

Citadel Capital Company
(Egyptian Joint Stock Company)

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

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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

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 March 31, 2014 and the related separate statements of income, changes in equity and cash flows for the three months then ended and a summary of significant accounting policies and other explanatory notes. The Company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of limited review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements (2410), "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

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

Hassan Bas
KPMG Hazem Hassan

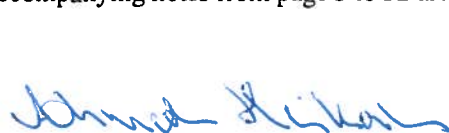
Cairo, August 13, 2014



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

	Note	31/3/2014 LE	31/12/2013 LE
Current assets			
Cash and cash equivalents	(4)	225 236 724	221 456 439
Due from related parties (net)	(5)	1 636 688 198	1 482 401 656
Other debit balances	(6)	2 527 618	2 309 034
Total current assets		1 864 452 540	1 706 167 129
Current liabilities			
Due to related parties	(7)	181 779 671	110 770 360
Current portion of long-term loans	(18)	864 078 039	921 477 765
Other credit balances	(8)	94 699 207	95 442 705
Expected claims provision	(9)	194 090 676	194 090 676
Total current liabilities		1 334 647 593	1 321 781 506
Working capital		529 804 947	384 385 623
Non - current assets			
Available-for-sale investments	(10)	37 545 032	23 766 707
Investments in subsidiaries and associates	(11)	5 978 012 204	2 698 191 005
Payments for investments	(12)	1 738 747 153	3 891 688 249
Fixed assets (net)	(13)	21 704 897	22 160 968
Other investments	(14)	524 827 337	668 966 003
Deferred tax	(15)	741 297	788 824
Total non - current assets		8 301 577 920	7 305 561 756
Total investment		8 831 382 867	7 689 947 379
Financed through:			
Equity			
Share capital	(16)	4 358 125 000	4 358 125 000
Reserves	(3.10)	(131 796 012)	89 578 478
Retained loss		(241 439 209)	(251 929 613)
		3 984 889 779	4 195 773 865
Net (loss) profit for the period / year		(8 500 516)	10 490 404
Net equity		3 976 389 263	4 206 264 269
Shareholders' credit balances	(17)	3 692 799 147	2 323 160 875
Total equity		7 669 188 410	6 529 425 144
Non - current liabilities			
Long term loans	(18)	1 162 194 457	1 160 522 235
Total non - current liabilities		1 162 194 457	1 160 522 235
Total equity and non - current liabilities		8 831 382 867	7 689 947 379

The accompanying notes from page 5 to 32 are an integral part of these financial statements and are to be read therewith.



Chairman
Ahmed Heikal



Managing Director
Hisham Hussein El Khazindar



Review report "attached"
Chief Financial Officer
Moataz Farouk

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

	Note	For the period ended	
		31/3/2014 LE	31/3/2013 LE
Advisory fee	(20.1)	21 195 526	20 198 110
Administrative and general expenses	(21)	(28 038 880)	(35 800 545)
Fixed assets depreciation	(13)	(456 071)	(782 710)
Net operating loss		(7 299 425)	(16 385 145)
Finance (cost) income - net	(19)	(1 153 564)	21 691 053
Net (loss) profit before income tax		(8 452 989)	5 305 908
Deferred tax	(15)	(47 527)	22 652
Net (loss) profit for the period		(8 500 516)	5 328 560
Earnings per share	(24)	(0.01)	0.01

The accompanying notes from page 5 to 32 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 March 31, 2014

Note	Share capital	Reserves				Retained loss	Net (loss) profit for the year/period	Shareholders' credit balances	Total
		Legal reserve	Share based payment reserve	LE	LE				
	LE	LE	LE	LE	LE	LE	LE	LE	
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 March 31, 2013	-	-	-	-	-	5 328 560	-	5 328 560	
Balance as at March 31, 2013	4 358 125 000	89 578 478	-	-	(251 929 613)	5 328 560	-	4 201 102 425	
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)	-	-	-	-	-	-	1 369 638 272	1 369 638 272	
Net loss for the period ended March 31, 2014	-	-	-	-	-	(8 500 516)	-	(8 500 516)	
Balance as at March 31, 2014	4 358 125 000	89 578 478	(221 374 490)	(241 439 209)	(8 500 516)	(8 500 516)	3 692 799 147	7 669 188 410	

