


Citadel Capital Company
(Egyptian Joint Stock Company)

Separate financial statements
for the year ended December 31, 2013
&
Auditor's report

 **Hazem Hassan**
Public Accountants & Consultants

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Hazem Hassan

Public Accountants & Consultants

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

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

Auditor's report

To the shareholders of Citadel Capital Company

Report on the financial statements

We have audited the accompanying separate financial statements of Citadel Capital Company (Egyptian Joint Stock Company), which comprise the separate balance sheet as at December 31, 2013 and the separate statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of



Hazem Hassan

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citadel Capital Company as at December 31, 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on other legal and regulatory requirements

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

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

Cairo, February 27, 2014

Hassan Bas
KPMG Hazem Hassan



Citadel Capital Company
(Egyptian Joint Stock Company)
Separate balance sheet
as at December 31, 2013

	Note	31/12/2013 LE	31/12/2012 LE
Current assets			
Cash and cash equivalents	(4)	221 456 439	222 706 169
Due from related parties (net)	(5)	1 482 401 656	1 243 402 084
Other debit balances	(6)	2 309 034	1 687 388
Total current assets		1 706 167 129	1 467 795 641
Current liabilities			
Due to related parties	(7)	110 770 360	255 980 135
Current portion of long-term loans	(18)	921 477 765	527 661 106
Other credit balances	(8)	95 442 705	111 040 338
Expected claims provision	(9)	194 090 676	195 327 905
Total current liabilities		1 321 781 506	1 090 009 484
Working capital		384 385 623	377 786 157
Non - current assets			
Available-for-sale investments	(10)	23 766 707	23 766 164
Investments in subsidiaries and associates	(11)	2 698 191 005	2 698 191 005
Payments for investments	(12)	3 891 688 249	1 879 950 355
Fixed assets (net)	(13)	22 160 968	24 681 207
Other investments	(14)	668 966 003	550 044 784
Deferred tax	(15)	788 824	693 087
Total non - current assets		7 305 561 756	5 177 326 602
Total investment		7 689 947 379	5 555 112 759
Financed through:			
Equity			
Share capital	(16)	4 358 125 000	4 358 125 000
Legal reserve	(3.10)	89 578 478	89 578 478
Retained loss		(251 929 613)	(185 528 480)
Net profit (loss) for the year		4 195 773 865	4 262 174 998
Net equity		4 206 264 269	4 195 773 865
Shareholders' credit balances	(17)	2 323 160 875	-
		6 529 425 144	4 195 773 865
Non - current liabilities			
Long term loans	(18)	1 160 522 235	1 359 338 894
Total non - current liabilities		1 160 522 235	1 359 338 894
Total equity and non - current liabilities		7 689 947 379	5 555 112 759

The accompanying notes from page 5 to 34 are an integral part of these financial statements and are to be read therewith.

Auditor's 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 year ended December 31, 2013

	Note	31/12/2013 LE	31/12/2012 LE
Advisory fee	(20.1)	95 404 015	124 269 901
Dividend income	(20.2)	31 230 000	-
Administrative and general expenses	(21,22)	(137 752 678)	(161 415 413)
Fixed assets depreciation	(13)	(2 581 637)	(3 326 533)
Provisions	(9)	(1 600 000)	(7 000 000)
Net operating loss		(15 300 300)	(47 472 045)
Finance income (cost) - net	(19)	25 694 967	(17 862 790)
Net profit (loss) before income tax		10 394 667	(65 334 835)
Deferred tax	(15)	95 737	(1 066 298)
Net profit (loss) for the year		10 490 404	(66 401 133)
Earnings per share	(24)	0.01	(0.08)

The accompanying notes from page 5 to 34 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 year ended December 31, 2013

	Note	Share capital	Legal reserve	Retained loss	Net (loss) profit for the year	Shareholders' credit balances	Total
		LE	LE	LE	LE	LE	LE
Balance as at December 31, 2011		4 358 125 000	89 578 478	(75 398 197)	(110 130 283)	-	4 262 174 998
Carrying 2011 loss forward		-	-	(110 130 283)	110 130 283	-	-
Net loss for the year ended December 31, 2012		-	-	-	(66 401 133)	-	(66 401 133)
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	-	-
Shareholders' credit balances	(17)	-	-	-	-	2 323 160 875	2 323 160 875
Net profit for the year ended December 31, 2013		-	-	-	10 490 404	-	10 490 404
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

