


Citadel Capital Company
(Egyptian Joint Stock Company)

Consolidated financial statements
for the year ended December 31, 2017
&
Auditor's report

 **Hazem Hassan**
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Translation from Arabic

Auditor's report

To the shareholders of Citadel Capital Company

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Citadel Capital Company (an Egyptian Joint Stock Company), which comprise the consolidated statement of financial position as at 31 December 2017 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Except as discussed in the basis of qualified opinion paragraphs, we conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

1. As described in Note No. (48) of the notes accompanying the consolidated financial statements for the year ended 31 December 2017, the consolidated financial statements of Citadel Capital Company at that date include an amount of EGP 646 Million under "Due to related parties and shareholders" and a corresponding increase in the accumulated losses of the company by an equal amount. The said amount represents liabilities related to financial guarantees issued in favor of certain shareholders (other than board members) through a fully owned subsidiary of the company.

We requested an independent legal opinion in respect of the validity and enforceability of the aforementioned guarantees and their financial impacts. The company provided us with the said opinion, which states that the management must take the corrective actions to establish the validity and enforceability of these guarantees by presenting them before the ordinary general assembly of the company for approval.

2. The consolidated financial statements as at 31 December 2017 of Citadel Capital Company includes the consolidated financial statements of the Arabian Refining Company (ARC) and its subsidiary the Egyptian Refining Company (ERC) with consolidated assets and liabilities for ARC amounting to EGP 58 Billion and EGP 36 Billion respectively at that date. During 2017, the share-capital of ARC was increased in several stages. The company did not participate in the said increases. Also, the pre-set date for the completion of construction and execution of the main project of ERC was extended several times. Management of the company anticipates completion of the project and start operation in the near future. In the light of all the aforementioned, management of Citadel Capital Company should prepare a comprehensive study to determine whether it has currently a full control over ARC and ERC and accordingly consolidate them in its consolidated financial statements or it has a joint control; in which case equity method should be used in accounting for those two companies. The company is currently preparing the required study in this regard.

Translation from Arabic

3. As described in Note No. (48) of the notes accompanying the consolidated financial statements for the year ended 31 December 2017 regarding Significant Events during the year, the Company has indirect investments in "Rift Valley Railways (Kenya) Limited (RVRK)" in Kenya and "Rift Valley Railways (Uganda) Limited (RVRU)" in Uganda; through its subsidiary Africa Railways Limited (ARL).

On 31 July 2017, the Court of Kenya issued an order to terminate the Concession Agreement granted to "RVRK" and to transfer all its assets and employees to "Kenya Railways Corporation". Similar events have evolved to the company's other subsidiary, "RVRU". During the subsequent period to the consolidated financial statements date, the World Bank Group (in their capacity as lenders for these companies) issued a resolution for sanction described in the above mentioned note on three subsidiary companies working in the railways sector. The Group's management has recognized an impairment loss amounting to EGP 3.25 Billion for all assets of the subsidiary companies working in the railways sector which recorded in the consolidated financial information for these companies for the year ended 31 December 2017 prepared by the management of the Citadel Capital Company.

As indicated in the previous paragraphs and according to the representations received from the management, the management was unable to obtain the financial and accounting information for these companies as at 31 December 2017.

Accordingly, the management has prepared the financial information for these companies for the purpose of the consolidated financial statements based on the latest available financial information. We were not provided with sufficient and appropriate evidence regarding this financial information.

As described in the same Note, the Board of Directors of Citadel Capital Company decided in its meeting held on 17 September 2017, to divest of all the owned subsidiaries in the railways sector by selling and/or dispensing and/or liquidating these subsidiaries. The ability to execute this decision, and the nature and extent of the possible financial effects as a result of the decision have not yet been determined.

4. The Payments for Investment balance as at 31 December 2017 includes an amount of EGP 149 million, we were unable to verify this balance.

Translation from Arabic

5. In accordance with the consolidated financial position and the consolidated operating results as at 31 December 2017, the Group's accumulated losses amounted to EGP 17 Billion which exceeds the owners' equity of the holding company, the increase in the current liabilities over the current assets at that date amounted to EGP 18 Billion, and the maturity dates of certain installments payment relating to certain loans borrowed from banks and financial institutions fell due without settlement. In addition, there are indicators that the Group is unable to settle certain financial obligations to third parties (other than loans) on the due dates. All the aforementioned raise a material uncertainty about the company's ability in continuing its activities as a going concern.

As mentioned in Note No. (49) of the notes accompanying the consolidated financial statements for the year ended 31 December 2017, the management of the company prepared a future plan for the expected cash flows of the group based on the expected cash flows from operations, the expected cash flows from the restructuring and selling certain investments and assets and reach an agreement with banks and financial institutions to reschedule loan balances and bank facilities borrowed by the Company.

The continuity of the Company as a going concern is dependent on its ability to achieve the aforementioned plan, whose implementation depends on the realization of the assumptions on which the plan is based.

Qualified Opinion

In our opinion, except for the adjustments to the consolidated financial statements that might be necessary had the information regarding the matters described above been available, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Citadel Capital Company as at 31 December 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

KPMG Hazem Hassan

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo, 14 May 2018

KPMG Hazem Hassan
Public Accountants and Consultants
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	Note	31/12/2017	31/12/2016	1/1/2016
			Restated	Restated
<i>(in EGP)</i>				
Assets				
Fixed assets	(5)	5 297 241 063	5 775 281 030	5 132 944 455
Projects under construction	(6)	55 048 005 012	48 084 277 663	17 140 102 652
Intangible assets	(7)	638 761 263	1 265 407 067	1 751 125 701
Goodwill	(8)	390 008 113	392 417 101	649 801 051
Biological assets	(9)	242 834 593	207 820 465	196 044 381
Trade and notes receivables	(15)	1 926 049 895	2 146 755 190	710 407 485
Investment property		-	-	24 000 000
Investments in associates	(10)	999 987 872	1 106 525 021	893 874 077
Available-for-sale investments	(11)	56 008 186	83 800 600	54 311 317
Payments for investments	(12)	154 430 711	110 930 719	80 997 503
Other assets	(13)	134 902 410	77 353 977	269 800 533
Deferred tax assets	(25)	12 584 085	61 084 782	395 240 419
Total non- current assets		64 900 813 203	59 311 653 615	27 298 649 574
Inventories	(14)	1 218 196 509	1 248 519 377	1 029 593 048
Biological assets	(9)	6 997 685	7 246 485	25 063 763
Work in process		81 163 430	68 754 396	17 768 790
Investments at fair value through profit or loss	(16)	4 405 479	1 279 211	33 789 381
Due from related parties	(17)	345 495 722	176 616 325	602 063 394
Trade and notes receivables	(15)	1 798 313 170	1 561 850 465	1 225 561 916
Debtors and other debit balances	(18)	1 766 120 155	1 628 063 933	1 303 644 983
Cash and cash equivalents	(19)	2 353 470 400	2 837 035 012	3 353 000 479
Assets held-for-sale	(20-1)	617 197 064	6 361 106 255	2 552 845 910
Total current assets		8 191 359 614	13 890 471 459	10 143 331 664
Total assets		73 092 172 817	73 202 125 074	37 441 981 238

to be continued ...

	Note	31/12/2017	31/12/2016	1/1/2016
(in EGP)			Restated	Restated
Equity				
Issued and paid - up capital				
Treasury shares	(22)	9 100 000 000	9 100 000 000	9 100 000 000
Reserves	(22-1)	-	(3 338 658)	-
Carried forward losses		1 600 864 420	2 965 114 474	220 384 104
Total		(17 152 562 091)	(12 572 941 657)	(7 208 902 875)
Shareholders' credit balances		(6 451 697 671)	(511 165 841)	2 111 481 229
Equity attributable to owners of the Company		-	-	1 464 311
Non-controlling interests		(6 451 697 671)	(511 165 841)	2 112 945 540
Total equity		16 709 412 000	16 291 418 207	8 189 651 119
		10 257 714 329	15 780 252 366	10 302 596 659
Liabilities				
Long term loans				
Long term liabilities and derivatives	(23-1)	35 603 513 377	34 487 692 249	13 675 665 666
Loans from related parties	(24)	260 636 355	393 793 822	436 369 089
Deferred tax liabilities	(23-2)	36 939 964	47 425 273	24 484 249
Total non-current liabilities	(25)	422 985 541	543 364 255	664 181 100
		36 324 075 237	35 472 275 599	14 800 700 104
Banks overdraft				
Short term loans	(26)	425 625 734	498 992 120	508 626 802
Loans from related parties	(23-1)	12 141 937 164	5 041 084 010	2 929 274 268
Due to related parties and shareholders	(23-2)	1 945 747 334	1 892 125 247	718 705 574
Trade and notes payables	(27)	1 794 550 906	2 290 358 708	1 368 179 118
Creditors and other credit balances	(28)	4 475 369 878	2 897 318 193	2 855 400 529
Provisions	(29)	2 869 039 899	2 017 786 200	1 628 209 984
Liabilities directly associated with the assets held-for-sale	(30)	883 032 183	681 537 294	625 529 052
Due to Tax Authority	(20-2)	942 813 117	5 912 284 596	1 015 904 059
Total current liabilities		1 032 267 036	718 110 741	688 855 089
Total liabilities		26 510 383 251	21 949 597 109	12 338 684 475
Total equity and liabilities		62 834 458 488	57 421 872 708	27 139 384 579
		73 092 172 817	73 202 125 074	37 441 981 238

The accompanying notes and accounting policies from page (9) to page (116) are an integral part of these consolidated financial statements and are to be read therewith.

Auditor's report "attached"

Chief Financial Officer
Moataz Farouk

Managing Director
Hisham Hussein El Khazindar

Chairman
Ahmed Mohamed Hassanien Heikal

Consolidated income statement

	Note	For the year ended	
		31/12/2017	31/12/2016
			Restated
<i>(in EGP)</i>			
Continuing operations			
Operating revenues	(33)	9 282 320 443	7 620 033 143
Operating costs	(34)	(8 098 215 187)	(6 724 442 173)
Gross profit		1 184 105 256	895 590 970
Advisory fees income	(31)	45 212 230	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 results		(273 091 940)	(1 030 182 646)
Finance costs - net	(37)	(1 120 288 759)	(3 032 018 480)
Net loss before tax		(1 393 380 699)	(4 062 201 126)
Income tax expense	(38)	(78 516 104)	(219 734 258)
Net loss from continuing operations		(1 471 896 803)	(4 281 935 384)
Discontinued operations			
Operating revenues		309 759 966	862 922 005
Operating costs		(421 729 474)	(997 927 864)
Gross loss		(111 969 508)	(135 005 859)
Less:			
Administrative expenses		(125 011 307)	(204 153 563)
Other expenses	(21,48)	(3 846 072 357)	(598 241 741)
Finance costs - net		(142 764 631)	(458 071 850)
Results from operating activities		(4 225 817 803)	(1 395 473 013)
Income tax		-	3 612 707
Results from operating activities, net of tax		(4 225 817 803)	(1 391 860 306)
(Loss) gain from sale of discontinued operations, net of tax	(21-1)	(252 981 774)	31 526 803
Loss from discontinued operations, net of tax	(21)	(4 478 799 577)	(1 360 333 503)
Net loss 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 interests		(1 236 681 221)	(1 500 624 873)
		(5 950 696 380)	(5 642 268 887)
Earnings per share	(39)	(2.59)	(2.28)

The accompanying notes and accounting policies from page (9) to page (116) are an integral part of these consolidated financial statements and are to be read therewith.

Consolidated statement of comprehensive income

(in EGP)	For the year ended	
	31/12/2017	31/12/2016 Restated
Net loss for the year	(5 950 696 380)	(5 642 268 887)
Other comprehensive income items:		
Items that are or may be reclassified to profit or loss		
Foreign operations - foreign currency translation differences	(1 481 061 458)	8 934 080 588
Available-for-sale investments - net change in fair value	2 738 314	(91 800)
Reserve of interest rate swap contracts hedge	22 727 499	1 370 583
Total other comprehensive income, net of tax	<u>(1 455 595 645)</u>	<u>8 935 359 371</u>
Total comprehensive income	<u>(7 406 292 025)</u>	<u>3 293 090 484</u>
Total comprehensive income attributable to :		
Owners of the Company	(6 088 125 140)	(1 396 913 644)
Non-controlling interests	(1 318 166 885)	4 690 004 128
	<u>(7 406 292 025)</u>	<u>3 293 090 484</u>

The accompanying notes and accounting policies from page (9) to page (116) are an integral part of these consolidated financial statements and are to be read therewith.

Consolidated statement of changes in equity

	Note	Issued and paid-up capital	Legal reserve	Fair value reserve - AFS	Reserves			Carried forward losses	Treasury shares	Total	Non - controlling interests	Total equity
					F.C. translation reserve	Company's share of changes in associates' equity	Change in the fair value of hedge reserve-swap contract					
Balance as at December 31, 2016 (as previously issued)		9 100 000 000	89 578 478	(1 068 496)	3 112 586 466	(77 428 646)	(32 271 492)	(12 001 322 663)	(3 338 658)	186 734 989	16 283 734 669	16 470 469 658
Adjustments	(47)	-	-	-	(126 281 836)	-	-	(571 618 994)	-	(697 900 830)	7 683 538	(690 217 292)
Balance as at December 31, 2016 (Restated)		9 100 000 000	89 578 478	(1 068 496)	2 986 304 630	(77 428 646)	(32 271 492)	(12 572 941 657)	(3 338 658)	(511 165 841)	16 291 418 207	15 780 252 366
Total comprehensive income												
Loss for the year ended December 31, 2017		-	-	-	-	-	-	(4 714 015 159)	-	(4 714 015 159)	(1 236 681 222)	(5 950 696 381)
Other comprehensive income		-	-	2 738 314	(1 399 575 794)	-	22 727 499	-	-	(1 374 109 981)	(81 485 663)	(1 455 595 644)
Total comprehensive income		-	-	2 738 314	(1 399 575 794)	-	22 727 499	(4 714 015 159)	-	(6 088 125 140)	(1 318 166 885)	(7 406 292 025)
Transactions with owners of the company												
Board of directors and employees profit share		-	-	-	-	-	-	(32 366 583)	-	(32 366 583)	(18 797 467)	(51 164 050)
Sale of subsidiaries differences		-	-	-	-	9 859 927	-	-	-	9 859 927	(264 148 850)	(254 288 923)
Reclassification from assets held for sale		-	-	-	-	-	-	167 478 874	-	167 478 874	-	167 478 874
Treasury shares selling	(22.1)	-	-	-	-	-	-	(717 566)	3 338 658	2 621 092	(346 183)	2 274 909
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	2 019 453 178	2 019 453 178
Balance as at December 31, 2017		9 100 000 000	89 578 478	1 669 818	1 586 728 836	(67 568 719)	(9 543 993)	(17 152 562 091)	-	(6 451 697 671)	16 709 412 000	10 257 714 329

The accompanying notes and accounting policies from page (9) to page (116) are an integral part of these consolidated financial statements and are to be read therewith.

Consolidated statement of changes in equity (continued)

Note	Issued and paid-up capital	Reserves				Carried forward losses	Shareholders' credit balances	Treasury shares	Total	Non - controlling interests	Total equity
		Legal reserve	Fair value reserve -AFS	F.C. translation reserve	Company's share of changes in associates' equity	Change in the fair value of hedge reserve-swap contract					
(in EGP)											
Balance as at December 31, 2015 (as previously issued)	9 100 000 000	89 578 478	(976 696)	369 449 580	(77 428 646)	(33 642 075)	1 464 311	-	2 797 940 460	8 152 325 712	10 950 266 172
Adjustments	-	-	-	(126 596 537)	-	-	-	-	(684 994 920)	37 325 407	(647 669 513)
Balance as at December 31, 2015 (Retained)	9 100 000 000	89 578 478	(976 696)	242 853 043	(77 428 646)	(33 642 075)	1 464 311	-	2 112 945 540	8 189 651 119	10 302 596 659
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Loss for the year ended December 31, 2016	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	(91 800)	2 743 451 587	-	1 370 583	-	-	(4 141 644 014)	(1 500 624 873)	(5 642 268 887)
Total comprehensive income	-	-	(91 800)	2 743 451 587	-	1 370 583	-	-	2 744 730 370	6 190 629 001	8 935 359 371
Transactions with owners of the Company	-	-	-	-	-	-	-	-	(1 396 913 644)	4 690 004 128	3 293 090 484
Board of directors and employees profit share	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non - controlling interests without change in control	-	-	-	-	-	-	-	-	-	-	-
Treasury shares purchase	(22.1)	-	-	-	-	-	-	-	(11 937 544)	(11 575 662)	(23 513 206)
Reclassification of shareholders' credit balances	-	-	-	-	-	-	-	-	(1 210 457 224)	1 228 786 752	18 329 528
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(3 338 658)	-	(3 338 658)
Balance as at December 31, 2016	-	-	-	-	-	-	(1 464 311)	-	(1 464 311)	-	(1 464 311)
Balance as at December 31, 2016	9 100 000 000	89 578 478	(1 068 496)	2 986 304 630	(77 428 646)	(32 271 492)	-	(3 338 658)	(511 165 841)	16 291 418 207	15 780 252 366

The accompanying notes and accounting policies from page (9) to page (116) are an integral part of these consolidated financial statements and are to be read therewith.

