,308	56,000
Other provisions (Note 3(e))	16,842	-
	293,245	**229,606**

Notes to the separate financial statements - For the year ended 31 December 2021

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

8. Finance costs - net

	2021	2020
Interest income	264,200	258,441
Net foreign exchange gain	35,660	-
Total finance income	**299,860**	**258,441**
Interest expenses	(400,940)	(393,191)
Net foreign exchange losses	-	(33,059)
Total Finance costs	**(400,940)**	**(426,250)**
Net	**(101,080)**	**(167,809)**

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

	2021	2020
National Development and Trading Company	191,013	173,606
Citadel Capital Holding for Financial Investments-Free Zone	51,644	51,491
National Multimodal Transportation	21,345	22,038
United Foundries Company	175	11,260
Other	23	46
Total	**264,200**	**258,441**

9. Income tax

	2021	2020
Deferred tax (Note 3(d))	1,170	(29)
	1,170	**(29)**

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

	2021	2020
Net loss before tax	(508,298)	(510,296)
Tax calculated at enacted tax rate	(114,367)	(114,817)
Non-deductible expenses for tax purposes	58,330	51,691
Unrecognized tax losses	57,207	63,097
Income tax expense	**1,170**	**(29)**

Notes to the separate financial statements - For the year ended 31 December 2021

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

Cash flows

10. Cash flow information

10 (a) Non cash transactions

The non-cash transaction represent as follows:

	2021	2020
Investing activities		
Changes in fair value of financial assets at fair value through OCI	153	(1,093)
Transfer from projects under construction to fixed assets	-	22,335
Transfer from payment under investments to investment in subsidiaries	-	982,000

10 (b) Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Company's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

		Liabilities from financing activities	
	Borrowings	Other financing liabilities	Total
Balances at 1 January 2020			
Cash flows	5,014,010	-	5,014,010
Repayments of principal	-		-
Interest payments	-	-	-
Non-cash changes			
Interest accrual	355,999	-	355,999
Foreign exchange adjustments	(74,775)	-	(74,775)
Balance at 31 December 2020	5,295,234	-	5,295,234
Cash flows			
Repayments of principal	-	-	-
Interest payments	-	-	-
Non-cash changes			
Interest accrual	385,823	-	385,823
Foreign exchange adjustments	(10,076)	-	(10,076)
Balance as at 31 December 2021	5,670,981	-	5,670,981

Unrecognised items

11. Contingent liabilities

The Company has contingent liabilities in respect of letter of guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, The balance of the letters of guarantee granted by the Company during the ordinary course of business amounted to USD 125K in 2021 (2020: USD zero).

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 31 December 2021 is EGP 396 million equivalent to US $ 25.3 million (31 December 2020: EGP 365 million equivalent to US $22.8 million).

12. Significant changes in the current reporting period

The existence of novel coronavirus (Covid-19) was confirmed in early 2021 and has spread across the whole world, causing disruptions to businesses and global 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 are delivering growth and proving resilient in the face of Covid-19 supported by the diversification strategy of its portfolio.

The situation differs greatly from region to region. Whereas some countries are keeping their borders closed, restricting the flow of goods and imposing lockdowns, others are already starting to lift restrictions in areas with low rates of new infections. The global market conditions have affected market confidence and consumer spending patterns locally and globally. Though management expectations for the Company's sector 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-19 pandemic the Company will accelerate growth trends across the portfolio and that due to the diversity of the Company's portfolio

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-19 impact on the financial performance and position and its impact on assets through the impairment test performed and the management concluded that there is no material impact on the net book value of the Company assets.

Notes to the separate financial statements - For the year ended 31 December 2021

(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 year also the accrued balances at the date of separate financial position .

