

Citadel Capital Company
(Egyptian Joint Stock Company)

Consolidated interim financial statements
For the period ended June 30, 2017
&
Limited review report

Contents	Page
Report on limited review of consolidated interim financial statements	
Consolidated statement of financial position	1-2
Consolidated income statement	3
Consolidated comprehensive income	4
Consolidated statement of changes in equity	5-6
Consolidated statement of cash flows	7-8
Notes to the consolidated interim financial statements	9-80
Significant accounting policies applied.	81-105



Hazem Hassan

Public Accountants & Consultants

Translation

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

Report on Limited Review of Consolidated Interim Financial Statements

To: Board of Directors of Citadel Capital Company

Introduction

We have performed a limited review for the accompanying consolidated statement of financial position of Citadel Capital Company (Egyptian Joint Stock Company) as at June 30, 2017 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Company's management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of limited review

Except as explained in the paragraph indicated here under re Basis for Qualified Conclusion, we conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Basis for Qualified Conclusion

- As described in Note (48) of the notes to the consolidated interim financial statements for the period ended June 30, 2017 regarding Subsequent Events to the financial position date, 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 "KU Railways Holding (KURH) Limited (collectively referred to as "KURH Group").

On July 31, 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, Rift Valley Railways (Uganda) Limited "RVRU". Accordingly, Citadel Capital Company's management has recognized an impairment loss for all assets of KURH Group amounting to EGP 3.15 billion in the consolidated financial information for the period ended June 30, 2017 prepared by the Citadel Capital Company's management at the date of consolidated interim financial statements.

According to Citadel Capital Company's management representations and the aforementioned events, the management was unable to obtain the financial and accounting information for KURH Group as at June 30, 2017. Accordingly, the management has prepared the financial statements of these companies for the purpose of the consolidated interim financial statements based on the latest available financial information. We have not yet been provided with sufficient and appropriate evidence regarding this information.

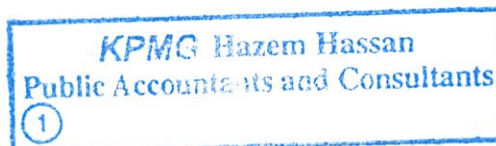
- The Board of Directors of Citadel Capital Company decided in its meeting held on September 17, 2017, to divest of all the owned subsidiaries in the railways sector by selling and /or dispensing and /or liquidating these subsidiaries. The ability to execute this decision, and the nature and extent of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

Qualified Conclusion

Except for the adjustments to the consolidated interim financial statements that we might have become aware of had the information regarding the matters described above been available, based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2017 and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

Cairo, September 30, 2017

Hassan Bas
KPMG Hazem Hassan



	Note	30/6/2017	31/12/2016	1/1/2016
			Restated	Restated
<i>(in EGP)</i>				
Assets				
Fixed assets	(5)	5 646 346 156	5 775 281 030	5 132 944 455
Projects under construction	(6)	51 588 730 361	48 103 488 327	17 140 102 652
Intangible assets	(7)	1 245 757 509	1 265 407 067	1 751 125 701
Goodwill	(8)	390 008 128	392 417 101	649 801 051
Biological assets	(9)	221 004 431	207 820 465	196 044 381
Trade and other receivables	(15)	2 181 056 351	2 146 755 190	710 407 485
Investment property		-	-	24 000 000
Investments in associates	(10)	814 538 253	1 106 525 021	893 874 077
Available-for-sale investments	(11)	79 607 960	83 800 600	54 311 317
Payments for investments	(12)	115 427 827	110 930 719	80 997 503
Other investments	(13)	77 760 101	77 353 977	269 800 533
Deferred tax assets	(25)	76 793 959	61 084 782	395 240 419
Total non- current assets		62 437 031 036	59 330 864 279	27 298 649 574
Inventories	(14)	1 323 940 042	1 174 203 173	1 029 593 048
Biological assets	(9)	14 315 488	7 246 485	25 063 763
Work in process		86 838 481	68 754 396	17 768 790
Investments at fair value through profit or loss	(16)	1 538 692	1 279 211	33 789 381
Due from related parties	(17)	189 460 010	189 750 543	602 063 394
Trade and other receivables	(15)	1 738 879 675	1 561 850 465	1 225 561 916
Debtors and other debit balances	(18)	2 266 384 846	1 379 632 613	1 303 644 983
Cash and cash equivalents	(19)	3 528 911 023	2 837 035 012	3 353 000 479
Assets classified as held-for-sale	(20-1)	1 703 302 106	6 675 691 271	2 552 845 910
Total current assets		10 853 570 363	13 895 443 169	10 143 331 664
Total assets		73 290 601 399	73 226 307 448	37 441 981 238

to be continued...

	Note	30/6/2017	31/12/2016 Restated	1/1/2016 Restated
<i>(in EGP)</i>				
Equity				
Share capital	(22)	9 100 000 000	9 100 000 000	9 100 000 000
Treasury shares	(22-1)	-	(3 338 658)	-
Reserves		2 271 090 051	2 965 114 474	220 384 104
Retained losses		(15 642 971 596)	(12 485 407 891)	(7 121 370 434)
Total		(4 271 881 545)	(423 632 075)	2 199 013 670
Shareholders' credit balances		-	-	1 464 311
Equity attributable to owners of the Company		(4 271 881 545)	(423 632 075)	2 200 477 981
Non - controlling interests		15 266 430 201	16 291 416 884	8 189 651 119
Total equity		10 994 548 656	15 867 784 809	10 390 129 100
Liabilities				
Long term loans and borrowings	(23)	38 622 483 819	34 479 282 679	13 675 665 666
Long term liabilities and derivatives	(24)	496 128 408	393 793 822	436 369 089
Loans from related parties	(23)	37 731 628	47 425 273	24 484 249
Deferred tax liabilities	(25)	520 217 295	543 364 255	664 181 100
Total non-current liabilities		39 676 561 150	35 463 866 029	14 800 700 104
Banks overdraft	(26)	596 532 195	498 992 120	508 626 802
Short term loans and borrowings	(23)	9 338 004 714	5 049 493 580	2 929 274 268
Loans from related parties	(23)	1 997 625 530	1 892 125 247	718 705 574
Due to related parties	(27)	2 139 884 777	2 303 492 926	1 368 179 118
Trade and other payables	(28)	3 727 164 742	2 897 318 193	2 855 400 529
Creditors and other credit balances	(29)	2 732 608 440	1 941 301 913	1 540 677 543
Provisions	(30)	742 825 881	681 537 294	620 451 082
Provision for financial guarantees contracts		-	-	5 077 970
Liabilities directly associated with the assets held-for-sale	(20-2)	508 015 984	5 912 284 596	1 015 904 059
Due to Tax Authority		836 829 330	718 110 741	688 855 089
Total current liabilities		22 619 491 593	21 894 656 610	12 251 152 034
Total liabilities		62 296 052 743	57 358 522 639	27 051 852 138
Total equity and liabilities		73 290 601 399	73 226 307 448	37 441 981 238

The accompanying notes and accounting policies from page (9) to page (105) are an integral part of these consolidated interim financial statements and are to be read therewith.

Limited review report "attached"

Chairman
Ahmed Heikal

Managing Director
Hisham Hussein El Khazindar

Chief Financial Officer
Moataz Farouk

Consolidated income statement

	Note	For the period		For the period	
		from 1/4/2017	from 1/1/2017	from 1/4/2016	from 1/1/2016
		to 30/6/2017	to 30/6/2017	to 30/6/2016	to 30/6/2016
				Restated	Restated
<i>(in EGP)</i>					
Continuing operations					
Operating revenues	(33)	2 282 028 310	4 396 665 069	1 829 004 311	3 560 823 863
Operating costs	(34)	(1 991 318 995)	(3 794 152 200)	(1 573 752 686)	(3 037 371 809)
Gross profit		290 709 315	602 512 869	255 251 625	523 452 054
Advisory fee	(31)	2 864 747	7 535 057	2 633 744	5 020 199
Administrative expenses	(35)	(301 210 109)	(599 251 809)	(292 783 617)	(573 870 470)
Other (expenses) revenues	(36)	(5 157 557)	(35 157 062)	(38 638 889)	(75 348 308)
Share of (loss) profit of investments in associates	(32)	14 249 451	1 112 778	3 899 416	52 170 533
Operating profit / (loss)		1 455 847	(23 248 167)	(69 637 721)	(68 575 992)
Finance costs - net	(37)	(317 853 103)	(565 532 728)	(154 122 183)	(393 794 840)
Loss before tax		(316 397 256)	(588 780 895)	(223 759 904)	(462 370 832)
Income tax expense	(38)	(3 444 480)	(52 046 597)	(17 969 486)	(55 134 231)
Loss from continuing operations		(319 841 736)	(640 827 492)	(241 729 390)	(517 505 063)
Discontinued operations					
Operating revenues		2 943 531	206 985 373	150 703 037	312 916 029
Operating costs		(7 864 024)	(308 699 785)	(227 254 524)	(406 889 316)
Administrative expenses		(1 128 593)	(46 495 356)	(22 309 130)	(53 644 464)
Other expenses / revenues	(21,48)	(3 144 008 819)	(3 127 273 573)	(236 345 276)	(244 484 459)
Finance costs - net		(12 395 419)	(112 600 627)	(66 354 503)	(105 284 187)
Results from operating activities		(3 162 453 324)	(3 388 083 968)	(401 560 396)	(497 386 397)
Income tax expense		-	-	(428 726)	(428 726)
Results from operating activities, net of tax		(3 162 453 324)	(3 388 083 968)	(401 989 122)	(497 815 123)
Gain on sale of discontinued operations, net of tax	(21-1)	404 379 272	404 379 272	-	19 521 712
Loss from discontinued operations, net of tax	(21)	(2 758 074 052)	(2 983 704 696)	(401 989 122)	(478 293 411)
Loss for the period		(3 077 915 788)	(3 624 532 188)	(643 718 512)	(995 798 474)
Attributable to:					
Owners of the Company		(2 756 186 438)	(3 139 627 596)	(277 548 914)	(559 160 929)
Non - controlling interests		(321 729 350)	(484 904 592)	(366 169 598)	(436 637 545)
		(3 077 915 788)	(3 624 532 188)	(643 718 512)	(995 798 474)
Earnings per share	(39)	(1.51)	(1.73)	(0.15)	(0.31)

The accompanying notes and accounting policies from page (9) to page (105) are an integral part of these consolidated interim financial statements and are to be read therewith.

Consolidated statement of comprehensive income

(in EGP)	For the period		For the period	
	from 1/4/2017 to 30/6/2017	from 1/1/2017 to 30/6/2017	from 1/4/2016 to 30/6/2016 Restated	from 1/1/2016 to 30/6/2016 Restated
Loss for the period	(3 077 915 788)	(3 624 532 188)	(643 718 512)	(995 798 474)
Other comprehensive income items:				
Items that are or may be reclassified to profit or loss				
Foreign operations - foreign currency translation differences	(365 689 962)	(680 193 014)	6 518 133	410 402 511
Available-for-sale - net change in fair value	145 336	411 785	-	-
Change in the fair value of hedge reserve-swap contract	(8 392 710)	(10 935 568)	(12 006 987)	(65 155 892)
Other comprehensive income, net of tax	<u>(373 937 336)</u>	<u>(690 716 797)</u>	<u>(5 488 854)</u>	<u>345 246 619</u>
Total comprehensive income	<u>(3 451 853 124)</u>	<u>(4 315 248 985)</u>	<u>(649 207 366)</u>	<u>(650 551 855)</u>
Total comprehensive income attributable to :				
Owners of the Company	(3 151 125 702)	(3 833 652 019)	(262 568 681)	(367 334 138)
Non-controlling interests	<u>(300 727 422)</u>	<u>(481 596 966)</u>	<u>(386 638 685)</u>	<u>(283 217 717)</u>
	<u>(3 451 853 124)</u>	<u>(4 315 248 985)</u>	<u>(649 207 366)</u>	<u>(650 551 855)</u>

The accompanying notes and accounting policies from page (9) to page (105) are an integral part of these consolidated interim financial statements and are to be read therewith.

