Qalaa Holdings Reports 2Q 2017 Results

Qalaa reports revenue growth of 25% year-on-year in 2Q17 to EGP 2,282.0 million as it capitalizes on the favorable economic environment; impairs Africa Railways assets totaling EGP 3,150.8 million leading to a bottom-line loss of EGP 2,756.1 million in 2Q17

2Q 2017 Consolidated Income Statement Highlights	
Revenues EGP 2,282.0 mn vs. EGP 1,827.1 mn in 2Q16	
EBITDA EGP 167.4 mn vs. EGP 95.4 mn in 2Q16	Net Profit After Minority EGP (2,756.1) mn vs. EGP (277.5) mn in 2Q16
1H 2017 Consolidated Income Statement Highlights	
Revenues EGP 4,396.7 mn vs. EGP 3,558.9 mn in 1H16	
EBITDA EGP 333.2 mn vs. EGP 238.6 mn in 1H16	Net Profit After Minority EGP (3,139.6) mn vs. EGP (559.2) mn in 1H16
Highlights from Consolidated Balance Sheet as at 30 June, 2017	
Total Assets EGP 73,290.6 mn vs. EGP 73,182.0 mn in FY16*	Total Equity EGP 10,994.5 mn vs. EGP 16,470.5 mn in FY16*

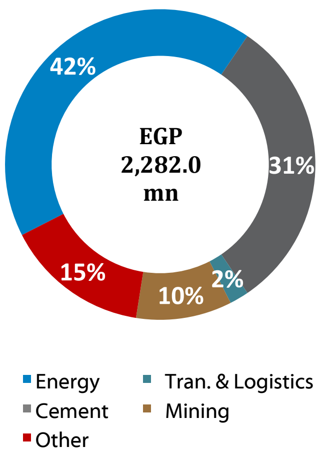
Financial & Operational Highlights

Qalaa Holdings, a leader in energy and infrastructure (CCAP.CA on the Egyptian Exchange, formerly Citadel Capital), released today its consolidated financial results for the quarter ended 30 June 2017, reporting revenue growth of 25% y-o-y to EGP 2,282.0 million in 2Q17. Qalaa reported a net loss after minority interest of EGP 2,756.1 million in 2Q17, as the company booked an impairment of EGP 3,150.8 million related to its Africa Railways assets in Kenya. Following the 31 July 2017 ruling by the High Court of Kenya to terminate Africa Railways' concession to operate the Kenyan Railway, the company initiated the transfer of its assets to the regulatory authority and thus booked the asset impairment (net-of-minority) of EGP 2,735.3 million on its 2Q17 consolidated financial statements as per the conservative Egyptian accounting standards. It is worth noting that once Africa Railways is no longer under Qalaa's control, its liabilities totaling c.EGP 5.6 billion will be deconsolidated and potentially result in a substantial gain on Qalaa's consolidated income statement.

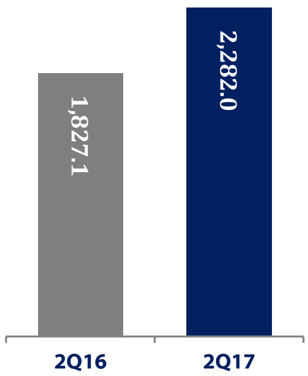
Financial and operational highlights follow, as do management's comments and overviews of the performance of different business units. Full financials are now available for download at ir.qalaaholdings.com.

** FY 2016 figures as previously stated on Qalaa Holdings' consolidated balance sheet.*

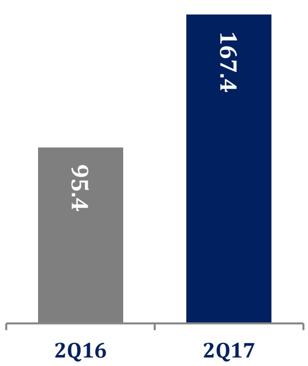
QALAA HOLDINGS CONSOLIDATED REVENUES 2Q17



REVENUE PROGRESSION
(EGP mn)



EBITDA PROGRESSION
(EGP mn)



- **Total revenues in 2Q17 recorded EGP 2,282.0 million, up 25% y-o-y versus the EGP 1,827.1 million posted in 2Q16.**

  The largest contributor to revenues in 2Q17 continued to be the energy sector at 42%, followed by the cement sector at 31%.

  Revenue growth during the quarter was largely driven by improved performances at Qalaa's energy and cement platforms, having contributed c.47% and c.25%, respectively to Qalaa's 2Q17 revenue growth in absolute terms. TAQA Arabia turned in solid results for the period, recording revenue growth of 24% y-o-y in 2Q17 as it benefits from gradual phase-out of energy subsidies and increase in pricing. Meanwhile, Tawazon posted a solid 127% y-o-y increase in top-line owing to higher demand for alternative fuels — including biomass and Refuse Derived Fuel (RDF) — as well as new contracts for the construction of sanitary landfills. At ASEC Cement's Al Takamol plant in Sudan, improved productivity saw revenues grow 28% y-o-y in 2Q17, while ARESCO recorded a two-fold increase in top-line during the quarter as it began implementing work on new projects.

  Other operational platforms also reported improved performances during the quarter and in-turn supporting Qalaa's top-line growth. ASCOM's export competitiveness and foreign currency proceeds led to a 27% y-o-y increase in top-line during the quarter, while Qalaa's agrifoods play Dina Farms continued to benefit from increased operational efficiency and higher raw milk yields, with revenue growth posting a solid 50% y-o-y in 2Q17. Together both companies contributed c.28% to Qalaa's revenue growth in absolute terms in 2Q17.

- **Qalaa's share of associates' results recorded a four-fold increase to EGP 15.4 million in 2Q17 on the back of strong operational performance by ASEC Cement's Zahana Cement in Algeria, with the plant recovering from repeated stoppages in 1Q17 and having ramped-up production during the quarter.**

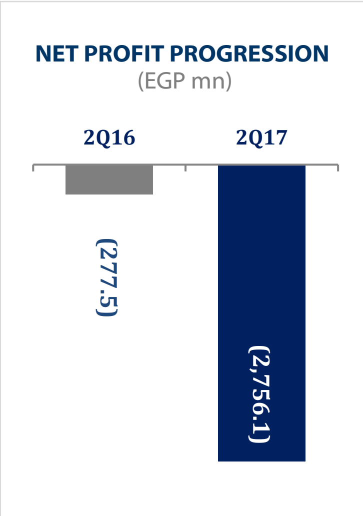
- **At the EBITDA level, Qalaa recorded growth of 76% y-o-y to EGP 167.4 million in 2Q17, driven by higher contributions from ASCOM, Gozour and Tawazon's ENTAG subsidiary in Oman.**

  EBITDA growth was also supported by lower SG&A as a percentage of sales, standing at 11% in 2Q17 versus 12% in the same period last year. The company also booked lower non-recurring SG&A expenses of EGP 1.8 million in 2Q17 compared to EGP 11.9 million in 2Q16.

- **Bank interest expense recorded EGP 228.3 million in 2Q17, up 65% y-o-y as USD-denominated debt booked at both the subsidiary and Qalaa Holding levels was affected by float of the Egyptian pound in November 2016.**

- **Qalaa recorded a gain from sale of investment of EGP 404.4 million in 2Q17 following the sale of ASEC Djelfa (ASEC Cement's greenfield plant in Algeria) in late May 2017.**

  Proceeds from the sale are currently booked as an account receivable on Qalaa's consolidated financials pending the conclusion of due legal processes and the repatriation of funds from Algeria.



- **Qalaa recorded a significant impairment of EGP 3,150.8 million in 2Q17 following the 31 July 2017 ruling by the High Court of Kenya to terminate Africa Railways' concession to operate the Kenyan railways.**

  The court ruling entailed that Qalaa fully impair Africa Railways' assets in Kenya on its 2Q17 consolidated financials as per the conservative Egyptian accounting standards with a net-of-minority effect of negative EGP 2,735.5 million.

  Qalaa Holdings continues to carry Africa Railways' liabilities totaling EGP 5.6 billion on its consolidated financial statements. Once Qalaa Holdings cedes control of Africa Railways, said liabilities will be deconsolidated and Qalaa will potentially book a substantial gain on its consolidated income statement (net of FX reserves and minority interests) in the coming period. It is worth noting that Qalaa Holdings had fully impaired its investment in Africa Railways on its FY2016 standalone financial statements.

