Citadel Capital Company
(Egyptian Joint Stock Company)

Separate interim financial statements
for the period ended September 30, 2016
&
Review report

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KPMG

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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 separate statement of financial position of Citadel Capital Company (Egyptian Joint Stock Company) as at September 30, 2016 and the related separate statements of income, comprehensive income, changes in equity and cash flows for the nine 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 separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate 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 separate interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the financial position of the Company as at September 30, 2016 and of its financial performance and its cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.

Hassan Bes

KPMG Hazem Hassan
Public Accountants and Consultants
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Cairo, December 15, 2016

Citadel Capital Company
(Egyptian Joint Stock Company)
Separate statement of financial position
as at September 30, 2016

(All amounts in EGP)	Note	30/9/2016	31/12/2015
Assets			
Available-for-sale investments	(9)	23 766 164	23 766 164
Investments in subsidiaries and associates	(10)	5 289 042 516	5 304 213 026
Payments for investments	(11)	3 689 443 454	3 664 191 854
Fixed assets (net)	(12)	17 839 620	19 389 452
Projects under construction	(13)	8 680 812	7 070 294
Loans to subsidiaries	(14-2/14-3)	300 782 826	256 046 196
Deferred tax assets	(15)	701 714	468 333
Non - current assets		9 330 257 106	9 275 145 319
Cash and cash equivalents	(3)	185 240 079	223 289 232
Due from related parties (net)	(4)	1 115 372 048	1 151 277 953
Loans to subsidiaries	(14-1)	645 766 413	512 544 672
Other debit balances	(5)	20 205 214	12 412 703
Current assets		1 966 583 754	1 899 524 560
Total assets		11 296 840 860	11 174 669 879
Equity			
Share capital	(16)	9 100 000 000	9 100 000 000
Reserves	(29-10)	89 578 478	89 578 478
Retained loss		(839 221 936)	(757 237 151)
Net equity		8 350 356 542	8 432 341 327
Shareholders' credit balance	(17)	-	1 464 311
Total equity		8 350 356 542	8 433 805 638
Liabilities			
Loans and borrowings	(18)	615 972 254	541 666 693
Non -current liabilities		615 972 254	541 666 693
Due to related parties	(6)	197 897 645	373 035 930
Loans and borrowings	(18)	1 525 632 470	1 410 403 839
Due to Tax Authority		142 467 203	77 460 457
Other credit balances	(7)	236 254 570	107 106 646
Expected claims provision	(8)	228 260 176	231 190 676
Current liabilities		2 330 512 064	2 199 197 548
Total liabilities		2 946 484 318	2 740 864 241
Total equity and liabilities		11 296 840 860	11 174 669 879

The accompanying notes from page 6 to 40 are an integral part of these separate interim financial statements and are to be read therewith.

Review report "attached"

Chairman	Managing Director	Chief Financial Officer
Ahmed Heikal	Hisham Hussein El Khazindar	Moataz Farouk

Ahmed Heikal

Citadel Capital Company
(Egyptian Joint Stock Company)
Separate income statement
for the period ended September 30, 2016

(All amounts in EGP)	Note	For the period from 1/7/2016 to 30/9/2016	For the period from 1/1/2016 to 30/9/2016	For the period from 1/7/2015 to 30/9/2015	For the period from 1/1/2015 to 30/9/2015
Advisory fee	(20-1)	18 351 543	53 092 695	22 533 526	66 226 442
Administrative and general expenses	(21)	(46 910 513)	(182 389 444)	(52 188 093)	(139 342 516)
Loss from sale of investments		-	-	-	(5 254 099)
Fixed assets depreciation	(12)	(515 268)	(1 549 832)	(523 868)	(1 558 033)
Reversal of impairment loss	(4)	-	4 982 035	-	-
Other income		11 000	1 747 378	-	-
Net operating loss		(29 063 238)	(124 117 168)	(30 178 435)	(79 928 206)
Finance (cost) income	(19)	(6 043 415)	41 899 002	(1 999 165)	13 686 999
Loss before tax		(35 106 653)	(82 218 166)	(32 177 600)	(66 241 207)
Deferred tax	(15)	197 011	233 381	(96 401)	(277 573)
Loss for the period		(34 909 642)	(81 984 785)	(32 274 001)	(66 518 780)
Earnings per share	(24)	(0.02)	(0.05)	(0.02)	(0.04)

The accompanying notes from page 6 to 40 are an integral part of these separate interim financial statements and are to be read therewith.

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate statement of comprehensive income

for the period ended September 30, 2016

(All amounts in EGP)	For the period		For the period	
	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016	from 1/7/2015 to 30/9/2015	from 1/1/2015 to 30/9/2015
Loss for the period	(34 909 642)	(81 984 785)	(32 274 001)	(66 518 780)
Total comprehensive income for the period	**(34 909 642)**	**(81 984 785)**	**(32 274 001)**	**(66 518 780)**

The accompanying notes from page 6 to 40 are an integral part of these separate interim financial statements and are to be read therewith.

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate statement of changes in equity

for the period ended September 30, 2016

(All amounts in EGP)	Note	Share capital	Legal reserve	Retained losses	Shareholders' credit balances	Total
Balance as at January 1, 2016 (as previously issued)		9 100 000 000	89 578 478	(807 717 020)	1 464 311	8 383 325 769
Adjustments	(28)	-	-	50 479 869	-	50 479 869
Balance as at January 1, 2016 (adjusted)		9 100 000 000	89 578 478	(757 237 151)	1 464 311	8 433 805 638
Comprehensive income						
Losses for the period ended September 30, 2016		-	-	(81 984 785)	-	(81 984 785)
Total comprehensive income		-	-	(81 984 785)	-	(81 984 785)
Transactions with owners of the Company						
Reclassification of shareholders' credit balances		-	-	-	(1 464 311)	(1 464 311)
Total transactions with owners of the Company		-	-	-	(1 464 311)	(1 464 311)
Balance as at September 30, 2016		**9 100 000 000**	**89 578 478**	**(839 221 936)**	**-**	**8 350 356 542**
Balance as at January 1, 2015		8 000 000 000	89 578 478	(508 417 678)	836 842 865	8 418 003 665
Comprehensive income						
Profit for the period ended September 30, 2015		-	-	(66 518 780)	-	(66 518 780)
Total comprehensive income		-	-	(66 518 780)	-	(66 518 780)
Transactions with owners of the Company						
Shareholders' credit balances		-	-	-	4 621 446	4 621 446
Share capital increase		1 100 000 000	-	-	(840 000 000)	260 000 000
Total transactions with owners of the Company		1 100 000 000	-	-	(835 378 554)	264 621 446
Balance as at September 30, 2015		**9 100 000 000**	**89 578 478**	**(574 936 458)**	**1 464 311**	**8 616 106 331**

The accompanying notes from page 6 to 40 are an integral part of these separate interim financial statements and are to be read therewith.

