


Citadel Capital Company
(Egyptian Joint Stock Company)

Consolidated financial statements
for the period ended June 30, 2014
&
Review report

 **Hazem Hassan**
Public Accountants & Consultants

Contents

Page

Review report

Consolidated statement of financial position

1

Consolidated income statement

2

Consolidated statement of changes in equity

3

Consolidated statement of cash flows

4

Accounting policies and notes to the consolidated financial statements

5 – 98



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Review report

To the Board of Directors of Citadel Capital Company

Introduction

We have performed a limited review for the accompanying consolidated statement of financial position of Citadel Capital Company (Egyptian Joint Stock Company) and its subsidiaries as at June 30, 2014 and the related consolidated statements of income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

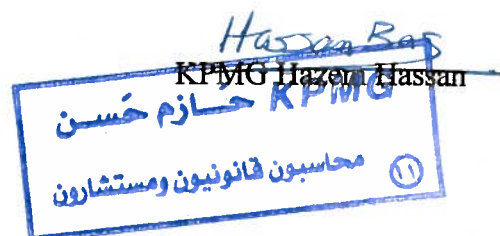
Scope of limited review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited 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 in the Company, 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 financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2014 and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

Cairo, September 15, 2014




Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated statement of financial position
as at June 30, 2014

| | Note | 30/6/2014 LE | 31/12/2013 LE |
|---|--------|-----------------------|-----------------------|
| Assets | | | |
| Fixed assets (net) | (6) | 5 277 738 446 | 5 903 051 372 |
| Projects under construction (net) | (7) | 9 597 094 757 | 9 825 065 263 |
| Intangible assets (net) | (8) | 721 465 890 | 877 033 551 |
| Goodwill | (9) | 2 870 230 425 | 2 984 514 318 |
| Biological assets | (10) | 181 075 804 | 181 875 553 |
| Trade and other receivables (net) | (18) | 486 312 657 | 389 063 042 |
| Investment property (net) | (11) | 379 150 505 | 384 313 065 |
| Investments in associates | (12) | 1 573 070 302 | 1 468 466 304 |
| Available-for- sale investments (net) | (13) | 51 827 258 | 51 147 347 |
| Payments for investments (net) | (14) | 241 500 338 | 228 354 291 |
| Loans to related parties | (15) | 322 745 838 | 330 752 704 |
| Other investments and derivatives | (16) | 595 861 954 | 745 204 908 |
| Total non-current assets | | 22 298 074 174 | 23 368 841 718 |
| Inventories (net) | (17) | 931 344 335 | 1 020 337 848 |
| Biological assets | (10) | 20 573 073 | 22 527 906 |
| Work in process | | 93 411 781 | 35 827 837 |
| Investments at fair value through profit or loss | (19) | 280 844 750 | 215 839 024 |
| Due from related parties (net) | (20) | 1 066 083 416 | 397 759 910 |
| Trade and other receivables (net) | (18) | 955 016 743 | 898 683 479 |
| Debtors and other debit balances (net) | (21) | 1 056 243 099 | 1 006 015 070 |
| Cash and cash equivalents | (22) | 2 183 559 425 | 2 113 505 433 |
| Assets classified as held for sale | (23.1) | 3 508 373 753 | 958 863 408 |
| Total current assets | | 10 095 450 375 | 6 669 359 915 |
| Total assets | | 32 393 524 549 | 30 038 201 633 |
| Equity | | | |
| Share capital | (24) | 8 000 000 000 | 4 358 125 000 |
| Reserves | (26) | 196 599 091 | 374 191 790 |
| Retained loss | | (3 381 475 827) | (2 656 143 924) |
| Net loss for the period / year | | (410 507 463) | (374 655 290) |
| | | 4 404 615 801 | 1 701 517 576 |
| Shareholders' credit balances | (25) | 51 426 592 | 2 323 160 875 |
| Total equity attributable to equity holders of the Company | | 4 456 042 393 | 4 024 678 451 |
| Non - controlling interests | | 8 780 404 243 | 8 699 063 528 |
| Total equity | | 13 236 446 636 | 12 723 741 979 |
| Liabilities | | | |
| Long term loans | (27) | 8 895 966 294 | 6 783 015 637 |
| Long term liabilities | (28) | 284 355 118 | 147 584 443 |
| Loans from related parties | (27) | 753 065 260 | 524 651 877 |
| Deferred tax liabilities | (29) | 3 453 242 | 130 746 891 |
| Total non-current liabilities | | 9 936 839 914 | 7 585 998 848 |
| Banks overdraft | (30) | 771 717 989 | 834 349 310 |
| Short term loans | (27) | 1 913 618 499 | 2 297 627 407 |
| Due to related parties | (31) | 511 465 840 | 272 623 213 |
| Trade and other payables | (32) | 2 116 837 235 | 3 263 683 743 |
| Creditors and other credit balances | (33) | 1 680 309 980 | 1 959 822 974 |
| Provisions | (34) | 461 305 410 | 477 164 016 |
| Financial guarantees contracts | (35) | 24 523 621 | - |
| Liabilities classified as held for sale | (23.2) | 1 740 459 425 | 623 190 143 |
| Total current liabilities | | 9 220 237 999 | 9 728 460 806 |
| Total liabilities | | 19 157 077 913 | 17 314 459 654 |
| Total equity and liabilities | | 32 393 524 549 | 30 038 201 633 |

The accompanying notes on pages 5 to 98 are integral part of these consolidated financial statements and are to be read therewith.

Review report "attached"


Chairman
Ahmed Heikal


Managing Director
Hisham Hussein El Khazindar


Chief Financial Officer
Moataz Farouk

Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated income statement
for the period ended June 30, 2014

| | Note | For the period | | For the period (*) | |
|--|--------|----------------------|----------------------|---------------------|----------------------|
| | | from 1/4/2014 | from 1/1/2014 | from 1/4/2013 | from 1/1/2013 |
| | | to 30/6/2014 | to 30/6/2014 | to 30/6/2013 | to 30/6/2013 |
| | | LE | LE | LE | LE |
| Continuing operation | | | | | |
| Operating income | (38) | 1 560 673 539 | 2 927 528 683 | 4 752 359 | 9 891 157 |
| Operating costs | (39) | (1 211 820 517) | (2 428 027 119) | (2 607 921) | (5 749 475) |
| Gross profit | | <u>348 853 022</u> | <u>499 501 564</u> | <u>2 144 438</u> | <u>4 141 682</u> |
| Advisory fee | (36.1) | 3 569 189 | 7 950 721 | 15 518 627 | 30 424 942 |
| Share of profit (loss) of equity accounted investees | (37) | 33 997 277 | 49 461 310 | (12 529 386) | (23 990 309) |
| Total operating profit | | <u>386 419 488</u> | <u>556 913 595</u> | <u>5 133 679</u> | <u>10 576 315</u> |
| Administrative and general expenses | (40) | (256 139 123) | (520 762 727) | (45 464 191) | (101 894 992) |
| Other (expenses) revenues | (41) | (88 805 400) | (73 771 210) | 5 800 238 | (77 459 894) |
| Net operating profit (loss) | | <u>41 474 965</u> | <u>(37 620 342)</u> | <u>(34 530 274)</u> | <u>(168 778 571)</u> |
| Finance costs - net | (42) | (238 131 972) | (412 205 443) | (12 759 878) | (4 947 832) |
| Net loss before tax | | <u>(196 657 007)</u> | <u>(449 825 785)</u> | <u>(47 290 152)</u> | <u>(173 726 403)</u> |
| Income tax | | (19 274 001) | (28 463 633) | (7 412) | 9 201 |
| Net loss from continuing operation | | <u>(215 931 008)</u> | <u>(478 289 418)</u> | <u>(47 297 564)</u> | <u>(173 717 202)</u> |
| Discontinued operations | | | | | |
| Net loss from discontinued operation (after tax) | (23.3) | (16 804 904) | (109 415 130) | - | - |
| Net loss for the period | | <u>(232 735 912)</u> | <u>(587 704 548)</u> | <u>(47 297 564)</u> | <u>(173 717 202)</u> |
| Attributable to: | | | | | |
| Equity holders of the Company | | (178 601 933) | (410 507 463) | (43 971 682) | (168 317 207) |
| Non - controlling interests | | (54 133 979) | (177 197 085) | (3 325 882) | (5 399 995) |
| | | <u>(232 735 912)</u> | <u>(587 704 548)</u> | <u>(47 297 564)</u> | <u>(173 717 202)</u> |
| Earnings per share | (43) | <u>(0.12)</u> | <u>(0.35)</u> | <u>(0.05)</u> | <u>(0.19)</u> |

* Note (5,55).

The accompanying notes on pages 5 to 98 are integral part of these consolidated financial statements and are to be read therewith.

Citadel Capital Company

(Egyptian Joint Stock Company)

Consolidated statement of changes in equity

for the period ended June 30, 2014

| Note | Share capital | Reserves | | | | | Retained loss | Net loss for the year / period | Shareholders' credit balances | Total | Non - controlling interests | Total equity |
|--|---------------|---------------|-------------------------|--------------------------|--|-----------------------------|-----------------|--------------------------------|-------------------------------|---------------|-----------------------------|----------------|
| | | Legal reserve | Fair value reserve -AFS | F.C. translation reserve | Company's share of changes in associates' equity | Share based payment reserve | | | | | | |
| | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE |
| Balance as at December 31, 2012 | 4 358 125 000 | 89 578 478 | (638 202) | 194 224 837 | (75 700 218) | - | (2 022 909 901) | (691 740 235) | - | 1 850 939 759 | 438 252 202 | 2 289 191 961 |
| Carrying 2012 loss forward | - | - | - | - | - | - | (691 740 235) | 691 740 235 | - | - | - | - |
| Exchange differences relating to foreign operations | (3.3) | - | - | - | - | - | - | - | - | - | - | - |
| Changes in the fair value of available-for-sale investments | (3.8.1) | - | (99 197) | 168 945 720 | - | - | - | - | - | - | - | - |
| Changes in non - controlling interests | (3.1.4) | - | - | - | - | - | - | - | - | - | - | - |
| Company's share in changes of associates equity | | - | - | - | (206 076) | - | (2 239 054) | - | - | (99 197) | (7 043 567) | 161 902 153 |
| Net loss for the period ended June 30, 2013 | - | - | - | - | - | - | - | - | - | (2 445 100) | - | (2 445 100) |
| Balance as at June 30, 2013 (*) | 4 358 125 000 | 89 578 478 | (737 399) | 363 170 557 | (75 906 294) | - | - | (168 317 207) | - | (168 317 207) | (5 399 995) | (173 717 202) |
| Balance as at December 31, 2013 | 4 358 125 000 | 89 578 478 | 56 277 | 360 212 663 | (75 655 628) | - | (2 656 143 924) | (374 655 290) | 2 323 160 875 | 4 024 678 451 | 8 699 063 528 | 12 723 741 979 |
| Carrying 2013 loss forward | - | - | - | - | - | - | (389 682 052) | 374 655 290 | - | (15 026 762) | - | (15 026 762) |
| Shareholders' credit balances | (25) | - | - | - | - | - | - | - | 1 368 798 277 | 1 368 798 277 | - | 1 368 798 277 |
| Share capital issuance | (24.25) | 3 641 875 000 | - | - | - | - | - | - | (3 640 532 560) | 1 342 440 | - | 1 342 440 |
| Exchange differences relating to foreign operations | (3.3) | - | - | 65 563 238 | - | - | - | - | - | 65 563 238 | 64 071 389 | 129 634 627 |
| Changes in the fair value of available-for-sale investments | (3.8.1) | - | (449 850) | - | - | - | - | - | - | (449 850) | - | (449 850) |
| Changes in non-controlling interests | | - | - | - | - | - | - | - | - | - | - | - |
| Acquisition of non - controlling increases without change in control | (3.1.3) | - | - | - | - | - | - | - | - | - | 194 466 411 | 194 466 411 |
| Share based payments | (3.3.1) | - | - | - | - | - | (335 649 851) | - | - | (335 649 851) | - | (335 649 851) |
| Change in the fair value of hedge reserve-swap contract | | - | - | - | (218 469 213) | - | - | - | - | (218 469 213) | - | (218 469 213) |
| Net loss for the period ended June 30, 2014 | - | - | - | - | - | - | - | - | - | (24 236 874) | - | (24 236 874) |
| Balance as at June 30, 2014 | 8 000 000 000 | 89 578 478 | (393 573) | 425 775 901 | (75 655 628) | (218 469 213) | (3 381 475 827) | (410 507 463) | 51 426 592 | 4 456 042 393 | 8 780 404 243 | 13 236 446 636 |

* Note (5.55).

The accompanying notes on pages 5 to 98 are integral part of these consolidated financial statements and are to be read therewith.

Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated statement of cash flows
for the period ended June 30, 2014

| | For the period ended | |
|--|----------------------|----------------|
| | 30/6/2014 | 30/6/2013 (*) |
| | LE | LE |
| Cash flows from operating activities | | |
| Net loss before tax | (449 825 785) | (173 726 403) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Net loss from the discontinued operations (net of tax) | (109 415 130) | - |
| Loss from selling discontinued operations | 47 172 497 | - |
| Depreciation and amortization | 218 049 743 | 6 971 921 |
| Company's share of loss / profit of equity accounted investees | (53 561 590) | 32 497 396 |
| Net change in the fair value of investments at fair value through profit or loss | 580 565 | 812 411 |
| Foreign currencies translation differences | 68 840 830 | 114 834 222 |
| Foreign currencies exchange differences | 22 371 121 | (23 981 845) |
| Interest income | - | (16 075 786) |
| Gain from financial guarantee contracts | (723 245) | - |
| Loss on sale of fixed & biological assets | 8 859 576 | (415 436) |
| Interest expenses | 81 387 028 | 10 485 638 |
| Provisions formed | 40 015 084 | 135 542 |
| Impairment on assets | 23 655 352 | 157 868 302 |
| Reversal of impairment loss on assets | - | (64 100 590) |
| Inventory write down | 61 093 | - |
| Provisions reversed | (933 081) | (17 255 771) |
| Amounts used from provision | (1 111 977) | - |
| Share based payments | 375 000 | - |
| End of service provision | 351 378 | - |
| Income tax paid | (11 919 535) | - |
| Operating (loss) profit before changes in working capital | (115 771 076) | 28 049 601 |
| Change in working capital: | | |
| Assets | | |
| Inventories | 138 077 465 | 2 842 810 |
| Biological assets | (407 166) | 1 693 435 |
| Work in process | 1 165 641 | - |
| Investments at fair value through profit or loss | 97 069 | - |
| Due from related parties | (656 506 307) | (246 824 662) |
| Trade and other receivables | (73 973 040) | - |
| Debtors and other debit balances | 34 006 635 | (8 228 781) |
| Liabilities | | |
| Due to related parties | 595 794 927 | 22 796 645 |
| Trade and other payables | (2 132 920 717) | - |
| Creditors and other credit balances | 214 407 765 | (7 930 165) |
| Discontinued operations | 503 052 159 | - |
| Net cash used in operating activities | (1 492 976 645) | (207 601 117) |
| Cash flows from investing activities | | |
| Payments for purchase of fixed assets and projects under construction | (721 836 736) | (9 665 316) |
| Proceeds from sale of fixed assets | 14 428 339 | 118 136 |
| Payments for purchase of biological assets | (26 311 128) | - |
| Proceeds from sale of biological assets | 7 042 515 | - |
| Payments for purchase of intangible assets | (26 852 123) | - |
| Proceeds from sale of assets classified as held for sale | 455 380 610 | - |
| Payments for purchase of investment property | (69 035) | - |
| Payments for loans to related parties | (25 717 946) | - |
| Proceeds from loans to related parties | 159 850 000 | - |
| Payments for investments | (36 219 156) | - |
| Proceeds from other investments | 203 004 | - |
| Payments for other investments | - | (28 388 807) |
| Interest received | 192 139 | - |
| Dividends received | 24 693 696 | - |
| Net cash used in investing activities | (175 215 821) | (37 935 987) |
| Cash flows from financing activities | | |
| Proceeds from capital increase | 1 342 440 | - |
| Proceeds from loans | 2 247 690 594 | 225 087 764 |
| Payments for loans | (882 812 433) | (5 107 365) |
| Proceeds from banks overdraft | 61 025 038 | 5 381 581 |
| Proceeds from non-controlling interests | 310 101 697 | 50 430 087 |
| Payments of shareholders' credit balances | (2 139 135) | - |
| Interest paid | (35 293 496) | - |
| Dividends payout | (38 620 262) | - |
| Net cash provided from financing activities | 1 661 294 443 | 275 792 067 |
| Net changes in cash and cash equivalents during the period | (6 898 023) | 30 254 963 |
| Acquisition of subsidiaries | 43 897 025 | - |
| Cash and cash equivalents at the beginning of the period - note (22) | 2 146 560 423 | 279 194 808 |
| Cash and cash equivalents at the end of the period | 2 183 559 425 | 309 449 771 |

* Note (5,55).

The accompanying notes on pages 5 to 98 are integral part of these consolidated financial statements and are to be read therewith.

1. Reporting entity

Citadel Capital Company - an Egyptian Joint Stock Company - was founded in accordance with the applicable Egyptian laws and in pursuance to law no.(159) of 1981 and its executive regulations. The Company has been registered in the commercial register at Giza under number 11121 on April 13, 2004.

The address of the Company's registered office is 3 El Yemen St., Dokki - Giza.

The Company's basic activity extends to the region of the middle East and north East Africa, especially Egypt, Algeria, Libya, Syria and Sudan . The purpose of the Company is represented as follows:

- Providing consultancy in financial and financing fields for different companies and preparing and presenting the feasibility studies in the economical, technological, engineering, marketing, financing, management, borrowing contracts arrangements fields and financing studies in addition to preparing and presenting studies and consultancy regarding projects' promotion and offering the necessary technical support in different fields except legal consultancy.
- Working as an agent in contracting and negotiation in different fields and steps especially negotiation in the management contracts, participation and technical support.
- Managing, executing and restructuring of projects.

The consolidated financial statements of the Company for the period ended June 30, 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards and applicable laws and regulations.

The financial statements were approved by the Board of Directors on September 15, 2014.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except assets and liabilities which are measured at fair value as follows:

- Financial instruments at fair value through the profit or loss.

- Available-for-sale financial assets.
- Derivative financial instruments.

The methods used to measure the fair value are discussed in note (4).

2.3 Functional and presentation currency

These consolidated financial statements are presented in Egyptian Pound, which is the Company's functional currency.

2.4 Use of estimate and judgements

The preparation of financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note (12) measurements of the recoverable amounts of investments in associates.
- Note (29) deferred tax.
- Note (34) provisions.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities. Certain comparative amounts are reclassified to conform with the current presentation of financial statements.

3.1 Basis of consolidation

3.1.1 Subsidiaries

- The consolidated financial statements include all subsidiaries that are controlled by the parent company and which the management intends to continue to control. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. EAS 24 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- Non - controlling interests shall be presented in the consolidated balance sheet within equity, separately from the parent shareholder's equity. Non - controlling interests in the profit or loss of the group shall also be separately disclosed.
- A parent loses control when it loses the power to govern the financial and operating policies of an investee so as to obtain benefit from its activities.

3.1.2 Loss exceeding non-controlling

Losses that exceed the non - controlling in the equity of a subsidiary may create a debit balance on non - controlling only if the minority has a binding obligation to fund the losses and is able to contribute an additional investment to cover the losses .If this is not the case then the losses are attributable to the parent's interest. If the subsidiary subsequently reports profits, then these profits are allocated to parent until the share of losses absorbed previously by the parent has been recovered.

3.1.3 Acquisitions from non-controlling interest and entities under common control

Business combinations arising from transfers of interests from non-controlling interest or in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated when practical. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entity or attributable to the minorities are added to the same components within the Group equity except that any share capital of the acquired entities is recognised as notional capital contribution. Any cash paid for the acquisition recognised directly in equity.

3.1.4 Associates

Investments in associates are stated at equity method. Under the equity method the investment in associates is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the associates after the date of acquisition. Distributions received from associates reduce the carrying amount of the investment.

Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognized, unless the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of the acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

3.2 Foreign currency transactions

The Company maintains its accounts in Egyptian pounds. Transactions denominated in foreign currencies are translated at foreign exchange rates ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the foreign exchange rates ruling at that date. The foreign currency exchange differences arising on the translation at the reporting date are recognized in the income statement.

3.3 Foreign operations

As at the reporting date the assets and liabilities of these consolidated subsidiaries are translated to Egyptian Pound at the rates ruling as at the reporting date, and the shareholders' equity accounts are translated at historical rates, where as the income statement items are translated at the average exchange rates ruling during the period of the consolidated financial statements. Currency translation differences are recorded in the shareholders' equity section of the financial position as foreign currency translation reserve.

3.4 Recognition and disposals of the financial assets and liabilities

3.4.1 Recognition

The Group initially recognises deposits, receivables and debt instruments by fair value on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated as at fair value through profit or loss) are recognised when the Group becomes a party to the contractual provisions of the instrument.

3.4.2 Disposals

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

When an entity retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), the entity treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met:

- (a) The entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition.
- (b) The entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.
- (c) The entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

3.5 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

- Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in profit or loss.
- If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge

accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

- Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The hedged item also is stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in profit or loss with an adjustment to the carrying amount of the hedged item .

3.6 Lending

Loans are stated at cost less any impairment losses in its value and the Company revaluates the loans at each financial position date, in case of impairment in the redeemable value of the loan less than its book value the loan is impaired by the value of impairment loss and recognized in income statement.

3.7 Cash and cash equivalents

For the purpose of preparing cash flow statement, cash and cash equivalents are represented in balances with original maturities of three months or less.

3.8 Investments

3.8.1 Available-for-sale financial investments

Available-for-sale investments are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses which is recognized in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available-for-sale identifies, based on quoted price of the exchange market at the financial position date, investments that are not quoted, and whose fair value cannot be measured reliably are valued by an accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the company cannot estimate the fair value, it can be stated at cost less impairment loss.

3.8.2 Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition.

Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

3.8.3 Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

3.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.10 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (note 3.18), and are depreciated using the straight line method and recognized in income statement over the estimated productive life for each type of asset. The following are the estimated productive lives, for each class of assets, for depreciation calculation purposes:

| Assets depreciation | Estimated useful life |
|----------------------------------|------------------------------|
| - Buildings & Constructions | 5 -50 years –contract period |
| - Lease hold improvements | 3 -10 years |
| - Machinery , Equipments & tools | 4 -14 years |
| - Furniture & Fixtures | 4 -16 years |
| - Computers | 2 -4 years |
| - Transportation means | 4 -5 years |
| - Barges | 5 -20 years |
| - Quarries | 50 years |

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is

capitalized only when it increases the future economic benefits embodied in the property and equipment. All other expenditure is recognized in the income statement as an expense as incurred.

3.11 Gains and losses from disposal of fixed assets

Gains and losses from disposal of fixed assets are determined by comparing net disposal proceeds of assets to its net book value, resulted gain and losses are recorded in the income statement.

3.12 Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Property and equipment under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

3.13 Work in process

Work in process represents the cost of work not invoiced to the customer for contract work performed to date.

Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

3.14 Investment property

3.14.1 Recognition and initial measurement

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured using the cost model on initial recognition and subsequently assessed for impairment with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the

investment property to a working condition for their intended use and capitalized borrowing costs.

When the use of investment property changes such that it is reclassified to property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting, thus if the company applies fair value method. In case that the company applies cost model, the investment property is reclassified to property, plant and equipment by its carrying value without changing the cost of property.

3.14.2 Cost incurred after initial recognition

Replacement cost of one of the asset component is recognized in the investment property cost after excluding the cost of the replaced assets.

The replacements give rise to future economic benefits that can be reliably measured. Other expenditure that not qualify for recognition should be charged to profit or loss as incurred.

3.15 Assets held for sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use is classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity accounted investee is no longer equity accounted.

3.16 Discontinued operations

Discontinued operations represents a separate major line of business or geographical area of operations, part of a single co-ordinated plan to dispose of a separate major lines of business or geographical area of operations or is a subsidiary acquired exclusively with a view to re-sale. Classifications as a discontinued operations occurs at the earlier of disposal or when the operations meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statements of profit or loss and cash flows are represented as if the operation had been discontinued from the start of the comparative year.

3.17 Intangible assets

3.17.1 Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

3.17.2 Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

3.17.3 Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

3.17.4 Amortization

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for intangible assets range between 3:20 years.

3.18 Impairment

3.18.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the

reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

3.18.2 Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the

recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.19 Trade and other receivables

Non-interest bearing short-term trade and other receivables are stated at cost less impairment losses. An impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss relating to trade receivables is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

3.20 Biological assets

Biological assets and agricultural products are measured at fair value less estimated costs to sell, with any change therein recognised in profit or loss. the following is the measurement of the biological assets:

| | |
|-------------------------------------|------------------------------|
| Corn, cotton and sunflowers | fair value less cost to sell |
| Fruitful fruit gardens and orchards | 3- 50 years |
| Pregnant heifer, dry and dairy cows | 56 months |

3.21 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the moving average principle and includes expenditure incurred in acquiring the inventories and bringing it to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on the normal operating capacity.

3.22 Trade and other payables

Short-term trade and other payables are stated at cost.

3.23 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that a flow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Provisions are reviewed at the reporting date and amended (when necessary) to represent the best current estimate.

3.24 Contracts Financial guarantees

Financial guarantee contracts are those contracts issued by the company to ensure given loans to customers from third parties, which require the company to do certain repayments to compensate the beneficiary for the loss incurred due to the failure of a debtor when repayable in accordance with the terms of a debt instrument, and provide those financial guarantees to banks and financial institutions and others on behalf of the company's customers.

The initial recognition of financial guarantees in the financial statements at fair value at the date of grant of security which is equal to the warranty fees. Later, it is measured by the company's commitment under the guarantee on the basis of the amount of the initial measurement less depreciation calculated for the recognition of guarantee fees in the income statement on a straight-line basis over the life of the warranty or the best estimate of payments required to settle any financial obligation arising from financial guarantee at the financial position date, whichever is higher. And those estimates are determined according to the experience in similar transactions and historical losses enhanced by virtue of the administration.

Any increase in liabilities resulting from the financial guarantee is included at the income statement under general and administrative expenses.

3.25 Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, Interest-

bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the year of the borrowings on an effective interest rate basis.

3.26 Legal reserve

The company's Statutes provides for deduction of a sum equal to 5% of the annual net profit for formation of the legal reserve. Such deduction will be ceased when the total reserve reaches an amount equal to half of the company's issued capital and when the reserve falls below this limit, it shall be necessary to resume the deduction.

3.27 Dividends

Dividends are recognised as a liability in the period in which they are declared.

3.28 Income tax

- Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.
- Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.
- A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.29 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.30 Employees benefits

3.30.1 Pensions

The Group contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law. Under this law employees and employers contribute to the system a fixed percentage of the employees' salaries basis. The Group's liability is confined to such contributions amount. Contributions are charged to the income statement using the accrual basis of accounting.

3.30.2 Other short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.31 Share – based payments

For Equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

The entity shall settle the grant of equity instruments during the vesting period with the amount that would otherwise have been recognized for services received. The entity accounted for any settlements as a deduction from equity based on the final share price when the options are exercised.

3.32 Revenue

Revenues comprise the fair value of the consideration received or receivable for services in the ordinary course of the Company's activities. Revenue is shown net of sales tax, rebates, and discounts.

The Company recognises revenues when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction, and the specifics of each arrangement.

3.32.1 Gain (loss) on sale of investments

Gain (loss) resulted from sale of investments are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses.

3.32.2 Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

3.32.3 Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

3.32.4 Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, dividend income is reported in other income caption in the income statement.

3.32.5 Interest income

Interest income is recognized on time proportion basis to take into account effective yield on the asset.

3.32.6 Management fee

Management fee is recognized upon rendering the service.

3.32.7 Advisory fee

Advisory fee is calculated based on agreed percentage in accordance with contract term with companies upon rendering the service.

3.32.8 Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, and the amount of revenue can be measured reliably.

3.32.9 Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed by survey of work performed.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

3.32.10 Cars conversion revenues

Revenue is recognized upon the completion of preparing cars to function using natural gas instead of Benzene upon issuing the invoice to the client.

3.32.11 Gas sales revenues

For actual gas sales, the company remits the funds it collects to EGPC net of its actual commission, which is calculated as a percentage of gas consumption.

3.32.12 Fuelling revenues

Revenues is recognized when supplying ships with fuel.

3.32.13 Natural gas revenues

Revenues is recognized when supplying cars with natural gas service is rendered.

3.32.14 Financial guarantees contracts revenues

- The main revenue for the company is represented in the commissions, which is the difference between the return on the funding given to the micro-projects and the company's bank dues by deducting the revenue from the services directly from the amounts to be collected from the owners of the projects.
- Recognition of the benefits and commissions resulting from performing the service according to the accrual basis as soon as the performance of the service to the client only if those revenues more than cover the financial period are recognized on a time proportion basis.
- Administrative commission of 3% of the value of the loan granted to customers are collected and that when hiring and are consumed on the duration of the loan.
- Interest of deposits are recognized according to the accrual basis of the temporal distribution throughout the year until the maturity date.

Commission to delay for the payment of premiums is collected at rates to be agreed upon within the contracts and are recognized as soon as customers delayed payment on the basis of extended delay.

3.33 Borrowing costs

Borrowing costs are recognized as expenses in the profit or loss when incurred, with the exception of borrowing cost directly attributable to the construction and acquisition of new assets which is capitalized as part of the relevant assets cost and depreciated over assets' estimated useful lives. This

capitalization ceases once the assets become in operational condition and ready for use.

3.34 Financial lease

Financial lease are classified as operating leases. Payment made under operating leases are recognized (after any deductions) in the profit or loss on a straight-line basis over the term of the lease. Maintenance cost included in the lease cost under the financing lease is recognized in the profit or loss as an expense for the period of occurrence.

3.35 Employees' compulsory government social insurance share

The Company contributes to the government social insurance share for the benefit of its personnel in accordance with the social insurance law. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The company's liability is confined to the amount of its contribution. Contributions are charged to income statement using the accrual basis of accounting.

3.36 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subjected to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segment.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Intangible assets

Intangible assets are stated at historical cost and amortised over a period from 3 to 20 years.

Other intangible assets that have finite useful lives are measured at cost less accumulated impairment loss.

4.2 Investment in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

4.3 Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

4.4 Non-derivatives financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4.5 Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Citadel Capital Company

Notes to the consolidated financial statements for the period ended June 30, 2014

5. Acquisition of subsidiaries

The Company has acquired the following companies during 2013:

1. National Development and Trading Group.
2. Orient Investment Properties Ltd. Group.
3. Citadel Capital Transportation Opportunities Ltd. Group -BVI.
4. Ledmore Holdings Ltd.
5. Falcon for Agriculture Investments Ltd. Group -BVI.
6. Mena Home Furnishings Malls Ltd. Group - BVI.
7. KU Railways Holdings Limited Group.
8. Silverstone Capital Investment Ltd. Group.
9. United Foundries Group.

| December 31, 2013 | National Development and Trading Co. | Orient Investment Properties | Citadel Capital Transportation Opportunities | Ledmore Holdings Ltd. | Falcon for Agriculture Investments Ltd. | Mena Home Furnishings Malls Ltd. | KU Railways Holdings Ltd. | Silverstone Capital Investments Ltd. | United Foundries Group | Total |
|----------------------------------|--|------------------------------------|--|--------------------------|--|--|---------------------------------|---|------------------------------|---------------|
| Book value | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE |
| Cash and cash equivalents | 188 721 260 | 1 081 126 990 | 2 784 723 | 5 100 331 | 45 067 742 | 2 442 741 | 41 637 168 | 513 942 325 | 3 465 865 | 1 884 289 145 |
| Investments at fair value | | | | | | | | | | |
| through profit or loss | 53 289 | -- | -- | 461 642 | 3 727 | -- | -- | 212 961 014 | -- | 213 479 672 |
| Inventories | 539 007 772 | -- | 8 743 047 | -- | 203 170 998 | 12 993 408 | 135 343 741 | 85 685 564 | 29 149 303 | 1 014 093 833 |
| Contracts in progress | -- | -- | -- | -- | -- | -- | -- | 19 075 513 | -- | 19 075 513 |
| Trade and other receivables | 182 716 731 | -- | 37 856 888 | -- | 114 304 243 | 5 205 375 | 148 405 959 | 419 474 802 | 35 678 016 | 943 642 014 |
| Debtors and other debit balances | 517 043 632 | 6 001 601 | 35 388 379 | 22 694 | 67 942 739 | 3 249 794 | 211 921 471 | 47 640 546 | 31 928 823 | 921 139 679 |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended June 30, 2014

| December 31, 2013 | National Development and Trading Co. | Orient Investment Properties | Citadel Capital Transportation Opportunities | Ledmore Holdings Ltd. | Falcon for Agriculture Investments Ltd. | Mena Home Furnishings Malls Ltd. | KU Railways Holdings Ltd. | Silverstone Capital Investments Ltd. | United Foundries Group | Total |
|--|--------------------------------------|------------------------------|--|-----------------------|---|----------------------------------|---------------------------|--------------------------------------|------------------------|-----------------|
| Book value | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE |
| Due from related parties | 29 084 721 | -- | -- | 195 160 | 138 044 616 | 2 038 882 | 864 127 | 128 626 321 | 1 110 281 | 299 964 108 |
| Assets held for sale | 108 027 311 | -- | -- | -- | -- | -- | -- | -- | 304 933 264 | 412 960 575 |
| Work in process | 13 652 899 | -- | -- | -- | -- | -- | 3 099 425 | -- | -- | 16 752 324 |
| Biological assets | -- | -- | -- | -- | 203 326 531 | -- | -- | -- | -- | 203 326 531 |
| Fixed assets | 3 376 892 939 | 280 518 589 | 580 443 771 | 423 583 | 936 592 607 | 4 415 853 | 28 846 686 | 459 747 504 | 79 624 961 | 5 747 506 493 |
| Projects under constructions | 1 524 095 197 | 7 746 877 650 | 54 192 357 | 105 895 794 | 64 894 302 | 188 729 983 | -- | 27 182 786 | -- | 9 711 868 069 |
| Investments in subsidiaries and associates | 558 748 107 | -- | 3 268 789 | -- | -- | 29 023 | -- | -- | -- | 562 045 919 |
| Investment property | -- | -- | -- | -- | 3 390 003 | 356 923 062 | -- | -- | -- | 360 313 065 |
| Available-for- sale investments | 116 300 | -- | -- | -- | -- | 1 152 | -- | 2 313 706 | -- | 2 431 158 |
| Payments for investments | 2 346 428 | -- | -- | -- | -- | -- | -- | -- | -- | 2 346 428 |
| Restricted cash | -- | 561 043 660 | -- | -- | 11 089 440 | -- | -- | -- | -- | 572 133 100 |
| Intangible assets | 379 216 191 | -- | 586 479 | -- | 1 689 737 | -- | 485 649 853 | 9 891 291 | -- | 877 033 551 |
| Other investments | 8 893 602 | 342 858 555 | -- | -- | 209 963 | -- | -- | -- | -- | 351 962 120 |
| Derivatives swap contracts | -- | 163 968 243 | -- | -- | -- | -- | -- | -- | -- | 163 968 243 |
| Banks- overdraft | (342 614 856) | -- | -- | -- | (329 064 569) | (18 918) | (10 660 354) | (81 561 115) | (63 385 419) | (827 305 231) |
| Current portion of long term loans | (358 784 065) | -- | (224 022 575) | -- | (353 160 604) | (75 579 265) | (44 373 735) | (54 321 941) | (9 965 899) | (1 120 208 084) |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| December 31, 2013 | National Development and Trading Co. | Orient Investment Properties | Citadel Capital Transportation Opportunities | Ledmore Holdings Ltd. | Falcon for Agriculture Investments Ltd. | Mena Home Furnishings Malls Ltd. | KU Railways Holdings Ltd. | Silverstone Capital Investments Ltd. | United Foundries Group | Total |
|---------------------------|--|------------------------------------|--|--------------------------|--|--|---------------------------------|---|------------------------------|-----------------|
| Book value | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE |
| Due to related parties | (283 337 795) | (8 347 730) | (154 454 676) | (5 002 997) | (309 087 190) | (159 830 879) | (2 535 578) | (6 877 616) | (59 078 135) | (988 552 596) |
| Trade and other payables | (398 619 496) | (2 148 384 126) | (20 847 094) | -- | (242 384 337) | (28 628 936) | (167 468 315) | (203 690 027) | (14 290 955) | (3 224 313 286) |
| Creditors and other | | | | | | | | | | |
| credit balances | (764 691 018) | (67 844 690) | (37 569 558) | (636 572) | (88 054 658) | (52 704 109) | (161 989 372) | (598 590 650) | (27 794 992) | (1 799 875 619) |
| Provisions | (208 920 375) | -- | (6 966 913) | -- | (49 312 684) | (3 145 000) | -- | (10 158 786) | (2 620 927) | (281 124 685) |
| Liabilities held for sale | (416 981 070) | -- | -- | -- | -- | -- | -- | -- | (206 209 073) | (623 190 143) |
| Loans from related | | | | | | | | | | |
| parties | (1 053 696 138) | -- | -- | -- | -- | -- | -- | -- | (185 273 116) | (1 238 969 254) |
| Long term loans | (2 113 350 554) | (1 629 496 538) | (132 112 914) | -- | (135 552 156) | (108 556 972) | (775 702 143) | (95 394 186) | (1 116 652) | (4 991 282 115) |
| Long term liabilities | (3 593 754) | -- | (3 267 838) | (17 339 160) | (5 804 616) | -- | -- | (106 791 589) | -- | (136 796 957) |
| Deferred tax liabilities | (44 420 907) | (41 164 395) | -- | -- | (28 623 100) | (225 786) | 34 727 562 | (44 067 556) | (7 761 533) | (131 535 715) |
| Net book Value | 1 439 606 351 | 6 287 157 809 | 144 022 865 | 89 120 475 | 248 682 734 | 147 339 408 | (72 233 505) | 725 087 906 | (91 606 188) | 8 917 177 855 |
| Non – controlling | | | | | | | | | | |
| interests | (2 096 393 257) | (3 343 288 155) | (82 832 301) | (23 691 369) | -- | (4 791 529) | -- | (262 972 833) | -- | (5 813 969 444) |
| Net book Value after | | | | | | | | | | |
| non-controlling interests | (656 786 906) | 2 943 869 654 | 61 190 564 | 65 429 106 | 248 682 734 | 142 547 879 | (72 233 505) | 462 115 073 | (91 606 188) | 3 103 208 411 |
| Acquisition of additional | | | | | | | | | | |
| interest | 167 587 562 | 197 064 569 | 113 377 892 | 24 559 321 | 446 344 673 | 108 917 089 | 348 317 108 | 365 241 077 | 92 075 704 | 1 863 484 995 |
| Investment before | | | | | | | | | | |
| acquisition of additional | | | | | | | | | | |
| share | (27 355 082) | 885 376 524 | 103 165 131 | 64 217 588 | 368 650 274 | 72 875 333 | 224 106 209 | 277 393 188 | (11 595 867) | 1 956 833 298 |
| Total consideration paid | 140 232 480 | 1 082 441 093 | 216 543 023 | 88 776 909 | 814 994 947 | 181 792 422 | 572 423 317 | 642 634 265 | 80 479 837 | 3 820 318 293 |
| Goodwill * | 589 222 726 | 24 720 078 | 179 739 380 | 57 494 554 | 865 059 547 | 112 299 481 | 609 262 405 | 418 025 123 | 128 691 024 | 2 984 514 318 |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended June 30, 2014

* Note (9).

- The acquired companies' financial statements have been consolidated based on the book value of the identifiable assets and liabilities, The Company has a grace period of 12 months (ending December 2014) to determine the fair value of the identifiable assets and liabilities according to the Egyptian Accounting Standards. The Company is in the process of determining this fair value exercise and adjust accordingly.

