

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

**Separate financial statements**  
**for the period ended September 30, 2014**  
**&**  
**Review report**

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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 separate statement of financial position of Citadel Capital Company (Egyptian Joint Stock Company) as at September 30, 2014 and the related separate statements of income, changes in equity and cash flows for the nine 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 separate financial statements do not present fairly, in all material respects, the financial position of the Company as at September 30, 2014 and of its financial performance and its cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

Cairo, December 7, 2014

**Citadel Capital Company**  
**(Egyptian Joint Stock Company)**  
**Separate statement of financial position**  
**as at September 30, 2014**

	Note	30/9/2014 EGP	31/12/2013 EGP
<b>Current assets</b>			
Cash and cash equivalents	(4)	265 840 203	221 456 439
Due from related parties (net)	(5)	1 623 621 748	1 414 146 063
Other debit balances	(6)	5 093 937	2 309 034
Total current assets		<u>1 894 555 888</u>	<u>1 637 911 536</u>
<b>Current liabilities</b>			
Due to related parties	(7)	380 862 002	42 514 767
Current portion of long-term loans	(18)	891 594 003	921 477 765
Other credit balances	(8)	85 005 037	95 442 705
Expected claims provision	(9)	192 290 676	194 090 676
Total current liabilities		<u>1 549 751 718</u>	<u>1 253 525 913</u>
Working capital		344 804 170	384 385 623
<b>Non - current assets</b>			
Available-for-sale investments	(10)	37 545 032	23 766 707
Investments in subsidiaries and associates	(11)	5 943 516 652	2 698 191 005
Payments for investments	(12)	1 930 187 911	3 891 688 249
Fixed assets (net)	(13)	20 843 311	22 160 968
Other investments	(14)	565 759 250	668 966 003
Deferred tax	(15)	754 239	788 824
Total non - current assets		<u>8 498 606 395</u>	<u>7 305 561 756</u>
Total investment		<u>8 843 410 565</u>	<u>7 689 947 379</u>
Financed through:			
<b>Equity</b>			
Share capital	(16)	8 000 000 000	4 358 125 000
Reserves	(3.10/3.12)	( 131 796 012)	89 578 478
Retained loss		( 241 439 209)	( 251 929 613)
		<u>7 626 764 779</u>	<u>4 195 773 865</u>
Net (loss) profit for the period / year		( 24 731 928)	10 490 404
Net equity		<u>7 602 032 851</u>	<u>4 206 264 269</u>
Shareholders' credit balances	(17)	45 738 812	2 323 160 875
Total equity		<u>7 647 771 663</u>	<u>6 529 425 144</u>
<b>Non - current liabilities</b>			
Long term loans	(18)	1 195 638 902	1 160 522 235
Total non - current liabilities		<u>1 195 638 902</u>	<u>1 160 522 235</u>
Total equity and non - current liabilities		<u>8 843 410 565</u>	<u>7 689 947 379</u>

The accompanying notes from page 5 to 36 are an integral part of these 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)**  
**Separate income statement**  
**for the period ended September 30, 2014**

	Note	For the period		For the period	
		from 1/7/2014	from 1/1/2014	from 1/7/2013	from 1/1/2013
		to 30/9/2014	to 30/9/2014	to 30/9/2013	to 30/9/2013
		EGP	EGP	EGP	EGP
Dividend income	(19)	4 290 000	4 290 000	-	-
Advisory fee	(21.1)	19 724 750	62 845 977	32 871 064	74 119 164
Administrative and general expenses	(22)	( 41 819 687)	( 103 064 795)	( 24 811 153)	( 83 861 926)
Fixed assets depreciation	(13)	( 456 981)	( 1 371 732)	( 538 458)	( 2 095 970)
Net operating (loss) profit		( 18 261 918)	( 37 300 550)	7 521 453	( 11 838 732)
Finance income (cost) (net)	(20)	11 001 466	12 603 207	( 7 045 700)	21 150 313
Net (loss) profit before tax		( 7 260 452)	( 24 697 343)	475 753	9 311 581
Deferred tax	(15)	76 716	( 34 585)	( 41 783)	( 10 279)
Net (loss) profit for the period		( 7 183 736)	( 24 731 928)	433 970	9 301 302
Earnings per share	(25)	(0.004)	(0.019)	0.000	0.011

The accompanying notes from page 5 to 35 are an integral part of these financial statements and are to be read therewith.

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate statement of changes in equity  
for the period ended September 30, 2014

