Citadel Capital Company

(Egyptian Joint Stock Company)

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

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KPMG

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Translation from Arabic

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 30 September 2017 and the related separate statements of income, comprehensive income, changes in equity and cash flows for the nine 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

Except as explained in the following pragraph "Basis for Qualified Conclusion", we conducted our limited review in accordance with Egyptian Standard on Review Engagements No.(2410), "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of separate 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.

Basis For Qualified Conclusion

The company guaranteed financial guarantees issued by a wholly owned subsidiary in favor of certain shareholders (other than board members). The financial impact arising from these guarantees amounted to EGP 646 Million was recorded during the period ended 30 September 2017 and shown in the interim financial statements of the subsidiary.

In our opinion, a study should be prepared to determine the validity of these guarantees. Management of the company indicated that it has appointed an independent legal firm to prepare the required study.

Qualifaid Conclusion

Except for the adjustments to the separate interim financial statements that might be necessary had the information been available regarding the validaty of guarentees as indecated above, 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 30 September 2017 and of its financial performance and its cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.

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 30 September 2017 regarding Significant Events to the separate 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, on 31 July 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), Accordingly, Citadel Capital Company's management has recognized an impairment loss for all assets, direct and indirect investments of KURH and all the credit balances of the whole railways sector in the separate financial information for the period ended 30 September 2017 prepared by the Citadel Capital Company's management at the date of separate interim financial statements.

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants & Consultants

KPMG Hazem Hassan
Public Accountants and Consultants
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Cairo, 30 December 2017

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

(All amounts in EGP)	Note	30/9/2017	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)	3 700 341 454	3 694 591 454
Fixed assets	(12)	17 060 414	17 326 329
Work in process	(13)	19 298 364	11 085 708
Loans to subsidiaries	(14)	271 567 750	257 786 420
Deferred tax assets	(15)	147 444	733 388
Non - current assets		**9 055 226 892**	**9 034 610 026**
Cash and cash equivalents	(3)	1 954 309	5 566 792
Due from related parties	(4)	1 846 155 541	1 548 403 611
Loans to subsidiaries	(14-1)	1 424 646 792	1 350 557 205
Other debit balances	(5)	17 426 750	14 524 023
Current assets		**3 290 183 392**	**2 919 051 631**
Total assets		**12 345 410 284**	**11 953 661 657**
Equity			
Issued and paid-up capital	(16)	9 100 000 000	9 100 000 000
Legal reserve	(28-10)	89 578 478	89 578 478
Carried forward losses		(2 978 760 788)	(2 760 294 107)
Total equity		**6 210 817 690**	**6 429 284 371**
Liabilities			
Long term loans	(17)	978 333 412	1 003 333 414
Non -current liabilities		**978 333 412**	**1 003 333 414**
Due to related parties	(6)	720 307 855	401 380 662
Current portion of long term loans	(17)	3 269 353 873	3 357 137 984
Creditors and other credit balances	(7)	1 113 137 279	708 665 051
Provisions	(8)	53 460 175	53 860 175
Current liabilities		**5 156 259 182**	**4 521 043 872**
Total liabilities		**6 134 592 594**	**5 524 377 286**
Total equity and liabilities		**12 345 410 284**	**11 953 661 657**

The accompanying notes from page 6 to 39 are an integral part of these separate interim financial statements and are to be read therewith.

Limited review report "attached"

