


Citadel Capital Company
(Egyptian Joint Stock Company)

Separate financial statements
for the year ended December 31,2016
&
Auditor's report

 **Hazem Hassan**
Public Accountants & Consultants

Contents	Page
Auditor's report	
Separate statement of financial position	1
Separate income statement	2
Separate statement of comprehensive income	3
Separate statement of changes in equity	4
Separate statement of cash flows	5
Notes to the separate financial statements	6 – 32
Significant accounting policies applied	33 – 44



Hazem Hassan

Public Accountants & Consultants

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

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

Auditor's report

To the shareholders of Citadel Capital Company

Report on the Financial Statements

We have audited the accompanying separate financial statements of Citadel Capital Company (Egyptian Joint Stock Company), which comprise the separate statement of financial position as at December 31, 2016 and the separate statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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



Hazem Hassan

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citadel Capital Company as at December 31, 2016 and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws and regulations relating to the preparation of these financial statements.

Report on other legal and regulatory requirements

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

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

Hassan Be

KPMG Hazem Hassan

Cairo, May 21, 2017

KPMG Hazem Hassan
Public Accountants and Consultants

①


Citadel Capital Company
(Egyptian Joint Stock Company)
Separate statement of financial position
as at December 31, 2016

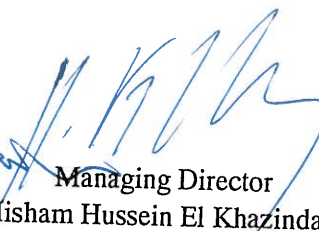
(All amounts in EGP)

	Note	31/12/2016	31/12/2015 (*)
Assets			
Available-for-sale investments	(9)	17 743 251	23 766 164
Investments in subsidiaries	(10)	5 035 343 476	5 304 213 026
Payments for investments	(11)	3 694 591 454	3 664 191 854
Fixed assets	(12)	17 326 329	19 389 452
Projects under construction	(13)	11 085 708	7 070 294
Loans to subsidiaries	(14-2/14-3)	257 786 420	256 046 196
Deferred tax assets	(15)	733 388	468 333
Non - current assets		9 034 610 026	9 275 145 319
Cash and cash equivalents	(3)	5 566 792	223 289 232
Due from related parties	(4)	1 548 403 611	1 151 277 953
Loans to subsidiaries	(14-1)	1 350 557 205	512 544 672
Other debit balances	(5)	14 524 023	12 412 703
Current assets		2 919 051 631	1 899 524 560
Total assets		11 953 661 657	11 174 669 879
Equity			
Share capital	(16)	9 100 000 000	9 100 000 000
Reserves	(30-10)	89 578 478	89 578 478
Retained loss		(2 760 294 107)	(757 237 151)
Total equity		6 429 284 371	8 432 341 327
Liabilities			
Loans and borrowings	(17)	1 003 333 414	541 666 693
Non -current liabilities		1 003 333 414	541 666 693
Due to related parties	(6)	401 380 662	373 035 930
Loans and borrowings	(17)	3 357 137 984	1 410 403 839
Due to Tax Authority		138 613 518	77 460 457
Other credit balances	(7)	570 051 533	108 570 957
Expected claims provision	(8)	53 860 175	231 190 676
Current liabilities		4 521 043 872	2 200 661 859
Total liabilities		5 524 377 286	2 742 328 552
Total equity and liabilities		11 953 661 657	11 174 669 879

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

* Restated - note (29)


Chairman
Ahmed Heikal


Managing Director
Hisham Hussein El Khazindar


Chief Financial Officer
Moataz Farouk


Auditor's report "attached"

Citadel Capital Company
(Egyptian Joint Stock Company)
Separate income statement
for the year ended December 31, 2016

(All amounts in EGP)

	Note	For the year ended	
		31/12/2016	31/12/2015
			(*)
Advisory fee	(19-1)	89 672 081	88 759 968
Administrative and general expenses	(20)	(244 042 538)	(257 533 734)
Loss from sale of investments		-	(5 254 099)
Fixed assets depreciation	(12)	(2 063 123)	(2 072 127)
Impairment loss on assets	(23)	(1 965 056 474)	(65 207 473)
Provisions	(8)	(1 500 000)	(40 500 000)
Reversal of impairment loss	(4)	4 982 035	-
Other income		1 747 378	-
Net operating loss		(2 116 260 641)	(281 807 465)
Finance income (cost) - net	(18)	112 938 630	33 140 231
Loss before tax		(2 003 322 011)	(248 667 234)
Deferred tax	(15)	265 055	(152 239)
Loss for the year		(2 003 056 956)	(248 819 473)
Earnings per share	(24)	(1.10)	(0.15)

* Restated - note (29).

