CITADEL CAPITAL COMPANY S.A.E.
SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2019

Contents

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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 2019 and the separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the 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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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 2019, and of its financial performance and its cash flows for the fiscal year then ended in accordance with Egyptian Accounting Standards and in light of the related Egyptian laws and regulations.

Emphasis of matters

Without qualifying our opinion, we draw attention to note (23 (a) (iii)) to the separate financial statements which indicates that as at 31 December 2019, the Company's accumulated losses have reached EGP 4 billion and the Company's current liabilities exceed its current assets by EGP 3.2 billion. The company's is also in breach of its existing debt covenants and has defaulted in settling the loan instalments on their due dates. These conditions, along with other matters set out in note (23 (a) (iii)) indicate the existence of material uncertainty that may cast significant doubt about the company's ability 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

3 May 2020
Cairo

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
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QALAA HOLDINGS

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

Separate statement of financial position - As of 31 December 2019

	Note	2019	2018
Assets			
Non-current assets			
Fixed assets	3(a)	34,384	36,233
Investments in subsidiaries	3(b)	4,602,560	4,521,123
Available for sale investments	2(b)	9,594	13,574
Payments under investments	3(c)	3,590,995	3,588,542
Loans to subsidiaries	2(c)	190,383	368,164
Deferred tax asset	3(d)	44	-
Total non-current assets		**8,427,960**	**8,527,636**
Current assets			
Loans to subsidiaries	2(c)	1,336,900	1,496,193
Other debit balances	2(a)	6,638	32,922
Due from related parties	15(a)	2,088,683	2,326,900
Cash and bank balances	2(d)	791	6,969
Total current assets		**3,433,012**	**3,862,984**
Total assets		**11,860,972**	**12,390,620**
Equity			
Paid up capital	4(a)	9,100,000	9,100,000
Reserves	4(b)	89,578	91,210
Accumulated losses		(4,002,554)	(3,668,338)
Net Equity		**5,187,024**	**5,522,872**
Non-current liabilities			
Deferred tax liabilities	3(d)	-	423
Total Non-current liabilities		**-**	**423**
Current liabilities			
Provisions	3(e)	103,584	73,339
Creditors and other credit balances	2(e)	1,966,909	1,560,517
Due to related parties	15(b)	746,526	925,478
Loans	2(f)	3,856,929	4,307,991
Total current liabilities		**6,673,948**	**6,867,325**
Total equity and liabilities		**11,860,972**	**12,390,620**

- The accompanying notes on pages 8 to 51 form an integral part of these separate financial statements.
- Auditor's report attached

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

3 May 2020

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

Separate statement of profit or loss - For the year ended 31 December 2019

	Note	2019	2018
Advisory revenue	5	97,881	106,002
Investment revenue		-	422
General and administrative expenses	6	(233,418)	(231,452)
Provisions formed	7	(218,486)	(93,075)
Provisions no longer required	8	-	21,509
Other operating income	9	-	106,922
Operating loss		**(354,023)**	**(89,672)**
Finance income (costs) – net	10	19,814	(129,796)
Loss before income tax		**(334,209)**	**(219,468)**
Income tax	11	(7)	(74)
Net loss for the year		**(334,216)**	**(219,542)**
Basic loss per share (EGP/Share)	16	(0.18)	(0.12)
Diluted loss per share (EGP/Share)	16	(0.18)	(0.12)

- The accompanying notes on pages 8 to 51 form an integral part of these separate financial statements.

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

Separate statement of comprehensive income - For the year ended 31 December 2019

	Note	2019	2018
Net loss for the year		(334,216)	(219,542)
Other comprehensive income			
Change in fair value of available for sale financial assets	2(b)	(2,106)	2,106
Tax income relating to other comprehensive income	3(d)	474	(474)
Total other comprehensive income for the year, net of tax		**(1,632)**	**1,632**
Total comprehensive loss for the year		**(335,848)**	**(217,910)**

- The accompanying notes on pages 8 to 51 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 2019

	Paid up capital	Reserves	Accumulated losses	Total equity
Balance at 1 January 2018	**9,100,000**	**89,578**	**(3,448,796)**	**5,740,782**
Total comprehensive loss for the year	-	1,632	(219,542)	**(217,910)**
Balance at 31 December 2018 and 1 January 2019	**9,100,000**	**91,210**	**(3,668,338)**	**5,522,872**
Total comprehensive loss for the year	-	(1,632)	(334,216)	**(335,848)**
Balance at 31 December 2019	**9,100,000**	**89,578**	**(4,002,554)**	**5,187,024**

- The accompanying notes on pages 8 to 51 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 2019

	Note	2019	2018
Cash flows from operating activities			
Loss for the year before tax		(334,209)	(219,468)
Adjusted to:			
Depreciation	3(a)	2,396	2,319
Income from debt restructuring	9	-	(106,922)
Investments income		-	(422)
Provisions formed	7	218,486	93,075
Provisions no longer required	8	-	(21,509)
Unrealized foreign currency exchange differences gain / (loss)		(258,587)	14,992
Interest income	10	(271,909)	(273,606)
Interest expense	10	429,882	425,733
Operating loss before changes in working capital		**(213,941)**	**(85,808)**
Changes in working capital:			
Other debit balances		26,284	(17,890)
Due from related parties		278,664	(137,850)
Creditors and other credit balances		(19,340)	(14,716)
Due to related parties		(178,952)	188,856
Net cash flows (used in) operating activities		**(107,285)**	**(67,408)**
Cash flows from investing activities			
Payments to purchase of fixed assets	3(a)	(547)	(1,228)
Payments under investments in subsidiaries		(2,453)	(3,837)
Proceeds from loans to subsidiaries		103,620	-
Payments to purchase of investments in subsidiary		(1,187)	-
Proceeds from available for sale financial assets		1,674	-
Net cash flows generated from / (used in) investing activities		**101,107**	**(5,065)**
Change in cash and cash equivalents		**(6,178)**	**(72,473)**
Cash and cash equivalents at beginning of the year	2(d)	6,969	79,442
Cash and cash equivalents at end of the year	2(d)	**791**	**6,969**

Non-cash transactions has been disclosed in the Note 12(a).