Citadel Capital Company
(Egyptian Joint Stock Company)
Separate statement of cash flows
for the period ended September 30, 2016

(All amounts in EGP)	Note	For the period ended	
		30/9/2016	**30/9/2015**
Cash flows from operating activities			
Loss before tax		(82 218 166)	(66 241 207)
Adjustments for:			
Depreciation		1 549 832	1 558 033
Unrealized foreign currency differences		(61 676 667)	(41 568 391)
Interest income		(59 018 372)	(15 921 375)
Reversal of impairment		(4 982 035)	-
Loss from sale of financial investments		-	5 254 099
Provisions used		(2 930 500)	(400 000)
Operating loss before changes in current assets and current liabilities		**(209 275 908)**	**(117 318 841)**
Changes in:			
Due from related parties		56 058 450	(294 579 090)
Other debit balances		(7 792 511)	(8 597 611)
Due to related parties		(175 138 285)	(128 915 691)
Tax Authority		65 006 746	14 900 110
Other credit balances		127 683 613	65 093 628
Net cash used in operating activities		**(143 457 895)**	**(469 417 495)**
Cash flows from investing activities			
Payments for investments		(25 251 600)	(21 000 000)
Payments for projects under construction		(1 610 518)	(4 371 036)
Payments for fixed assets		-	(333 400)
Proceeds from loans to subsidiaries		-	67 893 541
Proceeds from redemption of investments in associates		-	13 367 388
Net cash (used in) provided from investing activities		**(26 862 118)**	**55 556 493**
Cash flows from financing activities			
Proceeds from issue of share capital		-	260 000 000
Payments for loans and borrowings		(78 249 889)	(32 422 499)
Repayments for shareholders' credit balances		-	(23 630 169)
Net cash used in financing activities		**(78 249 889)**	**203 947 332**
Net decrease in cash and cash equivalents		(248 569 902)	(209 913 670)
Cash and cash equivalents as at 1 January	(3)	433 809 981	418 411 908
Cash and cash equivalents as at 30 September	(3)	**185 240 079**	**208 498 238**

Non-cash transactions, Note (3).

The accompanying notes from page 6 to 40 are an integral part of these separate interim financial statements and are to be read therewith.

1. Company background

1.1 Legal status and activity

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.

1.2 Purposes of the company

- The Company's basic activity 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.
- On October 20, 2013 the extra-ordinary general assembly has agreed on amending the statute of the Company in accordance with the Capital Market Law and its executive regulations on the basis that the Company is involved in establishing other companies and participating in the capital increases of other companies pursuant to the provision of article No. (27) of the Capital Market Law and article No.(122) of its executive regulations, provided that required legal procedures for amending the statute of the company will take place after completing the required legal procedures for the aforementioned capital increase.

- The company will be known as "Qalaa Holdings" in the English language. Qalaa has been the firm's Arabic name since it was founded in 2004. Subsequently to the successful completion of the capital increase, the company has transformed its business model from being a private equity company to an investment company with a focus on business segments of energy, cement, agrifoods, transportation & logistics, and mining. The required procedures to amend the Company's commercial register are taking place.

1.3 Registered headquarters

The Company performs its activities from its branch located on 1089 Nile Corniche, Four Season Nile Plaza – Garden City, Cairo.

2. Basis of preparation

2.1 Statement of compliance

These separate interim financial statements have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian law and regulations. They were authorized to issue by the company's board of directors on December 15, 2016.

Details of the company's accounting policies are included in Note 29.

2.2 Functional and presentation currency

These separate interim financial statements presented in Egyptian pounds (EGP), which is the Company's functional currency. All financial information presented in Egyptian pounds.

2.3 Use of estimates and judgments

The preparation of separate interim 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 based on historical experience and various other factors that 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 reviewed on an ongoing basis. Revisions to accounting estimates recognized in the period in which the estimate revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements described in the following notes:

- Note (8) – provisions.
- Note (10) – measurement of the recoverable amount of investments in subsidiaries and associates.
- Note (15) – recognition of deferred tax.

2.4 Consolidated financial statements

The Company has subsidiaries and according to the Egyptian Accounting Standard No. 42 "Consolidated Financial Statements" and the article No. (188) of the executive regulation of law no. (159) of 1981, the Company is required to prepare consolidated financial statements which present fairly the balance sheet, the result of operations and cash flows for the group as a whole.

2.5 Fair value measurement

- The fair value of financial instruments are determined based on the market value of the financial instrument or similar financial instruments at the date of the financial statements without deducting any estimated future selling costs.
- The value of financial assets are determined by the values of the current purchase prices for those assets, while the value of financial liabilities is determined by the current prices that can be settled by those liabilities.
- In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the prices of the transactions occurred recently, and guided by the current fair value of other similar tools substantially -

(In the notes all amounts are shown in EGP unless otherwise stated)

discounted cash flow method - or any other evaluation method to get resulting values that can rely on.

- When using the discounted cash flow method as a way to evaluate, the future cash flows are estimated based on the best estimates of management. And the discount rate used is determined in the light of the prevailing market price at the date of the financial statements that are similar in nature and conditions.

3. Cash and cash equivalents

	30/9/2016	31/12/2015
Cash on hand	183 637	1 759 695
Banks – current accounts	185 056 442	221 529 537
Cash and cash equivalents as previously presented in the statement of financial position	185 240 079	223 289 232
Effect of exchange rate changes	--	210 520 749
Cash and cash equivalents adjusted as per cash flows statement	185 240 079	433 809 981

Non-cash transaction:

For the purpose of preparing cash flows statement, the following transactions have been eliminated:

- An amount of EGP 15 170 510 has been eliminated from the change in due from related parties and investments in subsidiaries (represent in the transferred from investments in subsidiaries – ASEC Cement Company to due from related parties).
- An amount of EGP 1 464 311 has been eliminated from the change in other credit balances and shareholders' credit balances (represents the amount transferred from shareholders' credit balances to other credit balances).