Consolidated statement of changes in equity

(in EGP)	Note	Share capital	Reserves					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				
Balance as at December 31, 2016 (as previously issued)		9 100 000 000	89 578 478	(1 068 496)	2 986 304 630	(77 428 646)	(32 271 492)	(3 338 658)	(460 212 969)	16 283 734 669	15 823 521 700
Adjustments	(47)	-	-	-	-	-	-	-	36 580 894	7 682 215	44 263 109
Balance as at December 31, 2016 (after adjustments)		9 100 000 000	89 578 478	(1 068 496)	2 986 304 630	(77 428 646)	(32 271 492)	(3 338 658)	(423 632 075)	16 291 416 884	15 867 784 809
Total comprehensive income											
Loss for the period ended June 30, 2017		-	-	-	-	-	-	-	(3 139 627 596)	(484 904 592)	(3 624 532 188)
Other comprehensive income		-	-	411 785	(683 500 640)	-	(10 935 568)	-	(694 024 423)	3 307 636	(690 716 797)
Total comprehensive income		-	-	411 785	(683 500 640)	-	(10 935 568)	-	(3 833 652 019)	(481 596 966)	(4 315 248 985)
Transactions with owners of the company											
Board of directors and employees profit share		-	-	-	-	-	-	-	(17 218 543)	(10 751 799)	(27 970 342)
Treasury shares selling	(22.1)	-	-	-	-	-	-	3 338 658	2 621 092	(346 183)	2 274 909
Changes in non-controlling interests		-	-	-	-	-	-	-	-	(532 291 735)	(532 291 735)
Balance as at June 30, 2017		9 100 000 000	89 578 478	(656 711)	2 302 803 990	(77 428 646)	(43 207 060)	-	(4 271 881 545)	15 266 430 201	10 994 548 656

The accompanying notes and accounting policies from page (9) to page (105) are an integral part of these consolidated interim financial statements and are to be read therewith.

Consolidated statement of changes in equity (continued)

Note	Share capital	Reserves				Retained loss	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)	-	-	-	-	(397 462 479)	37 325 407	(560 137 072)
Balance as at December 31, 2015 (after adjustments)	9 100 000 000	89 578 478	(976 696)	242 853 043	(77 428 646)	(33 642 075)	1 464 311	-	2 200 477 981	8 189 651 119	10 390 129 100
Total comprehensive income											
Loss for the period ended June 30, 2016	-	-	-	-	-	-	-	-	(559 160 927)	(436 637 547)	(995 798 474)
Other comprehensive income	-	-	-	256 982 683	-	(65 155 892)	-	-	191 826 791	153 419 828	345 246 619
Total comprehensive income	-	-	-	256 982 683	-	(65 155 892)	-	-	(367 334 136)	(283 217 719)	(650 551 855)
Transactions with owners of the Company											
Board of directors and employees profit share	-	-	-	-	-	-	-	-	(18 733 328)	(6 253 200)	(24 986 528)
Acquisition of non-controlling interests without change in control	-	-	-	-	-	-	-	-	696 644	(696 644)	-
Treasury shares purchase	-	-	-	-	-	-	-	(3 338 658)	(3 338 658)	-	(3 338 658)
Reclassification of shareholders' credit balances	-	-	-	-	-	-	(1 464 311)	-	(1 464 311)	-	(1 464 311)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	592 387 472	592 387 472
Balance as at June 30, 2016	9 100 000 000	89 578 478	(976 696)	499 835 726	(77 428 646)	(98 797 967)	-	(3 338 658)	1 810 304 192	8 491 871 028	10 302 175 220

The accompanying notes and accounting policies from page (9) to page (105) are an integral part of these consolidated interim financial statements and are to be read therewith.

Consolidated statement of cash flows

	for the period ended	
	30/6/2017	30/6/2016
(in EGP)		
Cash flows from operating activities		
Loss before income tax	(588 780 895)	(462 370 832)
Adjustments for:		
profit (Loss) from discontinued operations, net of tax	431 010 319	(461 493 829)
Gains on sale of discontinued operations, net of tax	(404 379 272)	(19 521 712)
Depreciation and amortization	267 399 160	253 576 377
Share of profit of investments in associates	(1 112 778)	(52 170 533)
Net change in the fair value of investments at fair value through profit or loss	(259 144)	119 325
Foreign currency translation differences	1 582 986 815	518 724 509
Foreign currency exchange differences	(24 373 582)	71 883 413
Interest income	(124 541 590)	(63 415 476)
(Gain) loss on sale of fixed and PUC	(8 440 721)	1 224 327
Interest expenses	514 576 053	279 300 796
Provisions formed	82 798 318	79 172 474
Impairment on assets	19 868 102	8 564 453
Inventory write down	1 943 348	-
Provision reversed	(67 450)	(4 866 378)
	<u>1 748 626 682</u>	<u>148 726 914</u>
Change in :		
Inventories	(201 124 377)	15 597 552
Work in process	(31 640 490)	(23 571 662)
Due from related parties	(226 729 223)	(453 646 594)
Trade and other receivables	(370 822 628)	(99 403 767)
Debtors and other debit balances	(63 896 387)	(98 685 868)
Due to related parties	(11 785 064)	11 748 325
Trade and other payables	(345 383 191)	(1 048 729 522)
Creditors, other credit balances and long term liabilities	747 671 635	(46 463 559)
Provision used	(20 633 514)	(31 096 866)
Income tax paid	(4 544 084)	46 984 890
Discontinued operations	(99 190 134)	(147 145 178)
Net cash provided from (used in) operating activities	<u>1 120 549 224</u>	<u>(1 725 685 335)</u>

to be continued ...

The accompanying notes and accounting policies from page (9) to page (105) are an integral part of these consolidated interim financial statements and are to be read therewith.

	for the period ended	
	30/6/2017	30/6/2016
<i>(in EGP)</i>		
Cash flows from investing activities		
Payments to purchase of fixed assets and projects under construction	(3 110 665 471)	(1682 560 245)
Proceeds from sale of fixed assets and projects under construction	23 444 757	8 924 516
Payments to purchase of biological assets	(41 556 308)	(27 602 158)
Proceeds from sale of biological assets	17 915 825	13 435 221
Payments to purchase of intangible assets	(3 020 054)	(219 678)
Proceeds from sale of assets classified as held for sale	328 993 094	(84 761 934)
Payments for loans to related parties	(643 249)	(102 790 771)
Payments for investments	(2 789 446)	(23 251 600)
(Payments) proceeds from other investments	(64 209)	456 566
Interest received	(26 665 030)	6 319 786
Discontinued operations	454 208 674	(13 908 022)
Net cash used in investing activities	<u>(2 360 841 417)</u>	<u>(1 905 958 319)</u>
Cash flows from financing activities		
Proceeds from loans	3 599 677 081	2 633 940 839
Payments for loans	(78 005 839)	(122 553 682)
Proceeds from banks overdraft	143 487 791	143 368 929
Proceeds from non-controlling interests	65 002 683	523 252 646
Dividends paid	(36 529 503)	(24 642 997)
Interest paid	(37 370 848)	(62 068 606)
Discontinued operations	-	119 887 008
Net cash provided from financing activities	<u>3 656 261 365</u>	<u>3 211 184 137</u>
Net changes in cash and cash equivalents during the period	2 415 969 172	(420 459 517)
Assets held for sale	(16 107)	3 645 731
Disposal of subsidiaries	(200 900 960)	(53 197 869)
Cash and cash equivalents at the beginning of the year - (Note 19)	<u>1 313 858 918</u>	<u>3 098 725 179</u>
Cash and cash equivalents at the end of the period - (Note 19)	<u><u>3 528 911 023</u></u>	<u><u>2 628 713 524</u></u>

The accompanying notes and accounting policies from page (9) to page (105) are an integral part of these consolidated interim financial statements and are to be read therewith.

Citadel Capital Company

(Egyptian Joint Stock Company)

Notes to the consolidated interim financial statements

For the period ended June 30, 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 Purposes of the company

- The Company's basic activity extends to the region of the Middle East and north East Africa, especially Egypt, Algeria, Libya, Syria and Sudan. The purpose of the Company is represented as follows:
 - Providing consultancy in financial and financing fields for different companies and preparing and presenting the feasibility studies in the economical, technological, engineering, marketing, financing, management, borrowing contracts arrangements fields and financing studies in addition to preparing and presenting studies and consultancy regarding projects' promotion and offering the necessary technical support in different fields except legal consultancy.
 - Working as an agent in contracting and negotiation in different fields and steps especially negotiation in the management contracts, participation and technical support.
 - Managing, executing and restructuring of projects.
- 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.

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

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

1.3 Registered headquarter

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

1.4 Frame work

The consolidated interim financial statements of the Company for the period ended June 30, 2017 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates.

2. Basis of preparation**2.1 Statement of compliance**

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

2.2 Authorization of the financial statements

The consolidated financial statements were authorized for issue in accordance with a resolution of the board of directors on September 30, 2017.

3. Functional and presentation currency

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

4. Use of estimate and judgements

In preparing these consolidated financial statements, 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

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

- Estimates and assumptions about them 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 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.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

5. Fixed assets

Cost	Land	Buildings	Lease hold improvements	Machinery, equipment and tools	Furniture, fixtures and electric	Computer equipment	Transportation means and barges	Total
Balance as at 1/1/2017	1 963 526 487	1 447 236 970	170 380 458	4 476 025 377	256 644 920	44 036 586	683 095 302	9 040 946 100
Additions ***	7 815 294	13 277 111	--	46 430 331	8 498 561	2 739 789	14 776 018	93 537 104
Disposals	--	--	--	(19 654 451)	(238 836)	(733 126)	(8 465 385)	(29 091 798)
Transferred from assets held for sale **	--	15 777 306	16 909 686	522 573 884	38 248 100	32 568 212	13 925 759	640 002 947
Effect of movements in exchange rates	(11 459 526)	9 274 585	158 951	2 738 057	(199 185)	16 279	(83 059)	446 102
Total cost as at 30/6/2017	1 959 882 255	1 485 565 972	187 449 095	5 028 113 198	302 953 560	78 627 740	703 248 635	9 745 840 455
Balance as at 1/1/2016	1 394 103 556	1 207 861 606	113 288 302	3 749 621 609	241 111 418	58 520 242	538 616 084	7 303 122 817
Additions ***	396 334	4 444 130	1 559 830	32 511 217	7 040 064	1 248 139	4 624 379	51 824 093
Transferred to assets held for sale	--	(10 972 224)	(7 574 236)	(255 533 821)	(7 298 762)	(15 066 904)	(6 576 717)	(303 022 664)
Transferred from assets held for sale **	--	--	9 142 636	309 134	1 725 462	451 563	975 200	12 603 995
Disposals	--	(2 077 228)	(19 437 569)	(24 797 270)	(36 633 478)	(14 839 421)	(3 701 160)	(101 486 126)
Foreign currency translation differences	54 677 979	35 052 709	7 822 131	250 876 863	2 833 344	2 682 111	20 236 505	374 181 642
Total cost as at 30/6/2016	1 449 177 869	1 234 308 993	104 801 094	3 752 987 732	208 778 048	32 995 730	554 174 291	7 337 223 757

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017

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

Accumulated depreciation	Land	Buildings	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 period*	30 804	24 156 260	2 704 285	170 264 744	7 795 998	1 313 155	19 632 902	225 898 148
Impairment loss during the period ****	--	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	--	--	(342 675)	(10 054 036)	(348 752)	(427 419)	(4 409 150)	(15 582 032)
Effect of movements in exchange rates	4 718	602 213	(218 929)	7 373 800	1 966 312	(110 699)	(8 797 997)	819 418
Accumulated depreciation as at 30/6/2017	219 012	395 148 739	172 756 694	2 893 129 623	274 436 137	67 627 052	296 177 042	4 099 494 299
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 period*	36 045	25 785 233	3 574 095	136 332 617	4 809 794	1 530 629	16 463 804	188 532 217
Transferred to assets held for sale	--	(3 157 934)	(7 022 933)	(29 407 076)	(5 772 425)	(11 922 521)	(6 333 721)	(63 616 610)
Transferred from assets held for sale**	--	--	6 661 792	306 345	1 725 459	451 562	975 200	10 120 358
Accumulated depreciation of disposals	--	(328 540)	(14 652 122)	(24 056 208)	(31 893 694)	(9 488 956)	(3 188 652)	(83 608 172)
Effect of movements in exchange rates	51 067	7 518 796	2 860 101	73 969 217	5 402 164	(155 456)	9 113 980	98 759 869
Accumulated depreciation as at 30/6/2016	230 708	282 004 705	33 182 529	1 565 017 385	181 491 681	27 447 403	230 991 613	2 320 366 024
Carrying amounts								
At 30/6/2017	1 959 663 243	1 090 417 233	14 692 401	2 134 983 575	28 517 423	11 000 688	407 071 593	5 646 346 156
At 31/12/2016	1 963 342 997	1 092 188 274	16 564 482	2 259 818 356	27 558 411	9 768 405	406 040 105	5 775 281 030
At 30/6/2016	1 448 947 161	952 304 288	71 618 565	2 187 970 347	27 286 367	5 548 327	323 182 678	5 016 857 733

