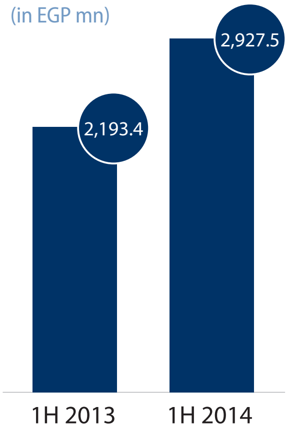
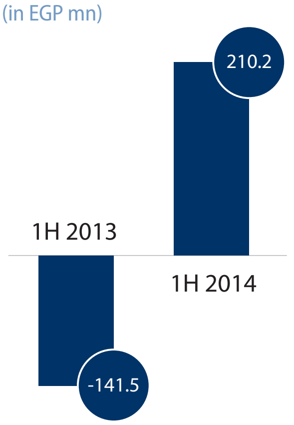
Qalaa Holdings Reports 1H14 Results

African leader in infrastructure and industry reports 33% growth in top line to EGP 2.9 billion

REVENUE PROGRESSION
1H13 vs. 1H14
(in EGP mn)



EBITDA PROGRESSION
1H13 vs. 1H14
(in EGP mn)



Qalaa Holdings Financial & Operational Highlights of the First Half of 2014

- **Total Revenues** rose 33% year-on-year[1] to EGP 2,927.5 million.
- **Gross Profit** accordingly rose 93% from 1H13 to EGP 664.4 million.
- **EBITDA** for the period closed at EGP 210.2 million in 1H14, a decisive improvement from a negative EGP 141.5 million a year ago driven by the impact of improved revenues and a sustained emphasis on revenue growth and cost control across the board.
- **Net Losses After Minority Interest** widened 11%, reflecting the negative impact of discontinued operations, MENA Malls (Designopolis) losses, as well as higher interest and foreign exchange charges in the period.
- **Top contributors to revenues** include cement (41%) and energy (26%) on the back of standout performances from units of ASEC Cement as well as TAQA Arabia. In the agrifoods division, Dina Farms and sister companies ICDP (fresh milk) and ACST (retail) also turned in strong financial and operational results.
- **Total bank debt** of EGP 11.6 billion vs. total equity of EGP 13.2 billion.

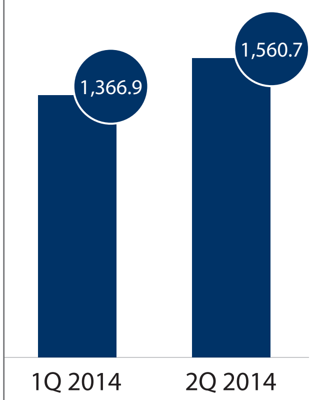
Qalaa Holdings (CCAP on the Egyptian Exchange, formerly Citadel Capital) released today its consolidated financial results for the six months ending 30 June 2014, reporting revenues of EGP 2,927.5 million, up 33% compared with the pro-forma results of the same period last year.[1]

Notably, EBITDA (before one-off charges) moved to a positive EGP 244.1 million in 1H14 from a negative EGP 141.5 million in the first half of 2013 primarily due to significant operational improvements at core assets. Meanwhile, net loss after minority interest for the period widened 11% to EGP 410.6 million, primarily on the back of non-operational factors including increases in amortization, interest expenses and foreign exchange losses.

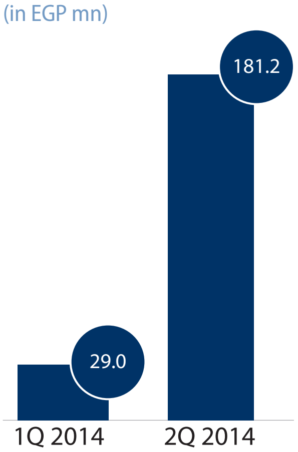
On a second-quarter basis, Qalaa Holdings reported revenues of EGP 1,560.7 million in 2Q14, a 58% y-o-y rise. Notably, 2Q14 EBITDA moved to a positive EGP 181.2 million, up from a negative EGP 15.6 million in the same period of last year.

[1] Unless otherwise noted, all figures relating to consolidated financial performance in 2Q13 have been re-stated in this document to reflect the impact of asset purchases made by 31 March 2014 under the firm's transformation program. Re-stated figures are marked "Pro Forma" in tables, while statutory figures reported in 2Q13 are marked "Actual." Actual figures appearing on the Balance Sheet are net of eliminations of inter-company transactions within Qalaa Holdings group. Meanwhile, eliminations on the Income Statement are presented in a separate column. Under the transformation program, full subscription to a rights issue concluded in April 2014 allowed Qalaa Holdings to take majority stakes in most of its subsidiaries in the core industries of energy, cement, agrifoods, transportation & logistics, and mining. Since 1Q14, the company's financial statements have accordingly been prepared using a full consolidation method instead of the previous equity method.

REVENUE PROGRESSION 1Q14 vs. 2Q14
(in EGP mn)



EBITDA PROGRESSION 1Q14 vs. 2Q14
(in EGP mn)



Management moreover notes that EBITDA rose more than six-fold q-o-q from EGP 29 million in the first quarter of this year. Notably, 2Q14 is also the first quarter the company has reported a positive EBIT figure at EGP 61.8 million, while its Net Loss After Minority Interest narrowed from EGP 231.9 million in 1Q14 to EGP 178.7 million in 2Q14.

"Our results in the second quarter were underpinned by strong operational results from companies including TAQA Arabia, cement division units ASEC Minya and Misr Qena Cement, and Dina Farms in our agrifoods division, among others. Simultaneously, we continued the build-out of Egyptian Refining Company's US$ 3.7 billion greenfield refinery and reported critical progress at Nile Logistics — on the back of increased stevedoring and the introduction of container transshipment — at the same time as ASCOM, our mining unit, landed a high-profile contract for work on the New Suez Canal. We also expect to see improved performance at Africa Railways over the next 12 months," said Ahmed Heikal, Chairman and Founder of Qalaa Holdings.

"On the divestment front, we will continue to push forward with our disposal program throughout the year and beyond. We also made a strategic decision to shut down our discontinued operations either through sale or liquidation," Heikal added. "Our view is that any new capital deployments should be directed to proven winners, of which we have an abundance, rather than risky turnarounds," he explained.

Also new in the quarter, the company's financial results now reflect the consolidation of Tawazon, a leading Egyptian solid waste management company and leading player in the alternative fuels sector on the strength of its refuse-derived fuels (RDF) business. All of Qalaa Holdings' core companies are now consolidated with the exception of the mining unit, ASCOM (which is separately listed on the Egyptian Exchange under the ticker ASCM).

"We expect continued improvements in EBITDA in the second half and heading into 2015 amid a continued emphasis on both revenue growth and cost control in a business climate that we expect will continue to move in favor of our core investment theses," said Qalaa Holdings Co-Founder and Managing Director Hisham El-Khazindar. "In particular, the sustainability of this improvement will be bolstered by continued action on the state's recently inaugurated program to reform Egypt's inefficient energy subsidy system."

Below the EBITDA line, profitability was impacted in 1H14 by a 25.0% y-o-y rise in interest expenses to EGP 424.8 million from EGP 339.8 million. This includes interest expenses consolidated from ASEC Minya (a greenfield cement plant in Egypt), where interest expenses were capitalized in 1H13 while the plant was under construction, but are now recognized as expenses following its start of production last fall.

"Our stated goal of having Qalaa Holdings debt-free and to push debt to the level of operating companies by the end of 2019 is an achievable goal," said Heikal.

The divestment of Sphinx Glass at an equity value of US$ 114.2 million was concluded in 3Q14 as planned. The sale price implies an enterprise value of c. US$ 180 million after deducting debt and liabilities which are to be assumed by the buyer. Qalaa Holdings held a 73.3% stake in Sphinx Glass, resulting in cash proceeds to Qalaa of around US$ 71 million (EGP 508 million) after the estimated capital gains tax. The capital gain realized from this transaction will be recorded in the company's third-quarter financial statements.

Going forward, management expects growth to be driven by existing investments — both currently operational and those set to come on stream in the coming period — and is increasingly mindful of opportunities to drive growth through very carefully targeted financially accretive acquisitions in our core industries should the right opportunities present themselves.

"We continue to be extra-focused on our core assets (including microfinance)." concluded Heikal.

