

Citadel Capital Company
(Egyptian Joint Stock Company)

Separate interim financial statements
for the period ended June 30, 2017
&
Limited review report

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Translation

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Report on Limited Review of Separate Interim Financial Statements

To: Board of Directors of Citadel Capital Company

Introduction

We have performed a limited review for the accompanying separate statement of financial position of Citadel Capital Company (Egyptian Joint Stock Company) as at June 30, 2017 and the related separate 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 separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of limited review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the Company as at June 30, 2017 and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards.



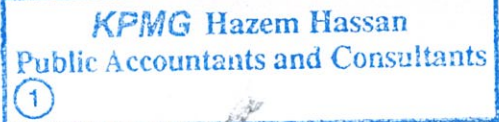
Hazem Hassan

Explanatory paragraph

Without qualifying our conclusion, we draw attention to Note (27) of the notes to the separate interim financial statements for the period ended June 30, 2017 regarding Subsequent Events to the financial position date, on July 31, 2017, the Court of Kenya issued an order to terminate the Concession Agreement granted to the company's subsidiary, Rift Valley Railways (Kenya) Limited (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), The financial effects arisen from the termination have not yet been determined.

Cairo, September 30 , 2017

Hassan Bas
KPMG Hazem Hassan



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

(All amounts in EGP)	Note	30/6/2017	31/12/2016
Assets			
Available-for-sale investments	(9)	11 467 990	17 743 251
Investments in subsidiaries	(10)	5 035 343 476	5 035 343 476
Payments for investments	(11)	3 699 091 454	3 694 591 454
Fixed assets	(12)	16 307 512	17 326 329
Work in process	(13)	15 071 759	11 085 708
Loans to subsidiaries	(14-2/14-3)	271 223 756	257 786 420
Deferred tax assets	(15)	803 546	733 388
Non - current assets		9 049 309 493	9 034 610 026
Cash and cash equivalents	(3)	2 545 620	5 566 792
Due from related parties	(4)	1 932 207 615	1 548 403 611
Loans to subsidiaries	(14-1)	1 420 678 563	1 350 557 205
Other debit balances	(5)	19 590 581	14 524 023
Current assets		3 375 022 379	2 919 051 631
Total assets		12 424 331 872	11 953 661 657
Equity			
Share capital	(16)	9 100 000 000	9 100 000 000
Reserves	(28-10)	89 578 478	89 578 478
Retained loss		(2 862 731 287)	(2 760 294 107)
Total equity		6 326 847 191	6 429 284 371
Liabilities			
Loans and borrowings	(17)	1 002 222 302	1 003 333 414
Non -current liabilities		1 002 222 302	1 003 333 414
Due to related parties	(6)	732 673 656	401 380 662
Loans and borrowings	(17)	3 349 184 774	3 357 137 984
Other credit balances	(7)	959 943 774	708 665 051
Expected claims provision	(8)	53 460 175	53 860 175
Current liabilities		5 095 262 379	4 521 043 872
Total liabilities		6 097 484 681	5 524 377 286
Total equity and liabilities		12 424 331 872	11 953 661 657

The accompanying notes from page 6 to 40 are an integral part of these separate 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

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate income statement

(All amounts in EGP)	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
Advisory fee	(19-1)	30 525 442	57 159 514	18 206 866	34 741 152
Administrative and general expenses	(20)	(49 223 090)	(109 428 342)	(65 481 045)	(135 478 931)
Fixed assets depreciation		(508 238)	(1 018 817)	(517 279)	(1 034 564)
Reversal of impairment loss		-	-	-	4 982 035
Other income		-	10 000	-	1 736 378
Net operating loss		(19 205 886)	(53 277 645)	(47 791 458)	(95 053 930)
Finance income (cost) - net	(18)	(38 516 976)	(49 229 693)	33 264 665	47 942 417
Loss before tax		(57 722 862)	(102 507 338)	(14 526 793)	(47 111 513)
Deferred tax	(15)	36 178	70 158	233 686	36 370
Loss for the period		(57 686 684)	(102 437 180)	(14 293 107)	(47 075 143)
Earnings per share	(23)	(0.03)	(0.06)	(0.01)	(0.03)

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

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate statement of comprehensive income

(All amounts 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	from 1/1/2016 to 30/6/2016
Loss for the period	(57 686 684)	(102 437 180)	(14 293 107)	(47 075 143)
Total comprehensive income for the period	(57 686 684)	(102 437 180)	(14 293 107)	(47 075 143)

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

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate statement of changes in equity

(All amounts in EGP)

