

**Citadel Capital Company**  
**(Egyptian Joint Stock Company)**

**Consolidated interim financial statements**  
**for the period ended March 31, 2017**  
**&**  
**Limited review report**

<b>Contents</b>	<b>Page</b>
Report on limited review of interim financial statements	
Consolidated interim statement of financial position	1-2
Consolidated interim income statement	3
Consolidated interim comprehensive income	4
Consolidated interim statement of changes in equity	5-6
Consolidated interim statement of cash flows	7-8
Notes to the consolidated interim financial statements	9 –81
Significant accounting policies applied.	82 –106



## Hazem Hassan

Public Accountants & Consultants

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

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

### Report on Limited Review of Consolidated Interim Financial Statements

**To: Board of Directors of Citadel Capital Company**

#### *Introduction*

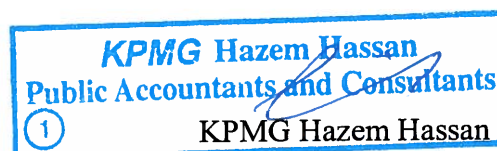
We have performed a limited review for the accompanying consolidated statement of financial position of Citadel Capital Company (Egyptian Joint Stock Company) as at March 31, 2017 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. The Company's management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

#### *Scope of limited review*

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

#### *Conclusion*

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2017 and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standards.



Cairo, July 6, 2017

## Consolidated statement of financial position as at March 31, 2017

	Note	31/3/2017	31/12/2016 (*)
<i>(in EGP)</i>			
<b>Assets</b>			
Fixed assets	(5)	5 733 283 006	5 775 281 030
Projects under construction	(6)	50 248 090 428	48 103 488 327
Intangible assets	(7)	1 254 717 342	1 265 407 067
Goodwill	(8)	389 356 575	392 417 101
Biological assets	(9)	213 887 850	207 820 465
Trade and other receivables	(15)	2 151 115 432	2 146 755 190
Investments in associates	(10)	822 877 379	1 106 525 021
Available-for-sale investments	(11)	83 875 527	83 800 600
Payments for investments	(12)	112 932 165	110 930 719
Other investments	(13)	76 902 267	77 353 977
Deferred tax assets	(25)	56 633 023	61 084 782
<b>Total non- current assets</b>		<b>61 143 670 994</b>	<b>59 330 864 279</b>
Inventories	(14)	1 282 601 226	1 174 203 173
Biological assets	(9)	5 725 606	7 246 485
Work in process		55 689 563	68 754 396
Investments at fair value through profit or loss	(16)	1 359 113	1 279 211
Due from related parties	(17)	183 656 242	189 750 543
Trade and other receivables	(15)	1 603 663 195	1 561 850 465
Debtors and other debit balances	(18)	1 338 789 876	1 379 632 613
Cash and cash equivalents	(19)	5 654 440 932	2 837 035 012
Assets classified as held-for-sale	(20-1)	6 484 387 945	6 631 428 162
<b>Total current assets</b>		<b>16 610 313 698</b>	<b>13 851 180 060</b>
<b>Total assets</b>		<b>77 753 984 692</b>	<b>73 182 044 339</b>

to be continued ...

**Citadel Capital Company (Egyptian Joint Stock Company)**

**Consolidated statement of financial position as at March 31, 2017 (continued)**

Translation of consolidated interim financial statements originally issued in Arabic

	Note	31/3/2017	31/12/2016 (*)
<b>Equity</b>			
Share capital			
Treasury shares	(22)	9 100 000 000	9 100 000 000
Reserves	(22.1)	-	( 3 338 658)
Retained losses		2 664 426 986	2 963 512 147
<b>Equity attributable to owners of the Company</b>		<b>(12 921 772 899)</b>	<b>(12 520 386 458)</b>
<b>Non - controlling interests</b>		<b>(1 157 345 913)</b>	<b>( 460 212 969)</b>
<b>Total equity</b>		<b>16 154 059 624</b>	<b>16 283 734 669</b>
		<b>14 996 713 711</b>	<b>15 823 521 700</b>
<b>Liabilities</b>			
Long term loans and borrowings			
Long term liabilities and derivatives	(23)	38 442 911 700	34 479 282 679
Loans from related parties	(24)	411 217 348	393 793 822
Deferred tax liabilities	(23)	37 835 921	47 425 273
<b>Total non-current liabilities</b>	(25)	<b>548 640 389</b>	<b>543 364 255</b>
		<b>39 440 605 358</b>	<b>35 463 866 029</b>
Banks overdraft			
Short term loans and borrowings	(26)	567 654 354	498 992 120
Loans from related parties	(23)	5 116 627 067	5 049 493 580
Due to related parties	(23)	1 949 470 058	1 892 125 247
Trade and other payables	(27)	2 304 951 301	2 303 492 926
Creditors and other credit balances	(28)	3 588 474 990	2 897 318 193
Provisions	(29)	2 620 717 147	1 941 301 913
Liabilities classified as held-for-sale	(30)	738 258 642	681 537 294
Due to Tax Authority	(20-2)	5 761 961 102	5 912 284 596
<b>Total current liabilities</b>		<b>668 550 962</b>	<b>718 110 741</b>
<b>Total liabilities</b>		<b>23 316 665 623</b>	<b>21 894 656 610</b>
<b>Total equity and liabilities</b>		<b>62 757 270 981</b>	<b>57 358 522 639</b>
		<b>77 753 984 692</b>	<b>73 182 044 339</b>

\* Restated - note (48)

The accompanying notes and accounting policies from page (9) to page (106) are an integral part of these consolidated interim financial statements and are to be read therewith.



Chairman  
Ahmed Heikal

Managing Director  
Hisham Hussein El Khazindar

Chief Financial Officer  
Moataz Farouk

Limited review report "attached"

## Consolidated income statement for the period ended March 31, 2017

	Note	For the period ended	
		31/3/2017	31/3/2016
			(*)
<i>(in EGP)</i>			
<b>Continuing operations</b>			
Operating revenues	(33)	2 114 636 759	1 731 819 552
Operating costs	(34)	(1 802 833 205)	(1 463 619 123)
<b>Gross profit</b>		311 803 554	268 200 429
Advisory fee	(31)	4 670 310	2 386 455
Administrative expenses	(35)	( 298 041 700)	( 281 086 853)
Other expenses	(36)	( 29 999 505)	( 36 709 419)
Share of (loss) / profit of investments in associates	(32)	( 13 136 673)	48 271 117
<b>Operating (loss) profit</b>		( 24 704 014)	1 061 729
Finance costs - net	(37)	( 247 679 625)	( 239 672 657)
<b>Loss before tax</b>		( 272 383 639)	( 238 610 928)
Income tax expense	(38)	( 48 602 117)	( 37 164 745)
<b>Loss from continuing operations</b>		( 320 985 756)	( 275 775 673)
<b>Discontinued operations</b>			
Operating revenues		204 041 842	162 212 992
Operating costs		( 300 835 761)	( 179 634 792)
Administrative expenses		( 45 366 763)	( 31 335 334)
Other expenses		16 735 246	( 8 139 183)
Finance costs - net		( 100 205 208)	( 38 929 684)
<b>Results from operating activities</b>		( 225 630 644)	( 95 826 001)
Gain on sale of discontinued operations, net of tax	(21.1)	-	19 521 712
<b>Loss from discontinued operations, net of tax</b>	(21)	( 225 630 644)	( 76 304 289)
<b>Loss for the period</b>		( 546 616 400)	( 352 079 962)
<b>Attributable to:</b>			
Owners of the Company		( 383 441 158)	( 281 612 015)
Non - controlling interests		( 163 175 242)	( 70 467 947)
		( 546 616 400)	( 352 079 962)
<b>Earnings per share</b>	(39)	(0.21)	(0.15)

\* Restated - note (48)

The accompanying notes and accounting policies from page (9) to page (106) are an integral part of these consolidated interim financial statements and are to be read therewith.

## Consolidated statement of comprehensive income for the period ended March 31, 2017

(in EGP)	For the period ended	
	31/3/2017	31/3/2016
Loss for the period	( 546 616 400)	( 352 079 962)
<b>Other comprehensive income items:</b>		
<b>Items that are or may be reclassified to profit or loss</b>		
Foreign operations - foreign currency translation differences	( 314 503 052)	403 884 378
Available-for-sale - net change in fair value	266 449	-
Change in the fair value of hedge reserve-swap contract	( 2 542 858)	( 53 148 905)
<b>Other comprehensive income, net of tax</b>	(316 779 461)	350 735 473
<b>Total comprehensive income</b>	<u>( 863 395 861)</u>	<u>( 1 344 489)</u>
<b>Total comprehensive income attributable to :</b>		
Owners of the Company	( 682 526 319)	( 104 765 456)
Non-controlling interests	( 180 869 542)	103 420 967
	<u>( 863 395 861)</u>	<u>( 1 344 489)</u>

The accompanying notes and accounting policies from page (9) to page (106) are an integral part of these consolidated interim financial statements and are to be read therewith.

## Consolidated statement of changes in equity for the period ended March 31, 2017 (Continued)

(in EGP)	Note	Share capital	Reserves				Retained loss	Treasury shares	Total	Non - controlling interests	Total equity
			Legal reserve	Fair value reserve - AFS	F.C. translation reserve	Company's share of changes in associates' equity	Change in the fair value of hedge reserve-swap contract				
Balance as at December 31, 2016 (as previously issued)		9 100 000 000	89 578 478	(1 068 496)	3 112 586 466	(77 428 646)	(32 271 492)	(3 338 658)	186 734 989	16 283 734 669	16 470 469 658
Adjustments	(48)	-	-	-	(127 884 163)	-	-	-	(646 947 958)	-	(646 947 958)
Balance as at December 31, 2016 (after adjustments)		9 100 000 000	89 578 478	(1 068 496)	2 984 702 303	(77 428 646)	(32 271 492)	(3 338 658)	(460 212 969)	16 283 734 669	15 823 521 700
<b>Total comprehensive income</b>											
Loss for the period ended March 31, 2017		-	-	-	-	-	-	-	(383 441 158)	(163 175 242)	(546 616 400)
Other comprehensive income		-	-	266 449	(296 808 752)	-	(2 542 858)	-	(299 085 161)	(17 694 300)	(316 779 461)
<b>Total comprehensive income</b>		-	-	266 449	(296 808 752)	-	(2 542 858)	-	(682 526 319)	(180 869 542)	(863 395 861)
<b>Transactions with owners of the company</b>											
Board of directors and employees profit share		-	-	-	-	-	-	-	(17 227 717)	(10 757 528)	(27 985 245)
Treasury shares selling	(22.1)	-	-	-	-	-	-	3 338 658	2 621 092	(346 183)	2 274 909
Changes in non-controlling interests		-	-	-	-	-	-	-	-	62 298 208	62 298 208
Balance as at March 31, 2017		9 100 000 000	89 578 478	(802 047)	2 687 893 551	(77 428 646)	(34 814 350)	-	(1 157 345 913)	16 154 059 624	14 996 713 711

The accompanying notes and accounting policies from page (9) to page (106) are an integral part of these consolidated interim financial statements and are to be read therewith.



## Consolidated statement of changes in equity for the period ended March 31, 2016

	Share capital	Reserves				Retained loss	Shareholders' credit balances	Total	Non - controlling interests	Total equity
		Legal reserve	Fair value reserve - AFS	F.C. translation reserve	Company's share of changes in associates' equity					
(in EGP)										
Balance as at December 31, 2015 (as previously issued)	9 100 000 000	89 578 478	( 976 696)	369 449 580	( 77 428 646)	(6 650 504 492)	1 464 311	2 797 940 460	8 152 325 712	10 950 266 172
Adjustments	-	-	-	-	-	( 5 438 109)	-	( 5 438 109)	( 2 869 775)	( 8 307 884)
Balance as at December 31, 2015 (after adjustments)	9 100 000 000	89 578 478	( 976 696)	369 449 580	( 77 428 646)	(6 655 942 601)	1 464 311	2 792 502 351	8 149 455 937	10 941 958 288
<b>Total comprehensive income</b>										
Loss for the period ended March 31, 2016	-	-	-	-	-	( 242 704 107)	-	( 242 704 107)	( 50 171 190)	( 292 875 297)
Other comprehensive income	-	-	-	229 995 464	-	-	-	176 846 559	173 888 914	350 735 473
Total comprehensive income	-	-	-	229 995 464	-	( 242 704 107)	-	( 65 857 548)	123 717 724	57 860 176
<b>Transactions with owners of the Company</b>										
Board of directors and employees profit share	-	-	-	-	-	( 18 733 317)	-	( 18 733 317)	( 6 253 211)	( 24 986 528)
Acquisition of non - controlling interests without change in control	-	-	-	-	-	696 169	-	696 169	( 696 169)	-
Shareholders' credit balance	-	-	-	-	-	-	( 1 464 311)	( 1 464 311)	-	( 1 464 311)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	650 872 050	650 872 050
Balance as at March 31, 2016	9 100 000 000	89 578 478	( 976 696)	599 445 044	( 77 428 646)	( 6 916 683 856)	-	2 707 143 344	8 917 096 331	11 624 239 675

The accompanying notes and accounting policies from page (9) to page (106) are an integral part of these consolidated interim financial statements and are to be read therewith.

## Consolidated statement of cash flows for the period ended March 31, 2017

	for the period ended	
(in EGP)	31/3/2017	31/3/2016
<b>Cash flows from operating activities</b>		
Loss before income tax	( 272 383 639)	(238 610 928)
<b>Adjustments for:</b>		
(Loss) profit from discontinued operations, net of tax	( 225 630 644)	( 76 304 289)
Gains on sale of discontinued operations, net of tax	-	( 19 521 712)
Depreciation and amortization	123 277 206	124 717 241
Company's share of profit of equity - accounted investees	13 136 673	( 48 271 117)
Net change in the fair value of investments at fair value through profit or loss	( 79 737)	115 050
Foreign currency translation differences	1 368 871 031	( 62 912 298)
Foreign currencies exchange differences	( 54 799 061)	( 53 438 440)
Interest income	( 60 960 538)	( 8 213 676)
(Gain) loss on sale of fixed and PUC	( 9 746 560)	( 1 441 849)
Interest expenses	255 732 321	189 894 291
Provisions formed	64 917 981	48 154 920
Impairment / Reversal on assets	13 728 296	3 703 172
Decrease in inventory	( 1 906 454)	( 735 327)
Provision no longer needed	( 67 450)	( 2 115 645)
Income tax paid	( 4 459 219)	( 208 204)
Operating profit (loss) before changes in working capital	1 209 630 206	( 145 188 811)
<b>Change in :</b>		
Inventories	( 154 946 781)	( 286 199)
Work in process	2 920 975	( 236 713)
Investments at fair value through profit or loss	-	18 498 862
Due from related parties	( 417 405 591)	( 106 016 041)
Trade and other receivables	( 176 444 560)	( 176 709 562)
Debtors and other debit balances	107 529 463	( 57 721 323)
Due to related parties	135 061 931	( 109 911 420)
Trade and other payables	( 400 299 036)	(1 430 713 137)
Creditors, other credit balances and long term liabilities	318 789 084	126 258 376
Provision used	( 7 132 866)	( 16 843 358)
Discontinued operations	603 231 137	56 286 760
Net cash used in operating activities	1 220 933 962	(1 842 582 566)

to be continued...

The accompanying notes and accounting policies from page (9) to page (106) are an integral part of these consolidated interim financial statements and are to be read therewith.

## Consolidated statement of cash flows for the period ended March 31, 2017 (continued)

	for the period ended	
(in EGP)	31/3/2017	31/3/2016
<b>Cash flows from investing activities</b>		
Payments to purchase of fixed assets and projects under construction	( 637 553 762)	(336 239 458)
Proceeds from sale of fixed assets and projects under construction	19 652 628	8 977 166
Payments for purchase of biological assets	( 20 300 860)	(14 249 480)
Proceeds from sale of biological assets	9 125 227	6 078 622
Payments for purchase of intangible assets	-	( 210 874)
proceeds from sale of assets classified as held for sale	-	380 432 134
(Payments for) / proceeds from loans to related parties	( 257 621)	(95 880 771)
Payments for investments	-	(15 000 003)
(Payments) proceeds from other investments	( 3 222)	196 696
Interest received	437 173	14 906 299
Net cash used in investing activities	( 628 900 437)	( 431 421 803)
<b>Cash flows from financing activities</b>		
Proceeds from loans	3 492 159 049	1 676 320 621
Payments for loans	(37 255 711)	(99 823 097)
Proceeds from / (payment) banks overdraft	103 546 840	(26 593 736)
Proceeds from non-controlling interests	70 507 250	519 198 227
Dividends paid	(27 985 245)	(24 079 305)
Interest paid	(16 053 094)	(70 531 341)
Net cash provided from financing activities	3 584 919 089	1 974 491 369
Net changes in cash and cash equivalents during the period	4 176 952 614	( 299 513 000)
Assets held for sale	( 16 107)	4 063 133
Disposal of subsidiaries	(201 466 875)	(41 783 030)
Cash and cash equivalents at the beginning of the period - (note 19)	1 678 971 300	3 174 267 909
Cash and cash equivalents at the end of the period - (note 19)	5 654 440 932	2 837 035 012

The accompanying notes and accounting policies from page (9) to page (106) are an integral part of these consolidated interim financial statements and are to be read therewith.