Highlights of Qalaa Holdings' 2Q and 1H14 results follow, along with management's analysis of the company's performance and detailed overviews of performance of operational companies in each of Qalaa's core industries. Complete financials are available for download on ir.qalaaholdings.com

Consolidated Financial Performance

Fully Consolidated Companies

	Company	Platform / Sector
Core	TAQA	Energy
	Tawazon	
	ERC	
	Mashreq	
	ASEC Holding	Cement
	Nile Logistics	Transportation & Logistics
	Africa Railways	
	Gozour	Agrifoods
	Wafra	
LT Non-Core	Tanmeyah*	Finance Unlimited / Financial Services
Non-Core	Bonyan	Specialized Real Estate
	United Foundries	Metallurgy

Equity Method Consolidated Companies (Share of Associates)

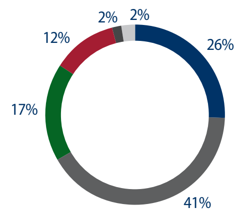
	Company	Platform / Sector
Core	ASCOM	Mining
Non-Core	GlassWorks	Glass Manufacturing
	Grandview	Mid-cap Buyouts
	Pharos	Finance Unlimited / Financial Services
	Tanweer	Media & Retail

The tables above show which Qalaa Holdings companies are fully consolidated vs. those that follow the equity method

- Leading contributors to the firm's total consolidated revenues in 1H14 were the cement (41% of total) and energy (26%) divisions, with standout performances coming from TAQA Arabia (revenues up 24% y-o-y), Dina Farms (10% increase y-o-y), and ASEC Minya (greenfield plant that entered operations in 2013).
- Total Recurring SG&A spending across the Group declined 7% in the half on the back of a concerted effort spearheaded at the Qalaa Holdings level to limit spending. This reduction excludes non-recurrent essential expenses related primarily to the transformation process, which totaled EGP 33.9 million in 1H14, with EGP 29.6 million of that being accounted for by first-quarter spending.
- The reversion of EBITDA to a positive EGP 210.2 million from a negative EGP 141.5 million in the same period of 2013 reflects revenues rising more than 10 points faster than COS, improved contributions from share of associates' results and limited SG&A spending. Excluding one-off charges, EBITDA rose to an even more-impressive EGP 244.1 million.
- Depreciation and Amortization remain high given the Group's large base of non-current assets.

* Tanmeyah is a Long-Term Non-Core Platform company that, while not falling under the core industry umbrella, is not subject to any divestment plans in the near future. Tanmeyah is a subsidiary of Finance Unlimited.

CONTRIBUTION TO QALAA HOLDINGS CONSOLIDATED REVENUES (1H14)
(in EGP mn)



Energy	754.0
Cement	1,204.1
Agrifoods	506.1
Transportation & Logistics	349.4
LT Non-Core	43.4
Non-Core	70.5

- Other Expenses of EGP 57.6 million in 1H14 reflects in part both (a) EGP 15 million in Other Income recorded in 1Q14 related primarily to non-recurring other income at Africa Railways (a transportation unit and leading shareholder in Rift Valley Railways) that was reclassified in 2Q14 and moved to the top line of the same company and (b) EGP 20.4 million and EGP 23.6 million in provisions at ASEC Holding and TAQA Arabia respectively that were booked as Other Expenses in 2Q14

- Foreign Exchange losses came as the spread in the FX rate booked from 1Q14 to 2Q14 was substantially wider than that between year-end 2013 and 1Q14. The wider spread and a relatively substantial sum of USD-denominated debt translated into FX losses of EGP 22.4 million in the first half as the Egyptian pound depreciated vs. a gain of 74.3 million in the same period last year.

- The impact on the income statement of discontinued operations narrowed in 2Q14 from 1Q14 as both Zahana Cement Co. and Djelfa Cement Co. (Algerian units of ASEC Holding) are treated as assets held-for-sale beginning in the second quarter. As a result, these assets appear in discontinued operations, with Zahana contributing good results on revenues of EGP 127.7 million and EBITDA of EGP 63 million. This led to a quarter-on-quarter improvement in total losses of discontinued operations, which nevertheless remain higher year-on-year due to the impact of EASCO, El-Aguizy, Elmisrieen, Enjoy, Mom's Foods, AMC and AAC.

* At the present time, the firm's registered legal name as noted in its Egyptian Commercial Registration and other legal documentation remains temporarily unchanged: (القلعة للإستشارات المالية ش.م.م) (Citadel Capital S.A.E.).

Qalaa Holdings Consolidated Income Statement for the six months ending 30 June 2014 (in EGP mn)*

			Core										Long-Term Non-Core	Non-Core		Actual		Pro Forma
			Energy				Cement	Agrifoods		Transportation & Logistics		Mining						
	CC	SPVs	TAQA	Tawazon	ERC	Mashreq	ASEC Holding	Gozour	Wafra	Nile Logistics	Africa Railways	ASCOM	Tanmeyah	Misc^	Elimination	1H14	1H13	1H13
Revenue	-	-	720.6	33.4	-	-	1,204.1	504.4	1.7	26.1	323.3	-	43.4	70.5	-	2,927.5	9.9	2,193.4
Cost of Sales	-	-	(577.3)	(27.9)	-	-	(909.1)	(354.8)	(2.8)	(32.5)	(299.9)	-	-	(58.8)	-	(2,263.1)	(5.7)	(1,849.8)
Gross Profit	**-**	**-**	**143.3**	**5.6**	**-**	**-**	**295.0**	**149.6**	**(1.1)**	**(6.4)**	**(23.5)**	**-**	**43.4**	**11.6**	**-**	**664.4**	**4.1**	**343.6**
Advisory fee	43.1	4.6	-	-	-	-	-	-		-	-	-	-	-	(39.8)	8.0	30.4	8.2
Share of Associates' Results	-	-	-	-	-	-	38.6	-		1.1	-	(4.3)	-	-	22.9	58.3	(24.0)	46.0
Total Operating Profit	**43.1**	**4.6**	**143.3**	**5.6**	**-**	**-**	**333.6**	**149.6**	**(1.1)**	**(5.3)**	**(23.5)**	**(4.3)**	**43.4**	**11.6**	**(16.9)**	**730.7**	**10.6**	**397.7**
SG&A	(52.9)	(22.7)	(54.2)	(2.1)	(14.8)	(7.4)	(110.0)	(84.2)	(6.2)	(12.5)	(36.9)	-	(26.9)	(34.5)	36.5	(429.0)	(87.6)	(461.0)
Other Income / Expenses (Net)	-	(38.1)	(23.6)	(0.1)	-	0.1	(20.4)	3.5	0.7	0.6		-	0.7	1.9	18.6	(57.6)	(77.5)	(78.2)
EBITDA Before Non-Recurring Charges	**(9.8)**	**(56.3)**	**65.5**	**3.4**	**(14.8)**	**(7.3)**	**203.2**	**68.8**	**(8.1)**	**(17.1)**	**(13.4)**	**(4.3)**	**17.2**	**(21.0)**	**38.2**	**244.1**	**(154.5)**	**(141.5)**
SG&A (Non-Recurring/One-Off Charges	(8.3)	(23.6)	-	-	-	-	-	-	-	-	(2.0)	-	-	-	-	(33.9)	(12.7)	-
EBITDA	**(18.1)**	**(79.9)**	**65.5**	**3.4**	**(14.8)**	**(7.3)**	**203.2**	**68.8**	**(8.1)**	**(17.1)**	**(15.4)**	**(4.3)**	**17.2**	**(21.0)**	**38.2**	**210.2**	**(167.2)**	**(141.5)**
Depreciation & Amortization	(0.9)	-	(16.7)	(2.2)	(0.3)	(0.1)	(98.8)	(39.6)	(3.3)	(17.3)	(28.1)	-	(2.6)	(13.0)	-	(222.8)	(1.6)	(162.8)
EBIT	**(19.0)**	**(79.9)**	**48.7**	**1.2**	**(15.1)**	**(7.4)**	**104.4**	**29.3**	**(11.4)**	**(34.4)**	**(43.4)**	**(4.3)**	**14.6**	**(34.0)**	**38.2**	**(12.6)**	**(168.8)**	**(304.3)**
Interest Expense	(66.6)	(35.9)	(9.5)	(0.3)	(5.6)	-	(238.1)	(37.6)	-	(24.1)	(47.3)	-	(0.1)	(31.7)	(66.0)	(430.7)	(72.8)	(339.8)
Interest Income	60.2	11.4	32.7	-	0.3	-	2.6	0.1	-	0.1	-	-	0.7	0.1	67.5	40.9	43.9	48.7
Forex	8.0	(16.3)	0.9	(0.1)	(0.1)	(0.3)	(11.1)	10.4	1.7	-	(14.4)	-	-	(1.7)	-	(22.4)	24.0	74.3
Profit (Loss) Before Taxes	**(17.4)**	**(120.6)**	**72.9**	**0.8**	**(20.5)**	**(7.0)**	**(142.2)**	**2.2**	**(9.7)**	**(58.4)**	**(105.1)**	**(4.3)**	**15.2**	**(67.3)**	**36.8**	**(424.8)**	**(173.7)**	**(521.1)**
Taxes	(0.1)	-	(24.4)	(0.7)	-	-	7.5	(11.5)	-	-	-	-	-	0.8	-	(28.5)	-	(36.4)
Discontinued operations^^	-	-			-	-	13.1	(49.6)	-	-	-	-	-	(34.5)	(63.4)	(134.5)	-	(84.2)
Profit (Loss) After Taxes	**(17.5)**	**(120.6)**	**48.4**	**0.2**	**(20.5)**	**(7.0)**	**(127.7)**	**(58.9)**	**(9.7)**	**(58.4)**	**(105.1)**	**(4.3)**	**15.2**	**(101.1)**	**(26.7)**	**(587.8)**	**(173.7)**	**(641.6)**
Minority Interest	-	-	(11.7)	(0.1)	7.5	1.8	(70.3)	-	0.4	16.5	-	-	-	1.0	232.2	177.2	5.4	272.5
Net Profit (Loss) for the period	**(17.5)**	**(120.6)**	**36.7**	**0.1**	**(13.0)**	**(5.2)**	**(192.0)**	**(58.9)**	**(9.3)**	**(41.9)**	**(105.1)**	**(4.3)**	**15.2**	**(100.1)**	**205.5**	**(410.6)**	**(168.3)**	**(369.1)**

