CITADEL CAPITAL COMPANY S.A.E.
AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

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Limited review report on the interim condensed consolidated 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 consolidated statement of financial position of Citadel Capital Company (S.A.E.) (the "Company") and its subsidiaries (together the "Group") as of 30 September 2022 and the related interim condensed consolidated 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 consolidated financial statements in accordance with the Egyptian Accounting Standard 30 "Interim financial reporting", and our responsibility is limited to expressing a conclusion on these interim condensed consolidated financial statements based on our limited review.

Scope of the limited review

We have conducted our limited review in accordance with the 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 consolidated financial statements.

Conclusion

In light of our limited review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated 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 the following matters:

1. As described in note (11) to the interim condensed consolidated financial statements, the Group had accumulated losses of EGP 22.6 billion at 30 September 2022 and its current liabilities exceeded its current assets by EGP 51.6 billion as at that date. In addition, as at 30 September 2022, some of the Group's subsidiaries were in breach of certain debt covenants and had defaulted in settling the loan instalments on some of their borrowings on the respective due dates. These events and conditions along with other matters disclosed in note (11) to the interim condensed consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The interim condensed consolidated financial statements do not include the adjustments that would be necessary if the Group were unable to continue as a going concern.

2. Note (10) to the interim condensed consolidated financial statements sets out the key considerations and critical accounting judgements applied by management in concluding that the Egyptian Refining Company ("ERC") should be consolidated by the Group. Should these considerations and judgements change, the Group may need to deconsolidate ERC.

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

15 December 2022
Cairo

QALAA HOLDINGS القلعة

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

Interim condensed consolidated statement of financial position - As of 30 September 2022

	Note	30 September 2022	31 December 2021
Non-current assets			
Fixed assets	7(a)	77,027,232	63,979,478
Right of use assets	7(b)	1,613,724	1,408,523
Intangible assets		590,595	557,807
Goodwill		205,570	205,570
Biological assets		373,671	352,157
Investments in associates	5	633,917	555,241
Financial assets at fair value through other comprehensive income		7,984	7,969
Derivative financial instruments	6(d)(iii)	255,548	-
Trade and other receivables	6(e)	616,072	405,695
Deferred tax assets		488,634	158,912
Total non-current assets		**81,812,947**	**67,631,352**
Current assets			
Inventories	7(d)	5,406,445	3,255,064
Biological assets		10,352	17,375
Trade and other receivables	6(e)	16,989,170	6,334,778
Due from related parties	8(a)	452,048	352,796
Investment in treasury bills		-	813,714
Restricted cash		1,727,643	434,140
Cash and cash equivalents		9,201,163	5,406,555
Total current assets		**33,786,821**	**16,614,422**
Assets classified as held for sale	4(b)(i)	23,416	22,674
Total assets		**115,623,184**	**84,268,448**
Equity			
Paid-up capital		9,100,000	9,100,000
Legal reserve		89,578	89,578
Reserves		1,172,596	904,052
Accumulated losses		(22,628,728)	(22,349,936)
Total equity attributable to owners of Citadel Capital Company		**(12,266,554)**	**(12,256,306)**
Non-controlling interests		25,525,405	9,882,024
Total equity		**13,258,851**	**(2,374,282)**
Non-current liabilities			
Loans and borrowings	6(a)	13,898,123	11,167,509
Lease liabilities		1,418,856	1,316,042
Borrowing from financial leasing entities	6(b)	729,711	650,640
Deferred tax liabilities		381,045	268,027
Trade and other payables		440,927	404,398
Derivative financial instruments	6(d)(iii)	2,219	295,653
Total non-current liabilities		**16,870,881**	**14,102,269**
Current liabilities			
Provisions	7(c)	3,803,108	3,436,949
Trade and other payables		15,571,832	11,754,413
Due to related parties	8(b)	1,769,200	1,676,625
Loans and borrowings	6(a)	63,005,523	54,641,866
Lease liabilities		338,258	363,155
Borrowing from financial leasing entities	6(b)	63,238	24,510
Financial liabilities at fair value through profit or loss		546,984	418,023
Current income tax liabilities		393,149	223,137
Total current liabilities		**85,491,292**	**72,538,678**
Liabilities associated with assets held for sale	4(b)(ii)	2,160	1,783
Total liabilities		**102,364,333**	**86,642,730**
Total equity and liabilities		**115,623,184**	**84,268,448**

The accompanying notes on pages 8 - 34 form an integral part of these consolidated financial statements.
Limited review report attached

Motaz Farouk	**Hisham Hussein Elkhazinar**	**Ahmed Mohamed Hassanien Heikal**
Chief Financial Officer	**Managing Director**	**Chairman**
15 December 2022		

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

Interim condensed consolidated statement of profit or loss
For the nine months period ended 30 September 2022

	Note	Nine months ended 30 September		Three months ended 30 September	
		2022	2021	2022	2021
Continuing operations					
Revenue	2(b)	69,385,055	30,975,072	23,722,220	12,796,452
Cost of revenue		(49,407,996)	(30,559,520)	(15,514,695)	(12,370,838)
Gross profit		**19,977,059**	**415,552**	**8,207,525**	**425,614**
General and administrative expenses		(1,755,339)	(1,321,734)	(596,768)	(247,374)
Selling and marketing expenses		(596,042)	(415,870)	(210,174)	(163,166)
Net impairment of financial assets		(37,695)	(26,651)	(12,435)	(16,188)
Other losses	3(a)	(362,106)	(245,451)	(127,613)	(71,796)
Operating profits / (losses)		**17,225,877**	**(1,594,154)**	**7,260,535**	**(72,910)**
Finance income	3(b)	1,907,520	701,524	341,907	244,361
Finance costs	3(b)	(5,907,256)	(3,463,074)	(1,962,419)	(1,368,745)
Share of gain of investments in associates		17,455	7,262	17,283	2,681
Income / (loss) before income tax		**13,243,596**	**(4,348,442)**	**5,657,306**	**(1,194,613)**
Income tax expense	3(c)	(1,377,068)	(168,163)	(1,127,140)	(84,567)
Net income / (loss) for the period		**11,866,528**	**(4,516,605)**	**4,530,166**	**(1,279,180)**
Attributable to					
Owners of the parent company		(205,878)	(1,320,809)	16,677	(440,724)
Non-controlling interest		12,072,406	(3,195,796)	4,513,489	(838,456)
		11,866,528	**(4,516,605)**	**4,530,166**	**(1,279,180)**
Profit / (loss) per share from the net loss for the period:					
Basic per share		6.520	(2.482)	2.489	(0.703)
Diluted per share		6.520	(2.482)	2.489	(0.703)

The accompanying notes on pages 8 - 34 form an integral part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of comprehensive income
For the nine months period ended 30 September 2022

	Nine months ended 30 September		Three months ended 30 September	
	2022	**2021**	**2022**	**2021**
Net income / (loss) for the period	**11,866,528**	**(4,516,605)**	**4,530,166**	**(1,279,180)**
Other comprehensive income				
Exchange differences on translation of foreign operations	4,521,891	1,147,999	1,576,447	678,910
Change in fair value of available for sale financial assets	178	4,396	318	2,414
Cash flow hedge	100,941	38,709	30,164	11,932
Income tax relating to these items	(22,643)	(8,709)	-	(2,684)
Other comprehensive income for the period, net of tax	**4,600,367**	**1,182,395**	**1,606,929**	**690,572**
Total comprehensive income / (loss) for the period	**16,466,895**	**(3,334,210)**	**6,137,095**	**(588,608)**
Total comprehensive income / (loss) for the nine months period attributable to:				
Owners of the parent company	439,147	(1,026,013)	331,743	(247,825)
Non-controlling interest	16,027,748	(2,308,197)	5,805,352	(340,783)
	16,466,895	**(3,334,210)**	**6,137,095**	**(588,608)**

The accompanying notes on pages 8 - 34 form an integral part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of changes in equity
For the nine months period ended 30 September 2022

	Total equity attributable to owners of Citadel Capital Company S.A.E						
	Paid up capital	Legal reserve	Reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balances 1 January 2021	9,100,000	89,578	575,466	(19,956,797)	(10,191,753)	12,533,535	2,341,782
Total comprehensive loss for the period	-	-	294,796	(1,320,809)	(1,026,013)	(2,308,197)	(3,334,210)
Dividends distribution	-	-	-	(107,794)	(107,794)	(272,659)	(380,453)
Foreign exchange differences of shareholders reserve	-	-	2,551	-	2,551	-	2,551
Non-controlling interests share from increase in the share capital of subsidiaries	-	-	-	-	-	16,864	16,864
Transactions with non-controlling interests	-	-	(30,576)	-	(30,576)	53,350	22,774
Balance at 30 September 2021	9,100,000	89,578	842,237	(21,385,400)	(11,353,585)	10,022,893	(1,330,692)
Balances 1 January 2022	9,100,000	89,578	904,052	(22,349,936)	(12,256,306)	9,882,024	(2,374,282)
Total comprehensive income for the period	-	-	645,025	(205,878)	439,147	16,027,748	16,466,895
Dividends distribution	-	-	-	(72,914)	(72,914)	(238,911)	(311,825)
Foreign exchange differences of shareholders reserve	-	-	(327,187)	-	(327,187)	-	(327,187)
Transactions with non-controlling interests	-	-	(49,294)	-	(49,294)	(145,456)	(194,750)
Balance at 30 September 2022	9,100,000	89,578	1,172,596	(22,628,728)	(12,266,554)	25,525,405	13,258,851