	Share capital	Legal reserve	Retained loss	Shareholders' credit balances	Total
Balance as at January 1, 2017	9 100 000 000	89 578 478	(2 760 294 107)	-	6 429 284 371
Comprehensive income					
Loss for the period ended June 30, 2017	-	-	(102 437 180)	-	(102 437 180)
Total comprehensive income	-	-	(102 437 180)	-	(102 437 180)
Balance as at June 30, 2017	9 100 000 000	89 578 478	(2 862 731 287)	-	6 326 847 191
Balance as at January 1, 2016	9 100 000 000	89 578 478	(807 717 020)	1 464 311	8 383 325 769
Adjustments	-	-	50 479 869	-	50 479 869
Balance as at January 1, 2016 (adjusted)	9 100 000 000	89 578 478	(757 237 151)	1 464 311	8 433 805 638
Comprehensive income					
Loss for the period ended June 30, 2016	-	-	(47 075 143)	-	(47 075 143)
Total comprehensive income	-	-	(47 075 143)	-	(47 075 143)
Transactions with owners of the Company					
Reclassification of shareholders' credit balances	-	-	-	(1 464 311)	(1 464 311)
Total transactions with owners of the Company	-	-	-	(1 464 311)	(1 464 311)
Balance as at June 30, 2016	9 100 000 000	89 578 478	(804 312 294)	-	8 385 266 184

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

Citadel Capital Company
(Egyptian Joint Stock Company)
Separate statement of cash flows

(All amounts in EGP)

	Note	For the period ended	
		30/6/2017	30/6/2016
Cash flows from operating activities			
Loss before tax		(102 507 338)	(47 111 513)
Adjustments for:			
Depreciation		1 018 817	1 034 564
Unrealized foreign currency differences		32 015 305	(63 277 785)
Interest income		(84 110 932)	(38 679 718)
Reversal of impairment loss		-	(4 982 035)
		<u>(153 584 148)</u>	<u>(153 016 487)</u>
Changes in:			
Due from related parties		(383 804 004)	82 471 692
Other debit balances		(5 066 558)	(8 873 893)
Due to related parties		331 292 994	(175 138 185)
Other credit balances		251 278 723	144 242 671
Provisions used		(400 000)	(2 930 500)
Net cash provided from (used in) operating activities		<u>39 717 007</u>	<u>(113 244 702)</u>
Cash flows from investing activities			
Proceeds from selling of investments		6 275 261	-
Payments for investments		(4 500 000)	(23 251 600)
Payments for work in process		(3 986 051)	(2 602 006)
Net cash used in investing activities		<u>(2 210 790)</u>	<u>(25 853 606)</u>
Cash flows from financing activities			
Payments for loans and borrowings		-	(78 249 889)
Net cash used in financing activities		<u>-</u>	<u>(78 249 889)</u>
Net increase (decrease) in cash and cash equivalents		37 506 217	(217 348 197)
Cash and cash equivalents as at 1 January	(3)	(34 960 597)	435 411 098
Cash and cash equivalents as at 30 June	(3)	<u>2 545 620</u>	<u>218 062 901</u>

Non-cash transactions, note (3).

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

Citadel Capital Company

(Egyptian Joint Stock Company)

Notes to the separate interim financial statements

for the period ended June 30, 2017

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

1. Company background

1.1 Legal status and activity

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

1.2 Purposes of the company

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

2004. Subsequently to the successful completion of the capital increase, the company has transformed its business model from being a private equity company to an investment company with a focus on business segments of energy, cement, agrifoods, transportation & logistics, and mining. The required procedures to amend the Company's commercial register are taking place.

1.3 Registered headquarters

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

2. Basis of preparation

2.1 Statement of compliance

These separate interim financial statements have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian law and regulations. They were authorized to issue by the company's board of directors on September 30, 2017.

Details of the company's accounting policies are included in (Note 28).

2.2 Functional and presentation currency

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

2.3 Use of estimates and judgments

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

Estimates and underlying assumptions reviewed on an ongoing basis. Revisions to accounting estimates recognized in the period in which the estimate revised and in any future periods affected.

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

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

2.4 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.