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

Citadel Capital Company
(Egyptian Joint Stock Company)
Separate statement of comprehensive income
for the year ended December 31, 2016

(All amounts in EGP)

	For the year ended	
	31/12/2016	31/12/2015
Loss for the year	(2 003 056 956)	(248 819 473)
Total comprehensive income for the year	(2 003 056 956)	(248 819 473)

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

Citadel Capital Company

(Egyptian Joint Stock Company)

**Separate statement of changes in equity
for the year ended December 31, 2016**

(All amounts in EGP)	Note	Share capital	Legal reserve	Retained loss	Shareholders' credit balances	Total
Balance as at January 1, 2016 (as previously issued)		9 100 000 000	89 578 478	(807 717 020)	1 464 311	8 383 325 769
Adjustments and reclassifications	(29)	-	-	50 479 869	(1 464 311)	49 015 558
Balance as at January 1, 2016 (adjusted)		9 100 000 000	89 578 478	(757 237 151)	-	8 432 341 327
Comprehensive income						
Loss for the year ended December 31, 2016		-	-	(2 003 056 956)	-	(2 003 056 956)
Total comprehensive income		-	-	(2 003 056 956)	-	(2 003 056 956)
Balance as at December 31, 2016		9 100 000 000	89 578 478	(2 760 294 107)	-	6 429 284 371
Balance as at January 1, 2015		8 000 000 000	89 578 478	(508 417 678)	836 842 865	8 418 003 665
Comprehensive income						
Loss for the year ended December 31, 2015 (adjusted)		-	-	(248 819 473)	-	(248 819 473)
Total comprehensive income		-	-	(248 819 473)	-	(248 819 473)
Transactions with owners of the Company						
Shareholders' credit balances		-	-	-	3 157 135	3 157 135
Share capital increase	(16)	1 100 000 000	-	-	(840 000 000)	260 000 000
Total transactions with owners of the Company		1 100 000 000	-	-	(836 842 865)	263 157 135
Balance as at December 31, 2015		9 100 000 000	89 578 478	(757 237 151)	-	8 432 341 327

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

Citadel Capital Company
(Egyptian Joint Stock Company)
Separate statement of cash flows
for the year ended December 31, 2016

(All amounts in EGP)	Note	For the year ended	
		31/12/2016	31/12/2015 (*)
Cash flows from operating activities			
Loss before tax		(2 003 322 011)	(248 667 234)
Adjustments for:			
Depreciation		2 063 123	2 072 127
Unrealized foreign currency differences		(174 014 536)	(22 357 573)
Interest income		(100 612 577)	(18 615 766)
Reversal of impairment loss		(4 982 035)	-
Loss from sale of financial investments		-	5 254 099
Impairment loss on assets		1 965 056 474	65 207 473
Provisions formed		1 500 000	40 500 000
Provisions used		(178 830 501)	(400 000)
Operating loss before changes in current assets and current liabilities		(493 142 063)	(177 006 874)
Changes in:			
Due from related parties		(1 721 107 634)	(513 534 754)
Other debit balances		(2 111 320)	(6 706 715)
Due to related parties		28 344 732	393 527 242
Tax Authority		61 153 061	17 941 420
Other credit balances		461 480 576	43 462 075
Net cash used in operating activities		(1 665 382 648)	(242 317 606)
Cash flows from investing activities			
Payments for investments		(30 399 600)	(33 000 000)
Payments for projects under construction		(6 135 669)	(6 388 335)
Proceeds from payments for projects under construction		2 120 255	-
Payments for fixed assets		-	(372 100)
Proceeds from loans to subsidiaries		-	17 413 672
Proceeds from redemption of investments in associates		-	13 367 388
Net cash used in investing activities		(34 415 014)	(8 979 375)
Cash flows from financing activities			
Proceeds from issue of share capital		-	260 000 000
Payments for loans and borrowings		(78 249 889)	(156 238 701)
Repayments for shareholders' credit balances		-	(23 630 169)
Net cash (used in) provided from financing activities		(78 249 889)	80 131 130
Net decrease in cash and cash equivalents		(1 778 047 551)	(171 165 851)
Cash and cash equivalents as at 1 January	(3)	1 783 614 343	394 455 083
Cash and cash equivalents as at 31 December	(3)	5 566 792	223 289 232

Non-cash transactions, note (3).

* Restated - note (29).

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

Citadel Capital Company
(Egyptian Joint Stock Company)
Notes to the separate financial statements
for the year ended December 31, 2016
(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 branch located on 1089 Nile Corniche, Four Season Nile Plaza – Garden City, Cairo.