	for the year ended	
<i>(in EGP)</i>	31/12/2017	31/12/2016
Cash flows from operating activities		
Loss before income tax	(1 393 380 699)	(4 062 201 126)
Adjustments for:		
Loss from discontinued operations, net of tax	(4 478 799 577)	(1 360 333 503)
Loss (gains) on sale of discontinued operations, net of tax	252 981 774	(31 526 803)
Depreciation and amortization	458 013 527	569 962 249
Share of profit of investments in associates	(303 949 186)	(299 559 329)
Net change in the fair value of investments at fair value through profit or loss	(3 131 090)	921 285
Foreign currency exchange differences	(91 550 829)	2 209 720 299
Interest income	(222 083 438)	(109 499 589)
Gain on sale of fixed assets	(22 879 320)	(11 492 533)
(Gains) losses from sale of biological assets	(147 460)	2 698 392
Interest expenses	1 080 953 843	654 128 193
Provisions formed	302 327 447	263 563 002
Impairment on assets	-	544 917 517
(Reversal) write-down of inventories	(1 943 348)	-
Provisions no longer needed	(4 147 501)	(24 076 675)
	(4 427 735 857)	(1 652 778 621)
Change in :		
Inventories	(326 493 324)	(315 612 703)
Work in process	(11 029 126)	(98 610 457)
Due from related parties	(1 357 072 111)	(1 444 520 166)
Trade and other receivables	(538 391 120)	(195 502 318)
Debtors and other debit balances	(134 307 532)	(5 784 854)
Due to related parties and shareholders	2 182 471 614	1 580 557 941
Trade and other payables	1 436 943 133	(1 726 629 323)
Creditors, other credit balances and long term liabilities	701 029 476	(137 687 238)
Discontinued operations	77 989 908	433 942 049
Cash generated (used in) operating activities	(2 396 594 939)	(3 562 625 690)
Provision used	(83 853 094)	(251 831 800)
Income tax paid	(18 688 429)	(143 490 126)
Net cash from used in operating activities	(2 499 136 462)	(3 957 947 616)

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The accompanying notes and accounting policies from page (9) to page (116) are an integral part of these consolidated financial statements and are to be read therewith.

	for the year ended	
	31/12/2017	31/12/2016
<i>(in EGP)</i>		
Cash flows from investing activities		
Payments to purchase of fixed assets and projects under construction	(4 153 406 841)	(4 894 098 700)
Proceeds from sale of fixed assets and projects under construction	7 971 530	38 199 167
Payments to purchase of biological assets	-	(39 796 596)
Proceeds from sale of biological assets	(97 114 818)	15 200 950
Payments to purchase of intangible assets	(4 448 582)	(142 545 953)
Proceeds / (payments for) sale of assets classified as held for sale	503 365 255	424 660 826
Payments for from loans to related parties	-	(124 060 621)
Payments for investments	(266 755 793)	(30 399 600)
Proceeds from treasury bills	-	27 549 174
Proceeds from other assets	(58 261 812)	34 414 008
Dividends income from associates	19 094 647	-
Interest received	582 768 646	257 703 246
Discontinued operations	452 704 925	748 474 441
Net cash used in investing activities	<u>(3 014 082 842)</u>	<u>(3 684 699 658)</u>
Cash flows from financing activities		
Proceeds (Payments) of shareholders' credit balances	(256 158 628)	13 686 136
Proceeds from loans	4 024 465 197	5 006 331 864
Payments for loans	(156 518 333)	(207 962 887)
(Payments for) proceeds from banks overdraft	(46 451 399)	19 958 413
Proceeds from non-controlling interests	1 956 819 422	1 890 656 412
Dividends paid for board of directors and employees	(113 451 986)	(35 296 967)
Interest paid	(221 925 175)	(83 318 947)
Net cash from financing activities	<u>5 186 779 098</u>	<u>6 604 054 024</u>
Net changes in cash and cash equivalents during the year	(326 440 206)	(1 038 593 250)
Cash classified as held for sale	(157 124 406)	(22 822 642)
Cash and cash equivalents at the beginning of the year - (Note 19)	2 837 035 012	3 898 450 904
Cash and cash equivalents at the end of the year - (Note 19)	<u>2 353 470 400</u>	<u>2 837 035 012</u>

The accompanying notes and accounting policies from page (9) to page (116) are an integral part of these consolidated financial statements and are to be read therewith.

Notes to the consolidated financial statements

For the year ended December 31, 2017

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

1. Company's background

1.1 Legal status and activity

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

1.2 Purpose of the Company

- The Company's basic activity extends to the region of the Middle East, North and East Africa, especially Egypt, Algeria, Libya, Syria and Sudan. The purpose of the Company is represented as follows:
 - * Providing consultancy in financial and financing fields for different companies and preparing and presenting the feasibility studies in the economical, engineering, technological, marketing, financial, management, borrowing contracts arrangements fields and financing studies in addition to preparing and presenting studies and consultancy regarding projects' promotion and offering the necessary technical support in different fields except legal consultancy.
 - * Working as an agent in contracting and negotiation in different fields and steps especially negotiation in the management contracts, participation and technical support.
 - * Managing, executing and restructuring of projects.
- On October 20, 2013 the extra-ordinary general assembly has agreed on amending the statute of the Company in accordance with the Capital Market Law and its executive regulations on the basis that the Company is involved in establishing other companies and participating in the capital increases of other companies pursuant to the provision of article no. (27) of the Capital Market Law and article no.(122) of its executive regulations, provided that required legal procedures for amending the statute of the company will take place after completing the required legal procedures for the aforementioned capital increase.

Notes to the consolidated financial statements
For the year ended December 31, 2017

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-
- The company will start using its new logo and its new trade mark "Qalaa Holdings" in the English language. This change will not affect the Arabic trade mark which is used since the company's inception in 2004. This change will take place subsequent to the capital increase as a result of the strategic transformation to an investment company with a focus on strategic segments which include energy, cement, agrifoods, transportation & logistics, and mining. The required procedures to amend the Company's commercial register are currently in process.

1.3 The Company's headquarter

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

1.4 Consolidated financial statements frame work

The consolidated financial statements of the Company for the year ended December 31, 2017 comprise the parent company's and its subsidiaries' financial statements (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Authorization of the consolidated financial statements

The consolidated financial statements were authorized for issuance in accordance with a resolution of the board of directors on May 14, 2018.

3. Functional and presentation currency

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

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4. Use of estimate and judgements

In preparing these consolidated financial statements in accordance with the Egyptian Accounting Standards (EASs), management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates.

- Estimates and underlying assumptions are re-viewed on regular basis.
- The change in accounting estimates is recognized in the period where the estimate is changed whether the change affects only that period, or in the period of change and the future periods if the change affects them both.

4.1 Fair value measurement

- The fair value of financial instruments are determined based on the market value of the financial instrument or similar financial instruments at the date of the consolidated financial statements without deducting any estimated future selling costs.
- The value of financial assets are determined by the values of the current purchase prices for those assets, while the value of financial liabilities is determined by the current prices that can be settled by those liabilities.
- In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the prices of the transactions occurred recently, and guided by the current fair value of other instruments substantially similar - discounted cash flow method - or any other evaluation method to get resulting values that can rely on.
- When using the discounted cash flow method as a way to evaluate, the future cash flows are estimated based on the best estimates of management. And the discount rate used is determined in the light of the prevailing market price at the date of the consolidated financial statements that are similar in nature and conditions.

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Accumulated depreciation	Land	Buildings and constructions	Lease hold improvements	Machinery, equipment and tools	Furniture, fixtures and electric	Computer equipment	Transportation means and barges	Total
Accumulated depreciation as at 1/1/2017	183 490	337 280 889	45 958 550	2 111 506 302	222 408 372	34 211 653	276 863 129	3 028 412 385
Impairment loss as at 1/1/2017 ****	--	17 767 807	107 857 426	104 700 719	6 678 137	56 528	192 068	237 252 685
Accumulated depreciation and impairment loss as at 1/1/2017	183 490	355 048 696	153 815 976	2 216 207 021	229 086 509	34 268 181	277 055 197	3 265 665 070
Depreciation for the year*	56 247	50 061 478	2 898 579	316 659 245	11 080 852	6 793 354	40 818 708	428 368 463
Impairment loss during the year ****	--	12 317 622	3 114 065	415 784 314	4 198 871	3 551 120	48 726	439 014 718
Transferred from assets held for sale	--	3 023 948	13 683 972	93 553 780	31 737 199	29 032 714	12 647 364	183 678 977
Accumulated depreciation of disposals	--	(2 868 798)	(342 663)	(44 508 282)	(5 941 995)	(1 027 788)	(10 875 541)	(65 565 067)
Depreciation for disposals of subsidiaries*****	--	(8 675 352)	--	(17 779 486)	(3 431 959)	--	(778 177)	(30 664 974)
Foreign currency translation differences	(161 463)	(29 860 370)	(476 190)	(109 941 880)	(931 204)	(994 455)	(13 495 480)	(155 861 042)
Accumulated depreciation as at 31/12/2017	<u>78 274</u>	<u>379 047 224</u>	<u>172 693 739</u>	<u>2 869 974 712</u>	<u>265 798 273</u>	<u>71 623 126</u>	<u>305 420 797</u>	<u>4 064 636 145</u>
Accumulated depreciation as at 1/1/2016	143 596	252 187 150	41 761 596	1 407 872 490	207 220 383	47 032 145	213 961 002	2 170 178 362
Depreciation for the year *	79 913	47 428 040	7 688 175	310 583 163	13 302 943	2 489 433	36 375 220	417 946 887
Impairment loss ****	--	17 767 807	107 857 426	104 700 719	6 678 137	56 528	192 068	237 252 685
Transferred to assets held for sale	--	(3 023 948)	(14 753 009)	(93 624 358)	(22 378 548)	(29 302 341)	(12 795 109)	(175 877 313)
Accumulated depreciation of disposals	--	17 244 180	6 661 792	24 837 498	27 908 036	451 562	1 583 610	78 686 678
Foreign currency translation differences	--	(5 087 176)	(14 652 122)	(39 949 825)	(27 232 337)	(9 507 542)	(4 711 773)	(101 140 775)
Accumulated depreciation as at 31/12/2016	<u>(40 019)</u>	<u>28 532 643</u>	<u>19 252 118</u>	<u>501 787 334</u>	<u>23 587 895</u>	<u>23 048 396</u>	<u>42 450 179</u>	<u>638 618 546</u>
Carrying amounts	183 490	355 048 696	153 815 976	2 216 207 021	229 086 509	34 268 181	277 055 197	3 265 665 070
At 31/12/2017	<u>1 942 490 669</u>	<u>1 083 646 529</u>	<u>14 753 676</u>	<u>1 816 549 600</u>	<u>32 835 007</u>	<u>7 506 383</u>	<u>399 459 199</u>	<u>5 297 241 063</u>
At 31/12/2016	<u>1 963 342 997</u>	<u>1 092 188 274</u>	<u>16 564 482</u>	<u>2 259 818 356</u>	<u>27 558 411</u>	<u>9 768 405</u>	<u>406 040 105</u>	<u>5 775 281 030</u>

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- * Administrative depreciation for the year has been recognized in administrative expenses (note 35) and operating depreciation has been recognized in operating costs (note 34).
- ** Transferred from assets held for sale are represented in assets related to Bright Living Company. (a subsidiary in the Real Estate segment) and ESACO for Manufacturing Engineering and Construction (a subsidiary in the Cement segment) and KU Railways Holding (a subsidiary in the Transportation and logistics segment)
- *** Additions include the amount transferred from projects under construction (note 6).
- **** Impairment as at January 1, 2017 represented in assets related to Wafra Agricultural Company (a subsidiary in the agricultural and Food segment), while impairment during the year represented in assets related to KU Railways Holding (a subsidiary in the transportation logistics segment)
- ***** The balance is represented in the assets of the Arab Company for services and trade (one of the subsidiaries of agricultural sector) – Note (20)

6. Projects under construction

6.1 Projects under construction represented in the following:

	31/12/2017	31/12/2016 Restated**
Balance at the beginning of the year	48 628 176 224	17 233 833 544
Reclassification from assets held for sale	68 903 975	--
Additions	7 908 518 239	5 382 636 932
Disposals	(1 456 839)	(2 756 359)
Reclassification to assets held for sale	--	(68 903 975)
Transferred to fixed assets (note 5)	(81 834 585)	(6 041 716)
Foreign currency translation differences	(842 586 710)	26 089 407 798
Balance	55 679 720 304	48 628 176 224
Accumulated impairment losses	(631 715 292)	(543 898 561)
Net	55 048 005 012	48 084 277 663

6.2 Projects under construction are represented in the following:

	31/12/2017	31/12/2016
Energy Sector *	54 867 030 137	47 854 713 531
Agriculture and Food Sector	6 504 798	9 515 724
Transportation and Logistics Sector	92 888 928	67 988 694
Cement Sector	51 160 299	96 466 928
Financial Services Sector	22 386 681	12 829 726
Mining Sector	8 034 169	42 763 060
Total	55 048 005 012	48 084 277 663

- * Projects under construction - Energy sector include an amount of EGP 54 745 164 817 as at December 31, 2017 against EGP 47 801 655 455 as at December 31, 2016 represents the project of Egyptian Refining Company- a subsidiary in the energy sector.
- ** Note (47).

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7. Intangible assets

	Note	31/12/2017	31/12/2016
Software	(7-1)	16 154 844	12 886 930
Exploration and valuation assets	(7-2)	32 278 461	607 122 996
Trade name	(7-3)	346 210 519	346 210 520
Customer contracts	(7-4)	239 014 808	294 670 356
Other intangible assets	(7-5)	5 102 631	4 516 265
Concession	(7-6)	--	--
Balance		<u>638 761 263</u>	<u>1 265 407 067</u>

7.1 Software

	31/12/2017	31/12/2016
Cost at the beginning of the year	58 297 051	59 044 102
Additions	4 448 582	284 063
Disposals	--	(265 752)
Reclassification to assets held for sale	--	(49 266 344)
Transferred from assets held for sale	49 266 344	--
Foreign currency translation differences	(10 563 099)	48 500 982
Cost at the end of the year	<u>101 448 878</u>	<u>58 297 051</u>
Accumulated amortization at the beginning of the year	(45 410 121)	(45 892 898)
Amortization for the year	(1 115 951)	(617 377)
Reclassification to assets held for sale	--	41 485 608
Transferred from assets held for sale	(41 485 608)	--
Foreign currency translation differences	2 779 026	(40 385 454)
Accumulated amortization at the end of the year	<u>(85 232 654)</u>	<u>(45 410 121)</u>
Net before impairment	16 216 224	12 886 930
Impairment losses for the year	(61 380)	--
Net	<u>16 154 844</u>	<u>12 886 930</u>

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7.2 Exploration and valuation assets

7.2.1 Site preparation expenses

	31/12/2017	31/12/2016
Cost at the beginning of the year	990 467	463 588
Amortization for the year	(42 647)	(24 563)
Foreign currency translation differences	(48 500)	551 442
Balance (A)	<u>899 320</u>	<u>990 467</u>

7.2.2 Search and exploration expenses

	31/12/2017	31/12/2016
Cost at the beginning of the year	581 213 997	234 391 228
Additions	38 894 543	39 945 866
Disposals (note 20)	(580 368 274)	--
Foreign currency translation differences	(31 646 162)	306 876 903
Balance (B)	<u>8 094 104</u>	<u>581 213 997</u>

7.2.3 License

	31/12/2017	31/12/2016
Cost at the beginning of the year	33 164 554	14 953 666
Amortization for the year	(117 015)	(97 068)
Foreign currency translation differences	(1 669 068)	18 307 956
Balance (C)	<u>31 378 471</u>	<u>33 164 554</u>
Total (A+B+C)	40 371 895	615 369 018
Accumulated impairment losses *	(8 093 434)	(8 246 022)
Net	<u>32 278 461</u>	<u>607 122 996</u>

***Accumulated impairment losses**

	31/12/2017	31/12/2016
Impairment at the beginning of the year	(8 246 022)	(3 520 406)
Foreign currency translation differences	152 588	(4 725 616)
Balance	<u>(8 093 434)</u>	<u>(8 246 022)</u>

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7.3 Trade name

	31/12/2017	31/12/2016
Silverstone Capital Investment Ltd. Group	108 279 000	108 279 000
Falcon for Agricultural Investments Ltd. *	129 485 000	129 485 000
National Development and Trading Company *	246 277 987	246 277 987
Total	484 041 987	484 041 987
Accumulated impairment losses *	(137 831 468)	(137 831 467)
Net	346 210 519	346 210 520

7.4 Customer contracts

	31/12/2017	31/12/2016
Global for Energy (Distribution)	92 709 000	92 709 000
Global for Energy (Generation)	76 357 000	76 357 000
Gas & Energy Company (Genco Group)	292 571 000	292 571 000
Balance	461 637 000	461 637 000
Accumulated amortization at the beginning of the year	(166 966 644)	(111 311 096)
Amortization during year	(55 655 548)	(55 655 548)
Accumulated amortization at the end of the year	(222 622 192)	(166 966 644)
Net	239 014 808	294 670 356

7.5 Other intangible assets

	31/12/2017	31/12/2016
Payment for waiving of the license to establish a black cement factory for ASEC Syria	4 167 043	3 688 190
Compensation for project workers	935 588	828 075
Net	5 102 631	4 516 265

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7.6 Concession*

Cost	31/12/2017	31/12/2016
Transferred from assets held for sale	2 111 798 656	--
Foreign currency translation differences	146 333 785	--
Cost at the end of the year	2 258 132 441	--
Amortization		
Transferred from assets held for sale	534 839 766	--
Amortization during year	26 599 714	--
Foreign currency translation differences	225 659 838	--
Accumulated amortization at the end of the year	787 099 318	--
Balance	1 471 033 123	--
Accumulated impairment losses	(1 471 033 123)	--
Net	--	--

* Note (48).

