

Citadel Capital Company
(Egyptian Joint Stock Company)

Separate financial statements
for the year ended December 31, 2015
&
Auditor's report

 **Hazem Hassan**
Public Accountants & Consultants

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Auditor's report

To the shareholders of Citadel Capital Company

We have audited the accompanying separate financial statements of Citadel Capital Company (Egyptian Joint Stock Company), which comprise the separate statement of financial position as at December 31, 2015 and the separate statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures



Hazem Hassan

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citadel Capital Company as at December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws and regulations relating to the preparation of these financial statements.

Report on other legal and regulatory requirements

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

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

Cairo, April 21, 2016

Hassan Bos
KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Co.

Citadel Capital Company
(Egyptian Joint Stock Company)
Separate statement of financial position
as at December 31, 2015

	Note	31/12/2015	31/12/2014
(All amounts in EGP)			
Current assets			
Cash and cash equivalents	(4)	223 289 232	258 755 014
Due from related parties (net)	(5)	1 161 317 108	835 845 437
Loans to subsidiaries	(15.1)	462 064 803	416 061 844
Other debit balances	(6)	12 412 703	5 705 988
Total current assets		1 859 083 846	1 516 368 283
Current liabilities			
Due to related parties	(7)	383 075 085	(138 373 713)
Current portion of long-term loans	(19)	1 410 403 839	1 086 800 651
Due to Tax Authority		77 460 457	59 519 037
Other credit balances	(8)	107 106 646	63 644 571
Expected claims provision	(9)	231 190 676	191 090 676
Total current liabilities		2 209 236 703	1 262 681 222
(Decrease) Excess of current assets over current liabilities		(350 152 857)	253 687 061
Non - current assets			
Available-for-sale investments	(10)	23 766 164	23 766 164
Investments in subsidiaries and associates	(11)	5 304 213 026	5 142 836 403
Payments for investments	(12)	3 664 191 854	3 532 161 183
Fixed assets (net)	(13)	19 389 452	21 089 479
Projects under construction	(14)	7 070 294	681 959
Loans to subsidiaries	(15.2,15.3)	256 046 196	289 244 196
Deferred tax assets	(16)	468 333	620 572
Total non - current assets		9 275 145 319	9 010 399 956
Total investment		8 924 992 462	9 264 087 017
Financed through:			
Equity			
Share capital	(17)	9 100 000 000	8 000 000 000
Reserves	(3.10,3.12)	(131 796 012)	(131 796 012)
Retained loss		(287 043 188)	(241 439 209)
		8 681 160 800	7 626 764 779
Net loss for the year		(299 299 342)	(45 603 979)
Net equity		8 381 861 458	7 581 160 800
Shareholders' credit balances	(18)	1 464 311	836 842 865
Total equity		8 383 325 769	8 418 003 665
Non - current liabilities			
Long term loans	(19)	541 666 693	846 083 352
Total non - current liabilities		541 666 693	846 083 352
Total equity and non - current liabilities		8 924 992 462	9 264 087 017

The accompanying notes from page 5 to 41 are an integral part of these separate financial statements and are to be read therewith.


Chairman
Ahmed Heikal


Managing Director
Hisham Hussein El Khazindar


Chief Financial Officer
Moataz Farouk

 "Auditor's report" attached

Citadel Capital Company
(Egyptian Joint Stock Company)
Separate income statement
for the year ended December 31, 2015

		For the year ended	
	Note	31/12/2015	31/12/2014
(All amounts in EGP)			
Advisory fee	(22.1)	88 759 968	82 092 554
Dividend income	(20)	-	6 217 800
Administrative and general expenses	(23)	(257 533 734)	(149 738 863)
Loss from sale of investments	(25)	(5 254 099)	-
Fixed assets depreciation	(13)	(2 072 127)	(1 855 179)
Impairment on assets	(5)	(65 207 473)	-
Expected claims provision	(9)	(40 500 000)	-
Net operating loss		(281 807 465)	(63 283 688)
Finance (cost) income - net	(21)	(17 339 638)	17 847 961
Net loss before tax		(299 147 103)	(45 435 727)
Deferred tax	(16)	(152 239)	(168 252)
Net loss for the year		(299 299 342)	(45 603 979)
Earnings per share	(27)	(0.181)	(0.043)

The accompanying notes from page 5 to 41 are an integral part of these separate financial statements and are to be read therewith.

Citadel Capital Company
(Egyptian Joint Stock Company)
Separate statement of changes in equity
for the year ended December 31, 2015

	Note	Reserves				Shareholders' credit balances	Total
		Share capital	Legal reserve	Share based payment reserve	Retained loss	Net profit or (loss) for the year	
(All amounts in EGP)							
Balance as at December 31, 2013		4 358 125 000	89 578 478	-	(251 929 613)	10 490 404	6 529 425 144
Carrying 2013 profit forward		-	-	-	10 490 404	(10 490 404)	-
Share-based payment reserve	(3.12)	-	-	(221 374 490)	-	-	(221 374 490)
Shareholders' credit balances	(18)	-	-	-	-	2 154 214 550	2 154 214 550
Share capital increase	(17)	3 641 875 000	-	-	-	(3 640 532 560)	1 342 440
Net loss for the year ended December 31, 2014		-	-	-	-	(45 603 979)	(45 603 979)
Balance as at December 31, 2014		8 000 000 000	89 578 478	(221 374 490)	(241 439 209)	(45 603 979)	8 418 003 665
Carrying 2014 loss forward		-	-	-	(45 603 979)	45 603 979	-
Shareholders' credit balances	(18)	-	-	-	-	-	4 621 446
Share capital increase	(17)	1 100 000 000	-	-	-	-	(840 000 000)
Net loss for the year ended December 31, 2015		-	-	-	-	(299 299 342)	(299 299 342)
Balance as at December 31, 2015		9 100 000 000	89 578 478	(221 374 490)	(287 043 188)	(299 299 342)	8 383 325 769

The accompanying notes from page 5 to 41 are an integral part of these separate financial statements and are to be read therewith.