13(a) Due from related parties

Company name	Nature of relationship	Nature and volume of transaction		2021	2020
		Advisory fee	Finance		
Mena Home furnishings Mall	Subsidiary	-	(158)	82,451	82,609
Falcon Agriculture Investments Ltd.	Subsidiary	39,633	(643)	381,205	342,215
Golden Crescent Investments Ltd.	Subsidiary	-	(114)	59,709	59,823
Citadel Capital Transportation Opportunities Ltd.	Subsidiary	-	(35)	18,201	18,236
Logria Holding Ltd.	Investee	-	(165)	86,136	86,301
Mena Glass Ltd.	Investee	-	(103)	53,773	53,876
Silverstone Capital Investment Ltd.	Subsidiary	15,075	(32,948)	-	17,873
Sabina for Integrated Solutions	Subsidiary	-	(33)	17,215	17,248
Citadel Capital Financing Corp.	Subsidiary	-	(197)	102,738	102,935
Citadel Capital Transportation Opportunities II Ltd.	Subsidiary	17,184	(259)	154,702	137,777
Citadel Capital Holding for Financial Investments-Free Zone	Subsidiary	-	(72,527)	1,181,360	1,253,887
ASEC Company for Mining (ASCOM)	Subsidiary	-	(1,122)	103	1,225
United Foundries Company	Subsidiary	-	(22,118)	191,152	213,270
Citadel Capital for International Investments Ltd.	Subsidiary	-	166,426	1,304,433	1,138,007
Africa Raliways Limited	Subsidiary	-	(36)	18,835	18,871
Mena Joint Investment Fund management S.A	Subsidiary	-	(71)	36,655	36,726
Citadel Capital Joint Investment and Management limited Fund	Subsidiary	-	(16)	8,406	8,422
Africa JIF Holdco I fund	Subsidiary	-	(21)	11,116	11,137
Crondall Holdings Ltd.	Subsidiary	-	(53)	27,651	27,704
International Company for Mining Consultation	Subsidiary	-	-	140	140
Grandview Investment Corp	Subsidiary	-	(28)	12,758	12,786
Total				**3,748,739**	**3,641,068**
Accumulated impairment loss *				(1,504,352)	(1,507,232)
Net				**2,244,387**	**2,133,836**

Notes to the separate financial statements - For the year ended 31 December 2021

(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 2021	Formed	Write off	Foreign exchange differences	Balance as at 31 December 2021
Logria Holding Ltd.	86,303	-	-	(167)	**86,136**
Citadel Capital Financing Corp.	102,939	-	-	(201)	**102,738**
Golden Crescent Investments Ltd.	59,819	-	-	(110)	**59,709**
Sabina for Integrated Solutions	17,248	-	-	(33)	**17,215**
Citadel Capital Transportation Opportunities Ltd.	18,236	-	-	(35)	**18,201**
Mena Glass Ltd.	53,876	-	-	(103)	**53,773**
Africa Raliways Limited	18,871	-	-	(36)	**18,835**
Crondall Holdings Ltd.	27,707	-	-	(56)	**27,651**
Citadel Capital Holding for Financial Investments-Free Zone	759,241	-	-	(1,452)	**757,789**
Citadel Capital for International Investments Ltd.	280,390	-	-	(536)	**279,854**
Mena Home furnishings Mall	82,602	-	-	(151)	**82,451**
Balance	**1,507,232**	**-**	**-**	**(2,880)**	**1,504,352**

13(b) Due to related parties

	Nature of relationship	Nature and volume of transaction: Advisory fee	Finance	2021	2020
National Development and Trading Company	Subsidiary	-	(1,222)	636,642	637,864
ASEC Cement Company	Subsidiary	(11,389)	12,190	15,435	14,634
Asec Trading Company	Subsidiary	-	15,126	62,608	47,482
Citadel Capital for International Investments Ltd.	Subsidiary	-	23,930	335,585	311,655
Silverstone Capital Investment Ltd.	Subsidiary	-	14,130	14,130	-
Ahmed Heikal	Chairman	-	-	766	766
FHI	Shareholder	-	15,117	97,951	82,834
National Company for Printing	Subsidiary	-	16,156	16,156	-
Total				**1,179,273**	**1,095,235**

13(c) Key Management Compensation

Key management personnel received total benefits during the year with an amount of EGP 61 million in 31 December 2021 represented in salaries and other benefits (31 December 2020: EGP 62.5 million).

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

Related party transactions (continued)

13 (d)Terms and conditions

Transactions relating to Advisory fees during the year based on the Contracts in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

The loans to related parties are repayable between 1 to 10 years from the reporting date. The average interest rate on the loans to related parties during the year was 11.5% (2020: 11.5%).