(In the notes all amounts are shown in EGP unless otherwise stated)

4. Due from related parties

	Nature of transaction		30/9/2016	31/12/2015
	Advisory fee	Finance		
Mena Home Furnishings Mall	36 981 523	--	36 981 523	27 376 332
Falcon Agriculture Investments Ltd.	104 702 979	--	104 702 979	77 253 224
Golden Crescent Investments Ltd.*	33 841 268	--	33 841 268	29 758 950
Citadel Capital Transportation Opportunities Ltd.	9 778 474	--	9 778 474	7 182 154
Logria Holding Ltd. *	48 819 602	--	48 819 602	42 930 428
Mena Glass Ltd.	30 477 320	--	30 477 320	26 800 799
Silverstone Capital Investment Ltd.	6 410 082	--	6 410 082	--
Sabina for Integrated Solutions *	--	9 757 000	9 757 000	8 580 000
Citadel Capital Financing Corp. *	58 229 031	--	58 229 031	51 204 785
Valencia Trading Holding Ltd. *	--	--	--	4 982 035
Citadel Capital Transportation Opportunities II Ltd.	36 533 800	--	36 533 800	25 701 355
Citadel Capital Holding for Financial Investments-Free Zone	--	401 036 075	401 036 075	807 976 001
ASEC Company for Mining (ASCOM)	--	44 095 828	44 095 828	13 238 573
United Foundries Company	--	67 377 761	67 377 761	70 992 279
Citadel Capital for International Investments Ltd.	--	259 299 150	259 299 150	23 796 644
Ledmore Holdings Ltd.	--	--	--	7 337 402
Africa Railways Limited	8 006 631	--	8 006 631	9 387 666
Mena Joint Investment Fund GP	17 236 640	--	17 236 640	13 652 441
Citadel Capital Joint Investment Fund Management Ltd.	3 823 583	--	3 823 583	3 362 338
Africa JIF HOLD CO I	3 357 275	--	3 357 275	2 539 235
Africa JIF HOLD CO III	7 152 399	--	7 152 399	5 118 524
Mena JIF HOLD CO I	5 013 009	--	5 013 009	3 995 230
Crondall Holdings Ltd.	15 672 075	--	15 672 075	13 781 534
Ascom Emirates for Mining (UAE)	--	--	--	11 689 377
International Company for Mining Consultation	--	146 000	146 000	136 000
ESACO Manufacturing, Engineering & Contracting	--	10 000 000	10 000 000	10 000 000
ASEC Cement Company	5 676 248	42 595 196	48 271 444	(10 039 155)
Total			1 266 018 949	1 288 734 151
Accumulated impairment *			(150 646 901)	(137 456 198)
Net			1 115 372 048	1 151 277 953

(In the notes all amounts are shown in EGP unless otherwise stated)

* Accumulated impairment on due from related parties represented in:

	Balance as at 1/1/2016	Reversal of impairment loss **	Foreign currency translation differences	Balance as at 30/9/2016
Logria Holding Ltd.	42 930 428	--	5 889 174	48 819 602
Citadel Capital Financing Corp.	51 204 785	--	7 024 246	58 229 031
Golden Crescent Investments Ltd.	29 758 950	--	4 082 318	33 841 268
Valencia Trading Holding Ltd. **	4 982 035	(4 982 035)	--	--
Sabina for Integrated Solutions	8 580 000	--	1 177 000	9 757 000
Balance	137 456 198	(4 982 035)	18 172 738	150 646 901

** Reversal of impairment loss in the income statement represents the offsetting of the balance due from Valencia Trading Holding Ltd. as a result of selling its subsidiary (Tanmeyah Micro Enterprise Services S.A.E).

5. Other debit balances

	30/9/2016	31/12/2015
Deposits with others	181 500	181 500
Receivables-sale of investment	--	2 208 792
Imprests	9 677 941	6 645 305
Letters of guarantee's margin	887 000	780 000
Taxes deducted by others	868 058	868 058
Prepaid expenses	190 670	--
Sundry debit balances	8 400 045	1 729 048
Balance	20 205 214	12 412 703

6. Due to related parties

	30/9/2016	31/12/2015
National Development and Trading Company	196 397 645	311 204 569
ASEC for Manufacturing and Industrial Projects (ARESCO)	1 500 000	1 500 100
Citadel Capital Partners Ltd.*	--	60 331 261
Balance	197 897 645	373 035 930

* The ultimate parent of the Company – 24.36%.

(In the notes all amounts are shown in EGP unless otherwise stated)

7. Other credit balances

	30/9/2016	31/12/2015
Accrued expenses	91 858 739	77 438 220
Accrued interest	77 449 933	4 837 279
Suppliers	62 032 059	21 676 973
Prior years dividends payable	2 893 919	2 893 919
National Authority for Social Insurance	555 609	260 255
Shareholders' credit balances (Note 17)	1 464 311	--
Balance	236 254 570	107 106 646

8. Expected claims provision

	30/9/2016	31/12/2015
Balance at the beginning of the period / year	231 190 676	191 090 676
Provisions formed during the period / year	--	40 500 000
Provisions used during the period / year	(2 930 500)	(400 000)
Balance	228 260 176	231 190 676

- This provision represents contingent claims from some of the parties regarding the Company's activities. The usual information related to provisions according to the Accounting Standards has not been disclosed because management believes that disclosing could seriously affect the outcome of negotiations with these parties, and the management periodically reviews this provision and adjusts the provision amount according to the latest discussions with these parties.

9. Available-for-sale investments

	30/9/2016	31/12/2015
Arab Swiss Engineering Company – ASEC	17 479	17 479
Modern Company for Isolating Materials	43 396	43 396
EFG Capital Partners Fund II	7 734 489	7 734 489
EFG Capital Partners Fund III	15 970 800	15 970 800
Balance	23 766 164	23 766 164

- The available-for-sale investments are represented in unlisted securities in the Stock Exchange.