2. Basis of preparation

2.1 Statement of compliance

These separate financial statements have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian law and regulations. They were authorized to issue by the company’s board of directors on 21 May 2017.

Details of the company’s accounting policies are included in (Note 30).

2.2 Functional and presentation currency

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

2.3 Use of estimates and judgments

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

liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions reviewed on an ongoing basis. Revisions to 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

	31/12/2016	31/12/2015
Cash on hand	416 131	1 759 695
Banks – current accounts	5 150 661	221 529 537
Cash and cash equivalents as previously presented in the statement of financial position	5 566 792	223 289 232
Effect of exchange rate changes	--	1 560 325 111
Cash and cash equivalents adjusted as per cash flows statement	5 566 792	1 783 614 343

Non-cash transaction:

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

- An amount of EGP 15 170 510 has been eliminated from the change in due from related parties and investments in subsidiaries (represents the transferred from investments in subsidiaries – ASEC Cement Company to due from related parties).
- An amount of EGP 1 464 311 has been eliminated from the change in other credit balances and shareholders' credit balances (represents the amount transferred from shareholders' credit balances to other credit balances).

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

4. Due from related parties

	Nature of transaction		31/12/2016	31/12/2015
	Advisory fee	Finance		*** (Restated)
Mena Home Furnishings Mall	79 267 398	--	79 267 398	27 376 332
Falcon Agriculture Investments Ltd.	224 620 745	--	224 620 745	77 253 224
Golden Crescent Investments Ltd.*	68 903 415	--	68 903 415	29 758 950
Citadel Capital Transportation Opportunities Ltd.*	21 003 147	--	21 003 147	7 182 154
Logria Holding Ltd. *	99 400 452	--	99 400 452	42 930 428
Mena Glass Ltd*.	62 054 160	--	62 054 160	26 800 799
Silverstone Capital Investment Ltd.	17 401 894	--	17 401 894	--
Sabina for Integrated Solutions *	--	19 866 000	19 866 000	8 580 000
Citadel Capital Financing Corp. *	118 558 771	--	118 558 771	51 204 785
Valencia Trading Holding Ltd. */**	--	--	--	4 982 035
Citadel Capital Transportation Opportunities II Ltd.	79 344 659	--	79 344 659	25 701 355
Citadel Capital Holding for Financial Investments-Free Zone*	--	1 277 871 417	1 277 871 417	807 976 001
ASEC Company for Mining (ASCOM)	--	74 008 425	74 008 425	13 238 573
United Foundries Company	--	148 738 576	148 738 576	70 992 279
Citadel Capital for International Investments Ltd.*	--	748 691 683	748 691 683	23 796 644
Ledmore Holdings Ltd.	--	--	--	7 337 402
Africa Railways Limited*	21 736 149	--	21 736 149	9 387 666
Mena Joint Investment Fund GP	58 624 550	--	58 624 550	13 652 441
Citadel Capital Joint Investment Fund Management Ltd.	3 823 583	--	3 823 583	3 362 338
Africa JIF HOLD CO I	3 199 559	--	3 199 559	2 539 235
Africa JIF HOLD CO III	6 705 250	--	6 705 250	5 118 524
Mena JIF HOLD CO I	4 855 289	--	4 855 289	3 995 230
Crondall Holdings Ltd*.	31 909 546	--	31 909 546	13 781 534
Ascom Emirates for Mining (UAE)	--	--	--	11 689 377
International Company for Mining Consultation	--	146 000	146 000	136 000
ESACO Manufacturing, Engineering & Contracting *	--	10 000 000	10 000 000	10 000 000
ASEC Cement Company	5 089 326	13 446 776	18 536 102	(10 039 155)
Total			3 199 266 770	1 288 734 151
Accumulated impairment loss *			(1 650 863 159)	(137 456 198)
Net			1 548 403 611	1 151 277 953

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

* Accumulated impairment loss on due from related parties represented in:

	Balance as at 1/1/2016	Formed during the year	Reversal of impairment loss **	Foreign currency translation differences	Balance as at 31/12/2016
Logria Holding Ltd.	42 930 428	--	--	56 470 024	99 400 452
Citadel Capital Financing Corp.	51 204 785	--	--	67 353 986	118 558 771
Golden Crescent Investments Ltd.	29 758 950	--	--	39 144 465	68 903 415
Valencia Trading Holding Ltd. **	4 982 035	--	(4 982 035)	--	--
Sabina for Integrated Solutions	8 580 000	--	--	11 286 000	19 866 000
ESACO Manufacturing, Engineering & Contracting	--	10 000 000	--	--	10 000 000
Citadel Capital Transportation Opportunities Ltd.	--	21 003 147	--	--	21 003 147
Mena Glass Ltd.	--	62 054 160	--	--	62 054 160
Africa Railways Limited	--	21 736 149	--	--	21 736 149
Crondall Holdings Ltd.	--	31 909 546	--	--	31 909 546
Citadel Capital Holding for Financial Investments-Free Zone	--	874 482 834	--	--	874 482 834
Citadel Capital for International Investments Ltd.	--	322 948 685	--	--	322 948 685
Balance	<u>137 456 198</u>	<u>1 344 134 521</u>	<u>(4 982 035)</u>	<u>174 254 475</u>	<u>1 650 863 159</u>

