


Citadel Capital Company
(Egyptian Joint Stock Company)

Consolidated financial statements
for the period ended March 31, 2014
&
Review report

 **Hazem Hassan**
Public Accountants & Consultants

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Review report

To the 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) and its subsidiaries as at March 31, 2014 and the related consolidated statements of 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 financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these 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 interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2014 and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Cairo, August 13, 2014

Hassan Bas

KPMG Hazem Hassan

KPMG Hazem Hassan

Public Accountants and Consultants

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Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated statement of financial position
as at March 31, 2014

| | Note | 31/3/2014 LE | 31/12/2013 LE |
|---|--------|-----------------------|-----------------------|
| Assets | | | |
| Fixed assets (net) | (6) | 5 700 851 204 | 5 903 051 372 |
| Projects under construction (net) | (7) | 10 200 906 585 | 9 825 065 263 |
| Intangible assets (net) | (8) | 886 236 523 | 877 033 551 |
| Goodwill | (9) | 2 978 854 330 | 2 984 514 318 |
| Biological assets | (10) | 182 067 128 | 181 875 553 |
| Trade and other receivables (net) | (18) | 461 386 169 | 389 063 042 |
| Investment property (net) | (11) | 382 120 901 | 384 313 065 |
| Investments in associates | (12) | 1 566 947 621 | 1 468 466 304 |
| Available-for- sale investments (net) | (13) | 51 170 437 | 51 147 347 |
| Payments for investments (net) | (14) | 246 127 371 | 228 354 291 |
| Loans to related parties | (15) | 289 529 293 | 330 752 704 |
| Other investments and derivatives | (16) | 582 414 854 | 745 204 908 |
| Total non-current assets | | 23 528 612 416 | 23 368 841 718 |
| Inventories (net) | (17) | 976 850 772 | 1 020 337 848 |
| Biological assets | (10) | 23 046 673 | 22 527 906 |
| Work in process | | 12 475 832 | 35 827 837 |
| Investments at fair value through profit or loss | (19) | 338 296 697 | 215 839 024 |
| Due from related parties (net) | (20) | 1 020 182 489 | 397 759 910 |
| Trade and other receivables (net) | (18) | 933 951 983 | 898 683 479 |
| Debtors and other debit balances (net) | (21) | 1 087 898 622 | 1 006 015 070 |
| Cash and cash equivalents | (22) | 2 275 531 726 | 2 113 505 433 |
| Assets classified as held for sale | (23.1) | 981 228 312 | 958 863 408 |
| Total current assets | | 7 649 463 106 | 6 669 359 915 |
| Total assets | | 31 178 075 522 | 30 038 201 633 |
| Equity | | | |
| Share capital | (24) | 4 358 125 000 | 4 358 125 000 |
| Reserves | (26) | 180 096 372 | 374 191 790 |
| Retained loss | | (3 369 097 349) | (2 656 143 924) |
| Net loss for the period / year | | (231 905 530) | (374 655 290) |
| Total equity | | 937 218 493 | 1 701 517 576 |
| Shareholders' credit balances | (25) | 3 692 799 147 | 2 323 160 875 |
| Total equity attributable to equity holders of the Company | | 4 630 017 640 | 4 024 678 451 |
| Non - controlling interests | | 8 543 199 355 | 8 699 063 528 |
| Total equity | | 13 173 216 995 | 12 723 741 979 |
| Liabilities | | | |
| Long term loans | (27) | 8 734 880 845 | 6 783 015 637 |
| Long term liabilities | (28) | 159 996 158 | 147 584 443 |
| Loans from related parties | (27) | 713 424 665 | 524 651 877 |
| Deferred tax liabilities | (29) | 71 510 041 | 130 746 891 |
| Total non-current liabilities | | 9 679 811 709 | 7 585 998 848 |
| Banks overdraft | (30) | 649 248 519 | 834 349 310 |
| Short term loans | (27) | 1 929 160 435 | 2 297 627 407 |
| Due to related parties | (31) | 340 036 967 | 272 623 213 |
| Trade and other payables | (32) | 2 038 335 723 | 3 263 683 743 |
| Creditors and other credit balances | (33) | 1 839 381 300 | 1 959 822 974 |
| Provisions | (34) | 476 202 152 | 477 164 016 |
| Financial guarantees contracts | (35) | 24 641 675 | - |
| Liabilities classified as held for sale | (23.2) | 1 028 040 047 | 623 190 143 |
| Total current liabilities | | 8 325 046 818 | 9 728 460 806 |
| Total liabilities | | 18 004 858 527 | 17 314 459 654 |
| Total equity and liabilities | | 31 178 075 522 | 30 038 201 633 |

The accompanying notes on pages 5 to 94 are integral part of these consolidated financial statements and are to be read therewith.

Review report "attached"

Chairman
Ahmed Heikal

Managing Director
Hisham Hussein El Khazindar

Chief Financial Officer
Moataz Farouk

Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated income statement
for the period ended March 31, 2014

| | | For the period ended | |
|--|--------|----------------------|----------------|
| | Note | 31/3/2014 | 31/3/2013 * |
| | | LE | LE |
| Continuing operation | | | |
| Operating income | (38) | 1 366 855 144 | 5 138 798 |
| Operating costs | (39) | (1 216 206 602) | (3 141 554) |
| Gross profit | | 150 648 542 | 1 997 244 |
| Advisory fee | (36.1) | 4 381 532 | 14 906 315 |
| Share of profit (loss) of equity accounted investees | (37) | 20 099 047 | (11 460 923) |
| Total operating profit | | 175 129 121 | 5 442 636 |
| Administrative and general expenses | (40) | (264 623 604) | (56 430 801) |
| Other revenues (expenses) | (41) | 15 034 190 | (83 260 132) |
| Net operating loss | | (74 460 293) | (134 248 297) |
| Finance (costs) income - net | (42) | (174 073 471) | 7 812 046 |
| Net loss before tax | | (248 533 764) | (126 436 251) |
| Deferred tax | | (9 189 632) | 16 613 |
| Net loss from continuing operation | | (257 723 396) | (126 419 638) |
| Discontinued operations | | | |
| Net loss from discontinued operation (after tax) | (23.3) | (97 245 240) | - |
| Net loss for the period | | (354 968 636) | (126 419 638) |
| Attributable to: | | | |
| Equity holders of the Company | | (231 905 530) | (124 345 525) |
| Non - controlling interests | | (123 063 106) | (2 074 113) |
| | | (354 968 636) | (126 419 638) |
| Earnings per share | (43) | (0.27) | (0.14) |

* Note (5,56).

The accompanying notes on pages 5 to 94 are integral part of these consolidated financial statements and are to be read therewith.

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Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated statement of cash flows
for the period ended March 31, 2014

| | For the period ended | |
|--|----------------------|----------------|
| | 31/3/2014 | 31/3/2013 * |
| | LE | LE |
| Cash flows from operating activities | | |
| Net loss before tax | (248 533 764) | (126 436 251) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 103 477 164 | 3 397 011 |
| Company's share of loss / profit of equity accounted investees | (17 772 054) | 15 562 321 |
| Net change in the fair value of investments at fair value through profit or loss | 363 085 | 221 781 |
| Foreign currencies translation differences | 214 032 884 | 59 817 527 |
| Foreign currencies exchange differences | (13 437 065) | (22 898 860) |
| Interest income | - | (7 844 936) |
| Loss on sale of fixed & biological assets | 2 880 788 | - |
| Interest expenses | 23 265 339 | 5 089 080 |
| Provisions formed | 34 225 122 | 132 299 |
| Impairment on assets | 18 021 347 | 99 748 895 |
| Reversal of inventory write down | (402 200) | - |
| Provisions reversed | (19 672) | (16 842 843) |
| Amounts used from provision | (2 653 177) | - |
| Change in the fair value of hedging reserve | 176 705 417 | - |
| Operating profit before changes in working capital | 290 153 214 | 9 946 024 |
| Change in working capital: | | |
| Assets | | |
| Inventories | 5 948 551 | 1 694 106 |
| Biological assets | (5 589 515) | 1 427 972 |
| Work in process | 23 352 004 | - |
| Investments at fair value through profit or loss | (120 727 915) | - |
| Due from related parties | 14 389 956 | (173 685 561) |
| Trade and other receivables | (85 655 382) | - |
| Debtors and other debit balances | (94 831 571) | (5 596 369) |
| Liabilities | | |
| Due to related parties | 59 016 644 | 4 104 759 |
| Trade and other payables | (1 142 124 147) | - |
| Creditors and other credit balances | (118 127 451) | 21 148 163 |
| Discontinued operations | (1 460 129) | - |
| Net cash used in operating activities | (1 175 655 741) | (140 960 906) |
| Cash flows from investing activities | | |
| Payments for purchase of fixed assets | (33 616 444) | (2 184 308) |
| Proceeds from sale of fixed assets | 3 061 800 | - |
| Payments for projects under construction | (364 567 415) | - |
| Payments for purchase of intangible assets | (21 639 441) | - |
| Proceeds from sale of assets classified as held for sale | 152 900 000 | - |
| Payments for purchase of investment property | (830 949) | - |
| Payments for loans to related parties | - | (28 103 332) |
| Payments for investments | (14 840 166) | - |
| Discontinued operations | 513 689 | - |
| Net cash used in investing activities | (279 018 926) | (30 287 640) |
| Cash flows from financing activities | | |
| Proceeds from loans | 1 684 143 757 | 161 228 130 |
| Payments for banks overdraft | (135 402 829) | - |
| Proceeds from non-controlling interests | 52 871 907 | 48 817 330 |
| Payments for shareholders' credit balances | (1 299 140) | - |
| Dividends payout | (12 678 093) | - |
| Discontinued operations | (973 896) | - |
| Net cash provided from financing activities | 1 586 661 706 | 210 045 460 |
| Net changes in cash and cash equivalents during the period | 131 987 039 | 38 796 914 |
| Acquisition of subsidiaries | 24 535 579 | - |
| Cash related to deconsolidation of subsidiaries | (7 933 390) | - |
| Cash and cash equivalents at the beginning of the period - note (22) | 2 126 942 498 | 278 111 823 |
| Cash and cash equivalents at the end of the period | 2 275 531 726 | 316 908 737 |

* Note (5,56).

The accompanying notes on pages 5 to 94 are integral part of these consolidated financial statements and are to be read therewith.

1. Reporting entity

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.

The address of the Company's registered office is 3 El Yemen St., Dokki - Giza.

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.

The consolidated financial statements of the Company for the period ended March 31, 2014 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.

The financial statements were approved by the Board of Directors on August 14, 2014.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except assets and liabilities which are measured at fair value as follows:

- Financial instruments at fair value through the profit or loss.

- Derivative financial instruments.

The methods used to measure the fair value are discussed in note (4).

2.3 Functional and presentation currency

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

2.4 Use of estimate and judgements

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 are based on historical experience and various other factors that are 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 are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note (12) measurements of the recoverable amounts of investments in associates.
- Note (34) provisions.
- Note (29) deferred tax.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities. Certain comparative amounts are reclassified to conform with the current presentation of financial statements.

3.1 Basis of consolidation

3.1.1 Subsidiaries

- The consolidated financial statements include all subsidiaries that are controlled by the parent company and which the management intends to continue to control. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. EAS 24 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- Non - controlling interests shall be presented in the consolidated balance sheet within equity, separately from the parent shareholder's equity. Non - controlling interests in the profit or loss of the group shall also be separately disclosed.
- A parent loses control when it loses the power to govern the financial and operating policies of an investee so as to obtain benefit from its activities.

3.1.2 Loss exceeding non-controlling

Losses that exceed the non - controlling in the equity of a subsidiary may create a debit balance on non - controlling only if the minority has a binding obligation to fund the losses and is able to contribute an additional investment to cover the losses .If this is not the case then the losses are attributable to the parent's interest. If the subsidiary subsequently reports profits, then these profits are allocated to parent until the share of losses absorbed previously by the parent has been recovered.

3.1.3 Acquisitions from non-controlling interest and entities under common control

Business combinations arising from transfers of interests from non - controlling interest or in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated when practical. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entity or attributable to the minorities are added to the same components within the Group equity except that any share capital of the acquired entities is recognised as notional capital contribution. Any cash paid for the acquisition recognised directly in equity.

3.1.4 Associates

Investments in associates are stated at equity method. Under the equity method the investment in associates is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the associates after the date of acquisition. Distributions received from associates reduce the carrying amount of the investment.

Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognized, unless the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of the acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

3.2 Foreign currency transactions

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

3.3 Foreign operations

As at the reporting date the assets and liabilities of these consolidated subsidiaries are translated to Egyptian Pound at the rates ruling as at the reporting date, and the shareholders' equity accounts are translated at historical rates, where as the income statement items are translated at the average exchange rates ruling during the period of the consolidated financial statements. Currency translation differences are recorded in the shareholders' equity section of the financial position as foreign currency translation reserve.

3.4 Recognition and disposals of the financial assets and liabilities

3.4.1 Recognition

The Group initially recognises deposits, receivables and debt instruments by fair value on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated as at fair value through profit or loss) are recognised when the Group becomes a party to the contractual provisions of the instrument.

3.4.2 Disposals

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 the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred 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, cancelled or expire.

When an entity retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), the entity treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met:

- (a) The entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition.
- (b) The entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.
- (c) The entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

3.5 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

- 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 or is 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.

- Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The hedged item also is stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in profit or loss with an adjustment to the carrying amount of the hedged item .

3.6 Lending

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

3.7 Cash and cash equivalents

For the purpose of preparing cash flow statement, cash and cash equivalents are represented in balances with original maturities of three months or less.

3.8 Investments

3.8.1 Available-for-sale financial investments

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

3.8.2 Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition.

Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

3.8.3 Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

3.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.10 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (note 3.18), 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 | 5-50 years –contract period |
| - Lease hold improvements | 3-10 years |
| - Machinery , Equipments & tools | 4-14 years |
| - Furniture & Fixtures | 4 -16 years |
| - Computers | 2-4 years |
| - Transportation means | 4 -5 years |
| - Barges | 5-20 years |
| - Quarries | 50 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 income statement as an expense as incurred.

3.11 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 are recorded in the income statement.

3.12 Projects under construction

Projects under construction are recognized initially at cost. 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.

3.13 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.

3.14 Investment property

3.14.1 Recognition and initial measurement

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured using the cost model on initial recognition and subsequently assessed for impairment with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the

investment property to a working condition for their intended use and capitalized borrowing costs.

When the use of investment property changes such that it is reclassified to property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting, thus if the company applies fair value method. In case that the company applies cost model, the investment property is reclassified to property, plant and equipment by its carrying value without changing the cost of property.

3.14.2 Cost incurred after initial recognition

Replacement cost of one of the asset component is recognized in the investment property cost after excluding the cost of the replaced assets.

The replacements give rise to future economic benefits that can be reliably measured. Other expenditure that not qualify for recognition should be charged to profit or loss as incurred.

3.15 Assets held for sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use is classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

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

3.16 Discontinued operations

Discontinued operations represents a separate major line of business or geographical area of operations, part of a single co-ordinated plan to dispose of a separate major lines of business or geographical area of operations or is a subsidiary acquired exclusively with a view to re-sale.

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

When an operation is classified as a discontinued operation, the comparative statements of profit or loss and cash flows are represented as if the operation had been discontinued from the start of the comparative year.

3.17 Intangible assets

3.17.1 Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

3.17.2 Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

3.17.3 Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

3.17.4 Amortization

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for intangible assets range between 3:20 years.

3.18 Impairment

3.18.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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 amortised cost is 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 is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the

reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

3.18.2 Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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. For the purpose of 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 groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years 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 or amortisation, if no impairment loss had been recognised.