- The accompanying notes on pages 8 to 51 form an integral part of these separate financial statements.

Notes to the separate financial statements - For the year ended 31 December 2019

(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 3 May 2020, 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 2019

(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	Notes	Assets at FVOCI	Loans and Receivables at amortised cost	Total
2019				
Other debit balances*	2(a)	-	2,055	2,055
Due from related parties	15(a)	-	2,088,683	2,088,683
Available for sale financial assets	2(b)	9,594	-	9,594
Loans to subsidiaries	2(c)	-	1,527,283	1,527,283
Cash and bank balances	2(d)	-	791	791
		9,594	**3,618,812**	**3,628,406**

Financial assets	Notes	Assets at FVOCI	Loans and Receivables at amortised cost	Total
2018				
Other debit balances *	2(a)	-	19,705	19,705
Due from related parties	15(a)	-	2,326,900	2,326,900
Available for sale financial assets	2(b)	13,574	-	13,574
Loans to subsidiaries	2(c)	-	1,864,357	1,864,357
Cash and bank balances	2(d)	-	6,969	6,969
		13,574	**4,217,931**	**4,231,505**

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

Financial liabilities	Notes	Liabilities at amortised cost	Total
2019			
Creditors and other credit balances**	2(e)	1,739,940	1,739,940
Due to related parties	15(b)	746,526	746,526
Loans	2(f)	3,856,929	3,856,929
		6,343,395	**6,343,395**

Financial liabilities	Notes	Liabilities at amortised cost	Total
2018			
Creditors and other credit balances**	2(e)	1,364,851	1,364,851
Due to related parties	15(b)	925,478	925,478
Loans	2(f)	4,307,991	4,307,991
		6,598,320	**6,598,320**

** excluding tax authority and social insurance authority

Notes to the separate financial statements - For the year ended 31 December 2019

(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

	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Other debit balances	7,767	-	7,767	7,770	-	7,770
Letter of guarantee margins	2,002	-	2,002	19,649	-	19,649
Employee advances	1,930	-	1,930	11,593	-	11,593
Advances to suppliers	1,786	-	1,786	757	-	757
Withholding tax	867	-	867	867	-	867
Deposits with others	57	-	57	57	-	57
Impairment losses	(7,771)		(7,771)	(7,771)		(7,771)
Total other debit balances	**6,638**	**-**	**6,638**	**32,922**	**-**	**32,922**

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

	2019	2018
Balance at 1 January	7,771	200
Formed during the year (note (7))	-	7,571
	7,771	7,771

(i) Impairment and risk exposure

Information about the impairment of other debit balances, their credit quality and the Company's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 21(a) and note 21(b).

2(b) Available for sale investments

	2019	2018
Non-current assets		
EFG Capital Partners Fund III	9,594	13,574
	9,594	**13,574**

(i) Classification of available for sale financial assets

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

(ii) Impairment indicators for available for sale financial assets

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 23 h(ii) further details about the Company's impairment policies for financial assets.

Notes to the separate financial statements - For the year ended 31 December 2019

(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 gains/(losses) were recognised in profit or loss and other comprehensive income.

	2019	2018
Gains/(losses) recognised in other comprehensive income - before tax (note 4(b))	(2,106)	2,106
Gains/(losses) recognised in profits or losses (note 7)	(200)	-
	(2,306)	**2,106**

(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 2019 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 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Available for sale financial assets				
Equity investments	-	9,594	-	9,594
Total financial assets	**-**	**9,594**	**-**	**9,594**

Notes to the separate financial statements - For the year ended 31 December 2019

(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 and liabilities at fair value in the separate financial statements at 31 December 2018 within the hierarchy of fair value.

Recurring fair value measurements At 31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Available for sale financial assets				
Equity investments	-	13,574	-	13,574
Total financial assets	**-**	**13,574**	**-**	**13,574**

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:

	2019	**2018**
Current		
National Development and Trading Company	1,531,466	1,536,960
Less: Accumulated impairment loss	(194,566)	(40,767)
	1,336,900	**1,496,193**
Non-current		
United Foundries Company	190,383	212,648
ASEC Company for Mining (ASCOM)	-	155,516
	190,383	**368,164**
	1,527,283	**1,864,357**

The movement in impairment of loans due from subsidiaries:

	2019	**2018**
Balance at 1 January	40,767	-
Formed during the year (note 7)	164,903	40,767
Foreign currency exchange	(11,104)	-
	194,566	**40,767**

(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.

Notes to the separate financial statements - For the year ended 31 December 2019

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

Financial assets and financial liabilities (continued)

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 $83.6 million (equivalent to EGP 1.34 billion) as at 31 December 2019 versus US $86 million (equivalent to EGP 1.53 billion) as at 31 December 2018 including accumulated accrued interest amounted to US $71 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. (CC ltd) one of the subsidiary companies from the total accrued to CC ltd with annual interest of 6%

The subordinating loan for United Foundries Company is US $11.9 million (equivalent to EGP 190 million) as at 31 December 2019 versus US $11.9 million (equivalent to EGP 212.6 million) as at 31 December 2018 including accrued interest amounted to US 8.7 million (equivalent to EGP 139.1 million) as at 31 December 2019 versus US $8.7 million (equivalent to EGP 156.7 million) as at 31 December 2018.