** Reversal of impairment loss in the income statement represents the offsetting of the balance due from Valencia Trading Holding Ltd. as a result of selling its subsidiary (Tanmeyah Micro Enterprise Services S.A.E).

*** Note (29).

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

5. Other debit balances

	31/12/2016	31/12/2015
Deposits with others	207 500	181 500
Receivables-sale of investment	--	2 208 792
Imprests	2 909 183	6 645 305
Letters of guarantee's margin	1 806 000	780 000
Taxes deducted by others	867 268	868 058
Prepaid expenses	39 000	--
Sundry debit balances	8 695 072	1 729 048
Balance	<u>14 524 023</u>	<u>12 412 703</u>

6. Due to related parties

	31/12/2016	31/12/2015 (Restated)
		**
National Development and Trading Company	399 880 662	311 204 569
ASEC for Manufacturing and Industrial Projects (ARESCO)	1 500 000	1 500 100
Citadel Capital Partners Ltd.*	--	60 331 261
Balance	<u>401 380 662</u>	<u>373 035 930</u>

* The main shareholder of the Company – 24.36%.

** Note (29).

7. Other credit balances

	31/12/2016	31/12/2015 * (Restated)
Accrued expenses	157 668 572	77 438 220
Accrued interest	223 979 661	4 837 279
Suppliers	140 420 658	21 676 973
Prior years dividends payable	2 893 919	2 893 919
National Authority for Social Insurance	822 212	260 255
Shareholders' credit balances	1 464 311	1 464 311
Sundry credit balances	42 802 200	--
Balance	<u>570 051 533</u>	<u>108 570 957</u>

* Note (29)

8. Expected claims provision

	31/12/2016	31/12/2015
Balance at the beginning of the year	231 190 676	191 090 676
Provisions formed during the year	1 500 000	40 500 000
Provisions used during the year	(178 830 501)	(400 000)
Balance	<u>53 860 175</u>	<u>231 190 676</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 Accounting Standards has not been disclosed because management believes that disclosing could seriously affect the outcome of negotiations with these 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

	31/12/2016	31/12/2015
Arab Swiss Engineering Company – ASEC*	17 479	17 479
Modern Company for Isolating Materials *	43 396	43 396
EFG Capital Partners Fund II *	7 734 489	7 734 489
EFG Capital Partners Fund III	<u>15 970 800</u>	<u>15 970 800</u>
Balance	23 766 164	23 766 164
Accumulated impairment loss *	(6 022 913)	--
Net	<u>17 743 251</u>	<u>23 766 164</u>

* Accumulated impairment loss on investments represented in:

	Formed during the year	Balance at 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	<u>5 962 038</u>	<u>5 962 038</u>
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.

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

10. Investments in subsidiaries

	Percentage %	31/12/2016	Percentage %	31/12/2015
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	57 782 382
ASEC Company for Mining (ASCOM)	54.74	303 049 871	54.74	303 049 871
Balance		5 289 042 516		5 304 213 026
Accumulated impairment loss **		(253 699 040)		--
Net		5 035 343 476		5 304 213 026

* The Company has the control on these companies through direct and indirect equity shares, which enable the Company to consider these companies as subsidiaries to it.

** Accumulated impairment loss on investments represented in:

	Formed during the year	Balance at 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 securities in the Stock Exchange except ASEC Company for Mining (ASCOM) with market value of EGP 136 357 340 as at December 31, 2016 versus EGP 151 021 500 as at December 31, 2015.

