Citadel Capital Company
(Egyptian Joint Stock Company)

Consolidated financial statements
for the period ended March 31, 2011
&
Review report

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KPMG

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Review report

To the Board of Directors of Citadel Capital Company

Introduction

We have performed a limited review for the accompanying consolidated statement of financial position of Citadel Capital Company (Egyptian Joint Stock Company) and its subsidiaries as at March 31, 2011 and the related consolidated 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 consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2011 and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Hassan Bas

~~KPMG Hazem Hassan~~

Cairo July 14 , 2011

KPMG Hazem Hassan
Public Accountants and Consultants

Citadel Capital Company
(Egyptian Joint Stock Company)

Consolidated statement of financial position
as at March 31, 2011

	note no.	31/3/2011 LE	31/12/2010 LE
Assets			
Fixed assets (net)	(5)	145 452 286	146 348 103
Investments in subsidiaries and associates	(6)	1 980 173 931	2 051 238 061
Other investments (net)	(7)	2 224 527 391	2 094 536 019
Deferred tax	(15)	1 756 412	1 722 191
Total non-current assets		4 351 910 020	4 293 844 374
Other investments	(7)	23 127 974	20 298 029
Trade and other receivables (net)	(8)	533 272 928	526 021 785
Cash and cash equivalents	(9)	220 899 330	162 616 450
Total current assets		777 300 232	708 936 264
Total assets		5 129 210 252	5 002 780 638
Equity			
Share capital	(10)	3 308 125 000	3 308 125 000
Reserves	(11)	181 752 718	132 378 875
Retained (loss) earnings		(1 096 889 921)	273 649 702
Net loss for the period / year		(111 367 777)	(1 354 895 222)
Total equity attributable to equity holders of the Company		2 281 620 020	2 359 258 355
Non - controlling interests	(12)	195 111 375	197 003 955
Total equity		2 476 731 395	2 556 262 310
Liabilities			
Long term loans	(13)	1 324 207 303	1 155 923 644
Long term liabilities	(14)	71 752 890	74 132 033
Total non-current liabilities		1 395 960 193	1 230 055 677
Short term loans	(13)	113 543 738	96 194 363
Trade and other payables	(16)	933 760 163	899 820 187
Expected claims provision	(17)	209 214 763	220 448 101
Total current liabilities		1 256 518 664	1 216 462 651
Total liabilities		2 652 478 857	2 446 518 328
Total equity and liabilities		5 129 210 252	5 002 780 638

The notes on pages 5 to 39 are integral part of these consolidated financial statements and to be read therewith.

~~Review report "attached"~~

Chairman	Managing Director	CFO / Board Member
Ahmed Heikal	Hisham Hussein El Khazendar	Ahmed EL Shamy

Citadel Capital Company

(Egyptian Joint Stock Company)

Consolidated income statement

for the period ended March 31, 2011

	note no.	For the period ended 31/3/2011 LE	31/3/2010 LE
Advisory fee	(27-1)	13 570 795	22 929 354
Management fee	(27-2)	1 969 069	-
Gains on sale of investments	(18)	-	12 916 250
Share of (loss) profit of equity accounted investees	(19)	(63 619 549)	(6 647 664)
Other income	(21)	-	4 442 913
Total operating (loss) income		(48 079 685)	33 640 853
Administrative and general expenses	(20)	(47 241 556)	(78 543 052)
Other expenses	(22)	(652 145)	(1 188 224)
Net operating loss		(95 973 386)	(46 090 423)
Finance (costs) income - net	(23)	(18 279 561)	11 940 316
Net loss before income tax		(114 252 947)	(34 150 107)
Income tax	(24)	34 221	469 819
Net loss for the period		(114 218 726)	(33 680 288)
Attributable to:			
Equity holders of the Company		(111 367 777)	(31 339 370)
Non - controlling interests		(2 850 949)	(2 340 918)
		(114 218 726)	(33 680 288)
Earnings per share	(25)	(0.17)	(0.05)

The notes on pages 5 to 39 are integral part of these consolidated financial statements and to be read therewith.

