African Leader in Energy
& Infrastructure

ANNUAL REPORT **2016**

TOWARDS SUSTAINABLE
GROWTH

"At Qalaa Holdings we firmly believe that we have a duty to leave the communities in which we do business better than we found them. We place special emphasis on the necessity of education and preserving the environment as the keystones for a sustainable future for generations to come."

Ahmed Heikal
Chairman & Founder

TOWARDS SUSTAINABLE GROWTH

Over the past 12 months Qalaa has made significant strides toward reshaping its business model and positioning itself for future growth as the Egyptian economy begins to show signs of recovery. The steps taken by the Government of Egypt to fully embrace a reform program, including the float of the Egyptian Pound and the phase-out of energy subsidies, are exactly the policies we've been advocating for over a decade. And while the economic reform program has taken a short-term toll on private citizens from all walks of life as well as bottom-line profitability for all businesses operating in Egypt, in the long haul, we believe that the reform program is set to benefit those who can deliver increased efficiency, exporters and producers of import substitutes, all of which are characteristics of our investment portfolio.

We are very proud of the steady progress that we have made on all fronts in 2016. Whether it's the steady construction progress that we are making on our USD 3.7 billion refinery (ERC) which will curb Egypt's present-day diesel imports by c. 50% or the growth experienced by our energy distribution subsidiary TAQA Arabia and solid waste management company Tawazon or our focus on increasing export capacity at ASCOM Carbonate and Chemicals Manufacturing and GlassRock insulation, we have managed to circumvent the adverse short-term effects of devaluation, hyper inflation and rising interest rates.

Another hallmark of our investment portfolio is that from day one we have pursued responsible investments that produce profits for shareholders and positive outcomes for communities, whether its through job creation and knowledge transfer or through the provision of products and services that are crucial to the economic well-being of the developing economies in which we invest.

In addition to giving equal weight to profit and impact in our own investments, we actively encourage other private sector companies in Egypt to take similar steps. We have taken concrete steps to lead by example with our adoption of the United Nations Sustainable Development Goals (SDGs), a set of goals designed to end poverty, fight inequality and injustice, and tackle climate change by 2030. We have been working diligently to align our core business, portfolio and ESG practices with the SDGs, with a particular focus on: quality education, affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure, and partnerships for the goals.

In this year's annual report we have chosen to highlight how our specific investments and ESG programs directly link to the SDGs. We hope that the clear and concrete progress that has been made by Qalaa and its subsidiaries is the starting point of a journey where public and private interests can converge to create a stable, prosperous society and inclusive economies.

From day one Qalaa Holdings has pursued responsible investments that produce profits for shareholders and positive outcomes for communities in the developing economies in which we invest.

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CHAIRMAN'S NOTE

A NOTE FROM OUR CHAIRMAN & FOUNDER

Fellow Shareholders,

Our company has made very significant strides in the past 12 months that have taken us to the cusp of profitability and a sustainable business model. In many ways, we are coming full circle: our outlook on profitability is driven by the fact that the macroeconomic themes that have underpinned our business model for nearly a decade are now coming into play, however belatedly.

Long-time shareholders will recall that our business has, since inception, been predicated on two macro themes: the phase-out of a subsidy system (for energy in particular) that disproportionately benefits those who least need them, which will place a new premium on efficiency in everything from transportation to refining and building materials, and the imperative to devalue the artificially strong Egyptian pound, which would benefit exporters and producers of import substitutes.

The steps taken last year by the Government of Egypt to fully embrace a reform program based on the gradual lift of subsidies and allowing the interbank market to set the fair value of the Egyptian pound was exactly the call we made nearly 10 years ago — and will allow us to sustainably deliver profitability starting in 2018.

Looking across our portfolio, Qalaa Holdings today controls the following sectors and companies:

- **Exporters, including ASCOM Carbonates and Chemicals Manufacturing** (which produces world-class ground calcium carbonate for the plastics, paints, coatings, adhesives, paper, construction and glass manufacturing industries) and **GlassRock** (which produces glasswool and rockwool insulation for use in a variety of industries).

The steps taken last year by the Government of Egypt to fully embrace a reform program based on the gradual removal of subsidies and allowing the interbank market to set the fair value of the Egyptian pound was exactly the call we made nearly 10 years ago.

- **Import substitutes**, particularly our USD 3.7 billion **Egyptian Refining Company**, which will curb Egypt's present-day diesel imports by c. 50%. Meanwhile, **ICDP** produces high-quality cheese and fresh milk from **Dina Farms**, a highly sought-after substitute for imported milk powder.

- **Plays on liberalization of energy markets**, including leading energy company **TAQA Arabia**, our **Egyptian Refining Company** and **Tawazon**, our waste-to-energy play.

- With **energy efficiency** at last becoming a watchword in the Egyptian business community's vocabulary, we see domestic market prospects for both our river transportation play **Nile Logistics** as well as for **GlassRock**.

Ahmed Heikal
Chairman & Founder

At the same time, ASCOM — our mining platform — remains not just a play on the outlook for the building materials industry and infrastructure spending, but stands to benefit from the government's recent interest in breathing life into a value-added approach to mineral extraction.

Meanwhile, the devaluation of the Egyptian pound will disproportionately benefit our program to divest non-core assets, with US dollar-denominated proceeds being used to reduce our debt levels.

Broadly speaking, we are increasingly optimistic about the outlook for Egypt. The float of the Egyptian pound and the imminent start of production at Eni's Zohr supergiant gas field in the Mediterranean will see Egypt planning lower levels of fuel imports. The start of production at our Egyptian Refining Company will provide even further impetus, eliminating the need for the import of as many as 2.3 million tons per year of refined diesel. Thanks to the float of the Egyptian pound, Egypt has remarkably enhanced its global competitiveness in the export of products with limited imported content as well as the export of services such as tourism, an industry critical to the national economy that has suffered greatly since 2011.

The government is signalling that it will steer a steady course on reforms — and that it will not back down from the reform of energy subsidies, on which the International Monetary Fund is also pressing. Foreign direct investment is, cautiously, returning to a market for which public market investors and the carry trade have proven pathfinders.

In sum, there is a lot to like about Egypt at this moment, and we see ourselves well-positioned to grow as the economy prepares to enjoy a good multi-year run, as growth forecasts from both the IMF and World Bank this past April suggest.

Against this backdrop, Qalaa Holdings stands today as a very different company than it did a few short years ago. We have streamlined our investments, having divested Enjoy and El Aguizy from our food portfolio

CHAIRMAN'S NOTE

this year and exited Tanmeyah — the microfinance player we grew from a modest startup into the largest private-sector player in its field — in a transaction with EFG Hermes. And, of course, in early 2016 we successfully exited Misr Glass Manufacturing and the United Glass Company.

Exits this year allowed us to deconsolidate and repay a significant portion of our debt and to put our company on a solid financial footing ahead of the start of production at the Egyptian Refining Company.

As we focus on proven winners in Egypt, we are actively working to dispose of a number of our non-Egyptian holdings. We are working toward the exit of Djelfa, our Algerian greenfield cement company, and are working to dispose of Rift Valley Railways in Kenya even as we continue to provide it with guidance and support pre-exit. We are not retreating from African markets wholesale, but our view going forward is to explore how we can capture hard-currency opportunities in East and North Africa through exports and through commercial agreements.

Our goal for the coming three to four years is simple and achievable: we will grow our proven winners into companies that operate at a scale and level of profitability that will allow us to pay liabilities and launch buybacks of Qalaa Holdings shares.

> *With mechanical completion at the Egyptian Refining Company (ERC) expected at the end of 2017, we look forward to the delivery of our first product in 2018.*

It is with all of the foregoing in mind that we look forward to mechanical completion of ERC before the end of this year and the delivery of first on-spec product for 2018. With ERC set to soon enter production; with foreign exchange losses now behind us; with TAQA Arabia showing healthy signs of growth at both the top and bottom line; and with macro trends now moving decisively in our favour, I have every confidence that 2017 will prove a transformative year for Qalaa Holdings on our journey back to profitability.

Ahmed Heikal
Founder and Chairman

ERC construction site, Mostorod

OUR HERITAGE

A TRACK RECORD OF PROMOTING SUSTAINABLE GROWTH THROUGH RESPONSIBLE INVESTMENTS

Since our founding as Citadel Capital in 2004, we have been committed to making responsible investments that contribute to sustainable development in Egypt and throughout Africa and the Middle East

2004

- Qalaa Holdings is founded by Ahmed Heikal and Hisham El-Khazindar as a two-person partnership to pursue growth opportunities in the Middle East and Africa.

CITADEL CAPITAL
القلعة

2005

- ASEC Holding becomes the firm's first platform company for investments in the cement, construction, and engineering services sector.

2006

- Qalaa Holdings establishes TAQA Arabia, which becomes the platform company for its full-service MENA energy solutions group. TAQA Arabia currently provides natural gas connections to nearly 1 million customers in Egypt.
- Qalaa Holdings establishes Nile Logistics to capitalize on Egypt's underdeveloped river transport sector and promote the use of clean and efficient energy.
- Qalaa Holdings donates USD 250,000 to open the Qalaa Holding Financial Services Center at The American University in Cairo. The QHFSC is the first institution in the MENA region dedicated to helping students develop the skills and qualifications needed to pursue careers in securities trading, risk management, and asset allocation.

2007

- Gozour is created to pursue investment in integrated regional agricultural and multi-category consumer foods.
- The Qalaa Holdings Scholarship Foundation awards it first scholarships to 19 students to pursue graduate studies abroad on the condition that they return to Egypt to work afterward.

2008

- Sphinx Glass begins construction of a state-of-the-art greenfield float glass plant.
- Partial exit of ASCOM Geology and Mining on the EGX.

2009

- The firm lists its shares on the EGX.
- ECARU and ENTAG are acquired to form a solid waste management company that is subsequently named Tawazon.
- Tanmeyah Microenterprise Services is established.
- ASCOM begins gold exploration in Ethiopia.

2010

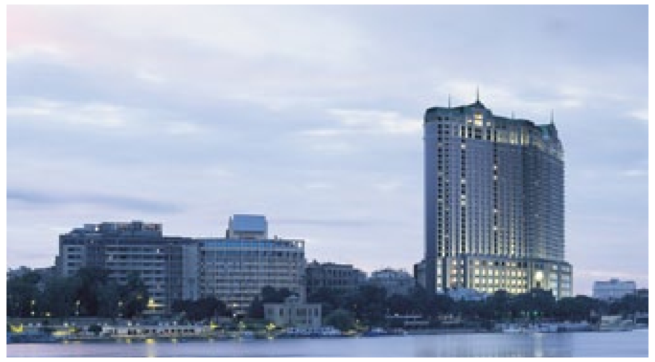
- A majority stake in Rift Valley Railways (RVR) is acquired.
- The USD 2.5 bn debt package for the USD 3.7 billion Egyptian Refining Company (ERC) is signed. Upon completion, ERC will provide Egypt with clean energy that will reduce the country's sulfur emissions by almost one third and reduce dependency on imported fuel.
- ERC begins an ongoing project to refurbish schools, build training centers, provide school supplies, and offer vocational training for members of the communities surrounding the refinery.
- Takamol Cement begins operations in Sudan.

2011

- Wafra, the firm's platform for investments in the Sudanese agricultural sector, completes its first commercial wheat harvest.
- ASCOM Precious Metals Mining (APM) announces encouraging indications of gold mineralization at the Asosa Concession in Western Ethiopia.
- ASEC Engineering signs 3 five-year contracts to manage new cement plants in Qena, Beni Suef and Assuit.

2012

- GlassRock Insulation Co. begins producing environmentally friendly rockwool at greenfield facility in Minya.
- ERC reaches financial close on the USD 1.1 bn equity component of the deal provided by a consortium of regional and international investors.
- ASEC Minya, ASEC's 2.0 MTPA greenfield cement plant in Upper Egypt begins production.



2013

- Citadel Capital rebrands as Qalaa Holdings and transforms its business model from private equity to investment holding, with a narrower focus on strategic industries including energy and infrastructure.
- RVR achieves important operational milestones, including the rebuilding of tracks and installing new GPS signaling systems.

2014

- Qalaa Holdings announces it has completed its planned purchases of additional stakes in its subsidiary companies as part of its ongoing transformation into an investment holding company.
- ERC surpasses 40% completion and begins receiving and installing heavy pieces of equipment, including process reactors, fractionators, and drums that will form the core of the refinery.
- Qalaa Holdings joins the United Nations Global Compact as part of its ongoing commitment to responsible investing and sustainable business practices.

2015

- The firm delivers on its strategy to deleverage and divest non-core assets, including Tanmeyah, ASEC Minya, ASEC Ready Mix, and Rashidi El-Mizan.
- Qalaa remains committed to growing its investment in energy and infrastructure.
- The firm completes its first sustainability report using the UN's GRI reporting standards. It becomes the first Egyptian company to receive an "A" grade from the GRI.
- Collaborative effort between ASEC Engineering and the American University in Cairo's Engineering and Science Services Department offers students professional training and degrees in highly specialized fields in cement engineering and management.