## **Citadel Capital Company**

**(Egyptian Joint Stock Company)**

### **Notes to the consolidated interim financial statements**

**For the period ended March 31, 2017**

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

---

#### **1. Company's background**

##### **1.1 Legal status and activity**

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

##### **1.2 Purposes of the company**

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

## **Citadel Capital Company**

### **Notes to the consolidated interim financial statements**

#### **For the period ended March 31, 2017**

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

---

after completing the required legal procedures for the aforementioned capital increase.

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

#### **1.3 Registered headquarter**

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

#### **1.4 Frame work**

The consolidated financial statements of the Company for the period ended March 31, 2017 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates.

### **2. Basis of preparation**

#### **2.1 Statement of compliance**

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

#### **2.2 Authorization of the financial statements**

The consolidated financial statements were authorized for issue in accordance with a resolution of the board of directors on July, 6 2017.

### **3. Functional and presentation currency**

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

**Citadel Capital Company****Notes to the consolidated interim financial statements****For the period ended March 31, 2017**

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

---

**4. Use of estimate and judgements**

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

- Estimates and assumptions about them are re-viewed on regular basis.
- The change in accounting estimates is recognized in the period where the estimate is changed whether the change affects only that period, or in the period of change and the future periods if the change affects them both.

**4-1 Fair value measurement**

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

**Citadel Capital Company**  
**Notes to the consolidated interim financial statements**  
**For the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**5. Fixed assets**

Cost	Land	Buildings	Lease hold improvements	Machinery, equipment and tools	Furniture, fixtures and electric	Computer equipment	Transportation means and barges	Total
Balance as at 1/1/2017	1 963 526 487	1 447 236 970	170 380 458	4 476 025 377	256 644 920	44 036 586	683 095 302	9 040 946 100
Additions ***	474 236	11 978 692	--	32 113 577	5 051 598	1 739 110	13 705 918	65 063 131
Disposals	--	--	--	(12 016 979)	(186 105)	(733 126)	(8 375 464)	(21 311 674)
Effect of movements in exchange rates	(10 013 248)	10 531 852	182 091	9 518 370	20 789	103 244	230 814	10 573 912
Total cost as at 31/3/2017	1 953 987 475	1 469 747 514	170 562 549	4 505 640 345	261 531 202	45 145 814	688 656 570	9 095 271 469
Balance as at 1/1/2016	1 394 103 556	1 207 861 606	113 288 302	3 749 621 609	241 111 418	58 520 242	538 616 084	7 303 122 817
Additions ***	200 120	3 093 840	1 497 307	9 075 326	3 906 275	1 140 619	2 125 292	21 038 779
Transferred to assets held for sale	--	(5 370 588)	(25 621 664)	(277 911 032)	(11 441 000)	(25 639 512)	(7 905 118)	(353 888 914)
Transferred from assets held for sale**	--	--	9 142 636	309 134	1 725 462	451 563	975 200	12 603 995
Disposals	--	(1 559 554)	--	(6 431 592)	(18 555 650)	(8 198)	(2 824 381)	(29 379 375)
Foreign currency translation differences	54 671 007	28 277 849	6 155 559	282 331 225	(404 973)	(1 607 315)	15 767 127	385 190 479
Total cost as at 31/3/2016	1 448 974 683	1 232 303 153	104 462 140	3 756 994 670	216 341 532	32 857 399	546 754 204	7 338 687 781

**Citadel Capital Company**  
**Notes to the consolidated interim financial statements**  
**For the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Accumulated depreciation	Land	Buildings	Lease hold improvements	Machinery, equipment and tools	Furniture, fixtures and electric	Computer equipment	Transportation means and barges	Total
Accumulated depreciation as at 1/1/2017	183 490	337 280 889	45 958 550	2 111 506 302	222 408 372	34 211 653	276 863 129	3 028 412 385
Impairment loss as at 1/1/2017 ***	--	17 767 807	107 857 426	104 700 719	6 678 137	56 528	192 068	237 252 685
Accumulated depreciation and impairment loss as at 1/1/2017	183 490	355 048 696	153 815 976	2 216 207 021	229 086 509	34 268 181	277 055 197	3 265 665 070
Depreciation for the period*	15 340	11 875 145	1 220 109	75 961 692	3 208 117	812 395	9 576 700	102 669 498
Accumulated depreciation of disposals	--	--	(342 663)	(5 948 851)	(323 996)	(427 419)	(4 362 677)	(11 405 606)
Effect of movements in exchange rates	5 447	707 056	(78 584)	12 805 913	1 143 696	90 123	(9 614 150)	5 059 501
Accumulated depreciation as at 31/3/2017	204 277	367 630 897	154 614 838	2 299 025 775	233 114 326	34 743 280	272 655 070	3 361 988 463
Accumulated depreciation as at 1/1/2016	143 596	252 187 150	41 761 596	1 407 872 490	207 220 383	47 032 145	213 961 002	2 170 178 362
Depreciation for the period*	17 283	11 583 887	2 739 168	66 090 582	3 089 085	753 150	7 823 351	92 096 506
Transferred to assets held for sale	--	(892 420)	(20 676 303)	(36 394 663)	(6 671 731)	(20 016 260)	(5 026 394)	(89 677 771)
Transferred from assets held for sale**	--	--	6 661 792	306 636	1 725 459	451 562	975 200	10 120 649
Accumulated depreciation of disposals	--	(125 254)	--	(6 078 521)	(8 129 759)	(8 195)	(2 403 519)	(16 745 248)
Foreign currency translation differences	51 067	7 779 200	1 101 347	89 260 456	1 504 519	(1 070 277)	2 736 936	101 363 248
Accumulated depreciation as at 31/3/2016	211 946	270 532 563	31 587 600	1 521 056 980	198 737 956	27 142 125	218 066 576	2 267 335 746
<b>Carrying amounts</b>								
At 31/3/2017	1 953 783 198	1 102 116 617	15 947 711	2 206 614 570	28 416 876	10 402 534	416 001 500	5 733 283 006
At 31/12/2016	1 963 342 997	1 092 188 274	16 564 482	2 259 818 356	27 558 411	9 768 405	406 040 105	5 775 281 030
At 31/3/2016	1 448 762 737	961 770 590	72 874 540	2 235 937 690	17 603 576	5 715 274	328 687 628	5 071 352 035



**Citadel Capital Company****Notes to the consolidated interim financial statements****For the period ended March 31, 2017**

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

- \* Administrative depreciation for the period has been recognized in administrative expenses (note 35) and operating depreciation has been recognized in operating costs (note 34).
- \*\* Transferred from assets held for sale are represented in assets related to Bright Living Company. (one of the subsidiaries in the Real Estate segment) and ESACO for Manufacturing Engineering and Construction (one of the subsidiaries in the Cement segment).
- \*\*\* Additions include the amount transferred from project under construction (note 6).
- \*\*\*\* Impairment represented in assets related to Wafra Agricultural Company (subsidiary - Agricultural and Food segment).

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

	<b>31/3/2017</b>	<b>31/12/2016</b>
Balance at the beginning of the period	48 628 176 224	17 233 833 544
Additions	2 120 418 310	5 382 636 932
Disposals	( 368 267)	(2 756 359)
Reclassification to assets held for sale	--	(68 903 975)
Reclassification to fixed assets (note 5)	(50 873 425)	(6 041 716)
Effect of movements in exchange rates	75 545 651	26 089 407 798
Balance	50 772 898 493	48 628 176 224
Accumulated impairment loss	(524 808 065)	(524 687 897)
Net	<u>50 248 090 428</u>	<u>48 103 488 327</u>

**6.2 Projects under construction are represented in:**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Agriculture and Food Sector	14 778 226	9 515 724
Energy sector *	50 026 254 292	47 854 713 531
Transportation and Logistics Sector	71 081 563	67 988 694
Cement sector	117 322 014	115 677 592
Financial Services sector	16 472 984	12 829 726
Mining sector	2 181 349	42 763 060
Total	<u>50 248 090 428</u>	<u>48 103 488 327</u>

- \* Projects under construction - Energy sector include an amount of EGP 49 964 098 605 as at March 31, 2017 versus EGP 47 801 655 455 as at December 31, 2016 represents the project of Egyptian Refining Company- Energy sector.

**Citadel Capital Company****Notes to the consolidated interim financial statements****For the period ended March 31, 2017**

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

**7. Intangible assets**

	Note	31/3/2017	31/12/2016
Software	(7-1)	12 692 205	12 886 930
Exploration and valuation assets	(7-2)	610 679 117	607 122 996
Trade name	(7-3)	346 210 520	346 210 520
Customer contracts	(7-4)	280 756 469	294 670 356
Other intangible assets	(7-5)	4 379 031	4 516 265
Balance		<u>1 254 717 342</u>	<u>1 265 407 067</u>

**7.1 Software**

	31/3/2017	31/12/2016
Cost at the beginning of the year	58 297 051	59 044 102
Additions	--	284 063
Disposals	--	(265 752)
Reclassification to assets held for sale	--	(49 266 344)
Effect of movements in exchange rates	26 509	48 500 982
Cost at the end of the period	<u>58 323 560</u>	<u>58 297 051</u>
Accumulated amortization at the beginning of the period	(45 410 121)	(45 892 898)
Amortization for the period	(93 232)	(617 377)
Reclassification to assets held for sale	--	41 485 608
Effect of movements in exchange rates	(128 002)	(40 385 454)
Accumulated amortization at the end of the period	<u>(45 631 355)</u>	<u>(45 410 121)</u>
Net	<u>12 692 205</u>	<u>12 886 930</u>

**Citadel Capital Company**  
**Notes to the consolidated interim financial statements**  
**For the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**7.2 Exploration and valuation assets**

**7.2.1 Site preparation expenses**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Cost at the beginning of the year	990 467	463 588
Amortization	(10 556)	(24 563)
Effect of movements in exchange rates	5 076	551 442
Balance	<u>984 987</u>	<u>990 467</u>

**7.2.2 Search and exploration expenses**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Cost at the beginning of the year	581 213 997	234 391 228
Additions	11 863 593	39 945 866
Effect of movements in exchange rates	( 8 450 860)	306 876 903
Balance	<u>584 626 730</u>	<u>581 213 997</u>

**7.2.3 License**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Cost at the beginning of the year	33 164 554	14 953 666
Amortization	(29 183)	(97 068)
Effect of movements in exchange rates	178 051	18 307 956
Balance	<u>33 313 422</u>	<u>33 164 554</u>
Total	618 925 139	615 369 018
Accumulated impairment loss *	<u>(8 246 022)</u>	<u>(8 246 022)</u>
Net	<u>610 679 117</u>	<u>607 122 996</u>

**\*Accumulated impairment loss**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Balance at the beginning of the year	(8 246 022)	(3 520 406)
Effect of movements in exchange rates	--	(4 725 616)
Balance	<u>(8 246 022)</u>	<u>(8 246 022)</u>

**Citadel Capital Company**  
**Notes to the consolidated interim financial statements**  
**For the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**7.3 Trade name**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Silverstone Capital Investment Ltd. Group	108 279 000	108 279 000
Falcon for Agricultural Investments Ltd. *	129 485 000	129 485 000
National Development and Trading Company *	246 277 987	246 277 987
Total	484 041 987	484 041 987
Accumulated impairment loss *	(137 831 467)	(137 831 467)
Net	346 210 520	346 210 520

**7.4 Customer contracts**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Global for Energy (Distribution)	92 709 000	92 709 000
Global for Energy (Generation)	76 357 000	76 357 000
Gas & Energy Company (Genco Group)	292 571 000	292 571 000
Balance	461 637 000	461 637 000
Accumulated amortization at the beginning of the year	(166 966 644)	(111 311 096)
Amortization	(13 913 887)	(55 655 548)
Accumulated amortization at the end of the period	(180 880 531)	(166 966 644)
Net	280 756 469	294 670 356

**7.5 Other intangible assets**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Payment for waiving of the license to establish a black cement factory for ASEC Syria	3 576 118	3 688 190
Compensation paid for project workers	802 913	828 075
Net	4 379 031	4 516 265

**Citadel Capital Company**  
**Notes to the consolidated interim financial statements**  
**For the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**8. Goodwill**

	Balance as at 1/1/2017	Effect of movements in exchange rates	Balance as at 31/3/2017
National Development and Trading Group	62 240 706	--	62 240 706
Falcon for Agriculture Investments Ltd.- Group - BVI	281 157 503	--	281 157 503
Silverstone Capital Investment Ltd. Group	16 407 581	(3 060 526)	13 347 055
Tawazon for Solid Waste Management (Tawazon)	32 611 311	--	32 611 311
Balance	<u>392 417 101</u>	<u>(3 060 526)</u>	<u>389 356 575</u>

**9. Biological assets**

	Note	31/3/2017	31/12/2016
<b>Non-current</b>			
Fruitful fruit gardens and orchards	(9.1)	6 048 608	6 150 207
Fruitless fruit gardens and orchards	(9.2)	3 699 670	3 224 288
Pregnant heifer, dry and dairy cows	(9.3)	105 451 207	109 803 933
Heifers	(9.4)	98 688 365	88 642 037
		<u>213 887 850</u>	<u>207 820 465</u>
<b>Current</b>			
Plants (cotton , corn , sun flower)*		2 528 400	2 528 400
Others		5 725 606	7 246 485
Total		8 254 006	9 774 885
Accumulated impairment loss *		(2 528 400)	(2 528 400)
Net		5 725 606	7 246 485
Balance		<u>219 613 456</u>	<u>215 066 950</u>

**Citadel Capital Company**

**Notes to the consolidated interim financial statements**

**For the period ended March 31, 2017**

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

**9.1 Fruitful fruit gardens and orchards**

	<b>31/3/2017</b>	<b>31/12/2016</b>
<b>Costs</b>		
Balance at the beginning of the year	9 868 436	10 028 124
Transferred from fruitless fruit gardens and orchards	--	1 568 153
Disposals	--	(1 662 780)
Effect of movements in exchange rates	(10)	(65 061)
	<u>9 868 426</u>	<u>9 868 436</u>
<b>Accumulated depreciation</b>		
Balance at the beginning of the year	3 718 229	5 366 899
Depreciation	99 308	1 349 469
Disposals	--	(1 622 701)
Effect of movements in exchange rates	2 281	(1 375 438)
	<u>3 819 818</u>	<u>3 718 229</u>
Net	<u>6 048 608</u>	<u>6 150 207</u>

**9.2 Fruitless fruit gardens and orchards**

	<b>31/3/2017</b>	<b>31/12/2016</b>
<b>Costs</b>		
Balance at the beginning of the year	3 224 288	5 318 485
Additions	464 626	327 171
Transferred to fruitful fruit gardens and orchards	--	(1 568 153)
Effect of movements in exchange rates	10 756	(853 215)
Balance	<u>3 699 670</u>	<u>3 224 288</u>

**9.3 Pregnant heifer, dry and dairy cows**

	<b>31/3/2017</b>	<b>31/12/2016</b>
<b>Costs</b>		
Balance at the beginning of the year	185 540 150	179 534 550
Transferred from heifers	9 237 109	30 838 830
Effect of movements in exchange rates	( 60 151)	2 446 789
Disposals	(11 835 590)	(27 280 019)
	<u>182 881 518</u>	<u>185 540 150</u>
<b>Accumulated depreciation</b>		
Balance at the beginning of the year	75 736 217	69 410 554
Depreciation	6 461 542	28 891 419
Disposals	(4 804 004)	(11 027 940)
Effect of movements in exchange rates	36 556	(11 537 816)
	<u>77 430 311</u>	<u>75 736 217</u>
Net	<u>105 451 207</u>	<u>109 803 933</u>

**Citadel Capital Company**  
**Notes to the consolidated interim financial statements**  
**For the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**9.4 Heifers**

	<b>31/3/2017</b>	<b>31/12/2016</b>
<b>Costs</b>		
Balance at the beginning of the year	88 642 037	75 940 675
Additions	19 836 217	39 469 425
Transferred to pregnant heifer and dairy cows	(9 237 109)	(30 838 830)
Disposals	( 780 192)	(1 104 018)
Effect of movements in exchange rates	227 412	5 174 785
<b>Balance</b>	<b>98 688 365</b>	<b>88 642 037</b>

**10. Investments in associates**

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

	<b>Percentage</b>		<b>Carrying amounts</b>	
	<b>2017</b>	<b>2016</b>	<b>31/3/2017</b>	<b>31/12/2016</b>
	<b>%</b>	<b>%</b>		
El Kateb for Marketing & Distribution Co.	48.88	48.88	963 916	816 772
El Sharq Book Stores Co.	40.00	40.00	12 394 902	12 368 993
Dar El-Sherouk Ltd. – BVI */**	58.51	58.51	124 198 714	123 870 951
Mena Glass Ltd.	47.64	47.64	361 455 537	633 969 045
Soiete Des Ciments De Zahana	35.00	35.00	423 864 310	435 499 260
<b>Total</b>			<b>922 877 379</b>	<b>1 206 525 021</b>
<b>Accumulated impairment loss **</b>			<b>(100 000 000)</b>	<b>(100 000 000)</b>
<b>Net</b>			<b>822 877 379</b>	<b>1 106 525 021</b>

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

**Citadel Capital Company**  
**Notes to the consolidated interim financial statements**  
**For the period ended March 31, 2017**

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

**10.2 Summary of significant financial statements of associates**

	<b>Current assets</b>	<b>Non-current assets</b>	<b>Total assets</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>Total liabilities</b>	<b>Revenues</b>	<b>Expenses</b>
<b>31/3/2017</b>								
El Kateb for Marketing & Distribution Co.	10 006 616	9 034 964	<b>19 041 580</b>	10 679 285	121 475	<b>10 800 760</b>	2 859 264	2 558 234
Soiete Des Ciments De Zahana	469 059 174	2 219 973 569	<b>2 689 032 743</b>	458 367 517	1 075 322 886	<b>1 533 690 403</b>	102 932 353	141 780 782
El Sharq Book Stores Co.	8 167 561	2 153 207	<b>10 320 768</b>	4 914 579	151 211	<b>5 065 790</b>	6 777 462	6 657 379
Dar El-Sherouk Ltd.	119 938 084	117 996 492	<b>237 934 576</b>	96 531 773	6 769 246	<b>103 301 019</b>	12 883 709	12 340 556
Mena Glass Ltd. *	985 775 746	--	<b>985 775 746</b>	118 735 549	--	<b>118 735 549</b>	611 494	708 330

- note (32).