Note	Share capital	Reserves				Net (loss) profit for the year / period	Shareholders' credit balances	Total
		Legal reserve	Share based payment reserve	Retained loss	EGP			
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	
Balance as at December 31, 2012	4 358 125 000	89 578 478	-	( 185 528 480)	( 66 401 133)	-	4 195 773 865	
Carrying 2012 loss forward	-	-	-	( 66 401 133)	66 401 133	-	-	
Net profit for the period ended September 30, 2013	-	-	-	-	9 301 302	-	9 301 302	
Balance as at September 30, 2013	4 358 125 000	89 578 478	-	( 251 929 613)	9 301 302	-	4 205 075 167	
Balance as at December 31, 2013	4 358 125 000	89 578 478	-	( 251 929 613)	10 490 404	2 323 160 875	6 529 425 144	
Carrying 2013 profit forward	-	-	-	10 490 404	( 10 490 404)	-	-	
Share-based payment reserve	(3,12)	-	( 221 374 490)	-	-	-	( 221 374 490)	
Shareholders' credit balances	(17)	-	-	-	-	1 363 110 497	1 363 110 497	
Share capital increase	(16,17)	3 641 875 000	-	-	-	(3 640 532 560)	1 342 440	
Net loss for the period ended September 30, 2014	-	-	-	-	( 24 731 928)	-	( 24 731 928)	
Balance as at September 30, 2014	8 000 000 000	89 578 478	( 221 374 490)	( 241 439 209)	( 24 731 928)	45 738 812	7 647 771 663	

The accompanying notes from page 5 to 35 are an integral part of these financial statements and are to be read therewith.

**Citadel Capital Company**  
**(Egyptian Joint Stock Company)**  
**Separate statement of cash flows**  
**for the period ended September 30, 2014**

	Note	For the period ended	
		30/9/2014 EGP	30/9/2013 EGP
<b>Cash flows from operating activities</b>			
Net (loss) profit before tax		(24 697 343)	9 311 581
<b>Adjustments to reconcile net (loss) profit to net cash used in operating activities :</b>			
Fixed assets depreciation		1 371 732	2 095 970
Unrealized foreign currency differences		(15 872 816)	(9 201 942)
Interest income		(40 505 433)	(46 137 553)
Interest expense		2 639 285	-
Expected claims provision used		(1 800 000)	-
Operating loss before changes in working capital		<u>(78 864 575)</u>	<u>(43 931 944)</u>
<b>Assets</b>			
Due from related parties		(189 300 685)	(74 795 025)
Other debit balances		(2 784 903)	(771 212)
<b>Liabilities</b>			
Due to related parties		201 177 249	11 308 206
Other credit balances		(10 437 668)	17 463 596
Net cash used in operating activities		<u>(80 210 582)</u>	<u>(90 726 379)</u>
<b>Cash flows from investing activities</b>			
Payments for investments		(36 733 506)	(16 991 076)
Payments for purchasing fixed assets		(54 075)	(44 886)
Payments for purchasing available- for- sale investments		-	(543)
Proceeds from loans to subsidiaries		159 850 000	-
Net cash provided from (used in) investing activities		<u>123 062 419</u>	<u>(17 036 505)</u>
<b>Cash flows from financing activities</b>			
Issue of share capital		1 342 440	-
Payments for loans		(58 757 500)	-
Payments for shareholders' credit balances		(2 139 135)	-
Net cash used in financing activities		<u>(59 554 195)</u>	<u>-</u>
Net change in cash and cash equivalents during the period		(16 702 358)	(107 762 884)
Cash and cash equivalents at the beginning of the period	(4)	<u>282 542 561</u>	<u>359 695 818</u>
Cash and cash equivalents at the end of the period	(4)	<u><u>265 840 203</u></u>	<u><u>251 932 934</u></u>

Non-cash transactions Note (4)

The accompanying notes from page 5 to 35 are an integral part of these financial statements and are to be read therewith.

**Citadel Capital Company**  
**(Egyptian Joint Stock Company)**  
**Notes to the separate financial statements**  
**For the period ended September 30, 2014**

**1. Company background**

- Citadel Capital Company - an Egyptian Joint Stock Company - founded in accordance with the applicable Egyptian laws and in pursuance to law no. (159) of 1981 and its executive regulations. The Company has registered in the commercial register at Giza under number 11121 on April 13, 2004. The purpose of the Company represented as follows:
  - Providing consultancy in financial and financing fields for different companies and preparing and presenting the feasibility studies in the economical, engineering, technological, marketing, financing, managing, borrowing contracts arrangements fields, and financing studies in addition to preparing and presenting studies and consultancy regarding projects' promotion and offering the necessary technical support in different fields except legal consultancy.
  - Working as an agent in contracting and negotiation in different fields and steps especially negotiation in the management contracts, participation, and technical support.
  - Managing, executing and restructuring of projects.
- On October 20,2013 the extra ordinary general assembly has agreed on amending the statute of the Company in accordance with the Capital Market Law and its executive regulations on the basis that the Company is involved in establishing other companies and participating in the capital increases of other companies pursuant to the provision of article no.(27) of the Capital Market Law and article no.(122) of its executive regulations, provided that required legal procedures for amending the statute of the company will take place after completing the required legal procedures for the aforementioned capital increase.



- The Company will be known as “Qalaa Holdings” in the English language. Qalaa has been the firm's Arabic name since it was founded in 2004. Subsequently to the successful completion of the capital increase to EGP 8 billion, the company has transformed its business model from being a private equity company to an investment company with a focus on business segments of energy, cement, agrifoods, transportation & logistics, and mining. The required procedures to amend the Company’s commercial register are taking place.

## **2. Basis of preparation**

### **2.1 Statement of compliance**

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

The board approved the financial statements on December 7, 2014.

