



CITADEL CAPITAL COMPANY S.A.E.
LIMITED REVIEW REPORT AND INTERIM
CONDENSED SEPARATE FINANCIAL
STATEMENTS FOR THE NINE MONTHS
PERIOD ENDED 30 SEPTEMBER 2021

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Limited review report on the interim condensed separate financial statements

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

Introduction

We have conducted a limited review for the accompanying interim condensed separate financial position of Citadel Capital Company (S.A.E.) ("the Company") as of 30 September 2021 and the related interim condensed separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and fair presentation of these interim condensed separate financial statements in accordance with Egyptian Accounting Standard 30 "Interim financial reporting". Our responsibility is to express a conclusion on these interim condensed separate financial statements based on our limited review.

Scope of limited review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements No. 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim condensed separate financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements are not prepared in all material respects, in accordance with Egyptian Accounting Standard 30 "Interim financial reporting".

Emphasis of matter

Without qualifying our conclusion, we draw attention to note (8) to the accompanying interim condensed separate financial statements, which sets out the Company incurred a loss of EGP 301 million in the nine month period ended 30 September 2021, and as of that date, its current liabilities exceeded its current assets by EGP 4 billion and it had accumulated losses of EGP 4.8 billion. In addition, as of that date, the Company was in breach of its debt covenants and had defaulted in settling its loan instalments on the respective due dates. These events and conditions along with other matters disclosed in note (8) to the interim condensed separate financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The interim condensed separate financial statements do not include the adjustments that would be necessary if the Company is unable to continue as a going concern.

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

2 December 2021
Cairo



CITADEL CAPITAL COMPANY S.A.E.
 INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021



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

Interim condensed separate statement of financial position - As of 30 September 2021

	Note	30 September 2021	31 December 2020
Non-current assets			
Fixed assets	3(a)	25,928	32,993
Investments in subsidiaries		5,540,052	5,540,052
Financial assets at fair value through other comprehensive income		6,906	6,906
Payments under investments		2,609,238	2,608,995
Loans to subsidiaries		186,335	186,692
Deferred tax asset		-	391
Total non-current assets		8,368,459	8,376,029
Current assets			
Loans to subsidiaries	2(a)	1,495,204	1,505,081
Other debit balances		6,428	6,318
Due from related parties	6(a)	2,174,792	2,133,836
Cash and bank balances	2(b)	3,131	3,954
Total current assets		3,679,555	3,649,189
Total assets		12,048,014	12,025,218
Equity			
Paid up capital		9,100,000	9,100,000
Reserves		88,485	88,485
Accumulated losses		(4,814,342)	(4,512,850)
Total Equity		4,374,143	4,675,635
Non-current liabilities			
Deferred tax liability		559	-
Total non-current liabilities		559	-
Current liabilities			
Provisions		162,084	159,584
Creditors and other credit balances	2(d)	802,546	799,530
Due to related parties	6(b)	1,136,958	1,095,235
Loans	2(c)	5,571,724	5,295,234
Total current liabilities		7,673,312	7,349,583
Total equity and liabilities		12,048,014	12,025,218

- The accompanying notes on pages 7 to 20 form an integral part of these interim condensed separate financial statements
 - Auditor's report attached


 Moataz Farouk
 Chief Financial Officer


 Hisham El Khazindar
 Managing Director


 Ahmed Mohamed Hassanien Heikal
 Chairman

2 December 2021

CITADEL CAPITAL COMPANY S.A.E.
 INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021



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

Interim condensed separate statement of profit or loss - For the nine months period ended 30 September 2021

	Note	Nine months ended 30 September		Three months ended 30 September	
		2021	2020	2021	2020
Advisory revenue	4(a)	62,416	74,137	20,850	24,390
General and administrative expenses		(149,085)	(164,862)	(44,745)	(56,093)
Provisions formed		-	-	-	-
Net impairment losses on financial assets		(143,782)	(129,720)	(50,371)	(43,346)
Loss from selling investments in subsidiaries		-	(12,567)	-	(12,567)
Operating loss		(230,451)	(233,012)	(74,266)	(87,616)
Finance income (costs) – net	4(c)	(70,091)	(112,873)	(32,015)	1,746
Loss before income tax		(300,542)	(345,885)	(106,281)	(85,870)
Income tax	4(d)	(950)	37	(218)	92
Net loss for the period		(301,492)	(345,848)	(106,499)	(85,778)
Basic loss per share (EGP/Share)		(0,17)	(0,19)	(0,06)	(0,05)
Diluted loss per share (EGP/Share)		(0,17)	(0,19)	(0,06)	(0,05)

- The accompanying notes on pages 7 to 20 form an integral part of these interim condensed separate financial statements.