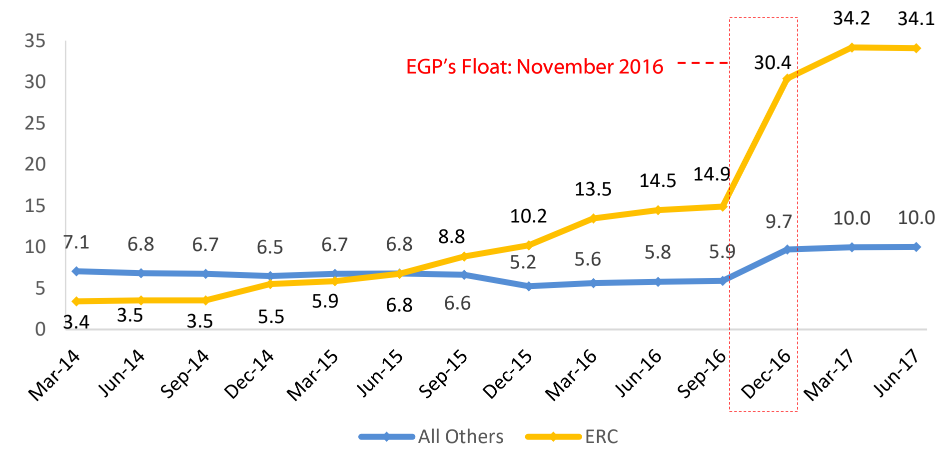
- **Following the impairment of Africa Railways, Qalaa's losses from discontinued operations declined to EGP 11.7 million in 2Q17, down from EGP 149.0 million in 2Q16 and EGP 225.6 million in 1Q17.**

  Losses from discontinued operations during the period were mostly driven by Mena Home's Designopolis Mall.

- **Qalaa recorded a net loss after minority interest of EGP 2,756.1 million in 2Q17, compared to a loss of EGP 277.5 million in 2Q16. Factoring out Africa Railways' impairment net of minority interests, Qalaa's bottom-line would have posted a loss of EGP 20.6 million in 2Q17.**

- **Qalaa's consolidated debt excluding Egyptian Refining Company (ERC) reached EGP 10.0 billion as at 30 June 2017 versus EGP 9.7 billion at 31 December 2016. ERC's total debt as at 30 June 2017 stood at EGP 34.2 billion compared to EGP 30.4 billion at the close FY2016.**

Debt Progression* (EGP bn)



**The Debt Progression chart excludes Africa Railways' debt.*

Management Comment:

"Our focus in the months ahead will be to bring ERC online and translate competitive advantages and operational efficiencies gained across our portfolio into bottom-line profitability and accretive returns to our investors"

"As the country maintains a steady reform course, we remain increasingly confident in our position to capture the upside and capitalize on the new favorable economic framework," said Qalaa Holdings Chairman and Founder Ahmed Heikal. "Almost a year in since the rollout of the government's reform program, Qalaa has consistently delivered double-digit top-line growth as platforms across its portfolio reap the rewards of Egypt's new macroeconomic environment. In 2Q17, we delivered growth as our energy plays TAQA Arabia and Tawazon benefitted from the phase-out of energy subsidies at both ends of the spectrum, while other portfolio companies are also finding strong footings as they leverage their ability to deliver efficiencies deemed ideal in today's macroeconomic environment."

"Our mining subsidiary ASCOM is gaining increased price-competitiveness both locally and regionally thanks to its position as a quality exporter and an import substitution play. And we are also pushing through higher operational efficiency at Dina Farms as we seek to cement its standing as one of the country's leading agribusinesses. Meanwhile, our greenfield Egyptian Refining Company is at 95% completion and is gearing up to deliver much needed energy resources to our national economy," Heikal added. "Our focus in the months ahead will be to bring ERC online and translate competitive advantages and operational efficiencies gained across our portfolio into bottom-line profitability and accretive returns to our investors."

"The quarter just ended saw us make important headway in our efforts to restructure our portfolio and streamline investments in a manner that accelerates Qalaa's return to profitability by 2018," said Qalaa Holdings Co-Founder and Managing Director Hisham El-Khazindar. "We successfully divested from our Algerian greenfield cement plant Djelfa as part of our strategy to focus management bandwidth on operational and profit-generating platforms, and in parallel booked a gain from the transaction of c.EGP 404 million proceeds from which will be partly earmarked for deleveraging at both the platform and Qalaa Holdings levels."

"More importantly, in 2Q17 we took the difficult but necessary decision to fully impair Africa Railways' assets in Kenya. While the decision took a heavy toll on our profitability for the quarter of EGP 2.7 billion, the impairment effectively caps future losses from a discontinued operation that is facing increased operational difficulty and is otherwise a drain on resources and capital that could be deployed to other, more promising growth avenues. Additionally, we anticipate a substantial gain on our income statement once we cede control of Africa Railways' and deconsolidate its EGP 5.6 billion in liabilities in the coming period."

"With our investment portfolio becoming increasingly optimized for today's economic realities, and with ERC now 95% complete, we are reaching a watershed moment in our transformation into a lean and profitable company that maximizes value for shareholders," El-Khazindar concluded.

Detailed overviews of the performance of operational companies in each of Qalaa's core industries follow; complete financials are available for download on ir.qalaaholdings.com

Methods of Consolidation

Fully Consolidate Companies

Energy	TAQA Arabia; tawazon; ERC
Transportation & Logistics	NILE LOGISTICS
Mining	ASCOM GEOLOGY & MINING
Cement	أسيك القابضة asec holding
Agrifoods	جذور Gozour; WAFRA
Specialized Real Estate	BONYAN DEVELOPMENT AND TRADE
Metallurgy	U.C.F. United Company For Foundries; أسيك UNITED

Equity Method Consolidated Companies (Share of Associates)

Mid-cap Buyouts	GRANDVIEW Investment Holdings Corp
Media & Retail	تنوير

Qalaa Holdings Consolidated Income Statement (in EGP mn)

				Restated (1)			As Previously Reported		
	1Q 2017	2Q 2017	1H 2017	1Q 2016	2Q 2016	1H 2016	1Q 2016	2Q 2016	1H 2016
Revenue	2,114.6	2,282.0	4,396.7	1,731.8	1,827.1	3,558.9	1,731.8	1,799.0	3,530.8
COS	(1,707.9)	(1,893.2)	(3,601.1)	(1,388.5)	(1,517.7)	(2,906.2)	(1,388.5)	(1,492.2)	(2,880.7)
Gross Profit	**406.7**	**388.9**	**795.6**	**343.3**	**309.3**	**652.7**	**343.3**	**306.8**	**650.1**
Advisory fee	**4.7**	2.9	7.5	2.4	2.6	5.0	2.4	2.6	5.0
Share in associates' results	(13.4)	15.4	2.0	14.1	3.8	17.9	14.1	3.8	17.9
Total Operating Profit	**398.0**	**407.1**	**805.1**	**359.8**	**315.8**	**675.6**	**359.8**	**313.2**	**673.0**
SG&A	(257.1)	(249.5)	(506.6)	(210.8)	(220.6)	(431.5)	(210.8)	(220.6)	(431.5)
Other inc/exp-Net	29.6	11.6	41.2	3.4	12.2	15.6	3.4	12.2	15.6
EBITDA before one-off charges	**170.4**	**169.3**	**339.7**	**152.4**	**107.3**	**259.7**	**152.4**	**104.8**	**257.2**
SG&A (Non recurring)	(4.7)	(1.8)	(6.5)	(9.2)	(11.9)	(21.1)	(9.2)	(11.9)	(21.1)
EBITDA	**165.7**	**167.4**	**333.2**	**143.2**	**95.4**	**238.6**	**143.2**	**92.9**	**236.1**
Dep./Amort.	(122.0)	(125.5)	(247.5)	(103.8)	(114.1)	(217.9)	(83.6)	(100.2)	(183.8)
EBIT	**43.8**	**42.0**	**85.7**	**39.4**	**(18.7)**	**20.7**	**59.6**	**(7.3)**	**52.3**
Bank interest exp.	(207.1)	(228.3)	(435.4)	(130.0)	(138.8)	(268.8)	(130.0)	(138.8)	(268.8)
Bank PIK - Bank Fees (ERC - PIK)	(71.5)	(49.7)	(121.2)	(18.1)	(4.0)	(22.1)	(18.1)	(4.0)	(22.1)
3rd party Shareholder	(55.1)	(54.3)	(109.4)	(23.0)	(22.5)	(45.5)	(0.5)	(44.9)	(45.5)
Interest income	25.3	34.9	60.2	21.0	22.5	43.5	21.0	22.5	43.5
Lease payments	(1.1)	(1.1)	(2.2)	(1.7)	(1.7)	(3.5)	(1.7)	(1.7)	(3.5)
EBT (before one-offs)	**(265.8)**	**(256.5)**	**(522.4)**	**(112.5)**	**(163.3)**	**(275.7)**	**(69.7)**	**(174.4)**	**(244.1)**
Gain (Loss) on sale of investments	-	404.4	404.4	19.5	(0.0)	19.5	19.5	-	19.5
Impairments/write downs	(17.2)	(3,153.5)	(3,170.6)	(5.0)	(256.0)	(261.0)	(5.0)	(256.0)	(261.0)
Restructuring consulting fees	-	-	-	(17.5)	(6.7)	(24.2)	(17.5)	(6.7)	(24.2)
Layoffs/Severances	(8.5)	(14.7)	(23.3)	(12.3)	(2.5)	(14.8)	(12.3)	(2.5)	(14.8)
CSR	(2.4)	(3.0)	(5.4)	(1.3)	(2.8)	(4.2)	(1.3)	(2.8)	(4.2)
Provisions	(39.5)	(17.5)	(57.0)	(25.9)	(20.6)	(46.5)	(25.9)	(20.6)	(46.5)
Discontinued operations *	(225.6)	(11.7)	(237.3)	(95.5)	(149.0)	(244.4)	(93.9)	(131.4)	(225.3)
Forex	61.1	(22.0)	39.1	(64.5)	(23.4)	(87.8)	(45.0)	(39.1)	(84.1)
EBT	**(498.0)**	**(3,074.5)**	**(3,572.5)**	**(314.9)**	**(624.3)**	**(939.2)**	**(251.1)**	**(633.6)**	**(884.7)**
Taxes	(48.6)	(3.4)	(52.0)	(37.2)	(19.3)	(56.6)	(41.8)	(22.5)	(64.2)
NP/L Including Minority Share	**(546.6)**	**(3,078.0)**	**(3,624.5)**	**(352.2)**	**(643.6)**	**(995.8)**	**(292.9)**	**(656.1)**	**(948.9)**
Minority Interest	(163.0)	(321.9)	(484.9)	(70.5)	(366.1)	(436.6)	(50.2)	(369.0)	(419.2)
NP/L for the Period	**(383.5)**	**(2,756.1)**	**(3,139.6)**	**(281.7)**	**(277.5)**	**(559.2)**	**(242.7)**	**(287.1)**	**(529.8)**