### **2.2 Basis of measurement**

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

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

### **2.3 Functional and presentation currency**

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

### **2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions based on historical experience and various other factors that believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and

liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

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

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

- Note no. (9) – provisions.
- Note no. (11) – measurement of the recoverable amount of investments in subsidiaries and associates.
- Note no. (15) – recognition of deferred tax.

### **2.5 Consolidated financial statements**

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

### **3. Significant accounting policies applied**

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

#### **3.1 Foreign currency transactions**

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

### 3.2 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the financial position net of accumulated depreciation and impairment note no. (3.6), and are depreciated using the straight line method and recognized in income statement over the estimated productive life for each type of asset. The following are the estimated productive lives, for each class of assets, for depreciation calculation purposes:

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

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the property and equipment. All other expenditure is recognized in the income statement as an expense as incurred.

### 3.3 Projects under construction

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

### 3.4 Gains and losses from disposal of fixed assets

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

### **3.5 Investments**

#### **3.5.1 Investments at fair value through income statement**

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

#### **3.5.2 Available-for-sale investments**

Available-for-sale investments are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses note no. (3.6) which is recognized in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available-for-sale identifies, based on quoted price of the exchange market at the 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.

#### **3.5.3 Investments in subsidiaries and associates**

Investments in subsidiaries and associates stated at cost less impairment note no. (3.6). At each financial position date, management assesses the investments' recoverable amount and in case that the recoverable amount is less than the carrying amount then an impairment loss is recognized in the income statement.

### **3.6 Impairment of assets**

#### **3.6.1 Financial assets**

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

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

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

#### **3.6.2 Non-financial assets**

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

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

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

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

### **3.7 Cash and cash equivalents**

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

### **3.8 Interest-bearing borrowings**

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

### **3.9 Provisions**

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

### **3.10 Legal reserve**

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

### **3.11 Issued capital**

#### **3.11.1 Repurchase of share capital**

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

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

#### **3.11.2 Dividends**

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

### **3.12 Share-based payments**

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

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

### **3.13 Derivative financial instruments**

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

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

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

### **3.14 Lending**

Loans are stated at cost less any impairment losses in its value and the Company reevaluates 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.

### **3.15 Revenues**

#### **Revenue recognition**

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

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



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

**3.15.1 Gains (losses) on sale of investments**

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

**3.15.2 Dividend income**

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

**3.15.3 Management fee**

Management fee is recognized upon rendering the service.

**3.15.4 Advisory fee**

Advisory fee is calculated based on agreed percentage in accordance with contract term with a managed companies.

**3.15.5 Interest income**

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

**3.16 Expenses**

**3.16.1 Interest expense**

Interest expense on interest - bearing borrowing is recognized in the income statement using the effective interest rate method.

**3.16.2 Employees pension**

The Company contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Company's

liability is confined to the amount of its contribution only. Contributions are charged to income statement using the accrual basis of accounting.

### **3.16.3 Income tax**

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

### **3.17 Earnings per share**

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

### 3.18 Profit sharing to employees

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

#### 4. Cash and cash equivalents

	30/9/2014	31/12/2013
	EGP	EGP
Cash on hand	165 167	451 869
Banks – current accounts	<u>265 675 036</u>	<u>221 004 570</u>
Cash and cash equivalents as previously presented in the statement of financial position	265 840 203	221 456 439
Effect of exchange rate changes	<u>--</u>	<u>61 086 122</u>
Cash and cash equivalents adjusted	<u><u>265 840 203</u></u>	<u><u>282 542 561</u></u>

#### Non-cash transactions

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

- EGP 2 167 786 602 from change in payments for investments and the change in investments in subsidiaries and associates (transferred from payments for investments to investments in subsidiaries and associates).
- EGP 1 112 034 597 from change in investment in subsidiaries and associates and shareholders' –credit balances (represents the value of investments purchased by the Company to one of its subsidiaries Citadel Capital for International investments Ltd).
- EGP 23 750 000 from change in due from related parties and shareholders' – credit balances – (represents the value of employees bonus have been charged to Citadel Capital Ltd. BVI -indirectly subsidiary- Subsidiary to Citadel Capital Holding for Financial Investments-Free Zone).

Citadel Capital Company  
Notes to the separate financial statements  
for the period ended September 30,2014

- EGP 13 778 325 from change in available for sale investments and shareholders' –credit balances (represents the value of investment at Pharos Holding Co.).
- EGP 221 374 490 from change in reserves and shareholders' –credit balances (represents the value of share based payments reserve).
- EGP 3 640 532 560 from change in capital and shareholders' –credit balances (represents the value of the increase in capital from shareholders' –credit balances).
- EGP 34 495 522 from change in payments under investments and financial investments in subsidiaries (represents the value of amounts transferred from investment in Citadel Capital for International Investments Ltd. to investment in Citadel Capital Holding for Financial Investment – Free Zone)
- EGP 11 082 156 from change in payments under investments and due to related parties (represents the value of amounts transferred from intercompany Citadel Capital for International Investments Ltd. to investment in Citadel Capital Holding for Financial Investment – Free Zone)
- EGP 5 687 780 from change in shareholders' –credit balances and due to related parties (represents the value of amounts settled by Citadel Capital for International Investments Ltd. in behalf of the Company)
- EGP 3 575 000 from change in payments under investments and due from related parties (represents the value of amount transferred from intercompany Citadel Capital Joint Investment Fund Management Ltd. to investment in Citadel Capital Holding for Financial Investment – Free Zone)
- EGP 120 400 050 from change in payments under investments and due from related parties (represents the value of amount payments under investment ASEC Cement Company)