Citadel Capital Company

Notes to the consolidated financial statements for the period ended June 30, 2014

6. Fixed assets (net)

| | Land | Buildings | Lease hold improvements | Machinery , equipment and tools | Furniture & fixtures | Computer equipment | Transportation means and barges | Total |
|---|--------------|---------------|----------------------------|---------------------------------------|-------------------------|-----------------------|---------------------------------------|-----------------|
| | LE | LE | LE | LE | LE | LE | LE | LE |
| Cost as at 1/1/2014 | 880 493 960 | 1 705 264 950 | 84 320 644 | 4 422 070 488 | 263 194 713 | 27 813 640 | 487 039 020 | 7 870 197 415 |
| Adjustments on the beginning balance | 3 308 200 | (3 308 200) | -- | -- | -- | -- | -- | -- |
| Acquisition of subsidiaries *** | 31 281 840 | 6 205 682 | 16 544 378 | 6 305 487 | 6 483 250 | 11 610 660 | 36 676 174 | 115 107 471 |
| Additions | -- | 19 526 596 | 1 303 240 | 72 838 359 | 7 384 522 | 167 589 | 5 442 392 | 106 662 698 |
| Transferred to assets held for sale** | (81 600 562) | (250 145 275) | (6 380) | (1 043 240 705) | (27 210 561) | 764 714 | (52 259 419) | (1 453 698 188) |
| Disposals | -- | -- | -- | (14 734 725) | (874 404) | (6 744) | (3 519 324) | (19 135 197) |
| Foreign currency translation differences | (17 375 512) | 58 070 249 | 255 112 | 122 247 500 | 8 440 330 | 392 836 | 28 762 745 | 200 793 260 |
| Cost as at 30/6/2014 | 816 107 926 | 1 535 614 002 | 102 416 994 | 3 565 486 404 | 257 417 850 | 40 742 695 | 502 141 588 | 6 819 927 459 |
| Accumulated depreciation and impairment as at 1/1/2014 | 312 936 | 326 563 975 | 14 071 728 | 1 261 246 002 | 207 601 561 | 22 124 714 | 135 225 127 | 1 967 146 043 |
| Adjustments on the beginning balance | -- | -- | -- | (2 227 622) | -- | -- | -- | (2 227 622) |
| Acquisition of subsidiaries | -- | 623 908 | 12 617 280 | 16 021 072 | 4 989 087 | 7 184 049 | 16 788 606 | 58 224 002 |
| Depreciation for the period* | 21 749 | 28 011 107 | 2 727 231 | 114 572 240 | 10 000 622 | 1 788 815 | 15 956 131 | 173 077 895 |
| Transferred to assets held for sale** | -- | (169 169 041) | -- | (558 351 158) | (23 069 082) | -- | (45 176 490) | (795 765 771) |
| Disposals | -- | -- | -- | (9 888 466) | (615 181) | (5 294) | (3 424 177) | (13 933 118) |
| Foreign currency translation differences | 10 375 | 28 947 122 | (2 700) | 91 126 180 | 8 469 689 | 143 941 | 26 972 977 | 155 667 584 |
| Accumulated depreciation as at 30/6/2014 | 345 060 | 214 977 071 | 29 413 539 | 912 498 248 | 207 376 696 | 31 236 225 | 146 342 174 | 1 542 189 013 |
| Carrying amounts | | | | | | | | |
| At 30/6/2014 | 815 762 866 | 1 320 636 931 | 73 003 455 | 2 652 988 156 | 50 041 154 | 9 506 470 | 355 799 414 | 5 277 738 446 |
| At 31/12/2013 | 880 181 024 | 1 378 700 975 | 70 248 916 | 3 160 824 486 | 55 593 152 | 5 688 926 | 351 813 893 | 5 903 051 372 |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended June 30, 2014

* Administrative depreciation for the period has been recognized in administrative and general expenses in other expenses-note (40) and operating depreciation has been recognized in operating cost-note (39).

** Note (23.1).

*** Note (12).

7. Projects under construction

Projects under construction balance represented in the following:

| | 30/6/2014 | 31/12/2013 |
|---|------------------|-------------------|
| | LE | LE |
| Balance at the beginning of the period / year | 9 908 461 723 | 127 421 364 |
| Acquisition of subsidiaries ** | 5 674 371 | 9 795 264 529 |
| Disposals | (8 072 117) | -- |
| Transfer to assets held for sale * | (1 470 665 087) | -- |
| Additions during the period / year | 1 027 986 136 | 23 187 904 |
| Transferred to fixed assets | (19 032 045) | (48 168 308) |
| Foreign currency translation differences | 238 421 425 | 10 756 234 |
| Balance | 9 682 774 406 | 9 908 461 723 |
| Accumulated impairment | (85 679 649) | (83 396 460) |
| Net | 9 597 094 757 | 9 825 065 263 |

* Note (23.1).

** Note (12).

8. Intangible assets (net)

| | Note | 30/6/2014 | 31/12/2013 |
|-------------------------|-------------|------------------|-------------------|
| | | LE | LE |
| Software | (8-1) | 19 210 120 | 24 348 107 |
| Concession | (8-2) | 498 986 455 | 473 545 952 |
| Other intangible assets | (8-3) | 203 269 315 | 379 139 492 |
| Balance | | 721 465 890 | 877 033 551 |

8-1 Software

| | 30/6/2014 | 31/12/2013 |
|--|---------------------|---------------------|
| | LE | LE |
| Cost at the beginning of the period / year | 52 395 079 | -- |
| Acquisition of subsidiaries * | -- | 52 395 079 |
| Transferred to assets held for sale ** | (1 091 603) | -- |
| Foreign currency translation differences | (372 360) | -- |
| Cost at the end of the period / year | <u>50 931 116</u> | <u>52 395 079</u> |
| Accumulated amortization at the beginning of the period / year | (28 046 972) | -- |
| Acquisition of subsidiaries | -- | (28 046 972) |
| Amortization for the period / year | (3 834 297) | -- |
| Foreign currency translation differences | 160 273 | -- |
| Accumulated amortization at the end of the period / year | <u>(31 720 996)</u> | <u>(28 046 972)</u> |
| Net | <u>19 210 120</u> | <u>24 348 107</u> |

8-2 Concession

| | 30/6/2014 | 31/12/2013 |
|--|---------------------|---------------------|
| | LE | LE |
| Cost at the beginning of the period / year | 530 663 790 | -- |
| Acquisition of subsidiaries * | -- | 530 663 790 |
| Additions | 26 852 123 | -- |
| Foreign currency translation differences | 17 293 579 | -- |
| Cost at the end of the period / year | <u>574 809 492</u> | <u>530 663 790</u> |
| Accumulated amortization at the beginning of the period / year | (57 117 838) | -- |
| Acquisition of subsidiaries | -- | (57 117 838) |
| Amortization for the period / year | (20 944 960) | -- |
| Foreign currency translation differences | 2 239 761 | -- |
| Accumulated amortization at the end of the period / year | <u>(75 823 037)</u> | <u>(57 117 838)</u> |
| Net | <u>498 986 455</u> | <u>473 545 952</u> |

8-3 Intangible assets related to acquisition of investments

| | 30/6/2014 | 31/12/2013 |
|--|------------------|-------------------|
| | LE | LE |
| License fees for constructing cement plant – Minya | 200 650 015 | 200 650 015 |
| Waiving of the license to establish a black cement factory for ASEC Syria according to contractual agreement at January 2005 | 4 870 041 | 4 992 302 |
| Compensation paid for project workers | 1 093 425 | 1 120 875 |
| Cost of quarries exploration rights | -- | 198 310 297 |
| Total | 206 613 481 | 405 073 489 |
| Accumulated amortization | (3 344 166) | (25 933 997) |
| Net | 203 269 315 | 379 139 492 |

* Note (5).

** Note (23.1).

Citadel Capital Company

Notes to the consolidated financial statements for the period ended June 30, 2014

| 9. Goodwill | Balance as at 31/12/2013* LE | Foreign currency translation differences LE | Impairment during the period **** LE | Acquisition of subsidiaries ** LE | Transferred to assets held for sale*** LE | Balance as at 30/6/2014 LE |
|---|------------------------------------|---|--|--|--|----------------------------------|
| National Development and Trading Group | 589 222 726 | -- | -- | -- | (144 094 258) | 445 128 468 |
| Orient Investment Properties Ltd. Group | 24 720 078 | -- | -- | -- | -- | 24 720 078 |
| Citadel Capital Transportation Opportunities Ltd.- Group - BVI | 179 739 380 | -- | -- | -- | -- | 179 739 380 |
| Ledmore Holdings Ltd. | 57 494 554 | 1 163 606 | -- | -- | -- | 58 658 160 |
| Falcon for Agriculture Investments Ltd.-BVI Group | 865 059 547 | 234 746 | (3 580 590) | -- | -- | 861 713 703 |
| Mena Home Furnishings Malls Ltd. - BVI Group | 112 299 481 | -- | -- | -- | -- | 112 299 481 |
| KU Railways Holdings Limited Group | 609 262 405 | -- | -- | -- | -- | 609 262 405 |
| Silverstone Capital Investment Ltd. Group | 418 025 123 | (618 708) | -- | -- | -- | 417 406 415 |
| United Foundries Group | 128 691 024 | -- | -- | -- | -- | 128 691 024 |
| Tawazon for Solid Waste Management (Tawazon) | -- | -- | -- | 32 611 311 | -- | 32 611 311 |
| Balance | 2 984 514 318 | 779 644 | (3 580 590) | 32 611 311 | (144 094 258) | 2 870 230 425 |

* Note (5).
** Note (12).
*** Note (23.1).
**** Note (41).

10. Biological assets

| | | 30/6/2014 | 31/12/2013 |
|--------------------------------------|--------|--------------------|--------------------|
| | | LE | LE |
| Non-current assets | | | |
| Fruitful fruit gardens and orchards | (10.1) | 5 709 241 | 6 468 004 |
| Fruitless fruit gardens and orchards | (10.2) | 6 019 267 | 3 970 554 |
| Pregnant heifer, dry and dairy cows | (10.3) | 93 242 546 | 104 890 501 |
| Heifers | (10.4) | 76 104 750 | 66 546 494 |
| | | <u>181 075 804</u> | <u>181 875 553</u> |
| Current assets | | | |
| Plants (cotton , corn , sun flower) | | 1 513 578 | 1 076 928 |
| Others | | 19 059 495 | 21 450 978 |
| | | <u>20 573 073</u> | <u>22 527 906</u> |
| Balance | | <u>201 648 877</u> | <u>204 403 459</u> |

| | | 30/6/2014 | 31/12/2013 |
|---|--|-------------------|-------------------|
| | | LE | LE |
| 10.1 Fruitful fruit gardens and orchards | | | |
| Costs | | | |
| Balance at the beginning of the period | | 10 396 162 | 10 914 854 |
| Transferred from fruitless fruit gardens and orchards | | -- | 2 433 937 |
| Disposals | | -- | (1 960 305) |
| Foreign currency translation differences | | -- | (992 324) |
| | | <u>10 396 162</u> | <u>10 396 162</u> |
| Accumulated depreciation | | | |
| Balance at the beginning of the period | | 3 928 158 | 5 309 550 |
| Depreciation for the period | | 755 298 | 958 883 |
| Disposals | | -- | (1 800 537) |
| Foreign currency translation differences | | 3 465 | (539 738) |
| Balance | | <u>4 686 921</u> | <u>3 928 158</u> |
| Net | | <u>5 709 241</u> | <u>6 468 004</u> |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| | 30/6/2014 | 31/12/2013 |
|--|--------------------|--------------------|
| | LE | LE |
| 10.2 Fruitless fruit gardens and orchards | | |
| Costs | | |
| Balance at the beginning of the period | 3 970 554 | 3 125 750 |
| Additions | 1 994 119 | 3 560 056 |
| Transferred to fruitful fruit gardens and orchards | -- | (2 440 972) |
| Foreign currency translation differences | 54 594 | (274 280) |
| Balance | <u>6 019 267</u> | <u>3 970 554</u> |
| 10.3 Pregnant heifer, dry and dairy cows | | |
| Costs | | |
| Balance at the beginning of the period | 156 675 907 | 134 317 421 |
| Transferred from heifers | 14 401 406 | 71 149 921 |
| Disposals | (21 970 960) | (36 563 112) |
| Foreign currency translation differences | -- | (12 228 323) |
| | <u>149 106 353</u> | <u>156 675 907</u> |
| Accumulated depreciation | | |
| Balance at the beginning of the period | 51 785 406 | 50 373 981 |
| Depreciation for the period | 10 058 847 | 18 892 820 |
| Disposals | (5 919 124) | (12 087 039) |
| Foreign currency translation differences | (61 322) | (5 394 356) |
| Balance | <u>55 863 807</u> | <u>51 785 406</u> |
| Net | <u>93 242 546</u> | <u>104 890 501</u> |
| 10.4 Heifers | | |
| Costs | | |
| Balance at the beginning of the period | 66 546 494 | 61 195 110 |
| Additions | 24 298 936 | 47 968 902 |
| Transferred to pregnant heifer, dry and dairy cows | (14 401 406) | (36 156 199) |
| Disposals | (780 286) | (1 509 589) |
| Foreign currency translation differences | 441 012 | (4 951 730) |
| Balance | <u>76 104 750</u> | <u>66 546 494</u> |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

11. Investment property

| | Land | Buildings | Others | Total |
|--|--------------------|--------------------|-------------------|--------------------|
| | LE | LE | LE | LE |
| Cost as at 1/1/2014 | 247 130 432 | 135 813 531 | 39 107 733 | 422 051 696 |
| Additions | -- | 816 433 | 69 035 | 885 468 |
| Foreign currency translation differences | -- | 14 825 | 1 253 | 16 078 |
| Cost as at 30/6/2014 | <u>247 130 432</u> | <u>136 644 789</u> | <u>39 178 021</u> | <u>422 953 242</u> |
| Accumulated depreciation at 1/1/2014 | -- | 25 883 417 | 11 855 214 | 37 738 631 |
| Depreciation during the period | -- | 4 010 232 | 2 024 048 | 6 034 280 |
| Foreign currency translation differences | -- | 19 817 | 10 009 | 29 826 |
| Accumulated depreciation as at 30/6/2014 | <u>--</u> | <u>29 913 466</u> | <u>13 889 271</u> | <u>43 802 737</u> |
| Net cost as at 30/6/2014 | <u>247 130 432</u> | <u>106 731 323</u> | <u>25 288 750</u> | <u>379 150 505</u> |
| Net cost as at 31/12/2013 | <u>247 130 432</u> | <u>109 930 114</u> | <u>27 252 519</u> | <u>384 313 065</u> |

12. Investments in associates

12.1 The Group investments in associates are represented in:

| | Percentage | | Carrying amount | |
|---|-------------------|-------------|------------------------|----------------------|
| | 2014 | 2013 | 30/6/2014 | 31/12/2013 |
| | % | % | LE | LE |
| El Kateb for Marketing & Distribution Co. | 48.88 | 48.88 | 2 253 468 | 2 280 629 |
| Pharos Holding Co. * | 80.00 | 53.00 | 109 179 325 | 89 572 029 |
| ElSharq Book Stores Co. | 40.00 | 40.00 | 14 239 361 | 14 474 418 |
| ASEC Company for Mining (ASCOM) | 39.22 | 39.22 | 98 128 517 | 101 391 608 |
| Dar El-Sherouk Ltd. * | 58.51 | 58.51 | 134 449 728 | 139 202 752 |
| Tawazon for Solid Waste Management (Tawazon)*** | -- | 25.48 | -- | 20 044 615 |
| Mena Glass Ltd. | 47.64 | 42.49 | 321 598 222 | 286 248 091 |
| Tanmeyah Company S.A.E ** | -- | 51.00 | -- | 5 722 364 |
| Grandview Investment Holding | 42.77 | 34.88 | 316 269 437 | 247 624 370 |
| Green Point for Import and Trade S.A.E. * | 50.00 | 50.00 | 29 818 | 29 022 |
| Ostool for Land Transportation S.A.E. | 45.00 | 45.00 | 4 413 142 | 3 268 788 |
| Misr Cement Qena | 27.55 | 27.55 | 572 509 284 | 558 607 618 |
| Balance | | | <u>1 573 070 302</u> | <u>1 468 466 304</u> |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended June 30, 2014

- * The Company does not consolidate these companies as the control does not exist as the Company has no power to govern the financial and operational policies of these companies according to the shareholders' agreements.
- ** On January 1, 2014 a call option with 4% from shares of Tanmeyah Company S.A.E that was granted to third party from Financial Unlimited for Financial Consulting one of the subsidiaries with 99.88% indirectly (the parent company of Tanmeyah Company S.A.E) has been cancelled, and thus Tanmeyah Company S.A.E became a subsidiary and consolidated starting from January 1, 2014.
- *** On April 1, 2014 The Company has been consolidated due to existence of control whereby the Group has the power to cast the majority of votes of board of directors and the power to govern the financial and operating policies of these Companies.

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

12.2 Summary of significant financial statements of associates

| | Current assets | | Non-current assets | | Total assets | | Current liabilities | | Non-current liabilities | | Total liabilities | | Revenues | | Expenses | |
|---|----------------|-------------|--------------------|-------------|--------------|---------------|---------------------|-------------|-------------------------|----|-------------------|----|----------|----|----------|----|
| | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE |
| 30/6/2014 | | | | | | | | | | | | | | | | |
| El Kateb for Marketing & Distribution Co. | 7 726 144 | 12 631 508 | 20 357 652 | 8 242 790 | 151 433 | 8 394 223 | 3 539 798 | 3 595 366 | | | | | | | | |
| Pharos Holding Co. | 179 259 481 | 180 788 014 | 360 047 495 | 120 173 965 | 100 321 701 | 220 495 666 | 30 378 633 | 26 021 080 | | | | | | | | |
| Elsharq Book Stores Co. | 9 568 218 | 4 900 289 | 14 468 507 | 4 189 542 | 359 179 | 4 548 721 | 10 977 485 | 11 511 466 | | | | | | | | |
| ASEC Company for Mining (ASCOM) | 259 072 457 | 850 439 291 | 1 109 511 748 | 515 034 321 | 316 402 677 | 831 436 998 | 331 468 528 | 342 456 093 | | | | | | | | |
| Dar El-Sherouk Ltd. | 112 345 649 | 118 812 920 | 231 158 569 | 69 874 723 | 4 104 941 | 73 979 664 | 20 065 099 | 24 547 563 | | | | | | | | |
| Misr Cement Qena | 477 016 714 | 506 695 331 | 983 712 045 | 234 386 347 | 57 947 822 | 292 334 169 | 632 830 328 | 403 369 198 | | | | | | | | |
| Mena Glass Ltd. | 1 019 122 407 | 554 681 801 | 1 573 804 208 | 673 477 255 | 152 730 575 | 826 207 830 | 32 852 791 | 10 667 679 | | | | | | | | |
| Grandview Investment Holding | 802 913 271 | 962 414 138 | 1 765 327 409 | 655 174 003 | 512 776 688 | 1 167 950 691 | 456 601 482 | 450 672 400 | | | | | | | | |

- Note no. (37).