The accompanying notes from page 5 to 34 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 year ended December 31, 2013

	Note	For the year ended	
		31/12/2013	31/12/2012
		LE	LE
Cash flows from operating activities			
Net profit (loss) before tax		10 394 667	(65 334 835)
Adjustments to reconcile net profit (loss) to net cash used in operating activities :			
Fixed assets depreciation		2 581 637	3 326 533
Unrealized foreign currency differences		(9 014 073)	(8 180 660)
Interest income		(61 884 992)	(49 040 387)
Expected claims provision		1 600 000	7 000 000
Expected claims provision used		(2 837 229)	(2 936 979)
Operating loss before changes in working capital		<u>(59 159 990)</u>	<u>(115 166 328)</u>
Increase in assets			
Due from related parties		(68 797 019)	(413 059 868)
Other debit balances		(621 646)	(189 555)
(Decrease) increase in liabilities			
Due to related parties		(15 209 775)	30 608 268
Other credit balances		9 776 642	45 582 849
Net cash used in operating activities		<u>(134 011 788)</u>	<u>(452 224 634)</u>
Cash flows from investing activities			
Payments for investments		(14 153 847)	(260 702 455)
Payments for purchase of fixed assets		(61 398)	(11 850)
Payments for purchasing available- for- sale investments		(543)	-
Payments for purchasing investments in subsidiaries and associates		-	(62 500)
Payments for other investments		-	(62 338 919)
Proceeds from refund of available- for- sale investments		-	2 625 637
Net cash used in investing activities		<u>(14 215 788)</u>	<u>(320 490 087)</u>
Cash flows from financing activities			
Proceeds from loans		-	771 480 844
Net cash provided from financing activities		<u>-</u>	<u>771 480 844</u>
Net change in cash and cash equivalents during the year		(148 227 576)	(1 233 877)
Cash and cash equivalents at the beginning of the year	(4)	<u>369 684 015</u>	<u>223 940 046</u>
Cash and cash equivalents at the end of the year		<u><u>221 456 439</u></u>	<u><u>222 706 169</u></u>

The accompanying notes from page 5 to 34 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 year ended December 31, 2013

1. Company background

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

- Providing consultancy in financial and financing fields for different companies and preparing and presenting the feasibility studies in the economical, technological, engineering, marketing, financing, management, borrowing contracts arrangements fields and financing studies in addition to preparing and presenting studies and consultancy regarding projects' promotion and offering the necessary technical support in different fields except legal consultancy.
- Working as an agent in contracting and negotiation in different fields and steps especially negotiation in the management contracts, participation and technical support.
- Managing, executing and restructuring of projects.

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 financial statements were approved by the board on February 27, 2014.

2.2 Basis of measurement

The financial statements are prepared on the historical cost basis, except for the following assets and liabilities which are 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 are presented in Egyptian pounds (LE), 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 are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is 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 are described in the following notes:

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

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 balance sheet date are translated at the foreign exchange rates ruling at that date. The foreign currency exchange differences arising on the translation at the balance sheet date are recognized in the income statement.

3.2 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment note 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:

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

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the property and equipment. All other expenditure is recognized in the 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 bringing the asset to a working condition for its intended use. Property and equipment under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

3.4 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 are recorded in the income statements.

3.5 Investments

3.5.1 Investments at fair value through income statement

An investment is classified as at fair value through income statement if it is held for trading or is designated as such upon initial recognition. Financial investments are 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 are recognized in income statement when incurred. Financial instruments at fair value through income statement are measured at fair value, and changes therein are 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 balance sheet date, investments that are not quoted, and whose fair value cannot be measured reliably are valued by an accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the company cannot estimate the fair value, it can be stated at cost less impairment loss.

3.5.3 Investments in subsidiaries and associates

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

3.6 Impairment of assets

3.6.1 Financial assets

- A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.
- Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.
All impairment losses are recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is 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 is recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal is 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.

3.8 Interest-bearing borrowings

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

3.9 Provisions

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

3.10 Legal reserve

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

3.11 Issued capital

3.11.1 Repurchase of share capital

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

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

3.11.2 Dividends

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

3.12 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.

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.

3.13 Lending

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

3.14 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.

3.14.1 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.

3.14.2 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.

3.14.3 Management fee

Management fee is recognized upon rendering the service.