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

Separate income statement

(All amounts in EGP)	Note	For the period		For the period	
		from 1/7/2017 to 30/9/2017	from 1/1/2017 to 30/9/2017	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016
Advisory fee income	(19-1)	30 071 195	87 230 709	18 351 543	53 092 695
Administrative and general expenses	(20)	(45 254 407)	(154 682 749)	(46 910 513)	(182 389 444)
Depreciation expenses	(12)	(553 474)	(1 572 291)	(515 268)	(1 549 832)
Reversal of impairment losses		-	-	-	4 982 035
Other income		-	10 000	11 000	1 747 378
Net operating loss		(15 736 686)	(69 014 331)	(29 063 238)	(124 117 168)
Net finance (cost) income	(18)	(99 636 713)	(148 866 406)	(6 043 415)	41 899 002
Loss before tax		(115 373 399)	(217 880 737)	(35 106 653)	(82 218 166)
Deferred tax	(15)	(656 102)	(585 944)	197 011	233 381
Net loss for the period		**(116 029 501)**	**(218 466 681)**	**(34 909 642)**	**(81 984 785)**
Losses per share	(23)	**(0.06)**	**(0.12)**	**(0.02)**	**(0.05)**

The accompanying notes from page 6 to 39 are an integral part of these separate interim financial statements and are to be read therewith.

Separate statement of comprehensive income

(All amounts in EGP)	For the period		For the period	
	from 1/7/2017 to 30/9/2017	from 1/1/2017 to 30/9/2017	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016
Loss for the period	(116 029 501)	(218 466 681)	(34 909 642)	(81 984 785)
Total comprehensive income for the period	**(116 029 501)**	**(218 466 681)**	**(34 909 642)**	**(81 984 785)**

The accompanying notes from page 6 to 39 are an integral part of these separate interim financial statements and are to be read therewith.

Separate statement of changes in equity

(All amounts in EGP)	Share capital	Legal reserve	Carried forward losses	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 September 30, 2017	-	-	(218 466 681)	-	(218 466 681)
Total comprehensive income	**-**	**-**	**(218 466 681)**	**-**	**(218 466 681)**
Balance as at September 30, 2017	**9 100 000 000**	**89 578 478**	**(2 978 760 788)**	**-**	**6 210 817 690**
Balance as at January 1, 2016 (as previously report)	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 September 30, 2016	-	-	(81 984 785)	-	(81 984 785)
Total comprehensive income	**-**	**-**	**(81 984 785)**	**-**	**(81 984 785)**
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 September 30, 2016	**9 100 000 000**	**89 578 478**	**(839 221 936)**	**-**	**8 350 356 542**

The accompanying notes from page 6 to 39 are an integral part of these separate interim financial statements and are to be read therewith.

(All amounts in EGP)	Note	For the period ended	
		30/9/2017	**30/9/2016**
Cash flows from operating activities			
Loss before tax		(217 880 737)	(82 218 166)
Adjustments for:			
Depreciation	(12)	1 572 291	1 549 832
Unrealized foreign currency translation differences		108 173 600	(61 676 667)
Interest income		(128 998 358)	(59 018 372)
Reversal of impairment loss		-	(4 982 035)
		(237 133 204)	**(206 345 408)**
Changes in:			
Due from related parties		(297 751 930)	56 058 450
Other debit balances	(3)	(4 209 103)	(7 792 511)
Due to related parties		318 927 193	(175 138 285)
Creditors and other credit balances		404 472 228	192 690 359
Provisions used	(8)	(400 000)	(2 930 500)
Net cash provided from (used in) operating activities		**183 905 184**	**(143 457 895)**
Cash flows from investing activities			
Proceeds from sale of investments		6 275 261	-
Payments for investments		(5 750 000)	(25 251 600)
Payments for work in process		(8 212 656)	(1 610 518)
Net cash used in investing activities		**(7 687 395)**	**(26 862 118)**
Cash flows from financing activities			
Payments for loans		-	(78 249 889)
Net cash used in financing activities		**-**	**(78 249 889)**
Net increase (decrease) in cash and cash equivalents		176 217 789	(248 569 902)
Effect of movements in exchange rates on cash held		(179 830 272)	210 520 749
Cash and cash equivalents as at 1 January	(3)	5 566 792	223 289 232
Cash and cash equivalents as at 30 September	(3)	**1 954 309**	**185 240 079**

Non-cash transactions, note (3).

The accompanying notes from page 6 to 39 are an integral part of these separate interim financial statements and are to be read therewith.