\* note (20.1).



**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**11. Available-for-sale investments**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Logria Holding Ltd. *	1 174 550 000	1 173 900 000
Golden Crescent Investment Ltd. *	1 145 050 725	1 144 417 050
EFG Capital Partners Fund II & III	23 705 289	23 705 289
Sphinx Turnaround	65 002 830	64 966 859
Modern Co. for Isolating Materials	43 396	43 396
MEFEK Co. *	872 388	872 388
ASEC Automation Co. - Free Zone	116 300	116 300
Ecligo Design Ltd.	1 000	1 000
Sharming Sharm	700 845	706 308
Medcom National Company	1 000	1 000
Trance Force	51 000	51 000
ASEC Cement	50 000	50 000
Cayman Resources *	31 331 774	31 331 774
<b>Total</b>	<b>2 441 476 547</b>	<b>2 440 162 364</b>
<b>Accumulated impairment loss *</b>	<b>(2 357 601 020)</b>	<b>(2 356 361 764)</b>
<b>Net</b>	<b>83 875 527</b>	<b>83 800 600</b>

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

	<b>Balance as at 1/1/2017</b>	<b>Reversal of impairment **</b>	<b>Effect of movements in exchange rates</b>	<b>Balance as at 31/3/2017</b>
Logria Holding Ltd.	1 173 900 000	--	650 000	1 174 550 000
Golden Crescent Investment Ltd.	1 144 417 050	--	633 675	1 145 050 725
EFG Capital Partners Fund II	5 962 037	--	--	5 962 037
Modern Co. for Isolating Materials	43 396	--	--	43 396
MEFEK Co.	872 388	--	--	872 388
Cayman Resources	31 166 893	(44 419)	--	31 122 474
<b>Balance</b>	<b>2 356 361 764</b>	<b>(44 419)</b>	<b>1 283 675</b>	<b>2 357 601 020</b>

\*\* note (36)

**Citadel Capital Company**
**Notes to the consolidated financial statements**
**for the period ended March 31, 2017**

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

**12. Payments for investments**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Nile Valley Petroleum Ltd. *	135 243 578	135 168 734
Citadel Capital Al Qalaa – Saudi Arabia	2 612 958	2 611 512
National Development and Trading Co. (IRAQ) Ltd. *	300 514	300 514
ASA International Co.	1 432 407	1 432 407
Golden Crescent Investment Ltd.*	4 517 500	4 515 000
Others **	108 886 800	106 886 800
Total	<u>252 993 757</u>	<u>250 914 967</u>
Accumulated impairment loss *	<u>(140 061 592)</u>	<u>(139 984 248)</u>
Net	<u>112 932 165</u>	<u>110 930 719</u>

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

	<b>Balance as at 1/1/2017</b>	<b>Effect of movements in exchange rates</b>	<b>Balance as at 31/3/2017</b>
National Development and Trading Co. (IRAQ) Ltd.	300 514	--	300 514
Nile Valley Petroleum Ltd.	135 168 734	74 844	135 243 578
Golden Crescent Investment Ltd.*	<u>4 515 000</u>	<u>2 500</u>	<u>4 517 500</u>
Balance	<u>139 984 248</u>	<u>77 344</u>	<u>140 061 592</u>

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

**13. Other investments**

	<b>Note</b>	<b>31/3/2017</b>	<b>31/12/2016</b>
Restricted cash	(13-1)	60 725 283	61 267 882
Others	(13-2)	<u>16 176 984</u>	<u>16 086 095</u>
Balance		<u>76 902 267</u>	<u>77 353 977</u>

13-1 Restricted cash as at March 31, 2017 includes an amount of EGP 2 032 640 (equivalent to US.\$ 112 487) versus EGP 2 575 230 (equivalent to US.\$ 142 593) as at December 31, 2016 which represents the amount deposited at the bank under capital increase of Orient Investment Properties Ltd. (subsidiary).

13-2 Others includes an amount of EGP 16 032 985 as at March 31, 2017 versus EGP 15 579 376 as at December 31, 2016 which represent deposits at Syria Central Bank as a guarantee for the seriousness of constructing ASEC Syria Cement Capital Factory and will be refunded at the beginning of production process.

**Citadel Capital Company****Notes to the consolidated financial statements****for the period ended March 31, 2017**

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

**14. Inventories**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Spare parts	389 032 502	377 819 423
Raw materials	463 660 272	430 415 649
Work in process	140 667 280	137 255 783
Finished goods	152 814 903	129 604 701
Goods in-transit	15 861 472	23 986 415
Packing materials	20 910 726	17 980 924
Oil and lubricants	97 991 533	46 442 832
Letters of credit	18 071 251	24 677 314
Others	22 964 213	27 429 884
Total	<u>1 321 974 152</u>	<u>1 215 612 925</u>
Less : Inventories write-down	<u>(39 372 926)</u>	<u>(41 409 752)</u>
Net	<u>1 282 601 226</u>	<u>1 174 203 173</u>

**15. Trade and other receivables**

	<b>31/3/2017</b>	<b>31/12/2016</b>
<b>Non-current</b>		
Accounts receivables	3 030 718	3 823 970
Gas consumption deposits	242 050 053	242 108 531
Egyptian General Petroleum Corp.*	1 536 853 500	1 536 003 000
Receivables from sale of investment **	220 548 417	220 467 409
Others	148 632 744	144 352 280
Total	<u>2 151 115 432</u>	<u>2 146 755 190</u>
<b>Current</b>		
Accounts receivables	1 691 379 086	1 650 817 499
Notes receivables	14 590 560	10 053 257
Receivables from sale of investment ***	75 275 945	71 996 263
Total	<u>1 781 245 591</u>	<u>1 732 867 019</u>
Accumulated impairment Loss	<u>( 177 582 396)</u>	<u>(171 016 554)</u>
Net	<u>1 603 663 195</u>	<u>1 561 850 465</u>
Balance	<u>3 754 778 627</u>	<u>3 708 605 655</u>

**Citadel Capital Company****Notes to the consolidated financial statements****for the period ended March 31, 2017**

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

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

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

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

**16. Investments at fair value through profit or loss**

	31/3/2017	31/12/2016
Modern Shorouk for Printing Co.	1 354 126	1 274 389
Bank Audi investment fund certificates	4 987	4 822
Balance	<u>1 359 113</u>	<u>1 279 211</u>

**17. Due from related parties**

	Nature of transaction		31/3/2017	31/12/2016
	Advisory fee	Finance		
Logria Holding Ltd. **	--	113 055 298	113 055 298	109 757 085
Golden Crescent Investment Ltd. **	--	68 941 568	68 941 568	68 903 415
Golden Crescent Finco Ltd. **	--	529 979 349	529 979 349	529 686 056
Emerald Financial Services Ltd. **	--	595 757 636	595 757 636	599 112 435
Nile Valley Petroleum Ltd. **	--	389 234 594	389 234 594	388 947 221
Citadel Capital East Africa	--	68 305	68 305	68 267
Citadel Capital ALQALAA -Saudi Arabia	--	1 325 561	1 325 561	1 324 972
El Kateb for Marketing & Distribution Co.	--	1 003 038	1 003 038	1 003 038
Nahda **	--	11 652 458	11 652 458	11 646 009
Egyptian Company for international Publication	--	23 760 330	23 760 330	23 760 330

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

	Nature of transaction		31/3/2017	31/12/2016
	Advisory fee	Finance		
Citadel Capital Partners*	--	70 352 509	70 352 509	80 575 087
Ecligo	--	2 000 000	2 000 000	2 000 000
Mena Glass Ltd**	--	62 088 520	62 088 520	62 054 160
Soite Des Ciments De Zahana	--	1 726 942	1 726 942	1 697 472
ASEC Electrical Repairs Co. (REPELCO) **	--	526 236	526 236	526 236
Egyptian Polypropylene Bags Co. (EPBC)	--	20 000	20 000	20 000
ASA International Co.	--	548 427	548 427	448 665
Visionaire**	--	27 032 901	27 032 901	27 017 941
Haider	--	33 693	33 693	600 828
Rotation Ventures**	--	76 818 913	76 818 913	68 832 367
Others	--	12 755 278	12 755 278	12 750 678
Total			1 988 681 556	1 990 732 262
Accumulated impairment loss **			(1 875 087 472)	(1 866 482 925)
Net			113 594 084	124 249 337
<b>Due from shareholders:</b>				
Benu one Ltd.**	--	189 429 037	189 429 037	189 324 208
Financial Holding International	--	12 874 640	12 874 640	8 412 408
Others **	--	70 740 020	70 740 020	70 633 798
Total			273 043 697	268 370 414
Accumulated impairment loss **			(202 981 539)	(202 869 208)
Net			70 062 158	65 501 206
Balance			183 656 242	189 750 543

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

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

	Balance as at 1/1/2017	Formed during the period ***	Reversal of impairment ***	Effect of movements in exchange rates	Balance as at 31/3/2017
<b>Related parties</b>					
Logria Holding Ltd.	109 757 085	2 697 488	--	600 725	113 055 298
Nahda	11 646 009	--	--	6 449	11 652 458
Rotation Ventures	68 832 367	7 768 526	--	218 020	76 818 913
Visionaire	27 017 941	--	--	14 960	27 032 901
Mena Glass	62 054 160	--	--	34 360	62 088 520
Golden Crescent Finco Ltd.	529 686 056	--	--	293 292	529 979 348
Emerald Financial Services Ltd.	599 112 435	--	(3 603 091)	248 292	595 757 636
ASEC Electrical Repairs Co. (REPELCO)	526 236	--	--	--	526 236
Golden Crescent Investment Ltd.	68 903 415	--	--	38 153	68 941 568
Nile Valley Petroleum Ltd.	388 947 221	--	--	287 373	389 234 594
Balance	<u>1 866 482 925</u>	<u>10 466 014</u>	<u>(3 603 091)</u>	<u>1 741 624</u>	<u>1 875 087 472</u>
<b>Shareholders</b>					
Benu one ltd.	189 324 208	--	--	104 831	189 429 039
Others	13 545 000	--	--	7 500	13 552 500
Balance	<u>202 869 208</u>	<u>--</u>	<u>--</u>	<u>112 331</u>	<u>202 981 539</u>

\* The main shareholder 24.36%  
\*\*\* (note 36).

**18. Debtors and other debit balances**

	31/3/2017	31/12/2016
Prepaid expenses	54 926 853	44 487 022
Deposits with others	61 388 673	61 474 413
Advances to suppliers	335 122 939	401 583 596
Letters of guarantee margin	30 794 936	48 523 009
Imprest	70 703 860	40 851 680
Accrued revenues	117 249 651	94 293 546
Refundable deposits	4 307 527	4 303 951
Operation retention	146 798 474	143 893 523
Advances to contractors	14 499 777	14 499 777

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

	<b>31/3/2017</b>	<b>31/12/2016</b>
Advances to contractors	14 499 777	14 499 777
Prepayments for purchase of fixed assets	11 052 967	11 052 991
Tax Authority	228 007 612	211 348 349
Custom Authority	29 877	4 790
Letters of credit	75 316	61 393 706
FLSmidth	184 227 953	182 036 676
Debit balances under settlement	12 940 891	12 940 891
Sundry debit balances	143 720 090	124 208 194
Total	1 415 847 396	1 456 896 114
Accumulated impairment loss	( 77 057 520)	(77 263 501)
Balance	1 338 789 876	1 379 632 613

**19. Cash and cash equivalents**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Cash on hand	7 925 124	16 424 031
Banks - current accounts	4 813 597 291	2 139 718 348
Banks - time deposits	134 955 789	122 474 813
Cheques under collection	20 221 753	27 980 466
Treasury bills	677 740 975	530 437 354
Cash and cash equivalent as presented in the consolidated statement of financial position	5 654 440 932	2 837 035 012

**20. Disposal group held –for – sale**

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

- National Development and Trading Company's management decided on December 24, 2012 to sell its share in ESACO for Manufacturing Engineering and Construction (subsidiary, 70%).Then the company decided to keep its investment in ESACO for Manufacturing Engineering and construction (subsidiary, 70%) and accordingly re-classified as continued operation.
- ASEC Cement Company's board of directors decided on May 4, 2014 to sell ASEC Algeria Cement Company (ASEC CIMENT) and the Company has received an offer from one of the investors to acquire the Company

**Citadel Capital Company**

**Notes to the consolidated financial statements**

**for the period ended March 31, 2017**

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

(ASEC CIMENT) and the Company is currently examining the feasibility of the offer.

- ASEC Cement Company's Extra-ordinary General Assembly meeting approved on May 16, 2016 the debt transfer agreement to be concluded between ASEC Cement Company and ASEC Cement Gulf Offshore Limited, in addition to the debt transfer and settlement agreement to be concluded with the creditors of ASEC Cement Algeria Company and both of the Company and ASEC Cement Gulf Offshore Limited, as a part of the entire debts cancelation of ASEC Cement Algeria as a pre-condition to sell the entire shares of ASEC Cement Algeria.
- On 15 May 2017, the company announced that it has signed an agreement to sell its investment in ASEC Algeria Cement Company – indirect subsidiaries with 37 % ownership percentage, within a deal amounted to approximately USD 60 m for selling the whole company.