Citadel Capital Company

(Egyptian Joint Stock Company)

Consolidated statement of changes in equity

for the period ended March 31, 2011

	note no.	Share capital	Reserves					Retained earnings (loss)	Net profit (loss) for the year / period	Total	Non-controlling interests	Total equity
			Legal reserve	Fair value reserve -AFS	F.C. translation reserve	Hedging reserve	Company's share of items recognized in associate equity					
		LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Balance as at December 31, 2009		3 308 125 000	79 011 015	826 797	35 420 639	(16 882 076)	(64 588 808)	93 302 536	159 110 191	3 594 325 294	31 911 579	3 626 236 873
Profit appropriation of year 2009	(3-18)	-	10 567 463	-	-	-	-	145 539 204	(159 110 191)	(3 003 524)	-	(3 003 524)
Effective portion of changes in fair value of cash flow hedges	(3-4)	-	-	-	-	(4 133 013)	-	-	-	(4 133 013)	-	(4 133 013)
Exchange differences relating to foreign operations	(3-2)	-	-	-	(27 409 165)	-	-	-	-	(27 409 165)	(161 482)	(27 570 647)
Changes in the fair value of available -for- sale investments	(3-7-1)	-	-	(176 480)	-	-	-	-	-	(176 480)	-	(176 480)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(14 219 827)	(14 219 827)
The Company's share in changes of associates equity	(3-1-4)	-	-	-	-	-	(1 924 075)	-	-	(1 924 075)	-	(1 924 075)
Net loss for the period ended March 31, 2010		-	-	-	-	-	-	-	(31 339 370)	(31 339 370)	(2 340 918)	(33 680 288)
Balance as at March 31, 2010		3 308 125 000	89 578 478	650 317	8 011 474	(21 015 089)	(66 512 883)	238 841 740	(31 339 370)	3 526 339 667	15 189 352	3 541 529 019
Balance as at December 31, 2010		3 308 125 000	89 578 478	120 816	102 914 452	-	(60 234 871)	273 649 702	(1 354 895 222)	2 359 258 355	197 003 955	2 556 262 310
Carrying 2010 loss forward		-	-	-	-	-	-	(1 354 895 222)	1 354 895 222	-	-	-
Exchange differences relating to foreign operations	(3-2)	-	-	-	57 323 709	-	-	-	-	57 323 709	(478 224)	56 845 485
Changes in the fair value of available -for- sale investments	(3-7-1)	-	-	(337 963)	-	-	-	-	-	(337 963)	-	(337 963)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	1 436 593	1 436 593
The Company's share in changes of associates equity	(3-1-4)	-	-	-	-	-	(7 611 903)	(15 644 401)	-	(23 256 304)	-	(23 256 304)
Net loss for the period ended March 31, 2011		-	-	-	-	-	-	-	(111 367 777)	(111 367 777)	(2 850 949)	(114 218 726)
Balance as at March 31, 2011		3 308 125 000	89 578 478	(217 147)	160 238 161	-	(67 846 774)	(1 096 889 921)	(111 367 777)	2 281 620 020	195 111 375	2 476 731 395

The notes on pages 5 to 39 are integral part of these consolidated financial statements and to be read therewith.

Citadel Capital Company

(Egyptian Joint Stock Company)

Consolidated statement of cash flows

for the period ended March 31, 2011

	For the period ended 31/3/2011 LE	For the period ended 31/3/2010 LE
Cash flows from operating activities		
Net loss before income tax	(114 252 947)	(34 150 107)
Adjustments to reconcile net loss to net cash provided from (used in) operating activities :		
Depreciation and amortizations	1 217 379	2 721 361
Share of loss of equity accounted investees	71 048 255	15 173 046
Net change in the fair value of investments at fair value through profit and loss	652 145	(245 374)
Foreign exchange differences	59 754 228	(31 203 411)
Credit interest	(10 273 672)	(11 643 684)
Debit interest	4 620 188	-
Provisions used	(6 952 024)	-
Provisions no longer needed	(5 253 030)	-
Impairment loss on trade and other recievables	5 253 030	-
Provisions formed	-	994 881
Gain on sale of investments in subsidiaries and associates	-	(10 513 764)
Gain on sale of available-for-sale investments	-	(2 402 486)
Operating (loss) profit before changes in working capital	5 813 552	(71 269 538)
Change in investments at fair value through profit and loss	(3 482 090)	-
Change in trade and other receivables	(35 472 927)	52 303 631
Change in trade and other payables	58 437 611	6 940 870
Net cash provided from (used in)operating activities	25 296 146	(12 025 037)
Cash flows from investing activities		
Payments for purchase of fixed assets	(327 313)	(4 363 270)
Payments for other investments	(105 121 810)	(10 174 009)
Payments for purchase of investments in subsidiaries and associates	(6 379 143)	(108 294 019)
Proceeds from sale of investments in subsidiaries and associates	-	29 434 477
Proceeds from sale of available-for-sale investments	-	6 696 628
Net cash used in investing activities	(111 828 266)	(86 700 193)
Cash flows from financing activities		
Proceeds from capital related to non - controlling interests	-	3 724 003
Dividends related to non - controlling interests	-	(1 574 439)
Proceeds from / payment for borrowings	144 815 000	(9 700 074)
Payment for hedging reserve	-	(2 175 375)
Net cash provided from (used in) financing activities	144 815 000	(9 725 885)
Net changes in cash and cash equivalents during the period	58 282 880	(108 451 115)
Cash and cash equivalents at the beginning of the period	162 616 450	268 589 879
Cash related to deconsolidation of subsidiaries	-	(7 770 118)
Cash and cash equivalents at the end of the period	220 899 330	152 368 646

The notes on pages 5 to 39 are integral part of these consolidated financial statements and to be read therewith.