1. Company background

1.1 Legal status and activity

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

1.2 Purposes of the company

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

- The company will 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.

These separate interim financial statements were authorized for issuance in accordance with a resolution of the board of directors on December 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.
- Note (15) – recognition of deferred tax.

2.4 Fair value measurement

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

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

2.5 Consolidated financial statements

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

3. Cash and cash equivalents

	30/9/2017	31/12/2016
Cash on hand	28 586	416 131
Banks – current accounts	1 925 723	5 150 661
Cash and cash equivalents	1 954 309	5 566 792

Non-cash transaction:

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

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

4. Due from related parties

	Nature of transaction		30/9/2017	31/12/2016
	Advisory fee	Finance		
Mena Home Furnishings Mall	88 906 074	--	88 906 074	79 267 398
Falcon Agriculture Investments Ltd.	252 481 280	--	252 481 280	224 620 745
Golden Crescent Investments Ltd.*	67 186 553	--	67 186 553	68 903 415
Citadel Capital Transportation Opportunities Ltd.*	20 479 814	--	20 479 814	21 003 147
Logria Holding Ltd. *	96 923 697	--	96 923 697	99 400 452
Mena Glass Ltd*.	60 507 960	--	60 507 960	62 054 160
Silverstone Capital Investment Ltd.	--	--	--	17 401 894
Sabina for Integrated Solutions *	--	19 371 000	19 371 000	19 866 000
Citadel Capital Financing Corp. *	115 604 649	--	115 604 649	118 558 771

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

	Nature of transaction		30/9/2017	31/12/2016
	Advisory fee	Finance		
Citadel Capital Transportation Opportunities II Ltd.	91 874 064	--	91 874 064	79 344 659
Citadel Capital Holding for Financial Investments-Free Zone*	--	1 511 021 620	1 511 021 620	1 277 871 417
ASEC Company for Mining (ASCOM)	--	75 872 697	75 872 697	74 008 425
United Foundries Company	--	140 836 001	140 836 001	148 738 576
Citadel Capital for International Investments Ltd.*	--	769 467 764	769 467 764	748 691 683
Africa Railways Limited*	21 194 551	--	21 194 551	21 736 149
Mena Joint Investment Fund GP	60 549 044	--	60 549 044	58 624 550
Citadel Capital Joint Investment Fund Management Ltd.	3 728 319	--	3 728 319	3 823 583
Africa JIF HOLD CO I	3 744 960	--	3 744 960	3 199 559
Africa JIF HOLD CO III	9 476 451	--	9 476 451	6 705 250
Mena JIF HOLD CO I	5 663 446	--	5 663 446	4 855 289
Crondall Holdings Ltd*.	31 114 458	--	31 114 458	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	--	--	--	18 536 102
Total			3 456 133 402	3 199 266 770
Accumulated impairment loss *			(1 609 977 861)	(1 650 863 159)
Net			1 846 155 541	1 548 403 611

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

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

	Balance as at 1/1/2017	Foreign currency translation differences	Balance as at 30/9/2017
Logria Holding Ltd.	99 400 452	(2 476 755)	96 923 697
Citadel Capital Financing Corp.	118 558 771	(2 954 122)	115 604 649
Golden Crescent Investments Ltd.	68 903 415	(1 716 862)	67 186 553
Sabina for Integrated Solutions	19 866 000	(495 000)	19 371 000
ESACO Manufacturing, Engineering & Contracting	10 000 000	--	10 000 000
Citadel Capital Transportation Opportunities Ltd.	21 003 147	(523 333)	20 479 814
Mena Glass Ltd.	62 054 160	(1 546 200)	60 507 960
Africa Railways Limited	21 736 149	(541 598)	21 194 551
Crondall Holdings Ltd.	31 909 546	(795 088)	31 114 458
Citadel Capital Holding for Financial Investments-Free Zone	874 482 834	(21 789 446)	852 693 388
Citadel Capital for International Investments Ltd.	322 948 685	(8 046 894)	314 901 791
Balance	1 650 863 159	(40 885 298)	1 609 977 861