The accompanying notes from page 5 to 32 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 March 31, 2014

	Note	For the period ended	
		31/3/2014	31/3/2013
		LE	LE
Cash flows from operating activities			
Net (loss) profit before tax		(8 452 989)	5 305 908
Adjustments to reconcile net loss to net cash used in operating activities :			
Fixed assets depreciation		456 071	782 710
Unrealized foreign currency differences		(116 700)	(19 112 146)
Interest income		(14 747 406)	(14 833 247)
Operating loss before changes in working capital		(22 861 024)	(27 856 775)
Increase in assets			
Due from related parties		(154 286 542)	(64 635 830)
Other debit balances		(218 584)	(325 188)
Increase (decrease) in liabilities			
Due to related parties		71 009 311	56 907 097
Other credit balances		(743 498)	(17 912 749)
Net cash (used in) provided from operating activities		(107 100 337)	(53 823 445)
Cash flows from investing activities			
Payments for investments		(14 845 506)	(42 632 367)
Payments for purchasing available- for- sale investments		-	(543)
Proceeds from other investments		159 850 000	-
Net cash provided from (used in) investing activities		145 004 494	(42 632 910)
Cash flows from financing activities			
Proceeds from loans		(58 727 500)	-
Payments for shareholders' credit balances		(1 299 140)	-
Net cash used in financing activities		(60 026 640)	-
Net change in cash and cash equivalents during the period		(22 122 483)	(96 456 355)
Cash and cash equivalents at the beginning of the period	(4)	247 359 207	349 191 225
Cash and cash equivalents at the end of the period		225 236 724	252 734 870

The accompanying notes from page 5 to 32 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 March 31, 2014

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, 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.

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 August 14, 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 period 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 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:

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 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 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 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 are 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 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 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.

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 year.

3.18 Profit sharing to employees

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

4. Cash and cash equivalents

	31/3/2014	31/12/2013
	LE	LE
Cash on hand	626 155	451 869
Banks – current accounts	224 610 569	221 004 570
Cash and cash equivalents as previously presented in the financial position	225 236 724	221 456 439
Effect of exchange rate changes	--	25 902 768
Cash and cash equivalents (adjusted)	<u>225 236 724</u>	<u>247 359 207</u>

Non cash transactions

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

- LE 14 747 406 from interest income and changes in other investments (represents the value of interest due on other investment during the period).
- LE 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).
- LE 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).

Citadel Capital Company
Notes to the separate financial statements
for the period ended 31/3/2014