3.19 Trade and other receivables

Non-interest bearing short-term trade and other receivables are stated at cost less impairment losses. An impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss relating to trade receivables is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

3.20 Biological assets

Biological assets and agricultural products are measured at fair value less estimated costs to sell, with any change therein recognised in profit or loss. the following is the measurement of the biological assets:

| | |
|-----------------------------|------------------------------|
| Corn, cotton and sunflowers | fair value less cost to sell |
| Fruit gardens | 3- 50 years |
| Cattle | 56 months |

3.21 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.

3.22 Trade and other payables

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

3.23 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event and it is 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 reporting date and amended (when necessary) to represent the best current estimate.

3.24 Contracts Financial guarantees

Financial guarantee contracts are those contracts issued by the company to ensure given loans to customers from third parties, which require the company to do certain repayments to compensate the beneficiary for the loss incurred due to the failure of a debtor when repayable in accordance with the terms of a debt instrument, and provide those financial guarantees to banks and financial institutions and others on behalf of the company's customers.

The initial recognition of financial guarantees in the financial statements at fair value at the date of grant of security which is equal to the warranty fees. Later, it is measured by the company's commitment under the guarantee on the basis of the amount of the initial measurement less depreciation calculated for the recognition of guarantee fees in the income statement on a straight-line basis over the life of the warranty or the best estimate of payments required to settle any financial obligation arising from financial guarantee at the financial position date, whichever is higher. And those estimates are determined according to the experience in similar transactions and historical losses enhanced by virtue of the administration.

Any increase in liabilities resulting from the financial guarantee is included at the income statement under general and administrative expenses.

3.25 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 year of the borrowings on an effective interest rate basis.

3.26 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 the deduction.

3.27 Dividends

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

3.28 Income tax

- Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.
- Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the 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 substantially enacted at the balance sheet 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.

3.29 Earnings per share

The Group presents basic and diluted 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.30 Employees benefits

3.30.1 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.

3.30.2 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.

3.31 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.

3.32 Revenue

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.

3.32.1 Gain (loss) on sale of investments

Gain (loss) resulted from sale of investments are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses.

3.32.2 Services

Revenue from services rendered is recognised in profit or loss 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.

3.32.3 Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

3.32.4 Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, dividend income is reported in other income caption in the income statement.

3.32.5 Interest income

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

3.32.6 Management fee

Management fee is recognized upon rendering the service.

3.32.7 Advisory fee

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

3.32.8 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 buyer, and the amount of revenue can be measured reliably.

3.32.9 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.

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss 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 profit or loss.

3.32.10 Cars 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.

3.32.11 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.

3.32.12 Fuelling revenues

Revenues is recognized when supplying ships with fuel.

3.32.13 Natural gas revenues

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

3.32.14 Financial guarantees contracts revenues

- The main revenue for the company is represented in the commissions, which 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 period 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.

3.33 Borrowing costs

Borrowing costs are recognized as expenses in the profit or loss 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.

3.34 Financial lease

Financial lease are classified as operating leases. Payment made under operating leases are recognized (after any deductions) in the profit or loss on a straight-line basis over the term of the lease. Maintenance cost included in the lease cost under the financing lease is recognized in the profit or loss as an expense for the year of occurrence.

3.35 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.

3.36 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subjected to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segment.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information

about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Intangible assets

Intangible assets are stated at historical cost and amortised over a period from 3 to 20 years.

Other intangible assets that have finite useful lives are measured at cost less accumulated impairment loss.

4.2 Investment in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

4.3 Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

4.4 Non-derivatives financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4.5 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.

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

5. Acquisition of subsidiaries

The Company has acquired the following companies during 2013:

1. National Development and Trading Group.
2. Orient Investment Properties Ltd. Group.
3. Citadel Capital Transportation Opportunities Ltd. Group -BVI.
4. Ledmore Holdings Ltd.
5. Falcon for Agriculture Investments Ltd. Group -BVI.
6. Mena Home Furnishings Malls Ltd. Group - BVI.
7. KU Railways Holdings Limited Group.
8. Silverstone Capital Investment Ltd. Group.
9. United Foundries Group.

| | National Development Co. | Orient Investment Properties | Citadel Capital Transportation Opportunities | Ledmore Holdings Ltd. | Falcon for Agriculture Investments Ltd. | Mena Home Furnishings Malls Ltd. | KU Railways Holdings Ltd. | Silverstone Capital Investments Ltd. | United Foundries | Total |
|---------------------------|--------------------------------|------------------------------------|--|--------------------------|--|--|---------------------------------|---|---------------------|---------------|
| Book value | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE |
| Cash and cash equivalents | 188 721 260 | 1 081 126 990 | 2 784 723 | 5 100 331 | 45 067 742 | 2 442 741 | 41 637 168 | 513 942 325 | 3 465 865 | 1 884 289 145 |
| Investments at fair value | | | | | | | | | | |
| through profit or loss | 53 289 | -- | -- | 461 642 | 3 727 | -- | -- | 212 961 014 | -- | 213 479 672 |
| Inventories | 539 007 772 | -- | 8 743 047 | -- | 203 170 998 | 12 993 408 | 135 343 741 | 85 685 564 | 29 149 303 | 1 014 093 833 |
| Contracts in progress | -- | -- | -- | -- | -- | -- | -- | 19 075 513 | -- | 19 075 513 |
| Trade and other | 182 716 731 | -- | 37 856 888 | -- | 114 304 243 | 5 205 375 | 148 405 959 | 419 474 802 | 35 678 016 | 943 642 014 |

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Notes to the consolidated financial statements for the period ended March 31, 2014

| | National Development Co. | Orient Investment Properties | Citadel Capital Transportation Opportunities | Ledmore Holdings Ltd. | Falcon for Agriculture Investments Ltd. | Mena Home Furnishings Malls Ltd. | KU Railways Holdings Ltd. | Silverstone Capital Investments Ltd. | United Foundries | Total |
|--------------------------|--------------------------------|------------------------------------|--|--------------------------|--|--|---------------------------------|---|---------------------|---------------|
| Book value | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE |
| receivables | | | | | | | | | | |
| Debtors and other debit | | | | | | | | | | |
| balances | 517 043 632 | 6 001 601 | 35 388 379 | 22 694 | 67 942 739 | 3 249 794 | 211 921 471 | 47 640 546 | 31 928 823 | 921 139 679 |
| Due from related parties | 29 084 721 | -- | -- | 195 160 | 138 044 616 | 2 038 882 | 864 127 | 128 626 321 | 1 110 281 | 299 964 108 |
| Assets held for sale | 108 027 311 | -- | -- | -- | -- | -- | -- | -- | 304 933 264 | 412 960 575 |
| Work in process | 13 652 899 | -- | -- | -- | -- | -- | 3 099 425 | -- | -- | 16 752 324 |
| Biological assets | -- | -- | -- | -- | 203 326 531 | -- | -- | -- | -- | 203 326 531 |
| Fixed assets | 3 376 892 939 | 280 518 589 | 580 443 771 | 423 583 | 936 592 607 | 4 415 853 | 28 846 686 | 459 747 504 | 79 624 961 | 5 747 506 493 |
| Projects under | | | | | | | | | | |
| constructions | 1 524 095 197 | 7 746 877 650 | 54 192 357 | 105 895 794 | 64 894 302 | 188 729 983 | -- | 27 182 786 | -- | 9 711 868 069 |
| Investments in | | | | | | | | | | |
| subsidiaries and | | | | | | | | | | |
| associates | 558 748 107 | -- | 3 268 789 | -- | -- | 29 023 | -- | -- | -- | 562 045 919 |
| Investment property | -- | -- | -- | -- | 3 390 003 | 356 923 062 | -- | -- | -- | 360 313 065 |
| Available-for- sale | | | | | | | | | | |
| investments | 116 300 | -- | -- | -- | -- | 1 152 | -- | 2 313 706 | -- | 2 431 158 |
| Payments for | | | | | | | | | | |
| investments | 2 346 428 | -- | -- | -- | -- | -- | -- | -- | -- | 2 346 428 |
| Restricted cash | -- | 561 043 660 | -- | -- | 11 089 440 | -- | -- | -- | -- | 572 133 100 |
| Intangible assets | 379 216 191 | -- | 586 479 | -- | 1 689 737 | -- | 485 649 853 | 9 891 291 | -- | 877 033 551 |

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Notes to the consolidated financial statements for the period ended March 31, 2014

| | National Development Co. | Orient Investment Properties | Citadel Capital Transportation Opportunities | Ledmore Holdings Ltd. | Falcon for Agriculture Investments Ltd. | Mena Home Furnishings Malls Ltd. | KU Railways Holdings Ltd. | Silverstone Capital Investments Ltd. | United Foundries | Total |
|-------------------------------------|--------------------------|------------------------------|--|-----------------------|---|----------------------------------|---------------------------|--------------------------------------|------------------|-----------------|
| Book value | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE |
| Other investments | 8 893 602 | 342 858 555 | -- | -- | 209 963 | -- | -- | -- | -- | 351 962 120 |
| Derivatives swap contracts | -- | 163 968 243 | -- | -- | -- | -- | -- | -- | -- | -- |
| Banks- overdraft | (342 614 856) | -- | -- | -- | (329 064 569) | (18 918) | (10 660 354) | (81 561 115) | (63 385 419) | (827 305 231) |
| Current portion of long term loans | (358 784 065) | -- | (224 022 575) | -- | (353 160 604) | (75 579 265) | (44 373 735) | (54 321 941) | (9 965 899) | (1 120 208 084) |
| Due to related parties | (283 337 795) | (8 347 730) | (154 454 676) | (5 002 997) | (309 087 190) | (159 830 879) | (2 535 578) | (6 877 616) | (59 078 135) | (988 552 596) |
| Trade and other payables | (398 619 496) | (2 148 384 126) | (20 847 094) | -- | (242 384 337) | (28 628 936) | (167 468 315) | (203 690 027) | (14 290 955) | (3 224 313 286) |
| Creditors and other credit balances | (764 691 018) | (67 844 690) | (37 569 558) | (636 572) | (88 054 658) | (52 704 109) | (161 989 372) | (598 590 650) | (27 794 992) | (1 799 875 619) |
| Provisions | (208 920 375) | -- | (6 966 913) | -- | (49 312 684) | (3 145 000) | -- | (10 158 786) | (2 620 927) | (281 124 685) |
| Liabilities held for sale | (416 981 070) | -- | -- | -- | -- | -- | -- | -- | (206 209 073) | (623 190 143) |
| Loans from related parties | (1 053 696 138) | -- | -- | -- | -- | -- | -- | -- | (185 273 116) | (1 238 969 254) |
| Long term loans | (2 113 350 554) | (1 629 496 538) | (132 112 914) | -- | (135 552 156) | (108 556 972) | (775 702 143) | (95 394 186) | (1 116 652) | (4 991 282 115) |
| Long term liabilities | (3 593 754) | -- | (3 267 838) | (17 339 160) | (5 804 616) | -- | -- | (106 791 589) | -- | (136 796 957) |
| Deferred tax liabilities | (44 420 907) | (41 164 395) | -- | -- | (28 623 100) | (225 786) | 34 727 562 | (44 067 556) | (7 761 533) | (131 535 715) |
| Net book Value | 1 439 606 351 | 6 287 157 809 | 144 022 865 | 89 120 475 | 248 682 734 | 147 339 408 | (72 233 505) | 725 087 906 | (91 606 188) | 8 917 177 855 |

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Notes to the consolidated financial statements for the period ended March 31, 2014

| | National Development Co. | Orient Investment Properties | Citadel Capital Transportation Opportunities | Ledmore Holdings Ltd. | Falcon for Agriculture Investments Ltd. | Mena Home Furnishings Malls Ltd. | KU Railways Holdings Ltd. | Silverstone Capital Investments Ltd. | United Foundries | Total |
|--------------------------------|--------------------------------|------------------------------------|--|--------------------------|--|--|---------------------------------|---|---------------------|-----------------|
| Book value | LE | LE | LE | LE | LE | LE | LE | LE | LE | LE |
| Non – controlling interests | (2 096 393 257) | (3 343 288 155) | (82 832 301) | (23 691 369) | -- | (4 791 529) | -- | (262 972 833) | -- | (5 813 969 444) |
| Net book Value after | | | | | | | | | | |
| non-controlling interests | (656 786 906) | 2 943 869 654 | 61 190 564 | 65 429 106 | 248 682 734 | 142 547 879 | (72 233 505) | 462 115 073 | (91 606 188) | 3 103 208 411 |
| Acquisition of additional | | | | | | | | | | |
| interest | 167 587 562 | 197 064 569 | 113 377 892 | 24 559 321 | 446 344 673 | 108 917 089 | 348 317 108 | 365 241 077 | 92 075 704 | 1 863 484 995 |
| Investment before | | | | | | | | | | |
| acquisition of additional | | | | | | | | | | |
| share | (27 355 082) | 885 376 524 | 103 165 131 | 64 217 588 | 368 650 274 | 72 875 333 | 224 106 209 | 277 393 188 | (11 595 867) | 1 956 833 298 |
| Total consideration paid | 140 232 480 | 1 082 441 093 | 216 543 023 | 88 776 909 | 814 994 947 | 181 792 422 | 572 423 317 | 642 634 265 | 80 479 837 | 3 820 318 293 |
| Goodwill * | 589 222 726 | 24 720 078 | 179 739 380 | 57 494 554 | 865 059 547 | 112 299 481 | 609 262 405 | 418 025 123 | 128 691 024 | 2 984 514 318 |

* Note (9).

- The acquired companies' financial statements have been consolidated based on the book value of the identifiable assets and liabilities, The Company has a grace period of 12 months (ending December 2014) to determine the fair value of the identifiable assets and liabilities according to the Egyptian Accounting Standards. The Company is in the process of determining this fair value exercise and adjust accordingly.

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

6. Fixed assets (net)

| | Land | Buildings | Lease hold improvements | Machinery , equipment and tools | Furniture & fixtures | Computer equipment | Transportation means and barges | Total |
|--|--------------|---------------|-------------------------|---------------------------------|----------------------|--------------------|---------------------------------|---------------|
| | LE | LE | LE | LE | LE | LE | LE | LE |
| Cost as at 1/1/2014 | 880 493 960 | 1 705 264 950 | 84 320 644 | 4 422 070 488 | 263 194 713 | 27 813 640 | 487 039 020 | 7 870 197 415 |
| Adjustments on the beginning balance | 3 308 200 | (3 308 200) | -- | -- | -- | -- | -- | -- |
| Acquisition of subsidiaries | -- | -- | 14 629 666 | -- | 4 350 594 | 11 072 372 | 2 000 | 30 054 632 |
| Additions | -- | 9 386 547 | 4 896 994 | 13 497 091 | 2 937 217 | 36 440 | 2 862 155 | 33 616 444 |
| Transferred to assets held for sale** | (22 606 001) | (51 552 507) | (16 194) | (259 217 338) | (17 038 731) | -- | (15 103 636) | (365 534 407) |
| Disposals | -- | (107 790) | -- | (13 062 565) | (426 592) | -- | (1 882 648) | (15 479 595) |
| Foreign currency translation differences | (1 382 358) | 1 527 796 | (5 102 449) | 6 298 556 | (1 685 009) | 16 652 | (2 070 459) | (2 397 271) |
| Cost as at 31/3/2014 | 859 813 801 | 1 661 210 796 | 98 728 661 | 4 169 586 232 | 251 332 192 | 38 939 104 | 470 846 432 | 7 550 457 218 |
| Accumulated depreciation and impairment as at 1/1/2014 | 312 936 | 326 563 975 | 14 071 728 | 1 261 246 002 | 207 601 561 | 22 124 714 | 135 225 127 | 1 967 146 043 |
| Acquisition of subsidiaries | -- | -- | 10 722 362 | -- | 3 328 624 | 6 094 568 | 2 000 | 20 147 554 |
| Depreciation for the period* | 10 763 | 13 197 468 | 1 389 625 | 60 350 540 | 4 448 392 | 809 899 | 8 055 284 | 88 261 971 |
| Transferred to assets held for sale** | -- | (21 113 432) | (9 497) | (162 398 634) | (14 300 866) | -- | (12 520 383) | (210 342 812) |
| Disposals | -- | -- | -- | (9 691 895) | (710 451) | -- | (2 653 132) | (13 055 478) |
| Foreign currency translation differences | 1 316 | (192 176) | (242 187) | 751 041 | (30 023) | 81 020 | (2 920 255) | (2 551 264) |
| Accumulated depreciation as at 31/3/2014 | 325 015 | 318 455 835 | 25 932 031 | 1 150 257 054 | 200 337 237 | 29 110 201 | 125 188 641 | 1 849 606 014 |
| Carrying amounts | | | | | | | | |
| At 31/3/2014 | 859 488 786 | 1 342 754 961 | 72 796 630 | 3 019 329 178 | 50 994 955 | 9 828 903 | 345 657 791 | 5 700 851 204 |
| At 31/12/2013 | 880 181 024 | 1 378 700 975 | 70 248 916 | 3 160 824 486 | 55 593 152 | 5 688 926 | 351 813 893 | 5 903 051 372 |

Citadel Capital Company**Notes to the consolidated financial statements for the period ended March 31, 2014**

* Administrative depreciation for the period has been recognized in administrative and general expenses in other expenses-note (40) and operating depreciation has been recognized in operating cost-note (39).