(C) ASEC Company for Mining (ASCOM) Loan

The Company granted a loan to ASEC company for mining (ASCOM) - one of its subsidiaries - on 7 September 2014 with an amount of US $17.7 million. The loan contract year is seven years with annual interest rate of 6% and default rate of 8%. The principle of the loan has to be re-paid at the end of the loan agreement year. The principle of the loan should be used solely to support ASCOM and its related subsidiaries. The borrower should pay to Citadel Capital S.A.E (The lender) a fee up to 3% of the aggregate amount of the loan to cover the fees, costs and expenses incurred in connection with the loan.

During the year, ASEC Company for Mining (ASCOM) settled the outstanding loan amount.

Notes to the separate financial statements - For the year ended 31 December 2019

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

Financial assets and financial liabilities (continued)

2(d) Cash and bank balances

	2019	2018
Bank Current accounts – local currency	459	344
Cash on hand	252	2,033
Bank Current accounts – foreign currency	80	4,592
	791	**6,969**

The average effective interest rate on deposits at 31 December 2019 was 10 % (2018 – was 14 %). Time deposits and current accounts with banks are placed with local banks under the supervision of CBE.

2(e) Creditors and other credit balances

	2019			2018		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Accrued interest	1,157,081	-	1,157,081	850,553	-	850,553
Shareholder credit balances *	233,971	-	233,971	200,933	-	200,933
Tax authority	224,274	-	224,274	194,648	-	194,648
Accrued expenses	197,862	-	197,862	173,774	-	173,774
Trade and notes payable	148,132	-	148,132	136,696	-	136,696
Dividends payable	2,894	-	2,894	2,895	-	2,895
Social insurance authority	2,695	-	2,695	1,018	-	1,018
Total creditors and other credit balances	**1,966,909**	**-**	**1,966,909**	**1,560,517**	**-**	**1,560,517**

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.

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

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

Notes to the separate financial statements - For the year ended 31 December 2019

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

Financial assets and financial liabilities (continued)

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 2018 were as the Company has breached the debt covenants associated with the loan until finalising the negotiations with banks.

	2019	2018
First Class	2,048,062	2,287,577
Second Class	1,808,867	2,020,414
Balance	**3,856,929**	**4,307,991**

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).
- First degree lien contract on the investments of Citadel Capital Ltd. (One of the subsidiaries of Citadel)
- Capital Holding for Financial Investments-Free Zone) on the following companies:
  - Orient Investments Properties Ltd.
  - Logria Holding Ltd.
  - Golden Crescent Investments Ltd.
  - Falcon Agriculture Investments Ltd.
  - Silverstone Capital Investment Ltd.
  - Mena Glass Ltd.
  - Mena Home Furnishings Mall
  - Valencia Trading Investments Ltd.
  - Andalusia Trading Investments Ltd.
  - Citadel Capital Transportation Opportunities Ltd.
  - Lotus Alliance Limited
  - Citadel Capital financing Corp

Notes to the separate financial statements - For the year ended 31 December 2019

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

Financial assets and financial liabilities (continued)

- Grandview Investment Holding
- Africa Railways Holding
- National Company for Marine Petroleum Services (Petromar)
- Taqa Arabia S.A.E.
- Egyptian Company for Solid Waste Recycling (ECARU)
- Engineering Tasks Group (ENTAG)
- Mashreq Petroleum
- Ledmore Holdings Ltd.
- Everys Holdings Limited
- Eco-Logic Ltd.
- Sequoia Willow Investments Ltd.
- Undersore International Holdings Ltd
- Brennan Solutions
- Citadel Capital Transportation Opportunities II Ltd.
- Citadel for investments promotion

The debt covenants for these loans are as follows:

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

Notes to the separate financial statements - For the year ended 31 December 2019

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

3. Non-financial assets and financial liabilities

3(a) Fixed assets

	Buildings	Computers	Furniture, fixture & office equipment	Vehicles	Projects under construction	Total
1 January 2018						
Cost	33,742	10,098	23,037	540	20,049	**87,466**
Accumulated depreciation	(18,558)	(8,891)	(22,964)	(540)	-	**(50,953)**
Net carrying value	**15,184**	**1,207**	**73**	**-**	**20,049**	**36,513**
Year ended 31 December 2018						
Net book value at the beginning of the year	**15,184**	**1,207**	**73**	-	20,049	**36,513**
Additions	-	635	-	-	1,404	**2,039**
Depreciation charges	(1,687)	(579)	(53)	-	-	**(2,319)**
Net book value	**13,497**	**1,263**	**20**	**-**	**21,453**	**36,233**
31 December 2018						
Cost	33,742	10,733	23,037	540	21,453	**89,505**
Accumulated depreciation	(20,245)	(9,470)	(23,017)	(540)	-	**(53,272)**
Net carrying value	**13,497**	**1,263**	**20**	**-**	**21,453**	**36,233**
Year ended 31 December 2019						
Net book value at the beginning of the year	**13,497**	**1,263**	**20**	**-**	**21,453**	**36,233**
Additions	-	384	-	-	163	**547**
Depreciation	(1,687)	(689)	(20)	-	-	**(2,396)**
Net book value	**11,810**	**958**	**-**	**-**	**21,616**	**34,384**
31 December 2019						
Cost	33,742	11,117	23,037	540	21,616	**90,052**
Accumulated depreciation	(21,932)	(10,159)	(23,037)	(540)	-	**(55,668)**
Net carrying value	**11,810**	**958**	**-**	**-**	**21,616**	**34,384**