Citadel Capital Company
(Egyptian Joint Stock Company)
Separate statement of cash flows
for the year ended December 31, 2015

	Note	For the year ended	
		31/12/2015	31/12/2014
(All amounts in EGP)			
Cash flows from operating activities			
Net loss before tax		(299 147 103)	(45 435 727)
Adjustments to reconcile net loss to net cash (used in) provided from operating activities :			
Fixed assets depreciation		2 072 127	1 855 179
Unrealized foreign currency differences		(22 357 573)	(21 239 520)
Interest expenses		-	2 639 285
Interest income		(18 615 766)	(53 479 049)
Consultancy fees		-	6 366 179
Loss from sale of financial investments		5 254 099	-
Impairment on assets		65 207 473	-
Provisions formed		40 500 000	-
Provisions used		(400 000)	(3 000 000)
Operating loss before changes in current assets and current liabilities		(227 486 743)	(112 293 653)
Changes in current assets and current liabilities:			
Due from related parties		(513 534 754)	471 273 595
Other debit balances		(6 706 715)	(3 396 954)
Due to related parties		393 527 242	(320 187 716)
Tax Authority		17 941 420	22 903 448
Other credit balances		43 462 075	4 817 455
Net cash (used in) provided from operating activities		(292 797 475)	63 116 175
Cash flows from investing activities			
Payments for investments		(33 000 000)	(36 733 506)
Payments for projects under construction		(6 388 335)	(681 959)
Payments for fixed assets		(372 100)	(783 690)
Proceeds from loans to subsidiaries		67 893 541	159 850 000
Proceeds from the redemption of investments in subsidiaries and associates		13 367 388	-
Net cash provided from investing activities		41 500 494	121 650 845
Cash flows from financing activities			
Proceeds from share capital increase		260 000 000	1 342 440
Payments for loans		(156 238 701)	(212 991 901)
Payments for shareholders' credit balances		(23 630 169)	(2 139 135)
Net cash provided from (used in) financing activities		80 131 130	(213 788 596)
Net change in cash and cash equivalents during the year		(171 165 851)	(29 021 576)
Cash and cash equivalents at the beginning of the year	(4)	394 455 083	287 776 590
Cash and cash equivalents at the end of the year	(4)	223 289 232	258 755 014

Non-cash transactions, note (4).

The accompanying notes from page 5 to 41 are an integral part of these separate financial statements and are to be read therewith.

Citadel Capital Company
(Egyptian Joint Stock Company)
Notes to the separate financial statements
for the year ended December 31, 2015
(In the notes all amounts are shown in EGP unless otherwise stated)

1. Company background

1.1 Legal status and activity

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

1.2 Purposes of the company

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

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

1.3 Registered headquarters

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

2. Basis of preparation

2.1 Statement of compliance

These separate financial statements have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian law and regulations.

The board approved the financial statements on April 21, 2016.

2.2 Basis of measurement

The separate financial statements are prepared on the historical cost basis, except for the following assets and liabilities that measured at fair value:

- Financial instruments at fair value through income statement.
- Derivative financial instruments (hedging reserve).
- Available-for-sale investments.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions based on historical experience and various other factors

that believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

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

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

- Note no. (9) – provisions.
- Note no. (11) – measurement of the recoverable amount of investments in subsidiaries and associates.
- Note no. (16) – recognition of deferred tax.

2.5 Consolidated financial statements

The Company has subsidiaries and according to the Egyptian Accounting Standard No. 17 “Consolidated and Separate Financial Statements” and the article No. (188) of the executive regulation of law no. (159) of 1981, the Company is required to prepare consolidated financial statements which present fairly the balance sheet, the result of operations and cash flows for the group as a whole.

2.6 New accounting standards and its application

On July 9, 2015 the minister Decree No. 110 for the year 2015 was issued to modify the Egyptian Accounting Standards “EAS” by modifying some of the existing and issuing new to replace the old one that was issued by the ministry decree No. 243 for the year 2006 and to start using the new standards after January 1, 2016 to be used by the entities that it’s financial year starts in or after that date.

In the following table the most prominent amendments on the Egyptian Accounting Standards (EAS) that may have a significant impact on the financial statements of the company at the beginning of the implementation thereof:

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2015
(In the notes all amounts are shown in EGP unless otherwise stated)

New or amended standards	Summary of the most significant amendments	Possible impact on the financial statements
<u>EAS (1)</u> Presentation of Financial Statements	<p><u>Statement of Financial Position</u></p> <ul style="list-style-type: none"> The standard does not require to present the working capital presentation. The reference financial statements that was included in 2006 standards was excluded; which presented the working capital presentation. A column shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. <p><u>Income Statement (Profit or Loss)/Statement of Comprehensive Income</u> The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (<i>Income Statement</i>) and the other one starts with the profit or loss and presents the other comprehensive income items (<i>Statement of Comprehensive Income</i>).</p>	<ul style="list-style-type: none"> Re-presenting all the presented financial statements, disclosures and their accompanying notes including the comparative figures to be in conformity with the required amendments to the standard. Adding a new statement, 'Statement of Comprehensive Income', for the current and comparative period.