** Note (23.1).

7. Projects under construction

Projects under construction balance represented in the following:

| | 31/3/2014 | 31/12/2013 |
|---|------------------|-------------------|
| | LE | LE |
| Balance at the beginning of the period / year | 9 908 461 723 | 127 421 364 |
| Acquisition of subsidiaries | 134 858 | 9 795 264 529 |
| Transfer to assets held for sale * | (2 322 613) | -- |
| Additions during the period / year | 376 271 214 | 23 187 904 |
| Transferred to fixed assets | (11 703 799) | (48 168 308) |
| Foreign currency translation differences | 13 581 829 | 10 756 234 |
| Balance | 10 284 423 212 | 9 908 461 723 |
| Impairment | (83 516 627) | (83 396 460) |
| Net | 10 200 906 585 | 9 825 065 263 |

* Note (23.1).

8. Intangible assets

| | Note | 31/3/2014 | 31/12/2013 |
|-------------------------|-------------|------------------|-------------------|
| | | LE | LE |
| Software | (8-1) | 20 842 217 | 24 348 107 |
| Concession | (8-2) | 489 696 452 | 473 545 952 |
| Other intangible assets | (8-3) | 375 697 854 | 379 139 492 |
| Balance | | 886 236 523 | 877 033 551 |

8-1 Software

| | 31/3/2014 | 31/12/2013 |
|--|---------------------|---------------------|
| | LE | LE |
| Cost at the beginning of the period / year | 52 395 079 | -- |
| Acquisition of subsidiaries * | -- | 52 395 079 |
| Transferred to assets held for sale ** | (1 320 993) | -- |
| Foreign currency translation differences | (68 640) | -- |
| Cost at the end of the period / year | <u>51 005 446</u> | <u>52 395 079</u> |
| Accumulated amortization at the beginning of the period / year | (28 046 972) | -- |
| Acquisition of subsidiaries | -- | (28 046 972) |
| Amortization for the period / year | (1 923 528) | -- |
| Foreign currency translation differences | (192 729) | -- |
| Accumulated amortization at the end of the period / year | <u>(30 163 229)</u> | <u>(28 046 972)</u> |
| Net | <u>20 842 217</u> | <u>24 348 107</u> |

8-2 Concession

| | 31/3/2014 | 31/12/2013 |
|--|---------------------|---------------------|
| | LE | LE |
| Cost at the beginning of the period / year | 530 663 790 | -- |
| Acquisition of subsidiaries * | -- | 530 663 790 |
| Additions | 21 639 441 | -- |
| Foreign currency translation differences | 2 896 686 | -- |
| Cost at the end of the period / year | <u>555 199 917</u> | <u>530 663 790</u> |
| Accumulated amortization at the beginning of the period / year | (57 117 838) | -- |
| Acquisition of subsidiaries | -- | (57 117 838) |
| Amortization for the period / year | (10 267 161) | -- |
| Foreign currency translation differences | 1 881 534 | -- |
| Accumulated amortization at the end of the period / year | <u>(65 503 465)</u> | <u>(57 117 838)</u> |
| Net | <u>489 696 452</u> | <u>473 545 952</u> |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended March 31, 2014
8-3 Intangible assets related to acquisition of investments

| | 31/3/2014 | 31/12/2013 |
|--|--------------|--------------|
| | LE | LE |
| License fees for constructing cement plant – Minya | 200 650 015 | 200 650 015 |
| Waiving of the license to establish a black cement factory for ASEC Syria according to contractual agreement at January 2005 | 4 859 853 | 4 992 302 |
| Compensation paid for project workers | 1 091 138 | 1 120 875 |
| Cost of quarries exploration rights | 198 087 225 | 198 310 297 |
| Total | 404 688 231 | 405 073 489 |
| Accumulated amortization | (28 990 377) | (25 933 997) |
| Net | 375 697 854 | 379 139 492 |

* Note (5).

** Note (23.1).

9. Goodwill

| | 31/12/2013* | Foreign currency translation differences | Impairment during the period | 31/3/2014 |
|--|---------------|---|------------------------------------|---------------|
| | LE | LE | LE | LE |
| National Development and Trading Group | 589 222 726 | -- | -- | 589 222 726 |
| Orient Investment Properties Ltd. Group | 24 720 078 | -- | -- | 24 720 078 |
| Citadel Capital Transportation Opportunities Ltd.- Group | 179 739 380 | -- | -- | 179 739 380 |
| Ledmore Holdings Ltd. | 57 494 554 | 61 243 | -- | 57 555 797 |
| Falcon for Agriculture Investments Ltd.-BVI Group | 865 059 547 | 64 616 | (3 598 298) | 861 525 865 |
| Mena Home Furnishings Malls Ltd. - BVI Group | 112 299 481 | -- | -- | 112 299 481 |
| KU Railways Holdings Limited Group | 609 262 405 | -- | -- | 609 262 405 |
| Silverstone Capital Investment Ltd. Group | 418 025 123 | (2 187 549) | -- | 415 837 574 |
| United Foundries Group | 128 691 024 | -- | -- | 128 691 024 |
| Balance | 2 984 514 318 | (2 061 690) | (3 598 298) | 2 978 854 330 |

* Note (5).

Citadel Capital Company
Notes to the consolidated financial statements for the period ended March 31, 2014
10. Biological assets

| | 31/3/2014 | 31/12/2013 |
|--------------------------------------|--------------------|--------------------|
| | LE | LE |
| Non-current assets | | |
| Fruitful fruit gardens and orchards | 6 082 237 | 6 468 004 |
| Fruitless fruit gardens and orchards | 4 929 649 | 3 970 554 |
| Pregnant heifer, dry and dairy cows | 101 789 909 | 104 890 501 |
| Heifers | 69 265 333 | 66 546 494 |
| | <u>182 067 128</u> | <u>181 875 553</u> |
| Current assets | | |
| Plants (cotton , corn , sun flower) | 1 469 946 | 1 076 928 |
| Others | 21 576 727 | 21 450 978 |
| | <u>23 046 673</u> | <u>22 527 906</u> |
| Balance | <u>205 113 801</u> | <u>204 403 459</u> |

11. Investment property

| | Land | Buildings | Others | Total |
|--|--------------------|--------------------|-------------------|--------------------|
| | LE | LE | LE | LE |
| Cost as at 1/1/2014 | 247 130 432 | 135 813 531 | 39 107 733 | 422 051 696 |
| Additions | -- | 830 949 | -- | 830 949 |
| Foreign currency translation differences | -- | 312 | -- | 312 |
| Cost as at 31/3/2014 | <u>247 130 432</u> | <u>136 644 792</u> | <u>39 107 733</u> | <u>422 882 957</u> |
| Accumulated depreciation at 1/1/2014 | -- | 25 883 417 | 11 855 214 | 37 738 631 |
| Depreciation during the period | -- | 2 008 821 | 1 015 683 | 3 024 504 |
| Foreign currency translation differences | -- | (720) | (359) | (1 079) |
| Accumulated depreciation as at 31/3/2014 | <u>--</u> | <u>27 891 518</u> | <u>12 870 538</u> | <u>40 762 056</u> |
| Net cost as at 31/3/2014 | <u>247 130 432</u> | <u>108 753 274</u> | <u>26 237 195</u> | <u>382 120 901</u> |
| Net cost as at 31/12/2013 | <u>247 130 432</u> | <u>109 930 114</u> | <u>27 252 519</u> | <u>384 313 065</u> |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended March 31, 2014

12. Investments in associates

12.1 The Group investments in associates are represented in:

| | Percentage | | Carrying amount | |
|--|------------|-------|----------------------|----------------------|
| | 2014 | 2013 | 31/3/2014 | 31/12/2013 |
| | % | % | LE | LE |
| El Kateb for Marketing & Distribution Co. | 48.88 | 48.88 | 2 294 698 | 2 280 629 |
| Pharos Holding Co. * | 80.00 | 53.00 | 100 871 979 | 89 572 029 |
| Elsharq Book Stores Co. | 40.00 | 40.00 | 14 406 557 | 14 474 418 |
| ASEC Company for Mining (ASCOM) | 39.22 | 39.22 | 97 177 477 | 101 391 608 |
| Dar El-Sherouk Ltd. * | 58.51 | 58.51 | 135 683 955 | 139 202 752 |
| Tawazon for Solid Waste Management (Tawazon) | 25.48 | 25.48 | 20 367 988 | 20 044 615 |
| Mena Glass Ltd. | 47.64 | 42.49 | 308 950 503 | 286 248 091 |
| Tanmeyah Company S.A.E ** | -- | 51.00 | -- | 5 722 364 |
| Grandview Investment Holding | 42.77 | 34.88 | 308 006 537 | 247 624 370 |
| Green Point for Import and Trade S.A.E. * | 50.00 | 50.00 | 29 065 | 29 022 |
| Ostool for Land Transportation S.A.E. | 45.00 | 45.00 | 3 997 786 | 3 268 788 |
| Misr Cement Qena | 27.55 | 27.55 | 575 161 076 | 558 607 618 |
| Balance | | | <u>1 566 947 621</u> | <u>1 468 466 304</u> |

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

** On January 1, 2014 a call option with 4% from shares of Tanmeyah Company S.A.E that was granted to third party from Financial Unlimited for Financial Consulting one of the subsidiaries with 99.88% indirectly (the parent company of Tanmeyah Company S.A.E) has been cancelled, and thus Tanmeyah Company S.A.E became a subsidiary and consolidated starting from January 1, 2014.

12.2 Summary of significant financial statements of associates

31/3/2014

El Kateb for Marketing &

Distribution Co.

Pharos Holding Co.

Elsharq Book Stores Co.

ASEC Company for Mining

(ASCOM)

Dar El-Sherouk Ltd.

Misr Cement Qena

Tawazon for Solid Waste

Management Company (Tawazon)

Mena Glass Ltd.

Grandview Investment Holding

- Note no. (37).

| | Current assets | | Non-current assets | | Total assets | | Current liabilities | | Non-current liabilities | | Total liabilities | | Revenues | | Expenses | |
|--|----------------|--|--------------------|--|---------------|--|---------------------|--|-------------------------|--|-------------------|--|-------------|--|-------------|--|
| | LE | | LE | | LE | | LE | | LE | | LE | | LE | | LE | |
| | 15 702 223 | | 10 122 985 | | 25 825 208 | | 12 796 618 | | 243 420 | | 13 040 038 | | 2 683 195 | | 2 654 413 | |
| | 170 447 634 | | 181 865 014 | | 352 312 648 | | 119 429 794 | | 100 329 495 | | 219 759 289 | | 11 268 211 | | 13 923 687 | |
| | 9 901 370 | | 5 161 348 | | 15 062 718 | | 4 346 120 | | 378 823 | | 4 724 943 | | 5 601 617 | | 5 717 608 | |
| | 243 642 066 | | 845 724 783 | | 1 089 366 849 | | 491 874 090 | | 345 989 335 | | 837 863 425 | | 159 780 913 | | 169 370 599 | |
| | 114 635 241 | | 119 091 256 | | 233 726 497 | | 70 333 228 | | 4 088 150 | | 74 421 378 | | 12 092 276 | | 14 674 278 | |
| | 547 537 310 | | 523 139 341 | | 1 070 676 651 | | 412 653 705 | | 59 241 473 | | 471 895 178 | | 250 359 822 | | 190 274 743 | |
| | 97 688 111 | | 119 720 490 | | 217 408 601 | | 86 414 685 | | 8 341 096 | | 94 755 781 | | 27 491 229 | | 26 276 340 | |
| | 243 031 103 | | 1 323 865 238 | | 1 566 896 341 | | 102 530 737 | | 595 647 088 | | 698 177 825 | | 85 134 255 | | 78 611 359 | |
| | 807 945 506 | | 932 798 858 | | 1 740 744 364 | | 19 511 506 | | 229 286 178 | | 248 797 684 | | 267 024 960 | | 261 897 458 | |

13. Available-for-sale investments

| | 31/3/2014 | 31/12/2013 |
|--|----------------------|----------------------|
| | LE | LE |
| Logria Holding Ltd. * | 451 750 000 | 451 100 000 |
| Golden Crescent Investment Ltd. * | 440 404 125 | 439 770 450 |
| EFG Capital Partners Fund II & III | 23 705 289 | 23 705 289 |
| Sphinx Turnaround | 25 001 090 | 24 965 116 |
| Modern Company for Isolating Materials | 43 396 | 43 396 |
| Medcom National Company | 1 000 | 1 000 |
| Underscore International Holdings | 695 | 694 |
| Valencia Regional Investment Ltd. | 695 | 694 |
| MEFEK Co. * | 872 388 | 872 388 |
| ASEC Automation Co.- Free Zone | 116 300 | 116 300 |
| Med Grid | 1 603 588 | 1 614 541 |
| Ecligo Design Ltd. | 1 154 | 1 152 |
| Sharming Sharm | 697 230 | 699 165 |
| Total | 944 196 950 | 942 890 185 |
| Accumulated impairment * | (893 026 513) | (891 742 838) |
| Net | 51 170 437 | 51 147 347 |

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

| | Balance as at 1/1/2014 | Foreign currency translation differences | Balance as at 31/3/2014 |
|---------------------------------|-----------------------------------|---|------------------------------------|
| | LE | LE | LE |
| Logria Holding Ltd. | 451 100 000 | 650 000 | 451 750 000 |
| Golden Crescent Investment Ltd. | 439 770 450 | 633 675 | 440 404 125 |
| MEFEK Co. | 872 388 | -- | 872 388 |
| Balance | 891 742 838 | 1 283 675 | 893 026 513 |

14. Payments for investments

| | 31/3/2014 | 31/12/2013 |
|------------------------------|------------------|-------------------|
| | LE | LE |
| Pharos Holding Co. | 21 250 651 | 18 621 911 |
| Nile Valley Petroleum Ltd. | 42 193 450 | 42 132 740 |
| Mena Joint Investment Fund | 64 904 493 | 64 811 100 |
| Africa Joint Investment Fund | 114 427 365 | 99 438 574 |

| | 31/3/2014 | 31/12/2013 |
|---|--------------|--------------|
| | LE | LE |
| ASCOM Emirates for Mining * | 38 523 920 | 38 468 489 |
| Citadel Capital Al Qalaa - Saudi Arabia | 1 004 984 | 1 003 538 |
| Medcom National Development and Trading | 914 019 | 914 019 |
| National Development and Trading Co. | | |
| (IRAQ) Ltd. * | 300 514 | 300 514 |
| ASA International Co. | 1 432 409 | 1 432 409 |
| Total | 284 951 805 | 267 123 294 |
| Accumulated impairment * | (38 824 434) | (38 769 003) |
| Net | 246 127 371 | 228 354 291 |

15. Loans to related parties

| | 31/3/2014 | 31/12/2013 |
|--|-------------|-------------|
| | LE | LE |
| Underscore International Holdings Ltd. | 104 250 000 | 104 100 000 |
| Valencia Regional Investment Ltd. | 79 925 000 | 79 810 000 |
| Safari Rail Company Ltd. | -- | 41 640 000 |
| Bomi Holdings Ltd. | 105 354 293 | 105 202 704 |
| Balance | 289 529 293 | 330 752 704 |

16. Other investments and derivatives

| | Note | 31/3/2014 | 31/12/2013 |
|----------------------------|------|-------------|-------------|
| | | LE | LE |
| Restricted cash | 16-1 | 572 993 361 | 572 133 100 |
| Derivatives swap contracts | 16-2 | -- | 163 968 243 |
| Others | 16-3 | 9 421 493 | 9 103 565 |
| Balance | | 582 414 854 | 745 204 908 |

16-1 Restricted cash as at March 31, 2014 includes an amount of LE 561 903 921 (equivalent to US.\$ 80 849 485) against an amount of LE 561 043 660 as at December 31, 2013 (equivalent to US.\$ 80 842 026). which represents the amount deposited at the bank under capital increase of Orient Investment Properties Ltd. (one of the subsidiaries)

16-2 Egyptian Refining Company (one of the subsidiaries) 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 20 the commencing December 20, 2012.