2.5 Consolidated financial statements

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

3. Cash and cash equivalents

	30/6/2017	31/12/2016
Cash on hand	624 843	416 131
Banks – current accounts	1 920 777	5 150 661
Cash and cash equivalents as previously presented in the statement of financial position	2 545 620	5 566 792
Effect of exchange rate changes	--	(40 527 389)
Cash and cash equivalents adjusted as per cash flows statement	2 545 620	(34 960 597)

Non-cash transaction:

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

- An amount of EGP 984 375 has been eliminated from the change in due to related parties and other expenses (represents the transferred from due to related parties – National Development and Trading Company to other expenses).
- An amount of EGP 216 840 000 has been eliminated from the change in due from related parties and due to related parties (represents the amount reversed from due from related parties - Citadel Capital Holding for Financial Investments-Free Zone to due to related parties - National Development and Trading Company).
- An amount of EGP 127 076 752 has been eliminated from the change in due from related parties and due to related parties (represents the amount reversed from due from related parties - Citadel Capital for International Investments Ltd. to due to related parties - National Development and Trading Company).
- An amount of EGP 8 131 247 has been eliminated from the change in due to related parties and interest expenses (represents the difference reversed from due to related parties - National Development and Trading Company and due from related parties –“ Citadel Capital Holding for Financial Investments-Free Zone and Citadel Capital for International Investments Ltd “to interest expenses).

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

4. Due from related parties

	Nature of transaction		30/6/2017	31/12/2016
	Advisory fee	Finance		
Mena Home Furnishings Mall	87 111 190	--	87 111 190	79 267 398
Falcon Agriculture Investments Ltd.	247 221 567	--	247 221 567	224 620 745
Golden Crescent Investments Ltd.*	68 827 110	--	68 827 110	68 903 415
Citadel Capital Transportation Opportunities Ltd.*	20 979 889	--	20 979 889	21 003 147
Logria Holding Ltd. *	99 290 374	--	99 290 374	99 400 452
Mena Glass Ltd*.	61 985 440	--	61 985 440	62 054 160
Silverstone Capital Investment Ltd.	26 073 934	--	26 073 934	17 401 894
Sabina for Integrated Solutions *	--	19 844 000	19 844 000	19 866 000
Citadel Capital Financing Corp. *	118 427 477	--	118 427 477	118 558 771
Citadel Capital Transportation Opportunities II Ltd.	89 163 890	--	89 163 890	79 344 659
Citadel Capital Holding for Financial Investments-Free Zone*	--	1 540 726 952	1 540 726 952	1 277 871 417
ASEC Company for Mining (ASCOM)	--	74 454 161	74 454 161	74 008 425
United Foundries Company	--	143 211 816	143 211 816	148 738 576
Citadel Capital for International Investments Ltd.*	--	826 180 212	826 180 212	748 691 683
Africa Railways Limited*	21 712 078	--	21 712 078	21 736 149
Mena Joint Investment Fund GP	60 858 858	--	60 858 858	58 624 550
Citadel Capital Joint Investment Fund Management Ltd.	3 819 348	--	3 819 348	3 823 583
Africa JIF HOLD CO I	3 515 644	--	3 515 644	3 199 559
Africa JIF HOLD CO III	8 798 428	--	8 798 428	6 705 250
Mena JIF HOLD CO I	5 480 972	--	5 480 972	4 855 289
Crondall Holdings Ltd*.	31 874 209	--	31 874 209	31 909 546
International Company for Mining Consultation	--	129 000	129 000	146 000
ESACO Manufacturing, Engineering & Contracting *	--	10 000 000	10 000 000	10 000 000
ASEC Cement Company	11 431 400	135 698	11 567 098	18 536 102
Total			3 581 253 647	3 199 266 770
Accumulated impairment loss *			(1 649 046 032)	(1 650 863 159)
Net			1 932 207 615	1 548 403 611

Citadel Capital Company
Notes to the separate 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 comprised the following:

	Balance as at 1/1/2017	Foreign currency translation differences	Balance as at 30/6/2017
Logria Holding Ltd.	99 400 452	(110 078)	99 290 374
Citadel Capital Financing Corp.	118 558 771	(131 294)	118 427 477
Golden Crescent Investments Ltd.	68 903 415	(76 305)	68 827 110
Sabina for Integrated Solutions	19 866 000	(22 000)	19 844 000
ESACO Manufacturing, Engineering & Contracting	10 000 000	--	10 000 000
Citadel Capital Transportation Opportunities Ltd.	21 003 147	(23 258)	20 979 889
Mena Glass Ltd.	62 054 160	(68 720)	61 985 440
Africa Railways Limited	21 736 149	(24 071)	21 712 078
Crondall Holdings Ltd.	31 909 546	(35 337)	31 874 209
Citadel Capital Holding for Financial Investments-Free Zone	874 482 834	(968 421)	873 514 413
Citadel Capital for International Investments Ltd.	322 948 685	(357 643)	322 591 042
Balance	<u>1 650 863 159</u>	<u>(1 817 127)</u>	<u>1 649 046 032</u>