3.14.4 Advisory fee

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

3.14.5 Interest income

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

3.15 Expenses

3.15.1 Interest expense

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

3.15.2 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.

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

3.16 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 year.

3.17 Profit sharing to employees

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

4. Cash and cash equivalents

	31/12/2013	31/12/2012
	LE	LE
Cash on hand	451 869	77 612
Banks – current accounts	<u>221 004 570</u>	<u>222 628 557</u>
Cash and cash equivalents as previously presented in the balance sheet	221 456 439	222 706 169
Effect of exchange rate changes	<u>--</u>	<u>146 977 846</u>
Cash and cash equivalents (adjusted)	<u><u>221 456 439</u></u>	<u><u>369 684 015</u></u>

Non cash transactions

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

- LE 170 202 553 from payments for investments and due from related parties (represents the transfer of payments for investments to the related parties' current account).
- LE 61 884 992 from interest income and changes in other investments (represents the value of interest due on other investment during the year).
- LE 2 167 786 600 from change in payments for investments and shareholders' – credit balances (represents the value of investments purchased through the Company to one of its subsidiaries Citadel Capital for International investments Ltd).
- LE 25 374 275 from change in other credit balances and shareholders' –credit balances (represents the amounts transferred from other credit balances to shareholders' – credit balances).
- LE 130 000 000 from change in due to related parties - Citadel Capital Partners - and shareholders' – credit balances (represents the amounts transferred from due to related parties to shareholders' – credit balances).

5. Due from related parties

	Nature of transaction		31/12/2013	31/12/2012
	Advisory	Finance		
	fee		LE	LE
Mena Home Furnishings Mall	12 152 777	--	12 152 777	5 505 817
Falcon Agriculture Investments Ltd.	34 838 945	--	34 838 945	15 803 679
Golden Crescent Investments Ltd.	26 477 835	--	26 477 835	23 997 923
Citadel Capital Transportation Opportunities Ltd.	3 028 873	--	3 028 873	1 372 320
Logria Holding Ltd. *	38 197 073	--	38 197 073	34 619 536
Mena Glass Ltd.	10 507 159	--	10 507 159	4 761 530
Silverstone Capital Investment Ltd.	6 689 876	--	6 689 876	11 654 816
Sabina for Integrated Solutions	7 634 000	--	7 634 000	6 919 000
Sphinx Glass Ltd.	--	--	--	5 032 000
ASEC Cement Company	17 350 263	116 432 912	133 783 175	15 724 998
Citadel Capital Financing Corp. *	45 559 129	--	45 559 129	41 292 063
Valencia Trading Holding Ltd.	10 410 001	--	10 410 001	9 435 003
Citadel Capital Transportation Opportunities II Ltd.	7 622 535	--	7 622 535	6 908 611
Citadel Capital Holding for Financial Investments- Free Zone	--	922 707 073	922 707 073	874 388 277
ASEC Company for Mining (ASCOM)	--	115 352 473	115 352 473	96 084 159
Citadel Capital for International Investments Ltd.	--	68 255 593	68 255 593	10 936 783
National Company for Touristic and Property Investments	--	--	--	36 000 000
United Foundries Company	--	58 963 434	58 963 434	64 453 083
National Development and Trading Company	--	3 550 087	3 550 087	15 176 505
Ledmore Holdings Ltd.	2 702 245	--	2 702 245	1 224 578
Africa Railways Limited	1 960 550	--	1 960 550	5 168 288
Mena Joint Investment Fund GP	9 870 510	--	9 870 510	7 329 388
Citadel Capital Joint Investment Fund Management Ltd.	7 430 298	--	7 430 298	3 922 658
Africa JIF HOLD CO I	1 281 472	--	1 281 472	717 738
Africa JIF HOLD CO III	4 165 889	--	4 165 889	2 517 711
Mena JIF HOLD CO I	1 281 466	--	1 281 466	717 733
Crondall Holdings Ltd.	12 262 028	--	12 262 028	--
Total			1 546 684 496	1 301 664 197
Accumulated impairment *			(64 282 840)	(58 262 113)
Net			1 482 401 656	1 243 402 084

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

	Balance as at 1/1/2013	Foreign currency translation differences	Balance as at 31/12/2013
	LE	LE	LE
Logria Holding Ltd.	34 619 536	3 577 537	38 197 073
Citadel Capital Financing Corp.	23 642 577	2 443 190	26 085 767
Balance	<u>58 262 113</u>	<u>6 020 727</u>	<u>64 282 840</u>

