Citadel Capital Company

(Egyptian Joint Stock Company)

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

KPMG Hazem Hassan
Public Accountants & Consultants

Contents | **Page**

Contents	Page
Auditor's report	
Separate statement of financial position	1
Separate income statement	2
Separate statement of comprehensive income	3
Separate statement of changes in equity	4
Separate statement of cash flows	5
Notes to the separate financial statements	6 – 34
Significant accounting policies applied	35 – 44

KPMG

Hazem Hassan
Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11
Telefax : (202) 35 36 23 01 - 35 36 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahram

Translation from Arabic

Auditor's report

To the shareholders of Citadel Capital Company

Report on the separate financial statements

We have audited the accompanying separate financial statements of Citadel Capital Company (Egyptian Joint Stock Company), which comprise the separate statement of financial position as at 31 December 2017 and the separate 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 separate financial statements

These separate financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these separate 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 separate 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 separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate 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 separate financial statements.

Basis For Qualified Opinion

1. The company guaranteed financial guarantees issued by a wholly owned subsidiary in favor of certain shareholders (other than board members). The financial impact arising from these guarantees amounted to EGP 646 Million was recorded during the year ended 31 December 2017 and shown in the financial statements of the subsidiary.

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

3. In accordance with the separate financial position and the separate operating results as at 31 December 2017, the Company's accumulated losses amounted to EGP 3.3 Billion, the increase in the current liabilities over the current assets at that date amounted to EGP 3 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 Company 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.

Translation from Arabic

As mentioned in Note No. (32) of the notes accompanying the separate 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 company 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 the 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.

Qualifaid Opinion

In our opinion, except for the adjustments to the separate financial statements that might be necessary had the information regarding the matters described above been available, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Citadel Capital Company as at 31 December 2017 and of its separate financial performance and its separate 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 separate financial statements.

Explanatory paragraph

Without qualifying our opinion, we draw attention to Note (31) of the notes accompanying the separate 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 separate 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. Citadel Capital Company’s management has recognized an impairment loss for all assets of the subsidiary companies working in railways sector and all the credit balances of the whole railways sector in the separate financial information for the year ended 31 December 2017 prepared by the Citadel Capital Company’s management.

Hazem Hassan

Translation from Arabic

Report on other legal and regulatory requirements

The Company maintains proper books of account, which include all that is required by law and by the statutes of the Company, and the separate financial statements are in agreement thereto.

The financial information included in the Board of Directors' report, prepared in accordance with Law no. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account.

KPMG Hazem Hassan

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo, 14 May 2018

KPMG Hazem Hassan
Public Accountants and Consultants
1

Citadel Capital Company
(Egyptian Joint Stock Company)
Separate statement of financial position

Translation of separate financial statements originally issued in Arabic

(All amounts in EGP)	Note	31/12/2017	31/12/2016 Restated	01/1/2016 Restated
Assets				
Available-for-sale investments	(9)	11 467 990	17 743 251	23 766 164
Investments in subsidiaries	(10)	4 521 822 876	5 035 343 476	5 304 213 026
Payments for investments	(11)	3 736 341 454	3 694 591 454	3 664 191 854
Fixed assets	(12)	16 463 799	17 326 329	19 389 452
Work in process	(13)	20 049 153	11 085 708	7 070 294
Loans to subsidiaries	(14)	635 231 564	257 786 420	256 046 196
Deferred tax assets	(15)	124 665	733 388	468 333
Non - current assets		**8 941 501 501**	**9 034 610 026**	**9 275 145 319**
Cash and cash equivalents	(3)	79 442 012	5 566 792	223 289 232
Due from related parties	(4)	1 692 966 688	1 548 403 611	1 151 277 953
Loans to subsidiaries	(14-1)	1 387 300 217	1 350 557 205	512 544 672
Other debit balances	(5)	22 604 367	14 524 023	12 412 703
Current assets		**3 182 313 284**	**2 919 051 631**	**1 899 524 560**
Total assets		**12 123 814 785**	**11 953 661 657**	**11 174 669 879**
Equity				
Issued and paid-up capital	(16)	9 100 000 000	9 100 000 000	9 100 000 000
Legal reserve	(33-10)	89 578 478	89 578 478	89 578 478
Carried forward losses		(3 300 159 544)	(2 847 826 550)	(844 769 594)
Total equity		**5 889 418 934**	**6 341 751 928**	**8 344 808 884**
Liabilities				
Long term loans	(17)	-	1 003 333 414	541 666 693
Non -current liabilities		**-**	**1 003 333 414**	**541 666 693**
Due to related parties	(6)	736 513 097	401 380 662	373 035 930
Current portion of long term loans	(17)	4 279 044 431	3 357 137 984	1 410 403 839
Creditors and other credit balances	(7)	1 165 378 148	796 197 494	273 563 857
Provisions	(8)	53 460 175	53 860 175	231 190 676
Current liabilities		**6 234 395 851**	**4 608 576 315**	**2 288 194 302**
Total liabilities		**6 234 395 851**	**5 611 909 729**	**2 829 860 995**
Total equity and liabilities		**12 123 814 785**	**11 953 661 657**	**11 174 669 879**

The accompanying notes from page 6 to 44 are an integral part of these separate financial statements and are to be read therewith.