5. Due from related parties (net)

	Nature of transaction		31/3/2014	31/12/2013
	Advisory	Finance		
	fee		LE	LE
Mena Home Furnishings Mall	13 698 149	--	13 698 149	12 152 777
Falcon Agriculture Investments Ltd.	39 290 600	--	39 290 600	34 838 945
Golden Crescent Investments Ltd.	26 515 988	--	26 515 988	26 477 835
Citadel Capital Transportation Opportunities Ltd.	3 454 017	--	3 454 017	3 028 873
Logria Holding Ltd. *	38 252 112	--	38 252 112	38 197 073
Mena Glass Ltd.	11 837 586	--	11 837 586	10 507 159
Silverstone Capital Investment Ltd.	1 674 185	--	1 674 185	6 689 876
Sabina for Integrated Solutions	7 645 000	--	7 645 000	7 634 000
ASEC Cement Company	21 659 585	116 535 235	138 194 820	133 783 175
Citadel Capital Financing Corp. *	45 624 776	--	45 624 776	45 559 129
Valencia Trading Holding Ltd.	10 425 001	--	10 425 001	10 410 001
Citadel Capital Transportation Opportunities II Ltd.	9 541 899	--	9 541 899	7 622 535
Citadel Capital Holding for Financial Investments- Free Zone	--	976 894 703	976 894 703	922 707 073
ASEC Company for Mining (ASCOM)	--	117 870 402	117 870 402	115 352 473
Citadel Capital for International Investments Ltd.	--	137 512 626	137 512 626	68 255 593
United Foundries Company	--	59 921 996	59 921 996	58 963 434
National Development and Trading Company	--	21 312 078	21 312 078	3 550 087
Ledmore Holdings Ltd.	3 138 234	--	3 138 234	2 702 245
Africa Railways Limited	2 050 250	--	2 050 250	1 960 550
Mena Joint Investment Fund GP	10 327 248	--	10 327 248	9 870 510
Citadel Capital Joint Investment Fund Management Ltd.	8 204 988	--	8 204 988	7 430 298
Africa JIF HOLD CO I	1 404 206	--	1 404 206	1 281 472
Africa JIF HOLD CO III	2 125 560	--	2 125 560	4 165 889
Mena JIF HOLD CO I	1 404 206	--	1 404 206	1 281 466
Sphinx glass S.A.E	463 336	--	463 336	--
Cron dall Holdings Ltd.	12 279 698	--	12 279 698	12 262 028
Total			1 701 063 664	1 546 684 496
Accumulated impairment *			(64 375 466)	(64 282 840)
Net			1 636 688 198	1 482 401 656

Citadel Capital Company
Notes to the separate financial statements
for the period ended 31/3/2014

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

	Balance as at 1/1/2014	Foreign currency translation differences	Balance as at 31/3/2014
	LE	LE	LE
Logria Holding Ltd.	38 197 073	55 039	38 252 112
Citadel Capital Financing Corp.	26 085 767	37 587	26 123 354
Balance	<u>64 282 840</u>	<u>92 626</u>	<u>64 375 466</u>

6. Other debit balances

	31/3/2014	31/12/2013
	LE	LE
Deposits with others	221 152	221 152
Imperest	682 404	594 377
Letters of guarantee's margin	695 000	694 000
Taxes deducted by others	648 533	648 259
Prepaid expenses	144 000	144 000
Sundry debit balances	136 529	7 246
Balance	<u>2 527 618</u>	<u>2 309 034</u>

7. Due to related parties

	31/3/2014	31/12/2013
	LE	LE
Citadel Capital Partners Ltd. *	<u>181 779 671</u>	<u>110 770 360</u>

* The main shareholder of the Company – 26.11%.

8. Other credit balances

	31/3/2014	31/12/2013
	LE	LE
Tax Authority	41 205 928	36 615 589
Accrued expenses	34 388 164	37 613 778
Accrued interest	4 740 759	3 817 000
Suppliers	10 877 323	13 018 972
Professional fee	--	1 133 862
Prior years dividends payable	2 893 919	2 893 919
National Authority for Social Insurance	526 767	307 342
Sundry credit balances	66 347	42 243
Balance	<u>94 699 207</u>	<u>95 442 705</u>

9. Expected claims provision

	31/3/2014	31/12/2013
	LE	LE
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>(2 837 229)</u>
Balance	<u>194 090 676</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

	31/3/2014	31/12/2013
	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
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	31/3/2014	Percentage	31/12/2013
	%	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	3 677 675 768	100	397 854 569
International Company for Mining Consultation	99.99	<u>62 500</u>	99.99	<u>62 500</u>
Balance		<u>5 023 090 815</u>		<u>1 743 269 616</u>

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	Percentage %	31/3/2014 LE	Percentage %	31/12/2013 LE
11.2 Investments in associates				
National Development and Trading Company	47.65	668 170 587	47.65	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		<u>954 921 389</u>		<u>954 921 389</u>
Total		<u>5 978 012 204</u>		<u>2 698 191 005</u>

- 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 204 957 129 as at March 31, 2014 against LE 158 694 200 as at December 31, 2013.

