

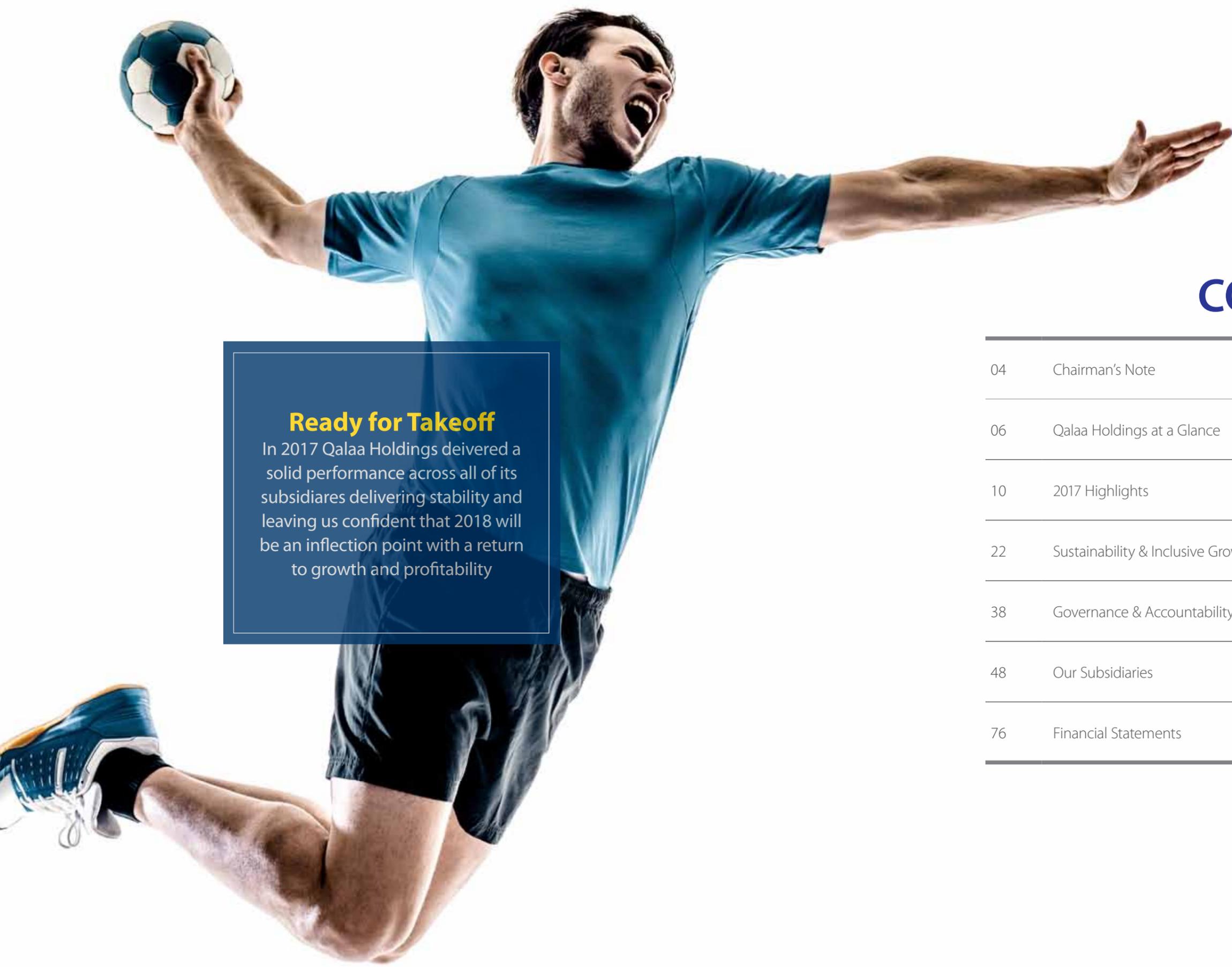


AFRICAN LEADER IN
ENERGY & INFRASTRUCTURE

ANNUAL REPORT



Ready for
TAKEOFF



Ready for Takeoff

In 2017 Qalaa Holdings delivered a solid performance across all of its subsidiaries delivering stability and leaving us confident that 2018 will be an inflection point with a return to growth and profitability

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A Note From Our Chairman & Founder

Ready for Takeoff

Fellow Shareholders,

Almost two years have passed us since the kick-off of the Egyptian Government's bold economic reform program. Every day, developments underscore that our investment thesis is exactly on point: The economic necessity of phasing out energy subsidies and floating the currency are two themes that have underpinned almost every one of our investments since we founded the company more than 14 years ago. Our logic back then is clearly illustrated today in the form of increasingly streamlined state finances, rising foreign currency reserves, increased gas production, improved export prospects, rising demand for locally produced traditional and alternative energy, growing interest from foreign direct investors especially in the oil and gas sector, and a private sector that is rapidly realigning. That is not to say we have completely cleared the storm; Egypt still has a long way to go with immediate concerns including controlling its budget deficit and debt levels particularly foreign currency-denominated exposure. Nevertheless, we are on the right track. Better late than never.

Stronger Footings

From energy to transportation and manufacturing, our subsidiaries are on strong footings that now see them capitalizing on market dynamics, leveraging their unique positions to turn favorable policies into avenues for growth and value creation. From conventional energy to alternative fuels, transportation to mining, our platform companies are delivering accelerated growth thanks to efficiency plays, import substitution and export competitiveness.

Our energy businesses capture value across both traditional and emerging aspects of the midstream and downstream segments. TAQA Arabia is a play on the upside of energy liberalization, delivering strong growth at its oil marketing, gas distribution and generation divisions. Tawazon is growing thanks to demand for alternative fuels and waste-to-energy solutions. Our greenfield USD 4.3 billion Egyptian Refining Company is on its way to starting full-scale commercial production in 2019; when it does, Qalaa will be providing a domestic substitute for 40% of Egypt's diesel imports with 2.3 million tons of

locally produced Euro V Standard Diesel — saving state coffers hundreds of millions of dollars in the process. It is difficult to under-state the transformative impact of this mega project on the economy and on our company.

Energy liberalization has also placed a premium on efficiency plays such as Nile Logistics, bringing to light advantages of river transport over conventional, diesel-fuelled trucking. And our exporters, including ASCOM Carbonates and Chemicals Manufacturing (ACCM) as well as insulation maker GlassRock, are leveraging a fairly-priced Egyptian pound to deliver quality at competitive pricing in regional markets.

The Next Leap Forward

Good stewardship of economic, fiscal and monetary policy combined with the natural competitive advantages of Egypt leave the nation well-positioned for its next significant leap forward. At the same time, we are at an inflection point for global emerging markets — one marked by comparatively high oil prices, rising US interest rates and a strengthening US dollar. To maintain growth in the medium-to-long term, Egypt will need to stay the course on reforms, to rely more on the private sector, to compete hard for foreign direct investment, and to make a serious investment in education.

Domestic businesses and foreign investors alike are banking today on a steadfast commitment to deeper legislative reforms and substantial investment in infrastructure and greenfields. While the government has already begun tapping public and private capital for infrastructure projects, there are only a handful of investors who can have a transformative impact — that can, if you will, help serve as locomotives for a significant portion of the economy.

That's why the next leap forward will be driven by investors with experience building businesses from the ground-up; investors who know how to raise funds from global financial institutions; and investors who can quantify and mitigate the risks associated with mega-scale projects and investments.



From energy to transportation and manufacturing, **our subsidiaries are on strong footings** that now see them capitalizing on market dynamics.

All of these traits are characteristics of Qalaa. We have a proven track record of building more than 50 businesses that have all grown to play an integral role in their industries. Over the years, global financial institutions as well as local and foreign investors have placed their confidence in us. And at the height of political and economic uncertainty since 2011, we pressed ahead with our investment thesis and are re-emerging today as a leaner and more streamlined investment holding company ready to play its part in ushering in a new growth phase.

Full Speed Ahead

At our energy plays, we have earmarked over EGP 1.5 billion for new investments over the coming year, a figure that is expected to increase in the following year to EGP 2.5 billion, and EGP 8 billion by 2020. A portion of these investments will go to TAQA Arabia's venture into solar power at the Benban Solar Park in Aswan. This USD 75 million facility will capitalize on the new feed-in tariff regime and connect some 50 MW to the national grid, with construction already underway and operations set to come on stream in 1Q2019. Meanwhile, TAQA's marketing business is looking to double its number of filling stations from 51 today to 100 by 2020.

We are also actively exploring options to increase Qalaa's ownership in the Egyptian Refining Company given this strategic asset's huge economic and value-generating potential. ERC's feasibility studies have been revised upward given rising fuel prices locally, alongside new global shipping regulations to limit sulphur emissions that will see pent-up demand for high-quality oil derivatives. Upon completion and commercial start, we will look — alongside our partners — to unlock increased efficiency from ERC and boost

production capacity by 15%. Our long-term plans could see us extract further value from ERC's products with new investments in refining and petrochemicals production.

At the other end of the energy spectrum, Tawazon is working to double its production capacity for refused-derived fuels (RDF), with machinery already procured and commissioning expected by early 2019. We are also looking to expand production capacities at ASCOM's calcium carbonate operation, where the majority of output is exported, and we expect new capacities to come online by mid-2019.

In the past two years, we have been implementing a new growth strategy for Nile Logistics that will see it extract value beyond its competitive advantage of being a lower-priced and more efficient alternative for the transport of goods. Management has worked to build a comprehensive suite of transport and logistics services, including the recently inaugurated inland container depot that has been delivering exceptional results, as well as our planned grain storage facility which is expected to commence operations in early 2019 and drive significant top- and bottom-line growth.

As our portfolio companies gain stronger footings in their respective markets, these growth strategies are set to continue driving this forward momentum and cement Qalaa's position as an African leader in energy and infrastructure.

Ahmed Heikal

Chairman & Founder

▲
Africa's Leading
**Energy & Infrastructure
Investment company**

Since 2004, Qalaa Holdings has rooted its success in building world-class businesses that cater to the needs of over 1.3 billion consumers. As an African leader in energy and infrastructure, our investments value innovation and sustainability and aim to improve the lives of people across our footprint. Today, Qalaa Holdings has investments in the fields of energy, cement, logistics, agrifoods,

and mining, working tirelessly through the efforts of over 15,000 employees at subsidiary and investment companies to deliver energy to both consumers and businesses; provide reliable transport solutions; grow and manufacture safe food; add value to natural resources and help build vital national infrastructure.

9.3 EGP
BN

Revenues

769 EGP
MN

EBITDA

73.0 EGP
BN

Total Assets

10.3 EGP
BN

Total Equity

▲
Our Sectors
Sectors

 <p>ENERGY</p>   	 <p>CEMENT & CONSTRUCTION</p> 	 <p>TRANSPORTATION & LOGISTICS</p>  
 <p>AGRIFOOD</p>  	 <p>MINING</p>  	 <p>PRINTING & PACKAGING*</p>   <p>*Previously Grandview</p>

We Build Businesses 50+ Companies in 14 Years

Qalaa Holdings was founded in 2004 to capitalize on the positive fundamentals and growth potential of the region. Despite the highly challenging global and regional environment that ensued, the company has managed to build businesses from scratch and to transform local companies into regional champions

Founded



Owned & Developed



Our world-class expertise creates growth opportunities of a type and scale that is attractive to global investors.



▲
2017
Highlights

HIGHLIGHTS

Qalaa subsidiaries are capitalizing on
new macroeconomic themes &
gearing-up for a new growth phase



Our Financial Performance

Gearing up for Growth

Qalaa's performance in 2017 reflects the ongoing transformation across its portfolio companies, with subsidiaries capitalizing on new macroeconomic themes and gearing-up for a new growth phase

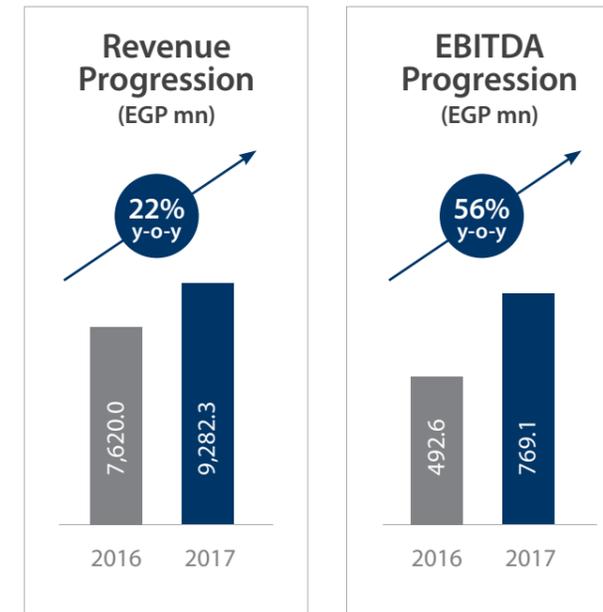


Qalaa's energy sector was the largest contributor to revenues in 2017 at 49% and was also the primary driver for revenue growth during the year at c.83% in absolute terms. The energy sector's performance came on the back of strong top-line gains by TAQA Arabia and Tawazon during the year. Both companies were successful in leveraging favorable policies to their benefit, with TAQA Arabia capturing the upside of energy subsidy reform and growing its marketing, distribution, and generation businesses, while Tawazon was quick to satisfy rising demand for alternative fuels.

Qalaa's mining sector also witnessed impressive revenue growth due to ASCOM's increased competitiveness in the wake of the Egyptian pound's float in November 2016 and the strong export positions of its subsidiaries ACCM and GlassRock. As a result, mining sector revenues grew by 28% y-o-y to EGP 954.2 million in 2017, representing a c.15% contribution to absolute revenue growth.



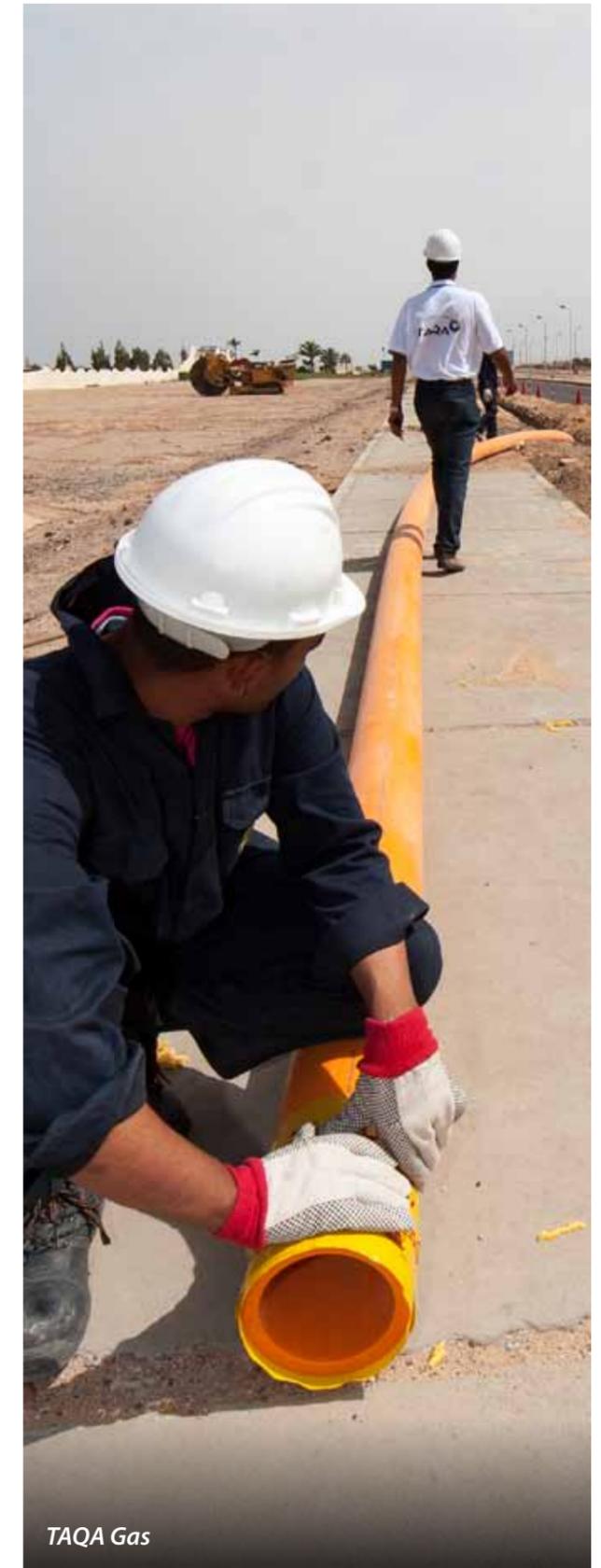
ASEC Holdings, Qalaa's cement platform and its second-largest contributor to revenue after its energy sector (2017 contribution: 29%), grew by a steady 4% y-o-y to post revenues of EGP 2.7 billion in 2017, representing a c.8% contribution to absolute revenue growth during the year. Revenue growth for ASEC Holdings was primarily driven by a strong performance of ASEC Engineering and ASEC Cement's Sudan-based subsidiary, Al Takamol Cement, on the back of both volume and price growth.