- **Falcon for Agricultural Investments Ltd BVI subsidiary**
- Falcon for Agriculture Investments Ltd. BVI Company decided to sell its shares in the following companies:
  1. El-Eguizy International for Economic Development
  2. Misr October Company for Food Industries "Elmisrieen"
  3. Up-date Company for Food Products
  4. Nile for Food Products "Enjoy"

According to the following general assembly decisions:

- On February 23, 2014 National Company for Agriculture Projects (Gozour) - Subsidiary of Falcon for Agriculture Investments Ltd. BVI- decided to sell its investment in El-Eguizy International for Economic Development Company and on July 26, 2016 the Company signed an agreement to sell its whole investment in El-Eguizy International for Economic Development Company Subsidiary of Falcon for Agriculture Investments Ltd. BVI – 99.95%. –note (20-1)
- On March 30, 2014 National Company for Investments and Agriculture (Gozour) -Subsidiary of Falcon for Agriculture Investments Ltd. BVI- decided to sell its investment in the following companies:
  - Misr October Company for Food Industries
  - Up-date Company for Food Products



**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**

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

- 
- On November 30, 2015, Gozour group has made an agreement with an Egyptian investor to sell Misr October for Food Industries "Elmisrieen"- Subsidiary of Falcon for Agriculture Investments Ltd. with a total consideration of EGP 50 million and it is worth mentioning that Misr October Company for Food Industries- indirect subsidiary (55%)- stopped its operating activities in 2012. The sale has been finalized and the shares were transferred to the new acquirer on March 22, 2016.
  - On March 30, 2014 Misr October Company for Food Products-Subsidiary of Falcon for Agriculture Investments Ltd. BVI- decided to sell its investment in Nile for Food Products "Enjoy" Company and on March 22, 2016 the Company signed an agreement to sell its whole investment in Misr October for Food Industries "Elmisrieen"Subsidiary of Falcon for Agriculture Investments Ltd. BVI – 99.95%. –note (20-1)
  - **KU Railways Holding Limited company**  
The Company's management expressed its intention to sell its subsidiary "KU Railways Holdings", a number of investors have expressed their interest in purchasing the company. Currently the negotiations is taking place with those investors to examine the feasibility of the available offers.
  - **Ledmore Holdings Ltd company**  
Due to the fact that Mashreq Company For Petroleum (subsidiary) has terminated the Build, Operate, Transfer (BOT) concession agreement with General Authority for Economic Zone to build Fuel Bunkering Terminal and Logistics Hub in Suez canal. The two parties agreed on committing the General Authority for Economic Zone to pay all costs incurred on the project by Mashreq petroleum company (subsidiary), provided that the company will deliver to General Authority for Economic Zone, the land that was allocated to the project as well as the designs of the project. Accordingly, the Company classified the assets and liabilities of Ledmore Holdings Ltd. (subsidiary and the parent company of Mashreq) as assets held for sale due to the inability to continue in operation at the present time.
  - **Mena Glass Ltd company (Investment in associate)**  
On January 19, 2016 the Company sold all its shares in Misr Glass Manufacturing Company (associate to Mena Glass ltd.) to Middle East Glass Manufacturing Company with a total amount of approximately EGP 127 Million.

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

On February 24, 2016 the Company announced that its business unit Financial Unlimited has finalized the sale of its entire holding in subsidiary Tanmeyah Microenterprise Services, Egypt's leading private-sector provider of microfinance solutions, to EFG Hermes in a transaction that values 100% of Tanmeyah at EGP 450 million. The transaction has been finalized on March 23, 2016).

- **Ostool for Land Transportation S.A.E**

On 15 November 2016, the company announced that it sold its investment in Ostool for Land Transportation S.A.E (associate) with a total consideration of EGP 44 million.

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

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

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

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

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

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

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**20.1 Assets classified as held-for-sale as at March 31, 2017 are represented in the following:**

	Arab Swiss Engineering Co. (ASEC)	NDT Subsidiaries ASEC Cement Company	ASEC Algeria Cement Company	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI Subsidiaries	KU RAILWAYS HOLDING LIMITED	Ledmore Holding Limited.	Grandview Investment Holding	Total
Fixed assets	5 750 000	--	11 378 790	281 982	132 293 776	439 744 780	373 760	--	589 823 088
Intangible assets	--	--	--	--	1 033 803	1 498 459 846	--	--	1 499 493 649
Projects under construction	--	420 048 125	1 616 829 554	188 539 633	--	68 942 128	--	--	2 294 359 440
Inventories	--	--	--	--	16 100	301 676 626	--	--	301 692 726
Trade and other receivables	--	--	--	--	--	399 175 516	--	--	399 175 516
Debtors and other debit balances	--	--	34 362 083	6 560 548	913 475	184 472 618	164 383	--	226 473 107
Due from related parties	--	--	--	--	45 320	--	7 897	--	53 217
Investment property	--	--	--	325 256 404	--	--	--	--	325 256 404
Cash and cash equivalents	--	--	--	289 427	4 688 551	75 722 100	11 744 271	--	92 444 349
Goodwill	--	--	81 058 922	76 929 157	--	--	--	--	157 988 079
Investment in associates	--	--	--	--	--	--	--	910 120 816	910 120 816
Deferred tax assets	--	--	--	--	--	187 815 171	--	--	187 815 171
<b>Balance</b>	<b>5 750 000</b>	<b>420 048 125</b>	<b>1 743 629 349</b>	<b>597 857 151</b>	<b>138 991 025</b>	<b>3 156 008 785</b>	<b>12 290 311</b>	<b>910 120 816</b>	<b>6 984 695 562</b>
<b>Less: Impairment loss</b>									
Projects under construction	--	--	(97 235 556)	--	--	--	--	--	(97 235 556)
Goodwill	--	--	(81 058 922)	--	--	--	--	--	(81 058 922)
Investment in associate	--	--	--	--	--	--	--	(322 013 139)	(322 013 139)
<b>Net</b>	<b>5 750 000</b>	<b>420 048 125</b>	<b>1 565 334 871</b>	<b>597 857 151</b>	<b>138 991 025</b>	<b>3 156 008 785</b>	<b>12 290 311</b>	<b>588 107 677</b>	<b>6 484 387 945</b>

**Citadel Capital Company**

**Notes to the consolidated financial statements  
for the period ended March 31, 2017**

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

20.2 Liabilities classified as held-for-sale as at March 31, 2017 are represented in the following:

	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI Subsidiaries	KU RAILWAYS HOLDING LIMITED	Ledmore Holding Limited.	National Company for Development and Trading	Total
Provisions	17 271 667	16 451 632	--	--	--	33 723 299
Loans	209 785 200	--	4 146 324 635	--	--	4 356 109 835
Trade and other payables	--	119 837 728	650 336 608	--	--	770 174 336
Due to related parties	--	1 035 049	--	6 107	--	1 041 156
Creditors and other credit balances	128 890 003	--	443 321 700	485 509	28 215 264	600 912 476
Balance	355 946 870	137 324 409	5 239 982 943	491 616	28 215 264	5 761 961 102

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**21. Loss from discontinued operations (net of tax)**

**For the period ended March 31, 2017**

	<b>Mena Home Furnishing Malls Ltd.</b>	<b>KU Railways Holding Limited</b>	<b>Total</b>
<b>Discontinued operations :-</b>			
Operating revenues	1 154 199	202 887 643	204 041 842
Operating costs	( 2 760 573)	(298 075 188)	(300 835 761)
Administrative expenses	(1 094 027)	(44 272 736)	(45 366 763)
Other (expenses) / revenues	( 1 236 570)	17 971 816	16 735 246
Finance costs – (net)	( 12 160 937)	(88 044 271)	(100 205 208)
Results from operating	(16 097 908)	(209 532 736)	(225 630 644)
<b>Loss from discontinued operation, net of tax</b>	<u>(16 097 908)</u>	<u>(209 532 736)</u>	<u>(225 630 644)</u>

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**

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

**For the period ended March 31, 2016**

	Esaco for Manufacturing and Engineering	Mena Home Furnishing Malls Ltd.	Falcon for Agriculture Investments Ltd. BVI Subsidiaries	Misr Glass Manufacturing Company	Tanmeyah Company S.A.E	KU Railways Holding Limited	Ledmore Holding Limited	Total
<b>Discontinued operations :-*</b>								
Operating revenues	17 464 470	1 517 732	--	--	26 343 930	116 886 860	--	162 212 992
Operating costs	(10 150 210)	(2 681 967)	--	--	(16 151 184)	(150 651 431)	--	(179 634 792)
Administrative expenses	--	(1 152 538)	--	--	(11 588 254)	(18 578 378)	(16 164)	(31 335 334)
Other (expenses) / revenues	(1 595 847)	(9 200 593)	--	--	2 288 735	15 333 117	(14 964 595)	(8 139 183)
Finance costs – (net)	--	(7 551 378)	--	--	(42 534)	(31 335 772)	--	(38 929 684)
<b>Results from operating activities</b>	5 718 413	(19 068 744)	--	--	850 693	(68 345 604)	(14 980 759)	(95 826 001)
Gain (loss) on sale of discontinued operation (Note 21.1)**	--	--	9 577 380	(173 805 406)	210 043 776	--	--	45 815 750
Income tax**	--	--	--	--	(26 294 038)	--	--	(26 294 038)
<b>Profit (loss) from discontinued operation, net of tax</b>	5 718 413	(19 068 744)	9 577 380	(173 805 406)	184 600 431	(68 345 604)	(14 980 759)	(76 304 289)

\* (Note 48)

\*\* (Note 21.1)

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**

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

**21-1 Gain (loss) on sale of discontinued operations**

				31/3/2016	31/3/2017
	Tanmeyah Company S.A.E	Falcon for Agricultural Investments Ltd BVI	Misir glass manufacturing company *		
		Subsidiaries			
Total assets	(187 357 975)	(51 638 339)	--	(238 996 314)	--
Total liabilities	144 442 860	61 215 719	--	205 658 579	--
Equity – accounted investee	--	--	(301 278 649)	(301 278 649)	--
Net assets	(42 915 115)	9 577 380	(301 278 649)	(334 616 384)	--
Income Tax	(26 294 038)	--	--	(26 294 038)	--
Cash consideration	252 958 891	--	127 473 243	380 432 134	--
Gain (loss) on sale of discontinued operation*	183 749 738	9 577 380	(173 805 406)	19 521 712	--
* (Note 21)					

## **Citadel Capital Company**

### **Notes to the consolidated financial statements**

#### **for the period ended March 31, 2017**

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

---

#### **22. Share capital**

- The Company's authorized capital is EGP 6 Billion and the issued and paid-in capital is EGP 4 358 125 000 represents 871 625 000 shares distributed to 653 718 750 ordinary shares and 217 906 250 preferred shares with par value EGP 5 per share.
- The Company's extra-ordinary general assembly meeting held on October 20, 2013 approved the increase of the authorized capital from EGP 6 billion to EGP 9 billion and the increase of the issued capital from EGP 4 358 125 000 to EGP 8 billion, with an increase of EGP 3 641 875 000 by issuing 728 375 000 new shares at par value of EGP 5 per share, distributed over 182 093 750 preferred shares and 546 281 250 ordinary shares, without issuance costs. The purpose of this capital increase is to finance the acquisition of additional shares in its related companies, financing the Company's share contribution in the capital increases of some of its related companies and entering into new investments and settlement of some of Company's liabilities. The Board of Directors approved in its meeting held on February 13, 2014 to cover the subscription of the unsubscribed Company's shares in the capital increase through offsetting the shareholders' credit balances that are payable by the Company against the subscription price of the shares. The commercial register has been updated with the increase on April 16, 2014.
- The Company's extra-ordinary general assembly meeting held on March 25, 2015 approved the increase of the authorized capital from EGP 9 billion to EGP 10 billion and the increase of the issued capital from EGP 8 billion to EGP 9.7 billion, with an increase of EGP 1.7 billion in cash allowing the use of credit balances payable to existing shareholders by issuing 340 million new shares at par value of EGP 5 per share, consisting of 85 million preferred shares and 255 million ordinary shares, without issuance costs. The capital increase subscription started on June 2, 2015 and closed on the end of the working day September 9, 2015. The subscription had been covered by 64.71% represented in 220 million share of which 1 738 649 preferred share with an amount of EGP 8 693 245 and 218 261 351 ordinary share with an amount of EGP 1 091 306 755, with a total amount of EGP 1.1 billion and thus the company's issued share capital after increase amounted EGP 9.1 billion, represents 1 820 000 000 shares comprising of 1 418 261 351 ordinary share and 401 738 649 preferred share at par value of EGP 5 per share. The commercial register has been updated with the increase on September 29, 2015.



**Citadel Capital Company****Notes to the consolidated financial statements****for the period ended March 31, 2017**

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

- Preferred shares have the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extra-ordinary general assembly meeting held on May 12, 2008 and also paragraph No. (3) of article No.(18) of the Company's article of associations. Those preferred shares are owned by Citadel Capital Partners Ltd. the principle shareholder of the Company.
- The shareholders' structure - is represented in the following:

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

- 22.1 Treasury shares are represented in 2 159 000 shares acquired by United Company for Foundries (subsidiary – 67.46%), equivalent to approximately 0.12% of the Company's total issued shares with an acquisition cost of EGP 3 338 658. And on 14 march 2017 United Company for Foundries, sold all its acquired shares in Citadel Capital Co.

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**

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

**23. Loans and borrowings**

Borrowing company	Lender Bank/Company	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
AFIC	-Commercial International Bank	--	--	206 478 362	--	206 478 362	--
Dina for Agriculture Investments	-Ahly United Bank -United Bank -Arab Egyptian Real Estate Bank.	EGP: Average 3.625% plus Corridor	2014-2018	135 743 755	31 174 996	104 568 759	- Pledge over all the company's assets and real estate first rank Pledge on 7 172 feddan of company's land.
National Development and Trading Company	Qatar National Bank	12.5%	December 2018	212 358 130	60 140 879	152 217 251	- Partially pledging shares of ASEC Cement Company
National Development and Trading Company	Arab Investment Bank	12%	December 2018	110 483 125	28 069 115	82 414 010	- Partially pledge of ASECCement Co. shares, ASECEngineering shares, ASENPRO shares and ESACO shares to the bank.

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
National Development and Trading Company	Bank/Company						
	Industrial	11.5%	December 2018	220 602 487	58 568 599	162 033 888	- Mortgage of ASEC
	Development and Workers Bank of Egypt						Cement Co. shares, ASEC Engineering shares, ASENPRO shares, ASEC Automation shares and ESACO shares to the bank.
National Development and Trading Company	Misir Iran Development Bank	2.50% plus corridor rate	December 2018	147 286 578	40 684 102	106 602 476	- Pledging 33.3 million shares of subsidiaries with a value not less than 333% from the total amount of credit facility which is accepted by the bank to cover the minimum market value within the last three months, also shares custody should be by the bank and dividends to be collected under the cognition of the bank.
Arab Swiss Engineering Co. (ASEC)	Ahli United Bank	2.25% Plus corridor for current	November 2018	85 302 349	65 205 920	20 096 429	Assignment of South Valley Cement Co. management contract.
		3.25% plus corridor for non-current					

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
Arab Swiss Engineering Co. (ASEC)	Bank/Company Al Barka Bank	11.5%	March 2019	20 201 932	6 000 000	14 201 932	Assignment of White Sinai Cement Co. management contract. Murabha contracts.
ASEC Cement Company	Sudanese Egyptian Bank	11%	2020-2017	151 691 564	133 119 985	18 571 579	
Taqia Arabia	Commercial International Bank	3.25% plus corridor rate	2016-2020	174 709 939	49 917 128	124 792 811	
Global Energy	HSBC Arab Bank	EGP: 2.25% plus average Corridor US\$: 1.3% plus Libor	2014-2018 2014-2018	28 804 176	20 042 720	8 761 456	<ul style="list-style-type: none"> <li>- The amount of capital injected parallel to the premiums payable in the event that the net profit + depreciation + cash inadequate to pay the premiums due.</li> <li>- No change in the company shall take place without written consent from the bank</li> <li>- The company undertakes not to pledge, mortgage, or impose any liens / seniority over any assets in Sharm El Sheikh Project.</li> <li>- The company executed a commercial pledge contract with Arab Bank. The pledge include all the Group's tangible and intangible assets in addition to the power generation station in Scimitar project in Red Sea Governorate.</li> </ul>

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
Taqa Marketing	HSBC	EGP: 3% plus	2014-2018	33 139 458	11 415 885	21 723 573	<ul style="list-style-type: none"> <li>- The company made a proxy to the bank that is empowering to impose a commercial pledge on existing tangible and intangible assets which was financed by the loan. Taqa Arabia undertakes the following:-</li> <li>- Maintain the direct or indirect controlling interest during the contract period and till the actual repayment.</li> <li>- Cover any deficiency in the debt service ratio or increase in the investment costs or operating expenses by injecting cash in the form of capital increase or subordinated loans with priority to the bank.</li> </ul>
	Cairo Bank	corridor rate	2014-2020				

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
Egyptian Refining Company – S.A.E.	Bank/Company						
	Japan Bank for International Cooperation (JBIC)	US.\$: Libor for such interest period Plus 4.10%	2017-2029	7 071 661 432	--	7 071 661 432	- Egyptian Refining Company shall deliver to each lender original, signed, undated and blank promissory notes.
Egyptian Refining Company – S.A.E.	Group of Commercial Banks (NEXI – Covered Lenders)	US.\$: Libor for such interest period Plus 1.75% per annum	2017-2029	4 601 510 068	--	4 601 510 068	- Egyptian Refining Company has signed a general irrevocable power of attorney dated August 10, 2010 to the benefits of Commercial International Bank ‘CIB’ at his capacity as the Egyptian Security Agent of the term loan facility.
	Export – Import Bank of Korea (KEXIM )	US.\$: Libor for such interest period plus 3.6% per annum up to the project completion. 4% per annum from the project completion to the end of the 5th year. 4.6% per annum for any time thereafter.	2017-2029	8 773 108 364	--	8 773 108 364	