Outstanding balances are secured and are repayable in cash.

13 (e) *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.

14. Basic and diluted (loss) per share

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

	2021	2020
Net loss for the year	(509,468)	(510,296)
Weighted average number of ordinary shares	1,820,000	1,820,000
Loss per share - EGP	**(0.28)**	**(0.28)**

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 loss 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 2020, 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 2020, 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 financial statements. Accordingly, it is not yet activated.

16. 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 consolidated 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 consolidated net profit after deducting the non-controlling interest share the consolidated 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 year ended 31 December 2021 management charged the amount to Citadel Capital for International Investment (CCII) – fully owned subsidiary.

Notes to the separate financial statements - For the year ended 31 December 2021

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

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 31 December 2021 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 tax department has disregarded the company's submitted tax returns and estimated the taxes for this period on a deemed profit basis. However the company has appealed this tax estimation and accordingly this period associated tax returns will be re-audited by the tax department on a documentation basis.

The years from 2015 till 2021

- 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 tax department estimated the payroll tax for this period roughly however the company rejected this estimation. The dispute has been finally settled by the tax disputes settlement committee at an amount of EGP 150,000.

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 2021

- 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 dispute is currently negotiated with the Tax disputes settlement committee but no final agreement is reached yet.

Tax position (continued)

The years from 2010 till 2013

- The tax department – Dokki has roughly estimated the tax for this period. However the company has appealed this estimation
- The Company has filed a Law suit under No. 25/2014, and it is still under the review of the Egyptian Council of State.
- The dispute is currently negotiated with the tax disputes settlement committee but no final agreement is reached yet.

The years from 2014 till 2021

- 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.

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 3(c) (i)
- Impairment of loans to related parties and due from related parties- note 13(e)
- Impairment of trade receivables and other debit balances – note 2 (a)
- Provision for income tax - note 9
- Provisions - note (7)
- Impairment of fixed assets - note (3) (a)

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.

Notes to the separate financial statements - For the year ended 31 December 2021

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

Financial risk management (continued)

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:

	2021	2020
USD 10%	(1,209)	(1,461)
Euro 10%	(2,498)	(2,500)
GBP 10%	(30)	(47)

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

	2021			2020
	Assets	Liabilities	Net	Net
USD	411,847	(423,939)	**(12,092)**	**(14,610)**
Euro	140	(25,116)	**(24,976)**	**(24,998)**
GBP	2	(299)	**(297)**	**(474)**

(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, whereas the Company have investment in ASEC for Mining, listed in the Egyptian stock exchange.

(iii) Cash flows, fair value and 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.

Notes to the separate financial statements - For the year ended 31 December 2021

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

Financial risk management (continued)

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 31 December:

	Increase/ decrease	Effect on separate profit or loss
31 December 2021	±1%	54,657
31 December 2020	±1%	37,822

Libor reform

In July 2017, the United Kingdom Financial Conduct Authority ('FCA'), which regulates the London Interbank Offered Rate ('LIBOR'), announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates. LIBOR reforms will be dealt with between the company and the lending banks according to the facility agreements. We continue to assess the impact of LIBOR reform. Our LIBOR exposures arise from: interest on foreign currency bank loans and interest rate derivatives.

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:

	2021	2020
Due from related parties	2,244,387	2,133,836
Loan to subsidiaries	1,649,791	1,691,773
Other debit balances	2,014	2,020
Cash and bank balances	2,341	3,954
	3,898,533	**3,831,583**

Impairment of other debit balances movement represented as follows:

	2021	2020
Balance at 1 January	7,571	7,771
Write-off during the year	-	(200)
	7,571	**7,571**

Notes to the separate financial statements - For the year ended 31 December 2021

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

Financial risk management (continued)

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 31 December 2021 and 31 December 2020, based on contractual payment dates and current market interest rates.