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

- * Administrative depreciation for the period 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. (one of the subsidiaries in the Real Estate segment) and ESACO for Manufacturing Engineering and Construction (subsidiary in the Cement segment) and KU Railways Holding (subsidiary – Transportation and logistics segment)
- *** Additions include the amount transferred from project under construction (note 6).
- **** Impairment as at January 1, 2017 represented in assets related to Wafra Agricultural Company (subsidiary - Agricultural and Food segment), while impairment during the period represented in assets related to KU Railways Holding (subsidiary - Transportation logistics segment)

6. Projects under construction**6.1 Projects under construction represented in the following:**

	30/6/2017	31/12/2016
Balance at the beginning of the period	48 628 176 224	17 233 833 544
Additions	3 575 071 322	5 382 636 932
Disposals	(3 102 030)	(2 756 359)
Transferred from assets held for sale	68 903 975	--
Reclassification to assets held for sale	--	(68 903 975)
Reclassification to fixed assets (note 5)	(57 822 929)	(6 041 716)
Effect of movements in exchange rates	(10 115 854)	26 089 407 798
Balance	52 201 110 708	48 628 176 224
Accumulated impairment loss	(612 380 347)	(524 687 897)
Net	<u>51 588 730 361</u>	<u>48 103 488 327</u>

6.2 Projects under construction are represented in the following:

	30/6/2017	31/12/2016
Agriculture and Food Sector	16 068 066	9 515 724
Energy Sector *	51 365 768 562	47 854 713 531
Transportation and Logistics Sector	87 689 085	67 988 694
Cement Sector	100 215 509	115 677 592
Financial Services Sector	16 813 846	12 829 726
Mining Sector	2 175 293	42 763 060
Total	<u>51 588 730 361</u>	<u>48 103 488 327</u>

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

* Projects under construction - Energy sector include an amount of EGP 51 290 345 902 as at June 30, 2017 versus EGP 47 801 655 455 as at December 31, 2016 represents the project of Egyptian Refining Company- Energy sector.

7. Intangible assets

	Note	30/6/2017	31/12/2016
Software	(7-1)	15 449 239	12 886 930
Exploration and valuation assets	(7-2)	612 876 138	607 122 996
Trade name	(7-3)	346 210 520	346 210 520
Customer contracts	(7-4)	266 842 582	294 670 356
Other intangible assets	(7-5)	4 379 030	4 516 265
Concession	(7-6)	--	--
Balance		<u>1 245 757 509</u>	<u>1 265 407 067</u>

7.1 Software

	30/6/2017	31/12/2016
Cost at the beginning of the period	58 297 051	59 044 102
Additions	3 020 054	284 063
Disposals	--	(265 752)
Reclassification to assets held for sale	--	(49 266 344)
Transferred from assets held for sale	49 266 344	--
Effect of movements in exchange rates	<u>(9 316 279)</u>	<u>48 500 982</u>
Cost at the end of the period	<u>101 267 170</u>	<u>58 297 051</u>
Accumulated amortization at the beginning of the period	(45 410 121)	(45 892 898)
Amortization for the period	(393 078)	(617 377)
Reclassification to assets held for sale	--	41 485 608
Transferred from assets held for sale	(41 485 608)	--
Effect of movements in exchange rates	<u>1 533 294</u>	<u>(40 385 454)</u>
Accumulated amortization at the end of the period	<u>(85 755 513)</u>	<u>(45 410 121)</u>
Total	15 511 657	12 886 930
Impairment	<u>(62 418)</u>	<u>--</u>
Net	<u>15 449 239</u>	<u>12 886 930</u>

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

7.2 Exploration and valuation assets

7.2.1 Site preparation expenses

	30/6/2017	31/12/2016
Cost at the beginning of the period	990 467	463 588
Amortization	(21 535)	(24 563)
Effect of movements in exchange rates	27 731	551 442
Balance	<u>996 663</u>	<u>990 467</u>

7.2.2 Search and exploration expenses

	30/6/2017	31/12/2016
Cost at the beginning of the period	581 213 997	234 391 228
Additions	24 022 957	39 945 866
Effect of movements in exchange rates	(19 186 624)	306 876 903
Balance	<u>586 050 330</u>	<u>581 213 997</u>

7.2.3 License

	30/6/2017	31/12/2016
Cost at the beginning of the period	33 164 554	14 953 666
Amortization	(59 537)	(97 068)
Effect of movements in exchange rates	1 024 011	18 307 956
Balance	<u>34 129 028</u>	<u>33 164 554</u>
Total	621 176 021	615 369 018
Accumulated impairment loss *	<u>(8 299 883)</u>	<u>(8 246 022)</u>
Net	<u>612 876 138</u>	<u>607 122 996</u>

***Accumulated impairment loss**

	30/6/2017	31/12/2016
Balance at the beginning of the period	(8 246 022)	(3 520 406)
Effect of movements in exchange rates	(53 861)	(4 725 616)
Balance	<u>(8 299 883)</u>	<u>(8 246 022)</u>

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

7.3 Trade name

	30/6/2017	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 *	<u>246 277 987</u>	<u>246 277 987</u>
Total	484 041 987	484 041 987
Accumulated impairment loss *	<u>(137 831 467)</u>	<u>(137 831 467)</u>
Net	<u>346 210 520</u>	<u>346 210 520</u>

7.4 Customer contracts

	30/6/2017	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)	<u>292 571 000</u>	<u>292 571 000</u>
Balance	<u>461 637 000</u>	<u>461 637 000</u>
Accumulated amortization at the beginning of the period	(166 966 644)	(111 311 096)
Amortization	<u>(27 827 774)</u>	<u>(55 655 548)</u>
Accumulated amortization at the end of the period	<u>(194 794 418)</u>	<u>(166 966 644)</u>
Net	<u>266 842 582</u>	<u>294 670 356</u>

7.5 Other intangible assets

	30/6/2017	31/12/2016
Payment for waiving of the license to establish a black cement factory for ASEC Syria	3 576 118	3 688 190
Compensation paid for project workers	<u>802 912</u>	<u>828 075</u>
Net	<u>4 379 030</u>	<u>4 516 265</u>

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

7.6 Concession

	30/6/2017	31/12/2016
Transferred from assets held for sale	2 111 798 656	--
Effect of movements in exchange rates	184 520 918	--
Cost at the end of the period	2 296 319 574	--
Transferred from assets held for sale	(561 527 837)	--
Effect of movements in exchange rates	(238 882 068)	--
Accumulated amortization at the end of the period	(800 409 905)	--
Balance	1 495 909 669	--
Impairment	(1 495 909 669)	--
Net	--	--

8. Goodwill

	Balance as at 1/1/2017	Effect of movements in exchange rates	Balance as at 30/6/2017
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	(2 408 973)	13 998 608
Tawazon for Solid Waste Management (Tawazon)	32 611 311	--	32 611 311
Balance	392 417 101	(2 408 973)	390 008 128

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

9. Biological assets

	Note	30/6/2017	31/12/2016
Non-current			
Fruitful fruit gardens and orchards	(9.1)	5 947 012	6 150 207
Fruitless fruit gardens and orchards	(9.2)	4 189 483	3 224 288
Pregnant heifer, dry and dairy cows	(9.3)	101 969 061	109 803 933
Heifers	(9.4)	108 898 875	88 642 037
		<u>221 004 431</u>	<u>207 820 465</u>
Current			
Plants (cotton , corn , sun flower)*		2 528 400	2 528 400
Others		14 315 488	7 246 485
		<u>16 843 888</u>	<u>9 774 885</u>
Accumulated impairment loss *		<u>(2 528 400)</u>	<u>(2 528 400)</u>
Net		<u>14 315 488</u>	<u>7 246 485</u>
Balance		<u>235 319 919</u>	<u>215 066 950</u>

9.1 Fruitful fruit gardens and orchards

	30/6/2017	31/12/2016
Costs		
Balance at the beginning of the period	9 868 436	10 028 124
Transferred from fruitless fruit gardens and orchards	--	1 568 153
Disposals	--	(1 662 780)
Effect of movements in exchange rates	(15)	(65 061)
	<u>9 868 421</u>	<u>9 868 436</u>
Accumulated depreciation		
Balance at the beginning of the period	3 718 229	5 366 899
Depreciation	200 718	1 349 469
Disposals	--	(1 622 701)
Effect of movements in exchange rates	2 462	(1 375 438)
	<u>3 921 409</u>	<u>3 718 229</u>
Net	<u>5 947 012</u>	<u>6 150 207</u>

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

9.2 Fruitless fruit gardens and orchards			
		30/6/2017	31/12/2016
Costs			
Balance at the beginning of the period		3 224 288	5 318 485
Additions		953 477	327 171
Transferred to fruitful fruit gardens and orchards		--	(1 568 153)
Effect of movements in exchange rates		11 718	(853 215)
Balance		<u>4 189 483</u>	<u>3 224 288</u>
9.3 Pregnant heifer, dry and dairy cows			
		30/6/2017	31/12/2016
Costs			
Balance at the beginning of the period		185 540 150	179 534 550
Transferred from heifers		17 964 103	30 838 830
Disposals		(21 854 284)	(27 280 019)
Effect of movements in exchange rates		(47 801)	2 446 789
		<u>181 602 168</u>	<u>185 540 150</u>
Accumulated depreciation			
Balance at the beginning of the period		75 736 217	69 410 554
Depreciation		12 998 370	28 891 419
Disposals		(9 148 767)	(11 027 940)
Effect of movements in exchange rates		47 287	(11 537 816)
		<u>79 633 107</u>	<u>75 736 217</u>
Net		<u>101 969 061</u>	<u>109 803 933</u>
9.4 Heifers			
		30/6/2017	31/12/2016
Costs			
Balance at the beginning of the period		88 642 037	75 940 675
Additions		40 602 850	39 469 425
Transferred to pregnant heifer and dairy cows		(17 964 103)	(30 838 830)
Disposals		(2 627 813)	(1 104 018)
Effect of movements in exchange rates		245 904	5 174 785
Balance		<u>108 898 875</u>	<u>88 642 037</u>

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

10. Investments in associates

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

	Percentage		Carrying amounts	
	2017	2016	30/6/2017	31/12/2016
	%	%		
El Kateb for Marketing & Distribution Co.	48.88	48.88	826 838	816 772
El Sharq Book Stores Co.	40.00	40.00	12 276 426	12 368 993
Dar El-Sherouk Ltd. – BVI */**	58.51	58.51	123 280 468	123 870 951
Mena Glass Ltd.	47.64	47.64	353 516 603	633 969 045
Societe Des Ciments De Zahana	35.00	35.00	424 637 918	435 499 260
Total			914 538 253	1 206 525 021
Accumulated impairment loss **			(100 000 000)	(100 000 000)
Net			814 538 253	1 106 525 021

* The Company does not consolidate this company as the control does not exist as the company has no power to govern the financial and operational policies of this company according to the shareholders' signed agreements.

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

30/6/2017

* note (20).