5. Other debit balances

	30/6/2017	31/12/2016
Deposits with others	57 500	207 500
Imprests	5 038 021	2 909 183
Letters of guarantee's margin	1 804 000	1 806 000
Taxes deducted by others	867 268	867 268
Prepaid expenses	732 920	39 000
Sundry debit balances	11 090 872	8 695 072
Balance	<u>19 590 581</u>	<u>14 524 023</u>

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

6. Due to related parties

	30/6/2017	31/12/2016
National Development and Trading Company	732 673 656	399 880 662
ASEC for Manufacturing and Industrial Projects (ARESCO)	--	1 500 000
Balance	<u>732 673 656</u>	<u>401 380 662</u>

7. Other credit balances

	30/6/2017	31/12/2016
Accrued expenses	182 521 489	157 668 572
Accrued interest	385 270 227	223 979 661
Suppliers	189 396 795	140 420 658
Prior years dividends payable	2 893 919	2 893 919
National Authority for Social Insurance	893 343	822 212
Shareholders' credit balances	1 464 311	1 464 311
Tax Authority	150 023 890	138 613 518
Sundry credit balances	47 479 800	42 802 200
Balance	<u>959 943 774</u>	<u>708 665 051</u>

8. Expected claims provision

	30/6/2017	31/12/2016
Balance at the beginning of the period	53 860 175	231 190 676
Provisions formed during the period	--	1 500 000
Provisions used during the period	<u>(400 000)</u>	<u>(178 830 501)</u>
Balance	<u>53 460 175</u>	<u>53 860 175</u>

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

9. Available-for-sale investments

	30/6/2017	31/12/2016
Arab Swiss Engineering Company – ASEC*	17 479	17 479
Modern Company for Isolating Materials *	43 396	43 396
EFG Capital Partners Fund II *	5 962 038	7 734 489
EFG Capital Partners Fund III	11 467 990	15 970 800
Balance	17 490 903	23 766 164
Accumulated impairment loss *	(6 022 913)	(6 022 913)
Net	<u>11 467 990</u>	<u>17 743 251</u>

* Accumulated impairment loss on investments comprised the following:

	30/6/2017	31/12/2016
Arab Swiss Engineering Company – ASEC	17 479	17 479
Modern Company for Isolating Materials	43 396	43 396
EFG Capital Partners Fund II	5 962 038	5 962 038
Balance	<u>6 022 913</u>	<u>6 022 913</u>

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

10. Investments in subsidiaries

	Percentage %	30/6/2017	Percentage %	31/12/2016
Citadel Capital Holding for Financial Investments-Free Zone	99.99	1 345 352 547	99.99	1 345 352 547
Citadel Capital for International Investments Ltd.	100	2 826 096 099	100	2 826 096 099
National Development and Trading Company */**	47.65	668 170 587	47.65	668 170 587
United Foundries Company */**	29.29	103 699 040	29.29	103 699 040
International Company for Mining Consultation	99.99	62 500	99.99	62 500
ASEC Cement Company *	1.8	42 611 872	1.8	42 611 872
ASEC Company for Mining (ASCOM)	54.74	303 049 871	54.74	303 049 871
Balance		<u>5 289 042 516</u>		<u>5 289 042 516</u>
Accumulated impairment loss **		<u>(253 699 040)</u>		<u>(253 699 040)</u>
Net		<u>5 035 343 476</u>		<u>5 035 343 476</u>

- * The Company has the control on these companies through direct and indirect equity interest, which enables the Company to consider these companies as subsidiaries.

** Accumulated impairment loss on investments comprised the following:

	30/6/2017	31/12/2016
National Development and Trading Company	150 000 000	150 000 000
United Foundries Company	103 699 040	103 699 040
Balance	253 699 040	253 699 040

- Investments in subsidiaries are represented in unlisted equity shares in the Stock Exchange except ASEC Company for Mining (ASCOM) with market value of EGP 195 015 837 which represents 25 727 683 share with a market price EGP 7.58 per share as at June 30, 2017 (EGP 136 357 340 as at December 31, 2016).

11. Payments for investments

	30/6/2017	31/12/2016
Citadel Capital Holding for Financial Investments- Free Zone	2 604 784 586	2 604 784 586
Citadel Capital for International Investments Ltd.	982 920 068	982 920 068
Other*	111 386 800	106 886 800
Balance	3 699 091 454	3 694 591 454