Citadel Capital Company
Notes to the separate financial statements
for the year ended December 31, 2015
(In the notes all amounts are shown in EGP unless otherwise stated)

New or amended standards	Summary of the most significant amendments	Possible impact on the financial statements
<u>EAS (10)</u> Property, Plant and Equipment (<i>PPE</i>)	<ul style="list-style-type: none"> The financial shall disclose amount movement of the PPE and its depreciations in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period. The option of using the revaluation model in the subsequent measurement of PPE has been canceled 	<p>Re-presenting the comparative figures related to the PPE in the notes accompanying the financial statements to be in conformity with the required amendments on the standard.</p> <p>Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard</p>
<u>Egyptian Standard No. (45)</u> Fair Value Measurement	<p>The new Egyptian Accounting Standard No. (45) "<i>Fair Value Measurement</i>" was issued and shall be applied when another standard requires or allows measurement or disclosure to be made at fair value.</p> <p>This standard aims the following:</p> <ul style="list-style-type: none"> (a) Defining the fair value (b) Laying down a framework to measure the fair value in one standard and (c) Identifying the disclosure required for the fair value measurements. 	<p>Currently, the management is assessing the potential impacts on its financial statements resulting from application of the standard.</p>

3. Significant accounting policies applied

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

3.1 Foreign currency transactions

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

3.2 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet, net of accumulated depreciation and impairment (Note 3.6), and are depreciated using the straight line method and recognized in income statement over the estimated productive life for each type of asset. The following are the estimated productive lives, for each class of assets, for depreciation calculation purposes:

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

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 separate income statement as an expense as incurred.

3.3 Projects under construction

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

3.4 Gains and losses from disposal of fixed assets

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

3.5 Investments

3.5.1 Investments at fair value through income statement

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

3.5.2 Available-for-sale investments

Available-for-sale investments are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses (Note 3.6) which is recognized in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available-for-sale identifies, based on quoted price of the exchange market at the balance sheet date, investments that are not quoted, and whose fair value cannot be measured reliably are valued by an accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the company cannot estimate the fair value, it can be stated at cost less impairment loss.

3.5.3 Investments in subsidiaries and associates

Investments in subsidiaries and associates stated at cost less impairment (Note 3.6). At each balance sheet date, management assesses the investments' recoverable amount and in case that the recoverable amount is less than the carrying amount then an impairment loss is recognized in the income statement.

3.6 Impairment of assets

3.6.1 Financial assets

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

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

- Individually significant financial assets tested for impairment on an individual basis. The remaining financial assets assessed collectively in groups that share similar credit risk characteristics. All impairment losses recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity transferred to income statement.
- An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal recognized directly in equity.

3.6.2 Non-financial assets

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

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

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

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

3.7 Cash and cash equivalents

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

3.8 Interest-bearing borrowings

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

3.9 Provisions

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

3.10 Legal reserve

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

3.11 Issued capital

3.11.1 Repurchase of share capital

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

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

3.11.2 Dividends

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

3.12 Share-based payments

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

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

3.13 Financial instruments

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

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

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

3.14 Lending

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

3.15 Revenues

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

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

into consideration the type of customer, the type of transaction, and the specifics of each arrangement.

3.15.1 Gains (losses) on sale of investments

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

3.15.2 Dividend income

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

3.15.3 Management fee

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

3.15.4 Advisory fee

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

3.15.5 Interest income

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

3.16 Expenses

3.16.1 Interest expense

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

3.16.2 Employees pension

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

3.16.3 Income tax

- Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position date.
- A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.17 Earnings per share

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

3.18 Profit sharing to employees

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

4. Cash and cash equivalents

	31/12/2015	31/12/2014
Cash on hand	1 759 695	44 820
Banks – current accounts	221 529 537	258 710 194
Cash and cash equivalents as previously presented in the statement of financial position	223 289 232	258 755 014
Effect of exchange rate changes	--	135 700 069
Cash and cash equivalents adjusted	223 289 232	394 455 083

Non-cash transaction:

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

- EGP 2 857 500 from change in payments for investments and due from related parties (represents the amount transferred from Citadel Capital Joint Investment Fund Management Ltd. current account to investment in Citadel Capital Holding for Financial Investment – Free Zone).
- EGP 155 217 971 from change in payments for investments and change in shareholders' – credit balances (represents the investments purchased by the Company on behalf of its subsidiary, Citadel Capital for International Investments Ltd).
- EGP 955 200 from change in due to related parties and payments under investments (represents the investments purchased from related parties).
- EGP 60 000 000 from change in payments for investments and the change in investments in subsidiaries and associates (transferred from payments for investments to investments in subsidiaries and associates).
- EGP 119 998 110 from change in due from related parties and the change in investments in subsidiaries and associates (transferred from due from related parties for investments to investments in subsidiaries and associates - ASEC Company for Mining "ASCOM").

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- EGP 840 000 000 from change in capital and shareholders' – credit balances (represents the value of the increase in capital from shareholders' – credit balances).
- EGP 126 966 356 from change in due to related parties and shareholders' -credit balances (closing shareholders' – credit balances of Citadel Capital Partners Ltd. in current account).

5. Due from related parties

	Nature of transaction		31/12/2015	31/12/2014
	Advisory	Finance		
	fee			
Mena Home Furnishings Mall	27 376 332	--	27 376 332	18 807 739
Falcon Agriculture Investments Ltd.	77 253 224	--	77 253 224	54 005 619
Golden Crescent Investments Ltd.*	29 758 950	--	29 758 950	27 279 037
Citadel Capital Transportation Opportunities Ltd.	7 182 154	--	7 182 154	4 852 083
Logria Holding Ltd.*	42 930 428	--	42 930 428	39 352 892
Mena Glass Ltd.	26 800 799	--	26 800 799	16 237 649
Silverstone Capital Investment Ltd.	--	--	--	6 889 455
Sabina for Integrated Solutions*	8 580 000	--	8 580 000	7 865 000
Citadel Capital Financing Corp. *	51 204 785	--	51 204 785	46 937 720
Valencia Trading Holding Ltd.*	4 982 035	--	4 982 035	10 725 006
Citadel Capital Transportation Opportunities II Ltd.	25 701 355	--	25 701 355	15 706 387
Citadel Capital Holding for Financial Investments- Free Zone	--	807 976 001	807 976 001	952 758 861
ASEC Company for Mining (ASCOM)	--	13 238 573	13 238 573	31 764 300
United Foundries Company	--	70 992 279	70 992 279	71 166 782
Citadel Capital for International Investments Ltd.	--	23 796 644	23 796 644	(452 853 205)
Ledmore Holdings Ltd.	7 337 402	--	7 337 402	4 562 133
Africa Railways Limited	9 387 666	--	9 387 666	8 563 298
Mena Joint Investment Fund GP	13 652 441	--	13 652 441	12 010 356
Citadel Capital Joint Investment Fund Management Ltd.	3 362 338	--	3 362 338	5 763 393
Africa JIF HOLD CO I	2 539 235	--	2 539 235	1 823 250