2016

- ERC reaches 94% completion. At peak construction, the ERC creates 8,000-9,000 temporary jobs. Upon completion, it will create 700 permanent jobs in the Egyptian economy.
- Qalaa Holdings becomes a founding member of the UN Global Compact Network in Egypt in recognition of its commitment to conducting and promoting sustainable business in the country's private sector.
- Qalaaa aligns its ESG practices with the UN's Sustainable Development Goals and communicates this shift throughout its core business and subsidiaries. The firm chose five key goals to focus on: quality education; affordable and clean energy; decent work and economic growth; industry, innovation, and infrastructure; and partnerships for the goals.
- ERC launches its new scholarship program, Mostakbaly, which provides students and teachers from the communities surrounding the ERC with the opportunity to pursue undergraduate degrees and professional diplomas from the American University in Cairo and the Arab Academy for Science and Technology.
- QHSF celebrates its 10-year anniversary by awarding 13 new scholarships, in addition to the launch of the May and Ahmed Heikal NYU Scholarship for students to pursue graduate studies at New York University, awarded by by Qalaa Chairman and Founder Ahmed Heikal and his wife May Elaraby.

2016 FINANCIAL HIGHLIGHTS

MANAGEMENT DISCUSSION & ANALYSIS

Qalaa's top-line is capturing the upside of the macroeconomic themes now coming into play with revenues up 25.0% y-o-y at the close of 2016

Qalaa Holding energy investments: Taqa, Tawazon and ERC.

Qalaa reported total revenues for the year ended 31 December 2016 of EGP 7,848.8 million, up 25% y-o-y over the FY2015 adjusted figure of EGP 6,277.4 million. The largest contributors to revenue during the year continued to be the energy sector (43%) and the cement sector (33%). Meanwhile, following ASCOM's consolidation starting the third quarter of 2015, mining's contribution has been on the rise and constituted 10% of revenues in FY2016, up from 4% the previous year. On the other hand, transportation and logistics' contribution has decreased from 8% in FY2015 to only 1% in FY2016, on the back of management's decision to classify Rift Valley Railways as a discontinued operation.

Meanwhile, revenue growth in FY2016 was largely driven by improved operational performance at platform company TAQA Arabia, with top-line up 38% y-o-y to EGP 3,214.5 million and contributing 56% to Qalaa revenue growth in absolute value. Additionally, cement platforms ASEC Cement and ASEC Engineering also helped drive-up Qalaa's revenues in FY2016, with the two companies contributing 23% to revenue growth in absolute terms. Improved performance came thanks to increased volumes at ASEC Cement's Sudan plant (Al-Takamol) and higher fees per ton at ASEC Engineering. Improvements by cement assets were also reflected on Qalaa's share of associates' results, with ASEC Cement's Zahana plant in Algeria contributing EGP 38.6 million in FY2016.

Moving down the income statement, SG&A came in at EGP 927.2 million in FY2016, up 12.5% y-o-y, however inching down 130 bps as percentage of sales to 11.8%. At the EBITDA level, Qalaa posted EGP 442.2 million in FY2016, down only 2% y-o-y despite the prevailing inflationary environment and the significant pressures on its subsidiaries' cost base.

Following the float of the Egyptian pound in November 2016, the Central Bank of Egypt (CBE) raised its primary interest rates by 300 bps to help strengthen the currency. The rate hike saw Qalaa record higher interest expense on its standalone senior debt —booked at the holding level and totaling c.USD 240 million — which came in 25.9% higher y-o-y to EGP 665.8 million.

Similarly, ASEC Holding's convertible bond recorded a 22.8% y-o-y increase in third-party shareholder interest for the year at EGP 97.3 million.

Meanwhile, the float of the pound also led to an asset value appreciation related to Wafra, Qalaa's agrifoods subsidiary. However, owing to the political instability and security challenges in Sudan and South Sudan, management decided to impair these assets by EGP 568.0 million to accurately reflect their true value. Additionally, an impairment of EGP 190 million was booked at Grandview on the back of a downward asset revaluation; a goodwill impairment of EGP 179 million at Nile Logistics; and EGP 178 million in impairments at ASEC Cement's Djelfa (Algeria Cement) related to goodwill and projects under construction. In sum, Qalaa recorded total impairments of EGP 1,463.5 million in FY2016, up by 112.6% y-o-y.

Losses from discontinued operations posted EGP 765.7 million in FY2016 of which c.63% (EGP 478.8 million) relate to Africa Railways and EGP 80 million from Mena Home (Designopolis mall). Higher losses from Africa Railways came as the pound's float inflated the company's foreign currency denominated operational losses following their translation into EGP on Qalaa's financials.

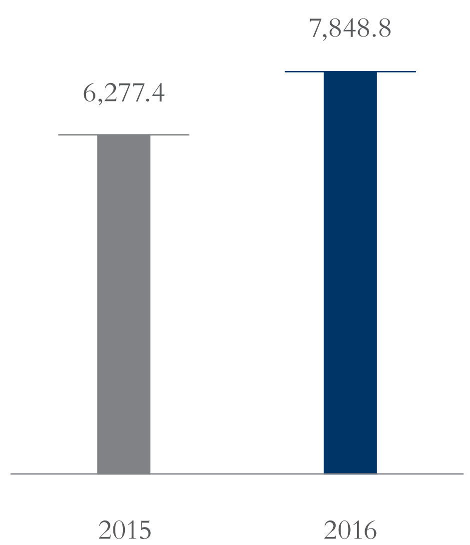
Overall the CBE's float of the Egyptian Pound on 3 November 2016 — which saw the EGP lose over 50% of its value to trade at a USD/EGP rate of 18.41 as of 31 December 2016 versus a pre-float rate of 8.79 — led to Qalaa recording total FX losses of EGP 2,067.5 million in FY16, of which EGP 2,003.4 million were booked in the fourth quarter of the year. The losses are primarily owing to the revaluation of ASEC Holding's convertible bond which generated EGP 1,987.2 million in FX losses. The figure however, was partially offset by an FX gain at ASEC Cement, netting out a total FX loss at ASEC Holding of EGP 1,462.0 million in FY2016.

QH Consolidated Revenues

EGP 7,848.8 mn

vs. EGP 6,277.4 mn in FY15

REVENUE PROGRESSION (EGP mn)



[1] Comparative 2015 figures are adjusted to reflect the divestment of ASEC Minya, ASEC Ready Mix, MisrQena Cement, Rashidi El-Mizan, RIS, Tanmeyah, and Mashreq, eliminating the figures of divested companies in addition to figures for investments held for sale starting 1Q16, including Africa Railways. Additionally, ASCOM's 2016 results were added to Qalaa's 2015 figures owing to ASCOM's income statement consolidation starting 3Q15 for a more accurate comparison of y-o-y results.

2016 FINANCIAL HIGHLIGHTS

Meanwhile, an FX loss of EGP 772.9 million was booked at one of Qalaa's Special Purpose Vehicles (SPV) with USD denominated financials. The SPV had extended EGP denominated loans to subsidiaries booked as accounts receivables, leading to an FX loss following the EGP's devaluation and subsequent translation of the accounts into USD on the SPV's financials.

Substantial FX losses coupled with higher impairments — together totaling c.EGP 3.5 billion in non-cash charges — saw Qalaa record a Net Loss after Minority Interest of EGP 4,106.5 million in FY2016 driven predominantly by the float of the EGP.

The pound's devaluation also led to a hike in total consolidated debt to reach EGP 9.71 billion as at 31 December 2016, excluding Egyptian Refining Company (ERC), versus EGP 5.9 billion at the close of the previous period. The increase was driven by the revaluation of Qalaa's USD denominated senior debt as well as other foreign currency debt held primarily at ASCOM's subsidiaries. The float also drove ERC's debt value to EGP 30.41 billion as at 31 December 2016 compared to EGP 14.85 billion at 30 September 2016.

EBITDA

EGP 442.2 mn
vs. EGP 451.0 mn in FY15

Net Profit After Minority

EGP (4,106.5) mn
vs. EGP (1,148.2) mn in FY15

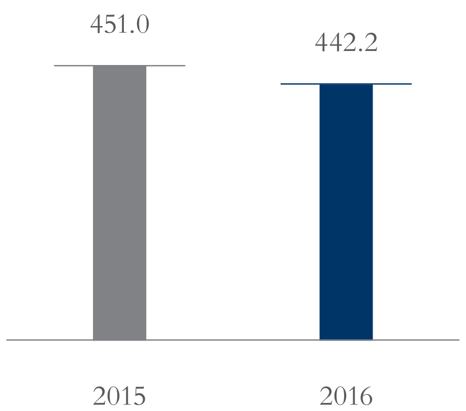
Total Assets

EGP 73,182.0 mn
vs. EGP 36,978.2 mn in FY15

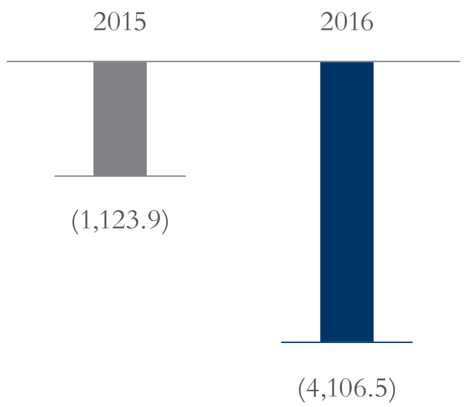
Total Equity

EGP 16,470.5 mn
vs. EGP 10,950.4 mn in FY15

EBITDA PROGRESSION (EGP mn)



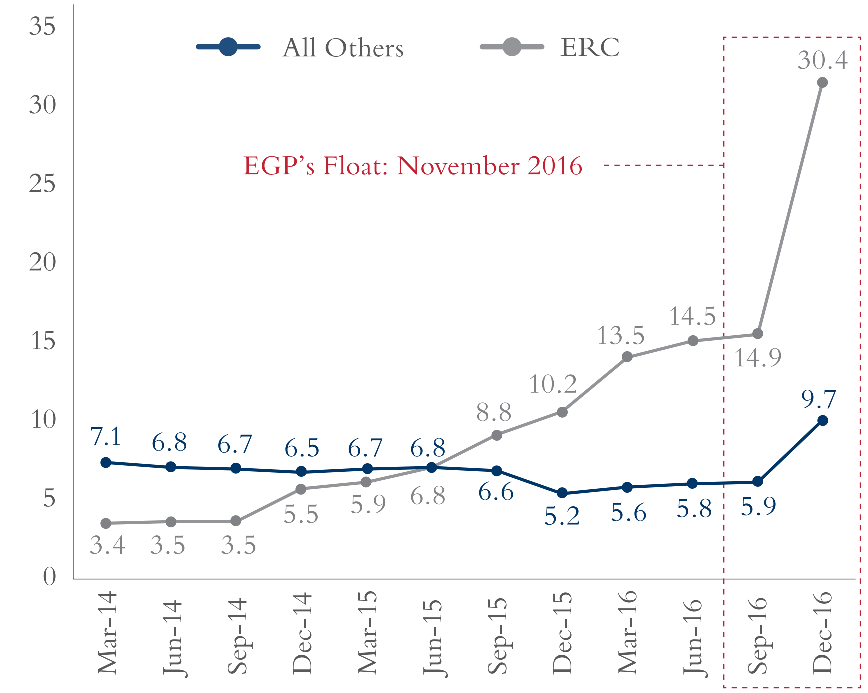
NET PROFIT PROGRESSION (EGP mn)



QALAA HOLDINGS CONSOLIDATED REVENUES FY16

Energy	43%
Cement	33%
Tran. & Logistics	1%
Mining	10%
Other	13%

Debt Progression* (EGP bn)



* The Debt Progression chart excludes Africa Railways' debt balance owing to its reclassification as a liability held for sale starting 1Q16.

Outlook

Management notes that over the past 12 months Qalaa has made significant strides toward reshaping its business model and positioning itself for future growth as the economy prepares to enjoy a good multi-year run.

The steps taken by the Government of Egypt to fully embrace a reform program, including the float of the Egyptian Pound and the phase-out of energy subsidies, are exactly the policies management has been advocating for over a decade. And while the economic reform program has taken a short-term toll on bottom-line profitability for all businesses operating in Egypt, in the long haul it is set to benefit those who can deliver increased energy and transportation efficiencies as well as exporters and producers of import substitutes, all of which are characteristics of Qalaa's investment portfolio.

Qalaa Holdings controls exporters including ASCOM Carbonate and Chemicals Manufacturing and GlassRock; import substitutes particularly its USD 3.7 billion Egyptian Refining Company, which will curb Egypt's present-day diesel imports by c. 50%; plays on liberalization of energy markets, including TAQA Arabia, solid waste management company Tawazon and Nile Logistics which can deliver increased transportation efficiencies.

Meanwhile, Qalaa continues to push forward with its divestment strategy as well as deconsolidate and repay debt at both the holding and platform company levels. Management seeks to reshape its investments and streamline the company's financials as it prepares for the commissioning of ERC in 2018, and particularly as the current macro trends are moving decisively in its favor. Management adds that with Qalaa overcoming foreign exchange losses and necessary impairments, the company is now better positioned for long-term growth and profitability.

2016 MILESTONES

A YEAR OF STEADY PROGRESS

January

Qalaa Holdings Founder Ahmed Heikal joined the **2016 World Economic Forum in Davos**, Switzerland. Over 100 countries participated in the event, with heads of state and global CEOs coming together to discuss challenges faced by regional economies. Heikal participated in a CEO panel to make a case for investments in Egypt's Red Sea region.