Qalaa Holdings delivered a solid operational performance in 2017, with revenues recording a 22% y-o-y increase to EGP 9.3 billion for the year as energy, mining, cement, and transportation platforms continued to capitalize on the prevailing economic trends and turn new market dynamics into growth opportunities.

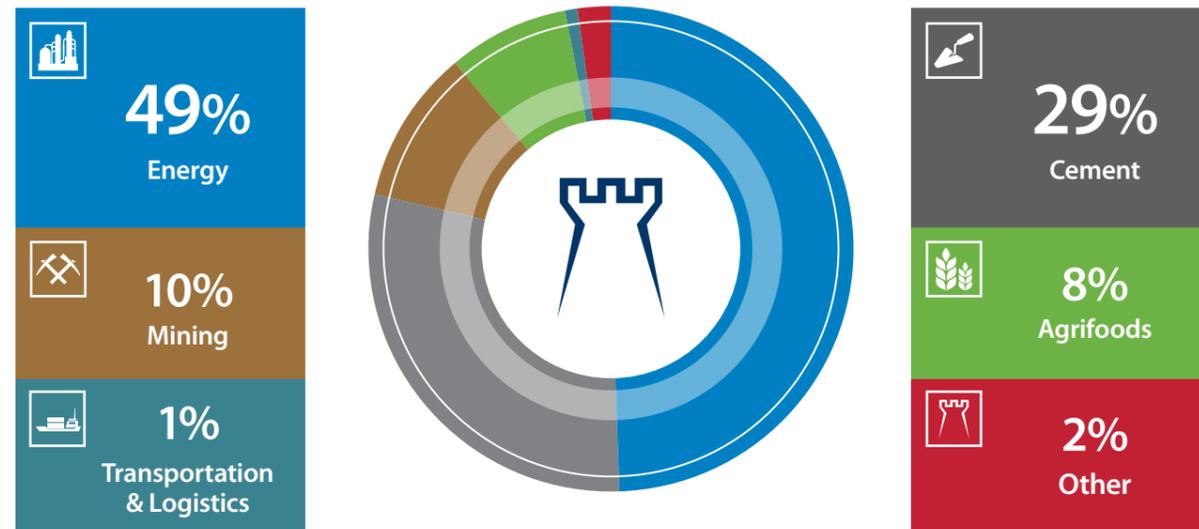
Qalaa's top-line performance was reflected at the EBITDA level which recorded a substantial 56% y-o-y increase to EGP 769.1 million in 2017. EBITDA growth was primarily driven by 1) mining platform ASCOM as the company recorded margin expansion owing to foreign currency proceeds against an EGP-denominated cost base; 2) Al-Takamol Cement's strong operational efficiency and uninterrupted energy supply following the plant's connection to the national electricity grid; and 3) agrifoods platform Dina Farms' increased self-sufficiency and ability to offset rising feedstock prices.

Bank interest expense was booked at EGP 995.5 in 2017, up 49% y-o-y on the back of the Egyptian pound's float. A consequent c.50% devaluation in the pound led to a sharp rise in interest expense for Qalaa's USD-denominated debt booked primarily at the holding level.



TAQA Gas

Consolidated 2017 Revenues by Segment



Qalaa recorded a net gain from sale of investments of EGP 15.3 million in 2017 where losses on sale of investments during the third and fourth quarter of the year of EGP 389.1 million were offset by a gain in sale of investments in the second quarter of EGP 404.4 million related to the sale of ASEC Djelfa.

During 2017, Qalaa took a necessary decision to fully impair Africa Railways' assets in Kenya following the 31 July 2017 ruling by the High Court of Kenya to terminate the company's concession to operate the Kenyan Railway. The ruling entailed the transfer of Africa Railways' assets to the regulatory authority, thus booking an asset impairment of EGP 3.2 billion on Qalaa's financial statements as per the conservative Egyptian accounting standards. While the impairment took a heavy toll on profitability for the year, it effectively capped future losses from a discontinued operation that had been facing increased operational difficulties and is otherwise a drain on resources and capital that could now be deployed to other, more promising growth avenues. It is also worth noting that Qalaa anticipates a future corresponding gain on its income statement once it cedes control of Africa Railways and deconsolidates EGP 5.6 billion in related liabilities.

Other major impairments during the year included an EGP 359.5 million impairment of receivables from the sale of AAC and AMC (subsidiaries of United Foundries); and an EGP 489.0 million impairment associated with the sale of MENA Homes subsidiary, Bonyan (Designopolis Mall), for which an SPA was signed in April 2018 and concluded in

June 2018. Together with the Africa Railways impairment these charges bring Qalaa's total impairments in 2017 to EGP 4.3 billion, up almost three-fold versus the EGP 1.5 billion booked in 2016. Management expects this to be the last round of significant impairments.

Meanwhile, Qalaa recorded provisions of EGP 272.5 million in 2017 of which EGP 115.0 million were related to Zahana Cement in Algeria. Qalaa also booked losses from discontinued operations of EGP 434.1 million during the year, down 51% versus the EGP 883.6 million recorded in 2016. Said losses were primarily related to Africa Railways (EGP 224.0 million), Mena Homes (Designopolis – EGP 68.4 million) and Dina Farms' retail supermarket chain (EGP 59.7 million). It is worth noting that Qalaa has exited all three companies, with losses from discontinued operation falling substantially to only EGP 25.6 million as of the first quarter of 2018.

These one-off charges – including impairments, provisions and losses from discontinued operations – totalled c. EGP 5.0 billion and weighed heavily on Qalaa's bottom-line during the year having recorded a net loss after minority interest of EGP 4.7 billion in 2017.

Qalaa's consolidated debt excluding the Egyptian Refining Company (ERC) reached EGP 9.8 billion as at 31 December 2017 compared to EGP 9.7 billion at 31 December 2016. ERC's total debt as at 31 December 2017 closed at EGP 34.2 billion, up from EGP 30.4 billion at 31 December 2016.



A Positive Outlook for 2018

Thanks to a courageous economic reform program, Egyptian businesses are today benefitting from newly found competitiveness, with Qalaa's platforms being no exception and are now ideally positioned to deliver returns and capitalize on new market dynamics.

Management is particularly optimistic about growth prospects for its energy subsidiaries, which have already started leveraging new economic policies to their benefit. Future growth avenues for TAQA Arabia include a new venture into solar power at the Benban Solar Park that is earmarked to come on-stream in 1H2019, with construction already underway and financing secured. Meanwhile, Tawazon is working to double its RDF production capacity with machinery already procured and commissioning expected by early 2019. At Qalaa's greenfield Egyptian Refining Company, trial runs are already underway following the successful fire-up of ERC's boilers and its connection to the power and gas grids in early 2018. Commercial operation is set to commence by 2019 and Qalaa is looking to increase its ownership in this mega project that will further solidify its position as a leading energy and infrastructure company.

Parallel to growth prospects at Qalaa's energy plays, the company is also extracting value from ASCOM's strengthening position in export markets and expanding margins thanks to an EGP cost base. To that end, Qalaa is looking to expand production capacities by 60-70% at ASCOM's calcium carbonate operation, where the majority of output is exported, and expects new capacities to come online by early 2020.

Meanwhile, rising energy costs and anticipated rounds of subsidy removal on diesel fuel will increasingly favour Nile Logistics and bring to light the advantages of river transport over conventional trucking. River transport presents a lower-priced and more efficient alternative for the transport of goods, and Nile Logistics is ideally positioned to capture the upside. Management is also actively building a comprehensive logistics services suite, including a new grain storage facility expected to commence operations in early 2019 and drive significant top- and bottom-line growth for Nile Logistics.

Management notes that these favourable developments along with ERC's start of production which is earmarked for 2019, have characterized 2017 an inflection point for Qalaa, with 2018 and beyond poised to witness further improvement in Qalaa's financial results and leading to a positive bottom-line by 2019.



TAQA Arabia's new 50 MW solar project is in the works in Egypt's Benban solar Park in Aswan, part of a large national complex of 13 solar power plants in Upper Egypt.



Qalaa will make new investments in Egypt's solid waste management sector through Tawazon and its subsidiaries ECARU and ENTAG.



Nile Logistics' Nubaria Nile port has turned into an integrated logistics hub with storage facilities and bonded warehouses



Exits Since 2014

Divestment Program Nears Completion

Parallel to pushing forward growth strategies across our subsidiaries, we also continue to deliver on our portfolio restructuring and optimization strategies, with recent months having witnessed the execution of numerous divestments from ancillary assets. For the past five years, Qalaa Holdings has pursued a strategy of divesting non-core businesses, allowing the company to focus more

resources and management bandwidth on the more promising energy and infrastructure platforms. 2017-2018 saw four exits, the proceeds of which will be allocated to deleveraging at the holding and subsidiary levels as Qalaa gears up for commercial start at the Egyptian Refining Company (ERC) and pushes forward growth initiatives at other portfolio companies.



We continue to **push forward with our portfolio restructuring strategy**, whether through asset sales or initial public offerings.

<p>June 2014 ></p> <p>Sphinx Glass</p> 	<p>December 2014 ></p> <p>AAC / AMC (United Foundries)</p> 	<p>February 2015 ></p> <p>Pharos Holding</p> 	<p>December 2015 ></p> <p>Rashidi El-Mizan El-Misrieen</p> 	<p>January 2016 ></p> <p>Misr Glass Manufacturing Company (MGM)</p> 	<p>March 2016 ></p> <p>Tanmeyah Microenterprise Services</p> 
<p>October 2015 ></p> <p>Misr Cement Qena</p> 	<p>November 2015 ></p> <p>ASEC Cement ASEC Ready Mix</p> 	<p>November 2015 ></p> <p>Mashreq</p> 	<p>April 2016 ></p> <p>Enjoy El Aguizy</p> 	<p>May 2017 ></p> <p>ASEC Ciment Algérie (AACC / Djelfa)</p> 	<p>November 2017 ></p> <p>DICE Sport and Casual Wear</p> 



2018 Exits:

May 2018
Arab Company for Services and Trade (ACST)
(Dina Farms supermarket operator)

July 2018
Bonyan for Development and Trade (Bonyan)
(Designopolis mall)

Planned Exits:

Zahana Cement Company - Algeria
Qalaa Holdings is currently in talks to divest its minority stake in Zahana Cement Company in Algeria.

ARESCO & ESAZO - Construction Services
(ASEC Holding)

Major Milestones

A Year of Focus and Responsible Investing

Qalaa is on much stronger footing as it strives to add value to the economies and societies where it conducts business sustainably and responsibly; the company is now well positioned to return to growth and profitability in the coming year



As our **portfolio companies gain stronger footings in their markets** they will continue to drive forward momentum.

1.6 mn

tons of cement sold by ASEC Cement in Sudan and Algeria in 2017

75%

is Dina Farms' market share of fresh milk in Egypt

2017

January	February	March	April	May	June	July	October	November	December
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- Heikal participates in CNBC Davos debate on **sustainable energy**
 - QH hosts Choiseul 100 **Young African Leaders** in Cairo
 - TAQA and ERC launch two new **post graduate scholarships**
- QH sponsors best short film award at **Luxor African Film Festival**
- QH named **Top 100 Company** in Egypt, Executives Kafafi and Hammouda named among 50 Most Influential Women.
 - ERC **Mostakbaly Teachers Initiative** awarded 30 scholarships to AUC's Teaching Early Learners Program to improve the skills of public school teachers
- Qalaa Holdings Chairman and Founder Ahmed Heikal delivers **positive message on Egypt** as a revitalized investment destination and a vital gateway into Africa at BRICA Conference
- ASEC Cement **exits Djelfa**
 - QH Chairman and Founder Ahmed Heikal receives **Visionary Corporate Citizenship Award**
- QHSF awards **12 new students** with scholarships for graduate studies abroad reaching a total of **184 scholarships**
 - QH joins Integrity Network Initiative INI
- QH is speaker at UN Forum on **Advancing the SDGs - Sustainable Development Goals**
- ERC **Mostakbaly Students Initiative** grants scholarships to 22 students to study at top private and public universities in Egypt
 - QH **exits DICE** garment manufacturer
- TAQA Arabia announces **new solar project - Benban**
 - QH conducts **Stakeholder Consultation** exercise on sustainability performance
- Heikal emphasizes need to **close the infrastructure gap at COMESA's Africa Conference**; highlights ERC and QH's network of ports and logistics hubs



Sustainability & Inclusive Growth

SUSTAINABILITY

Qalaa Holdings has played a pioneering role in advancing sustainable business practices

while helping to fuel inclusive growth and economic development in Egypt and Africa

27,500+

beneficiaries from Qalaa's education and human capital development initiatives



Triple Bottom Line Growing with Impact

We place special emphasis on the necessity of education and preserving the environment as the keystones for a sustainable future for generations to come

Positive financial results are not the only measure of success for Qalaa Holdings. Since inception we have also defined our success in terms of benefits realized for every stakeholder in our businesses and positive impact on the environment. By adopting this triple bottom line strategy, Qalaa Holdings has played a pioneering role in advancing sustainable business practices while helping to fuel inclusive growth and economic development in Egypt and Africa. We have also invested in and supported companies playing a key role in the continent's development story – creating thousands of jobs, developing critical infrastructure, and offering educational opportunities for people at every level of society in the process.

To expand the scope and impact of our sustainable business practices, we joined the UN Global Compact, a private-sector initiative to advance the universal principles of human rights, fair labor standards, environmental protection, and anti-corruption around the world. In 2015, we upped our commitment to global sustainable development by realigning our internal sustainability targets with the UN's Sustainable Development Goals (SDGs). As a holding company with subsidiaries in numerous critical sectors of the economy, we felt that Qalaa Holdings was uniquely positioned to advance many SDGs. However, by choosing to concentrate on six SDGs, we have been able to concentrate our efforts and amplify our positive impact in several key areas.



We firmly believe **that we have a duty to leave the communities in which we do business** better than we found them.

Ahmed Heikal
Chairman & Founder



14 Years of Investing Responsibly in Africa

184 Scholarships
awarded to Egyptian students for graduate studies abroad by Qalaa Holdings Scholarship Foundation



78.5 k
tons locally produced fresh milk, **15,192** cattle heads

27,500
total beneficiaries from Qalaa's education and **human capital development** initiatives

USD 60 mn
contributed to community development programs since 2004

40,000
Total number of **jobs created** by Qalaa Holdings



USD 30,000
donated annually to the Qalaa Holdings Financial Services Center (QHFS) at the American University in Cairo

2.5 mn
tons of **biomass, RDF and organic** compost collected by Tawazon

30%
reduction in the total amount of SO2 emissions as a result of cleaner Euro V diesel supplied by the **Egyptian Refining Company**



184*

scholarships awarded to Egyptian students for graduate studies abroad by QHSF since 2007



As young entrepreneurs who started and built a business into **Africa's leading private equity firm**, we believe that a sustainable economy is one that places youth and entrepreneurship at its core.



A Focus on Quality Education

By investing in education and human capital development, Qalaa Holdings is providing Egyptians with the tools needed to transform society. Focusing on education allows us to amplify the impact of our CSR and sustainability efforts. Whenever students participate in an educational opportunity – whether a university degree, a professional certification program, or an on-the-job learning experience – they use their newfound knowledge to benefit their families, communities, and country.