CITADEL CAPITAL COMPANY S.A.E.
 INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021



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

Interim condensed separate statement of comprehensive income - For the nine months period ended 30 September 2021

	<u>Note</u>	Nine months ended 30 September		Three months ended 30 September	
		2021	2020	2021	2020
Net loss for the period		(301,492)	(345,848)	(106,499)	(85,778)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		(301,492)	(345,848)	(106,499)	(85,778)

- The accompanying notes on pages 7 to 20 form an integral part of these interim condensed separate financial statements.

CITADEL CAPITAL COMPANY S.A.E.
 INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021



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

Interim condensed separate statement of changes in equity - For the nine months period ended 30 September 2021

	Paid up capital	Reserves	Accumulated losses	Total equity
Balance at 1 January 2020	9,100,000	89,578	(4,002,554)	5,187,024
Total comprehensive loss for the period	-	-	(345,848)	(345,848)
Balance at 30 September 2020	9,100,000	89,578	(4,348,402)	4,841,176
Balance at 1 January 2021	9,100,000	89,578	(4,512,850)	4,675,635
Total comprehensive loss for the period	-	-	(301,492)	(301,492)
Balance at 30 September 2021	9,100,000	89,578	4,814,342	4,374,143

- The accompanying notes on pages 7 to 20 form an integral part of these interim condensed separate financial statements.

CITADEL CAPITAL COMPANY S.A.E.
 INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021



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

Interim condensed separate statement of cash flows - For the nine months period ended 30 September 2021

	Note	30 September 2021	30 September 2020
Cash flows from operating activities			
Loss for the period before tax		(300,543)	(345,885)
Adjusted to:			
Fixed assets depreciation	3(a)	7,065	1,847
Interest expense	4(c)	297,773	303,738
Interest income	4(c)	(202,673)	(193,100)
Loss from sales of investments		-	12,567
Unrealized foreign currencies exchange differences		(25,009)	(143,157)
Provisions formed		143,782	129,720
Operating (loss) before changes in working capital		(79,605)	(234,270)
Changes in working capital:			
Debtors and other debit balances		(110)	306
Due from related parties		(14,577)	66,604
Creditors and other credit balances		3,017	311,242
Due to related parties		-	-
Net cash flows generated from (used in) operating activities		(91,275)	143,882
Cash flows from investing activities			
Proceeds from loans to subsidiaries		23,855	-
Proceeds from sale of investments		-	32,861
Payments to purchase property, plant, and equipment		-	(984)
Payments for investments		(243)	(920)
Net cash flows generated from investing activities		23,612	30,957
Cash flows from financing activities			
Due from related parties		23,498	(124,125)
Due to related parties		43,342	(50,080)
Net cash flows (used in) generated from financing activities		66,840	(174,205)
Change in cash and cash equivalents		(823)	634
Cash and cash equivalents at beginning of the period		3,954	791
Cash and cash equivalents at end of the period	2(b)	3,131	1,425

- The accompanying notes on pages 7 to 20 form an integral part of these interim condensed separate financial statements.

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

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

1. Introduction

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

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

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

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

These interim condensed separate financial statements has been authorised by the company's Board of Directors on 2 December 2021, and the Shareholders' General Assembly has the right to modify the interim condensed separate financial statements after being issued.

Users of these interim condensed separate financial statements should read them together with Company's interim condensed consolidated financial statements for 30 September 2021 in order to obtain full information on financial position, results of operations, cash flow and changes in equity of the Company as a whole.

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

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

2. Financial assets and financial liabilities

2(a) Loans to subsidiaries

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

	30 September 2021	31 December 2020
<u>Current</u>		
National Company for Multimodal	195,913	203,820
National Development and Trading Company	1,803,359	1,664,653
	1,999,272	1,868,473
Less: Accumulated impairment loss*	(504,068)	(363,392)
	1,495,204	1,505,081
<u>Non-current</u>		
United Foundries Company	186,335	186,692
	186,335	186,692
	1,681,539	1,691,773

*The movement in impairment of loans due from subsidiaries:

	30 September 2021	31 December 2020
Balance at 1 January	363,392	194,566
Formed during the period	141,282	173,606
Foreign currency exchange losses	(606)	(4,780)
	504,068	363,392

2(b) Cash and bank balances

	30 September 2021	31 December 2020
Bank Current accounts – local currency	3,005	2,797
Cash on hand	76	15
Bank Current accounts – foreign currency	50	1,142
	3,131	3,954

The average effective interest rate on deposits at 30 September 2021 was 10 % (2020: 10 %). Time deposits and current accounts with banks are placed with local banks under the supervision of Central Bank of Egypt.