1) Comparative figures restated to retroactively account for ASEC Holding's shareholder loan Interest for 1Q 2016, as well as the reclassification of ESACO from discontinued to continued operations. In addition, figures were restated to recognize higher Dep. & Amort. for Ascom and TAQA Tangible & Intangibles resultant from assets revaluation following the purchase price allocation.

* Discontinued operations include:
(1) Assets included in 2016 & 2017: Djelfa (ASEC Holding), Africa Railways & Designopolis (Mena Home)
(2) Assets with zero results in 2017: Enjoy and Mom's Food (Gozour)
(3) 1Q16 figures include results from sold assets: Mashreq & Tanmeyah

Qalaa Holdings Consolidated Income Statement by Sector for the three-month period ending 30 June 2017 (in EGP mn)

			Energy			Cement	T&L^	Mining	Agrifoods		Others		
	QH	SPVs	ERC	TAQA	Tawazon	ASEC Holding	Nile Logistics	ASCOM	Gozour	Wafra	Misc.^^	Elimination	2Q 2017
Revenue	-	-	-	868.4	96.4	699.3	34.4	234.5	310.8	3.8	34.4	-	2,282.0
Cost of Sales	-	-	-	(780.4)	(75.6)	(590.8)	(28.8)	(162.0)	(234.7)	(1.3)	(19.5)	-	(1,893.2)
Gross Profit	**-**	**-**	**-**	**88.0**	**20.8**	**108.5**	**5.5**	**72.5**	**76.2**	**2.5**	**14.9**	**-**	**388.9**
Advisory fee	30.5	2.9	-	-	-	-	-	-	-	-	-	(30.5)	2.9
Share in Associates' Results	-	-	-	-	-	16.7	-	-	-	-	-	(1.3)	15.4
Total Operating Profit	**30.5**	**2.9**	**-**	**88.0**	**20.8**	**125.2**	**5.5**	**72.5**	**76.2**	**2.5**	**14.9**	**(31.9)**	**407.1**
SG&A	(43.3)	(7.4)	(6.4)	(35.8)	(7.2)	(61.3)	(10.6)	(44.0)	(51.9)	(9.4)	(6.4)	34.3	(249.5)
Other Income/Expenses (Net)	-	(0.7)	0.3	(0.4)	0.6	4.8	0.2	5.5	1.4	-	-	-	11.6
EBITDA (before one-offs)	**(12.8)**	**(5.3)**	**(6.1)**	**51.9**	**14.2**	**68.7**	**(4.9)**	**33.9**	**25.7**	**(6.9)**	**8.5**	**2.4**	**169.3**
SG&A (Non recurring)	(1.8)	-	-	-	-	-	-	-	-	-	-	-	(1.8)
EBITDA	**(14.6)**	**(5.3)**	**(6.1)**	**51.9**	**14.2**	**68.7**	**(4.9)**	**33.9**	**25.7**	**(6.9)**	**8.5**	**2.4**	**167.4**
Depreciation & Amortization	(0.5)	-	(0.6)	(12.5)	(3.2)	(20.6)	(9.7)	(41.4)	(13.0)	-	(2.9)	(21.1)	(125.5)
EBIT	**(15.1)**	**(5.3)**	**(6.7)**	**39.4**	**11.0**	**48.1**	**(14.6)**	**(7.4)**	**12.7**	**(6.9)**	**5.6**	**(18.7)**	**42.0**
Bank Interest Expense	(87.1)	(41.4)	-	(13.7)	(1.5)	(46.9)	(9.5)	(15.7)	(7.6)	-	(4.9)	-	(228.3)
Bank PIK - Bank Fees (ERC-PIK)	-	(20.7)	(29.0)	-	-	-	-	-	-	-	-	-	(49.7)
3rd Party Shareholder	-	(60.2)	-	-	-	(110.3)	(8.4)	(2.3)	-	-	(9.2)	136.2	(54.3)
Interest Income	68.5	61.1	6.0	43.1	-	-	-	-	-	-	-	(144.0)	34.9
Lease Payments	-	-	-	-	-	-	(1.1)	-	-	-	-	-	(1.1)
EBT (before one-offs)	**(33.7)**	**(66.5)**	**(29.7)**	**68.8**	**9.5**	**(109.1)**	**(33.5)**	**(25.5)**	**5.1**	**(6.9)**	**(8.5)**	**(26.4)**	**(256.5)**
Gain (Loss) on Sale of Investments	-	-	-	-	-	404.4	-	-	-	-	-	-	404.4
Impairments/Write-downs	-	(38.9)	-	-	-	1.0	-	(0.4)	(19.0)	(0.8)	(3,150.8)	55.4	(3,153.5)
Layoffs/Severances	(2.7)	-	-	-	-	(12.0)	-	-	-	-	-	-	(14.7)
CSR	(1.4)	-	-	(1.6)	-	-	-	-	-	-	-	-	(3.0)
Provisions	-	(8.6)	-	(11.3)	-	3.9	(0.2)	(0.7)	(0.4)	-	(0.2)	-	(17.5)
Discontinued Operations **	-	-	-	-	-	5.8	-	-	-	-	(28.8)	11.4	(11.7)
FOREX	(19.9)	22.0	(1.0)	2.7	(0.5)	(5.9)	10.6	(46.6)	-	-	17.8	(1.2)	(22.0)
EBT	**(57.7)**	**(92.0)**	**(30.8)**	**58.6**	**8.9**	**288.1**	**(23.1)**	**(73.2)**	**(14.3)**	**(7.7)**	**(3,170.5)**	**39.2**	**(3,074.5)**
Taxes	-	-	-	(16.5)	(1.8)	(5.5)	0.1	1.5	(8.3)	-	0.4	26.7	(3.4)
Net P/L Before Minority Share	**(57.7)**	**(92.0)**	**(30.8)**	**42.1**	**7.1**	**282.5**	**(23.1)**	**(71.7)**	**(22.6)**	**(7.7)**	**(3,170.0)**	**65.9**	**(3,078.0)**
Minority Interest	-	-	(0.8)	12.1	3.8	159.5	(5.0)	(5.9)	-	(1.3)	-	(484.3)	(321.9)
Net Profit (Loss)	**(57.7)**	**(92.0)**	**(29.9)**	**29.9**	**3.3**	**123.0**	**(18.1)**	**(65.8)**	**(22.6)**	**(6.5)**	**(3,170.0)**	**550.2**	**(2,756.1)**

** Discontinued operations include:
(1) Assets included in 2016 & 2017: Djelfa (ASEC Holding), Africa Railways & Designopolis (Mena Home)
(2) Assets with zero results in 2017: Enjoy and Mom's Food (Gozour)
^ T&L represents Transportation & Logistics
^^ Miscellaneous includes United Foundries, Designopolis (Mena Home), Crondall, Sphinx Egypt, Mashreq, Africa Railways

Qalaa Holdings Consolidated Income Statement by Sector for the six-month period ending 30 June 2017 (in EGP mn)