The Qalaa Holdings Scholarship Foundation

In 2017, the Qalaa Holdings Scholarship Foundation (QHSF) welcomed its 11th class of scholars. Established in 2007, QHSF grants 15–20 full scholarships per year to exceptional Egyptian students pursuing graduate degrees at top universities abroad on the condition that they return to Egypt to work after completing their studies. The foundation intentionally recruits a diverse pool of men and women from all governorates across Egypt studying a wide variety of subjects, from filmmaking, anthropology, and global mental health to mechanical engineering, biotechnology, and architecture.

Today QHSF is the largest private-sector funded scholarship program in Egypt. As of 2018, the foundation has awarded a total of 184 scholarships since its inception, and its scholars have pursued degrees at schools such as Harvard, Stanford, University of Pennsylvania, London School of Economics and the Universities of Oxford and Cambridge among others. QHSF scholars have gone on to start businesses and pursue careers at the forefront of politics, science, technology, and the arts.

This year QHSF expanded to administer two additional graduate-level scholarships funded by Qalaa Holdings' subsidiaries TAQA Arabia and the Egyptian Refining Company (ERC). The TAQA Arabia scholarship is

Hisham El-Khazindar
Co-Founder & Managing Director



مؤسسة القلعة للمنح الدراسية
Qalaa Holdings Scholarship Foundation

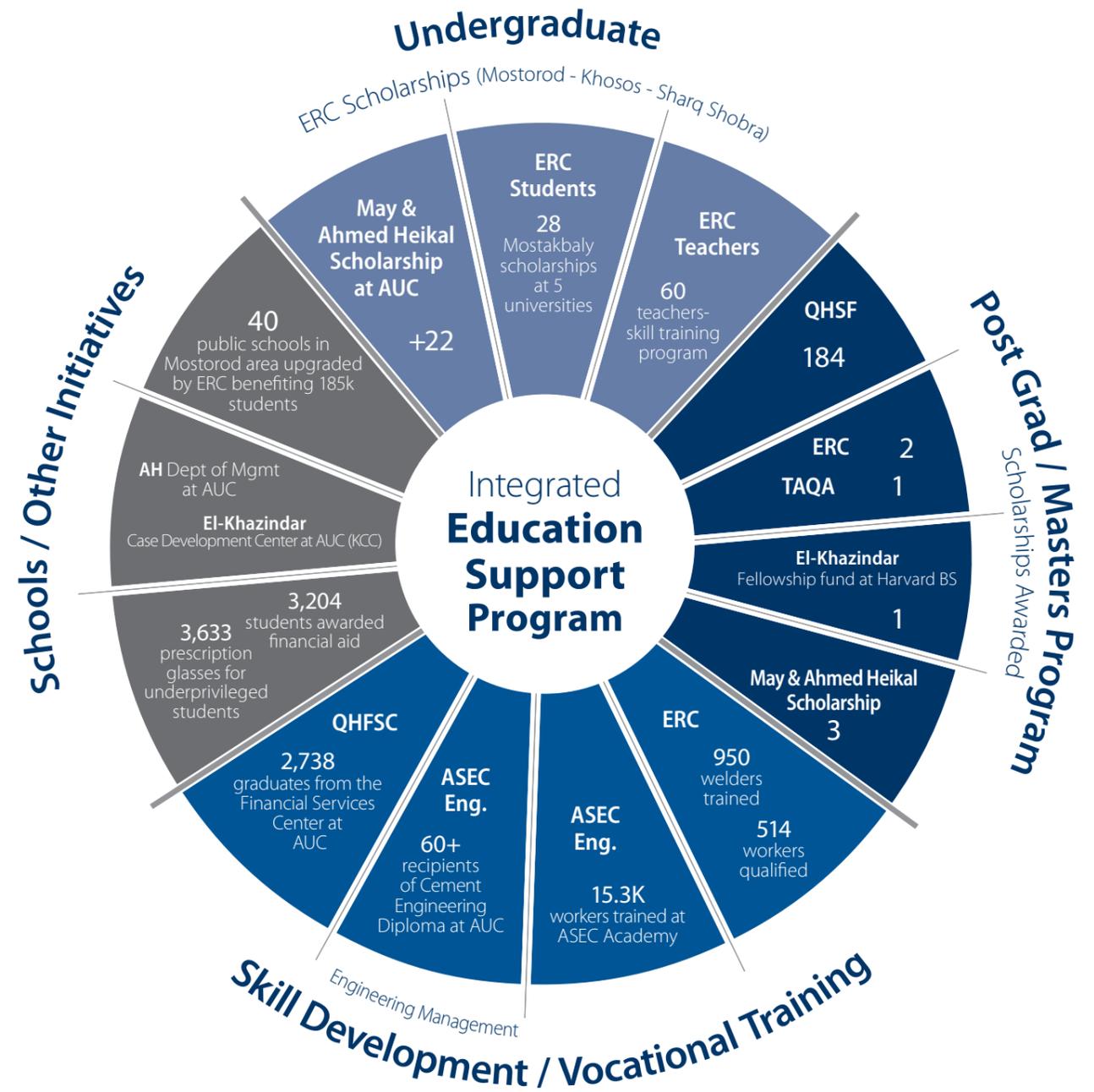
offered to students pursuing degrees in fields related to renewable energy while the ERC scholarship prioritizes applicants from the neighborhoods surrounding the refinery in greater Cairo. For the second consecutive year, QHSF also administered the May and Ahmed Heikal Scholarship covering tuition for two students studying law and filmmaking at New York University.

Qalaa Holdings prioritizes its educational outreach efforts in the same way that we prioritize the profitability of our businesses. We are proud that the QHSF has experienced 11 years of uninterrupted operations. Even throughout several years of political and economic turmoil in Egypt, we have continued to provide students with the opportunity to advance their education abroad.

In a similar vein, we have continuously donated USD 30,000 annually to ensure the ongoing operation of the Qalaa Holdings Financial Services Center (QHFSC) at The American University in Cairo (AUC). Established in 2006 through a USD 250,000 donation, the QHFSC is our longest-running educational initiative. The center is the first institution in the MENA region offering students the practical skills and qualifications required to pursue careers in areas such as risk management, securities trading, and asset allocation.

27,500+

beneficiaries from Qalaa's education and human capital development initiatives*



60

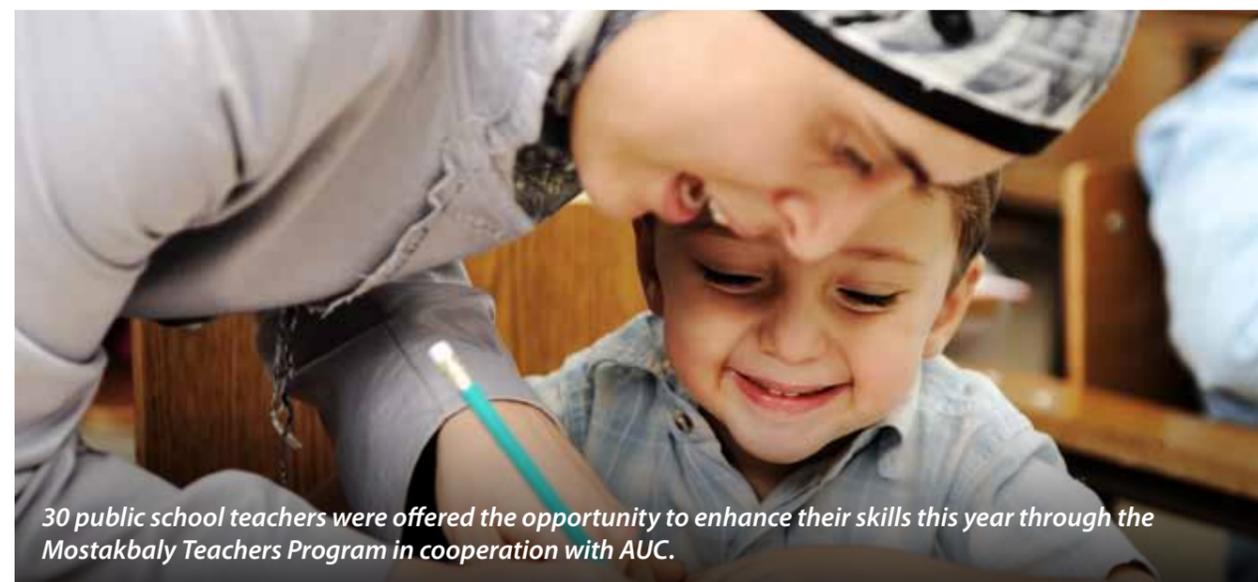
teachers completing AUC's Teaching Early Learners program through Mostakbaly

The ERC Mostakbaly Initiative

Even before ERC has fully come online, our USD 4.3 billion refinery located in Greater Cairo developed the Mostakbaly initiative for teachers and students, a holistic educational initiative aimed at improving ERC's surrounding communities. Developed from a needs assessment conducted in collaboration with local community organizations, Mostakbaly aims to enhance the quality of public education by building and refurbishing learning facilities, training local teachers, and offering bright students the opportunity to pursue higher education within Egypt.

Mostakbaly Students

November 2017 saw ERC award undergraduate scholarships to 22 students in the second round of Mostakbaly Students Scholarship Program. This phase of the program offers students from ERC's surrounding communities full funding to pursue undergraduate degrees in a variety of subjects from universities in Egypt. In 2016, six students were awarded scholarships to attend AUC and the Arab Academy for Science and Technology (AAST), and 22 will pursue degrees from Ain Shams University, Zewali University, and Nile University.



30 public school teachers were offered the opportunity to enhance their skills this year through the Mostakbaly Teachers Program in cooperation with AUC.

28

students pursuing undergraduate degrees from Egyptian Universities through Mostakbaly

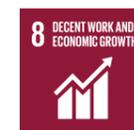
Mostakbaly Teachers

In February 2017, ERC launched the second prong of Mostakbaly Scholarship Program for public school teachers from the communities of Mostorod, El Khesous, Shobra El Kheima, and El Mattarreya. This year, 30 public school teachers were offered the opportunity to enhance their pedagogical skills by completing AUC's Teaching Early Learners certification program. After one year of intensive study, the participants will leave AUC equipped with the knowledge and skills to upgrade the quality of education offered in their classrooms and schools.

In addition to offering scholarships, ERC has taken steps to improve the educational facilities available in its communities. To date, ERC has refurbished over 40 schools and two local training centers benefitting over 180,000 students and 3,000 teachers. ERC has also supported students by conducting 28 training sessions for 647 teachers in local schools and purchasing school supplies for 3,204 students in need. Through the Naddarty ("Eye Glasses") program, ERC funded vision tests and eyeglasses for 3,633 students.



Qalaa offers training programs and on-the-job learning opportunities



Decent Work and Economic Growth

As a holding company, our mission is to invest in and support a diverse array of companies that will fuel sustainable economic growth and job creation in Egypt and across Africa. Since our founding in 2006, we have built 50 companies, creating thousands of temporary and permanent jobs in the process of helping these companies thrive.

Across our subsidiaries, we encourage our management teams to add value to their employees' experience by offering training programs and on-the-job learning opportunities. A key example of this is ASEC Academy, a cement technology training academy developed by our subsidiary ASEC Holding and accredited by the Arab Union for Cement and Building Materials. ASEC Academy encompasses multiple programs designed to train engineers, chemists, geologists, and technicians employed in the cement industry. To date, it has trained over 15,300 people. In collaboration with AUC, ASEC Holding developed the ASEC Engineering Professional Diploma specifically geared toward cement industry professionals. Many of the subsidiary's employees have completed this degree.

At the majority of our subsidiaries, including TAQA Arabia, ASEC Holding, and Tawazon, local employees learn from specialists and engineers onsite. Similarly, construction workers hired to build ERC have gained skills and experience that will allow them to pursue work on similar projects in the future.



Industry, Innovation, and Infrastructure

Our investments provide innovative solutions to problems and fill in gaps. We actively support innovative forms of transportation and infrastructure by investing in water and rail transport to reduce pressure on clogged highways in Egypt and other regional countries. We facilitate knowledge transfer, introduce international best practices, and empower employees in order to spur innovation in all of the sectors in which we invest.

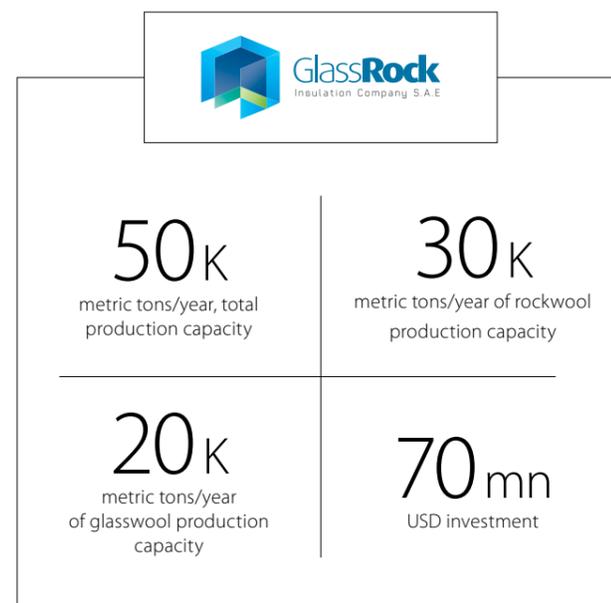
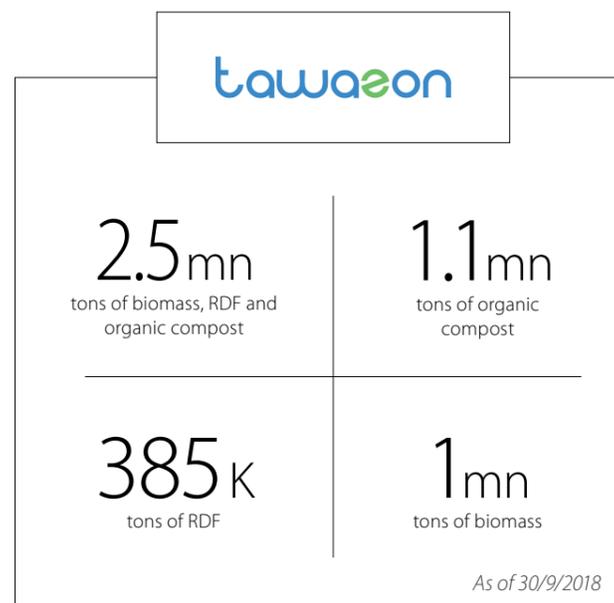
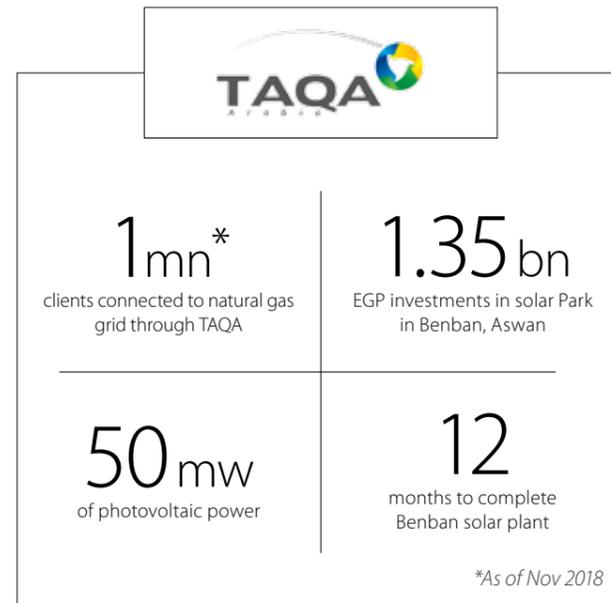
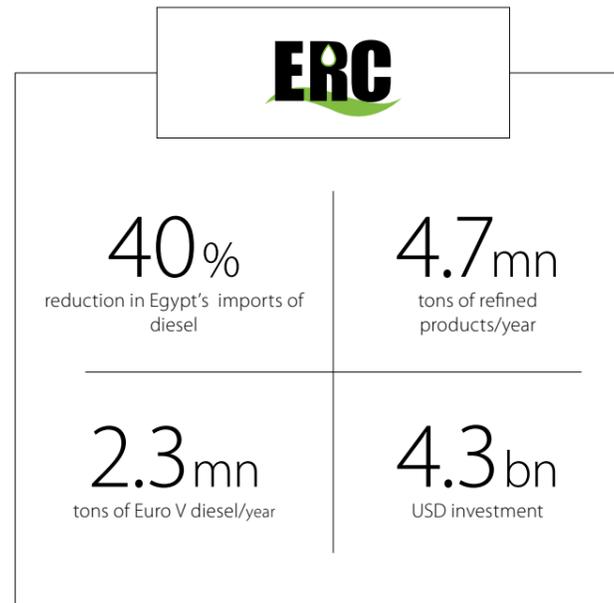
By recycling solid waste into fuel for heavy industries such as cement, we have redefined the environmental impact of these traditionally toxic industries. When completed, the Egyptian Refining Company (ERC) will bolster Egypt's energy infrastructure and reduce its dependence on imported fuel sources by producing clean-burning fuel for a variety of industries. TAQA Arabia is working to expand the country's energy infrastructure to reach remote areas.