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

11. Payments for investments

	31/12/2016	31/12/2015
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
Others*	106 886 800	76 487 200
Balance	<u>3 694 591 454</u>	<u>3 664 191 854</u>

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

12. Fixed assets

Particular	Building & constructions*	Computers	Furniture, fixture and equipment	Vehicles	Total
Cost					
Balance as at 1/1/2015	33 742 368	8 526 713	22 929 843	539 800	65 738 724
Additions	--	265 100	107 000	--	372 100
Total cost as at 31/12/2015	<u>33 742 368</u>	<u>8 791 813</u>	<u>23 036 843</u>	<u>539 800</u>	<u>66 110 824</u>
Total cost as at 31/12/2016	<u>33 742 368</u>	<u>8 791 813</u>	<u>23 036 843</u>	<u>539 800</u>	<u>66 110 824</u>
Accumulated depreciation					
Accumulated depreciation as at 1/1/2015	13 496 944	7 878 551	22 733 950	539 800	44 649 245
Depreciation during the year	<u>1 687 121</u>	<u>277 786</u>	<u>107 220</u>	<u>--</u>	<u>2 072 127</u>
Accumulated depreciation as at 31/12/2015	<u>15 184 065</u>	<u>8 156 337</u>	<u>22 841 170</u>	<u>539 800</u>	<u>46 721 372</u>
Depreciation during the year	<u>1 687 118</u>	<u>314 580</u>	<u>61 425</u>	<u>--</u>	<u>2 063 123</u>
Accumulated depreciation as at 31/12/2016	<u>16 871 183</u>	<u>8 470 917</u>	<u>22 902 595</u>	<u>539 800</u>	<u>48 784 495</u>
Carrying amounts at 31/12/2016	<u>16 871 185</u>	<u>320 896</u>	<u>134 248</u>	<u>--</u>	<u>17 326 329</u>
Carrying amounts at 31/12/2015	<u>18 558 303</u>	<u>635 476</u>	<u>195 673</u>	<u>--</u>	<u>19 389 452</u>

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

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

13. Projects under construction

Projects under construction are represented in the computer software:

	31/12/2016	31/12/2015
Cost at the beginning of the year	7 070 294	681 959
Additions	6 135 669	6 388 335
Disposals	(2 120 255)	--
Balance	<u>11 085 708</u>	<u>7 070 294</u>

14. Loans to subsidiaries

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

	Note	31/12/2016	31/12/2015 ** (Restated)
Current			
National Development and Trading Company	14.1	<u>1 350 557 205</u>	<u>512 544 672</u>
Non – current			
United Foundries Company *	14.2	461 729 373	188 127 870
ASEC Company for Mining (ASCOM)	14.3	<u>157 257 047</u>	<u>67 918 326</u>
		618 986 420	256 046 196
Accumulated impairment loss *		<u>(361 200 000)</u>	--
Net		<u>257 786 420</u>	<u>256 046 196</u>
Balance		<u>1 608 343 625</u>	<u>768 590 868</u>

** Note (29).

- 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 cumulative 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.

Citadel Capital Company

Notes to the separate financial statements

for the year ended December 31, 2016

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

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.\$ 74 781 684 (equivalent to EGP 1 350 557 205) as at December 31, 2016 versus US.\$ 65 710 855 (equivalent to EGP 512 544 672) at December 31, 2015 including accrued interest during the year amounted to US.\$ 7 603 371 (equivalent to EGP 137 316 880) as at December 31, 2016 versus US.\$ 1 048 609 (equivalent to EGP 8 197 150 as at December 31, 2015).

14.2 The Company granted a subordinating convertible loan to United Foundries Company, subsidiary 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 cumulative 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.\$ 25 566 410 (equivalent to EGP 461 729 373) as at December 31, 2016 versus US.\$ 24 118 958 (equivalent to EGP 188 127 870) as at December 31, 2015 including accrued interest during the year amounted to US.\$ 1 447 452 (equivalent to EGP 26 140 983) as at December 31, 2016 versus US.\$ 1 365 223 (equivalent to EGP 10 648 740 as at December 31, 2015).

- 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 157 257 047) as at December 31, 2016, versus US.\$ 8 707 478 (equivalent to EGP 67 918 326) as at December 31, 2015. Accrued interest during the period amounted to US.\$ 827 327 (equivalent to EGP 14 941 537) as at December, 2016 has been recorded on the current account - (note 4) versus US.\$ 780 835 (equivalent to EGP 6 090 513) as at December 31, 2015.

15. Deferred tax assets

	For the year ended	
	31/12/2016	31/12/2015
Fixed assets – depreciation	733 388	468 333

The Company has carried-forward tax losses from previous years with an amount of EGP 431 347 270 at December 31, 2016 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

Citadel Capital Company

Notes to the separate financial statements

for the year ended December 31, 2016

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

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 7,29) 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.

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

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.\$ 58 927 092 and has been charged with US.\$ 370 686 as extra expenses so the balance of the loan will be US.\$ 241 443 599 as at December 31, 2016 (equivalent to EGP 4 360 471 398) .