2016 WEF


ECARU biomass collection

February

Qalaa executives presented success stories and took part in key panels on investing and partnering with African countries at **COMESA's Africa 2016 Investment Forum** held under the patronage of Egyptian President Abdel Fattah El-Sisi in Sharm El-Sheikh, Egypt.

ECARU, Tawazon waste-management subsidiary, **signed a five-year contract to supply Ethiopia's Messebo Cement Company with biomass**, an environmentally friendly and cost efficient alternative solid fuel that acts as a replacement for coal and reduces emissions from burning fossil fuel.

ECARU signed an MOU with Ethiopia's East African Mining to establish a JV supplying biomass fuel to be used in Ethiopia and neighboring countries.

March

Qalaa Holdings finalized the **sale of its 70% ownership in Tanmeyah Microfinance** to EFG Hermes. Qalaa helped to grow Tanmeya from its initial concept to an EGP 450 million operation providing Egyptian markets with much-needed microfinance solutions. The sale is part of Qalaa's strategy to deleverage at the holdings and subsidiary levels.


Tanmeyah offering financial inclusion

April

Qalaa's agrifoods subsidiary, **Gozour divested its 55% ownership** of both milk and juice producer **Enjoy** and produce exporter **El-Aguizy International for Economic Development** to a domestic industrial investor who also bought El-Misrieen in December 2015. The sale of these and other distressed assets will have positive impact on Qalaa's P&L by allowing the company to deconsolidate losses.

June

Qalaa Holdings Scholarship Foundation (QHSF) celebrated its 10-year anniversary, awarding new scholarships to 13 students and bringing the cumulative number of scholarships offered to 151. To commemorate the occasion, Chairman and Founder Ahmed Heikal and his wife launched the **May and Ahmed Heikal Scholarships** for students to pursue graduate studies at New York University.

QALAA HOLDINGS SCHOLARSHIP FOUNDATION
10th ANNIVERSARY

Educating Egypt's
Future Leaders

2016 MILESTONES

August

Nile Logistics' subsidiary **NRPMC** took steps to diversify its business by **launching the operation of Inland Container Depot at its Nubareya River Port**. In its first month of operations, the depot achieved promising revenues of c. EGP 631,000. In 4Q16, revenues reached c. EGP 3 million.

October

ASEC Cement and ASEC Cement Djelfa Offshore signed a preliminary share purchase framework agreement to sell 100% of its ownership of ASEC Ciment Algerie (AACC) to a consortium of Algerian investors in a USD 60 million transaction.

The Egyptian Refining Company (ERC) launched the Mostakbaly Scholarship Program to fund educational opportunities for students and teachers in Mostorod by awarding its first batch of six undergraduate scholarships to students from the surrounding community to attend The American University in Cairo (AUC) and The Arab Academy for Science and Technology.

Mostakbaly scholarship recipients

THE GLOBAL COMPACT

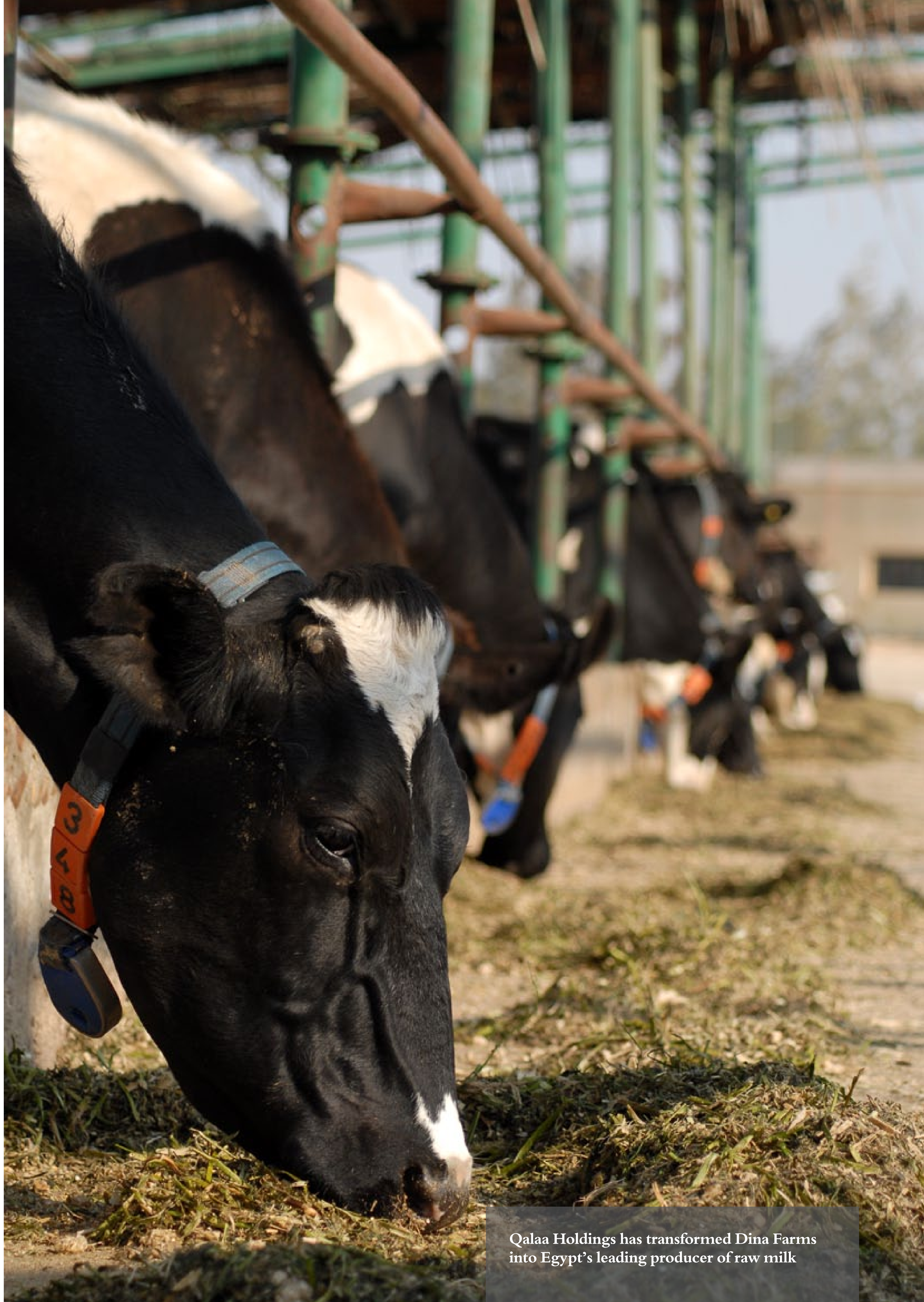
November

Qalaa Holdings was named as a founding member of the UN Global Compact Network in Egypt in recognition of the company's commitment to sustainability and responsible investing and its leadership role in Egypt's private sector.

December

ERC reached 91% completion as of December 31 with all of the heavy/major equipment installed at the construction site. ERC is an import substitution play with 100% of its production serving local demand.


ERC construction site, Mostorod


Qalaa Holdings has transformed Dina Farms into Egypt's leading producer of raw milk

RESPONSIBLE INVESTING

ALIGNING WITH THE SUSTAINABLE DEVELOPMENT GOALS

4 QUALITY EDUCATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

QALAA HOLDINGS القلعة

SUSTAINABLE DEVELOPMENT GOALS

RESPONSIBLE INVESTING

AN AFRICAN PIONEER
IN SUSTAINABLE AND RESPONSIBLE BUSINESS PRACTICES


Reem Bedair, QHSF 2010 scholar, Oxford University, examining x-rays at Egypt's National Cancer Institute

At the forefront of Qalaa Holdings business goals is the pursuit of a double bottom line: significant gains for both our company and the countries and communities in which we work. By investing in businesses that have a positive impact on our society, Qalaa plays an important role in fostering sustainable growth in Egypt and Africa. Our subsidiaries have created thousands of jobs and developed infrastructure crucial for sustainable economic development and inclusive growth.

Environmental impact is also at the forefront of our strategic concerns; this has led us to invest in projects that recycle waste into alternative fuel and produce clean Euro V diesel that reduces the toxins that are released into the air as a result of burning low quality petroleum. Over the course of a decade, we have nurtured these investments and watched our communities grow and thrive.

Our Commitment to the Sustainable Development Goals (SDGs)

In 2015, Qalaa Holdings made the decision to realign our sustainability targets with the newly-adopted UN Global Compact's (UNGC) Sustainable Development Goals (SDGs). Created to expand on the success of the Millennium Development Goals, the SDGs represent a global effort to foster sustainable development at all levels of society. Over the past year, we have worked diligently to communicate and rollout our commitment to the SDGs at both the holding company level and throughout our subsidiaries.

RESPONSIBLE INVESTING

MORE THAN 10 YEARS OF SUSTAINABLE BUSINESS
OUR ACCOMPLISHMENTS

SUSTAINABLE DEVELOPMENT GOALS

In order to streamline our efforts and tailor international standards to Qalaa's unique position as an Egyptian holding company with investments in diverse sectors including energy, transportation and logistics and food, we have chosen to focus on projects and initiatives that aim to achieve the SDGs with a particular emphasis on education, an area that has always been a priority for our founders.

Our Core Goal: Providing Access to Quality Education

Recognizing the importance of education and human capital development in fostering economic growth and social transformation, we have chosen to make access to education the core goal on which we focus. In 2006, only two years after our company was founded, we donated USD 250,000 to establish the Qalaa Holdings Financial Services Center (QHFSC) at The American University in Cairo (AUC). The QHFSC is the first institution in the MENA region dedicated to helping students develop the skills and qualifications required to pursue careers in securities trading, risk management, and asset allocation. Since that time we have donated USD 30,000 annually to ensure that the center continues to provide students with the training that they require in order to enter the workforce.

A year later in 2007, we launched the Qalaa Holdings Scholarship Foundation (QHSF) with an endowment to ensure the program's sustainability. Today QHSF has grown to become the largest private sector funded scholarship program in Egypt. Despite economic and political challenges, every year since 2007 QHSF has been giving 15-20 of Egypt's brightest students the chance to pursue graduate studies abroad at leading global universities in the U.S. and Europe on the condition that they return to work in Egypt after the completion of their studies. By providing youth from cities in 13 governorates throughout Egypt with opportunities, we are enabling them to make a positive impact on the economic and social well-being of the country. During their time abroad, scholarship recipients gain critical thinking skills, professional qualifications, and international connections that equip them to make a pivotal impact when they return to Egypt.

163 scholarships awarded*
to Egyptian students for graduate studies abroad by QHSF since 2007

950
welders, electricians, and pipe-fitters trained by ERC as part of a vocational education initiative

15,300+
beneficiaries of ASEC Academy's training programs

15,161
people employed at Qalaa Holdings and its subsidiaries

USD 60 mn contributed
to community development programs since 2004

USD 100,000
donated to refurbish hospitals in Matariya and Mostorod for the benefit of more than **700,000** community members

* Includes 2017 Scholars

Qalaa energy subsidiary TAQA Arabia is investing in renewable energy

In 2016 we celebrated 10 years of successful, uninterrupted operations at QHSF. During this time, we have provided a total of 151 students with the opportunity to pursue masters and doctoral degrees at top universities across the world including Harvard, Stanford, Oxford, Cambridge, Columbia and Wharton to name a few. Recognizing the crucial link between diversity and innovation, we have sought out talented young men and women from across the country. Past scholarship recipients have come from Cairo, Giza, Alexandria, Menoufia, Ismalia, Assiut, Minya, Qalyubiya, Dakahlia, and Aswan governorates. Our students also have a diverse array of passions and have pursued degrees in fields ranging from filmmaking, anthropology, and art to law, business, engineering, architecture, development, and medicine.

Subsiadiaries Expand Access to Quality Education

Our subsidiaries are also championing education with their own programs that mirror Qalaa's goal to provide educational opportunities to those who otherwise have no access. The Egyptian Refining Company (ERC), Qalaa's USD 3.7 billion refinery has been refurbishing public schools and providing vocational training opportunities through purpose-built community centers in their surrounding neighborhood of Mostorod. They have also funded school supplies and conducted vision tests for over 36,000 students and members of their local communities. In 2016, ERC consolidated all their initiatives under the umbrella of their newly-launched "Mostakbaly Scholarship Program," which awards both graduate and undergraduate university scholarships and funds training for public school teachers at AUC's Teaching Early Learners diploma program.

TAQA Arabia, Qalaa's energy distribution subsidiary has also endowed an additional annual scholarship in 2016 for students working in the alternative energy sector to pursue graduate studies abroad in alternative energy or related disciplines.