12. Payments for investments

	31/3/2014 LE	31/12/2013 LE
Citadel Capital Holding for Financial Investments- Free Zone	1 726 272 260	1 711 426 754
Citadel Capital for International Investments Ltd.*	12 474 893	2 180 261 495
Balance	<u>1 738 747 153</u>	<u>3 891 688 249</u>

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

13. Fixed assets (net)

	Building and constructions*	Computers	Furniture, fixture and equipments	Vehicles	Total
	LE	LE	LE	LE	LE
Cost as at 1/1/2014	33 742 368	7 881 723	22 791 143	539 800	64 955 034
Total cost as at 31/3/2014	<u>33 742 368</u>	<u>7 881 723</u>	<u>22 791 143</u>	<u>539 800</u>	<u>64 955 034</u>
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	421 780	9 018	25 273	--	456 071
Accumulated depreciation as at 31/3/2014	<u>12 231 606</u>	<u>7 827 539</u>	<u>22 651 192</u>	<u>539 800</u>	<u>43 250 137</u>
Carrying amounts at 31/3/2014	<u>21 510 762</u>	<u>54 184</u>	<u>139 951</u>	<u>--</u>	<u>21 704 897</u>
Carrying amounts at 31/12/2013	<u>21 932 542</u>	<u>63 202</u>	<u>165 224</u>	<u>--</u>	<u>22 160 968</u>

* 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	31/3/2014 LE	31/12/2013 LE
National Development and Trading Company *	14.1	373 414 422	519 975 202
United Foundries Company	14.2	<u>151 412 915</u>	<u>148 990 801</u>
Balance		<u>524 827 337</u>	<u>668 966 003</u>

- 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 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

During the first quarter of 2014 the Company has waived an amount of US\$ 23 million of the loan to Olayan Saudi Investment Co. Ltd.

The value of the two loans is US.\$ 53 728 694 (equivalent to LE 373 414 422) against US.\$ 74 924 381 (equivalent to LE 519 975 202) as at December 31, 2013 including accrued interest during the period amounted to US.\$ 1 804 313 (equivalent to LE 12 539 975 as at March 31, 2014) against US.\$ 7 727 626 (equivalent to LE 53 629 724) as at December 31, 2013.

- 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 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% against end of loan commission amounted to US.\$ 1 421 320 (equivalent to LE 8 641 626) at the transaction date. The value of loan is US.\$ 21 786 031 (equivalent to LE 151 412 915 as at March 31, 2014) against US.\$ 21 468 415 (equivalent to LE 148 990 801 as at December 31, 2013) including accrued interest during the period amounted to US.\$ 317 616 (equivalent to LE 2 207 031 as at March 31, 2014) against US.\$ 1 217 669 (equivalent to LE 8 450 623 as at December 31, 2013).

15. Deferred tax

	31/3/2014	31/12/2013
	LE	LE
Fixed assets (depreciation)	<u>741 297</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 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
	100	871 625 000	4 358 125 000

- The Company's extra-ordinary general assembly meeting held on October 20, 2013 approved the increase of the authorized capital from LE 6 billion to LE 9 billion and the increase of the issued capital from LE 4 358 125 000 to LE 8 billion, with an increase of LE 3 641 875 000 by issuing 728 375 000 new shares at par value of LE 5 per share, consisting of 182 093 750 preferred shares and 546 281 250 ordinary shares, without issuance costs. The purpose of this capital increase is to finance the acquisition of additional shares in its related companies, financing the Company's share contribution in the capital increases of some of its related companies and entering into new investments and settlement of some of Company's liabilities .
- 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. And this increase has been signed at commercial register on April 16, 2014.

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).