Auditor's report "attached"

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

Citadel Capital Company

Translation of separate interim financial statements originally issued in Arabic

(Egyptian Joint Stock Company)

Separate income statement

(All amounts in EGP)	Note	For the year ended	
		31/12/2017	**31/12/2016**
Advisory fee income	(19-1)	116 205 718	89 672 081
Administrative and general expenses	(20)	(226 715 041)	(244 042 538)
Fixed assets depreciation	(12)	(2 168 906)	(2 063 123)
Impairment losses	(23)	(611 411 342)	(1 965 056 474)
Provisions	(8)	-	(1 500 000)
Reversal of impairment losses	(24)	353 200 000	4 982 035
Other income		10 000	1 747 378
Net operating loss		(370 879 571)	(2 116 260 641)
Net finance (cost) income	(18)	(80 844 700)	112 938 630
Loss before tax		**(451 724 271)**	**(2 003 322 011)**
Deferred tax	(15)	(608 723)	265 055
Net loss for the year		**(452 332 994)**	**(2 003 056 956)**
Losses per share	(25)	**(0.25)**	**(1.10)**

The accompanying notes from page 6 to 44 are an integral part of these separate financial statements and are to be read therewith.

Separate statement of comprehensive income

(All amounts in EGP)	For the year ended	
	31/12/2017	**31/12/2016**
Loss for the year	(452 332 994)	(2 003 056 956)
Total comprehensive income for the year	**(452 332 994)**	**(2 003 056 956)**

The accompanying notes from page 6 to 44 are an integral part of these separate financial statements and are to be read therewith.

Separate statement of changes in equity

(All amounts in EGP)	Issued and paid-up capital	Legal reserve	Carried forward losses	Shareholders' credit balances	Total
Balance as at January 1, 2017	9 100 000 000	89 578 478	(2 847 826 550)	-	6 341 751 928
Comprehensive income					
Loss for the year ended December 31, 2017	-	-	(452 332 994)	-	(452 332 994)
Total comprehensive income	**-**	**-**	**(452 332 994)**	**-**	**(452 332 994)**
Balance as at December 31, 2017	**9 100 000 000**	**89 578 478**	**(3 300 159 544)**	**-**	**5 889 418 934**
Balance as at January 1, 2016 (as previously reported)	9 100 000 000	89 578 478	(807 717 020)	1 464 311	8 383 325 769
Restates	-	-	(37 052 574)	(1 464 311)	(38 516 885)
Balance as at January 1, 2016 (restated)	9 100 000 000	89 578 478	(844 769 594)	-	8 344 808 884
Comprehensive income					
Loss for the year ended December 31, 2016	-	-	(2 003 056 956)	-	(2 003 056 956)
Total comprehensive income	**-**	**-**	**(2 003 056 956)**	**-**	**(2 003 056 956)**
Balance as at December 31, 2016	**9 100 000 000**	**89 578 478**	**(2 847 826 550)**	**-**	**6 341 751 928**

The accompanying notes from page 6 to 44 are an integral part of these separate financial statements and are to be read therewith.

Citadel Capital Company

(Egyptian Joint Stock Company)

Translation of separate financial statements originally issued in Arabic

Separate statement of cash flows

(All amounts in EGP)

	Note	For the year ended 31/12/2017	For the year ended 31/12/2016
Cash flows from operating activities			
Loss before tax		(451 724 271)	(2 003 322 011)
Adjustments for:			
Fixed assets depreciation	(12)	2 168 906	2 063 123
Net foreign currency differences (Unrealized)		17 644 955	(174 014 536)
Interest income		(174 458 604)	(100 612 577)
Reversal of impairment loss		(353 200 000)	(4 982 035)
Impairment on assets		611 411 342	1 965 056 474
provision formed	(8)	-	1 500 000
		(348 157 672)	**(314 311 562)**
Changes in:			
Due from related parties		(237 603 832)	(1 721 107 634)
Other debit balances		(9 586 720)	(2 111 320)
Due to related parties		335 132 435	28 344 732
Creditors and other credit balances		369 180 654	522 633 637
Provisions used	(8)	(400 000)	(178 830 501)
Net cash provided from (used in) operating activities		**108 564 865**	**(1 665 382 648)**
Cash flows from investing activities			
Proceeds from sale of investments		1 625 274	-
Payments for investments		(41 750 000)	(30 399 600)
Payments for work in process		(8 963 445)	(6 135 669)
Proceeds from payment for work in process		-	2 120 255
Net cash used in investing activities		**(49 088 171)**	**(34 415 014)**
Cash flows from financing activities			
Payments for loans		-	(78 249 889)
Net cash used in financing activities		**-**	**(78 249 889)**
Net increase (decrease) in cash and cash equivalents		59 476 694	(1 778 047 551)
Effect of movements in exchange rates on cash held		14 398 526	1 560 325 111
Cash and cash equivalents as at 1 January	(3)	5 566 792	223 289 232
Cash and cash equivalents as at 31 December	(3)	**79 442 012**	**5 566 792**

Non-cash transactions, note (3).

The accompanying notes from page 6 to 44 are an integral part of these separate financial statements and are to be read therewith.

1. Company background

1.1 Legal status and activity

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

1.2 Purposes of the company

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

- The company will 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 Registered headquarters

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

2. Basis of preparation

2.1 Statement of compliance

These separate financial statements have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian law and regulations.

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

Details of the company's significant accounting policies applied are included in (Note 33).