(i) Depreciation, method used and useful lives

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

	2019	**2018**
General and administration expenses	2,396	2,319
	2,396	**2,319**

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

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

Notes to the separate financial statements - For the year ended 31 December 2019

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

Non-financial assets and financial liabilities (continued)

(ii) Projects under construction

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

3(b) Investment in Subsidiaries

Company Name	Country of operation	Equity Interest 2019	Equity Interest 2018	2019	2018
Citadel Capital for International Investments Ltd.	Egypt	100%	100%	2,826,096	2,826,096
Citadel Capital Holding for Financial consultancy-Free Zone	Egypt	99.99%	99.99%	1,350,002	1,350,002
National Development and Trading Company	Egypt	47.65%	47.65%	668,171	668,171
ASEC Company for Mining (ASCOM)	Egypt	61.32%	54.74%	383,050	303,050
United Foundries Company	Egypt	29.29%	29.29%	103,699	103,699
ASEC Cement Company	Egypt	1.8%	1.8%	41,913	41,913
ASEC Trading Company	Egypt	99.85%	-	1,437	-
International Company for Mining	Egypt	99.99%	99.99%	62	62
Total				**5,374,430**	**5,292,993**
Accumulated impairment loss *				(771,870)	(771,870)
				4,602,560	**4,521,123**

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

	2019	2018
National Development and Trading Company	668,171	668,171
United Foundries Company	103,699	103,699
	771,870	**771,870**

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 229 million as at 31 December 2019 (31 December 2018: EGP 208 million), which represents 33,727,683 share with a market price EGP 6.80 per share as at 31 December 2019 (31 December 2018: 25,727,683 share with a market price EGP 8.10).

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).

Notes to the separate financial statements - For the year ended 31 December 2019

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

Non-financial assets and financial liabilities (continued)

3(c) Payments under investments

	2019	2018
Citadel Capital Holding for Financial Investments – Free Zone	2,604,785	2,604,785
Citadel Capital for International Investments Ltd.	982,920	982,920
Others	154,927	152,474
Accumulated impairment *	(151,637)	(151,637)
Net	**3,590,995**	**3,588,542**

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

	2019	2018
Balance at 1 January	151,637	148,637
Formed during the year (note (7))	-	3,000
	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 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) as at 31 December 2019 are as follows:

	2019	2018
Average gross margin	30%	30%
Sales growth rate	9%	10%
Pre-tax discount rate	13%	14.9%
Growth rate beyond five years	2.5%	4%

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 13%. If all other assumptions kept the same, and the discount rate is 30% would give a value in use exceed the current carrying amount.

Notes to the separate financial statements - For the year ended 31 December 2019

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

Non-financial assets and financial liabilities (continued)

3(d) Deferred tax balances

	2019		2018	
	Asset	Liability	Asset	Liability
Fixed asset	44	-	51	-
Fair value of AFS investments	-	-	-	(474)
	44	**-**	**51**	**(474)**
Net deferred tax assets (liabilities)	**44**			**(423)**

The movement of deferred tax liabilities was as follows:

	2019	2018
Balance at 1 January	(423)	125
Net deferred tax assets charged to profit or loss (note (11))	(7)	(74)
Net deferred tax liabilities charged to other comprehensive income (note 4(b))	474	(474)
	44	**(423)**

3(e) Provisions

	Claims Provisions	Legal provisions	Other provisions	Total
Balance at 1 January 2018	21,962	30,446	1,052	**53,460**
Provision formed (note (7))	41,737	-	-	**41,737**
No longer required (note (8))	-	(20,992)	(517)	**(21,509)**
Foreign currency translation differences	(349)	-	-	**(349)**
Balance at 31 December 2018 and 1 January 2019	**63,350**	**9,454**	**535**	**73,339**
Provision formed (note (7))	30,000	-	245	**30,245**
Balance at 31 December 2019	**93,350**	**9,454**	**780**	**103,584**

Information usually published on the provisions made according to accounting standards was not disclosed, as the management believes that doing so may seriously affect the outcome of negotiations with that party. The management reviews these provisions on a yearly basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

Notes to the separate financial statements - For the year ended 31 December 2019

(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	7.69%	139,922,871	699,614
Emirates International Investments Company	5.54%	100,900,000	504,500
Other shareholders	63.28%	1,151,721,458	5,758,608
	100%	**1,820,000,000**	**9,100,000**

4(b) Reserves

	Legal Reserve*	Investment available for sale revaluation reserve	Total
Balance at 1 January 2018	**89,578**	**-**	**89,578**
Revaluation of Available for sale investments –before tax (note 2(b))	-	2,106	**2,106**
Deferred tax (note 3(d))	-	(474)	**(474)**
Balance at 31 December 2018 and 1 January 2019	**89,578**	**1,632**	**91,210**
Revaluation of Available for sale investments – before tax (note 2(b))	-	(2,106)	**(2,106)**
Deferred tax (note 3(d))	-	474	**474**
Balance at 31 December 2019	**89,578**	**-**	**89,578**

* 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 2019

(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 and other related parties by virtue of shareholders agreements:

	2019	2018
Falcon Agriculture Investments Ltd	42,279	45,053
Citadel Capital Transportation Opportunities II Ltd	18,331	19,534
Silverstone Capital Investment Ltd	16,082	17,137
ASEC for Cement	11,486	13,640
Citadel Capital Joint Investment Fund Limited	4,273	1,255
Mena Joint Investment Fund Management SA	3,510	4,571
Africa JIF HOLD CO I	1,920	3,557
Mena HOLD CO	-	1,255
	97,881	**106,002**