	Below 6 month
31 December 2021	
Loans	5,670,981
Creditors and other credit balances	834,349
Due to related parties	1,179,273
Total	**7,684,603**
31 December 2020	
Loans	5,295,234
Creditors and other credit balances	799,530
Due to related parties	1,095,235
Total	**7,189,999**

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

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 31 December 2021 and 31 December 2020 is as follows:

	2021	2020
Total borrowings		
Loans	5,670,981	5,295,234
Less: Cash and bank balances	(2,341)	(3,954)
Net debts	**5,668,640**	**5,291,280**
Equity	4,166,320	4,675,635
Total capital	**9,834,960**	**9,966,915**
Net debts to total capital	**58%**	**53%**

21. Financial assets and liability offset

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2021 and 31 December 2020. The column 'net amount 'shows the impact on the Company's balance sheet if all set-off rights were exercised.

Notes to the separate financial statements - For the year ended 31 December 2021

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

Financial assets and liability offset (continued)

31 December 2021	Effects of offsetting on the balance sheet: Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c) = (a) – (b)	Related amounts not offset: Amounts subject to master netting (d)	Cash collateral received (e)	Net amount of exposure (c) – (d) – (e)
ASSETS						
Other Debit Balances	10,385	-	**10,385**	-	-	**10,385**
Due from related parties	2,579,972	(335,585)	**2,244,387**	-	-	**2,244,387**
Cash and cash equivalent	2,341	-	**2,341**	-	-	**2,341**
Total assets subject to offsetting, master netting and similar arrangement	**2,592,698**	**(335,585)**	**2,257,113**	**-**	**-**	**2,257,113**
LIABILITIES						
Creditor and other credit balances	838,765	-	**838,765**	-	-	**838,765**
Due to related parties	1,514,858	(335,585)	**1,179,273**	-	-	**1,179,273**
Loans	5,670,981	-	**5,670,981**	-	-	**5,670,981**
Total liabilities subject to offsetting, master netting and similar arrangement	**8,024,604**	**(335,585)**	**7,689,019**	**-**	**-**	**7,689,019**

31 December 2020	Effects of offsetting on the balance sheet: Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c) = (a) – (b)	Related amounts not offset: Amounts subject to master netting (d)	Cash collateral received (e)	Net amount of exposure (c) – (d) – (e)
ASSETS				-	-	
Other Debit Balances	6,318	-	**6,318**	-	-	**6,318**
Due from related parties	2,445,491	(311,655)	**2,133,836**	-	-	**2,133,836**
Cash and cash equivalent	3,954	-	**3,954**	-	-	**3,954**
Total assets subject to offsetting, master netting and similar arrangement	**2,455,763**	**(311,655)**	**2,144,108**	**-**	**-**	**2,144,108**
LIABILITIES						
Creditor and other credit balances	799,530	-	**799,530**	-	-	**799,530**
Due to related parties	1,406,890	(311,655)	**1,095,235**	-	-	**1,095,235**
Loans	5,295,234	-	**5,295,234**	-	-	**5,295,234**
Total liabilities subject to offsetting, master netting and similar arrangement	**7,501,654**	**(311,655)**	**7,189,999**	**-**	**-**	**7,189,999**

22. Summary of significant accounting policies

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

22(a) Basis of preparation of the separate financial statements

(i) Compliance with EAS

The separate financial statements of Citadel Capital Company "S.A.E." have been prepared in accordance with Egyptian Accounting Standards (EAS), Egyptian Accounting Standards Interpretations (EAI) and relevant laws. and on the basis of the historical cost convention, except for financial assets at fair value through other comprehensive income, which are measures at the fair value. The separate financial statements comply with the Egyptian Accounting Standards and its modifications as issued by the Minister of Investment and International Cooperation on 18 March 2020.

(ii) Historical cost convention

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

- Financial assets at fair value through other comprehensive income

(iii) Going concern

Critical judgement with respect to the going concern of the Company

The Company has incurred a net loss of approximately EGP 509 million for the year ended 31 December 2021 (31 December 2020: EGP 510 million net loss). This has further increased the Company's accumulated losses amounted to approximately EGP 5 billion as at 31 December 2021 (31 December 2020: EGP 4.5 billion).