Maximum notional amount covered under these transactions are;

- US.\$ 789 445 078 by Standard Chartered Bank.
- 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, 2014 the balance related to the change in the fair value of cash flow hedges related to hedged transactions is amounting to LE 12 737 174 (equivalent to US.\$ 1 832 687) as follows:

| Contract | 31/3/2014 US.\$ | 31/12/2013 US.\$ |
|--|---------------------|---------------------|
| Societe General Corporate & Investment Banking | 277 797 | 41 654 241 |
| HSBC Bank Middle East Limited | 557 967 | 38 610 405 |
| KFW IPEX – Bank GMBH | (1 206 492) | 9 934 513 |
| Mitsubishi UFJ Securities International PLC | (2 227 607) | 14 301 508 |
| Standard Chartered Bank | (10 138 839) | 59 467 576 |
| Balance | <u>(12 737 174)</u> | <u>163 968 243</u> |

- 16-3 Other investments includes an amount of LE 7 899 714 (equivalent to US.\$ 1 million) at March 31, 2014 represents a 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 against an amount of LE 7 904 058 at December 31, 2013.

17. Inventories (net)

| | 31/3/2014 | 31/12/2013 |
|------------------------|--------------|---------------|
| | LE | LE |
| Spare parts | 486 707 377 | 487 438 707 |
| Raw materials , | 231 347 839 | 218 959 278 |
| Work in process | 108 062 853 | 112 525 320 |
| Finished goods | 79 797 663 | 63 963 129 |
| Goods in-transit | 30 769 025 | 68 619 418 |
| Packing materials | 17 067 185 | 39 171 838 |
| Oil and lubricants | 11 417 405 | 39 484 860 |
| Others | 34 653 588 | 29 118 988 |
| Total | 999 822 935 | 1 059 281 538 |
| Inventories write-down | (22 972 163) | (38 943 690) |
| Net | 976 850 772 | 1 020 337 848 |

18. Trade and other receivables (net)

| | 31/3/2014 | 31/12/2013 |
|-----------------------------------|---------------|---------------|
| | LE | LE |
| Non-current | | |
| Accounts receivables | 41 814 258 | 48 861 910 |
| Egyptian General Petroleum Corp.* | 421 540 088 | 342 858 555 |
| Others | 2 154 500 | 2 474 832 |
| Total | 465 508 846 | 394 195 297 |
| Accumulated impairment | (4 122 677) | (5 132 255) |
| Net | 461 386 169 | 389 063 042 |
| Current | | |
| Accounts receivables | 948 663 635 | 966 003 137 |
| Notes receivables | 33 482 040 | 38 098 186 |
| Total | 982 145 675 | 1 004 101 323 |
| Accumulated impairment | (48 193 692) | (105 417 844) |
| Net | 933 951 983 | 898 683 479 |
| Balance | 1 395 338 152 | 1 287 746 521 |

* The balance represents the amount paid on behalf of Egyptian General Petroleum Corp. in the share capital increase of Egyptian Refining Company – S.A.E.– Private Free Zone Company - one of the subsidiaries.

19. Investments at fair value through profit or loss

| | 31/3/2014 | 31/12/2013 |
|---|--------------------|--------------------|
| | LE | LE |
| Modern Shorouk for Printing Co. | 2 049 556 | 2 412 642 |
| National Bank of Egypt investment fund certificates | 8 778 635 | -- |
| Osoul investment fund certificates – CIB | 26 459 415 | 21 119 038 |
| HSBC investment fund certificates | 298 912 439 | 192 303 617 |
| QNB certificates | 3 809 | 3 727 |
| Others | 2 092 843 | -- |
| Balance | <u>338 296 697</u> | <u>215 839 024</u> |

20. Due from related parties

| | Nature of transaction | | 31/3/2014 | 31/12/2013 |
|--|------------------------------|----------------|------------------|-------------------|
| | Advisory fee | Finance | | |
| | LE | LE | LE | LE |
| Logria Holding Ltd. * | 38 252 112 | 2 216 842 | 40 468 954 | 40 410 725 |
| Golden Crescent Investment Ltd. | 26 515 988 | -- | 26 515 988 | 26 477 835 |
| Mena Joint Investment Fund | 1 815 264 | -- | 1 815 264 | 1 349 691 |
| Africa Joint Investment Fund | 2 907 546 | -- | 2 907 546 | 2 265 986 |
| Africa JIF HOLD CO III | 2 125 560 | 1 854 601 | 3 980 161 | 6 017 821 |
| Mena JIF HOLD CO I | 1 404 206 | 431 296 | 1 835 502 | 1 712 142 |
| ASEC Company for Mining (ASCOM) | -- | 114 547 647 | 114 547 647 | 115 352 473 |
| Golden Crescent Finco Ltd. * | -- | 201 277 824 | 201 277 824 | 200 988 216 |
| Emerald Financial Services Ltd. * | -- | 203 807 061 | 203 807 061 | 189 425 614 |
| Nile Valley Petroleum Ltd. | -- | 149 975 516 | 149 975 516 | 149 757 559 |
| Tawazon for Solid Waste Management (Tawazon) | -- | 1 195 372 | 1 195 372 | 1 194 166 |
| Citadel Capital East Africa | -- | 26 271 | 26 271 | 26 233 |
| Citadel Capital – ALQALAA Saudi Arabia | -- | 690 017 | 690 017 | 689 038 |
| Valencia Regional Investments Ltd. | -- | 318 553 | 318 553 | 318 178 |
| El Kateb for Marketing & Distribution Co. | -- | 1 001 673 | 1 001 673 | 1 001 676 |
| Nahda | -- | 4 481 714 | 4 481 714 | 4 475 266 |
| Egyptian Company for international Publication | -- | 11 832 855 | 11 832 855 | 11 152 855 |
| Underscore International Holdings Ltd | -- | 59 756 | 59 756 | 59 753 |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended March 31, 2014

| | Nature of transaction | | 31/3/2014 | 31/12/2013 |
|--|-----------------------|------------|---------------|---------------|
| | Advisory fee | Finance | | |
| | LE | LE | LE | LE |
| Ecligo | -- | 2 000 000 | 2 000 000 | 1 999 997 |
| Egyptian Company for Food Preparation | -- | -- | -- | 1 000 000 |
| ASEC Electrical Repairs Co. (REPELCO) | -- | 526 238 | 526 238 | 526 233 |
| Egyptian Polypropylene Bags Co. (EPBC) | -- | 20 000 | 20 000 | 20 000 |
| ASA International Co. | -- | 7 295 400 | 7 295 400 | 7 119 461 |
| Haider | -- | 32 564 | 32 564 | 79 694 |
| FL Smith | -- | 13 751 406 | 13 751 406 | 13 751 406 |
| Nile Barges | -- | 82 010 | 82 010 | 81 892 |
| Scimitar Production Egypt Ltd. | -- | 1 468 187 | 1 468 187 | 823 882 |
| Sphinx Glass Ltd. | 463 336 | -- | 463 336 | -- |
| East African Railways | 17 375 000 | -- | 17 375 000 | -- |
| Others * | -- | 3 429 925 | 3 429 925 | 51 827 753 |
| Total | | | 813 181 740 | 829 905 545 |
| Accumulated impairment * | | | (446 705 825) | (432 145 635) |
| Net | | | 366 475 915 | 397 759 910 |
| Due from shareholders: | | | | |
| Benu Two Ltd. | | | 550 784 024 | -- |
| Fenix Two Ltd. | | | 100 142 550 | -- |
| Emirates International Investments Company | | | 2 780 000 | -- |
| Total | | | 653 706 574 | -- |
| Net | | | 1 020 182 489 | 397 759 910 |

* Impairment in due from related parties is represented in:

| | Balance as at 1/1/2014 | Formed during the period ** | Reversal during the period ** | Foreign currency translation differences | Balance as at 31/3/2014 |
|---------------------------------|---------------------------|--------------------------------|----------------------------------|--|----------------------------|
| | LE | LE | LE | LE | LE |
| Emerald Financial Services Ltd. | 189 425 614 | 14 103 425 | -- | 278 022 | 203 807 061 |
| Logria Holding Ltd. | 40 410 725 | -- | -- | 58 229 | 40 468 954 |
| Golden Crescent Finco Ltd. | 200 988 216 | -- | -- | 289 608 | 201 277 824 |
| Others | 1 321 080 | -- | (169 094) | -- | 1 151 986 |
| Balance | 432 145 635 | 14 103 425 | (169 094) | 625 859 | 446 705 825 |

** Note (41).

21. Debtors and other debit balances

| | 31/3/2014 | 31/12/2013 |
|--|----------------------|----------------------|
| | LE | LE |
| Prepaid expenses | 30 528 007 | 18 131 468 |
| Deposits with others | 54 507 955 | 48 692 818 |
| Advances to suppliers | 301 211 421 | 304 458 220 |
| Letters of guarantee margin | 22 304 551 | 40 718 775 |
| Imprest | 27 785 078 | 32 777 647 |
| Accrued revenue | 52 237 654 | 38 776 801 |
| Prepaid interest* | 14 210 860 | 16 369 829 |
| Debit balances under settlement | 45 807 845 | 46 925 550 |
| Refundable deposits | 10 596 960 | 5 261 505 |
| Amounts due from sale of investments | 27 890 000 | 27 814 000 |
| Operation retention | 117 744 666 | 123 607 359 |
| Advances to contractors | 31 545 054 | 31 494 420 |
| Prepayments for purchase of fixed assets | 18 582 968 | 27 582 970 |
| Taxes deducted by others | 187 808 099 | 198 898 864 |
| Custom Authority | 586 738 | 2 979 394 |
| Letters of credit | 3 175 408 | 16 918 967 |
| Gas consumption deposits | 76 889 754 | -- |
| Sundry debit balances | 107 638 462 | 83 699 730 |
| Total | <u>1 131 051 480</u> | <u>1 065 108 317</u> |
| Accumulated impairment | <u>(43 152 858)</u> | <u>(59 093 247)</u> |
| Balance | <u>1 087 898 622</u> | <u>1 006 015 070</u> |

* Prepaid interest item represents the interest on the loan obtained from Arab International Bank to the International Company for refinery consultancy (one of the subsidiaries – 100%) as the Company has settled the interest in advance according to the signed contract with the bank dated November 4, 2012 .

22. Cash and cash equivalents

| | 31/3/2014 | 31/12/2013 |
|---|----------------------|----------------------|
| | LE | LE |
| Cash on hand | 22 670 704 | 3 574 137 |
| Banks - current accounts | 1 947 951 346 | 2 013 558 116 |
| Banks - time deposits | 110 597 897 | 92 272 042 |
| Cheques under collection | 6 136 871 | 2 001 138 |
| Bank certificates | 2 100 000 | 2 100 000 |
| Treasury bills | 186 074 908 | -- |
| Cash and cash equivalent as presented in the consolidated financial statement | <u>2 275 531 726</u> | <u>2 113 505 433</u> |
| Effect of foreign exchange differences | -- | 13 437 065 |
| Adjusted cash and cash equivalents | <u>2 275 531 726</u> | <u>2 126 942 498</u> |

23. Disposal group held for sale

- National Development and trading Company management decided on December 24, 2012 to sell its share in ESACO for Manufacturing Engineering and Construction, a subsidiary 70%.
- The Board of Directors of United Foundries decided on December 10, 2012 to sell its share in Al Amreya Metal Company and Alexandria for Car Foundries without prejudice to any conditions with lending banks and reclassify the investments in those companies to non-current assets held for sale.
- Silverstone Capital Investment Ltd. The Board of Directors' of decided on March 27, 2014 to sell part of Global Energy Company assets. These assets are represented in generators, networks, machinery, equipment, buildings and leasehold improvements related to South Valley project.
- Falcon for Agriculture Investments Ltd. BVI Company decided to sell its shares in the following companies:
 - Misr October Company for Food Products
 - Nile for Food Products "Enjoy"
 - Up-date Company for Food Products
 - El-Eguizy International for Economic Development
- According to the following general assembly decisions:
- Ordinary general assembly of National Company for Investments and Agriculture (Gozour) -Subsidiary of Falcon for Agriculture Investments Ltd. BVI- that was held at February 23, 2014 decided to sell its investment at El-Eguizy International for Economic Development Company .
- Ordinary general assembly of National Company for Investments and Agriculture (Gozour) -Subsidiary of Falcon for Agriculture Investments Ltd. BVI- that was held at March 30, 2014 decided to sell its investment at the following companies:
 - Misr October Company for Food Products
 - Up-date Company for Food Products
- Ordinary general assembly of Misr October Company for Food Products-Subsidiary of Falcon for Agriculture Investments Ltd. BVI- that was held at March 30, 2014 decided to sell its investment at Nile for Food Products "Enjoy" Company.