6. General and administrative expenses

	2019	2018
Salaries, wages and other employee benefits	179,610	164,650
Professional fees	25,873	34,366
Travel and accommodation	9,150	9,138
Marketing, advertising and public relations	7,433	7,204
Other expenses	4,185	9,014
Telecom	2,622	2,103
Depreciation (Note 3(a))	2,396	2,319
Utilities	1,150	1,273
Rent	680	631
Donations	319	754
	233,418	**231,452**

7. Provisions formed

	2019	2018
Impairment in loans to subsidiaries	164,903	40,767
Provisions for claim (Note 3(e))	30,000	41,737
Impairment in due from related parties	23,138	-
Provision for social contribution (Note 3(e))	245	-
Impairment in available for sale investments	200	-
Impairment in payments under investment	-	3,000
Impairment in other debit balances	-	7,571
	218,486	**93,075**

Notes to the separate financial statements - For the year ended 31 December 2019

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

8. Provisions no longer required

	2019	2018
Legal and other provisions no longer required (Note 3(e))	-	21,509
	-	**21,509**

9. Other operating income

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 payment was made in full and the debt was transferred to Citadel Capital, resulting in a profit of EGP 107 million presented as other operating income in the Company's separate statement of profit or loss due to reduction of the debt offered by Alex Bank upon rescheduling .

	2019	2018
Debt restructuring income	-	106,922
	-	**106,922**

10. Finance income (costs) - net

	2019	2018
Credit interest	271,909	273,606
Foreign currency translation differences	177,787	22,331
Interest expenses	(429,882)	(425,733)
	19,814	**(129,796)**

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

	2019	2018
National Development and Trading Company	164,903	158,825
Citadel Capital Holding for Financial Investments-Free Zone	55,907	58,222
National Multimodal Transportation	38,082	23,306
United Foundries Company	9,107	22,236
ASEC Company for Mining (ASCOM)	3,678	9,292
Other	232	1,725
	271,909	**273,606**

Notes to the separate financial statements - For the year ended 31 December 2019

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

11. Income tax

	2019	2018
Deferred tax	7	74
	7	**74**

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:

	2019	2018
Net loss before tax	(334,209)	(219,468)
Tax calculated at enacted tax rate	(75,197)	(49,381)
Non-deductible expenses for tax purposes	89,233	60,085
Income not subject to tax	-	(129,846)
Unrecognized tax losses	(14,029)	119,068
Income tax expense	**7**	**(74)**

Notes to the separate financial statements - For the year ended 31 December 2019

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

Cash flows

12. Cash flow information

12 (a) Non cash transactions

The non-cash transaction represent as follows:

	2019	2018
Financing activities	451,062	(28,947)
Decrease (increase) in loans		
Investing activities		
Acquisition of Investment in Subsidiaries	80,000	700
Acquisition of fixed assets	-	810

12 (b) Net debt reconciliation

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

	2019	2018
Net debt		
Cash and cash equivalent (note 2(d))	791	6,969
Borrowings – repayable within one year	(3,856,929)	(4,307,991)
Net debt	**(3,856,138)**	**(4,301,022)**

	Cash & Cash Equivalent	Borrowings Due in 1 year	Total
Net debt at 1 January 2018	**79,442**	**(4,279,044)**	**(4,199,602)**
Cash flows	(72,473)	-	**(72,473)**
Foreign exchange adjustments	-	(28,947)	**(28,947)**
Net debt as at 31 December 2018	**6,969**	**(4,307,991)**	**(4,301,022)**
Cash flows	(6,178)	-	**(6,178)**
Foreign exchange adjustments	-	451,062	**451,062**
Net debt as at 31 December 2019	**791**	**(3,856,929)**	**(3,856,138)**

Unrecognised items

13. Contingent liabilities

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

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

Fair value of the outstanding liability recognized as of 31 December 2019 is EGP 365 million equivalent to US $22.8 million (31 December 2018: EGP 355 million equivalent to US $19.19 million).

14. Events occurring after the reporting period

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across mainland China and beyond, causing disruptions to businesses and global economic activity. The Company considers this outbreak to be a non-adjusting post balance sheet event.

The potential impact of the coronavirus outbreak on the Company's performance remains uncertain. Up to the date of this Report, the outbreak has not had a material impact on the results of the Company. However, management continue to monitor the situation closely, including the potential impacts on the Company's results and our employees. The situation could change at any time and there can be no assurance that the coronavirus outbreak will not have a material adverse impact on the future results of the Company.

As the situation is fluid and rapidly evolving, management do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company's assets and liabilities. The impact of this outbreak on the macroeconomic forecasts will be incorporated into the Company's EAS 47 estimates of expected credit loss provisions in 2020.

Notes to the separate financial statements - For the year ended 31 December 2019

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

Other information

15. 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 .