2.2 Functional and presentation currency

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

2.3 Use of estimates and judgments

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

Estimates and underlying assumptions reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

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

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

2.4 Fair value measurement

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

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

2.5 Consolidated financial statements

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

3. Cash and cash equivalents

	31/12/2017	31/12/2016
Cash on hand	1 131 194	416 131
Banks – current accounts	78 310 818	5 150 661
Cash and cash equivalents	79 442 012	5 566 792

Non-cash transaction:

For the purpose of preparing the statement of cash flows, the following transaction has been eliminated:

- An amount of EGP 1 306 376 has been eliminated from the change in other debit balances and fixed assets (represents the transfer from other debit balances as fixed assets addition).

4. Due from related parties

	Nature of transaction		31/12/2017	31/12/2016
	Advisory fee	**Finance**		
Mena Home Furnishings Mall*	93 462 231	--	93 462 231	79 267 398
Falcon Agriculture Investments Ltd.	265 579 934	--	265 579 934	224 620 745
Golden Crescent Investments Ltd.*	67 682 535	--	67 682 535	68 903 415
Citadel Capital Transportation Opportunities Ltd.*	20 630 999	--	20 630 999	21 003 147
Logria Holding Ltd. *	97 639 204	--	97 639 204	99 400 452
Mena Glass Ltd.*	60 954 640	--	60 954 640	62 054 160
Silverstone Capital Investment Ltd.	--	--	--	17 401 894
Sabina for Integrated Solutions *	--	19 514 000	19 514 000	19 866 000
Citadel Capital Financing Corp. *	116 458 062	--	116 458 062	118 558 771

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

	Nature of transaction		31/12/2017	31/12/2016
	Advisory fee	**Finance**		
Citadel Capital Transportation Opportunities II Ltd.	97 423 468	--	97 423 468	79 344 659
Citadel Capital Holding for Financial Investments-Free Zone*	--	1 503 594 213	1 503 594 213	1 277 871 417
ASEC Company for Mining (ASCOM)	--	80 992 824	80 992 824	74 008 425
United Foundries Company	--	141 541 225	141 541 225	148 738 576
Citadel Capital for International Investments Ltd.*	--	663 966 449	663 966 449	748 691 683
Africa Railways Limited*	21 351 012	--	21 351 012	21 736 149
Mena Joint Investment Fund GP	62 145 260	--	62 145 260	58 624 550
Citadel Capital Joint Investment Fund Management Ltd.	3 755 842	--	3 755 842	3 823 583
Africa JIF HOLD CO I	4 088 040	--	4 088 040	3 199 559
Africa JIF HOLD CO III	10 440 699	--	10 440 699	6 705 250
Mena JIF HOLD CO I	6 020 730	--	6 020 730	4 855 289
Crondall Holdings Ltd*.	31 344 150	--	31 344 150	31 909 546
International Company for Mining Consultation	--	129 000	129 000	146 000
ESACO Manufacturing, Engineering & Contracting *	--	10 000 000	10 000 000	10 000 000
National Company for Multimodel	--	29 503 570	29 503 570	--
ASEC Cement Company	--	--	--	18 536 102
Total			3 408 218 087	3 199 266 770
Accumulated impairment loss *			(1 715 251 399)	(1 650 863 159)
Net			1 692 966 688	1 548 403 611

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

* Accumulated impairment loss on due from related parties comprised the following:

	Balance as at 1/1/2017	Foreign currency translation differences	Formed during the year	Balance as at 31/12/2017
Logria Holding Ltd.	99 400 452	(1 761 248)	--	97 639 204
Citadel Capital Financing Corp.	118 558 771	(2 100 709)	--	116 458 062
Golden Crescent Investments Ltd.	68 903 415	(1 220 880)	--	67 682 535
Sabina for Integrated Solutions	19 866 000	(352 000)	--	19 514 000
ESACO Manufacturing, Engineering & Contracting	10 000 000	--	--	10 000 000
Citadel Capital Transportation Opportunities Ltd.	21 003 147	(372 149)	--	20 630 998
Mena Glass Ltd.	62 054 160	(1 099 520)	--	60 954 640
Africa Railways Limited	21 736 149	(385 137)	--	21 351 012
Crondall Holdings Ltd.	31 909 546	(565 396)	--	31 344 150
Citadel Capital Holding for Financial Investments-Free Zone	874 482 834	(15 494 716)	--	858 988 118
Citadel Capital for International Investments Ltd.	322 948 685	(5 722 236)	--	317 226 449
Mena Home Furnishings Mall	--	421 476	93 040 755	93 462 231
Balance	1 650 863 159	(28 652 515)	93 040 755	1 715 251 399

5. Other debit balances

	31/12/2017	31/12/2016
Deposits with others	57 500	207 500
Impressts	5 551 879	2 909 183
Letters of guarantee's margin	1 774 000	1 806 000
Taxes deducted by others	867 268	867 268
Prepaid expenses	6 464 930	39 000
Other debit balances	8 088 790	8 695 072
Balance	22 804 367	14 524 023
Accumulated impairment loss	(200 000)	--
Net	22 604 367	14 524 023

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

6. Due to related parties

	31/12/2017	31/12/2016
National Development and Trading Company	720 561 575	399 880 662
ASEC Cement Company	15 951 522	--
ASEC for Manufacturing and Industrial Projects (ARESCO)	--	1 500 000
Balance	736 513 097	401 380 662