23.1 Assets held for sale as at March 31, 2014 are represented in the following:

23.1.1 Assets classified as held for sale (investments in subsidiaries)

| | Esaco | Amreya Metal Company | Alexandria for Car Foundries | Silverstone Capital Investment Ltd. | Falcon for Agriculture Investments Ltd. | Total |
|-------------------------------------|-----------------|----------------------------|------------------------------------|--|--|-----------------|
| | 31/3/2014 LE | 31/3/2014 LE | 31/3/2014 LE | 31/3/2014 LE | 31/3/2014 LE | 31/3/2014 LE |
| Property, plant and equipment (net) | 55 727 202 | 36 507 256 | 63 244 885 | 20 427 697 | 134 763 898 | 310 670 938 |
| Intangible assets | -- | -- | -- | -- | 1 320 993 | 1 320 993 |
| Projects under construction | -- | 26 165 | 63 920 834 | -- | -- | 63 946 999 |
| Inventories | 10 656 571 | 4 663 422 | 18 805 976 | -- | 39 478 995 | 73 604 964 |
| Trade and other receivables (net) | 7 958 950 | 3 506 801 | 991 532 | -- | -- | 12 457 283 |
| Debtors and other debit balances | 8 040 750 | 9 336 953 | 17 324 193 | -- | 29 534 143 | 64 236 039 |
| Due from related parties | 17 326 975 | -- | -- | -- | 1 390 043 | 18 717 018 |
| Cash and cash equivalents | 179 299 | 387 667 | 286 888 | -- | 7 933 390 | 8 787 244 |
| Goodwill | -- | 2 350 287 | 75 041 679 | -- | -- | 77 391 966 |
| Balance | 99 889 747 | 56 778 551 | 239 615 987 | 20 427 697 | 214 421 462 | 631 133 444 |

23.1.2 Assets held for sale with an amount of LE 350 094 868 as at March 31, 2014 against LE 345 830 336 at December 31, 2013 which represents investments in associates (Sphinx Glass Ltd.). Citadel Capital Company– parent company– decided to sell its share in Sphinx Glass Ltd. The Company announced on June 26, 2014 for the sale of the entire stake with LE 816 000 000 and the procedures of transferring the ownership will take place at July after the agreed upon conditions were met.

23.2 Liabilities classified as held for sale as at March 31, 2014 are represented in the following:

| | Esaco | Amreya Metal Company | Alexandria for Car Foundries | Falcon for Agriculture Investments Ltd. | Total |
|--|--------------------|----------------------------|------------------------------------|--|----------------------|
| | 31/3/2014 | 31/3/2014 | 31/3/2014 | 31/3/2014 | 31/3/2014 |
| | LE | LE | LE | LE | LE |
| Provisions | 12 446 000 | 8 466 778 | 2 403 670 | 31 839 200 | 55 155 648 |
| Bank's overdraft | 146 365 | -- | 91 939 370 | -- | 92 085 735 |
| Current portion of long term loans | -- | 2 047 191 | 2 377 581 | -- | 4 424 772 |
| Trade and other payables | 61 354 934 | 22 033 963 | 21 144 596 | 117 608 248 | 222 141 741 |
| Due to related parties | -- | -- | -- | 1 343 518 | 1 343 518 |
| Creditors and other credit balances * | 41 482 354 | 13 863 117 | 49 411 806 | -- | 104 757 277 |
| Borrowings | 288 417 594 | -- | -- | 249 375 355 | 537 792 949 |
| Deferred tax liabilities | 7 081 142 | 831 416 | -- | 2 425 849 | 10 338 407 |
| Balance | <u>410 928 389</u> | <u>47 242 465</u> | <u>167 277 023</u> | <u>402 592 170</u> | <u>1 028 040 047</u> |

* Social insurance related to Amreya Metal Company with balance LE 9.2 million on March 31, 2014 includes accrued claims till October 31, 2012 with an amount of LE 5.1 million. The Company received a warning from Social insurance Authority as at December 16, 2012 regarding the amount and asking for an immediate payment of LE 1 797 100 within 15 days.

23.3 Net loss from discontinued operations

| | For the period ended | |
|--|----------------------|-----------|
| | 31/3/2014 | 31/3/2013 |
| | LE | LE |
| Losses from discontinued operations (23.3.1) | (50 072 743) | -- |
| Losses from sale of discontinued operations (23.3.2) | (47 172 497) | -- |
| Net | <u>(97 245 240)</u> | <u>--</u> |

23.3.1 Losses from discontinued operations

| | Esaco | Amreya Metal Company | Alexandria for Car Foundries | Silverstone Capital Investment Ltd. | Falcon for Agriculture Investments Ltd. | Total |
|---|--------------------|----------------------------|---------------------------------|--|--|---------------------|
| | LE | LE | LE | LE | LE | LE |
| Sales | 1 469 300 | 9 349 660 | -- | -- | 6 959 624 | 17 778 584 |
| Cost of sales | (4 320 027) | (11 700 669) | (12 900 983) | (353 711) | (28 105 535) | (57 380 925) |
| Losses from operating activities | (2 850 727) | (2 351 009) | (12 900 983) | (353 711) | (21 145 911) | (39 602 341) |
| Finance expenses | (2 873 514) | (184 466) | (1 204 745) | -- | (6 209 231) | (10 471 956) |
| Deferred tax | -- | 1 554 | -- | -- | -- | 1 554 |
| Net loss for the period | (5 724 241) | (2 533 921) | (14 105 728) | (353 711) | (27 355 142) | (50 072 743) |

23.3.2 Losses from sale of discontinued operations

For the period ended

31/3/2014

| | Selling price LE | Cost LE | Net LE |
|------------------------|---------------------|---------------|--------------|
| Sudanese Egyptian Bank | 152 900 000 | (200 072 497) | (47 172 497) |

23.4 Net cash flows resulting from discontinued operations

For the period ended

31/3/2014

31/3/2013

LE

LE

Cash flow from discontinued operations

| | | |
|---|-------------|----|
| Net cash used in operating activities | (1 460 129) | -- |
| Net cash provided from investing activities | 513 689 | -- |
| Net cash used in financing activities | (973 896) | -- |
| Net cash from discontinued operation | (1 920 336) | -- |

24. Share capital

- The Company's authorized capital is LE 6 Billion and the issued and paid-in capital is LE 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 LE 5 per share.

- 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. And those shares are owned by Citadel Capital Partners Ltd. the principle shareholder of the Company.

The shareholders' structure is represented as follows:

| Shareholder's name | Percentage % | No. of shares | Value in LE |
|--|-----------------|------------------|----------------|
| Citadel Capital Partners Ltd. | 26.11 | 227 598 220 | 1 137 991 100 |
| Soliman Abd Elmohsen Abd Allah Abanami | 15.16 | 132 100 000 | 660 500 000 |
| Emirates International Investments Company | 7.49 | 65 318 565 | 326 592 825 |
| Others | 51.24 | 446 608 215 | 2 233 041 075 |
| | 100 | 871 625 000 | 4 358 125 000 |

- The Company's extra-ordinary general assembly meeting held on October 20, 2013 approved the increase of the authorized capital from LE 6 billion to LE 9 billion and the increase of the issued capital from LE 4 358 125 000 to LE 8 billion , with an increase of LE 3 641 875 000 by issuing 728 375 000 new shares at par value of LE 5 per share, consisting of 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 note (50).
- Existing shareholders were invited - in accordance with the terms of the subscription rights - to subscribe in the capital increase on a pro-rata basis to their shareholdings before the increase and the shareholders in each class of shares shall have the right to subscribe to the same class of shares they currently hold on a pro-rata basis before the increase, provided that all shareholders of the same class have the same rights according to the article (19) of the Statute of the Company and provided that the shareholders shall pay the full amount of their contributions in the capital increase without issuance costs within the

subscription period. The subscription in the Company's capital increase is taking place.

- 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 (Shareholders' credit balances note 25) against the subscription price of the shares. And commercial register has been updated with this increase on April 16, 2014.

25. Shareholders' credit balances

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

- The Company has purchased ownership share percentages in some of its investee companies from those shareholders through its subsidiary Citadel Capital for International Investments Ltd. (subsidiary 100%).
- Bonus and incentives to employees (shareholders).

Shareholders' credit balances as at March 31, 2014 are represented in the following:-

| Shareholders' name | 31/3/2014 | 31/12/2013 |
|---|------------------|-------------------|
| | LE | LE |
| Citadel Capital Partners Ltd. | 930 466 050 | 547 233 410 |
| Emirates International Investment Company LLC | 596 548 465 | 596 548 465 |
| DH Investors Limited | 343 000 000 | 343 000 000 |
| Mansour and Maghraby for Investment and Development S.A.E | 155 135 015 | 155 135 015 |
| Grouped Holdings Ltd | 351 374 490 | 130 000 000 |
| Mamdouh Mohamed Fathy Abbas | 85 315 535 | 69 300 000 |
| Kareem Sedky Sedky EL Serafy | 58 771 265 | 58 771 265 |
| Magdy Mohamed Mustafa Saleh | 42 065 379 | 42 734 519 |
| Ledville Holdings Limited | 39 487 820 | 39 487 820 |
| Tamer Abd EL Hamed Abou Bakr | 32 325 196 | 32 325 196 |
| Khaled Abd EL Hamed Abou Bakr | 25 335 453 | 25 935 453 |
| Karnation Limited | 18 248 303 | 18 248 303 |
| Ahmed Mokhtar Mohamed El Rashidi | 26 698 000 | 26 698 000 |
| Partex Trading Corp. | 24 750 000 | 24 750 000 |
| Mohamed Mokhtar Mohamed EL Rashidi | 23 387 000 | 23 387 000 |
| Adena Commercial Corp. | 18 937 500 | 18 937 500 |
| Power investment Europe | 72 797 010 | 10 400 000 |
| MZ Investments S.A.E. | 9 996 393 | 9 996 393 |
| Garth investing Limited | 9 090 000 | 9 090 000 |
| Hassan Mohamed Hassan Darwish | 8 106 120 | 8 106 120 |

| Shareholders' name | 31/3/2014 | 31/12/2013 |
|-----------------------------------|----------------------|----------------------|
| | LE | LE |
| Abdel Khalek Mohamed Mohamed Ayad | 7 847 476 | 7 847 476 |
| Ahmed Moheb Mahmoud El Mehelmy | 7 575 000 | 7 575 000 |
| Hossam Hussien Nagy Aly | 6 999 995 | 6 999 995 |
| Ahmed Ibrahim Wagih El Shamy | 5 531 280 | 5 531 280 |
| Fenix One And Co Ltd. | 100 000 000 | -- |
| Benu One Ltd. | 550 000 000 | -- |
| Others | 143 010 402 | 105 122 665 |
| Balance | <u>3 692 799 147</u> | <u>2 323 160 875</u> |

26. Reserves

26.1 Legal reserve

As per the Company's statutes, 5% of net profit for the year is set aside to form a legal reserve. Transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued share capital. However, if the reserve balance falls below 50% of the Company's issued share capital transfers to the legal reserve are required to be resumed. The legal reserve is non-distributable but can be used to offset losses or to increase the issued share capital.