15(a) Due from related parties

Company name	Nature of relationship	Nature and volume of transaction: Advisory fee	Nature and volume of transaction: Finance	2019	2018
Mena Home furnishings Mall	Subsidiary	(9,852)		84,242	94,094
Falcon Agriculture Investments Ltd.	Subsidiary	7,773		320,393	312,620
Golden Crescent Investments Ltd.	Subsidiary	(7,134)		61,006	68,140
Citadel Capital Transportation Opportunities Ltd.	Subsidiary	(2,175)		18,596	20,771
Logria Holding Ltd.	Investee	(10,293)		88,007	98,300
Mena Glass Ltd.	Investee	(6,425)		54,942	61,367
Silverstone Capital Investment Ltd.	Subsidiary	13,606		30,815	17,209
Sabina for Integrated Solutions	Subsidiary		(2,057)	17,589	19,646
Citadel Capital Financing Corp.	Subsidiary		(12,276)	104,970	117,246
Citadel Capital Transportation Opportunities II Ltd.	Subsidiary	5,239		122,938	117,699
Citadel Capital Holding for Financial Investments-Free Zone	Subsidiary		(149,178)	1,213,731	1,362,909
ASEC Company for Mining (ASCOM)	Subsidiary		(53,540)	34,515	88,055
United Foundries Company	Subsidiary		32,219	170,439	138,220
Citadel Capital for International Investments Ltd.	Subsidiary		(203,083)	981,276	1,184,359
Africa Raliways Limited	Subsidiary	(2,251)		19,244	21,495
Mena Joint Investment Fund management S.A	Subsidiary	(32,812)		34,344	67,156
Citadel Capital Joint Investment and Management limited Fund	Subsidiary	1,700		5,481	3,781
Africa JIF Holdco I fund	Subsidiary	5,135		10,511	5,376
Africa JIF HOLD CO III	Subsidiary	(14,083)		-	14,083
Africa JIF Holdco I	Subsidiary	(7,321)		-	7,321
Crondall Holdings Ltd.	Subsidiary		(3,304)	28,252	31,556
International Company for Mining Consultation	Subsidiary			135	135
National Company for Multimodal	Subsidiary		32,141	224,289	192,148
Total				**3,625,715**	**4,043,686**
Accumulated impairment loss *				(1,537,032)	(1,716,786)
Net				**2,088,683**	**2,326,900**

Notes to the separate financial statements - For the year ended 31 December 2019

(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 2019	Formed	Write off	Foreign exchange	Balance as at 31 December 2019
Logria Holding Ltd.	98,300			(10,293)	88,007
Citadel Capital Financing Corp.	117,246			(12,276)	104,970
Africa JIF Hold Co I	-	23,138	(23,138)		-
Golden Crescent Investments Ltd.	68,140			(7,134)	61,006
Sabina for Integrated Solutions	19,646			(2,057)	17,589
Citadel Capital Transportation Opportunities Ltd.	20,771			(2,175)	18,596
Mena Glass Ltd.	61,367			(6,425)	54,942
Africa Raliways Limited	21,495			(2,251)	19,244
Crondall Holdings Ltd.	31,556			(3,304)	28,252
Citadel Capital Holding for Financial Investments-Free Zone	864,799			(90,548)	774,251
Citadel Capital for International Investments Ltd.	319,372			(33,439)	285,933
Mena Home furnishings Mall	94,094			(9,852)	84,242
Balance	**1,716,786**	**23,138**	**(23,138)**	**(179,754)**	**1,537,032**

15(b) Due to related parties

	Nature of relationship	Nature and volume of transaction: Advisory fee	Nature and volume of transaction: Finance	2019	2018
National Development and Trading Company	Subsidiary		(74,706)	655,039	729,745
ASEC Cement Company	Subsidiary		1,046	13,587	12,541
Asec Trading Company	Subsidiary		42,216	42,216	-
Grandview Investment Corp	Subsidiary		4,000	4,000	-
Ahmed Heikal	Chairman		31,864	31,684	-
Sadek Elsewedy*	Shareholder		(183,192)	-	183,192
Total				**746,526**	**925,478**

* Balance due to Sadek Elsewedy was transferred to Citadel Capital for International Investments (CCII) within settlement agreement dated 15 January 2019.

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

Notes to the separate financial statements - For the year ended 31 December 2019

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

Related party transactions (continued)

15(c) Key Management Compensation

Key management personnel received total benefits during the year with an amount of EGP 63 million represented in salaries and other benefits (2018: EGP 56 million).

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

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

16. 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.

	2019	2018
Net loss for the year	(334,216)	(219,542)
Weighted average number of ordinary shares	1,820,000,000	1,820,000,000
Loss per share - EGP	**(0.18)**	**(0.12)**

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

17. Employee stock option plan

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

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

- Total designated ESOP is the same number of shares approved through the old plan with minor increase to reach 120 million shares. Entitlement mechanism will be as follows:
  - 30% of the designated shares will be issued at 5.25 pounds per share from ESOP starting date till 30 April 2023.
  - 70% of the designated shares will be issued at 6 pounds per share from ESOP starting date till 30 April 2026.
- Exercise on shares have to be either through:
  - Paying the 5.25 pounds or the 6 pounds per share to the company and obtain the ownership of the shares., or
  - Requesting the oversight committee to pay him/her the remaining amount of the designated shares selling proceeds after deducting the agreed share price of 5.25 pounds or the 6 pounds per share.

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

18. Shareholder management fees

On May 2008, Citadel Capital Company's Extraordinary Shareholder's Meeting approved the management contract between the Company and its parent – Citadel Capital Partners, upon which, Citadel Capital Partners will manage the company and will be entitled to 10% share of the Company's distributable 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 2019 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 2019

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

19. 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 2019 is as follows:

A) Corporate tax

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

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

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

B) Payroll tax

The period since inception to 31 December 2004
- The public tax authority estimated the amount of the period mentioned above and the company rejected this estimation and the disputes have been transferred to the appeal committee which decided to decrease the tax to be EGP 150,000.
- The Company has filed a law suit and the session has not yet determine.
- The Company has requested an appeal for review from the tax disputes committee for the disputes to be resolved and the date has not yet determined.

The years from 2005 till 2009
Necessary documents have been presented for tax inspection and the Company has not yet received the official notification with the inspection results.

The years from 2010 till 2018
The company's documents were not inspected by the tax authority till date.

C) Stamp tax

The period since inception to July 2006
The inspection was made and the outstanding tax amount was paid.