6. Other debit balances

	31/12/2013	31/12/2012
	LE	LE
Deposits with others	221 152	221 152
Imprest	594 377	92 771
Letters of guarantee's margin	694 000	629 000
Taxes deducted by others	648 259	593 219
Prepaid expenses	144 000	144 000
Sundry debit balances	7 246	7 246
Balance	<u>2 309 034</u>	<u>1 687 388</u>

7. Due to related parties

	31/12/2013	31/12/2012
	LE	LE
Citadel Capital Partners Ltd. *	<u>110 770 360</u>	<u>255 980 135</u>

* The main shareholder of the Company – 26.11%.

8. Other credit balances

	31/12/2013	31/12/2012
	LE	LE
Tax Authority	36 615 589	22 840 774
Accrued expenses	37 613 778	48 856 718
Accrued interest	3 817 000	27 903 777
Suppliers	13 018 972	8 196 517
Professional fee	1 133 862	40 500
Prior years dividends payable	2 893 919	2 893 919
National Authority for Social Insurance	307 342	265 890
Sundry credit balances	42 243	42 243
Balance	<u>95 442 705</u>	<u>111 040 338</u>

9. Expected claims provision

	31/12/2013	31/12/2012
	LE	LE
Balance at the beginning of the year	195 327 905	191 264 884
Formed during the year	1 600 000	7 000 000
Provisions used during the year	<u>(2 837 229)</u>	<u>(2 936 979)</u>
Balance	<u>194 090 676</u>	<u>195 327 905</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

	31/12/2013	31/12/2012
	LE	LE
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
ASEC Cement Company	543	--
Balance	<u>23 766 707</u>	<u>23 766 164</u>

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

11. Investments in subsidiaries and associates

	Percentage	31/12/2013	Percentage	31/12/2012
	%	LE	%	LE
11.1 Investments in subsidiaries				
Citadel Capital Holding for Financial Investments-Free Zone	99.99	1 345 352 547	99.99	1 345 352 547
Citadel Capital for International Investments Ltd.	100	397 854 569	100	397 854 569
International Company for Mining Consultation	99.99	<u>62 500</u>	99.99	<u>62 500</u>
Balance		<u>1 743 269 616</u>		<u>1 743 269 616</u>

	Percentage	31/12/2013	Percentage	31/12/2012
	%	LE	%	LE
11.2 Investments in associates				
National Development and Trading				
Company	47.65	668 170 587	44.47	668 170 587
ASEC Company for Mining (ASCOM)	39.22	183 051 762	39.22	183 051 762
United Foundries Company	29.29	103 699 040	29.29	103 699 040
Balance		954 921 389		954 921 389
Total		2 698 191 005		2 698 191 005

- 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 LE 158 694 200 as at December 31, 2013 versus LE 149 771 084 as at December 31, 2012.

12. Payments for investments

	31/12/2013	31/12/2012
	LE	LE
Citadel Capital Holding for Financial Investments- Free Zone	1 711 426 754	1 710 185 204
Citadel Capital for International Investments Ltd.*/**	2 180 261 495	167 729 240
Fund Project	--	2 035 911
Balance	3 891 688 249	1 879 950 355

* Note (17).

** During the subsequent period to the financial statements Citadel Capital for International Investments Ltd. (subsidiary -100%) increased its capital from US.\$ 71 998 045 to US.\$ 579 219 694 through the Company's credit balance in Citadel Capital for International Investments Ltd. books.

13. Fixed assets (net)

	Building and constructions*	Computers	Furniture, fixture and equipments	Vehicles	Total
	LE	LE	LE	LE	LE
Cost as at 1/1/2013	33 742 368	7 820 325	22 791 143	539 800	64 893 636
Additions	--	61 398	--	--	61 398
Total cost as at 31/12/2013	33 742 368	7 881 723	22 791 143	539 800	64 955 034
Accumulated depreciation as at 1/1/2013	10 122 713	7 624 513	21 925 403	539 800	40 212 429
Depreciation during the year	1 687 113	194 008	700 516	--	2 581 637
Accumulated depreciation as at 31/12/2013	11 809 826	7 818 521	22 625 919	539 800	42 794 066
Carrying amounts at 31/12/2013	21 932 542	63 202	165 224	--	22 160 968
Carrying amounts at 31/12/2012	23 619 655	195 812	865 740	--	24 681 207