			Energy			Cement	T&L^	Mining	Agrifoods		Others		
	QH	SPVs	ERC	TAQA	Tawazon	ASEC Holding	Nile Logistics	ASCOM	Gozour	Wafra	Misc.^^	Elimination	1H 2017
Revenue	-	-	-	1,710.5	189.6	1,376.5	57.9	503.2	462.6	5.9	90.3	-	4,396.7
Cost of Sales	-	-	-	(1,520.3)	(146.0)	(1,150.4)	(48.4)	(355.3)	(325.9)	(2.8)	(51.9)	-	(3,601.1)
Gross Profit	**-**	**-**	**-**	**190.1**	**43.6**	**226.2**	**9.6**	**147.9**	**136.7**	**3.1**	**38.5**	**-**	**795.6**
Advisory fee	57.2	9.9	-	-	-	-	-	-	-	-	-	(59.5)	7.5
Share in Associates' Results	-	-	-	-	-	3.1	-	-	-	-	-	(1.2)	2.0
Total Operating Profit	**57.2**	**9.9**	**-**	**190.1**	**43.6**	**229.3**	**9.6**	**147.9**	**136.7**	**3.1**	**38.5**	**(60.7)**	**805.1**
SG&A	(94.2)	(21.8)	(20.2)	(70.8)	(12.4)	(120.9)	(22.2)	(88.8)	(96.4)	(13.5)	(11.0)	65.5	(506.6)
Other Income/Expenses (Net)	0.0	0.2	0.3	2.7	0.9	11.4	5.6	16.0	4.1	-	(0.1)	-	41.2
EBITDA (before one-offs)	**(37.1)**	**(11.7)**	**(20.0)**	**122.1**	**32.2**	**119.9**	**(7.0)**	**75.1**	**44.4**	**(10.4)**	**27.4**	**4.8**	**339.7**
SG&A (Non recurring)	(6.5)	-	-	-	-	-	-	-	-	-	-	-	(6.5)
EBITDA	**(43.6)**	**(11.7)**	**(20.0)**	**122.1**	**32.2**	**119.9**	**(7.0)**	**75.1**	**44.4**	**(10.4)**	**27.4**	**4.8**	**333.2**
Depreciation & Amortization	(1.0)	-	(1.2)	(23.9)	(6.3)	(40.7)	(19.2)	(80.6)	(26.1)	-	(5.9)	(42.5)	(247.5)
EBIT	**(44.6)**	**(11.8)**	**(21.2)**	**98.2**	**25.9**	**79.1**	**(26.3)**	**(5.5)**	**18.4**	**(10.4)**	**21.5**	**(37.7)**	**85.7**
Bank Interest Expense	(144.6)	(74.0)	-	(29.4)	(2.8)	(92.3)	(37.1)	(31.1)	(14.7)	-	(9.5)	-	(435.4)
Bank PIK - Bank Fees (ERC-PIK)	-	(39.1)	(82.1)	-	-	-	-	-	-	-	-	-	(121.2)
3rd Party Shareholder	-	(112.3)	-	-	-	(216.6)	(15.6)	(4.4)	-	-	(18.1)	257.6	(109.4)
Interest Income	127.4	115.3	8.3	79.9	-	0.6	0.1	-	0.1	-	-	(271.4)	60.2
Lease Payments	-	-	-	-	-	-	(2.2)	-	-	-	-	-	(2.2)
EBT (before one-offs)	**(61.8)**	**(121.9)**	**(94.9)**	**148.6**	**23.1**	**(229.2)**	**(81.1)**	**(40.9)**	**3.8**	**(10.4)**	**(6.2)**	**(51.5)**	**(522.4)**
Gain (Loss) on Sale of Investments	-	(12.0)	-	-	-	404.4	-	-	-	-	(1.1)	13.0	404.4
Impairments/Write-downs	-	(27.4)	-	-	-	(5.1)	-	(0.4)	(24.1)	-	(3,150.8)	37.1	(3,170.6)
Layoffs/Severances	(5.9)	-	-	(1.5)	-	(15.8)	-	-	-	-	-	-	(23.3)
CSR	(2.8)	-	-	(2.7)	-	-	-	-		-	-	-	(5.4)
Provisions	-	(9.9)	-	(28.5)	-	(16.8)	(0.3)	(1.2)	-	-	(0.2)	-	(57.0)
Discontinued Operations **	-	-	-	-	-	5.8	-	-	-	-	(263.9)	20.9	(237.3)
FOREX	(32.0)	73.3	(7.4)	5.9	(1.0)	2.3	22.6	(47.1)	-	-	23.3	(0.9)	39.1
EBT	**(102.5)**	**(97.8)**	**(102.3)**	**121.9**	**22.1**	**145.6**	**(58.7)**	**(89.7)**	**(20.3)**	**(10.4)**	**(3,398.9)**	**18.6**	**(3,572.5)**
Taxes	0.1	-	-	(47.0)	(4.3)	(20.6)	0.1	(1.3)	(11.3)	-	0.9	31.5	(52.0)
Net P/L Before Minority Share	**(102.4)**	**(97.8)**	**(102.3)**	**74.9**	**17.8**	**125.0**	**(58.7)**	**(91.0)**	**(31.7)**	**(10.4)**	**(3,398.0)**	**50.2**	**(3,624.5)**
Minority Interest	-	-	(10.3)	22.6	8.8	135.2	(12.8)	(9.6)	-	(1.5)	-	(617.4)	(484.9)
Net Profit (Loss)	**(102.4)**	**(97.8)**	**(92.1)**	**52.3**	**9.0**	**(10.2)**	**(45.9)**	**(81.4)**	**(31.7)**	**(8.9)**	**(3,398.0)**	**667.5**	**(3,139.6)**

** Discontinued operations include:
(1) Assets included in 2016 & 2017: Africa Railways & Designopolis (Mena Home)
(2) Assets with zero results in 2017: Djelfa (ASEC Holding) Enjoy and Mom's Food (Gozour)

^ T&L represents Transportation & Logistics

^^ Miscellaneous includes United Foundries, Designopolis (Mena Home), Crondall, Sphinx Egypt, Mashreq, Africa Railways

Qalaa Holdings Consolidated Balance Sheet as at 30 June 2017 (in EGP mn)

		Energy			Cement	T&L^	Mining	Agrifoods						
	QH	ERC	TAQA Arabia	Tawazon	ASEC Holding	Nile Logisics	ASCOM	Gozour	Wafra	Misc.^^	1H 2017 Aggregation	Eliminations/ SPVs	1H 2017	FY 2016
Current Assets														
Trade and Other Receivables	1,951.8	38.0	1,332.8	201.3	2,850.8	75.6	377.8	217.9	24.6	502.4	7,573.1	(3,378.3)	4,194.7	3,131.2
Inventory	-	-	333.8	40.4	661.7	22.1	101.1	91.1	-	73.7	1,323.9	(0.0)	1,323.9	1,174.2
Assets Held For Sale	-	-	-	-	369.0	-	-	86.6	-	648.7	1,104.3	599.0	1,703.3	6,631.4
Cash and Cash Equivalents	2.5	1,751.4	1,292.5	18.5	422.2	4.8	20.9	11.1	1.5	1.3	3,526.6	2.3	3,528.9	2,837.0
Others	-	-	-	-	98.6	-	-	2.5	-	-	101.2	1.5	102.7	77.3
Total Current Assets	**1,954.3**	**1,789.4**	**2,959.0**	**260.3**	**4,402.4**	**102.5**	**499.8**	**409.2**	**26.1**	**1,226.1**	**13,629.1**	**(2,775.6)**	**10,853.6**	**13,851.2**
Non-Current Assets														
PP&E	31.4	52,213.3	565.8	90.6	1,042.4	697.7	1,122.9	747.3	-	42.2	56,553.4	681.7	57,235.1	53,878.8
Investments	8,745.9	-	0.7	-	426.3	-	0.4	-	-	-	9,173.3	(8,163.7)	1,009.6	1,301.2
Goodwill / Intangible assets	-	-	408.5	32.6	4.4	-	613.0	-	-	-	1,058.6	577.2	1,635.8	1,657.8
Others	1,692.7	1,983.7	31.9	-	29.2	-	-	279.7	-	231.7	4,248.9	(1,692.3)	2,556.6	2,493.0
Total Non-Current Assets	**10,470.0**	**54,197.0**	**1,007.0**	**123.2**	**1,502.2**	**697.7**	**1,736.3**	**1,027.0**	**-**	**273.8**	**71,034.1**	**(8,597.1)**	**62,437.0**	**59,330.8**
Total Assets	**12,424.3**	**55,986.3**	**3,966.0**	**383.5**	**5,904.6**	**800.2**	**2,236.1**	**1,436.2**	**26.1**	**1,499.9**	**84,663.3**	**(11,372.7)**	**73,290.6**	**73,182.0**
Shareholders' Equity														
Total Equity Holders of the Company	**6,326.8**	**14,696.7**	**1,000.6**	**93.7**	**(2,723.7)**	**(382.4)**	**588.8**	**135.2**	**(1,278.5)**	**(5,951.0)**	**12,506.1**	**(16,778.0)**	**(4,271.9)**	**186.7**
Minority Interest	-	5,874.9	362.8	53.4	1,081.6	(162.9)	(47.9)	-	(20.9)	(0.6)	7,140.4	8,126.0	15,266.4	16,283.7
Total Equity	**6,326.8**	**20,571.6**	**1,363.4**	**147.1**	**(1,642.2)**	**(545.4)**	**540.9**	**135.2**	**(1,299.4)**	**(5,951.6)**	**19,646.5**	**(8,652.0)**	**10,994.5**	**16,470.5**
Current Liabilities														
Borrowings	3,349.2	-	358.4	50.3	514.5	565.0	284.5	45.2	23.1	4,203.7	9,394.1	540.5	9,934.5	5,793.5
Trade and Other Payables	1,692.6	819.1	1,600.5	129.7	3,596.7	629.7	582.3	968.0	1,298.1	1,790.9	13,107.6	(1,673.5)	11,434.1	9,099.8
Provisions	53.5	-	277.0	44.6	258.9	9.4	25.4	25.6	4.4	14.2	712.9	29.9	742.8	681.5
Liabilities Held For Sale	-	-	-	-	257.0	-	-	137.7	-	896.4	1,291.1	(783.1)	508.0	5,912.3
Total Current Liabilities	**5,095.3**	**819.1**	**2,235.9**	**224.6**	**4,627.1**	**1,204.1**	**892.2**	**1,176.5**	**1,325.5**	**6,905.3**	**24,505.7**	**(1,886.2)**	**22,619.5**	**21,487.1**
Non-Current Liabilities														
Borrowings	1,002.2	34,309.6	148.8	-	584.7	-	642.6	90.5	-	-	36,778.4	1,844.1	38,622.5	34,234.3
Shareholder Loan	-	-	-	-	2,174.5	141.4	155.3	-	-	543.2	3,014.4	(2,976.6)	37.7	47.4
Long-Term Liabilities	-	286.0	217.9	11.8	160.5	-	5.0	33.9	-	3.1	718.3	298.1	1,016.3	942.7
Total Non-Current Liabilities	**1,002.2**	**34,595.6**	**366.7**	**11.8**	**2,919.7**	**141.4**	**802.9**	**124.4**	**-**	**546.2**	**40,511.0**	**(834.5)**	**39,676.6**	**35,224.4**
Total Liabilities	**6,097.5**	**35,414.7**	**2,602.6**	**236.4**	**7,546.8**	**1,345.5**	**1,695.2**	**1,301.0**	**1,325.5**	**7,451.5**	**65,016.7**	**(2,720.7)**	**62,296.1**	**56,711.6**
Total Equity and Liabilities	**12,424.3**	**55,986.3**	**3,966.0**	**383.5**	**5,904.6**	**800.2**	**2,236.1**	**1,436.2**	**26.1**	**1,499.9**	**84,663.3**	**(11,372.7)**	**73,290.6**	**73,182.0**