Responsible Production and Consumption

Qalaa Holdings works closely with the management teams of all its subsidiaries to maximize efficiencies and reduce waste. The company has always been committed to rationalizing consumption particularly water. Its subsidiary, Dina Farms is using the world's most technologically efficient irrigation systems on its 93,000 feddans of land in Egypt.

Investing in Clean & Affordable Energy



241K

tons of biomass processed and supplied in 2017 by solid waste management company Tawazon



Affordable and Clean Energy Solutions

For Qalaa Holdings' operations to be truly successful and sustainable, we must minimize any negative impact on the environment and promote environmentally friendly business practices within Egypt. The primary way that we do this is through three subsidiaries – Tawazon, TAQA Arabia, and ERC – all producing clean energy to fuel Egyptian industry and, by extension, the country's sustainable economic growth.

Our waste management subsidiary Tawazon recycles waste into biomass, an environmentally friendly replacement for coal and natural gas that can be used to power heavy industries such as cement. Meanwhile, TAQA Power, a division of our energy subsidiary TAQA Arabia, is investing in solar and wind power, both of which have



Qalaa Holdings leads by example. We **invest responsibly** in businesses that spur job creation and have measurable economic and social impact, and have been working diligently to **align our core business and ESG practices with the SDGs and Egypt's vision 2030.**

Ghada Hammouda
Chief Marketing Officer

enormous potential in Egypt, given the country's sunny climate and vast areas of uninhabited desert land.

We invested in ERC, Egypt's largest in-progress mega-project, because it will play a key role in reducing Egypt's energy dependence in a sustainable way. When online, ERC will eliminate 96,000 tons of Egypt's sulfur emissions – one third of the country's total emissions – by converting lowest-value fuel into middle and light distillates needed for domestic consumption. Once complete, ERC will have the capacity to produce 4.7 million tons of refined products per year, including 2.3 million tons of Euro V diesel.



17 PARTNERSHIPS FOR THE GOALS
Partnership for the Goals
 Partnering with like-minded organizations in pursuit of our sustainability targets allows Qalaa Holdings to learn from our peers and amplify our impact through collaborations. International partnerships challenge us to link our own sustainability efforts with global movements and adopt international standards for sustainable business practices.

At the local level, connecting with our private sector peers and civil society organizations has provided us with support in developing projects from ASEC Academy to the Mostakbaly program. By establishing relationships with various government organizations, Qalaa Holdings has aligned its independent efforts to promote sustainability with Egypt's Vision 2030 goals. At the local level, Qalaa Holdings acts as a leader in sustainable business practices, encouraging other companies and organizations to reevaluate their business practices and prioritize people and the environment as well as profits.

Global Partnerships

Qalaa Holdings is a signatory to the UNGC initiative, the world's largest voluntary corporate sustainability initiative, with over 12,000 participants from 145 countries around the world. As a member of the UNGC, we have adopted a comprehensive international framework for developing and reporting on our environmental, social, and governance (ESG) practices as well as a global network of business peers with which to exchange strategies and best practices for pursuing the SDGs. Qalaa Holdings is a founding member of the Global Compact Network Egypt (GCNE) established in 2015.

To report on our efforts to integrate the SDGs into our business operations and targets, we utilize Global Reporting Initiative (GRI) standards. The GRI is an independent international organization that provides a framework for

companies to assess their ESG practices and SDG implementation, and to communicate their progress to other global actors. Our 2015 sustainability report developed using the G3 reporting standards received an "A" grade from the GRI, and we are in the process of assessing our progress using the new G4 reporting standards.

In July 2017, Qalaa Holdings was recognized for its successful efforts to adopt the SDGs and promote sustainable business practices within Egypt at a UN Private Sector Workshop held in New York City. In a forum titled "Business Leading the Way," Qalaa's Chief Marketing and Sustainability Officer Ghada Hammouda presented a case study of how Qalaa has integrated international sustainability standards into every aspect of its core business and subsidiary operations. She also told the story of Qalaa Holdings' progress in achieving various SDGs through its CSR efforts, giving special focus to the company's core goal of increasing access to quality education. Hammouda then engaged in a lively discussion with representatives of other businesses and organizations to exchange strategies and practices for achieving the SDGs.

Local Partnerships

Qalaa Holdings believes that sustainable development can only be achieved on a large scale when all actors in society – private sector companies, civil society organizations, and the government – communicate and collaborate in pursuit of common goals. To that end, we have formed a number of private and public partnerships to add value to various CSR efforts, encourage others to adopt sustainable business practices, and align our efforts with Egypt's larger economic development story.

In June of 2017, we became a member of the Egyptian Junior Business Association's Integrity Network Initiative (INI). The INI is a private-sector-led project to fight corruption in Egypt and encourage businesses – from large

corporations to SMEs – to adopt rigorous corporate governance strategies. As an established Egyptian corporation with a comprehensive corporate governance model, Qalaa Holdings' key role in the INI involves mentoring promising local SMEs in developing and implementing strong corporate governance and ESG frameworks.

Since our founding, we have collaborated with The American University in Cairo on numerous education-focused CSR projects. We first collaborated with AUC to develop the QHFSC and again to create the curriculum for ASEC Academy and the ASEC Engineering Cement Professional Diploma. AUC has also been a key partner in developing and implementing various phases of ERC's Mostakbaly program. Through Mostakbaly, we have built new relationships with other educational institutions in Egypt including the Arab Academy for Science and Technology.

We also partner with various civil society organizations to execute CSR projects. In particular, ERC partners with organizations in the communities surrounding the refinery to identify areas of high need and develop strategies to meet these needs such as facilitating vocational training for local teachers, building and refurbishing schools and community centers, and providing school supplies to students.

As the Egyptian government has rolled out its new growth and development targets in its Vision 2030 plan, Qalaa Holdings has taken steps to align its priorities with those of the government. Pursuing government targets is crucial to forming a broader national public-private coalition for sustainable development. In the past, we have also partnered with the Ministry of Education, Ministry of Social Solidarity, and Ministry of Culture, among others, to execute CSR projects designed around our target SDGs.

International Sustainability Organizations and Ratings Agencies



Government



Stakeholder Consultation and Planning for the Future

Qalaa Holdings' success in integrating sustainability into every aspect of our operations and launching a variety of initiatives – from the QHSF and ASEC Academy to Mostakbaly – can be attributed to our commitment to constant improvement. We seek to *continually assess and build on our existing sustainability framework and initiatives*, increasing our positive contributions to Egyptian society as a result.

In 2017, we became the *first Egyptian business to conduct a stakeholder consultation concerning our sustainability performance* in partnership with Ahead of the Curve (ATC), a local sustainable management consultancy that boasts expertise in international sustainability standards and a comprehensive understanding of the Egyptian context. A stakeholder consultation is an open dialogue with representatives of a business' key stakeholders held in order to solicit feedback on how to improve its sustainable business practices.

During our stakeholder consultation conducted in October 2017, Qalaa Holdings' Chairman Ahmed Heikal, Managing Director Hisham El-Khazindar, and CMO, Ghada Hammouda presented on the company's sustainability efforts for a group of stakeholders including the board of directors; employees; subsidiary managers; suppliers and vendors; media, academic, and civil society organizations; and government offices. Our stakeholders then engaged in *roundtable working group discussions and closed-door employee sessions to honestly reflect on Qalaa Holdings' sustainability practices*, recognize successes, and identify areas for improvement.

Through these discussions, our partners at ATC *identified a number of areas for improvement* and provided recommendations on the basis of which we are developing a new multi-year sustainability action plan. In particular, we have *gained crucial insights into how to integrate the UN SDGs into our operations more closely, raise awareness about our sustainability milestones among investors' and shareholders, and address concerns in our employee management strategies*. ATC also identified a number of *additional SDGs on which Qalaa Holdings may choose to focus* based on our mission and capacities as a holding company championing sustainable business practices in Egypt and Africa.

Civil Society



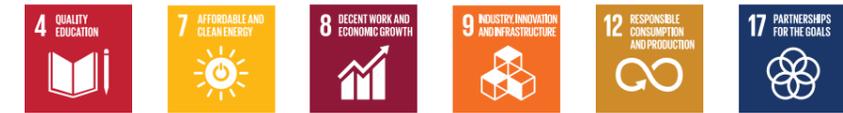
Academia



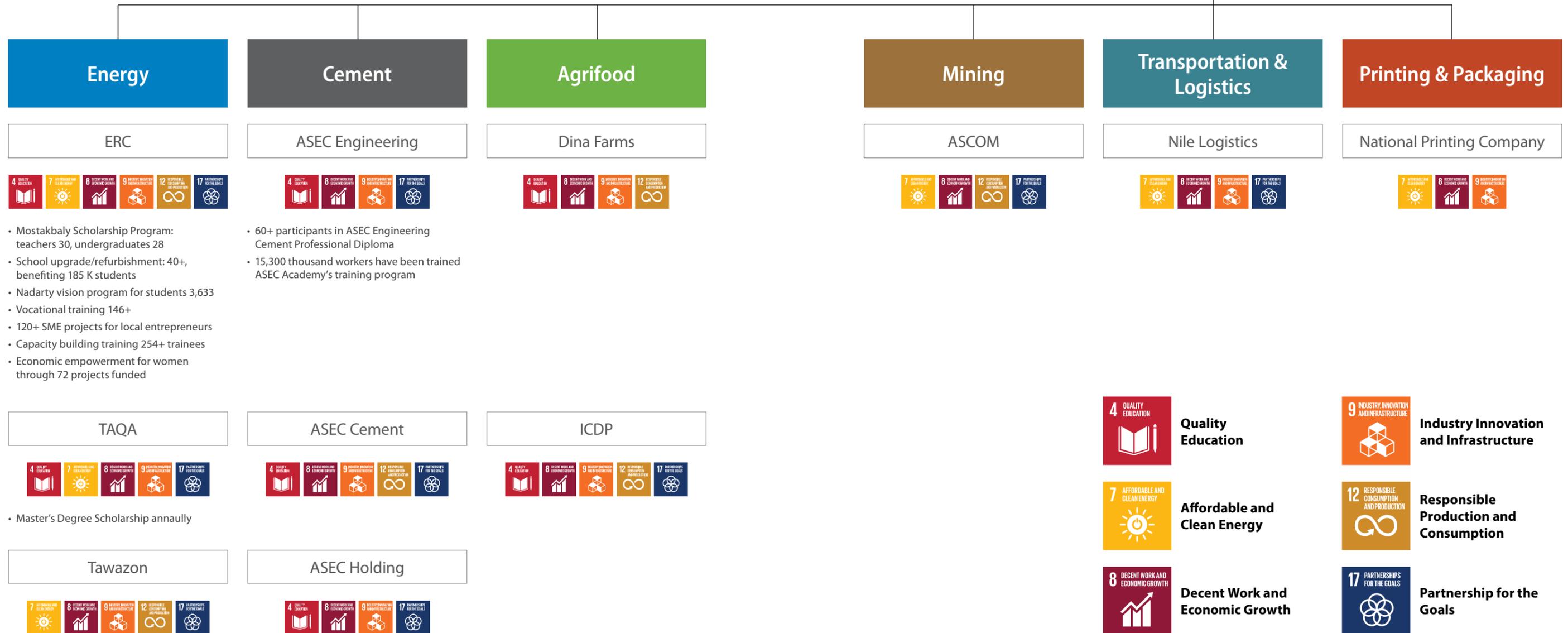
Delivering on the SDGs

Education & Human Capital Development

Qalaa Holdings

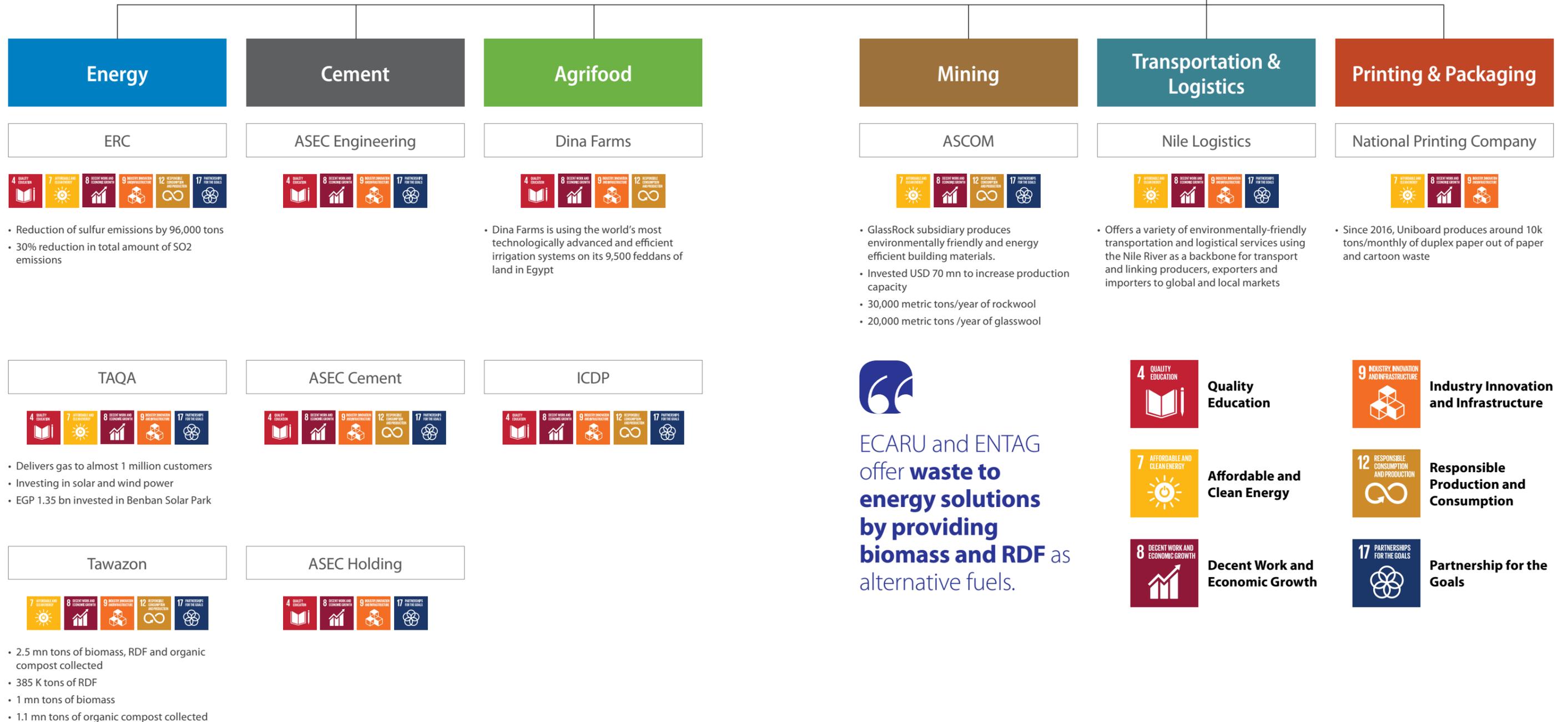


- Qalaa Holdings Scholarship Foundation: 184 scholarships
- Qalaa Financial Service Center 2,738 graduates
- USD 60 mn to date on community initiatives
- USD 5.6 mn spent per year on education and environmental initiatives



Delivering on the SDGs Environmental Initiatives

Qalaa Holdings





Governance & Accountability

GOVERNANCE

Maintaining good governance has been critical in seeing us through the volatility of our markets and helping us build sustainable businesses in multiple countries throughout the region



Managing Growth With Governance & Accountability

Qalaa Holdings' governance structure has evolved significantly over the past 14 years as the company has transitioned from an entrepreneurial two-person partnership to Africa's leading private equity firm with 19 platform companies and finally to its current structure as an investment holding company with a narrower focus in fewer strategic sectors

Throughout Qalaa's 14-year journey, maintaining good governance has been critical in seeing us through the volatility of our markets and helping us build sustainable businesses in multiple countries throughout the region.