13. Available-for-sale investments (net)

| | 30/6/2014 | 31/12/2013 |
|--|------------------|-------------------|
| | LE | LE |
| Logria Holding Ltd. * | 463 450 000 | 451 100 000 |
| Golden Crescent Investment Ltd. * | 451 810 275 | 439 770 450 |
| EFG Capital Partners Fund II & III | 23 705 289 | 23 705 289 |
| Sphinx Turnaround | 25 648 600 | 24 965 116 |
| Modern Company for Isolating Materials | 43 396 | 43 396 |
| Medcom National Company | 1 000 | 1 000 |
| Underscore International Holdings | 713 | 694 |
| Valencia Regional Investment Ltd. | 713 | 694 |
| MEFEK Co. * | 872 388 | 872 388 |
| ASEC Automation Co.- Free Zone | 116 300 | 116 300 |
| Med Grid | 1 608 063 | 1 614 541 |
| Ecligo Design Ltd. | 1 184 | 1 152 |
| Sharming Sharm | 702 000 | 699 165 |
| Total | 967 959 921 | 942 890 185 |
| Accumulated impairment * | (916 132 663) | (891 742 838) |
| Net | 51 827 258 | 51 147 347 |

* Accumulated impairment in available-for-sale investments of the Company is represented in:

| | Balance as at 1/1/2014 | Foreign currency translation differences | Balance as at 30/6/2014 |
|---------------------------------|-----------------------------------|---|------------------------------------|
| | LE | LE | LE |
| Logria Holding Ltd. | 451 100 000 | 12 350 000 | 463 450 000 |
| Golden Crescent Investment Ltd. | 439 770 450 | 12 039 825 | 451 810 275 |
| MEFEK Co. | 872 388 | -- | 872 388 |
| Balance | 891 742 838 | 24 389 825 | 916 132 663 |

14. Payments for investments (net)

| | 30/6/2014 | 31/12/2013 |
|------------------------------|------------------|-------------------|
| | LE | LE |
| Pharos Holding Co. | -- | 18 621 911 |
| Nile Valley Petroleum Ltd. | 52 363 975 | 42 132 740 |
| Mena Joint Investment Fund | 66 585 473 | 64 811 100 |
| Africa Joint Investment Fund | 117 390 950 | 99 438 574 |

| | 30/6/2014 | 31/12/2013 |
|---|--------------|--------------|
| | LE | LE |
| ASCOM Emirates for Mining * | 39 521 661 | 38 468 489 |
| Citadel Capital Al Qalaa - Saudi Arabia | 1 031 012 | 1 003 538 |
| Medcom National Development and Trading | 914 019 | 914 019 |
| National Development and Trading Co. (IRAQ) | | |
| Ltd. * | 300 514 | 300 514 |
| ASA International Co. | 1 432 409 | 1 432 409 |
| Golden Crescent Ltd. | 1 782 500 | -- |
| Total | 281 322 513 | 267 123 294 |
| Accumulated impairment * | (39 822 175) | (38 769 003) |
| Net | 241 500 338 | 228 354 291 |

15. Loans to related parties

| | 30/6/2014 | 31/12/2013 |
|--|-------------|-------------|
| | LE | LE |
| Underscore International Holdings Ltd. | 106 950 000 | 104 100 000 |
| Valencia Regional Investment Ltd. | 81 995 000 | 79 810 000 |
| Safari Rail Company Ltd. | -- | 41 640 000 |
| Bomi Holdings Ltd. | 133 800 838 | 105 202 704 |
| Balance | 322 745 838 | 330 752 704 |

16. Other investments and derivatives

| | Note | 30/6/2014 | 31/12/2013 |
|----------------------------|--------|-------------|-------------|
| | | LE | LE |
| Restricted cash | (16-1) | 587 588 270 | 572 133 100 |
| Derivatives swap contracts | (16-2) | -- | 163 968 243 |
| Others | (16-3) | 8 273 684 | 9 103 565 |
| Balance | | 595 861 954 | 745 204 908 |

16-1 Restricted cash as at June 30, 2014 includes an amount of LE 576 498 830 (equivalent to US.\$ 80 855 376) against an amount of LE 561 043 660 as at December 31, 2013 (equivalent to US.\$ 80 842 026), which represents the amount deposited at the bank under capital increase of Orient Investment Properties Ltd. (one of the subsidiaries)

16-2 Egyptian Refining Company (one of the subsidiaries) has entered into five interest rate swap transactions with the following parties;

- Societe General Corporate & Investment Banking.
- HSBC Bank Middle East Limited.
- KFW IPEX-Bank GMBH.
- Mitsubishi UFJ Securities International PLC.
- Standard Chartered Bank.

The main terms of the transactions are as follows;

Trade date : June 25, 2012.

Effective date : July 3, 2012.

Termination date : December 20, 2024.

Fixed portion rate paid by the company is 2.3475%.

Floating rate paid by bank is USD – LIBOR – BBA 6 months.

Payment date :Semi – annually on 20 the commencing December 20, 2012.

Maximum notional amount covered under these transactions are;

- US.\$ 789 445 078 by Standard Chartered Bank.
- US.\$ 450 970 501 by Societe General Corporate & Investment Banking.
- US.\$ 435 971 044 by HSBC Bank Middle East Limited.
- US.\$ 107 759 253 by KFW IPEX – Bank GMBH.
- US.\$ 189 466 819 by Mitsubishi UFJ Securities International PLC.

As at June 30, 2014 the balance related to the change in the fair value of cash flow hedges related to hedged transactions is amounting to LE 135 435 591 (equivalent to US.\$ 18 995 174) Note (28) as follows:

| | 30/6/2014 | 31/12/2013 |
|--|----------------------|--------------------|
| Contract | LE | LE |
| Societe General Corporate & Investment Banking | (22 805 840) | 41 654 241 |
| HSBC Bank Middle East Limited | (28 363 617) | 38 610 405 |
| KFW IPEX – Bank GMBH | (8 344 297) | 9 934 513 |
| Mitsubishi UFJ Securities International PLC | (14 746 344) | 14 301 508 |
| Standard Chartered Bank | (61 175 493) | 59 467 576 |
| Balance | <u>(135 435 591)</u> | <u>163 968 243</u> |

16-3 Other investments includes an amount of LE 8 063 717 as at June 30, 2014 represents a deposits at Syria Central Bank as a guarantee for the seriousness of constructing ASEC Syria Cement Capital Factory and will be refunded at the beginning of production process against an amount of LE 7 904 058 at December 31, 2013.

17. Inventories (net)

| | 30/6/2014 | 31/12/2013 |
|------------------------|--------------------|----------------------|
| | LE | LE |
| Spare parts | 436 500 545 | 487 438 707 |
| Raw materials | 208 634 912 | 218 959 278 |
| Work in process | 129 023 578 | 112 525 320 |
| Finished goods | 87 337 400 | 63 963 129 |
| Goods in-transit | 25 950 206 | 68 619 418 |
| Packing materials | 9 661 064 | 39 171 838 |
| Oil and lubricants | 11 458 195 | 39 484 860 |
| Others | 46 616 889 | 29 118 988 |
| Total | 955 182 789 | 1 059 281 538 |
| Inventories write-down | (23 838 454) | (38 943 690) |
| Net | 931 344 335 | 1 020 337 848 |

18. Trade and other receivables (net)

| | 30/6/2014 | 31/12/2013 |
|-----------------------------------|----------------------|----------------------|
| | LE | LE |
| Non-current | | |
| Accounts receivables | 38 490 399 | 48 861 910 |
| Egyptian General Petroleum Corp.* | 432 457 673 | 342 858 555 |
| Others | 18 621 911 | 2 474 832 |
| Total | 489 569 983 | 394 195 297 |
| Accumulated impairment | (3 257 326) | (5 132 255) |
| Net | 486 312 657 | 389 063 042 |
| Current | | |
| Accounts receivables | 1 015 808 098 | 966 003 137 |
| Notes receivables | 22 086 723 | 38 098 186 |
| Total | 1 037 894 821 | 1 004 101 323 |
| Accumulated impairment | (82 878 078) | (105 417 844) |
| Net | 955 016 743 | 898 683 479 |
| Balance | 1 441 329 400 | 1 287 746 521 |

* The balance represents the amount paid on behalf of Egyptian General Petroleum Corp. in the share capital increase of Egyptian Refining Company – S.A.E.– Private Free Zone Company - one of the subsidiaries.

19. Investments at fair value through profit or loss

| | 30/6/2014 | 31/12/2013 |
|--|-------------|-------------|
| | LE | LE |
| Modern Shorouk for Printing Co. | 1 816 040 | 2 412 642 |
| Osoul investment fund certificates – CIB | 33 766 204 | 21 119 038 |
| HSBC investment fund certificates | 243 165 777 | 192 303 617 |
| Others | 2 096 729 | 3 727 |
| Balance | 280 844 750 | 215 839 024 |

20. Due from related parties (net)

| | Nature of transaction | | 30/6/2014 | 31/12/2013 |
|---|-----------------------|-------------|-------------|-------------|
| | Advisory fee | Finance | | |
| | LE | LE | LE | LE |
| Logria Holding Ltd. * | 39 242 814 | 2 274 092 | 41 516 906 | 40 410 725 |
| Golden Crescent Investment Ltd. | 27 202 732 | -- | 27 202 732 | 26 477 835 |
| Mena Joint Investment Fund | 1 815 264 | -- | 1 815 264 | 1 349 691 |
| Africa Joint Investment Fund | 2 907 546 | -- | 2 907 546 | 2 265 986 |
| Africa JIF HOLD CO III | 2 536 132 | 1 902 633 | 4 438 765 | 6 017 821 |
| Mena JIF HOLD CO I | 1 565 969 | 442 466 | 2 008 435 | 1 712 142 |
| ASEC Company for Mining (ASCOM) | -- | 124 908 476 | 124 908 476 | 115 352 473 |
| Golden Crescent Finco Ltd. * | -- | 207 572 296 | 207 572 296 | 200 988 216 |
| Emerald Financial Services Ltd. * | -- | 212 793 117 | 212 793 117 | 189 425 614 |
| Nile Valley Petroleum Ltd. | -- | 153 834 627 | 153 834 627 | 149 757 559 |
| Tawazon for Solid Waste Management (Tawazon) *** | -- | -- | -- | 1 194 166 |
| Citadel Capital East Africa | -- | 26 951 | 26 951 | 26 233 |
| Citadel Capital – ALQALAA Saudi Arabia | -- | 699 909 | 699 909 | 689 038 |
| Valencia Regional Investments Ltd. | -- | 325 285 | 325 285 | 318 178 |
| El Kateb for Marketing & Distribution Co. | -- | 1 001 673 | 1 001 673 | 1 001 676 |
| Nahda | -- | 4 597 788 | 4 597 788 | 4 475 266 |
| Egyptian Company for international Publication | -- | 14 782 855 | 14 782 855 | 11 152 855 |
| Underscore International Holdings Ltd | -- | 59 756 | 59 756 | 59 753 |
| Ecligo | -- | 2 000 000 | 2 000 000 | 1 999 997 |
| Egyptian Company for Food Preparation | -- | -- | -- | 1 000 000 |
| ASEC Electrical Repairs Co. (REPELCO) | -- | 526 238 | 526 238 | 526 233 |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| | Nature of transaction | | 30/6/2014 | 31/12/2013 |
|--|-----------------------|------------|---------------|---------------|
| | Advisory fee | Finance | | |
| | LE | LE | LE | LE |
| Egyptian Polypropylene Bags Co. (EPBC) | -- | 20 000 | 20 000 | 20 000 |
| ASA International Co. | -- | 7 563 170 | 7 563 170 | 7 119 461 |
| Haider | -- | 137 099 | 137 099 | 79 694 |
| FL Smith | -- | 13 751 406 | 13 751 406 | 13 751 406 |
| Nile Barges | -- | -- | -- | 81 892 |
| Scimitar Production Egypt Ltd. | -- | 3 405 438 | 3 405 438 | 823 882 |
| Sphinx Glass Ltd. | 475 336 | -- | 475 336 | -- |
| Others * | -- | 23 124 790 | 23 124 790 | 51 827 753 |
| Total | | | 851 495 858 | 829 905 545 |
| Accumulated impairment * | | | (462 846 199) | (432 145 635) |
| Net | | | 388 649 659 | 397 759 910 |
| Due from shareholders: | | | | |
| Benu Two Ltd. | | | 550 000 000 | -- |
| Fenix Two Ltd. | | | 100 000 000 | -- |
| Emirates International Investments Company | | | 1 486 389 | -- |
| Others | | | 25 947 368 | -- |
| Total | | | 677 433 757 | -- |
| Net | | | 1 066 083 416 | 397 759 910 |

* Impairment in due from related parties is represented in:

| | Balance as at 1/1/2014 | Formed during the period ** | Reversal during the period ** | Foreign currency translation Differences | Balance as at 30/6/2014 |
|---------------------------------|---------------------------|--------------------------------|----------------------------------|--|----------------------------|
| | LE | LE | LE | LE | LE |
| Logria Holding Ltd. | 40 410 725 | -- | -- | 1 106 181 | 41 516 906 |
| Golden Crescent Finco Ltd. | 200 988 216 | 1 062 241 | -- | 5 521 839 | 207 572 296 |
| Emerald Financial Services Ltd. | 189 425 614 | 17 857 395 | -- | 5 510 108 | 212 793 117 |
| Others | 1 321 080 | -- | (357 200) | -- | 963 880 |
| Balance | 432 145 635 | 18 919 636 | (357 200) | 12 138 128 | 462 846 199 |

** Note (41).

*** Note (12).

21. Debtors and other debit balances

| | 30/6/2014 | 31/12/2013 |
|--|----------------------|----------------------|
| | LE | LE |
| Prepaid expenses | 36 607 898 | 18 131 468 |
| Deposits with others | 56 343 181 | 48 692 818 |
| Advances to suppliers | 333 381 567 | 304 458 220 |
| Letters of guarantee margin | 24 610 953 | 40 718 775 |
| Imprest | 32 372 673 | 32 777 647 |
| Accrued revenue | 49 361 782 | 38 776 801 |
| Prepaid interest* | 12 314 950 | 16 369 829 |
| Refundable deposits | 9 702 268 | 5 261 505 |
| Amounts due from sale of investments | 28 660 000 | 27 814 000 |
| Operation retention | 110 440 498 | 123 607 359 |
| Advances to contractors | 32 058 067 | 31 494 420 |
| Prepayments for purchase of fixed assets | 16 582 981 | 27 582 970 |
| Tax Authority | 146 993 247 | 198 898 864 |
| Custom Authority | 269 024 | 2 979 394 |
| Letters of credit | 133 630 | 16 918 967 |
| Gas consumption deposits | 78 881 144 | -- |
| Debit balances under settlement | 29 465 061 | 46 925 550 |
| Sundry debit balances | 103 350 165 | 83 699 730 |
| Total | <u>1 101 529 089</u> | <u>1 065 108 317</u> |
| Accumulated impairment | <u>(45 285 990)</u> | <u>(59 093 247)</u> |
| Balance | <u>1 056 243 099</u> | <u>1 006 015 070</u> |

* Prepaid interest item represents the interest on the loan obtained from Arab International Bank to the International Company for refinery consultancy (one of the subsidiaries – 100%) as the Company has settled the interest in advance according to the signed contract with the bank dated November 4, 2012 .

22. Cash and cash equivalents

| | 30/6/2014 | 31/12/2013 |
|---|----------------------|----------------------|
| | LE | LE |
| Cash on hand | 20 013 853 | 3 574 137 |
| Banks - current accounts | 1 707 003 291 | 2 013 558 116 |
| Banks - time deposits | 234 433 093 | 92 272 042 |
| Cheques under collection | 5 680 433 | 2 001 138 |
| Bank certificates | 2 100 000 | 2 100 000 |
| Treasury bills | 214 328 755 | -- |
| Cash and cash equivalent as presented in the consolidated statement of financial position | <u>2 183 559 425</u> | <u>2 113 505 433</u> |
| Effect of foreign exchange differences | <u>--</u> | <u>33 054 990</u> |
| Adjusted cash and cash equivalents | <u>2 183 559 425</u> | <u>2 146 560 423</u> |

23. Disposal group held for sale

- National Development and trading Company's management decided on December 24, 2012 to sell its share in ESACO for Manufacturing Engineering and Construction, a subsidiary 70%.
- ASEC Cement Company's board of directors decided on May 4, 2014 to sell the following companies:
 - Societe Des Ciments De Zahana
 - ASEC Algeria Cement Company (ASECCIMENT)
- The Board of Directors of United Foundries decided on December 10, 2012 to sell its share in Al Amreya Metal Company and Alexandria for Car Foundries without prejudice to any conditions with lending banks and reclassify the investments in those companies to non-current assets held for sale.
- Silverstone Capital Investment Ltd. the Board of Directors' of decided on March 27, 2014 to sell part of Global Energy Company assets. These assets are represented in generators, networks, machinery, equipment, buildings and leasehold improvements related to South Valley project.
- Falcon for Agriculture Investments Ltd. BVI Company decided to sell its shares in the following companies:
 - El-Eguizy International for Economic Development
 - Misr October Company for Food Products
 - Up-date Company for Food Products
 - Nile for Food Products "Enjoy"
- According to the following general assembly decisions:
- Ordinary general assembly of National Company for Investments and Agriculture (Gozour) -Subsidiary of Falcon for Agriculture Investments Ltd. BVI- that was held at February 23, 2014 decided to sell its investment at El-Eguizy International for Economic Development Company .
- Ordinary general assembly of National Company for Investments and Agriculture (Gozour) -Subsidiary of Falcon for Agriculture Investments Ltd. BVI- that was held at March 30, 2014 decided to sell its investment at the following companies:

- Misr October Company for Food Products
- Up-date Company for Food Products
- Ordinary general assembly of Misr October Company for Food Products- Subsidiary of Falcon for Agriculture Investments Ltd. BVI- that was held at March 30, 2014 decided to sell its investment at Nile for Food Products “Enjoy” Company.

23.1 Assets held for sale as at June 30, 2014 are represented in the following:

| | LE |
|---|-----------------------------|
| Assets classified as held for sale (Investments in subsidiaries) (23.1.1) | 3 145 682 501 |
| Assets classified as held for sale (Investments in associates) (23.1.2) | <u>362 691 252</u> |
| Balance | <u><u>3 508 373 753</u></u> |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

23.1.1 Assets classified as held for sale (investments in subsidiaries)

| | Esaco for Manufacturing and Engineering | ASEC Cement Company subsidiaries | Amreya Metal Company | Alexandria for Car Foundries | Silverstone Capital Investment Ltd. (assets) of Global Energy | Falcon for Agriculture Investments Ltd. subsidiaries | Total |
|---|---|--|----------------------------|------------------------------------|--|---|---------------|
| | LE | LE | LE | LE | LE | LE | LE |
| Property, plant and equipment fixed assets (net) | 53 348 954 | 545 654 638 | 35 261 736 | 62 743 539 | 22 713 121 | 128 324 535 | 848 046 523 |
| Intangible assets | -- | 184 972 950 | -- | -- | -- | 1 091 603 | 186 064 553 |
| Projects under construction | -- | 1 468 342 475 | -- | 65 163 040 | -- | 2 322 612 | 1 535 828 127 |
| Inventories | 4 188 567 | 61 535 547 | 4 304 461 | 17 724 390 | -- | 39 061 356 | 126 814 321 |
| Trade and other receivables (net) | 14 669 142 | 121 428 100 | 4 993 304 | 901 373 | -- | -- | 141 991 919 |
| Debtors and other debit balances | 17 133 333 | -- | 9 217 881 | 15 542 257 | -- | 28 530 666 | 70 424 137 |
| Due from related parties | 651 366 | -- | -- | -- | -- | 1 369 345 | 2 020 711 |
| Cash and cash equivalents | 1 063 195 | -- | 69 035 | 196 148 | -- | 9 656 408 | 10 984 786 |
| Investments of Trading | 2 021 200 | -- | -- | -- | -- | -- | 2 021 200 |
| Goodwill | -- | 144 094 258 | 2 350 287 | 75 041 679 | -- | -- | 221 486 224 |
| Balance | 93 075 757 | 2 526 027 968 | 56 196 704 | 237 312 426 | 22 713 121 | 210 356 525 | 3 145 682 501 |

23.1.2 Assets held for sale with an amount of LE 362 691 252 as at June 30, 2014 against LE 345 830 336 at December 31, 2013 which represents investments in associates Sphinx Glass Ltd., Citadel Capital Company– parent company– decided to sell its share in

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

Sphinx Glass Ltd. The Company announced on June 26, 2014 for the sale of the entire stake with LE 816 million and the ownership has been transferred as at August 24, 2014.