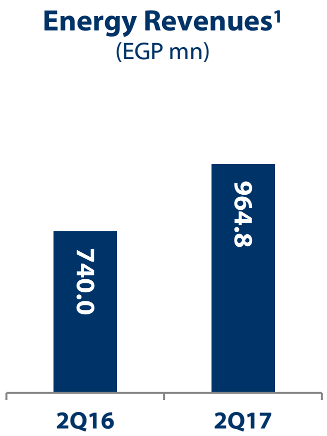
^ T&L represents Transportation & Logistics
^^ Miscellaneous includes Mashreq, Africa Railways, United Foundries, Designopolis (Mena Home), Crondall, & Sphinx Egypt.

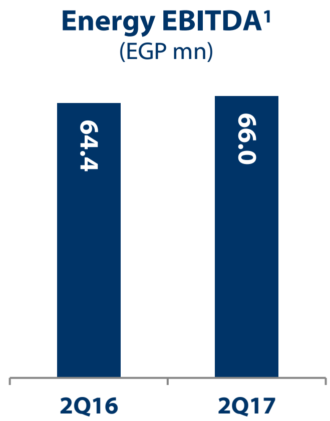
Sector Review: Energy

Qalaa Holdings' operational Energy companies include TAQA Arabia (energy generation and distribution) and Tawazon (solid waste management). Pre-operational Greenfields include Egyptian Refining Company (petroleum refining).

Operational and Financial Performance

Revenues from the energy division recorded EGP 964.8 million in 2Q17, up 30% y-o-y on the back of solid results from TAQA Arabia's marketing and power divisions as well as a strong performance by Tawazon. The Energy segment recorded an EBITDA of EGP 66.0 million in 2Q17, remaining somewhat flat compared to the EGP 64.4 million recorded in 2Q16. On a six-month basis, the segment posted revenue growth of 39% y-o-y to EGP 1,900.1 million in 1H17, while EBITDA increased 28% y-o-y to EGP 154.3 million.





(EGP mn unless otherwise stated)	2Q16	2Q17	% chg	1H16	1H17	% chg
TAQA Arabia Revenues	697.5	868.4	*24%*	1,290.6	1,710.5	*33%*
TAQA Arabia EBITDA	60.2	51.9	*(14%)*	112.0	122.1	*9%*
Tawazon Revenues	42.4	96.4	*127%*	76.0	189.6	*149%*
Tawazon EBITDA	4.2	14.2	*237%*	8.6	32.2	*275%*

[1] Energy revenues and EBITDA are aggregate figures, representing the simple summation of TAQA Arabia and Tawazon's figures, as these are the only two operational companies within the Energy sector.

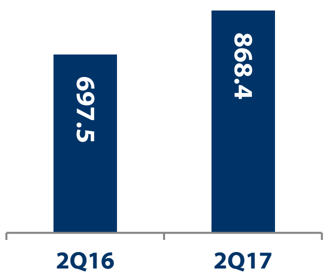
TAQA

QH OWNERSHIP — 62.5%

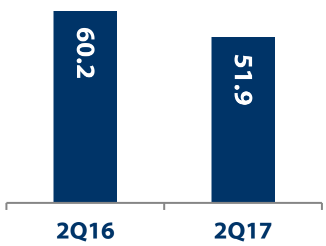
TAQA Arabia records revenue growth of 24% y-o-y increase to EGP 868.4 million in 2Q17

TAQA Arabia, Egypt's leading independent energy company, reported revenues of EGP 868.4 million in 2Q17, up 24% y-o-y on the back of strong results from its marketing and power divisions during the quarter. EBITDA came in at EGP 51.9 million in 2Q17, down 14% y-o-y owing to margin contraction at the company's gas division. On a six-month basis, TAQA Arabia turned in revenues of EGP 1,710.5 million in 1H17, a 33% y-o-y increase, while EBITDA recorded growth of 9% y-o-y to EGP 122.1 million.

Consolidated TAQA Arabia Revenues
(EGP mn)



Consolidated TAQA Arabia EBITDA
(EGP mn)



TAQA Marketing generated revenues of EGP 536.4 million in 2Q17, up 36% y-o-y and contributing c.62% to TAQA Arabia's total revenues for the quarter. Revenue growth continued to be driven by the increase in fuel prices post the partial lifting of energy subsidies in November 2016. The division sold a total of 204 million liters in refined fuel products (diesel and gasoline), up 1% y-o-y compared to 2Q16 figure of 201 million liters. Meanwhile, lube volumes declined 13% y-o-y to 904 tons in 2Q17. Improved sales margins saw the division record a solid 60% y-o-y increase in 2Q17 EBITDA to EGP 23.9 million. On a six-month basis, revenues from the division recorded a 43% y-o-y increase to EGP 1,068.7 million in 1H17, with EBITDA up an impressive 97% y-o-y to EGP 47.7 million. As at 30 June 2017, TAQA operated 46 filling stations compared to 45 stations in 2Q16.

TAQA Gas continued to deliver revenue growth in 2Q17, up 3% y-o-y to EGP 166.7 million, despite a 45% y-o-y decline in number of installations. The company connected some 18,179 households to the natural gas grid in 2Q17 versus 33,106 in 2Q16, with TAQA Gas decelerating the rate of new connections until the government revises its installation fees currently set at EGP 2,500 per client. It is worth noting that several industry players, including TAQA Gas, are currently in negotiations with the government to revise the fees upwards and account for the recent increase in installation costs following the float of the Egyptian pound and subsequent inflationary pressures. Slower volumes and fixed installation fees saw margins contract y-o-y, with EBITDA in 2Q17 recording a 54% y-o-y decline to EGP 13.7 million. Total household clients as at 30 June 2017 stood at 871,334, up 11% compared to the 784,875 clients recorded in 2Q16, while total gas distribution stood at 1.1 BCM in 2Q17, up 26% y-o-y.

TAQA Power posted revenue growth of 32% y-o-y in 2Q17 to EGP 148.0 million, where a 7% increase in total distributed power along with higher electricity prices offset a 29% y-o-y decline in total generated electricity. Higher distribution came following an uptick in demand from the higher margin Nabq (Sharm El Sheikh) touristic zone. At the EBITDA level, the division recorded a 4% y-o-y increase in 2Q17 to EGP 19.4 million. Management continues to explore opportunities to diversify its revenue base, including new business lines such as energy efficiency — the provision of a broad range of services such as the design and implementation of energy saving solutions and/or projects — and "waste to energy" services such as power generation using agricultural and municipal waste.