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

14. Other investments

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

	Note	31/12/2013	31/12/2012
		LE	LE
National Development and Trading Company	14.1	519 975 202	422 667 591
United Foundries Company	14.2	148 990 801	127 377 193
Balance		668 966 003	550 044 784

14.1 The Company has granted two subordinating loans to National Development and Trading Company – (one of the associate companies - 47.65%) 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 the capital 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 shares
Arab Swiss Engineering Company (ASEC)	899 900 shares

The value of the two loans is US.\$ 74 924 381 (equivalent to LE 519 975 202 as at December 31, 2013) versus US.\$ 67 196 755 (equivalent to LE 422 667 591 as at December 31, 2012) including accrued interest during the year amounted to US.\$ 7 727 626 (equivalent to LE 53 629 724 as at December 31, 2013) against US.\$ 6 970 742 (equivalent to LE 43 845 967 as at December 31, 2012).

- 14.2 The Company has signed a subordinating convertible loan contract with United Foundries Company (one of the associate companies - 29.29%) on June 2, 2010 with an amount of US.\$ 11 563 187 for a period of 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% against end of loan commission amounted to US.\$ 1 421 320 (equivalent to LE 8 641 626).

The value of loan is US.\$ 21 468 415 (equivalent to LE 148 990 801 as at December 31, 2013) versus US.\$ 20 250 746 (equivalent to LE 127 377 193 as at December 31, 2012) including accrued interest during the year amounted to US.\$ 1 217 669 (equivalent to LE 8 450 623 as at December 31, 2013) versus US.\$ 1 122 392 (equivalent to LE 7 059 846 as at December 31, 2012).

15. Deferred tax

	31/12/2013	31/12/2012
	LE	LE
Fixed assets (depreciation)	<u>788 824</u>	<u>693 087</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 LE 6 Billion and the issued and paid-in capital is LE 4 358 125 000 represents 871 625 000 shares distributed to 653 718 750 ordinary shares and 217 906 250 preferred shares with par value LE 5 per share.
- The preferred share has the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extraordinary general assembly meeting held on May 12, 2008 and also paragraph no.(3) of article no.(18) of the Company's article of associations. Those preferred shares are owned by Citadel Capital Partners Ltd. the principle shareholder of the Company.

The shareholders' structure is represented as follows:

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

- The Company's extra-ordinary general assembly meeting held on October 20, 2013 approved the increase of the authorized capital from LE 6 billion to LE 9 billion and the increase of the issued capital from LE 4 358 125 000 to LE 8 billion , with an increase of LE 3 641 875 000 by issuing 728 375 000 new shares at par value of LE 5 per share, consisting of 182 093 750 preferred shares and 546 281 250 ordinary shares, without issuance costs. The purpose of this capital increase is to finance the acquisition of additional shares in its related companies,

financing the Company's share contribution in the capital increases of some of its related companies and entering into new investments and settlement of some of Company's liabilities note (29).

- Existing shareholders were invited - in accordance with the terms of the subscription rights - to subscribe in the capital increase on a pro-rata basis to their shareholdings before the increase and the shareholders in each class of shares shall have the right to subscribe to the same class of shares they currently hold on a pro-rata basis before the increase, provided that all shareholders of the same class have the same rights according to the article (19) of the Statute of the Company and provided that the shareholders shall pay the full amount of their contributions in the capital increase without issuance costs within the subscription period. The subscription in the Company's capital increase is taking place.
- The Board of Directors approved in its meeting held on February 13, 2014 to cover the subscription of the unsubscribed Company's shares in the capital increase through offsetting the shareholders' credit balances that are payable by the Company (note 17) against the subscription price of the shares.

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 December 31, 2013 are represented in the following:-

Shareholders' name	31/12/2013
	LE
Citadel Capital Partners Ltd.	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 EL Serafy	58 771 265

Shareholders' name	31/12/2013
	LE
Magdy Mohamed Mustafa Saleh	42 734 519
Ledville Holdings Limited	39 487 820
Tamer Abd EL Hamed Abou Bakr	32 325 196
Khaled Abd EL Hamed Abou Bakr	25 935 453
Karnation Limited	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.	9 996 393
Garth investing Limited	9 090 000
Hassan Mohamed Hassan Darwish	8 106 120
Abdel Khalek Mohamed Mohamed Ayad	7 847 476
Ahmed Moheb Mahmoud El Mehelmy	7 575 000
Hossam Hussien Nagy Aly	6 999 995
Ahmed Ibrahim Wagih El Shamy	5 531 280
Others	105 122 665
Balance	<u>2 323 160 875</u>

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 – a long 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 LE 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 20th each year.