23.2 Liabilities classified as held for sale as at June 30, 2014 are represented in the following:

| | Esaco | ASEC Cement Company subsidiaries | Amreya Metal Company | Alexandria for Car Foundries | Falcon for Agriculture Investments Ltd. Subsidiaries | Total |
|---------------------------------------|-------------|----------------------------------|----------------------|------------------------------|--|---------------|
| | LE | LE | LE | LE | LE | LE |
| Provisions | 12 446 000 | 56 684 271 | 8 466 778 | 2 404 988 | 31 447 835 | 111 449 872 |
| Bank's overdraft | 146 365 | -- | 954 432 | 93 910 248 | -- | 95 011 045 |
| Current portion of long term loans | -- | -- | 987 916 | 2 378 870 | -- | 3 366 786 |
| Trade and other payables | 58 202 480 | 293 904 330 | 22 942 588 | 21 991 308 | 123 304 701 | 520 345 407 |
| Due to related parties | -- | -- | -- | -- | 1 343 513 | 1 343 513 |
| Creditors and other credit balances * | 32 544 010 | -- | 15 311 399 | 54 902 419 | -- | 102 757 828 |
| Borrowings | 293 523 297 | 345 889 529 | -- | -- | 256 450 172 | 895 862 998 |
| Deferred tax | 7 081 142 | -- | 814 987 | -- | 2 425 847 | 10 321 976 |
| Balance | 403 943 294 | 696 478 130 | 49 478 100 | 175 587 833 | 414 972 068 | 1 740 459 425 |

* Social insurance related to Amreya Metal Company with balance LE 9.8 million on June 30, 2014 includes accrued claims till October 31, 2012 with an amount of LE 5.1 million. The Company received a warning from Social insurance Authority as at December 16, 2012 regarding the amount and asking for an immediate payment of LE 1 797 100 within 15 days.

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

23.3 Net loss from discontinued operations

| | For the period | | For the period | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | from 1/4/2014 to 30/6/2014 | from 1/1/2014 to 30/6/2014 | from 1/4/2013 to 30/6/2013 | from 1/1/2013 to 30/6/2013 |
| | LE | LE | LE | LE |
| Losses from discontinued operations (23.3.1) | (16 804 904) | (62 242 633) | -- | -- |
| Losses from sale of discontinued operations (23.3.2) | -- | (47 172 497) | -- | -- |
| Net | (16 804 904) | (109 415 130) | -- | -- |

23.3.1 Losses from discontinued operations

| | Esaco | ASEC Cement Company | Amreya Metal Company | Alexandria for Car Foundries | Falcon for Agriculture Investments Ltd. | Sphinx Glass Ltd | Total |
|--|--------------------|------------------------|-------------------------|---------------------------------|--|---------------------|---------------------|
| | LE | LE | LE | LE | LE | LE | LE |
| Results of discontinued operations | | | | | | | |
| Operating income | 15 771 894 | 154 060 290 | 16 827 961 | 1 419 103 | 14 518 111 | -- | 202 597 359 |
| Operating costs | (13 092 946) | (129 710 457) | (20 575 662) | (26 294 421) | (50 377 973) | -- | (240 051 459) |
| Share of profit of equity accounted investees | -- | -- | -- | -- | -- | 8 882 647 | 8 882 647 |
| Profit (loss) from operating activities | 2 678 948 | 24 349 833 | (3 747 701) | (24 875 318) | (35 859 862) | 8 882 647 | (28 571 453) |
| Finance expenses | (10 650 003) | -- | (2 376 152) | (3 548 840) | (13 788 815) | -- | (30 363 810) |
| Deferred tax | -- | (3 325 353) | 17 983 | -- | -- | -- | (3 307 370) |
| Net (loss) profit for the period | (7 971 055) | 21 024 480 | (6 105 870) | (28 424 158) | (49 648 677) | 8 882 647 | (62 242 633) |

23.3.2 Losses from sale of discontinued operations

| | For the period ended 30/6/2014 | | |
|------------------------|-----------------------------------|----------------------|---------------------|
| | Selling price LE | Cost LE | Net LE |
| Sudanese Egyptian Bank | <u>152 900 000</u> | <u>(200 072 497)</u> | <u>(47 172 497)</u> |

24. Share capital

- The Company's authorized capital is LE 6 Billion and the issued and paid-in capital is LE 4 358 125 000 represents 871 625 000 shares distributed to 653 718 750 ordinary shares and 217 906 250 preferred shares with par value LE 5 per share.
- The Company's extra-ordinary general assembly meeting held on October 20, 2013 approved the increase of the authorized capital from LE 6 billion to LE 9 billion and the increase of the issued capital from LE 4 358 125 000 to LE 8 billion , with an increase of LE 3 641 875 000 by issuing 728 375 000 new shares at par value of LE 5 per share, consisting of 182 093 750 preferred shares and 546 281 250 ordinary shares, without issuance costs. The purpose of this capital increase is to finance the acquisition of additional shares in its related companies, financing the Company's share contribution in the capital increases of some of its related companies and entering into new investments and settlement of some of Company's liabilities.
- The Board of Directors approved in its meeting held on February 13, 2014 to cover the subscription of the unsubscribed Company's shares in the capital increase through offsetting the shareholders' credit balances that are payable by the Company (Shareholders' credit balances note 25) against the subscription price of the shares. And commercial register has been updated with this increase on April 16, 2014.
- The preferred share has the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extraordinary general assembly meeting held on May 12, 2008 and also paragraph no.(3) of article no.(18) of the Company's article of associations. And those shares are owned by Citadel Capital Partners Ltd. the principle shareholder of the Company.

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

The shareholders' structure -after increase- is represented as follows:

| Shareholders' name | Percentage % | No. of Shares | Value in LE |
|--|-----------------|------------------|----------------|
| Citadel Capital Partners Ltd. | 25.61 | 409 691 970 | 2 048 459 850 |
| Emirates International Investments Company | 10.41 | 166 628 258 | 833 141 290 |
| Soliman Abd Elmohsen Abd Allah Abanami | 8.26 | 132 100 000 | 660 500 000 |
| Others | 55.72 | 891 579 772 | 4 457 898 860 |
| | 100 | 1 600 000 000 | 8 000 000 000 |

25. Shareholders' credit balances

Shareholders' credit balances represent the amounts payable to the shareholders resulting from:

- The Company has purchased ownership share percentages in some of its investee companies from those shareholders through its subsidiary Citadel Capital for International Investments Ltd. (subsidiary 100%).
- Bonus and incentives to employees (shareholders).

Shareholders' credit balances as at June 30, 2014 are represented in the following:-

| Shareholders' name | 30/6/2014 LE | 31/12/2013 LE |
|---|-----------------|------------------|
| Citadel Capital Partners Ltd. | 19 997 300 | 547 233 410 |
| Emirates International Investment Company LLC | -- | 596 548 465 |
| DH Investors Limited | -- | 343 000 000 |
| Mansour and Maghraby for Investment and Development S.A.E | -- | 155 135 015 |
| Grouped Holdings Ltd | -- | 130 000 000 |
| Mamdouh Mohamed Fathy Abbas | -- | 69 300 000 |
| Kareem Sedky Sedky Mohamed EL Serafy | -- | 58 771 265 |
| Magdy Mohamed Mustafa Saleh | 9 882 604 | 42 734 519 |
| Ledville Holdings Limited | -- | 39 487 820 |
| Tamer Abd EL Hamed Abou Bakr | 6 625 696 | 32 325 196 |
| Khaled Abd EL Hamed Ali Abou Bakr | 6 358 133 | 25 935 453 |
| Karnation Limited | 4 537 908 | 18 248 303 |
| Ahmed Mokhtar Mohamed El Rashidi | -- | 26 698 000 |
| Partex Trading Corp. | -- | 24 750 000 |
| Mohamed Mokhtar Mohamed EL Rashidi | -- | 23 387 000 |

| Shareholders' name | 30/6/2014 LE | 31/12/2013 LE |
|-----------------------------------|-------------------|----------------------|
| Adena Commercial Corp. | -- | 18 937 500 |
| Power investment Europe | -- | 10 400 000 |
| MZ Investments S.A.E. | 566 088 | 9 996 393 |
| Garth investing Limited | -- | 9 090 000 |
| Hassan Mohamed Hassan Darwish | -- | 8 106 120 |
| Abdel Khalek Mohamed Mohamed Ayad | 1 951 475 | 7 847 476 |
| Ahmed Moheb Mahmoud El Mehelmy | -- | 7 575 000 |
| Hossam Hussien Nagy Aly Saad | -- | 6 999 995 |
| Ahmed Ibrahim Wagih El Shamy | -- | 5 531 280 |
| Others | 1 507 388 | 105 122 665 |
| Balance | <u>51 426 592</u> | <u>2 323 160 875</u> |

- An amount of LE 3 640 532 560 is used to increase capital share during the period – Note (24).

26. Reserves

26.1 Legal reserve

As per the Company's statutes, 5% of net profit for the year is set aside to form a legal reserve. Transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued share capital. However, if the reserve balance falls below 50% of the Company's issued share capital transfers to the legal reserve are required to be resumed. The legal reserve is non-distributable but can be used to offset losses or to increase the issued share capital.

26.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

27. Loans

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|--|--|-------------------|------------------------|------------|--------------|--|
| Royal Food Company | Misr Bank | LE :2.75% plus Corridor | 2016 | 62 390 749 | 25 570 616 | 36 820 133 | - Pledge over El Rashidi El Mizan assets. - Pledge over El Rashidi El Mizan shares. - Open a cash reserve account with the Misr Bank with the value of the first installment of the loan and its interest and to remain restricted until the end of the loan. |
| Dina for Agriculture Investments | - Ahly United Bank - United Bank - Egyptian Real Estate Bank. | LE: Average 3.625% plus Corridor | 2014-2018 | 144 070 943 | 53 427 118 | 90 643 825 | - Pledge over all the company's assets and real estate first rank Pledge on 7 172 feddan of company's land. |
| El Rashidi for Integrated Solutions | Islamic Development Bank | 4% annually | 2016 | 34 964 370 | 29 662 659 | 5 301 711 | - Commercial and real estate mortgage over the company's assets and revenues in the favour of the banks. |
| Arab Company for Services and Trade | Credit Agricole | 4% annually | 2014 | 5 959 041 | 5 959 041 | -- | Partially mortgage on the company's assets. |
| National Development and Trading Company | National Societe General Bank | 12.5% | September 2016 | 126 000 000 | -- | 126 000 000 | Partially pledging shares of ASEC Cement Company |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|--|--|--|---------------|---------------------|------------|--------------|---|
| National Development and Trading Company | Bank/Company Arab Investment Bank | 12% | December 2017 | 80 000 000 | 8 000 000 | 72 000 000 | Partially pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ESACO shares to the bank. |
| National Development and Trading Company | Industrial Development and Workers Bank of Egypt | 11.5% | December 2017 | 90 000 000 | 45 000 000 | 45 000 000 | Mortgage of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ESACO shares to the bank. |
| National Development and Trading Company | Misr Iran Development Bank | 2.50% plus corridor rate | December 2018 | 125 482 869 | -- | 125 482 869 | Pledging 33.3 million shares of subsidiaries with a value not less than 333% from the total amount of credit facility, also shares custody should be by the bank and dividends to be collected under the cognition of the bank. |
| Arab Swiss Engineering Co. (ASEC) | Ahli United Bank | 2.25% Plus corridor for current 3.25% plus corridor for non current | November 2018 | 128 078 263 | 28 078 263 | 100 000 000 | Assignment of South Valley Cement Co. management contract. |
| Arab Swiss Engineering Co. (ASEC) | Al Baraka Bank Egypt | 11.5% | April 2013 | 64 236 195 | 18 600 000 | 45 636 195 | Assignment of Sinai White for Technology management contract. |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|--|------------------------------------|----------------------|--------------------------|--------------------------------|----------------|---------------------|---|
| ASEC for Manufacturing and Industries Project Co. (ARESCO) | National Bank of Egypt | 11% | June 2013 | 14 683 232 | 14 683 232 | -- | Commercial mortgage of ASEC for Manufacturing and Industrial Projects financed assets. |
| ASEC Cement Company | Arab African International Bank | 11.25% | May 2016 | 364 001 845 | -- | 364 001 845 | Pledging 8 232 055 shares of Qena Cement Co. |
| ASEC Cement Company | Arab African International Bank | 11.5% | September 2019 | 1 115 816 672 | 113 339 771 | 1 002 476 901 | Commercial and real estate mortgage of assets for the favor of the bank. |
| ASEC Cement Company | Sudanese Egyptian bank | 11% | 2015 | 99 806 045 | 45 758 515 | 54 047 530 | Murabaha contracts. |
| ASEC Cement Company | Commercial International Bank | 11% | 2015 | 6 663 328 | 5 376 000 | 1 287 328 | Management contract. |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|----------------------|--|---|------------------------|---------------------|------------|--------------|--|
| Taqia Arabia Company | Bank/Company Commercial International Bank | LE :3% plus Corridor | 2014 | 5 983 211 | 5 983 211 | -- | <ul style="list-style-type: none"> - Guarantee joint from Nile Valley and the Company is committed with the following: - Declare dividends for the subsidiary companies yearly and transfer them to the Group's bank account to cover the granted loan instalments. - No dividends shall be declared for any financial year except after the financial repayments with maintaining the financial ratios and obligations in the contract. - Cover any deficiency in the debt service ratio or financial obligations by injecting cash in the form of capital increase. - Mortgage on 99.99% from shares invested in Nile valley. |
| Global Energy | HSBC Arab Bank | LE: 2.25% plus average Corridor US.\$: 1.3% Libor | 2014-2016 2014-2018 | 82 386 487 | 29 482 885 | 52 903 602 | <ul style="list-style-type: none"> - The amount of capital injected parallel to the premiums payable in the event that the net profit + depreciation + cash inadequate to pay the premiums due. |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|-------------------|------------------------|---------------|------------------|------------------------|---------|--------------|---|
| | | | | | | | - No change in the company shall take place without written consent from the bank |
| | | | | | | | - The company undertakes not to pledge, mortgage, or impose any liens / seniority over any assets in Sham El Sheikh project. |
| | | | | | | | - The company executed a commercial pledge contract with Arab Bank. The pledge include all the Group's tangible and intangible assets in addition to the power generation station in Scimitar project in Red Sea Governorate. |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|---|--|------------------------|------------------------|-----------|--------------|---|
| Taqa Marketing | HSBC Cairo Bank | LE: 3% plus corridor | 2014-2018 2014-2020 | 36 851 705 | 8 785 622 | 28 066 083 | - The company made a proxy to the bank that is empowering to impose a commercial pledge on existing tangible and intangible assets which was financed by the loan. - Maintain the direct or indirect controlling interest during the contract period and till the actual repayment. - Cover any deficiency in the debt service ratio or increase in the investment costs or operating expenses by injecting cash in the form of capital increase. |
| Egyptian Refining Company – S.A.E.– Free Zone | Japan Bank for International Cooperation (JBIC) | US\$.LIBOR for such interest period Plus 4.10% per annum | 2017-2029 | 536 118 960 | -- | 536 118 960 | - Egyptian Refining Company shall deliver to each lender original, signed, undated and blank promissory notes. |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|--|--|---------------|---------------------|---------|--------------|---|
| Egyptian Refining Company – S.A.E.– Free Zone | Bank/Company Group of Commercial Banks (NEXI – Covered Lenders) | US\$.LIBOR for period Plus 1.75% per annum | 2017-2029 | 357 412 640 | -- | 357 412 640 | - Egyptian Refining Company has signed a general irrevocable power of attorney dated August 10, 2010 to the benefits of Commercial International Bank ‘‘CIB’’ at his capacity as the Egyptian Security Agent of the term loan facility. |
| Egyptian Refining Company – S.A.E.– Free Zone | Export – Import Bank of Korea (KEXIM) | US\$.LIBOR for such interest period plus 3.6% per annum up to the project completion. 4% per annum from the project completion to the end of the 5th year. 4.6% per annum for any time thereafter. | 2017-2029 | 323 097 718 | -- | 323 097 718 | |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|---|---|---------------|---------------------|---------|---------------|------------|
| Egyptian Refining Company – S.A.E.– Free Zone | Bank/Company Financial Institutions (KEXIM Initial Guaranteed facility lenders) | US\$.LIBOR for such interest period plus 1.95 % per annum plus Mandatory cost* | 2017-2029 | 560 317 125 | -- | 560 317 125 | |
| Egyptian Refining Company – S.A.E.– Free Zone | European Investment Bank (EIB) | LIBOR for such interest period Plus or minus the spread of the related tranche as determined by the bank (1.5% for the current period) Plus Mandatory cost* | 2017-2029 | 2 163 941 453 | -- | 2 163 941 453 | |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|---|--|---------------|---------------------|---------|--------------|--|
| Egyptian Refining Company – S.A.E.– Free Zone | Bank/Company African Development Bank (AFDB) | Fixed interest rate: 3.30 % per annum Plus Base rate calculated by the bank as set in the agreement Or Variable interest rate: LIBOR for such interest period Plus 3.30 % per annum | 2017-2029 | 752 032 472 | -- | 752 032 472 | |
| Egyptian Refining Company – S.A.E.– Free Zone | African Development Bank (AFDB) | Fixed interest rate: -5% per annum -Plus base rate Or Variable interest rate: LIBOR for such interest period plus 5 % per annum | 2017-2025 | 178 250 000 | -- | 178 250 000 | <ul style="list-style-type: none"> - Egyptian Refining Company shall deliver to AFDB an original, signed, undated and blank promissory notes. - Egyptian Refining Company shall not make any distribution or other payment to the shareholders (or their affiliates) in respect of equity funding or shareholders loans until all amounts due and payable under the loan have been paid in full. |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|---|--|---------------|---------------------|-----------|-----------------|---|
| Egyptian Refining Company – S.A.E.– Free Zone | Bank/Company MITSUE & Co., Ltd. | - US\$ 6 months LIBOR - Plus 3 % per annum | 2020 | 71 300 000 | -- | 71 300 000 | |
| Egyptian Refining Company – S.A.E.– Free Zone | Less: Deferred borrowing cost * | | | (1 428 517 446) | -- | (1 428 517 446) | |
| United Foundries Company | Export Development Bank of Egypt and Piraeus Bank | Euro: 2% plus 3months Libor LE : 8.5% 3 months LE: 3.25% annually over lending price announced by Central Bank | 2015 | 7 205 625 | 7 205 625 | -- | <ul style="list-style-type: none"> - Irrevocable power of attorney to the bank to finalize mortgage covering 150% of the loan value. - Open account at the bank and make monthly deposits to face liability due to the bank. - An insurance policy at the Misr Insurance Company on all physical assets financed by bank loan with value not less than 110 % of the loan balance |
| | | | | | | | <ul style="list-style-type: none"> - Company undertakes no obligation to pay any dividends or distributions to shareholders for any fiscal year unless the payments were due from the Principal and earnings , commissions and |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|----------------------------------|--|---|------------------|------------------------|------------|--------------|---|
| | | | | | | | fees payable without prejudice to the financial ratios required under the loan contract Piraeus Bank. |
| | | | | | | | - The company committed and undertakes a final irrevocable pledge not to increase the leverage of the company for a ratio of 1 : 1.5 for the duration of this contract. |
| | | | | | | | - The company committed and undertakes a final pledge is irrevocable not borrowing from any other bank without obtaining the prior written consent of the Bank. |
| Bonian for Trade and Development | Syndicated bank loan from a group of banks: Commercial International Bank, Egypt Real Estate Bank, Arab Investment Bank and Audi Bank | LE :2.75% Over deposit price of central bank | 2012-2017 | 165 841 312 | 82 460 368 | 83 380 944 | - First rank mortgage for all property and real estate on the project land. |
| | | | | | | | - Commercial mortgage on all physical assets, moral, and waive all rights in relation to insurance against all risks on all assets except land project. |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender | Interest rate | Maturity date | Outstanding balance | Current | Non-current | Guarantees |
|-----------------------|---|--|---------------|---------------------|-------------|---------------|---|
| Citadel Capital S.A.E | Bank/Company | | | | | | |
| | Citi Bank (syndication loan manager) | US\$: First tranche: (4.25 %+Libor rate). | 2012-2022 | 2 081 394 490 | 889 100 034 | 1 192 294 456 | - First degree lien contract of the shares owned by the Company in National Development and Trading Company. |
| | Arab African International Bank, | Second tranche: 3.9% plus Libor | | | | | |
| | Arab International Bank, Banque du | Third Tranche: 3.9% plus Libor | | | | | - First degree lien contract of the shares owned by the Company in International Company for Mining Consulting. |
| | caire, Misr Bank, and Piraeus Bank | | | | | | - First degree lien contract of the shares owned by the Company in United Foundries Company. |
| | | | | | | | - First degree lien contract of the shares of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone). |
| | | | | | | | - First degree lien contract of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone) investments on the following companies: |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|-------------------|------------------------|---------------|------------------|------------------------|---------|--------------|---|
| | | | | | | | <ul style="list-style-type: none"> - Orient Investments Properties Ltd. - Logria Holding Ltd. - Golden Crescent Investments Ltd. - Falcon Agriculture Investments Ltd. - Silverstone Capital Investment Ltd. - Mena Glass Ltd. - Mena Home Furnishings Mall. - Valencia Trading Holding Ltd. - Andalusia Trading Investments Ltd. - Citadel Capital Transportation Opportunities Ltd. - Lotus Alliance Limited. - Citadel Capital Financing Corp. - Grandview Investment Holding - Africa Railways Holding - Citadel Capital for Promotion Company |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|--|---|---|---------------|---------------------|-------------|--------------|--|
| International for Refinery Consultation | Bank/Company Arab International Bank | US\$.5.2% Annually | 2016 | 190 860 317 | -- | 190 860 317 | Letter of guarantee from Standard chartered Bank of korea Limited with the mount due to Arab International Bank. |
| National Company for Refining Consultation | Arab International Bank | US\$. : 15 608 926 Interest to be paid upon maturity | 2015 | 434 940 495 | -- | 434 940 495 | The loan is guaranteed by pledging the Company's (50 million) share in Orient Investments Properties Ltd. in favour of the bank. |
| Sabina for Integrated Solutions | Khartoum Bank – Sudan | US\$. Murabha | | 49 265 277 | 11 290 127 | 37 975 150 | Possessory pledge for machinery and equipment. |
| National Company for Multimodal Transport S.A.E. | Arab African International Bank and Bank of Alexandria (syndicated loan) Misr Bank | LE: corridor Average accrued every 6 months | 2012-2016 | 373 711 428 | 242 307 581 | 131 403 847 | <ul style="list-style-type: none"> - Open the Revenue Account with the Loan Agent (Misr Bank). - Conclude a first degree pledge the Revenue Account. - Conclude first degree mortgage over all present and future tangible and intangible assets. - An undertaking to provide the Security Agent with the operational insurance policies over the New Barges within 15 days from the expiry date of the construction insurance policy. |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|-------------------|------------------------|---------------|------------------|------------------------|---------|--------------|---|
| | | | | | | | <ul style="list-style-type: none"> - Assign the Borrower's rights under the insurance policies covering operating Barges, for the full replacement value against all insurable risks for which it would be prudent to insure for ("Adequate Insurance") to be endorsed in favor of the Security Agent (Arab African International Bank) for itself and on behalf of the Banks. Assign all borrower's compensation rights under the insurance policies covering the Borrower's New Barges during construction year, in favor of the Security Agent (Arab African International Bank) for itself and on behalf of the Banks. Assign the proceeds (one year or more) from long term transportation service contracts signed |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|-----------------------------|-----------------------------------|--|------------------|------------------------|------------|--------------|---|
| KU Railways Holding Limited | International Finance Corporation | US.\$ Effective interest rate for year 2013 14% | 2017-2021 | 181 299 337 | 31 030 509 | 150 268 828 | with the borrower's customers in favor of the Security Agent (Arab African International Bank). Assign the borrower's rights of any damages arising under the Material Project Contracts and related banks' guaranties under such contracts in favour of the Security Agent (Arab African International Bank) for itself and on behalf of the banks. |
| KU Railways Holding Limited | International Finance Corporation | US.\$ fixed interest rate: basic lending rate plus 6.25% or variable rate: Libor for six months plus 6.25% | 2017-2026 | 160 374 092 | 3 514 270 | 156 859 822 | |
| KU Railways Holding Limited | Africa Development Bank | US.\$ Libor plus 6.25% | 2017-2021 | 170 528 923 | 6 365 015 | 164 163 908 | |
| KU Railways Holding Limited | FMO | US.\$ Libor plus 6.25% | 2017-2026 | 218 647 204 | 4 747 204 | 213 900 000 | |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|--------------------------------|-----------------------------------|--|------------------|------------------------|---------------|---------------|---|
| KU Railways Holding Limited | International Finance Corporation | US.\$ Libor plus (5.5% or 6.25%) | 2017-2021 | 146 253 327 | 3 653 790 | 142 599 537 | |
| KU Railways Holding Limited | Equity Bank | US.\$ Interest rate for treasury bills of Kenya 91 days plus 4% or 14% which is bigger | 2017-2021 | 162 347 847 | 10 050 063 | 152 297 784 | |
| KU Railways Holding Limited | KFW | US.\$ Libor plus (5.5% or 6.25%) | 2017-2026 | 232 287 058 | 4 127 058 | 228 160 000 | |
| KU Railways Holding Limited | Less: prepaid fee * | | | (46 759 738) | -- | (46 759 738) | |
| Trimstone Assets Holdings Ltd. | Arab International Bank | US.\$ 5% plus six months libor | 2013-2014 | 180 059 922 | 180 059 922 | -- | - Includes a first degree pledge over all shares owned by the borrower of "TAQA Arabia" covering 115% of the value of the existing liability in favour of (Arab International Bank). - Includes a first degree pledge over shares of "Citadel Capital for financial consultancy" S.A.E (the ultimate parent company) covering 35% of the value of the existing liability in favour of (Arab International Bank). |
| | | | | 10 809 584 793 | 1 913 618 499 | 8 895 966 294 | |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|--|----------------------------------|-----------------------------------|------------------|------------------------|----------------------|----------------------|------------|
| Due to related parties : | | | | | | | |
| National Development and Trading Company | Financial Holdings International | 11.5% per annum compound interest | | 527 118 554 | -- | 527 118 554 | |
| National Development and Trading Company | Al Olayan Saudi Investments Ltd | 11.5% per annum compound interest | | 171 732 192 | -- | 171 732 192 | |
| National Development and Trading Company | Ali Bin Hassan Dayekh | 11.5% per annum compound interest | | 11 063 385 | -- | 11 063 385 | |
| United Foundries | Financial Holdings International | 11.5% per annum compound interest | | 43 151 129 | -- | 43 151 129 | |
| | | | | <u>753 065 260</u> | <u>--</u> | <u>753 065 260</u> | |
| | | | | <u>11 562 650 053</u> | <u>1 913 618 499</u> | <u>9 649 031 554</u> | |