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

11. Available-for-sale investments

	30/6/2017	31/12/2016
Logria Holding Ltd. *	1 172 600 000	1 173 900 000
Golden Crescent Investment Ltd. *	1 143 149 700	1 144 417 050
EFG Capital Partners Fund II & III *	17 430 027	23 705 289
Sphinx Turnaround	64 894 913	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	701 991	706 308
Medcom National Company	1 000	1 000
Trance Force	51 000	51 000
ASEC Cement	50 000	50 000
Cayman Resources *	31 331 774	31 331 774
Sphinx International Management Ltd.	1 950 268	--
Total	2 433 193 757	2 440 162 364
Accumulated impairment loss *	(2 353 585 797)	(2 356 361 764)
Net	79 607 960	83 800 600

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

	Balance as at 1/1/2017	Reversal of impairment **	Effect of movements in exchange rates	Balance as at 30/6/2017
Logria Holding Ltd.	1 173 900 000	--	(1 300 000)	1 172 600 000
Golden Crescent Investment Ltd.	1 144 417 050	--	(1 267 350)	1 143 149 700
EFG Capital Partners Fund II	5 962 037	--	--	5 962 037
Modern Co. for Isolating Materials	43 396	--	--	43 396
MEFEK Co.	872 388	--	--	872 388
Cayman Resources	31 166 893	(44 419)	(164 198)	30 958 276
Balance	2 356 361 764	(44 419)	(2 731 548)	2 353 585 797

** Note (36)

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

12. Payments for investments

	30/6/2017	31/12/2016
Nile Valley Petroleum Ltd. *	135 019 045	135 168 734
Citadel Capital Al Qalaa – Saudi Arabia	2 608 620	2 611 512
National Development and Trading Co. (IRAQ) Ltd. *	300 514	300 514
ASA International Co.	1 432 407	1 432 407
Golden Crescent Investment Ltd.*	4 510 000	4 515 000
Others **	111 386 800	106 886 800
Total	255 257 386	250 914 967
Accumulated impairment loss *	(139 829 559)	(139 984 248)
Net	115 427 827	110 930 719

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

	Balance as at 1/1/2017	Effect of movements in exchange rates	Balance as at 30/6/2017
National Development and Trading Co. (IRAQ) Ltd.	300 514	--	300 514
Nile Valley Petroleum Ltd.	135 168 734	(149 689)	135 019 045
Golden Crescent Investment Ltd.*	4 515 000	(5 000)	4 510 000
Balance	139 984 248	(154 689)	139 829 559

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

13. Other investments

	30/6/2017	31/12/2016
Restricted cash*	60 721 900	61 267 882
Others**	17 038 201	16 086 095
Balance	77 760 101	77 353 977

* Restricted cash as at June 30, 2017 includes an amount of EGP 14 131 (equivalent to US.\$ 782) versus EGP 2 575 230 (equivalent to US.\$ 142 593) as at December 31, 2016 which represents the amount deposited at the bank under capital increase of Orient Investment Properties Ltd. (subsidiary).

** Others includes an amount of EGP 16 032 985 as at June 30, 2017 versus EGP 15 579 376 as at December 31, 2016 which represent 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.

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

14. Inventories

	30/6/2017	31/12/2016
Spare parts	714 182 385	377 819 423
Raw materials	453 327 702	430 415 649
Work in process	158 218 630	137 255 783
Finished goods	184 044 834	129 604 701
Goods in-transit	14 710 615	23 986 415
Packing materials	15 544 501	17 980 924
Oil and lubricants	83 140 562	46 442 832
Letters of credit	9 586 039	24 677 314
Others	31 748 855	27 429 884
Total	1 664 504 123	1 215 612 925
Less : Inventories write-down	(340 564 081)	(41 409 752)
Net	1 323 940 042	1 174 203 173

15. Trade and other receivables

	30/6/2017	31/12/2016
Non-current		
Accounts receivables	2 845 828	3 823 970
Gas consumption deposits	241 701 598	242 108 531
Egyptian General Petroleum Corp.*	1 534 302 000	1 536 003 000
Receivables from sale of investment **	231 658 930	220 467 409
Others	170 547 995	144 352 280
Total	2 181 056 351	2 146 755 190
Current		
Accounts receivables	2 371 948 078	1 650 817 499
Notes receivables	9 111 831	10 053 257
Receivables from sale of investment ***	82 769 512	71 996 263
Total	2 463 829 421	1 732 867 019
Accumulated impairment Loss	(724 949 746)	(171 016 554)
Net	1 738 879 675	1 561 850 465
Balance	3 919 936 026	3 708 605 655

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

** The amount represents the accrued consideration from sale of investments. As United Foundaries Company decided to sell its entire share interest in Alexandria for Car Foundries and Amreya Metal Company according to Extraordinary General Assembly meetings on November 23, 2014. On December 11, 2014 the company sold its entire share interest according to the signed sale agreement.

*** The amount represents the remaining amount from sale of investments in Pharos Holding Company according to the signed sale agreement.

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

16. Investments at fair value through profit or loss

	30/6/2017	31/12/2016
Modern Shorouk for Printing Co.	1 533 533	1 274 389
Bank Audi investment fund certificates	5 159	4 822
Balance	<u>1 538 692</u>	<u>1 279 211</u>

17. Due from related parties

	30/6/2017	31/12/2016
Logria Holding Ltd. **	112 880 628	109 757 085
Golden Crescent Investment Ltd. **	68 827 110	68 903 415
Golden Crescent Finco Ltd. **	529 099 472	529 686 056
Emerald Financial Services Ltd. **	594 768 553	599 112 435
Nile Valley Petroleum Ltd. **	388 726 227	388 947 221
Citadel Capital East Africa	68 191	68 267
Citadel Capital ALQALAA -Saudi Arabia	1 323 811	1 324 972
El Kateb for Marketing & Distribution Co.	1 010 539	1 003 038
Nahda **	11 646 009	11 646 009
Egyptian Company for International Publication	23 760 330	23 760 330
Citadel Capital Partners*	74 061 741	80 575 087
Ecligo	2 000 000	2 000 000
Mena Glass Ltd **	61 985 440	62 054 160
Societe Des Ciments De Zahana	14 229 612	1 697 472
ASEC Electrical Repairs Co. (REPELCO) **	526 236	526 236
Egyptian Polypropylene Bags Co. (EPBC)	20 000	20 000
ASA International Co.	--	448 665
Visionaire **	26 988 020	27 017 941
Haider	--	600 828
Rotation Ventures **	84 242 651	68 832 367
Benu one Ltd.**	189 114 547	189 324 208
Financial Holding International	2 412 525	8 412 408
Others **	84 103 261	83 384 476
Total	<u>2 271 794 903</u>	<u>2 259 102 676</u>
Accumulated impairment loss **	<u>(2 082 334 893)</u>	<u>(2 069 352 133)</u>
Balance	<u>189 460 010</u>	<u>189 750 543</u>

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

**** Accumulated impairment loss on due from related parties and due from shareholders is as follows:**

	Balance as at 1/1/2017	Formed during the period ***	Reversal of impairment ***	Effect of movements in exchange rates	Balance as at 30/6/2017
Related parties					
Logria Holding Ltd.	109 757 085	2 721 926	--	401 617	112 880 628
Golden Crescent Investment Ltd.	68 903 415	--	--	(76 305)	68 827 110
Golden Crescent Finco Ltd.	529 686 056	--	--	(586 584)	529 099 472
Emerald Financial Services Ltd.	599 112 435	--	(3 635 734)	(708 148)	594 768 553
Nile Valley Petroleum Ltd.	388 947 221	--	--	(220 994)	388 726 227
Nahda	11 646 009	--	--	--	11 646 009
Mena Glass	62 054 160	--	--	(68 720)	61 985 440
ASEC Electrical Repairs Co. (REPELCO)	526 236	--	--	--	526 236
Visionaire	27 017 941	--	--	(29 921)	26 988 020
Rotation Ventures	68 832 367	15 298 509	--	111 775	84 242 651
Benu one ltd.	189 324 208	--	--	(209 661)	189 114 547
Others	13 545 000	--	--	(15 000)	13 530 000
Balance	2 069 352 133	18 020 435	(3 635 734)	(1 401 941)	2 082 334 893

- Nature of transactions with related parties is financing transactions.

* The main shareholder 24.36%

*** (Note 36).

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

18. Debtors and other debit balances

	30/6/2017	31/12/2016
Prepaid expenses	46 812 170	44 487 022
Deposits with others	70 000 620	61 474 413
Advances to suppliers	522 891 088	401 583 596
Letters of guarantee margin	42 332 840	48 523 009
Imprest	73 204 926	40 851 680
Accrued revenues	109 606 267	94 293 546
Refundable deposits	4 196 032	4 303 951
Operation retention	151 729 229	143 893 523
Advances to contractors	14 499 777	14 499 777
Prepayments for purchase of fixed assets	11 052 964	11 052 991
Tax Authority	245 212 031	211 348 349
Custom Authority	160 172	4 790
Letters of credit	75 317	61 393 706
FLSmdth	196 358 408	182 036 676
Debit balances under settlement	12 940 891	12 940 891
Due from sale of investments (note 20)	715 717 163	--
Sundry debit balances	238 240 796	124 208 194
Total	2 455 030 691	1 456 896 114
Accumulated impairment loss	(188 645 845)	(77 263 501)
Balance	<u>2 266 384 846</u>	<u>1 379 632 613</u>

19. Cash and cash equivalents

	30/6/2017	31/12/2016
Cash on hand	7 580 294	16 424 031
Banks - current accounts	2 309 886 279	2 139 718 348
Banks - time deposits	159 783 617	122 474 813
Cheques under collection	314 230 268	27 980 466
Treasury bills	737 430 565	530 437 354
Cash and cash equivalent as presented in the consolidated statement of financial position	3 528 911 023	2 837 035 012
Effect of movements in exchange rates	--	(1 523 176 094)
Adjusted cash and cash equivalents	<u>3 528 911 023</u>	<u>1 313 858 918</u>

20. Disposal group held –for – sale

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

- National Development and Trading Company's management decided on December 24, 2012 to sell its share in ESACO for Manufacturing Engineering and Construction (subsidiary, 70%). Then the company 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 to sell ASEC Algeria Cement Company (ASEC CIMENT) and the Company has received an offer from one of the investors to acquire the Company (ASEC CIMENT) and the Company is currently examining the feasibility of the offer.
- 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 Company 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 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).

- **Falcon for Agricultural Investments Ltd BVI subsidiary**

- Falcon for Agriculture Investments Ltd. BVI Company 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"

According to the following general assembly decisions:

- On February 23, 2014 National Company for Agriculture Projects (Gozour) - Subsidiary of Falcon for Agriculture Investments Ltd. BVI- decided 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 Subsidiary of Falcon for Agriculture Investments Ltd. BVI – 99.95%. –Note (20-1)
- On March 30, 2014 National Company for Investments and Agriculture (Gozour) -Subsidiary of Falcon for Agriculture Investments Ltd. BVI- decided to sell its investment in the following companies:
 - Misr October Company for Food Industries
 - Up-date Company for Food Products

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

-
- On November 30, 2015, Gozour group has made an agreement with an Egyptian investor to sell 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 (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.
 - On March 30, 2014 Misr October Company for Food Products-Subsidiary of Falcon for Agriculture Investments Ltd. BVI- decided to sell its investment in Nile for Food Products "Enjoy" Company 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 "RVRK" and transfer all the assets and the transition of the employees of "RVRK" to "Kenya Railways Corporation". 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 (subsidiary) has signed a shareholders' agreement with Allied Gold Corp (Allied), where Allied Gold Corp (Allied) acquires 64.46% of its subsidiary APM Ethiopia – An owned Ethiopian Company specialized in extracting, mining materials and precious metals – through APM Ethiopia capital increase.
The transaction will be executed through a capital increase in APM the 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 Dish Mountain, its concession in Western Ethiopia, after the full 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.
 - **Ledmore Holdings Ltd company**
Due to the fact that Mashreq Company For Petroleum (subsidiary) has terminated the Build, Operate, Transfer (BOT) concession agreement with General Authority for Economic Zone to build Fuel Bunkering Terminal and Logistics Hub in Suez canal. The two parties agreed on committing the

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

General Authority for Economic Zone to pay all costs incurred on the project by Mashreq petroleum company (subsidiary), provided that the company will deliver to General Authority for Economic Zone, the land that was allocated to the project as well as the designs of the project. Accordingly, the Company classified the assets and liabilities of Ledmore Holdings Ltd. (subsidiary and the parent company of Mashreq) as assets held for sale due to the inability to continue in operation at the present time.

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

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

- **Tanmeyah company S.A.E**

On February 24, 2016 the Company announced that its business unit Financial Unlimited has finalized the sale of its entire holding in subsidiary Tanmeyah Microenterprise Services, Egypt's leading private-sector provider of microfinance solutions, to EFG Hermes in a transaction that values 100% of Tanmeyah at 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 announced that it sold its investment in Ostool for Land Transportation S.A.E (associate) with a total consideration of EGP 44 million.