The Company has used an amount of US.\$ 300 000 000 (equivalent to LE 2 082 000 000) till December 31, 2013 and the current stage installment is amounted to US.\$ 132 777 776 (equivalent to LE 921 477 765 as at December 31, 2013) against US.\$ 83 888 888 (equivalent to LE 527 661 106 as at December 31, 2012).

- The interest on loan charged to the income statement during the year is LE 115 513 186 - note no. (19).

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.

Citadel Capital Company
Notes to the separate financial statements
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- 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. Finance income (cost) - net

	For the year ended	
	31/12/2013	31/12/2012
	LE	LE
Interest income - note (20.3)	132 212 080	130 328 083
Interest expense - note (18)	(115 513 186)	(156 371 533)
Foreign currency differences	8 996 073	8 180 660
Net	<u>25 694 967</u>	<u>(17 862 790)</u>

20. Related party transactions

20.1 Advisory fee

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

	For the year ended	
Company's name	31/12/2013	31/12/2012
	LE	LE
Mena Glass Ltd.	5 235 128	4 583 351
Mena Home Furnishings Mall	6 056 699	5 299 783
Citadel Capital Transportation Opportunities Ltd.	1 509 426	1 320 968

Company's name	For the year ended	
	31/12/2013	31/12/2012
	LE	LE
Falcon Agriculture Investments Ltd.	17 341 004	15 212 542
Golden Crescent Investments Ltd.	--	1 747 858
Orient Investments Properties Ltd.	--	3 709 746
Sphinx Glass Ltd.	--	4 843 700
Sphinx Glass S.A.E.	5 532 499	--
ASEC Cement Company	17 290 778	15 137 196
Silverstone Capital Investment Ltd.	6 666 416	5 847 794
Citadel Capital Transportation Opportunities II Ltd.	7 595 765	6 650 085
Africa Railways Limited	7 401 687	7 828 324
Mena Joint Investment Fund GP	3 103 162	7 101 385
Citadel Capital Joint Investment Fund Management Ltd.	1 784 196	3 798 495
Africa JIF HOLD CO I	489 709	697 034
Africa JIF HOLD CO III	1 388 393	2 444 014
Mena JIF HOLD CO I	489 709	697 028
Ledmore Holdings Ltd.	1 346 375	1 178 882
Citadel Capital Ltd.	--	36 171 716
Crandall Holdings Ltd.	12 173 069	--
Total	95 404 015	124 269 901

- The Company did not recognize advisory fees with an amount LE 43 327 784 and LE 8 022 800 as at December 31, 2013 (against LE 38 323 790 and LE 5 337 657 as at December 31, 2012) related to Logria Holding Ltd. and Golden Crescent Investments Ltd. in accordance with the signed contracts due to inadequate assurance concerning the revenue recognition and collection conditions.

20.2 Dividend income

Dividend income presented in the income statement with an amount of LE 31 230 000 for the year ended December 31, 2013 (Equivalent to US.\$ 4 500 000) represents dividends income from Citadel Capital for international Investments Ltd. (subsidiary 100%).

20.3 Interest income

Interest income presented in financing income (costs) - note (19) included an amount of LE 131 728 249 which represent the accrued interest income according to the signed contracts with some related parties as follows:

Company's name	For the year ended	
	31/12/2013	31/12/2012
	LE	LE
National Development and Trading Company (14.1)	53 444 618	41 924 788
United Foundries Company (20.3.1)	12 045 696	17 866 172
Citadel Capital Holding for Financial Investments-Free Zone	40 291 808	40 953 268
Citadel Capital for International Investments Ltd.	19 369 983	21 377 302
ASEC Company for Mining (ASCOM)	6 576 144	6 668 795
Total	<u>131 728 249</u>	<u>128 790 325</u>

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

	For the year ended	
	31/12/2013	31/12/2012
	LE	LE
Subordinating loan interest – note no. (14.2)	8 440 374	6 796 748
Current account interest	3 605 322	11 069 424
Total	<u>12 045 696</u>	<u>17 866 172</u>

21. Administrative and general expenses

	For the year ended	
	31/12/2013	31/12/2012
	LE	LE
Wages , salaries and similar items	74 898 676	113 525 136
Consultancy	30 253 970	13 257 004
Advertising and public relations	5 955 723	6 768 508
Travel , accommodation and transportations	6 640 906	6 132 047
Management fee (note - 22)	1 165 600	--
Other expenses	18 837 803	21 732 718
Total	<u>137 752 678</u>	<u>161 415 413</u>

22. 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 – 26.11%) 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.