7. Creditors and other credit balances

	31/12/2017	31/12/2016 Restated*
Accrued expenses	197 029 909	157 668 572
Accrued interest	562 217 397	223 979 661
Consultancy and professional fees	129 209 327	140 420 658
Prior years dividends payable	2 893 919	2 893 919
National Authority for Social Insurance	320 812	822 212
Shareholders' credit balances	1 464 311	1 464 311
Tax Authority	162 714 524	138 613 518
Other credit balances and notes payable	109 527 949	130 334 643
Balance	1 165 378 148	796 197 494

*Note (30)

8. Provisions

	31/12/2017	31/12/2016
Balance at the beginning of the year	53 860 175	231 190 676
Provisions formed during the year	--	1 500 000
Provisions used during the year	(400 000)	(178 830 501)
Balance	53 460 175	53 860 175

The provisions represent claims by other parties related to the Company's operations. The usual information related to provisions according to the Egyptian Accounting Standard no. 28 "Provisions and Contingent Assets and Liabilities" has not been disclosed because management believes that disclosing as such could seriously affect the outcome of negotiations with the other parties, and the management periodically reviews these provisions and adjusts the provision amount according to the latest discussions with these parties.

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

9. Available-for-sale investments

	31/12/2017	31/12/2016
EFG Capital Partners Fund III	11 467 990	15 970 800
EFG Capital Partners Fund II *	5 962 038	7 734 489
Modern Company for Isolating Materials *	43 396	43 396
Arab Swiss Engineering Company – ASEC*	17 479	17 479
Total	17 490 903	23 766 164
Accumulated impairment loss *	(6 022 913)	(6 022 913)
Net	11 467 990	17 743 251

* Accumulated impairment loss on investments comprised the following:

	31/12/2017	31/12/2016
EFG Capital Partners Fund II	5 962 038	5 962 038
Modern Company for Isolating Materials	43 396	43 396
Arab Swiss Engineering Company – ASEC	17 479	17 479
Balance	6 022 913	6 022 913

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

10. Investments in subsidiaries

	Percentage %	31/12/2017	Percentage %	31/12/2016
Citadel Capital Holding for Financial Investments-Free Zone	99.99	1 350 002 534	99.99	1 345 352 547
Citadel Capital for International Investments Ltd.	100	2 826 096 099	100	2 826 096 099
National Development and Trading Company */**	47.65	668 170 587	47.65	668 170 587
ASEC Company for Mining (ASCOM)	54.74	303 049 871	54.74	303 049 871
United Foundries Company */**	29.29	103 699 040	29.29	103 699 040
ASEC Cement Company *	1.8	42 611 872	1.8	42 611 872
International Company for Mining Consultation	99.99	62 500	99.99	62 500
Total		5 293 692 503		5 289 042 516
Accumulated impairment loss **		(771 869 627)		(253 699 040)
Net		4 521 822 876		5 035 343 476

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

* The Company has the control on these companies through direct and indirect interests which give control to the Company. Accordingly, these companies are included in these financial statements as subsidiaries.

** Accumulated impairment loss on investments comprised the following:

	31/12/2017	31/12/2016
National Development and Trading Company	668 170 587	150 000 000
United Foundries Company	103 699 040	103 699 040
Balance	771 869 627	253 699 040

- Investments in subsidiaries are represented in unlisted equity shares in the Stock Exchange except ASEC Company for Mining (ASCOM) with market value of EGP 288 664 603 which represents 25 727 683 share with a market price EGP 11.22 per share as at December 31, 2017 (EGP 136 357 340 as at December 31, 2016).

11. Payments for investments

	31/12/2017	31/12/2016
Citadel Capital Holding for Financial Investments-Free Zone	2 604 784 586	2 604 784 586
Citadel Capital for International Investments Ltd.	982 920 068	982 920 068
Other*	148 636 800	106 886 800
Balance	3 736 341 454	3 694 591 454

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

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

12. Fixed assets

	Building & constructions*	Computers	Furniture, fixture and equipment	Vehicles	Total
Cost					
Cost as at 1/1/2017	33 742 368	8 791 813	23 036 843	539 800	66 110 824
Additions	--	1 306 376	--	--	1 306 376
Total cost as at 31/12/2017	33 742 368	10 098 189	23 036 843	539 800	67 417 200
Cost as at 1/1/2016	33 742 368	8 791 813	23 036 843	539 800	66 110 824
Total cost as at 31/12/2016	33 742 368	8 791 813	23 036 843	539 800	66 110 824
Accumulated depreciation					
Accumulated depreciation as at 1/1/2017	16 871 183	8 470 917	22 902 595	539 800	48 784 495
Depreciation for the year	1 687 118	420 363	61 425	--	2 168 906
Accumulated depreciation as at 31/12/2017	18 558 301	8 891 280	22 964 020	539 800	50 953 401
Accumulated depreciation as at 1/1/2016	15 184 065	8 156 337	22 841 170	539 800	46 721 372
Depreciation for the year	1 687 118	314 580	61 425	--	2 063 123
Accumulated depreciation as at 31/12/2016	16 871 183	8 470 917	22 902 595	539 800	48 784 495
Carrying amounts at 31/12/2017	**15 184 067**	**1 206 909**	**72 823**	**--**	**16 463 799**
Carrying amounts at 31/12/2016	**16 871 185**	**320 896**	**134 248**	**--**	**17 326 329**

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

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

13. Work in process

Work in process are represented in computer software and accounting system:

	31/12/2017	31/12/2016
Cost at the beginning of the year	11 085 708	7 070 294
Additions during the year	8 963 445	6 135 669
Disposals during the year	--	(2 120 255)
Balance	20 049 153	11 085 708

14. Loans to subsidiaries

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

	Note	31/12/2017	31/12/2016
Current			
National Development and Trading Company	14.1	1 387 300 217	1 350 557 205
Non – current			
United Foundries Company *	14.2	480 760 910	461 729 373
ASEC Company for Mining (ASCOM)	14.3	154 470 654	157 257 047
		635 231 564	618 986 420
Accumulated impairment loss *		--	(361 200 000)
Net		635 231 564	257 786 420
Balance		2 022 531 781	1 608 343 625

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

The guarantees are representing line on a number of the National for Development and Trading Company's investments in shares of the following subsidiaries in favor of the company as a guarantee for the loan principal:

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

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

- During 2014, the Company has signed two waiver contracts with Al Olayan Saudi investment Ltd for a portion from the two loans with a total amount of US.$ 23 million divided to US.$ 14 813 172 (principle amount) and US.$ 8 186 828 (accrued interest amount).
- The balances of the two loans after the Waiver Agreements will be an amount of US.$ 78 201 816 (equivalent to EGP 1 387 300 217) as at December 31, 2017 against US.$ 74 781 684 (equivalent to EGP 1 350 557 205) at December 31, 2016 including accrued interest during the year amounted to US.$ 8 339 211 (equivalent to EGP 147 937 609) as at December 31 2017 against US.$ 7 603 371 (equivalent to EGP 137 316 880 as at December 31, 2016).

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

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

On January 9, 2012 the board of directors of United Foundries Company decided to convert the convertible loan contract to a subordinating loan that will be settled on 10 years with annual interest rate of 6% against commission with an amount of US.$ 1 421 320 (equivalent to EGP 8 641 626) at the transaction date. The subordinating loan for United Foundries Company is US.$ 27 100 390 (equivalent to EGP 480 760 910) as at December 31, 2017 versus US.$ 25 566 410 (equivalent to EGP 461 729 373) as at December 31, 2016 including accrued interest during the year amounted to US.$ 1 494 983 (equivalent to EGP

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

26 520 995) as at December 31, 2017 versus US.$ 1 447 452 (equivalent to EGP 26 140 983 as at December 31, 2016).

14.3 The Company granted a loan to ASEC company for mining (ASCOM) – one of its subsidiaries – on September 7, 2014 with an amount of US.$ 17 700 000. The loan contract period is seven years with annual interest rate of 6% and default rate of 8%. The principle of the loan has to be re-paid at the end of the loan agreement period. The principle of the loan should be used solely to support ASCOM and its related subsidiaries. The borrower should pay to Citadel Capital S.A.E (The lender) a fee up to 3% of the aggregate amount of the loan to cover the fees, costs and expenses incurred in connection with the loan.

During 2014, the borrower has re-paid an amount of US.$ 8.9 million from the due loan amount. The balance of the loan became with an amount of US.$ 8 707 478 (equivalent to EGP 154 470 654) as at December 31, 2017, versus US.$ 8 707 478 (equivalent to EGP 157 257 047) as at December 31, 2016. Accrued interest during the year amounted to US.$ 509 164 (equivalent to EGP 9 032 566) as at December 31, 2017 has been recorded on the current account – included in due from related parties (note 4) versus US$ 827 327 (equivalent to EGP 14 941 537) as at December 31, 2016.

15. Deferred tax assets

	31/12/2017		2016/12/31	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Total deferred tax asset	124 665	--	733 388	--
Net deferred tax asset	124 665	--	733 388	--
Deferred tax charged to the income statement for the year	608 723		265 055	

The Company has carried-forward tax losses from previous years with an amount of EGP 522 788 512 at December 31, 2017 and the related deferred tax assets amounted EGP 117 627 415 which will not be recognized due to the lack of reasonable assurance of future tax benefit from these assets.

16. Share capital

- The Company's authorized capital is EGP 6 Billion and the issued and paid-in capital is EGP 4 358 125 000 represents 871 625 000 shares distributed to 653 718 750 ordinary shares and 217 906 250 preferred shares with par value EGP 5 per share.
- The Company's extra-ordinary general assembly meeting held on October 20, 2013 approved the increase of the authorized capital from EGP 6 billion to EGP 9 billion and the increase of the issued capital from EGP 4 358 125 000 to EGP 8 billion, with an increase of EGP 3 641 875 000 by issuing 728 375 000 new shares at par value of EGP 5 per share, distributed over 182 093 750 preferred shares and 546 281 250 ordinary shares, without issuance costs. The purpose of this capital increase is to finance the acquisition of additional shares in its related companies, financing the Company's share contribution in the capital increases of some of its related companies and entering into new investments and settlement of some of Company's liabilities.
  The Board of Directors approved in its meeting held on February 13, 2014 to cover the subscription of the unsubscribed Company's shares in the capital increase through offsetting the shareholders' credit balances that are payable by the Company (note 7) against the subscription price of the shares. The commercial register has been updated with the increase on April 16, 2014.
- The Company's extra-ordinary general assembly meeting held on March 25, 2015 approved the increase of the authorized capital from EGP 9 billion to EGP 10 billion and the increase of the issued capital from EGP 8 billion to EGP 9.7 billion, with an increase of EGP 1.7 billion in cash allowing the use of credit balances payable to existing shareholders by issuing 340 million new shares at par value of EGP 5 per share, consisting of 85 million preferred shares and 255 million ordinary shares, without issuance costs.
- The capital increase subscription started on June 2, 2015 and closed on the end of the working day September 9, 2015. The subscription had been covered by 64.71% represented in 220 million share of which 1 738 649 preferred share with an amount of EGP 8 693 245 and 218 261 351 ordinary share with an amount of EGP 1 091 306 755, with a total amount of EGP 1.1 billion and thus the Company's issued share capital after increase amounted EGP 9.1 billion, represents 1 820 000 000 shares comprising of 1 418 261 351 ordinary share and 401 738 649 preferred share at par value of EGP 5 per share. The commercial register has been updated with the increase on September 29, 2015.
- The preferred share has the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extraordinary general assembly meeting held on May 12, 2008 and also paragraph no.(3) of article no.(18) of the Company's article of associations. Those preferred shares are owned by Citadel Capital Partners Ltd. the principle shareholder of the Company.