* Platform or subsidiary figures reported in this analysis of the consolidated financials may differ from the comparable figure in standalone financials due to the impact of the ownership structure
^ Miscellaneous includes United Foundries (UCF) and Bonyan.
^^ Discontinued operations include ESACO (ASEC Holding) / Zahana & Djelfa (Algerian Units of ASEC Holding) / El-Aguizy, Elmisrieen, Enjoy & Mom's Foods (Gozour) / AMC & AAC (United Foundries)

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Qalaa Holdings Consolidated Balance Sheet* as of 30 June 2014 (in EGP mn)

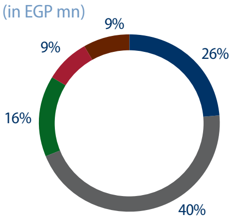
	Core										Long-Term Non-Core	Non-Core		
		Energy				Cement	Agrifoods		Transportation & Logistics					
	CC /SPVs	TAQA	Tawazon	ERC	Mashreq	ASEC Holding	Gozour	Wafra	Nile Logistics	Africa Railways	Tanmeyah	Misc **	1H14	FY13
Current Assets														
Trade and Other Receivables	1,087.8	463.6	63.6	85.5	0.9	669.7	155.9	13.0	63.0	376.6	25.9	71.9	3,077.3	2,267.5
Inventory	-	89.7	31.0	-	-	479.1	125.3	5.9	9.7	146.1	-	44.6	931.3	1,020.3
Assets Held For Sale	362.7	22.7	-	-	-	2,619.1	210.4	-	-	-	-	293.5	3,508.4	613.0
Cash and Cash Equivalents	257.6	553.6	7.9	580.4	5.4	144.6	64.6	15.3	7.5	455.3	36.0	55.4	2,183.6	2,149.9
Others	1.8	276.6	-	-	0.4	11.9	19.1	1.5	-	91.5	2.1	-	394.8	274.2
Total Current Assets	**1,709.8**	**1,406.2**	**102.4**	**665.9**	**6.6**	**3,924.5**	**575.2**	**35.8**	**80.2**	**1,059.5**	**64.0**	**465.4**	**10,095.4**	**6,325.0**
Non-Current Assets														
PP&E	66.3	474.1	91.0	9,194.2	109.3	2,935.7	883.0	228.1	612.5	33.4	9.6	616.8	15,254.1	16,112.4
Investments	1,284.5	2.3	-	-	-	575.2	-	-	4.4	-	-	-	1,866.4	2,424.6
Goodwill / Intangible assets	-	426.9	32.6	24.7	58.7	648.5	861.8	-	179.9	1,117.6	-	241.0	3,591.7	3,861.5
Others	207.6	35.2		1,009.0	-	8.1	192.4	-	-	133.8	-	-	1,586.0	1,316.1
Total Non-Current Assets	**1,558.4**	**938.5**	**123.7**	**10,227.9**	**167.9**	**4,167.4**	**1,937.2**	**228.1**	**796.8**	**1,284.9**	**9.6**	**857.8**	**22,298.2**	**23,714.7**
Total Assets	**3,268.2**	**2,344.7**	**226.1**	**10,893.7**	**174.6**	**8,091.9**	**2,512.4**	**263.8**	**877.0**	**2,344.4**	**73.6**	**1,323.2**	**32,393.7**	**30,039.7**
Shareholders' Equity														
Total Equity	**6,592.2**	**427.1**	**96.1**	**5,381.2**	**27.4**	**959.1**	**234.7**	**(289.8)**	**(133.9)**	**313.4**	**(23.1)**	**(347.9)**	**13,236.6**	**12,723.7**
Current Liabilities														
Borrowings	1,069.2	196.6	13.7	-	-	493.5	401.3	18.5	242.3	99.8	-	150.5	2,685.3	3,132.0
Trade and Other Payables	711.6	852.7	41.8	775.5	1.2	1,069.0	268.8	15.4	61.9	334.2	67.5	133.6	4,333.1	5,497.6
Provisions	194.1	10.9	31.4	-	-	175.1	19.8	2.0	7.0	-	1.1	20.1	461.3	477.2
Liabilities Held For Sale	-	-	-	-	-	1,100.4	415.0	-	-	-	-	225.1	1,740.5	623.2
Total Current Liabilities	**1,974.9**	**1,060.2**	**86.9**	**775.5**	**1.2**	**2,838.0**	**1,104.8**	**35.9**	**311.1**	**434.0**	**68.6**	**529.2**	**9,220.2**	**9,729.9**
Non-Current Liabilities														
Borrowings	1,818.1	81.0	-	3,514.0	-	1,935.9	132.8	38.0	131.4	1,161.5	-	83.4	8,896.0	6,783.0
Shareholder loan	-	-	-	-	-	709.9	-	-	-	-	-	43.2	753.1	524.7
Long term Liabilities	10.1	161.3	9.0	101.8	9.2	(6.0)	33.5	-	2.5	(35.7)	(6.9)	9.1	287.8	278.3
Total Non-Current Liabilities	**1,828.2**	**242.3**	**9.0**	**3,615.7**	**9.2**	**2,639.9**	**166.3**	**38.0**	**133.9**	**1,125.8**	**(6.9)**	**135.6**	**9,936.8**	**7,586.0**
Total Liabilities	**3,803.1**	**1,302.4**	**95.9**	**4,391.2**	**10.4**	**5,477.8**	**1,271.1**	**73.9**	**445.0**	**1,559.8**	**61.6**	**664.8**	**19,157.1**	**17,315.9**
Total Equity and Liabilities	**10,395.2**	**1,729.5**	**192.0**	**9,772.5**	**37.8**	**6,437.0**	**1,505.8**	**(215.9)**	**311.1**	**1,873.2**	**38.6**	**316.9**	**32,393.7**	**30,039.7**

* All figures are net of eliminations, and figures for subsidiary or platform companies sometimes differ in the consolidation than on a standalone level due to the impact of the ownership structure

** Miscellaneous includes United Foundries (UCF), Mena Home & Crondall

Operational Reviews

SECTOR CONTRIBUTION TO TOTAL CORE PLATFORM REVENUES (2Q14)
(in EGP mn)



Energy	422.7
Cement	646.1
Agrifoods	259.9
Transportation & Logistics	143.2
Mining	145.8

NB: Segment Revenues / EBITDA (Aggregate) in Operational Reviews refers to the mathematical total of 100% of the aggregate revenues or EBITDA of operational companies in the industry regardless of the consolidation method applied. Aggregate revenues and Aggregate EBITDA accordingly may not correlate to the figures consolidated on Qalaa Holdings' income statement.

Sector Review: Energy

Qalaa Holdings' operational core Energy companies include TAQA Arabia (energy generation and distribution) and Tawazon (solid waste management / waste-to-energy). Pre-operational greenfields include Egyptian Refining Company (petroleum refining) and Mashreq (fuels bunkering).

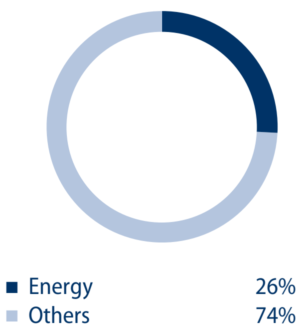
Key Metrics (Operational Core Platform Companies)

Item (in EGP mn unless otherwise stated)	2Q13	2Q14	% diff	1H13	1H14	% diff
Segment Revenues (Aggregate)	332.2	422.7	27%	762.5	927.2	22%
Segment EBITDA (Aggregate)	35.2	50.6	43%	206.4	262.6	27%
% of Total Group Revenues	27%	26%		27%	28%	
TAQA Arabia Revenues	309.7	389.3	26%	584.1	725.4	24%
TAQA Arabia EBITDA	40.7	47.0	15%	76.6	77.9	2%
Tawazon Revenues	22.5	33.4	49%	178.4	201.8	13%
Tawazon EBITDA	(5.5)	3.6	165%	129.8	184.7	-42%
TAQA Arabia Subsidiaries						
TAQA Arabia Power Arm Revenues	72.6	77.7	7%	129.9	139.7	8%
TAQA Arabia Power Arm EBITDA	23.1	23.4	1%	42.3	38.3	-9%
TAQA Arabia Gas Arm Revenues	108.0	129.5	20%	212.8	239.5	13%
TAQA Arabia Gas Arm EBITDA	27.2	45.3	67%	48.5	62.1	28%
TAQA Arabia Gas Distribution Revenues	40.9	77.2	89%	87.5	146.4	67%
TAQA Arabia Gas Distribution EBITDA	18.6	25.6	38%	42.5	50.6	19%
TAQA Arabia Gas Construction Revenues	61.3	43.1	-30%	116.0	75.5	-35%
TAQA Arabia Gas Construction EBITDA	5.1	7.4	45%	6.3	9.9	57%
TAQA Marketing Revenues	129.1	183.3	42%	241.4	347.4	44%
TAQA Marketing EBITDA	0.8	5.6	High	0.2	9.6	High
Tawazon Subsidiaries						
ECARU Revenues	22.0	30.4	38%	38.5	58.9	53%
ECARU EBITDA	(4.0)	3.2	178%	(6.3)	9.5	250%
ENTAG Revenues	1.9	3.9	104%	2.6	4.7	78%
ENTAG EBITDA	(1.6)	0.5	132%	(3.2)	(0.7)	78%