**5. Due from related parties**

	Nature of transaction		30/9/2014	31/12/2013
	Advisory	Finance		
	fee			
	EGP	EGP	EGP	EGP
Mena Home Furnishings Mall	17 235 932	--	17 235 932	12 152 777
Falcon Agriculture Investments Ltd.	49 477 499	--	49 477 499	34 838 945
Golden Crescent Investments Ltd.	27 279 037	--	27 279 037	26 477 835
Citadel Capital Transportation Opportunities Ltd.	4 419 192	--	4 419 192	3 028 873
Logria Holding Ltd. *	39 352 892	--	39 352 892	38 197 073
Mena Glass Ltd.	14 884 512	--	14 884 512	10 507 159
Silverstone Capital Investment Ltd.	5 167 091	--	5 167 091	6 689 876
Sabina for Integrated Solutions	7 865 000	--	7 865 000	7 634 000
ASEC Cement Company	11 213 978	--	11 213 978	133 783 175
Citadel Capital Financing Corp. *	46 937 720	--	46 937 720	45 559 129
Valencia Trading Holding Ltd.	10 725 006	--	10 725 006	10 410 001
Citadel Capital Transportation Opportunities II Ltd.	13 743 090	--	13 743 090	7 622 535
Citadel Capital Holding for Financial Investments- Free Zone	--	1 126 358 527	1 126 358 527	922 707 073
ASEC Company for Mining (ASCOM)	--	147 975 585	147 975 585	115 352 473
United Foundries Company	--	70 148 643	70 148 643	58 963 434
National Development and Trading Company	--	49 685 037	49 685 037	3 550 087
Ledmore Holdings Ltd.	4 117 603	--	4 117 603	2 702 245
Africa Railways Limited	6 411 948	--	6 411 948	1 960 550
Mena Joint Investment Fund GP	11 545 783	--	11 545 783	9 870 510
Citadel Capital Joint Investment Fund Management Ltd.	5 761 259	--	5 761 259	7 430 298
Africa JIF HOLD CO I	1 697 494	--	1 697 494	1 281 472
Africa JIF HOLD CO III	2 903 684	--	2 903 684	4 165 889
Mena JIF HOLD CO I	1 697 495	--	1 697 495	1 281 466
Sphinx glass S.A.E	476 669	--	476 669	--
Cron dall Holdings Ltd.	12 633 070	--	12 633 070	12 262 028
International for Mining Consultation	--	136 000	136 000	--
Total			1 689 849 746	1 478 428 903
Accumulated impairment *			(66 227 998)	(64 282 840)
Net			1 623 621 748	1 414 146 063

\* Accumulated impairment on due from related parties represented in:

Citadel Capital Company  
Notes to the separate financial statements  
for the period ended September 30,2014

	<b>Balance as at 1/1/2014</b>	<b>Foreign currency translation differences</b>	<b>Balance as at 30/9/2014</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Logria Holding Ltd.	38 197 073	1 155 819	39 352 892
Citadel Capital Financing Corp.	26 085 767	789 339	26 875 106
Balance	<u>64 282 840</u>	<u>1 945 158</u>	<u>66 227 998</u>

**6. Other debit balances**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>EGP</b>	<b>EGP</b>
Deposits with others	175 500	221 152
Imprest	2 172 987	594 377
Letters of guarantee's margin	715 000	694 000
Taxes deducted by others	868 058	648 259
Prepaid expenses	144 000	144 000
Sundry debit balances	1 018 392	7 246
Balance	<u>5 093 937</u>	<u>2 309 034</u>

**7. Due to related parties**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>EGP</b>	<b>EGP</b>
Citadel Capital Partners Ltd. *	57 006 217	110 770 360
Citadel Capital for International Investments Ltd.	323 855 785	(68 255 593)
Balance	<u>380 862 002</u>	<u>42 514 767</u>

\* The main shareholder of the Company – 26.79%.

**8. Other credit balances**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>EGP</b>	<b>EGP</b>
Tax Authority	54 702 162	36 615 589
Accrued expenses	17 609 898	38 747 640
Accrued interest	3 796 751	3 817 000
Suppliers	5 590 423	13 018 972

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>EGP</b>	<b>EGP</b>
Prior years dividends payable	2 893 919	2 893 919
National Authority for Social Insurance	369 636	307 342
Sundry credit balances	42 248	42 243
Balance	<u>85 005 037</u>	<u>95 442 705</u>

**9. Expected claims provision**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>EGP</b>	<b>EGP</b>
Balance at the beginning of the period / year	194 090 676	195 327 905
Formed during the period / year	--	1 600 000
Provisions used during the period / year	<u>(1 800 000)</u>	<u>(2 837 229)</u>
Balance	<u>192 290 676</u>	<u>194 090 676</u>