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

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

Financial assets and financial liabilities (continued)

2(c) Loans

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

The new loan amount is divided into three classes:

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

Second class: Irrevocable amount of US \$125 million bearing variable interest rate (3.9%+Libor rate on the date of withdrawal) for 10 years begins from the date of the contract and payable on nine equal annual instalments with one-year grace period.

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

The total loans balance as of 30 September 2021

	30 September 2021	31 December 2020
First Class	2,004,512	2,008,356
Second Class	1,770,406	1,773,798
Accrued Interest	1,796,806	1,513,080
Balance	5,571,724	5,295,234

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

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

Financial assets and financial liabilities (continued)

2(d) Creditors and other credit balances

	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Shareholder credit balances *	151,806	-	151,806	152,879	-	152,879
Tax authority	276,392	-	276,392	251,605	-	251,605
Accrued expenses	239,364	-	239,364	240,894	-	240,894
Trade and notes payable	130,977	-	130,977	148,317	-	148,317
Dividends payable	2,894	-	2,894	2,894	-	2,894
Social insurance authority	1,113	-	1,113	2,941	-	2,941
Total creditors and other credit balances	802,546	-	802,546	799,530	-	799,530

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

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

*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.

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

(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	Software	Total
31 December 2020						
Cost	33,742	11,382	23,037	540	22,335	91,036
Accumulated depreciation	(23,619)	(10,847)	(23,037)	(540)	-	(58,043)
Net carrying value	10,123	535	-	-	22,335	32,993
Period ended 30 September 2021						
2021						
Net book value at the beginning of the period	10,123	535	-	-	22,335	32,993
Depreciation	(1,265)	(231)	-	-	(5,569)	(7,065)
Net book value	8,858	304	-	-	16,766	25,928
30 September 2021						
Cost	33,742	11,382	23,037	540	22,335	91,036
Accumulated depreciation	(24,884)	(11,078)	(23,037)	(540)	(5,569)	(65,108)
Net carrying value	8,858	304	-	-	16,766	25,928

3(b) Maturities of financial liabilities

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.

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

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

Non-financial assets and financial liabilities (continued)

The table below summarises the maturities of the Company's undiscounted financial liabilities at 30 September 2021 and 31 December 2020, based on contractual payment dates and current market interest rates.

	Below 6 month
30 September 2021	
Loans	5,571,724
Creditors and other credit balances	802,546
Due to related parties	1,136,958
Total	7,511,228
31 December 2020	
Loans	5,295,234
Creditors and other credit balances	799,530
Due to related parties	1,095,235
Total	7,189,999

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 30 September 2021 within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole:

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

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

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

Non-financial assets and financial liabilities (continued)

Recurring fair value measurements

At 30 September 2021

Financial assets

Financial assets at FVOCI

Equity investments

Total financial assets

	Level 1	Level 2	Level 3	Total
Equity investments	-	6,906	-	6,906
Total financial assets	-	6,906	-	6,906

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

Recurring fair value measurements

At 31 December 2020

Financial assets

Financial assets at FVOCI

Equity investments

Total financial assets

	Level 1	Level 2	Level 3	Total
Equity investments	-	6,906	-	6,906
Total financial assets	-	6,906	-	6,906

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

4. Profit and loss information

4(a) Advisory Revenue

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

	Nine months ended 30 September		Three months ended 30 September	
	2021	2020	2021	2020
Falcon Agriculture Investments Ltd	29,715	30,090	9,912	10,013
Citadel Capital Transportation Opportunities II Ltd	12,884	13,046	4,298	4,342
Silverstone Capital Investment Ltd	11,302	11,445	3,770	3,808
ASEC for Cement	8,515	11,561	2,870	2,899
Citadel Capital Joint Investment Fund Limited	-	3,078	-	1,024
Mena Joint Investment Fund GP	-	3,078	-	1,024
Grandview	-	1,001	-	1,001
Africa JIF HOLD CO I	-	838	-	279
	62,416	74,137	20,850	24,390

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

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

Profit and loss information (continued)

4(b) Significant items

	Nine months ended 30 September		Three months ended 30 September	
	2021	2020	2021	2020
Expenses				
Impairment in loans to subsidiaries	141,282	129,720	47,871	43,346
Salaries, wages and other employees benefits	115,838	127,424	35,307	46,755
	257,120	257,144	83,178	90,101