Key Performance Indicators

Item	2Q13	2Q14	% diff	1H13	1H14	% diff
TAQA Arabia KPIs						
Total Electricity Generated (million kW/hr)	32.1	32.0	0%	69.5	63.5	-9%
Total Electricity Distributed (million kW/hr)	105.2	112.8	7%	173.6	194.0	12%
CNG & Gas Distribution (in BCM)	1.2	1.1	-8%	2.4	2.2	-8%
Gas Construction (# converted customers)	15,624	20,526	31%	31,983	33,271	4%
Fuel Distribution (gasoline, diesel, in '000 liters)	83,516	141,617	70%	156,554	267,192	71%
Fuel Distribution (fuel oil, in '000 liters)	10,397	4,488	-57%	24,970	9,651	-61%
Lube Distribution (tons)	613	580	-5%	1,063	1,093	3%
Cumulative Figures						
Operational Filling Stations (#)	22	28	27%	22	28	27%
Total Hotels (Electricity)	85	86	1%	85	86	1%
Total Other Customers (Electricity)	20	230	High	20	230	High
Total Industrial Clients (Electricity)	59	87	47%	59	87	47%
Total Industrial Clients (Gas)	125	158	26%	125	158	26%
Total Household Clients (Electricity)	1,921	2,954	54%	1,921	2,954	54%
Total Household Clients (Gas)	474,322	535,417	13%	474,322	535,417	13%
Tawazon KPIs						
Tawazon Agricultural Waste Collected	36,203	58,430	61%	124,684	146,677	18%

SECTOR PERCENT OF CORE PLATFORM REVENUES (2Q14)



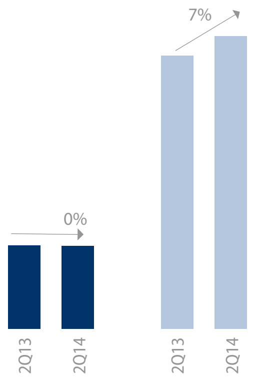
Energy Division Operational and Financial Performance

Energy division revenues increased by 27% y-o-y to EGP 422.7 million in 2Q14 and EBITDA increased by 43% to EGP 50.6 million. Improved results in the quarter are attributable to better performance across both platform companies TAQA Arabia and Tawazon.

TAQA Arabia

- **TAQA Arabia's** consolidated revenues in 2Q14 came in at EGP 389.3 million, a 26% increase over the same period last year. The increase is mainly attributable to robust operational performance in the Gas Distribution and Fuel Marketing divisions. Consolidated EBITDA rose by 15% on the back of increased EBITDA across all divisions namely, TAQA Arabia Power Arm, Gas Arm and Oil Marketing.
- At the **Power** division, the volume of electricity generated in 2Q14 came in at par to the same period last year while electricity distributed by the power stations increased by some 7% y-o-y to reach 112.8 M KW, mainly attributable to better consumption in El Futtaim and Nakheel power stations. Nabq shows the highest contribution to electricity distribution during 1H14, representing some 72% of the total. Revenues rose 7% y-o-y in 2Q14, while the division's EBITDA was essentially on par with the same quarter last year (2Q14 increased by 1% y-o-y).

ELECTRICITY COMPARISON
(mn kW/hr)



■ Total Electricity Generated	
2Q13	32.1
2Q14	32.0
■ Total Electricity Distributed	
2Q13	105.2
2Q14	112.8

CNG AND GAS DISTRIBUTION
(BCM)

2Q13	1.2
2Q14	1.1

- The **Gas Distribution** division, the company's primary generator of cash flow, recorded a significant increase of 89% y-o-y in 2Q14 revenues and a 38% increase in EBITDA. These strong results are mainly due to increased customer service revenues and higher gas prices. In addition, 13 industrial clients and some 40,000 household clients converted to gas during 1H14, bringing the cumulative number of converted clients to 158 and 535,000 respectively.
- TAQA Arabia's **Gas Construction** operations saw a decline of 30% y-o-y in 2Q14 revenues due to a decrease in the number of converted customers by some 22% as well as the finalization of industrial projects in 2013. However, EBITDA showed a 45% increase y-o-y mainly due to saving on expenses, particularly administrative.
- **TAQA Marketing** operations witnessed a 42% revenue increase y-o-y fueled by higher sales of gasoline, diesel and lube oil, coupled with the operations of Suez Terminal and six new stations. Similarly, EBITDA soared and remains in positive territory.

Tawazon

- Solid waste management play **Tawazon** reported a 49% y-o-y increase in revenues to EGP 33.4 million in 2Q14 and a 165% surge in EBITDA to a positive EGP 3.6 million. This comes on the back of improved operational performance at both ECARU and ENTAG.
- **ECARU's** top-line witnessed an increase of 38% y-o-y in 2Q14. Tipping fees from the newly signed Dakahleyya municipal solid waste (MSW) contract for treatment and disposal of waste amounted to EGP 1.64 million. Notably, the company did not generate tipping fees in 1H13; the company did receive c.EGP 2.3 million from the Dakahleyya contract in the second quarter of last year but for the transportation and clearance of piles of old waste to dumpsites, not as tipping fees. Also boosting the top line, tonnage received from the 15th of May contract increased 13% to 59,391 with tipping fees of EGP 5.8 million.
- Agricultural waste operations were revived once again this quarter on the back of two factors:
  1. *Collection*: Total agricultural tonnage collection experienced significant improvement, increasing by 61% to 58,430 tons compared to the same quarter last year.
  2. *General increase in tonnage supply and revenues from long term contracts:*
     a. Supply to Italcimenti reached 29,143 tons generating EGP 16.3 million worth of revenue for the company. This compares to 3,559 tons with revenues of EGP 1.76 million in the same quarter last year. This, however, was not part of the newly signed contract with Italcimenti, which sets annual quantities. The newly signed contract goes into effect starting 2H14.
     b. Biomass (rice straw and fruit trimmings) supply to Cemex amounted to 7,836 tons generating revenues of EGP 2.95 million. Until July of this year, the Cemex contract was yielding low margins due to unfavorable mazut (heavy oil) prices; in July the government applied a significant increase to mazut prices, such that the Cemex contract's margins are now almost on par with the Italcementi contract.
- ECARU's EBITDA increased by 178% y-o-y, driven by a number of factors, including: the beneficial pricing of the Italcimenti contract at a higher average price per ton in addition to a general increase in biomass volumes supplied; total revenue from biomass increased from EGP 12.3 million to EGP 19.2 million; and finally improved cost controls, a key part of ECARU's restructuring plan

under which it has revaluated its headcount to match the needs of on-the-ground operations.

- **ENTAG** witnessed a turnaround in the appetite of investment spending with the majority of revenues for the quarter coming from the GIZ (German AID development agency) contract to design and build an MRF facility in the governorate of Qalubeyya for a value of EGP 2.6 million. The balance of revenues was generated from equipment sale to sister-company ECARU in addition to consultancy work for the Egyptian Army.

Energy Division: Status of Pre-Operational Greenfields

(Greenfield core platform companies in construction phase)

- Engineering, construction and procurement work for the **Egyptian Refining Company (ERC)**, which is building a US$ 3.7 billion greenfield petroleum refinery in the Greater Cairo Area, remains solidly on track with overall progress to June 2014 at 33.1% complete while engineering works stood at 89.5% complete. Meanwhile, construction activities that had commenced earlier in April, including piling, underground obstacle clearance and remediation works, continued during June with all of the project's land plots having been handed over to the contractor as of 23rd of June 2014. The project reached financial close in June 2012 and is expected to inaugurate operations in 2017. ERC is expected to produce more than 4 million tons of refined products, including 2.3 MTPA Euro V diesel.
- As part of the ongoing effort to develop Suez Canal corridor, last year **Mashreq Petroleum** signed a 30-year concession agreement (in addition to a three-year grace period for construction) with the East Port Said Port Authority for the lease of a 210,000 sqm plot of land located in East Port Said near the Mediterranean terminus of the Suez Canal. On it, the company will build the first independent tank terminal and logistical hub of its kind in the region which will facilitate global trade and help Egypt maximize its use of the Suez Canal. Mashreq will provide liquid bulk petroleum products storage / bunkering and blending services for the Middle East market as well as the broader Mediterranean region. The company will also provide fuel bunkering services for ships transiting the Suez Canal and will serve as an integrated logistical facility. The concession is on a build-operate-transfer (BOT) system for 25 years, extendable by one year for every five years during which the project achieves at least 90% of its throughput targets.

Sector Review: Cement

Qalaa Holdings' operational core Cement platform company is ASEC Holding, which includes cement manufacturing (ASEC Cement with production facilities: Al-Takamol Cement in Sudan, Misr Qena Cement, ASEC Ready Mix and ASEC Minya in Egypt, Zahana Cement Co. and Djelfa (under construction) in Algeria and greenfield license in Syria), construction (ARESCO, ASEC Automation) and management (ASEC Engineering and ASENPRO).