# Citadel Capital Company

## Notes to the consolidated financial statements

for the period ended March 31, 2017

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

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
Egyptian Refining Company – S.A.E.	Bank/Company						
	Financial Institutions (KEXIM Initial Guaranteed facility lenders)	US.\$: Libor for such interest period plus 1.95 % per annum plus Mandatory cost	2017-2029	2 933 254 166	--	2 933 254 166	
Egyptian Refining Company – S.A.E.	European Investment Bank (EIB)	Libor for such interest period Plus or minus the spread of the related year as determined by the bank (1.5% for the current period)	2017-2029	5 484 210 667	--	5 484 210 667	
	African Development Bank (AFDB)	Plus Mandatory cost Fixed interest rate: 3.30 % per annum Plus Base rate calculated by the bank as set in the agreement Or Variable interest rate: LIBOR for such interest period Plus 3.30 % per annum	2017-2029	3 614 000 000	--	3 614 000 000	

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
Egyptian Refining Company – S.A.E.	Bank/Company						
	African	Fixed interest rate:	2017-2025	4 159 616 853	--	4 159 616 853	- Egyptian Refining
	Development	-5% per annum					Company shall deliver to
	Bank (AFDB)	-Plus base rate					AFDB an original, signed, undated and blank promissory notes.
	Or	Variable interest rate:					- Egyptian Refining
	LIBOR for such	interest period plus					Company shall not make
	5% per annum						any distribution or other payment to the
							shareholders (or their affiliates) in respect of equity funding or
							shareholders loans until all amounts due and payable under the loan have been paid in full.
Egyptian Refining Company – S.A.E.	MITSUE & Co.	- US\$ 6 months	2020	236 617 019	--	236 617 019	
	Ltd.	Libor					
		- Plus 3 % per annum					



**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
Less: Deferred borrowing cost *							
Egyptian Refining Company – S.A.E.				(2 696 997 915)	--	(2 696 997 915)	
Citadel Capital S.A.E	Citi Bank (syndication loan manager)	US\$: First tranche: (4.25 %+Libor rate). Second tranche: 3.9% plus Libor	2012-2022	4 358 643 342	3 354 754 373	1 003 888 969	- First degree lien contract of the shares owned by the Company in National Development and Trading Company.
	(Arab African International Bank, Arab International Bank, Banque du caire, Misr Bank, and Piraeus Bank)	Third Tranche: 3.9% plus Libor					- First degree lien contract of the shares owned by the Company in International Company for Mining Consulting.
							- First degree lien contract of the shares owned by the Company in United Foundries Company.
							- First degree lien contract of the shares of Citadel Capital Ltd. (One of the subsidiaries

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

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

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**

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

Borrowing company	Lender Bank/Company	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
							- Silverstone Capital Investment Ltd.
							- Mena Glass Ltd.
							- Mena Home Furnishings Mall.
							- Valencia Trading Holding Ltd.
							- Andalusia Trading Investments Ltd.
							- Citadel Capital Transportation Opportunities Ltd.
							- Lotus Alliance Limited.
							- Citadel Capital Financing Corp.
							- Grandview Investment Holding
							- Africa Railways Holding
							- National Company for Marine Petroleum Services (Petromar)
							- Taqa Arabia S.A.E.

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender Bank/Company	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
International for Refinery Consultation	Arab International Bank	US\$.5.2% Annually	2016	530 938 866	530 938 866	--	<ul style="list-style-type: none"> <li>- Egyptian Company for Solid Waste Recycling (ECARU)</li> <li>- Engineering Tasks Group (ENTAG)</li> <li>- Ledmore Holdings Ltd.</li> <li>- Everyys Holdings Limited</li> <li>- Eco-Logic Ltd.</li> <li>- Sequoia Willow Investments Ltd.</li> <li>- Underscore International Holdings Ltd.</li> <li>- Brennan Solutions</li> <li>- Citadel Capital Transportation Opportunities II Ltd.</li> <li>- Citadel for Investments Promotion Company</li> <li>- Letter of guarantee from Standard chartered Bank of Korea Limited with the mount due to Arab International Bank.</li> </ul>

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
National Company for Refining Consultation	Bank/Company Arab International Bank	U\$.\$ : 15 608 926 Interest to be paid upon maturity	Under Schedule	1 276 619 786	--	1 276 619 786	The loan is guaranteed by pledging the Company's (50 million) share in Orient Investments Properties Ltd. in favour of the bank. And the bank as the authority to switch the ownership of these shares any time against granted loan.
Sabina for Integrated Solutions	Khartoum Bank – Sudan	US.\$: Murabaha	--	23 597 306	23 597 306	--	- Possessory pledge for machinery and equipment.
National Company for Multimodal Transport S.A.E.	Arab African International Bank Bank of Alexandria and Misr Bank (syndicated loan)	EGP: corridor Average accrued every 6 months	2012-2016	556 160 574	556 160 574	--	- Open the Revenue Account with the Loan Agent (Misr Bank). - Conclude a first degree pledge over the Revenue Account. - Conclude first degree mortgage on the barges. - Conclude first degree mortgage over all present and future tangible and intangible assets.

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
	Bank/Company						<ul style="list-style-type: none"> <li>- An undertaking to provide the Security Agent with the operational insurance policies over the New Barges within 15 days from the expiry date of the construction insurance policy.</li> <li>- Assign the Borrower's rights under the insurance policies covering operating Barges, for the full replacement value against all insurable risks for which it would be prudent to insure for ("Adequate Insurance") to be endorsed in favour of the Security Agent (Arab African International Bank) for itself and on behalf of the Banks.</li> </ul>

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender Bank/Company	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
							<ul style="list-style-type: none"> <li>- Assign all borrower's compensation rights under the insurance policies covering the Borrower's New Barges during construction year, in favour of the Security Agent (Arab African International Bank) for itself and on behalf of the Banks.</li> <li>- Assign the proceeds (one year or more) from long term transportation service contracts signed with the borrower's customers in favour of the Security Agent (Arab African International Bank).</li> <li>- Assign the borrower's rights of any damages arising under the Material Project Contracts and related banks' guarantees under such contracts in favour of the Security Agent (Arab African International Bank) for itself and on behalf of the banks.</li> </ul>

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
ASCOM company for chemicals and carbonates manufacturing	Bank/Company Ahli United Bank	Libor for 3 months plus 2 % Default rate 1% annually	April 2018	117 000 000	39 780 000	77 220 000	<ul style="list-style-type: none"> <li>- First rank mortgage for all property and real estate on the project.</li> <li>- First rank commercial mortgage on all physical and moral assets.</li> <li>- First rank commercial mortgage on calcium carbonate production line.</li> <li>- Deposit all earnings resulting from future sale contracts related to calcium carbonate production in the favour of the bank.</li> <li>- The company undertakes not to change, pledge, mortgage, sell, or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the Bank.</li> </ul>



**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
Glass rock company for isolation	Bank/Company Misr Bank	Libor for 3 months plus 4.5% Default rate 1% annually	November 2021	626 125 146	89 631 107	536 494 039	<ul style="list-style-type: none"> <li>- First rank mortgage for all property and real estate on the project.</li> <li>- First rank commercial mortgage on all physical and moral assets.</li> <li>- Deposit all earnings resulting from future sale contracts in the favour of the bank.</li> <li>- The company undertakes not to change, pledge, mortgage, sell, or lease (or change any of the main or consequential moral rights) over any mortgaged assets as per this contract, and not to provide any proxy to make any mortgage on these assets during the finance period without obtaining a prior written consent of the Bank.</li> <li>- ASEC company for mining- the holding company- undertake the obligation to pay the company debt in case of default.</li> </ul>

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender	Interest rate	Maturity date	Outstanding balance	Current	Non –current	Guarantees
Trimstone Assets Holdings Ltd.	Bank/Company Arab International Bank	US.\$ 5% plus six months Libor	2020	320 636 664	--	320 636 664	- Includes a first degree pledge over all shares owned by the borrower of “TAQA Arabia” covering 115% of the value of the existing liability in favour of (Arab International Bank). - Includes a first degree pledge over shares of “Citadel Capital for financial consultancy” S.A.E (the ultimate parent company) covering 35% of the value of the existing liability in favour of (Arab International Bank).
United Foundaries Company	Piraeus Bank	Debit interest rate 1.5% annually over loan rate and apply debit interest rate 1.5% plus 3 months Libor rate for the liability in USD	2018	6 750 004	5 765 942	984 062	
ESACO for Manufacturing Engineering and Construction	HSBC		2020	39 284 570	11 659 570	27 625 000	
				<u>43 559 538 767</u>	<u>5 116 627 067</u>	<u>38 442 911 700</u>	

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Borrowing company	Lender Bank/Company (Related parties)	Interest rate	Maturity date	Outstanding balance	Current	Non -current	Guarantees
<b>Loans from related parties</b>							
National Development and Trading Company	Financial Holdings International	11.5% per annum compound interest	Under renewal	1 821 155 088	1 821 155 088	--	The guarantees are represented in lien on part of National Development and Trading Company shares in the following subsidiaries companies: ASECEment Company 41 050 000 shares Arab Swiss Engineering Company (ASEC) 899 900 shares. The guarantees are represented in a first degree lien of United Foundries Company shares in Ameryah Metal Company one of its subsidiaries with a percentage of 99.72%.
National Development and Trading Company	Vigenar Company	11.5% per annum compound interest	Under renewal	37 854 676	37 854 676	--	
United Foundries	Financial Holdings International	11.5% per annum compound interest	Under renewal	128 296 215	90 460 294	37 835 921	
				<u>1 987 305 979</u>	<u>1 949 470 058</u>	<u>37 835 921</u>	
				<u>45 546 844 746</u>	<u>7 066 097 125</u>	<u>38 480 747 621</u>	

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

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**24. Long term liabilities and derivatives**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Derivatives swap contracts (24.3)	213 095 950	195 679 468
Creditors-purchase of investments (24.1)	10 787 486	10 787 486
End of service benefits	2 449 055	2 383 685
Deposits from others (24.2)	168 793 966	163 112 502
Social Insurance authority	8 396 573	9 554 760
Other liabilities	7 694 318	12 275 921
Balance	<u>411 217 348</u>	<u>393 793 822</u>

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

24.2 Deposits from others

	<b>31/3/2017</b>	<b>31/12/2016</b>
Gas consumption deposits	103 310 165	106 779 497
Power consumption deposits	<u>65 483 801</u>	<u>56 333 005</u>
Balance	<u>168 793 966</u>	<u>163 112 502</u>

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

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

The main terms of the transactions are as follows;

Trade date: June 25, 2012.

Effective date: July 3, 2012.

Termination date: December 20, 2024.

Fixed portion rate paid by the company is 2.3475%.

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

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

Maximum notional amount covered under these transactions are:

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

**Citadel Capital Company****Notes to the consolidated financial statements  
for the period ended March 31, 2017**

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

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

As at March 31, 2017 the balance related to the change in the fair value of cash flow hedges related to hedged transactions is amounting to EGP 213 095 950 (equivalent to US.\$ 11 792 803) versus EGP 195 679 468 (equivalent to US.\$ 10 834 965) as at December 31, 2016 as follows:

	31/3/2017	31/12/2016
Societe General Corporate & Investment Banking	50 981 396	46 967 667
HSBC Bank Middle East Limited	40 934 151	36 639 261
KFW IPEX – Bank GMBH	12 031 440	11 211 395
Mitsubishi UFJ Securities International PLC	21 132 377	19 713 754
Standard Chartered Bank	88 016 586	81 147 391
Balance	<u>213 095 950</u>	<u>195 679 468</u>

**25. Deferred tax assets /liabilities**

	31/3/2017		31/12/2016 (Restated) *	
	Asset	Liability	Asset	Liability
Fixed assets	--	219 336 381	--	166 954 128
Intangible assets	--	144 610 723	--	147 741 347
Hedge reserve-swap contract	47 946 577	--	44 027 860	--
Provisions	4 184 381	--	4 156 683	--
Deferred tax liabilities related to Berber for electricity Ltd. Co.	--	14 240 691	--	13 726 848
Tax losses	4 502 065	--	12 900 239	--
Others	--	170 452 594	--	214 941 932
Total deferred tax assets / liabilities	<u>56 633 023</u>	<u>548 640 389</u>	<u>61 084 782</u>	<u>543 364 255</u>

- The Parent Company has carried-forward tax losses as of December 31, 2016 in the amount of EGP 214 541 148 and the related deferred tax assets amounted EGP 48 271 758 which were not recognized because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefore.

\* (note 48).

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**26. Banks overdraft**

	31/3/2017	31/12/2016
Silverstone Capital Investments Ltd.	247 527 233	161 074 214
United Foundries Company	64 273 661	69 928 101
National Development and Trading Company	43 346 589	62 047 466
Tawazon for Solid Waste Management (Tawazon)	40 771 849	35 624 023
ASEC for mining (ASCOM)	156 957 756	155 618 975
Falcon Agriculture Investment	14 777 266	14 699 341
Balance	<u>567 654 354</u>	<u>498 992 120</u>

**27. Due to related parties**

	Nature of transaction		31/3/2017	31/12/2016
				(Restated) **
	Advisory fee	Finance		
Scimitar Production Egypt Ltd	--	24 436 260	24 436 260	24 640 035
Mena Glass Ltd.	--	950 603 954	950 603 954	956 784 685
Pharos Holding Co.	--	488 468	488 468	488 451
ASEC Automation Europe Co.	--	161 007	161 007	161 007
ASEC Automation Co. Free Zone	--	5 085 096	5 085 096	6 339 777
Kimonix Egypt for Consultancy Libya	--	2 955 672	2 955 672	3 403 400
Grandview Investment Holding	--	11 967 906	11 967 906	11 995 506
Others	--	32 649 954	32 649 954	28 885 568
Sub-balance			<u>1 028 348 317</u>	<u>1 032 698 429</u>
<b>Due to shareholders:</b>				
Sadek Ahmed El Swedey *	--	298 155 000	298 155 000	297 990 000
Fenix one Ltd.	--	75 009 383	75 009 383	75 367 360
Aly Hassan Dayekh	--	148 198 684	148 198 684	142 250 945
Olayan	--	101 107 830	101 107 830	98 190 324
Joussour	--	422 458 620	422 458 620	422 458 620
IFC	--	224 489 338	224 489 338	224 489 338
Others *	--	7 184 129	7 184 129	10 047 910
Sub-balance			<u>1 276 602 984</u>	<u>1 270 794 497</u>
Balance			<u>2 304 951 301</u>	<u>2 303 492 926</u>

\* The shareholders of the Company

\*\* (note 48).

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**28. Trade and other payables**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Suppliers	2 918 813 780	2 696 330 159
Notes payables	669 661 210	200 988 034
Balance	<u>3 588 474 990</u>	<u>2 897 318 193</u>

**29. Creditors and other credit balances**

	<b>31/3/2017</b>	<b>31/12/2016</b>
		<b>(Restated) *</b>
Accrued expenses	1 091 970 257	855 251 278
Accrued interest	842 902 452	281 942 689
National Authority for Social Insurance	42 018 369	44 530 456
Advances from customers	115 358 938	121 823 474
Refundable deposits	2 886 014	2 937 694
Unearned revenues	61 760 143	24 464 398
Subcontractors	2 909 794	11 530 654
Creditors – purchase of fixed assets	17 083 899	12 386 904
Deposits from others	68 990 971	60 378 225
Dividend payable – prior years	23 051 744	23 051 725
Shareholders' credit balances	1 441 919	1 441 919
Sundry credit balances	<u>350 342 647</u>	<u>501 562 497</u>
Balance	<u>2 620 717 147</u>	<u>1 941 301 913</u>

\* (note 48).

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**30. Provisions**

	<b>Expected claims Provision</b>	<b>Legal provisions</b>	<b>Other Provisions*</b>	<b>Total</b>
Balance at the beginning of the period	670 359 184	1 264 609	9 913 501	681 537 294
Provisions formed *	46 293 587	85 657	18 538 737	64 917 981
Provisions used	(7 056 681)	(839)	(56 146)	(7 113 666)
Provision no longer needed	--	(67 450)	--	(67 450)
Effect of movements in exchange rates	(1 017 107)	1 590	--	(1 015 517)
Balance	<u>708 578 983</u>	<u>1 283 567</u>	<u>28 396 092</u>	<u>738 258 642</u>

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

\* Provisions formed during the period by EGP 18 538 737 has been recognized in the operating costs and represent provision related to ASEC Automation Co. and ASEC Manufacturing Co. (ARESCO) related to continuing exiting contracts.

**31. Related party transactions**

Advisory fee

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

	<b>For the period ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
Scimitar Production Egypt Ltd.	4 670 310	2 386 455
Total	<u>4 670 310</u>	<u>2 386 455</u>



**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**

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

- The Company did not recognize advisory fee with an amount of US.\$ 1 567 263 (equivalent to EGP 27 679 431) and US.\$ 290 202 (equivalent to EGP 5 125 258) for the period ended March 31, 2017 (versus EGP 13 901 632 and EGP 2 574 101 for the period ended March 31, 2016) related to Logria Holding Ltd. and Golden Crescent Investments Ltd. in accordance with the signed contracts due to inadequate assurance concerning the revenue recognition and collection conditions.