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	Nature of transaction		31/12/2015	31/12/2014
	Advisory	Finance		
	fee			
Africa JIF HOLD CO III	5 118 524	--	5 118 524	3 261 980
Mena JIF HOLD CO I	3 995 230	--	3 995 230	1 824 630
Crondall Holdings Ltd.	13 781 534	--	13 781 534	12 633 070
Ascom Emirates for Mining (UAE)	--	11 689 377	11 689 377	--
International Company for Mining Consultation	--	136 000	136 000	136 000
ESACO Manufacturing, Engineering & Contracting	--	10 000 000	10 000 000	--
Total			1 298 773 306	902 073 435
Accumulated impairment *			(137 456 198)	(66 227 998)
Net			1 161 317 108	835 845 437

* Accumulated impairment on due from related parties represented in:

	Balance as at 1/1/2015	Formed during the year	Foreign currency translation Differences	Balance as at 31/12/2015
Logria Holding Ltd.	39 352 892	--	3 577 536	42 930 428
Citadel Capital Financing Corp.	26 875 106	21 886 488	2 443 191	51 204 785
Golden Crescent Investments Ltd.	--	29 758 950	--	29 758 950
Valencia Trading Holding Ltd.	--	4 982 035	--	4 982 035
Sabina for Integrated Solutions	--	8 580 000	--	8 580 000
Balance	66 227 998	65 207 473	6 020 727	137 456 198

6. Other debit balances

	31/12/2015	31/12/2014
Deposits with others	181 500	175 500
Receivables-sale of investment	2 208 792	--
Imprests	6 645 305	3 197 970
Letters of guarantee's margin	780 000	715 000
Taxes deducted by others	868 058	868 058
Prepaid expenses	--	144 000
Sundry debit balances	1 729 048	605 460
Balance	12 412 703	5 705 988

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7. Due to related parties

	31/12/2015	31/12/2014
National Development and Trading Company	311 204 569	(51 155 035)
ASEC Cement Company	10 039 155	(97 793 945)
ASEC for Manufacturing and Industrial Projects (ARESCO)	1 500 100	6 401 100
Citadel Capital Partners Ltd.*/**	60 331 261	4 174 167
Balance	<u>383 075 085</u>	<u>(138 373 713)</u>

* The main shareholder of the Company – 24.36%.

** Note (18).

8. Other credit balances

	31/12/2015	31/12/2014
Accrued expenses	77 438 220	18 055 767
Accrued interest	4 837 279	32 683 393
Suppliers	21 676 973	9 606 813
Prior years dividends payable	2 893 919	2 893 919
National Authority for Social Insurance	260 255	362 436
Sundry credit balances	--	42 243
Balance	<u>107 106 646</u>	<u>63 644 571</u>

9. Expected claims provision

	31/12/2015	31/12/2014
Balance at the beginning of the year	191 090 676	194 090 676
Provisions formed during the year	40 500 000	--
Provisions used during the year	<u>(400 000)</u>	<u>(3 000 000)</u>
Balance	<u>231 190 676</u>	<u>191 090 676</u>

- This provision represents contingent claims from some of the parties regarding the Company's activities. The usual information related to provisions according to the Accounting Standards has not been disclosed because management believes that disclosing could seriously affect the outcome of negotiations with these parties, and the management periodically reviews this provision and adjusts the provision amount according to the latest discussions with these parties.

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10. Available-for-sale investments

	31/12/2015	31/12/2014
Arab Swiss Engineering Company – ASEC	17 479	17 479
Modern Company for Isolating Materials	43 396	43 396
EFG Capital Partners Fund II	7 734 489	7 734 489
EFG Capital Partners Fund III	15 970 800	15 970 800
Balance	<u>23 766 164</u>	<u>23 766 164</u>

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

11. Investments in subsidiaries and associates

	Percentage	31/12/2015	Percentage	31/12/2014
	%		%	
11.1 Investments in subsidiaries				
Citadel Capital Holding for Financial Investments-Free Zone	99.99	1 345 352 547	99.99	1 345 352 547
Citadel Capital for International Investments Ltd.	100	2 826 096 099	100	2 828 721 099
National Development and Trading Company *	47.65	668 170 587	47.65	668 170 587
United Foundries Company *	29.29	103 699 040	29.29	103 699 040
International Company for Mining Consultation	99.99	62 500	99.99	62 500
ASEC Cement Company * (Note 12)	1.8	57 782 382	0.000002	543
ASEC Company for Mining (ASCOM)**	54.74	<u>303 049 871</u>	--	<u>--</u>
Sub – Balance		<u>5 304 213 026</u>		<u>4 946 006 316</u>
11.2 Investments in associates				
ASEC Company for Mining (ASCOM)**	--	--	39.22	183 051 762
Pharos Holding Co. (Note 25)	--	--	27	13 778 325
Sub – Balance		<u>--</u>		<u>196 830 087</u>
Balance		<u>5 304 213 026</u>		<u>5 142 836 403</u>

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- * The Company has the power to govern the operational and financial policies of these companies as it holds direct and indirect equity shares which enable the group to consider these companies as subsidiaries to the group.
- ** On December 17, 2014 the extra-ordinary general assembly for ASEC Company for Mining (ASCOM) approved to increase the company's issued capital from EGP 350 million to EGP 500 million and to invite the existing shareholders to subscribe in the capital increase on a pro-rata basis to their shareholdings, the subscription was covered by 80% with an amount of EGP 120 million for the capital to become EGP 470 million. The share capital owned by Citadel Capital S.A.E has been increased from 13 727 872 shares with a share percentage of 39.22% to 25 727 683 shares with a share percentage of 54.74% through amounts due from related party (ASEC Company for Mining "ASCOM") amounted EGP 119 998 110 and the commercial register of ASEC Company for Mining (ASCOM) has been updated with this increase on June 25, 2015.
- Investments in subsidiaries and associates are represented in unlisted equity securities in the Stock Exchange except ASEC Company for Mining (ASCOM) which has market value of EGP 151 021 500 as at December 31, 2015 versus EGP 158 694 200 as at December 31, 2014.