- The current installments are amounted to US.\$ 185 888 034 (equivalent to EGP 3 357 137 984 as at December 31, 2016) versus US.\$ 180 821 005 (equivalent to EGP 1 410 403 839 as at December 31, 2015). 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
<u>Add: bank charges</u>					370 686
Total					244 815 126
Payment from the installments					(58 927 092)
Balance					<u>185 888 034</u>

- The non-current installments are amounted to US.\$ 55 555 565 (equivalent to EGP 1 003 333 414 as at December 31, 2016) versus US.\$ 69 444 448 (equivalent to EGP 541 666 693 as at December 31, 2015).
- The interest on loan charged to the income statement during the year is EGP 182 525 878 (note 18)
- The Company is currently in final negotiations with its senior lenders to reschedule its senior secured debt facility.

The loan guarantees are as follows:

Citadel Capital Company

Notes to the separate financial statements

for the year ended December 31, 2016

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

-
- 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. (subsidiary) 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.

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

- Every's 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

18. Finance income (costs) - net

	For the year ended	
	31/12/2016	31/12/2015 * (Restated)
Interest income - note (19.2)	155 715 638	140 610 442
Interest expense – note (17)	(182 525 878)	(129 827 784)
Other finance costs	(34 265 666)	--
Foreign currency differences	174 014 536	22 357 573
Net	<u>112 938 630</u>	<u>33 140 231</u>
* Note (29)		

19. Related party transactions

19.1 Advisory fee

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

Company's name	For the year ended	
	31/12/2016	31/12/2015
Mena Glass Ltd.	--	9 002 539
Mena Home Furnishings Mall	9 525 364	6 795 037
Citadel Capital Transportation Opportunities Ltd.	2 623 371	1 871 413
Falcon Agriculture Investments Ltd.	27 441 019	19 575 394
ASEC Cement Company	8 204 403	19 320 821
Silverstone Capital Investment Ltd.	10 437 763	7 445 912

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

Company's name	For the year ended	
	31/12/2016	31/12/2015
Citadel Capital Transportation Opportunities II Ltd.	11 897 853	8 487 483
Africa Railways Limited	13 037 480	9 300 450
Mena Joint Investment Fund GP	2 795 247	1 986 307
Africa JIF HOLD CO I	767 211	545 178
Africa JIF HOLD CO III	2 175 159	1 545 667
Mena JIF HOLD CO I	767 211	545 178
Ledmore Holdings Ltd.	--	2 338 589
Total	<u>89 672 081</u>	<u>88 759 968</u>

- The Company did not recognize advisory fee related to Golden Crescent and Logria holding LTD. according to the signed contracts due to non fulfilling the conditions of recognition and collection. The unrecognized advisory fee at December 31, 2016 amounted to US. 6 269 053 (equivalent to EGP 67 909 506) and US.\$ 1 160 810 (equivalent to EGP 12 574 453) versus (EGP 12 224 659) and (EGP 2 263 583) at December 31, 2015 respectively.

19.2 Interest income

Interest income presented in finance income – (note 18) included an amount of EGP 154 842 406 which represent the accrued interest income according to the signed contracts with some related parties as follows:

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

Company's name	For the year ended	
	31/12/2016	31/12/2015 * (Restated)
National Development and Trading Company - note (14.1)	85 028 590	58 544 736
United Foundries Company - note (19.2.1)	21 000 183	14 913 478
Citadel Capital Holding for Financial Investments-Free Zone	43 131 600	55 726 860
Citadel Capital for International Investments Ltd.	--	4 145 926
ASEC Company for Mining (ASCOM)	5 682 033	6 008 086
Total	<u>154 842 406</u>	<u>139 339 086</u>

* Note no. (29).

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

	For the year ended	
	31/12/2016	31/12/2015
Subordinating loan interest – Note (14.2)	15 583 987	10 550 899
Current account interest	5 416 196	4 362 579
Total	<u>21 000 183</u>	<u>14 913 478</u>

20. Administrative and general expenses

	For the year ended	
	31/12/2016	31/12/2015
Wages, salaries and similar items	148 622 686	156 525 101
Consultancy fee	46 609 744	48 138 796
Advertising and public relations	8 656 511	13 673 769
Travel , accommodation and transportations	8 336 124	8 386 625
Donations	11 764 100	7 186 020
Other expenses	20 053 373	23 623 423
Total	<u>244 042 538</u>	<u>257 533 734</u>

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 preferred shares.

22. Tax status

Corporate tax

The Company submitted its tax returns on regular basis for the years from 2005 to 2015 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 2010/2015 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 2015 has 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.