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

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

12. Fixed assets

	For the period ended June 30, 2017				
	Building & constructions*	Computers	Furniture, fixture and equipment	Vehicles	Total
Cost as at 1/1/2017	33 742 368	8 791 813	23 036 843	539 800	66 110 824
Total cost as at 30/6/2017	33 742 368	8 791 813	23 036 843	539 800	66 110 824
Cost as at 1/1/2016	33 742 368	8 791 813	23 036 843	539 800	66 110 824
Total cost as at 30/6/2016	33 742 368	8 791 813	23 036 843	539 800	66 110 824
Accumulated depreciation as at 1/1/2017	16 871 183	8 470 917	22 902 595	539 800	48 784 495
Depreciation for the period	843 559	144 545	30 713	--	1 018 817
Accumulated depreciation as at 30/6/2017	17 714 742	8 615 462	22 933 308	539 800	49 803 312
Accumulated depreciation as at 1/1/2016	15 184 065	8 156 337	22 841 170	539 800	46 721 372
Depreciation for the period	843 559	160 290	30 715	--	1 034 564
Accumulated depreciation as at 30/6/2016	16 027 624	8 316 627	22 871 885	539 800	47 755 936
Carrying amounts at 30/6/2017	16 027 626	176 351	103 535	--	16 307 512
Carrying amounts at 30/6/2016	17 714 744	475 186	164 958	--	18 354 888
Carrying amounts at 31/12/2016	16 871 185	320 896	134 248	--	17 326 329

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

13. Work in process

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

	30/6/2017	31/12/2016
Cost at the beginning of the period	11 085 708	7 070 294
Additions	3 986 051	6 135 669
Disposals	--	(2 120 255)
Balance	<u>15 071 759</u>	<u>11 085 708</u>

14. Loans to subsidiaries

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

	Note	30/6/2017	31/12/2016
Current			
National Development and Trading Company	14.1	<u>1 420 678 563</u>	<u>1 350 557 205</u>
Non – current			
United Foundries Company *	14.2	474 940 861	461 729 373
ASEC Company for Mining (ASCOM)	14.3	<u>157 082 895</u>	<u>157 257 047</u>
		632 023 756	618 986 420
Accumulated impairment loss *		<u>(360 800 000)</u>	<u>(361 200 000)</u>
Net		<u>271 223 756</u>	<u>257 786 420</u>
Balance		<u>1 691 902 319</u>	<u>1 608 343 625</u>

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

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

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

- During 2014, the company has signed two waiver contracts to Al Olayan Saudi investment Ltd by a portion from the two loans with a total amount of US.\$ 23 million represented in US.\$ 14 813 172 (principle amount) and US.\$ 8 186 828 (accrued interest amount).
- The balance of the two loans after the Assignment Agreement became: US.\$ 78 751 583 (equivalent to EGP 1 420 678 563) as at June 30, 2017 versus US.\$ 74 781 684 (equivalent to EGP 1 350 557 205) at December 31, 2016 including accrued interest during the period amounted to US.\$ 3 950 367 (equivalent to EGP 71 264 618) as at June 30, 2017 versus US.\$ 7 603 371 (equivalent to EGP 137 316 880 as at December 31, 2016).

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

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

- On January 9, 2012 the board of directors of United Foundries Company decided to convert the convertible loan contract to a subordinating loan that will be settled on 10 years with annual interest rate of 6% against commission with an amount of US.\$ 1 421 320 (equivalent to EGP 8 641 626) at the transaction date. The subordinating loan for United Foundries Company is US.\$ 26 327 098 (equivalent to EGP 474 940 861) as at June 30, 2017 versus US.\$ 25 566 410 (equivalent to EGP 461 729 373) as at December 31, 2016 including accrued interest during the period amounted to US.\$ 712 102 (equivalent to EGP 12 846 314) as at June 30, 2017 versus US.\$ 1 447 452 (equivalent to EGP 26 140 983 as at December 31, 2016).

- 14.3 The Company granted a loan to ASEC company for mining (ASCOM) – one of its subsidiaries – on September 7, 2014 with an amount of US.\$ 17 700 000. The loan contract period is seven years with annual interest rate of 6% and default rate of 8%. The principle of the loan has to be re-paid at the end of the loan agreement period. The principle of the loan should be used solely to support ASCOM and its related subsidiaries. The borrower should pay to Citadel Capital S.A.E (The lender) a fee up to 3% of the aggregate amount of the loan to cover the fees, costs and expenses incurred in connection with the loan. During the period, the borrower has re-paid an amount of US.\$ 8.9 million from the due loan amount. The balance of the loan became with an amount of US.\$ 8 707 478 (equivalent to EGP 157 082 895) as at June 30, 2017, versus US.\$ 8 707 478 (equivalent to EGP 157 257 047) as at December 31, 2016. Accrued interest during the period amounted to US.\$ 242 530 (equivalent to EGP 4 375 233) as at June 30, 2017 has been recorded on the current account - (note 4) versus US\$ 827 327 (equivalent to EGP 14 941 537) as at December 31, 2016.