Key Metrics (Operational Core Platform Companies)

Item (in EGP mn unless otherwise stated)	2Q13	2Q14	% diff	1H13	1H14	% diff
Segment Revenues (Aggregate)^	371.2	646.1	74%	919.4	1,279.9	39%
Segment EBITDA (Aggregate)^	(48.7)	128.1	High	(28.3)	175.7	High
Segment Revenues (Statutory)*	609.2	501.8	-18%	1,001.9	1,204.1	20%
Segment EBITDA (Statutory)*	17.6	162.6	825%	(1.2)	218.8	High
% of Total Group Revenues	31%	40%		32%	39%	
Cement Division Revenues**	98.5	434.4	341%	285.2	810.6	184%
Cement Division EBITDA**	(73.3)	156.5	High	(58.0)	218.7	High
Misr Qena Cement Revenues ()	222.3	316.0	42%	445.8	559.0	25%
Misr Qena Cement EBITDA ()	92.0	157.4	71%	192.3	258.6	35%
Al-Takamol Cement Co. Revenues^^	126.5	119.2	-6%	227.9	203.4	-11%
Al-Takamol Cement Co EBITDA^^	(59.9)	15.5	High	(59.4)	19.6	High
ASEC Ready Mix Revenues	17.3	33.3	92%	32.8	62.1	89%
ASEC Ready Mix EBITDA	1.6	3.8	140%	3.4	8.4	147%
ASEC Minya Revenues	-	306.4	n/a	-	541.5	n/a
ASEC Minya EBITDA	-	120.8	n/a	-	191.1	n/a
Construction and Management Division Revenues	272.7	211.7	-22%	634.1	469.3	-26%
Construction and Management Division EBITDA	24.6	(28.4)	n/a	29.6	(43.0)	-245%

^ The Segment Revenues and EBITDA (Aggregate) are the simple summation of the Cement and Construction division results.

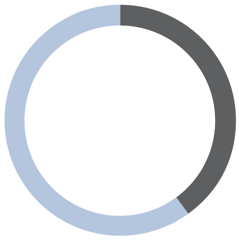
* The Segment Revenues and EBITDA (Statutory) are the actual consolidated revenues and EBITDA figures of the Cement sector which reflects eliminations intra the whole cement and construction group.

** Cement Division Revenues and EBITDA exclude figures from Zahana and Djelfa - ASEC's Algerian units - as these companies are now treated as assets held for sale reflecting the company's strategic plan to divest these investments.

^^ For better operational year-on-year comparison, results were translated at a nominal exchange rate of EGP 0.0898 vs 1 DZD, for Algeria and EGP 1.1838 vs 1 SDG and South Sudan at EGP 2.23.

() Misr Qena Cement is not consolidated using full consolidation method in the cement segment figures, but rather equity method consolidation, having investment income recorded above the EBITDA .

SECTOR PERCENT OF CORE PLATFORM REVENUES (2Q14)



Cement	40%
Others	60%

Cement Sector Operational and Financial Performance

The Cement sector includes a Cement division and a Construction and Management division.

Cement Division:

- **ASEC Cement** saw consolidated revenues surge 184% compared to 1H13, as a result of an increase in overall sales volume of 181%. The main highlights of the first half are:
  - ASEC Minya revenues amounted to EGP 541.5 million in 1H14.
  - ASEC Ready Mix increased revenues 89% on a sales volume increase of 74%.
  - The company's Algerian units, Zahana and Djelfa, are now treated as assets held for sale reflecting the company's strategic plan to divest these investments; accordingly the net income of those subsidiaries is presented as net income from discontinued operations.

Within ASEC Cement:

- In 1H14, **Misr Qena Cement** (MCQE on the EGX, not fully consolidated into ASEC Cement's results, but investment income from which is recorded above the EBITDA line) saw a y-o-y increase in sales revenues of 25% thanks to a 23% rise in average selling prices and a 2% rise in volumes sold. Obtaining reliable and affordable fuel has become a top priority for all of the country's cement producers, as fuel costs rose from EGP 1,680 per ton in 1H13 to EGP 1,841 per ton in 1H14.
- Solid financial and operational performance continued and despite pressure from rising costs, Misr Qena's EBITDA rose 71% y-o-y in 2Q14, offsetting weak performance in 1Q14 and leading to a 35% increase in the first half.
- Notably, Misr Qena is in advanced stages of negotiating contracts for the coal transformation project after being granted environmental approvals for the import and use of coal in its production process, as well as building a new vertical cement mill that consumes less electricity. The company is also financing an alternative fuels project. CAPEX for the aforementioned projects is estimated at some EGP 300 million.
- **ASEC Minya**, a US$ 360 million 2 MTPA greenfield cement plant in upper Egypt, recorded robust figures during the first half of 2014. Revenues in 2Q14 saw an increase of 31% quarter-on-quarter and EBITDA rose 72% q-o-q. EBITDA margins reached 37% in 2Q14. (Notably, the company only began production in June 2013, with the fourth quarter of 2013 marking the first normal financial statements to the company, and there are accordingly no year-on-year comparatives at this time.)
- The factory was subject to shutdowns in January and June of 2014 for 16 and 17 days, respectively. The first was necessitated by fuel supply shortages while the second was a planned shutdown as part of the company's maintenance schedule. Consequently, the weighted average utilization for the first half of 2014 stood at 80%.
- In anticipation of summer fuel shortages, ASEC Minya opted to import a sufficient amount of clinker in order to maintain its market share. To alleviate any long-term impact from chronic fuel shortages, coal / pet coke and alternative fuels solutions are under contract negotiation.
- **ASEC Ready Mix (ARMC)**, the first ready mix cement producer focused on the high-potential markets of Upper Egypt, now operates batch plants in Assiut, Qena, Sohag and Aswan. ARMC showed stable financial performance over the first half of 2014 on the back of higher volumes. Revenues in 1H14 rose by 89% y-o-y, driven by an increase of 9% in prices and increased market appetite,

maintaining positive margins. EBITDA in 1H14 witnessed an increase of 147% over the same period last year.

- **Zahana Cement**, a key brownfield investment of ASEC Cement located in western Algeria, had a relatively stable second quarter on the heels of continued difficulties in 1Q14. With the start of 2Q14, the dry line recovered after a 72-day stoppage over the course of 1Q14. The stoppage led to slight dip of 1% in 1H14 sales revenues compared to 1H13 due to the decrease in sales and production volumes of 20%, partially compensated by a price increase of 25%. Cement production also recovered starting in 2Q14 after a planned shutdown, marking a 5% increase over the same period last year, compared to a 69% decrease in 1Q14. To conclude, the company will continue to work on the operational problems affecting the production mill (Raw Mill).
- Zahana revenues are excluded from the consolidated figures of the segment because they are treated as profits from discontinued operations. This is because the Board of Directors approved the resolution to dispose of the group's subsidiaries in Algeria.
- In Sudan, **Al-Takamol Cement Company** reports lower sales revenues in 1H14 as compared to 1H13, as a result of a 41% reduction in volumes although that was partially offset by a 50% increase in selling prices. The drop in sales volumes came on the back of decreased availability of raw materials and electricity.
- EBITDA for Al-Takamol is distorted by a non-recurring transaction of EGP 252 million stemming from the reversal of overdue amounts to sister company Berber Electric Power. Thus, EBITDA comes in higher than revenues because the one-off added item kicks in just below the gross profit line in "other operating income." Essentially, the reversal of the overdue amounts came on the back of the completion of Al Takamol Cement's acquisition of Berber.

Construction Division

- The **Construction and Management division** reported a 26% y-o-y decrease in 1H14 aggregate revenues to EGP 469.3 million, mainly attributable to the 76% y-o-y decrease in ARESCO's revenues. That said, ARESCO is steadily progressing with projects-in-hand, including NCC Environmental Enhancement, Dina Farms and the alternative energy project in Titan Bani Suef. Notably, all the key projects are set for completion before the end of 2014.
- In addition, ASEC Engineering, ASENPRO and ASEC Automation showed an increase in top-line results. An increase in ASEC Automation and ASENPRO at the EBITDA level was insufficient to offset difficulties in other subsidiaries, which resulted in an overall EBITDA drop from positive EGP 29.6 million in 1H13 to negative EGP 43.0 million in 1H14.

Sector Review: Agrifoods

Qalaa Holdings' operational core Agrifoods companies include Gozour (multicategory agriculture and consumer foods) and Wafra (agriculture in Sudan and South Sudan).

Key Metrics (Operational Core Platform Companies)

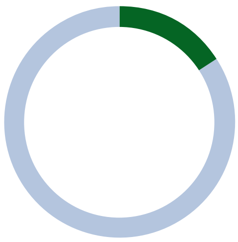
Item (in EGP mn unless otherwise stated)	2Q13	2Q14	% diff	1H13	1H14	% diff
Segment Revenues (Aggregate)	337.0	259.9	-23%	652.9	496.2	-24%
Segment EBITDA (Aggregate)	33.1	21.1	-36%	61.3	38.8	-37%
% of Total Group Revenues	28%	16%		23%	15%	
Gozour Revenues	331.7	259.7	-22%	645.2	494.6	-23%
Gozour EBITDA	39.4	26.9	-32%	73.3	49.4	-33%
Wafra Revenues	5.3	0.2	-96%	7.7	1.7	-79%
Wafra EBITDA	(6.3)	(5.9)	n/a	(12.0)	(10.6)	n/a
Gozour Subsidiaries						
Rashidi El-Mizan Revenues	121.5	119.7	-2%	248.7	226.1	-9%
Rashidi El-Mizan EBITDA	15.2	11.6	-24%	31.6	22.0	-30%
Rashidi for Integrated Solutions Revenues	37.9	4.3	-89%	71.6	38.9	-46%
Rashidi for Integrated Solutions EBITDA	0.7	(2.8)	n/a	2.3	(2.9)	n/a
Dina Farms Revenues	109.3	122.4	12%	198.0	217.1	10%
Dina Farms EBITDA	31.5	32.5	3%	56.8	59.4	5%
ICDP Revenues	22.1	30.3	37%	41.3	54.0	31%
ICDP EBITDA	2.2	2.5	12%	3.1	4.5	45%
Enjoy Revenues	75.3	0.2	-100%	142.5	5.7	-96%
Enjoy EBITDA	(4.9)	(12.7)	n/a	(7.5)	(24.3)	n/a
Revenues of Non-Operational Companies	7.5	7.9	n/a	14.0	12.8	n/a
EBITDA of Non-Operational Companies	(5.2)	(4.1)	n/a	(13.1)	(9.4)	n/a