8. Goodwill

	Balance as at 1/1/2017	Foreign currency translation differences	Balance as at 31/12/2017
National Development and Trading Group	62 240 706	--	62 240 706
Falcon for Agriculture Investments Ltd.- Group - BVI	281 157 503	--	281 157 503
Silverstone Capital Investment Ltd. Group	16 407 581	(2 408 988)	13 998 593
Tawazon for Solid Waste Management (Tawazon)	32 611 311	--	32 611 311
Balance	392 417 101	(2 408 988)	390 008 113

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9. Biological assets

	Note	31/12/2017	31/12/2016
Non-current			
Fruitful fruit gardens and orchards	(9.1)	9 615 825	6 150 207
Fruitless fruit gardens and orchards	(9.2)	1 090 513	3 224 288
Pregnant heifer, dry and dairy cows	(9.3)	111 819 194	109 803 933
Heifers	(9.4)	120 309 061	88 642 037
		<u>242 834 593</u>	<u>207 820 465</u>
Current			
Plants (cotton , corn , sun flower)*		2 714 564	2 528 400
Others		6 811 521	7 246 485
		<u>9 526 085</u>	<u>9 774 885</u>
Accumulated impairment loss *		(2 528 400)	(2 528 400)
Net		<u>6 997 685</u>	<u>7 246 485</u>
Balance		<u>249 832 278</u>	<u>215 066 950</u>

9.1 Fruitful fruit gardens and orchards

	31/12/2017	31/12/2016
Costs		
Balance at the beginning of the year	9 868 436	10 028 124
Transferred from fruitless fruit gardens and Orchards	3 881 151	1 568 153
Disposals	--	(1 662 780)
Foreign currency translation differences	(5 876)	(65 061)
	<u>13 743 711</u>	<u>9 868 436</u>
Accumulated depreciation		
Balance at the beginning of the year	3 718 229	5 366 899
Depreciation	410 268	1 349 469
Disposals	--	(1 622 701)
Foreign currency translation differences	(611)	(1 375 438)
	<u>4 127 886</u>	<u>3 718 229</u>
Net	<u>9 615 825</u>	<u>6 150 207</u>

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9.2 Fruitless fruit gardens and orchards

	31/12/2017	31/12/2016
Costs		
Balance at the beginning of the year	3 224 288	5 318 485
Additions	1 744 158	327 171
Transferred to fruitful fruit gardens and orchards	(3 881 151)	(1 568 153)
Foreign currency translation differences	3 218	(853 215)
Balance	1 090 513	3 224 288

9.3 Pregnant heifer, dry and dairy cows

	31/12/2017	31/12/2016
Costs		
Balance at the beginning of the year	185 540 150	179 534 550
Transferred from heifers	59 323 736	30 838 830
Disposals during year	(54 541 572)	(27 280 019)
Foreign currency translation differences	(13 164)	2 446 789
	190 309 150	185 540 150
Accumulated depreciation		
Balance at the beginning of the year	75 736 217	69 410 554
Depreciation of year	25 438 964	28 891 419
Disposals during year	(22 709 171)	(11 027 940)
Foreign currency translation differences	23 946	(11 537 816)
	78 489 956	75 736 217
Net	111 819 194	109 803 933

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9.4 Heifers

	31/12/2017	31/12/2016
Costs		
Balance at the beginning of the year	88 642 037	75 940 675
Additions	95 518 285	39 469 425
Transferred to pregnant heifer, dry and dairy cows	(59 323 736)	(30 838 830)
Disposals	(4 440 063)	(1 104 018)
Foreign currency translation differences	(87 462)	5 174 785
Balance	<u>120 309 061</u>	<u>88 642 037</u>

10. Investments in associates

10.1 The Group investments in associates (equity-accounted investees) are represented in:

	Share percentage		Carrying amounts	
	2017	2016	31/12/2017	31/12/2016
	%	%		
El Kateb for Marketing & Distribution Co.	48.88	48.88	530 870	816 772
El Sharq Book Stores Co.	40.00	40.00	12 577 283	12 368 993
Dar El-Sherouk Ltd. – BVI *	58.51	58.51	124 257 684	123 870 951
Mena Glass Ltd.	--	47.64	--	633 969 045
Societe Des Ciments De Zahana	35.00	35.00	448 465 115	435 499 260
Ascom Precious Metals (APM)	35.54	--	143 502 532	--
Grandview Investment Ltd	48.02	--	370 654 388	--
Total			<u>1 099 987 872</u>	<u>1 206 525 021</u>
Less : accumulated impairment losses				
Dar El-Sherouk Ltd. – BVI			<u>(100 000 000)</u>	<u>(100 000 000)</u>
Net			<u>999 987 872</u>	<u>1 106 525 021</u>

* The group does not consolidate this company as the group determined that it has no control and consequently no power over its returns.

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10.2 Summary of significant financial statements of associates

		Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenues	Expenses
31/12/2017									
El Kateb for Marketing & Distribution Co.	9 797 021	8 998 881	18 795 902	11 322 692	115 101	11 437 793	9 739 309	10 324 217	
El Sharq Book Stores Co.	10 476 035	1 751 528	12 227 563	6 374 252	142 379	6 516 631	24 746 796	24 170 759	
Dar El-Sherouk Ltd. -BVI	117 311 593	122 436 142	239 747 735	97 774 341	7 218 430	104 992 771	48 330 878	52 423 365	
Mena Glass Ltd. *	612 095 993	--	612 095 993	119 552 468	--	119 552 468	--	--	
Societe Des Ciments De Zahana	749 187 877	3 566 961 189	4 316 149 066	695 887 287	1 751 224 972	2 447 112 259	962 511 583	875 881 472	
Grandview Investment Ltd.	924 220 968	1 181 897 590	2 106 118 558	984 008 653	390 585 465	1 374 594 118	2 411 199 724	1 836 305 223	
Ascom Precious Metals (APM) *	20 798 041	696 569 750	717 367 791	748 020 335	--	748 020 335	15 487	--	
- Note (32)									
* Note (20).									

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11. Available-for-sale investments

	31/12/2017	31/12/2016
Logria Holding Ltd. *	1 153 100 000	1 173 900 000
Golden Crescent Investment Ltd. *	1 124 139 450	1 144 417 050
EFG Capital Partners Fund II & III *	17 430 027	23 705 289
Sphinx Turnaround *	63 815 729	64 966 859
Modern Co. for Isolating Materials *	43 396	43 396
MEFEK Co. *	872 388	872 388
ASEC Automation Co. - Free Zone	116 300	116 300
Ecligo Design Ltd.	1 000	1 000
Sharming Sharm	702 007	706 308
Medcom National Company	1 000	1 000
Trance Force	--	51 000
ASEC Cement Menya	50 000	50 000
Cayman Resources *	31 331 774	31 331 774
Arab Swiss Engineering Co.(ASEC)	17 480	--
Sphinx International Management Ltd.	1 917 836	--
Total	2 393 538 387	2 440 162 364
Accumulated impairment loss *	(2 337 530 201)	(2 356 361 764)
Net	56 008 186	83 800 600

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

	Balance as at 1/1/2017	Formed during the year**	Foreign currency translation differences	Balance as at 31/12/2017
Logria Holding Ltd.	1 173 900 000	--	(20 800 000)	1 153 100 000
Golden Crescent Investment Ltd.	1 144 417 050	--	(20 277 600)	1 124 139 450
EFG Capital Partners Fund II & III	5 962 037	--	--	5 962 037
Sphinx Turnaround	--	22 379 019	(27 718)	22 351 301
Modern Co. for Isolating Materials	43 396	--	--	43 396
MEFEK Co.	872 388	--	--	872 388
Cayman Resources	31 166 893	--	(105 264)	31 061 629
Balance	2 356 361 764	22 379 019	(41 210 582)	2 337 530 201

** Note (36)

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12. Payments for investments

	31/12/2017	31/12/2016
Nile Valley Petroleum Ltd. *	132 773 717	135 168 734
Citadel Capital Al Qalaa – Saudi Arabia	2 565 239	2 611 512
National Development and Trading Co. (IRAQ) Ltd. *	300 512	300 514
ASA International Co.	1 432 407	1 432 407
Golden Crescent Investment Ltd.*	4 435 000	4 515 000
Others **	150 433 065	106 886 800
Total	291 939 940	250 914 967
Accumulated impairment loss *	(137 509 229)	(139 984 248)
Net	154 430 711	110 930 719

* Accumulated impairment loss on payments for investments is represented in:

	Balance as at 1/1/2017	Foreign currency translation differences	Balance as at 31/12/2017
Nile Valley Petroleum Ltd.	135 168 734	(2 395 017)	132 773 717
National Development and Trading Co. (IRAQ) Ltd.	300 514	(2)	300 512
Golden Crescent Investment Ltd.	4 515 000	(80 000)	4 435 000
Balance	139 984 248	(2 475 019)	137 509 229

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

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13. Other assets

	31/12/2017	31/12/2016
Restricted cash	117 357 397	61 267 882
Others*	<u>17 545 013</u>	<u>16 086 095</u>
Balance	<u>134 902 410</u>	<u>77 353 977</u>

* Others item with an amount of EGP 17 545 013 as at December 31, 2017 (against EGP 16 086 095 as at December 31, 2016) represents in deposits at Syria Central Bank as a guarantee for the seriousness of constructing ASEC Syria Cement Capital Factory and will be refunded at the beginning of production process.

14. Inventories

	31/12/2017	31/12/2016
		Restated*
Spare parts	705 723 378	377 819 423
Raw materials	419 911 675	430 415 649
Work in process	179 747 300	177 255 783
Finished goods	136 087 646	129 604 701
Goods in-transit	19 344 466	23 986 415
Packing materials	10 894 202	17 980 924
Oil and lubricants	49 666 205	46 442 832
Letters of credit	7 869 175	24 677 314
Others	<u>29 994 601</u>	<u>61 746 088</u>
Total	1 559 238 648	1 289 929 129
Less : Inventories write-down	<u>(341 042 139)</u>	<u>(41 409 752)</u>
Net	<u>1 218 196 509</u>	<u>1 248 519 377</u>

* Note (47)

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15. Trade and notes receivables

	31/12/2017	31/12/2016
Non-current		
Trade receivables	5 157 816	3 823 970
Gas consumption deposits	237 752 420	242 108 531
Egyptian General Petroleum Corp.*	1 508 787 000	1 536 003 000
Receivables from sale of investment **	--	220 467 409
Others	174 352 659	144 352 280
Total	1 926 049 895	2 146 755 190
Current		
Trade receivables	2 509 064 666	1 650 817 499
Notes receivables	11 228 129	10 053 257
Receivables from sale of investment **	359 509 460	71 996 263
Total	2 879 802 255	1 732 867 019
Accumulated impairment Loss	(1 081 489 085)	(171 016 554)
Net	1 798 313 170	1 561 850 465
Balance	3 724 363 065	3 708 605 655

* The balance represents the amount paid on behalf of Egyptian General Petroleum Corp. in the share capital of the Egyptian Refining Company –free zone – a subsidiary.

** The amount represents the accrued consideration from sale of investments in accordance with the United Foundries Company's extra-ordinary general assembly meeting held on November 23, 2014 decree which decided to sell its entire share interest in Alexandria for Car Foundries and Amreya. Metal Company On December 11, 2014 the company sold its entire share interest according to the signed sale agreement.

16. Investments at fair value through profit or loss

	31/12/2017	31/12/2016
Modern Shorouk for Printing and Packaging Co.	4 405 479	1 274 389
Bank Audi investment fund certificates	--	4 822
Balance	4 405 479	1 279 211

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17. Due from related parties

	31/12/2017	31/12/2016 Restated****
Logria Holding Ltd. **	111 134 040	109 757 085
Golden Crescent Investment Ltd. **	67 682 535	68 903 415
Golden Crescent Finco Ltd. **	520 300 700	529 686 056
Emerald Financial Services Ltd. **	577 877 715	599 112 435
Nile Valley Petroleum Ltd. **	382 406 527	388 947 221
Citadel Capital East Africa	67 057	68 267
Citadel Capital ALQALAA -Saudi Arabia	1 306 675	1 324 972
El Kateb for Marketing & Distribution Co.	1 010 538	1 003 038
Nahda **	11 439 657	11 646 009
Egyptian Company for International Publication	23 760 330	23 760 330
Citadel Capital Partners*	158 207 538	80 575 087
Ecligo	2 000 000	2 000 000
Mena Glass Ltd **	60 954 460	62 054 160
Societe Des Ciments De Zahana	134 214	1 697 472
ASEC Electric Rewinding and Repair Co. (REPELCO) **	526 236	526 236
Egyptian Polypropylene Bags Co. (EPBC)	20 000	20 000
ASA International Co.	1 274 888	448 665
Visionaire **	24 180 365	27 017 941
Haider	653 689	600 828
Rotation Ventures **	96 560 381	68 832 367
Benu one Ltd.**	185 969 626	189 324 208
Financial Holding International	--	8 412 408
Grandview	1 702 082	--
Ascom Precious Metals (APM)	204 609	--
Scimitar Production Egypt Ltd	16 320 037	--
Golden Res	71 681	--
Sphinx International Management	6 832 756	--
Entag UAE	886 176	--
Adena	13 305 000	--
Others **	130 517 216	70 250 258
Total	2 397 306 728	2 245 968 458
Accumulated impairment loss ***	(2 051 811 006)	(2 069 352 133)
Balance	345 495 722	176 616 325

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

	Balance as at 1/1/2017	Formed during the year ***	Reversal of impairment ***	Foreign currency translation differences	Balance as at 31/12/2017
Related parties					
Logria Holding Ltd.	109 757 085	2 712 915	--	(1 335 960)	111 134 040
Golden Crescent Investment Ltd.	68 903 415	--	--	(1 220 880)	67 682 535
Golden Crescent Finco Ltd.	529 686 056	--	--	(9 385 356)	520 300 700
Emerald Financial Services Ltd.	599 112 435	--	(10 632 386)	(10 602 334)	577 877 715
Nile Valley Petroleum Ltd.	388 947 221	--	--	(6 540 694)	382 406 527
Nahda	11 646 009	--	--	(206 352)	11 439 657
Mena Glass Ltd.	62 054 160	--	--	(1 099 700)	60 954 460
ASEC Electric Rewinding and Repair Co. (REPELCO)	526 236	--	--	(526 236)	--
Visionaire	27 017 941	--	--	(2 837 576)	24 180 365
Rotation Ventures	68 832 367	28 983 534	--	(1 255 520)	96 560 381
Benu one ltd.	189 324 208	--	--	(3 354 582)	185 969 626
Others	13 545 000	--	--	(240 000)	13 305 000
Balance	2 069 352 133	31 696 449	(10 632 386)	(38 605 190)	2 051 811 006

- Transactions with related parties represent financing transactions.

* The main shareholder 24.36%

*** Note (36)

**** Note (47)

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18. Debtors and other debit balances

	31/12/2017	31/12/2016 Restated*
Prepaid expenses	48 641 295	44 487 022
Deposits with others	65 766 545	61 474 413
Advances to suppliers	335 542 899	401 583 596
Letters of guarantee margin	53 197 227	48 523 009
Employees' imprest	37 695 453	40 851 680
Accrued revenues	167 249 655	94 293 546
Refundable deposits	3 742 058	4 303 951
Operation retention	159 614 300	143 893 523
Advances to contractors	--	14 499 777
Payments for purchase of fixed assets	11 052 960	11 052 991
Tax Authority	272 655 775	211 348 349
Custom Authority	725 413	4 790
Letters of credit	75 306	61 393 706
Due from the contractor FLSmidth	450 288 360	430 467 996
Due from sale of investments (Note 20)	257 099 869	--
Other debit balances	135 669 387	137 149 085
Total	1 999 016 502	1 705 327 434
Accumulated impairment losses	(232 896 347)	(77 263 501)
Balance	1 766 120 155	1 628 063 933
* Note (47)		

19. Cash and cash equivalents

	31/12/2017	31/12/2016
Cash on hand	5 647 762	16 424 031
Banks - current accounts	1 922 314 347	2 139 718 348
Banks - time deposits	29 009 835	122 474 813
Cheques under collection	29 062 431	27 980 466
Treasury bills (less than 3 months)	367 436 025	530 437 354
Cash and cash equivalents	2 353 470 400	2 837 035 012

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20. Disposal group held –for – sale

• **National Development and Trading company's subsidiaries**

- National Development and Trading Company's management decided in its meeting held on December 24, 2012 to sell its entire share in ESACO for Manufacturing Engineering and Construction (subsidiary, 70%). Then the National Development and Trading Company's management decided to keep its investment in ESACO for Manufacturing Engineering and construction (subsidiary, 70%) and accordingly re-classified as continued operation.
- ASEC Cement Company's board of directors decided on May 4, 2014 the commitment to the selling plan of ASEC Algeria Cement Company (ASEC CIMENT) and the Company has received an offer from one of the investors to acquire the Company (ASEC CIMENT).
- ASEC Cement Company's Extra-ordinary General Assembly meeting approved on May 16, 2016 the debt transfer agreement to be concluded between ASEC Cement Company and ASEC Cement Gulf Offshore Limited, in addition to the debt transfer and settlement agreement to be concluded with the creditors of ASEC Cement Algeria Company and both of the ASEC Cement and ASEC Cement Gulf Offshore Limited, as a part of the entire debts cancelation of ASEC Cement Algeria as a pre-condition to sell the entire shares of ASEC Cement Algeria.
- On 15 May 2017, the Citadel Capital Company announced that it has signed an agreement to sell its investment in ASEC Algeria Cement Company – indirect subsidiaries with 37 % ownership percentage, within a deal amounted to approximately USD 60 million for selling the whole company note (18).

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-
- **Falcon for Agricultural Investments Ltd BVI subsidiary**
 - Falcon for Agriculture Investments Ltd. BVI Company's management decided to sell its shares in the following companies:
 1. El-Eguizy International for Economic Development
 2. Misr October Company for Food Industries "Elmisrieen"
 3. Up-date Company for Food Products
 4. Nile for Food Products "Enjoy"

These are in accordance with the following general assembly decisions:

- National Company for Agriculture Products (Gozour) –a subsidiary of Falcon for Agriculture Investments Ltd. BVI- decided in its extra-ordinary general assembly meeting held on February 23, 2014 to sell its investment in El-Eguizy International for Economic Development Company, and on July 26, 2016 the Company signed an agreement to sell its whole investment in El-Eguizy International for Economic Development Company (a subsidiary of Falcon for Agriculture Investments Ltd. BVI – 99.95%.) –Note (20-1)
- National Company for Agriculture Products (Gozour) – a subsidiary of Falcon for Agriculture Investments Ltd. BVI- decided in its ordinary general assembly meeting held on March 30, 2014 to sell its investment in the following companies:
 - Misr October Company for Food Industries "El Masrieen"
 - Up-date Company for Food Products
- On November 30, 2015, Gozour group has made an agreement with an Egyptian investor to purchase Misr October for Food Industries "Elmisrieen"- Subsidiary of Falcon for Agriculture Investments Ltd. with a total consideration of EGP 50 million, and it is worth mentioning that Misr October Company for Food Industries- indirect subsidiary of Citadel Capital Company (55%)- stopped its operating activities in 2012. The sale has been finalized and the shares were transferred to the new acquirer on March 22, 2016.