Investing in Affordable and Clean Energy Solutions

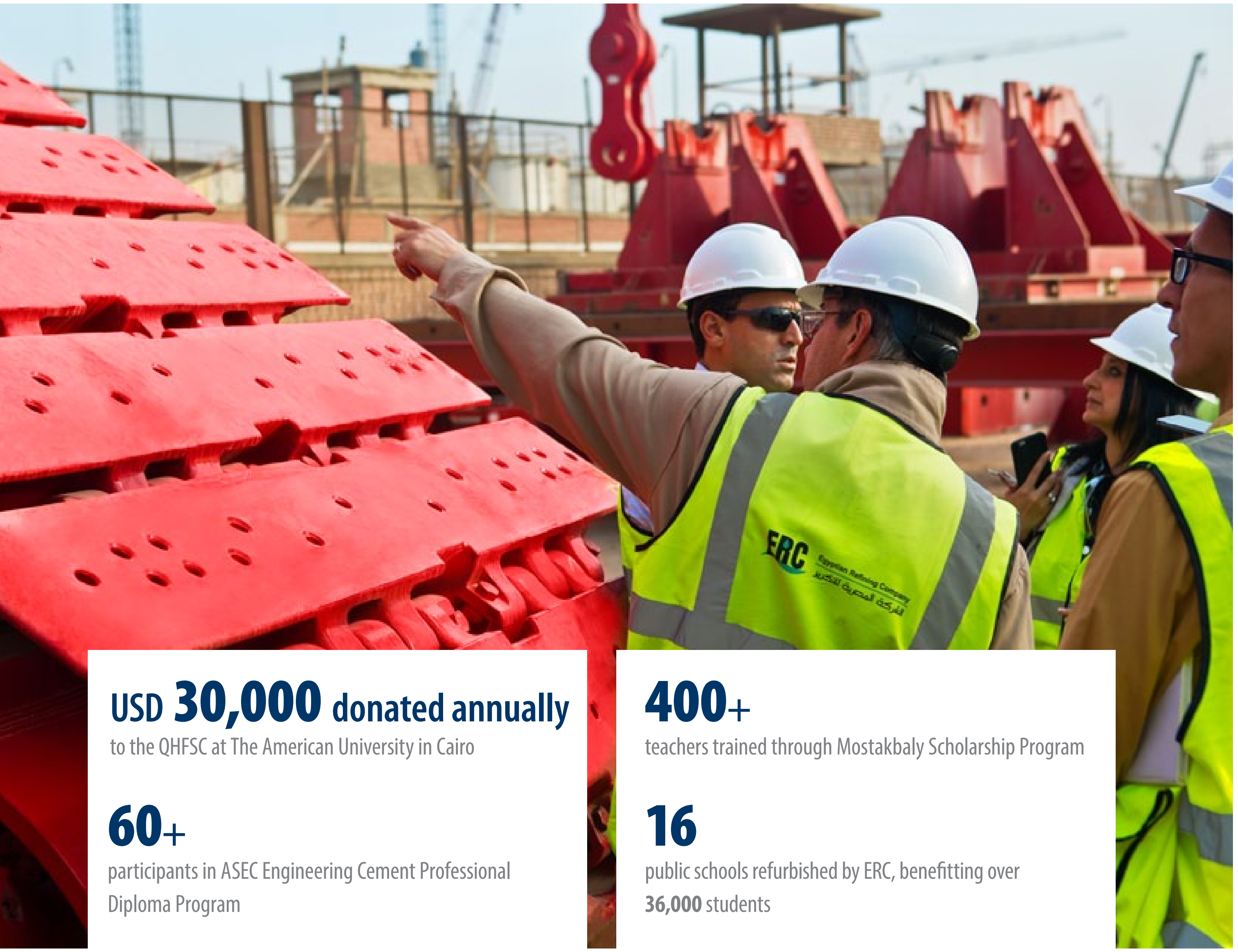
At Qalaa Holdings, we believe that for Egypt's economic growth to be truly sustainable, it must be fueled by clean and efficient energy sources. Contributing to the country's need for clean energy, our waste management subsidiary Tawazon is recycling waste into biomass, an environmentally friendly replacement for coal and natural gas that is ideally suited to power heavy industries such as cement.

When complete, ERC, our state-of-the-art USD 3.7 billion refinery will eliminate 93,000 tons of Egypt's sulfur emissions and improve the quality of the national petrol supply by converting lowest value fuel oil into middle and light distillates that Egypt is in dire need of for its domestic consumption. ERC will have the capacity to produce 4.2 million tons of refined products per year, including 2.3 million tons of Euro V diesel.

Meanwhile, TAQA Power, a branch of our energy subsidiary TAQA Arabia, is investing in solar and wind power and actively working to connect remote households and industrial clients to Egypt's natural gas grid.

120,360 tons
of biomass processed and supplied in FY16 by solid waste management company Tawazon

29% reduction
in total amount of S02 emissions as a result of cleaner Euro V diesel supplied by the ERC



USD 30,000 donated annually
to the QHFSC at The American University in Cairo

60+
participants in ASEC Engineering Cement Professional Diploma Program

400+
teachers trained through Mostakbaly Scholarship Program

16
public schools refurbished by ERC, benefitting over **36,000** students

Providing Decent Work and Economic Growth in Egypt and Africa

In the past 10 years Qalaa Holdings has built 27 businesses, creating thousands of temporary and permanent jobs in the process. Seeking to add value to our employees' experience, we strive to create environments where knowledge exchange is built into the workday and facilitate vocational training opportunities. At subsidiaries like TAQA Power and ASEC Holding, local employees learn from specialists and engineers working onsite. Construction workers hired to build ERC have also gained experience that will qualify them to work on similar projects going forward. At ASEC Holding, our team partnered with AUC to develop the ASEC Engineering Professional Diploma for the cement industry from which many ASEC employees have benefitted.

A Focus on Industry, Innovation, and Infrastructure

Qalaa Holdings invests in a diverse array of businesses that contribute directly or indirectly to building Egypt's infrastructure. ERC is the country's largest in-progress, private sector, infrastructure megaproject; when it's completed, the refinery will play a crucial role in Egypt's energy infrastructure, providing the country with clean-burning fuel for industry that will reduce dependency on imports.

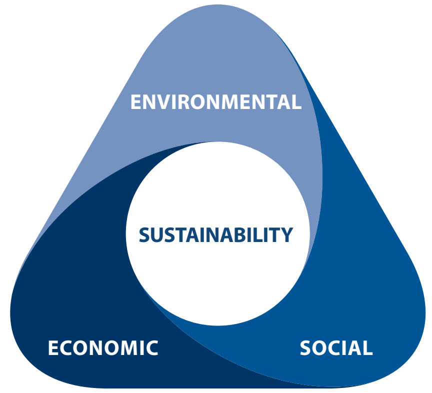
TAQA Arabia is also working to expand the country's energy infrastructure to reach remote areas. By providing educational opportunities and accommodating work environments for our employees, we are giving them the knowledge and opportunities that will make it possible to conceive and realize innovative ideas.

RESPONSIBLE INVESTING

LEADING BY EXAMPLE

The Double Bottom Line

We have always strived to balance positive social impact and financial performance in an effort to leave the communities in which we do business better than we found them. This double bottom line is taken into consideration with every investment decision that we make.



Access To Finance

By adopting a sustainability framework early on, Qalaa was able to access funding from international investors such as DFI and Export Credit Agencies who financed some of their major investments such as the Egyptian Refining Company (ERC)

Better Governance

Effective governance and accurate reporting has helped us reduce risk, identify internal and external threats and capture profitable business opportunities

Shared Value Creation

Adopting the SDGs has helped Qalaa create value for all their stakeholders; investors, employees and communities

Skilled Workforce

Investing in education and human capital development has helped Qalaa and its subsidiaries access top talent and participate in the transfer of knowledge with other players within its industries

RESPONSIBLE INVESTING

17 PARTNERSHIPS FOR THE GOALS

COLLABORATION IS ONE OF OUR KEY STARTEGIES FOR SUPPORTING COMMUNITIES

Government

International Sustainability Organizations and Ratings Agencies

Civil Society

Academia

GLOBAL ORGANIZATIONS AND PARTNERSHIPS

The United Nations Global Compact

As the world's largest voluntary corporate social responsibility initiative, with over 12,000 participants from 145 countries, the UNGC has provided us with a clear and comprehensive framework for developing, implementing, and reporting on effective Environmental, Social and Governance (ESG) practices. Joining the UNGC has provided us with a global network of peer business with which to exchange knowledge and recommendations about adopting and fulfilling the Sustainable Development Goals. We have also been able to use our membership in the UNGC as a platform for engaging other actors within Egypt. Qalaa is proud to be a founding member of Egypt's local chapter of the UNGC.

The Global Reporting Initiative

The Global Reporting Initiative (GRI) is an international, independent organization that provides companies with the tools and support to assess their ESG practices and communicate their commitment to corporate social responsibility to other global actors. Qalaa Holdings was the first Egyptian company to receive an "A" grade from the GRI for our 2015 Sustainability Report (published in 2016) conducted using the G3 reporting standards. We continue to make adjustments and improvements to our operations based on this assessment.

Local Partnerships: The Golden Triangle

We believe that in order to achieve true sustainable development there must be collaboration and alignment between all actors: private-sector, civil society organizations, and government bodies. Adopting the SDGs has allowed Qalaa to align our individual efforts to promote sustainable development with broader initiatives and movements in Egyptian society. We partner with a variety of government and civil society organizations as part of our ongoing efforts and actively encourage other businesses to incorporate the SDGs into their operations.

Private Sector Businesses and Organizations

Our most consistent private sector partner for development is The American University in Cairo.

Qalaa Holdings has collaborated with AUC to design the QHFSC, the curriculum used at ASEC Academy, and the ASEC Engineering Cement Professional Diploma Program. Through the Mostakbaly scholarship program, ERC also provides several students with opportunities to pursue undergraduate degrees and professional diplomas from AUC every year. Additionally, by participating in Egypt's local chapter of the UNGC, Qalaa Holdings actively encourages other businesses to place greater emphasis on sustainable development and to adopt global reporting standards.

In mid-2017, Qalaa also joined the Egyptian Junior Business Association's Integrity Network Initiative (INI), a project uniting Egyptian businesses in the fight against corruption in the private sector. As a member of the INI, Qalaa Holdings has the opportunity to mentor Egypt's most promising SMEs as they develop sound corporate governance and ESG practices.

Civil Society Organizations

ERC regularly partners with civil society organizations in communities surrounding the refinery in order to provide students with school supplies, build much-needed community centers, and facilitate vocational trainings.

Government Organizations

Qalaa Holdings believes in the importance of aligning its priorities with those of the government in an effort to foster a broader national coalition for sustainable development. As part of our overall effort to achieve our priority SDGs, we have in the past undertaken programs in partnership with the Ministry of Education, the Ministry of Social Solidarity and the Ministry of Culture.

CORPORATE GOVERNANCE

GOVERNANCE & INTEGRITY

Qalaa Holdings' governance structure has evolved significantly over the past 13 years as the company has transitioned from an entrepreneurial two-person partnership to Africa's leading private equity firm with 19 platform companies and finally to its current structure as an investment holding company with a narrower focus in fewer strategic sectors.

Throughout Qalaa's 13-year journey, maintaining good governance has been critical in seeing us through the volatility of our markets and helping us build sustainable businesses in multiple countries throughout the region.

We pride ourselves on a long-standing tradition of having a board of directors dominated by a majority of non-executives. In 2016, we continued along the path to strengthen our governance to support sustainable growth, enhance risk management, and maximize efficiency at Qalaa Holdings and across all subsidiary companies. This determined approach to governance has progressively regulated a wide range of practices at Qalaa Holdings and its subsidiary companies, ranging from a risk assessment framework and anti-fraud and financial reporting policies to the manner in which management interacts with shareholders and the creation of shareholder value across our subsidiaries.

Institutionalizing the corporate governance processes is an ongoing, long-term objective across all of our platform companies. Equally important are the principles of fairness, openness, and transparency which we have worked diligently to instill as part of our corporate culture.

An interdisciplinary approach to governance incorporates Qalaa Holdings' management, industry platform teams, and the senior management of subsidiary companies by way of formal quarterly meetings through the management boards. These management boards also convene on an as-needed basis.

This quarterly cycle of meetings and reviews, culminating in the meeting of Qalaa Holdings' audit committee and board, ensures a rigorous process of participation by a wide cross section of executives from Qalaa Holdings and its subsidiary companies.

Qalaa Holdings engages the services of only the most reputable audit firms for both ongoing statutory audits and due diligence for all subsidiaries. Strict internal controls and reporting standards are a cornerstone of the governance principles at Qalaa and its subsidiaries. Financial and operational reports are transparent to all parties with a vested interest — from management and board members to shareholders.

Qalaa believes that high-quality governance is a fundamental enabler of superior corporate performance. The components of effective governance reduce risk, identify internal and external threats, and assist in capturing profitable business opportunities. Qalaa Holdings' governance principles align the interests of management, shareholders, the board of directors, and subsidiaries, facilitating well-informed decisions.

Qalaa Holdings has completed a process of institutionalization that began in 2013 at both the core and subsidiary levels. The comprehensive program included the refinement and improvement of all systems, policies, and procedures that management needs to support and grow the business.

New policy documents were developed in parallel with the refinement of existing charters such as the audit committee and compensation committee. Developed policies that are now being implemented include the risk assessment framework, in addition to the anti-fraud and insider trading policies. In addition, audit committees modeled on the Qalaa Holdings' audit committee charter have been established for all major subsidiary companies, where the members of the audit committees are independent of the company's management.