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

Shareholders' name	31/3/2014	31/12/2013
	LE	LE
Citadel Capital Partners Ltd.	930 466 050	547 233 410
Emirates International Investment Company LLC	596 548 465	596 548 465
DH Investors Limited	343 000 000	343 000 000
Mansour and Maghraby for Investment and Development S.A.E	155 135 015	155 135 015
Grouped Holdings Ltd	351 374 490	130 000 000
Mamdouh Mohamed Fathy Abbas	85 315 535	69 300 000
Kareem Sedky Sedky Mohamed EL Serafy	58 771 265	58 771 265
Magdy Mohamed Mustafa Saleh	42 065 379	42 734 519
Ledville Holdings Limited	39 487 820	39 487 820
Tamer Abd EL Hamed Abou Bakr	32 325 196	32 325 196
Khaled Abd EL Hamed Ali Abou Bakr	25 335 453	25 935 453
Karnation Limited	18 248 303	18 248 303
Ahmed Mokhtar Mohamed El Rashidi	26 698 000	26 698 000
Partex Trading Corp.	24 750 000	24 750 000
Mohamed Mokhtar Mohamed EL Rashidi	23 387 000	23 387 000
Adena Commercial Corp.	18 937 500	18 937 500
Power investment Europe	72 797 010	10 400 000
MZ Investments S.A.E.	9 996 393	9 996 393
Garth investing Limited	9 090 000	9 090 000
Hassan Mohamed Hassan Darwish	8 106 120	8 106 120
Abdel Khalek Mohamed Mohamed Ayad	7 847 476	7 847 476
Ahmed Moheb Mahmoud El Mehelmy	7 575 000	7 575 000
Hossam Hussien Nagy Aly	6 999 995	6 999 995
Ahmed Ibrahim Wagih El Shamy	5 531 280	5 531 280
FENIX ONE AND CO LTD.	100 000 000	--
BENU ONE LTD	550 000 000	--
Others	143 010 402	105 122 665
Balance	<u>3 692 799 147</u>	<u>2 323 160 875</u>

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 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 million from funding granted to it till December 31, 2013 .The Company has paid an amount of US.\$ 8 450 000 so the balance of the loan will be US.\$ 291 550 000 as at March 31,2014 (equivalent to LE 2 026 272 496) and the current stage installment is amounted to US.\$ 124 327 776 (equivalent to LE 864 078 039 as at March 31, 2014) against US.\$ 132 777 776 (equivalent to LE 921 477 765 as at December 31, 2013).

The interest on loan charged to the income statement during the period is LE 31 642 452 - note no. (19).

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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. Finance (cost) income - net

	For the period ended	
	31/3/2014	31/3/2013
	LE	LE
Interest income - note (20.2)	30 372 452	31 638 258
Interest expense - note (18)	(31 642 716)	(29 059 351)
Foreign currency differences	116 700	19 112 146
Net	<u>(1 153 564)</u>	<u>21 691 053</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:

Company's name	For the period ended	
	31/3/2014	31/3/2013
	LE	LE
Mena Glass Ltd.	1 315 288	1 279 803
Mena Home Furnishings Mall	1 527 832	1 479 851
Citadel Capital Transportation Opportunities Ltd.	420 781	368 854
Falcon Agriculture Investments Ltd.	4 401 456	4 239 262
Sphinx Glass Ltd.	--	1 352 500
Sphinx Glass S.A.E.	1 390 000	--
ASEC Cement Company	4 284 244	4 168 662
Silverstone Capital Investment Ltd.	1 674 117	1 629 019
Citadel Capital Transportation Opportunities II Ltd.	1 908 380	1 856 895
Africa Railways Limited	2 050 250	1 742 922
Mena Joint Investment Fund GP	766 119	749 020
Citadel Capital Joint Investment Fund Management Ltd.	440 449	430 658
Africa JIF HOLD CO I	120 888	118 200
Africa JIF HOLD CO III	342 739	335 120
Mena JIF HOLD CO I	120 888	118 200
Ledmore Holdings Ltd.	432 095	329 144
Total	21 195 526	20 198 110

- The Company did not recognize advisory fees with an amount of LE 10 892 478 and LE 2 016 904 as at March 31, 2014 (against LE 43 327 784 and LE 8 022 800 as at December 31, 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.