- **Assets and Liabilities held for sale -others**

- The company announced its intention to conclude a set of agreements with Financial Holdings International (FHI), one of Citadel Capital major co-investors, where the company will acquire from FHI, additional equity stakes in the following companies:

- 1- ASEC Holding (cement)
- 2- TAQA Arabia (energy)
- 3- Nile Logistics (transportation)
- 4- Dina Farms Supermarkets (food retail chain)
- 5- United Foundries (metallurgy).

Simultaneously, the company will transfer to FHI its equity stakes in the following companies:

- 1- Mena Home Furnishing Malls Ltd company
- 2- Grandview Investment Holding company
- 3- Dina farms company*

- * Represents a piece of land which will be separated from the existing investment and the company is currently in the process of preparing the final sale plan. Accordingly, the company has not classified this asset as assets held for sale.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

20.1 Assets held-for-sale as at June 30, 2017 are represented in the following:

	NDT Subsidiaries		Mena Home	Falcon for	Ledmore	Grandview	Total
	Arab Swiss	ASEC	Furnishing	Agriculture	Holding	Investment	
	Engineering Co.	Algeria	Malls Ltd.	Investments	Limited.	Holding	
	(ASEC)	Cement		Ltd. BVI			
		Company		Subsidiaries			
Fixed assets	5 750 000	--	276 445	132 293 767	373 760	--	138 693 972
Intangible assets	--	--	--	1 033 818	--	--	1 033 818
Projects under construction	--	--	188 539 633	--	--	--	188 539 633
Inventories	--	--	--	16 092	--	--	16 092
Debtors and other debit balances	--	363 274 458	6 369 293	913 473	164 383	--	370 721 607
Due from related parties	--	--	--	45 335	7 897	--	53 232
Investment property	--	--	323 664 196	--	--	--	323 664 196
Cash and cash equivalents	--	--	41 402	4 688 542	11 744 271	--	16 474 215
Goodwill	--	--	76 929 157	--	--	--	76 929 157
Investment in associates	--	--	--	--	--	908 638 989	908 638 989
Balance	5 750 000	363 274 458	595 820 126	138 991 027	12 290 311	908 638 989	2 024 764 911
Less: Impairment loss	--	--	--	--	--	(321 462 805)	(321 462 805)
Investment in associate	--	--	--	--	--	--	--
Net	5 750 000	363 274 458	595 820 126	138 991 027	12 290 311	587 176 184	1 703 302 106

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

20.2 Liabilities directly associated with the assets as at June 30, 2017 are represented in the following:

	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI Subsidiaries	Ledmore Holding Limited.	Total
Provisions	18 580 767	16 451 632	--	35 032 399
Loans	209 785 193	--	--	209 785 193
Trade and other payables	--	120 218 452	--	120 218 452
Due to related parties	--	1 035 045	6 108	1 041 153
Creditors and other credit balances	141 453 300	--	485 487	141 938 787
Balance	369 819 260	137 705 129	491 595	508 015 984

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

21. Results of discontinued operation

For the period ended June 30, 2017

	Mena Home Furnishing Malls Ltd.	KU Railways Holding Limited*	ASEC Cement Company	Total
Discontinued operations :-				
Operating revenues	2 259 667	204 725 706	--	206 985 373
Operating costs	(5 763 098)	(300 775 603)	(2 161 084)	(308 699 785)
Administrative expenses	(1 821 531)	(44 673 825)	--	(46 495 356)
Other (expenses) / revenues *	(2 573 263)	(3 132 634 514)	7 934 204	(3 127 273 573)
Finance costs – (net)	(23 758 718)	(88 841 909)	--	(112 600 627)
Results from operating, net of tax	<u>(31 656 943)</u>	<u>(3 362 200 145)</u>	<u>5 773 120</u>	<u>(3 388 083 968)</u>
Gain on sale of discontinued operations	--	--	404 379 272	404 379 272
(Loss) profit from discontinued operation, net of tax	<u>(31 656 943)</u>	<u>(3 362 200 145)</u>	<u>410 152 392</u>	<u>(2 983 704 696)</u>

* Other (expenses) / revenues item include impairment loss on assets with an amount of EGP 3 150 769 146 related to KU Railways Holding Limited (which owns RVR Kenya and RVR Uganda).

* (Note 48)

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017

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

For the period ended June 30, 2016

	ASEC Algeria Cement Company	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI Subsidiaries	Misr Glass Manufacturing Company	Tanmeyah Company S.A.E	KU Railways Holding Limited	Ledmore Holding Limited	Total
Discontinued operations :-*								
Operating revenues	--	2 770 273	--	--	26 343 930	283 801 826	--	312 916 029
Operating costs	--	(5 904 710)	--	--	(16 151 184)	(384 833 422)	--	(406 889 316)
Administrative expenses	--	(2 581 869)	--	--	(11 588 254)	(39 424 267)	(50 074)	(53 644 464)
Other (expenses) / revenues	(250 712 137)	(10 271 777)	--	--	2 288 735	29 587 063	(15 376 343)	(244 484 459)
Finance costs -- (net)	(14 184 753)	(16 600 963)	1 027 399	(7 257 600)	(42 534)	(68 225 736)	--	(105 284 187)
Income tax	(428 726)	--	--	--	--	--	--	(428 726)
Results from operating activities	(265 325 616)	(32 589 046)	1 027 399	(7 257 600)	850 693	(179 094 536)	(15 426 417)	(497 815 123)
Gain (loss) on sale of discontinued operation (Note 21.1)**	--	--	9 577 380	(173 805 406)	210 043 776	--	--	45 815 750
Income tax**	--	--	--	--	(26 294 038)	--	--	(26 294 038)
Profit (loss) from discontinued operation, net of tax	(265 325 616)	(32 589 046)	10 604 779	(181 063 006)	184 600 431	(179 094 536)	(15 426 417)	(478 293 411)

* (Note 47)

** (Note 21.1)

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

21-1 Gain (losses) on sale of discontinued operations					Total as at	Total as at
	Tanmeyah	Falcon for	Misr glass		30/6/2016	30/6/2017
	Company S.A.E	Agricultural	manufacturing			
		Investments Ltd.	Company *			
		BVI				
		Subsidiaries				
Total assets	(187 357 975)	(51 638 339)	--		(238 996 314)	--
Total liabilities	144 442 860	61 215 719	--		205 658 579	--
Equity – accounted investee	--	--	(301 278 649)		(301 278 649)	(583 418 621)
Net assets	(42 915 115)	9 577 380	(301 278 649)		(334 616 384)	(583 418 621)
Income Tax	(26 294 038)	--	--		(26 294 038)	--
Cash consideration	252 958 891	--	127 473 243		380 432 134	987 797 893
Gain (loss) on sale of discontinued operation	183 749 738	9 577 380	(173 805 406)		19 521 712	404 379 272

* (Note 21)

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 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 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.

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

- 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	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

- 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 with total loss amounted to EGP 717 566.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

23. Loans and borrowings

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
AFIC	Bank/Company -Commercial International Bank	--	--	206 312 389	--	206 312 389	--
Dina for Agriculture Investments	-Ahly United Bank -United Bank -Arab Egyptian Real Estate Bank.	EGP: Average 3.625% plus Corridor	2014-2018	120 656 263	30 131 255	90 525 008	- Pledge over all the company's assets and real estate first rank Pledge on 7 172 feddan of company's land.
National Development and Trading Company	Qatar National Bank	12.5%	December 2018	224 057 965	71 840 714	152 217 251	- Partially pledging shares of ASEC Cement Company
National Development and Trading Company	Arab Investment Bank	12%	December 2018	115 379 026	32 965 016	82 414 010	- Partially pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ESACO shares to the bank.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
National Development and Trading Company	Industrial Bank/Company	11.5%	December 2018	229 050 088	67 016 200	162 033 888	- Pledging of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares, ASEC Automation shares and ESACO shares to the bank.
	Workers Bank of Egypt						- 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 collected under the cognition of the bank.
National Development and Trading Company	Misr Iran Development Bank	2.50% plus corridor rate	December 2018	153 664 441	47 061 965	106 602 476	Assignment of South Valley Cement Co. management contract.
Arab Swiss Engineering Co. (ASEC)	Ahli United Bank	2.25% Plus	November 2018	78 188 472	58 092 044	20 096 428	
		corridor for current					
		3.25% plus					
		corridor for non-current					

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
Arab Swiss Engineering Co. (ASEC)	Bank/Company Al Barka Bank	11.5%	March 2019	19 932 146	6 000 000	13 932 146	Assignment of White Sinai Cement Co. management contract.
ASEC Cement Company	Sudanese Egyptian Bank	11%	2020-2017	202 597 971	187 149 023	15 448 948	Murabha contracts.
Taqa Arabia	Commercial International Bank	3.25% plus corridor rate	2016-2020	175 000 013	50 000 006	125 000 007	
Global Energy	HSBC Arab Bank	EGP: 2.25% plus average Corridor US\$. 1.3% plus Libor	2014-2018 2014-2018	21 951 992	21 951 992	--	<ul style="list-style-type: none"> - The amount of capital injected parallel to the premiums payable in the event that the net profit + depreciation + cash inadequate to pay the premiums due. - 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 contract with Arab Bank. The pledge include all the Group's tangible and intangible assets in addition to the power generation station in Scimitar project in Red Sea Governorate.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
Taqa Marketing	Bank/Company						
	HSBC Cairo Bank	EGP: 3% plus corridor rate	2014-2018 2014-2020	36 186 363	12 376 197	23 810 166	- 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:- - Maintain the direct or indirect controlling interest during the contract period and till the actual repayment. - Cover any deficiency in the debt service ratio or increase in the investment costs or operating expenses by injecting cash in the form of capital increase or subordinated loans with priority to the bank.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017

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

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\$. Libor for such interest period Plus 4.10%	2017-2029	7 059 920 986	--	7 059 920 986	- 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\$. Libor for such interest period Plus 1.75% per annum	2017-2029	4 593 870 593	--	4 593 870 593	- 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\$. Libor for such interest period plus 3.6% per annum up to the project completion. 4% per annum from the project completion to the end of the 5th year. 4.6% per annum for any time thereafter.	2017-2029	8 758 543 159	--	8 758 543 159	

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017

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

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
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	2 928 384 347	--	2 928 384 347	
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	5 475 105 724	--	5 475 105 724	
Egyptian Refining Company – S.A.E.	African Development Bank (AFDB)	Plus Mandatory cost					
		Fixed interest rate: 3.30 % per annum Plus Base rate calculated by the bank as set in the agreement Or Variable interest rate: LIBOR for such interest period Plus 3.30 % per annum	2017-2029	3 608 000 000	--	3 608 000 000	

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

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	4 214 182 984	--	4 214 182 984	- 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 interest period plus 5% per annum					Company shall not make any distribution or other 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\$ 6 months	2020	216 154 071	--	216 154 071	
	Ltd.	Libor					
		- Plus 3 % per annum					

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
Less: Deferred borrowing cost *							
Egyptian Refining Company – S.A.E.			2022 –2012	(2 544 605 879)	--	(2 544 605 879)	
Citadel Capital S.A.E	Citi Bank (syndication loan manager) (Arab African International Bank, Arab International Bank, Banque du Caire, Misr Bank, and Piraeus Bank)	US\$: First tranche: (4.25 %+Libor rate). Second tranche: 3.9% plus Libor Third Tranche: 3.9% plus Libor	2012-2022	4 351 407 076	3 349 184 774	1 002 222 302	- 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

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
	Bank/Company						
							<ul style="list-style-type: none"> - 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 of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments- Free Zone) investments on the following companies: <ul style="list-style-type: none"> - Orient Investments Properties Ltd. - Logria Holding Ltd. - Golden Crescent Investments Ltd. - Falcon Agriculture Investments Ltd.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
	Bank/Company						
							- 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.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
	Bank/Company						
							<ul style="list-style-type: none"> - Egyptian Company for Solid Waste Recycling (ECARU) - Engineering Tasks Group (ENTAG) - 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 for Investments Promotion Company - Letter of guarantee from Standard chartered Bank of Korea Limited with the mount due to Arab International Bank.
International for Refinery Consultation	Arab International Bank	US\$.5.2% Annually	2016	540 453 234	540 453 234	--	