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

23. Impairment loss

	For the year ended	
	31/12/2016	31/12/2015
Impairment loss on due from related parties – note (4)		
ESACO Manufacturing, Engineering & Contracting	10 000 000	--
Citadel Capital Transportation Opportunities Ltd.	21 003 147	--
Mena Glass Ltd.	62 054 160	--
Africa Railways Limited	21 736 149	--
Crondall Holdings Ltd.	31 909 546	--
Citadel Capital Holding for Financial Investments-Free Zone	874 482 834	--
Citadel Capital for International Investments Ltd.	322 948 685	--
Total (1)	<u>1 344 134 521</u>	<u>--</u>
Impairment loss on available-for-sale investments – note (9)		
Arab Swiss Engineering Company – ASEC	17 479	--
Modern Company for Isolating Materials	43 396	--
EFG Capital Partners Fund II	5 962 038	--
Total (2)	<u>6 022 913</u>	<u>--</u>
Impairment loss on investments in subsidiaries – note (10)		
National Development and Trading Company	150 000 000	--
United Foundries Company	103 699 040	--
Total (3)	<u>253 699 040</u>	<u>--</u>
Impairment loss on loans to subsidiaries – note (14)		
United Foundries Company	361 200 000	--
Total (4)	<u>361 200 000</u>	<u>--</u>
Total (1+2+3+4)	<u><u>1 965 056 474</u></u>	<u><u>--</u></u>

24. Earnings per share

	For the year ended	
	31/12/2016	31/12/2015
Net loss for the year	(2 003 056 956)	(248 819 473)
The weighted average number of shares including the preferred shares with same distribution rights as ordinary shares	1 820 000 000	1 656 054 795
Basic earnings per share	(1.10)	(0.15)

25. Reconciliations of effective tax rate

	31/12/2016	31/12/2015
Net loss before tax	(2 003 322 011)	(299 147 103)
Tax reconciliations:		
Formed provisions and reserves	1 966 556 474	111 728 200
Provisions used	(2 000 000)	(400 000)
Fixed assets (taxable depreciation variances)	(283 070)	(608 919)
Foreign currency differences	(143 946 334)	(22 357 573)
Provisions previously subjected to tax	(4 982 035)	--
Tax losses carried forward	(431 347 270)	(214 541 148)
Net tax exposure (loss)	(619 324 246)	(425 326 543)
Income tax according to the tax return	--	--

26. 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 did not start to apply it.

27. Commitment and liabilities

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

28. 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 30) of notes to the separate financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses. The following are the significant risks related to those financial instruments and the policies and procedures followed by the company to reduce the effect of these risks:

28.1 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.

28.2 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.

28.3 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 296 176 384 and EGP 270 444 093 respectively and net foreign currencies balances at the financial position date are as follows:

Citadel Capital Company

Notes to the separate financial statements

for the year ended December 31, 2016

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

Foreign currencies	Surplus (deficit)
US.\$	50 604 722
Euro	(24 314 895)
GBP	(557 536)

- As disclosed in (note 30.1), 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.

28.4 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

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

plus long term loans as shown on the statement of financial position less cash and cash equivalents.

The gearing ratios at December 31, 2016 and December 31, 2015 were as follows:

	31/12/2016	31/12/2015
Liabilities		
Due to related parties	401 380 662	373 035 930
Current portion of long term loans	3 357 137 984	1 410 403 839
Due to Tax Authority	138 613 518	77 460 457
Other credit balances	570 051 533	108 570 957
Expected claims provision	53 860 175	231 190 676
Long term loans	1 003 333 414	541 666 693
Total	5 524 377 286	2 742 328 552
Less: Cash and cash equivalents	(5 566 792)	(223 289 232)
Net debt	5 518 810 494	2 519 039 320
Total equity	6 429 284 371	8 432 341 327
Gearing ratio	85%	29%

29. Comparative figures

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

	Balance as at 31/12/2015 (as previously reported)	Reclassification	Balance as at 31/12/2015 (restated)
Balance sheet			
Due from related parties	1 161 317 108	(10 039 155)	1 151 277 953
Loans to subsidiaries *	462 064 803	50 479 869	512 544 672
Total change in assets		40 440 714	
Due to related parties	(383 075 085)	10 039 155	(373 035 930)
Shareholders' current account**	(1 464 311)	1 464 311	--
Other credit balances	(107 106 646)	(1 464 311)	(108 570 957)
Total change in liabilities		10 039 155	

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

	Balance as at 31/12/2015 (as previously reported)	Reclassification	Balance as at 31/12/2015 (restated)
Retained loss *	807 717 020	(50 479 869)	757 237 151
Total change in shareholder's equity		<u>(50 479 869)</u>	
Total liabilities and shareholder's equity		<u>(40 440 714)</u>	
Income statement			
Finance (cost) income	(17 339 638)	50 479 869	33 140 231
Total change in income statement		<u>50 479 869</u>	

* The company has stopped recognizing the interest accrued on loans granted to its subsidiary (National Company for Development and Trade) due to the expiry of the two loans on December 28, 2014 and September 21, 2015 (note 14-1). On December 31, 2015 the company reclaimed the accrued interest for the period from the loans maturity date till December 31, 2015, accordingly, National Company for Development and Trade has adjusted its books with the accrued interest for this period and recognized an amount of US.\$ 5 691 079 (equivalent to EGP 50 479 869).