The accompanying notes on pages 8 - 34 form an integral part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of cash flows
For the nine months period ended 30 September 2022

	30 September 2022	30 September 2021
Cash flows from operating activities		
Income / (loss) for the period before income tax	13,243,596	(4,348,442)
Net income / (loss) before income tax, adjusted for:		
Depreciation and amortization	3,921,261	3,345,848
Impairment in right of use of assets	9	103
Loss / (gain) on settlement of lease contracts	32,368	(21,401)
Gain from restructure of loans	-	(3,030)
Gain on loan settlement	(842,784)	-
Impairment on fixed assets	45	-
Unrealized forex loss	2,108,338	48,275
Impairment in investment in treasury bills – net	(1,625)	32,059
Impairment of due from related parties – net	521	93
Impairment of trade and other receivables – net	(25,495)	(4,828)
Impairment of inventory – net	63,744	164
Ineffective portion of cash flow hedge	(464,416)	(157,963)
Share of profit of investments in associates	(17,455)	(7,262)
Effect of investments at fair value through profit or loss	-	(4,846)
Effect of financial liabilities at fair value through profit or loss	12,547	10,613
Gain on sale of fixed assets	(11,876)	(20,434)
Loss on sale of biological assets	29,759	14,492
Provisions – net	486,283	297,342
Interest expenses	4,355,247	3,463,074
Interest income	(600,320)	(385,538)
Operating gain before changes in working capital:	**22,289,747**	**2,258,319**
Changes in working capital		
Inventories	(2,230,551)	(656,881)
Trade and other payables	923,508	225,771
Trade and other receivables	(10,922,250)	(619,282)
Due from related parties	(521,927)	5,214
Due to related parties	92,575	75,234
Provisions used	(267,907)	(86,919)
Income tax paid	(208,343)	(191,386)
Net cash flow generated from operating activities	**9,154,852**	**1,010,070**
Cash flows from investing activities		
Payments to purchase of fixed assets, PUC and intangible assets	(1,294,284)	(676,538)
Treasury bills	815,339	(997,679)
Proceeds from sale of fixed assets	75,803	30,492
Payments to purchase of biological assets	(44,250)	(25,715)
Payments to increase ownership interest in subsidiaries	(42,980)	(10,730)
Interest received	600,320	385,538
Net cash flow generated from / (used in) investing activities	**109,948**	**(1,294,632)**
Cash flows from financing activities		
Proceeds from loans	636,012	852,358
Proceeds from banks - overdrafts	2,810,978	3,597,011
Repayments of loans	(6,294,315)	(757,857)
Repayments of leases	(195,596)	(132,343)
Dividends paid	(311,825)	(380,453)
Transactions with non-controlling interest	(194,750)	-
Proceeds from non-controlling interests	-	50,368
Proceeds from financial leasing entities	117,799	208,167
Restricted cash	(1,293,503)	261,757
Interest paid	(498,278)	(977,760)
Net cash flow (used in) generated from financing activities	**(5,223,478)**	**2,721,248**
Net change in cash and cash equivalents during the period	**4,041,322**	**2,436,686**
Cash and cash equivalents at beginning of the period	5,406,555	2,283,175
Foreign currency translation differences	(246,714)	(11,648)
Cash and cash equivalents at end of the period	**9,201,163**	**4,708,213**

The accompanying notes on pages 8 - 34 form an integral part of these interim condensed consolidated financial statements.

1. Introduction

Citadel Capital Company "S.A.E." "The Holding Company" was incorporated in 2004 as an Egyptian joint stock company under Law No. 159 of 1981. It was registered in the commercial registered under number 11121, Cairo on 13 April 2004. The Holding Company's term is 25 years as of the date it is entered in the commercial registered and can be renewed. The Holding Company is registered in the Egyptian Stock Exchange.

The Holding Company's head office is in 1089 Nile Corniche, Four Season Nile Plaza, Garden City, Cairo, Egypt.

The purpose of the parent 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 main activities for the Group are described in note 2 on segment information.

The Holding Company is owned by Citadel Capital Partners Ltd. Company (Malta) by 23.49%.

The interim condensed consolidated financial statements were authorised to be issued by the Board of Directors on 15 December 2022.

2. Segment information

The Management Board is identified as the Chief Operating Decision-Maker (CODM) at Group level.

The information below shows the segment information provided to the CODM for the reportable segments for the nine months period ended 30 September 2022 and also the basis on which revenue is recognized:

2(a) Description of segments and principal activities

The following summary describes each reportable segment:

Energy sector
Citadel Capital Company has invested in energy as one of the core industries within the Group segments. Its integrated investments along the value chain, midstream and downstream including refining, energy distribution, power generation and solid waste management, provide solutions that truly tackle the energy problems that faces today.

Cement sector
Citadel Capital Company's subsidiaries in the cement sector produce high-quality building materials that meet international environmental standards, while helping build critical national infrastructure in Africa and the Middle East. Citadel Capital, through its subsidiary company ASEC Holding, has pursued promising opportunities in regional markets with strong fundamentals where the demand for cement continues to outpace supply.

Transportation and logistics sector
Citadel Capital Company has invested in the river transport, logistics and port management sector. As fuel subsidies are gradually removed in Egypt and fuel becomes more costly, manufacturers will be seeking for alternative means of transporting goods. Nile logistics has large fleet of fuel efficient barges, which are more efficient, affordable and environmentally friendly that transfer cargo along the Nile. The capacity of one river barges is equivalent to 20-40 trucks, with only one-quarter of the emissions.

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

Segment information (continued)

Mining sector
Citadel Capital Company's investments in the mining sector help in developing nations and add value to their natural resources. All of Group investments in the mining sector focus on research and development, precious metals mining, mining for the cement industry, quarry management and the production of insulation materials products for domestic and export consumption to help countries in Africa and the Middle East to unlock their economic potential.

Agriculture food industries sector
Citadel Capital Company's investments in agri-foods aim to overcome challenges facing the agricultural and food production sector in Egypt and the region. Citadel Capital Companies in the agri-foods sector bring trusted household names to market through Dina farms, ICDP (Dina Farms' fresh dairy producer).

Packaging and printing sector
Citadel Capital Company's investments in Packaging and printing segment aim to create shareholders liquidity while remaining firmly committed to capital growth. Grandview group enjoys a strong market share in folder boxes, laminated boxes, books and paper in Egypt.

2(b) Segment revenues

Below is summary of operating results by segment. The amounts presented include inter-segment transactions, which are conducted in the normal course of business and priced in a manner similar to third party transactions. The revenue from external parties is measured in the same way as in the interim condensed consolidated statement of profit or loss.

30 September 2022	Segment revenue	Inter-segment revenue	Revenue from external customers	Timing of revenue recognition At a point in time	Over time	Total
Energy sector	60,694,227	-	**60,694,227**	59,056,713	1,637,514	**60,694,227**
Packaging & printing sector	3,198,009	-	**3,198,009**	3,198,009	-	**3,198,009**
Cement sector	3,063,167	-	**3,063,167**	2,849,657	213,510	**3,063,167**
Agriculture food industries sector	945,808	-	**945,808**	945,808	-	**945,808**
Mining sector	998,536	(58,231)	**940,305**	940,305	-	**940,305**
Transportation and logistics sector	251,450	-	**251,450**	251,450	-	**251,450**
Other	294,675	(2,586)	**292,089**	292,089	-	**292,089**
	69,445,872	**(60,817)**	**69,385,055**	**67,534,031**	**1,851,024**	**69,385,055**

30 September 2021	Segment revenue	Inter-segment revenue	Revenue from external customers	Timing of revenue recognition At a point in time	Over time	Total
Energy	24,869,987	-	**24,869,987**	24,635,717	234,270	**24,869,987**
Packaging & printing sector	1,798,878	-	**1,798,878**	1,798,878	-	**1,798,878**
Cement	2,414,693	-	**2,414,693**	2,239,365	175,328	**2,414,693**
Agriculture food industries	785,638	-	**785,638**	785,638	-	**785,638**
Mining	713,667	-	**713,667**	713,667	-	**713,667**
Transportation and logistics	192,059	-	**192,059**	192,059	-	**192,059**
Other	203,213	(3,063)	**200,150**	200,150	-	**200,150**
	30,978,135	**(3,063)**	**30,975,072**	**30,565,474**	**409,598**	**30,975,072**

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

Segment information (continued)

2(c) Segments assets

Segment assets are measured in the same way as in the interim condensed consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Segment assets	30 September 2022			31 December 2021		
	Current assets	Non-current assets	Total assets	Current assets	Non-current assets	Total assets
Energy sector	26,692,389	72,731,927	**99,424,316**	12,200,926	60,036,985	**72,237,911**
Financial services sector	10,482,064	21,106,055	**31,588,119**	6,724,106	19,117,130	**25,841,236**
Cement sector	3,638,207	5,086,338	**8,724,545**	2,503,346	3,303,482	**5,806,828**
Packaging & printing sector	2,668,092	1,311,251	**3,979,343**	1,515,336	1,320,348	**2,835,684**
Mining sector	864,597	1,080,421	**1,945,018**	542,593	817,670	**1,360,263**
Agriculture food industries sector	516,361	1,162,722	**1,679,083**	387,559	1,119,586	**1,507,145**
Transportation and logistics sector	182,709	848,365	**1,031,074**	133,376	761,022	**894,398**
Other	315,184	55,164	**370,348**	236,165	52,576	**288,741**
	45,359,603	**103,382,243**	**148,741,846**	**24,243,407**	**86,528,799**	**110,772,206**
Elimination	(11,549,366)	(21,569,296)	**(33,118,662)**	(7,606,311)	(18,897,447)	**(26,503,758)**
Total	**33,810,237**	**81,812,947**	**115,623,184**	**16,637,096**	**67,631,352**	**84,268,448**

2(d) Segments liabilities

Segment liabilities are measured in the same way as in the interim condensed consolidated financial statements. These liabilities are allocated based on the operations of the segment.