5. Other debit balances

	30/9/2017	31/12/2016
Deposits with others	57 500	207 500
Impresses	4 806 084	2 909 183
Letters of guarantee's margin	1 761 000	1 806 000
Taxes deducted by others	867 268	867 268
Prepaid expenses	333 144	39 000
Sundry debit balances	9 601 754	8 695 072
Balance	17 426 750	14 524 023

6. Due to related parties

	30/9/2017	31/12/2016
National Development and Trading Company	715 273 919	399 880 662
Silverstone Capital Investment Ltd.	4 242 020	--
ASEC Cement Company	791 916	--
ASEC for Manufacturing and Industrial Projects (ARESCO)	--	1 500 000
Balance	720 307 855	401 380 662

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

7. Creditors and other credit balances

	30/9/2017	31/12/2016
Accrued expenses	188 768 403	157 668 572
Accrued interest	466 292 124	223 979 661
Consultancy and professional fees	249 887 428	140 420 658
Prior years dividends payable	2 893 919	2 893 919
National Authority for Social Insurance	1 209 771	822 212
Shareholders' credit balances	1 464 311	1 464 311
Tax Authority	155 602 623	138 613 518
Sundry credit balances	47 018 700	42 802 200
Balance	1 113 137 279	708 665 051

8. Provisions

	30/9/2017	31/12/2016
Balance at the beginning of the period/year	53 860 175	231 190 676
Provisions formed during the period/year	--	1 500 000
Provisions used during the period/year	(400 000)	(178 830 501)
Balance	53 460 175	53 860 175

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

9. Available-for-sale investments

	30/9/2017	31/12/2016
EFG Capital Partners Fund III	11 467 990	15 970 800
EFG Capital Partners Fund II *	5 962 038	7 734 489
Modern Company for Isolating Materials *	43 396	43 396
Arab Swiss Engineering Company – ASEC*	17 479	17 479
Balance	17 490 903	23 766 164
Accumulated impairment loss *	(6 022 913)	(6 022 913)
Net	11 467 990	17 743 251

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

* Accumulated impairment loss on investments comprised the following:

	30/9/2017	31/12/2016
EFG Capital Partners Fund II	5 962 038	5 962 038
Modern Company for Isolating Materials	43 396	43 396
Arab Swiss Engineering Company – ASEC	17 479	17 479
Balance	6 022 913	6 022 913

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

10. Investments in subsidiaries

	Percentage %	30/9/2017	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
ASEC Company for Mining (ASCOM)	54.74	303 049 871	54.74	303 049 871
United Foundries Company */**	29.29	103 699 040	29.29	103 699 040
ASEC Cement Company *	1.8	42 611 872	1.8	42 611 872
International Company for Mining Consultation	99.99	62 500	99.99	62 500
Balance		5 289 042 516		5 289 042 516
Accumulated impairment loss **		(253 699 040)		(253 699 040)
Net		5 035 343 476		5 035 343 476

* 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:

	30/9/2017	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 329 828 896 which represents 25 727 683 share with a market price EGP 12.82 per share as at September 30, 2017 (EGP 136 357 340 as at December 31, 2016).

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

11. Payments for investments

	30/9/2017	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*	112 636 800	106 886 800
Balance	3 700 341 454	3 694 591 454