We pride ourselves on a long-standing tradition of having a board of directors dominated by a majority of non-executives. In 2017, we continued along the path to strengthen our governance to support sustainable growth, enhance risk management and maximize efficiency at Qalaa Holdings and across all subsidiary companies. This determined approach to governance has progressively regulated a wide range of practices at Qalaa Holdings and its subsidiary companies, ranging from a risk assessment framework and anti-fraud and financial reporting policies to the manner in which management interacts with shareholders and the creation of shareholder value across our subsidiaries.

Our Board of Directors

Institutionalizing the corporate governance processes is an ongoing, long-term objective across all of our platform companies. Equally important are the principles of fairness, openness and transparency which we have worked diligently to instill as part of our corporate culture.

Executive Board Members



Ahmed Heikal
Chairman and Founder
Representing Citadel Capital Partners Ltd.



Hisham El-Khazindar
Co-Founder and
Managing Director
Representing Citadel Capital Partners Ltd.



Karim Sadek
Managing Director,
Head of Transportation &
Logistics



Moataz Farouk
Board Member
Representing Citadel Capital Partners Ltd.

Non-executive Board Members

Osama Hafez*
Board Member,
Representing Olayan

Magdy El Desouky
Board Member, Representing
Citadel Capital Partners Ltd

Philip Blair Dundas, Jr.
Board Member

Mona Makram Ebeid
Board Member

Dina Hassan Sherif
Board Member

Management Board

An interdisciplinary approach to governance incorporates Qalaa Holdings' management, industry platform teams and the senior management of subsidiary companies by way of formal quarterly meetings through the management boards. These management boards also convene on an as-needed basis.

of effective governance reduce risk, identify internal and external threats, and assist in capturing profitable business opportunities. Qalaa Holdings' governance principles align the interests of management, shareholders, the board of directors and subsidiaries, facilitating well-informed decisions.

This quarterly cycle of meetings and reviews, culminating in the meeting of Qalaa Holdings' audit committee and board, ensures a rigorous process of participation by a wide cross section of executives from Qalaa Holdings and its subsidiary companies.

The management board convenes on a quarterly basis, or more frequently if needed, and is responsible for reviewing, amending, and endorsing the subsidiary companies' financial performance and overall strategy. Attendance by the Finance & Investment Committee is welcomed.

Qalaa believes that high-quality governance is a fundamental enabler of superior corporate performance. The components

Ahmed Heikal
Chairman & Founder

Hisham El-Khazindar
Co-Founder &
Managing Director

Moataz Farouk
Chief Financial Officer

Tarek Salah
Managing Director,
Head of Cement

Karim Sadek
Board Member,
Head of Transportation & Logistics

Abdalla El-Ebiary
Managing Director

Finance & Investment Committee

Ahmed Heikal Chairman & Founder	Moataz Farouk Chief Financial Officer	Abdalla El-Ebiary Managing Director
Hisham El-Khazindar Co-Founder & Managing Director	Tarek Salah Managing Director, Head of Cement	Karim Sadek Board Member, Head of Transportation & Logistics
Mohamed Abdallah Managing Director	Amr M. El-Kadi Head of IR & Risk Management	

Audit Committee

Philip Blair Dundas, Jr. Chairman of the Committee
Osama Hafez* Committee Member
Magdy El-Desouky Committee Member

Compensation Committee

Philip Blair Dundas, Jr. Chairman of the Committee
Osama Hafez* Committee Member
Magdy El-Desouky Committee Member

Internal Audit & Controls

Qalaa Holdings engages the services of only the most reputable audit firms for both ongoing statutory audits and due diligence for all subsidiaries. Strict internal controls and reporting standards are a cornerstone of the governance principles at Qalaa and its subsidiaries. Financial and operational reports are transparent to all parties with a vested interest — from management and board members to shareholders.

Qalaa Holdings' Internal Audit represents a key element in its corporate governance framework, with a mission to add value and improve Qalaa Holdings' overall operations by providing relevant, timely, independent and objective assurance and advisory activities.

Qalaa Holdings' independent Internal Audit body maintains functional reporting lines to the audit committee and administrative reporting lines to the chairman and chief executive officer.

The Internal Audit team assists the organization in accomplishing its objectives by using a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process which

provides Qalaa Holdings' stakeholders with reasonable assurance over the group's operations and strengthens the firm's ability to maximize stakeholder value.

With a zero-tolerance approach to fraud, the Internal Audit function has implemented an Anti-Fraud Policy to promote consistent corporate integrity, honesty and ethical behavior within Qalaa and its subsidiaries. This approach helps the firm to protect the organization's assets, reputation and employees. The Anti-Fraud Policy was reinforced by availing an anonymous whistle-blowing channel to receive information from inside and outside the company on the Qalaa Holdings website.

Risk Assessment

Qalaa Holdings has completed a process of institutionalization that began in 2013 at both the core and subsidiary levels. The comprehensive program included the refinement and improvement of all systems, policies and procedures that management needs to support and grow the business.

New policy documents were developed in parallel with the refinement of existing charters such as the audit committee and compensation committee. Developed policies that are now being implemented include the risk assessment framework, in addition to the anti-fraud and insider trading policies. In addition, audit committees modelled on the Qalaa Holdings' audit committee charter have been established for all major subsidiary companies, where the members of the audit committees are independent of the company's management.

Qalaa Holdings believes in continuously promoting and empowering the control environment within the company. Accordingly, the Internal Audit function has developed a Risk Assessment Framework to be followed throughout the organization. Risk Assessment contributes to the effective and efficient demonstrable achievement of objectives and the improvement of performance on multiple fronts. Qalaa's Internal Audit strives to ensure the presence of the Internal Audit function across all platforms, in its capacity to oversee, monitor, guide, advise and administer its platform.

Creating a Culture of Accountability

Over the years we have overcome many challenges and made significant progress in implementing comprehensive and effective corporate governance strategies. In mid-2017 we took active steps to share our experiences in this project with other companies in Egypt's private sector by joining the Egyptian Junior Business Association's Integrity Network Initiative (INI). This initiative connects Egypt's leading companies with its most promising SMEs in a collective effort to fight corruption and create a culture of accountability and transparency.

Management Committee

Our Management Committee is a monthly forum that engages a wider management team of Qalaa Holdings to review market developments and progress on corporate initiatives at Qalaa Holdings and its subsidiaries



Qalaa Holdings' governance principles align the **interests of management, shareholders, the board of directors and subsidiaries**, facilitating well-informed decisions.



Ahmed Heikal
Chairman & Founder



Hisham El-Khazindar
Co-Founder & Managing Director



Karim Sadek
Managing Director,
Head of Transportation & Logistics



Moataz Farouk
Chief Financial Officer



Mohamed Abdellah
Managing Director



Rami Barsoum
Head of Information Technology



Hazem Dakroury
Head of Government Relations



Ghada Hammouda
Chief Marketing Officer & Head of MARCOM



Tarek Hassan
Head of Legal Department



Abdalla El-Ebiary
Managing Director



Alaa El-Fas
Managing Director



Mostafa Sowelem
Managing Director



Ahmed Abdel-Sattar
Group Chief Information Officer



Amr M. El-Kadi
Head of IR & Risk Management



Yasmin Al-Gharbawie
General Counsel



Emad Taryal
Head of Internal Audit



Ihab Rizk
Head of Human Resources

Subsidiary Management Teams

ENERGY



Khaled Abubakr
TAQA Arabia,
Executive Chairman



Pakinam Kafafi
TAQA Arabia,
Chief Executive Officer



Mohamed Saad
ERC,
Managing Director



Hisham Sherif
Tawazon,
Chief Executive Officer

TRANSPORTATION & LOGISTICS



Maged Farag
Nile Logistics,
Chairman of the National
Council for Multimodal
Transport

AGRIFOOD



Raouf Tawfik
Dina Farms,
Managing Director



Amanallah Saad
Investment Company for
Diary Products,
Managing Director

CEMENT & CONSTRUCTION



Tarek El-Gammal
ASEC Cement,
Chief Executive Officer

MINING



Fayez Gress
ASCOM, Chief Executive
Officer and Executive
Chairman

Our Subsidiaries

SUBSIDIARIES

Our subsidiaries delivered a solid operational performance in 2017, with **consolidated revenues recording a 22% y-o-y increase to EGP 9.3 billion** as energy, mining, cement, and transportation turned new market dynamics into growth opportunities



ENERGY



TRANSPORTATION & LOGISTICS



MINING



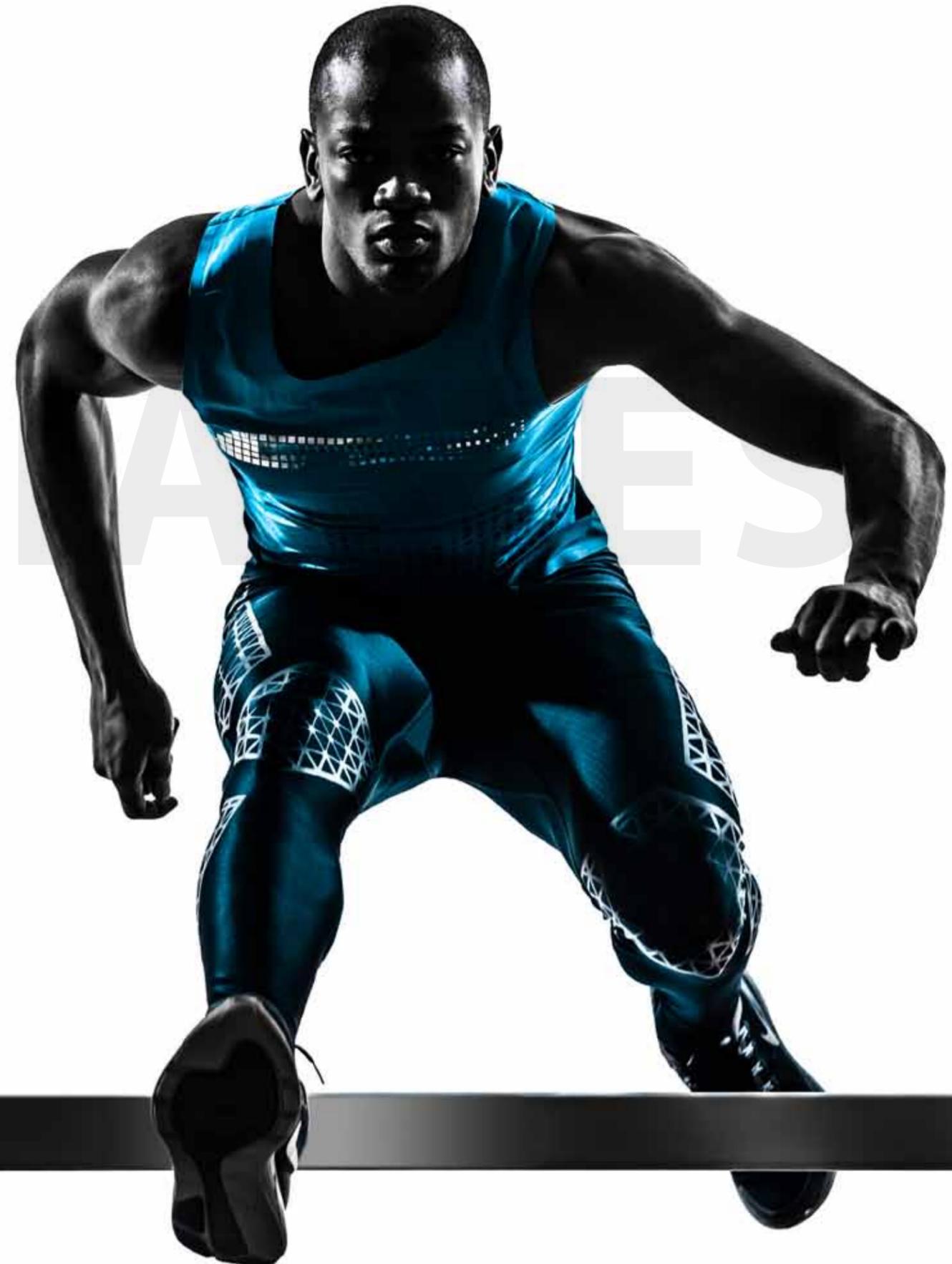
CEMENT & CONSTRUCTION



AGRIFOOD



PRINTING & PACKAGING*



The Egyptian Refining Company (ERC)



Now more than 98% complete, ERC, is in the final stages of preparation to start commercial operation. The refinery is a crucial import substitution project that will bolster Egypt's energy security and provide environmentally friendly fuel for economic growth

ERC is a state-of-the-art USD 4.3 billion greenfield petroleum refinery and Egypt's largest private sector in-progress infrastructure megaproject. When complete, ERC will convert lowest value fuel oil into middle and light distillates that will meet domestic consumption needs and eliminate 96,000 tons of Egypt's annual sulfur emissions, almost one third of the country's total.

In June 2012, ERC reached financial close on the equity and debt components of project financing. Qalaa Holdings invested in the project alongside Gulf and international investors, global export credit agencies, and development finance institutions. Construction began in 2014, with the consortium of GS Engineering & Construction Corp. and Mitsui & Co. Ltd acting as the contractor for the project.

The Egyptian General Petroleum Corporation's (EGPC) Cairo Oil Refinery Company (CORC), the nation's largest refinery with 20% of Egypt's current refining capacity, will provide fuel oil as feedstock for ERC. ERC will have the capacity to produce 4.7 million tons of refined products per year, including 2.3 million tons of Euro V diesel, representing more than 40% of Egypt's current imports and 600,000 tons of jet fuel. Liquid stock products will be sold to EGPC at international prices under a 25-year off-take agreement.

As an import substitution project delivering diesel and other high-value products to EGPC at the heart of the consumption market in Greater Cairo, ERC is strategically important to Egypt's energy security.

2017 Operational Updates

- Progress on construction at ERC reached 98% as of September 2018. Operations are expected to begin in 2019, with 2020 scheduled to become the refinery's first full year of operation.
- All heavy and major equipment has been installed at the project site.

4.3 USD
BN

greenfield petroleum refinery

98%

complete as of September 2018



Start of Technical Testing at ERC

- ✓ Plant Air System
- ✓ Instrument Air System
- ✓ Demineralized Water System
- ✓ Cooling Water System
- ✓ Fire Fighting System

As of September 2018



ERC construction site, Mostorod



ERC construction site, Mostorod



Control room, ERC

2.9 USD
BN

value of debt package for ERC

1.4 USD
BN

total equity invested in ERC

15K+

jobs created at peak construction, 700
permanent positions created

4.7 MN
TONS

total annual production of refined
products and high-quality oil derivatives

40%

reduction in Egypt's Diesel imports

2.3 MN
TONS

annual production of
Euro V Standard Diesel

TAQA Arabia



ENERGY



TAQA Arabia is Egypt's largest private sector energy distribution company with 51 petrol stations and natural gas connections to nearly one million households

TAQA Arabia is Qalaa Holdings' primary operational investment in Egypt's vital energy sector. Qalaa initially invested in TAQA in June 2006 in the belief that rapid industrial growth in Egypt and the region would provide an opportunity for private sector players to satisfy unmet industrial demand for energy. We also had the foresight to predict that governments would inevitably have to deregulate their energy sectors giving ample opportunities for an aggressive, experienced, and well-financed group like TAQA to become a market leader.

Ten years later we have been proven right. TAQA Arabia today stands as Egypt's largest private sector energy distribution company, with more than 18 years of experience investing and operating energy infrastructure including gas transmission and distribution, power generation and distribution, and the marketing of petroleum products. The company has recently taken solid steps to invest in alternative energy including solar power projects to help meet Egypt's growing energy needs after the government announced the introduction of new feed-in tariffs for renewable energy.

Gas Distribution and Construction (residential, commercial, and industrial)

Providing 897,998 customers with 4.3 billion cubic meters of natural gas, TAQA Gas is Egypt's leading natural gas distributor. The company regularly serves 11 Egyptian governorates and has a large downstream natural gas engineering and construction division that manages TAQA Group's distribution arms as well as private and public sector third parties in Egypt and the MENA region.