Segment liabilities	30 September 2022			31 December 2021		
	Current liabilities	Non-current liabilities	Total liabilities	Current liabilities	Non-current liabilities	Total liabilities
Energy sector	55,209,516	14,185,041	**69,394,557**	48,117,778	11,599,471	**59,717,249**
Financial services sector	28,387,752	1,007,721	**29,395,473**	20,203,098	790,427	**20,993,525**
Cement sector	9,206,411	3,938,227	**13,144,638**	7,817,895	2,948,158	**10,766,053**
Agriculture food industries sector	2,783,287	411,706	**3,194,993**	2,230,036	333,244	**2,563,280**
Packaging & printing sector	2,413,075	576,597	**2,989,672**	1,604,109	660,793	**2,264,902**
Transportation and logistics sector	2,060,828	86,774	**2,147,602**	2,123,306	243,307	**2,366,613**
Mining sector	1,134,958	903,850	**2,038,808**	740,106	791,729	**1,531,835**
Other	925,464	291,103	**1,216,567**	766,383	254,922	**1,021,305**
	102,121,291	**21,401,019**	**123,522,310**	**83,602,711**	**17,622,051**	**101,224,762**
Elimination	(16,627,839)	(4,530,138)	**(21,157,977)**	(11,062,250)	(3,519,782)	**(14,582,032)**
Total	**85,493,452**	**16,870,881**	**102,364,333**	**72,540,461**	**14,102,269**	**86,642,730**

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

3. Profit and loss information

3(a) Significant items

	30 September 2022	30 September 2021
Gains		
Other income *	249,570	101,146
Expenses		
Provisions formed**	(501,569)	(312,080)

* Other income includes an amount of EGP 125,018K (30 September 2021: EGP 45,244K) which represents income from export subsidies.

** Provisions formed during the period include an amount of EGP 125.5M (USD 7.7M) formed under "Citadel Capital For International Investments" related to an expected settlement agreement for one of the lenders against the total remaining liabilities and interest due.

3(b) Finance costs – net

	Nine months ended 30 September		Three months ended 30 September	
	2022	2021	2022	2021
Credit interest	600,320	385,538	236,707	161,910
Gains from restructuring of loans	-	3,030	-	-
Ineffective portion of cash flow hedge	464,416	157,963	105,200	-
Gain from loan settlement*	842,784	-	-	-
Net foreign exchange gain	-	154,993	-	82,451
Total finance income	**1,907,520**	**701,524**	**341,907**	**244,361**
Interest expenses	(4,197,305)	(3,323,786)	(1,681,633)	(1,317,393)
Lease interest expense	(157,942)	(139,288)	(44,617)	(47,255)
Ineffective portion of cash flow hedge	-	-	-	(4,097)
Net foreign exchange loss	(1,552,009)	-	(236,169)	-
Total Finance costs	**(5,907,256)**	**(3,463,074)**	**(1,962,419)**	**(1,368,745)**
Net	**(3,999,736)**	**(2,761,550)**	**(1,620,512)**	**(1,124,384)**

* Gains from loan settlement represents a waiver income resulted from final settlement of certain outstanding loans due on a subsidiary during the first quarter of 2022.

3(c) 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 2022 is 12% compared to 4% for the nine months ended 30 September 2021.

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

4. Discontinued operations

4(a) Description

There is no discontinued operations during the nine months period ended 30 September 2022 and 30 September 2021. For further information about the discontinued operation please refer to note 3 in the Group's annual consolidated financial statements for the year ended 31 December 2021.

4(b) Assets and liabilities of disposal group classified as held for sale

(i) Assets

	El Baddar	Ledmore Holding Limited	Asenpro	Total
30 September 2022				
Fixed assets	9,759	-	4,850	**14,609**
Trade receivables and other debit balances	-	4,771	-	**4,771**
Cash and cash equivalents	-	4,036	-	**4,036**
	9,759	**8,807**	**4,850**	**23,416**
Impairment	-	-	-	-
Balance	**9,759**	**8,807**	**4,850**	**23,416**

	El Baddar	Ledmore Holding Limited	Asenpro	Total
31 December 2021				
Fixed assets	9,877	-	5,728	**15,605**
Trade receivables and other debit balances	-	3,830	-	**3,830**
Cash and cash equivalents	-	3,239	-	**3,239**
	9,877	**7,069**	**5,728**	**22,674**
Impairment	-	-	-	-
Balance	**9,877**	**7,069**	**5,728**	**22,674**

(ii) Liabilities

	Mena Home Furnishing Malls Ltd.	Ledmore Holding Limited	Asenpro	Total
30 September 2022				
Trade payables and other credit balances	1,030	884	-	**1,914**
Deferred tax	-	-	246	**246**
Balance	**1,030**	**884**	**246**	**2,160**

	Mena Home Furnishing Malls Ltd.	Ledmore Holding Limited	Asenpro	Total
31 December 2021				
Trade payables and other credit balances	826	711	-	**1,537**
Deferred tax	-	-	246	**246**
Balance	**826**	**711**	**246**	**1,783**

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

5. Investments in associates

The carrying amount of equity-accounted investments has changed as follows in the nine months ended 30 September 2022 as follows:

	30 September 2022
31 December 2021	**555,241**
Additions*	42,980
Share of income of investments in associates in interim condensed consolidated statement of profit or loss	17,455
Share of gain of investments in associates in interim condensed consolidated statement of comprehensive income	18,241
Balance	**633,917**

* On 6 June 2022, the Group's management through "Citadel Capital Transportation Opportunities Ltd." has purchased 10% of "Ostool Transport and Logistics" Company's shares which represent 8,660,163 shares amounting to 42.9M EGP from one of the Company's shareholders as a part of a share purchase agreement to buy a total percentage of 72.31% of the share capital of "Ostool Transport and Logistics".

6. Financial assets and financial liabilities

6(a) Borrowings

	30 September 2022			31 December 2021		
	Current	Non-current	Total	Current	Non-current	Total
Secured						
Bank loans	48,960,608	13,129,653	**62,090,261**	44,661,048	10,459,528	**55,120,576**
Loans from related parties	4,499,161	768,470	**5,267,631**	3,246,042	707,981	**3,954,023**
	53,459,769	**13,898,123**	**67,357,892**	**47,907,090**	**11,167,509**	**59,074,599**
Secured and Unsecured						
Short term facilities and bank overdrafts*	9,545,754	-	**9,545,754**	6,734,776	-	**6,734,776**
	9,545,754	**-**	**9,545,754**	**6,734,776**	**-**	**6,734,776**
Total borrowings	**63,005,523**	**13,898,123**	**76,903,646**	**54,641,866**	**11,167,509**	**65,809,375**

ASCOM for Carbonate and Chemical Manufacturing

- The Company has signed an agreement for restructuring the loan due on ASCOM for Carbonate and Chemical Manufacturing Company for the benefit of Al-Ahli United Bank in March 2021 and the following resulted from the restructuring:

1- Reduction in the loan repayment terms to be 5 years instead of 7 years.
2- Reduction in the interest rate to become 4.5% above the LIBOR rate for 3 months instead of 5.5% and 6% above the LIBOR rate for 3 months.

Since there was no significant change in the value of the loan as a result of the exchange in the loan policies the present value of the loan has been recalculated using the original interest rate, this resulted in the recognition of gain resulting from the original value of the loan and the recalculated value. This gain was accounted for in the interim condensed consolidated statement of profit or loss amounting to EGP 3,030K in 2021.

In addition, it was agreed to add a new tier amounting to USD 3,900K to finance a part of the investments expenditures related to the Company's expansion of operation.

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

Financial assets and financial liabilities (continued)

Borrowings (continued)

National Company For River Transportation - Nile Cargo S.A.E

- According to the signed settlement and assignment agreement dated 21 March 2022 between Arab African International Bank, Banque Misr, National Company For River Transportation - Nile Cargo S.A.E and National Company For River Ports Management S.A.E, the parties have agreed to settle all the outstanding loan balance amounting EGP 1.06 Billion which was due from National Company For River Transportation - Nile Cargo S.A.E to Arab African international bank and Banque Misr for only settlement amount of EGP 213 Million. A gain of EGP 842,784K was accounted for in the interim condensed consolidated statement of profit or loss.

Citadel Capital Company S.A.E

* During the period ended 30 September 2022, the Company obtained a bridge loan from a third party entity amounting to EGP 1.15 Billion which is secured against post-dated checks. The loan is repayable in one year and classified accordingly as under current liabilities.