12. Payments for investments

	Note	31/12/2015	31/12/2014
Citadel Capital Holding for Financial Investments- Free Zone		2 604 784 586	2 601 927 086
Citadel Capital for International Investments Ltd.	(18)	982 920 068	827 702 097
ASEC Cement Company*		--	60 000 000
Others**		76 487 200	42 532 000
Balance		<u>3 664 191 854</u>	<u>3 532 161 183</u>

- * The amount has been transferred to investments in subsidiaries - ASEC Cement Company (Note 11).
- ** Represents payments for investments in strategically and specialized sectors as energy, mining, cement and nutrition.

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13. Fixed assets (net)	Building & constructions *	Computers	Furniture, fixture and equipment	Vehicles	Total
Cost as at 1/1/2015	33 742 368	8 526 713	22 929 843	539 800	65 738 724
Additions	--	265 100	107 000	--	372 100
Total cost as at 31/12/2015	33 742 368	8 791 813	23 036 843	539 800	66 110 824
Accumulated depreciation as at 1/1/2015	13 496 944	7 878 551	22 733 950	539 800	44 649 245
Depreciation during the year	1 687 121	277 786	107 220	--	2 072 127
Accumulated depreciation as at 31/12/2015	15 184 065	8 156 337	22 841 170	539 800	46 721 372
Carrying amounts at 31/12/2015	18 558 303	635 476	195 673	--	19 389 452
Carrying amounts at 31/12/2014	20 245 424	648 162	195 893	--	21 089 479

* Building and constructions represent the value of the headquarter of the Company.

14. Projects under construction

Projects under construction are represented in computer software:

	31/12/2015	31/12/2014
Cost at the beginning of the year	681 959	--
Additions	6 388 335	681 959
Balance	7 070 294	681 959

15. Loans to subsidiaries

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

	Note	31/12/2015	31/12/2014
Current			
National Development and Trading Company	15.1	462 064 803	416 061 844
Non – current			
United Foundries Company	15.2	188 127 870	162 689 196
ASEC Company for Mining (ASCOM)	15.3	67 918 326	126 555 000
		256 046 196	289 244 196
Balance		718 110 999	705 306 040

- 15.1 The Company has granted two subordinating loans to National Development and Trading Company dated December 28, 2009 and September 21, 2010 with amounts of US.\$ 40 968 630 and US.\$ 8 064 887 respectively. The loans contracts period is five years, the principle of the two loans have to be paid with interest at the end of loans' period, with 11.5% annual cumulative interest, according to loans contracts the Company has the right to convert the value of loans in addition to its interest due into capital increase in National Development and Trading Company with par value at the end of loans period. The guarantees are represented in lien on part of National Development and Trading Company shares in the following subsidiaries companies:

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

- During 2014, the company has signed two waiver contracts to Al Olayan Saudi investment Ltd by a portion from the two loans with a total amount of US.\$ 23 million represented in US.\$ 14 813 172 (principle amount) and US.\$ 8 186 828 (accrued interest amount).

The balance of the two loans after the Assignment Agreement became:
US.\$ 59 239 077 (equivalent to EGP 462 064 803) at December 31, 2015 versus US.\$ 58 190 468 (equivalent to EGP 416 061 844) at December 31, 2014 included accrued interest during the year amounted to US.\$1 048 609 (equivalent to EGP 8 197 150) at December 31, 2015 versus US.\$ 6 266 087 (equivalent to EGP 44 802 522) at December 31, 2014.

- 15.2 The Company has signed a subordinating convertible loan contract with United Foundries Company on June 2, 2010 with an amount of US.\$ 11 563 187 for the three years, the principle of the loan has to be paid with interest at the end of the loan period, with 11.5% annual cumulative interest , according to the loan contract the Company has the right to convert the value of the loan in addition to its interest due into capital increase in the capital of United Foundries Company with par value at the end of loan period. The guarantees are represented in a first degree lien of United Foundries Company shares in Ameryah Metal Company one of its subsidiaries with a percentage of 99.72%.

On January 9, 2012 the board of directors of United Foundries Company decided to convert the convertible loan contract to a subordinating loan that will be settled on 10 years with annual interest rate of 6% in purpose of ending a loan commission amounted to US.\$ 1 421 320 (equivalent to EGP 8 641 626) at the transaction date. The value of the subordinating loan for united foundries Company is US.\$ 24 118 958 (equivalent to EGP 188 127 870 as at December 31, 2015) versus US.\$ 22 753 734 (equivalent to EGP 162 689 196 as at December 31, 2014) including accrued interest during the year amounted to US.\$ 1 365 223 (equivalent to EGP 10 648 740 as at December 31, 2015) versus US.\$ 1 285 319 (equivalent to EGP 9 190 031 as at December 31, 2014).

- 15.3 The Company has granted a loan to ASEC company for mining (ASCOM) – one of its subsidiaries – on September 7, 2014 with an amount of US.\$ 17 700 000. The loan contract period is seven years with annual interest rate of 6% and default rate of 8%. The principle of the loan has to be re-paid at the end of the loan agreement period. The principle of the loan should be used solely to support ASCOM and its related subsidiaries. The borrower should pay to Citadel Capital S.A.E (The lender) a fee up to 3% of the aggregate amount of the loan to cover the fees, costs and expenses incurred in connection with the loan. During the period, the borrower has re-paid an amount of US.\$ 8.9 million from the due loan amount. The balance of the loan became with an amount of US.\$ 8 707 478 (equivalent to EGP 67 918 326) as at December 31, 2015, included accrued interest during the year amounted to US.\$ 780 835 (equivalent to EGP 6 090 513) on the current account - (Note 5).