(In the notes all amounts are shown in EGP unless otherwise stated)

10. Investments in subsidiaries

	Percentage %	30/9/2016	Percentage %	31/12/2015
Citadel Capital Holding for Financial Investments-Free Zone	99.99	1 345 352 547	99.99	1 345 352 547
Citadel Capital for International Investments Ltd.	100	2 826 096 099	100	2 826 096 099
National Development and Trading Company *	47.65	668 170 587	47.65	668 170 587
United Foundries Company *	29.29	103 699 040	29.29	103 699 040
International Company for Mining Consultation	99.99	62 500	99.99	62 500
ASEC Cement Company *	1.8	42 611 872	1.8	57 782 382
ASEC Company for Mining (ASCOM)	54.74	303 049 871	54.74	303 049 871
Balance		5 289 042 516		5 304 213 026

* The Company has the power to govern the operational and financial policies of these companies as it holds direct and indirect equity shares which enable the group to consider these companies as subsidiaries to the group.

- Investments in subsidiaries are represented in unlisted equity securities in the Stock Exchange except ASEC Company for Mining (ASCOM) with market value of EGP 126 580 200 as at September 30, 2016 versus EGP 151 021 500 as at December 31, 2015.

11. Payments for investments

	30/9/2016	31/12/2015
Citadel Capital Holding for Financial Investments-Free Zone	2 604 784 586	2 604 784 586
Citadel Capital for International Investments Ltd.	982 920 068	982 920 068
Others*	101 738 800	76 487 200
Balance	3 689 443 454	3 664 191 854

* Represents payments for investments in strategic and specialized sectors such as Energy, Mining and Cement and Nutrition.

(In the notes all amounts are shown in EGP unless otherwise stated)

12. Fixed assets (net)

	For the period ended September 30, 2016				
	Building & constructions*	Computers	Furniture, fixture and equipment	Vehicles	Total
Cost as at 1/1/2016	33 742 368	8 791 813	23 036 843	539 800	66 110 824
Total cost as at 30/9/2016	33 742 368	8 791 813	23 036 843	539 800	66 110 824
Accumulated depreciation as at 1/1/2016	15 184 065	8 156 337	22 841 170	539 800	46 721 372
Depreciation for the period	1 265 340	238 420	46 072	--	1 549 832
Accumulated depreciation as at 30/9/2016	16 449 405	8 394 757	22 887 242	539 800	48 271 204
Carrying amounts at 30/9/2016	17 292 963	397 056	149 601	--	17 839 620
Carrying amounts at 31/12/2015	18 558 303	635 476	195 673	--	19 389 452

	For the period ended September 30, 2015				
	Building & constructions *	Computers	Furniture, fixture and equipment	Vehicles	Total
Cost as at 1/1/2015	33 742 368	8 526 713	22 929 843	539 800	65 738 724
Additions	--	226 400	--	--	226 400
Total cost as at 30/9/2015	33 742 368	8 753 113	23 036 843	539 800	66 072 124
Accumulated depreciation as at 1/1/2015	13 496 944	7 878 551	22 733 950	539 800	44 649 245
Depreciation during the period	1 265 339	200 830	91 864	--	1 558 033
Accumulated depreciation as at 30/9/2015	14 762 283	8 079 381	22 825 814	539 800	46 207 278
Carrying amounts at 30/9/2015	18 980 085	673 732	211 029	--	19 864 846

* Building and constructions represent the cost of the head quarter of the company.

13. Projects under construction

Projects under construction are represented in computer software:

	30/9/2016	31/12/2015
Cost at the beginning of the period / year	7 070 294	681 959
Additions	2 602 006	6 388 335
Disposals	(991 488)	--
Balance	8 680 812	7 070 294

(In the notes all amounts are shown in EGP unless otherwise stated)

14. Loans to subsidiaries

Loans to subsidiaries are represented in loans granted to subsidiaries as follows:

	Note	30/9/2016	31/12/2015
Current			
National Development and Trading Company	14.1	645 766 413	512 544 672
Non – current			
United Foundries Company	14.2	223 547 499	188 127 870
ASEC Company for Mining (ASCOM)	14.3	77 235 327	67 918 326
		300 782 826	256 046 196
Balance		946 549 239	768 590 868

14.1 - The Company has granted two subordinating loans to National Development and Trading Company dated December 28, 2009 and September 21, 2010 with amounts of US.$ 40 968 630 and US.$ 8 064 887 respectively. The loans contracts period is five years, the principle of the two loans have to be paid with interest at the end of loans' period, with 11.5% annual cumulative interest, according to loans contracts the Company has the right to convert the value of loans in addition to its interest due into capital increase in National Development and Trading Company with par value at the end of loans period.

The guarantees are represented in lien on part of National Development and Trading Company shares in the following subsidiaries companies:

ASEC Cement Company	41 050 000 shares
Arab Swiss Engineering Company (ASEC)	899 900 shares

- During 2014, the company has signed two waiver contracts to Al Olayan Saudi investment Ltd by a portion from the two loans with a total amount of US.$ 23 million represented in US.$ 14 813 172 (principle amount) and US.$ 8 186 828 (accrued interest amount).

- The balance of the two loans after the Assignment Agreement became:
US.$ 72 803 428 (equivalent to EGP 645 766 413) as at September 30, 2016 versus US.$ 65 710 855 (equivalent to EGP 512 544 672) at December 31, 2015 including accrued interest during the period amounted to US.$ 5 625 116 (equivalent to EGP 49 894 748) as at September 30, 2016 versus US.$ 1 048 609 (equivalent to EGP 8 197 150 as at December 31, 2015).

14.2 - The Company granted a subordinating convertible loan to United Foundries Company on June 2, 2010 with an amount of US.$ 11 563 187 for three years, the principle of the loan has to be paid with interest at the end of the loan period, with 11.5% annual cumulative interest , according to the loan contract the Company has the right to convert the value of the loan in addition to its interest due into capital increase in the capital of United Foundries Company with par value at the end of loan period.

The guarantees are represented in a first degree lien of United Foundries Company shares in Ameryah Metal Company a subsidiary of 99.72%.