6(b) Borrowing from financial leasing entities

	30 September 2022
Borrowing from financial leasing entities (current portion)	63,238
Borrowing from financial leasing entities (Non-current portion)	729,711
Balance at 30 September 2022	**792,949**

- One of the Group's subsidiaries signed a financing contract. The contractual value of the contract amounted to EGP 321.9M is divided into two tranches.

  The total value of the first tranche amounted to EGP 208.2M with interest rate 3% above LIBOR to be paid in quarterly installments until 20 March 2028.

  The interest charged to interim condensed consolidated statement of profit or loss during the period ended 30 September 2022 amounted to EGP 38M.

- One of the Group's subsidiaries signed a financing contract. The contractual value of the contract amounted to EGP 388.7M with interest rate 11.41% for seven years and the first payment will be in April 2023.

  The interest charged to interim condensed consolidated statement of profit or loss during the period ended 30 September 2022 amounted to EGP 24.4M.

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

Financial assets and financial liabilities (continued)

6(c) Maturities of financial liabilities

The table below summarises the maturities of the Group's financial liabilities at 30 September 2022 and 31 December 2021, based on contractual payment dates.

	Below 6 months	From 6 months to 1 year	From 1 year to 2 years	Above 2 years
30 September 2022				
Borrowings and interest	52,301,603	10,703,920	10,425,720	14,744,826
Trade payables and other credit balances	11,738,670	3,833,162	161,662	592,511
Due to related parties	-	1,769,200	-	-
Lease Liabilities	158,714	179,544	709,540	1,578,473
Borrowing from financial leasing entities	63,238	-	-	611,506
Derivative financial instruments	-	-	2,219	-
Financial liabilities at fair value through profit or loss	-	546,984	-	-
Total	**64,262,225**	**17,032,810**	**11,299,141**	**17,527,316**
31 December 2021				
Borrowings and interest	45,358,836	9,283,030	8,306,692	11,747,940
Trade payables and other credit balances	8,861,534	2,892,879	148,269	543,424
Due to related parties	-	1,676,625	-	-
Lease Liabilities	170,396	192,759	658,125	1,464,093
Borrowing from financial leasing entities	24,510	-	-	650,640
Derivative financial instruments	-	-	295,653	-
Financial liabilities at fair value through profit or loss	-	418,023	-	-
Total	**54,415,276**	**14,463,316**	**9,408,739**	**14,406,097**

6(d) Recognised fair value measurements

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of financial instruments that are recognized and measured at fair value in the interim condensed financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under EAS 45 "*Fair value measurement*". An explanation of each level follows underneath the table.

Recurring fair value measurements are those that the accounting standards require or permit in the consolidated statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorized are as follows.

Recurring fair value measurements At 30 September 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVOCI				
Unlisted equity instruments	-	7,984	-	**7,984**
Hedging derivatives – interest rate swaps	-	-	255,548	**255,548**
Total financial assets	**-**	**7,984**	**255,548**	**263,532**
Financial liabilities				
Written call option agreement (CCII)	-	-	2,219	**2,219**
Trading derivatives	-	546,984	-	**546,984**
Total financial liabilities	**-**	**546,984**	**2,219**	**549,203**

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

Financial assets and financial liabilities (continued)

Recognised fair value measurements (continued)

Recurring fair value measurements At 31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVOCI				
Unlisted equity instruments	-	7,969	-	**7,969**
Total financial assets	**-**	**7,969**	**-**	**7,969**
Financial liabilities				
Hedging derivatives – interest rate swaps	-	-	293,434	**293,434**
Written call option agreement	-	-	2,219	**2,219**
Trading derivatives	-	418,023	-	**418,023**
Total financial liabilities	**-**	**418,023**	**295,653**	**713,676**

There were no changes in the valuation technique for level 3 recurring fair value measurements during the period ended 30 September 2022 and 31 December 2021.

Level 1: The fair value of financial instruments traded in active markets (such as trading instruments) is based on quoted market prices (unadjusted) at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and over the counter derivatives.

Transfers between levels of fair value hierarchy are deemed to occur at the end of each semi -annual reporting period.

ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

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

Aside from traded financial instruments, which are included in level 1, all of the resulting fair value estimates are included in level 2 except for derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

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

Financial assets and financial liabilities (continued)

Recognised fair value measurements (continued)

iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period ended 30 September 2022 and 31 December 2021:

Assets / (liabilities)	Hedging derivatives – interest rate swaps (ERC)	Hedging derivatives – interest rate swaps (TaQa)	Written call option agreement (CCII)	Total
Opening balance at 1 January 2021	**(560,230)**	**(114,705)**	**(2,219)**	**(677,154)**
Gains recognised in consolidated profit and loss	338,790	-	-	**338,790**
Gains recognised through other comprehensive income	-	41,718	-	**41,718**
Foreign currency translation	1,072	(79)	-	**993**
Closing balance at 31 December 2021	**(220,368)**	**(73,066)**	**(2,219)**	**(295,653)**
Gains recognised through consolidated profit and loss	464,416	-	-	**464,416**
Gains recognised in consolidated other comprehensive income	-	100,941	-	**100,941**
Foreign currency translation	(9,260)	(7,115)	-	**(16,375)**
Closing balance at 30 September 2022	**234,788**	**20,760**	**(2,219)**	**253,329**

iv) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Description	Fair value at 30 September 2022	Fair value at 31 December 2021	Un-observable inputs *	Range of Inputs 30 September 2022	Range of Inputs 31 December 2021	Valuation technique 30 September 2022	Valuation technique 31 December 2021	Inputs used 30 September 2022	Inputs used 31 December 2021	sensitivity analysis
Hedging derivatives – Interest rate swaps (ERC)	234,788	(220,368)	Credit default rate	1.32%	1.32%	Discounted Cash flows dollar offset method	Discounted Cash flows dollar offset method	Yield curve Terminal growth Growth rate for years 1 to 5	Yield curve Terminal growth Growth rate for years 1 to 5	If an observable input changed by 1% this would result in change in fair value by 149.7M
Interest rate swap contracts – cash flow hedge (TAQA)	20,760	(73,066)	Credit default rate	2.3%	2.3%	Discounted Cash flows dollar offset method	Discounted Cash flows dollar offset method	Yield curve Terminal growth Growth rate for years 1 to 5	Yield curve Terminal growth Growth rate for years 1 to 5	If an observable input changed by 5% this would result in change in fair value by 2.1M
Written call option agreement	(2,219)	(2,219)	probability of default rate	1.86%	1.86%	Option valuation model black Scholes	Option valuation model black Scholes	- Risk free interest rate & volatility	- Risk free interest rate & volatility	If an observable input changed by 5% this would result in change in fair value by 8K.

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

There were no changes in the valuation technique for level 3 recurring fair value measurements during the period ended 30 September 2022 and 31 December 2021.

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

Financial assets and financial liabilities (continued)

Recognised fair value measurements (continued)

v) Valuation processes

The finance department of relevant subsidiary includes a team that performs the valuations on quarterly basis. The finance department places a partial reliance on experts in the valuation of hedging derivatives.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk gradings determined by the Group's internal credit risk management.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

vi) Valuation processes for recurring and non-recurring level 3 fair value measurements

Level 3 valuations are reviewed by the Group's financial officer who reports to the Board of Directors. The financial officer considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques. In selecting the most appropriate valuation model the financial officer performs back testing and considers which model's results have historically aligned most closely to actual market transactions.

The level three debt instruments are valued at the net present value of estimated future cash flows. The Group also considers liquidity, credit and market risk factors, and adjusts the valuation model as deemed necessary.

vii) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analyzed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

Financial instruments not carried at fair value are typically short-term in nature and repriced to current market rates frequently. Accordingly, their carrying amounts are a reasonable approximation of fair value.

	30 September 2022		31 December 2021	
	Fair value at level 3	Carrying value	Fair value at level 3	Carrying value
Assets				
Financial assets at amortized cost				
Trade and other receivables	15,653,603	15,653,603	5,477,930	5,477,930
Due from related parties	452,048	452,048	352,796	352,796
Treasury bills	-	-	813,714	813,714
Restricted cash	1,727,643	1,727,643	434,140	434,140
Cash and cash equivalents	9,201,163	9,201,163	5,406,555	5,406,555
Total assets	**27,034,457**	**27,034,457**	**12,485,135**	**12,485,135**

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

Financial assets and financial liabilities (continued)

Recognised fair value measurements (continued)

	30 September 2022		31 December 2021	
	Fair value at level 3	Carrying value	Fair value at level 3	Carrying value
Liabilities				
Borrowings				
Loans and borrowings	76,903,646	76,903,646	65,809,375	65,809,375
Other financial liabilities				
Lease liabilities	1,757,114	1,757,114	1,679,197	1,679,197
Trade and other payables	12,397,092	12,397,092	10,195,506	10,195,506
Due to related parties	1,769,200	1,769,200	1,676,625	1,676,625
Total Liabilities	**92,827,052**	**92,827,052**	**79,360,703**	**79,360,703**

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

Financial assets carried at amortized cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

Liabilities carried at amortized cost. Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

viii) Presentation of financial instruments by measurement category

For the purposes of measurement, Egyptian Accounting Standard no.47 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at fair value through profit or loss, (b) debt instruments at fair value through other comprehensive income, (c) equity instruments at fair value through other comprehensive income and (d) financial assets at amortized cost. Financial assets at fair value through profit or loss have two sub-categories: (i) Financial assets mandatorily measured at fair value through profit or loss and (ii) assets designated as such upon initial recognition. In addition, finance lease receivables form a separate category.