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

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 Schedule	1 295 266 515	--	1 295 266 515	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.
Sabina for Integrated Solutions	Khartoum Bank – Sudan	US.\$: Murabha	--	23 108 807	23 108 807	--	- Possessory pledge for machinery and equipment.
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	2012-2016	565 022 703	565 022 703	--	- 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.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
	Bank/Company						
							<ul style="list-style-type: none"> - 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. - 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.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
	Bank/Company						<ul style="list-style-type: none"> - 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. - 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). - 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.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

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	Libor for 3 months plus 2 % Default rate 1% annually	April 2019	106 623 000	29 617 500	77 005 500	<ul style="list-style-type: none"> - First rank mortgage for all property and real estate on the project. - First rank commercial mortgage on all physical and moral assets. - First rank commercial mortgage on calcium carbonate production line. - Deposit all earnings resulting from future sale contracts related to calcium carbonate production in the favour of the bank. - 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.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
Glass Rock company for isolation	Bank/Company Misr Bank	Libor for 3 months plus 4.5% Default rate 1% annually	November 2021	659 663 742	94 113 515	565 550 227	<ul style="list-style-type: none"> - First rank mortgage for all property and real estate on the project. - First rank commercial mortgage on all physical and moral assets. - Deposit all earnings resulting from future sale contracts in the favour of the bank. - 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. - ASEC company for mining- the holding company- undertake the obligation to pay the company debt in case of default.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

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	342 518 498	--	342 518 498	- Includes a first degree pledge over all shares owned by the borrower of “TAQA Arabia” covering 115% of the value of the existing liability in favour of (Arab International Bank). - Includes a first degree pledge over shares of “Citadel Capital for financial consultancy” S.A.E (the ultimate parent company) covering 35% of the value of the existing liability in favour of (Arab International Bank).
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	5 765 730	5 765 730	--	
KU Railways Holding Limited	International Finance Corporation	US.\$ Effective interest rate for year 2013 14%	2017-2021	672 984 490	672 984 490	--	
KU Railways Holding Limited	International Finance Corporation	US.\$ fixed interest rate: basic lending rate plus 6.25% or variable rate: Libor for six months plus 6.25%	2017-2026	432 164 814	432 164 814	--	

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

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%	2017-2021	784 880 999	784 880 999	--	
KU Railways Holding Limited	FMO	US.\$ Libor plus 6.25%	2017-2026	589 154 740	589 154 740	--	
KU Railways Holding Limited	International Finance Corporation	US. \$ Libor plus (5.5% or 6.25%)	2017-2021	399 395 987	399 395 987	--	
KU Railways Holding Limited	Equity Bank	US.\$ Interest rate for treasury bills of Kenya 91 days plus 4% or 14% which is bigger	2017-2021	356 384 637	356 384 637	--	
KU Railways Holding Limited	KFW	US.\$ Libor plus (5.5% or 6.25%)	2017-2026	619 455 500	619 455 500	--	
KU Railways Holding Limited	Barclays	US.\$ Libor plus (5.5% or 6.25%)	2017-2026	63 810 149	63 810 149	--	
KU Railways Holding Limited	Equity Bank EARH Loan	US. \$ Libor plus (5.5% or 6.25%)	2017-2027	35 711 298	35 711 298	--	- The loan from Equity Bank is repayable semi-annually over 10 years starting from June 2017.
KU Railways Holding Limited	Standard Bank	US. \$ Libor plus (5.5% or 6.25%)	2017-2028	279 245 154	279 245 154	--	
Less: prepaid fee				(93 746 861)	(93 746 861)	--	
ESACO for Manufacturing Engineering and Construction	HSBC		2020	38 685 207	6 713 132	31 972 075	
				<u>47 960 488 533</u>	<u>9 338 004 714</u>	<u>38 622 483 819</u>	

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender Bank/Company (Related parties)	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
Loans from related parties							
National Development and Trading Company	Financial Holdings International	11.5% per annum compound interest	Under renewal	1 866 726 732	1 866 726 732	--	The guarantees are represented in lien on part of National Development and Trading Company shares in the following subsidiaries companies: ASEC Cement Company 41 050 000 shares Arab Swiss Engineering Company (ASEC) 899 900 shares. 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	38 801 931	38 801 931	--	
United Foundries	Financial Holdings International	11.5% per annum compound interest	Under renewal	129 828 495	92 096 867	37 731 628	
				<u>2 035 357 158</u>	<u>1 997 625 530</u>	<u>37 731 628</u>	
				<u>49 995 845 691</u>	<u>11 335 630 244</u>	<u>38 660 215 447</u>	

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

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

24. Long term liabilities and derivatives

	30/6/2017	31/12/2016
Derivatives swap contracts (24.3)	286 044 351	195 679 468
Creditors-purchase of investments (24.1)	10 787 486	10 787 486
End of service benefits	2 514 407	2 383 685
Deposits from others (24.2)	166 974 650	163 112 502
Social Insurance authority	24 826 299	9 554 760
Other liabilities	4 981 215	12 275 921
Balance	<u>496 128 408</u>	<u>393 793 822</u>

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

24.2 Deposits from others

	30/6/2017	31/12/2016
Gas consumption deposits	98 931 721	106 779 497
Power consumption deposits	<u>68 042 929</u>	<u>56 333 005</u>
Balance	<u>166 974 650</u>	<u>163 112 502</u>

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

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

The main terms of the transactions are as follows;

Trade date: June 25, 2012.

Effective date: July 3, 2012.

Termination date: December 20, 2024.

Fixed portion rate paid by the company is 2.3475%.

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

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

Maximum notional amount covered under these transactions are:

- US.\$ 789 445 078 by Standard Chartered Bank.

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

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

As at June 30, 2017 the balance related to the change in the fair value of cash flow hedges related to hedged transactions is amounting to EGP 286 044 351 (equivalent to US.\$ 15 856 117) versus EGP 195 679 468 (equivalent to US.\$ 10 834 965) as at December 31, 2016 as follows:

	30/6/2017	31/12/2016
Societe General Corporate & Investment Banking	67 003 049	46 967 667
HSBC Bank Middle East Limited	57 629 151	36 639 261
KFW IPEX – Bank GMBH	16 010 356	11 211 395
Mitsubishi UFJ Securities International PLC	28 154 956	19 713 754
Standard Chartered Bank	117 246 839	81 147 391
Balance	<u>286 044 351</u>	<u>195 679 468</u>

25. Deferred tax assets /liabilities

	30/6/2017		31/12/2016	
			(Restated) *	
	Asset	Liability	Asset	Liability
Fixed assets	--	163 438 507	--	166 954 128
Intangible assets	--	141 480 098	--	147 741 347
Hedge reserve-swap contract	64 360 009	--	44 027 860	--
Provisions	5 027 299	--	4 156 683	--
Deferred tax liabilities related to Berber for electricity Ltd. Co.	--	14 552 146	--	13 726 848
Tax losses	7 406 651	--	12 900 239	--
Others	--	200 746 544	--	214 941 932
Total deferred tax assets / liabilities	<u>76 793 959</u>	<u>520 217 295</u>	<u>61 084 782</u>	<u>543 364 255</u>

- The Parent Company has carried-forward tax losses as of June 30, 2017 amounted to EGP 431 347 270 and the related deferred tax assets amounted EGP 97 053 135 which were not recognized because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefore.

* (Note 47).

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

26. Banks overdraft

	30/6/2017	31/12/2016
Silverstone Capital Investments Ltd.	274 111 684	161 074 214
United Foundries Company	58 532 333	69 928 101
National Development and Trading Company	37 684 925	62 047 466
Tawazon for Solid Waste Management (Tawazon)	50 283 157	35 624 023
ASEC for mining (ASCOM)	160 801 097	155 618 975
Falcon Agriculture Investment	15 118 999	14 699 341
Balance	<u>596 532 195</u>	<u>498 992 120</u>

27. Due to related parties

	30/6/2017	31/12/2016
Scimitar Production Egypt Ltd	24 332 623	24 640 035
Mena Glass Ltd.	949 369 071	956 784 685
Pharos Holding Co.	488 469	488 451
ASEC Automation Europe Co.	4 011 209	161 007
ASEC Automation Co. Free Zone	3 850 202	6 339 777
Kimonix Egypt for Consultancy Libya	2 812 699	3 403 400
Grandview Investment Holding	3 681 134	11 995 506
Haider	25 845	--
Others	20 952 914	28 885 568
Sub-balance	<u>1 009 524 166</u>	<u>1 032 698 429</u>
Due to shareholders:		
Sadek Ahmed El Swedey *	126 280 000	297 990 000
Fenix one Ltd.	74 884 852	75 367 360
Aly Hassan Dayekh	164 363 035	142 250 945
Olayan	103 798 336	98 190 324
Joussour	425 974 804	422 458 620
IFC	228 013 820	224 489 338
Others *	7 045 764	10 047 910
Sub-balance	<u>1 130 360 611</u>	<u>1 270 794 497</u>
Balance	<u>2 139 884 777</u>	<u>2 303 492 926</u>

- Nature of transactions with related parties is financing transactions.

* The shareholders of the Company

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

28. Trade and other payables

	30/6/2017	31/12/2016
Suppliers	3 347 516 269	2 696 330 159
Notes payables	379 648 473	200 988 034
Balance	<u>3 727 164 742</u>	<u>2 897 318 193</u>

29. Creditors and other credit balances

	30/6/2017	31/12/2016
		(Restated) *
Accrued expenses	1 525 244 711	855 251 278
Accrued interest	438 671 243	281 942 689
National Authority for Social Insurance	27 688 766	44 530 456
Advances from customers	148 050 382	121 823 474
Refundable deposits	2 924 086	2 937 694
Unearned revenues	73 199 330	24 464 398
Subcontractors	4 181 151	11 530 654
Creditors – purchase of fixed assets	17 094 564	12 386 904
Deposits from others	68 217 172	60 378 225
Dividend payable – prior years	36 033 144	23 051 725
Shareholders' credit balances	1 441 919	1 441 919
Sundry credit balances	<u>389 861 972</u>	<u>501 562 497</u>
Balance	<u>2 732 608 440</u>	<u>1 941 301 913</u>

* (Note 47).

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

30. Provisions

	Claims provision	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 *	60 213 698	86 844	22 497 776	82 798 318
Provisions used	(20 632 664)	(850)	--	(20 633 514)
Provision no longer needed	--	(67 450)	--	(67 450)
Effect of movements in exchange rates	(807 189)	(1 578)	--	(808 767)
Balance	<u>709 133 029</u>	<u>1 281 575</u>	<u>32 411 277</u>	<u>742 825 881</u>

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

* Other provisions formed during the period by EGP 22 497 776 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 fee

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

	For the period		For the period	
	from 1/4/2017 to 30/6/2017	from 1/1/2017 to 30/6/2017	from 1/4/2016 to 30/6/2016	from 1/1/2016 to 30/6/2016
Scimitar Production Egypt Ltd.	<u>2 864 747</u>	<u>7 535 057</u>	<u>2 633 744</u>	<u>5 020 199</u>
Total	<u>2 864 747</u>	<u>7 535 057</u>	<u>2 633 744</u>	<u>5 020 199</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 June 30, 2017 comprised the following:

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

Company's name	For the period		For the period	
	from 1/4/2017 to 30/6/2017	from 1/1/2017 to 30/6/2017	from 1/4/2016 to 30/6/2016	from 1/1/2016 to 30/6/2016
Golden Crescent	28 782 786	56 462 217	(701 269)	13 196 363
Logria holding LTD.	5 329 559	10 454 817	(130 592)	2 443 509
Total	34 112 345	66 917 034	(831 861)	15 639 872

32. Share of (loss) profit of investment in associates

	For the period		For the period	
	from 1/4/2017 to 30/6/2017	from 1/1/2017 to 30/6/2017	from 1/4/2016 to 30/6/2016	from 1/1/2016 to 30/6/2016
El Kateb for Marketing & Distribution Co.	(137 078)	10 065	(216 472)	(61 335)
Elsharq Book Stores Co.	(118 476)	(70 443)	(273 262)	(315 006)
Dar El-Sherouk Ltd.	(1 063 582)	(745 783)	(1 114 425)	(1 217 019)
Societe Des Ciments De Zahana	16 743 751	3 140 235	4 890 857	18 203 620
Mena Glass Ltd.	(1 175 164)	(1 221 296)	(191 082)	33 622 183
Ostool for Land Transportation S.A.E	--	--	803 800	1 938 090
Total	14 249 451	1 112 778	3 899 416	52 170 533

33. Operating revenue

	For the period		For the period	
	from 1/4/2017 to 30/6/2017	from 1/1/2017 to 30/6/2017	from 1/4/2016 to 30/6/2016	from 1/1/2016 to 30/6/2016
	(Restated) *			
Agriculture food industries	314 676 588	468 546 242	226 021 200	403 665 825
Energy sector	964 773 715	1 900 104 906	739 972 166	1 366 654 774
Transportation and logistics	34 360 280	57 920 478	28 854 208	52 742 004
Cement sector	699 270 109	1 376 548 455	609 254 022	1 286 691 992
Metallurgy	32 340 670	84 677 610	37 044 654	82 100 121
Financial Services sector	2 100 000	5 650 000	2 590 000	5 471 300
Mining sector	234 506 948	503 217 378	185 268 061	363 497 847
Total	2 282 028 310	4 396 665 069	1 829 004 311	3 560 823 863

* (Note 47).