Audit Committee

Philip Dundas
Chairman of the Committee

Osama Hafez
Committee Member

Magdy El-Desouky
Committee Member

Compensation Committe

Philip Dundas
Chairman of the Committee

Osama Hafez
Committee Member

Magdy El-Desouky
Committee Member

Qalaa Holdings Management

Management Committee

Finance & Investment Committee

Executive Committee

Subsidiary Companies

Management Board | Audit Committee | Statutory Board

Qalaa Holdings

Compensation Committee | Audit Committee | Statutory Board

Qalaa Holdings' Internal Audit represents a key element in its corporate governance framework, with a mission to add value and improve Qalaa Holdings' overall operations by providing relevant, timely, independent, and objective assurance and advisory activities.

The **Internal Audit** team assists the organization in accomplishing its objectives by using a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process which provides Qalaa Holdings' stakeholders with reasonable assurance over the groups operations and strengthens the firm's ability to maximize stakeholder value.

Qalaa Holdings' independent Internal Audit body maintains functional reporting lines to the audit committee and administrative reporting lines to the chairman and chief executive officer.

With a zero-tolerance approach to fraud, the Internal Audit function has implemented an Anti-Fraud Policy to promote consistent corporate integrity, honesty, and ethical behavior within Qalaa and its subsidiaries. This approach helps the firm to protect the organization's assets, reputation, and employees. The Anti-Fraud Policy was reinforced by availing an anonymous whistleblowing channel to receive information from inside and outside the company on the Qalaa Holdings website.

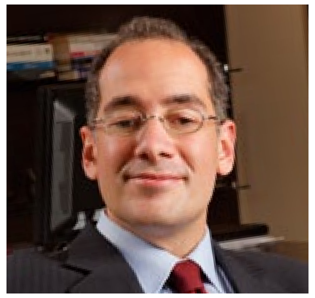
Qalaa Holdings believes in continuously promoting and empowering the control environment within the company. Accordingly, the Internal Audit function has developed a Risk Assessment Framework to be followed throughout the organization. Risk Assessment contributes to the effective and efficient demonstrable achievement of objectives and the improvement of performance on multiple fronts. Qalaa's Internal Audit strives to ensure the presence of the Internal Audit function across all platforms, in its capacity to oversee, monitor and guide, advise, and administer its platform.

Over the years we have overcome many challenges and made significant progress in implementing comprehensive and effective corporate governance strategies. In mid-2017 we took active steps to share our experiences in this project with other companies in Egypt's private sector by joining the Egyptian Junior Business Association's Integrity Network Initiative (INI). This initiative connects Egypt's leading companies with its most promising SMEs in a collective effort to fight corruption in the private sector and create a culture of accountability and transparency.

EXECUTIVE BOARD MEMBERS AND COMMITTEES

Executive Board Members

Ahmed Heikal
Chairman Representing Citadel Capital Partners Ltd



Hisham El-Khazindar
Co-Founder and Managing Director Representing Citadel Capital Partners Ltd

Karim Sadek
Managing Director, Head of Transportation & Logistics

Moataz Farouk
Board Member Representing Citadel Capital Partners Ltd

Non-Executive Board Members

Osama Hafez
Board Member, Representing Olayan

Magdy El Desouky
Board Member, Representing Citadel Capital Partners Ltd

Philip Blair Dundas
Jr., Board Member

Mona Makram Ebeid
Board Member*

Dina Hassan Sherif
Board Member*

* Appointed in 2017

Qalaa Holdings' Board of Directors provides management with oversight and a solid regional perspective and now includes five non-executive board members nominated by shareholders

Finance & Investment Committee

Ahmed Heikal
Chairman & Founder

Moataz Farouk
Chief Financial Officer

Abdalla El-Ebiary,
Managing Director

Hisham El-Khazindar
Co-Founder & Managing Director

Tarek Salah
Managing Director, Head of Cement

Karim Sadek,
Board Member, Head of Transportation & Logistics

Alaa El-Afifi
Managing Director, Head of Mining

Mohamed Abdellah
Managing Director

Amr M. El-Kadi,
Head of IR & Risk Management

Management Board

The management board convenes on a quarterly basis, or more frequently if needed, and is responsible for reviewing, amending, and endorsing the subsidiary companies' financial performance and overall strategy. Attendance by the Finance & Investment Committee is welcomed.

Ahmed Heikal
Chairman & Founder

Moataz Farouk
Chief Financial Officer

Hisham El-Khazindar
Co-Founder & Managing Director

Tarek Salah
Managing Director, Head of Cement

Karim Sadek
Managing Director, Head of Transportation & Logistics

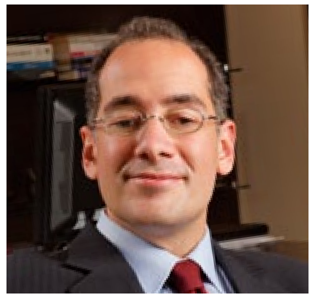
Alaa El-Afifi
Managing Director, Head of Mining

Abdalla El-Ebiary
Managing Director

MANAGEMENT COMMITTEE

Our Management Committee is a monthly forum that engages a wider management team of Qalaa Holdings to review market developments and progress on corporate initiatives at Qalaa Holdings and its subsidiaries

Ahmed Heikal
Chairman & Founder

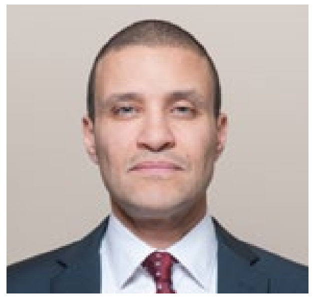


Hisham El-Khazindar
Co-Founder & Managing Director

Karim Sadek
Managing Director, Head of Transportation & Logistics

Mohamed Abdellah
Managing Director

Abdalla El-Ebiary
Managing Director



Alaa El-Fas
Managing Director

Ahmed El-Sharkawy
Managing Director*

Mostafa Sowelem
Managing Director

* Stepped down as of 2017

Raouf Tawfik
Managing Director

Ahmed Abdel-Sattar
Group Chief Information Officer

Rami Barsoum
Head of Information Technology

Hazem Dakroury
Head of Government Relations

Ghada Hammouda
Chief Marketing Officer & Head of MARCOM

Tarek Hassan
Head of Legal Department

Amr M. El-Kadi
Head of IR & Risk Management

Yasmin Al-Gharbawie
General Counsel

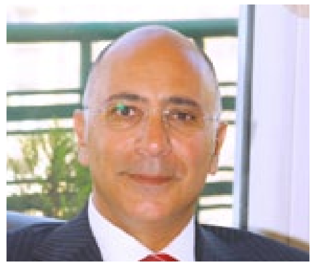
Shady Raphael
Head of Internal Audit

Ihab Rizk
Head of Human Resources

Mohsen Mansour
Principal

SUBSIDIARY MANAGEMENT TEAMS

ENERGY



Khaled Abubakr
TAQA Arabia,
Executive Chairman

Pakinam Kafafi
TAQA Arabia,
Chief Executive Officer

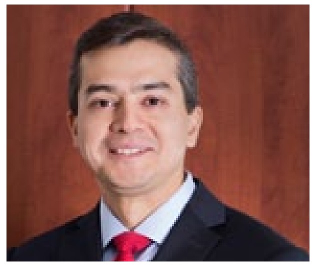
Mohamed Saad
ERC,
Managing Director

Hisham Sherif
Tawazon,
Chief Executive Officer

TRANSPORTATION AND LOGISTICS

Maged Farag
Nile Logistics,
Chairman of the National Council for
Multimodal Transport

CEMENT



Tarek El-Gammal
ASEC Cement,
Chief Executive Officer

AGRIFOODS

Tamer Hassan
Dina Farms,
Managing Director,
Agricultural Sector

Ashraf Abousen
Dina Farms,
General Manager,
Retail Company

DINA FARMS

Mohamed Osman
Dina Farms,
Managing Director,
Livestock

WAFRA

Hassan Mokhtar
Managing Director

Sherif Ibrahim
Sabina,
Chief Financial Officer

MINING

Fayez Gress
ASCOM,
Chief Executive Officer &
Executive Chairman

OUR SUBSIDIARIES

ENERGY

TAQA Arabia | tawazon | ERC | GlassWorks

TRANSPORTATION & LOGISTICS

NILE LOGISTICS

MINING

ASCOM GEOLOGY & MINING

CEMENT & CONSTRUCTION

asec holding

AGRIFOOD

Gozour

ERC construction site, Mostorod

OUR SUBSIDIARIES

THE EGYPTIAN REFINING COMPANY (ERC)

ERC

Now more than 94% complete, ERC, a crucial import substitution project, will bolster Egypt's energy security and provide environmentally friendly fuel for economic growth

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

ERC is a state-of-the-art USD 3.7 billion greenfield petroleum refinery and Egypt's largest private sector in-progress infrastructure megaproject. When complete, ERC will convert lowest value fuel oil into middle and light distillates that will meet domestic consumption needs and eliminate 93,000 tons of Egypt's annual sulfur emissions, almost one third of the country's total.

In June 2012, ERC reached financial close on the equity and debt components of project financing. Qalaa Holdings invested in the project alongside Gulf and international investors, global export credit agencies, and development finance institutions. Construction began in 2012, with the consortium of GS Engineering & Construction Corp. and Mitsui & Co. Ltd acting as the contractor for the project.

The EGPC's Cairo Oil Refinery Company (CORC), the nation's largest refinery with 20% of Egypt's current refining capacity, will provide oil as feedstock for ERC. ERC will have the capacity to produce 4.2 million tons of refined products per year, including 2.3 million tons of Euro V diesel, representing more than 50% of Egypt's current imports and 600,000 tons of jet fuel. Liquid stock products will be sold at the EGPC at international prices under a 25-year takeoff agreement.

As an import substitution project delivering diesel and other high-value products to the EGPC at the heart of the consumption market in Greater Cairo, the ERC is strategically important to Egypt's energy security.

94.1%
complete as of May 2017

29.1%
reduction in Egypt's SO2 emissions

50-60%
reduction in Egypt's Diesel imports

USD **2.5** BN
value of debt package for ERC

c.USD **1.2** BN
total equity invested in ERC

Key Management

Mohamed Saad
Managing Director

QH Ownership

18%

Footprint:

Egypt

ERC construction site, Mostorod

2016 Financial and Operational Updates

- Progress on construction reached 94.1% as of May 2017. Mechanical testing is scheduled to begin in 2017, with first product expected in 2018.
- All heavy and major equipment has been installed at the project site.
- The ERC is expected to generate an EBITDA of c. USD 500 million in its first full year of operation.
- All underground and domestically fabricated above-ground piping installation has been completed.
- All mechanical outfitting has been completed.

4.2 MN TONS
total annual production capacity of refined products and high-quality oil derivatives

8,000-9,000
jobs created at peak construction, 700 permanent positions created

2.3 MN TONS
annual production capacity of Euro V Standard Diesel

OUR SUBSIDIARIES

TAQA ARABIA

TAQA Arabia provides the energy and infrastructure to fuel economic growth and improve quality of life

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

TAQA Arabia is Qalaa Holdings' primary operational investment in Egypt's vital energy sector. Qalaa initially invested in TAQA in June 2006 in the belief that rapid industrial growth in Egypt and the region would provide an opportunity for private sector players to satisfy unmet industrial demand for energy. We also had the foresight to predict that governments would inevitably have to deregulate their energy sectors giving ample opportunities for an aggressive, experienced, and well-financed group like TAQA to become a market leader.

Ten years later we have been proven right. TAQA Arabia today stands as Egypt's largest private sector energy distribution company, with more than 18 years of experience investing and operating energy infrastructure including gas transmission and distribution, power generation and distribution, and the marketing of petroleum products. The company has also recently taken solid steps to invest in alternative energy including wind and solar power projects to help meet Egypt's growing energy needs after the government announced the introduction of new feed-in tariffs for renewable energy.

46
filling stations in Egypt, **7** CNG and **39** fueling stations

826,100
clients connected to the gas grid

3.6 BCM
total gas distributed

38%
y-o-y increase in revenues

Key Management

Khaled Abubakr
Executive Chairman
Pakinam Kafafi
Chief Executive Officer

QH Ownership

62.5%

Footprint:

Egypt, Libya, Jordan, Qatar, UAE

In 2016, TAQA Fuels Marketing was TAQA Arabia's most profitable division with 46 stations nationwide

TAQA Arabia provides complementary services in the energy sector through three distinct arms:

TAQA Gas Distribution and Construction (residential, commercial, and industrial)
Providing 826,100 customers with 3.61 billion cubic meters of natural gas, TAQA Gas is the leading gas distributor in Egypt. TAQA Gas regularly serves 11 governorates within Egypt. The company also has a large downstream natural gas engineering and construction division that manages the group's distribution arms and provides services to private and public sector third parties in Egypt and the MENA region.

TAQA Power Generation and Distribution, Engineering, and Procurement
With more than c.5,000 clients including several major companies, TAQA Power is the leading integrated private sector power player in the Egyptian market. The company maintains engineering, development, generation, and distribution operations along the power value chain. As a result, TAQA Power can provide clients with tailored packages that address operational requirements from finance and design to construction. TAQA Power also operates and maintains low-, medium-, and high-voltage power plants and distribution networks for the oil and gas, industrial, residential, commercial, and tourism sectors in Egypt. Additionally, TAQA Power is the first private sector company in Egypt licensed to distribute power in an industrial zone.