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-
- Misr October Company for Food Products "El misrieen"-Subsidiary of Falcon for Agriculture Investments Ltd. BVI decided in its extra-ordinary general assembly meeting held on March 30, 2014 to sell its investment in Nile for Food Products Company "Enjoy" and on March 22, 2016 the Company signed an agreement to sell its whole investment in Misr October for Food Industries "Elmisrieen" Subsidiary of Falcon for Agriculture Investments Ltd. BVI – 99.95%. –Note (20-1)

KU Railways Holding Limited Company

The Company's management expressed its intention to sell its subsidiary "KU Railways Holdings", a number of investors have expressed their interest in purchasing the company.

On July 31, 2017, the Court of Kenya issued an order to terminate the Concession Agreement granted to Rift Valley Railways (Kenya) Limited "RVRK" – Railway operator in Kenya , which is indirectly owned by the Citadel Capital Company through its subsidiary KU Railways Holding Limited "KURH". Accordingly, it was decided to form a takeover committee by all parties in the Concession Agreement to supervise the termination process of the Concession and to transfer all the assets and the employees of Rift Valley Railways (Kenya) Limited "RVRK" to "Kenya Railways Corporation" within 30 days. The same events have been evolved to the company's other subsidiary, Rift Valley Railways (Uganda) Limited "RVRU". (note 48)

- **ASEC Mining (Ascom)**

ASEC Company for Mining – ASCOM (a subsidiary) has signed a shareholders' agreement with Allied Gold Corp (Allied), where Allied Gold Corp (Allied) acquires 64.46% of its subsidiary's share APM Ethiopia – An

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owned Ethiopian Company specialized in extracting, mining materials and precious metals owned by ASEC Company for Mining (ASCOM)– through APM Ethiopia capital increase.

The transaction will be executed through a capital increase in APM Ethiopia. The amount of the capital increase shall be paid in tranches over the period from 18-24 months. Allied will be granted full management control rights after completion of the transaction. Meanwhile, APM Ethiopia will allocate the full amount of the proceeds of the transaction to accelerate the pace of development at its concession Dish Mountain, in Western Ethiopia, after the fulfilment of the remaining requirements of the Ethiopians Ministry of Mines, Petroleum and natural Gas in order to obtain a license to operate in exploring activities for precious metals mining, which the Company has completed all initial approvals of such license.

As per the agreement (referred to above) AME Ethiopia became owned by 35.54% (Investment in associates) as a result of losing control and becoming with significant influence. (note 7.2.2)

- **Silverstone Capital Investment Ltd.**

TAQA Arabia Company has sold to sell its shares in TAQA Solar Reserve (a subsidiary) accordingly all assets of this subsidiary has classified as held for sale in the consolidated financial statement. (Note 21)

- **Ledmore Holdings Ltd company**

Due to the fact that Mashreq Company for Petroleum (a subsidiary of Ledmore Holdings Ltd) has terminated concession with the Suez Canal Economic Zone (SCzone) to build, operate and transfer a liquid bulk station (2) at East Port said, where the Suez Canal Economic Zone (SCzone) have to pay back all expenditures of the project that Mashreq Company For Petroleum incurred

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during the concession. Accordingly, the Company classified the assets and liabilities of Ledmore Holdings Ltd. (subsidiary and the parent company of Mashreq Company for Petroleum) as assets held for sale.

- **Mena Glass Ltd company (Investment in associate)**

On January 19, 2016 the Company sold all its shares in Misr Glass Manufacturing Company (MGM) – an associate of Mena Glass Ltd. to Middle East Glass Manufacturing Company with a total amount of approximately EGP 127 Million.

- **Tanmeyah Micro Enterprise Services S.A.E**

On February 24, 2016 the Company announced that Financial Unlimited (a subsidiary) has signed an agreement to sell its entire shares in Tanmeyah Micro Enterprise Services, leading company of microfinance solutions in Egypt, to EFG Hermes with total equity of Tanmeyah Micro Enterprise Services with an amount of EGP 450 million. The transaction has been finalized on March 23, 2016).

- **Ostool for Land Transportation S.A.E**

On 15 November 2016, the company sold its investment in Ostool for Land Transportation S.A.E (associate) with a total consideration of EGP 44 million.

- **Every Holding Limited Company**

On December 10, 2017 the Company sold all its shares in Arab Company for Trade and Service a subsidiary of **Everys Holding limited** to Arabian Holding Company against the settlement of some liabilities of the sold Company.

- **MENA Home Furnishings Malls Ltd**

The Company concluded an agreement to the effect of selling its entire share in Bonyan for Development and Trade SAE (Bonyan) (a subsidiary of MENA

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Home Furnishings Malls Ltd), the owner of Designopolis Mall, to Sky Realty, a subsidiary of Compass Investment Holding (DIFC). The selling transaction is expected to be executed after fulfilling certain regulatory terms and conditions. Qalaa Holdings shall receive EGP 162 million in return for its net owners' equity after deducting the liabilities upon completion of the selling transaction.

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20.1 Assets held-for-sale as at December 31, 2017 are represented in the following:

	NDT Subsidiaries	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI Subsidiaries	Ledmore Holding Limited.	Total
Fixed assets	5 750 000	265 355	79 914 709	366 934	86 296 998
Intangible assets	--	--	1 033 816	--	1 033 816
Projects under construction	--	188 039 725	--	--	188 039 725
Inventories	--	--	16 090	--	16 090
Debtors and other debit balances	--	3 350 465	913 486	169 133	4 433 084
Due from related parties	--	--	45 326	--	45 326
Investment property	--	320 480 852	--	--	320 480 852
Cash and cash equivalents	--	632 839	4 688 540	11 529 794	16 851 173
Goodwill	--	76 929 159	--	--	76 929 159
Balance	5 750 000	589 698 395	86 611 967	12 065 861	694 126 223
Less: Impairment loss	--	(76 929 159)	--	--	(76 929 159)
Goodwill	--	--	--	--	--
Net	5 750 000	512 769 236	86 611 967	12 065 861	617 197 064

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- Assets classified as held-for-sale as at December 31, 2016 (Restated*) are represented in the following: * (Note 47)

	NDT Subsidiaries		Mena Home		Falcon for		KU		Ledmore		Grandview		Total	
	Arab Swiss Engineering Co. (ASEC)	ASEC Algeria Cement Company	Furnishing Malls Ltd.	Investments Ltd. BVI Subsidiaries	Agriculture Investments Ltd.	RAILWAYS HOLDING LIMITED	Holding Limited.	Investment Holding						
Fixed assets	5 750 000	11 437 031	287 913	132 293 762	456 323 970	373 554	--	--	606 466 230					
Intangible assets	--	--	--	1 033 809	1 584 739 626	--	--	--	1 585 773 435					
Projects under construction	--	1 717 062 338	188 539 628	--	68 903 975	--	--	--	1 974 505 941					
Inventories	--	--	--	16 110	308 560 699	--	--	--	308 576 809					
Trade and other receivables	--	--	--	--	228 797 318	--	--	--	228 797 318					
Debtors and other debit balances	--	34 227 788	6 476 768	913 475	438 968 509	164 292	--	--	480 750 832					
Due from related parties	--	--	--	45 331	7 892	--	--	--	53 223					
Investment property	--	--	326 848 670	--	--	--	--	--	326 848 670					
Cash and cash equivalents	--	--	375 955	4 688 539	75 134 675	11 737 772	--	--	91 936 941					
Goodwill	--	81 058 922	76 929 157	--	--	--	--	--	157 988 079					
Investment in associates	--	--	--	--	--	--	--	909 626 870	909 626 870					
Deferred tax assets	--	--	--	--	189 895 625	--	--	--	189 895 625					
Balance	5 750 000	1 843 786 079	599 458 091	138 991 026	3 351 324 397	12 283 510	909 626 870	6 861 219 973						
Less: Impairment loss														
Projects under construction	--	(97 235 557)	--	--	--	--	--	--	(97 235 557)					
Goodwill	--	(81 058 922)	--	--	--	--	--	--	(81 058 922)					
Investment in associates	--	--	--	--	--	--	--	(321 819 239)	(321 819 239)					
Net	5 750 000	1 665 491 600	599 458 091	138 991 026	3 351 324 397	12 283 510	587 807 631	6 361 106 255						

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20.2 Liabilities directly associated with the assets as at December 31, 2017 are represented in the following:

	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI Subsidiaries	Ledmore Holding Limited.	Total
Provisions	431 609 347	16 451 633	--	448 060 980
Loans	209 785 204	--	--	209 785 204
Trade and notes payables	--	115 681 866	--	115 681 866
Due to related parties	--	1 035 040	--	1 035 040
Creditors and other credit balances	167 767 410	--	482 617	168 250 027
Balance	809 161 961	133 168 539	482 617	942 813 117

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- **Liabilities classified as held-for-sale as at December 31, 2016 are represented in the following:**

	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI Subsidiaries	KU RAILWAYS HOLDING LIMITED	Ledmore Holding Limited.	National Company for Development and Trading subsidiary	Total
Provisions	16 006 560	16 451 631	--	--	--	32 458 191
Banks' overdraft	--	--	68 690 488	--	--	68 690 488
Loans	209 785 195	206 423 055	3 998 935 843	--	--	4 415 144 093
Trade and other payables	--	119 837 726	1 130 556 903	--	--	1 250 394 629
Due to related parties	--	1 035 037	--	6 104	--	1 041 141
Creditors and other credit balances	116 654 380	--	--	485 218	27 416 456	144 556 054
Balance	342 446 135	343 747 449	5 198 183 234	491 322	27 416 456	5 912 284 596

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21. Loss from discontinued operations (net of tax)

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	ASEC Algeria Cement Company	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI Subsidiaries	Taqa Solar Reserve	Arab company for service and trade	KU Railways Holding Limited*	EPM Limited	Total
Discontinued operations :-								
Operating revenues	--	4 707 267	--	--	101 004 779	204 047 920	--	309 759 966
Operating costs	--	(11 557 218)	--	--	(94 212 848)	(315 959 408)	--	(421 729 474)
Administrative expenses	(12 243 919)	(3 479 257)	--	--	(64 762 207)	(44 525 924)	--	(125 011 307)
Other (expenses) / revenues*	(73 889 159)	(490 549 775)	(52 379 056)	--	(1 839 207)	(3 227 415 160)	--	(3 846 072 357)
Finance costs – (net)	--	(56 735 364)	--	--	100 110	(86 129 377)	--	(142 764 631)
Results from operating activities	(86 133 078)	(557 614 347)	(52 379 056)	--	(59 709 373)	(3 469 981 949)	--	(4 225 817 803)
Gain (loss) on sale of discontinued operation (Note 21.1)	(105 574 100)	--	--	5 929 826	(48 047 359)	--	(105 290 141)	(252 981 774)
Profit (loss) from discontinued operation, net of tax	(191 707 178)	(557 614 347)	(52 379 056)	5 929 826	(107 756 732)	(3 469 981 949)	(105 290 141)	(4 478 799 577)
* Other (expenses) / revenues item include impairment loss of assets with an amount of EGP 3 245 489 754 related to KU Railways Holding Limited (which owns RVR Uganda and RVR Kenya).- (Note 48)								

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	ASEC Algeria Cement Company	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BYI Subsidiaries	Misir Glass Manufacturi ng Company	Tanmeyah Company S.A.E	Ostool for Land Transportat ion S.A.E.	KU Railways Holding Limited	Ledmore Holding Limited	Grand view	Arab Company for trade and Services	Total
Discontinued operations :-											
Operating revenues	--	5 911 004	--	--	26 343 930	--	601 901 402	--	--	228 765 669	862 922 005
Operating costs	--	(13 782 153)	--	--	(16 151 184)	--	(767 367 946)	--	--	(200 626 581)	(997 927 864)
Administrative expenses	(4 383 468)	(4 720 721)	--	--	(11 588 254)	--	(102 556 570)	(201 273)	--	(80 703 277)	(204 153 563)
Other (expenses) / revenues	(224 685 583)	(16 811 461)	--	--	2 288 735	--	36 885 759	(74 099 952)	(321 819 239)	--	(598 241 741)
Finance costs – (net)	(26 515 517)	(49 961 248)	(131 567 916)	--	(42 534)	--	(247 680 035)	--	--	(2 304 600)	(458 071 850)
Income tax	1 913 543	--	--	--	--	--	--	--	--	1 699 164	3 612 707
Results from operating activities	(253 671 025)	(79 364 579)	(131 567 916)	--	850 693	--	(478 817 390)	(74 301 225)	(321 819 239)	(53 169 625)	(1 391 860 306)
(Loss) gain on sale of discontinued operation (note 21.1)	--	--	(6 313 553)	(173 805 406)	210 043 776	27 896 024	--	--	--	--	57 820 841
Income tax	--	--	--	--	(26 294 038)	--	--	--	--	--	(26 294 038)
(Loss) profit from discontinued operation, net of tax	(253 671 025)	(79 364 579)	(137 881 469)	(173 805 406)	184 600 431	27 896 024	(478 817 390)	(74 301 225)	(321 819 239)	(53 169 625)	(1 360 333 503)

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21-1 (Losses) gain on sale of discontinued operations

	Total as at 31/12/2016				Total as at 31/12/2017			
	Taameyah Micro Enterprise Services Company S.A.E *	Falcon for Agricultural Investments Ltd. BVI Subsidiaries *	Misir glass manufacturing Company *	Ostool for Land Transportation S.A.E	ASEC Algeria Cement Company *	Taqa Solar Reserve	Arab company for service and trade	
Total assets	(187 357 975)	(83 123 114)	--	--	(270 481 089)	--	(72 626 045)	(72 626 045)
Total liabilities	144 442 860	--	--	--	144 442 860	--	24 578 686	24 578 686
Equity – accounted investee	--	76 809 561	(301 278 649)	(16 332 668)	(240 801 756)	(105 290 141)	--	(222 109 665)
Net assets	(42 915 115)	(6 313 553)	(301 278 649)	(16 332 668)	(366 839 985)	(105 290 141)	(48 047 359)	(270 157 024)
Income tax	(26 294 038)	--	--	--	(26 294 038)	--	--	(1 721 546)
Cash consideration	252 958 891	--	127 473 243	44 228 692	424 660 826	--	--	18 896 796
Gain (loss) on sale of discontinued operation *	183 749 738	(6 313 553)	(173 805 406)	27 896 024	31 526 803	(105 290 141)	(48 047 359)	(252 981 774)

* (Note 21)

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22. Share capital

- * The Company's authorized capital is EGP 6 Billion and the issued and paid-in capital is EGP 4 358 125 000 represents 871 625 000 shares distributed over 653 718 750 ordinary shares and 217 906 250 preferred shares with par value EGP 5 per share.
- * The Company's extra-ordinary general assembly meeting held on October 20, 2013 approved the increase of the authorized capital from EGP 6 billion to EGP 9 billion and the increase of the issued capital from EGP 4 358 125 000 to EGP 8 billion, with an amount of EGP 3 641 875 000 by issuing 728 375 000 new shares at par value of EGP 5 per share, distributed over 182 093 750 preferred shares and 546 281 250 ordinary shares, without issuance costs. The purpose of this capital increase is to finance the acquisition of additional shares in its subsidiary companies, financing the Company's contribution in the capital increases of certain of its subsidiary companies and entering into new investments and settlement of certain liabilities of the Company. The Board of Directors approved in its meeting held on February 13, 2014 to cover the subscription of the unsubscribed Company's shares in the capital increase through offsetting the shareholders' credit balances that are payable by the Company against the subscription price of the shares. The commercial register has been updated to reflect such increase on April 16, 2014.
- * The Company's extra-ordinary general assembly meeting held on March 25, 2015 approved the increase of the authorized capital from EGP 9 billion to EGP 10 billion and the increase of the issued capital from EGP 8 billion to EGP 9.7 billion, with an amount of EGP 1.7 billion in cash allowing the use of credit balances payable to existing shareholders through issuance of 340 million new shares at par value of EGP 5 per share, consisting of (85 million preferred shares and 255 million ordinary shares), without issuance costs. The capital increase subscription has been completed on two stages on June 2, 2015 and closed on the end of the working day September 9, 2015. The subscription had been covered by 64.71% represented in 220 million share of which 1 738 649 preferred share with an amount of EGP 8 693 245 and 218 261 351 ordinary share with an amount of EGP 1 091 306 755, with a total amount of EGP 1.1 billion accordingly the company's issued share capital after increase became EGP 9.1 billion, represents 1,820 billion shares comprising of 1 418 261 351 ordinary share and 401 738 649 preferred share at par value of EGP 5 per share. The commercial register has been updated with the increase on September 29, 2015.

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- * Preferred shares have the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extra-ordinary general assembly meeting held on May 12, 2008 and also paragraph No. (3) of article No.(18) of the Company's article of associations. Those preferred shares are owned by Citadel Capital Partners Ltd. the principle shareholder of the Company.
- * The shareholders' structure - is represented in the following:

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

22.1 Treasury shares are represented in 2 159 000 shares acquired by United Company for Foundries (subsidiary – 67.46%), equivalent to approximately 0.12% of the Company's total issued shares with an acquisition cost of EGP 3 338 658. On March 14, 2017, United Company for Foundries, sold all the acquired shares with an amount of EGP 2 621 092 and incurred a loss amounted to EGP 717 566.