- On January 9, 2012 the board of directors of United Foundries Company decided to convert the convertible loan contract to a subordinating loan that will be settled on 10 years with annual interest rate of 6% against commission with an amount of US.$ 1 421 320 (equivalent to EGP 8 641 626) at the transaction date. The subordinating loan for United Foundries Company is US.$ 25 202 649 (equivalent to EGP 223 547 499) as at September 30, 2016 versus US.$ 24 118 958 (equivalent to EGP 188 127 870) as at December 31, 2015 including accrued interest during the period amounted to US.$ 1 083 691 (equivalent to EGP 9 123 586) as at september 30, 2016 versus US.$ 1 365 223 (equivalent to EGP 10 648 740 as at December 31, 2015).

14.3 The Company granted a loan to ASEC company for mining (ASCOM) – one of its subsidiaries – on September 7, 2014 with an amount of US.$ 17 700 000. The loan contract period is seven years with annual interest rate of 6% and default rate of 8%. The principle of the loan has to be re-paid at the end of the loan agreement period. The principle of the loan should be used solely to support ASCOM and its related subsidiaries. The borrower should pay to Citadel Capital S.A.E (The lender) a fee up to 3% of the aggregate amount of the loan to cover the fees, costs and expenses incurred in connection with the loan. During the period, the borrower has re-paid an amount of US.$ 8.9 million from the due loan amount. The balance of the loan became with an amount of US.$ 8 707 478 (equivalent to EGP 77 235 327) as at September 30, 2016, accrued interest during the period amounted to US.$ 392 193 (equivalent to EGP 3 343 295) has been recorded on the current account - (Note 4).

(In the notes all amounts are shown in EGP unless otherwise stated)

15. Deferred tax assets

	30/9/2016	31/12/2015
Fixed assets – depreciation	701 714	468 333

The Company has carried-forward tax losses from previous years with an amount of EGP 214 541 148 at September 30, 2016 and the related deferred tax assets amounted EGP 48 271 758 were not recognized due to the lack of reasonable assurance of future of benefit from these assets.

16. Share capital

- The Company's authorized capital is EGP 6 Billion and the issued and paid-in capital is EGP 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 EGP 5 per share.

- The Company's extra-ordinary general assembly meeting held on October 20, 2013 approved the increase of the authorized capital from EGP 6 billion to EGP 9 billion and the increase of the issued capital from EGP 4 358 125 000 to EGP 8 billion, with an increase of EGP 3 641 875 000 by issuing 728 375 000 new shares at par value of EGP 5 per share, distributed over 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 (Note 17) against the subscription price of the shares. The commercial register has been updated with the increase on April 16, 2014.

- The Company's extra-ordinary general assembly meeting held on March 25, 2015 approved the increase of the authorized capital from EGP 9 billion to EGP 10 billion and the increase of the issued capital from EGP 8 billion to EGP 9.7 billion, with an increase of EGP 1.7 billion in cash allowing the use of credit balances payable to existing shareholders by issuing 340 million new shares at par value of EGP 5 per share, consisting of 85 million preferred shares and 255 million ordinary shares, without issuance costs.

(In the notes all amounts are shown in EGP unless otherwise stated)

- The capital increase subscription started on June 2, 2015 and closed on the end of the working day September 9, 2015. The subscription had been covered by 64.71% represented in 220 million share of which 1 738 649 preferred share with an amount of EGP 8 693 245 and 218 261 351 ordinary share with an amount of EGP 1 091 306 755, with a total amount of EGP 1.1 billion and thus the company's issued share capital after increase amounted EGP 9.1 billion, represents 1 820 000 000 shares comprising of 1 418 261 351 ordinary share and 401 738 649 preferred share at par value of EGP 5 per share. The commercial register has been updated with the increase on September 29, 2015.
- 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. Those preferred shares are owned by Citadel Capital Partners Ltd. the principle shareholder of the Company.

The shareholders' structure is representing in the following:

Shareholder's name	Percentage %	No. of Shares	Value in EGP
Citadel Capital Partners Ltd.	24.36	443 295 671	2 216 478 355
Emirates International Investments Company	7.62	138 767 960	693 839 800
Others	68.02	1 237 936 369	6 189 681 845
	100	1 820 000 000	9 100 000 000

17. Shareholders' credit balance

Shareholders' credit balances represent the amounts payable to the shareholders resulting from purchasing extra ownership share percentages in some of its investee companies from those shareholders through its subsidiary, Citadel Capital for International Investments Ltd. (subsidiary 100%).

Shareholders' credit balances as at September 30, 2016 are represented in the following:

	30/9/2016	31/12/2015
Shareholders' credit balances to be settled in cash		
Khaled Abd EL Hamed Ali Abou Bakr	--	1 296 432
Others	--	167 879
Total shareholders' credit balances	--	1 464 311

- During the period, the balance has been reclassified to other credit balances item (Note 7).

18. Loans and borrowings

On February 1, 2012 the Company has signed a long-term loan with an amount of US.$ 325 million with Citi Bank Group - syndication manager – along with other group of banks (represented in Arab African International Bank S.A.E, Arab International Bank, Banque du caire, Misr Bank S.A.E, and Piraeus Bank) and guaranteed by Overseas Private Investment Corporation (OPIC) for the purpose of expanding the Company's investments and refinancing the outstanding debts as at December 31, 2011 (which represented in the loan granted to the Company on May 15, 2008 with an amount of US.$ 200 million for a period of five years from a group of banks represented in Arab African International Bank, Suez Canal Bank, Misr bank , Piraeus Bank, Morgan Stanely Bank and Citi Bank London "syndication manager"); loan is to be paid on three installments during the contract period begins from the third year to the end of contract on May 15, 2013. The loan balance is an amount of US.$ 171 957 803 (equivalent to EGP 1 032 984 912) as at December 31, 2011 until the date of the new contract)

The new loan amount is divided into three classes:-

- First tranche: Irrevocable amount of US.$ 175 million bearing variable interest rate (4.25 %+Libor rate) for 5 years begins from the date of the contract and payable on five equal annual installments.
- Second tranche: Irrevocable amount of US.$ 125 million bearing fixed interest rate (3.9 %+Libor rate on the date of withdrawal) for 10 years begins from the date of the contract and payable on nine equal annual installments with one-year grace period.
- Third tranche: Irrevocable amount of US.$ 25 million bearing fixed interest rate (3.9 %+Libor rate on the date of withdrawal) and the Company has the right to use it within three years begins from the date of the contract and payable on nine equal annual installments begins from the date of withdrawal with one year grace period.

According to the loan contract, the loan installments would be paid on December 20 each year.