Power Generation and Distribution, Engineering, and Procurement

With more than 4,000 clients including several major commercial clients, TAQA Power is the leading integrated private sector power player in the Egyptian market. TAQA Power maintains engineering, development, generation, and distribution operations along the power value chain. As a result, TAQA Power can provide clients with tailored packages that address operational requirements from finance and design to construction. The division also operates and maintains low-, medium-, and high-voltage power plants and distribution networks for the oil and gas, industrial, residential, commercial, and tourism sectors in Egypt. Additionally, TAQA Power is the first private sector company in Egypt licensed to distribute power in an industrial zone.

Fuels Marketing and Distribution

In 2017, TAQA Oil Marketing was the company's most profitable division, consistently contributing over 50% to total revenue across all four quarters. The division is the first local private sector player to sell refined petroleum products and fuel oil to retail, industrial, and wholesale customers with a focus on underpenetrated areas with favorable competitive landscapes. Additionally, TAQA Oil Marketing operates a network of service stations to convert and fuel vehicles with compressed natural gas.



TAQA Gas distribution center



TAQA Power

11

Egyptian governorates

679.7 M KW/hr

total power generated and distributed

50 MW

solar energy project

1 mn

clients connected to the gas grid as of November 2018

2017 Operational Updates

- 2017 saw the opening of three new filling stations, increasing the total number of stations to 42 nationwide. TAQA Arabia also operated 7 CNG stations as of Dec 2017.
- The company is in the final planning stages for a new 15 million liter terminal in Alexandria.
- Significant strides have been taken to expand the O&M business this year with several new contracts including a 10-year contract with Mall of Arabia.
- As part of its commitment to sustainability, TAQA Arabia is exploring opportunities to diversify into alternative energy and waste to energy solutions such as the generation of power from agricultural and municipal waste. The Company secured financing for a 50 MW solar power plant in Benban, Aswan with operations planned to start in Q1 2019. The plant will be part of a large national complex of 13 solar power plants in Upper Egypt.

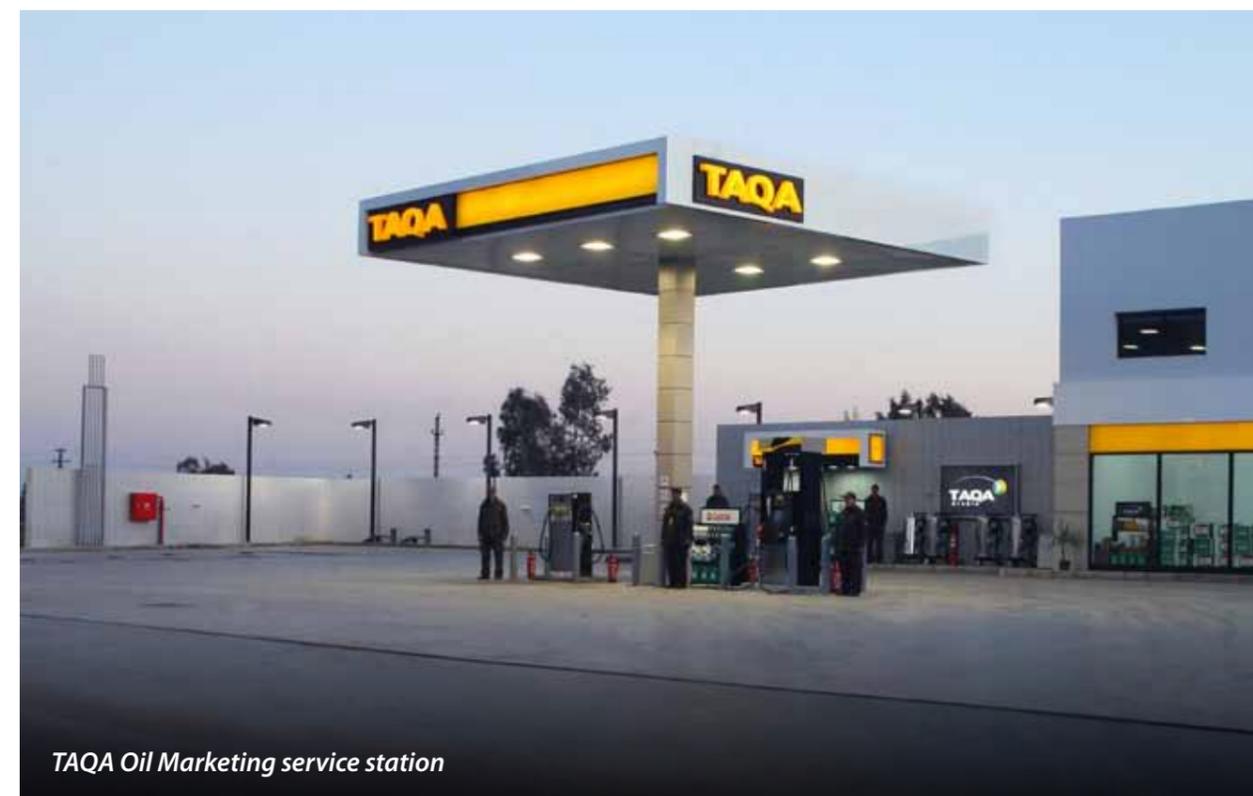
In all four quarters, the company's marketing arm was the highest contributor to revenues. The division's revenues reached EGP 2,622.6 million, a 57% y-o-y increase, and its EBITDA increased 83.5% y-o-y to EGP 107.3 million. TAQA Marketing's success was largely due to an increase in prices and total sales volume across different products.

TAQA Gas revenues came in at EGP 775.9 million, a 25% y-o-y increase; EBITDA increased 3% y-o-y to EGP 121.1 million. The division's strong performance was due to a 20% y-o-y increase in gas distribution volumes to 4.3 BCM, mostly to industrial clients in the fertilizer sector. The total number of domestic gas converted customers reached 897,998 clients as of December 2017.

TAQA Power's revenues increased by 40% y-o-y EGP 745.0 million, while EBITDA fell by 9.9% y-o-y to EGP 82.3 million. The division's profitability has been negatively impacted by the decline in the tourism sector. TAQA Power is currently seeking opportunities to supply power to new sectors as part of a diversification strategy to mitigate risk.

2017 Financial Updates

TAQA Arabia made the largest contribution to Qalaa Holdings' earnings in 2017, contributing c.45% of the company's total revenue. Revenues for the subsidiary increased 29% y-o-y in 2017, reaching EGP 4,143.5 million, while EBITDA inched down 2% to EGP 272.1 million.



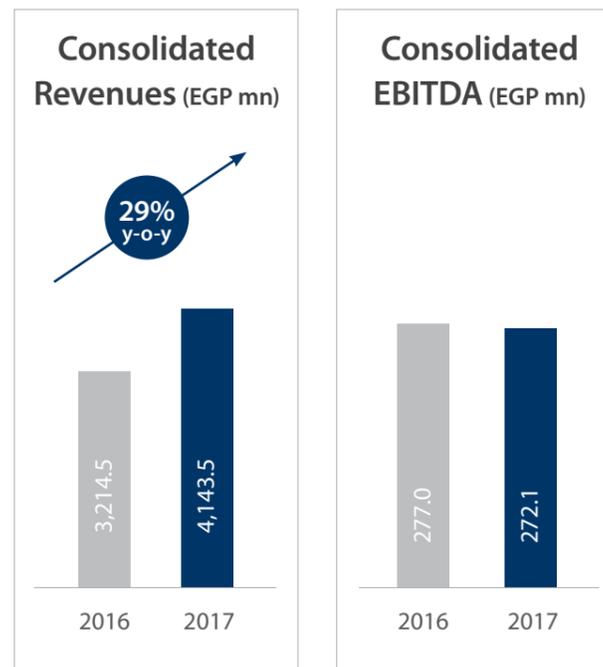
TAQA Oil Marketing service station

4.3 BCM

total gas distributed

51

filling stations in Egypt as of September 2018



Tawazon



Tawazon offers waste-to-energy solutions by providing biomass and RDF as alternative fuels to heavy energy consumers



Qalaa originally invested in Tawazon in 2009 as part of its commitment to providing the country with efficient renewable energy solutions. Tawazon currently controls two companies: the Egyptian Company for Solid Waste Recycling (ECARU), a solid waste management service operator, and the Engineering Tasks Group (ENTAG), a solid waste management engineering and contracting company. Qalaa has worked closely with management at both companies to boost human and financial resources to better capitalize on existing opportunities as well as develop and explore new ones. Our short to medium-term focus is on providing biomass and RDF as alternative fuels to heavy energy consumers such as cement factories.

ENTAG Oman

ENTAG Oman is a solid waste management engineering and contracting company, that was established in March 2017. The company is 60% owned by ENTAG Egypt and 10% by ECARU.

2017 Financial Updates

Tawazon's total revenues reached EGP 444.4 million in 2017, up 140% y-o-y, and the company's EBITDA also increased 123% y-o-y to EGP 62.3 million. The growth is due in part to the government of Egypt's removal of energy subsidies and ENTAG's completion of two turnkey projects in Oman.

Tawazon's two companies reinforce one another's efforts

ECARU

ECARU is responsible for collecting, transporting, and processing agricultural waste. For five years the company has been a regional leader in biomass production, a process that recycles agricultural residues, that would otherwise be openly burned, into fuel for heavy industries such as cement manufacturing.

ENTAG

ENTAG is a solid waste management engineering and contracting company that has built many sorting and composting facilities in Egypt, and was consulted on more than 76 projects in Egypt. The company also has an international presence, with projects in Saudi Arabia, Malaysia, Libya, Sudan, Oman, and Syria.

77 K tons

RDF supplied by ECARU in 2017

241 K tons

biomass supplied by ECARU in 2017

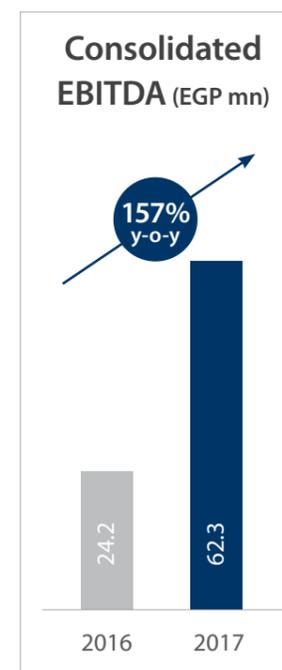
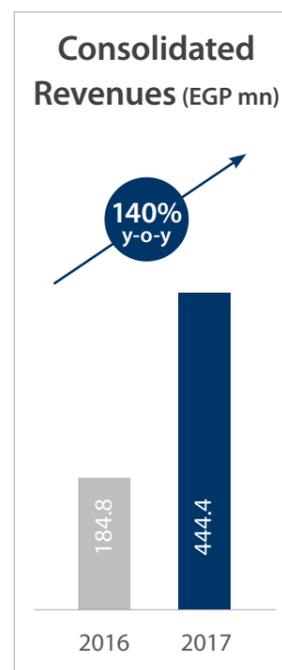


ECARU transporting municipal solid waste

ECARU's 2017 revenues increased by 65% y-o-y to EGP 288.4 million. The company's growth can be attributed to a 100% y-o-y increase in biomass volumes to 241 thousand tons, which increased biomass revenues by almost two-fold in 2017. Municipal solid waste fees received in 2017 amounted to EGP 59.9 million, bolstered by higher tonnage and prices per ton. RDF supply was lower throughout the year largely due to the suspension of activity by one of ECARU's largest clients; total tonnage declined 7% y-o-y to 76,877 thousand tons. ECARU's EBITDA increased a significant 85% y-o-y to EGP 43.3 million.

ENTAG recorded an almost 12x increase in revenues to EGP 163.7 million in FY17 between its Egyptian and Omani operations, with the latter constituting the bulk at EGP 136.4 million.

Contributions from ENTAG Oman throughout the year led consolidated EBITDA for the full-year to record EGP 11.5 million in FY17 versus EGP 2.2 million in FY16.



Nile Logistics



Nile Logistics delivers transportation efficiencies offering clients a one-stop shop for transportation and logistics services

More than a decade ago, Qalaa Holdings invested in Nile Logistics to capitalize on the immense potential of fuel-efficient, environmentally friendly river transportation. One river barge has the same capacity as 20-40 truckloads but requires a fraction of the fuel and money to operate.

Today, Nile Logistics operates three subsidiaries that offer stevedoring and river transportation services in Egypt and South Sudan. In Egypt, Nile Logistics' subsidiaries operate a stevedoring on anchor service in various Egyptian ports. While the majority of its historical clients have been coal importers, the company is currently looking to expand its operations to include exporters of other commodities, namely grain. In addition to its stevedoring operations, Nile Logistics' subsidiaries in Egypt operate an inland container depot in Alexandria. Nile Logistics also has a large fleet of barges that allows it to transport cargo along the Nile River. In South Sudan, Nile Logistics' subsidiary Nile Barges owns two convoys and transports a variety of goods between the northern and southern parts of South Sudan.

Nile Cargo (NC)

Nile Cargo owns and operates a fleet of barges that allows it to transport bulk cargo along the Nile, provide stevedoring services in various Egyptian Ports, and offer a container feeder service in Port Said between the eastern and western container terminals.

National River Ports Management Company (NRPMC)

National River Ports Management Company is the owner of multiple river ports and port handling equipment. NRPMC is Nile Logistics' subsidiary that is focused on

920 K tons

of cargo handled in 2017

services such as warehousing and cargo handling in Alexandria, Suez, and Damietta.

Nile Barges for River Transport

Located in South Sudan, Nile Barges for River Transport operates a fleet of barges transporting goods between the north and south of the country.

2017 Operational Updates

- Nile Logistics is committed to diversifying its client base across its stevedoring and feeder service operations with emphasis on the former.
- As part of this strategy, NRPMC began operating an Inland Container Depot in August 2016 at its Nubareya River Port.
- Nile Logistics recently signed a three-year contract to transport grains from Alexandria Port to the company's Nubareya River Port at attractive rates. The new contract is projected to have a contribution margin of 50% once operations commence in 2018.
- The company is poised to benefit from the removal of subsidies on petrol including diesel fuel. The increasing cost



Nubareya River Port, Alexandria

of transporting goods by truck will make river transport a more cost effective option giving the company a strong competitive advantage in the years to come.

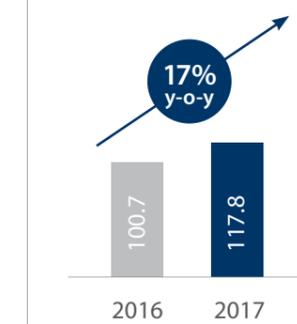
- In South Sudan, Nile Logistics' subsidiary completed maintenance work on one of its river barges putting it back into service. The barge successfully completed its first trip post-overhaul during the last quarter of the year.

2017 Financial Updates

Nile Logistics exhibited healthy growth in 2017 with consolidated revenues increasing by 17% y-o-y to EGP 117.8 million from EGP 100.7 million in 2016 on the back of improved pricing of stevedoring services and increasing contributions from the company's Inland Container Depot. The company was able to pass-on price increases across all functions, including the Inland Container Depot, stevedoring operations, and feeder services, which led to improved top-line performance.

Nile Logistics' stevedoring operations recorded an all-time record of c.920 thousand tons handled in 2017, representing a y-o-y increase of 6% from c.870 thousand tons handled in 2016. The bulk of the volume handled thus far has been coal. In addition, the Inland Container Depot, launched in August 2016, continued to ramp up its operations, generating revenues of EGP 8.4 million in 4Q17, more than double its average quarterly revenues

Consolidated Revenues (EGP mn)



of c. EGP 3 million. Growth during the quarter was attributed to the introduction of refrigerated container ("reefer") services in October 2017.

Nile Logistics will continue to drive growth by diversifying its services to offer a one-stop shop in the transportation and logistics segment. The company will also expand its transportation, handling, and storage capacity to drive its operations forward and capture the anticipated growth in demand within the industry.



ASCOM is a leader in Egypt's mining sector with operations in precious metals mining and carbonate and chemical manufacturing. Products are helping boost Egypt's exports and are considered high-value import substitution plays on the local market



ASCOM is Qalaa Holdings' operational platform in the mining sector that specializes in mining services, management of quarry services for the cement industry, and exploration and production of industrial minerals and precious metals including gold.