16. Deferred tax assets

	31/12/2015	31/12/2014
Fixed assets – depreciation	468 333	620 572
- The Company has carried-forward tax losses from previous years with an amount of EGP 193 301 628 at December 31, 2015 and the related deferred tax assets amounted EGP 43 492 866 were not recognized due to the lack of reasonable assurance of future of benefit from these assets.		

17. Share capital

- The Company's authorized capital is EGP 6 Billion and the issued and paid-in capital is EGP 4 358 125 000 represents 871 625 000 shares distributed to 653 718 750 ordinary shares and 217 906 250 preferred shares with par value EGP 5 per share.
- The Company's extra-ordinary general assembly meeting held on October 20, 2013 approved the increase of the authorized capital from EGP 6 billion to EGP 9 billion and the increase of the issued capital from EGP 4 358 125 000 to EGP 8 billion, with an increase of EGP 3 641 875 000 by issuing 728 375 000 new shares at par value of EGP 5 per share, distributed over 182 093 750 preferred shares and 546 281 250 ordinary shares, without issuance costs. The purpose of this capital increase is to finance the acquisition of additional shares in its related companies, financing the Company's share contribution in the capital increases of some of its related companies and entering into new investments and settlement of some of Company's liabilities.

The Board of Directors approved in its meeting held on February 13, 2014 to cover the subscription of the unsubscribed Company's shares in the capital increase through offsetting the shareholders' credit balances that are payable by the Company (Note 18) 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.

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

The shareholders' structure -after increase- is represented as follows:

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

18. Shareholders' credit balances

Shareholders' credit balances represent the amounts payable to the shareholders resulting from:

- Purchased share percentages in some of its investee companies from those shareholders through its subsidiary, Citadel Capital for International Investments Ltd. (subsidiary 100%).
- Consultancy fee to the Company and its subsidiaries.

Shareholders' credit balances as at December 31, 2015 are represented in the following:-

Shareholders' name and description

	31/12/2015	31/12/2014
(1) Shareholders' credit balances to be settled in cash		
Magdy Mohamed Mustafa Saleh	--	8 291 345
Khaled Abd EL Hamed Ali Abou Bakr	1 296 432	5 756 696
Tamer Abd EL Hamed Abou Bakr	--	5 004 561
Karnation Limited	--	3 427 599
Abdel Khalek Mohamed Mohamed Ayad	--	1 474 000
Others	167 879	1 140 319
Total shareholders' credit balances (1)	1 464 311	25 094 520

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Shareholders' name and description	31/12/2015	31/12/2014
(2) Shareholders' credit balances to be settled through issuance of share capital increase		
(2-A) Against share percentages in investee companies		
Citadel Capital Partners Ltd.*	--	135 270 985
Tamer Abd EL Hamed Abou Bakr	--	20 991 510
Khaled Abd EL Hamed Ali Abou Bakr	--	4 685 450
Karnation Limited	--	3 319 680
Abdel Khalek Mohamed Mohamed Ayad	--	2 211 650
Ansan Wikfs Investments Ltd.	--	31 120 405
Marwan Ahmed Hassan Gaber	--	7 947 045
Shady Ahmed Hassan Gaber	--	5 089 215
Mosafa Ahmed Hassan Gaber	--	5 089 215
Mariam Ahmed Hassan Gaber	--	4 457 080
Salma Ahmed Hassan Gaber	--	4 457 080
Jana Ahmed Hassan Gaber	--	4 457 080
Aidaroos Hassan Omar Al Esayi	--	27 119 395
Yacoub Youssef Mohamed	--	12 450 290
Raya Holding Company for Technology and Communication	--	20 831 250
DEG DEUTSCHE INVESTITONS UND ENTWICKLUNGSGESLLSCHAFT MBH	--	77 000 000
SJC Egypt Refining LLC	--	179 956 810
International Finance Corporation	--	166 684 520
Others	--	23 133 505
Total shareholders' credit balances (2-A)	--	736 272 165
(2-B) Against consultancy fee for the Company and its subsidiaries		
Adena Commercial Corp.	--	69 110 000
Osler Hoskin & Harconrt LLP	--	6 366 180
Total shareholders' credit balances (2-B)	--	75 476 180
Total shareholders' credit balances (2)	--	811 748 345
Balance (1+2)	1 464 311	836 842 865

- EGP 840 000 000 has been used during the year to increase the share capital (Note 17).

* Shareholders' credit balance of Citadel Capital Partners Ltd. has been transferred to the creditor current account with an amount of EGP 126 966 356 (Note 7).

19. Long term loans

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

The new loan amount is divided into three classes:-

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

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

The Company has used an amount of US.\$ 300 million from funding granted to it till December 31, 2013. The Company has paid an amount of US.\$ 50 105 233 and has been charged with US.\$ 370 686 as extra expenses so the balance of the loan will be US.\$ 250 265 453 as at December 31, 2015 (equivalent to EGP 1 952 070 532)

- The current installments are amounted to US.\$ 180 821 005 (equivalent to EGP 1 410 403 839 as at December 31, 2015) versus US.\$ 152 000 091 (equivalent to EGP 1 086 800 651 as at December 31, 2014). Current installments are as following:-

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	First tranche		Second tranche		Total
	Maturity date	US.\$	Maturity date	US.\$	US.\$
First installment	December 20, 2012	35 000 000	December 20, 2012	Grace period one year	35 000 000
Second installment	December 20, 2013	35 000 000	December 20, 2013	13 888 888	48 888 888
Third installment	December 20, 2014	35 000 000	December 20, 2014	13 888 888	48 888 888
Fourth installment	December 20, 2015	35 000 000	December 20, 2015	13 888 888	48 888 888
Fifth installment	December 20, 2016	35 000 000	December 20, 2016	13 888 888	48 888 888
Add: bank charges					370 686
Total					230 926 238
Payment from the installments					(50 105 233)
Balance					180 821 005

- The non-current installments are amounted to US.\$ 69 444 448 (equivalent to EGP 541 666 693 as at December 31, 2015) versus US.\$ 118 333 336 (equivalent to EGP 846 083 352 as at December 31, 2014).
- The interest on loan charged to the income statement during the year is EGP 129 827 784 (Note 21).