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

12. Fixed assets

	Building & constructions*	Computers	Furniture, fixture and equipment	Vehicles	Total
Cost					
Cost as at 1/1/2017	33 742 368	8 791 813	23 036 843	539 800	66 110 824
Additions	--	1 306 376	--	--	1 306 376
Total cost as at 30/9/2017	33 742 368	10 098 189	23 036 843	539 800	67 417 200
Cost as at 1/1/2016	33 742 368	8 791 813	23 036 843	539 800	66 110 824
Total cost as at 30/9/2016	33 742 368	8 791 813	23 036 843	539 800	66 110 824
Accumulated depreciation					
Accumulated depreciation as at 1/1/2017	16 871 183	8 470 917	22 902 595	539 800	48 784 495
Depreciation for the period	1 265 339	260 883	46 069	--	1 572 291
Accumulated depreciation as at 30/9/2017	18 136 522	8 731 800	22 948 664	539 800	50 356 786
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	1 265 340	238 420	46 072	--	1 549 832
Accumulated depreciation as at 30/9/2016	16 449 405	8 394 757	22 887 242	539 800	48 271 204
Carrying amounts at 30/9/2017	15 605 846	1 366 389	88 179	--	17 060 414
Carrying amounts at 30/9/2016	17 292 963	397 056	149 601	--	17 839 620
Carrying amounts at 31/12/2016	16 871 185	320 896	134 248	--	17 326 329

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

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

13. Work in process

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

	30/9/2017	31/12/2016
Cost at the beginning of the period	11 085 708	7 070 294
Additions during the period/year	8 212 656	6 135 669
Disposals during the period/year	--	(2 120 255)
Balance	19 298 364	11 085 708

14. Loans to subsidiaries

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

	Note	30/9/2017	31/12/2016
Current			
National Development and Trading Company	14.1	1 424 646 792	1 350 557 205
Non – current			
United Foundries Company *	14.2	470 429 068	461 729 373
ASEC Company for Mining (ASCOM)	14.3	153 338 682	157 257 047
		623 767 750	618 986 420
Accumulated impairment loss *		(352 200 000)	(361 200 000)
Net		271 567 750	257 786 420
Balance		1 696 214 542	1 608 343 625

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

The guarantees are 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 balances of the two loans after the Assignment Agreement amounted.$ 80 899 874 (equivalent to EGP 1 424 646 792) as at September 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.$ 6 207 012 (equivalent to EGP 109 305 487) as at September 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.$ 26 713 746 (equivalent to EGP 470 429 068) as at September 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.$ 1 118 278 (equivalent to EGP 19 692 871) as at September 30, 2017 versus US.$ 1 447 452 (equivalent to EGP 26 140 983 as at December 31, 2016).

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

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

During 2014, the borrower has re-paid an amount of US.$ 8.9 million from the due loan amount. The balance of the loan became with an amount of US.$ 8 707 478 (equivalent to EGP 153 338 682) as at September 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.$ 380 863 (equivalent to EGP 6 706 997) as at September 30, 2017 has been recorded on the current account – included in due from related parties (note 4) versus US$ 827 327 (equivalent to EGP 14 941 537) as at December 31, 2016.

15. Deferred tax assets

	30/9/2017		2016/12/31	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Total deferred tax asset	147 444	--	733 388	--
Total deferred tax asset	147 444	--	733 388	--
Deferred tax charged to the income statement for the period/year	585 944		265 055	

The Company has carried-forward tax losses from previous years with an amount of EGP 431 347 270 at September 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.

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

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

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

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

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

The Company has used an amount of US.$ 300 million from funding granted to it till December 31, 2013. The Company paid an amount of US.$ 58 791 182 from the amount used and the outstanding balance of the loan became with an amount of US.$ 241 208 818 as at September 30, 2017 (equivalent to EGP 4 247 687 285).

- The current installments amounted US.$ 185 653 258 (equivalent to EGP 3 269 353 873 as at September 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					185 653 258

- Non-current installments are amounted to US.$ 55 555 560 (equivalent to EGP 978 333 412 as at September 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 230 389 887 (Note 18)
- The Company is currently in final negotiations with its senior lenders to reschedule its senior secured debt facility.