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

**10. Available-for-sale investments**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>EGP</b>	<b>EGP</b>
Arab Swiss Engineering Company – ASEC	17 479	17 479
Modern Company for Isolating Materials	43 396	43 396
EFG Capital Partners Fund II	7 734 489	7 734 489
EFG Capital Partners Fund III	15 970 800	15 970 800
Pharos Holding Co.	13 778 325	--
ASEC Cement Company	543	543
Balance	<u>37 545 032</u>	<u>23 766 707</u>

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

**11. Investments in subsidiaries and associates**

	Percentage %	30/9/2014 EGP	Percentage %	31/12/2013 EGP
<b>11.1 Investments in subsidiaries</b>				
Citadel Capital Holding for Financial Investments-Free Zone	99.99	1 345 352 547	99.99	1 345 352 547
Citadel Capital for International Investments Ltd.	100	3 643 180 216	100	397 854 569
National Development and Trading Company *	47.65	668 170 587	47.65	668 170 587
United Foundries Company *	29.29	103 699 040	29.29	103 699 040
International Company for Mining Consultation	99.99	62 500	99.99	62 500
Balance		<u>5 760 464 890</u>		<u>2 515 139 243</u>
<b>11.2 Investments in associates</b>				
ASEC Company for Mining (ASCOM)	39.22	<u>183 051 762</u>	39.22	<u>183 051 762</u>
Total		<u>5 943 516 652</u>		<u>2 698 191 005</u>

\* The Company has the power to govern the operational and financial policies of these companies as it holds direct and indirect shares so far these companies become subsidiaries companies to the group.

- Investments in subsidiaries and associates are represented in unlisted securities in the Stock Exchange except ASEC Company for Mining (ASCOM) which has market value of EGP 183 541 649 as at September 30, 2014 against EGP 158 694 200 as at December 31, 2013.

**12. Payments for investments**

	30/9/2014 EGP	31/12/2013 EGP
Citadel Capital Holding for Financial Investments- Free Zone	1 787 467 969	1 711 426 754
Citadel Capital for International Investments Ltd.*	22 319 892	2 180 261 495
ASEC Cement Company	<u>120 400 050</u>	<u>--</u>
Balance	<u>1 930 187 911</u>	<u>3 891 688 249</u>

\* An amount EGP 2 167 786 602 has been transferred to investments in subsidiaries note (11).



**13. Fixed assets**

	<b>Building and constructions*</b>	<b>Computers</b>	<b>Furniture, fixture and equipments</b>	<b>Vehicles</b>	<b>Total</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Cost as at 1/1/2014	33 742 368	7 881 723	22 791 143	539 800	64 955 034
Additions	--	54 075	--	--	54 075
<b>Total cost as at 30/9/2014</b>	<b>33 742 368</b>	<b>7 935 798</b>	<b>22 791 143</b>	<b>539 800</b>	<b>65 009 109</b>
Accumulated depreciation as at 1/1/2014	11 809 826	7 818 521	22 625 919	539 800	42 794 066
Depreciation during the period	1 265 340	31 725	74 667	--	1 371 732
<b>Accumulated depreciation as at 30/9/2014</b>	<b>13 075 166</b>	<b>7 850 246</b>	<b>22 700 586</b>	<b>539 800</b>	<b>44 165 798</b>
<b>Carrying amounts at 30/9/2014</b>	<b>20 667 202</b>	<b>85 552</b>	<b>90 557</b>	<b>--</b>	<b>20 843 311</b>
<b>Carrying amounts at 31/12/2013</b>	<b>21 932 542</b>	<b>63 202</b>	<b>165 224</b>	<b>--</b>	<b>22 160 968</b>

\* Buildings and constructions represent the value of the headquarter of the Company.

**14. Loans to Subsidiaries**

Other investments are represented in loans granted to subsidiaries and associates as follows:

	<b>Note</b>	<b>30/9/2014</b>	<b>31/12/2013</b>
		<b>EGP</b>	<b>EGP</b>
National Development and Trading Company	14.1	405 391 182	519 975 202
United Foundries Company	14.2	160 368 068	148 990 801
<b>Balance</b>		<b>565 759 250</b>	<b>668 966 003</b>

14.1 The Company has granted two subordinating loans to National Development and Trading Company dated December 28, 2009 and September 21, 2010 with

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

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

- According to the Assignment Agreement dated January 20, 2014 which relating to the subordinated interest bearing US.\$ denominated convertible shareholders' loan agreement on December 28, 2009 relating to an amount of US.\$ 13 000 000 which consists of US.\$ 8 350 941 (principle amount) and US\$ 4 649 059 (accrued interest amount) to Al Olayan Saudi Investments Ltd.
- According to the Assignment Agreement dated March 24, 2014 which relating to the subordinated interest bearing US.\$ denominated convertible shareholders' loan agreement on December 28, 2009 relating to an amount of US.\$ 10 000 000 which consists of US.\$ 6 462 231 (principle amount) and US.\$ 3 537 769 (accrued interest amount) to Al Olayan Saudi Investments Ltd.