Key Performance Indicators

Item	2Q13	2Q14	% diff	1H13	1H14	% diff
Gozour KPIs						
Rashidi El-Mizan Tons Sold (all SKUs in tons)	7,195	6,078	-16%	15,173	11,831	-22%
Rashidi Sudan Tons Sold (all SKUs in tons)	2,613	270	-90%	5,052	1,516	-70%
Dina Farms Tons Sold (raw milk in tons)	14,803	17,086	15%	30,104	33,395	11%
Dina Farms Tons Sold (agricultural in tons)	22,149	18,379	-17%	37,985	33,402	-12%
Dina Farms Total Herd	15,375	15,024	-2%	15,375	15,024	-2%
Of Which Milking Cows	6,801	6,319	-7%	6,801	6,319	-7%
ICDP Tons Sold (all SKUs in SKU)	2,807	2,922	4%	5,200	5,447	5%
Total Land Planted in Egypt (in feddans) for the Period [1]	5,955	6,310	6%	7,250	6,810	-6%
Crops (in feddans)	5,283	5,530	5%	6,437	6,030	-6%
Orchards (in feddans)	672	780	16%	813	780	-4%

1 Amount of land varies each quarter due to the seasonality of the crops.

SECTOR PERCENT OF CORE PLATFORM REVENUES (2Q14)



Agrifoods	16%
Others	84%

Agrifoods Foods Division Operational and Financial Performance

The sector saw a 24% y-o-y decrease in 1H14 revenues and a 37% decrease y-o-y in 1H14 EBITDA. The drop comes mainly on the back of under-performance at Gozour portfolio companies Rashidi El Mizan, Rashidi for Integrated Solutions and Enjoy's facility stoppage. Also, Wafra currently faces difficulties in operations ranging from political and civil conflicts in South Sudan to technical problems in Sudan.

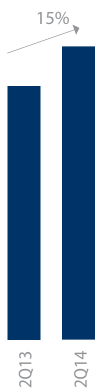
Gozour

- On a consolidated basis, integrated multi-category agriculture and consumer foods platform Gozour reported 1H14 revenues of EGP 495 million, a 23% decrease compared to the same period last year. The company recorded an EBITDA of EGP 49 million in the first half of 2014, a 33% decrease compared to the same period last year, driven by the under-performance of Rashidi El-Mizan and Rashidi for Integrated Solutions. Also impacting results, the non-operational companies (El Aguizy, Mom's Food, and Elmisrieen) are still incurring losses, while Enjoy's facility has been put to a temporary stop pending a revisit of the company's operating cycle and business plan.
- In Egypt, leading regional confectioner **Rashidi El-Mizan (REM)** reported a 9% y-o-y drop in sales revenues in 1H14, driven largely by inflationary pressures which have eroded consumers' purchasing power. First half 2014 EBITDA dropped by 30% versus the same period last year, mainly driven by lower sales revenue in comparison to same period in 2013, but also as a result of higher raw material costs (of sesame, in particular, which is a core ingredient in its Halawa products).
- In Sudan, **Rashidi for Integrated Solutions (RIS)** reported a 46% decrease in revenues in 1H14 compared to the same period last year. EBITDA decreased significantly from 1H13 to 1H14, mainly caused by higher prices of sesame seeds, resulting in Halawa products being less affordable for Sudanese consumers. Also,

RASHIDI EL-MIZAN COMPARISON (tons sold, SKUs)

2Q13	7,195
2Q14	6,078

DINA FARMS TONS SOLD (RAW MILK IN TONS)



2Q13	14,803
2Q14	17,086

the devaluation of the local currency resulted in deterioration of consumers' purchasing power. Finally, RIS' sole distributor terminated the distribution contract given the significant drop in demand for Halawa in the country.

- **Dina Farms** recorded 10% y-o-y sales growth in 1H14, which outpaced the increase in COGS and helped EBITDA also inch up 5%. The company remained profitable in 1H14 despite higher herd management expenses (culling) and the impact of a sharp rise in corporate taxes compared to the same period last year. Sales growth was mainly driven by higher raw milk selling prices, where average milk prices increased from EGP 3.49 per liter last year to EGP 3.84 in 1H14.
- **Investment Co. for Dairy Products (ICDP)**, which markets Dina Farms' fresh dairy products (the nation's leading fresh milk brand), witnessed a 31% y-o-y increase in 1H14 sales revenue with an even higher 45% increase in EBITDA. This was mainly driven by higher selling prices and lower product returns (the latter dropped to record low of 2.5%). Moreover, new agents have been hired on a fixed-price contract basis to revamp sales in Egypt's Delta region and penetrate seven new governorates in 2014 to bring the company to a total of 4,748 'traditional trade' clients (out of total target of 6,500 by year's end). Also, the company, on the back of more mainstream competitive price / pack offerings, launched a 75gm yogurt to recruit B-class consumers to the Dina Farms brand, further absorbing manufacturing overhead costs of the yogurt line.
- **ACST**, which operates a chain of Dina Farms-branded supermarkets, recorded its first profitable month this year in June 2014. Monthly turnover has reached some EGP 12 million with the company targeting break-even by year's end through increasing turnover, offering a wider product range and controlling costs. During 1H14, ACST opened its eighth retail store and hired industry veteran George Fouad to spearhead the retail function. The company has since signed contracts for three additional stores with plans to open a total of four by year's end, bringing the total footprint to 12 outlets.
- Consolidating all of Dina Farms' related operations, namely Dina Farms, ICDP and ACST, aggregate revenues stand at c. EGP 320 million in 1H14 with an EBITDA of EGP 63.7 million.

Wafra

- Agriculture play **Wafra** continued to report declining revenues; in 2Q14, revenues stood at EGP 0.2 million.
- As reported in our 1Q14 Business Review, **Concord Agriculture** has been significantly impacted for more than a year by the civil conflict in South Sudan. There have been no further developments in this regard.
- Wafra portfolio company **Sabina** has also been stagnant for the same reasons discussed in 1Q14, namely a more than year-long stop to development and planting. The company, however, is currently in advanced stages of sample collection for the purpose of the soil analysis study.

Sector Review: Transportation & Logistics

Qalaa Holdings' operational core Transportation & Logistics companies include Rift Valley Railways (the national railway of Kenya and Uganda) and Nile Logistics (river transportation in Egypt, Sudan and South Sudan).

Key Metrics (Operational Core Platform Companies)

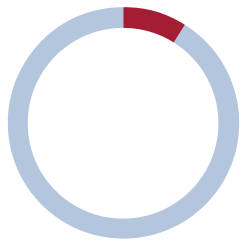
Item (in EGP mn unless otherwise stated)	2Q13	2Q14	% diff	1H13	1H14	% diff
Segment Revenues* (Aggregate)	134.9	163.8	21%	245.4	305.6	25%
Segment EBITDA (Aggregate)	(15.3)	(20.6)	n/a	(46.7)	(19.8)	n/a
% of Total Group Revenues	2%	9%		9%	9%	
Nile Logistics Subsidiaries						
Nile Logistics (National Multimodal Transport Company 'NMT') Revenues	7.8	13.8	77%	14.5	26.2	81%
Nile Logistics (National Multimodal Transport Company 'NMT') EBITDA	(9.2)	(2.7)	30%	(16.4)	(8.6)	53%
Nile Barges (South Sudan) Revenues (in USD mn)	0.6	0.0	-100%	1.4	0.0	-100%
Nile Barges (South Sudan) EBITDA (in USD mn)	(0.5)	(0.5)	-6%	(0.1)	(0.7)	417%
Africa Railways Revenues (in USD mn)	18.2	21.4	18%	33.2	40.0	21%
Africa Railways EBITDA (in USD mn)	(0.4)	(2.1)	406%	(4.2)	(0.9)	-78%

* To calculate segment revenues and EBITDA, figures for Africa Railways and Nile Barges (South Sudan) have been converted at average yearly exchange rates of EGP 6.61493 : USD 1 for 2013, EGP 6.9475 : USD 1 for 1Q14 and EGP 7.0029 : USD 1 for 2Q14.

Key Performance Indicators

Item	2Q13	2Q14	% diff	1H13	1H14	% diff
Nile Logistics KPIs						
Ton-Kilometer Water Egypt (millions)	14.9	7.0	-53%	17.7	9.3	-48%
Egypt Stevedoring KPIs						
Tons Handled (thousands)	54	268	392%	97	441	355%
No. of Locations	1	1	0%	1	1	0%
No. of Vessels Used	11	12	9%	19	22	16%
Egypt Transshipment KPIs						
No. of Twenty-foot Equivalent Units (TEU)	n/a	3,883	n/a	n/a	4,937	n/a
River Transport South Sudan KPIs						
Ton-Kilometer Water (millions)	9	-	n/a	21	-	n/a
Africa Railways KPIs						
Net Ton-Kilometer Rail (millions)	270	335	24%	529	587	11%
Revenues per Net Ton Kilometer (cents/NTK)	6.6	6.3	-5%	12.3	13.7	11%

SECTOR PERCENT OF CORE PLATFORM REVENUES (2Q14)



Transportation & Logistics	9%
Others	91%

EGYPT STEVEDORING TONS HANDLED (thousands)

2Q13	54
2Q14	268

EGYPT TRANSSHIPMENT (No. of TEU)

1Q14	1,054
2Q14	3,883

Transportation & Logistics Operational and Financial Performance

The Transportation & Logistics division posted aggregate revenues in 2Q14 of EGP 163.8 million, a 21% increase over the same period last year. The sector's aggregate EBITDA came in at negative EGP 20.6 million as compared to a positive EGP 1 million in the first quarter of this year, mainly on the back of a boosted EBITDA level at Africa Railways in 1Q14 due to a non-recurring (one-off) other income of USD 5 million. Although Nile Barges witnessed very minimal operations in Egypt and a complete halt in South Sudan during 1H14, NMT (the arm of Nile Logistics that consolidates the operational companies Nile Cargo and National for River Ports Management Company 'NRPMC' (please see below for more details on the companies) reported a 77% y-o-y increase in revenues explicitly due to the increased operations of stevedoring and container transshipment.