* This balance represents the necessary financing cost incurred by the Company to obtain the credit facility and loans required to finance its project. It will be amortized over the loan life using the effective interest rate.

28. Long term liabilities

| | 30/6/2014 | 31/12/2013 |
|--|--------------------|--------------------|
| | LE | LE |
| Creditors-purchase of investments * | 10 787 486 | 10 787 486 |
| Port –Said ports authority | 10 714 166 | 13 509 550 |
| End of service benefits | 3 823 577 | 9 634 226 |
| Deposits from others (28.1) | 108 764 477 | 106 791 589 |
| Social Insurance authority | 2 395 836 | 3 593 754 |
| Interest rate swap transactions (16.2) | 135 435 591 | -- |
| Others | 12 433 985 | 3 267 838 |
| Balance | <u>284 355 118</u> | <u>147 584 443</u> |

* This balance represents the amount due from Tanweer for Marketing and Distribution Company (Tanweer) (subsidiary - 99.88%) for purchasing investment in Dar El-Sherouk Ltd.-BVI- in the favour of the shareholders of the mentioned company.

28.1 Deposits from others

| | 30/6/2014 | 31/12/2013 |
|----------------------------|--------------------|--------------------|
| | LE | LE |
| Meter deposits | 7 701 184 | 6 996 479 |
| Gas consumption deposits | 93 889 016 | 91 925 488 |
| Power consumption deposits | 5 774 879 | 4 299 900 |
| Others | 1 399 398 | 3 569 722 |
| Balance | <u>108 764 477</u> | <u>106 791 589</u> |

29. Deferred tax liabilities

| | 30/6/2014 | | 31/12/2013 | |
|---|--------------------|----------------------|--------------------|----------------------|
| | Asset | Liability | Asset | Liability |
| | LE | LE | LE | LE |
| Fixed assets depreciation | -- | (67 614 973) | -- | (85 022 782) |
| Hedge reserve-swap contract | 33 858 901 | -- | -- | (40 992 061) |
| Provisions | 10 548 201 | -- | 8 341 317 | -- |
| Deferred tax liabilities related to Berber for electricity Ltd. Co. | -- | (17 565 671) | -- | (14 639 683) |
| Deferred tax assets (liabilities) related to Zahana Co. | -- | -- | -- | (44 889 655) |
| Deferred tax liabilities related to Asec Ready Mix | -- | (3 330 680) | -- | (2 743 029) |
| Tax losses | 251 538 319 | -- | 227 099 330 | -- |
| Deferred tax liabilities related to KU Railways Holdings Ltd. | -- | (27 100 895) | -- | (26 378 711) |
| Others | -- | (183 786 644) | -- | (151 521 617) |
| Total deferred tax assets and liabilities | <u>295 945 621</u> | <u>(299 398 863)</u> | <u>235 440 647</u> | <u>(366 187 538)</u> |
| Net deferred tax liabilities | | <u>(3 453 242)</u> | | <u>(130 746 891)</u> |

The Parent Company has carried-forward tax losses from previous years which were not recognized because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefore.

30. Banks overdraft

| | 30/6/2014 | 31/12/2013 |
|---|--------------------|--------------------|
| | LE | LE |
| Wafra Agriculture S.A.E | 7 236 929 | 7 044 079 |
| Mena Home Furnishings Mall | 40 712 | 18 918 |
| Silverstone Capital Investments Ltd. | 152 309 292 | 81 561 115 |
| United Foundries Company | 60 802 477 | 63 385 419 |
| Falcon Agriculture Investments Ltd. | 286 705 806 | 329 064 569 |
| KU Railways Holdings Ltd. | 36 277 561 | 10 660 354 |
| National Development and Trading Company | 214 642 224 | 342 614 856 |
| Tawazon for Solid Waste Management (Tawazon) | 13 702 988 | -- |
| Balance | <u>771 717 989</u> | <u>834 349 310</u> |

31. Due to related parties

| | Nature of transaction | | 30/6/2014 | 31/12/2013 |
|--|------------------------------|----------------|------------------|-------------------|
| | Advisory fee | Finance | | |
| | LE | LE | LE | LE |
| Citadel Capital Partners Ltd.* | -- | 176 678 659 | 176 678 659 | 110 770 360 |
| Mena Glass Ltd. | (13 493 525) | 36 596 465 | 23 102 940 | 26 433 469 |
| Pharos Holding Co. | -- | 3 220 856 | 3 220 856 | 3 220 861 |
| ASCOM for Carbonate and Chemicals Manufacturing Co. | -- | 9 446 990 | 9 446 990 | 16 450 410 |
| Erco Group | -- | -- | -- | 43 421 617 |
| ASEC Automation Europe Co. | -- | 161 007 | 161 007 | 161 007 |
| ASEC Automation Co.-Free Zone | -- | 3 798 | 3 798 | 3 798 |
| National Sudanese Pension Fund | -- | 1 644 184 | 1 644 184 | 30 957 127 |
| Medcom | -- | 1 054 753 | 1 054 753 | 1 054 753 |
| Misr Cement Qena Co. | -- | 5 490 592 | 5 490 592 | 6 140 951 |
| Grandview Investment Holding | -- | 9 443 200 | 9 443 200 | 9 191 558 |
| Egus Co. | -- | 54 017 | 54 017 | 47 935 |
| Genco Group Co. | -- | 190 849 | 190 849 | 177 116 |
| City Gas Co. | -- | 758 169 | 758 169 | 571 093 |
| Africa JIF HOLD Co I | (1 565 969) | 41 220 457 | 39 654 488 | (1 446 151) |
| Egyptian Gulf Bank | -- | 7 593 398 | 7 593 398 | -- |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| | Nature of transaction | | 30/6/2014 | 31/12/2013 |
|-------------------------------------|-----------------------|------------|--------------------|--------------------|
| | Advisory fee | Finance | | |
| | LE | LE | LE | LE |
| Kimonix Egypt for Consultancy Libya | -- | 2 494 816 | 2 494 816 | -- |
| Others | -- | 10 911 155 | 10 911 155 | 25 467 309 |
| Balance | | | <u>291 903 871</u> | <u>272 623 213</u> |
| Due to shareholders: | | | | |
| GROUPED HOLDINGS LTD | | | 103 724 916 | -- |
| Ledville Holdings Limited | | | 35 632 981 | -- |
| Others | | | 80 204 072 | -- |
| Balance | | | <u>219 561 969</u> | <u>--</u> |
| Net | | | <u>511 465 840</u> | <u>272 623 213</u> |

* The main shareholder of the Company – 25.61% .

32. Trade and other payables

| | 30/6/2014 | 31/12/2013 |
|----------------|----------------------|----------------------|
| | LE | LE |
| Suppliers | 1 959 525 697 | 3 088 588 621 |
| Notes payables | <u>157 311 538</u> | <u>175 095 122</u> |
| Balance | <u>2 116 837 235</u> | <u>3 263 683 743</u> |

33. Creditors and other credit balances

| | 30/6/2014 | 31/12/2013 |
|---|----------------------|----------------------|
| | LE | LE |
| Tax Authority | 428 049 027 | 403 602 013 |
| Accrued expenses | 469 285 580 | 557 812 421 |
| Accrued interest | 210 864 875 | 146 666 345 |
| National Authority for Social Insurance | 23 803 740 | 21 011 584 |
| Advances from customers | 47 035 027 | 119 970 642 |
| Egyptian Natural Gas Holding Company (EGAS) | -- | 457 862 357 |
| Refundable deposits | 9 098 664 | 1 068 177 |
| Unearned revenues | 42 055 802 | 13 463 938 |
| Subcontractors | 6 411 879 | 7 066 001 |
| Creditors – purchase of fixed assets | 7 190 548 | 18 263 533 |
| Deposits from others | 81 089 374 | 56 542 534 |
| Dividend payable – previous years | 19 746 538 | 38 323 581 |
| Sundry credit balances | <u>335 678 926</u> | <u>118 169 848</u> |
| Balance | <u>1 680 309 980</u> | <u>1 959 822 974</u> |

34. Provisions

| | Expected claims provision LE | Employee benefit provision LE | Other Provisions LE | Total LE |
|--|---|--|------------------------------------|---------------------|
| Balance at the beginning of the period | 415 816 271 | 39 150 391 | 22 197 354 | 477 164 016 |
| Adjustments on the beginning balance | 845 796 | -- | -- | 845 796 |
| Acquisition of subsidiaries | 32 433 034 | -- | -- | 32 433 034 |
| Transferred to liabilities held for sale | (48 981 715) | (39 150 391) | -- | (88 132 106) |
| Provisions formed during the period * | 22 037 060 | -- | 17 978 024 | 40 015 084 |
| Foreign currency translation differences | 773 096 | -- | 251 548 | 1 024 644 |
| Provisions used during the period | (700 231) | -- | (411 746) | (1 111 977) |
| Provisions no longer needed | (933 081) | -- | -- | (933 081) |
| Balance | <u>421 290 230</u> | <u>--</u> | <u>40 015 180</u> | <u>461 305 410</u> |

* Provisions formed has been recognized during the period with an amount of LE 3 809 226 were included in operation cost and other expenses, and it represents the provision of completion the contracts of ASEC Automation.

- Expected claims provision related to expected claims were made by some external parties in connection with the Company's operations. The information usually required by Accounting Standards is not disclosed because the management believes that it would seriously prejudice the outcome of the negotiation with that external party. The management are reviewing the provision annually and the amount provided is adjusted based on latest development, discussions and agreements with the external party.

35. Financial guarantees contracts

These balances represent the losses from contracts for financial guarantees granted to Egyptian Gulf Bank to guarantee the non-performing balances to the portfolio of customers' projects.

| | 30/6/2014 LE | 31/12/2013 LE |
|--------------------|-------------------------|--------------------------|
| Egyptian Gulf Bank | <u>24 523 621</u> | <u>--</u> |

36. Related party transactions

36.1 Advisory fee

Advisory fee item presented in the income statement is represented in the advisory services provided to related parties according to signed contracts as follows:

| | For the period | | For the period | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | from 1/4/2014 to 30/6/2014 | from 1/1/2014 to 30/6/2014 | from 1/4/2013 to 30/6/2013 | from 1/1/2013 to 30/6/2013 |
| | LE | LE | LE | LE |
| Mena Glass Ltd. | 705 537 | 1 394 229 | 1 047 649 | 2 058 309 |
| Mena Home Furnishings Mall* | -- | -- | 1 041 119 | 2 045 476 |
| Citadel Capital Transportation Opportunities Ltd.* | -- | -- | 237 449 | 466 518 |
| Falcon Agriculture Investments Ltd.* | -- | -- | 4 394 415 | 8 633 677 |
| Sphinx Glass Ltd. | -- | -- | 1 251 631 | 2 459 071 |
| Sphinx Glass S.A.E | 380 266 | 751 453 | -- | -- |
| ASEC Cement Company* | -- | -- | 3 040 561 | 5 941 533 |
| Silverstone Capital Investment Ltd.* | -- | -- | 982 645 | 1 930 596 |
| Citadel Capital Transportation Opportunities II Ltd.* | -- | -- | 1 422 596 | 2 794 964 |
| Africa Joint Investment Fund | -- | 806 019 | 813 858 | 1 581 348 |
| Mena Joint Investment Fund | -- | 463 461 | 467 974 | 909 256 |
| Africa JIF HOLD CO I | 125 395 | 246 283 | 123 461 | 241 661 |
| Africa JIF HOLD CO III | 355 522 | 698 262 | 350 038 | 685 158 |
| Mena JIF HOLD CO I | 125 395 | 246 283 | 123 461 | 241 661 |
| Ledmore Holdings Ltd.* | -- | -- | 221 770 | 435 714 |
| Scimitar Production Egypt Ltd. | 1 877 074 | 3 344 731 | -- | -- |
| Total | 3 569 189 | 7 950 721 | 15 518 627 | 30 424 942 |

- The Company did not recognize advisory fees with an amount LE 11 174 592 and LE 2 069 150 for the period ended June 30, 2014 (against LE 21 652 552 and LE 4 009 286 for the period ended June 30, 2013) related to Logria Holding Ltd. and Golden Crescent Investments Ltd. in accordance with the signed contracts due to inadequate assurance concerning the revenue recognition and collection conditions.

* These companies have been acquired at December 31, 2013.

36.2 Interest income

Interest income included in financing cost note no.(42) includes an amount of LE 2 248 873 represents accrued interest income according to signed contracts from other related parties as follows:

| The company's name | For the period | | For the period | |
|--|------------------|------------------|-------------------|-------------------|
| | from 1/4/2014 | from 1/1/2014 | from 1/4/2013 | from 1/1/2013 |
| | to 30/6/2014 | to 30/6/2014 | to 30/6/2013 | to 30/6/2013 |
| | LE | LE | LE | LE |
| National Company for Trading and Development * | -- | -- | 6 741 240 | 13 173 009 |
| United Foundries Company * | -- | -- | 2 078 391 | 4 212 085 |
| Mena Home Furnishings Mall * | -- | -- | 1 525 436 | 2 882 660 |
| Citadel Capital Transportation Opportunities Ltd.* | -- | -- | 1 150 823 | 2 143 431 |
| Grandview Investment Holding | -- | -- | 832 346 | 1 617 655 |
| ASEC Company for Mining (ASCOM) | 1 115 243 | 2 248 873 | 1 011 009 | 1 953 405 |
| Orient Investments Properties Ltd.* | -- | -- | 5 043 371 | 9 848 358 |
| Falcon Agriculture Investments Ltd.* | -- | -- | 3 862 137 | 7 413 289 |
| Total | 1 115 243 | 2 248 873 | 22 244 753 | 43 243 892 |

* These companies have been acquired at December 31, 2013.