26.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

27. Loans

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|---|--|--------------------------|--------------------------------|----------------|---------------------|--|
| Royal Food Company | Misir Bank | LE :2.75% plus Corridor | 2016 | 68 063 923 | 25 107 102 | 42 956 821 | - Pledge over El Rashidi El Mizan assets. - Pledge over El Rashidi El Mizan shares. - Open a cash reserve account with the Misr Bank with the value of the first installment of the loan and its interest and to remain restricted until the end of the loan. |
| Dina for Agriculture Investments | - Ahly United Bank - United Bank - Egyptian Real Estate. | LE: Average 3.625% plus Corridor | 2014-2018 | 135 822 808 | 49 452 126 | 86 370 682 | - Pledge over all the company's assets and real estate first rank Pledge on 7 172 feddan of company's land. |
| El Rashidi for Integrated Solutions | Islamic Development Bank | 4% annually | 2016 | 36 777 698 | 36 384 125 | 393 573 | - Commercial and real estate mortgage over the company's assets and revenues in the favour of the banks. Partially mortgage on the company's assets. |
| Arab Company for Services and Trade | Credit Agricole | 4% annually | 2014 | 7 500 000 | 7 500 000 | -- | Partially pledging shares of ASEC Cement Company |
| National Development and Trading Company | National Societe General Bank | 12.5% | September 2016 | 126 000 000 | -- | 126 000 000 | |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|---|--|------------------|------------------------|------------|--------------|--|
| National Development and Trading Company | Arab Investment Bank | 12% | December 2017 | 80 000 000 | 8 000 000 | 72 000 000 | Partially pledge of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ESACO shares to the bank. |
| National Development and Trading Company | Industrial Development and Workers Bank of Egypt | 11.5% | December 2017 | 90 000 000 | 40 500 000 | 49 500 000 | Mortgage of ASEC Cement Co. shares, ASEC Engineering shares, ASENPRO shares and ESACO shares to the bank. |
| National Development and Trading Company | Misr Iran Development Bank | 2.50% plus corridor rate | December 2018 | 121 562 149 | -- | 121 562 149 | Pledging 33.3 million shares of subsidiaries with a value not less than 333% from the total amount of credit facility, 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 3.25% plus corridor for non current | November 2018 | 131 526 564 | 31 526 564 | 100 000 000 | Assignment of South Valley Cement Co. management contract. |
| Arab Swiss Engineering Co. (ASEC) | Al Baraka Bank Egypt | 11.5% | April 2013 | 63 833 480 | 17 250 000 | 46 583 480 | Assignment of Sinai White for Technology management contract. |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|--|------------------------------------|---------------|-------------------|------------------------|-------------|---------------|---|
| ASEC for Manufacturing and Industries Project Co. (ARESCO) | National Bank of Egypt | 11% | June 2013 | 14 967 181 | 14 967 181 | -- | Commercial mortgage of ASEC for Manufacturing and Industrial Projects financed assets. |
| ASEC Cement Company | Arab African International Bank | 11.25% | May 2016 | 363 876 472 | -- | 363 876 472 | Pledging 8 232 055 shares of Qena Cement Co. |
| ASEC Cement Company | Arab African International Bank | 11.5% | September 2019 | 1 108 761 252 | 108 191 809 | 1 000 569 443 | Commercial and real estate mortgage of assets for the favor of the bank. |
| ASEC Cement Company | Algerian Bank | 13% | 2014 | 333 280 598 | 16 650 000 | 316 630 598 | ASEC Holding Cement Co. |
| ASEC Cement Company | Sudanese Egyptian bank | 11% | 2015 | 114 102 255 | 74 453 455 | 39 648 800 | Murabha contracts. |
| ASEC Cement Company | Commercial International Bank | 11% | 2015 | 7 997 330 | 5 376 000 | 2 621 330 | Management contract. |
| ASEC Cement Company | Arco Group | 11% | 2015 | 30 729 240 | -- | 30 729 240 | Management contract. |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---------------------|-------------------------------|---|------------------------|---------------------|------------|--------------|--|
| Taqi Arabia Company | Commercial International Bank | LE :3% plus Corridor | 2014 | 5 959 264 | 5 959 264 | -- | <ul style="list-style-type: none"> - Guarantee joint from Nile Valley and the Company is committed with the following: - Declare dividends for the subsidiary companies yearly and transfer them to the Group's bank account to cover the granted loan instalments. - No dividends shall be declared for any financial year except after the financial repayments with maintaining the financial ratios and obligations in the contract. - Cover any deficiency in the debt service ratio or financial obligations by injecting cash in the form of capital increase. - Mortgage on 99.99% from shares invested in Nile valley. |
| Global Energy | HSBC Arab Bank | LE: 2.25% plus average Corridor US\$: 1.3% Libor | 2014-2016 2014-2018 | 90 813 308 | 31 416 354 | 59 396 954 | <ul style="list-style-type: none"> - 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. |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|--------------------------|--------------------------------|----------------------|--------------------------|--------------------------------|----------------|---------------------|--|
| | | | | | | | <ul style="list-style-type: none"> - No change in the company shall take place without written consent from the bank - The company undertakes not to pledge, mortgage, or impose any liens / seniority over any assets in Sham El Sheikh project. - 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. |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|---|--|------------------------|------------------------|-----------|--------------|---|
| Taqa Marketing | HSBC Cairo Bank | LE: 3% plus corridor | 2014-2018 2014-2020 | 38 997 757 | 8 810 260 | 30 187 497 | - 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. - Maintain the direct or indirect controlling interest during the contract period and till the actual repayment. - 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. |
| Egyptian Refining Company – S.A.E.– Free Zone | Japan Bank for International Cooperation (JBIC) | US\$.LIBOR for such interest period Plus 4.10% per annum | 2017-2029 | 522 584 400 | -- | 522 584 400 | - Egyptian Refining Company shall deliver to each lender original, signed, undated and blank promissory notes. |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|---|--|------------------|------------------------|---------|--------------|---|
| Egyptian Refining Company – S.A.E.– Free Zone | Group of Commercial Banks (NEXI – Covered Lenders) | US\$.LIBOR for period Plus 1.75% per annum | 2017-2029 | 348 389 600 | -- | 348 389 600 | - 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. |
| Egyptian Refining Company – S.A.E.– Free Zone | 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 | 546 171 671 | -- | 546 171 671 | |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|--|--|------------------|------------------------|---------|---------------|------------|
| Egyptian Refining Company – S.A.E.– Free Zone | Financial Institutions (KEXIM Initial Guaranteed facility lenders) | US\$.LIBOR for such interest period plus 1.95 % per annum plus Mandatory cost* | 2017-2029 | 314 940 974 | -- | 314 940 974 | |
| Egyptian Refining Company – S.A.E.– Free Zone | European Investment Bank (EIB) | LIBOR for such interest period Plus or minus the spread of the related tranche as determined by the bank (1.5% for the current period) Plus Mandatory cost* | 2017-2029 | 2 109 311 795 | -- | 2 109 311 795 | |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|---|--|---------------|---------------------|---------|--------------|--|
| Egyptian Refining Company – S.A.E.– Free Zone | Bank/Company African Development Bank (AFDB) | 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 | 733 047 080 | -- | 733 047 080 | |
| Egyptian Refining Company – S.A.E.– Free Zone | African Development Bank (AFDB) | Fixed interest rate: -5% per annum -Plus base rate Or Variable interest rate: LIBOR for such interest period plus 5 % per annum | 2017-2025 | 173 750 000 | -- | 173 750 000 | <ul style="list-style-type: none"> - Egyptian Refining Company shall deliver to AFDB an original, signed, undated and blank promissory notes. - Egyptian Refining Company shall not make 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. |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|---|--|---------------|---------------------|-----------|-----------------|---|
| Egyptian Refining Company – S.A.E.– Free Zone | Bank/Company MITSUE & Co., Ltd. | - US\$ 6 months LIBOR - Plus 3 % per annum | 2020 | 69 500 000 | -- | 69 500 000 | |
| Egyptian Refining Company – S.A.E.– Free Zone | Less: Deferred borrowing cost * | | | (1 407 922 111) | -- | (1 407 922 111) | |
| United Foundries Company | Export Development Bank of Egypt and Piraeus Bank | Euro: 2% plus 3months Libor LE : 8.5% 3 months LE: 3.25% annually over lending price announced by Central Bank | 2015 | 8 985 447 | 8 818 790 | 166 657 | - Irrevocable power of attorney to the bank to finalize mortgage covering 150% of the loan value. - Open account at the bank and make monthly deposits to face liability due to the bank. - An insurance policy at the Misr Insurance Company on all physical assets financed by bank loan with value not less than 110 % of the loan balance |
| | | | | | | | - Company undertakes no obligation to pay any dividends or distributions to shareholders for any fiscal year unless the payments were due from the Principal and earnings , commissions and |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|-------------------------------------|---|--|------------------|------------------------|-------------|--------------|--|
| Bonian for Trade and Development | Syndicated bank loan from a group of banks: Commercial International Bank, Egypt Real Estate Bank, Arab Investment Bank and Audi Bank | LE :2.75% Over deposit price of central bank | 2012-2017 | 184 217 096 | 100 960 363 | 83 256 733 | <p>fees payable without prejudice to the financial ratios required under the loan contract Piraeus Bank.</p> <p>- The company committed and undertakes a final irrevocable pledge not to increase the leverage of the company for a ratio of 1 : 1.5 for the duration of this contract.</p> <p>- The company committed and undertakes a final pledge is irrevocable not borrowing from any other bank without obtaining the prior written consent of the Bank.</p> <p>- First rank mortgage for all property and real estate on the project land.</p> <p>- Commercial mortgage on all physical assets, moral, and waive all rights in relation to insurance against all risks on all assets except land project.</p> |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|--------------------------|--|---|----------------------|----------------------------|----------------|---------------------|---|
| Citadel Capital S.A.E | Bank/Company | | | | | | |
| | Citi Bank (syndication loan manager) | US\$: First tranche: (4.25 % + Libor rate). | 2012-2022 | 2 026 272 496 | 864 078 039 | 1 162 194 457 | - 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 | Second tranche: 3.9% plus Libor 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 of Citadel Capital Holding for Financial Investments-Free Zone). |
| | | | | | | | - First degree lien contract of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone) |
| | | | | | | | - 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: |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|-------------------|------------------------|---------------|------------------|------------------------|---------|--------------|---|
| | | | | | | | <ul style="list-style-type: none"> - Orient Investments Properties Ltd. - Logria Holding Ltd. - Golden Crescent Investments Ltd. - Falcon Agriculture Investments Ltd. - Silverstone Capital Investment Ltd. - Mena Glass Ltd. - Mena Home Furnishings Mall. - Valencia Trading Holding Ltd. - Andalusia Trading Investments Ltd. - Citadel Capital Transportation Opportunities Ltd. - Lotus Alliance Limited. - Citadel Capital Financing Corp. - Grandview Investment Holding - Africa Railways Holding - Citadel Capital for Promotion Company |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| 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 | 186 041 965 | -- | 186 041 965 | Letter of guarantee from Standard chartered Bank of korea Limited with the mount due to Arab International Bank. |
| National Company for Refining Consultation | Arab International Bank | US.\$: 15 608 926 Interest to be paid upon maturity | 2015 | 418 553 951 | -- | 418 553 951 | The loan is guaranteed by pledging the Company's (50 million) share in Orient Investments Properties Ltd. in favour of the bank. |
| Sabina for Integrated Solutions | Khartoum Bank – Sudan | US\$. Murabha | -- | 52 463 028 | 15 640 509 | 36 822 519 | Possessory pledge for machinery and equipment |
| National Company for Multimodal Transport S.A.E. | Arab African International Bank and Bank of Alexandria (syndicated loan) Misr Bank | LE: corridor Average accrued every 6 months | 2012-2016 | 365 844 317 | 233 228 552 | 132 615 765 | - Open the Revenue Account with the Loan Agent (Misr Bank). - Conclude a first degree pledge the Revenue Account. - Conclude first degree mortgage over all present and future tangible and intangible assets. - 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. |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

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

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|-----------------------------|-----------------------------------|--|------------------|------------------------|---------|--------------|---|
| KU Railways Holding Limited | International Finance Corporation | US.\$ Effective interest rate for year 2013 14% | 2017-2021 | 171 538 760 | -- | 171 538 760 | with the borrower's customers in favor of the Security Agent (Arab African International Bank). Assign the borrower's rights of any damages arising under the Material Project Contracts and related banks' guaranties under such contracts in favour of the Security Agent (Arab African International Bank) for itself and on behalf of the banks. |
| KU Railways Holding Limited | International Finance Corporation | US.\$ fixed interest rate: basic lending rate plus 6.25% or variable rate: Libor for six months plus 6.25% | 2017-2026 | 93 330 827 | -- | 93 330 827 | |
| KU Railways Holding Limited | Africa Development Bank | US.\$ Libor plus 6.25% | 2017-2021 | 169 652 621 | -- | 169 652 621 | |
| KU Railways Holding Limited | FMO | US.\$ Libor plus 6.25% | 2017-2026 | 127 217 867 | -- | 127 217 867 | |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|--------------------------------|---|--|--------------------------|--------------------------------|----------------|---------------------|---|
| KU Railways Holding Limited | International Finance Corporation Equity Bank | US.\$ Libor plus (5.5% or 6.25%) | 2017-2021 | 85 500 234 | -- | 85 500 234 | |
| KU Railways Holding Limited | Equity Bank | US.\$ Interest rate for treasury bills of Kenya 91 days plus 4% or 14% which is bigger | 2017-2021 | 92 418 515 | 10 913 057 | 81 505 458 | |
| KU Railways Holding Limited | KFW | US.\$ Libor plus (5.5% or 6.25%) | 2017-2026 | 134 208 135 | -- | 134 208 135 | |
| KU Railways Holding Limited | Less: prepaid fee * | | | (46 525 552) | -- | (46 525 552) | |
| Trimstone Assets Holdings Ltd. | Arab International Bank | US.\$ 5% plus six months libor | 2013-2014 | 213 976 885 | 213 976 885 | -- | - 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). |
| | | | | 10 664 041 280 | 1 929 160 435 | 8 734 880 845 | |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| Borrowing company | Lender Bank/Company | Interest rate | Maturity date | Outstanding balance | Current | Non -current | Guarantees |
|---|-------------------------------------|--------------------------------------|--------------------------|--------------------------------|----------------------|----------------------|-------------------|
| Due to related parties : | | | | | | | |
| National Development and Trading Company | Financial Holdings International | 11.5% per annum compound interest | | 499 055 401 | -- | 499 055 401 | |
| National Development and Trading Company | Al Olayan Saudi Investments Ltd | 11.5% per annum compound interest | | 162 520 379 | -- | 162 520 379 | |
| National Development and Trading Company | Ali Bin Hassan Dayekh | 11.5% per annum compound interest | | 10 467 081 | -- | 10 467 081 | |
| United Foundries | Financial Holdings International | 11.5% per annum compound interest | | 41 381 804 | -- | 41 381 804 | |
| | | | | <u>713 424 665</u> | <u>--</u> | <u>713 424 665</u> | |
| | | | | <u>11 377 465 945</u> | <u>1 929 160 435</u> | <u>9 448 305 510</u> | |

* This balance represents the necessary financing cost incurred by the Company 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.

28. Long term liabilities

| | 31/3/2014 | 31/12/2013 |
|--|--------------------|--------------------|
| | LE | LE |
| Creditors-purchase of investments * | 10 787 486 | 10 787 486 |
| Port –Said ports authority | 14 623 641 | 13 509 550 |
| End of service benefits | 8 980 123 | 9 634 226 |
| Deposits from others (28.1) | 105 822 312 | 106 791 589 |
| Social Insurance authority | 2 994 795 | 3 593 754 |
| Interest rate swap transactions (16.2) | 12 737 174 | -- |
| Others | 4 050 627 | 3 267 838 |
| Balance | <u>159 996 158</u> | <u>147 584 443</u> |

* 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.

28.1 Deposits from others

| | 31/3/2014 | 31/12/2013 |
|----------------------------|--------------------|--------------------|
| | LE | LE |
| Meter deposits | 7 747 200 | 6 996 479 |
| Gas consumption deposits | 87 083 583 | 91 925 488 |
| Power consumption deposits | 10 870 502 | 4 299 900 |
| Others | 121 027 | 3 569 722 |
| Balance | <u>105 822 312</u> | <u>106 791 589</u> |

29. Deferred tax liabilities

| | 31/3/2014 | | 31/12/2013 | |
|--|-------------------|----------------------|--------------------|----------------------|
| | Asset | Liability | Asset | Liability |
| | LE | LE | LE | LE |
| Fixed assets depreciation | -- | (54 724 857) | -- | (85 022 782) |
| Hedge reserve-swap contract | 3 184 295 | -- | -- | (40 992 061) |
| Provisions | 15 043 064 | -- | 8 341 317 | -- |
| Deferred tax liabilities related to Berber for electricity Ltd. Co. | -- | (17 250 690) | -- | (14 639 683) |
| Deferred tax liabilities related to Zahana Co. | -- | (39 447 123) | -- | (44 889 655) |
| Deferred tax liabilities related to Ready Mix | -- | (2 997 061) | -- | (2 743 029) |
| Tax losses | 15 746 716 | -- | 227 099 330 | -- |
| Deferred tax assets (liabilities) related to KU Railways Holdings Ltd. | 28 182 125 | -- | -- | (26 378 711) |
| Others | -- | (19 246 510) | -- | (151 521 617) |
| Total deferred tax assets and liabilities | <u>62 156 200</u> | <u>(133 666 241)</u> | <u>235 440 647</u> | <u>(366 187 538)</u> |
| Net deferred tax liabilities | | <u>(71 510 041)</u> | | <u>(130 746 891)</u> |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended March 31, 2014

The Parent Company has carried-forward tax losses from previous years which were not recognized because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

30. Banks overdraft

| | 31/3/2014 | 31/12/2013 |
|--|--------------------|--------------------|
| | LE | LE |
| Wafra Agriculture S.A.E | 7 054 229 | 7 044 079 |
| Mena Home Furnishings Mall | 194 134 | 18 918 |
| Silverstone Capital Investments Ltd. | 52 189 086 | 81 561 115 |
| United Foundries Company | 63 547 835 | 63 385 419 |
| Falcon Agriculture Investments Ltd. | 288 401 398 | 329 064 569 |
| KU Railways Holdings Ltd. | 21 444 510 | 10 660 354 |
| National Development and Trading Company | 216 417 327 | 342 614 856 |
| Balance | <u>649 248 519</u> | <u>834 349 310</u> |

31. Due to related parties

| | Nature of transaction | | 31/3/2014 | 31/12/2013 |
|---|-----------------------|-------------|--------------------|--------------------|
| | Advisory fee | Finance | | |
| | LE | LE | LE | LE |
| Citadel Capital Partners Ltd.* | -- | 181 779 671 | 181 779 671 | 110 770 360 |
| Mena Glass Ltd. | (11 837 586) | 36 642 263 | 24 804 677 | 26 433 469 |
| Pharos Holding Co. | -- | 3 220 859 | 3 220 859 | 3 220 861 |
| ASCOM for Carbonate and Chemicals Manufacturing Co. | -- | 10 167 902 | 10 167 902 | 16 450 410 |
| Erco Group | -- | 43 372 748 | 43 372 748 | 43 421 617 |
| ASEC Automation Europe Co. | -- | 161 007 | 161 007 | 161 007 |
| ASEC Automation Co.-Free Zone | -- | 3 798 | 3 798 | 3 798 |
| National Sudanese Pension Fund | -- | 707 129 | 707 129 | 30 957 127 |
| Medcom | -- | 1 054 753 | 1 054 753 | 1 054 753 |
| Misr Cement Qena Co. | -- | 6 903 680 | 6 903 680 | 6 140 951 |
| Grandview Investment Holding | -- | 9 204 802 | 9 204 802 | 9 191 558 |
| Egus Co. | -- | 677 347 | 677 347 | 47 935 |
| Genco Group Co. | -- | 190 910 | 190 910 | 177 116 |
| City Gas Co. | -- | 53 168 | 53 168 | 571 093 |
| Africa JIF HOLD Co I | (8 204 988) | 46 980 609 | 38 775 621 | (1 446 151) |
| Others | -- | 18 958 895 | 18 958 895 | 25 467 309 |
| Balance | | | <u>340 036 967</u> | <u>272 623 213</u> |

* The main shareholder of the Company – 26.11% .