6(e) Trade and other receivables

Trade and other receivables include an amount of 125M EGP which represents an amount paid under investment as a part of a share purchase agreement which the Group's management has entered through "Citadel Capital Transportation Opportunities Ltd." with one of the shareholders in "Ostool Transport and Logistics" to purchase its (62.31%) 53,959,475 shares owned in the Company.

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

7. Non-financial assets and liabilities

7(a) Fixed assets

	Freehold land	Freehold buildings	Furniture, fittings & equipment	Machinery, barges and vehicles	Assets under construction	Total
At 31 December 2021						
Cost	2,045,196	7,739,331	1,359,447	66,585,551	1,320,554	**79,050,079**
Accumulated depreciation and impairment	(1,654)	(1,394,809)	(665,102)	(12,472,059)	(536,977)	**(15,070,601)**
Net book value at 31 December 2021	**2,043,542**	**6,344,522**	**694,345**	**54,113,492**	**783,577**	**63,979,478**
Period ended 30 September 2022						
Opening net book amount	**2,043,542**	**6,344,522**	**694,345**	**54,113,492**	**783,577**	**63,979,478**
Additions	69,085	46,931	26,135	53,471	1,097,147	**1,292,769**
Disposals	(62,684)	(224)	(1,960)	(38,912)	-	**(103,780)**
Transfers to right of use assets – cost	-	-	-	-	(4,507)	**(4,507)**
Transfers from right of use assets – cost	-	-	5	9,661	-	**9,666**
Transfers to intangible asset – cost	-	-	-	-	(1,055)	**(1,055)**
Transfers from assets under construction	154	241,787	6,675	338,321	(586,937)	**-**
Foreign currency translation difference – cost	191,891	1,384,000	218,662	13,901,445	(62,678)	**15,633,320**
Effect of hyperinflation – cost	11,317	276,480	26,952	3,640,679	-	**3,955,428**
Depreciation expense	(360)	(284,579)	(87,464)	(3,399,073)	-	**(3,771,476)**
Accumulated depreciation of disposals	-	28	1,347	38,478	-	**39,853**
Transfers from right of use assets – accumulated depreciation	-	-	-	(5,996)	-	**(5,996)**
Foreign currency translation difference – accumulated depreciation	84	(144,710)	(66,892)	(1,995,622)	104,677	**(2,102,463)**
Effect of hyper-inflation – accumulated depreciation	(2,298)	(202,685)	(25,908)	(1,663,069)	-	**(1,893,960)**
Impairment – net	-	-	-	(26)	(19)	**(45)**
Net book value at 30 September 2022	**2,250,731**	**7,661,550**	**791,897**	**64,992,849**	**1,330,205**	**77,027,232**
At 30 September 2022						
Cost	2,254,959	9,688,305	1,635,916	84,490,216	1,762,524	**99,831,920**
Accumulated depreciation and impairment	(4,228)	(2,026,755)	(844,019)	(19,497,367)	(432,319)	**(22,804,688)**
Net book value at 30 September 2022	**2,250,731**	**7,661,550**	**791,897**	**64,992,849**	**1,330,205**	**77,027,232**

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

Non-financial assets and liabilities (continued)

7(b) Right of use assets

right of use assets is recognised and classified as part of similar assets. Below is analysis for net book value of right of use assets leased under finance lease arrangements at 30 September 2022:

	Land	Buildings	Electricity supply contract	Machinery	Vehicles	Quarry	Total
At 31 December 2021							
Cost	663,518	614,333	236,788	96,712	15,393	25,714	**1,652,458**
Accumulated amortization and impairment	(70,399)	(99,802)	(31,493)	(32,310)	(6,797)	(3,134)	**(243,935)**
Net book amount at 31 December 2021	**593,119**	**514,531**	**205,295**	**64,402**	**8,596**	**22,580**	**1,408,523**
Period ended 30 September 2022							
Opening net book amount	**593,119**	**514,531**	**205,295**	**64,402**	**8,596**	**22,580**	**1,408,523**
Additions	-	133,269	-	4,051	29,343	-	**166,663**
Disposals	-	(55,673)	-	(21,047)	(7,415)	-	**(84,135)**
Transfers from fixed assets – cost	-	-	-	-	4,507	-	**4,507**
Transfers to fixed assets – cost	-	-	-	(8,782)	(884)	-	**(9,666)**
Foreign currency translation difference – cost	137,913	140,460	58,207	8,751	(6,407)	6,257	**345,181**
Amortization charged during the year	(29,011)	(50,110)	(15,543)	(10,881)	(8,174)	(1,238)	**(114,957)**
Accumulated amortization of disposal	-	35,259	-	13,330	3,178	-	**51,767**
Impairment – net	-	(209)	-	-	-	200	**(9)**
Transfers to fixed assets – accumulated amortization	-	-	-	5,112	884	-	**5,996**
Foreign currency translation difference – accumulated amortization	(16,383)	(136,697)	(9,012)	2,798	(136)	(716)	**(160,146)**
Net book value at 30 September 2022	**685,638**	**580,830**	**238,947**	**57,734**	**23,492**	**27,083**	**1,613,724**
At 30 September 2022							
Cost	801,431	832,389	294,995	79,685	34,537	31,971	**2,075,008**
Accumulated amortization and impairment	(115,793)	(251,559)	(56,048)	(21,951)	(11,045)	(4,888)	**(461,284)**
Net book amount at 30 September 2022	**685,638**	**580,830**	**238,947**	**57,734**	**23,492**	**27,083**	**1,613,724**

7(c) Provisions

	Provision for claims*	Legal provisions	Other provisions	Total
Balance at 31 December 2021 and 1 January 2022	**2,178,188**	**6,659**	**1,252,102**	**3,436,949**
Provisions formed	299,293	135	202,141	**501,569**
Provisions used	(267,888)	-	(19)	**(267,907)**
Provisions no longer required	(15,286)	-	-	**(15,286)**
Transfer from liabilities	23,053	-	-	**23,053**
Adjustments	5,477	-	-	**5,477**
Foreign currency translation	118,046	1,208	(1)	**119,253**
Balance at 30 September 2022	**2,340,883**	**8,002**	**1,454,223**	**3,803,108**

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

Provisions for claims have not been discounted due to nature of uncertainty position of maturity dates.

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

Non-financial assets and liabilities (continued)

7(d) Inventory

The Group's inventory balance increased during the nine months period in 2022 from EGP 3.3 billion to EGP 5.4 billion due to the increase in the spare parts for ERC (subsidiary of the Group) by EGP 455M. Also, there was an increase in work in process, spare parts and raw materials inventory balances related to NDT (subsidiary of the Group) by EGP 554M. Furthermore, there was an increase in spare parts and raw material inventory balances related to Silverstone (subsidiary of the Group) by EGP 210M.

8. Related party transactions

The Group entered into several transactions with companies and entities that are included within the definition of related parties, as stated in EAS 15, "Disclosure of related parties". The related parties comprise the Group's board of directors, their entities, companies under common control, and/ or joint management and control, and their partners and employees of senior management. The partners of joint arrangement and non-controlling interest are considered by the Group as related parties. The tables below show the nature and values of transactions with related parties during the period, and the balances due at the date of the interim condensed consolidated financial statements.

8(a)Due from related parties

		Nature of transactions		Balances	
Name of the Company	Nature of relationship	Foreign currency translation differences	Finance / (payment)	30 September 2022	31 December 2021
Golden Crescent Finco Ltd.	Investee	112,829	-	571,832	459,003
Emerald Financial Services Ltd.	Investee	96,249	-	487,799	391,550
Nile Valley Petroleum Ltd.	Investee	82,469	-	419,699	337,230
Benu one Ltd.	Investee	40,328	-	204,388	164,060
Citadel Capital Partners	Parent	(3,955)	50,157	185,908	139,706
Logria Holding Ltd,	Investee	22,398	-	121,364	98,966
EIIC	Shareholder	23,082	-	116,982	93,900
Rotation Ventures	Investee	20,940	-	106,124	85,184
Golden Crescent Investment Ltd.	Investee	14,677	-	74,386	59,709
Mena Glass Ltd	Associate	13,219	-	66,992	53,773
Castrol Lubricants	Associate	-	-	39,200	39,200
Sphinx International Management	Investee	(4,167)	22,938	30,215	11,444
Egyptian Company for International Publication	Investee	-	-	26,660	26,660
Visionaire	Investee	5,049	-	25,588	20,539
Allmed Medical Industries	Associate	3,924	-	19,887	15,963
Adena	Shareholder	2,885	-	14,623	11,738
Nahda Company – Sudan	Investee	2,481	-	12,573	10,092
Citadel Capital Al Qalaa- Saudi Arabia	Investee	219	-	1,407	1,188
El Kateb for Marketing & Distribution	Associate	(25)	-	598	623
Ascom Precious Metals (APM)	Associate	-	-	209	209
Others		16,230	-	68,164	51,934
Total				**2,594,598**	**2,072,671**
Less: Accumulated impairment loss*				(2,142,550)	(1,719,875)
				452,048	**352,796**