TAQA Fuels Marketing and Distribution
In 2016, TAQA Fuels Marketing was TAQA Arabia's most profitable division, making significant contributions to total revenue across all four quarters. The branch is the first local private sector player to see refined petroleum products and fuel oil to retail, industrial, and wholesale customers; it focuses on underpenetrated areas with a favorable competitive landscape. Additionally, TAQA Oil Marketing operates a network of stations to convert and fuel vehicles with compressed natural gas.

TAQA Power is the leading integrated private sector power player in the Egyptian market

2016 Operational Updates

- 2016 saw the opening of four new filling stations, increasing the total number of stations to 46 nationwide. TAQA Arabia plans to open 7 additional stations in 2017.
- The company is in the final planning stages for a new terminal in Alexandria.
- TAQA Arabia has taken strides to expand O&M business this year, entering into several new contracts including a 10-year contract with Mall of Arabia.
- As part of its commitment to sustainability, TAQA Arabia is exploring opportunities to diversify into energy efficiency and waste energy services such as generating power from agricultural and municipal waste.
- The company is finalizing a USD 150 million investment in two solar farms, each with 50 MW of capacity.

647.2
KW/hr total power generated and distributed

11%
y-o-y increase in EBITDA

805.5
total fuel distributed in 2016

OUR SUBSIDIARIES

2016 Financial Updates

TAQA Arabia made the largest contribution to Qalaa Holdings' earnings in FY16, producing 41% of the company's total revenue. Revenues for the subsidiary increased 38% y-o-y in FY16, reaching EGP 3,214.5 million, and EBITDA increased 11% y-o-y to EGP 277.0 million. TAQA Arabia experienced a particularly strong fourth quarter in which revenues increased almost two-fold y-o-y to EGP 1,174.2 million.

In all four quarters, the company's marketing arm was the highest contributor to revenues. The branch's revenues reached EGP 1,667.7 million, a 31% y-o-y increase, and its EBITDA increased 42% y-o-y to EGP 58.5 million. TAQA Marketing's success was largely due to an increase in total sales volume across all products. Sales of refined fuels (diesel and gasoline) increased 23% y-o-y to 805 million liters, and sales of lube increased 26% y-o-y to 4,353 tons.

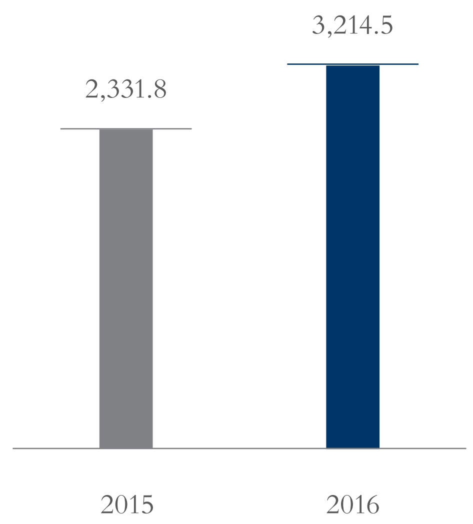
TAQA Gas revenues came in at EGP 622.3 million, a 22% y-o-y increase; EBITDA increased 10% y-o-y to EGP 117.9 million. The arm's strong performance was due to a 17% y-o-y increase in gas distribution volumes, mostly to industrial clients in the fertilizer sector, to 3.6 BCM. Total accumulated number of domestic gas converted customers reached 826,100 clients, giving the branch a c. 14% market share.

TAQA Power's revenues increased slightly by 4% y-o-y EGP 532.1 million, though EBITDA fell by 21% y-o-y to EGP 91.4 million. The arm has been hit by the recession in the country's tourism sector, as power distribution in the Nabq (Sharm El-Sheikh) touristic zone dropped 28% y-o-y in FY16. TAQA Power is seeking opportunities to diversify into new business lines in response to the expected continued recession.

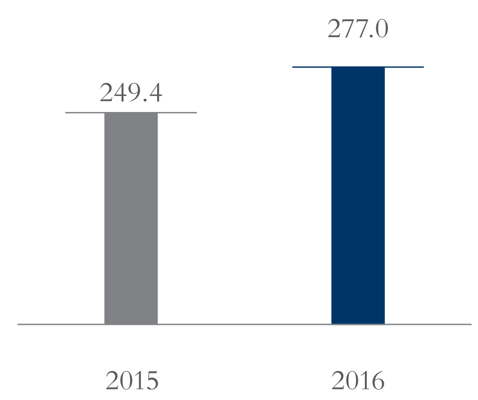
11
Egyptian governorates TAQA has presence in

USD 150 MN
investments in developing solar energy

Consolidated Revenues (EGP mn)



Consolidated EBITDA (EGP mn)



OUR SUBSIDIARIES

TAWAZON

Tawazon is recycling waste into energy that will fuel Egypt's sustainable economic growth

Qalaa originally invested in Tawazon in 2009 as part of its commitment to providing the country with efficient renewable energy solutions. Tawazon currently controls two companies: the Egyptian Company for Solid Waste Recycling (ECARU), a solid waste management service operator, and the Engineering Tasks Group (ENTAG), a solid waste management engineering and contracting company. Qalaa has worked closely with management at both companies to boost human and financial resources to be better able to capitalize on existing opportunities as well as develop and explore new ones. Our short to medium-term focus is on providing biomass and RDF as alternative fuels to heavy energy consumers such as cement factories.

Tawazon's two companies reinforce one another's efforts

ECARU

ECARU is responsible for collecting, transporting, and processing agricultural waste. For five years the company has been a regional leader in biomass production, a process that recycles agricultural residues that would otherwise be openly burned into fuel for heavy industries such as cement manufacturing.

ENTAG

ENTAG is a solid waste management engineering and contracting facility that has built many sorting and composting facilities in Egypt and consults for more than 76 projects in Egypt. The company also has an international presence, with projects in Saudi Arabia, Malaysia, Libya, Sudan, Oman, and Syria.

82,347
tons RDF supplied by ECARU in 2016

120,360
tons biomass supplied by ECARU in 2016

Key Management

Hisham Sherif
Chief Executive Officer

QH Ownership

68.1%

Footprint:

Egypt, Oman, Ethiopia, Sudan, Jordan, Qatar, UAE

ECARU is a leading supplier of biomass and Refuse Derived Fuels (RDF) in Egypt

2016 Financial Updates

Tawazon's total revenues reached EGP 184.4 million in FY16, down 14% y-o-y, and the company's EBITDA also declined 20% y-o-y to EGP 24.2 million. These declines are due in part to a one-off gain in the 4Q15 that raised annual revenues significantly and muted performance at ENTAG resulting from a lack of new turnkey projects.

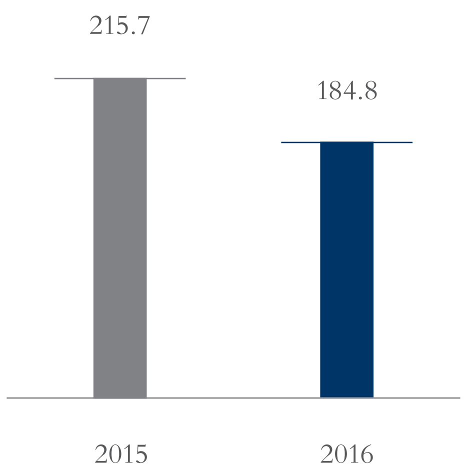
ECARU's FY16 revenues increased slightly by 3% y-o-y to EGP 175.0 million; excluding the company's one-off gain in 4Q15, the increase is 10% y-o-y. The company's adjusted growth can be attributed to a 75% y-o-y increase in RDF volumes to 82 thousand tons, which increased RDF revenues by almost two-fold in FY16 and partially offset lower biomass prices. Municipal solid waste fees received in FY16 amounted to EGP 49.9 million, bolstered by higher tonnage and prices per ton. Biomass supply was lower throughout the year largely due to suspension of activity by one of ECARU's largest clients; total tonnage declined 9% y-o-y to EGP 120 thousand; EBITDA declined 31% y-o-y.

ENTAG's revenues reached EGP 13.9 million, down 74% y-o-y; the scope of the company's work was significantly smaller in FY16 because in FY15 the company was contracted to design and construct a sanitary landfill in Oman and complete rehabilitation and upgrade works for clients across Africa. In FY16, ENTAG was largely limited to residual rehabilitation work and supplying EGP 4 million in supplies to its sister company ECARU.

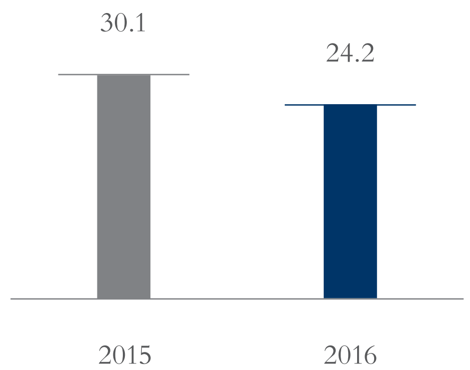
2016 Operational Updates

- Because of heightened energy consumption in Egypt, energy-intensive industries such as the cement industry have turned to burning coal and using RDF as a source of energy for the first time. ECARU has increased RDF fluff construction capacity to meet this growing demand.

Consolidated Revenues (EGP mn)



Consolidated EBITDA (EGP mn)



OUR SUBSIDIARIES

NILE LOGISTICS

NILE LOGISTICS

Nile Logistics delivers transportation efficiencies and significantly reduces environmental footprint

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Qalaa Holdings invested in Nile Logistics in 2006 to capitalize on the immense potential of fuel-efficient, environmentally friendly river transportation. One river barge has the same capacity as 20-40 truckloads but requires a fraction of the fuel and money to operate. Nile Logistics operates three subsidiaries that offer stevedoring and river transportation services in Egypt and South Sudan. In Egypt, Nile Logistics' subsidiaries operate a stevedoring on anchor service in various Egyptian ports as well as a container feeder service across the Suez Canal. Nile Logistics has a strong fleet that allows it to transport cargo along the Nile River. In South Sudan, Nile Logistics' subsidiary Nile Barges owns two convoys and transports a variety of goods between the northern and southern parts of South Sudan.

The three subsidiaries under Nile Logistics work together to provide an integrated network of transportation services

Nile Cargo (NC)

Nile Cargo owns and operates a fleet of barges that allows it to (1) transport bulk cargo along the Nile, (2) provide stevedoring services in various Egyptian Ports, and (3) operate a container feeder service in Port Said between the eastern and western container terminals.

National River Ports Management Company (NRPMC)

National River Ports Management Company is the owner of multiple river ports and port-handling equipment. NRPMC is Nile Logistics' subsidiary that is focused on services such as warehousing and cargo handling in Alexandria, Suez, and Damietta.

Nile Barges for River Transport

Located in South Sudan, Nile Barges for River Transport operates a fleet of barges transporting goods between the north and south of the country.

Unloading of a Nile Logistics barge on the Nile River

Key Management

Gen. Maged Farag
Chairman of the operating companies Nile Cargo & NRPMC in Egypt & Nile Barges in South Sudan

QH Ownership

67.6%

Footprint:

Egypt, South Sudan

Nile Logistics' container transshipment services are a benchmark for efficiency

OUR SUBSIDIARIES

2016 Financial Updates

Nile Logistics' full-year revenues reached EGP 100.7 million in FY16, up 34% y-o-y. 4Q16 was particularly strong, as consolidated revenues for the quarter reached EGP 35.4 million, an impressive 76% y-o-y increase. The company was able to pass-on price increases across all functions, including the Inland Container Depot, stevedoring operations, and feeder service, which led to improved top-line performance.

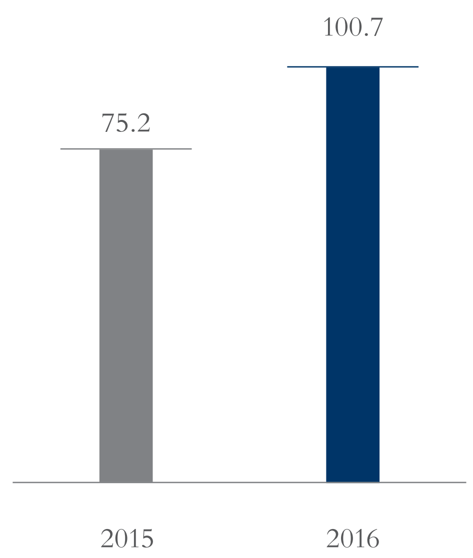
Stevedoring operations handled 870 thousand tons in FY16, a 9.4% y-o-y increase. The company did face several challenges during FY16. In particular, the lack of foreign exchange reserves in Egypt impacted import levels, and suspension of operations at the company's Nubareya port for several months to finalize preparations of the Inland Container Depot also affected business. Additionally, divestment from Ostool Trucking Company in 4Q16 and the exclusion of profits from the share of associates' line above the EBITDA resulted in an EBITDA of negative EGP 17.5 million. However, the divestment saw the company record a gain on sale of assets of c. EGP 17 million.