  Loan guarantees are as follows:

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

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

18. Net finance (cost) income

	For the period		For the period	
	from 1/7/2017 to 30/9/2017	from 1/1/2017 to 30/9/2017	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016
Interest income - Note (19.2)	67 957 833	195 328 838	31 948 353	93 372 138
Interest expense - Note (17)	(90 550 876)	(230 389 887)	(36 390 453)	(113 149 803)
Other finance costs	(885 375)	(5 631 757)	--	--
Foreign currency differences	(76 158 295)	(108 173 600)	(1 601 315)	61 676 667
Net	(99 636 713)	(148 866 406)	(6 043 415)	41 899 002

19. Related party transactions

19.1 Advisory fee income

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

	For the period		For the period	
	from 1/7/2017 to 30/9/2017	from 1/1/2017 to 30/9/2017	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016
Company's name				
Mena Home Furnishings Mall	3 892 693	11 314 915	1 949 919	5 621 129
Citadel Capital Transportation Opportunities Ltd.	--	--	537 025	1 548 110
Falcon Agriculture Investments Ltd.	11 214 213	32 596 422	5 617 398	16 193 558
ASEC Cement Company	3 166 986	9 109 246	1 668 849	5 028 027
Silverstone Capital Investment Ltd.	4 265 560	12 398 730	2 136 694	6 159 557
Citadel Capital Transportation Opportunities II Ltd.	4 862 249	14 133 130	2 435 586	7 021 188
Africa Railways Limited	--	--	2 668 879	7 693 710
Mena Joint Investment Fund GP	1 147 127	3 299 501	574 616	1 644 718
Africa JIF HOLD CO I	314 857	905 609	157 717	451 422
Africa JIF HOLD CO III	892 653	2 567 547	447 143	1 279 854
Mena JIF HOLD CO I	314 857	905 609	157 717	451 422
Total	30 071 195	87 230 709	18 351 543	53 092 695

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

- The Company did not recognize advisory fees related to Golden Crescent, Logria Holding Ltd., Africa Railways Limited and Citadel Capital Transportation Opportunities Ltd. according to the signed contracts due to unfulfilling the conditions of recognition and collection. The unrecognized advisory fees income at September 30, 2017 comprised the following:

	For the period		For the period	
	from 1/7/2017 to 30/9/2017	from 1/1/2017 to 30/9/2017	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016
Company's name				
Golden Crescent	27 752 310	84 214 527	211 580	13 407 943
Logria holding Ltd.	5 138 752	15 593 569	39 177	2 482 686
Africa Railways Limited	--	10 158 882	--	--
Citadel Capital Transportation Opportunities Ltd.	1 072 083	3 116 230	--	--
Total	33 963 145	113 083 208	250 757	15 890 629

19.2 Interest income

Interest income presented in finance income – (Note 18) includes an amount of EGP 195 244 519 which represents the accrued interest income according to the signed contracts with related parties as follows:

	For the period		For the period	
	from 1/7/2017 to 30/9/2017	from 1/1/2017 to 30/9/2017	from 1/7/2016 to 30/9/2016	from 1/1/2016 to 30/9/2016
Company's name				
National Development and Trading Company - Note (14.1)	38 040 869	109 305 487	17 112 089	49 894 784
United Foundries Company - Note (19.2.1)	8 902 904	25 714 843	4 377 934	12 465 544
Citadel Capital Holding for Financial Investments-Free Zone	18 650 552	53 517 192	9 244 399	26 836 327
ASEC Company for Mining (ASCOM)	2 331 764	6 706 997	1 168 052	3 343 295
Total	67 926 089	195 244 519	31 902 474	92 539 950

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

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

	For the period		For the period	
	from 1/7/2017 to 30/9/2017	**from 1/1/2017 to 30/9/2017**	**from 1/7/2016 to 30/9/2016**	**from 1/1/2016 to 30/9/2016**
Subordinating loan interest – Note (14.2)	6 846 557	19 692 871	3 226 564	9 123 587
Current account interest	2 056 347	6 021 972	1 151 370	3 341 957
Total	8 902 904	25 714 843	4 377 934	12 465 544