1. Reporting entity

Citadel Capital Company (the "Company") is an Egyptian Joint Stock Company domiciled in the Arab Republic of Egypt. The address of the Company's registered office is 3 El Yemen St., Dokki - Giza.

The Company is a private equity firm operating in the Middle East and North Africa (MENA) region, with completed and committed transactions. The Company focuses primarily on the emerging economies of the MENA region, particularly Egypt, Algeria, Libya and Syria.

The Company also invest selectively in other areas that are a natural outgrowth of the primary market, including sub- Saharan Africa.

The consolidated financial statements of the Company for the period ended March 31, 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards and applicable laws and regulations.

The financial statements were approved by the Board of Directors.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except assets and liabilities which are measured at fair value as follows:

- Financial instruments at fair value through the profit and loss.
- Available-for-sale financial assets.
- Derivative financial instruments.

The methods used to measure the fair value are discussed in note (4).

2.3 Functional and presentation currency

These consolidated financial statements are presented in Egyptian Pound, which is the Company's functional currency.

2.4 Use of estimate and judgements

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 recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note (17) provisions.
- Note (6) measurements of the recoverable amounts of investments in subsidiaries and associates.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities. Certain comparative amounts have been reclassified to conform with the current period presentation.

3.1 Basis of consolidation

3.1.1 Subsidiaries

- The consolidated financial statements include all subsidiaries that are controlled by the parent company and which the management intends to continue to control. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. EAS 24 Income

Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

- Non - controlling interests shall be presented in the consolidated balance sheet within equity, separately from the parent shareholder's equity. Non - controlling interests in the profit or loss of the group shall also be separately disclosed.
- A parent loses control when it loses the power to govern the financial and operating policies of an investee so as to obtain benefit from its activities.

3.1.2 Loss exceeding non-controlling

Losses that exceed the non - controlling in the equity of a subsidiary may create a debit balance on non - controlling only if the minority has a binding obligation to fund the losses and is able to contribute an additional investment to cover the losses .If this is not the case then the losses are attributable to the parent's interest . If the subsidiary subsequently reports profits, then these profits are allocated to parent until the share of losses absorbed previously by the parent has been recovered.

3.1.3 Acquisitions from non-controlling interest and entities under common control

Business combinations arising from transfers of interests from non - controlling interest or in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated when practical. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entity or attributable to the minorities are added to the same components within the Group equity except that any share capital of the acquired entities is recognised as notional capital contribution. Any cash paid for the acquisition recognised directly in equity.

3.1.4 Associates

Investments in associates are stated at equity method. Under the equity method the investment in associates is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the associates after the date of acquisition. Distributions received from associates reduce the carrying amount of the investment.

Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognized, unless the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of the acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

3.2 Foreign currency translation

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

3.3 Foreign operations

As at the balance sheet date the assets and liabilities of these consolidated subsidiaries are translated to Egyptian Pound at the rates ruling as at the reporting date, and the shareholders' equity accounts are translated at historical rates, where as the income statement items are translated at the average exchange rates ruling during the period of the consolidated financial statements. Currency translation differences are recorded in the shareholders' equity section of the balance sheet as foreign currency translation reserve.

3.4 Financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financial and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedge

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 or is 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.

Fair value hedge

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The hedged item also is stated at faire value in respect of the risk being hedged, with any gain or loss being recognized in profit or loss.

3.5 Lending

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

3.6 Cash and cash equivalents

Cash and cash equivalents are represented in the cash, banks current accounts and deposits.

3.7 Investments

3.7.1 Available-for-sale financial investments

Available-for-sale financial investments are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses which is recognized in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available-for-sale , identifies based on quoted price of the exchange market at the balance sheet date, investments that are not quoted, and whose fair value can not be measured reliably, are stated at cost less impairment loss.

3.7.2 Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition.

Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

3.7.3 Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

3.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.9 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (note 3.13), 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
- Lease hold improvements	3-10 years
- Furniture & Fixtures & Electric Equipment & Tools	4 years
- Computers & software	2-3 years
- Transportation means	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.