The period from August 2006 to 31 December 2009
- The Company has been notified with the estimated tax amount from Tax Authority – Dokki.
- The Company has filed a Law suit under No. 25/2014, and it is still under the review of the Egyptian Council of Sate..
- The Company has paid monthly payments under the due tax, until a final decision to be issued.
- The Company has requested an appeal for review to the Tax disputes committee, to settle the dispute between the Company and the Tax Authority and the session has not been determined yet.

Notes to the separate financial statements - For the year ended 31 December 2019

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

Tax position (continued)

The years from 2010 till 2013

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

The years from 2014 till 2018

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

D) Withholding tax

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

Notes to the separate financial statements - For the year ended 31 December 2019

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Risk

20. 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.

20(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 3c(i)
- Impairment of loans to related parties and due from related parties- note 15(i)

20(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 20(a) above) which may have a material impact on the recognized values in the financial statements.

21. 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.

21(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:

	2019	2018
USD 10%	10,116	9,802
Euro 10%	(2,499)	(2,456)
GBP 10%	(52)	(33)

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

Financial risk management (continued)

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

	2019			2018
	Assets	Liabilities	Net	Net
USD	390,512	(289,354)	**101,158**	**98,022**
Euro	132	(25,126)	**(24,994)**	**(24,563)**
GBP	3	(521)	**(518)**	**(334)**

(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 and fair value interest rate risks

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

The Company is exposed to interest rate risk on all interest bearing assets and liabilities (loans due from subsidiaries and loans). The Company maintains an appropriate mix of fixed rate and variable rate borrowings to manage the interest rate risk.

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

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

	Increase/ decrease	**Effect on separate profit or loss**
31 December 2019	±1%	38,569
31 December 2018	±1%	43,080

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Financial risk management (continued)

21(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:

	2019	2018
Due from related parties	2,088,683	2,326,900
Loan to subsidiaries	1,527,283	1,864,357
Other debit balances	2,055	19,705
Cash and bank balances	791	6,969
	3,618,812	**4,217,931**

Impairment of other debit balances movement represented as follows:

	2019	2018
Balance at 1 January	7,771	200
Formed during the year	-	7,571
	7,771	**7,771**

21(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 2019 and 31 December 2018, based on contractual payment dates and current market interest rates.

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Financial risk management (continued)

	Below 6 month
31 December 2019	
Loans	3,856,929
Creditors and other credit balances	1,739,940
Due to related parties	746,526
Total	**6,343,395**
31 December 2018	
Loans	4,307,991
Creditors and other credit balances	1,364,851
Due to related parties	925,478
Total	**6,598,320**

22. 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 2019 and 31 December 2018 is as follows:

	2019	2018
Total borrowings		
Loans	3,856,929	4,307,991
Creditors and other credit balances	1,739,940	1,364,851
Due to related parties	746,526	925,478
Less: Cash and bank balances	(791)	(6,969)
Net debts	**6,342,604**	**6,591,351**
Equity	5,187,024	5,522,872
Total capital	**11,529,628**	**12,114,223**
Net debts to total capital	**55%**	**54%**

Notes to the separate financial statements - For the year ended 31 December 2019

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

23. 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:

23(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 available-for-sale financial assets, which are measures at the fair value.

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

(ii) **Historical cost convention**

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

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

(iii) **Going concern**

As of 31 December 2019, the Company's accumulated losses amounted to approximately EGP 4 billion (2018: EGP 3.7 billion). The Company incurred losses of EGP 334 million for the year ended 31 December 2019 (2018: EGP 220 million loss) and the company's current liabilities exceeded its current assets by EGP 3.2 billion (2018: EGP 3 billion). In addition, the company is also in breach of its existing debt covenants. The loan amount of EGP 5 billion where defaults including un-paid interest, have been classified as current liabilities as at 31 December 2018 and 31 December 2019. These circumstances indicate significant doubt about whether the company will be able to meet its debt obligations.

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

Management have performed a comprehensive forecasted cash flow for the next 5 years. To improve the cash position of the company, included in such forecasts are the following actions which will be implemented or are in progress:

- Cash flows from revenue activities are expected to be increased due to the anticipated dividends from subsidiaries.

Summary of significant accounting policies (continued)

- Implementing a restructuring and reorganisation plan for non-core assets which will include the disposal investment in associate which is expected to contribute about EGP 500 million as a cash proceed from the disposal.
- Loans of approximately EGP 5 billion reflected under current liabilities is anticipated to be restructured and negotiations are underway in this regard with the lenders. The interest on the borrowings is expected to be serviced through the net cash savings noted above.

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

(iv) Classification of assets and liabilities

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

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

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

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

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

(v) New standards and interpretations not yet adopted

On 18 March 2019, the Minister of Investment issued Resolution No. 69 of 2019, amending some provisions of the Egyptian Accounting Standards, which include some new accounting standards and amendments to some existing standards. These amendments were published in the Official Gazette on 7 April 2019. The significant amendments are summarised below, which should be applied for the financial periods beginning on or after the 1st of January 2020 and have not been early adopted by the Company. The Company's preliminary assessment of the impact of these new standards and amendments is set out below.

Notes to the separate financial statements - For the year ended 31 December 2019

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

Summary of significant accounting policies (continued)

(I) EAS 47 Financial instruments

The standard includes new classification and measurement method categories of financial assets that reflect the business model in order to manage the assets and the characteristics of its cash flows.