TAQA Arabia Subsidiaries (EGP mn)	2Q16	2Q17	*% chg*	1H16	1H17	*% chg*
TAQA Arabia Power Revenues	111.9	148.0	*32%*	218.9	273.0	*25%*
TAQA Arabia Power EBITDA	18.6	19.4	*4%*	40.3	43.0	*7%*
TAQA Arabia Gas Revenues	161.7	166.7	*3%*	311.4	368.8	*18%*
TAQA Arabia Gas EBITDA	29.7	13.7	*(54%)*	55.0	33.4	*(39%)*
TAQA Marketing Revenues	393.5	536.4	*36%*	749.6	1,068.7	*43%*
TAQA Marketing EBITDA	15.0	23.9	*60%*	24.2	47.7	*97%*

Total Power Generated & Distributed* (2Q17)

142.4
M kW/hr
▼10% y-o-y

Total Gas Distributed (2Q17)

1.1
BCM
▲26% y-o-y

Total Liquid Fuels Distributed (2Q17)

204.3
M Liters
▲1% y-o-y

Gas Construction (2Q17)

18,179
Converted Customers
▼45% y-o-y

Filling Stations (2Q17)

46**
Stations
vs. 45 as at 2Q16

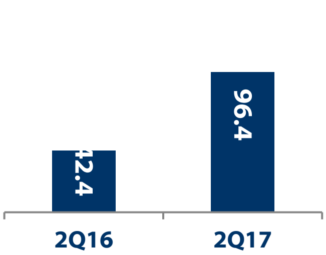
*Of the total, 62.7% is distributed while the remainder is generated.
** Of which seven are CNG stations.

tawazon | QH OWNERSHIP — 68.1%

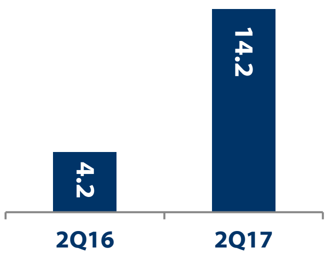
Tawazon records 237% y-o-y growth in 2Q17 EBITDA to EGP 14.2 million

Tawazon, Qalaa Holdings' solid waste management subsidiary, recorded over a two-fold increase in revenues to EGP 96.4 million in 2Q17 driven by strong operational results by subsidiaries **ECARU** and **ENTAG**. Meanwhile, the company's EBITDA recorded an impressive 237% y-o-y increase in 2Q17 to EGP 14.2 million on the back of contributions from its Omani operations by ENTAG Oman, as well as improved margins at ECARU. On a six-month basis, Tawazon revenues recorded EGP 189.6 million, up 149% y-o-y, while EBITDA posted a 275% y-o-y surge to EGP 32.2 million in 1H17.

Consolidated Tawazon
Revenues
(EGP mn)



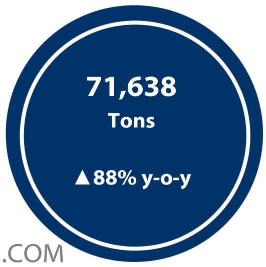
Consolidated Tawazon
EBITDA
(EGP mn)



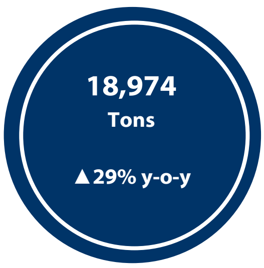
ECARU revenues came in at EGP 72.2 million in 2Q17, growing by 73% y-o-y and contributing 57% to Tawazon's revenue growth in absolute terms. Revenue growth during the quarter was dual-pronged, with ECARU benefiting from increased demand for alternative fuels — including biomass and Refuse Derived Fuel (RDF) — as well as the company's ability to pass on price increases for its products amidst an increasingly inflationary environment following the float of the Egyptian pound and the subsequent partial lifting of energy subsidies. ECARU sold a total of 71.6 thousand tons of biomass in 2Q17, up 88% y-o-y, while RDF sales recorded a 29% y-o-y increase to c.19.0 thousand tons in 2Q17. The company's EBITDA recorded EGP 9.2 million in 2Q17, up 70% y-o-y and contributing c.38% to Tawazon's EBITDA growth in absolute terms. Management remains optimistic with regards to maintaining the company's current growth trajectory given Egypt's new macroeconomic environment — particularly with regards to the gradual phase-out of energy subsidies and consequent increase in prices of conventional fuel sources (coal – heavy fuel oil) — as well as the continued issuance of cement manufacturing licenses. ECARU is also pushing to diversify its client base, having recently been contracted to supply biomass for medium density fiberboard (MDF) manufacturers.

ENTAG's performance continued to show significant improvement during the quarter, with revenues recording a 10x increase to a total of EGP 25.7 million between the company's Egyptian (EGP 8.0 million) and Omani (EGP 17.7 million) subsidiaries. Established in 1Q17, ENTAG Oman has secured two new projects for sanitary landfills, which allowed the company to benefit from the float of the Egyptian pound as it translated the proceeds into EGP on its financial statements. Total EBITDA came in at EGP 4.7 million in 2Q17, almost all of which was generated by ENTAG Oman. On a six-month basis, ENTAG reported consolidated revenues of EGP 54.6 million in 1H17 and an EBITDA of EGP 10.5 million.

Total Biomass Supplied (2Q17)



Total RDF Supplied (2Q17)



ERC

QH OWNERSHIP — 17.9%

ERC reaches overall construction progress of 95.0% as of September 2017


ERC's construction site

Egyptian Refining Company (ERC) is building a USD 3.7 billion Greenfield petroleum refinery in the Greater Cairo Area (GCA); the consortium of GS Engineering & Construction Corp and Mitsui & Co Ltd, acting as the contractor for the project, took full receipt of the project site in early 2014 with overall completion progress standing at 95.0% as of September 2017.


ERC's construction site


All of ERC's heavy/major equipment has been installed on site

All of ERC's heavy/major equipment has been installed at the construction site. As of September 2017, ERC withdrew USD 2,022 million from its extended facility totaling USD 2,575 million – USD 1,797 million from its senior facility and USD 225 million from the junior tranche – with the USD 553 million balance earmarked for utilization during 2018.

Sector Review: Transportation & Logistics

Qalaa Holdings' operational Transportation & Logistics companies include Nile Logistics (seaport services in Egypt as well as river transportation in Egypt and South Sudan)

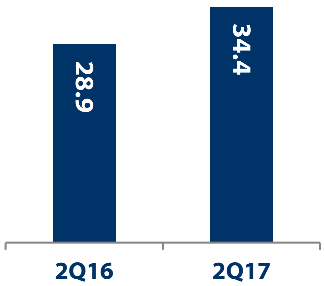
Operational and Financial Performance

Nile Logistics delivered revenue growth of 19% y-o-y in 2Q17 to EGP 34.4 million compared to the EGP 28.9 million posted in the same period last year. Revenue growth was driven by higher stevedoring volumes as a backlog of import activity accumulated following the float of the Egyptian pound was cleared during the quarter. Second quarter gains reversed the first quarter's somewhat flat performance, leading to a 10% y-o-y increase in 1H17 revenues to EGP 57.9 million. However, steep storage outsourcing costs and fleet maintenance expenses applied downward pressure on profitability during the quarter, with EBITDA turning in a negative EGP 4.9 million in 2Q17 and negative EGP 7.0 million for the six-month period.

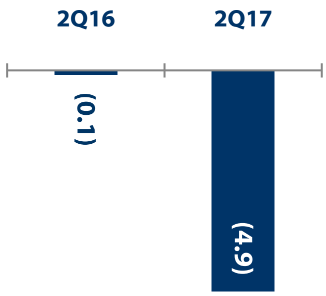
QH OWNERSHIP — 67.6%

Nile Logistics records revenue growth of 19% y-o-y to EGP 34.4 million in 2Q17

Revenues (EGP mn)



EBITDA (EGP mn)



Following a period of slow market activity in 1Q17, Nile Logistics' stevedoring operations picked up significantly during the second quarter. Following the float of the Egyptian pound and subsequent market volatility, import activity slowed down in early 2017 and a seasonal spike that typically occurs in February was shifted to May. In that regard, the company handled c.211 thousand tons in May alone, up from monthly averages of c.50 to 60 thousand tons, with total volumes for the three-month period recording 336 thousand tons, up 48% y-o-y. In 1H17, Nile Logistics handled a total of 532 thousand tons, up 7% y-o-y compared to the 499 thousand tons handled in the same period last year. Higher volumes, however, were met with higher costs as the company resorted to outsourcing storage capacity while it completes the expansion of its own storage facilities. Nile Logistics is also implementing a major, phased maintenance plan for all its barges to increase their operational efficiency for both stevedoring and river transportation. Meanwhile, the company's Inland Container Depot operation launched in

August 2016 at Nubareya continues to deliver encouraging results with revenues recording EGP 4.2 million in 1Q17 and EGP 3.7 million in 2Q17.

Early 2017 witnessed a gradual recovery to normal levels of the company's feeder services at Port Said following a period of depressed transshipment volumes, however, following the hike in handling fees at the Suez Canal Container Terminal (SCCT) shipping lines began diverting significant volumes to other ports. This saw volumes reach 3,747 TEUs in 2Q17, 39% higher y-o-y yet down 40% q-o-q and below historical averages of c.2000 TEUs per month. Given that volumes have since not recovered — 107 TEUs in July and no activity in August — the company decided to take two of three barges at Port Said out of operation for maintenance work. Unless activity recovers at SCCT, the two barges will be relocated to Nubareya at Alexandria Port for utilization in potential grain stevedoring operations.