4(c) Finance (costs) income - net

	Nine months ended 30 September		Three months ended 30 September	
	2021	2020	2021	2020
Interest income	202,673	193,100	66,264	65,228
Foreign currency translation differences	25,009	(2,235)	3,029	33,566
Interest expenses	(297,773)	(303,738)	(101,308)	(97,048)
Net	(70,091)	(112,873)	(32,015)	1,746

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

	Nine months ended 30 September		Three months ended 30 September	
	2021	2020	2021	2020
National Development and Trading Company	141,800	129,720	47,870	43,346
United Foundries Company	6,304	8,346	5	2,929
Citadel Capital Holding for Financial Investments-Free Zone	38,598	38,717	12,983	13,187
ASEC Company for Mining (ASCOM)	-	-	-	-
National Multimodal Transportation	15,948	16,278	5,397	5,759
Other	23	39	9	7
	202,673	193,100	66,264	65,228

4(d) Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The average annual tax rate used for the period to 30 September 2021 is 23% compared to 20% for the nine months ended 30 September 2020. There is no material change in the effective tax rate for the period as compared to prior period.

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

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

5. Significant changes in the current reporting period

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

The situation differs greatly from region to region. Whereas some countries are keeping their borders closed, restricting the flow of goods and imposing lockdowns, others are already starting to lift restrictions in areas with low rates of new infections. The global market conditions have affected market confidence and consumer spending patterns locally and globally. Though management expectations for the Company's sector post COVID-19 remains positive given its strategic importance.

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

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

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

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

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

6. Related party transactions

The Company entered into several transactions with companies and entities that are included within the definition of related parties, as stated in EAS 15, "Disclosure of related parties". The related parties comprise the Company's top management of the company, their entities, companies under common control. The management decide the terms and conditions of the transactions and services provided beyond to the related parties and any other expenses fairly and depending on contracts and agreements the following are the nature and values of the transactions with the related parties during the period also the accrued balances at the date of separate financial position .

6 (a) Due from related parties

Company name	Nature of relationship	Nature and volume of transaction			31 December 2020
		Advisory fee	Finance	30 september 2021	
Mena Home furnishings Mall	Subsidiary	(158)	-	82,451	82,609
Falcon Agriculture Investments Ltd.	Subsidiary	29,079	-	371,294	342,215
Golden Crescent Investments Ltd.	Subsidiary	(114)	-	59,709	59,823
Citadel Capital Transportation Opportunities Ltd.	Subsidiary	(35)	-	18,201	18,236
Logria Holding Ltd.	Investee	(165)	-	86,136	86,301
Mena Glass Ltd.	Investee	(103)	-	53,773	53,876
Silverstone Capital Investment Ltd.	Subsidiary	(26,383)	-	(8,510)	17,873
Sabina for Integrated Solutions	Subsidiary	-	(33)	17,215	17,248
Citadel Capital Financing Corp.	Subsidiary	-	(197)	102,738	102,935
Citadel Capital Transportation Opportunities II Ltd.	Subsidiary	12,628	-	150,405	137,777
Citadel Capital Holding for Financial Investments-Free Zone	Subsidiary	-	(129,112)	1,124,775	1,253,887
ASEC Company for Mining (ASCOM)	Subsidiary	-	(1,225)	-	1,225
United Foundries Company	Subsidiary	-	12,845	226,115	213,270
Citadel Capital for International Investments Ltd.	Subsidiary	-	141,273	1,279,280	1,138,007
Africa Raliways Limited	Subsidiary	(36)	-	18,835	18,871
Mena Joint Investment Fund management S.A	Subsidiary	(71)	-	36,655	36,726
Citadel Capital Joint Investment and Management limited Fund	Subsidiary	(16)	-	8,406	8,422
Africa JIF Holdco I fund	Subsidiary	(21)	-	11,116	11,137
Crondall Holdings Ltd.	Subsidiary	-	(53)	27,651	27,704
International Company for Mining Consultation	Subsidiary	-	-	140	140
Grandview Investment Corp	Subsidiary	(28)	-	12,758	12,786
Total				3,679,143	3,641,068
Accumulated impairment loss *				(1,504,351)	(1,507,232)
Net				2,174,792	2,133,836

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

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

Related party transactions (continued)