The Company has used an amount of US.$ 300 million from funding granted to it till December 31, 2013. The Company has paid an amount of US.$ 58 927 092 and has been charged with US.$ 370 686 as extra expenses so the balance of the loan will be US.$ 241 443 599 as at September 30, 2016 (equivalent to EGP 2 141 604 724).

- The current installments are amounted to US.$ 171 999 151 (equivalent to EGP 1 525 632 470 as at September 30, 2016) versus US.$ 180 821 005 (equivalent to EGP 1 410 403 839 as at December 31, 2015). Current installments are as following:-

(In the notes all amounts are shown in EGP unless otherwise stated)

	First tranche		Second tranche		Total
	Maturity date	US.$	Maturity date	US.$	US.$
First installment	December 20, 2012	35 000 000	December 20, 2012	Grace period one year	35 000 000
Second installment	December 20, 2013	35 000 000	December 20, 2013	13 888 888	48 888 888
Third installment	December 20, 2014	35 000 000	December 20, 2014	13 888 888	48 888 888
Fourth installment	December 20, 2015	35 000 000	December 20, 2015	13 888 888	48 888 888
Fifth installment	December 20, 2016	35 000 000	December 20, 2016	13 888 888	48 888 888
Add: bank charges					370 686
Total					230 926 238
Payment from the installments					(58 927 092)
Balance					171 999 146

- The non-current installments are amounted to US.$ 69 444 448 (equivalent to EGP 615 972 254 as at September 30, 2016) versus US.$ 69 444 448 (equivalent to EGP 541 666 693 as at December 31, 2015).
- The interest on loan charged to the income statement during the period is EGP 113 149 803 (Note 19).
- The Company is currently in final negotiations with its senior lenders to reschedule its senior secured debt facility.

The loan guarantees are as follows:

- First degree lien contract on the equity shares owned by the Company in National Development and Trading Company.
- First degree lien contract on the equity shares owned by the Company in International Company for Mining Consulting.
- First degree lien contract on the shares owned by the Company in United Foundries Company.
- First degree lien contract on the shares of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone).
- First degree lien contract on the shares owned by the Company in ASEC Cement Company.
- First degree lien contract on the shares owned by the Company in ASEC Company for Mining (ASCOM).

- First degree lien contract on the investments of Citadel Capital Ltd. (subsidiary) on the following companies:
  - Orient Investments Properties Ltd.
  - Logria Holding Ltd.
  - Golden Crescent Investments Ltd.
  - Falcon Agriculture Investments Ltd.
  - Silverstone Capital Investment Ltd.
  - Mena Glass Ltd.
  - Mena Home Furnishings Mall.
  - Valencia Trading Holding Ltd.
  - Andalusia Trading Investments Ltd.
  - Citadel Capital Transportation Opportunities Ltd.
  - Lotus Alliance Limited.
  - Citadel Capital Financing Corp.
  - Grandview Investment Holding
  - Africa Railways Holding
  - National Company for Marine Petroleum Services (Petromar)
  - Taqa Arabia S.A.E.
  - Egyptian Company for Solid Waste Recycling (ECARU)
  - Engineering Tasks Group (ENTAG)
  - Mashreq Petroleum
  - Ledmore Holdings Ltd.
  - Everys Holdings Limited
  - Eco-Logic Ltd.
  - Sequoia Willow Investments Ltd.
  - Underscore International Holdings Ltd.
  - Brennan Solutions
  - Citadel Capital Transportation Opportunities II Ltd.
  - Citadel Capital for Promotion Company

(In the notes all amounts are shown in EGP unless otherwise stated)

19. Finance (costs) income - net

	For the period		For the period	
	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016	from 1/7/2015 to 30/9/2015	from 1/1/2015 to 30/9/2015
Interest income - Note (20.2)	31 948 353	93 372 138	22 883 968	70 366 820
Interest expense - Note (18)	(36 390 453)	(113 149 803)	(32 616 424)	(98 248 212)
Foreign currency differences	(1 601 315)	61 676 667	7 733 291	41 568 391
Net	(6 043 415)	41 899 002	(1 999 165)	13 686 999

20. Related party transactions

20.1 Advisory fee

Advisory fee presented in the separate income statement represents the advisory services rendered to the related parties according to signed contracts as follows:

	For the period		For the period	
	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016	from 1/7/2015 to 30/9/2015	from 1/1/2015 to 30/9/2015
Company's name				
Mena Glass Ltd.	--	--	2 280 488	6 722 051
Mena Home Furnishings Mall	1 949 919	5 621 129	1 721 292	5 073 745
Citadel Capital Transportation Opportunities Ltd.	537 025	1 548 110	474 059	1 397 354
Falcon Agriculture Investments Ltd.	5 617 398	16 193 558	4 958 762	14 616 632
ASEC Cement Company	1 668 849	5 028 027	4 933 972	14 386 848
Silverstone Capital Investment Ltd.	2 136 694	6 159 557	1 886 168	5 559 744
Citadel Capital Transportation Opportunities II Ltd.	2 435 586	7 021 188	2 150 016	6 337 467
Africa Railways Limited	2 668 879	7 693 710	2 355 954	6 944 496
Mena Joint Investment Fund GP	574 616	1 644 718	507 244	1 479 062
Africa JIF HOLD CO I	157 717	451 422	139 225	405 953
Africa JIF HOLD CO III	447 143	1 279 854	394 718	1 150 948
Mena JIF HOLD CO I	157 717	451 422	139 226	405 954
Ledmore Holdings Ltd.	--	--	592 402	1 746 188
Total	18 351 543	53 092 695	22 533 526	66 226 442

- The Company did not recognize advisory fee related to Golden Crescent and Logria holding LTD. according to the signed contracts due to non fulfilling the conditions of recognition and collection. The unrecognized advisory fee at

(In the notes all amounts are shown in EGP unless otherwise stated)

September 30, 2016 amounted to US.$1 567 264 (equivalent to EGP 13 407 943) and US.$ 290 203 (equivalent to EGP 2 482 686) versus (EGP 12 224 659) and (EGP 2 263 583) at December 31, 2015 respectively.