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

34. Operating costs

	For the period		For the period (Restated) *	
	from 1/4/2017 to 30/6/2017	from 1/1/2017 to 30/6/2017	from 1/4/2016 to 30/6/2016	from 1/1/2016 to 30/6/2016
Agriculture food industries	246 603 717	350 052 892	186 239 518	321 198 602
Energy sector	869 541 366	1 692 842 070	632 944 930	1 191 670 376
Transportation and logistics	39 223 655	69 012 428	31 278 804	55 340 778
Cement sector	610 591 732	1 189 496 035	525 357 469	1 074 001 376
Metallurgy	21 056 953	53 731 502	26 869 949	59 581 338
Financial Services sector	1 250 000	3 735 545	1 534 865	3 166 730
Mining sector	203 051 572	435 281 728	169 527 151	332 412 609
Total	1 991 318 995	3 794 152 200	1 573 752 686	3 037 371 809

* (Note 47).

35. Administrative expenses

	For the period		For the period (Restated) *	
	from 1/4/2017 to 30/6/2017	from 1/1/2017 to 30/6/2017	from 1/4/2016 to 30/6/2016	from 1/1/2016 to 30/6/2016
Wages , salaries and similar items	139 012 487	243 934 863	64 981 456	162 062 425
Consultancy	39 238 890	70 240 145	33 066 999	71 442 351
Advertising and public relations	1 758 273	4 479 356	3 353 460	7 804 459
Selling and marketing	49 235 090	81 140 586	37 092 972	68 670 388
Travel and accommodation	2 897 470	7 375 820	2 631 097	6 646 109
Rent	2 511 899	5 464 579	1 259 778	3 179 415
Depreciation and amortization	22 971 466	50 736 130	34 100 833	55 403 868
Donations	1 375 000	2 750 000	3 399 334	6 531 434
Other	42 209 534	133 130 330	112 897 688	192 130 021
Total	301 210 109	599 251 809	292 783 617	573 870 470

* (Note 47)

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

36. Other (expenses) / revenues

	Note	For the period		For the period	
		from 1/4/2017 to 30/6/2017	from 1/1/2017 to 30/6/2017	from 1/4/2016 to 30/6/2016	from 1/1/2016 to 30/6/2016
Impairment (loss) / Reversal on:					
Due from related parties	(17)	(7 521 778)	(14 384 701)	(4 024 735)	(6 359 718)
Debtors and other debit balances		(432 592)	(432 592)	(833 162)	(2 115 807)
Receivables		1 770 145	(5 095 228)	--	(85 544)
Available-for-sale investments	(11)	--	44 419	(452)	(3 384)
		<u>(6 184 225)</u>	<u>(19 868 102)</u>	<u>(4 858 349)</u>	<u>(8 564 453)</u>
Others:					
Gain on sale of fixed assets		(1 305 839)	8 440 721	(217 522)	1 224 327
Loss on sale of biological assets		--	--	409 391	(617 531)
Provisions formed	(30)	(13 921 298)	(60 300 542)	(20 211 507)	(64 405 470)
Net change in the fair value of investments at fair value through profit and loss		179 407	259 144	(4 275)	(119 325)
Provisions no longer needed	(30)	--	67 450	2 750 733	4 866 378
Other revenues (expenses)		<u>16 074 398</u>	<u>36 244 267</u>	<u>(16 507 360)</u>	<u>(7 732 234)</u>
		<u>1 026 668</u>	<u>(15 288 960)</u>	<u>(33 780 540)</u>	<u>(66 783 855)</u>
Balance		<u>(5 157 557)</u>	<u>(35 157 062)</u>	<u>(38 638 889)</u>	<u>(75 348 308)</u>

37. Finance costs

	For the period		For the period	
	from 1/4/2017 to 30/6/2017	from 1/1/2017 to 30/6/2017	from 1/4/2016 to 30/6/2016	(Restated) * from 1/1/2016 to 30/6/2016
Interest income	28 362 613	57 173 929	22 518 507	43 804 685
Interest expenses – (Note 23)	(315 790 236)	(647 080 238)	(158 195 717)	(365 716 112)
Effect of movements in exchange rates	<u>(30 425 480)</u>	<u>24 373 581</u>	<u>(18 444 973)</u>	<u>(71 883 413)</u>
Net	<u>(317 853 103)</u>	<u>(565 532 728)</u>	<u>(154 122 183)</u>	<u>(393 794 840)</u>

* (Note 47).

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

38. Income tax

	For the period		For the period (Restated) *	
	from 1/4/2017 to 30/6/2017	from 1/1/2017 to 30/6/2017	from 1/4/2016 to 30/6/2016	from 1/1/2016 to 30/6/2016
Current income tax	(33 069 026)	(79 810 332)	(22 245 555)	(50 603 060)
Deferred tax	29 624 546	27 763 735	4 276 069	(4 531 171)
Net	<u>(3 444 480)</u>	<u>(52 046 597)</u>	<u>(17 969 486)</u>	<u>(55 134 231)</u>

* (Note 47).

39. Earnings per share

	For the period		For the period (Restated) *	
	from 1/4/2017 to 30/6/2017	from 1/1/2017 to 30/6/2017	from 1/4/2016 to 30/6/2016	from 1/1/2016 to 30/6/2016
Net loss for the period	<u>(3 077 915 788)</u>	<u>(3 624 532 188)</u>	<u>(643 718 512)</u>	<u>(995 798 474)</u>
Net loss for equity holders of the parent Company	<u>(2 756 186 438)</u>	<u>(3 139 627 596)</u>	<u>(277 548 914)</u>	<u>(559 160 929)</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>	<u>1 820 000 000</u>	<u>1 820 000 000</u>
Earnings per share	<u>(1.51)</u>	<u>(1.73)</u>	<u>(0.15)</u>	<u>(0.31)</u>

* (Note 47).

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

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.

Assets and liabilities include items directly attributable to a segment.

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

Operating income analysis										
For the period ended										
June 30, 2017	Agriculture food industries	Energy	Transportation and logistics	Cement	Metallurgy	Speciality real estate	Financial service	Mining	Eliminations	Total
Operating revenue	468 546 242	1 900 104 906	57 920 478	1 376 548 455	84 677 610	--	5 650 000	503 217 378	--	4 396 665 069
Operating cost	(350 052 892)	(1 692 842 070)	(69 012 428)	(1 189 496 035)	(53 731 502)	--	(3 735 545)	(435 281 728)	--	(3 794 152 200)
Gross profit (loss)	118 493 350	207 262 836	(11 091 950)	187 052 420	30 946 108	--	1 914 455	67 935 650	--	602 512 869
Net (loss) for owners of the parent Company										
	(40 574 574)	(30 804 011)	(3 345 144 605)	(10 206 083)	17 562 350	(52 508 756)	(188 481 286)	(81 428 655)	591 958 024	(3 139 627 596)
Financial position										
As at June 30, 2017										
Current assets	478 698 511	5 451 489 094	576 246 777	4 402 427 594	239 536 683	519 212 641	8 525 276 225	499 781 439	(9 839 098 601)	10 853 570 363
Non-current assets	1 551 564 758	55 748 707 453	6 523 308 324	1 502 224 273	271 345 601	1 442 232	27 067 253 994	1 736 302 415	(31 965 118 014)	62 437 031 036
Total assets	2 030 263 269	61 200 196 547	7 099 555 101	5 904 651 867	510 882 284	520 654 873	35 592 530 219	2 236 083 854	(41 804 216 615)	73 290 601 399
Current liabilities	2 502 070 565	3 593 375 875	7 774 324 958	2 721 615 247	284 728 109	909 720 130	16 002 747 786	891 273 234	(12 060 364 311)	22 619 491 593
Non-current liabilities	124 424 806	34 974 125 976	--	4 825 192 571	638 226 534	--	333 261 085	803 877 095	(2 022 546 917)	39 676 561 150
Owners' equity	(596 232 102)	22 632 694 696	(674 769 857)	(1 642 155 951)	(412 072 359)	(389 065 257)	19 256 521 348	540 933 525	(27 721 305 387)	10 994 548 656
Total liabilities and equity	2 030 263 269	61 200 196 547	7 099 555 101	5 904 651 867	510 882 284	520 654 873	35 592 530 219	2 236 083 854	(41 804 216 615)	73 290 601 399

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

Operating income analysis										
For the period ended June 30, 2016	Agriculture food industries	Energy	Transportation and logistics	Cement	Metallurgy	Speciality real estate	Financial service	Mining	Eliminations	Total
Operating revenue	403 665 825	1 366 654 774	52 742 004	1 286 691 992	82 100 121	--	5 471 300	363 497 847	--	3 560 823 863
Operating cost	(321 198 602)	(1 191 670 376)	(55 340 778)	(1 074 001 376)	(59 581 338)	--	(3 166 730)	(332 412 609)	--	(3 037 371 809)
Gross profit (loss)	82 467 223	174 984 398	(2 598 774)	212 690 616	22 518 783	--	2 304 570	31 085 238	--	523 452 054
Net (loss) for owners of the parent Company										
	(10 182 157)	9 253 600	(215 762 795)	(322 227 165)	(19 922 589)	(42 628 641)	(13 530 857)	(19 561 413)	75 401 088	(559 160 929)
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	(2 690 557 005)	13 895 443 169
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	2 463 050 409	59 330 864 279
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	(227 506 596)	73 226 307 448
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	4 125 441 506	21 894 565 610
Non-current liabilities	157 369 022	15 565 533 732	--	2 455 624 066	305 281 017	--	1 461 261 756	409 625 677	15 109 170 759	35 463 866 029
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	(19 462 118 861)	15 867 784 809
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	(227 506 596)	73 226 307 448

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

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

The following summary describes the entities of each reportable segment:

Agriculture food industries

- 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

- 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

- 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.
- Arab Company for Financial investments
- Lotus Alliance Limited

Citadel Capital Company

Notes to the consolidated interim financial statements

For the period ended June 30, 2017

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

-
- 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)

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

41. Tax status of the parent company**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. And the years from 2010/2016 have not been inspected yet.