Originally the geological and mining arm of ASEC Holding, Qalaa and co-investors acquired ASCOM in 2004 and established it as a separate company in order to expand the scope and vision of the operation. Today, the company seeks to expand beyond the cement industry and continue diversifying revenue streams by bringing new operations online. The company now controls two leading exporters in the industrial minerals sector, ASCOM Carbonate and Chemical Manufacturing (ACCM) and GlassRock Insulation Company.

In the building materials sector, ASCOM has transitioned from acting as a service provider to holding concessions for gypsum mining aggregates, silica sand, gravel, and other basic raw materials. The company also operates a number of small quarries in Egypt and has a fully specialized company operating in the aggregate market in Algeria.

ASCOM Subsidiaries

GlassRock Insulation Company

GlassRock Insulation Company began producing rock wool at its USD 70 million greenfield facility in May 2012, targeting both domestic sales and exports to key markets in Europe, North Africa, the Gulf Cooperation

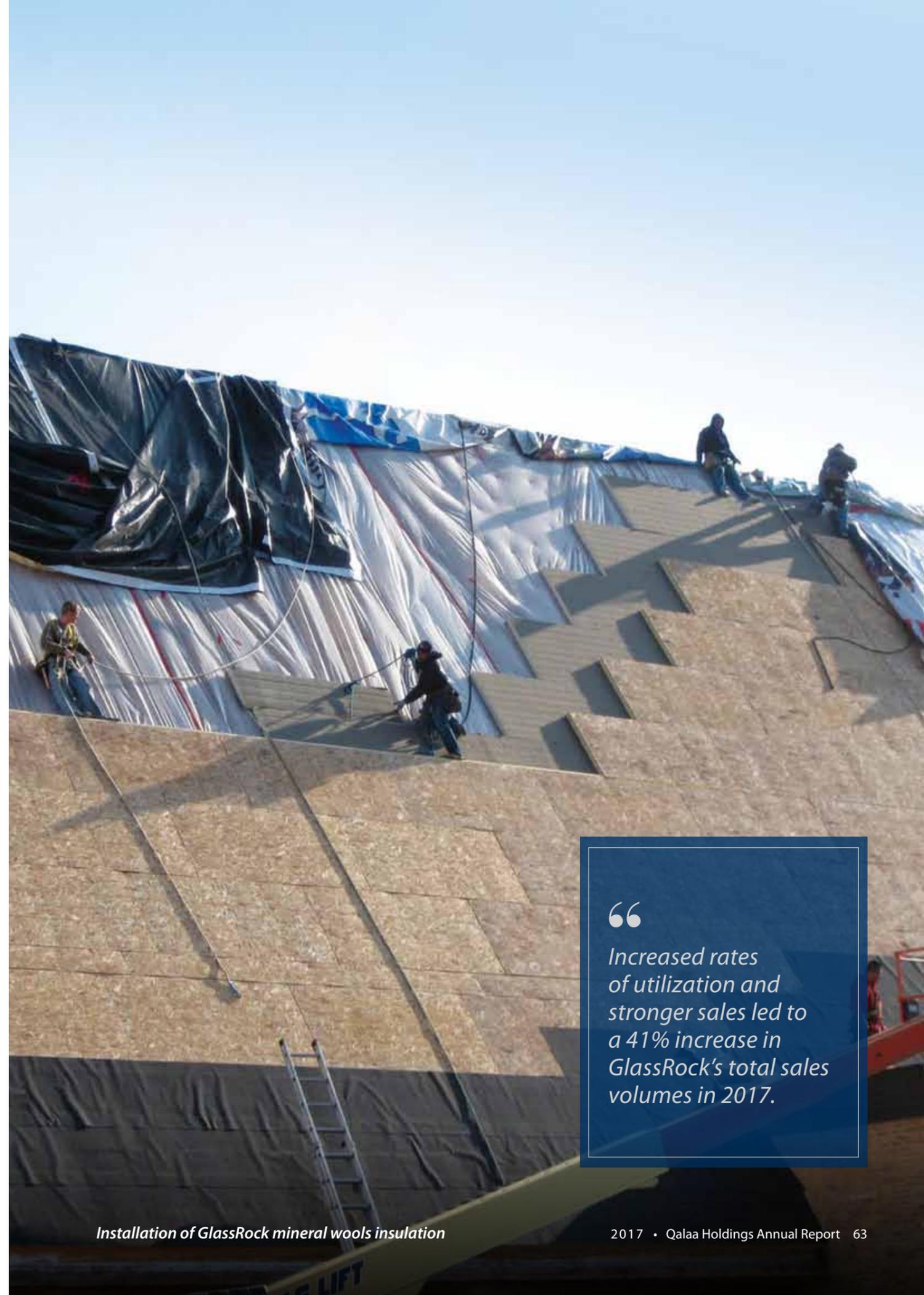
Council (GCC) countries, and Turkey. The company produces mineral wools used in projects such as insulation, filtration, and soundproofing. Production of glasswool began the following November, with total production capacity split at 30,000 metric tons of rockwool and 20,000 metric tons of glasswool per annum.

ASCOM Carbonate and Chemical Manufacturing (ACCM)

ACCM is ASCOM's first manufacturing plant specializing in the production of calcium carbonate, a material with vast applications in the fields of plastics, paper, paint, and chemicals. Total milled product capacity reached 220,000 metric tons per annum after a USD 7.3 million investment in additional mills in 2013 and 2014. ACCM exports products to Asia, the Gulf, Africa, and South America.

ASCOM Precious Metals Mining (APM)

APM was established as a logical progression to consolidate all of ASCOM's exploration operations in precious metal mining under one entity. The company currently has two concessions in Ethiopia (Asosa – 402 Km² and Awero Godere – 1,000 Km²) and one concession in Sudan (Blue Nile – 3,000 Km²) which has been placed under force majeure since 2011 due to security concerns in the region. Within the Asosa concession, the company has identified a significant 1.5 million-ounce gold discovery. ASCOM plans to embark on further exploration and drilling work on the site as well as a complete bankable feasibility study and necessary steps to obtain a full mining license and establish a gold production facility.



“
Increased rates of utilization and stronger sales led to a 41% increase in GlassRock's total sales volumes in 2017.”

Installation of GlassRock mineral wools insulation

ASCOM consolidated revenues and EBITDA increased significantly in 2017 on the back of higher domestic and export sales volumes.

Egypt Quarrying

ASCOM has grown to become the largest specialized company in the quarry management sector in the Middle East and North Africa. Over the past decade, the company has developed unique expertise in the field, particularly within the cement industry. It currently manages the bulk of large cement quarries in Egypt, mining over 40 million tons per annum.

8.8 K tons

GlassRock volumes sold

2017 Operational Updates

- Operations in India are continuing to gain momentum in their second year.
- Performance at GlassRock improved significantly with an expansion in exports on the back of increased competitiveness following the float of the Egyptian Pound in November 2016. The company was also able to strengthen its position on the local market with products that are considered high-value import substitution plays.
- GlassRock's total sales volume in 2017 increase by 41% y-o-y attributable to increased rates of utilization and stronger sales.

26.6 mn tons

Egyptian quarrying business volumes sold

2017 Financial Updates

ASCOM's consolidated revenues increased 28% y-o-y in 2017 to EGP 954.2 million while EBITDA increased 228% y-o-y to EGP 130.4 million due to high contributions from Egypt quarrying operations and ACCM.

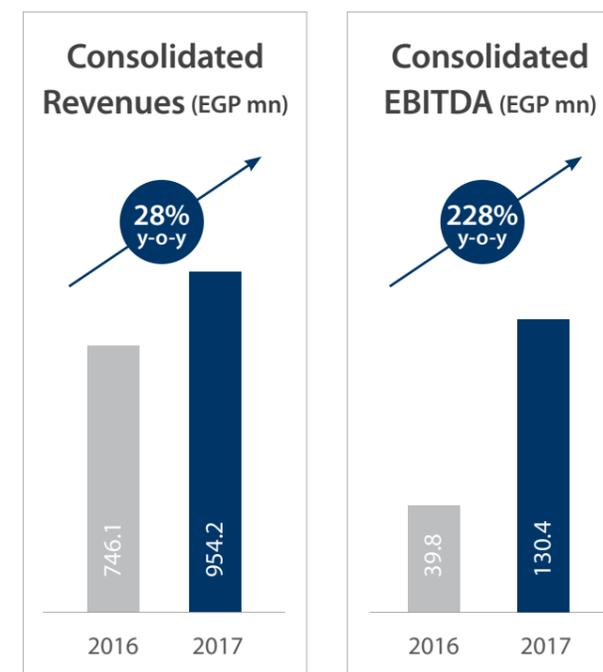
264 K tons

ACCM volumes sold

ACCM revenues reached USD 17.5 million. The company's EBITDA increased by 22% reaching USD 5.1 million. The bulk of ACCM's production was exported, generating foreign currency while its cost base remained in EGP, providing room for expansion. ACCM sold 264.1 thousand tons in 2017 supported by higher sales to export markets, particularly in the GCC region and South Africa.

GlassRock Insulation Company revenue increased by 14% y-o-y to USD 6.8 million. The company recorded higher export sales in 2017 on the back of increased competitiveness and a strengthened position in the local market as an import-substitute play. This success helped to narrow EBITDA losses to USD 0.6 million from USD 1.0 million the previous year. Total volumes sold increased 41% y-o-y to 8.8 thousand tons as the result of increased utilization rates and higher sales.

Egypt Quarrying revenue increased 12% y-o-y to EGP 418.5 million and EBITDA reached EGP 26.1 million due to price increases in 2017.



GlassRock insulation

ASEC Holding



CEMENT

ASEC Holding is a national and regional leader with investments in cement production, management and consultancy, and construction



Founded in 1975, ASEC Group is a regional vertically integrated player in the cement and construction sector focusing on plant engineering and consultancy, construction, automation, and operational technical management, with operations spanning Africa and the GCC. Over time, ASEC Holding has grown significantly to form a fully fledged group composed of three distinct divisions (cement manufacturing, operation & maintenance, and construction & contracting) serving the industry and end-consumers alike. The group's engineering and consultancy arm has made important contributions to the modernization of the cement industry in Egypt and the MENA region.

Qalaa's investments in ASEC Holding have seen the company grow into a well positioned operator that can provide end-to-end solutions for world-class cement plants.

In 2015, Qalaa began reducing its exposure to the cement manufacturing industry, with its cement production subsidiary ASEC Cement concluding the sale of its stake in business unit Misr Cement Qena in a deal valued at c. EGP 700 million, as well as exiting ASEC Minya and ASEC Ready-Mix in a c. EGP 1 billion deal. Additionally, the company finalized the sale of its Algerian Cement Plant (AACC) Djelfa in a USD 60 million transaction in 2017.

Cement Manufacturing

ASEC Cement

ASEC Cement divested its Egyptian cement manufacturing & ready-mix assets and sold its 71.73% ownership stake in AACC (including direct and indirect contribution), a company that had a license to build a 3 million ton per annum cement plant in the city of Djelfa, Algeria. Now, it has two international production facilities: Al-Takamol Cement in Sudan and Zahana Cement in Algeria.

Construction & Contracting

ARESCO

ARESCO is a turnkey contractor specializing in industrial projects. The company provides comprehensive design, engineering, procurement, manufacturing, contract management, and construction services for industries ranging from cement to power plants to water treatment. After 30 years of operations around the globe, ARESCO has built a reputation for quality, efficiency, and professionalism.

ASEC Automation

ASEC Automation provides process industries with automation and electrification solutions ranging from design and



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Al-Takamol Cement (ATCC) has the third largest share of the Sudanese cement market with a 21% market share.”

Al-Takamol Cement, Sudan



Al-Takamol Cement, Sudan

engineering to instrumentation, commissioning and maintenance. The company offers solutions and systems spanning enterprise control systems, high-medium voltage cables & systems and enterprise control software. The company has extensive operations in Africa, Asia, and Europe. ASEC Automation has also been the supplier of choice for major international cement producers for twenty years, serving major clients such as Lafarge, Italcementi, Titan, Cemex, and Cimpor.

Technical Management

ASEC Engineering

ASEC Engineering strives to be the leading company in cement plant consultancy, engineering, and management services in the MENA region. Currently, the company manages 8 cement plants in Egypt with a combined nominal capacity of 13.5 MTPA, and with growing footholds in Africa and the GCC. ASEC Academy has always been the gateway for professional training on modern cement manufacturing technology. ASEC Engineering was also

118%

y-o-y increase in Al-Takamol's 2017 EBITDA

1.6 mn

tons of cement sold by ASEC Cement's two facilities in 2017

entrusted as the consultant for Egypt's largest cement facility in Beni Suef with 6 production lines constructed simultaneously. The state of the art facility has successfully completed the commissioning phase and started production during 1Q18.

ASENPRO

ASENPRO is a pioneer in the field of environmental protection in the MENA region specializing in controlling pollution and dust emissions resulting from cement production. The company supplies cement plants with a broad continuum of services and environmental control equipment on a turnkey basis in addition to conducting dust emission measurements and environmental assessment studies to ensure compliance with allowable pollution limits. ASENPRO is supported by extensive expertise in environmental control within the cement industry; it has high potential to diversify into other industries.

2017 Operational Updates

- Al-Takamol Cement (ATCC) has the third largest share of the Sudanese cement market with a 21.0% market share.
- ATCC has undergone a significant investment that allowed it to install a new power substation and overhead transmission lines for connection to the national electricity grid. Al-Takamol was successfully connected to the power grid by the end of 3Q17, allowing it to extract cost efficiencies and increase its competitiveness.
- ATCC continues to push forward the installation of a new coal mill earmarked for operation by 1H2019. The mill will allow ATCC to almost fully satisfy its fuel needs from coal and pet coke, thereby reducing significantly its reliance on the now expensive and inconsistent supply of liquid fuel.
- ATCC already utilizes pet-coke in the production process which constitutes up to 37% of its total energy mix, thereby improving its cost structure and competitive position.

159.8 EGP MN

ARESCO's total construction backlog

- EUR 285 million in bank debt was secured in early 2017 for Zahana Cement's new production line; the funding represents 90% of the total cost of c.EUR 316 million with the balance to be financed from the company's cash flows.
- ASEC Engineering was successful in passing through price increases while simultaneously maintaining kiln availability across all projects, leading to sustained profitability despite inflationary pressures.
- Despite a decrease in ARESCO's backlog during 2017, the company was successful in driving growth thanks to increased contribution from higher-margin steel fabrication contracts.

2017 Financial Updates

At the consolidated level, ASEC Holding reported revenues of EGP 2,692.8 million in 2017, a 4% y-o-y increase largely attributable to better performance at Sudan's Al-Takamol Cement and ASEC Engineering. Top-line growth accelerated down the income statement, with ASEC Holding's EBITDA posting a 27% y-o-y increase in 2017 to EGP 321.8 million due to increased contributions from subsidiaries ASEC Cement and ARESCO.

ASEC Cement

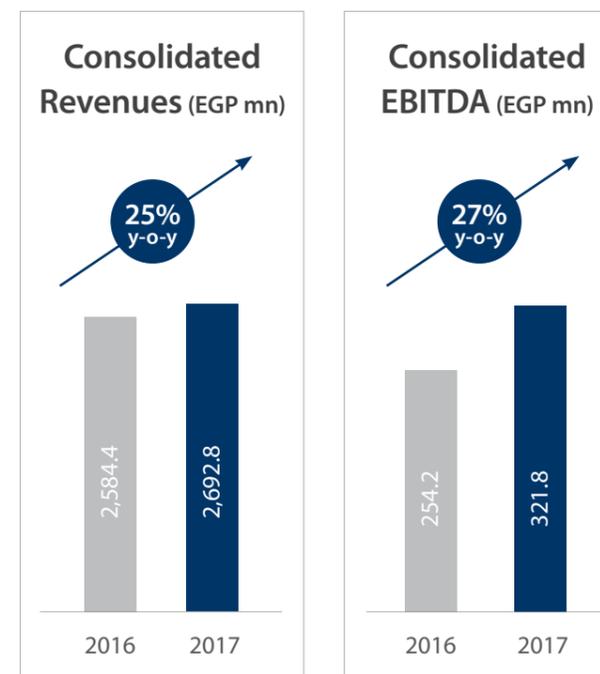
ASEC Cement revenues remained somewhat flat in 2017, closing the year at EGP 1,102.3 million or a modest 3% decline despite a 28% devaluation in the Sudanese to Egyptian pound exchange rate during the year. The devaluation effect was offset by improved performance of Al-Takamol Cement where revenues posted a 25% y-o-y increase to EGP 1,106.7 million. Earnings growth at the Sudan-based plant came on the back of higher average selling prices coupled with improved operational efficiency, leading to an impressive two-fold increase in EBITDA of EGP 197.0 million in 2017. At the consolidated level, ASEC Cement's EBITDA recorded a solid 35% y-o-y increase to EGP 159.2 million in 2017.