20.2 Interest income

Interest income presented in finance income – (Note 19) included an amount of EGP 92 539 950 which represent the accrued interest income according to the signed contracts with some related parties as follows:

	For the period		For the period	
	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016	from 1/7/2015 to 30/9/2015	from 1/1/2015 to 30/9/2015
Company's name				
National Development and Trading Company - Note (14.1)	17 112 089	49 894 784	2 644 618	8 064 867
United Foundries Company - Note (20.2.1)	4 377 934	12 465 544	3 795 818	11 183 386
Citadel Capital Holding for Financial Investments-Free Zone	9 244 399	26 836 327	14 276 266	41 241 317
Citadel Capital for International Investments Ltd.	--	--	633 643	4 145 926
ASEC Company for Mining (ASCOM)	1 168 052	3 343 295	1 031 101	4 977 003
Total	31 902 474	92 539 950	22 381 446	69 612 499

20.2.1 Interest income related to United Foundries Company is represented as follows:

	For the period		For the period	
	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016	from 1/7/2015 to 30/9/2015	from 1/1/2015 to 30/9/2015
Subordinating loan interest – Note (14.2)	3 226 564	9 123 587	2 694 391	7 856 508
Current account interest	1 151 370	3 341 957	1 101 427	3 326 878
Total	4 377 934	12 465 544	3 795 818	11 183 386

(In the notes all amounts are shown in EGP unless otherwise stated)

21. Administrative and general expenses

	For the period		For the period	
	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016	from 1/7/2015 to 30/9/2015	from 1/1/2015 to 30/9/2015
Wages, salaries and similar items	34 095 587	102 834 372	34 489 019	83 664 480
Consultancy fee	3 136 328	38 232 230	3 989 885	14 688 843
Advertising and public relations	655 905	8 460 364	4 200 833	9 629 760
Travel , accommodation and transportations	1 532 844	7 062 535	1 732 669	6 368 723
Donations	3 399 333	9 930 766	3 566 020	7 686 020
Other expenses	4 090 516	15 869 177	4 209 667	17 304 690
Total	46 910 513	182 389 444	52 188 093	139 342 516

22. Management fee

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 – 24.36%) which states that Citadel Capital Partners Ltd. provides management duties for fee 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.

23. Tax status

Corporate tax

The Company submitted its tax returns on regular basis for the years from 2005 to 2015 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. The years from 2010/2015 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, 2014 has been inspected and the dispute has transferred to Internal Committee in the Authority and 2015 has not been inspected yet.

(In the notes all amounts are shown in EGP unless otherwise stated)

Withholding tax

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

24. Earnings per share

	For the period		For the period	
	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016	from 1/7/2015 to 30/9/2015	from 1/1/2015 to 30/9/2015
Net loss for the period (EGP)	(34 909 642)	(81 984 785)	(32 274 001)	(66 518 780)
The weighted average number of shares including the preferred shares with same distribution rights as ordinary shares	1 820 000 000	1 820 000 000	1 602 391 304	1 600 805 861
Basic earnings per share	(0.02)	(0.05)	(0.02)	(0.04)

25. 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 year 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 did not start to apply it.

26. Commitment and liabilities

The company guarantees some of the related companies against the loans and facilities these companies have taken from banks.

27. Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances and debtors while financial liabilities include creditors. (Note 29) of notes to the separate interim financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses. The following are the significant risks related to those financial instruments and the policies and procedures followed by the company to reduce the effect of these risks:

(In the notes all amounts are shown in EGP unless otherwise stated)

27.1 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 related parties & other investments. 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.

27.2 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.

27.3 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. Assets and liabilities that have foreign currency position at the financial position date equivalent to EGP 309 324 325 and EGP 270 321 383 respectively and net foreign currencies balances at the financial position date are as follows:

Foreign currencies	Surplus (deficit)
US.$	63 501 507
Euro	(24 126 634)
GBP	(371 930)

- As disclosed in (Note 29.1), the Company has used the prevailing exchange rates to revaluate 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.

(In the notes all amounts are shown in EGP unless otherwise stated)

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.

27.4 Capital risk management

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.

Management monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as current portion of long term loans, trade payable and due to related parties plus long term loans as shown on the statement of financial position less cash and cash equivalents.

The gearing ratios at September 30, 2016 and December 31, 2015 were as follows:

	30/9/2016	31/12/2015
Liabilities		
Due to related parties	197 897 645	373 035 930
Current portion of long term loans	1 525 632 470	1 410 403 839
Due to Tax Authority	142 467 203	77 460 457
Other credit balances	236 254 570	107 106 646
Expected claims provision	228 260 176	231 190 676
Long term loans	615 972 254	541 666 693
Total	**2 946 484 318**	**2 680 532 980**
Less: Cash and cash equivalents	**(185 240 079)**	**(223 289 232)**
Net debt	**2 761 244 239**	**2 457 243 748**
Total equity	**8 350 356 542**	**8 433 805 638**
Gearing ratio	**33%**	**29%**

(In the notes all amounts are shown in EGP unless otherwise stated)

28. Comparative figures

Certain comparative figures have been reclassified to conform with the current period presentation

	Balance as at 31/12/2015 (as previously reported)	Reclassification	Balance as at 31/12/2015 (as reclassified)
Due from related parties	1 161 317 108	(10 039 155)	1 151 277 953
Due to related parties	383 075 085	(10 039 155)	373 035 930
Retained loss *	807 717 020	(50 479 869)	757 237 151
Loans to subsidiaries *	462 064 803	50 479 869	512 544 672

* The company has stopped recognizing the accrued interest on loans granted to its subsidiary (National Company for Development and Trade) due to the expiry of the two loans on December 28, 2014 and September 21, 2015 (Note 14-1).

On December 31, 2015 the company claimed the accrued interest for the period from the loans maturity date till December 31, 2015, accordingly, National Company for Development and Trade has adjusted its books with the accrued interest for this period and recognized an amount of US.$ 5 691 079 (equivalent to EGP 50 479 869).

29. Significant accounting policies applied

The following accounting policies have been consistently applied by the Company to all periods presented in these separate financial statements.

29.1 Foreign currency transactions

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

29.2 Fixed assets depreciation

29-2-1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

29-2-2 Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

29-2-3 Depreciation

- Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Assets depreciation	Estimated useful life
Buildings & Constructions	20 years
Computers	2-3 years
Furniture, Fixtures, Electric Equipment	4 years
Vehicles	4 years

- Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

29.3 Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bring 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.