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

The shareholders' structure after capital increase is representing in the following:

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

17. Loans and borrowings

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

The new loan amount is divided into three classes:-

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

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

use it within three years begins from the date of the contract and payable on nine equal annual installments begins from the date of withdrawal with one year grace period.

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

The Company has used an amount of US.$ 300 million from funding granted to it till December 31, 2013. The Company paid an amount of US.$ 58 791 182 from the amount used and the outstanding balance of the loan became with an amount of US.$ 241 208 818 as at December 31, 2017 (equivalent to EGP 4 279 044 431) .

- The current installments amounted US.$ 241 208 818 (equivalent to EGP 4 279 044 431 as at December 31, 2017) versus an amount of US.$ 185 888 034 (equivalent to EGP 3 357 137 984 as at December 31, 2016).
- Total amount has been reclassified to current liabilities until negotiations on restructuring the debt with the Senior Lenders is complete.

	First class		Second class		Total
	Maturity date	US.$	Maturity date	US.$	US.$
First installment	December 20, 2012	35 000 000	December 20, 2012	Grace period one year	35 000 000
Second installment	December 20, 2013	35 000 000	December 20, 2013	13 888 888	48 888 888
Third installment	December 20, 2014	35 000 000	December 20, 2014	13 888 888	48 888 888
Fourth installment	December 20, 2015	35 000 000	December 20, 2015	13 888 888	48 888 888
Fifth installment	December 20, 2016	35 000 000	December 20, 2016	13 888 888	48 888 888
Sixth installment	--	--	December 20, 2017	13 888 888	13 888 888
Seventh installment	--	--	December 20, 2018	13 888 888	13 888 888
Eighth installment	--	--	December 20, 2019	13 888 888	13 888 888
Ninth installment	--	--	December 20, 2020	13 888 888	13 888 888
Tenth installment	--	--	December 20, 2021	13 888 896	13 888 896
Total					300 000 000
Amount paid					(58 791 182)
Balance					241 208 818

- Interest on loan charged to the income statement during the year is EGP 322 429 656 (Note 18)
- The Company is currently in final negotiations with its senior lenders to reschedule its senior secured debt facility.

Loan guarantees are as follows:

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

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

18. Net finance (cost) income

	For the year ended	
	31/12/2017	31/12/2016
Interest income - Note (19.2)	265 992 649	155 715 638
Interest expense - Note (17)	(322 429 656)	(182 525 878)
Other finance costs	(6 762 738)	(34 265 666)
Net foreign currency differences	(17 644 955)	174 014 536
Net finance (cost) income	(80 844 700)	112 938 630

19. Related party transactions

19.1 Advisory fee income

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

	For the year ended	
Company's name	31/12/2017	31/12/2016
Mena Home Furnishings Mall	15 197 166	9 525 364
Citadel Capital Transportation Opportunities Ltd.	--	2 623 371
Falcon Agriculture Investments Ltd.	43 780 555	27 441 019
ASEC Cement Company	11 252 216	8 204 403
Silverstone Capital Investment Ltd.	16 652 847	10 437 763
Citadel Capital Transportation Opportunities II Ltd.	18 982 336	11 897 853
Africa Railways Limited	--	13 037 480
Mena Joint Investment Fund GP	4 443 551	2 795 247
Africa JIF HOLD CO I	1 219 621	767 211
Africa JIF HOLD CO III	3 457 805	2 175 159
Mena JIF HOLD CO I	1 219 621	767 211
Total	116 205 718	89 672 081

- The Company did not recognize advisory fees related to Golden Crescent, Logria Holding Ltd., Africa Railways Limited and Citadel Capital Transportation Opportunities Ltd. according to the signed contracts due to unfulfilling the conditions of recognition and collection. The unrecognized advisory fees income during the year comprised the following:

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

	For the year ended	
	31/12/2017	**31/12/2016**
Company's name		
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

19.2 Interest income

Interest income presented in finance income – (Note 18) includes an amount of EGP 264 223 123 which represents the accrued interest income according to the signed contracts with related parties as follows:

	For the year ended	
	31/12/2017	**31/12/2016**
Company's name		
National Development and Trading Company - Note (14.1)	147 937 609	85 028 590
United Foundries Company - Note (19.2.1)	34 571 326	21 000 183
Citadel Capital Holding for Financial Investments-Free Zone	72 681 622	43 131 600
ASEC Company for Mining (ASCOM) Note (14.3)	9 032 566	5 682 033
Total	264 223 123	154 842 406