On the business development front, management continues to leverage the removal of energy subsidies and increasing trucking rates to its favor, capturing demand diverted to river transport as a more efficient means of transporting goods. Nile Logistics recently signed a three-year contract with the General Company for Silos & Storage (GCSS) to transport grain from Alexandria port to GCSS's silos at attractive rates, which is scheduled to commence by year-end 2017. Meanwhile, the company is raising funds for the construction of a grain storage warehouse on its Nubareya land, with offtake storage agreements with one of the largest international grain and commodities traders in the final stages. This new storage agreement will significantly increase the company's operational activity and drive top-line growth.

Stevedoring Tons Handled (2Q17)

336
K Ton
▲ 48% y-o-y

Container Transshipment (2Q17)

3,747
TEU
▲ 39% y-o-y

Sector Review: Mining

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

Operational and Financial Performance

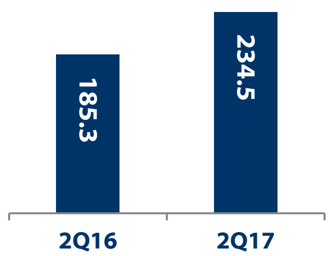
ASCOM recorded consolidated revenues of EGP 234.5 million in 2Q17, up 27% y-o-y as the company continued to capitalize on its export competitiveness and the effect of translated foreign currency proceeds on its EGP-denominated financials. Revenue growth was also supported by improvements at the company's Egypt quarrying operations which benefited from higher diesel and fuel prices. FX translations also supported the company's profitability with EBITDA posting a strong 152% y-o-y growth to EGP 33.9 million in 2Q17.

ASCOM GEOLOGY & MINING

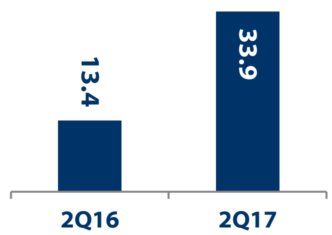
QH OWNERSHIP — 54.7%

ASCOM reports EBITDA growth of 152% y-o-y to EGP 33.9 million in 2Q17

ASCOM Consolidated Revenues
(EGP mn)



ASCOM Consolidated EBITDA
(EGP mn)



ASCOM Subsidiaries (EGP mn unless otherwise stated)	2Q16	2Q17	% chg	1H16	1H17	% chg
ACCM Revenues (in USD mn)	5.2	3.9	*(25%)*	10.1	8.6	*(15%)*
ACCM EBITDA (in USD mn)	1.2	1.1	*(11%)*	2.2	2.8	*30%*
GlassRock Revenues (in USD mn)	1.7	0.7	*(58%)*	3.3	2.8	*(15%)*
GlassRock EBITDA (in USD mn)	(0.4)	(0.3)	*(30%)*	(0.6)	(0.5)	*(29%)*
Egypt Quarrying Revenues	90.0	99.2	*10%*	178.8	218.1	*22%*
Egypt Quarrying EBITDA	3.4	6.6	*93%*	6.8	21.8	*220%*
Other Quarry Management Revenues - ex Egypt*	34.5	37.7	*9%*	70.8	84.0	*19%*
Other Quarry Management EBITDA - ex Egypt*	0.5	0.9	*91%*	6.1	6.8	*12%*

ACCM revenues came in at USD 3.9 million in 2Q17, down 25% y-o-y as volumes declined 23% y-o-y to 61.1 thousand tons during the quarter. Lower revenues filtered down to EBITDA which declined 11% y-o-y to USD 1.1 million in 2Q17, however, EBITDA margin continued to expand increasing four percentage points to 28% in 2Q17. Margin expansion was driven by the company's increased export sales against a predominantly EGP-denominated cost base.

Revenues by **GlassRock** were also affected by lower volumes during the quarter with the company selling 800 tons in 2Q17, a 49% y-o-y decline, and in turn driving revenues down 58% y-o-y to USD 700 thousand. Nevertheless, the company benefited from the float of the Egyptian pound with increased competitiveness and margin support, in turn narrowing its EBITDA losses to USD 0.3 million in 2Q17 compared to USD 0.4 million in the same period last year, despite the drop in top-line.

ASCOM's **Egypt Quarrying** operation continued to benefit from higher diesel and fuel prices, successfully passing on price increases and recording a 10% y-o-y increase in revenues to EGP 99.2 million in 2Q17. The company's margins also improved substantially, with EBITDA recording EGP 6.6 million in 2Q17, up 93% y-o-y EBITDA margin rising to 7%. Total volumes stood at 6.7 million tons in 2Q17, down 10% y-o-y.

ACCM Volumes Sold (2Q17)

61.1
K Ton
▼ 23% y-o-y

Egypt Quarrying Business Volumes Sold (2Q17)

6.7
MN Ton
▼ 10% y-o-y

Sector Review: Cement

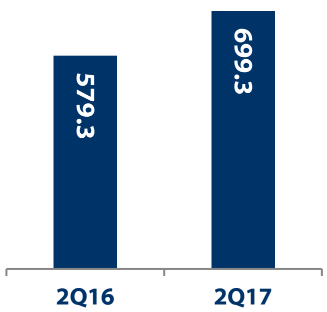
Qalaa Holdings' operational Cement platform company is ASEC Holding, which includes cement manufacturing (ASEC Cement with production facilities: Al-Takamol Cement in Sudan; Zahana Cement Co. and Djelfa (divested in May 2017) in Algeria; construction (ARESCO, ASEC Automation) and technical management (ASEC Engineering and ASENPRO).

Operational and Financial Performance

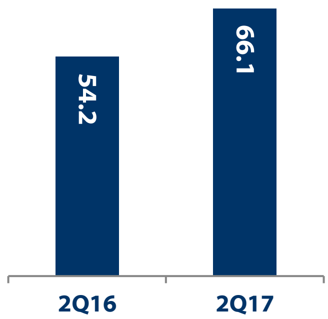
ASEC Holding's consolidated revenues came in at EGP 699.3 million in 2Q17, recording a 21% y-o-y growth and contributing c.31% to Qalaa's total revenues during the quarter. Revenue growth was driven primarily by strong performance at the company's engineering and construction arms, ASEC Engineering and ARESCO, and a relatively stable performance by the company's cement arm. Top-line growth was reflected on the company's EBITDA which recorded a 22% y-o-y increase to EGP 66.1 million in 2Q17. On a six-month basis, ASEC Holding turned in revenues of EGP 1,376.5 million in 1H17, up 10% y-o-y, while EBITDA recorded EGP 117.3 million in the same period.

QH OWNERSHIP — 69.2%

ASEC Holding Consolidated Revenues
(EGP mn)



ASEC Holding Consolidated EBITDA
(EGP mn)

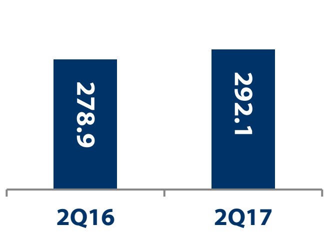


ASEC CEMENT

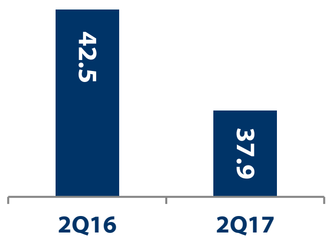
ASEC HOLDING OWNERSHIP — 59.9%

ASEC Cement records revenue growth of 5% to EGP 292.1 million in 2Q17

ASEC Cement Revenues
(EGP mn)



ASEC Cement EBITDA
(EGP mn)



ASEC Cement recorded revenues of EGP 292.1 million in 2Q17, up 5% y-o-y as subsidiaries Al-Takamol Cement and Zahana Cement recovered from the previous quarter's slowdown and ramped up production. Nonetheless, repeated stoppages during the first quarter of the year and the consequent operational inefficiencies spilled into the second quarter and saw EBITDA decline 11% y-o-y to EGP 37.9 million in 2Q17.

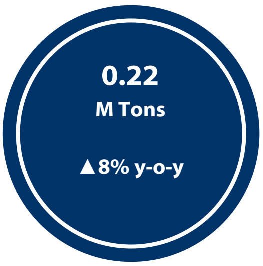
Sudan's **Al-Takamol Cement** revenues posted EGP 291.4 million in 2Q17, up 28% y-o-y as the company reversed the previous quarter's slump in volumes and produced c.220 thousand tons in 2Q17, up 8% y-o-y and 15% q-o-q. EBITDA for the quarter remained somewhat flat y-o-y at EGP 35.3 million in 2Q17. It is worth noting that the plant has been successfully connected to the national electricity grid as of August 2017. This will allow the plant to consistently secure all its power needs and in turn improve operational efficiency and enhance margins.

At Algeria's **Zahana Cement,** the company managed to recover from complete stoppages during the first quarter and ramped up production by over 57% q-o-q to c.200 thousand tons in 2Q17, up 6% y-o-y, and drove revenues 3% higher y-o-y to EGP 193.2 million for the quarter. Higher volumes were also positively reflected on margins, with EBITDA recording EGP 70.1 million in 2Q17, up 37% y-o-y and yielding a nine-percentage point improvement in margin to 36%.