The balance of the two loans after the Assignment Agreement became:

US.\$ 56 698 067 (equivalent to EGP 405 391 182) at September 30, 2014 against US.\$ 74 924 381 (equivalent to EGP 519 975 202) at December 31, 2013 included accrued interest during the period amounted to US.\$ 4 773 686 (equivalent to EGP 34 131 855) at September 30, 2014 against US.\$ 7 727 626 (equivalent to EGP 53 629 724) at December 31, 2013.

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

On January 9, 2012 the board of directors of United Foundries Company decided to convert the convertible loan contract to a subordinating loan that will be settled on 10 years with annual interest rate of 6% in purpose of ending a loan commission amounted to US.\$ 1 421 320 (equivalent to EGP 8 641 626) at the transaction date. The value of the subordinating loan for united foundries Company is US.\$ 22 429 100 (equivalent to EGP 160 368 068 as at June 30, 2014) against US.\$ 21 468 415 (equivalent to EGP 148 990 801 as at December 31, 2013) including accrued interest during the period amounted to US.\$ 960 685 (equivalent to EGP 6 868 898 as at September 30, 2014) against US.\$ 1 217 669 (equivalent to EGP 8 450 623 as at December 31, 2013).

**15. Deferred tax**

	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>EGP</b>	<b>EGP</b>
Fixed assets – depreciation	<u>754 239</u>	<u>788 824</u>

The Company has carried-forward tax losses from previous years that were not recognized due to the lack of reasonable assurance of future taxable profit to benefit in the near future.

**16. Share capital**

- The Company's authorized capital is EGP 6 Billion and the issued and paid-in capital is EGP 4 358 125 000 represents 871 625 000 shares distributed to 653 718 750 ordinary shares and 217 906 250 preferred shares with par value EGP 5 per share.
- The Company's extra-ordinary general assembly meeting held on October 20, 2013 approved the increase of the authorized capital from EGP 6 billion to EGP 9 billion and the increase of the issued capital from EGP 4 358 125 000 to EGP 8 billion, with an increase of EGP 3 641 875 000 by issuing 728 375 000 new shares at par value of EGP 5 per share, 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 .
- The Board of Directors approved in its meeting held on February 13, 2014 to cover the subscription of the unsubscribed Company's shares in the capital increase through offsetting the shareholders' credit balances that are payable by

the Company (note 17) against the subscription price of the shares. In addition, this increase has been signed at commercial register on April 16, 2014.

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

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

Shareholders' name	Percentage %	No. of Shares	Value in EGP
Citadel Capital Partners Ltd.	26.79	428 573 139	2 142 865 695
Emirates International Investments Company	10.01	160 229 693	801 148 465
Others	63.2	1 011 197 168	5 055 985 840
	100	1 600 000 000	8 000 000 000

#### 17. 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 September 30, 2014 are represented in the following:-

Shareholders' name	30/9/2014	31/12/2013
	EGP	EGP
Citadel Capital Partners Ltd.	19 997 300	547 233 410
Emirates International Investment Company LLC	--	596 548 465
DH Investors Limited	--	343 000 000
Mansour and Maghraby for Investment and Development S.A.E	--	155 135 015
Grouped Holdings Ltd	--	130 000 000
Mamdouh Mohamed Fathy Abbas	--	69 300 000
Kareem Sedky Sedky Mohamed EL Serafy	--	58 771 265

<b>Shareholders' name</b>	<b>30/9/2014</b>	<b>31/12/2013</b>
	<b>EGP</b>	<b>EGP</b>
Magdy Mohamed Mustafa Saleh	8 291 345	42 734 519
Ledville Holdings Limited	--	39 487 820
Tamer Abd EL Hamed Abou Bakr	5 004 562	32 325 196
Khaled Abd EL Hamed Ali Abou Bakr	5 756 696	25 935 453
Karnation Limited	3 427 599	18 248 303
Ahmed Mokhtar Mohamed El Rashidi	--	26 698 000
Partex Trading Corp.	--	24 750 000
Mohamed Mokhtar Mohamed EL Rashidi	--	23 387 000
Adena Commercial Corp.	--	18 937 500
Power investment Europe	--	10 400 000
MZ Investments S.A.E.	566 088	9 996 393
Garth investing Limited	--	9 090 000
Hassan Mohamed Hassan Darwish	--	8 106 120
Abdel Khalek Mohamed Mohamed Ayad	1 474 000	7 847 476
Ahmed Moheb Mahmoud El Mehelmy	--	7 575 000
Hossam Hussien Nagy Aly Saad	--	6 999 995
Ahmed Ibrahim Wagih El Shamy	--	5 531 280
Others	<u>1 221 222</u>	<u>105 122 665</u>
Balance	<u>45 738 812</u>	<u>2 323 160 875</u>

- EGP 3 640 532 560 has been used during the period to increase the share capital - note (16).

#### 18. Long term loans

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

is an amount of US.\$ 171 957 803 (equivalent to EGP 1 032 984 912) as at December 31, 2011 until the date of the new contract)

The new loan amount is divided into three classes:-

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

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

The Company has used an amount of US.\$ 300 million from funding granted to it till December 31, 2013 .The Company has paid an amount of US.\$ 8 450 000 and has been charged with US.\$ 370 686 as extra expenses so the balance of the loan will be US.\$ 291 920 686 as at September 30,2014 (equivalent to EGP 2 087 232 905) and the current stage installment is amounted to US.\$ 124 698 462 (equivalent to EGP 891 594 003 as at September 30, 2014) against US.\$ 132 777 776 (equivalent to EGP 921 477 765 as at December 31, 2013).