As at 31 December 2021, the Company is financed by borrowings and bank facilities to the amount of EGP 5.7 billion. The Company had EGP 2.3 million of cash and cash equivalents. The following notes are relevant to understanding the liquidity position of the Company:

- Details of the borrowings such as collateral, debt covenants, repayments terms, interest rates as well as breaches of the loan covenants and related defaults are set out in note (2)(f). Movement of the liabilities arising from financing activities can be found in note (10)(b).
- The debt to total capital ratio is provided in (Note 20).
- The maturity analysis of borrowings is set out in the liquidity management in (Note 19)(C).
- Details of cash and cash equivalents are included under (Note 2)(d).

During the financial year, the Company was in breach of its existing debt covenants. Furthermore, the company has defaulted in settling loan instalments on their due dates. As a result of the breaches and defaults, an amount of EGP 5.7 billion was repayable on demand and the loans have been classified as current liabilities as at 31 December 2021. As a result, the Company's current liabilities exceeded its current assets by EGP 4.2 billion (31 December 2020: EGP 3.7 billion).

Summary of significant accounting policies (continued)

Furthermore, due to the adverse impact globally from Covid-19, the Company's business activities were in certain parts of the business significantly impacted. Details of which are set out in (Note 12) on business activities.

These circumstances and conditions cast indicate substains doubt as to whether the Company will be able to meet its debt obligations as they fall due and represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern

The key factors which could lead to the Company not being a going concern are considered to be:

- If the Company continues to make losses from operations and does not generate sufficient cash flows from the operations. As a result, the Company would not be able to provide services to its customers, pay employees and suppliers.

- If the Company is unable to remedy any breaches of financial covenants financial nor able to renegotiate or restructure any defaulted positions.

Assessment of cash flow forecasts produced by management

The assessment of the going concern basis for the preparation of the financial statements of the Company relies heavily on the ability to forecast future cash flows over the going concern assessment period and to successfully restructure the defaulted debt and remedy any breaches. Although the Company has a robust budgeting and forecasting process, there is an inherent uncertainty in the assumptions used in this process. This is further exacerbated by the current economic uncertainty caused by the Covid-19 pandemic and other factors.

Management has prepared a comprehensive cash flow forecast for the next 5 years of the business which has been subject to Board review and challenge. These cash flows are consistently used for purposes of testing the non-current assets for impairment and details of the assessments and key assumptions, During the year, no impairment losses were recognized against non-current assets.

Key areas in determining the Company is a going concern

The key considerations in respect in respect of assessing going concern and in reaching the conclusion are set out below:

Operational Activity

- The company show continues operational and EBITDA growth year on year.
- Management continues to maintain a more relaxed cash flow impact from operating expenses either through deferring payments or cost cutting policies.

Summary of significant accounting policies (continued)

Liquidity Position

The Company has experienced significant liquidity issues and in order to address the liquidity issues, management has undertaken the following actions:

- Loans from local financial institutions, with a balance of 5.7 billion outstanding as at 31 December 2021, are in the process of being renegotiated. The Company has negotiated to settle all the overdue debts through finance from one lender. On reaching the rescheduling agreement, the Company will benefit from the longer settlement period and the waiver of the charges on the defaulted loans.

Other initiatives

- Management continues to maintain a more relaxed cash flow impact from operating expenses either through deferring payments or cost cutting policies.

Based on the above operational and liquidity factors as well as the other initiatives, the company management is of the view that the company expects to continue to realize its assets and discharge its liabilities in the normal course of business and be able to continue to operate as a going concern.

Therefore, the separate financial statements of the company for the year ended 31 December 2021 have been 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.

Summary of significant accounting policies (continued)

22(b) Foreign currency translation

(1) Functional and presentation currency

The separate 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 financial statements are presented in Egyptian Pounds, which is the Company's functional and presentation currency.

(2) Transactions and balances

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

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

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

22(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 3 (a)

Summary of significant accounting policies (continued)

The Company reviews the residual value of fixed assets and estimated useful lives of fixed assets at the end of each financial 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.

22(d) Investments in subsidiaries

Investments in subsidiaries is accounted for using the cost method. Investment in subsidiaries in the separate financial statements is stated at cost. 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.

22 (e) Impairment of non-financial assets

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

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

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

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

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

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

Notes to the separate financial statements - For the year ended 31 December 2021

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

Summary of significant accounting policies (continued)

22(f) Investment 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 and treasury bills.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii)Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the 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.