23. Tax Status

Corporate tax

The Company submitted its tax returns on regular basis for the years from 2005 to 2012 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 2010/2012 have not been inspected yet .

Stamp tax

The Company was inspected till July 31, 2006 and paid all the accrued amounts according to the Internal Committee decision and for the period from August 1, 2006 to December 31, 2012 has been inspected and the dispute has transferred to Internal Committee in the Authority.

Withholding tax

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

24. Earnings per share

	For the year ended	
	31/12/2013	31/12/2012
	LE	LE
Net profit (loss) for the year	10 490 404	(66 401 133)
The weighted average number of shares	871 625 000	871 625 000
Earnings per share	0.01	(0.08)

25. Reconciliations of effective tax rate

	31/12/2013	31/12/2012
	LE	LE
Net profit (loss) before tax	10 394 667	(65 334 835)
Tax reconciliations:		
Provisions and reserves	7 620 727	9 619 481
Fixed assets (taxable depreciation variances)	(371 227)	(124 685)
Non deductible expenses	--	1 159 000
Tax losses carried forward	<u>(160 523 711)</u>	<u>(105 842 672)</u>
Net tax exposure (loss)	<u>(142 879 544)</u>	<u>(160 523 711)</u>
Income tax according to the tax return	<u>--</u>	<u>--</u>

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 minimizes 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 balance sheet date equivalent to LE 2 506 140 305 and LE 2 311 493 307 respectively, and net foreign currencies balances at the balance sheet date are as follows:

Foreign currencies	Surplus (deficit)
	LE
US.\$	374 886 152
Euro	(180 584 638)
GBP	345 484

- As disclosed in note no. (3.1) the Company has used the prevailing exchange rates to revalue monetary assets and liabilities at the balance sheet 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 balance sheet less cash and cash equivalents.

The gearing ratios at December 31, 2013 and December 31, 2012 were as follows:

	31/12/2013	31/12/2012
	LE	LE
Liabilities		
Due to related parties	110 770 360	255 980 135
Current portion of long term loans	921 477 765	527 661 106
Other credit balances	95 442 705	111 040 338
Expected claims provision	194 090 676	195 327 905
Long term loans	1 160 522 235	1 359 338 894
Total	2 482 303 741	2 449 348 378
Less: Cash and cash equivalents	(221 456 439)	(222 706 169)
Net debt	2 260 847 302	2 226 642 209
Total equity	6 529 425 144	4 195 773 865
Gearing ratio	35%	53%

29. Significant Events

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

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

of increasing the Company's ownership share percentages in some investee companies. The value of the investments purchased during the subsequent period to the balance sheet date is LE 1 344 562 412 against LE 2 167 786 600 during year 2013.

30-2 Shareholders' credit balances

Subsequent to the balance sheet date the value of the credit balances owed to the shareholders in consideration for the purchase of the above-mentioned investments and for employees' (shareholders) incentives have been credited with an amount of LE 1 350 499 917 and LE 20 437 500 respectively with a total amount of LE 1 370 937 417 against LE 2 323 160 875 for the year ended December 31, 2013 (note 17) with a gross amount of LE 3 694 098 292.

The amounts that were credited for shareholders subsequent to the balance sheet date are as follows:

	31/12/2013
	LE
Citadel Capital Partners Ltd.	383 232 640
United Group	6 665 740
Grouped Holdings Ltd.	221 374 490
Fenix One and Co Ltd.	100 000 000
Benu One Ltd.	550 000 000
Power Investments Europe	62 397 010
Mamdouh Mohamed Fathy Abbas	16 015 535
Others	<u>10 814 502</u>
	1 350 499 917
Bonus and incentives to employees (shareholders)	<u>20 437 500</u>
Total	<u><u>1 370 937 417</u></u>

31. Comparative figures

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