Stamp tax

The Company was inspected till July 31, 2006 and paid all the accrued amounts according to the Internal Committee decision and for the period from August 1, 2006 to December 31, 2013 has been inspected and the dispute has transferred to Internal Committee in the Authority. And the years 2014 and 2016 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
National Company for Touristic and Property Investment	Arab Republic of Egypt	--	99.88
United for Petroleum Refining Consultation	Arab Republic of Egypt	--	99.99

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

Company's name	Country of incorporation	Group share percentage	
		Direct %	Indirect %**
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
Taqa Arabia Company	Arab Republic of Egypt	--	93.49
Gas and Energy Company (GENCO Group) – SAE	Arab Republic of Egypt	--	99.99
Taqa for Electricity ,Water and Cooling- SAE	Arab Republic of Egypt	--	98.74
Taqa for Marketing Petroleum Products- SAE	Arab Republic of Egypt	--	99.99
Gas and Energy Group Limited	British Virgin Island	--	99.99
Genco for Mechanical and Electricity Work	Qatar	--	99.99
Qatar Gas Group Limited *	Qatar	--	45.00
Arab Company for Gas Services *	Libya	--	49.00

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

Company's name	Country of incorporation	Group share percentage	
		Direct %	Indirect %**
Arabian Libyan Company for Energy	Libya	--	65.00
Taqa Arabia Solar Co.	Arab Republic of Egypt	--	100.00
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	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 Services "PETROMAR"	Arab Republic of 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
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

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017

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

Company's name	Country of incorporation	Group share percentage	
		Direct %	Indirect %**
National Company for Martime 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 Limited partnership	--	99.99
Dina for Auto Services	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 Limited partnership	--	99.99
Up-Date Company for Food Products	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	--	37.40
Arab Refining Company – S.A.E.	Arab Republic of Egypt	--	63.32
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

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017

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

Company's name	Country of incorporation	Group share percentage	
		Direct %	Indirect %**
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 Limited partnership	--	99.99
ASCOM for Geology & Mining- Syria	Company	--	95.00
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 Limited partnership	--	99.99
ASCOM Emirates for Mining UAE	Company Emirates	--	69.40
ASCOM Middle East	Joint Stock Company	--	100.00

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017

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

Company's name	Country of incorporation	Group share percentage	
		Direct %	Indirect %**
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- 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 equity share percentage of the direct holding companies (owned by the Citadel Capital Holding) that allow the company to have control on these companies through them.

43. Capital Commitments

The capital commitments as at June 30, 2017 represented in the following:

43.1 Asec Algeria Cement Company (Asec Cement)

Contractor	Contract amount	Uncompleted part	Contract currency	Uncompleted part	
				30/6/2017	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
Energya Company	--	--	US dollar	--	67 041 356
Energya 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
				--	2 159 375 010

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

	Contract amount 30/6/2017	Contract amount 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	2 400 000	2 400 000
Total	6 830 350	6 830 350

44. Contingent liabilities

The contingent liabilities as at June 30, 2017 are represented in the following:

44.1 ASEC Automation Co. (ASA)

	30/6/2017	31/12/2016
Letters of guarantee	2 654 228	2 654 228

44.2 ASEC Environmental Protection Co. (ASENPRO)

	30/6/2017	31/12/2016
Letters of guarantee	2 441 791	1 710 650

44.3 Arab Swiss Engineering Co. (ASEC)

	30/6/2017			31/12/2016		
	EURO	Dirham	EGP	EURO	Dirham	EGP
Letters of guarantee	36 037	50 000	34 794 305	36 037	50 000	34 794 305

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

	30/6/2017			31/12/2016		
	EURO	US.\$	EGP	EURO	US.\$	EGP
Letters of guarantee	6 651 974	6 413 730	56 094 245	6 739 680	6 309 405	56 294 245

44.5 United Foundries Company

	30/6/2017	31/12/2016
Letters of guarantee (outstanding)	--	652 838
Letters of guarantee (cover)	--	652 838
Letters of credit (cover)	--	32 642
	--	1 338 318

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

44.6 ASEC Company for Mining (ASCOM)

	30/6/2017	31/12/2016
Letters of guarantee – Uncovered portion (A)	24 977 261	25 200 165
Bank commitments for loans to subsidiaries (B)	<u>563 521 518</u>	<u>524 557 015</u>
	<u>588 498 779</u>	<u>549 757 180</u>

(A-1) The uncovered portion of letters of guarantee includes a letter of guarantee amounted to EGP 1 800 000 (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) concerning the loan provided to the subsidiary company from one of the banks the company deals with amounted EUR 27 802 000 due to the subsidiary's inability to pay its obligations resulting from the mentioned loan.

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 Egyptian Financial Supervisory Authority (EFSA) approved the ESOP plan and the Company has not start to apply it yet.

46. Contingent liabilities

The Company 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 period ended June 30, 2016, in addition to certain comparative figures have been reclassified to conform with the current period presentation.

Citadel Capital Company
Notes to the consolidated interim financial statements
For the period ended June 30, 2017
(In the notes all amounts are shown in EGP unless otherwise stated)

	Balance as at 31/12/2016 (as previously reported)	Reclassification and restates	Balance as at 31/12/2016 (restated)
Statement of financial position			
Assets classified as held-for-sale	6 631 428 162	44 263 109	6 675 691 271
Total change in assets		44 263 109	
Loans and borrowings	34 234 277 130	245 005 549	34 479 282 679
Deferred tax liabilities	548 951 505	(5 587 250)	543 364 255
Short term loans	5 294 499 129	(245 005 549)	5 049 493 580
Creditors and other credit balances	1 935 714 663	5 587 250	1 941 301 913
Total change in liabilities		--	
Retained earnings	(12 521 988 785)	36 580 894	(12 485 407 891)
Non-controlling interests	16 283 734 669	7 682 215	16 291 416 884
Total change in equity		44 263 109	
Total change in liabilities and equity		44 263 109	
	For the period ended 30/6/2016 (as previously reported)	Reclassification and restates	For the period ended 30/6/2016 (restated)
Income statement			
Continued operation			
Operating revenues	3 530 830 625	29 993 238	3 560 823 863
Operating costs	(3 007 599 095)	(29 772 714)	(3 037 371 809)
Administrative expenses	(539 691 727)	(34 178 743)	(573 870 470)
Finance costs	(389 301 511)	(4 493 329)	(393 794 840)
Income tax	(62 870 074)	7 735 843	(55 134 231)
Total change in continued operation		(30 715 705)	
Net loss from discontinued operation *	(461 493 829)	(16 799 582)	(478 293 411)
Total change in income statement		(47 515 287)	

Citadel Capital Company**Notes to the consolidated interim financial statements****For the period ended June 30, 2017**

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

48. Subsequent 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 June 30, 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 KURH with an amount of EGP 3.15 billion in its consolidated financial information for the period ended June 30, 2017.
- The consolidated financial information for the period ended June 30, 2017 of KURH (which include RVRK and RVRU) represented in the following:

	EGP
Total assets	3 150 769 146
Impairment of assets	(3 150 769 146)
Total loans and other liabilities	5 155 687 103
Net loss for the period (including impairment loss)	3 363 372 090

- 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.
- There have been investigations conducted by the World Bank -in its capacity as a lender - at RVR Group. The legal counsel of Citadel Group is of the opinion that Citadel Capital Company is not subject to these investigations.

49. Significant accounting policies applied

49.1 Business Combination

- The Group accounts for business combinations using the acquisition method when control is transferred to the Group (Note 49.2). 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 49.21.2), any gain on a bargain purchase is recognized immediately in income statement. Transaction costs are expensed as incurred, except if related to the issue of debtor equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in 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 income statement.

49.2 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.

49.3 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.

49.4 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 components of equity. Any resulting gain or loss is recognised in income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost.

49.5 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 income statement and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

49.6 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.

49.7 Foreign currency

49.7.1 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. 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.

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

49.8 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 income statement and statement of OCI is re-presented as if the operation had been discontinued from the start of the comparative period.

49.9 Revenue

49.9.1 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 income statement.

49.9.2 Dividend income

Dividend income is recognized when declared.

49.9.3 Interest income and expenses

Interest income and expenses are recognized in the 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 income statement".

49.9.4 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 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.

Citadel Capital Company

Notes to the consolidated interim financial statements

For the period ended June 30, 2017

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

49.9.5 Management fee

Management fee is calculated as determined by the management contract of each investment fund & portfolio and recorded on accrual basis.

49.9.6 Advisory fee

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

49.9.7 Services

Revenue from services rendered is recognised in 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.

49.9.8 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.

49.9.9 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.

49.9.10 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,

recovery of consideration is probable, the associates costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of return, trade discounts and volume rebates.

49.9.11 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 reliably, then contract revenue and expenses are recognized in 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 income statement.

49.9.12 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.

49.9.13 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.

49.9.14 Fuelling revenues

Revenues is recognized when supplying ships with fuel.

49.9.15 Natural gas revenues

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

49.9.16 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.

49.10 Income tax

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

49.10.1 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.

49.10.2 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:

- Temporary differences on the 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;
- Temporary differences related to 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
- Taxable temporary differences arising on the 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 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.

49.11 Property, plant and equipment

49.11.1 Recognition and measurement

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

49.11.2 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.

49.11.3 Depreciation

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

	Estimated useful life (Year)
- Buildings & Constructions	5 -49
- Lease hold improvements	3 -10
- Machinery, Equipment & tools	4 -33
- Furniture & Fixtures	4 -16
- Computers	2 -10
- Transportation means	3 -15
- Barges	5 -20

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the property and equipment, all other expenditure is recognized in the income statement as an expense as incurred.

49.11.4 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 company's 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 nine and fifty years. 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 year.

49.11.5 Reclassification to investment property

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

49.12 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. Property and equipment under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

49.13 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.

49.14 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 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 and to use or sell the asset. Otherwise, it is recognized in 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.

49.15 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 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 income statement. Intangible assets are presented at net of amortization and accumulated impairment losses

49.16 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.

49.17 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 income statement.

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

49.18 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.

**49.18.1 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.

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 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.

49.18.2 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.

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.

49.18.3 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 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 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.

49.18.4 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 income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in income statement.

49.18.5 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 ineffective portion of changes in the fair value of the derivative is recognized immediately in 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.

49.19 Share capital

49.19.1 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.

49.19.2 Preference shares

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

49.19.3 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.

49.20 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.

49.21 Impairment

49.21.1 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.

49.21.2 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 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.

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.

49.22 Provisions

Provisions are recognized when the Group has a legal or constructive current 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.

49.23 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.

49.24 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.

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 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 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 income statement. Impairment losses recognized in income statement for an investment in an equity instrument classified as available-for-sale are not reversed through income statement.

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 income statement, and is reversed if there has been an estimates used to determine the recoverable amount.

- 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.

49.25 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.

49.26 Trade and other payables

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

49.27 Cash and cash equivalents

For the purpose of preparing the 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.

49.28 Earnings per share

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

49.29 Profit sharing to employees

The holding 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.

49.30 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 income statement over the period of the borrowings on an effective interest rate basis.

49.31 Dividends

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

49.32 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. Under this law employees and employers contribute to the system a fixed percentage of the employees' salaries basis. The Group's liability is confined to such contributions amount. Contributions are charged to the income statement using the accrual basis of accounting.

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.

49.33 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.

49.34 Borrowing costs

Borrowing costs are recognized as expenses in the 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.

49.35 Financial lease

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

49.36 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 income statement using the accrual basis of accounting.

49.37 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.

49.38 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 43)

50. 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 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 49)

50.1 Market risk

Market risk is defined as the potential loss in both on and off financial position resulting from movements in market risk factors such as foreign exchange rates, interest rates, and equity prices.

Market risk is represented in the factors which affect values, earnings and profits of all securities negotiated in stock exchange or affect the value, earning and profit of a particular security.

According to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk.

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

50.2 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.
- The company has revalue assets and liabilities at the financial position date as disclosed in foreign currency accounting policy.

50.3 Risk management

In the ordinary course of business, the Group is exposed to a variety of risks, the most important of which are liquidity risk, interest rate risk, currency risk, credit risk and market risk. These risks are identified, measured and monitored through various control mechanisms in order to price facilities and products on a risk adjusted basis and to prevent undue risk concentrations.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

50.4 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. In addition, the effective credit appraisal procedure for examining applications for credit facilities followed by the Group, adopts as the main criteria the repayment capability and obtaining sufficient collateral. The continuous monitoring of credit accounts and the timely preventive action further minimize, to a large extent, the exposure to credit risk.

50.5 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind and monitors future cash flows and liquidity on daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of high marketable and diverse assets that can be easily liquidated in the event of an unforeseen interpretation of cash flow. In addition, the Group maintains statutory deposits with the Central Banks.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and to the Group in specific. The Group maintains a solid ratio of high liquid net assets in foreign currencies to deposits and commitments in foreign currencies taking markets conditions into consideration.

50.6 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.

50.7 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.

50.8 Operational risk

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel, and other risks having an operational risk impact. The Group seeks to minimize actual or potential losses from operational risk failure through a framework of policies and procedures that identify, assess, control, manage, and report those risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

50.9 Fair value of financial instruments

The fair value of the financial instruments does not substantially deviated from its book value at the financial position date. According to the valuation basis applied, in accounting policies to the assets and liabilities.