(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.

Summary of significant accounting policies (continued)

- 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.

(iv)Impairment

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 120 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Summary of significant accounting policies (continued)

The Company defines default as a situation when the exposure meets one or more of the following criteria:

- the debtor is more than 120 days past due on its contractual payments;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:
- the borrower is in breach of financial covenant(s);
- it is becoming likely that the borrower will enter bankruptcy; and
- the loans were purchased or originated at a deep discount that reflects the incurred credit losses.

The default definition stated above is applied to all types of financial assets of the Company.

22(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.

22(h) 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.

22(i) 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.

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.

Summary of significant accounting policies (continued)

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.

22(j) 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.

22(k) Preferred shares

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

22(l) Current and deferred income tax

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

The current income tax charge for the period is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management annually

evaluates tax positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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

Summary of significant accounting policies (continued)

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.

22(m) Employees' benefits

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

i. Pension obligations

<u>Defined contribution plans</u>

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.

Summary of significant accounting policies (continued)

ii. Termination benefits Profit-sharing and bonus plans

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.

22(n) Leases

- **Finance lease**

  Until 31 December 2019, 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 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.

Summary of significant accounting policies (continued)

22(n) 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 can be determined, or the Company's incremental borrowing rate.

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.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

22(o) Borrowings

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

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

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

Notes to the separate financial statements - For the year ended 31 December 2021

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

Summary of significant accounting policies (continued)

22(p) Borrowing costs

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

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

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

22(q) Provisions, contingent liabilities and contingent assets

(i) 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. Provisions are not recognised for future operating losses.

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.

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

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

(ii) Contingent liabilities

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

Notes to the separate financial statements - For the year ended 31 December 2021

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

Summary of significant accounting policies (continued)

(iii) Contingent assets

A contingent asset is a possible asset that may arise from past events because of occurring or non-occurring of contingent future events that are not under the 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.

22(r) Revenue recognition

Revenue is income arising in the course of the Company's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring control over promised services to a customer, excluding the amounts collected on behalf of third parties.

i. Advisory Fees

Advisory revenues should be recognised on an accruals basis in accordance with the relevant agreement's substance.

ii. Interest income

Interest income shall be calculated by using the effective interest method This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. purchased or originated credit-impaired financial assets. For those financial assets, the entity shall apply the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity shall apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

iii. Dividend income

Dividends from a subsidiary are recognised in the separate financial statements of the Company when the Company's right to receive the dividend is established. The dividend is recognised in profit or loss unless the entity elects to use the equity method, in which case the dividend is recognised as a reduction from the carrying amount of the investment.

Summary of significant accounting policies (continued)

22(s) Dividends

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

22(t) Comparative figures

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

22(v) Losses 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.

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

23 Subsequent Events

During February 2022, the Russian federation invaded Ukraine, while there has been long-standing geopolitical tension between Russia and Ukraine, there was an absence of a conclusive threat of invasion as at 31 December 2021. The Russian military invasion of Ukraine during February 2022 does not provide additional evidence about the conditions that existed as at 31 December 2021. Therefore, the invasion is considered a non-adjusting event for reporting periods ending on or before 31December 2021. Ukraine is one of the world's largest exporters of commodities, and the invasion has already had an impact on the prices of commodities. Although the company does not export from Ukraine, Management has taken steps to ensure that the company is not affected in the short term, but due to the uncertainty and liquidity of the situation, the overall impact in the medium and long term is undetermined.

Notes to the separate financial statements - For the year ended 31 December 2021

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

Subsequent Events (continued)

Also On March 21, 2022, the Central Bank of Egypt announced a decrease in the exchange rate of the Egyptian pound and an increase in interest rates on lending and deposits by 1%. Accordingly, as a result of the decrease in the exchange rate of the Egyptian pound, the US dollar was traded on the date of issuance of these financial statements in local banks between 18 and 18.50 Egyptian pounds. The potential impact of the decrease in the exchange rate of the Egyptian pound on the company's performance remains uncertain as of the date of this report, however, management continues to monitor the situation closely.