** Shareholder credit balances represent the amounts payable to the shareholders resulting from purchasing extra ownership share percentages in some of its investee companies from those shareholders.

- The balance has been reclassified to other credit balances item (note 7) as the Company has the intent to settle this amount.

30. Significant accounting policies applied

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

30.1 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.

30.2 Fixed assets depreciation

30-2-1 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.

30-2-2 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.

30-2-3 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.

30.3 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.

30.4 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.

30.5 Investments

30.5.1 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.

30.5.2 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 30.6) 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.

30.5.3 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 30.6). 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.

30.6 Impairment of assets

30.6.1 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.

30.6.2 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.

30.7 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.

30.8 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.

30.9 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.

30.10 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.

30.11 Issued capital

30.11.1 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.

30.11.2 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.

30.11.3 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.

30.11.4 Dividends

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

30.12 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.

30.13 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.

30.14 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.

30.15 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.

30.15.1 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.

30.15.2 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.

30.15.3 Management fee

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

30.15.4 Advisory fee

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

30.15.5 Interest income

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

30.16 Expenses

30.16.1 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.

30.16.2 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.

30.16.3 Income tax

- Income tax on the profit or loss for the year 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.

30.17 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 year.

30.18 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.

31. Initial application of new Egyptian Accounting Standards "EAS"

New versions and amendments on the Egyptian Accounting Standards has been activated as at 1/1/2016:

During 2015, A modified version of the Egyptian Accounting Standards "EAS" was issued, these standards involves some of the new accounting standards and adjustments to be applied for the financial periods that starts after the first of January, 2016 knowing that the early application of these standards is not allowed This and will review in the following table the most important amendments on the Egyptian Accounting Standards that may have a significant impact on the company's separate financial statements of the company :

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
<u>EAS (1)</u> Presentation of Financial Statements	<p><u>Statement Of Financial Position</u></p> <ul style="list-style-type: none"> The standard does not require to present the working capital presentation. The reference financial statements that was included in 2006 standards was excluded; which presented the working capital presentation. A column shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. 	<ul style="list-style-type: none"> All the presented financial statements have been re-presenting, disclosures and their accompanying notes including the comparative figures to be in conformity with the amendments to the standard.

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
<u>EAS (1)</u> Presentation of Financial Statements	<u>Income Statement / Statement of Comprehensive Income</u> The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (<i>Income Statement</i>) and the other one starts with the profit or loss and presents the other comprehensive income items (<i>Statement of Comprehensive Income</i>).	<ul style="list-style-type: none"> Added a new statement, 'Statement of Comprehensive Income', for the current and comparative period was added
<u>EAS (10)</u> Property, Plant and Equipment (<i>PPE</i>)	<ul style="list-style-type: none"> The financial shall disclose amount movement of the PPE and its depreciations in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period. The option of using the revaluation model in the subsequent measurement of PPE has been canceled 	<p>The comparative figures related to the PPE in the notes accompanying the financial statements have been represented to be in conformity with the required amendments on the standard.</p> <p>The amendment on the standard has no impact on the figures presented in the financial statements</p>
<u>Egyptian Standard No. (45)</u> Fair Value Measurement	<p>The new Egyptian Accounting Standard No. (45) "<i>Fair Value Measurement</i>" was issued and shall be applied when another standard requires or allows measurement or disclosure to be made at fair value.</p> <p>This standard aims the following:</p> <p>(a) Defining the fair value.</p> <p>(b) Laying down a framework to measure the fair value in one standard.</p> <p>(c) Identifying the disclosure required for the fair value measurements.</p>	<p>Proactive application of the standard was carried out on the preparation of the financial statements starting from 2016 including the disclosures required by the standard.</p>

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2016
(In the notes all amounts are shown in EGP unless otherwise stated)

New or amended standards	Summary of the most significant amendments	Impact on the financial statements
<u>EAS (40)</u> Financial instruments: Disclosures	A new Egyptian Accounting Standard No. (40) "Financial instruments: Disclosures" was issued including all the disclosures required for the financial instruments. Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the standard became "Financial Instruments: Presentation" instead of "Financial Instruments: Presentation" and Disclosures".	Retroactive amendment to all the comparative figures of the presented disclosures were carried out.