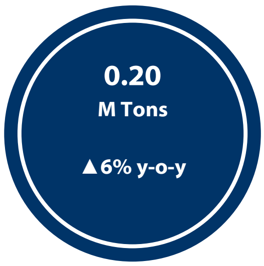
ASEC Cement Subsidiaries (EGP mn)	2Q16	2Q17	*% chg*	1H16	1H17	*% chg*
Al-Takamol Cement Co. Revenues	228.2	291.4	*28%*	502.3	537.9	*7%*
Al-Takamol Cement Co EBITDA	34.9	35.3	*1%*	91.4	42.6	*(53%)*
Zahana (Algeria) Revenues*	187.3	193.2	*3%*	411.2	315.3	*(23%)*
Zahana (Algeria) EBITDA*	51.1	70.1	*37%*	116.0	48.9	*(58%)*

** Zahana is consolidated using the equity method (share of associates)*

Total Sales Volume (Al-Takamol) (2Q17)



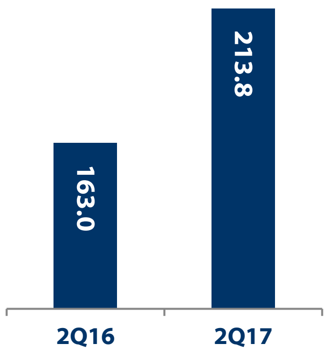
Total Sales Volume (Zahana) (2Q17)



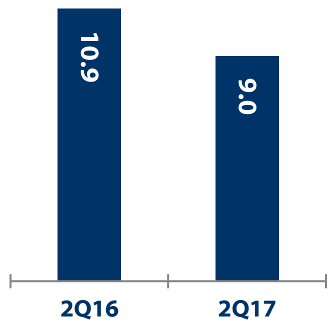
ASEC HOLDING OWNERSHIP — 99.9%

ASEC Engineering revenues climb 31% year-on-year in 2Q17 to EGP 213.8 million

ASEC Engineering Revenues
(EGP mn)



ASEC Engineering EBITDA
(EGP mn)



ASEC Engineering's total managed capacity in 2Q17 recorded 2.8 million tons, up 6% y-o-y which together with a hike in production fees saw revenues climb a solid 31% y-o-y to EGP 213.8 million during the quarter. Meanwhile, higher operational costs, including wages for increased manpower and spare parts, as well as major repairs implemented on one of the company's projects led to an 18% y-o-y decline in EBITDA to EGP 9.0 million in 2Q17. On a six-month basis, ASEC Engineering recorded revenues of EGP 448.4 million, up 31% y-o-y, while EBITDA clocked in at EGP 43.8 million, a 30% y-o-y growth.

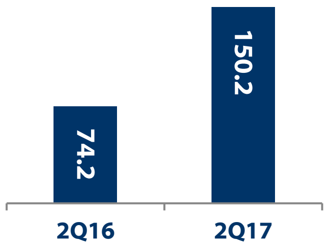
Managed Clinker Production
(2Q17)

ARESCO MANUFACTURING & INDUSTRIAL PROJECTS

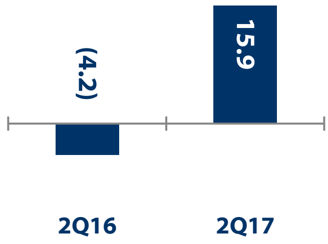
ASEC HOLDING OWNERSHIP — 99.9%

ARESCO reports a two-fold increase in revenues to EGP 150.2 million in 2Q17

ARESCO Revenues
(EGP mn)



ARESCO EBITDA
(EGP mn)



ARESCO recorded an impressive 102% y-o-y increase in revenues to EGP 150.2 million in 2Q17 as the company began implementing work on new projects during the quarter. The company is also increasingly involved in steel fabrication projects, which typically carry higher margins. As such, ARESCO's EBITDA came in at EGP 15.9 million in 2Q17, reversing the negative EGP 4.2 million recorded in the same period last year. It is also worth noting that margin improvement was driven by the company's restructuring efforts, with increased reliance on outsourced labor for different projects and in turn reduced labor costs. ARESCO's backlog stood at EGP 270.4 million as at 30 June 2017.

Total Construction Backlog
(as at June 2017)

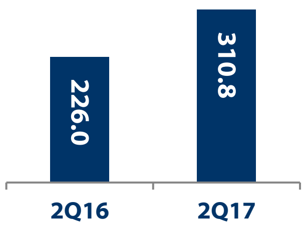
Sector Review: Agrifoods

Agrifoods companies consolidated under parent company Gozour (multicategory agriculture and consumer foods) include Dina Farms, ICDP (Dina Farms' fresh dairy producer) and ACST (Dina Farms supermarket chain).

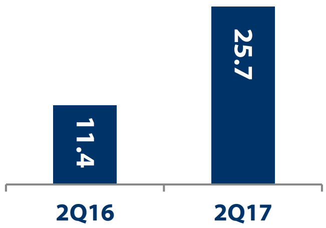
QH OWNERSHIP — 54.9%

Gozour records EBITDA growth of 126% year-on-year to EGP 25.7 million in 2Q17

Consolidated Gozour Revenues
(EGP mn)



Consolidated Gozour EBITDA
(EGP mn)



Gozour recorded consolidated revenues of EGP 310.8 million in 2Q17, up 38% y-o-y owing to a solid performance at its subsidiary Dina Farms. EBITDA recorded EGP 25.7 million, up 126% y-o-y and also driven by improved efficiency at Dina Farms. On a six-month basis, Gozour posted a 15% y-o-y increase in revenues in 1H17 to EGP 462.6 million, while EBITDA climbed 144% y-o-y to EGP 44.4 million.

Gozour Subsidiaries (EGP mn)	2Q16	2Q17	% chg	1H16	1H17	% chg
Dina Farms Revenues	132.3	198.5	*50%*	236.4	357.1	*51%*
Dina Farms EBITDA	20.2	58.3	*189%*	46.7	104.9	*125%*
ICDP Revenues (Fresh Dairy producer)	42.1	45.8	*9%*	76.9	86.6	*13%*
ICDP EBITDA	7.2	0.8	*(89%)*	13.1	2.7	*(79%)*
ACST Revenues (Retail Supermarkets)	58.4	27.2	*(53%)*	110.1	51.5	*(53%)*
ACST EBITDA	(5.2)	(11.8)	*126%*	(10.1)	(21.9)	*116%*

- **Dina Farms'** growth momentum continued into the second quarter of the year with the company turning a 50% y-o-y increase in 2Q17 revenues to EGP 198.5 million. Revenue growth came on the back of increased raw milk production, up 29% y-o-y following improvements to livestock nutrition. Meanwhile, increasing efficiency and favorable pricing saw EBITDA surge 189% y-o-y to EGP 58.3 million in 2Q17. On a six-month basis, the company reported revenues of EGP 357.1 million in 1H17, up 51% y-o-y, while EBITDA increased 125% y-o-y to EGP 104.9 million.

Dina Farms is actively working on pushing through further operational efficiencies, seeking increased self-sufficiency for its animal feedstock through cultivating rented land in addition to its own acreage and utilizing a sustainable water supply. These efforts are already starting to reflect positively on the company's profitability, with Dina Farms' EBITDA margin in 1H17 improving nine percentage points to 29%.

- **ICDP**, which markets Dina Farms' fresh dairy produce, recorded revenues of EGP 45.8 million in 2Q17, up 9% y-o-y despite a 17% y-o-y decline in tons of SKUs owing to an overall slowdown in the juice and milk markets. Slower volumes coupled with increasing raw materials prices applied downward pressure on margins, with the company recording an 89% y-o-y decline in EBITDA to EGP 0.8 million in 2Q17. On a six-month basis, ICDP revenues recorded a 13% y-o-y increase to EGP 86.6 million, however, EBITDA fell 79% y-o-y to EGP 2.7 million on the back of the aforementioned market conditions.

Dina Farms Sales (2Q17)

21,547
Tons raw milk
▲29% y-o-y

Dina Farms Total Herd (2Q17)

14,129*
Cows
▼9% y-o-y

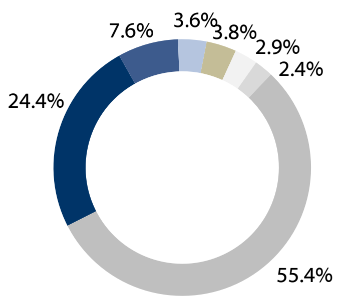
ICDP Sales (2Q17)
Dina Farms fresh dairy producer

3,298
SKUs in Tons
▼17% y-o-y

* Of which 7,639 are milking cows

ENERGY	TAQA Arabia	ERC	tawazon
TRANSPORTATION & LOGISTICS	NILE LOGISTICS		
MINING	ASCOM GEOLOGY & MINING		
CEMENT	asec holding		
AGRIFOODS	Gozour		

SHAREHOLDER STRUCTURE
(as at June, 2017)



- CCP
- EIIC
- Coronation
- DH Investors LTD
- CIB
- Olayan
- Others

CCAP.CA on the EGX

Number of Shares	1,820,000,000
Of which Preferred	401,738,649
Of which Common	1,418,261,351
Paid-in Capital	EGP 9.1 billion

Forward Looking Statements

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

CCAP.CA on the Egyptian Stock Exchange

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