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

	<b>For the period ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
El Kateb for Marketing & Distribution Co.	147 143	155 137
Elsharq Book Stores Co.	48 033	(41 744)
Dar El-Sherouk Ltd.	317 799	(102 594)
Societe Des Ciments De Zahana	(13 603 516)	13 312 763
Mena Glass Ltd.	( 46 132)	33 813 265
Ostool for Land Transportation S.A.E	--	1 134 290
<b>Total</b>	<b>(13 136 673)</b>	<b>48 271 117</b>

**33. Operating revenue**

	<b>For the period ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
Agriculture Food industries	153 869 654	177 644 625
Energy sector	935 331 191	626 682 608
Transportation and Logistics	23 560 198	23 887 796
Cement sector	677 278 346	677 437 970
Metallurgy	52 336 940	45 055 467
Financial Services sector	3 550 000	2 881 300
Mining sector	268 710 430	178 229 786
<b>Total</b>	<b>2 114 636 759</b>	<b>1 731 819 552</b>

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**34. Operating costs**

	<b>For the period ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
Agriculture food industries	103 449 175	134 959 084
Energy sector	823 300 704	558 725 446
Transportation and logistics	29 788 773	24 061 974
Cement sector	578 904 303	548 643 907
Metallurgy	32 674 549	32 711 389
Financial Services sector	2 485 545	1 631 865
Mining sector	232 230 156	162 885 458
<b>Total</b>	<b>1 802 833 205</b>	<b>1 463 619 123</b>

**35. Administrative expenses**

	<b>For the period ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
		<b>(Restated) *</b>
Wages , salaries and similar items	104 922 376	97 080 969
Consultancy	31 001 255	38 375 352
Advertising and public relations	2 721 083	4 450 999
Selling and marketing	31 905 496	31 577 416
Travel and accommodation	4 478 350	4 015 012
Rent	2 952 680	1 919 637
Depreciation and amortization	27 764 664	24 478 519
Donations	1 375 000	3 132 100
Other	90 920 796	76 056 849
<b>Total</b>	<b>298 041 700</b>	<b>281 086 853</b>

\* (note 48)

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**36. Other (expenses) / income**

	<b>Note</b>	<b>For the period ended</b>	
		<b>31/3/2017</b>	<b>31/3/2016</b>
<b>Impairment (loss) / Reversal on:</b>			
Due from related parties	(17)	(6 862 923)	(2 334 983)
Receivables		(6 865 373)	(1 368 189)
Available-for-sale investments	(11)	44 419	(2 932)
<b>Total</b>		<b>(13 683 877)</b>	<b>(3 706 104)</b>
<b>Others:</b>			
Gain on sale of fixed assets		9 746 560	1 441 849
Loss on sale of biological assets		--	(1 026 922)
Provisions formed	(30)	(46 379 244)	(44 193 963)
Net change in the fair value of investments at fair value through profit and loss		79 737	(115 050)
Provisions no longer needed	(30)	67 450	2 115 645
Other revenues		20 169 869	8 775 126
<b>Total</b>		<b>(16 315 628)</b>	<b>(33 003 315)</b>
<b>Balance</b>		<b>(29 999 505)</b>	<b>(36 709 419)</b>

**37. Finance costs**

	<b>For the period ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
		<b>Restated*</b>
Interest income	28 811 316	21 286 178
Interest expenses – (note 23)	(331 290 002)	(207 520 395)
Effect of movements in exchange rates	54 799 061	(53 438 440)
<b>Net</b>	<b>(247 679 625)</b>	<b>(239 672 657)</b>
* (note 48).		

**38. Income tax**

	<b>For the period ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
		<b>Restated*</b>
Current income tax	(46 741 306)	(28 357 506)
Deferred tax	(1 860 811)	(8 807 239)
<b>Net</b>	<b>(48 602 117)</b>	<b>(37 164 745)</b>
* (Note 48).		

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**39. Earnings per share**

	<b>For the period ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
		<b>Restated*</b>
Net loss for the period	<u>(546 616 400)</u>	<u>(352 075 962)</u>
Net loss for equity holders of the parent Company	<u>(383 441 158)</u>	<u>(281 612 015)</u>
The weighted average number of shares including the preferred shares with same distribution rights as ordinary shares	<u>1 820 000 000</u>	<u>1 820 000 000</u>
Earnings per share	<u>(0.21)</u>	<u>(0.15)</u>

\* (Note 48).

**40. Finance income recognized in equity**

	<b>For the period ended</b>	
	<b>31/3/2017</b>	<b>31/3/2016</b>
Foreign currency translation differences	(314 503 052)	403 884 378
Net change in the fair value of available-for-sale investment	<u>266 449</u>	<u>--</u>
Total finance income recognised in equity (after tax)	<u>(314 236 603)</u>	<u>403 884 378</u>
Attributable to:		
Equity holders of the Company	(296 542 303)	229 995 464
Non - controlling interests	<u>(17 694 300)</u>	<u>173 888 914</u>
	<u>(314 236 603)</u>	<u>403 884 378</u>

# Citadel Capital Company

## Notes to the consolidated financial statements for the period ended March 31, 2017

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

### 41. Business segments

Segment information is presented in respect of the Group's business segments. The primary format, business segment, is based on the Group's management and internal reporting structure.

Assets and liabilities include items directly attributable to a segment.

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

For the period ended March 31, 2017	Agriculture food industries	Energy	Transportation and logistics	Cement	Metallurgy	Speciality real estate	Financial service	Mining	Eliminations	Total
Operating revenue	153 869 654	935 331 191	23 560 198	677 278 346	52 336 940	--	3 550 000	268 710 430	--	2 114 636 759
Operating cost	(103 449 175)	(823 300 704)	(29 788 773)	(578 904 303)	(32 674 549)	--	(2 485 545)	(232 230 156)	--	(1 802 833 205)
Gross profit (loss)	50 420 479	112 030 487	(6 228 575)	98 374 043	19 662 391	--	1 064 455	36 480 274	--	311 803 554
Net (loss) for owners of the parent Company	(11 539 313)	(34 071 103)	(242 857 965)	(133 251 001)	7 341 669	(25 586 356)	(45 341 162)	99 646 773	2 217 300	(383 441 158)
<b>As at March 31, 2017</b>										
Current assets	431 229 635	4 857 528 900	3 907 054 726	4 672 674 981	215 125 179	522 850 668	10 955 981 428	470 065 773	(9 422 197 592)	16 610 313 698
Non- current assets	1 545 412 313	52 206 129 535	6 519 914 263	1 562 678 931	265 391 449	1 442 232	34 127 748 757	1 811 597 938	(36 896 644 424)	61 143 670 994
Total assets	1 976 641 948	57 063 658 435	10 426 968 989	6 235 353 912	480 516 628	524 292 900	45 083 730 185	2 281 663 711	(46 318 842 016)	77 753 984 692
Current liabilities	2 230 738 829	3 256 521 553	7 718 962 382	2 425 705 583	286 706 730	860 311 490	14 384 183 905	866 216 033	(8 712 680 882)	23 316 665 623
Non-current liabilities	144 540 741	31 022 617 140	--	4 671 090 476	626 783 265	--	2 749 790 224	780 513 500	(554 729 988)	39 440 605 358
Owners' equity	(398 637 622)	22 784 519 742	2 708 006 607	(861 442 147)	(432 973 367)	(336 018 590)	27 949 756 056	634 934 178	(37 051 431 146)	14 996 713 711
Total liabilities and equity	1 976 641 948	57 063 658 435	10 426 968 989	6 235 353 912	480 516 628	524 292 900	45 083 730 185	2 281 663 711	(46 318 842 016)	77 753 984 692

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

For the period ended March 31, 2016	Agriculture food industries	Energy	Transportation and logistics	Cement	Metallurgy	Specialty real estate	Financial service	Mining Sector	Eliminations	Total
Operating revenue	177 644 625	626 682 608	23 887 796	677 437 970	45 055 467	--	2 881 300	178 229 786	--	1 731 819 552
Operating cost	(134 959 084)	(558 725 446)	(24 061 974)	(548 643 907)	(32 711 389)	--	(1 631 865)	(162 885 458)	--	(1 463 619 123)
Gross profit (loss)	42 685 541	67 957 162	(174 178)	128 794 063	12 344 078	--	1 249 435	15 344 328	--	268 200 429
Net profit (loss) for owners of the parent Company	(13 421 965)	(21 209 738)	(80 272 720)	(77 598 892)	(17 987 709)	(23 827 364)	58 714 298	(6 904 426)	(99 103 499)	(281 612 015)
<b>As at March 31, 2016</b>										
Current assets	431 229 635	4 857 528 900	3 907 054 726	4 672 674 981	215 125 179	522 850 668	10 955 981 428	470 065 773	(12 181 331 230)	13 851 180 060
Non- current assets	1 545 412 313	52 206 129 535	6 519 914 263	1 562 678 931	265 391 449	1 442 232	34 127 748 757	1 811 597 938	(38 709 451 139)	59 330 864 279
Total assets	1 976 641 948	57 063 658 435	10 426 968 989	6 235 353 912	480 516 628	524 292 900	45 083 730 185	2 281 663 711	(50 890 782 369)	73 182 044 339
Current liabilities	2 230 738 829	3 256 521 553	7 718 962 382	2 425 705 583	286 706 730	860 311 490	14 384 183 905	866 216 033	(10 134 689 895)	21 894 656 610
Non-current liabilities	144 540 741	31 022 617 140	--	4 671 090 476	626 783 265	--	2 749 790 224	780 513 500	(4 531 469 317)	35 463 866 029
Owners' equity	(398 637 622)	22 784 519 742	2 708 006 607	(861 442 147)	(432 973 367)	(336 018 590)	27 949 756 056	634 934 178	(36 224 623 157)	15 823 521 700
Total liabilities and equity	1 976 641 948	57 063 658 435	10 426 968 989	6 235 353 912	480 516 628	524 292 900	45 083 730 185	2 281 663 711	(50 890 782 369)	73 182 044 339

## **Citadel Capital Company**

### **Notes to the consolidated financial statements**

#### **for the period ended March 31, 2017**

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

---

#### Agriculture food industries

- Wafra Agriculture S.A.E Group.
- Falcon for Agriculture Investments Group
- Everys Holding Limited

#### Energy sector

- Silverstone Capital Investments Ltd. Group
- Orient Investment Properties Ltd. Group
- Ledmore Holdings Ltd. Group –( Note 20)
- Tawazon for Solid Waste Management (Tawazon) company Group
- Qalaa Energy Ltd.

#### Transportation and logistics

- Africa Railways Holding
- Africa Railways Limited
- Citadel Capital Transportation Opportunities Ltd. Group
- KU Railways Holding Limited – (Note 20)
- Ambience Ventures Ltd.

#### Cement sector

- National Development and Trading Company Group

#### Metallurgy

- United Foundries

#### Specialist real estate sector

- Mena Home Furnishings Malls Ltd Group. (Note 20)

#### Financial Services sector

- Citadel Capital S.A.E.
- Citadel Capital Ltd.
- Sequoia Williw Investments Ltd.
- Arab Company for Financial investments
- Lotus Alliance Limited
- Citadel Capital Holding for Financial Investments–Free Zone
- Citadel Capital for International Investments Ltd.
- International for Mining Consultation

## **Citadel Capital Company**

### **Notes to the consolidated financial statements**

**for the period ended March 31, 2017**

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

- 
- International for refinery Consultation
  - Tanweer for Marketing and Distribution Company (Tanweer)
  - Financial Unlimited for Financial Consulting
  - Citadel Company for Investment Promotion
  - National Company for Touristic and Property Investment
  - United for Petroleum Refining Consultation
  - Specialized for Refining Consulting
  - Specialized for Real Estate Company
  - National Company for Refining Consultation
  - Citadel Capital Algeria
  - Valencia Trading Holding Ltd.
  - Andalusia Trading Investments
  - Citadel Capital Financing Corp.
  - Brennan Solutions Ltd.
  - Mena Enterprises Ltd.
  - Alcott Bedford Investments Ltd.
  - Eco-Logic Ltd.
  - Alder Burke Investments Ltd.
  - Black Anchor Holdings Ltd.
  - Cobalt Mendoza
  - Africa Railways Investments Ltd.
  - Darley Dale Investments Ltd.
  - Citadel Capital Joint Investment Fund Management Limited
  - Mena Joint Investment Fund
  - Trimestone Assets Holding Limited – BVI
  - Cardinal Vine Investments Ltd.
  - Global Service Realty Ltd.
  - Crondall Holdings Ltd.
  - Mena Joint Investment Fund
  - Africa Joint Investment Fund
  - Underscore International Holdings Ltd.
  - Valencia Regional Investment Ltd
  - Sphinx Egypt for Financial Consulting Company
  - Investment Co. for Modern Furniture.

#### Mining sector

- ASEC company for mining Group (ASCOM)



**42. Tax status of the parent company**

**Corporate tax**

The Company submitted its tax returns on regular basis for the years from 2005 to 2015 according to tax law No. 91/2005. The Company's books have not been inspected yet.

**Salaries tax**

The Company deducts the salaries tax according to tax law no. 91 / 2005 and the Company's books inspected for the period from launch till the date of 31/12/2009 but the authority did not inform the Company with results yet. And the years from 2010/2016 have not been inspected yet.

**Stamp tax**

The Company was inspected till July 31, 2006 and paid all the accrued amounts according to the Internal Committee decision and for the period from August 1, 2006 to December 31, 2013 has been inspected and the dispute has transferred to Internal Committee in the Authority And the years 2014 and 2016 have not been inspected yet.

**Withholding tax**

The Company applies the withholding tax provisions on its transactions with private sector according to tax law No. 91/2005 and no tax inspection for withholding tax has taken place yet.

**43. Group entities**

Company's name	Country of incorporation	Ownership interest	
		Direct %	Indirect %***
Citadel Capital Holding for Financial Investments	Arab Republic of Egypt-Free Zone	99.99	--
Citadel Capital for International Investments Ltd.	British Virgin Island	100.00	--
Bright Living	Arab Republic of Egypt	--	56.17
International for Mining Consultation	Arab Republic of Egypt	99.99	--
International for Refinery Consultation	Arab Republic of Egypt	--	99.99
Arab Company for Financial Investments	Arab Republic of Egypt	--	94.00

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Company's name	Country of incorporation	Ownership interest	
		Direct %	Indirect %***
Tanweer for Marketing and Distribution Company (Tanweer)	Arab Republic of Egypt	--	99.88
Financial Unlimited for Financial Consulting	Arab Republic of Egypt	--	99.88
Citadel Company for Investment Promotion	Arab Republic of Egypt	--	99.90
National Company for Touristic and Property Investment	Arab Republic of Egypt	--	99.88
United for Petroleum Refining Consultation	Arab Republic of Egypt	--	99.99
Specialized for Refining Consulting	Arab Republic of Egypt	--	99.99
Specialized for Real Estate Company	Arab Republic of Egypt	--	99.99
National Company for Refining Consultation	Arab Republic of Egypt	--	99.99
Citadel Capital Algeria	Republic of Algeria	--	99.99
Citadel Capital Ltd.	British Virgin Island	--	100.00
Valencia Trading Holding Ltd.	British Virgin Island	--	100.00
Andalusia Trading Investments	British Virgin Island	--	100.00
Lotus Alliance Limited	British Virgin Island	--	85.70
Citadel Capital Financing Corp.	British Virgin Island	--	100.00
Ambience Ventures Ltd.	British Virgin Island	--	100.00
Africa Railways Limited *	British Virgin Island	--	86.81
Sequoia Williwow Investments Ltd.	British Virgin Island	--	100.00
Brennan Solutions Ltd.	British Virgin Island	--	100.00
Mena Enterprises Ltd.	British Virgin Island	--	100.00
Alcott Bedford Investments Ltd.	British Virgin Island	--	100.00
Eco-Logic Ltd.	British Virgin Island	--	100.00
Alder Burke Investments Ltd.	British Virgin Island	--	100.00
Black Anchor Holdings Ltd.	British Virgin Island	--	100.00
Cobalt Mendoza	British Virgin Island	--	100.00
Africa Railways Investments Ltd.	British Virgin Island	--	100.00
Darley Dale Investments Ltd.	British Virgin Island	--	100.00
Africa Railways Holding	Republic of Mauritius	--	66.24
Citadel Capital Joint Investment Fund Management Limited	Republic of Mauritius	--	100.00
Mena Joint Investment Fund	Luxembourg	--	100.00
Wafra Agriculture S.A.E	Arab Republic of Egypt	--	99.99