32. Trade and other payables

| | 31/3/2014 | 31/12/2013 |
|----------------|----------------------|----------------------|
| | LE | LE |
| Suppliers | 1 880 466 172 | 3 088 588 621 |
| Notes payables | 157 869 551 | 175 095 122 |
| Balance | <u>2 038 335 723</u> | <u>3 263 683 743</u> |

33. Creditors and other credit balances

| | 31/3/2014 | 31/12/2013 |
|--|----------------------|----------------------|
| | LE | LE |
| Tax Authority | 442 655 530 | 403 602 013 |
| Accrued expenses | 538 983 233 | 557 812 421 |
| Accrued interest | 257 636 757 | 146 666 345 |
| National Authority for Social Insurance | 23 677 307 | 21 011 584 |
| Advances from customers | 98 845 210 | 119 970 642 |
| Egyptian Natural Gas Holding Company (EGAS) | -- | 457 862 357 |
| Refundable deposits | 8 606 484 | 1 068 177 |
| Unearned revenues | 38 886 127 | 13 463 938 |
| Subcontractors | 7 078 721 | 7 066 001 |
| Creditors – purchase of fixed assets | 13 039 712 | 18 263 533 |
| Deposits from others | 61 803 006 | 56 542 534 |
| Dividend payable – previous years | 19 746 958 | 38 323 581 |
| Sundry credit balances | 328 422 255 | 118 169 848 |
| Balance | <u>1 839 381 300</u> | <u>1 959 822 974</u> |

34. Provisions

| | Expected claims provision LE | Employee benefit provision LE | Other Provisions LE | Total LE |
|--|---|--|------------------------------------|---------------------|
| Balance at the beginning of the period | 415 816 271 | 39 150 391 | 22 197 354 | 477 164 016 |
| Acquisition of subsidiaries | 1 056 754 | -- | -- | 1 056 754 |
| Transferred to liabilities held for sale | (31 839 201) | -- | -- | (31 839 201) |
| Provisions formed during the period * | 16 037 631 | 997 419 | 17 190 072 | 34 225 122 |
| Foreign currency translation differences | (1 680 220) | (51 470) | -- | (1 731 690) |
| Provisions used during the period | (2 323 533) | -- | (329 644) | (2 653 177) |
| Provisions no longer needed | (19 672) | -- | -- | (19 672) |
| Balance | <u>397 048 030</u> | <u>40 096 340</u> | <u>39 057 782</u> | <u>476 202 152</u> |

* Provisions formed during the period included in cost of operation and other expenses, and it represents the provision of completion the contracts of ASEC Automation.

- 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 every year and the amount provided is adjusted based on latest development, discussions and agreements with the external party.

35. Financial guarantees contracts

These balances represent the losses from contracts for financial guarantees granted to Egyptian Gulf Bank to guarantee the non-performing balances to the portfolio of customers' projects.

| | 31/3/2014 LE | 31/12/2013 LE |
|--|-------------------------|--------------------------|
| Balance at the beginning of the period | 25 246 866 | -- |
| Reversal formed during the period | (605 191) | -- |
| Balance | <u>24 641 675</u> | <u>--</u> |

36. Related party transactions

36.1 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:

| Company's name | For the period ended | |
|--|-----------------------------|-------------------|
| | 31/3/2014 | 31/3/2013 |
| | LE | LE |
| Mena Glass Ltd. | 688 692 | 1 010 660 |
| Mena Home Furnishings Mall | -- | 1 004 357 |
| Citadel Capital Transportation Opportunities Ltd. | -- | 229 069 |
| Falcon Agriculture Investments Ltd. | -- | 4 239 262 |
| Sphinx Glass Ltd. | -- | 1 207 440 |
| Sphinx Glass S.A.E | 371 187 | -- |
| ASEC Cement Company | -- | 2 900 972 |
| Silverstone Capital Investment Ltd. | -- | 947 951 |
| Citadel Capital Transportation Opportunities II Ltd. | -- | 1 372 368 |
| Africa Joint Investment Fund | 806 019 | 767 490 |
| Mena Joint Investment Fund | 463 461 | 441 282 |
| Africa JIF HOLD CO I | 120 888 | 118 200 |
| Africa JIF HOLD CO III | 342 740 | 335 120 |
| Mena JIF HOLD CO I | 120 888 | 118 200 |
| Ledmore Holdings Ltd. | -- | 213 944 |
| Global Service Realty Ltd. | 1 467 657 | -- |
| Total | 4 381 532 | 14 906 315 |

- * The Company did not recognize advisory fees with an amount LE 10 892 478 and LE 2 016 904 for the period ended March 31, 2014 (against LE 10 650 336 and LE 1 972 068 for the period ended March 31, 2013) 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.

36.2 Interest income

Interest income included in financing cost note no.(42) includes an amount of LE 1 133 630 represents accrued interest income according to signed contracts from other related parties as follows:

| Company's name | For the period ended | |
|---|-----------------------------|-------------------|
| | 31/3/2014 | 31/3/2013 |
| | LE | LE |
| National Company for Trading and Development | -- | 6 431 769 |
| United Foundries Company | -- | 2 133 694 |
| Mena Home Furnishings Mall | -- | 1 357 224 |
| Citadel Capital Transportation Opportunities Ltd. | -- | 992 608 |
| Grandview Investment Holding | -- | 785 309 |
| ASEC Company for Mining (ASCOM) | 1 133 630 | 942 396 |
| Orient Investments Properties Ltd. | -- | 4 804 987 |
| Falcon Agriculture Investments Ltd. | -- | 3 551 152 |
| Total | 1 133 630 | 20 999 139 |

37. Share of profit (loss) of equity accounted investees:

| | For the period ended | |
|---|-----------------------------|---------------------|
| | 31/3/2014 | 31/3/2013 |
| | LE | LE |
| El Kateb for Marketing & Distribution Co. | 14 069 | (241 594) |
| Pharos Holding Co. | (2 124 381) | 94 671 |
| Elsharq Book Stores Co. | (46 396) | 13 680 |
| ASEC Company for Mining (ASCOM) | (3 761 267) | 3 782 361 |
| Silverstone Capital Investments Ltd. | -- | 4 205 772 |
| Dar El-Sherouk Ltd. | (1 510 730) | (579 374) |
| Crondall Holdings Ltd. | -- | 947 074 |
| Misr Cement Qena Co. | 16 553 439 | -- |
| Mena Glass Ltd. | 3 107 507 | (156 319) |
| Tanmeyah Company S.A.E | -- | (5 475 266) |
| Mena Home Furnishings Mall | -- | (4 877 517) |
| Citadel Capital Transportation Opportunities Ltd. | -- | (7 269 453) |
| Ostool for Land Transportation S.A.E | 729 265 | -- |
| Tawazon for Solid Waste Management (Tawazon) | 309 494 | (1 084 518) |
| Sphinx Glass Ltd. | 4 635 014 | -- |
| Grandview Investment Holding | 2 193 033 | -- |
| Ledmore Holdings Ltd. | -- | (820 440) |
| Total | 20 099 047 | (11 460 923) |

38. Operating income

| | For the period ended | |
|-------------------------------|----------------------|------------------|
| | 31/3/2014 | 31/3/2013 |
| | LE | LE |
| Agriculture food industries | 233 351 157 | 5 138 798 |
| Energy sector | 334 897 491 | -- |
| Transportation and logistics | 141 790 187 | -- |
| Cement sector | 594 887 724 | -- |
| Metallurgy | 38 188 194 | -- |
| Specialist real estate sector | 2 827 959 | -- |
| Financial Services sector | 20 912 432 | -- |
| Total | <u>1 366 855 144</u> | <u>5 138 798</u> |

39. Operating costs

| | For the period ended | |
|-------------------------------|----------------------|------------------|
| | 31/3/2014 | 31/3/2013 |
| | LE | LE |
| Agriculture food industries | 186 247 635 | 3 141 554 |
| Energy sector | 276 823 756 | -- |
| Transportation and logistics | 172 227 817 | -- |
| Cement sector | 544 103 260 | -- |
| Metallurgy | 31 083 180 | -- |
| Specialist real estate sector | 5 720 954 | -- |
| Total | <u>1 216 206 602</u> | <u>3 141 554</u> |

40. Administrative and general expenses

| | For the period ended | |
|--|----------------------|-------------------|
| | 31/3/2014 | 31/3/2013 |
| | LE | LE |
| Wages , salaries and similar items | 72 546 716 | 15 495 174 |
| Consultancy * | 40 998 996 | 24 661 425 |
| Advertising and public relations | 1 919 851 | 2 054 748 |
| Selling and marketing expense | 30 490 639 | -- |
| Travel , accommodation and transportations | 3 360 091 | 1 636 842 |
| Bonus | 23 740 650 | -- |
| Others ** | 91 566 661 | 12 582 612 |
| Total | <u>264 623 604</u> | <u>56 430 801</u> |

- * Consultancy expenses include an amount of US.\$ 837 605 (equivalent to LE 5 819 261) for the period ended March 31, 2014 against US.\$ 813 399 (equivalent to LE 5 380 573 for the period ended March 31, 2013) represents the advisory fees due according to the signed contract with Financial Holding International Co. (one of the group shareholders).
- ** Other expenses include an amount of LE 60 028 671 related to the administrative and general expenses of National Development and Trading Company (Cement sector subsidiary-64%)

41. Other revenues (expenses)

| | Note | For the period ended | |
|---|------|----------------------|---------------------|
| | | 31/3/2014 | 31/3/2013 |
| | | LE | LE |
| Gain on sale of fixed assets | | (2 880 788) | -- |
| Impairment on due from related parties | (20) | (13 934 331) | (99 748 895) |
| Impairment on trade and other receivables | | (584 842) | -- |
| Reversal of Impairment on debtors and other debit balances | | 96 124 | -- |
| Provisions formed | (34) | (15 661 636) | (132 299) |
| Net change in the fair value of investments at fair value through profit and loss | | (363 085) | (221 781) |
| Provisions no longer needed | (34) | 19 672 | 16 842 843 |
| Other income | | 51 396 751 | -- |
| Inventory write-down | | (60 568) | -- |
| Gain on Financial guarantees contracts | (35) | 605 191 | -- |
| Impairment on goodwill | (9) | (3 598 298) | -- |
| Total | | <u>15 034 190</u> | <u>(83 260 132)</u> |

42. Finance (costs) income

| | For the period ended | |
|--|----------------------|------------------|
| | 31/3/2014 | 31/3/2013 |
| | LE | LE |
| Interest income - note no. (36.2) | 20 187 889 | 21 680 466 |
| Interest expenses - note no.(27) | (207 698 425) | (36 767 280) |
| Foreign currency translation differences | 13 437 065 | 22 898 860 |
| Net | <u>(174 073 471)</u> | <u>7 812 046</u> |

43. Earnings per share

| | For the period ended | |
|---|----------------------|---------------|
| | 31/3/2014 | 31/3/2013 |
| | LE | LE |
| Net loss for the period | (354 968 636) | (126 419 638) |
| Net loss for equity holders of the parent Company | (231 905 530) | (124 345 525) |
| Weighted average number of shares | 871 625 000 | 871 625 000 |
| Earnings per share | (0.27) | (0.14) |

44. Finance (expenses) income recognised in equity

| | For the period ended | |
|--|----------------------|-------------|
| | 31/3/2014 | 31/3/2013 |
| | LE | LE |
| Foreign currency translation differences of foreign operations | (244 459 851) | 124 100 602 |
| Net change in the fair value of available-for-sale investment | (327 583) | (99 197) |
| Total finance (expenses) income recognised in equity (after tax) | (244 787 434) | 124 001 405 |
| Attributable to: | | |
| Equity holders of the Company | 31 950 997 | 128 819 505 |
| Non - controlling interest | (276 738 431) | (4 818 100) |
| | (244 787 434) | 124 001 405 |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended March 31, 2014

45. 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 are based on the type of business activities and services that are distinguishable component.

For the period ended March 31, 2014

| | Agriculture | | Energy | | Transportation | | Cement | | Metallurgy | | Specialty | | Financial service | | Eliminations | | Total | |
|------------------------------|-----------------|--|----------------|--|----------------|--|---------------|--|---------------|--|--------------|--|-------------------|--|------------------|--|-----------------|--|
| | food industries | | (**) | | and logistics | | (***) | | (***) | | real estate | | (***) | | (***) | | | |
| | (*) | | | | | | | | | | | | | | | | | |
| | LE | | LE | | LE | | LE | | LE | | LE | | LE | | LE | | LE | |
| Operating income | 233 351 157 | | 334 897 491 | | 141 790 187 | | 594 887 724 | | 38 188 194 | | 2 827 959 | | 20 912 432 | | -- | | 1 366 855 144 | |
| Operating cost | (186 247 635) | | (276 823 756) | | (172 227 817) | | (544 103 260) | | (31 083 180) | | (5 720 954) | | -- | | -- | | (1 216 206 602) | |
| Gross (loss) profit | 47 103 522 | | 58 073 735 | | (30 437 630) | | 50 784 464 | | 7 105 014 | | (2 892 995) | | 20 912 432 | | -- | | 150 648 542 | |
| Net profit (loss) | (26 189 537) | | 9 537 027 | | (52 394 384) | | (105 385 442) | | (19 079 273) | | (15 911 665) | | (56 649 392) | | 34 167 136 | | (231 905 530) | |
| Current assets | 759 006 784 | | 2 677 132 094 | | 744 191 440 | | 1 491 654 372 | | 392 986 806 | | 25 780 886 | | 6 105 106 578 | | (4 546 395 854) | | 7 649 463 106 | |
| Non- current assets | 1 555 880 252 | | 10 408 865 117 | | 3 588 502 465 | | 6 017 258 702 | | 76 543 167 | | 571 361 092 | | 19 328 386 801 | | (18 018 185 180) | | 23 528 612 416 | |
| Total assets | 2 314 887 036 | | 13 085 997 211 | | 4 332 693 905 | | 7 508 913 074 | | 469 529 973 | | 597 141 978 | | 25 433 493 379 | | (22 564 581 034) | | 31 178 075 522 | |
| Current liabilities | 1 899 010 062 | | 1 783 049 710 | | 1 026 584 355 | | 2 578 230 979 | | 384 527 968 | | 358 362 995 | | 5 082 572 061 | | (4 787 291 312) | | 8 325 046 818 | |
| Non-current liabilities | 197 540 977 | | 3 675 571 752 | | 917 147 716 | | 3 402 126 702 | | 210 043 875 | | 83 482 525 | | 1 769 923 662 | | (576 025 500) | | 9 679 811 709 | |
| Owners' equity | 218 335 997 | | 7 627 375 749 | | 2 388 961 834 | | 1 528 555 393 | | (125 041 870) | | 155 296 458 | | 18 580 997 656 | | (17 201 264 222) | | 13 173 216 995 | |
| Total liabilities and equity | 2 314 887 036 | | 13 085 997 211 | | 4 332 693 905 | | 7 508 913 074 | | 469 529 973 | | 597 141 978 | | 25 433 493 379 | | (22 564 581 034) | | 31 178 075 522 | |

- (*) Agriculture food industries
 - Wafra Agriculture S.A.E.
 - Falcon for Agriculture Investments Group

- (**) Energy sector
 - Silverstone Capital Investments Ltd. Group
 - Orient Investment Properties Ltd. Group
 - Ledmore Holdings Ltd.

- (***) Transportation and logistics
 - Africa Railways Holding
 - Africa Railways Limited
 - Citadel Capital Transportation Opportunities Ltd. Group
 - KU Railways Holding Limited
 - Ambience Ventures Ltd.

- (****) Cement sector
 - National Development and Trading Group

- (*****) Metallurgy
 - United Foundries Group

- (*****) Specialist real estate sector
 - Mena Home Furnishings Malls Ltd Group.

- (*****) Financial Services sector
 - Citadel Capital S.A.E.
 - Citadel Capital Ltd.
 - Sequoia Williwow 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
 - 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
- Lotus Alliance Limited
- 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.
- Tanmeyah Company S.A.E

46. Tax status

Corporate tax

The Company submitted its tax returns on regular basis for the years from 2005 to 2013 according to tax law No. 91/2005. The Company's books have not been inspected yet.

- On June 30, 2014 a new law with No. 44/2014 has imposed a 5% temporary additional annual tax with rate 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 for 3 years beginning from the current taxation period.

- 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 :
 - Innovation chapter to impose taxes on dividends.
 - Innovation chapter to impose taxes on capital gains resulted from selling shares and securities.

In accordance with these amendments the Company's management is obliged to study the impact and the mechanisms enforce these amendments starting from the first of July 2014 , this is the date of working by the law, in light of what will be determined by the regulatory body upon issuance of such laws.