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

	Balance as at 1 January 2021	Formed	Write off	Foreign exchange	Balance as at 30 September 2021
Logria Holding Ltd.	86,303	-	-	(167)	86,136
Citadel Capital Financing Corp.	102,939	-	-	(201)	102,738
Golden Crescent Investments Ltd.	59,819	-	-	(106)	59,713
Sabina for Integrated Solutions	17,248	-	-	(33)	17,215
Citadel Capital Transportation Opportunities Ltd.	18,236	-	-	(35)	18,201
Mena Glass Ltd.	53,876	-	-	(103)	53,773
Africa Raliways Limited	18,871	-	-	(36)	18,835
Cron dall Holdings Ltd.	27,707	-	-	(53)	27,654
Citadel Capital Holding for Financial Investments-Free Zone	759,241	-	-	(1,452)	757,789
Citadel Capital for International Investments Ltd.	280,390	-	-	(537)	279,853
Mena Home furnishings Mall	82,602	-	-	(158)	82,444
Balance	1,507,232	-	-	(2,881)	1,504,351

6(b) Due to related parties

Nature of relationship	Nature and volume of transaction	30 September 2021		31 December 2020	
		Advisory fee	Finance		
National Development and Trading Company	Subsidiary	-	(1,222)	636,642	637,864
ASEC Cement Company	Subsidiary	-	(771)	13,863	14,634
Asec Trading Company	Subsidiary	-	15,380	62,862	47,482
Citadel Capital for International Investments Ltd.	Subsidiary	-	17,030	328,685	311,655
Silverstone Capital Investment Ltd.	Subsidiary	-	-	-	-
Ahmed Heikal	Chairman	-	-	766	766
FHI	Shareholder	-	11,306	94,140	82,834
Total				1,136,958	1,095,235

6(c) Key Management Compensation

Key management personnel received total benefits during the period with an amount of EGP 46 million represented in salaries and other benefits (2020: EGP 47 million).

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

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

Related party transactions (continued)

6 (d) Terms and conditions

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

The loans to related parties are repayable between 1 to 10 years from the reporting date. The average interest rate on the loans to related parties during the period was 11.5% (31 December 2020 – 11.5%).

6(e) Impairment of loans to related parties and due from related parties

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

7. Basis of preparation of the interim condensed separate financial statements

Compliance with EAS

The interim condensed separate financial statements for the financial period ended 30 September 2021 have been prepared in accordance with the requirements of the Egyptian Accounting Standard (30) "Interim Financial Statements".

These interim condensed separate financial statements doesn't contain all the information required in preparing the full annual financial statements and should be read in conjunction with the Company's annual separate financial statements as at 31 December 2020.

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

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

8. Going concern

The Company has made a net loss of approximately EGP 301 million for the period ended 30 September 2021 (30 September 2020: EGP 346 million loss). This has further increased the Company's accumulated losses amounted to approximately EGP 4.8 billion as at 30 September 2021 (31 December 2020: EGP 4.5 billion).

As at 30 September 2021, the Company is financed by borrowings and bank facilities to the amount of EGP 5.6 billion. The Company had EGP 3.13 million of cash and cash equivalents.

During the financial period, the Company was in breach of its existing debt covenants. As a result of the breaches and defaults, an amount of EGP 5.6 billion was repayable on demand and the loans have been classified as current liabilities as at 30 September 2021. As a result, the Company's current liabilities exceeded its current assets by EGP 4 billion (31 December 2020: EGP 3.7 billion).

Furthermore, due to the adverse impact globally from Covid-19, the Company's business activities were in certain parts of the business significantly impacted.

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

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

- If the Company continues to make losses from operations and does not generate sufficient cash flows from the operations. As a result, the Company would not be able to provide services to its customers, pay employees and suppliers.
- If the Company is unable to remedy any breaches of financial covenants financial nor able to renegotiate or restructure any defaulted positions.

Assessment of cash flow forecasts produced by management

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

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

**Notes to the interim condensed separate financial statements
For the nine months ended 30 September 2021**

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

Going concern (continued)

Key areas in determining the Company is a going concern

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

Operational Activity

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

Liquidity Position

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

- Loans from local financial institutions, with a balance of 5.6 billion outstanding as at 30 September 2021, are in the process of being renegotiated. The Company has negotiated to settle all the overdue debts through finance from one lender. On reaching the rescheduling agreement, the Company will benefit from the longer settlement period and the waiver of the charges on the defaulted loans.

Other initiatives

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

Based on the above factors, management is of the view that the Company remains a going concern, and the interim condensed separate financial statements of the Company have been prepared on a going concern basis. Therefore, to continue realizing its assets and discharging its liabilities in the normal course of business.