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23. Loans

23-1 Borrowing from financial institutions

Borrowing company	Lender Bank/Company	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
Arab Financial Investments Company	- Commercial International Bank	--	--	204 652 660	--	204 652 660	--
Dina for Agriculture Investments	- Ahly United Bank	EGP: Average	2014-2020	104 568 750	32 175 003	72 393 747	* Pledge over all the company's assets and real estate first rank Pledge on 7 172 feddan of company's lands.
	- United Bank Corridor	3.625% plus					
	- Arab Egyptian Real Estate Bank.						
National Development and Trading Company	- Ahli Bank Qatar	12.5%	December 2018	214 914 798	214 914 798	--	* Partially pledging shares of ASEC Cement Company
National Development and Trading Company	- Arab Investment Bank	12%	December 2018	113 690 252	113 690 252	--	* Partially pledged of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and

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Borrowing company	Lender Bank/Company	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
National Development and Trading Company	Industrial Development and Workers Bank of Egypt	11.5%	December 2018	220 952 281	220 952 281	--	* Pledging of ASECO Cement Co. shares, ASECO Engineering shares, ASENPRO shares, ASECO Automation shares and ESECO shares to the bank. * Pledging 33.3 million shares of subsidiaries with a value not less than 333% from the total amount of credit facility which is accepted by the bank to cover the minimum market value within the last three months, also shares custody should be by the bank and dividends to be
National Development and Trading Company	Misr Iran Development Bank	2.50% plus corridor rate	December 2018	149 649 290	149 649 290	--	

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Borrowing company	Lender Bank/Company	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
Arab Swiss Engineering Co. (ASEC)	Ahli United Bank	2.25% Plus corridor for current 3.25% plus corridor for non- current	November 2018	69 831 673	69 831 673	--	Assignment of South Valley Cement Co. management contract.
Arab Swiss Engineering Co. (ASEC)	Al Barka Bank	11.5%	March 2019	15 709 887	6 000 000	9 709 887	Assignment of White Sinai Cement Co. management contract.
ASEC Cement Company	Sudanese Egyptian Bank	11%	2017-2020	44 991 119	39 058 480	5 932 639	Murabha contracts.
Taq Arabia	Commercial International Bank	3.25% plus corridor rate	2016-2020	305 601 161	--	305 601 161	

collected under the
cognition of the bank.

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Global Energy	-HSBC	EGP: 2.25% plus	2014-2018	8 775 996	8 775 996	--	* The amount of capital injected parallel to the premiums payable in the event that the net profit + depreciation + cash inadequate to pay the premiums due.
	-Arab Bank	average Corridor US.\$: 1.3% plus Libor	2014-2018				
							* No change in the company shall take place without written consent from the bank
							* The company undertakes not to pledge, mortgage, or impose any liens / seniority over any assets in Sharm El Sheikh Project.
							* The company executed a commercial pledge

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Borrowing company	Lender Bank/Company	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
							contract with Arab Bank. The pledge include all the Group's tangible and intangible assets in addition to the power generation station in Scimitar project in Red Sea Governorate.

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Taqa Marketing	-HSBC	EGP: 3% plus	2014-2018	42 829 061	11 320 515	31 508 546	* The company made a proxy to the bank that is empowering to impose a commercial pledge on existing tangible and intangible assets which was financed by the loan. Taqa Arabia undertakes the following:-
	-Cairo Bank	corridor rate	2014-2020				
							* Cover any deficiency in the debt service ratio or increase in the investment costs or operating expenses by injecting cash in the form of capital increase or subordinated loans with priority to the bank.

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Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
Egyptian Refining Company – S.A.E.	Bank/Company Japan Bank for International Cooperation (JBIC)	US.\$: 4.1% plus Libor rate	2017-2029	6 942 516 536	--	6 942 516 536	* Egyptian Refining Company shall deliver to each lender original, signed, undated and blank promissory notes.
Egyptian Refining Company – S.A.E.	Group of Commercial Banks (NEXI – Covered Lenders)	US.\$: 1.75% plus Libor rate	2017-2029	4 517 475 850	--	4 517 475 850	* Egyptian Refining Company has signed a general irrevocable power of attorney dated August 10, 2010 to the benefits of Commercial International Bank "CIB" at his capacity as the Egyptian Security Agent of the term loan facility.
Egyptian Refining Company – S.A.E.	Export – Import Bank of Korea (KEXIM)	US.\$: 3.6% plus Libor rate per annum up to the project completion date. 4% per annum from the project completion to the end of the 5th year. 4.6% per annum for any time thereafter.	2017-2029	8 612 891 111	--	8 612 891 111	

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Egyptian Refining Company – S.A.E.	Bank/Company						
	Financial Institutions (KEXIM Initial Guaranteed facility lenders)	US\$. Libor for such interest period plus 1.95 % per annum plus Mandatory cost	2017-2029	2 879 686 160	--	2 879 686 160	
Egyptian Refining Company – S.A.E.	European Investment Bank (EIB)	Libor for such interest period Plus or minus the spread of the related year as determined by the bank (1.5% for the current period)	2017-2029	5 384 056 294	--	5 384 056 294	
		Plus Mandatory cost					
Egyptian Refining Company – S.A.E.	African Development Bank (AFDB)	Fixed interest rate: 3.30 % per annum Plus Base rate calculated by the bank as set in the agreement	2017-2029	3 548 000 000	--	3 548 000 000	
		Or Variable interest Libor rate: LIBOR for such interest period Plus 3.30 % per annum					

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Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
Egyptian Refining Company – S.A.E.	Bank/Company						
	African	Fixed interest rate:	2017-2025	4 243 373 726	--	4 243 373 726	* Egyptian Refining
	Development	-5% per annum					Company shall deliver to
	Bank (AFDB)	-Plus base rate					AFDB an original, signed, undated and blank promissory notes.
	Or	Variable interest					* Egyptian Refining
		rate: Libor for such					Company shall not make
		interest period plus					any distribution or other
		5% per annum					payment to the
							shareholders (or their
							affiliates) in respect of
							equity financing or
							shareholders loans until all
							amounts due and payable
							under the loan have been
							paid in full.
Egyptian Refining Company – S.A.E.	MITSUE & Co.	- US\$ Libor rate	2020	217 331 534	--	217 331 534	
	Ltd.	for 6 months Plus 3 % per annum					

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	Bank/Company	rate	date	balance			
(Less): Deferred borrowing cost *							
Egyptian Refining Company – S.A.E.			2012-2022	(2 170 102 268)	--	(2 170 102 268)	
Citadel Capital S.A.E	Citi Bank (syndication loan manager) and other banks (Arab African International Bank, Arab International Bank, Banque du caire, Misr Bank, and Piraeus Bank)	US\$: First tranche: (4.25 %plus Libor rate). Second tranche: 3.9% plus Libor Third Tranche: 3.9% plus Libor	2012-2022	4 279 044 431	4 279 044 431	--	* First degree lien contract of the shares owned by the Company in National Development and Trading Company. * First degree lien contract of the shares owned by the Company in International Company for Mining Consulting. * First degree lien contract of the shares owned by the Company in United Foundries Company. * First degree lien contract of the shares of Citadel Capital Ltd. (One of the subsidiaries

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Borrowing company	Lender Bank/Company	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
							<p>* First degree lien contract on the shares owned by the Company in ASECCement Company.</p> <p>* First degree lien contract on the shares owned by the Company in ASECCompany for Mining (ASCOM).</p> <p>* First degree lien contract of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone) investments on the following companies:</p> <p>* Orient Investments Properties Ltd.</p> <p>* Logria Holding Ltd.</p> <p>* Golden Crescent Investments Ltd.</p> <p>* Falcon Agriculture Investments Ltd.</p>

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Borrowing company	Lender Bank/Company	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
							* Silverstone Capital Investment Ltd.
							* Mena Glass Ltd.
							* Mena Home Furnishings Mall.
							* Valencia Trading Holding Ltd.
							* Andalusia Trading Investments Ltd.
							* Citadel Capital Transportation Opportunities Ltd.
							* Lotus Alliance Limited.
							* Citadel Capital Financing Corp.
							* Grandview Investment Holding
							* Africa Railways Holding
							* National Company for Marine Petroleum Services (Petromar)
							* Taqa Arabia S.A.E.

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Borrowing company	Lender Bank/Company	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
International for Refining Consultation	Arab International Bank	US\$.5.2% per annum	2016	548 979 645	548 979 645	--	* Egyptian Company for Solid Waste Recycling (ECARU) * Engineering Tasks Group (ENTAG) * Ledmore Holdings Ltd. * Everyys Holdings Limited * Eco-Logic Ltd. * Sequoia Willow Investments Ltd. * Underscore International Holdings Ltd. * Brennan Solutions * Citadel Capital Transportation Opportunities II Ltd. * Citadel for Investments Promotion Company * Letter of guarantee from Standard chartered Bank of Korea Limited with the mount due to Arab International Bank.

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Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
National Company for Refining Consultation	Bank/Company Arab International Bank	U\$.\$: 15 608 926 Interest to be paid upon maturity	Under renewal	1 315 380 269	1 315 380 269	--	The loan is guaranteed by pledging the Company's (50 million) share in Orient Investments Properties Ltd. in favour of the bank. And the bank has the authority to switch the ownership of these shares any time against granted loan.
National Company for Multimodal Transport S.A.E.	Arab African International Bank, Bank of Alexandria and Misr Bank (syndicated loan)	EGP: corridor Average accrued every 6 months	2017-2025	601 287 259	235 017 125	366 270 134	* Open the Revenue Account with the Loan Agent (Misr Bank). * Conclude a first degree pledge over the Revenue Account. * Conclude first degree mortgage on the barges. * Conclude first degree mortgage over all present and future tangible and intangible assets.

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Borrowing company	Lender Bank/Company	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
							<p>* An undertaking to provide the Security Agent with the operational insurance policies over the New Barges within 15 days from the expiry date of the construction insurance policy.</p> <p>* Assign the Borrower's rights under the insurance policies covering operating Barges, for the full replacement value against all insurable risks for which it would be prudent to insure for ("Adequate Insurance") to be endorsed in favour of the Security Agent (Arab African International Bank) for itself and on behalf of the Banks.</p>

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Borrowing company	Lender Bank/Company	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
							<p>* Assign all borrower's compensation rights under the insurance policies covering the Borrower's New Barges during construction year, in favour of the Security Agent (Arab African International Bank) for itself and on behalf of the Banks.</p> <p>* Assign the proceeds (one year or more) from long term transportation service contracts signed with the borrower's customers in favour of the Security Agent (Arab African International Bank).</p> <p>* Assign the borrower's rights of any damages arising under the Material Project Contracts and related banks' guarantees under such contracts in favour of the Security Agent (Arab African International Bank) for itself and on behalf of the banks.</p>

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Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non-current	Guarantees
ASCOM company for chemicals and carbonates manufacturing	Bank/Company Ahli United Bank	2 % plus Libor for each 3 months, Default rate 1% annually	April 2019	81 988 801	42 408 000	39 580 801	<p>* First rank mortgage for all property and real estate on the project.</p> <p>* First rank commercial mortgage on all physical and moral assets.</p> <p>* First rank commercial mortgage on calcium carbonate production line.</p> <p>* Deposit all earnings resulting from future sale contracts related to calcium carbonate production in the favour of the bank.</p> <p>* The company undertakes not to change, pledge, mortgage, sell, or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the Bank.</p>

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Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
Glass Rock company for isolation	Bank/Company Misr Bank	4.5% Libor for each 3 months plus Default rate 1% annually	August 2018	684 707 658	684 707 658	--	<p>* First rank mortgage for all property and real estate on the project.</p> <p>* First rank commercial mortgage on all physical and moral assets.</p> <p>* Deposit all earnings resulting from future sale contracts in the favour of the bank.</p> <p>* The company undertakes not to change, pledge, mortgage, sell, or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the Bank.</p> <p>* ASEC company for mining- the holding company- undertake the obligation to pay the company debt in case of default.</p>

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Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
Trimstone Assets Holdings Ltd.	Bank/Company Arab International Bank	US.\$ 5% plus six months Libor	2020	358 631 538	--	358 631 538	* Includes a first degree pledge over all shares owned by the borrower of "TAQA Arabia" covering 115% of the value of the existing liability in favour of (Arab International Bank).
United Foundaries Company	Piraeus Bank	Debit interest rate 1.5% annually over loan rate and apply debit interest rate 1.5% plus 3 months Libor rate for the liability in USD	2018	3 545 364	3 545 364	--	* Includes a first degree pledge over shares of "Citadel Capital for financial consultancy" S.A.E (the ultimate parent company) covering 35% of the value of the existing liability in favour of (Arab International Bank).
KU Railways Holding Limited	International Finance Corporation	US.\$ 14% Effective interest rate for year 2013	2017-2021	661 792 953	661 792 953	--	
KU Railways Holding Limited	International Finance Corporation	US.\$ fixed interest rate: basic lending rate plus 6.25% or variable rate: Libor for six months plus 6.25%	2017-2027	424 978 039	424 978 039	--	

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Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
KU Railways Holding Limited	Bank/Company Africa Development Bank	US.\$ Libor plus 6.25%	2017-2027	771 828 656	771 828 656	--	
KU Railways Holding Limited	FMO	US.\$ Libor plus 6.25%	2017-2027	579 357 266	579 357 266	--	
KU Railways Holding Limited	International Finance Corporation	US. \$ Libor plus (5.5% or 6.25%)	2017-2027	392 754 145	392 754 145	--	
KU Railways Holding Limited	Equity Bank	US.\$ Interest rate for treasury bills of Kenya 91 days plus 4% or 14% which is bigger	2017-2027	350 458 064	350 458 064	--	
KU Railways Holding Limited	KFW	US.\$ Libor plus (5.5% or 6.25%)	2017-2027	609 154 133	609 154 133	--	
KU Railways Holding Limited	Barclays	US.\$ Libor plus (5.5% or 6.25%)	2017-2027	62 749 006	62 749 006	--	
KU Railways Holding Limited	Equity Bank EARH Loan	US. \$ Libor plus (5.5% or 6.25%)	2017-2027	35 195 575	35 195 575	--	- The loan from Equity Bank EARH is repayable on semi-annually installments over 10 years starting from June 2017.
KU Railways Holding Limited	Standard Bank	US. \$ Libor plus (5.5% or 6.25%)	2017-2019	274 562 299	274 562 299	--	
ESACO for Manufacturing Engineering and Construction	HSBC		2020	37 659 569	3 656 248	34 003 321	
Balance as at 31/12/2017				<u>47 745 450 541</u>	<u>12 141 937 164</u>	<u>35 603 513 377</u>	
Balance as at 31/12/2016 (Adjusted)*				<u>39 528 776 259</u>	<u>5 041 084 010</u>	<u>34 487 692 249</u>	

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Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
23/2 Loans from related parties							
National Development and Trading Company	Financial Holdings International	11.5% per annum compound interest	Under renewal	1 908 038 196	1 908 038 196	--	The guarantees are represented in lien on part of National Development and Trading Company shares in the following subsidiaries companies: ASECC Cement Company 41 050 000 shares Arab Swiss Engineering Company (ASEC) 899 900 shares. The guarantees are represented in a first degree lien of United Foundries Company shares in Ameryah Metal Company one of its subsidiaries with a percentage of 99.72%.
National Development and Trading Company	Vigenar Company	11.5% per annum compound interest	Under renewal	37 709 138	37 709 138	--	
United Foundries	Financial Holdings International	11.5% per annum compound interest	Under renewal	36 939 964	--	36 939 964	
Balance as at 31/12/2017				1 982 687 298	1 945 747 334	36 939 964	
Balance as at 31/12/2016				1 939 550 520	1 892 125 247	47 425 273	

* This balance represents the financing cost incurred by Egyptian Refining Company S.A.E to obtain the necessary credit facilities and loans required to finance its project. The amount will be amortized over the loan term using the effective interest rate.

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24. Long term liabilities and derivatives

	31/12/2017	31/12/2016
Derivatives swap contracts (24.3)	32 187 545	195 679 468
Creditors-purchase of investments (24.1)	10 787 486	10 787 486
End of service provision	2 648 769	2 383 685
Deposits from others (24.2)	146 444 641	163 112 502
Social Insurance authority	61 872 557	9 554 760
Other liabilities	6 695 357	12 275 921
Balance	<u>260 636 355</u>	<u>393 793 822</u>

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

24.2 Deposits from others

	31/12/2017	31/12/2016
Gas consumption deposits	44 385 888	106 779 497
Power consumption deposits	77 596 286	56 333 005
Others	24 462 467	--
Balance	<u>146 444 641</u>	<u>163 112 502</u>

24.3 Egyptian Refining Company (a subsidiary) has entered into five Interest Rate Swap transactions with the following parties;

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

The main terms of the transactions are as follows;

Trade date: June 25, 2012.

Effective date: July 3, 2012.

Termination date: December 20, 2024.

Fixed portion rate paid by the company is 2.3475%.

Floating rate paid by bank is USD – LIBOR – BBA semi-annual.

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

Maximum estimated amount under these transactions are:

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

As at December 31, 2017 the balance of the change in the fair value of cash flow hedges is amounting to EGP 32 187 545 (equivalent to US.\$ 1 814 405) versus EGP 195 679 468 (equivalent to US.\$ 10 834 965) as at December 31, 2016 as follows:

	31/12/2017	31/12/2016
Standard Chartered Bank	8 274 805	81 147 391
Societe General Corporate & Investment Banking	1 977 460	46 967 667
HSBC Bank Middle East Limited	4 080 839	36 639 261
KFW IPEX – Bank GMBH	3 466 219	11 211 395
Mitsubishi UFJ Securities International PLC	14 388 222	19 713 754
Balance	<u>32 187 545</u>	<u>195 679 468</u>

25. Deferred tax assets /liabilities

	31/12/2017		31/12/2016	
	Asset	Liability	Asset	Liability
Fixed assets	--	164 338 308	--	166 954 128
Intangible assets	--	135 218 849	--	147 741 347
Fair value of interest rate hedge	7 242 213	--	44 027 860	--
Provisions	5 198 033	--	4 156 683	--
Deferred tax liabilities related to Berber for electricity Ltd. Co.	--	9 737 046	--	13 726 848
Tax losses	143 839	--	12 900 239	--
Others	--	113 691 338	--	214 941 932
Total deferred tax assets / liabilities	<u>12 584 085</u>	<u>422 985 541</u>	<u>61 084 782</u>	<u>543 364 255</u>

- The Parent Company has carried-forward tax losses as of December 31, 2017 amounted to EGP 522 788 512 and the related deferred tax assets amounted EGP 117 627 415 which have not been recognized as it is not probable that future taxable profit will be available against which the Group can utilize the benefits relating to these assets.