ASEC Engineering

ASEC Engineering reported a 25% y-o-y increase in 2017 revenues to EGP 884.9 million, with revenue growth being price-driven where a hike in production fees offset a decrease in managed capacity. Total managed capacity inched down 2% y-o-y to 11.3 million tons in 2017, a 500k ton deviation from budgeted levels owing to security-related disruptions at one of the company's plants located in the Sinai. Nevertheless, all other ASEC Engineering plants delivered exceptional performance with increased focus on preventative maintenance due to the effective technical support function. Consistent fuel supply and kiln availability across the company's plants helped ASEC Engineering record a solid 11% y-o-y increase in EBITDA to EGP 72.2 million in 2017. EBITDA growth materialized despite severe inflationary pressures, particularly with regards to the cost of imported spare parts.

ARESCO

ARESCO's full year revenues came in at EGP 435.0 million in 2017, up 7% y-o-y as the company executed several higher-margin steel fabrication contracts during the year. This helped the company reverse the previous year's EBITDA losses, closing 2017 at EGP 28.4 million versus a loss of EGP 2.6 million in 2016. ARESCO's backlog stood at EGP 159.8 million as of 31 December 2017.



At the consolidated level, **ASEC Holding reported revenues of EGP 2,692.8 million in 2017, a 4% y-o-y increase** largely attributable to better performance at Sudan's Al-Takamol Cement and ASEC Engineering.



Al-Takamol Cement, Sudan

Gozour

Gozour is a multicategory agriculture and consumer foods company capitalizing on the agrifoods sector's strong macro fundamentals



AGRIFOOD

Qalaa Holdings' investments in the agrifoods sector began in 2007 and were geared toward overcoming agricultural and food production challenges in Egypt and the region. The company's strategy focused on introducing new levels of specialization and consolidation into the market. In recent years, however, Qalaa took the strategic decision to treat agrifoods as non-core and consequently began exiting its investments in the sector.

Qalaa's current agrifoods investments include the produce and dairy farm operating under Dina Farms, as well as the Investment Co. for Dairy Products (ICDP) which markets and distributes Dina Farms fresh milk and products. Both companies are consolidated under the multicategory agriculture and consumer foods parent company Gozour. Other agrifoods investments that Qalaa has previously exited included the Egyptian confectioner Rashidi El-Mizan (REM), Sudan's Rashidi for Integrated Solutions (Al-Musharraf), Misr October for Food Industries (El-Misrieen), milk and juice producer Nile Company for Food Products, and packing and exporting company El-Aguizy International for Economic Development, all of which were exited in 2015.

At the close of 2017 Qalaa also concluded its divestments from the Arabian Company for Services and Trade (ACST), which operated retail outlets under the Dina Farms trademark. The sale does not impact Dina Farms' core dairy and agriculture business nor does it include rights to use

13.0 K tons

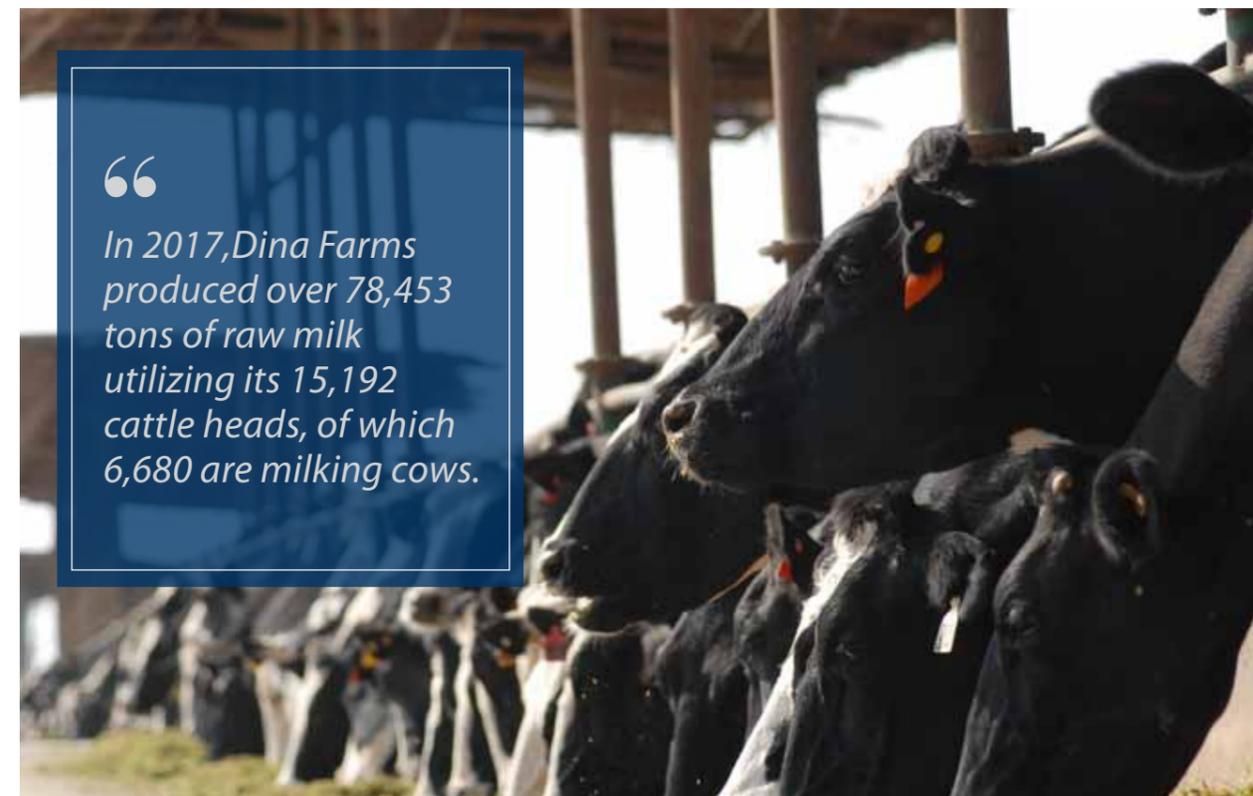
of SKUs sold by ICDP

the Dina Farms trademark, which the acquirer terminated use of effective August 2018. Dina Farms will continue to operate its flagship outlet store at the façade of its farms on the Cairo-Alexandria Desert Road.

Egypt's Largest Private-Sector Dairy Farm and Distributor

Dina Farms

With an agricultural footprint of over 10,000 acres, Dina Farms is Egypt's largest private-sector produce and fresh milk farm. In 2017, the company produced over 78,453 tons of raw milk utilizing its 15,192 cattle heads, of which 6,680 are milking cows.



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In 2017, Dina Farms produced over 78,453 tons of raw milk utilizing its 15,192 cattle heads, of which 6,680 are milking cows.



“
Dina Farms milk has a 75% market share of the fresh milk market in Egypt.

78.5 K tons

of raw milk sold in 2017

15,192

total cow herd

Investment Co. for Dairy Products (ICDP)

ICDP markets and distributes Dina Farm's fresh milk products and is currently the leading market player in its category controlling c.75% of the fresh milk market in Egypt. The company was established in 2010 and has been on a steady growth trajectory since, with total distributed volume in 2017 reaching 13,017 SKU tons.



Dina farms improved raw milk production levels by c.20% in 2017.

2017 Operational Updates

- Dina Farms improved livestock nutrition which helped boost raw milk production levels by c.20% during the year despite a national outbreak of cattle fever during the third quarter of 2017.
- In 2017, Dina Farms completed the installation of cooling systems in all milking parlors and consolidated the feeding units to minimize costs.
- In line with Dina Farms' strategy of pushing for increased self-sufficiency for its animal feedstock through cultivating rented land in addition to its own acreage, the company's inhouse-planted feedstock reached c.120k tons in 2017 versus c.70k tons in 2016 and satisfying c.80% of the company's consumption with the balance sourced locally.
- Dina Farms is currently in the process of identifying external land locations with better fertility to cultivate up to 2,000 acres of corn silage as animal feedstock.

surge an impressive 419% y-o-y to EGP 73.5 million in 2017, with EBITDA margin expanding from 1.7% in 2016 to 10.3% for the year.

Dina Farms' strong operational performance saw it record a solid 44% y-o-y increase in revenues to EGP 609.7 million in 2017 on the back of healthy raw milk production. The company also booked strong EBITDA growth during the year, posting a 75% y-o-y increase to EGP 146.6 in 2017. EBITDA growth comes despite a market-wide increase in feedstock prices, which Dina Farms' managed to partially offset through increased self-sufficiency and reliance on its inhouse-planted feedstock.

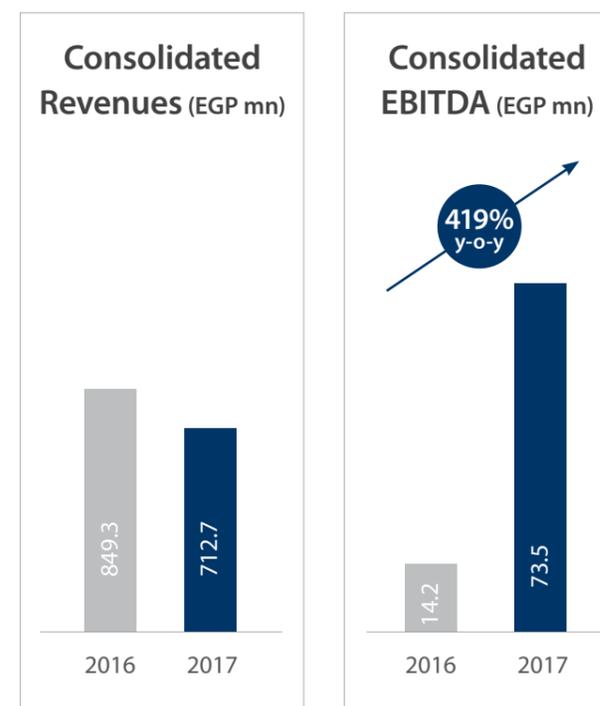
Meanwhile, ICDP booked revenues of EGP 181.6 million in 2017, up 17% y-o-y with revenue growth being price-driven as total volumes reported an 11% y-o-y decline. Volume contraction came on the back of an overall slowdown in the juice and milk markets, which in turn weighed down on the company's EBITDA having booked a 60% y-o-y decrease to EGP 9.1 million in 2017.

2017 Financial Updates

Gozour's financial performance in 2017 was weighed down by Dina Farms' retail supermarket subsidiary, ACST, which was divested in the fourth quarter of the year. Overall, Gozour's consolidated revenues came in at EGP 712.7 million in 2017, down 16% y-o-y. Nonetheless, strong operational performance at Dina Farms' fresh milk operation saw Gozour's consolidated EBITDA



Dina Farms, Cairo-Alexandria desert road



Gozour's **financial performance was weighed down by Dina Farms' retail supermarket subsidiary** which was divested in 4Q 2017.

Consolidated Statement of Profits or Losses

For the year ended 31 December 2017

(All amounts in EGP)	Note	31 December 2017	Restated 31 December 2016
Revenue	33	9,282,320,443	7,620,033,143
Cost of goods sold	34	(8,098,215,187)	(6,724,442,173)
Gross profit		1,184,105,256	895,590,970
Advisory fees income	31	445,212,230	12,374,198
Administrative expenses	35	(1,193,809,460)	(1,150,239,024)
Other expenses	36	(612,549,152)	(1,087,468,119)
Share of profit of investment in associates	32	303,949,186	299,559,329
Operating profits/ (losses)		(273,091,940)	(1,030,182,646)
Finance costs – net	37	(1,120,288,759)	(3,032,018,480)
Net losses before income tax		(1,393,380,699)	(4,062,201,126)
Income tax expense	38	(78,516,104)	(219,734,258)
Net losses for the year from continued operations		(1,471,896,803)	(4,281,935,384)
Net losses for the year from discontinued operations (net of income tax)	21	(4,478,799,577)	(1,360,333,503)
Net losses for the year		(5,950,696,380)	(5,642,268,887)
Attributable to			
Owners of the parent company		(4,714,015,159)	(4,141,644,014)
Non-controlling interest		(1,236,681,221)	(1,500,624,873)
		(5,950,696,380)	(5,642,268,887)
Losses per share from continuing and discontinued operations during the period attributable to owners of the parent company:			
Earnings per share	38	(2.59)	(2.28)

Scan the QR code to download our audited consolidated financials in PDF from our investor relations microsite ir.qalaaholdings.com



Consolidated Statement of Financial Position

As of 31 December 2017

(All amounts in EGP)	Note	31 December 2017	Restated 31 December 2016
Assets			
Non-current assets			
Fixed assets	5	5,297,241,063	5,775,281,030
Projects under construction	6	55,048,005,012	48,084,277,663
Intangible assets	7	638,761,263	1,265,407,067
Goodwill	8	390,008,113	392,417,101
Biological assets	9	242,834,593	207,820,465
Investments in associates	10	999,987,872	1,106,525,021
Available for sale financial assets	11	56,008,186	83,800,600
Payments for investments	12	154,430,711	110,930,719
Trade and notes receivable	13	1,926,049,895	2,146,755,190
Deferred tax assets	24	12,584,085	61,084,782
Other assets	14	134,902,410	77,353,977
Total non-current assets		64,900,813,203	59,311,653,615
Current assets			
Non-current assets held for sale	15	617,197,064	6,361,106,255
Inventories	16	1,218,196,509	1,248,519,377
Biological assets	9	6,997,685	7,246,485
Work in process		81,163,430	68,754,396
Trade and notes receivable	13	1,798,313,170	1,561,850,465
Debtors and other debit balances	17	1,766,120,155	1,628,063,933
Due from related parties	18	345,495,722	176,616,325
Financial assets at fair value through profit or loss	19	4,405,479	1,279,211
Cash and cash equivalents	20	2,353,470,400	2,837,035,012
Total current assets		8,191,359,614	13,890,471,459
Total assets		73,092,172,817	73,202,125,074
Equity and liabilities			
Equity attributable to owners of the parent			
Paid up capital	22	9,100,000,000	9,100,000,000
Reserves		1,600,864,420	2,965,114,474
Accumulated losses		(17,152,562,091)	(12,572,941,657)
Total equity attributable to owners of the parent		(6,451,697,671)	(511,165,841)
Non-controlling interest		16,709,412,000	16,291,418,207
Total equity		10,257,714,329	15,780,252,366
Liabilities			
Non-current liabilities			
Long-term loans	23	35,603,513,377	34,487,692,249
Deferred tax liabilities	25	422,985,541	543,364,255
Liabilities and financial derivatives	24	260,636,355	393,793,822
Loans due to related parties	23	36,939,964	47,425,273
Total non-current liabilities		36,324,075,237	35,472,275,599
Current liabilities			
Provisions	30	883,032,183	681,537,294
Bank overdraft	26	425,625,734	498,992,120
Trade and other payables	28	4,475,369,878	2,897,318,193
Creditors and other credit balances	29	2,869,039,899	2,017,786,200
Due to related parties	27	1,794,550,906	2,290,358,708
Short-term loans	23	12,141,937,164	5,041,084,010
Loans due to related parties	23	1,945,747,334	1,892,125,247
Liabilities associated with assets held for sale	20	942,813,117	5,912,284,596
Current income tax liabilities		1,032,267,036	718,110,741
Total current liabilities		26,510,383,251	21,949,597,109
Total equity and liabilities		73,092,172,817	73,202,125,074

Chairman
Ahmed Heikal

Managing Director
Hisham Hussein El-Khazindar

Chief Financial Officer
Moataz Farouk

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