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 2010/2012 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, 2012 has been inspected and the dispute has transferred to Internal Committee in the Authority.

Withholding tax

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

47. Group entities

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

Citadel Capital Company**Notes to the consolidated financial statements for the period ended March 31, 2014**

| Company's name | Country of incorporation | Ownership interest | |
|---|--------------------------|--------------------|---------------|
| | | Direct % | Indirect % |
| Arab Company for Financial Investments Tanweer for Marketing and Distribution Company (Tanweer) | Arab Republic of Egypt | -- | 94.00 |
| 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 | -- | 37.25 |
| 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 | -- | 51.02 |
| Citadel Capital Joint Investment Fund | Republic of Mauritius | -- | 100.00 |

Citadel Capital Company
Notes to the consolidated financial statements for the period ended March 31, 2014

| Company's name | Country of incorporation | Ownership interest | |
|---|--------------------------|--------------------|---------------|
| | | Direct % | Indirect % |
| Management Limited | | | |
| Mena Joint Investment Fund | Luxembourg | -- | 100.00 |
| Wafra Agriculture S.A.E | Arab Republic of Egypt | -- | 99.99 |
| Valencia Assets Holding Ltd. | British Virgin Island | -- | 100.00 |
| Sabina for Integrated Solutions | 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 | -- | 56.37 |
| Taqa Arabia Company | Arab Republic of Egypt | -- | 80.77 |
| 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 |
| National Development and trading Company | Arab Republic of Egypt | 47.65 | 12.84 |
| Arab Swiss Engineering Co. | Arab Republic of Egypt | -- | 99.97 |
| ASEC for Manufacturing and Industries Project Co. | Arab Republic of Egypt | -- | 99.80 |
| ASEC Cement Co. | Arab Republic of Egypt | -- | 61.05 |
| 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 | Arab Republic of Egypt | -- | 70.00 |
| Grandiose Services Ltd. | British Virgin Island | -- | 100 |

Citadel Capital Company

Notes to the consolidated financial statements for the period ended March 31, 2014

| Company's name | Country of incorporation | Ownership interest | |
|---|---------------------------|--------------------|----------|
| | | Direct | Indirect |
| | | % | % |
| ASEC Integrated – Sudan | Sudan | -- | 99.90 |
| Al Takamoul for Cement Ltd. Co. | Sudan | -- | 51 |
| ASEC Algeria Cement Co. | Algeria | -- | 60.89 |
| ASEC Syria Cement Co. | Syria | -- | 99.99 |
| Zahana Cement Company * | Algeria | -- | 35.00 |
| Dejalfa Offshore | British Virgin Island | -- | 54.53 |
| ASEC Trading Company | Arab Republic of Egypt | -- | 99.88 |
| ASEC Ready Mix | Arab Republic of Egypt | -- | 54.12 |
| ASEC Minya Cement Company * | Arab Republic of Egypt | -- | 45.12 |
| Berber for Electricity – limited | Sudan | -- | 51.00 |
| United Foundries Company | Arab Republic of Egypt | 29.29 | 23.34 |
| Alexandria for Car Foundries | Arab Republic of Egypt | -- | 99.98 |
| Amreya for Metal | Arab Republic of Egypt | -- | 99.96 |
| Ledmore Holdings Ltd. | British Virgin Island | -- | 63.75 |
| National Company for Marine Petroleum Services “PETROMAR” | Arab Republic of Egypt-FZ | -- | 77.87 |
| Mashreq Petroleum Company | Arab Republic of Egypt | -- | 91.00 |
| El Dawlia for Bunkering Services | Arab Republic of Egypt | -- | 70.00 |
| Mena Home Furnishings Malls Ltd. | British Virgin Island | -- | 56.29 |
| Bonian for Trade and Development | Arab Republic of Egypt | -- | 99.99 |
| Bright Living | Arab Republic of Egypt | -- | 56.17 |
| Investment Company for Modern Furniture | Arab Republic of Egypt | -- | 99.88 |
| Citadel Capital Transportation Opportunities Ltd. | British Virgin Island | -- | 60.15 |
| Nile Logistics S.A.E. | Arab Republic of Egypt | -- | 99.99 |
| Citadel Capital Transportation Opportunities II Ltd- Malta | Republic of Mauritius | -- | 68.87 |
| 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 |

| Company's name | Country of incorporation | Ownership interest | |
|---|--------------------------|--------------------|---------------|
| | | Direct % | Indirect % |
| 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 |
| 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 | -- | 42.09 |
| 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 | -- | 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 |
| El-Eguizy International for Economic Development | Arab Republic of Egypt | -- | 99.95 |
| National Company for Integrated Food | Arab Republic of Egypt | -- | 99.99 |
| Misr October Company for Food Products | Arab Republic of Egypt | -- | 99.99 |
| Royal Food Company | Arab Republic of Egypt | -- | 99.99 |
| Up-Date Company for Food Products | Arab Republic of Egypt | -- | 85.00 |
| El Rashidi El Mizan | Arab Republic of Egypt | -- | 99.99 |
| Nile for Food Products "Enjoy" | Arab Republic of Egypt | -- | 99.99 |
| Investments Company for Dairy Products | Arab Republic of Egypt | -- | 99.99 |
| El Rashidi Company for Integrated Solutions | Sudan | -- | 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 |
| Every's Holdings Limited | British Virgin Island | -- | 100.00 |
| Orient Investment Properties Ltd.* | British Virgin Island | -- | 35.93 |

| Company's name | Country of incorporation | Ownership interest | |
|---|--------------------------|--------------------|---------------|
| | | Direct % | Indirect % |
| Arab Refining Company – S.A.E. | Arab Republic of Egypt | -- | 63.32 |
| Egyptian Refining Company – S.A.E.– Free Zone * | Arab Republic of Egypt | -- | 48.25 |
| National Refining Company – S.A.E. | Arab Republic of Egypt | -- | 63.32 |
| KU Railways Holding Limited-KURH | Kenya | -- | 51.00 |
| 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 |
| Crondall Holdings Ltd. | British Virgin Island | -- | 80.00 |
| 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 |
| Tanmeyah Company S.A.E | Arab Republic of Egypt | -- | 51.00 |

* The Group has the right to appoint the majority of the board of directors members which enables the Group to control the financial and operational polices. Consequently, these Companies have been consolidated.

48. 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 Capital Market Authority approved the ESOP plan and the Company does not start to apply it yet.

49. Contingent liabilities

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

50. Financial instruments and management of related risks

The Group's financial instruments are represented in the financial assets and liabilities. Financial assets include cash and cash equivalents, other investments, and trade and

other receivables while financial liabilities include; loans and borrowing and trade and other payables. Note (no.3) include significant accounting policies for the 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 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 customers. 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.

50.2 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.

50.3 Financial instruments' fair value

According to the valuation bases used to evaluate the assets and liabilities of the Company which have been stated in the accompanying notes to the financial position, the financial instruments' fair value does not substantially deviate from their book values at the balance sheet date.

50.4 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.
- As disclosed in note no. (3,2) 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.

50.5 Market risk

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.

51. Significant Events

The Company's Extraordinary General Assembly meeting held on October 20, 2013 and approved the following decisions:

- To increase the Company's authorized capital from LE 6 billion to LE 9 billion and to increase the issued capital from LE 4 358 125 000 to LE 8 billion, with an increase of LE 3 641 875 000 by issuing 728 375 000 new shares at par value of LE 5 per share without issuance costs, consisting of 182 093 750 preferred shares and 546 281 250 ordinary shares, for the purpose of financing the acquisition of additional shares in its related companies, financing the Company's share in the capital increase of some of its related companies and entering into new investments.
- To invite existing shareholders - in accordance with the terms of the subscription rights - to subscribe in the capital increase on a pro-rata basis in the issued capital before the increase provided that the shareholders in each class of shares shall have the right to subscribe for the same class of shares they currently hold on a pro-rata basis before the increase, and provided that all shareholders of the same class shall have the same rights according to the article (19) of the Statute of the Company and to pay the full amount of their contributions in the capital increase without issuance costs within the subscription period.
- 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.

- Approval to change the Company's name to reflect its transformation into an investment holding company in the light of the aforementioned resolutions.
- The Extraordinary General Assembly of the Company was informed of the previous decisions of the Ordinary General Assembly held on June 2, 2013, which approved the valuation of the fair values determined by the independent financial advisor as well as the related party contracts.
- As the Ordinary General Assembly approved on June 2, 2013 the conclusion of agreement to increase the Company's shares in some of its investees for the following sectors:
 - Energy
 - Transportation and logistical support
 - Agriculture and food industries
 - Cement
 - Other sectors
- The General Assembly also agreed to grant management of the Company the authority to determine the appropriate timing to enter into those agreements or to reject it and to allow the members of the board of directors to enter into related party agreement with respect to the sale of any shares they hold in these companies. The Assembly further resolved to vest the Company's management with the rights to enter into similar agreements with the same shareholders or other shareholders in these companies as long as these agreements are with the same basic terms and conditions previously referred to. The required procedures are being carried out in this respect.

52. Subsequent Events

The company will rebrand itself as "Qalaa Holdings" in the English language starting from July 2014. Qalaa is a direct transliteration of the Arabic word for "Citadel", which has been the firm's Arabic name since it was founded in 2004.

That comes subsequently by the successful completing of a capital increase to LE 8 billion, marking the transformation to an investment company with a focus on business segments of energy, cement, agrifoods, transportation & logistics, and mining.

53. Capital Commitments

The capital commitments as at March 31, 2014 represented in the following:

53.1 Asec Algeria Cement Company (Asec Cement)

| Contractor | Contract amount | Not completed part | Contract currency | Not completed part | |
|---------------------------------|------------------------|---------------------------|--------------------------|---------------------------|--------------------------|
| | | | | 31/3/2014 LE | 31/12/2013 LE |
| FLSmidth Denmark Company | 57 000 000 | 57 000 000 | Euro | 546 726 900 | 547 023 300 |
| SARL MHDA | 12 500 000 | 34 603 | US dollar | 241 269 | 240 612 |
| ASEC for Mining Company (Ascom) | 763 160 | 30 220 | Euro | 289 861 | 290 018 |
| Energys Company | 23 699 815 | 3 683 591 | US dollar | 25 683 838 | 25 613 580 |
| Energys Company | 9 015 848 | 3 755 669 | US dollar | 26 186 402 | 26 115 044 |
| TCB Company | 2 909 211 | 1 292 646 | LE | 1 292 646 | 1 292 646 |
| CTC Company | 39 500 000 | 14 188 400 | DZD | 1 259 930 | 1 261 349 |
| Cetim Company | 122 850 000 | 89 337 500 | DZD | 7 933 170 | 7 942 104 |
| | | | | <u>609 614 016</u> | <u>609 778 653</u> |

53.2 ASEC Minya Cement Company (formally Arab National Cement Company)

| Contractor | Contract amount | Not completed part | Contract currency | Not completed part | |
|---|------------------------|---------------------------|--------------------------|---------------------------|--------------------------|
| | | | | 31/3/2014 LE | 31/12/2013 LE |
| Matcom Engineering Construction & Trading Company | 2 040 000 | 309 075 | LE | 309 075 | 309 075 |
| Matcom Engineering Construction & Trading Company | 2 050 150 | 253 016 | LE | 253 016 | 253 016 |
| Veolia Water System | 9 335 000 | 522 731 | LE | 522 731 | 522 731 |
| Elject | 28 401 505 | 21 288 978 | LE | 21 288 978 | 25 558 555 |
| | | | | <u>22 373 800</u> | <u>26 643 377</u> |

53.3 ASEC for Manufacturing and Industries project Co. (ARESCO)

| | Contract amount 31/3/2014 LE | Contract amount 31/12/2013 LE |
|--|---|--|
| 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 | 6 830 350 | 6 830 350 |

54. Contingent liabilities

The contingent liabilities as at March 31, 2014 are represented in the following:

| | 31/3/2014 LE | 31/12/2013 LE |
|--------------------------------|-------------------------|--------------------------|
| 54.1 ASEC Automation Co. (ASA) | | |
| Letters of guarantee | 32 969 939 | 37 336 864 |

54.2 ASEC Environmental Protection Co.
(ASENPRO)

| | | |
|----------------------|-----------|-----------|
| Letters of guarantee | 2 629 317 | 1 122 570 |
|----------------------|-----------|-----------|

54.3 Arab Swiss Engineering Co. (ASEC)

| | 31/3/2014 | | | 31/12/2013 | | |
|----------------------|------------------|--------------|------------|-------------------|--------------|------------|
| | EURO | US.\$ | LE | EURO | US.\$ | LE |
| Letters of guarantee | 36 037 | -- | 56 400 828 | 44 352 | 89 875 | 57 748 117 |

54.4 ASEC for Manufacturing and Industries project
Co. (ARESCO)

| | 31/3/2014 | | | 31/12/2013 | | |
|----------------------|------------------|--------------|------------|-------------------|--------------|------------|
| | EURO | US.\$ | LE | EURO | US.\$ | LE |
| Letters of guarantee | 7 230 018 | 926 645 | 51 979 129 | 8 002 533 | 926 645 | 62 471 634 |

54.5 ASEC Cement Co.

54.5.1 ASEC Cement Company - an Egyptian Joint Stock Company

Contingent liability regarding the corporate tax inspection for years 2006, 2007 and 2008 and the dispute is currently in internal committee of the tax authority.

54.5.2 ASEC Minya cement Company (formally Arab National cement company)

Contingent liabilities as at March 31, 2014 as follows:-

- Euro 9 000 000 that equivalent to LE 86 325 300 that represents letter of guarantee issued by the company from Arab African international bank and in favor of FLSmidth.
- Euro 5 000 that equivalent to LE 47 959 that represents letter of credit issued by the company from Arab African international bank and in favor of Pietro Fiorentini.
- LE 12 000 000 that represents letter of guarantee issued by the company from Arab African international bank and in favor of Mantrac.

54.6 United Foundries Company

| | 31/3/2014 | | | 31/12/2013 | | |
|--|-----------|------|-------|------------|---------|-------|
| | LE | EURO | US.\$ | LE | EURO | US.\$ |
| Letters of guarantee (outstanding) | 50 555 | -- | -- | 333 264 | 146 100 | -- |
| Letters of guarantee (cover) | 3 563 | -- | -- | 27 329 | 19 900 | -- |
| Letters of credit (outstanding) | 975 935 | -- | -- | 3 136 901 | -- | -- |
| Letters of credit (cover) | 48 797 | -- | -- | 35 613 | -- | -- |
| - United Foundries Company guaranteed Amreya Metal Company up to LE 2 million in the favor of Egypt factors Company. | | | | | | |

55. Potential tax liabilities

- On 22 April 2010, the Egyptian Tax Authority issued an executive seizure letter form (23) for the Arab Swiss Engineering Company "ASEC", a subsidiary company, against an outstanding corporate taxes balance of LE 72 491 234 for the years 1978 to 2004. Accordingly Arab Swiss Engineering Company "ASEC" signed an agreement with tax Authority whereby it makes payments with an amount of LE 26 million till December 31, 2013 and

accordingly the due balance till December 31, 2013 amounted to LE 9 million based on form (9 A) seizure of Tax Authority.

- The Egyptian Tax Authority inspected the Arab Swiss Engineering company's books for the year 2005, and the Company was notified by particular forms, which was objected thereon. The final decision was issued by the Internal committee with an amount of LE 350 000 as tax differences.

56. Comparative figures

- Certain reclassification has been made to the comparative figures in order to conform to current period presentation.
- Comparative figures of consolidated statements of income, changes in equity, and cash flows for the comparative period ended March 31, 2013 don't include the results of the consolidated financial results and cash flows for subsidiaries which were acquired during December 2013 note (5).