The loan guarantees are as follows:

- First degree lien contract on the equity shares owned by the Company in National Development and Trading Company.
- First degree lien contract on the equity shares owned by the Company in International Company for Mining Consulting.
- First degree lien contract on the shares owned by the Company in United Foundries Company.
- First degree lien contract on the shares of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone).
- First degree lien contract on the shares owned by the Company in ASEC Cement Company.
- First degree lien contract on the shares owned by the Company in ASEC Company for Mining (ASCOM).
- First degree lien contract on the investments of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone) investments on the following companies:
 - Orient Investments Properties Ltd.
 - Logria Holding Ltd.
 - Golden Crescent Investments Ltd.
 - Falcon Agriculture Investments Ltd.

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-
- 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 (Petroymar)
 - Taqa Arabia S.A.E.
 - Egyptian Company for Solid Waste Recycling (ECARU)
 - Engineering Tasks Group (ENTAG)
 - Mashreq Petroleum
 - Ledmore Holdings Ltd.
 - Everyys Holdings Limited
 - Eco-Logic Ltd.
 - Sequoia Willow Investments Ltd.
 - Underscore International Holdings Ltd.
 - Brennan Solutions
 - Citadel Capital Transportation Opportunities II Ltd.
 - Citadel Capital for Promotion Company

20. Dividend income

The dividend income represents dividend distribution made by Citadel Capital International Investment Ltd. for the year ended December 31, 2014 according to the resolution of the Board of directors meeting held on September 29, 2014.

21. Finance (cost) income - net

	For the year ended	
	31/12/2015	31/12/2014
Interest income - note (22.2)	90 130 573	119 241 870
Interest expense - note (19)	(129 827 784)	(122 633 429)
Foreign currency differences	22 357 573	21 239 520
Net	<u>(17 339 638)</u>	<u>17 847 961</u>

22. Related party transactions

22.1 Advisory fee

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

Company's name	For the year ended	
	31/12/2015	31/12/2014
Mena Glass Ltd.	9 002 539	5 365 238
Mena Home Furnishings Mall	6 795 037	6 232 257
Citadel Capital Transportation Opportunities Ltd.	1 871 413	1 716 423
Falcon Agriculture Investments Ltd.	19 575 394	17 954 140
Sphinx Glass	--	2 337 338
ASEC Cement Company	19 320 821	17 720 411
Silverstone Capital Investment Ltd.	7 445 912	6 829 231
Citadel Capital Transportation Opportunities II Ltd.	8 487 483	7 784 541
Africa Railways Limited	9 300 450	8 489 253
Mena Joint Investment Fund GP	1 986 307	1 823 060
Citadel Capital Joint Investment Fund Management Ltd.	--	1 658 705
Africa JIF HOLD CO I	545 178	500 373
Africa JIF HOLD CO III	1 545 667	1 418 635
Mena JIF HOLD CO I	545 178	500 373
Ledmore Holdings Ltd.	2 338 589	1 762 576
Total	88 759 968	82 092 554

- The Company did not recognize advisory fees with an amount of \$ 1 567 264 (equivalent to EGP 12 224 659) and \$ 290 203 (equivalent to EGP 2 263 583) in the year ended December 31, 2015 (against EGP 11 205 938 and EGP 2 074 955 in the year ended December 31, 2014) related to Logria Holding Ltd. and Golden Crescent Investments Ltd. respectively in accordance with the signed contracts due to inadequate assurance concerning the revenue recognition and collection conditions.

22.2 Interest income

Interest income presented in financing income – (Note 21) included an amount of EGP 88 859 217 which represent the accrued interest income according to the signed contracts with some related parties as follows:

Company's name	For the year ended	
	31/12/2015	31/12/2014
National Development and Trading Company (15.1)	8 064 867	44 368 589
United Foundries Company (22.2.1)	14 913 478	12 922 778
Citadel Capital Holding for Financial Investments-Free Zone	55 726 860	43 104 232
Citadel Capital for International Investments Ltd.	4 145 926	11 175 685
ASEC Company for Mining (ASCOM)	6 008 086	7 365 562
Total	<u>88 859 217</u>	<u>118 936 846</u>

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

	For the year ended	
	31/12/2015	31/12/2014
Subordinating loan interest – note (15.2)	10 550 899	9 110 460
Current account interest	4 362 579	3 812 318
Total	<u>14 913 478</u>	<u>12 922 778</u>

23. Administrative and general expenses

	For the year ended	
	31/12/2015	31/12/2014
Wages, salaries and similar items	156 525 101	77 708 908
Consultancy fees	48 138 796	25 613 238
Advertising and public relations	13 673 769	9 716 853
Travel, accommodation and transportations	8 386 625	9 465 101
Donations	7 186 020	6 520 604
Other expenses	23 623 423	20 714 159
Total	<u>257 533 734</u>	<u>149 738 863</u>

24. Management fee

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

25. Loss from sale of investments

On February 3, 2015 Citadel Capital Co. signed contract to sell its shares in Pharos Holding for Financial Investments (associate-27%) and the ownership has been transferred on February 18, 2015. The loss from the sale of the investment is calculated as follow:

	For the year ended 31/12/2015
Book value of the investment (Note 11.2)	(13 778 325)
Transferred from subsidiary (Citadel Capital for international investments Ltd)	(2 625 000)
Present value of selling price	11 149 226
Loss from sale of investment in associate	<u>(5 254 099)</u>

26. Tax status

Corporate tax

The Company submitted its tax returns on regular basis for the years from 2005 to 2014 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 2010/2014 have not been inspected yet.