* (Note 47).

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26. Banks overdraft

	31/12/2017	31/12/2016
Silverstone Capital Investments Ltd.	105 900 846	161 074 214
United Foundries Company	54 095 560	69 928 101
National Development and Trading Company	26 146 495	62 047 466
Tawazon for Solid Waste Management (Tawazon)	43 226 859	35 624 023
ASEC for mining (ASCOM)	159 212 370	155 618 975
Falcon Agriculture Investment	37 043 604	14 699 341
Balance	<u>425 625 734</u>	<u>498 992 120</u>

27. Due to related parties and shareholders

	31/12/2017	31/12/2016
		Restated**
Scimitar Production Egypt Ltd	--	24 640 035
Mena Glass Ltd.	577 665 527	956 784 685
Pharos Holding Co.	488 453	488 451
ASEC Automation Europe Co.	161 007	161 007
ASEC Automation Co. Free Zone	4 186 976	6 339 777
Kimonix Egypt for Consultancy Libya	2 303 052	3 403 400
Grandview Investment Holding	--	11 995 506
Others	4 397 842	15 751 350
Total	<u>589 202 857</u>	<u>1 019 564 211</u>
Due to shareholders:		
Sadek Ahmed El Swedey *	124 180 000	297 990 000
Fenix one Ltd.	69 195 189	75 367 360
Aly Hassan Dayekh	191 287 511	142 250 945
Olayan	114 374 517	98 190 324
Joussour	427 185 835	422 458 620
IFC	231 971 007	224 489 338
Omran	12 513 583	--
EIIC	1 477 050	--
El-Rashed	24 716 610	--
FHI	2 862 154	--
Others *	5 584 593	10 047 910
Total	<u>1 205 348 049</u>	<u>1 270 794 497</u>
Balance	<u>1 794 550 906</u>	<u>2 290 358 708</u>

- Transactions with related parties represent in financing transactions.

* The shareholders of the Company

** Note (47)

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28. Trade and notes payables

	31/12/2017	31/12/2016
Trade payables	3 723 288 715	2 696 330 159
Notes payables	752 081 163	200 988 034
Balance	<u>4 475 369 878</u>	<u>2 897 318 193</u>

29. Creditors and other credit balances

	31/12/2017	31/12/2016
		(Restated) *
Accrued expenses	1 397 366 907	855 251 278
Accrued interest	715 469 620	281 942 689
National Authority for Social Insurance	32 184 405	44 530 456
Advances from customers	106 855 085	121 823 474
Refundable deposits	2 991 798	2 937 694
Deferred revenues	11 319 131	24 464 398
Subcontractors	11 333 502	11 530 654
Creditors – purchase of fixed assets	5 963 904	12 386 904
Deposits from others	55 200 849	60 378 225
Dividend payable – prior years	23 051 086	23 051 725
Shareholders' credit balances	1 441 919	1 441 919
Other credit balances	<u>505 861 693</u>	<u>578 046 784</u>
Balance	<u>2 869 039 899</u>	<u>2 017 786 200</u>

* (Note 47).

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30. Provisions

	Provision for claims *	Legal provisions	Other provisions **	Total
Balance at the beginning of the year	670 359 184	1 264 609	9 913 501	681 537 294
Provisions formed**	284 472 825	915 544	16 939 078	302 327 447
Provisions used	(81 692 372)	--	(2 160 722)	(83 853 094)
Disposal	(3 786 193)	--	--	(3 786 193)
Provision no longer required	(417 817)	(67 450)	(3 662 234)	(4 147 501)
Foreign currency translation differences	(4 013 058)	(12 470)	(5 020 242)	(9 045 770)
Balance	<u>864 922 569</u>	<u>2 100 233</u>	<u>16 009 381</u>	<u>883 032 183</u>

* The provision for claims has been formed against the expected claims from certain external parties in connection with the Company's operations. The information usually required by the Egyptian Accounting Standards (EASS) is not disclosed because the management believes that it would seriously prejudice the outcome of the negotiation with that external party. The management reassess the provision on annual basis and the amount provided is revised based on latest development, discussions and agreements with the external party.

** Other provisions formed during the year by EGP 16 939 078 has been recognized in the operating costs and represent provision related to ASEC Automation Co. and ASEC Manufacturing Co. (ARESCO).

31. Related party transactions

Advisory fees

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

	For the year ended	
	31/12/2017	31/12/2016
Scimitar Production Egypt Ltd.	45 212 230	12 374 198
Total	<u>45 212 230</u>	<u>12 374 198</u>

- The Company did not recognize advisory fee related to Golden Crescent, Logria holding LTD., according to the signed contracts due to non fulfilling the conditions of recognition and collection. The unrecognized advisory fees at December 31, 2017 comprised the following:

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Company's name	For the year ended	
	31/12/2017	31/12/2016
Golden Crescent	20 592 769	12 574 453
Logria holding LTD.	111 213 000	67 909 506
Africa railways limited	10 158 882	--
Citadel capital transportation opportunities LTD.	4 185 437	--
Total	146 150 088	80 483 959

32. Share of profit of investment in associates

	For the year ended	
	31/12/2017	31/12/2016
El Kateb for Marketing & Distribution Co.	(285 903)	(487 951)
Elsharq Book Stores Co.	230 415	(1 416 008)
Dar El-Sherouk Ltd.	(2 394 515)	(3 179 852)
Societe Des Ciments De Zahana	30 320 910	41 613 287
Mena Glass Ltd.	--	259 488 379
Ostool for Land Transportation S.A.E	--	3 541 474
Grandview Investment limited	276 078 279	--
Total	303 949 186	299 559 329

33. Operating revenues

	For the year ended	
	31/12/2017	31/12/2016 Restated *
Agriculture and Food sector	717 275 819	622 148 731
Energy sector	4 587 902 971	3 399 349 943
Transportation and Logistics sector	117 833 925	100 644 433
Cement Sector	2 692 878 662	2 584 406 869
Metallurgy sector	201 078 789	156 220 180
Financial services sector	11 120 000	11 156 000
Mining sector	954 230 277	746 106 987
Total	9 282 320 443	7 620 033 143

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34. Operating costs

	For the year ended	
	31/12/2017	31/12/2016
		Restated *
Agriculture and Food sector	554 028 205	491 821 128
Energy sector	4 155 013 797	3 028 764 616
Transportation and Logistics sector	145 589 537	119 638 225
Cement Sector	2 252 763 548	2 260 203 138
Metallurgy	148 544 685	111 597 718
Financial services sector	7 482 052	7 025 120
Mining sector	834 793 363	705 392 228
Total	8 098 215 187	6 724 442 173

35. Administrative expenses

	For the year ended	
	31/12/2017	31/12/2016
		Restated *
Wages , salaries and similar items	487 428 355	763 947 408
Consultancy	56 369 146	117 784 93
Advertising and public relations	6 645 271	8 656 511
Selling and marketing	218 416 772	168 909 259
Travel and accommodation	15 636 174	10 805 108
Rent	11 374 077	8 341 219
Depreciation and amortization	106 338 066	704 509 146
Donations	5 530 000	11 764 100
Other	286 071 599	292 521 243
Total	1 193 809 460	1 150 239 024

* Note (47)

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36. Other (revenue) expenses

	Note	For the year ended	
		31/12/2017	31/12/2016
Impairment (loss):			
Due from related parties	(17)	21 064 063	249 178 809
Debtors and other debit balances		3 491 495	3 310 687
Fixed assets & PUC		--	544 917 517
Receivables		377 724 076	5 108 589
Available-for-sale investments	(11)	22 379 019	6 005 433
Goodwill		--	179 739 380
Other assets		27 028 595	64 835 596
Payments for investments		--	2 675 500
		<u>451 687 248</u>	<u>1 055 771 511</u>
Others:			
Gain on sale of fixed assets		(22 879 320)	(11 492 533)
Gain (loss) on sale of biological assets		(147 460)	2 698 392
Provisions formed	(30)	302 327 447	95 022 513
Net change in the fair value of investments at fair value through profit and loss		(3 131 090)	921 285
Provisions no longer required	(30)	(4 147 501)	(24 076 675)
Other revenues (expenses)		(111 160 172)	(31 376 374)
Total		<u>160 861 904</u>	<u>31 696 608</u>
Net		<u>612 549 152</u>	<u>1 087 468 119</u>

37. Finance costs-net

	For the year ended	
	31/12/2017	31/12/2016
		Restated *
Interest income	199 803 866	109 438 999
Interest expenses – (Note 23)	(1 411 643 454)	(931 737 180)
Foreign currency translation differences	91 550 829	(2 209 720 299)
Net	<u>(1 120 288 759)</u>	<u>(3 032 018 480)</u>

* Note (47)

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38. Income tax expense

	For the year ended	
	31/12/2017	31/12/2016
		Restated *
Current income tax	(188 312 739)	(119 881 118)
Deferred tax	109 796 635	(99 853 140)
Net	<u>(78 516 104)</u>	<u>(219 734 258)</u>
* Note (47)		

39. Earnings per share

	For the year ended	
	31/12/2017	31/12/2016
Net loss for the year	<u>(5 950 696 380)</u>	<u>(5 642 268 887)</u>
Net loss for equity holders of the parent Company	<u>(4 714 015 159)</u>	<u>(4 141 644 014)</u>
The weighted average number of shares including the preferred shares with same distribution rights as ordinary shares	<u>1 820 000 000</u>	<u>1 820 000 000</u>
Earnings per share	<u>(2.59)</u>	<u>(2.28)</u>
* Note (47)		

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40. Business segments

Segment information is presented in respect of the Group's business segments. The primary format, business segment, is based on the Group's management and internal reporting structure is inter-segment prices is determined on as arm's length basis. Assets and liabilities include items directly attributable to a segment.

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

For the year ended December 31, 2017	Agriculture food industries	Energy	Transportation and logistics	Cement and Construction	Metallurgy	Speciality real estate	Financial service	Mining	Eliminations (NCI)	Total
Operating revenues	717 275 819	4 587 902 971	117 833 925	2 692 878 662	201 078 789	--	11 120 000	954 230 277	--	9 282 320 443
Operating costs	(554 028 205)	(4 155 013 797)	(145 589 537)	(2 252 763 548)	(148 544 685)	--	(7 482 052)	(834 793 363)	--	(8 098 215 187)
Gross profit (loss)	163 247 614	432 889 174	(27 755 612)	440 115 114	52 534 104	--	3 637 948	119 436 914	--	1 184 105 256
Net loss for the year	(13 606 704)	(650 779)	(11 657 748 567)	(676 063 314)	(298 319 032)	(111 822 465)	(7 032 333 318)	(253 558 285)	15 330 087 305	(4 714 015 159)
Balance as at December 31, 2017										
Current assets	420 832 648	4 335 279 599	91 104 497	3 485 062 946	152 764 933	513 090 971	7 233 563 113	522 128 847	(8 562 467 940)	8 191 359 614
Non-current assets	1 589 496 449	59 171 977 189	697 665 237	1 255 765 573	34 886 483	1 442 232	22 277 007 706	1 220 938 042	(21 348 365 708)	64 900 813 203
Total assets	2 010 329 097	63 507 256 788	788 769 734	4 740 828 519	187 651 416	514 533 203	29 510 570 819	1 743 066 889	(29 910 833 648)	73 092 172 817
Current liabilities	2 416 448 505	4 343 206 507	7 621 742 338	3 005 437 250	273 241 227	952 233 567	16 054 698 243	1 395 151 064	(9 551 775 450)	26 510 383 251
Non-current liabilities	108 240 823	34 752 134 530	366 270 134	4 121 970 819	642 363 930	--	3 098 728 713	203 142 333	(6 968 776 045)	36 324 075 237
Owners' equity	(514 360 231)	24 411 915 751	(7 199 242 738)	(2 386 579 550)	(727 953 741)	(437 700 364)	10 357 143 863	144 773 492	(13 390 282 153)	10 257 714 329
Total liabilities and equity	2 010 329 097	63 507 256 788	788 769 734	4 740 828 519	187 651 416	514 533 203	29 510 570 819	1 743 066 889	(29 910 833 648)	73 092 172 817

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For the year ended December 31, 2016	Agriculture food industries	Energy	Transportation and logistics	Cement and construction	Metallurgy	Speciality real estate	Financial service	Mining	Eliminations (NCD)	Total
Operating revenues	622 148 731	3 399 349 943	100 644 433	2 584 406 869	156 220 180	--	11 156 000	746 106 987	--	7 620 033 143
Operating costs	(491 821 128)	(3 028 764 616)	(119 638 225)	(2 260 203 138)	(111 597 718)	--	(7 025 120)	(705 392 228)	--	(6 724 442 173)
Gross profit (loss)	130 327 603	370 585 327	(18 993 792)	324 203 731	44 622 462	--	4 130 880	40 714 759	--	895 590 970
Net loss for the year	(51 616 516)	(93 458 773)	(586 391 708)	(1 873 907 635)	(270 504 020)	(105 603 826)	(862 732 064)	(131 711 589)	(165 717 883)	(4 141 644 014)
Financial position as at December 31, 2016										
Current assets	374 470 002	4 094 360 414	1 971 234 597	2 948 367 746	109 415 331	526 882 870	6 246 268 427	315 000 787	(2 695 528 715)	13 890 471 459
Non- current assets	1 308 977 661	24 323 412 081	4 061 972 974	1 628 657 695	179 547 995	--	24 431 099 493	934 145 971	2 443 839 745	59 311 653 615
Total assets	1 683 447 663	28 417 772 495	6 033 207 571	4 577 025 441	288 963 326	526 882 870	30 677 367 920	1 249 146 758	(251 688 970)	73 202 125 074
Current liabilities	1 444 054 636	2 021 194 834	3 718 056 279	2 265 264 775	166 074 245	552 371 347	7 048 211 705	553 987 283	4 180 382 005	21 949 597 109
Non-current liabilities	157 369 022	15 565 533 732	--	2 455 624 066	305 281 017	--	1 461 261 756	409 625 677	15 117 580 329	35 472 275 599
Owners' equity	82 024 005	10 831 043 929	2 315 151 292	(143 863 400)	(182 391 936)	(25 488 477)	22 167 894 459	285 533 798	(19 549 651 304)	15 780 252 366
Total liabilities and equity	1 683 447 663	28 417 772 495	6 033 207 571	4 577 025 441	288 963 326	526 882 870	30 677 367 920	1 249 146 758	(251 688 970)	73 202 125 074

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The Group has the following eight strategic segments, which are its reportable segments. These segments are managed separately because they require different technology and marketing strategies.

The following summary describes the entities of each reportable segment:

Agriculture and food sector

- * Wafra Agriculture S.A.E Group.
- * Falcon for Agriculture Investments Group
- * Everys Holding Limited

Energy sector

- * Silverstone Capital Investments Ltd. Group
- * Orient Investment Properties Ltd. Group
- * Ledmore Holdings Ltd. Group – (Note 20)
- * Tawazon for Solid Waste Management (Tawazon) company Group
- * Qalaa Energy Ltd.

Transportation and logistics sector

- * Africa Railways Holding
- * Africa Railways Limited
- * Citadel Capital Transportation Opportunities Ltd. Group
- * KU Railways Holding Limited – (Note 20,48)
- * Ambience Ventures Ltd.

Cement Sector

- * National Development and Trading Company Group

Metallurgy sector

- * United Foundries

Specialist real estate sector

- * Mena Home Furnishings Malls Ltd Group. (Note 20)

Financial Services sector

- * Citadel Capital S.A.E.
- * Citadel Capital Ltd.
- * Sequoia Williwow Investments Ltd.

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-
- * Arab Company for Financial investments
 - * Lotus Alliance Limited
 - * Citadel Capital Holding for Financial Investments-Free Zone
 - * Citadel Capital for International Investments Ltd.
 - * International for Mining Consultation
 - * International for refinery Consultation
 - * Tanweer for Marketing and Distribution Company (Tanweer)
 - * Financial Unlimited for Financial Consulting
 - * Citadel Company for Investment Promotion
 - * National Company for Touristic and Property Investment
 - * United for Petroleum Refining Consultation
 - * Specialized for Refining Consulting
 - * Specialized for Real Estate Company
 - * National Company for Refining Consultation
 - * Citadel Capital Algeria
 - * Valencia Trading Holding Ltd.
 - * Andalusia Trading Investments
 - * Citadel Capital Financing Corp.
 - * Brennan Solutions Ltd.
 - * Mena Enterprises Ltd.
 - * Alcott Bedford Investments Ltd.
 - * Eco-Logic Ltd.
 - * Alder Burke Investments Ltd.
 - * Black Anchor Holdings Ltd.
 - * Cobalt Mendoza
 - * Africa Railways Investments Ltd.
 - * Darley Dale Investments Ltd.
 - * Citadel Capital Joint Investment Fund Management Limited
 - * Mena Joint Investment Fund
 - * Trimestone Assets Holding Limited – BVI
 - * Cardinal Vine Investments Ltd.
 - * Global Service Realty Ltd.
 - * Crondall Holdings Ltd.
 - * Mena Joint Investment Fund
 - * Africa Joint Investment Fund
 - * Underscore International Holdings Ltd.
 - * Valencia Regional Investment Ltd
 - * Sphinx Egypt for Financial Consulting Company
 - * Investment Co. for Modern Furniture.

Mining sector

- * ASEC company for mining Group (ASCOM)

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41. Tax status of the parent company

Corporate tax

The Company submitted its tax returns on regular basis for the years from 2005 to 2017 according to tax law No. 91/2005. The Company's books have not been inspected yet.