The company's feeder service at Port Said was also affected by depressed import levels; this problem in turn affected transshipment volumes. Total number of containers was 16,280 TEUs, a 43% y-o-y decline despite operation booking an all-time one-month high of 4,335 TEUs in January 2016. Fortunately, shipment volumes returned to historical averages of c. 2,000 TEUs per month in early 2017.

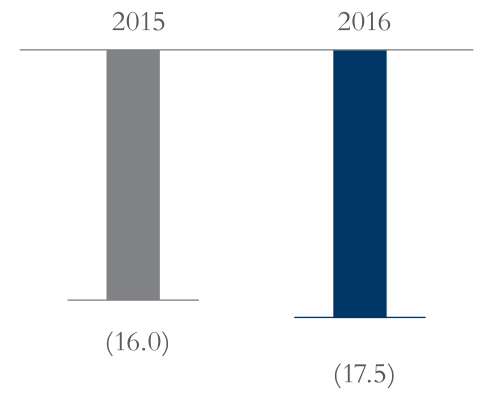
870 K TONS
of cargo handled in 2016

16,280 TEUs
moved between SCCT and Port Said West in 2016

Consolidated Revenues (EGP mn)



Consolidated EBITDA (EGP mn)



2016 Operational Updates

- Nile Logistics is committed to diversifying its client base across its stevedoring and feeder service operations, with emphasis on the former.
- As part of this strategy, NRPMC began operating an Inland Container Depot in August 2016 at its Nubareya River Port. Revenue contributions from one month of operation in 3Q16 were c.EGP 631 thousand, and 4Q16 revenues were c.EGP 3 million.
- Nile Logistics recently signed a three-year contract to transport grains from Alexandria Port to the company's Nubareya River Port at attractive rates. The new contract is projected to have a contribution margin of 50% once operations commence in January 2018.
- The company is poised to benefit from removal of subsidies on petrol including diesel fuel. Increased trucking rates will spur increased use of river transport, giving the company a competitive advantage.
- In South Sudan, Nile Barges recorded revenue of c. USD 1.7 million and completed three trips despite the difficult operating conditions resulting from the ongoing conflict in the country.

OUR SUBSIDIARIES

ASCOM

ASCOM
GEOLOGY & MINING

ASCOM is a leader in the regional mining sector with operations in quarry management, calcium carbonate manufacturing, mineral wools insulation, and precious metals mining

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

ASCOM is Qalaa Holdings' operational platform in the mining sector that specializes in mining services, management of quarry services for cement and other industries, and exploration and production of industrial minerals and precious metals, especially gold.

Originally the geological and mining arm of ASEC Holding, Qalaa and co-investors acquired ASCOM in 2004 and established it as a separate company in order to expand the scope and vision of the operation. Today, the company seeks to expand beyond the cement industry and continue diversifying revenue streams by bringing new operations online. The company now controls two leading exporters in the industrial minerals sector, ASCOM Carbonate and Chemical Manufacturing (ACCM) and GlassRock Insulation Company. In the building materials sector, ASCOM has transitioned from acting as a service provider to holding concessions for gypsum mining aggregates, silica sand, gravel, and other basic raw materials. The company also operates a number of small quarries in Egypt and has a fully specialized company operating in the aggregate market in Algeria.

ASCOM's 4 main subsidiaries cover a diverse scope of operations

ASCOM Carbonate and Chemical Manufacturing (ACCM)

ACCM is ASCOM's first manufacturing plant specializing in the production of calcium carbonate, a material with vast applications in the fields of plastics, paper, paint, and chemicals. Total milled product capacity reached 220,000 metric tons per annum after a USD 7.3 million investment in additional mills in 2013 and 2014. ACCM exports products to Asia, the Gulf Cooperation Council (GCC) countries, and Africa.

GlassRock Insulation Company

GlassRock Insulation Company began producing rock wool at its USD 70 million greenfield facility in May 2012, targeting both domestic sales and exports to key markets in Europe, Africa, the GCC countries, and Turkey. The company produces mineral wools used in projects such as insulation, filtration, and soundproofing. Total production capacity is split at 30,000 metric tons of rockwool and 20,000 metric tons of glasswool per annum.

Egypt Quarrying

ASCOM has grown to become the largest specialized company in the quarry management sector in the Middle East and North Africa. Over the past decade, the company has developed unique expertise in the field, particularly within the cement industry, and it manages the bulk of large cement quarries in Egypt and Sudan, mining more than 30 million tons per annum.

ASCOM Precious Metals Mining (APM)

APM was established as a logical progression to consolidate all of ASCOM's exploration operations in precious metal mining under one entity. The company is currently focusing on its concession in Ethiopia, Asosa. The company's exploration efforts in the Asosa concession have been successful, pushing it to complete its bankable feasibility studies in an effort to establish a gold production facility.

GlassRock is a world-class producer of mineral wools for insulation, filtration, and soundproofing

Key Management	QH Ownership	Footprint:
Fayez Gress CEO & Executive Chair	54.7%	Egypt, Algeria, Sudan, Ethiopia, Saudi Arabia, UAE, Oman, Senegal

ASCOM's quarrying operation is among the largest in the MENA region

OUR SUBSIDIARIES

2016 Financial Updates

ASCOM's consolidated revenues increased 6% y-o-y in FY16 to EGP 746.1 million; 4Q16 was particularly strong, with revenues increasing 54% y-o-y to EGP 252.5 million. Despite an increase in revenues, EBITDA declined 23% y-o-y to EGP 39.8 million due to lower contributions from Egypt's quarrying operations.

ACCM revenues reached USD 19.1 million, a 3% y-o-y increase. The company's EBITDA also reached USD 4.2 million, a remarkable 92% y-o-y increase largely due to ACCM's ability to capitalize on the float of the Egyptian Pound. A majority of production was exported in foreign currency while its cost base remained in EGP, providing room for expansion. ACCM sold 277 thousand tons in FY16, a 12% y-o-y increase in production supported by higher sales to export markets, particularly in the GCC region and South Africa.

GlassRock Insulation Company experienced a 22% y-o-y increase in top-line growth, with revenues reaching USD 5.9 million. The company recorded higher export sales in FY16 on the back of increased competitiveness and a strengthened position in the local market as an import-substitute play. This relative success helped to narrow EBITDA losses to USD 1.0 million from USD 1.6 million the previous year. Total volumes sold increased 36% y-o-y to 6.2 thousand tons as the result of increased utilization rates and higher sales.

Despite a 4% y-o-y increase in volumes to 31.5 million, Egypt Quarrying revenues declined 6% y-o-y to EGP 375.0 million in FY16. This drop came as the company's largest and highest margin contract expired in FY15. EBITDA was also driven down 45% y-o-y to EGP 14.2 million. Spurred by the float of the Egyptian pound and the ensuing inflationary pressure, ASCOM has begun reviewing its quarry management contracts in order to defend its margins.

6.2
thousand tons GlassRock volumes sold

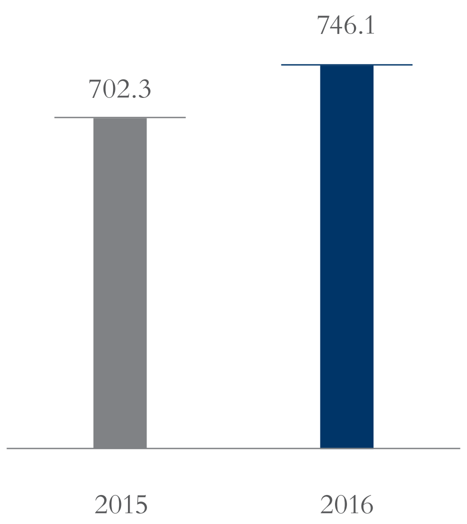
31.5 MN
tons Egyptian quarrying business volumes sold

2016 Operational Updates

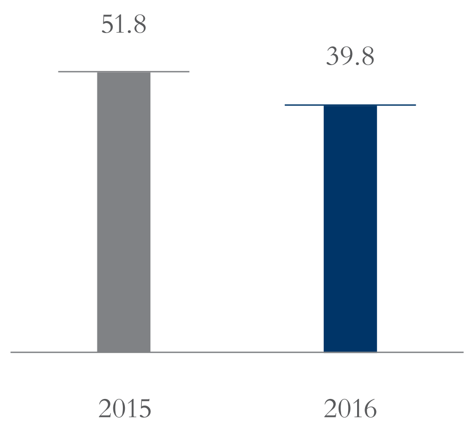
- ASCOM is embarking on further exploration of drilling work and a bankable feasibility study at Asosa, its mining site in Western Ethiopia, which is part of a process to obtain a full mining license and establish a gold production facility.
- ACCM has made significant operational improvements and continues to improve in 2017, aided by the flotation of the Egyptian pound and the unmatched quality of the company's resources. ACCM is making efficiency improvements on the supply level as well as the production front.
- Performance at GlassRock improved significantly with an expansion in exports on the back of increased competitiveness following the float of the Egyptian Pound in November 2016. The company was also able to strengthen its position on the local market with products that are considered high-value import substitution plays.

277
thousand tons ACCM volumes sold

Consolidated Revenues (EGP mn)



Consolidated EBITDA (EGP mn)



OUR SUBSIDIARIES

ASEC HOLDING

ASEC Holding is a national and regional leader with investments in cement production, management and consultancy, and construction

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Founded in 1975, ASEC Holding is a regional vertically integrated player in the cement and construction sector focusing on plant engineering and consultancy, construction, automation, and operational technical management, with operations spanning Africa and Middle East. Over time, ASEC Holding has grown significantly to form a fully fledged group composed of three distinct divisions (cement manufacturing, technical management, and construction) serving the industry and end-consumers alike. The group's engineering and consultancy arm has made important contributions to the modernization of the cement industry in Egypt and the MENA region.

Qalaa's investments in ASEC Holding have seen the company grow into a well positioned operator that can provide end-to-end solutions for world-class cement plants.

In 2015, Qalaa began reducing its exposure to the cement manufacturing industry, with its cement production subsidiary ASEC Cement concluding the sale of its stake in business unit Misr Cement Qena in a deal valued at c. EGP 700 million, as well as exiting ASEC Minya and ASEC Ready-Mix in a c. EGP 1 billion deal. Additionally, in 2017 the company finalized the sale of its Algerian Cement Plant (AACC) Djelfa in a US$ 60 million transaction.

Cement Manufacturing

ASEC Cement

After divesting its Egyptian cement manufacturing and ready mix assets and selling it's 37% ownership stake in AACC, a company that had a license to build a 3 million ton per annum cement plant in the city of Djelfa, Algeria, ASEC Cement now controls two international facilities: Al-Takamol Cement in Sudan and Zahana Cement Co. in Algeria.

Construction & Contracting

ARESCO

ARESCO is a turnkey contractor specializing in industrial projects. The company provides comprehensive design, engineering, procurement, manufacturing, contract management, and construction services for industries ranging from cement to oil to water treatment.

Key Management

Tarek El-Gammal
Chief Executive Officer

QH Ownership

69.2%

Footprint:

Egypt, Sudan, Algeria

ASEC Holdings' turnkey contractor, ARESCO, provides EPC services and contract management for a variety of industries

After 30 years of operations around the globe, ARESCO has built a reputation for quality, efficiency, and professionalism.

ASEC Automation

ASEC Automation provides automation and electrification solutions ranging from design and engineering to equipment, procurement and erection. The company has extensive operations in Africa, the Middle East, and Europe and has diversified into various industries such as water treatment, oil and gas, and power stations. ASEC Automation has also been the supplier of choice for major international cement producers for fifteen years, serving major clients such as Lafarge, Italcementi, Titan, Cemex, and Cimpor.

Technical Management

ASEC Engineering

ASEC Engineering strives to be the leading company in cement plant consultancy, engineering, and management services in the MENA region. Currently, the company manages 8 cement plants in Egypt with a combined capacity of 13.5 MTPA.

ASENPRO

ASENPRO is a pioneer in the field of environmental protection in the MENA region specializing in controlling pollution and dust emissions resulting from cement production. The company supplies cement plants with a broad continuum of services and environmental control equipment on a turnkey basis in addition to conducting dust emission measurements and environmental assessment studies to ensure compliance with allowable pollution limits. ASENPRO is supported by extensive expertise in environmental control within the cement industry; it has high potential to diversify into other industries.

25%
y-o-y increase in revenues at ASEC Holding

38%
y-o-y increase in revenues at ASEC Cement


Al-Takamol Cement Factory, Sudan

2016 Operational Updates

- Al-Takamol Cement (ATCC) made significant progress on developing the plant's new coal mill. Once operational in 2H18, the mill should allow ATCC to fully satisfy its fuel needs from coal and pet coke.
- EUR 315 million was secured in early 2017 as financing for Zahana Cement's new production line; this amount represents 90% of the total cost of c. EUR 350 million. ASEC Cement has also made an equity commitment of EUR 10.5 million.
- ASEC Engineering's successful strategy has seen it grow its global client base with overseas projects now making up a significant poritoin of the firms' total gross profit in 2016.
- ARESCO's backlog grew by 5% y-o-y in FY16 to EGP 445.5 million as management successfully secured new contracts worth c. EGP 175 million.