20.2 Interest income

Interest income presented in financing (costs) income - note (19) included an amount of LE 30 342 823 which represent the accrued interest income according to the signed contracts with some related parties as follows:

Company's name	For the period ended	
	31/3/2014	31/3/2013
	LE	LE
National Development and Trading Company (14.1)	12 539 975	12 815 878
United Foundries Company (20.2.1)	3 081 032	3 045 959
Citadel Capital Holding for Financial Investments-Free Zone	10 087 918	9 242 054
Citadel Capital for International Investments Ltd.	2 768 685	4 804 987
ASEC Company for Mining (ASCOM)	1 865 213	1 550 567
Total	30 342 823	31 459 445

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

	For the period ended	
	31/3/2014	31/3/2013
	LE	LE
Subordinating loan interest – note no. (14.2)	2 207 431	2 017 369
Current account interest	873 601	1 028 590
Total	3 081 032	3 045 959

21. Administrative and general expenses

	For the period ended	
	31/3/2014	31/3/2013
	LE	LE
Wages , salaries and similar items	15 072 012	14 218 529
Consultancy	5 012 385	14 721 435
Advertising and public relations	1 856 864	2 054 748
Travel , accommodation and transportations	1 663 766	1 546 416
Other expenses	4 433 853	3 259 417
Total	28 038 880	35 800 545

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.

- On June 30, 2014 a new law with No. 44/2014 has imposed a 5% temporary additional annual tax with rate from the tax base on the income of natural persons or the profits of Corporate Buddies in accordance with income tax law , and it has been proven and collected in accordance with this provisions . This law will start working from June 5 ,2014 for 3 years beginning from the current taxation period.
- On June 30,2014 a Presidential Decree has issued law No. 53 for the year 2014 , this law has amended some articles of the law on Income Tax promulgated by law No. 91/2005 the most important of these amended rules are :
 - Innovation chapter to impose taxes on dividends.
 - Innovation chapter to impose taxes on capital gains resulted from selling shares and securities.

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

Salaries tax

The Company deducts the salaries tax according to tax law no. 91 / 2005 and the Company's books inspected for the period from launch till the date of 31/12/2009 but the authority did not inform the Company with results yet. And the years from 2010/2013 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.

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 period ended	
	31/3/2014	31/3/2013
	LE	LE
Net (loss) profit for the period	(8 500 516)	5 328 560
The weighted average number of shares	871 625 000	871 625 000
Earnings per share	(0.01)	0.01

25. 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.

26. Contingent liabilities and commitments

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

27. 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.

27.1 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.

27.2 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.

27.3 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 LE 2 475 680 064 and LE 2 237 117 390 respectively and net foreign currencies balances at the financial position date are as follows:

Foreign currencies	Surplus (deficit)
	LE
US.\$	400 423 362
Euro	(162 229 685)
GBP	368 997

- 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.

27.4 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 March 31, 2014 and December 31, 2013 were as follows:

	31/3/2014	31/12/2013
	LE	LE
Liabilities		
Due to related parties	181 779 671	110 770 360
Current portion of long term loans	864 078 039	921 477 765
Other credit balances	94 699 207	95 442 705
Expected claims provision	194 090 676	194 090 676
Long term loans	1 162 194 457	1 160 522 235
Total	2 496 842 050	2 482 303 741
Less: Cash and cash equivalents	(225 236 724)	(221 456 439)
Net debt	2 271 605 326	2 260 847 302
Total equity	7 669 188 410	6 529 425 144
Gearing ratio	30 %	35 %

28. 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.

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- Amending the statute of the Company in accordance with the Capital Market Law and its executive regulations on the basis that the Company is involved in establishing other companies and participating in the capital increases of other companies pursuant to the provision of article no.(27) of the Capital Market Law and article no.(122) of its executive regulations, provided that required legal procedures for amending the statute of the company will take place after completing the required legal procedures for the aforementioned capital increase.
- Approval to change the Company's name to reflect its transformation into an investment holding company in the light of the aforementioned resolutions.

29. Subsequent events

- The company will rebrand itself as “Qalaa Holdings” in the English language beginning in July 2014. Qalaa is a direct transliteration of the Arabic word for "Citadel", which has been the firm's Arabic name since it was founded in 2004.
- That comes subsequently by the successful completing of a capital increase to LE 8 billion, marking the transformation to an investment company with a focus on business segments of energy, cement, agrifoods, transportation & logistics, and mining.