37. Share of profit (loss) of equity accounted investees:

| | For the period | | For the period | |
|---|----------------|---------------|----------------|---------------|
| | from 1/4/2014 | from 1/1/2014 | from 1/4/2013 | from 1/1/2013 |
| | to 30/6/2014 | to 30/6/2014 | to 30/6/2013 | to 30/6/2013 |
| | LE | LE | LE | LE |
| El Kateb for Marketing & Distribution Co. | (41 230) | (27 161) | (193 191) | (434 785) |
| Pharos Holding Co. | 5 610 423 | 3 486 042 | (136 055) | (41 384) |
| Elsharq Book Stores Co. | (167 196) | (213 592) | (131 385) | (117 705) |
| ASEC Company for Mining (ASCOM) | (548 056) | (4 309 323) | (7 683 038) | (3 900 677) |
| Silverstone Capital Investments Ltd.* | -- | -- | 8 323 416 | 12 529 188 |
| Dar El-Sherouk Ltd. | (1 111 960) | (2 622 690) | (2 528 579) | (3 107 953) |
| Crondall Holdings Ltd.* | -- | -- | 1 250 630 | 2 197 704 |
| Misr Cement Qena Co. | 22 041 923 | 38 595 362 | -- | -- |
| Mena Glass Ltd. | 7 461 366 | 10 568 873 | 2 920 582 | 2 764 263 |

| | For the period | | For the period | |
|--|-------------------|-------------------|---------------------|---------------------|
| | from 1/4/2014 | from 1/1/2014 | from 1/4/2013 | from 1/1/2013 |
| | to 30/6/2014 | to 30/6/2014 | to 30/6/2013 | to 30/6/2013 |
| | LE | LE | LE | LE |
| Tanmeyah Company S.A.E ** | -- | -- | 1 360 032 | (4 115 234) |
| Mena Home Furnishings Mall * | -- | -- | (5 278 123) | (10 155 640) |
| Citadel Capital Transportation Opportunities Ltd.* | -- | -- | (7 158 107) | (14 427 560) |
| Ostool for Land Transportation S.A.E | 409 456 | 1 138 721 | -- | -- |
| Tawazon for Solid Waste Management (Tawazon)** | -- | 309 494 | (1 407 578) | (2 492 096) |
| Grandview Investment Holding | 342 551 | 2 535 584 | -- | -- |
| Ledmore Holdings Ltd.* | -- | -- | (1 867 990) | (2 688 430) |
| Total | <u>33 997 277</u> | <u>49 461 310</u> | <u>(12 529 386)</u> | <u>(23 990 309)</u> |

* These companies have been acquired at December 31, 2013.

** These companies have been acquired during year 2014.

38. Operating income

| | For the period | | For the period | |
|-------------------------------|----------------------|----------------------|------------------|------------------|
| | from 1/4/2014 | from 1/1/2014 | from 1/4/2013 | from 1/1/2013 |
| | to 30/6/2014 | to 30/6/2014 | to 30/6/2013 | to 30/6/2013 |
| | LE | LE | LE | LE |
| Agriculture food industries | 272 755 408 | 506 106 565 | 4 752 359 | 9 891 157 |
| Energy sector | 419 148 220 | 754 045 711 | -- | -- |
| Transportation and logistics | 207 642 618 | 349 432 805 | -- | -- |
| Cement sector | 609 207 800 | 1 204 095 524 | -- | -- |
| Metallurgy | 27 230 638 | 65 418 832 | -- | -- |
| Specialist real estate sector | 2 233 632 | 5 061 591 | -- | -- |
| Financial Services sector | 22 455 223 | 43 367 655 | -- | -- |
| Total | <u>1 560 673 539</u> | <u>2 927 528 683</u> | <u>4 752 359</u> | <u>9 891 157</u> |

39. Operating costs

| | For the period | | For the period | |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | from 1/4/2014 to 30/6/2014 | from 1/1/2014 to 30/6/2014 | from 1/4/2013 to 30/6/2013 | from 1/1/2013 to 30/6/2013 |
| | LE | LE | LE | LE |
| Agriculture food industries | 206 379 555 | 392 627 190 | 2 607 921 | 5 749 475 |
| Energy sector | 344 752 211 | 621 575 967 | -- | -- |
| Transportation and logistics | 176 176 633 | 348 404 450 | -- | -- |
| Cement sector | 456 733 675 | 1 000 836 935 | -- | -- |
| Metallurgy | 22 275 212 | 53 358 392 | -- | -- |
| Specialist real estate sector | 5 503 231 | 11 224 185 | -- | -- |
| Total | 1 211 820 517 | 2 428 027 119 | 2 607 921 | 5 749 475 |

40. Administrative and general expenses

| | For the period | | For the period | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | from 1/4/2014 to 30/6/2014 | from 1/1/2014 to 30/6/2014 | from 1/4/2013 to 30/6/2013 | from 1/1/2013 to 30/6/2013 |
| | LE | LE | LE | LE |
| Wages , salaries and similar items | 96 475 155 | 203 291 494 | 15 752 239 | 31 247 413 |
| Bonus | 189 533 | 23 930 183 | -- | -- |
| Consultancy * | 3 112 010 | 46 341 336 | 11 213 475 | 35 874 900 |
| Advertising and public relations | 1 999 765 | 5 340 477 | 982 964 | 3 037 712 |
| Selling and marketing expense | 18 579 815 | 49 070 454 | -- | -- |
| Travel , accommodation and transportations | 3 944 916 | 7 793 333 | 1 751 350 | 3 388 192 |
| Commission | 17 532 783 | 19 089 360 | -- | -- |
| Rent | 4 136 115 | 9 350 653 | -- | -- |
| Depreciation and amortization | 19 537 189 | 41 167 888 | 774 802 | 1 557 512 |
| Others | 90 631 842 | 115 387 549 | 14 989 361 | 26 789 263 |
| Total | 256 139 123 | 520 762 727 | 45 464 191 | 101 894 992 |

* Consultancy expenses include an amount of US.\$ 1 679 030 (equivalent to LE 11 758 079) for the period ended June 30, 2014 against US.\$ 1 626 798 (equivalent to LE 11 024 972 for the period ended June 30, 2013) represents the advisory fees due according to the signed contract with Financial Holding International Co. (one of the group shareholders).

- The Company's extraordinary general assembly meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners Ltd. (the principal shareholder of – 25.61%) which states that Citadel Capital Partners Ltd. provides management duties for fees based on 10% of the net

annual profit available for distribution. This agreement shall remain in effect as long as Citadel Capital Partners owns 15% or more preferred shares.

41. Other (expenses) revenues

| | Note | For the period | | For the period | |
|---|------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | from 1/4/2014 to 30/6/2014 | from 1/1/2014 to 30/6/2014 | from 1/4/2013 to 30/6/2013 | from 1/1/2013 to 30/6/2013 |
| | | LE | LE | LE | LE |
| Gain on sale of fixed assets | | 3 531 977 | 651 189 | -- | -- |
| Loss on sale of biological assets | | (9 510 765) | (9 510 765) | -- | -- |
| Impairment on available -for- sale investments | | -- | -- | (13 989 100) | (13 989 100) |
| (Impairment) reversal of impairment on due from related parties | (20) | (4 628 105) | (18 562 436) | 19 970 283 | (79 778 612) |
| Impairment on trade and other receivables | | (604 306) | (1 189 148) | -- | -- |
| Impairment on debtors and other debit balances | | (419 302) | (323 178) | -- | -- |
| Provisions formed | (34) | (20 544 222) | (36 205 858) | (3 243) | (135 542) |
| Net change in the fair value of investments at fair value through profit and loss | | (217 480) | (580 565) | (590 630) | (812 411) |
| Provisions no longer needed | (34) | 913 409 | 933 081 | 412 928 | 17 255 771 |
| Other expenses | | (57 461 844) | (6 065 093) | -- | -- |
| Inventory write-down | | (525) | (61 093) | -- | -- |
| Gain on Financial guarantees contracts | | 118 055 | 723 246 | -- | -- |
| Impairment on goodwill | (9) | 17 708 | (3 580 590) | -- | -- |
| Total | | <u>(88 805 400)</u> | <u>(73 771 210)</u> | <u>5 800 238</u> | <u>(77 459 894)</u> |

42. Finance costs (net)

| | For the period | | For the period | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | from 1/4/2014 to 30/6/2014 | from 1/1/2014 to 30/6/2014 | from 1/4/2013 to 30/6/2013 | from 1/1/2013 to 30/6/2013 |
| | LE | LE | LE | LE |
| Interest income - note no. (36.2) | 18 933 725 | 39 121 614 | 21 563 874 | 43 244 340 |
| Interest expenses - note no.(27) | (221 257 511) | (428 955 936) | (35 406 737) | (72 174 017) |
| Foreign currency translation differences | <u>(35 808 186)</u> | <u>(22 371 121)</u> | <u>1 082 985</u> | <u>23 981 845</u> |
| Net | <u>(238 131 972)</u> | <u>(412 205 443)</u> | <u>(12 759 878)</u> | <u>(4 947 832)</u> |

43. Earnings per share

| | For the period | | For the period | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | from 1/4/2014 to 30/6/2014 | from 1/1/2014 to 30/6/2014 | from 1/4/2013 to 30/6/2013 | from 1/1/2013 to 30/6/2013 |
| | LE | LE | LE | LE |
| Net loss for the period | <u>(232 735 912)</u> | <u>(587 704 548)</u> | <u>(47 297 564)</u> | <u>(173 717 202)</u> |
| Net loss for equity holders of the parent Company | <u>(178 601 933)</u> | <u>(410 507 463)</u> | <u>(43 971 682)</u> | <u>(168 317 207)</u> |
| Weighted average number of shares | <u>1 471 934 066</u> | <u>1 173 437 845</u> | <u>871 625 000</u> | <u>871 625 000</u> |
| Earnings per share | <u>(0.12)</u> | <u>(0.35)</u> | <u>(0.05)</u> | <u>(0.19)</u> |

44. Finance income recognised in equity

| | For the period | | For the period | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | from 1/4/2014 to 30/6/2014 | from 1/1/2014 to 30/6/2014 | from 1/4/2013 to 30/6/2013 | from 1/1/2013 to 30/6/2013 |
| | LE | LE | LE | LE |
| Foreign currency translation differences of foreign operations | 374 094 478 | 129 634 627 | 37 801 551 | 161 902 153 |
| Net change in the fair value of available-for-sale investment | <u>(122 267)</u> | <u>(449 850)</u> | <u>--</u> | <u>(99 197)</u> |
| Total finance income recognised in equity (after tax) | <u>373 972 211</u> | <u>129 184 777</u> | <u>37 801 551</u> | <u>161 802 956</u> |
| Attributable to: | | | | |
| Equity holders of the Company | 33 162 391 | 65 113 388 | 40 027 018 | 168 846 523 |
| Non - controlling interest | <u>340 809 820</u> | <u>64 071 389</u> | <u>(2 225 467)</u> | <u>(7 043 567)</u> |
| | <u>373 972 211</u> | <u>129 184 777</u> | <u>37 801 551</u> | <u>161 802 956</u> |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

45. Business segments

Segment information is presented in respect of the Group's business segments. The primary format, business segment, is based on the Group's management and internal reporting structure.

Assets and liabilities include items directly attributable to a segment.

The table below depends on sales analysis, cost of sales, assets and liabilities based on the type of business activities and services that are distinguishable component.

| For the period ended June 30, 2014 | | | | | | | | | |
|------------------------------------|---|----------------------|--|------------------------|-----------------------------|--|------------------------------------|--------------------|-----------------|
| | Agriculture food industries (*) LE | Energy (**) LE | Transportation and logistics (***) LE | Cement (****) LE | Metallurgy (*****) LE | Speciality real estate (*****) LE | Financial service (*****) LE | Eliminations LE | Total LE |
| Operating income | 506 106 565 | 754 045 711 | 349 432 805 | 1 204 095 524 | 65 418 832 | 5 061 591 | 43 367 655 | -- | 2 927 528 683 |
| Operating cost | (392 627 190) | (621 575 967) | (348 404 450) | (1 000 836 935) | (53 358 392) | (11 224 185) | -- | -- | (2 428 027 119) |
| Gross profit (loss) | 113 479 375 | 132 469 744 | 1 028 355 | 203 258 589 | 12 060 440 | (6 162 594) | 43 367 655 | -- | 499 501 564 |
| Net (loss) profit | (68 241 224) | 18 508 093 | (147 015 505) | (192 008 593) | (43 071 323) | (32 787 489) | (147 080 096) | 201 188 674 | (410 507 463) |
| Current assets | 752 449 086 | 2 294 365 023 | 1 157 809 108 | 3 925 068 192 | 388 094 601 | 26 830 632 | 6 429 747 178 | (4 878 913 445) | 10 095 450 375 |
| Non-current assets | 1 567 406 155 | 11 392 900 441 | 4 035 891 331 | 3 741 685 671 | 73 413 096 | 568 023 374 | 19 211 974 047 | (18 293 219 941) | 22 298 074 174 |
| Total assets | 2 319 855 241 | 13 687 265 464 | 5 193 700 439 | 7 666 753 863 | 461 507 697 | 594 854 006 | 25 641 721 225 | (23 172 133 386) | 32 393 524 549 |
| Current liabilities | 1 950 591 434 | 1 960 979 567 | 1 150 860 972 | 3 031 920 313 | 395 123 611 | 378 068 300 | 5 423 320 792 | (5 070 626 990) | 9 220 237 999 |
| Non-current liabilities | 204 226 265 | 3 876 169 691 | 1 259 693 034 | 3 077 402 204 | 219 969 145 | 83 615 435 | 1 821 292 331 | (605 528 191) | 9 936 839 914 |
| Owners' equity | 165 037 542 | 7 850 116 206 | 2 783 146 433 | 1 557 431 346 | (153 585 059) | 133 170 271 | 18 397 108 102 | (17 495 978 205) | 13 236 446 636 |
| Total liabilities and equity | 2 319 855 241 | 13 687 265 464 | 5 193 700 439 | 7 666 753 863 | 461 507 697 | 594 854 006 | 25 641 721 225 | (23 172 133 386) | 32 393 524 549 |

- (*) Agriculture food industries
 - Wafra Agriculture S.A.E.
 - Falcon for Agriculture Investments Group

- (**) Energy sector
 - Silverstone Capital Investments Ltd. Group
 - Orient Investment Properties Ltd. Group
 - Ledmore Holdings Ltd.
 - Tawazon for Solid Waste Management (Tawazon).

- (***) Transportation and logistics
 - Africa Railways Holding
 - Africa Railways Limited
 - Citadel Capital Transportation Opportunities Ltd. Group
 - KU Railways Holding Limited
 - Ambience Ventures Ltd.

- (****) Cement sector
 - National Development and Trading Group

- (*****) Metallurgy
 - United Foundries Group

- (*****) Specialist real estate sector
 - Mena Home Furnishings Malls Ltd Group.

- (*****) Financial Services sector
 - Citadel Capital S.A.E.
 - Citadel Capital Ltd.
 - Sequoia Williwow Investments Ltd.
 - Arab Company for Financial investments
 - Lotus Alliance Limited
 - Citadel Capital Holding for Financial Investments–Free Zone
 - Citadel Capital for International Investments Ltd
 - International for Mining Consultation
 - International for refinery Consultation
 - Tanweer for Marketing and Distribution Company (Tanweer)
 - Financial Unlimited for Financial Consulting

- Citadel Company for Investment Promotion
- National Company for Touristic and Property Investment
- United for Petroleum Refining Consultation
- Specialized for Refining Consulting
- Specialized for Real Estate Company
- National Company for Refining Consultation
- Citadel Capital Algeria
- Valencia Trading Holding Ltd.
- Andalusia Trading Investments
- Citadel Capital Financing Corp.
- Brennan Solutions Ltd.
- Mena Enterprises Ltd.
- Alcott Bedford Investments Ltd.
- Eco-Logic Ltd.
- Alder Burke Investments Ltd.
- Black Anchor Holdings Ltd.
- Cobalt Mendoza
- Africa Railways Investments Ltd.
- Darley Dale Investments Ltd.
- Citadel Capital Joint Investment Fund Management Limited
- Mena Joint Investment Fund
- Trimestone Assets Holding Limited – BVI
- Cardinal Vine Investments Ltd.
- Global Service Realty Ltd.
- Crondall Holdings Ltd.
- Tanmeyah Company S.A.E

46. Tax status

Corporate tax

The Company submitted its tax returns on regular basis for the years from 2005 to 2013 according to tax law No. 91/2005. The Company's books have not been inspected yet.

Salaries tax

The Company deducts the salaries tax according to tax law no. 91 / 2005 and the Company's books inspected for the period from launch till the date of 31/12/2009 but the authority did not inform the Company with results yet. And the years from 2010/2013 have not been inspected yet.

Stamp tax

The Company was inspected till July 31, 2006 and paid all the accrued amounts according to the Internal Committee decision and for the period from August 1, 2006 to December 31, 2012 has been inspected and the dispute has transferred to Internal Committee in the Authority And the year 2013 has not been inspected yet.

Withholding tax

The Company applies the withholding tax provisions on its transactions according to tax law No. 91/2005 and no tax inspection for withholding tax has been taken place yet.

- On June 4, 2014 a law with No. 44/2014 has imposed a 5% temporary additional annual tax with rate from the tax base on the income of natural persons or the profits of Corporate Bodies that exceed one million LE from the tax base in accordance with income tax law , and it has been proven and collected in accordance with this provisions . This law will start working from June 5, 2014 for 3 years beginning from the current taxation period.
- On June 30, 2014 a Presidential Decree has issued law No. 53 for the year 2014 , this law has amended some articles of the law on Income Tax promulgated by law No. 91/2005 the most important of these amended rules are :
 - Innovation chapter to impose taxes on dividends.
 - Innovation chapter to impose taxes on capital gains resulted from selling shares and securities.

In accordance with these amendments the Company's management is obliged to study the impact and the mechanisms enforce these amendments starting from the first of July 2014 , this is the date of working by the law, in light of what will be determined by the regulatory body upon issuance of such laws.