1,745 Ktons
sold by ASEC Cement two facilities

11.6
million tons in managed clinker capacity

EGP **445.5** MN
ARESCO total construction backlog

OUR SUBSIDIARIES

2016 Financial Updates

ASEC Holding's revenues reached EGP 2,584.4 million in FY16, a 25% y-o-y increase largely attributable to better performance at Sudan's Al-Takamol Cement and ASEC Engineering. However, due to technical difficulties that increased overhead costs at the company's cement plants EBITDA declined 12% y-o-y to EGP 254.2 million.

ASEC Cement

Adjusting FY15 figures to reflect divestments from ASEC Minya, ASEC Ready Mix, and Misr Cement Qena, ASEC Cement revenues reached EGP 1,135.7 million in FY16, a 38% increase driven by higher volumes at Al-Takamol Cement and Zahana Cement. This growth was reflected more clearly in 4Q16 revenues, which increased 56% y-o-y to EGP 340.7 million. However, higher maintenance costs saw the company's EBITDA decline 22% to EGP 117.5 million in FY16.

At Al-Takamol Cement, volumes sold increased 7% to 815 thousand tons, and revenues increased 14% to EGP 1,135.7 million. Despite this growth in revenues, fuel interruptions and difficulty sourcing spare parts drove up overhead costs and inhibited the company's ability to capture a larger share of the growing cement market in Sudan. Al-Takamol Cement's EBITDA declined 40% y-o-y to EGP 132.6 million. However, the company is targeting total production of close to one million tons in FY17, assuming no technical problems or fuel interruptions.

Zahana Cement's revenues increased 2% y-o-y to EGP 504.1 million despite a major overhaul in April 2016 and subsequent complications throughout the year. The facility sold a total of 930 thousand tons, a 5% y-o-y increase in volume. However, increased output in the face of technical difficulties increased costs and drove the EBITDA down 30% y-o-y to EGP 156.4 million.

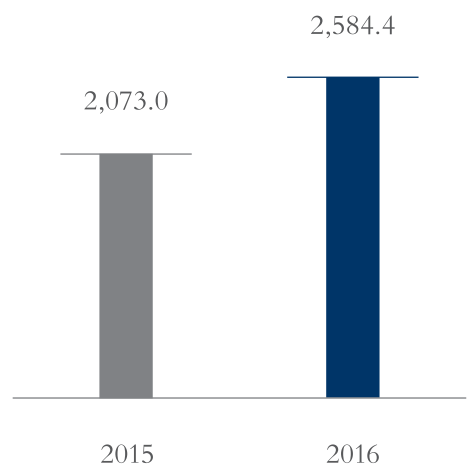
ASEC Engineering

ASEC Engineering's total managed capacity declined 3% y-o-y to 11.6 million tons as two clients faced repeated stoppages on the back of technical problems. The company also faced security and logistics issues in the Sinai area. An 8% hike in production fees allowed ASEC Engineering to offset lower capacities, leading to revenues of EGP 709.8 million, a 7% y-o-y increase. This topline growth also filtered down the company's income statement, with its EBITDA climbing 26% y-o-y to EGP 65.2 million. Because the company maintained G&A expenses at FY15 levels, the EBITDA margin also expanded 6 points to 14% in FY16, a level that management intends to sustain in the future.

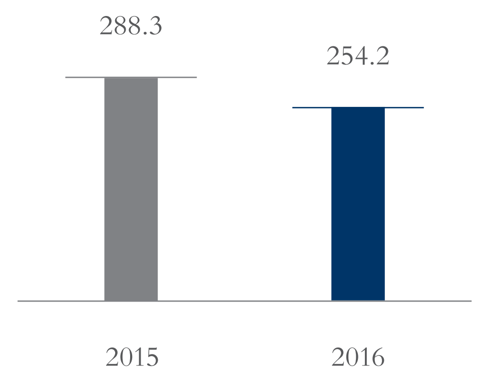
ARESCO

Full year revenues for ARESCO declined 11% y-o-y to EGP 404.7 million, partly due to accounting treatments for the company's foreign-currency denominated contracts. Significant portions of ARESCO's FY16 revenues resulted from a wide gap between official foreign currency rates and those at which contracts are actually implemented. However, cost overruns on two projects took a heavy toll on the company's EBITDA, which reached negative EGP 2.6 million at the close of the year.

Consolidated Revenues (EGP mn)



Consolidated EBITDA (EGP mn)



OUR SUBSIDIARIES

GOZOUR

Gozour

Gozour foods operates three companies that function together to produce and market fresh dairy products and produce

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Qalaa Holdings began investing in the agrifoods sector in 2007 in an effort to introduce new levels of specialization and consolidation into the market. Currently, Qalaa Holdings invests in Gozour, a multicategory agriculture and consumer foods parent company that includes Dina Farms, Investment Co. for Dairy Products, and Arab Company for Services & Trade (ACST/Dina Markets supermarket chain).

In 2015, management made the decision to treat the agrifoods sector as noncore; as a result, Qalaa has concluded several exits from platform companies operating under Gozour, most of which took place in 4Q15. Companies from which Qalaa has divested include Egyptian confectioner Rashidi El-Mizan (REM), Sudan's Rashidi for Integrated Solutions, Misr October for Food Industries (El-Misrieen), milk and juice producer Nile Company for Food Products, and packing and exporting company El-Aguizy International for Economic Development.

Today Qalaa Holdings has helped to create three strong companies under Gozour's umbrella:

Dina Farms
Since initially investing in Dina Farms, Qalaa Holdings has helped to transform the company into the country's leading producer of raw milk, with milk production reaching 66,113 tons in 2016. The company also has 15,694 heads of cattle, 7,464 of which are milking cows.

Investment Co. for Dairy Products (ICDP)
ICDP is the company responsible for packing and marketing Dina Farms' fresh dairy products. Qalaa Holdings helped to establish ICDP in 2010, and within less than a year of its launch, the company became the market leader in its category.

ACST
ACST is Dina Farms' retail business that Qalaa built from scratch. ACST has expanded rapidly; currently the company operates 17 stores.

Key Management

Hassan Mokhtar
Managing Director

Agriculture
Tamer Hassan
Dina Farms
Managing Director,
Agricultural Sector

Livestock
Mohamed Osman
Dina Farms, Managing Director,
Livestock

Retail
Ashraf Abousen
Dina Farms
General Manager
Retail

Footprint:

Egypt

QH Ownership

54.9%

Dina Farms is the largest private-sector farm in Egypt

2016 Financial Updates

Consolidated FY16 revenues for Gozour reached EGP 849.3 million, a 12% y-o-y increase spurred by strong performance at both Dina Farms and ICDP. However, operational disruptions at both Dina Farms and ACST led to an EBITDA of EGP 14.2 million, down 68% y-o-y. The companies' outlook improved in 4Q16, though, with revenues reaching EGP 242.9 million, up 42% y-o-y.

Dina Farms revenues reached EGP 424.2 million, up 11% y-o-y, while EBITDA declined 26% to EGP 83.7 million. Several challenges disrupted farm operations and prevented top-line growth from filtering down to the EBITDA level. Decreased demand for raw milk forced Dina Farms to powder c.2,300 tons of milk and sell it at market price which is 50% discount compared to raw milk. Corn silage inventory also fell short due to insufficient stocking in FY15, and this issue slowed milk production throughout the year. Conditions improved in 4Q16, as milk production picked up, and the company was able to pass-on price increases in the wake of the inflationary environment following the flotation of the Egyptian pound. Additionally, the price of raw milk increased from an average of EGP 4 per kilogram to EGP 5.15, a 30% y-o-y increase.

Overall, ICDP performed well throughout year; revenues reached EGP 155.3 million, an increase of 14% y-o-y. EBITDA also increased 4% y-o-y, reaching EGP 22.8 million. The company's growth was driven by higher volumes, with total SKUs sold climbing 8% y-o-y to 14.6 thousand tons. Additionally, ICDP continues to hold almost 70% of the fresh (pasteurized) milk market ahead of Lactel and Labanita. Activity in this market makes up almost 80% of the company's sales.

2016 Operational Updates

- Farm management is pushing forward with plans to increase land area and achieve full self-sufficiency for silage needs (corn and barley) and 50% self-sufficiency for other feedstock requirements.
- Dina Farms continued expansion of cheese production capacity. Cheese accounted for 6% of total sales in 4Q16 versus 1% in the same period last year.
- In 2017, Dina Farms plans to complete installation of cooling systems in all milking parlors and consolidate the feeding units to minimize costs. Management also plans to better utilize the company's asset base by ramping up cultivation density and diversify its client base to reduce concentration risk.
- Dina Farms plans to install new weather stations which are expected to save water by 25%.

FINANCIAL STATEMENTS

SUMMARY CONSOLIDATED INCOME STATEMENT (IN EGP)

(All amounts in EGP)	For the year ended 31/12/2016	31/12/2015
		Restated
Continuing operations		
Operating revenues	7,848,798,812	5,913,856,809
Operating costs	(6,756,528,265)	(4,960,408,229)
Gross profit	**1,092,270,547**	**953,448,580**
Advisory fee	12,374,198	13,550,201
Administrative expenses	(1,187,045,402)	(946,538,186)
Other expenses	(1,256,008,608)	(804,859,790)
Share of profit/loss of investments in associates	299,559,329	57,138,722
Operating loss	**(1,038,849,936)**	**(727,260,473)**
Finance costs - net	(3,043,307,915)	(709,148,827)
Loss before tax	**(4,082,157,851)**	**(1,436,409,300)**
Income tax expense	(226,559,263)	(20,912,749)
Net loss from continuing operations	**(4,308,717,114)**	**(1,457,322,049)**
Profit / (loss) from discontinued operations, net of tax	**(1,275,253,224)**	**229,701,626**
Net loss for the year	**(5,583,970,338)**	**(1,227,620,423)**
Attributable to:		
Owners of the Company	(4,106,147,426)	(1,119,928,873)
Non - controlling interests	(1,477,822,912)	(107,691,550)
	(5,583,970,338)	**(1,227,620,423)**
Earnings per share	**(2.26)**	**(0.68)**

Scan the QR code to download our audited consolidated financials in PDF from our investor relations microsite ir.qalaaholdings.com

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN EGP)

(All amounts in EGP)	31/12/2016	31/12/2015
		Restated
Assets		
Fixed assets (net)	5 775 281 030	5 132 944 455
Projects under construction (net)	48 103 488 327	17 140 102 652
Intangible assets (net)	1 265 407 067	1 751 125 701
Goodwill (net)	392 417 101	649 801 051
Biological assets (net)	207 820 465	196 044 381
Trade and other receivables (net)	2 146 755 190	710 407 485
Investment property	-	24 000 000
Investments in associates (net)	1 106 525 021	893 874 077
Available-for-sale investments (net)	83 800 600	54 311 317
Payments for investments (net)	110 930 719	80 997 503
Other investments	77 353 977	269 800 533
Deferred tax assets	61 084 782	395 240 419
Total non- current assets	**59 330 864 279**	**27 298 649 574**
Inventories (net)	1 174 203 173	1 029 593 048
Biological assets (net)	7 246 485	25 063 763
Work in process	68 754 396	17 768 790
Investments at fair value through profit or loss	1 279 211	33 789 381
Due from related parties (net)	189 750 543	602 063 394
Trade and other receivables (net)	1 561 850 465	1 225 561 916
Debtors and other debit balances (net)	1 379 632 613	1 303 644 983
Cash and cash equivalents	2 837 035 012	3 353 000 479
Assets classified as held-for-sale	6 631 428 162	2 552 845 910
Total current assets	**13 851 180 060**	**10 143 331 664**
Total assets	**73 182 044 339**	**37 441 981 238**
Equity		
Share capital	9 100 000 000	9 100 000 000
Treasury shares	(3 338 658)	-
Reserves	3 106 997 132	346 665 940
Retained losses	(12 016 923 497)	(6 600 704 312)
Total	**186 734 977**	**2 845 961 628**
Shareholders' credit balances	-	1 464 311
Equity attributable to owners of the Company	**186 734 977**	**2 847 425 939**
Non - controlling interests	**16 283 734 681**	**8 189 651 119**
Total equity	**16 470 469 658**	**11 037 077 058**
Liabilities		
Long term loans and borrowings	34 234 277 130	13 675 665 666
Long term liabilities and derivatives	393 793 822	436 369 089
Loans from related parties	47 425 273	24 484 249
Deferred tax liabilities	548 951 505	664 181 100
Total non-current liabilities	**35 224 447 730**	**14 800 700 104**
Banks overdraft	498 992 120	508 626 802
Short term loans and borrowings	5 294 499 129	2 929 274 268
Loans from related parties	1 892 125 247	718 705 574
Due to related parties	1 656 544 968	721 231 160
Trade and other payables	2 897 318 193	2 855 400 529
Creditors and other credit balances	1 935 714 663	1 540 677 543
Provisions	681 537 294	620 451 082
Provision for financial guarantees contracts	-	5 077 970
Liabilities classified as held-for-sale	5 912 284 596	1 015 904 059
Due to Tax Authority	718 110 741	688 855 089
Total current liabilities	**21 487 126 951**	**11 604 204 076**
Total liabilities	**56 711 574 681**	**26 404 904 180**
Total equity and liabilities	**73 182 044 339**	**37 441 981 238**

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

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