(All amounts 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:-

Name of the Company	Balance as of 1 January 2022	Foreign currency translation Differences	Formed / (No longer required)	Balance as of 30 September 2022
Golden Crescent Finco Ltd.	**459,003**	112,829	-	**571,832**
Emerald Financial Services Ltd.	**391,550**	96,249	-	**487,799**
Nile Valley Petroleum Ltd.	**337,230**	82,469	-	**419,699**
Benu One Ltd	**164,060**	40,328	-	**204,388**
Logria Holding Ltd.	**98,966**	24,084	(1,686)	**121,364**
Rotation Ventures	**85,184**	20,940	-	**106,124**
Golden Crescent Investment Ltd.	**59,709**	14,677	-	**74,386**
Mena Glass	**53,773**	13,219	-	**66,992**
Visionaire	**20,539**	5,049	-	**25,588**
Allmed Medical Industries	**15,963**	3,923	-	**19,886**
Nahda	**10,092**	2,481	-	**12,573**
Sphinx International Management	**1,385**	509	2,197	**4,091**
Egyptian Company for International Publication	**406**	-	-	**406**
Citadel Capital Partners	**84**	19	10	**113**
El Kateb for Marketing & Distribution	**60**	-	-	**60**
EIIC	**13**	3	-	**16**
Others	**21,858**	5,375	-	**27,233**
	1,719,875	**422,154**	**521**	**2,142,550**

8(b) Due to related parties

Name of the company	Nature of relationship	Nature of transactions: Foreign currency translation Differences	Nature of transactions: Finance / (payment)	Balances: 30 September 2022	Balances: 31 December 2021
Mena Glass Ltd.	Associate	80,087	-	566,436	486,349
Castrol Egypt	Associate	-	23,978	61,357	37,379
Others		(14,759)	-	15,261	30,020
				643,054	**553,748**
Due to shareholders					
IFC	Shareholder	31,264	13,386	393,774	349,124
FHI	Shareholder	51,519	23,017	357,094	282,558
Ali Abo Zeid	Shareholder	29,534	47	202,616	173,035
Fenix one Ltd.	Shareholder	13,810	-	69,993	56,183
El-Rashed	Shareholder	10,155	-	51,469	41,314
Omran	Shareholder	4,643	-	28,085	23,442
Ahmed Heikal	Chairman	19	-	785	766
Ali Dayekh	Shareholder	40,261	(217,951)	-	177,690
Others		3,565	-	22,330	18,765
				1,126,146	**1,122,877**
				1,769,200	**1,676,625**

8(c) Key management compensation

The Group paid EGP 215,130 as salaries and benefits to senior management personnel during the period ended 30 September 2022 (30 September 2021: EGP 299,367).

Related party transactions (continued)

8(d) Terms and conditions

Transactions relating to dividends, calls on partly paid ordinary shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

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 7.5% (31 December 2021: 7.5%).

Outstanding balances are secured and are repayable in cash.

9. Basis of preparation of the interim condensed consolidated financial statements

Compliance with EAS

The interim condensed consolidated financial statements for the financial period ended 30 September 2022 have been prepared in accordance with the requirements of the Egyptian Accounting Standard (30) "Interim Financial Statements".

These interim condensed consolidated financial statements don't contain all the information required in preparing the full annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

The accounting policies adopted in the preparation of this interim condensed consolidated financial information are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax. See note 3(c).

10. Critical judgments in applying the Group's accounting policies

In general, applying the Group accounting policies does not require judgments other than the below and apart from those involving estimates that have significant effects on the amounts recognized in the interim condensed consolidated financial statements. There is no change during the period to the critical judgments from the Group's annual consolidated financial statements for the year ended 31 December 2021.

A) Hyperinflationary Economies

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates is currency of a hyperinflationary economy.

Various characteristics of the economic environment of Sudan are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- prices are quoted in a relatively stable foreign currency;

Critical judgments in applying the Group's accounting policies (continued)

Hyperinflationary Economies (continued)

- sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- interest rates, wages and prices are linked to a price index;
- and the cumulative inflation rate over three years is approaching, or exceeds, 100%.

Following management's assessment, the Group's subsidiary in Sudan, Al-Takamol for Cement has been accounted for as entities operating in hyperinflationary economies.

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

The Group currently holds 31.75% in Orient Investment Properties Ltd, which is the majority shareholder of ARC. ARC has a shareholding of 66.6% in ERC. Through the various shareholding structures, the Group holds an effective 13.1% shareholding in ERC and consolidates the ERC entity. ERC represents the most substantial portion of Orient and ARC.

ERC was set up for the purpose of constructing and operating refinery project and aims to provide benefits for its stakeholders such as debt and equity financiers in addition to cost savings to Egyptian General Petroleum Corporation (EGPC). The Group was involved with the setup and design of ERC.

In August 2019 ERC started its pre-completion operations which resulted in supplying EGPC with LPG, reformate, JET fuel, Diesel and Fuel oil products.

The full operation phase started at the beginning of the year 2020, year 2020 marks the first full operational fiscal year for the ERC project.

According to the clauses in ERC Deed of Shareholders Support the Group shall prior to the project completion and for two years thereafter, have control over ERC's decision-making, management and operations. Contractually with these clauses, the Group has the full ability to direct the relevant activities of ERC until two years post to the project completion terms have been met. The Group will need to reassess control if the Deed of Shareholders Support clauses no longer apply as this may result in control being lost by the Group at this date.

Whilst Egyptian General Petroleum Corporation (EGPC - significant shareholder in ERC) and ERC have entered into several contractual arrangements, which will be effective during the operational phase, these have been assessed and do not provide Egyptian General Petroleum Corporation (EGPC) with the control to direct the relevant activities of ERC. The Deed of Shareholders Support would override any such clauses in other contractual arrangements including any shareholder agreements of ARC or Orient Investment Properties if such clauses are contrary to the Group having control.

As at the 30 September 2022, ERC defaulted on certain of the loans with lenders. This has not impacted the rights afforded to the Group to direct the relevant activities via the Deed of Shareholders Support.

The Group is exposed to variable returns with the involvement with ERC. Variable returns consist of equity returns, fees for service contracts, guarantee fees incurred by the Group on behalf of ERC and exposure to reputational risk.

Critical judgments in applying the Group's accounting policies (continued)

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

Management is of the view that the Group has control over ERC by virtue of shareholders agreements, exposure, or rights, to variable returns from its involvement with ERC; and can use its control over ERC to affect the amount of the Group's variable returns. Management considers that the relevant activities that most significantly affect variable returns will not be derived during the construction phase of the project but rather during the operational phase.

Furthermore, management has applied judgement in determining if the Group controls Orient and ARC. It should be noted that ERC represents the most significant variable returns of both Orient and ARC. As such, whatever conclusion is reached for ERC would be considered appropriate for Orient and ARC.

In determining the appropriate accounting treatment for ERC, Orient and ARC management applied significant judgment. If management's judgments were to change, this would result in the deconsolidation of ARC and its subsidiary ERC. ERC currently has consolidated assets and liabilities impacting the consolidated financial position amounting to approximately EGP 82.9 billion and EGP 56.4 billion respectively as of 30 September 2022 and with a consolidated profit of EGP 13.2 billion for the nine months period. The primary assets and liabilities making up these totals are represented in the fixed assets amounted EGP 65 billion, Trade and other payables amounted to EGP 7.2 billion and loans liabilities amounted to EGP 48.4 billion.

C) Functional currencies of different entities of the Group

Different entities within the Group have different functional currencies, based on the underlying primary economic environment in which the entities operate. Determining the functional depends on the currency which an entity generates and expends cash. The functional currency is the currency which:

- Mainly influences prices for goods and services,
- The country which competitive forces and regulations mainly determine the prices.
- The currency that influences labor, material and other costs of providing goods and services.

In some instances, it is not clear from the above what the functional currency should be, and consideration would be given to the currency financing is obtained and currency receipt of cash is retained. Management have exercised judgement in assessing the functional currency of some of the entities.

Specifically, in determination of the functional currency of the Egyptian Refining Company (ERC), the Group based its judgement on the fact that the company operates in a market where the price the goods and services are determined is based on global commodity markets. As such, the USD mainly influences prices of goods and services in ERC as well as a large proportion of labor, material and other costs. Moreover, the US Dollar is the currency in which ERC's business risks and exposures are managed, financing is obtained and cash from operating activities are retained. On this basis, management determined the functional currency for ERC to be USD.

Critical judgments in applying the Group's accounting policies (continued)

D) Assessing whether the arrangement with EGPC is or contains a lease

ERC and EGPC signed a series of agreements where EGPC agreed that ERC would undertake a project to construct, operate, maintain and own at Mostorod a hydro-cracking complex to produce high value petroleum product and EGPC would off-take all the end products produced from the complex except for coke and Sulphur.

In line with the requirements Egyptian Accounting Standard 49, the Group has assessed whether the arrangement with EGPC is or contains a lease over the hydro-cracking complex. In making the assessment the Group considered the contractual provisions of the contracts and whether those provisions convey to EGPC the right to control the use of the hydro-cracking complex for a consideration over the period of the contract.

Egyptian Accounting Standard 49 states that the arrangement is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The contractual provisions of the contracts between EGPC and ERC do not convey to EGPC the right to control the use of the hydro-cracking complex over the duration of the off-take agreement. Furthermore, ERC controls the operations and maintenance of the hydro-cracking complex over the duration of the contract and decides on how the output would be by determining the appropriate product mix.