15. Deferred tax assets

	30/6/2017	31/12/2016
Fixed assets – depreciation	803 546	733 388

The Company has carried-forward tax losses from previous years with an amount of EGP 431 347 270 at June 30, 2017 and the related deferred tax assets amounted EGP 97 053 135 which will not be recognized due to the lack of reasonable assurance of future of benefit from these assets.

16. Share capital

- The Company's authorized capital is EGP 6 Billion and the issued and paid-in capital is EGP 4 358 125 000 represents 871 625 000 shares distributed to 653 718 750 ordinary shares and 217 906 250 preferred shares with par value EGP 5 per share.
- The Company's extra-ordinary general assembly meeting held on October 20, 2013 approved the increase of the authorized capital from EGP 6 billion to EGP 9 billion and the increase of the issued capital from EGP 4 358 125 000 to EGP 8 billion, with an increase of EGP 3 641 875 000 by issuing 728 375 000 new shares at par value of EGP 5 per share, distributed over 182 093 750

preferred shares and 546 281 250 ordinary shares, without issuance costs. The purpose of this capital increase is to finance the acquisition of additional shares in its related companies, financing the Company's share contribution in the capital increases of some of its related companies and entering into new investments and settlement of some of Company's liabilities.

The Board of Directors approved in its meeting held on February 13, 2014 to cover the subscription of the unsubscribed Company's shares in the capital increase through offsetting the shareholders' credit balances that are payable by the Company (note 7) against the subscription price of the shares. The commercial register has been updated with the increase on April 16, 2014.

- The Company's extra-ordinary general assembly meeting held on March 25, 2015 approved the increase of the authorized capital from EGP 9 billion to EGP 10 billion and the increase of the issued capital from EGP 8 billion to EGP 9.7 billion, with an increase of EGP 1.7 billion in cash allowing the use of credit balances payable to existing shareholders by issuing 340 million new shares at par value of EGP 5 per share, consisting of 85 million preferred shares and 255 million ordinary shares, without issuance costs.
- The capital increase subscription started on June 2, 2015 and closed on the end of the working day September 9, 2015. The subscription had been covered by 64.71% represented in 220 million share of which 1 738 649 preferred share with an amount of EGP 8 693 245 and 218 261 351 ordinary share with an amount of EGP 1 091 306 755, with a total amount of EGP 1.1 billion and thus the Company's issued share capital after increase amounted EGP 9.1 billion, represents 1 820 000 000 shares comprising of 1 418 261 351 ordinary share and 401 738 649 preferred share at par value of EGP 5 per share. The commercial register has been updated with the increase on September 29, 2015.
- The preferred share has the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extraordinary general assembly meeting held on May 12, 2008 and also paragraph no.(3) of article no.(18) of the Company's article of associations. Those preferred shares are owned by Citadel Capital Partners Ltd. the principle shareholder of the Company.

The shareholders' structure is representing in the following:

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

17. Loans and borrowings

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

The new loan amount is divided into three classes:-

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

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

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

The Company has used an amount of US.\$ 300 million from funding granted to it till December 31, 2013. The Company has paid an amount of US.\$ 58 791 182 so the balance of the loan will be US.\$ 241 208 818 as at June 30, 2017 (equivalent to EGP 4 351 407 077) .

- The current installments are amounted to US.\$ 185 653 258 (equivalent to EGP 3 349 184 774 as at June 30, 2017) versus US.\$ 185 888 034 (equivalent to EGP 3 357 137 984 as at December 31, 2016). Current installments are as following:-

	First tranche		Second tranche		Total
	Maturity date	US.\$	Maturity date	US.\$	US.\$
First installment	December 20, 2012	35 000 000	December 20, 2012	Grace period one year	35 000 000
Second installment	December 20, 2013	35 000 000	December 20, 2013	13 888 888	48 888 888
Third installment	December 20, 2014	35 000 000	December 20, 2014	13 888 888	48 888 888
Fourth installment	December 20, 2015	35 000 000	December 20, 2015	13 888 888	48 888 888
Fifth installment	December 20, 2016	35 000 000	December 20, 2016	13 888 888	48 888 888
sixth installment			December 20, 2017	13 888 888	13 888 888
Total					244 444 440
Amount paid					(58 791 182)
Balance					<u>185 653 258</u>

- Non-current installments are amounted to US.\$ 55 555 560 (equivalent to EGP 1 002 222 302 as at June 30, 2017) versus US.\$ 55 555 560 (equivalent to EGP 1 003 333 414 as at December 31, 2016).
 - Interest on loan charged to the income statement during the period is EGP 139 839 011 (note 18)
 - The Company is currently in final negotiations with its senior lenders to reschedule its senior secured debt facility.
- Loan guarantees are as follows:
- First degree lien contract on the equity shares owned by the Company in National Development and Trading Company.