Nile Logistics

- **Nile Cargo** owns and operates a fleet of barges that geographically covers river transport routes from Alexandria and Damietta to Aswan in South of Egypt. The company also runs stevedoring (loading/offloading) activities in sea ports.
- **National for River Ports Management Company (NRPMC)** mentioned above, owns and operates river ports in Egypt that cover the entire length of the Nile. Services offered are primarily stevedoring and warehousing at the ports.
- Nile Logistics has been achieving positive margins with its stevedoring operations at the Port of Alexandria. In June 2014, **Nile Cargo** handled a record 125,000 tons of cargo with one of its floating cranes. As a result, 441,000 tons were handled in 1H14 compared to 97,000 tons in the same period last year. A second floating crane is expected to come on stream in late September, allowing the company to double the cargo handled. Each floating crane has a daily handling capacity of around 10,000 tons. Nile Cargo's EGP 45 million purpose-built floating cranes allow for a significant increase in the Port of Alexandria's cargo-handling capacity with minimal capital expenditure by the Port Authority. The cranes have interchangeable parts to efficiently discharge a wide variety of cargo including grains, scrap, clinker, coal and bulk from large-sized vessels.
- Separately, in February of this year, Nile Logistics began its **transshipment operations** in which it transports containers using river barges between the Port Said Container Terminal and the Suez Canal Container Terminal (Sharq Al-Tafrea). Qalaa has been gradually increasing the carrying capacity of the inland container transshipment service in the months since the start of operations, with a target to exceed 5,000 TEU during 3Q14. Utilizing our core large-sized vessels, we can increase handled TEU to 15,000 per month without investing in additional assets. The company almost tripled the number of TEUs handled in 2Q14 vs 1Q14.

Africa Railways

- **Rift Valley Railways** continued building on revenue growth, reporting an 18% increase y-o-y in 2Q14; in contrast, EBITDA was negative USD 2.1 million in the same period. In the first quarter of 2014, EBITDA recorded a positive figure attributable to one-off income amounting to USD 5 million, as mentioned above.
- As discussed in our 1Q14 Business Review, the company is waiting for the first batch of refurbished GE locomotives out of the 20 ordered from the United States — these are expected towards the end of September. With the ongoing loco rehabilitation program, the company expects to double the current locomotive fleet by end-2014. The new locomotives, along with a proper maintenance regime for the existing stock, will enhance the company's revenues going forward. Notably, the Net Ton-Kilometers achieved in 2Q14 came in at 335 million, up 24% y-o-y.

Sector Review: Mining

Qalaa Holdings' operational core platform in the Mining sector is ASCOM, which includes operating companies ASCOM (as standalone and leading provider of quarrying services), ASCOM for Chemicals and Carbonates Manufacturing (ACCM), ASCOM Precious Metals (APM), GlassRock, and ASCOM Sudan.

Key Metrics (Operational Core Platform Companies)

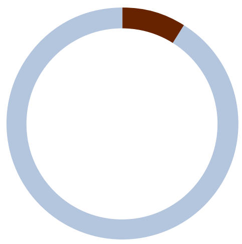
Item (in EGP mn unless otherwise stated)	2Q13	2Q14	% diff	1H13	1H14	% diff
Segment Revenues (Statutory)	140.5	145.8	4%	272.2	294.7	8%
Segment EBITDA (Statutory)	2.2	11.9	437%	8.1	24.2	198%
% of Total Group Revenues	12%	9.0%		10%	9%	
ACCM Revenues (in USD mn)	3.7	5.1	39%	7.8	9.7	24%
ACCM EBITDA (in USD mn)	0.9	1.0	11%	1.9	2.0	7%
GlassRock Revenues (in USD mn)	1.0	1.2	26%	1.7	2.2	28%
GlassRock EBITDA (in USD mn)	(0.8)	(0.2)	n/a	(1.6)	(0.6)	n/a
Egypt Quarrying Revenues	84.7	76.8	-9%	157.3	173.2	10%
Egypt Quarrying EBITDA	6.4	7.0	9%	11.1	17.5	58%
Other Quarry Management Revenues - ex Egypt	15.7	24.3	55%	33.1	36.8	11%
Other Quarry Management EBITDA - ex Egypt	2.2	(0.0)	n/a	5.1	(1.9)	n/a

*Other results include Algeria and Sudan.

Key Performance Indicators

Item	2Q13	2Q14	% diff	1H13	1H14	% diff
ACCM Volumes Sold (thousand tons)	48.9	61.9	26%	99.1	119.6	21%
GlassRock Volumes Sold (thousand tons)	1.0	1.1	14%	1.6	2.1	32%
Egypt's Quarrying Business Volumes Sold (million tons)	8.8	7.9	-10%	16.8	16.4	-2%

SECTOR PERCENT OF CORE PLATFORM REVENUES (2Q14)



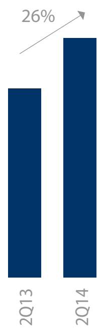
Mining	9%
Others	91%

Mining Operational and Financial Performance

In 2Q14, **ASCOM's** consolidated revenues improved by 4% y-o-y to reach EGP 145.8 million, while EBITDA rose more than four-fold to EGP 11.9 million mainly due to increased sales volumes in ASCOM for Chemicals and Carbonates Mining (ACCM). Notably, ASCOM has officially been approved as an Armed Forces supplier for national projects, and is set to complete dry sand excavation on a section of the New Suez Canal. Negotiations continue with the Armed Forces for road projects including for Ain Sokhna and Zafranah. In general, the company continues its drive to improve efficiency with a focus on equipment and hence productivity.

- **ASCOM for Chemicals and Carbonates Mining (ACCM)** continued to grow volumes and revenues in 2Q14 reporting a top-line improvement of 39% y-o-y, while EBITDA rose 11% in the same period. Improvements to the production line are well underway to increase super fine products output. Moreover, as discussed in our 1Q14 Business Review, commissioning of the new wet grinding line is on track and management expects the line to be fully operational by 4Q14, taking ACCM's milling capacity to 240,000 tons by year-end.
- **GlassRock Insulation Co.** saw revenues increase 26% y-o-y in 2Q14. Although EBITDA continues to show losses, it nevertheless improved 72% over the same period last year. Notably, EBITDA turned positive during the last month of 2Q14 and is expected to remain that way throughout the rest of the year as full line control over the rockwool production cycle has resulted in improved productivity and reduced losses. The glasswool line is still in progress with 85% under control. However, recent spikes in electricity & gas costs have eroded gross margins, particularly in glasswool. In addition, the company is in the process of completing export certification and recruiting new high caliber staff to its sales team to improve sales.
- **ASCOM Precious Metals Mining (APM)**, an ASCOM project under development continues to meet its business objectives. APM's holdings include two gold concessions in Ethiopia (at which the company has now completed 47,706m of drilling with early results continuing to indicate a commercially significant gold discovery) and a concession in Sudan's Blue Nile Region.
- ASCOM's **quarrying business within Egypt** reported a 9% y-o-y drop in sales revenues although EBITDA level improved by 9% y-o-y. Operationally the company is well underway in its drilling with regards to the newly signed contract with Matz Holdings, Ltd.