47. Group entities

| Company's name | Country of incorporation | Ownership interest | |
|---|----------------------------------|---------------------------|-----------------|
| | | Direct | Indirect |
| | | % | % |
| Citadel Capital Holding for Financial Investments-Free Zone | Arab Republic of Egypt-Free Zone | 99.99 | -- |
| Citadel Capital for International Investments Ltd. | British Virgin Island | 100.00 | -- |
| International for Mining Consultation | Arab Republic of Egypt | 99.99 | -- |
| International for Refinery Consultation | Arab Republic of Egypt | -- | 99.99 |
| Arab Company for Financial Investments | Arab Republic of Egypt | -- | 94.00 |

| Company's name | Country of incorporation | Ownership interest | |
|--|--------------------------|--------------------|----------|
| | | Direct | Indirect |
| | | % | % |
| Company (Tanweer) | Arab Republic of Egypt | -- | 99.88 |
| Financial Unlimited for Financial Consulting | Arab Republic of Egypt | -- | 99.88 |
| Citadel Company for Investment Promotion | Arab Republic of Egypt | -- | 99.90 |
| National Company for Touristic and Property Investment | Arab Republic of Egypt | -- | 99.88 |
| United for Petroleum Refining Consultation | Arab Republic of Egypt | -- | 99.99 |
| Specialized for Refining Consulting | Arab Republic of Egypt | -- | 99.99 |
| Specialized for Real Estate Company | Arab Republic of Egypt | -- | 99.99 |
| National Company for Refining Consultation | Arab Republic of Egypt | -- | 99.99 |
| Citadel Capital Algeria | Republic of Algeria | -- | 99.99 |
| Citadel Capital Ltd. | British Virgin Island | -- | 100.00 |
| Valencia Trading Holding Ltd. | British Virgin Island | -- | 100.00 |
| Andalusia Trading Investments | British Virgin Island | -- | 100.00 |
| Lotus Alliance Limited | British Virgin Island | -- | 85.70 |
| Citadel Capital Financing Corp. | British Virgin Island | -- | 100.00 |
| Ambience Ventures Ltd. | British Virgin Island | -- | 100.00 |
| Africa Railways Limited * | British Virgin Island | -- | 37.25 |
| Sequoia Williwow Investments Ltd. | British Virgin Island | -- | 100.00 |
| Brennan Solutions Ltd. | British Virgin Island | -- | 100.00 |
| Mena Enterprises Ltd. | British Virgin Island | -- | 100.00 |
| Alcott Bedford Investments Ltd. | British Virgin Island | -- | 100.00 |
| Eco-Logic Ltd. | British Virgin Island | -- | 100.00 |
| Alder Burke Investments Ltd. | British Virgin Island | -- | 100.00 |
| Black Anchor Holdings Ltd. | British Virgin Island | -- | 100.00 |
| Cobalt Mendoza | British Virgin Island | -- | 100.00 |
| Africa Railways Investments Ltd. | British Virgin Island | -- | 100.00 |
| Darley Dale Investments Ltd. | British Virgin Island | -- | 100.00 |
| Africa Railways Holding | Republic of Mauritius | -- | 51.02 |
| Citadel Capital Joint Investment Fund Management Limited | Republic of Mauritius | -- | 100.00 |
| Mena Joint Investment Fund | Luxembourg | -- | 100.00 |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2014

| Company's name | Country of incorporation | Ownership interest | |
|--|--------------------------|--------------------|---------------|
| | | Direct % | Indirect % |
| Wafra Agriculture S.A.E | Arab Republic of Egypt | -- | 99.99 |
| Valencia Assets Holding Ltd. | British Virgin Island | -- | 100.00 |
| Sabina for Integrated Solutions | Sudan | -- | 96.00 |
| Concord Agriculture | South Sudan | -- | 96.00 |
| Trimestone Assets Holding Limited – BVI | British Virgin Island | -- | 100.00 |
| Cardinal Vine Investments Ltd. | British Virgin Island | -- | 100.00 |
| Global Services Realty | British Virgin Island | -- | 100.00 |
| Silverstone Capital Investments Ltd. | British Virgin Island | -- | 56.37 |
| Taqa Arabia Company | Arab Republic of Egypt | -- | 80.77 |
| Gas and Energy Company (GENCO Group) - SAE | Arab Republic of Egypt | -- | 99.99 |
| Taqa for Electricity ,Water and Cooling-SAE | Arab Republic of Egypt | -- | 98.74 |
| Taqa for Marketing Petroleum Products-SAE | Arab Republic of Egypt | -- | 99.99 |
| Gas and Energy Group Limited | British Virgin Island | -- | 99.99 |
| Genco for Mechanical and Electricity Work | Qatar | -- | 99.99 |
| Qatar Gas Group Limited * | Qatar | -- | 45.00 |
| Arab Company for Gas Services * | Libya | -- | 49.00 |
| Arabian Libyan Company for Energy | Libya | -- | 65.00 |
| National Development and trading Company | Arab Republic of Egypt | 47.65 | 12.84 |
| Arab Swiss Engineering Co. | Arab Republic of Egypt | -- | 99.97 |
| ASEC for Manufacturing and Industries Project Co. | Arab Republic of Egypt | -- | 99.80 |
| ASEC Cement Co. | Arab Republic of Egypt | -- | 61.05 |
| ASEC Environmental Protection Co. (ASENPRO) | Arab Republic of Egypt | -- | 63.01 |
| ASEC Automation Co. | Arab Republic of Egypt | -- | 53.64 |
| ESACO for Manufacturing Engineering and Construction | Arab Republic of Egypt | -- | 70.00 |
| Grandiose Services Ltd. | British Virgin Island | -- | 100 |
| ASEC Integrated – Sudan | Sudan | -- | 99.90 |
| Al Takamoul for Cement Ltd. Co. | Sudan | -- | 51 |

| Company's name | Country of incorporation | Ownership interest | |
|---|---------------------------|--------------------|----------|
| | | Direct | Indirect |
| | | % | % |
| ASEC Algeria Cement Co. | Algeria | -- | 60.89 |
| ASEC Syria Cement Co. | Syria | -- | 99.99 |
| Zahana Cement Company * | Algeria | -- | 35.00 |
| Dejalfa Offshore | British Virgin Island | -- | 54.53 |
| ASEC Trading Company | Arab Republic of Egypt | -- | 99.88 |
| ASEC Ready Mix | Arab Republic of Egypt | -- | 54.12 |
| ASEC Minya Cement Company * | Arab Republic of Egypt | -- | 45.12 |
| Berber for Electricity – limited | Sudan | -- | 51.00 |
| United Foundries Company | Arab Republic of Egypt | 29.29 | 23.34 |
| Alexandria for Car Foundries | Arab Republic of Egypt | -- | 99.98 |
| Amreya for Metal | Arab Republic of Egypt | -- | 99.96 |
| Ledmore Holdings Ltd. | British Virgin Island | -- | 63.75 |
| National Company for Marine Petroleum Services "PETROMAR" | Arab Republic of Egypt-FZ | -- | 77.87 |
| Mashreq Petroleum Company | Arab Republic of Egypt | -- | 91.00 |
| El Dawlia for Bunkering Services | Arab Republic of Egypt | -- | 70.00 |
| Mena Home Furnishings Malls Ltd. | British Virgin Island | -- | 56.29 |
| Bonian for Trade and Development | Arab Republic of Egypt | -- | 99.99 |
| Bright Living | Arab Republic of Egypt | -- | 56.17 |
| Investment Company for Modern Furniture | Arab Republic of Egypt | -- | 99.88 |
| Citadel Capital Transportation Opportunities Ltd. | British Virgin Island | -- | 60.15 |
| Nile Logistics S.A.E. | Arab Republic of Egypt | -- | 99.99 |
| Citadel Capital Transportation Opportunities II Ltd- Malta | Republic of Mauritius | -- | 68.87 |
| National Company for Multimodal Transport S.A.E. | Arab Republic of Egypt | -- | 99.88 |
| National Company for River Transportation - Nile Cargo S.A.E. | Arab Republic of Egypt | -- | 99.99 |
| National Company for River Ports Management S.A.E. | Arab Republic of Egypt | -- | 99.88 |
| National Company for Maritime Clearance S.A.E. | Arab Republic of Egypt | -- | 99.98 |
| EL -Orouba Company for Land Transportation S.A.E. | Arab Republic of Egypt | -- | 99.98 |

| Company's name | Country of incorporation | Ownership interest | |
|--|--------------------------|--------------------|---------------|
| | | Direct % | Indirect % |
| NMT for Trading S.A.E | Arab Republic of Egypt | -- | 99.99 |
| National Company for Marina Ports Management | Arab Republic of Egypt | -- | 99.90 |
| NRTC Integrated Solutions Co Ltd. | Sudan | -- | 99.00 |
| Nile barges for River transport Co Ltd. | Sudan | -- | 99.00 |
| Regional River Investment Ltd | British Virgin Island | -- | 100.00 |
| Falcon for Agriculture Investments * | British Virgin Island | -- | 42.09 |
| National Company for Investments and Agriculture | Arab Republic of Egypt | -- | 99.99 |
| National Company for Food products | Arab Republic of Egypt | -- | 99.99 |
| Dina Company for Agriculture and Investments | Arab Republic of Egypt | -- | 99.99 |
| Dina for Auto Services | Arab Republic of Egypt | -- | 99.00 |
| Arab Company for Services and Trade | Arab Republic of Egypt | -- | 99.67 |
| National Company for Agriculture Products | Arab Republic of Egypt | -- | 99.88 |
| El-Eguizy International for Economic Development | Arab Republic of Egypt | -- | 99.95 |
| National Company for Integrated Food | Arab Republic of Egypt | -- | 99.99 |
| Misir October Company for Food Products | Arab Republic of Egypt | -- | 99.99 |
| Royal Food Company | Arab Republic of Egypt | -- | 99.99 |
| Up-Date Company for Food Products | Arab Republic of Egypt | -- | 85.00 |
| El Rashidi El Mizan | Arab Republic of Egypt | -- | 99.99 |
| Nile for Food Products "Enjoy" | Arab Republic of Egypt | -- | 99.99 |
| Investments Company for Dairy Products | Arab Republic of Egypt | -- | 99.99 |
| El Rashidi Company for Integrated Solutions | Sudan | -- | 99.99 |
| Tiba Farms for Agriculture Developments | Arab Republic of Egypt | -- | 95.88 |
| Dina for Agriculture Development | Arab Republic of Egypt | -- | 100.00 |
| National Company for Dairy Exchange | Arab Republic of Egypt | -- | 100.00 |
| Mena Development Limited | British Virgin Island | -- | 100.00 |
| Every's Holdings Limited | British Virgin Island | -- | 100.00 |
| Orient Investment Properties Ltd.* | British Virgin Island | -- | 35.93 |
| Arab Refining Company – S.A.E. | Arab Republic of Egypt | -- | 63.32 |
| Egyptian Refining Company – S.A.E.– | Arab Republic of Egypt | -- | 48.25 |

| Company's name | Country of incorporation | Ownership interest | |
|--|--------------------------|--------------------|---------------|
| | | Direct % | Indirect % |
| Free Zone * | | | |
| National Refining Company – S.A.E. | Arab Republic of Egypt | -- | 63.32 |
| KU Railways Holding Limited-KURH | Kenya | -- | 51.00 |
| E A Rail & Handling Logistics Co. Limited | Republic of Mauritius | -- | 100.00 |
| East African Rail And Handling Logistics Limited | Kenya | -- | 100.00 |
| RVR Investments (Pty) Ltd | Republic of Mauritius | -- | 100.00 |
| Crondall Holdings Ltd. | British Virgin Island | -- | 80.00 |
| Capella Management Investments Inc. Company | British Virgin Island | -- | 100.00 |
| Lotus Management Investment Ltd. Company | British Virgin Island | -- | 100.00 |
| Cordoba Investment Services Inc. Company | British Virgin Island | -- | 100.00 |
| Tanmeyah Company S.A.E | Arab Republic of Egypt | -- | 51.00 |
| Tawazon for Solid Waste Management (Tawazon) * | Arab Republic of Egypt | -- | 30.001 |

* The Group has the right to appoint the majority of the board of directors members which enables the Group to control the financial and operational polices. Consequently, these Companies have been consolidated.

48. Employees Stock Option Plan

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

On June 22, 2008 the Capital Market Authority approved the ESOP plan and the Company does not start to apply it yet.

49. Contingent liabilities

The Company guarantees some related parties against loans and facilities obtained by those parties from banks.

50. Financial instruments and management of related risks

The Group's financial instruments are represented in the financial assets and liabilities. Financial assets include cash and cash equivalents, other investments, and trade and

other receivables while financial liabilities include; loans and borrowing and trade and other payables. Note (no.3) include significant accounting policies for the recognition and measurement of the important financial instruments and related revenues and expenses by the Company to minimize the consequences of such risks.

50.1 Credit risk

Credit risk is the risk that one party will fail to discharge his obligation and cause the other party to incur financial loss. The financial assets representing amounts due from customers. Strict credit control is maintained and further appropriate level of impairment loss is made. The credit risk on financial instrument by ensuring that investments are made only after careful credit evaluation for these assets.

50.2 Liquidity risk

Liquidity risk is represented in the factors, which may affect the Company's ability to pay part of or full amount of its liabilities. According to the Company's policy, sufficient cash balances are retained to meet the Company's current liabilities which minimize the liquidity risk.

50.3 Financial instruments' fair value

According to the valuation bases used to evaluate the assets and liabilities of the Company which have been stated in the accompanying notes to the financial position, the financial instruments' fair value does not substantially deviate from their book values at the balance sheet date.

50.4 Market risk

A- Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- As disclosed in note no. (3,2) the Company has used the prevailing exchange rates to revalue monetary assets and liabilities at the financial position date.

B- Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. As the market

dictates, the Company sometimes borrows at variable rates leaving certain exposure to changes in interest rate risk.

C- Price risk

The Company is exposed to market price risk on equity instrument and according to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk.

- Performing the necessary studies before investment decision in order to verify that investment is made in potential securities.
- Diversification of investments in different sectors and industries.
- Performing continuous studies required to follow up the company's investments and their development.

50.5 Market risk

The Company's objectives when managing capital are to safeguard the management's ability to continue as a going concern in order to provide returns to the benefits to the Company's shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, management may adjust the amount of distribution paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

51. Subsequent Events

The company will rebrand itself as "Qalaa Holdings" in the English language starting from July 2014. Qalaa is a direct transliteration of the Arabic word for "Citadel", which has been the firm's Arabic name since it was founded in 2004.

That comes subsequently by the successful completing of a capital increase to LE 8 billion, marking the transformation to an investment company with a focus on business segments of energy, cement, agrifoods, transportation & logistics, and mining.

52. Capital Commitments

The capital commitments as at June 30, 2014 represented in the following:

52.1 Asec Algeria Cement Company (Asec Cement)

| Contractor | Contract amount | Not completed part | Contract currency | Not completed part | |
|---------------------------------|------------------------|---------------------------|--------------------------|---------------------------|--------------------|
| | | | | 30/6/2014 | 31/12/2013 |
| | | | | LE | LE |
| FLSmidth Denmark Company | 57 000 000 | 57 000 000 | Euro | 535 624 211 | 547 023 300 |
| SARL MHDA | 12 500 000 | 34 603 | US dollar | 249 154 | 240 612 |
| ASEC for Mining Company (Ascom) | 763 160 | 30 220 | Euro | 283 975 | 290 018 |
| Energys Company | 23 699 815 | 3 683 591 | US dollar | 26 523 213 | 25 613 580 |
| Energys Company | 9 015 848 | 3 755 669 | US dollar | 27 042 201 | 26 115 044 |
| TCB Company | 2 909 211 | 1 292 646 | LE | 1 323 158 | 1 292 646 |
| CTC Company | 39 500 000 | 14 188 400 | DZD | 1 281 213 | 1 261 349 |
| Cetim Company | 122 850 000 | 89 337 500 | DZD | 8 067 176 | 7 942 104 |
| | | | | <u>600 394 301</u> | <u>609 778 653</u> |

52.2 ASEC Minya Cement Company (formally Arab National Cement Company)

| Contractor | Contract amount | Not completed part | Contract currency | Not completed part | |
|---|------------------------|---------------------------|--------------------------|---------------------------|-------------------|
| | | | | 30/6/2014 | 31/12/2013 |
| | | | | LE | LE |
| Matcom Engineering Construction & Trading Company | 2 040 000 | 309 075 | LE | 309 075 | 309 075 |
| Matcom Engineering Construction & Trading Company | 2 050 150 | 253 016 | LE | 253 016 | 253 016 |
| Veolia Water System | 9 335 000 | 522 731 | LE | 522 731 | 522 731 |
| Elject | 28 401 505 | 21 288 978 | LE | 24 131 928 | 25 558 555 |
| | | | | <u>25 216 750</u> | <u>26 643 377</u> |

52.3 ASEC for Manufacturing and Industries project Co. (ARESCO)

| | Contract amount 30/6/2014 LE | Contract amount 31/12/2013 LE |
|--|---|--|
| Work shop (1) | 675 000 | 675 000 |
| Work shop (7) | 3 285 000 | 3 285 000 |
| Work shop (9) | 370 000 | 370 000 |
| Self-extinguishing system in the factory | 100 350 | 100 350 |
| Legal consultancy fees | 2 400 000 | 2 400 000 |
| Total | <u>6 830 350</u> | <u>6 830 350</u> |

53. **Contingent liabilities**

The contingent liabilities as at June 30, 2014 are represented in the following:

| | 30/6/2014 LE | 31/12/2013 LE |
|--------------------------------|-------------------------|--------------------------|
| 53.1 ASEC Automation Co. (ASA) | | |
| Letters of guarantee | <u>18 453 724</u> | <u>37 336 864</u> |

53.2 ASEC Environmental Protection Co. (ASENPRO)

| | | |
|----------------------|------------------|------------------|
| Letters of guarantee | <u>1 993 089</u> | <u>1 122 570</u> |
|----------------------|------------------|------------------|

53.3 Arab Swiss Engineering Co. (ASEC)

| | 30/6/2014 | | | 31/12/2013 | | |
|----------------------|------------------|---------------|-------------------|-------------------|---------------|-------------------|
| | EURO | US.\$ | LE | EURO | US.\$ | LE |
| Letters of guarantee | <u>36 037</u> | <u>89 875</u> | <u>57 748 117</u> | <u>44 352</u> | <u>89 875</u> | <u>57 748 117</u> |

53.4 ASEC for Manufacturing and Industries project Co. (ARESCO)

| | 30/6/2014 | | | 31/12/2013 | | |
|----------------------|------------------|----------------|-------------------|-------------------|----------------|-------------------|
| | EUR O | US.\$ | LE | EURO | US.\$ | LE |
| Letters of guarantee | <u>7 183 870</u> | <u>926 645</u> | <u>62 471 634</u> | <u>8 002 533</u> | <u>926 645</u> | <u>62 471 634</u> |

53.5 ASEC Cement Co.**53.5.1 ASEC Cement Company - an Egyptian Joint Stock Company**

Contingent liability regarding the corporate tax inspection for years 2006, 2007 and 2008 and the dispute is currently in internal committee of the tax authority.

53.5.2 ASEC Minya cement Company (formally Arab National cement company)

Contingent liabilities as at June 30, 2014 as follows:-

- Euro 9 000 000 that equivalent to LE 88 002 900 that represents letter of guarantee issued by the company from Arab African international bank and in favor of FLSmidth.
- Euro 5 000 that equivalent to LE 48 891 that represents letter of credit issued by the company from Arab African international bank and in favor of Pietro Fiorentini.
- LE 12 000 000 that represents letter of guarantee issued by the company from Arab African international bank and in favor of Mantrac.

53.6 United Foundries Company

| | 30/6/2014 | | | 31/12/2013 | | |
|--|-----------|--------|-------|------------|---------|-------|
| | LE | EURO | US.\$ | LE | EURO | US.\$ |
| Letters of guarantee (outstanding) | 157 582 | 14 400 | -- | 333 264 | 146 100 | -- |
| Letters of guarantee (cover) | -- | -- | -- | 27 329 | 19 900 | -- |
| Letters of credit (outstanding) | 1 092 504 | -- | -- | 3 136 901 | -- | -- |
| Letters of credit (cover) | 54 625 | -- | -- | 35 613 | -- | -- |
| - United Foundries Company guaranteed Amreya Metal Company up to LE 2 million in the favor of Egypt factors Company. | | | | | | |

54. Potential tax liabilities

- On 22 April 2010, the Egyptian Tax Authority issued an executive seizure letter form (23) for the Arab Swiss Engineering Company "ASEC", a subsidiary company, against an outstanding corporate taxes balance of LE 72 491 234 for the years 1978 to 2004. Accordingly Arab Swiss Engineering Company "ASEC" signed an agreement with tax Authority whereby it makes payments with an amount of LE 26 million till December 31, 2013 and

accordingly the due balance till December 31, 2013 amounted to LE 9 million based on form (9 A) seizure of Tax Authority.

- The Egyptian Tax Authority inspected the Arab Swiss Engineering company's books for the year 2005, and the Company was notified by particular forms, which was objected thereon. The final decision was issued by the Internal committee with an amount of LE 350 000 as tax differences.

55. Comparative figures

- Certain reclassification has been made to the comparative figures in order to conform to current period presentation.
- Comparative figures of consolidated statements of income, changes in equity, and cash flows for the comparative period ended June 30, 2013 don't include the results of the consolidated financial results and cash flows for subsidiaries which were acquired during December 2013 in addition to companies have been acquired during the period ended June 30, 2014 note (5,12).