29.4 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 recorded in the separate income statements.

29.5 Investments

29.5.1 Investments at fair value through income statement

An investment classified as at fair value through income statement if it held for trading or designated as such upon initial recognition. Financial investments designated at fair value through income statement if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs recognized in income statement when incurred. Financial instruments at fair value through income statement measured at fair value, and changes therein recognized in income statement.

29.5.2 Available-for-sale investments

Available-for-sale investments are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses (Note 29.6) 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 balance sheet 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.

29.5.3 Investments in subsidiaries

Investments in subsidiaries stated at cost less impairment (Note 29.6). At each balance sheet date, management assesses the investments' recoverable amount and in case that the recoverable amount is less than the carrying amount then an impairment loss is recognized in the income statement.

29.6 Impairment of assets

29.6.1 Financial assets

- 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 amortized cost 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 calculated by reference to its current fair value.

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

  All impairment losses recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity transferred to income statement.
- An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal recognized directly in equity.

29.6.2 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell.

Impairment losses recognized in prior periods 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, if no impairment loss had been recognized.

29.7 Cash and cash equivalents

Cash and cash equivalent includes the balances, which maturity not exceeding three months from the date of acquisition. At the balance sheet date the balances are represented in cash on hand and banks-current accounts. The separate statement of cash flow has been prepared by the indirect method.

29.8 Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction cost. Subsequent to initial recognition, Interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

29.9 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it's 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 balance sheet date and amended (when necessary) to represent the best current estimate.

29.10 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 stopped 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.

29.11 Issued capital

29.11.1 Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS 24.

29.11.2 Preference shares

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

29.11.3 Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable cost, is recognized as a change in equity.
Repurchased shares are classified as treasury stock and presented as a deduction from total equity.

29.11.4 Dividends

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

29.12 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.

29.13 Financial instruments

The Company uses derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financial and investment activities. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in income statement when incurred and at the balance sheet date, the changes in fair value include as follows:-

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, 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.

29.14 Lending

Loans are stated at cost less any impairment losses in its value and the Company revaluates the loans at each balance sheet 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.

29.15 Revenues

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.

29.15.1 Gains (losses) on sale of investments

Gains (losses) resulted from sale of financial investments & investments property are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses.

29.15.2 Dividend income

Dividend income is recognized in the income statement at the date that the Company has rights to receive dividends from investments and occurred after the acquisition date.

29.15.3 Management fee

Management fee is calculated based on agreed percentage in accordance with contract term with a managed companies using accrual basis of accounting.

29.15.4 Advisory fee

Advisory fee is calculated based on agreed percentage in accordance with contract term with a managed companies using accrual basis of accounting.

29.15.5 Interest income

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

29.16 Expenses

29.16.1 Interest expense

Interest expense on interest - bearing borrowing is recognized in the income statement during the period the company was charged these expenses using the effective interest rate method.

29.16.2 Employees pension

The Company contributes to the government social insurance system 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 only. Contributions are charged to income statement using the accrual basis of accounting.

29.16.3 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 substantively enacted at the financial position 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.

29.17 Earnings per share

The Company presents basic 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.

29.18 Profit sharing to employees

The Company pays 10% of its cash dividends as profit sharing to its employees provided that it will not exceed total employees annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Company's shareholders.

30. Initial application of new Egyptian Accounting Standards "EAS"

New versions and amendments on the Egyptian Accounting Standards has been activated as at 1/1/2016:

During 2015, A modified version of the Egyptian Accounting Standards "EAS" was issued, these standards involves some of the new accounting standards and adjustments to be applied for the financial periods that starts after the first of January, 2016 knowing that the early application of these standards is not allowed This and will review in the following table the most important amendments on the Egyptian Accounting Standards that may have a significant impact on the company's separate interim financial statements of the company :

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
EAS (1) Presentation of Financial Statements	*Statement Of Financial Position* • The standard does not require to present the working capital presentation. The reference financial statements that was included in 2006 standards was excluded; which presented the working capital presentation. • A column shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity.	• All the presented financial statements have been re-presenting, disclosures and their accompanying notes including the comparative figures to be in conformity with the amendments to the standard.

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
EAS (1) Presentation of Financial Statements	*Income Statement / Statement of Comprehensive Income* The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (*Income Statement*) and the other one starts with the profit or loss and presents the other comprehensive income items *(Statement of Comprehensive Income)*.	• Added a new statement, '*Statement of Comprehensive Income*', for the current and comparative period was added
EAS (10) Property, Plant and Equipment *(PPE)*	• The financial shall disclose amount movement of the PPE and its depreciations in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period.	The comparative figures related to the PPE in the notes accompanying the financial statements have been represented to be in conformity with the required amendments on the standard.
	• The option of using the revaluation model in the subsequent measurement of PPE has been canceled	The amendment on the standard has no impact on the figures presented in the financial statements
Egyptian Standard No. (45) Fair Value Measurement	The new Egyptian Accounting Standard No. (45) "*Fair Value Measurement*" was issued and shall be applied when another standard requires or allows measurement or disclosure to be made at fair value. This standard aims the following: (a) Defining the fair value. (b) Laying down a framework to measure the fair value in one standard. (c) Identifying the disclosure required for the fair value measurements.	Proactive application of the standard was carried out on the preparation of the financial statements starting from 2016 including the disclosures required by the standard.

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
EAS (40) Financial instruments: Disclosures	A new Egyptian Accounting Standard No. (40) "Financial instruments: Disclosures" was issued including all the disclosures required for the financial instruments. Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the standard became "Financial Instruments: Presentation" instead of "Financial Instruments: Presentation" and Disclosures".	Retroactive amendment to all the comparative figures of the presented disclosures were carried out.

31. Significant events

On 3 November 2016, Central Bank of Egypt floated the Egyptian pound and allowed banks to deal in foreign currencies with flexible rates.

In addition, Central Bank of Egypt raised interest rate for deposits in EGP by approximately 3% to face the rise in prices a currency devaluation may bring.

Accordingly the value of monetary assets and liabilities in subsequent periods may differ substantially from its recorded amounts in the financial statements for the period ended 30 September 2016. In addition it may affect the statement of profit and loss as a result of re-measuring all recorded transactions denominated in foreign currency at the date of the financial position and in subsequent periods.