Although EGPC obtains substantially all the economic benefit from the hydro-cracking complex, albeit the product is purchased at market price, this indicator alone is not sufficient in isolation to conclude EGPC control the use of the complex. To control the use of the complex, EGPC is required to have not only the right to obtain substantially all of the economic benefits from use of an asset throughout the period of use (a 'benefits' element) but also the ability to direct the use of that asset (a 'power' element), i.e. EGPC must have decision-making rights over the use of the asset that give it the ability to influence the economic benefits derived from use of the asset throughout the period of use.

Management has judged that given the contractual provisions of the contracts do not convey EGPC with rights to control the use of the asset, the arrangement does not contain a lease and as such the arrangement is accounted for under Egyptian Accounting Standard 48 (revenue from contracts with customers) as a contract to provide product to EGPC. If it were judged that the contract should be accounted for as a lease, this may result in no recognition of fixed assets by ERC but possible a finance lease receivable.

E) Control Grandview Investment Holdings Corporation (Grandview)

Management have considered the accounting treatment and the principals in EAS 42 "Consolidated financial statements" and have determined that Grandview is controlled by the Group. In determining the appropriate accounting treatment for Grandview, management applied significant judgment and if management's judgments were to change, this would result in the deconsolidation of Grandview.

In 2005, Grandview Investment Holdings Corporation ("Grandview") was set up by the Group to undertake private equity investment in mid-cap companies in various industry sectors in the Middle East and North Africa. At the inception of Grandview, the Group initially owned 13%.

Critical judgments in applying the Group's accounting policies (continued)

Control Grandview Investment Holdings Corporation (Grandview) (continued)

The Group appointed its subsidiary Sphinx Capital to manage the investments to be held by Grandview. This agreement was formalized through a participation arrangement which gave Sphinx Capital the majority of the voting rights and appointed the majority of the Board of Directors in Grandview and therefore power to control its relevant activities. In 2014 the Group increased its investment in Grandview to 48%.

The following are the key considerations and judgements applied by management in concluding that the Group had control over Grandview:

- The Group is able to appoint 5 of the 9 Board members of Grandview;
- Sphinx Capital has power over Grandview, which is demonstrated by the terms of the Participation agreement, whereby it has full discretion and responsibility over Grandview.

Accordingly, the Group consolidated "Grandview Investment Corporation and its subsidiaries" in the interim condensed consolidated financial statements.

In determining the appropriate accounting treatment for Grandview, management applied significant judgment. If management's judgments were to change, this would result in the deconsolidation of Grandview and its subsidiaries. Grandview currently has consolidated assets and liabilities impacting the consolidated financial position amounting to approximately EGP 3.9 billion and EGP 3 billion respectively as of 30 September 2022 and with a consolidated profit of EGP 640 million for the nine months period. The primary assets and liabilities making up these totals are represented in the fixed assets amounted EGP 1.2 billion, Trade and other receivables amounted to EGP 1.5 billion and loans liabilities and overdrafts amounted to EGP 1.9 billion.

F) Control over Dar El-Sherouk company

The Group have determined that they do not control Dar El-Sherouk Company even though the Group owns 58.5% of the issued capital of this entity. It is not a controlled entity because the Group is not able to use its power over the entity to affect those returns as result of the contractual agreement signed between the Group and other shareholders that give the other shareholders the right to control as the chairman and the majority of board members are hired by the other shareholders.

11. Going concern

The Group incurred a net profit of approximately EGP 11.9 billion for the nine months period ended 30 September 2022, with loss of EGP 206 million allocated to the owners of the parent company and profit of EGP 12.1 billion allocated to the non-controlling interest (30 September 2021: EGP 4.5 billion net loss, where EGP 1.3 billion allocated to the owners of the parent company and EGP 3.2 billion allocated to the non-controlling interest). This has further increased the Group's accumulated losses to approximately EGP 22.6 billion as at 30 September 2022 (31 December 2021: EGP 22.3 billion).

As at 30 September 2022, the Group is financed by borrowings and bank facilities amounting to EGP 77.7 billion and the majority of the financing is within the energy sector. The Group had EGP 4.6 billion of cash and cash equivalents and the majority of the cash is also held within the energy sector.

During the nine months period ended 30 September 2022, some of the Group's subsidiaries (mainly under the cement and energy sectors) were in breach of their existing debt covenants. Furthermore, some of them have defaulted in the settlement of loan instalments on their due dates.

As a result of such breaches and defaults, an amount of EGP 46.9 billion was repayable on demand and accordingly, the relevant loans have been classified as current liabilities at 30 September 2022. This reclassification led to an increase in the Group's current liabilities which exceeded its current assets by EGP 51.7 billion (31 December 2021: EGP 55.9 billion), and currently the Group is in the process of renegotiating and restructuring the debts.

These conditions cast substantial doubt as to whether the Group will be able to meet its debt obligations, some of which are overdue, and material uncertainties exist that may cast substantial doubt about the Group's ability to continue as a going concern.

The key factors which could result in the Group not being able to continue as a going concern, include the following:

- If the Group continues to incur operating losses and is not able to generate sufficient cash flows from its operations.
- If the Group is unable to remedy breaches of financial covenants and not able to renegotiate banking facilities.

Assessment of cash flow forecasts produced by management

The assessment of the going concern basis for the preparation of the interim condensed consolidated financial statements of the Group relies heavily on the ability of the Group to generate future cash flows in order to meet its obligations as they fall due and to successfully restructure the debts and remedy breaches of financial covenants.

Management has prepared comprehensive cash flow forecasts for the next 5 years for each key component of the business which has been subject to each subsidiary's Board review and challenge. These cash flows including the underlying key assumptions, sensitivities and judgements made by management in these forecasts for each key component are also consistently used for purposes of testing the non-current assets for impairment.

Going concern (continued)

The key considerations in respect of assessing going concern are set out below:

Operational activities

- ERC is a strategic national project with 4.7 million tons capacity of refined products per year, including 2.3 million tons of Euro V diesel representing more than 30%-40% of Egypt's current imports and 600,000 tons of jet fuel. ERC is working at full capacity since the beginning of year 2020 and has long-term non-cancellable supply contracts with the Egyptian General Petroleum Corporation to supply various products for 25 years. Since the early of January 2022, ERC benefits from the increase in the oil prices caused by the global worries about the oil and gas supplies and the further increase following the Russian-Ukrainian conflict. The refining margins have recovered which in turn reflected high operating profits, EBITDA and cash inflows from operations.
- TAQA Arabia has also diversified its energy portfolio through the Benban solar energy project that commenced its operation in the first quarter of 2019. This has further strengthened the Group's cash inflows. TAQA Arabia's growing revenues were driven by CNG station expansions at TAQA Gas as well as increasing distribution and generation volumes at TAQA Power. TAQA continues to grow its market position opening more gas stations and constructing new solar energy plants which have enhanced its dominant position as major supplier for long-term strategic services under secured long-term contracts. TAQA contributed EGP 4.8 billion in revenue for the period ended 30 September 2022 and generated positive cash flows in the period then ended. TAQA successfully commenced operations in the 6th of October industrial zone substation in March 2021 which increases the Group's profits and generate additional cash flows. TAQA also inaugurated a new subsidiary "TAQA Water", which will develop a variety of valuable water treatment solutions to serve the industrial, agricultural, touristic and real estate sectors.
- NDT Sudan, Al-Takamol was able to generate positive cash flows and increase its revenue compared to the same comparative period due to a significant increase in the average prices of cement during the period ended 30 September 2022. Prices were further driven by a widening demand gap as local producers struggled with fuel and spare parts shortages causing widespread production disruptions. Improved profitability came despite the rise in diesel prices as higher production volumes improved cost efficiencies and led to economies of scale with lower fixed and electricity costs per ton of cement produced. However, management notes that Sudan's challenging operating environment with recurring fuel and raw material shortages will remain a volatile drag on performance.
- ASCOM and its subsidiaries will continue to capitalize on growing exports and the recovery across regional markets. Management is planning to implement its sales channel diversification strategy with the aim of growing its local market presence. This strategy will act as a hedge against foreign exchange risk and will allow ASCOM to benefit from the local market's greater working capital dynamics, improved cash flow and healthy margins.
- Falcon - Dina Farms has implemented multiple efficiency and facility enhancement initiatives which has increased yields from milk producing cows. This strategy led to a positive upward trend in different metrics especially in terms of production and operating revenues.
- Grandview has been able to diversify and expand its product range. Corrugated cartons and various types of boxes expanded its customer base. Within Grandview, the National Printing subsidiary is the largest producer of packaging and printing products in Egypt and as such contributes to the performance of the business.
- Transportation, Logistics and Nile logistics (Sea port services as well as river transportation in Egypt) are showing growth driven by the company's stevedoring operations and improved operational efficiencies.