**Citadel Capital Company**
**Notes to the consolidated financial statements  
for the period ended March 31, 2017**

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

Company's name	Country of incorporation	Ownership interest	
		Direct %	Indirect %***
Valencia Assets Holding Ltd.	British Virgin Island	--	100.00
Sabina for Integrated Solutions Ltd.	Sudan	--	96.00
Concord Agriculture	South Sudan	--	96.00
Trimestone Assets Holding Limited – BVI	British Virgin Island	--	100.00
Cardinal Vine Investments Ltd.	British Virgin Island	--	100.00
Global Services Realty	British Virgin Island	--	100.00
Silverstone Capital Investments Ltd.	British Virgin Island	--	61.56
Taqa Arabia Company	Arab Republic of Egypt	--	93.49
Gas and Energy Company (GENCO Group) – SAE	Arab Republic of Egypt	--	99.99
Taqa for Electricity ,Water and Cooling- SAE	Arab Republic of Egypt	--	98.74
Taqa for Marketing Petroleum Products- SAE	Arab Republic of Egypt	--	99.99
Gas and Energy Group Limited	British Virgin Island	--	99.99
Genco for Mechanical and Electricity Work	Qatar	--	99.99
Qatar Gas Group Limited *	Qatar	--	45.00
Arab Company for Gas Services *	Libya	--	49.00
Arabian Libyan Company for Energy	Libya	--	65.00
Taqa Arabia Solar Co.	Arab Republic of Egypt	--	100.00
Taqa Solar Reserve Co.	Arab Republic of Egypt	--	100.00
National Development and trading Company	Arab Republic of Egypt	47.65	21.63
Arab Swiss Engineering Co. (ASEC)	Arab Republic of Egypt	--	99.97
ASEC for Manufacturing and Industries Project Co. (ARESCO)	Arab Republic of Egypt	--	99.80
ASEC Cement Co.	Arab Republic of Egypt	1.86	68.36
ASEC Environmental Protection Co. (ASENPRO)	Arab Republic of Egypt	--	63.01
ASEC Automation Co.	Arab Republic of Egypt	--	53.64
ESACO for Manufacturing Engineering and Construction	Limited partnership Company - Saudi Arabia	--	70.00
Grandiose Services Ltd.	British Virgin Island	--	100.00
ASEC Integrated – Sudan	Sudan	--	99.90
Al Takamoul for Cement Ltd. Co.	Sudan	--	51.00

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Company's name	Country of incorporation	Ownership interest	
		Direct %	Indirect %***
ASEC Algeria Cement Co.	Algeria	--	71.73
ASEC Syria Cement Co.	Syria	--	99.99
Dejalfa Offshore	British Virgin Island	--	67.13
ASEC Trading Company	Arab Republic of Egypt	--	99.88
Berber for Electricity – limited	Sudan	--	51.00
United Foundries Company	Arab Republic of Egypt	29.29	38.17
Ledmore Holdings Ltd.	British Virgin Island	--	85.12
National Company for Marine Petroleum Services "PETROMAR"	Arab Republic of Egypt-FZ	--	93.54
Mashreq Petroleum Company	Arab Republic of Egypt	--	94.99
El Dawlia for Bunkering Services	Arab Republic of Egypt	--	70.00
Mena Home Furnishings Malls Ltd.	British Virgin Island	--	60.18
Bonian for Trade and Development	Arab Republic of Egypt	--	99.99
Investment Company for Modern Furniture	Arab Republic of Egypt	--	99.88
Citadel Capital Transportation Opportunities Ltd.	British Virgin Island	--	67.55
Nile Logistics S.A.E.	Arab Republic of Egypt	--	99.99
Citadel Capital Transportation Opportunities II Ltd- Malta	Republic of Mauritius	--	81.62
National Company for Multimodal Transport S.A.E.	Arab Republic of Egypt	--	99.88
National Company for River Transportation - Nile Cargo S.A.E.	Arab Republic of Egypt	--	99.99
National Company for River Ports Management S.A.E.	Arab Republic of Egypt	--	99.88
National Company for Maritime Clearance S.A.E.	Arab Republic of Egypt	--	99.98
EL -Orouba Company for Land Transportation S.A.E.	Arab Republic of Egypt	--	99.98
NMT for Trading S.A.E	Arab Republic of Egypt	--	99.99
National Company for Marina Ports Management	Arab Republic of Egypt	--	99.90
NRTC Integrated Solutions Co Ltd.	Sudan	--	99.00

**Citadel Capital Company****Notes to the consolidated financial statements  
for the period ended March 31, 2017**

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

Company's name	Country of incorporation	Ownership interest	
		Direct %	Indirect %***
Nile barges for River transport Co Ltd.	Sudan	--	99.00
Regional River Investment Ltd	British Virgin Island	--	100.00
Falcon for Agriculture Investments	British Virgin Island	--	54.90
National Company for Investments and Agriculture	Arab Republic of Egypt	--	99.99
National Company for Food products	Arab Republic of Egypt	--	99.99
Dina Company for Agriculture and Investments	Arab Republic of Egypt Limited partnership Company	--	99.99
Dina for Auto Services	Arab Republic of Egypt	--	99.00
Arab Company for Services and Trade	Arab Republic of Egypt	--	99.67
National Company for Agriculture Products	Arab Republic of Egypt	--	99.88
National Company for Integrated Food	Arab Republic of Egypt	--	99.99
Royal Food Company	Arab Republic of Egypt Limited partnership Company	--	99.99
Up-Date Company for Food Products	Arab Republic of Egypt	--	85.00
Nile for Food Products "Enjoy"	Arab Republic of Egypt	--	99.99
Investments Company for Dairy Products	Arab Republic of Egypt	--	99.99
Tiba Farms for Agriculture Developments	Arab Republic of Egypt	--	95.88
Dina for Agriculture Development	Arab Republic of Egypt	--	100.00
National Company for Dairy Exchange	Arab Republic of Egypt	--	100.00
Mena Development Limited	British Virgin Island	--	100.00
Anchor Real Estate Investments	British Virgin Island	--	100.00
Every's Holdings Limited	British Virgin Island	--	100.00
Orient Investment Properties Ltd.*	British Virgin Island	--	41.52
Arab Refining Company – S.A.E.	Arab Republic of Egypt	--	63.32
Egyptian Refining Company – S.A.E.– *	Arab Republic of Egypt	--	48.25
National Refining Company – S.A.E.	Arab Republic of Egypt	--	63.32
KU Railways Holding Limited-KURH	Republic of Mauritius	--	85.00
E A Rail & Handling Logistics Co. Limited	Republic of Mauritius	--	100.00
East African Rail And Handling Logistics Limited	Kenya	--	100.00
RVR Investments (Pty) Ltd.	Republic of Mauritius	--	100.00

**Citadel Capital Company**
**Notes to the consolidated financial statements**
**for the period ended March 31, 2017**

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

Company's name	Country of incorporation	Ownership interest	
		Direct %	Indirect %***
Rift Valley Railways Kenya Co. (RVRK)	Kenya	--	100.00
Rift Valley Railways Uganda Co. (RVRU)	Uganda	--	100.00
Cronall Holdings Ltd.	British Virgin Island	--	94.53
Capella Management Investments Inc. Company	British Virgin Island	--	100.00
Lotus Management Investment Ltd. Company	British Virgin Island	--	100.00
Cordoba Investment Services Inc. Company	British Virgin Island	--	100.00
Tawazon for Solid Waste Management (Tawazon)	Arab Republic of Egypt	--	66.67
Egyptian Company for Solid Waste Recycling (ECARU)	Arab Republic of Egypt	--	75.63
Engineering Tasks Group (ENTAG)	Arab Republic of Egypt Limited partnership	--	75.73
Entag Oman	Company Oman	--	70.00
Qalaa Energy Ltd.	British Virgin Island	--	100.00
Mena Joint Investment Fund**	Luxembourg	--	73.25
Africa Joint Investment Fund*	Republic of Mauritius	--	31.00
Underscore International Holdings Ltd.**	British Virgin Island	--	100.00
Valencia Regional Investment Ltd.**	British Virgin Island	--	100.00
Sphinx Egypt for Financial Consulting Company **	Arab Republic of Egypt	--	69.88
Sphinx capital corp	British Virgin Island	--	100.00
Melbourn Investments Ltd	British Virgin Island	--	100.00
Borton Hill Investments Ltd	British Virgin Island	--	100.00
Metal Anchor Holdings Ltd.*	British Virgin Island	--	15.00
Tempsford Investments Ltd	British Virgin Island	--	100.00
ASEC company for mining (ASCOM)	Arab Republic of Egypt	54.74	--
ASCOM Carbonate & Chemical Manufacture Company	Arab Republic of Egypt-Free Zone	--	99.99
ASCOM for Geology & Mining- Syria	Limited partnership Company	--	95.00
Nebta for Geology & Mining-Sudan	Limited partnership Company	--	99.00

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

Company's name	Country of incorporation	Ownership interest	
		Direct %	Indirect %***
Glass Rock Insulation Company	Arab Republic of Egypt-Free Zone	--	92.50
ASCOMA Algeria	Republic of Algeria	--	99.40
Lazerg Travaux Public	Republic of Algeria	--	70.00
ASCOM Precious Metals Mining S.A.E	Arab Republic of Egypt	--	99.99
	Limited partnership		
ASCOM Emirates for Mining UAE	Company Emirates	--	69.40
ASCOM Middle East	Joint Stock Company	--	100.00
	Limited partnership		
Nubia Mining Development PLC	Company	--	52.80
	Limited partnership		
Sahari Gold company	Company	--	99.99
	Limited partnership		
ASCOM for Geology & Mining- Ethiopia	Company Ethiopia	--	99.99
	Limited partnership		
ASCOM Precious Metals- Ethiopia	Company Ethiopia	--	99.99
	Limited partnership		
ASCOM Precious Metals- Sudan	Company Sudan	--	99.99
	Limited partnership		
Golden Resources company	Company	--	99.99
	Limited partnership		
ASCOM Cyprus Ltd	Company Cyprus	--	99.99
International Company for Mineral	Limited partnership		
Exploration- Cyprus	Company Cyprus	--	99.99
	Limited partnership		
Golden International Ltd	Company	--	99.99

\* The Group has the right to appoint the majority of the board of director's members which enables the Group to control the financial and operational policies. Consequently, these Companies have been consolidated.

\*\* In December 2014 the company has increased its ownership interest in these companies and as a result the group has consolidated these companies and the mutual transactions between the group entities are eliminated in full with balances resulting from it. Also, the unrealized gains or losses from transactions with the group entities are eliminated taking into consideration that losses may indicate impairment in the exchanged assets that require recognition in the consolidated financial statements.

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

\*\*\* These percentages represent the direct equity share percentage of the direct holding companies (owned by the Citadel Capital Holding) that allow the company to have control on these companies through them.

**44. Capital Commitments**

The capital commitments as at March 31, 2017 represented in the following:

**44.1 Asec Algeria Cement Company (Asec Cement)**

Contractor	Contract amount	Uncompleted part	Contract currency	Uncompleted part	
				31/3/2017	31/12/2016
FLSmith Denmark Company	--	--	Euro	--	1 091 458 800
ESACO Company	--	--	US dollar	--	74 927 908
ESACO Company	--	--	DZD	--	27 464 380
ASCOM Company	--	--	Euro	--	578 665
ASEC Automation Company	--	--	Euro	--	811 248 774
Energya Company	--	--	US dollar	--	67 041 356
Energya Company	--	--	US dollar	--	68 353 176
TCB Company	--	--	EGP	--	1 292 646
CTC Company	39 500 000	14 188 400	DZD	498 013	2 331 154
Cetim Company	--	--	DZD	--	14 678 151
				<u>498 013</u>	<u>2 159 375 010</u>

**44.2 ASEC for Manufacturing and Industries project Co. (ARESCO)**

	Contract	
	amount	amount
	31/3/2017	31/12/2016
Work shop (1)	675 000	675 000
Work shop (7)	3 285 000	3 285 000
Work shop (9)	370 000	370 000
Self-extinguishing system in the factory	100 350	100 350
Legal consultancy fees	2 400 000	2 400 000
Total	<u>6 830 350</u>	<u>6 830 350</u>



**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**45. Contingent liabilities**

The contingent liabilities as at March 31, 2017 are represented in the following:

**45.1 ASEC Automation Co. (ASA)**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Letters of guarantee	<u>2 654 228</u>	<u>2 654 228</u>

**45.2 ASEC Environmental Protection Co. (ASENPRO)**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Letters of guarantee	<u>1 322 475</u>	<u>1 710 650</u>

**45.3 Arab Swiss Engineering Co. (ASEC)**

	<b>31/3/2017</b>			<b>31/12/2016</b>		
	<b>EURO</b>	<b>Dirham</b>	<b>EGP</b>	<b>EURO</b>	<b>Dirham</b>	<b>EGP</b>
Letters of guarantee	<u>36 037</u>	<u>50 000</u>	<u>34 794 305</u>	<u>36 037</u>	<u>50 000</u>	<u>34 794 305</u>

**45.4 ASEC for Manufacturing and Industries project Co. (ARESCO)**

	<b>31/3/2017</b>			<b>31/12/2016</b>		
	<b>EURO</b>	<b>US.\$</b>	<b>EGP</b>	<b>EURO</b>	<b>US.\$</b>	<b>EGP</b>
Letters of guarantee	<u>6 720 717</u>	<u>5 994 578</u>	<u>55 094 245</u>	<u>6 739 680</u>	<u>6 309 405</u>	<u>56 294 245</u>

**45.5 United Foundries Company**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Letters of guarantee (outstanding)	--	652 838
Letters of guarantee (cover)	--	652 838
Letters of credit (cover)	--	32 642
	<u>--</u>	<u>1 338 318</u>

**45.6 ASEC Company for Mining (ASCOM)**

	<b>31/3/2017</b>	<b>31/12/2016</b>
Letters of guarantee – Uncovered portion (A)	28 144 338	25 200 165
Bank commitments for loans to subsidiaries (B)	<u>534 914 427</u>	<u>524 557 015</u>
	<u>563 058 765</u>	<u>549 757 180</u>

(A-1) The uncovered portion of letters of guarantee includes a letter of guarantee amounted to EGP 1 910 000 (equivalent to US.\$ 100 000) issued from one of the banks the company deals with on behalf of ASCOM Carbonate & Chemical Manufacture Company

**Citadel Capital Company**

**Notes to the consolidated financial statements  
for the period ended March 31, 2017**

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

(subsidiary) at October 3, 2007 and available for use until January 1, 2018.

(A-2) The uncovered portion of letters of guarantee includes a letter of guarantee amounted EGP 9 550 000 (equivalent to US.\$ 500 000) issued from one of the banks the company deals with on behalf of Nebta for Geology & Mining-Sudan (subsidiary) at October 27, 2009 and available for use until May 10, 2017.

(B-1) ASEC company for mining (ASCOM) guarantees Glass Rock Insulation Company (subsidiary) concerning the loan provided to the subsidiary company from one of the banks the company deals with amounted EUR 27 802 000 due to the subsidiary's inability to pay its obligations resulting from the mentioned loan.

(B-2) ASEC company for mining (ASCOM) and the UAE Partner guarantee ASCOM Emirates for Mining UAE (subsidiary) concerning the loan provided to the subsidiary company from one of the banks the company deals with amounted AED 28 000 000 due to the subsidiary's inability to pay its obligations resulting from the mentioned loan.

**46. Employees Stock Option Plan**

The Company's extraordinary meeting held on February 20, 2008 approved to add a new article to the Company Article of Association to adopt a plan or more to motivate employees, managers and executive board of directors – Employees Stock Option Plan (ESOP) in accordance with decision no. 282 for 2005 which modified executive regulation for the law no. 159 / 1981.

On June 22, 2008 the Egyptian Financial Supervisory Authority (EFSA) approved the ESOP plan and the Company does not start to apply it yet.

**47. Contingent liabilities**

The Company guarantees some related parties against loans and facilities obtained by those parties from banks.

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

**48. Comparative figures**

The following table summarizes the adjustments on the consolidated financial position as at December 31, 2016 and the consolidated income statement for the period ended March 31, 2016, in addition to certain comparative figures have been reclassified to conform with the current period presentation.