The interest on loan charged to the income statement during the period is EGP 93 716 871 - note no. (20).

The loan guarantees are as follows:

- First degree lien contract of the shares owned by the Company in National Development and Trading Company.
- 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) investments on the following companies:
  - 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

**19. Dividend income**

The dividend income represents dividend distribution made by Citadel Capital International Investment Ltd. for the period ended September 30, 2014 according to the resolution of the Board of directors meeting held on September 29, 2014.

**20. Finance income (cost) ( net)**

	For the period		For the period	
	from 1/7/2014	from 1/1/2014	from 1/7/2013	from 1/1/2013
	to 30/9/2014	to 30/9/2014	to 30/9/2013	to 30/9/2013
	EGP	EGP	EGP	EGP
Interest income - note (21.2)	30 199 405	90 447 262	34 210 651	99 182 805
Interest expense - note (18)	(27 084 785)	(93 716 871)	(29 575 195)	(87 234 434)
Foreign currency differences	7 886 846	15 872 816	(11 681 156)	9 201 942
Net	<u>11 001 466</u>	<u>12 603 207</u>	<u>(7 045 700)</u>	<u>21 150 313</u>

## 21. Related party transactions

### 21.1 Advisory fee

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

Company's name	For the period		For the period	
	from 1/7/2014 to 30/9/2014	from 1/1/2014 to 30/9/2014	from 1/7/2013 to 30/9/2013	from 1/1/2013 to 30/9/2013
	EGP	EGP	EGP	EGP
Mena Glass Ltd.	1 351 245	4 013 993	1 326 642	3 933 088
Mena Home Furnishings Mall	1 569 607	4 662 650	1 537 268	4 551 135
Citadel Capital Transportation Opportunities Ltd.	432 285	1 284 139	382 962	1 134 163
Falcon Agriculture Investments Ltd.	4 521 784	13 432 357	4 394 406	13 028 083
Sphinx Glass Ltd.	--	--	--	2 754 500
Sphinx Glass S.A.E.	--	2 814 000	1 401 999	1 401 999
ASEC Cement Company	4 499 178	13 221 233	4 417 525	12 955 436
Silverstone Capital Investment Ltd. Citadel Capital Transportation Opportunities II Ltd.	1 719 954	5 109 277	1 691 435	5 009 093
Africa Railways Limited	1 960 551	5 823 990	1 924 854	5 706 606
Mena Joint Investment Fund GP	2 148 340	6 340 913	1 857 679	5 458 087
Citadel Capital Joint Investment Fund Management Ltd.	463 191	1 360 517	789 833	2 321 218
Africa JIF HOLD CO I	--	1 658 705	454 122	1 334 608
Africa JIF HOLD CO III	127 134	373 417	124 648	366 309
Mena JIF HOLD CO I	360 439	1 058 701	353 383	1 038 541
Ledmore Holdings Ltd.	127 134	373 417	124 648	366 309
Crandall Holdings Ltd.	443 908	1 318 668	341 183	1 011 512
	--	--	11 748 477	11 748 477
<b>Total</b>	<u>19 724 750</u>	<u>62 845 977</u>	<u>32 871 064</u>	<u>74 119 164</u>



- The Company did not recognize advisory fees with an amount of EGP 11 205 938 and EGP 2 074 955 in the period ended September 30, 2014 (against EGP 32 450 971 and EGP 6 008 788 in the period ended September 30, 2013) related to Logria Holding Ltd. and Golden Crescent Investments Ltd. respectively in accordance with the signed contracts due to inadequate assurance concerning the revenue recognition and collection conditions.

## 21.2 Interest income

Interest income presented in financing income (costs) - note (20) included an amount of EGP 90 192 888 which represent the accrued interest income according to the signed contracts with some related parties as follows:

Company's name	For the period		For the period	
	from 1/7/2014	from 1/1/2014	from 1/7/2013	from 1/1/2013
	to 30/9/2014	to 30/9/2014	to 30/9/2013	to 30/9/2013
	EGP	EGP	EGP	EGP
National Development and Trading Company (14.1)	10 655 780	33 712 853	13 595 424	39 843 828
United Foundries Company (21.2.1)	3 318 846	9 588 182	3 010 746	9 023 715
Citadel Capital Holding for Financial Investments-Free Zone	11 586 513	33 024 433	9 953 087	29 356 259
Citadel Capital for International Investments Ltd.	2 875 978	8 481 072	5 091 531	14 939 889
ASEC Company for Mining (ASCOM)	1 686 175	5 386 348	1 711 428	4 925 454
<b>Total</b>	<b>30 123 292</b>	<b>90 192 888</b>	<b>33 362 216</b>	<b>98 089 145</b>

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

Subordinating loan interest – note no. (14.2)	For the period		For the period	
	from 1/7/2014	from 1/1/2014	from 1/7/2013	from 1/1/2013
	to 30/9/2014	to 30/9/2014	to 30/9/2013	to 30/9/2013
	EGP	EGP	EGP	EGP
	2 317 880	6 792 579	2 149 870	6 293 735