Salaries tax

The Company deducts the salaries tax according to tax law no. 91 / 2005 and the Company's books inspected for the period since inception till the date of 31/12/2009 but the authority did not inform the Company with results yet. And the years from 2010 to 2017 have not been inspected yet.

Stamp tax

The Company was inspected since inception till July 31, 2006 and paid all the accrued amounts according to the Internal Committee decision and for the period from August 1, 2006 to December 31, 2013 has been inspected and the dispute has transferred to Internal Committee in the Authority. The years from 2014 to 2017 have not been inspected yet.

Withholding tax

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

42. Group entities

Company's name	Country of incorporation	Group share percentage	
		Direct %	Indirect %**
Citadel Capital Holding for Financial Investments	Arab Republic of Egypt-Free Zone	99.99	--
Citadel Capital for International Investments Ltd.	British Virgin Island	100.00	--
Bright Living	Arab Republic of Egypt	--	56.17
International for Mining Consultation	Arab Republic of Egypt	99.99	--
International for Refinery Consultation	Arab Republic of Egypt	--	99.99
Arab Company for Financial Investments	Arab Republic of Egypt	--	94.00
Tanweer for Marketing and Distribution Company (Tanweer)	Arab Republic of Egypt	--	99.88
Financial Unlimited for Financial Consulting	Arab Republic of Egypt	--	99.88
Citadel Company for Investment Promotion	Arab Republic of Egypt	--	99.90

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Company's name	Country of incorporation	Group share percentage	
		Direct %	Indirect %**
National Company for Touristic and Property Investment	Arab Republic of Egypt	--	99.88
United for Petroleum Refining Consultation	Arab Republic of Egypt	--	99.99
Specialized for Refining Consulting	Arab Republic of Egypt	--	99.99
Specialized for Real Estate Company	Arab Republic of Egypt	--	99.99
National Company for Refining Consultation	Arab Republic of Egypt	--	99.99
Citadel Capital Algeria	Republic of Algeria	--	99.99
Citadel Capital Ltd.	British Virgin Island	--	100.00
Valencia Trading Holding Ltd.	British Virgin Island	--	100.00
Andalusia Trading Investments	British Virgin Island	--	100.00
Lotus Alliance Limited	British Virgin Island	--	85.70
Citadel Capital Financing Corp.	British Virgin Island	--	100.00
Ambience Ventures Ltd.	British Virgin Island	--	100.00
Africa Railways Limited *	British Virgin Island	--	86.81
Sequoia Williwow Investments Ltd.	British Virgin Island	--	100.00
Brennan Solutions Ltd.	British Virgin Island	--	100.00
Mena Enterprises Ltd.	British Virgin Island	--	100.00
Alcott Bedford Investments Ltd.	British Virgin Island	--	100.00
Eco-Logic Ltd.	British Virgin Island	--	100.00
Alder Burke Investments Ltd.	British Virgin Island	--	100.00
Black Anchor Holdings Ltd.	British Virgin Island	--	100.00
Cobalt Mendoza	British Virgin Island	--	100.00
Africa Railways Investments Ltd.	British Virgin Island	--	100.00
Darley Dale Investments Ltd.	British Virgin Island	--	100.00
Africa Railways Holding	Republic of Mauritius	--	66.24
Citadel Capital Joint Investment Fund Management Limited	Republic of Mauritius	--	100.00
Mena Joint Investment Fund	Luxembourg	--	100.00
Wafra Agriculture S.A.E	Arab Republic of Egypt	--	99.99
Valencia Assets Holding Ltd.	British Virgin Island	--	100.00
Sabina for Integrated Solutions Ltd.	Sudan	--	96.00
Concord Agriculture	South Sudan	--	96.00
Trimestone Assets Holding Limited – BVI	British Virgin Island	--	100.00
Cardinal Vine Investments Ltd.	British Virgin Island	--	100.00
Global Services Realty	British Virgin Island	--	100.00
Silverstone Capital Investments Ltd.	British Virgin Island	--	61.56
Taq Arabia Company	Arab Republic of Egypt	--	93.49
Gas and Energy Company (GENCO Group) – SAE	Arab Republic of Egypt	--	99.99
Taq for Electricity ,Water and Cooling- SAE	Arab Republic of Egypt	--	98.74

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Company's name	Country of incorporation	Group share percentage	
		Direct %	Indirect %**
Taqa for Marketing Petroleum Products- SAE	Arab Republic of Egypt	--	99.99
Gas and Energy Group Limited	British Virgin Island	--	99.99
Genco for Mechanical and Electricity Work	Qatar	--	99.99
Qatar Gas Group Limited *	Qatar	--	45.00
Arab Company for Gas Services *	Libya	--	49.00
Arabian Libyan Company for Energy	Libya	--	65.00
Taqa Arabia Solar Co.	Arab Republic of Egypt	--	60.00
Taqa Solar Reserve Co.	Arab Republic of Egypt	--	100.00
National Development and trading Company	Arab Republic of Egypt	47.65	21.63
Arab Swiss Engineering Co. (ASEC)	Arab Republic of Egypt	--	99.97
ASEC for Manufacturing and Industries			
Project Co. (ARESCO)	Arab Republic of Egypt	--	99.80
ASEC Cement Co.	Arab Republic of Egypt	1.86	68.36
ASEC Environmental Protection Co.			
(ASENPRO)	Arab Republic of Egypt	--	63.01
ASEC Automation Co.	Arab Republic of Egypt	--	53.64
ESACO for Manufacturing Engineering and			
Construction	Arab Republic of Egypt	--	70.00
Grandiose Services Ltd.	British Virgin Island	--	100.00
ASEC Integrated	Sudan	--	99.90
Al Takamoul for Cement Ltd. Co.	Sudan	--	51.00
ASEC Algeria Cement Co.	Algeria	--	71.73
ASEC Syria Cement Co.	Syria	--	99.99
Dejalfa Offshore	British Virgin Island	--	67.13
ASEC Trading Company	Arab Republic of Egypt	--	99.88
Berber for Electricity – limited	Sudan	--	51.00
United Foundries Company	Arab Republic of Egypt	29.29	38.17
Ledmore Holdings Ltd.	British Virgin Island	--	85.12
National Company for Marine Petroleum	Arab Republic of		
Services "PETROMAR"	Egypt-FZ	--	93.54
Mashreq Petroleum Company	Arab Republic of Egypt	--	94.99
El Dawlia for Bunkering Services	Arab Republic of Egypt	--	70.00
Mena Home Furnishings Malls Ltd.	British Virgin Island	--	60.18
Bonian for Trade and Development	Arab Republic of Egypt	--	99.99
Investment Company for Modern Furniture	Arab Republic of Egypt	--	99.88
Citadel Capital Transportation Opportunities			
Ltd.	British Virgin Island	--	67.55
Nile Logistics S.A.E.	Arab Republic of Egypt	--	99.99
Citadel Capital Transportation Opportunities			
II Ltd- Malta	Republic of Mauritius	--	81.62

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Company's name	Country of incorporation	Group share percentage	
		Direct %	Indirect %**
National Company for Multimodal Transport S.A.E.	Arab Republic of Egypt	--	99.88
National Company for River Transportation - Nile Cargo S.A.E.	Arab Republic of Egypt	--	99.99
National Company for River Ports Management S.A.E.	Arab Republic of Egypt	--	99.88
National Company for Maritime Clearance S.A.E.	Arab Republic of Egypt	--	99.98
EL -Orouba Company for Land Transportation S.A.E.	Arab Republic of Egypt	--	99.98
NMT for Trading S.A.E	Arab Republic of Egypt	--	99.99
National Company for Marina Ports Management	Arab Republic of Egypt	--	99.90
NRTC Integrated Solutions Co Ltd.	Sudan	--	99.00
Nile barges for River transport Co Ltd.	Sudan	--	99.00
Regional River Investment Ltd	British Virgin Island	--	100.00
Falcon for Agriculture Investments	British Virgin Island	--	54.90
National Company for Investments and Agriculture	Arab Republic of Egypt	--	99.99
National Company for Food products	Arab Republic of Egypt	--	99.99
Dina Company for Agriculture and Investments	Arab Republic of Egypt	--	99.99
Dina for Auto Services	Limited partnership Company	--	99.00
Arab Company for Services and Trade	Arab Republic of Egypt	--	99.67
National Company for Agriculture Products	Arab Republic of Egypt	--	99.88
National Company for Integrated Food	Arab Republic of Egypt	--	99.99
Royal Food Company	Arab Republic of Egypt	--	99.99
Up-Date Company for Food Products	Limited partnership Company	--	85.00
Nile for Food Products "Enjoy"	Arab Republic of Egypt	--	99.99
Investments Company for Dairy Products	Arab Republic of Egypt	--	99.99
Tiba Farms for Agriculture Developments	Arab Republic of Egypt	--	95.88
Dina for Agriculture Development	Arab Republic of Egypt	--	100.00
National Company for Dairy Exchange	Arab Republic of Egypt	--	100.00
Mena Development Limited	British Virgin Island	--	100.00
Anchor Real Estate Investments	British Virgin Island	--	100.00
Every's Holdings Limited	British Virgin Island	--	100.00
Orient Investment Properties Ltd.*	British Virgin Island	--	37.71
Arab Refining Company – S.A.E.	Arab Republic of Egypt	--	63.32

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Company's name	Country of incorporation	Group share percentage	
		Direct %	Indirect %**
Egyptian Refining Company – S.A.E.– *	Arab Republic of Egypt	--	48.25
National Refining Company – S.A.E.	Arab Republic of Egypt	--	63.32
Africa Railways logistics Limited	Republic of Mauritius	--	100.00
KU Railways Holding Limited-KURH	Republic of Mauritius	--	85.00
E A Rail & Handling Logistics Co. Limited	Republic of Mauritius	--	100.00
East African Rail And Handling Logistics Limited	Kenya	--	100.00
RVR Investments (Pty) Ltd.	Republic of Mauritius	--	100.00
Rift Valley Railways Kenya Co. (RVRK)	Kenya	--	100.00
Rift Valley Railways Uganda Co. (RVRU)	Uganda	--	100.00
Crondall Holdings Ltd.	British Virgin Island	--	94.53
Capella Management Investments Inc. Company	British Virgin Island	--	100.00
Lotus Management Investment Ltd. Company	British Virgin Island	--	100.00
Cordoba Investment Services Inc. Company	British Virgin Island	--	100.00
Tawazon for Solid Waste Management (Tawazon)	Arab Republic of Egypt	--	66.67
Egyptian Company for Solid Waste Recycling (ECARU)	Arab Republic of Egypt	--	75.63
Engineering Tasks Group (ENTAG)	Arab Republic of Egypt Limited partnership	--	75.73
Entag Oman	Company Oman	--	70.00
Qalaa Energy Ltd.	British Virgin Island	--	100.00
Mena Joint Investment Fund*	Luxembourg	--	73.25
Africa Joint Investment Fund*	Republic of Mauritius	--	31.00
Underscore International Holdings Ltd.*	British Virgin Island	--	100.00
Valencia Regional Investment Ltd.*	British Virgin Island	--	100.00
Sphinx Egypt for Financial Consulting Company *	Arab Republic of Egypt	--	69.88
Sphinx capital corp	British Virgin Island	--	100.00
Melbourn Investments Ltd	British Virgin Island	--	100.00
Borton Hill Investments Ltd	British Virgin Island	--	100.00
Metal Anchor Holdings Ltd.*	British Virgin Island	--	15.00
Tempsford Investments Ltd	British Virgin Island	--	100.00
ASEC company for mining (ASCOM)	Arab Republic of Egypt	54.74	--
ASCOM Carbonate & Chemical Manufacture Company	Arab Republic of Egypt-Free Zone	--	99.99
ASCOM for Geology & Mining- Syria	Limited partnership Company	--	95.00

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Company's name	Country of incorporation	Group share percentage	
		Direct %	Indirect %**
Nebta for Geology & Mining-Sudan	Limited partnership Company	--	99.00
Glass Rock Insulation Company	Arab Republic of Egypt-Free Zone	--	92.50
ASCOMA Algeria	Republic of Algeria	--	99.40
Lazerg Travaux Public	Republic of Algeria	--	70.00
ASCOM Precious Metals Mining S.A.E	Arab Republic of Egypt	--	99.99
ASCOM Emirates for Mining UAE	Limited partnership Company Emirates	--	69.40
ASCOM Middle East	Joint Stock Company	--	100.00
Nubia Mining Development PLC	Limited partnership Company	--	52.80
Sahari Gold company	Limited partnership Company	--	99.99
ASCOM for Geology & Mining- Ethiopia	Limited partnership Company Ethiopia	--	99.99
ASCOM Precious Metals- Sudan	Limited partnership Company Sudan	--	99.99
Golden Resources company	Limited partnership Company	--	99.99
ASCOM Cyprus Ltd	Limited partnership Company Cyprus	--	99.99
International Company for Mineral Exploration- Cyprus	Limited partnership Company Cyprus	--	99.99
Golden International Ltd	Limited partnership Company	--	99.99

* The Group has the right to appoint the majority of the board of director's members which enables the Group to control the main operations. Consequently, these Companies have been consolidated.

** These percentages represent the direct holding share percentage of the subsidiary companies owned by the Citadel Capital Holding (direct and indirect) that allow the company to have control over these companies through them.

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43. Capital Commitments

The capital commitments as at December 31, 2017 represented in the following:

43.1 Asec Algeria Cement Company

Contractor	Contract amount	Uncompleted part	Contract currency	Uncompleted part	
				31/12/2017	31/12/2016
FLSmith Denmark Company	--	--	Euro	--	1 091 458 800
ESACO Company	--	--	US dollar	--	74 927 908
ESACO Company	--	--	DZD	--	27 464 380
ASCOM Company	--	--	Euro	--	578 665
ASEC Automation Company	--	--	Euro	--	811 248 774
Energys Company	--	--	US dollar	--	67 041 356
Energys Company	--	--	US dollar	--	68 353 176
TCB Company	--	--	EGP	--	1 292 646
CTC Company	39 500 000	14 188 400	DZD	--	2 331 154
Cetim Company	--	--	DZD	--	14 678 151
				<u>--</u>	<u>2 159 375 010</u>

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

	Contract amount	Contract amount
	31/12/2017	31/12/2016
Work shop (1)	675 000	675 000
Work shop (7)	3 285 000	3 285 000
Work shop (9)	370 000	370 000
Self-extinguishing system in the factory	100 350	100 350
Legal consultancy fees	1 500 000	1 500 000
Total	<u>5 930 350</u>	<u>5 930 350</u>

44. Contingent liabilities

The contingent liabilities as at December 31, 2017 are represented in the following:

44.1 ASEC Automation Co. (ASA)

	31/12/2017	31/12/2016
Letters of guarantee	<u>1 822 607</u>	<u>2 654 228</u>

44.2 ASEC Environmental Protection Co. (ASENPRO)

	31/12/2017	31/12/2016
Letters of guarantee	<u>1 487 475</u>	<u>1 710 650</u>

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44.3 Arab Swiss Engineering Co. (ASEC)

	31/12/2017			31/12/2016		
	EURO	Dirham	EGP	EURO	Dirham	EGP
Letters of guarantee	--	50 000	34 315 000	36 037	50 000	34 794 305

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

	31/12/2017			31/12/2016		
	EURO	US.\$	EGP	EURO	US.\$	EGP
Letters of guarantee	2 668 844	4 282 392	53 266 514	6 739 680	6 309 405	56 294 245

44.5 United Foundries Company

	31/12/2017	31/12/2016
Letters of guarantee (outstanding)	--	652 838
Letters of guarantee (cover)	--	652 838
Letters of credit (cover)	--	32 642
	--	1 338 318

44.6 ASEC Company for Mining (ASCOM)

	31/12/2017	31/12/2016
Letters of guarantee – Uncovered portion (A)	24 977 261	25 200 165
Bank commitments for loans to subsidiaries (B)	563 521 518	524 557 015
	588 498 779	549 757 180

(A-1) The uncovered portion of letters of guarantee includes a letter of guarantee an amount of to EGP 1 760 100 (equivalent to US.\$ 100 000) issued from one of the banks the company deals with on behalf of ASCOM Carbonate & Chemical Manufacture Company (subsidiary) at October 3, 2007 and available for use until January 1, 2018.

(B-1) ASEC Company for Mining (ASCOM) guarantees Glass Rock Insulation Company (subsidiary) against the loan provided to the subsidiary company from one of the banks the company deals with amounted to EUR 27 802 000 due to the subsidiary's inability to settle its obligations resulting from the mentioned loan.

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45. Employees Stock Option Plan

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

On June 22, 2008 the Financial Regularity Authority (FRA) approved the ESOP plan and the Company has not start to apply it yet.

46. Contingent liabilities

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

47. Comparative figures

The following table summarizes the adjustments on the consolidated financial position as at December 31, 2016 and the consolidated income statement for the year ended December 31, 2016, in addition to certain comparative figures which have been reclassified to conform with the current year presentation.