ACCM VOLUMES SOLD COMPARISON
(thousand tons)

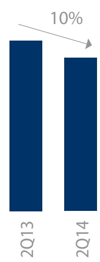


2Q13	48.9
2Q14	61.9

GLASSROCK VOLUMES SOLD COMPARISON
(thousand tons)

2Q13	1.0
2Q14	1.1

EGYPT QUARRYING BUSINESS VOLUMES SOLD COMPARISON
(million tons)



2Q13	8.8
2Q14	7.9

Key Metrics (Operational Non-Core Platform and Portfolio Companies)

Item (in EGP mn unless otherwise stated)	2Q13	2Q14	% diff	1H13	1H14	% diff
United Foundries Consolidated						
Revenues	30.9	27.8	-10%	71.1	66.0	-7%
EBITDA	5.5	5.8	6%	10.4	12.1	17%
United Company for Foundries (factory)						
Revenues	30.9	27.8	-10%	71.1	66.0	-7%
EBITDA	5.5	5.8	6%	10.4	12.1	17%
Amreyah Metals Company						
Revenues	10.5	10.2	-3%	23.1	19.5	-16%
EBITDA	(2.7)	0.3	-110%	(2.3)	(0.8)	67%
Alexandria Automotive Company (EUR mn)						
Revenues	3.2	0.15	-95%	5.9	0.1	-98%
EBITDA	(0.7)	(1.1)	61%	(1.5)	(1.0)	-22%
Finance Unlimited (Combined)						
Revenues	54.0	39.8	-26%	79.8	71.4	-10%
EBITDA / Operating Income	13.8	15.0	9%	15.0	19.8	32%
Pharos						
Revenues	12.3	17.3	41%	22.5	28.0	25%
EBITDA	1.5	7.5	411%	3.6	5.3	47%
Tanmeyah (Long-term non-core)*						
Revenues	16.2	22.5	38%	31.8	43.4	36%
Operating Income	1.6	7.6	368%	0.7	14.6	2123%

* Tanmeyah is a Long-Term Non-Core Platform company that, while not falling under the core industry umbrella, is not subject to any divestment

Summary of Performance of Operational Core Platform Companies — 2Q14

Item (in EGP mn)	Revenues			EBITDA		
	2Q13	2Q14	% diff	2Q13	2Q14	% diff
CORE PLATFORMS						
ENERGY						
TAQA Arabia	309.7	389.3	26%	40.7	47.0	15%
Tawazon	22.5	33.4	49%	(5.5)	3.6	n/a
Aggregate Energy	**332.2**	**422.7**	**27%**	**35.2**	**50.6**	**43%**
CEMENT						
ASEC Cement	98.5	434.4	341%	(73.3)	156.5	-314%
Construction / Plant Management	272.7	211.7	-22%	24.6	(28.4)	n/a
Aggregate Cement	**371.2**	**646.1**	**74%**	**(48.7)**	**128.1**	-363%
AGRIFOODS						
Gozour	331.7	259.7	-22%	39.4	26.9	-32%
Wafra**	5.3	0.2	-96%	(6.3)	(5.9)	n/a
Aggregate Agrifoods	**337.0**	**259.9**	**-23%**	**33.1**	**21.1**	**-36%**
TRANSPORTATION & LOGISTICS						
Nile Logistics	7.8	13.8	77%	(9.2)	(2.7)	n/a
Nile Barges (South Sudan)*	4.1	0.0	n/a	(3.4)	(3.3)	n/a
Africa Railways*	18.2	129.4	613%	(2.8)	(14.6)	n/a
Aggregate Transportation & Logistics	**30.0**	**143.2**	**377%**	**(15.3)**	**(20.6)**	**n/a**
MINING						
ASCOM	140.5	145.8	4%	2.2	11.9	437%
Aggregate Mining	**140.5**	**145.8**	**4%**	**2.2**	**11.9**	**437%**
Grand Total for Core Platforms	**1,210.9**	**1,617.7**	**34%**	**6.5**	**191.0**	**2819%**
LONG-TERM NON CORE PLATFORMS						
Tanmeyah (Finance Unlimited)	16.2	22.5	38%	1.6	7.6	368%
GrandTotal for Long-Term Non-Core Platforms	**16.2**	**22.5**	**38%**	**1.6**	**7.6**	**368%**
Accumulated Total	**1,227.1**	**1,640.1**	34%	**8.2**	**198.6**	**2334%**

* Wafra, Africa Railways, and Nile Barges (South Sudan) figures have been converted to EGP from USD using average yearly exchange rates of EGP 6.7771 : USD 1 for 1H13 and EGP 7.0029: USD 1 for 1H14.

Summary of Performance of Operational Core Platform Companies — 1H14

Item (in EGP mn)	Revenues			EBITDA		
	1H13	1H14	% diff	1H13	1H14	% diff
CORE PLATFORMS						
ENERGY						
TAQA Arabia	584.1	725.4	24%	76.6	77.9	2%
Tawazon	178.4	201.8	13%	129.8	184.7	42%
Aggregate Energy	**762.5**	**927.2**	**22%**	**206.4**	**262.6**	**27%**
CEMENT						
ASEC Cement	285.2	810.6	184%	(58.0)	218.7	-477%
Construction / Plant Management	634.1	469.3	-26%	29.6	(43.0)	n/a
Aggregate Cement	**919.4**	**1,279.9**	**39%**	**(28.3)**	**175.7**	-720%
AGRIFOODS						
Gozour	645.2	494.6	-23%	73.3	49.4	-33%
Wafra*	7.7	1.7	-79%	(12.0)	(10.6)	n/a
Aggregate Agrifoods	**652.9**	**496.2**	**-24%**	**61.3**	**38.8**	**-37%**
TRANSPORTATION & LOGISTICS						
Nile Logistics	14.5	26.2	81%	(16.4)	(8.6)	n/a
Nile Barges (South Sudan)*	9.4	0.0	n/a	(0.9)	(4.6)	n/a
Africa Railways*	224.8	280.4	25%	(28.6)	(6.4)	n/a
Aggregate Transportation & Logistics	**248.7**	**306.6**	**23%**	**(45.9)**	**(19.7)**	**n/a**
MINING						
ASCOM	272.2	294.7	8%	8.1	24.2	198%
Aggregate Mining	**272.2**	**294.7**	**8%**	**8.1**	**24.2**	**-198%**
Grand Total for Core Platforms	**2,855.7**	**3,304.7**	**16%**	**201.6**	**481.6**	**139%**
LONG-TERM NON CORE PLATFORMS						
Tanmeyah (Finance Unlimited)	31.8	43.4	36%	0.7	14.6	2123%
Grand Total for Long-Term Non-Core Platforms	**31.8**	**43.4**	**36%**	**0.7**	**14.6**	**2123%**
Accumulated Total	**2,887.5**	**3,348.1**	16%	**202.3**	**496.1**	**145%**

* Wafra, Africa Railways, and Nile Barges (South Sudan) figures have been converted to EGP from USD using average yearly exchange rates of EGP 6.7771 : USD 1 for 1H13 and EGP 7.0029: USD 1 for 1H14.

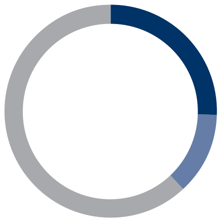
Summary of Qalaa Holdings Consolidated Income Statement (in EGP mn)

Item	1H14	1H13
Revenues	2,927.5	9.9
Cost of Sales	(2,428.0)	(5.8)
Gross Profit	**499.5**	**4.1**
Advisory fees	8.0	30.4
Share in Associates' Results	49.5	(23.9)
Other losses/Gains	-	-
Operating Profit (Loss)	**556.9**	**10.6**
OPEX	(520.8)	(101.9)
Other Expenses	(73.8)	(77.5)
EBIT	**(37.6)**	**(168.8)**
Financing Income (Expense)	(412.2)	(4.9)
Profit (Loss) Before Tax	**(449.8)**	**(173.7)**
Income Taxes	(28.5)	-
Net Profit (Loss) After Tax from Continuing Operations	(478.3)	(173.7)
Discontinued Operation	(109.4)	-
Net Profit (Loss) After Tax	**(587.7)**	**(173.7)**
Attributable to:		
Majority shareholders	(410.5)	(168.3)
Non-controlling shareholders	(177.2)	(5.4)
Net (loss) profit for the period	**(587.7)**	**(173.7)**

Summary of Qalaa Holdings Consolidated Balance Sheet (in EGP mn)

Item	June 30, 2014	FY13
Fixed Assets (net)	15,253.9	16,112.4
Investments	1,866.4	2,093.8
Due from Related Parties	322.8	330.8
Deferred Tax Assets	-	-
Intangible Assets	721.5	877.0
Goodwill	2,870.2	2,984.5
Accounts Receivable	486.3	389.1
Biological Assets	181.1	181.9
Other Assets	595.9	745.2
Total Non-Current Assets	**22,298**	**23,714.7**
Investments	280.4	215.8
Due from Related Parties	1,066.1	397.8
Inventory	931.3	1,020.3
Other Debit Balances	1,056.2	1,006.0
Other Assets	113.9	58.4
Accounts Receivable	955.0	898.7
Assets Held for Sale	3,508.4	613.0
Cash & Equivalents	2,183.6	2,113.5
Total Current Assets	**10,095.5**	**6,323.5**
Total Assets	**32,393.52**	**30,038.2**
Paid in Capital	8,000	4,358.1
Reserves	196.6	374.2
Shareholders' Account	51.4	2,323.2
Retained Earnings	(3,381.5)	(2,656.1)
Net Profit (Losses) for the Period	(410.5)	(374.7)
Total Attributable Equity	4,456.0	4,024.7
Minority Interest	8,780.4	8,699.1
Total Equity	**13,236.5**	**12,723.7**
LT Borrowings	8,895.9	6,783.0
LT Liabilities	284.36	147.6
DTL	3.45	130.7
Due to Related Parties	753.1	524.7
Total Non-Current Liabilities	**9,936.8**	**7,586.0**
CPLTD	1,913.6	2,297.6
Due to CCP	176.7	110.8
Overdraft	771.7	834.4
Accounts Payable	2,116.8	3,263.7
Due to Related Parties & Other Credit Balances	2,039.6	2,121.7
Liabilities Held for Sale	1,740.5	623.2
Provisions	461.3	477.2
Total Current Liabilities	**9,220.2**	**9,728.5**
Total Equity & Liabilities	**32,393.5**	**30,038.2**

SHAREHOLDER STRUCTURE
(as of 30 June 2014)



CCP	25.61%
Board members other than CCP	12.47%
Others	61.92%

Forward Looking Statements

Statements contained in this Business Review that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Qalaa Holdings. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Certain information contained herein constitutes "targets" or "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of Qalaa Holdings may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of Qalaa Holdings is subject to risks and uncertainties.

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