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

	For the year ended	
	31/12/2017	**31/12/2016**
Subordinating loan interest – Note (14.2)	26 520 995	15 583 987
Current account interest	8 050 331	5 416 196
Total	34 571 326	21 000 183

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

20. Administrative and general expenses

	For the year ended	
	31/12/2017	**31/12/2016**
Wages and salaries and equivalents	167 112 905	148 622 686
Consultancy fees	18 269 585	46 609 744
Advertising and public relations	6 222 383	8 656 511
Travel , accommodation and transportations	5 885 396	8 336 124
Donations	5 525 000	11 764 100
Other expenses	23 699 772	20 053 373
Total	226 715 041	244 042 538

21. Management fee

The Company's extraordinary general assembly meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners Ltd. (the principal shareholder of 24.36%) which states that Citadel Capital Partners Ltd. provides management duties for fee based on 10% of the net annual profit available for distribution. This agreement shall remain in effect as long as Citadel Capital Partners owns 15% or more of preferred shares.

22. Tax status

Corporate tax

The Company submitted its tax returns on regular basis for the years from 2005 to 2016 according to tax law No. 91/2005. The Company's books have not been inspected yet.

Salaries tax

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

Stamp tax

The Company was inspected from the Company's inception date till July 31, 2006 and paid all the accrued amounts according to the Internal Committee decision of the tax department and for the period from August 1, 2006 to December 31, 2014 has been inspected and the dispute has transferred to Internal Committee in the Tax Authority and the years 2015, 2016, and 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 taken place yet.

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

23. Impairment losses

	For the year ended 31/12/2017	31/12/2016
Impairment loss on other debit balances – note (5)		
Other debit balances	200 000	--
Total (1)	200 000	--
Impairment loss on due from related parties – note (4)		
Mena Home Furnishings Mall	93 040 755	--
ESACO Manufacturing, Engineering & Contracting	--	10 000 000
Citadel Capital Transportation Opportunities Ltd.	--	21 003 147
Mena Glass Ltd.	--	62 054 160
Africa Railways Limited	--	21 736 149
Crondall Holdings Ltd.	--	31 909 546
Citadel Capital Holding for Financial Investments-Free Zone	--	874 482 834
Citadel Capital for International Investments Ltd.	--	322 948 685
Total (2)	93 040 755	1 344 134 521
Impairment loss on available-for-sale investments – note (9)		
Arab Swiss Engineering Company – ASEC	--	17 479
Modern Company for Isolating Materials	--	43 396
EFG Capital Partners Fund II	--	5 962 038
Total (3)	--	6 022 913
Impairment loss on investments in subsidiaries – note (10)		
National Development and Trading Company	518 170 587	150 000 000
United Foundries Company	--	103 699 040
Total (4)	518 170 587	253 699 040
Impairment loss on loans to subsidiaries – note (14)		
United Foundries Company	--	361 200 000
Total (5)	--	361 200 000
Total (1+2+3+4+5)	611 411 342	1 965 056 474

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

24. Reversal of impairment losses

	For the year ended	
Reversal of impairment on loans to subsidiaries – note (14)	**31/12/2017**	**31/12/2016**
United Foundries Company	353 200 000	--
Valencia Trading Holding Ltd.	--	4 982 035
Total	353 200 000	4 982 035

25. Losses per share

	For the year ended	
	31/12/2017	**31/12/2016**
Net loss for the year (EGP)	(452 332 994)	(2 003 056 956)
The weighted average number of shares including the preferred shares with same distribution rights as ordinary shares	1 820 000 000	1 820 000 000
Losses per share	(0.25)	(1.10)

26. Reconciliations of effective tax rate

	31/12/2017	**31/12/2016**
Net loss before tax	(451 724 271)	(2 003 322 011)
Tax reconciliations:		
Formed provisions and reserves	611 411 342	1 966 556 474
Provisions used	(400 000)	(2 000 000)
Fixed assets (taxable depreciation variances)	(622 522)	(283 070)
Net foreign currency differences	9 644 955	(143 946 334)
Provisions previously subjected to tax	(353 200 000)	(4 982 035)
Donations	(5 525 000)	--
Tax losses carried forward	(522 788 512)	(431 347 270)
Net tax exposure (loss)	(713 204 008)	(619 324 246)
Income tax according to the tax return	--	--

27. Employees Stock Option Plan

- The Company's extraordinary meeting held on February 20, 2008 approved to add a new article to the Company Article of Association to adopt a plan or more to motivate employees, managers and executive board of directors – Employees Stock Option Plan (ESOP) in accordance with decision no. (282) for year 2005 which modified executive regulation for the law No. 159 / 1981.
- On June 22, 2008 the Capital Market Authority approved the ESOP plan and the Company has not started to apply it yet.

28. Commitment and liabilities

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

29. Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances and debtors while financial liabilities include creditors. (Note 33) of notes to the separate financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses. The following are the significant risks related to those financial instruments and the policies and procedures followed by the company to reduce the effect of these risks:

29.1 Credit risk

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

29.2 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.