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

Citadel Capital Company

Notes to the separate interim financial statements

for the period ended June 30, 2017

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

18. Finance income (cost) - net

	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
Interest income - Note (19.2)	68 501 222	127 371 005	47 551 339	61 423 785
Interest expense - Note (17)	(84 203 115)	(139 839 011)	(40 564 055)	(76 759 350)
Other finance costs	(2 875 206)	(4 746 382)	--	--
Foreign currency differences	(19 939 877)	(32 015 305)	26 277 381	63 277 982
Net	<u>(38 516 976)</u>	<u>(49 229 693)</u>	<u>33 264 665</u>	<u>47 942 417</u>

19. Related party transactions

19.1 Advisory fee

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

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
Mena Home Furnishings Mall	3 959 852	7 422 222	1 949 918	3 671 210
Citadel Capital Transportation Opportunities Ltd.	--	--	537 025	1 011 085
Falcon Agriculture Investments Ltd.	11 407 687	21 382 209	5 617 398	10 576 160
ASEC Cement Company	3 186 608	5 942 260	1 538 714	3 359 178
Silverstone Capital Investment Ltd.	4 339 152	8 133 170	2 136 694	4 022 863
Citadel Capital Transportation Opportunities II Ltd.	4 946 136	9 270 881	2 435 586	4 585 602
Africa Railways Limited	--	--	2 668 879	5 024 832
Mena Joint Investment Fund GP	1 154 237	2 152 374	568 371	1 070 102
Africa JIF HOLD CO I	316 794	590 752	155 999	293 705
Africa JIF HOLD CO III	898 182	1 674 894	442 285	832 712
Mena JIF HOLD CO I	316 794	590 752	155 997	293 703
Total	<u>30 525 442</u>	<u>57 159 514</u>	<u>18 206 866</u>	<u>34 741 152</u>

- The Company did not recognize advisory fee related to Golden Crescent , Logria holding LTD., Africa Railways Limited and Citadel Capital Transportation Opportunities 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:

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
Africa Railways Limited	5 419 896	10 158 882	--	--
Citadel Capital Transportation Opportunities Ltd.	1 090 579	2 044 147	--	--
Total	<u>40 622 820</u>	<u>79 120 063</u>	<u>(831 861)</u>	<u>15 639 872</u>

19.2 Interest income

Interest income presented in finance income – (note 18) included an amount of EGP 127 318 430 which represent the accrued interest income according to the signed contracts with some related parties as follows:

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
National Development and Trading Company - note (14.1)	38 216 508	71 264 618	32 782 695	32 782 695
United Foundries Company - note (19.2.1)	8 981 553	16 811 939	4 362 018	8 087 610
Citadel Capital Holding for Financial Investments-Free Zone	18 931 466	34 866 640	9 159 418	17 591 928
ASEC Company for Mining (ASCOM)	<u>2 346 271</u>	<u>4 375 233</u>	<u>1 155 356</u>	<u>2 175 243</u>
Total	<u>68 475 798</u>	<u>127 318 430</u>	<u>47 459 487</u>	<u>60 637 476</u>

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

	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
Subordinating loan interest –				
Note (14.2)	6 888 990	12 846 314	3 191 492	5 897 023
Current account interest	2 092 563	3 965 625	1 170 526	2 190 587
Total	8 981 553	16 811 939	4 362 018	8 087 610

20. Administrative and general expenses

	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
Wages, salaries	37 981 839	77 795 168	34 929 245	68 738 785
Consultancy fee	2 653 808	9 551 507	13 109 728	35 095 902
Advertising and public relations	1 319 513	4 040 596	3 518 124	7 804 459
Travel , accommodation and transportations	806 549	3 310 373	3 558 847	5 529 691
Donations	1 375 000	2 750 000	3 399 333	6 531 433
Other expenses	5 086 381	11 980 698	6 965 768	11 778 661
Total	49 223 090	109 428 342	65 481 045	135 478 931

21. Management fee

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

22. Tax status

Corporate tax

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

Salaries tax

The Company deducts the salaries tax according to tax law no. 91/2005 and the Company's books inspected for the period from launch till the date of 31/12/2009 but the authority did not inform the Company with results yet. The years from 2010/2016 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, 2014 has been inspected and the dispute has transferred to Internal Committee in the Authority and the years from 2015/2016 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 taken place yet.