	<b>Balance as at 31/12/2016 (as previously reported)</b>	<b>Reclassification and restates</b>	<b>Balance as at 31/12/2016 (restated)</b>
<b>Statement of financial position</b>			
Loans and borrowings	34 234 277 130	245 005 549	34 479 282 679
Deferred tax liabilities	548 951 505	(5 587 250)	543 364 255
Short term loans	5 294 499 129	(245 005 549)	5 049 493 580
Due to related parties	1 656 544 968	646 947 958	2 303 492 926
Creditors and other credit balances	1 935 714 663	5 587 250	1 941 301 913
<b>Total change in liabilities</b>		<b>646 947 958</b>	
Rreserves	3 091 396 310	(127 884 163)	2 963 512 147
Retained earnings	(12 001 322 663)	(519 063 795)	(12 520 386 458)
<b>Total change in equity</b>		<b>(646 947 958)</b>	
	<b>For the period ended 31/3/2016 (as previously reported)</b>	<b>Reclassification and restates</b>	<b>For the period Ended 31/3/2016 (restated)</b>
<b>Income statement</b>			
<b>Continued operation</b>			
Administrative expenses	(260 821 997)	(20 264 856)	(281 086 853)
Finance costs	(197 723 477)	(41 949 180)	(239 672 657)
Income tax	(41 769 963)	4 605 218	(37 164 745)
<b>Total change in continued operation</b>		<b>(57 608 818)</b>	
Net loss from discontinued operation *	(74 708 442)	(1 595 847)	(76 304 289)
<b>Total change in income statement</b>		<b>(59 204 665)</b>	

\* note (21-2)

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**  
(In the notes all amounts are shown in EGP unless otherwise stated)

48.1 The company has prepared the Purchase Price Allocation (PPA) study with respect to ASEC for Mining company (ASCOM) which owned by the company with ownership percentage of 54.74% , the assets acquired and the liabilities assumed have been consolidated previously on June 30, 2015 (acquisition date) based on the book value of those assets and liabilities which was adjusted according to (PPA) study, the value of consolidated assets and liabilities after study related to ASEC for Mining represented in:		
	<b>Book Value</b>	<b>Fair Value</b>
Cash and cash equivalents	32 989 684	32 989 684
Inventories	48 429 982	48 429 982
Trade and other receivables	151 951 001	151 951 001
Debtors and other debit balances	61 242 296	61 242 296
Due from related parties	199 291	199 291
Fixed assets	645 048 721	924 267 671
Projects under construction	18 264 896	18 264 896
Available-for- sale investments	441 876	441 876
Intangible assets	229 893 694	229 893 694
Banks overdraft	(142 677 401)	(142 677 401)
Short term loans	(280 934 525)	(280 934 525)
Due to related parties	(1 250 429)	(1 250 429)
Trade and other payables	(107 217 178)	(107 217 178)
Creditors and other credit balances	(148 243 224)	(148 243 224)
Provisions	(16 401 121)	(16 401 121)
Long term loans	(113 464 610)	(113 464 610)
Long term liabilities	(7 539 965)	(7 539 965)
Deferred tax liabilities	(8 356 951)	(71 181 215)
Non - controlling interests	30 885 415	30 885 415
<b>Net book value</b>	<b>393 261 452</b>	<b>609 656 138</b>
Company share (54.74%)	215 270 398	333 724 343
Acquisition of additional interest	119 998 110	119 998 110
Investment before acquisition of additional share	97 983 806	97 983 806
<b>Total consideration paid</b>	<b>217 981 916</b>	<b>217 981 916</b>
Goodwill	2 711 518	--
Negative goodwill	--	(115 742 427)

**49. Significant accounting policies applied**

**49.1 Business Combination**

- The Group accounts for business combinations using the acquisition method when control is transferred to the Group (Note 49.2). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (Note 49.21.2), any gain on a bargain purchase is recognized immediately in income statement. Transaction costs are expensed as incurred, except if related to the issue of debtor equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in income statement. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in income statement.

**49.2 Subsidiaries**

- Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

**49.3 Non-controlling interests**

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**49.4 Loss of control**

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components

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

**49.5 Interests in equity-accounted investees**

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, where by the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the income statement and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

**49.6 Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**49.7 Foreign currency**

**49.7.1 Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the

**Citadel Capital Company**  
**Notes to the consolidated financial statements**  
**for the period ended March 31, 2017**

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

exchange rate at the date of the transaction. Foreign currency differences are generally recognized in income statement. However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to income statement).
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

**49.7.2 Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to income statement as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to income statement.

**49.8 Discontinued operation**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

**Citadel Capital Company**

**Notes to the consolidated financial statements  
for the period ended March 31, 2017**

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

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative income statement and statement of OCI is re-presented as if the operation had been discontinued from the start of the comparative period.

**49.9 Revenue**

**49.9.1 Gain (loss) on sale of investments**

Gain (loss) resulting from sale of investments are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses. In case of derecognizing of investments in associates, the difference between the carrying amount and the sum of both the consideration received and cumulative gain or loss that had been recognized in shareholders' equity shall be recognized in income statement.

**49.9.2 Dividend income**

Dividend income is recognized when declared.

**49.9.3 Interest income and expenses**

Interest income and expenses are recognized in the income statement under "Interest income" item or "Interest expenses" by using the effective interest rate method of all instruments bearing interest other than those classified held for trading or which have been classified at inception "fair value through income statement".

**49.9.4 Fee and commission income**

Fee related to servicing the loan or facility are recognized in income when performing the service while the fees and commissions related to non-performing or impaired loans are not recognized, instead, they are to be recorded in marginal records off the financial position. Then they are recognized within the income pursuant to the cash basis when the interest income is collected. As for fees which represent an integral part of the actual return on the financial assets, they are treated as an amendment to the rate of actual return.



**49.9.5 Management fee**

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

**49.9.6 Advisory fee**

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

**49.9.7 Services**

Revenue from services rendered is recognised in income statement in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

**49.9.8 Finance lease income**

Income resulted from lease contracts is recognized based on internal return rate resulted from lease contracts in addition to the equivalent amount of a periodical depreciation installment. The differences between the income recognized and accrued rental value for the same period is suspended in a separate account, and is to be settled with the carrying amount of the leased assets at the end of contract period.

**49.9.9 Investment property rental income**

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognized as other income.

**49.9.10 Sale of goods**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customers,

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

**49.9.11 Construction contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a construction contract can be estimated reliably, then contract revenue and expenses are recognized in income statement in proportion to the stage of completion of the contract. The stage of completion is assessed by survey of work performed.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in income statement.

**49.9.12 Car conversion revenues**

Revenue is recognized upon the completion of preparing cars to function using natural gas instead of Benzene upon issuing the invoice to the client.

**49.9.13 Gas sales revenues**

For actual gas sales, the company remits the funds it collects to EGPC net of its actual commission, which is calculated as a percentage of gas consumption.

**49.9.14 Fuelling revenues**

Revenues is recognized when supplying ships with fuel.

**49.9.15 Natural gas revenues**

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

---

**49.9.16 Financial guarantees contracts revenues**

- The Group is involved in Microfinance Operations and acts in the Capacity of an agent, then the revenue (Commission) recognized is the difference between the return on the funding given to the micro-projects and the company's bank dues by deducting the revenue from the services directly from the amounts to be collected from the owners of the projects.
- Recognition of the benefits and commissions resulting from performing the service according to the accrual basis as soon as the performance of the service to the client only if those revenues more than cover the financial year are recognized on a time proportion basis.
- Administrative commission of 3% of the value of the loan granted to customers are collected and that when hiring and are consumed on the duration of the loan.
- Interest of deposits are recognized according to the accrual basis of the temporal distribution throughout the year until the maturity date.
- Commission to delay for the payment of premiums is collected at rates to be agreed upon within the contracts and are recognized as soon as customers delayed payment on the basis of extended delay.

**49.10 Income tax**

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

**49.10.1 Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

#### **49.10.2 Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

## **49.11 Property, plant and equipment**

### **49.11.1 Recognition and measurement**

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

### **49.11.2 Subsequent expenditure**

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

### **49.11.3 Depreciation**

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

	<b>Estimated useful life (Year)</b>
- Buildings & Constructions	5 -50
- Lease hold improvements	3 -10
- Machinery, Equipment & tools	4 -33
- Furniture & Fixtures	4 -16
- Computers	2 -10
- Transportation means	3 -15
- Barges	5 -20

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, including

major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the property and equipment, all other expenditure is recognized in the income statement as an expense as incurred.

#### **49.11.4 Biological assets**

The biological assets are recorded at fair value less estimated point-of-sale costs, and where the fair value cannot be measured, the biological assets are measured at their cost less any accumulated depreciation and any accumulated impairment. And where the fair value can be measured reliably, the biological are recorded at fair value less estimated point-of-sale costs.

The biological assets includes fruit gardens and orchards and live stock. All the biological assets recorded within the company's financial statements are recorded at cost less the accumulated depreciation. Since there was not any active market to determine the fair value reliably.

The fruit gardens and orchards are depreciated according to the useful life of the trees which varies between nine and fifty years. And the biological assets live stock are depreciated over the useful production life which have been estimated to be 56 month which is equivalent to 21.4% annually. Calculation of depreciation starts at the end of pregnancy year.

#### **49.11.5 Reclassification to investment property**

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

#### **49.12 Projects under construction**

Projects under construction are recognized initially at cost, the book value is amended by any impairment concerning the value of these projects cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Property and equipment under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

**49.13 Work in process**

Work in process represents the cost of work not invoiced to the customer for contract work performed to date.

Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

**49.14 Intangible assets and goodwill**

- **Goodwill**

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

- **Research and development**

Expenditure on research activities is recognized in income statement as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in income statement as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

- **Other intangible assets**

Other intangible assets, are measured at cost less accumulated amortisation and any accumulated impairment losses.

**49.15 Exploration and valuation assets**

**Recognition**

- All costs arising from acquiring exploration assets are capitalized in addition to all future costs against granting the exploration right.
- Drilling and exploration costs are initially capitalized until drilling results evaluated, the evaluation process should take place periodically and costs should be capitalized as intangible assets until the evaluation results refer to the existence of mineral resources, and if that does not happen all costs should be recognized directly in the income statement.

**Citadel Capital Company**

**Notes to the consolidated financial statements  
for the period ended March 31, 2017**

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

- Non monetary assets that have no physical existence acquired for the business purposes and expected to generate future economic benefits are recorded as intangible assets. Intangible assets mainly include quarry site preparation costs.

**Measurement**

Intangible assets are measured at cost which is represented in the cash amount at the recognition date. If payment is deferred the difference between the cash price and the total payment is recognized as interest in the income statement. Intangible assets are presented at net of amortization and accumulated impairment losses

**49.16 Investment property**

Investment property is measured at cost on initial recognition.

Subsequent to initial recognition investment property is measured at cost less accumulated depreciation and impairment loss, if any. Investment property is depreciated on a straight line basis over its useful life.

**49.17 Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in income statement.

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



#### **49.18 Financial instruments**

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

##### **49.18.1 Non-derivative financial assets and financial liabilities – Recognition and Derecognition**

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### **49.18.2 Non-derivative financial assets – Measurement**

###### **Financial assets at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held for-trading or is designated as such on initial

recognition. Directly attributable transaction costs are recognised in income statement as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in income statement.

#### **Held-to-maturity financial assets**

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

#### **Loans and receivables**

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

#### **Available-for-sale financial assets**

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

### **49.18.3 Non-derivative financial liabilities – Measurement**

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in income statement as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in income statement.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

**49.18.4 Derivative financial instruments and hedge accounting**

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in income statement.

**49.18.5 Cash flow hedges**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in income statement.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

**49.19 Share capital**

**49.19.1 Ordinary shares**

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

**49.19.2 Preference shares**

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

**49.19.3 Repurchase and reissue of ordinary shares (treasury shares)**

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

**49.20 Legal reserve**

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

**49.21 Impairment**

**49.21.1 Non-derivative financial assets**

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor.
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise.
- Indications that a debtor or issuer will enter bankruptcy.

- Adverse changes in the payment status of borrowers or issuers.
- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

#### **49.21.2 Non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in income statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that

the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **49.22 Provisions**

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

#### **49.23 Treasury bills**

Treasury bills are recorded at nominal value and the unearned income is recorded under the item of "creditors and other credit balances". Treasury bills are presented on the financial position net of the unearned income.

#### **49.24 Trade, and notes receivables, debtors and other debit balances**

- Trade, notes receivables, debtors and other debit balances are stated at nominal value less impairment losses.

#### **Financial assets measured at amortized cost**

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows

**Citadel Capital Company****Notes to the consolidated financial statements  
for the period ended March 31, 2017**

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

discounted at the asset's original effective interest rate. Losses are recognized in income statement and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

**Available-for-sale financial assets**

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to income statement. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in income statement. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through income statement. Impairment losses recognized in income statement for an investment in an equity instrument classified as available-for-sale are not reversed through income statement.

**Equity-accounted investees**

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in income statement, and is reversed if there has been an estimates used to determine the recoverable amount.

- The Company's lessees and the leased assets are regularly classified & evaluated and their obligations are reduced by the rent value paid in each financial period, and with the assurance of the availability of adequate guarantee to collect the client's rent values.
- The provision for doubtful debts is calculated on the investment cost of the leased assets (cost of leased assets in addition to its return at the date of calculating the provision) which are uncertainly collected i.e. (doubtful rent value) after deducting the credit deposits held by the Company. The Company's provisions committee specifies the provision percentage for

each credit class which is calculated according to the risk rates of the doubtful rent values or according to the negative changes of the credit indicators, this provision is reviewed regularly or whenever there is a need to do so.

**49.25 Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the moving average principle and includes expenditure incurred in acquiring the inventories and bringing it to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on the normal operating capacity.

**49.26 Trade and other payables**

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

**49.27 Cash and cash equivalents**

For the purpose of preparing the statement of cash flows, cash and cash equivalents includes the balances, whose maturity do not exceed three months from the date of acquisition, cash on hand, cheques under collection and due from banks and financial institutions.

**49.28 Earnings per share**

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

**49.29 Profit sharing to employees**

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

**49.30 Interest bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, Interest-bearing borrowings are stated at amortised cost with any difference between



cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate basis.

#### **49.31 Dividends**

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

#### **49.32 Employees benefits**

##### **Pensions**

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

##### **Other short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **49.33 Share – based payments**

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

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

**49.34 Borrowing costs**

Borrowing costs are recognized as expenses in the income statement when incurred, with the exception of borrowing cost directly attributable to the construction and acquisition of new assets which is capitalized as part of the relevant assets cost and depreciated over assets' estimated useful lives. This capitalization ceases once the assets become in operational condition and ready for use.

**49.35 Financial lease**

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

**49.36 Employees' compulsory government social insurance share**

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

**49.37 Inventories**

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

**49.38 Operating segment**

A segment is a group assets and related operations which is subjected to risks and rewards that are different from those of other segments or within the same economic environment which characterized by its particular risk and rewards from those that are related, to segment operated in different economic environment. The Group has eight reportable segments, which represent the Group's strategic divisions. those divisions offer different products and services, and are managed separately because they require different technology and marketing strategies (Note 44)

**50. Financial instruments and management of related risks:**

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances with banks, investments and debtors while financial liabilities include loans and creditors. Notes to financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses by the company to minimize the consequences of such risks.

**50.1 Market risk**

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

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

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

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

**50.2 Foreign currencies risk**

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- The company has revalue assets and liabilities at the financial position date as disclosed in foreign currency accounting policy.

**50.3 Risk management**

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

---

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

#### **50.4 Credit risk**

Credit risk is the risk of a person or an organization defaulting in the repayment of their obligations to the Group in respect of the terms and conditions of the credit facilities granted to them by the Group. The management minimizes this risk by spreading its loan portfolio overall economic sectors and by adopting appropriate procedures and controls to evaluate the quality of the credit facilities granted and the creditworthiness of the borrowers. The credit risk of connected accounts is monitored on a united basis. In addition, the effective credit appraisal procedure for examining applications for credit facilities followed by the Group, adopts as the main criteria the repayment capability and obtaining sufficient collateral. The continuous monitoring of credit accounts and the timely preventive action further minimize, to a large extent, the exposure to credit risk.

#### **50.5 Liquidity risk**

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

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

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

**50.6 Interest rate risk**

Interest rate risk stems from the sensitivity of earnings to future movements in interest rates applied on assets and liabilities.

The Group's management closely monitors interest rate fluctuations on a continuous basis and ensures that assets and liabilities are matched and re-priced in a timely manner. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or are re-priced in a given period. The most important source of interest rate risk derives from the lending, funding and investing activities, where fluctuations in interest rates are reflected in interest margins and earnings.

**50.7 Equity price risk**

Equity price risk is the risk that the value of a portfolio will fall as a result of change in stock prices. Risk factors underlying this type of market risk are a whole range of various equity (and index) prices corresponding to different markets (and currencies/maturities), in which the Group holds equity-related positions.

The Group sets tight limits on equity exposures and the types of equity instruments that traders are allowed to take positions in. Nevertheless, depending on the complexity of financial instruments, equity risk is measured in first cash terms, such as the market value of a stock/index position, and also in price sensitivities, such as sensitivity of the value of a portfolio to changes in the underlying asset price. These measures are applied to an individual position and/or a portfolio of equity products.

**50.8 Operational risk**

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

**50.9 Fair value of financial instruments**

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