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

29.3 Market risk

A- Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies. Monetary assets and monetary liabilities in foreign currency at the financial position date equivalent to EGP 340 211 257 and EGP 288 659 473 respectively and net foreign currencies balances at the separate financial position date are as follows:

Foreign currencies	Surplus (deficit)
US. $	75 880 093
Euro	(23 981 805)
GBP	(346 504)

- As disclosed in (Note 33-1) foreign currency translation, the Company has used the prevailing exchange rates to revaluate monetary assets and monetary liabilities at the financial position date.

B- Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. As the market dictates, the Company sometimes borrows at variable rates leaving certain exposure to changes in interest rate risk.

C- Price risk

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

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

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

29.4 Capital risk management

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

In order to maintain optimal capital structure, management may adjust the amount of distribution paid to shareholders, capital reduction, issue new shares or reduce debt due on the Company.

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

The gearing ratios at December 31, 2017 and December 31, 2016 were as follows:

	31/12/2017	31/12/2016
Liabilities		
Due to related parties	736 513 097	401 380 662
Current portion of long term loans	4 279 044 431	3 357 137 984
Other credit balances	1 165 378 148	796 197 494
Provision	53 460 175	53 860 175
Long term loans	--	1 003 333 414
Total	6 234 395 851	5 611 909 729
(Less): Cash and cash equivalents	(79 442 012)	(5 566 792)
Net debt	6 154 953 839	5 606 342 937
Total equity	5 889 418 934	6 341 751 928
Gearing ratio	105%	88%

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

30. Comparative figures

Certain comparative figures have been reclassified and adjusted to conform with the current year presentation

	Balance as at 31/12/2016 (as previously reported)	Restates	Balance as at 31/12/2016 (restated)
Balance sheet			
Other credit balances	708 665 051	87 532 443	796 197 494
Total change in liabilities		87 532 443	
Carried forward losses	(2 760 294 107)	(87 532 443)	(2 847 826 550)
Total change in shareholder's equity		(87 532 443)	

	Balance as at 31/12/2015 (as previously reported)	Restates	Balance as at 31/12/2015 (restated)
Balance sheet			
Loans to subsidiaries	462 064 803	50 479 869	512 544 672
Other credit balances	(186 031 414)	(87 532 443)	(273 563 857)
Total change in liabilities		(37 052 574)	
Carried forward losses	807 717 020	37 052 574	(844 769 594)
Total change in shareholder's equity		37 052 574	

31. 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.
- 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.
- 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.

32. 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 Company 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 Company's debt will be through operational cash flow as well as restructuring and disposed of non-core assets.

33. Significant accounting policies applied

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

33.1 Foreign currency transactions

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

33.2 Fixed assets depreciation

33-2-1 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 profit or loss.

33-2-2 Subsequent expenditure

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

33-2-3 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 profit or loss. Land is not depreciated. The estimated useful lives of fixed assets for current and comparative periods are as follows:

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

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

33.3 Projects under construction

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

33.4 Gains and losses from disposal of fixed assets

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

33.5 Investments

33.5.1 Investments at fair value through income statement

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

33.5.2 Available-for-sale investments

Available-for-sale investments are valued at fair value, with any resultant gain or loss being recognized in other comprehensive income, except for impairment losses in investments (Note 33.6) which is recognized in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available-for-sale identifies, based on quoted price of the exchange market at the financial position date, investments that are not quoted, and whose fair value cannot be measured reliably are valued by an accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the company cannot estimate the fair value, it can be stated at cost less impairment loss.

33.5.3 Investments in subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries stated at cost less impairment (Note 33.6). At each financial position date, management assesses the investments' recoverable amount and in case that the recoverable amount is less than the carrying amount then an impairment loss is recognized in the income statement.

33.6 Impairment of assets

33.6.1 Financial assets

- A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

  An impairment loss in respect of a financial asset measured at amortized cost calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset calculated by reference to its current fair value.
- Individually significant financial assets tested for impairment on an individual basis. The remaining financial assets assessed collectively in groups that share similar credit risk characteristics.

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

33.6.2 Non-financial assets

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

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

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

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

33.7 Cash and cash equivalents

For the purpose of preparing statement of cash flows, cash and cash equivalent includes cash on hand banks-current accounts, and deposits which maturity not exceeding three months from the date of acquisition. The separate statement of cash flow has been prepared according to the indirect method.

33.8 Interest-bearing borrowings

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

33.9 Provisions

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

33.10 Legal reserve

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

33.11 Issued capital

33.11.1 Ordinary shares

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

33.11.2 Preference shares

The Company'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 Company'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 Company's equity instruments. Discretionary dividends there on are recognized as equity distributions on approval by the company's shareholders.

33.11.3 Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable cost, is recognized as a reduction in equity.

Repurchased shares are reclassified as treasury stock and presented as a deduction from total equity.

33.11.4 Dividends

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

33.12 Share-based payments

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

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

33.13 Financial instruments

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

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

33.14 Lending

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

33.15 Revenues

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

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

33.15.1 Gains (losses) on sale of investments

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

33.15.2 Dividend income

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

33.15.3 Management fee

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

33.15.4 Advisory fee income

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

33.15.5 Interest income

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

33.16 Expenses

33.16.1 Borrowing cost

Borrowing cost is recognized in the income statement during the period the company was charged these expenses using the effective interest rate method.

33.16.2 Employees pension

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

33.16.3 Income tax

- Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.
  Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the financial position date, and any adjustment to tax payable in respect of previous years.

- Deferred tax is recognized in respect for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position date.
- A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

33.17 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

33.18 Profit sharing to employees

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