23. Earnings per share

	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
Net loss for the period (EGP)	(57 686 684)	(102 437 180)	(14 293 107)	(47 075 143)
The weighted average number of shares including the preferred shares with same distribution rights as ordinary shares	1 820 000 000	1 820 000 000	1 820 000 000	1 820 000 000
Basic earnings per share	(0.03)	(0.06)	(0.01)	(0.03)

24. Employees Stock Option Plan

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

25. Commitment and liabilities

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

26. Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances and debtors while financial liabilities include creditors. (Note 28) of notes to the separate interim financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses. The following are the significant risks related to those financial instruments and the policies and procedures followed by the company to reduce the effect of these risks:

26.1 Credit risk

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

26.2 Liquidity risk

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

26.3 Market risk

A- Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies. Assets and liabilities that have foreign currency position at the financial position date equivalent to EGP 325 349 672 and EGP 288 943 134 respectively and net foreign currencies balances at the financial position date are as follows:

Foreign currencies	Surplus (deficit)
US.\$	61 417 840
Euro	(24 269 333)
GBP	(741 969)

- As disclosed in (note 28.1), the Company has used the prevailing exchange rates to revalue monetary assets and liabilities at the financial position date.

B- Interest rate risk

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

C- Price risk

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

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

26.4 Capital risk management

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

In order to maintain or adjust the capital structure, management may adjust the amount of distribution paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

The gearing ratios at June 30, 2017 and December 31, 2016 were as follows:

	30/6/2017	31/12/2016
Liabilities		
Due to related parties	732 673 656	401 380 662
Current portion of long term loans	3 349 184 774	3 357 137 984
Other credit balances	959 943 774	708 665 051
Expected claims provision	53 460 175	53 860 175
Long term loans	1 002 222 302	1 003 333 414
Total	6 097 484 681	5 524 377 286
Less: Cash and cash equivalents	(2 545 620)	(5 566 792)
Net debt	6 094 939 061	5 518 810 494
Total equity	6 326 847 191	6 429 284 371
Gearing ratio	96%	85%

27. 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 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 Government of Uganda issued a 90-Day Notice to terminate the Concession Agreement granted to Rift Valley Railways (Uganda) Limited "RVRU" – Railway operator in Uganda , which is indirectly owned by the Citadel Capital Company through its subsidiary KU Railways Holding Limited (KURH), and to resume the operation to Uganda Railways Corporation.
- The Board of Directors of Citadel Capital Company decided in its meeting held on September 17, 2017, to divest from all the owned subsidiaries in railways sector by selling and /or dispensing and /or liquidating these subsidiaries and take all the required procedures to execute that as soon as possible.
- 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.

28. Significant accounting policies applied

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

28.1 Foreign currency transactions

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

28.2 Fixed assets depreciation

28-2-1 Recognition and measurement

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

28-2-2 Subsequent expenditure

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

28-2-3 Depreciation

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

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

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

28.3 Projects under construction

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

28.4 Gains and losses from disposal of fixed assets

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

28.5 Investments

28.5.1 Investments at fair value through income statement

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

28.5.2 Available-for-sale investments

Available-for-sale investments are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses (Note 28.6) which is recognized in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available-for-sale identifies, based on quoted price of the exchange market at the balance sheet date, investments that are not quoted, and whose fair value cannot be measured reliably are valued by an accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the company cannot estimate the fair value, it can be stated at cost less impairment loss.

28.5.3 Investments in subsidiaries

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

Investments in subsidiaries stated at cost less impairment (Note 28.6). At each balance sheet date, management assesses the investments' recoverable amount and in case that the recoverable amount is less than the carrying amount then an impairment loss is recognized in the income statement.

28.6 Impairment of assets

28.6.1 Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset calculated by reference to its current fair value.

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

All impairment losses recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity transferred to income statement.

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

28.6.2 Non-financial assets

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

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

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

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

28.7 Cash and cash equivalents

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

28.8 Interest-bearing borrowings

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

28.9 Provisions

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

28.10 Legal reserve

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

28.11 Issued capital

28.11.1 Ordinary shares

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

28.11.2 Preference shares

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

28.11.3 Repurchase of share capital

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

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

28.11.4 Dividends

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

28.12 Share-based payments

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

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

28.13 Financial instruments

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

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

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

28.14 Lending

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

28.15 Revenues

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

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

28.15.1 Gains (losses) on sale of investments

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

28.15.2 Dividend income

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

28.15.3 Management fee

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

28.15.4 Advisory fees

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

28.15.5 Interest income

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

28.16 Expenses

28.16.1 Interest expense

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

28.16.2 Employees pension

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

28.16.3 Income tax

- Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and

liabilities, using tax rates enacted or substantively enacted at the financial position date.

- A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

28.17 Earnings per share

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

28.18 Profit sharing to employees

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