	For the period		For the period	
	from 1/7/2014 to 30/9/2014	from 1/1/2014 to 30/9/2014	from 1/7/2013 to 30/9/2013	from 1/1/2013 to 30/9/2013
	EGP	EGP	EGP	EGP
Current account interest	1 000 966	2 795 603	860 876	2 729 980
<b>Total</b>	<b>3 318 846</b>	<b>9 588 182</b>	<b>3 010 746</b>	<b>9 023 715</b>

**22. Administrative and general expenses**

	For the period		For the period	
	from 1/7/2014 to 30/9/2014	from 1/1/2014 to 30/9/2014	from 1/7/2013 to 30/9/2013	from 1/1/2013 to 30/9/2013
	EGP	EGP	EGP	EGP
Wages , salaries and similar items	23 839 143	55 165 977	15 928 462	45 058 013
Consultancy	5 379 617	14 065 376	1 842 479	18 866 057
Advertising and public relations	2 304 786	7 487 736	896 115	3 933 827
Travel , accommodation and transportations	2 886 371	7 055 799	1 716 627	4 315 523
Donations	6 270 655	6 270 655	--	--
Management fees – note no. (23)	--	--	1 033 478	1 033 478
Other expenses	1 139 115	13 019 252	3 393 992	10 655 028
<b>Total</b>	<b>41 819 687</b>	<b>103 064 795</b>	<b>24 811 153</b>	<b>83 861 926</b>

**23. Management fees**

The Company's extraordinary general assembly meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners Ltd. (the principal shareholder of – 26.79%) which states that Citadel Capital Partners Ltd. provides management duties for fees based on 10% of the net annual profit available for distribution. This agreement shall remain in effect as long as Citadel Capital Partners owns 15% or more preferred shares.

**24. 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.

### **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 2010/2013 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 and 2013 has not been inspected yet.

### **Withholding tax**

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

- On June 4, 2014 a new law No. 44/2014 has imposed a 5% temporary additional annual tax on amounts exceed EGP 1 million from the tax base on the income of natural persons or the profits of Corporate Buddies in accordance with income tax law , and it has been proven and collected in accordance with this provisions . This law will start working from June 5, 2014.
- On June 30,2014 a Presidential Decree has issued law No. 53 for the year 2014 , this law has amended some articles of the law on Income Tax promulgated by law No. 91/2005 the most important of these amended rules are :
  - 1- impose taxes on dividends.
  - 2- impose taxes on capital gains resulted from selling shares and securities.

Due to non-issuance of the executive regulations of the law and what may result from the differences in the interpreting of the articles, the company's management determined the results and values of those amendments in the light of its interpretation of the law's articles, such results and values might differ upon the issuance of the executive regulations of the law.

**25. Earnings per share**

	For the period		For the period	
	from 1/7/2014 to 30/9/2014	from 1/1/2014 to 30/9/2014	from 1/7/2013 to 30/9/2013	from 1/1/2013 to 30/9/2013
	EGP	EGP	EGP	EGP
Net (loss) profit for the period	(7 183 736)	(24 731 928)	433 970	9 301 302
The weighted average number of shares	1 600 000 000	1 317 187 729	871 625 000	871 625 000
Earnings per share	(0.004)	(0.019)	0.000	0.011

**26. Employees Stock Option Plan**

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

**27. Contingent liabilities and commitments**

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

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

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances and debtors while financial liabilities include creditors. Note no. (3) of notes to financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses by the Company to minimize the consequences of such risks.

**28.1 Credit risk**

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

**28.2 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.

**28.3 Market risk**

**A- Foreign currencies risk**

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies. Assets and liabilities that have foreign currency position at the financial position date equivalent to EGP 2 437 663 296 and EGP 2 295 128 884 respectively and net foreign currencies balances at the financial position date are as follows:

Foreign currencies	Surplus (deficit)
	EGP
US.\$	343 279 698
Euro	(200 785 190)
GBP	39 904

- As disclosed in note no. (3.1), the Company has used the prevailing exchange rates to revalue monetary assets and liabilities at the financial position date.

**B- Interest rate risk**

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

**C- Price risk**

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

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

**28.4 Capital risk management**

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

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

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

The gearing ratios at September 30, 2014 and December 31, 2013 were as follows:

	30/9/2014	31/12/2013
	EGP	EGP
<b>Liabilities</b>		
Due to related parties	397 807 502	42 514 767
Current portion of long term loans	891 594 003	921 477 765
Other credit balances	85 005 037	95 442 705
Expected claims provision	192 290 676	194 090 676
Long term loans	1 195 638 902	1 160 522 235
<b>Total</b>	<b>2 762 336 120</b>	<b>2 414 048 148</b>
Less: Cash and cash equivalents	(282 785 073)	(221 456 439)
<b>Net debt</b>	<b>2 479 551 047</b>	<b>2 192 591 709</b>
Total equity	7 647 771 663	6 529 425 144
<b>Gearing ratio</b>	<b>32 %</b>	<b>34 %</b>

**29. Comparative figures**

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