The Company has reviewed its financial assets and financial liabilities and expects the following impact from the application of the new standard in 2020:

Classification and measurement of financial assets and liabilities

- According to EAS 47, the financial asset is classified at the initial recognition either as financial assets at amortised cost, financial assets at fair value through comprehensive income or financial assets at fair value through profit or loss. The classification of financial assets in accordance with EAS 47 depends on the business model which manages the financial asset, contracted cash flows and its characteristics.
- According to the Company's business model, other debit balances are classified as financial assets at amortised cost. Therefore, the Company does not expect any effect of applying the new guidelines on the classification and measurement of these financial assets.
- Cash and cash equivalents' definition as per EAS 4 remains unchanged with the application of EAS 47, short-term investments and time deposits will continue to be presented under cash and cash equivalents, being highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- Equity instruments currently classified as available-for-sale investments meet the classification at fair value through other comprehensive income (FVOCI) under EAS 47, which the Group has elected to classify them as such.
- Equity instruments currently measured at fair value through profit or loss (FVPL) will continue to be measured on the same basis under EAS 47.

Accordingly, the Company does not expect the new guidance to affect the classification and measurement of these financial assets. However, Impairment losses that was previously recognised for outstanding available-for-sale financial assets will be reversed to accumulated losses on 1 January 2020. Further, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings.

- EAS 47 largely maintains the requirements contained in EAS 25 related to the classification and measurement of financial liabilities, therefore, no significant impact on the Company's accounting policies related to financial liabilities.
- The rules for de-recognition were transferred from the EAS 26 and has not been changed.

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Summary of significant accounting policies (continued)

Impairment of financial assets

The new impairment model requires recognition of impairment provisions based on expected credit losses instead of credit losses incurred only, as is the case in accordance with EAS 26. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under EAS 48 "Revenue from Contracts with Customers", lease receivables, loan commitments, and some financial guarantee contracts. No significant impairment is expected on account of bank balances.

The new standard also introduces extended terms of disclosure and changes in presentation. It is expected to change the nature and size of the Company's disclosures regarding its financial instruments, especially in the year in which the new standard is applied.

EAS (47) is effective for financial periods beginning on or after the 1 January 2020, and early application is permitted, provided that the revised EASs No. (1) "Presentation of financial statements", (25) "Financial instruments: Presentation", (26) "Financial instruments: Classification and Measurement" and (40) "Financial instrument: Disclosures" are applied at the same time. The Company will apply the new rules retrospectively in 2020. Comparative figures for 2019 will not be restated.

(II) EAS 48 Revenue from Contracts with Customers

This standard establishes a comprehensive concept framework by determining the amount and timing of revenue recognition. This standard replaces EAS (11) "Revenue", which covers contracts for sales of goods and services, and EAS (8) "Construction contracts".

The new standard is based on the principle of revenue recognition when control of a good or service transfers to a customer.

The management has preliminarily assessed the effects of applying the new standard on the Company's financial statements, and has determined that recognition and measurement of revenue for all current existing contracts in accordance with the EAS 48 will have no material impact.

It applies to the financial years beginning on or after 1 January 2020. The Company intends to apply the new standard by using a modified approach for application , which means that the cumulative effect of the application will be recognized in the accumulated losses from 1 January 2020, and that the comparative figures will not be restated.

(III) EAS 49 Leases

EAS (49) provides tenants with a single model of accounting for leases. The tenant recognizes the right of use as an asset, which represents its right to use the leased item, and a lease liability to pay rentals. The only exceptions are short-term leases and leases of low-value assets.

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Summary of significant accounting policies (continued)

The management has preliminarily assessed the impact of applying the new standard on the Company's financial statements, and has determined that the standard will affect primarily the accounting for the company's operating leases.

The company will apply the standard from 2020. The company will apply the simplified transition approach and will not restate comparative figures.

23(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

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

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

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

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Summary of significant accounting policies (continued)

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

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

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

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

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

23(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.

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Summary of significant accounting policies (continued)

23 (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 grouped at the lowest levels for which there are largely independent cash inflows from other inflows of assets or groups of assets (cash-generating units).

The 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.

23(f) Financial assets

i. Classification

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets listed in such group are presented as current asset if expected to be recovered within 12 month from the date of the end of the financial year. The Company's loans and receivables comprise 'debtors and other debt balances' and 'cash and cash equivalents' in the separate statement of financial position.

Available-for-sale financial assets

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

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Summary of significant accounting policies (continued)

ii. Initial recognition and measurement

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

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

iii. Subsequent measurement

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

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

iv. Derecognition

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

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

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

23(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.

Summary of significant accounting policies (continued)

23(h) Impairment of financial assets

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

i. Financial assets carried at amortised cost

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

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

ii. Available-for-sale financial assets

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

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

Notes to the separate financial statements - For the year ended 31 December 2019

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

Summary of significant accounting policies (continued)

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

23(i) Cash and cash equivalents

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

23(j) Financial liabilities

i. Classification

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

ii. Recognition and derecognition

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

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

iii. Measurement

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

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

Summary of significant accounting policies (continued)

23(k) Capital

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

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

23(L) 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.

23(m) Current and deferred income tax

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

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

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

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

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

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

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

Summary of significant accounting policies (continued)

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

23(n) Employees' benefits

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

i. Pension obligations

Defined contribution plans

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

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

ii. Termination benefits

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

iii. Profit-sharing and bonus plans

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

Summary of significant accounting policies (continued)

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.

23(o) Leases

- **Finance lease**

  Until 31 December 2018, 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 consolidated statement of profit or loss on a straight-line basis over the period of the lease.

23(p) 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.

23(q) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial 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.

Summary of significant accounting policies (continued)

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.

23(r) Provisions

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

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

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

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

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

Notes to the separate financial statements - For the year ended 31 December 2019

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

Summary of significant accounting policies (continued)

23(s) 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.

23(t) Revenue recognition

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

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

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

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

23(u) 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.

23(v) Comparative figures

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