Stamp tax

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

Withholding tax

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

- On June 4, 2014 a new law No. 44/2014 has imposed a 5% temporary additional annual tax on amounts exceed EGP 1 million from the tax base on the income of natural persons or the profits of Corporate Buddies in accordance with income tax law , and it has been proven and collected in accordance with this provisions . This law will start working from June 5, 2014.
- On June 30, 2014 a Presidential Decree has issued law No. 53 for the year 2014, this law has amended some articles of the law on Income Tax promulgated by law No. 91/2005 the most important of these amended rules are :
 - 1- Impose taxes on dividends.
 - 2- Impose taxes on capital gains resulted from selling shares and securities.
- On April 6, 2015 Ministry Decree No. 172 for the year 2015 was issued, amending the provisions of the executive regulations of the income tax law issued by the Decree of the Minister of Finance No.991/2005.
- On August 20, 2015, Presidential Decree No. 96 for the year 2015 was issued, amending some provisions of the income tax laws No. 91 for the year 2005 and No. 44 for the year 2014 charging temporary additional income tax, taking effect the day after the decree is published. Significant changes included in the decree are presented in the following:
 - 1. Income tax reduced to 22.5% from net annual profits.
 - 2. Duration of imposed temporary tax (5%) is amended.
 - 3. Tax on dividends is amended.
 - 4. Imposed capital tax on the output from dealing in securities listed in the stock exchange has been ceased for 2 years starting from May 17, 2015.

27. Earnings per share

	For the year ended	
	31/12/2015	31/12/2014
Net loss for the year	<u>(299 299 342)</u>	<u>(45 603 979)</u>
The weighted average number of shares including the preferred shares with same distribution rights as ordinary shares	<u>1 656 054 795</u>	<u>1 041 353 938</u>
Earnings per share	<u>(0.181)</u>	<u>(0.043)</u>

28. Reconciliations of effective tax rate

	31/12/2015	31/12/2014
Net loss before tax	(299 147 103)	(45 611 535)
Tax reconciliations:		
Formed provisions and reserves	111 728 200	1 945 158
Provisions used	(400 000)	(3 000 000)
Fixed assets (taxable depreciation variances)	(608 919)	(1 086 730)
Foreign currency differences	(22 357 573)	(21 239 520)
Deferred tax	--	168 252
Tax losses carried forward	<u>(214 541 148)</u>	<u>(145 716 773)</u>
Net tax exposure (loss)	<u>(425 326 543)</u>	<u>(214 541 148)</u>
Income tax according to the tax return	<u>--</u>	<u>--</u>

29. Employees Stock Option Plan

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

30. Contingent liabilities and commitments

The Company guarantees some of its related parties against loans and credit facilities granted from banks.

31. Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances and debtors while financial liabilities include creditors. (Note 3) of notes to the separate interim financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses. The following are the significant risks related to those financial instruments and the policies and procedures followed by the company to reduce the effect of these risks:

31.1 Credit risk

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

31.2 Liquidity risk

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

31.3 Market risk

A- Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies. Assets and liabilities that have foreign currency position at the financial position date equivalent to EGP 341 754 003 and EGP 279 723 192 respectively and net foreign currencies balances at the financial position date are as follows:

Foreign currencies	Surplus (deficit)
US.\$	87 863 976
Euro	(25 628 492)
GBP	(204 673)

- As disclosed in (note 3.1), the Company has used the prevailing exchange rates to revalue monetary assets and liabilities at the financial position date.

B- Interest rate risk

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

C- Price risk

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

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

31.4 Capital risk management

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

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

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

The gearing ratios at December 31, 2015 and December 31, 2014 were as follows:

	31/12/2015	31/12/2014
Liabilities		
Due to related parties	383 075 085	(138 373 713)
Current portion of long term loans	1 410 403 839	1 086 800 651
Due to Tax Authority	77 460 457	59 519 037
Other credit balances	107 106 646	63 644 571
Expected claims provision	231 190 676	191 090 676
Long term loans	541 666 693	846 083 352
Total	2 750 903 396	2 108 764 574
Less: Cash and cash equivalents	(223 289 232)	(258 755 014)
Net debt	2 527 614 164	1 850 009 560
Total equity	8 536 253 425	8 418 003 665
Gearing ratio	30%	22%

32. Significant Events

- The Company had announced its preliminary plan to sell its investments that was treated by management as non-core sectors. These divestitures are summarized as follows:
 - Dina Farms (indirect subsidiary)
 - Soiete Des Ciments De Zahana (indirect associate)
 - Land Port Tebeen to Nile Logistics (indirect subsidiary)

The Company had appointed advisors to study the strategic options to exit from the aforementioned investments and non-core assets and the Company intends to use the outcome from these divestitures to reduce its debts and to finance the growth-opportunities in the core investments. The company is currently in the process of preparing the final plan to sell.

- On October 5, 2015 the company announced that its subsidiary ASEC Cement has signed a sale and purchase agreement to sell its entire share in ASEC Minya Cement and ASEC Ready Mix Co. (Subsidiaries) to Misr Cement Qena for total consideration of EGP 1 billion. (The agreement has already finalized dated on November 20, 2015).

- On November 10, 2015 the company announced that its business unit, Gozour, has signed a sale and purchase agreement - with Olayan Financing Company and its subsidiaries – to sell its entire investment in Rashidi El-Mizan, for a total consideration of EGP 518 million (The agreement has already finalized on December 16, 2015).

33. Subsequent Events

- On February 24, 2016 Qalaa Holdings announced that its business unit Finance 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 deal should be finalized after meeting certain requirements and operational conditions dated on March 3, 2016.

34. Comparative figures

Certain comparative figures have been reclassified to conform with the current year presentation.

	Balance as at 31/12/2014 (as previously reported)	Reclassification	Balance as at 31/12/2014 (as reclassified)
Due from related parties	1 557 801 522	(721 956 085)	835 845 437
Due to related parties	457 027 372	(595 401 085)	(138 373 713)
Loans to subsidiaries (Non-current)	162 689 196	126 555 000	289 244 196