20. Administrative and general expenses

	For the period		For the period	
	from 1/7/2017 to 30/9/2017	**from 1/1/2017 to 30/9/2017**	**from 1/7/2016 to 30/9/2016**	**from 1/1/2016 to 30/9/2016**
Wages and salaries	37 135 405	114 930 573	34 095 587	102 834 372
Consultancy fees	423 865	9 975 372	3 136 328	38 232 230
Advertising and public relations	944 780	4 985 376	655 905	8 460 364
Travel , accommodation and transportations	731 092	4 041 465	1 532 844	7 062 535
Donations	1 400 000	4 150 000	3 399 333	9 930 766
Other expenses	4 619 265	16 599 963	4 090 516	15 869 177
Total	45 254 407	154 682 749	46 910 513	182 389 444

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.

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

22. Tax status

Corporate tax

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

Salaries tax

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

	For the period		For the period	
	from 1/7/2017 to 30/9/2017	**from 1/1/2017 to 30/9/2017**	**from 1/7/2016 to 30/9/2016**	**from 1/1/2016 to 30/9/2016**
Net loss for the period (EGP)	(116 029 501)	(218 466 681)	(34 909 642)	(81 984 785)
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 losses per share	(0.06)	(0.12)	(0.02)	(0.05)

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.

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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 330 386 379 and EGP 288 960 174 respectively and net foreign currencies balances at the financial position date are as follows:

Foreign currencies	Surplus (deficit)
US.$	66 213 389
Euro	(24 282 616)
GBP	(504 568)

- As disclosed in (Note 28-1), the Company has used the prevailing exchange rates to revaluate 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.

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

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 September 30, 2017 and December 31, 2016 were as follows:

	30/9/2017	31/12/2016
Liabilities		
Due to related parties	720 307 855	401 380 662
Current portion of long term loans	3 269 353 873	3 357 137 984
Other credit balances	1 113 137 279	708 665 051
Provision	53 460 175	53 860 175
Long term loans	978 333 412	1 003 333 414
Total	6 134 592 594	5 524 377 286
(Less): Cash and cash equivalents	(1 954 309)	(5 566 792)
Net debt	6 132 638 285	5 518 810 494
Total equity	6 210 817 690	6 429 284 371
Gearing ratio	99%	85%

27. Significant events

- On July 31, 2017, the Court of Kenya issued an order to terminate the Concession Agreement granted to Rift Valley Railways (Kenya) Limited "RVRK" – Railway operator in Kenya , which is indirectly owned by the Citadel Capital Company through its subsidiary KU Railways Holding Limited (KURH). Accordingly, it was decided to form a takeover committee by all parties in the Concession Agreement to supervise the termination process of the Concession and 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 at the financial position date.
- 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.
- Accordingly, Citadel Capital Company's management has recognized an impairment loss for all assets, direct and indirect investments of KURH and all the credit balances of the whole railways sector in the financial information for the period ended September 30, 2017 prepared by the Citadel Capital Company's management at the date of interim financial statements.
- Subsequent to the interim consolidated financial statement date, on 22 November 2017 the Government of Uganda has decided to withdraw the notice of termination of the Concession Agreement granted to Rift Valley Railways (Uganda) Limited (RVRU) in order to give the company one last opportunity to meet the different covenants and obligations spell out in the Concession Agreement. In consequence Government of Uganda expects that Rift Valley Railways (Uganda) Limited (RVRU) shall immediately withdraw the arbitration proceedings and to fulfill its obligations under the Concession Agreement.

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 financial position date are translated at the foreign exchange rates ruling at that date. The foreign currency exchange differences arising on the translation at the financial position 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 capitalized 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 financial position date, investments that are not quoted, and whose fair value cannot be measured reliably are valued by an accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the company cannot estimate the fair value, it can be stated at cost less impairment loss.

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 financial position date, management assesses the investments' recoverable amount and in case that the recoverable amount is less than the carrying amount then an impairment loss is recognized in the income statement.

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 financial position 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 financial position 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 financial position date, the changes in fair value include as follows:-

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

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

28.14 Lending

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

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 fee income

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 financial position 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.