Going concern (continued)

Liquidity Position

Some subsidiaries within the Group have experienced significant liquidity issues and in order to address the liquidity issues, management has undertaken the following actions:

- ERC (a subsidiary in the Energy sector) has loans outstanding as of 30 September 2022 amounting to EGP 48.4 billion, of which EGP 36.3 billion is in default with senior lenders since 31 December 2020 and the remaining outstanding loans comprise of subordinated and working capital loans which are not as yet in default. In terms of debt covenants, no covenants were breached till 30 September 2022 other than the default of principal repayment that is currently under negotiation with lenders.
- ERC's senior loans of EGP 32.2 billion from international financial institutions are currently in the process of being renegotiated and restructured. Based on the relevant correspondence with the senior lenders to date, management has reached a position whereby the lenders initially accepted to implement a debt restructuring process. The senior lenders conceptually agreed on the reschedule and it's expected that the negotiations will be finalized and concluded in the last quarter of 2022. The following matters are initially accepted by the senior lenders and it's expected to reach a better position in respect of these matters in addition to reaching an agreement in respect of the rest of terms under negotiation. The proposed amendments accepted to date provide the Group with the ability to significantly reduce the Group's cash outflows over the next 12 months. Also, ERC's proposals allow for the loan instalments to be extended over a longer term. This is being achieved through deferral rights for the scheduled repayment instalments. In addition, financial support has been requested in the form of a letter of credit from the shareholders and capital contributions to fund any shortfall in interest or principal repayments by ERC.
- In the period ended 30 September 2022, ERC succeeded to pay USD 310.4 million to the senior lenders as repayments for the principal amount due for September 2022 and partial amount of the 2 defaulted instalments for 2020, this is in addition to the repayments of USD 39.4 million as a repayment for the working capital facility and the semi-annual interest incurred. This is derived from the operations at full capacity during the period then ended and the increase in the selling prices because of the continuous recovery from the effects of the COVID-19 in addition to the effects of the Russian invasion on Ukraine which had a favorable impact in terms of prices and demand. In light of the above significant changes in the market and the Company's business operations, the Company has informed the senior lenders that the next restructuring proposal will be submitted in by the end of the year with simpler approach.
- The Group through Citadel Capital For International Investments (a wholly owned subsidiary) has succeeded in settling all the outstanding loan balance amounting EGP 1.06 billion which was due from transportation and logistics sector to Arab African international bank and Banque Misr for only settlement amount of EGP 213 million.
- Ascom's subsidiary (GlassRock) succeeded in restructuring its debt to be paid over a longer period with lower interest rates.
- The Group is in an advanced stages to settle all overdue debts on Citadel Capital holdings level, the wholly owned subsidiaries and National Development and Trading Company, through a restructuring with a group of lenders which is currently under negotiation.

Based on the current status of negotiations, management is confident that the debt renegotiation and restructuring initiatives would be successfully concluded.

Going concern (continued)

Other initiatives

- Management will continue to focus on strategic positioning of the ERC and TAQA businesses and prioritize their growth.
- Management is in the process of implementing strategic capital transactions initiatives for the Energy segment that is expected to generate cash inflows through local and foreign investors.
- In terms of the agriculture, printing and transportation segments, management actions are currently being considered to restructure and reduce both fixed and variable costs.
- The Group also continued to benefit from the government's exports incentive program, which strengthened the cash flows during the nine months period ended 30 September 2022.

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

Therefore, the interim condensed consolidated financial statements of the Group for the nine months period ended 30 September 2022 have been prepared on a going concern basis.

12. Significant events

A) In early 2020, the existence of novel coronavirus (COVID-19) was confirmed and has spread across the whole world, causing disruptions to businesses and global economic activity in general. 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.

The Group's management has reviewed and assessed the impact of COVID-19 on the performance of the group and generally the management believes that the group are delivering growth and proving resilient in the face of COVID-19 supported by the diversification strategy of its portfolio.

The highly challenging external environment caused by COVID-19, coupled with oil markets volatility and significant pricing pressure on global petroleum products severely impacted the performance of the energy segment.

The impact of COVID-19 on the energy segment can be assessed as follows:

1- ERC: The historic plunge in global energy consumption in the early months of the COVID-19 crisis in 2020 drove the prices of the oil markets to their lowest level. Meanwhile, global oil demand continues to recover from its 2020 lows. The oil and gas segment rebounded strongly mainly because of an exceptionally rapid global economic recovery. During the early months of 2021, oil prices started growing and the progress in COVID-19 vaccination has reflected an improvement in the oil demand and a gradual recovery in the global economic activity.

   Following year 2021 ERC's refining margin surged because of the global worries about the oil and gas supplies. Rising refined product prices resulted in a significant improvement in gross refining margins and hence profitability. ERC recorded an increase in revenue by 151% in the period ended 30 September 2022.

Significant events (continued)

2- <u>TAQA Arabia:</u> TAQA Arabia's business operation was slightly impacted in 2020, as the slowdown in tourism impacted the performance of "TAQA Power" division but it's fully recovered in 2021. Moreover, the gas business continued to deliver impressive results and meet its operational targets. TAQA's revenue increased by 15% compared to the same period of last year, this was buoyed by CNG station expansions at "TAQA Gas" coupled with improved market conditions reflecting positively on total power distribution and generation at "TAQA Power".

The impact of COVID-19 on the remaining affected sectors can be assessed as follows:

The operational performance of the remaining segments that was affected by COVID-19, reflects a sustained recovery starting the second half of FY 2020 during which COVID-19 restrictions were eased.

The easing restrictions related to COVID-19 also boded well for international trade, subsequently supporting improved performance at the Group's mining operations, where both "ASCOM for Carbonate and Chemical Manufacturing" and "GlassRock" (Subsidiaries of ASCOM) witnessed growth in export volumes.

Despite the increase in variable costs affected by COVID- 19 related supply chain disruptions, management's successful pricing strategy along with the government's most recent export incentive regulations supported a positive performance on mining and the packaging and printing sectors.

Below is a summary of the Mining's segment results during Q3 2022:
- Increase in revenue by 40%
- Increase in costs by 27%
- Overall result increase in gross profit of 71%

Below is a summary of the Packaging and printing's segment results during Q3 2022:
- Increase in revenue by 78%
- Increase in costs by 50%
- Overall result increase in gross profit by 167%

B) Russian-Ukrainian conflict started during February 2022, which has directly affected the global economy, as Russia and Ukraine are among the world's largest exporters of commodities, including energy sources. This caused supply concerns in many commodities, from energy to grain, which drove commodity prices to peaks. Oil prices continue to rise under the influence of Russia.

Nevertheless, global inflationary pressures began to build after the world economy emerged from the disruptions caused by the COVID-19 pandemic. These pressures became amplified with the recent Russian-Ukrainian conflict. Rising international commodity prices resulted from further supply chain disruptions.

The Monetary Policy Committee decided, in its extraordinary meeting held on 21 March 2022, to raise the overnight deposit rate, the overnight lending rate and the rate of the main operation by 100 basis points to 9.25%, 10.25%, and 9.75%, respectively. The discount rate was also raised by 100 basis points to 9.75%, coinciding with an increase in the exchange rate of the Egyptian pound against the dollar reached an average of 18.22 Egyptian pounds instead of 15.69 Egyptian pounds.

Significant events (continued)

The Group's energy segment benefits from the increase in the oil prices caused by the global worries about the oil and gas supplies. ERC refining margins have risen and resulted in net profit of EGP 8.5 billion. It worth noting that ERC revenues are all in USD.

At National Printing, management's revised pricing strategy at the "Uniboard" subsidiary helped to offset the rise in raw materials. "Uniboard" implemented a 70% price increase to offset the 79% increase in raw material costs primarily paper. It is worth noting that raw material constitutes 80% of Uniboard's total variable cost.

ASCOM for Carbonate and Chemical Manufacturing will continue to capitalize on growing exports and the recovery across regional markets. Management's decision to raise the average price per ton was aimed at offsetting the substantial surges in two vital variable components, namely global freight costs and stearic acid. The successful pricing strategy along with the government's export incentives supported profitability. Management will remain cognizant of the impacts on ASCOM for Carbonate and Chemical Manufacturing's variable costs due to volatile global market conditions and will closely monitor developments accordingly.

GlassRock managed to penetrate new international markets and successfully grew export sales. On the domestic market, the Company benefits from a strong competitive advantage in this environment, the company managed to increase prices and the increases were successfully absorbed by the market. Since the early of January 2022, the Group benefits from The Russian-Ukrainian war where globally most of the glass and rock wool producers are in Ukraine which resulted a demographic shift in demand of the Group's products. This has reflected in the huge increase in the export quantities sold and prices.

The surge in corn and soya bean prices, which nearly doubled in 1Q 2022 negatively impacted Dina Farm's contribution margins as the increase in the milk prices didn't match the increase in the costs as milk prices are predetermined by the Egyptian Milk Producers Association.

Whilst the loans are dominated in USD become a pressure, management is making progress at debt restructuring and is confident that its efforts will result in a stronger balance sheet, healthier financial and leverage ratios, and improved profitability in the future.

13. Subsequent events

A) On 20 July 2022, the Company's extraordinary General Assembly meeting approved the amendment of the Company's official name to be "Citadel Capital for Financial Investments S.A.E" instead of "Citadel Capital Company S.A.E", as well as the amendment of the Company's office address to "31 Arkan Plaza, Sheikh Zayed City, 6th of October, Giza" instead of "3 Yemen Street, El-Dokki, Giza, Egypt" and thus changing article 2 and article 4 of the Company's article of association accordingly. These changes were reflected on the Company's commercial register and official documents on 9 October 2022.

B) The Monetary Policy Committee decided, in its extraordinary meeting held on 27 October 2022, to raise the overnight deposit rate, the overnight lending rate and the rate of the main operation by 200 basis points to 13.25%, 14.25%, and 13.75%, respectively. The discount rate was also raised by 200 basis points to 13.75%, coinciding with an increase in the exchange rate of the Egyptian pound against the United States dollar reached an average of 22.928 Egyptian pounds instead of 19.497 Egyptian pounds at that date.