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	Balance as at 31/12/2016 (as previously reported)	Reclassification and restates	Balance as at 31/12/2016 (restated)
Statement of financial position			
Projects under construction	48 103 488 327	(19 210 664)	48 084 277 663
Inventories	1 174 203 173	74 316 204	1 248 519 377
Due from related parties	189 750 543	(13 134 218)	176 616 325
Debtors and other debit balances	1 379 632 613	248 431 320	1 628 063 933
Assets held-for-sale	6 631 428 162	(270 321 907)	6 361 106 255
Total change in assets		20 080 735	
Long term loans	34 234 277 130	253 415 119	34 487 692 249
Deferred tax liabilities	548 951 505	(5 587 250)	543 364 255
Short term loans	5 294 499 129	(253 415 119)	5 041 084 010
Due to related parties	1 656 544 968	633 813 740	2 290 358 708
Creditors and other credit balances	1 935 714 663	82 071 537	2 017 786 200
Total change in liabilities		710 298 027	
Retained earnings	(12 001 322 663)	(571 618 994)	(12 572 941 657)
Non-controlling interests	16 283 734 669	7 683 538	16 291 418 207
Reserves	3 091 396 310	(126 281 836)	2 965 114 474
Total change in equity		(690 217 292)	
Total change in liabilities and equity		20 080 735	
	For the year Ended 31/12/2016 (as previously reported)	Reclassification and restates	For the year Ended 31/12/2016 (restated)
Income statement			
Continued operation			
Operating revenues	7 848 798 812	(228 765 669)	7 620 033 143
Operating costs	(6 756 528 265)	32 086 092	(6 724 442 173)
Administrative expenses	(1 187 045 402)	36 806 378	(1 150 239 024)
Finance costs-net	(3 043 307 915)	11 289 435	(3 032 018 480)
Other Expense	(1 256 008 608)	168 540 489	(1 087 468 119)
Income tax	(226 559 263)	6 825 005	(219 734 258)
Total change in continued operation		(26 781 730)	
Net loss from discontinued operation	(1 275 253 224)	(85 080 279)	(1 360 333 503)
Total change in consolidated income statement		(58 298 549)	

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48. Significant events

- On July 31, 2017, the Court of Kenya issued an order to terminate the Concession Agreement granted to Rift Valley Railways (Kenya) Limited "RVRK" – Railway operator in Kenya , which is indirectly owned by the Citadel Capital Company through its subsidiary KU Railways Holding Limited "KURH". Accordingly, it was decided to form a takeover committee by all parties in the Concession Agreement to supervise the termination process of the Concession and to transfer all the assets and the employees of Rift Valley Railways (Kenya) Limited "RVRK" to "Kenya Railways Corporation" within 30 days. The Group management was unable to access the financial and accounting information for those companies as at December 31, 2017.
- During June 2017, the Governments of Uganda issued a 90-Day Notice to terminate the Concession Agreement granted to Rift Valley Railways (Uganda) Limited "RVRU" – Railway operator in Uganda , which is indirectly owned by the Citadel Capital Company through its subsidiary KU Railways Holding Limited "KURH", and to resume the operation to Uganda Railways Corporation.
- Consequently, Citadel Capital recognized an impairment with the entire carrying value of the assets related to KU Railways Holding Limited "KURH" with an amount of EGP 3.15 billion in its consolidated financial information for the year ended December 31, 2017.
- The consolidated financial information for the year ended December 31, 2017 of KU Railways Holding Limited "KURH" (which include RVRK and RVRU) represented in the following:

	EGP
Total assets	3 245 489 754
Impairment of assets	(3 245 489 754)
Total loans and other liabilities	5 619 668 046
Net loss for the year (including impairment loss)	3 469 981 949

- The Board of Directors of Citadel Capital Company decided in its meeting held on September 17, 2017, to divest from all the owned subsidiaries in railways sector by selling and /or dispensing and /or liquidating these subsidiaries and take all the required procedures to execute that as soon as possible.

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-
- On 22 November 2017 the Government of Uganda has decided to withdraw the notice of termination of the Concession Agreement granted to Rift Valley Railways (Uganda) Limited (RVRU) in order to give the company one last opportunity to meet the different covenants and obligations spell out in the Concession Agreement. In consequence Government of Uganda expects that Rift Valley Railways (Uganda) Limited (RVRU) shall immediately withdraw the arbitration proceedings and to fulfill its obligations under the Concession Agreement.
 - There have been investigations conducted by the World Bank -in its capacity as a lender - at RVR Group. The legal counsel of Citadel Group believes Citadel Capital Company is not subject to these investigations.
 - On April 11, 2018 The World Bank Group announced the release of a settlement agreement that set out the debarment of Africa Railways Logistics Limited (ARLL) for two years for its sanctionable practices. While Africa Railways Limited (ARL) and Rift Valley Railways Kenya Limited (RVRK) remain eligible to participate in World Bank Group-financed projects as they comply with their obligations under the settlement agreement.

Other significant events

- The consolidated financial statements as at 31 December 2017 of Citadel Capital Company include an amount of EGP 646 Million under "Due to related parties and shareholders" and a corresponding increase in the accumulated losses of the company by an equal amount. The said amount represents liabilities related to financial guarantees issued in favor of certain shareholders (other than board members) through a fully owned subsidiary of the company.
- The management of the company appointed Zulfiqar and its legal consultants and lawyers to study the validity and legality of the contractual obligations between the company and some shareholders, the authorities of the chairman and the managing director in issuing these undertakings, the compliance of the procedures for issuance these undertakings with the provisions of the various laws governing the work and activity of the company. They expressed their opinion on the validity and effectiveness of these contracts and for the principle of transparency, the company is assigned to offer the terms of the transactions to the General Assembly for approval.

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49. Going concern

The Company has prepared the business Plans for all sectors and all subsidiaries covered 5-years forecasts including expansion plans, restructure and reorganization plans. Citadel Capital Group is working on restructuring troubled debt with lenders, which the company considers a key objective in the coming period. The company's management believe that the liquidity required for partial repayment of the Group's debt will be through operational cash flow as well as restructuring and disposed of non-core assets.

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50. Significant accounting policies applied

50.1 Business Combination

- * The Group accounts for business combinations using the acquisition method when control is transferred to the Group (Note 50.2).
- * The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- * Any goodwill that arises is tested annually for impairment (Note 50.21.2), any gain on a bargain purchase is recognized immediately in consolidated income statement. Transaction costs are expensed as incurred, except if related to the issue of debtor or equity securities.
- * The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in consolidated income statement.
- * Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in the consolidated income statement.

50.2 Subsidiaries

- * Subsidiaries are entities controlled by the Group.
- * The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

50.3 Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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50.4 Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other comprehensive income. Any resulting gain or loss is recognised in the consolidated income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost.

50.5 Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, where by the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit and loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

50.6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

50.7 Foreign currency

50.7.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

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Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in income statement.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- * Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to income statement).
- * A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- * Qualifying cash flow hedges to the extent that the hedges are effective.

50.7.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially the such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated income statement as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while

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retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the consolidated income statement.

50.8 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative consolidated income statement and consolidated statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

50.9 Revenue

50.9.1 Gain (loss) on sale of investments

Gain (loss) resulting from sale of investments are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses. In case of derecognizing of investments in associates, the difference between the carrying amount and the sum of both the consideration received and cumulative gain or loss that had been recognized in shareholders' equity shall be recognized in the consolidated income statement.

50.9.2 Dividend income

Dividend income is recognized when declared.

50.9.3 Interest income and expenses

Interest income and expenses are recognized in the consolidated income statement under "Interest income" item or "Interest expenses" by using the effective interest rate method of all instruments bearing interest other than those classified held for trading or which have been classified at inception "fair value through the consolidated income statement".

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50.9.4 Fee and commission income

Fees related to servicing the loan or facility are recognized in income when performing the service while the fees and commissions related to non-performing or impaired loans are not recognized, instead, they are to be recorded in marginal records off the consolidated financial position. Then they are recognized within the income pursuant to the cash basis when the interest income is collected. As for fees which represent an integral part of the actual return on the financial assets, they are treated as an amendment to the rate of actual return.

50.9.5 Management fee

Management fee is calculated as determined by the management contract.

50.9.6 Advisory fee

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

50.9.7 Services revenue

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

50.9.8 Finance lease income

Income resulted from lease contracts is recognized based on internal return rate resulted from lease contracts in addition to the equivalent amount of a periodical depreciation installment. The differences between the income recognized and accrued rental value for the same period is suspended in a separate account, and is to be settled with the carrying amount of the leased assets at the end of contract period.

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50.9.9 Investment property rental income

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognized as other income.

50.9.10 Sale of goods

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

50.9.11 Construction contracts

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

If the outcome of a construction contract can be estimated the consolidated reliably, then contract revenue and expenses are recognized in the consolidated income statement in proportion to the stage of completion of the contract. The stage of completion is assessed by survey of work performed.

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

50.9.12 Car conversion revenues

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

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50.9.13 Gas sales revenues

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

50.9.14 Fuelling revenues

Revenues is recognized when supplying ships with fuel.

50.9.15 Natural gas revenues

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

50.9.16 Financial guarantees contracts revenues

- The Group is involved in Microfinance Operations and acts in the Capacity of an agent, then the revenue (Commission) recognized is the difference between the return on the funding given to the micro-projects and the company's bank dues by deducting the revenue from the services directly from the amounts to be collected from the owners of the projects.
- Recognition of the benefits and commissions resulting from performing the service according to the accrual basis as soon as the performance of the service to the client only if those revenues more than cover the financial year are recognized on a time proportion basis.
- Administrative commission of 3% of the value of the loan granted to customers are collected and that when hiring and are consumed on the duration of the loan.
- Interest of deposits are recognized according to the accrual basis of the temporal distribution throughout the year until the maturity date.
- Commission to delay for the payment of premiums is collected at rates to be agreed upon within the contracts and are recognized as soon as customers delayed payment on the basis of extended delay.

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50.10 Income tax

Income tax expense comprises current and deferred tax. It is recognized in the consolidated income statement except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

50.10.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

50.10.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- * Initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- * Investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
- * Initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on

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business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

50.11 Fixed assets

50.11.1 Recognition and measurement

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

50.11.2 Subsequent expenditure

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

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50.11.3 Depreciation

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

	Estimated useful life (Year)
- Buildings and Constructions	5 -50
- Lease hold improvements	3 -10
- Machinery, Equipment and tools	4 -33
- Furniture, Fixtures and electric	4 -16
- Computers equipment	2 -10
- Transportation means	3 -15
- Barges	5 -20

Lease hold improvements are depreciated over the shorter of the lease term.

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

50.11.4 Biological assets

The biological assets are recorded at fair value less estimated point-of-sale costs, and where the fair value cannot be measured, the biological assets are measured at their cost less any accumulated depreciation and any accumulated impairment. And where the fair value can be measured reliably, the biological are recorded at fair value less estimated point-of-sale costs.

The biological assets includes fruit gardens and orchards and live stock. All the biological assets recorded within the group's consolidated financial statements are recorded at cost less the accumulated depreciation. Since there was not any active market to determine the fair value reliably.

The fruit gardens and orchards are depreciated according to the useful life of the trees which varies between three and fifty years.

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And the biological assets live stock are depreciated over the useful production life which have been estimated to be 56 month which is equivalent to 21.4% annually. Calculation of depreciation starts at the end of pregnancy stage.

50.11.5 Reclassification to investment property

When the use of a property changes from owner-occupied to investment property.

50.12 Projects under construction

Projects under construction are recognized initially at cost, the book value is amended by any impairment concerning the value of these projects cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to fixed assets caption when they are completed and are ready for their intended use.

50.13 Work in process

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

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

50.14 Intangible assets and goodwill

*** Goodwill**

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

*** Research and development**

Expenditure on research activities is recognized in the consolidated income statement as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development

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and to use or sell the asset. Otherwise, it is recognized in the consolidated income statement as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

*** Other intangible assets**

Other intangible assets, are measured at cost less accumulated amortisation and any accumulated impairment losses.

50.15 Exploration and valuation assets

Recognition

- All costs arising from acquiring exploration assets are capitalized in addition to all future costs against granting the exploration right.
- Drilling and exploration costs are initially capitalized until drilling results evaluated, the evaluation process should take place periodically and costs should be capitalized as intangible assets until the evaluation results refer to the existence of mineral resources, and if that does not happen all costs should be recognized directly in the consolidated income statement.
- Non monetary assets that have no physical existence acquired for the business purposes and expected to generate future economic benefits are recorded as intangible assets. Intangible assets mainly include quarry site preparation costs.

Measurement

Intangible assets are measured at cost which is represented in the cash amount at the recognition date. If payment is deferred the difference between the cash price and the total payment is recognized as interest in the consolidated income statement. Intangible assets are presented at net of amortization and accumulated impairment losses

50.16 Investment property

Investment property is measured at cost on initial recognition.

Subsequent to initial recognition investment property is measured at cost less accumulated depreciation and impairment loss, if any.

Investment property is depreciated on a straight line basis over its useful life.

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50.17 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in the consolidated income statement.

Once classified as held-for-sale, intangible assets and, fixed assets are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

50.18 Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

**50.18.1 Non-derivative financial assets and financial liabilities –
Recognition and Derecognition**

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

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The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

50.18.2 Non-derivative financial assets – Measurement

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in income statement as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in income statement.

Held-to-maturity financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

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Available-for-sale financial assets

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

50.18.3 Non-derivative financial liabilities – Measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in the consolidated income statement as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in the consolidated income statement.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

50.18.4 Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in the consolidated income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in the consolidated income statement.

50.18.5 Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any

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ineffective portion of changes in the fair value of the derivative is recognized immediately in the consolidated income statement.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

50.19 Share capital

50.19.1 Ordinary shares

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

50.19.2 Preference shares

The group's redeemable preference are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

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

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50.19.3 Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

50.20 Legal reserve

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

50.21 Impairment

50.21.1 Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- * Default or delinquency by a debtor.
- * Restructuring of an amount due to the Group on terms that the Group would not consider otherwise.
- * Indications that a debtor or issuer will enter bankruptcy.
- * Adverse changes in the payment status of borrowers or issuers.
- * The disappearance of an active market for a security because of financial difficulties.
- * Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

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Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income statement and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to the consolidated income statement. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in the consolidated income statement. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through the consolidated income statement. Impairment losses recognized in the consolidated income statement for an investment in an equity instrument classified as available-for-sale are not reversed through the consolidated income statement.

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Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in the consolidated income statement, and is reversed if there has been an estimates used to determine the recoverable amount.

50.21.2 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in the consolidated income statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

50.22 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at the financial position date and amended (when necessary) to represent the best current estimate.

50.23 Treasury bills

Treasury bills are recorded at nominal value and the unearned income is recorded under the item of "creditors and other credit balances". Treasury bills are presented on the financial position net of the unearned income.

50.24 Trade, and notes receivables, debtors and other debit balances

- Trade, notes receivables, debtors and other debit balances are stated at nominal value less impairment losses.
- The Company's lessees and the leased assets are regularly classified & evaluated and their obligations are reduced by the rent value paid in each financial period, and with the assurance of the availability of adequate guarantee to collect the client's rent values.
- The provision for doubtful debts is calculated on the investment cost of the leased assets (cost of leased assets in addition to its return at the date of calculating the provision) which are uncertainly collected i.e. (doubtful rent value) after deducting the credit deposits held by the Company. The Company's provisions committee specifies the provision percentage for each credit class which is calculated according to the risk rates of the doubtful rent values or according to the negative changes of the credit indicators, this provision is reviewed regularly or whenever there is a need to do so.

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50.25 Inventories

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

50.26 Trade and other payables

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

50.27 Cash and cash equivalents

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents includes the balances, whose maturity do not exceed three months from the date of acquisition, cash on hand, cheques under collection and due from banks and financial institutions.

50.28 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated income statement attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

50.29 Profit sharing to employees

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

50.30 Interest bearing borrowings

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

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50.31 Dividends

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

50.32 Employees benefits

Pensions

The Group contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law. No. 79/1975 Under this law employees and employers contribute to the system a fixed percentage of the employees' salaries basis. The Group's liability is confined to such contributions amount. Contributions are charged to the consolidated income statement using the accrual basis of accounting.

Other short-term benefits

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

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

50.33 Share – based payments

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

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

50.34 Borrowing costs

Borrowing costs are recognized as expenses in the consolidated income statement when incurred, with the exception of borrowing cost directly attributable to the construction and acquisition of new assets which is capitalized as part of the relevant assets cost and depreciated over assets' estimated useful lives. This capitalization ceases once the assets become in operational condition and ready for use.

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50.35 Financial lease

Payments made under financial lease contracts are recognized as general and administrative expenses in the consolidated income statement during the year.

50.36 Employees' compulsory government social insurance share

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

50.37 Inventories

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

50.38 Operating segment

A segment is a group assets and related operations which is subjected to risks and rewards that are different from those of other segments or within the same economic environment which characterized by its particular risk and rewards from those that are related, to segment operated in different economic environment. The Group has eight reportable segments, which represent the Group's strategic divisions. Those divisions offer different products and services, and are managed separately because they require different technology and marketing strategies (Note 40)

51. Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances with banks, investments and debtors while financial liabilities include loans and creditors. Notes to consolidated financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses by the company to minimize the consequences of such risks. (Note 50)

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51.1 Credit risk

Credit risk is the risk of a person or an organization defaulting in the repayment of their obligations to the Group in respect of the terms and conditions of the credit facilities granted to them by the Group. The management minimizes this risk by spreading its loan portfolio overall economic sectors and by adopting appropriate procedures and controls to evaluate the quality of the credit facilities granted and the creditworthiness of the borrowers. The credit risk of connected accounts is monitored on a united basis.

51.2 Liquidity risk

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

51.3 Foreign currencies risk

The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the group's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.

51.4 Interest rate risk

Interest rate risk stems from the sensitivity of earnings to future movements in interest rates applied on assets and liabilities.

The Group's management closely monitors interest rate fluctuations on a continuous basis and ensures that assets and liabilities are matched and re-priced in a timely manner. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or are re-priced in a given period. The most important source of interest rate risk derives from the lending, funding and investing activities, where fluctuations in interest rates are reflected in interest margins and earnings.

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51.5 Price risk

The Company is exposed to market price risk for equity instruments, According to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk.

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

51.6 Equity price risk

Equity price risk is the risk that the value of a portfolio will fall as a result of change in stock prices. Risk factors underlying this type of market risk are a whole range of various equity (and index) prices corresponding to different markets (and currencies/maturities), in which the Group holds equity-related positions.

The Group sets tight limits on equity exposures and the types of equity instruments that traders are allowed to take positions in. Nevertheless, depending on the complexity of financial instruments, equity risk is measured in first cash terms, such as the market value of a stock/index position, and also in price sensitivities, such as sensitivity of the value of a portfolio to changes in the underlying asset price. These measures are applied to an individual position and/or a portfolio of equity products.