3.10 Projects under construction

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

3.11 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 statement.

3.12 Intangible assets

3.12.1 Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

3.12.2 Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

3.12.3 Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

3.12.4 Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for intangible assets range between 3:20 years.

3.13 Impairment

3.13.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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 amortised 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 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 recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

3.13.2 Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years 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 or amortisation, if no impairment loss had been recognised.

3.14 Trade and other receivables

Non-interest bearing short-term trade and other receivables are stated at cost less impairment losses. An impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss relating to trade receivables is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

3.15 Trade and other payables

Short-term trade and other payables are stated at cost.

3.16 Provisions

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

3.17 Interest bearing borrowings

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

3.18 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 ceased 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.

3.19 Dividends

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

3.20 Income tax

- Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

3.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.22 Employees benefits

3.22.1 Pensions

The Group contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law. Under this law employees and employers contribute to the system a fixed percentage of the employees' salaries basis. The Group's liability is confined to such contributions amount. Contributions are charged to the income statement using the accrual basis of accounting.

3.22.2 Other short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.23 Revenue

3.23.1 Gain (loss) on sale of investments

Gain (loss) resulted from sale of investments are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses.

3.23.2 Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

3.23.3 Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

3.23.4 Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, dividend income is reported in other income caption in the income statement.

3.23.5 Interest income

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

3.23.6 Management fee

Management fee is recognized upon rendering the service.

3.23.7 Advisory fee

Advisory fee is calculated based on agreed percentage in accordance with contract term with companies upon rendering the service.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Intangible assets

Intangible assets are stated at historical cost and amortised over a period from 3 to 20 years.

Other intangible assets that have finite useful lives are measured at cost less accumulated impairment loss.

4.2 Investment in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

4.3 Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

4.4 Non-derivatives financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. Fixed assets

	Land	Buildings	Lease hold improvements	Furniture & fixtures	Computer equipment & software	Transportation Means	Assets under construction *	Total
	LE	LE	LE	LE	LE	LE	LE	LE
Cost as at 1/1/2011	93 660 361	33 742 368	217 146	22 575 845	7 647 806	660 741	20 727 834	179 232 101
Additions	--	--	--	--	297 224	--	30 089	327 313
Foreign currency translation differences	--	--	7 712	3 081	3 398	5 872	--	20 063
Cost as at 31/3/2011	93 660 361	33 742 368	224 858	22 578 926	7 948 428	666 613	20 757 923	179 579 477
Accumulated depreciation as at 1/1/2011	--	6 748 473	117 088	19 438 323	6 122 429	457 685	--	32 883 998
Depreciation	--	421 780	5 434	390 014	363 303	36 848	--	1 217 379
Foreign currency translation differences	--	--	10 652	4 070	4 838	6 254	--	25 814
Accumulated depreciation as at 31/3/2011	--	7 170 253	133 174	19 832 407	6 490 570	500 787	--	34 127 191
Carrying amounts								
At 31/3/2011	93 660 361	26 572 115	91 684	2 746 519	1 457 858	165 826	20 757 923	145 452 286
At 31/12/2010	93 660 361	26 993 895	100 058	3 137 522	1 525 377	203 056	20 727 834	146 348 103

* Assets under construction are represented in fixtures and constructions of a new headquarters at Smart Village.

6. Investments in subsidiaries and associates

The Group investments in subsidiaries and associates are represented in:

	Percentage		Carrying amount	
	2011	2010	31/3/2011	31/12/2010
	%	%	LE	LE
El Kateb for Marketing & Distribution Co.	48.88	48.88	2 120 949	2 172 249
Pharos Holding Co. *	53.00	53.00	98 436 028	98 557 235
Elsharq Book Stores Co.	40.00	40.00	16 331 669	16 545 155
ASEC Company for Mining (ASCOM)	39.22	39.22	177 716 167	182 058 825
Silverstone Capital Investments Ltd.	40.98	40.98	331 505 848	335 452 721
Dar El-Sherouk Ltd. *	58.51	58.51	155 273 348	157 910 072
Crondall Holdings Ltd.	47.67	47.67	91 605 322	88 732 912
National Development and Trading Company	49.81	49.81	629 501 387	681 853 886
United Foundries Company	29.95	29.95	71 528 462	69 641 454
Mena Home Furnishings Mall	32.13	32.13	117 103 269	121 212 961
Regional Investments Holdings Ltd.	34.16	34.16	124 430 006	131 527 655
Tawazon for Solid Waste Management (Tawazon)	33.33	33.33	26 111 328	27 064 638
Mena Glass Ltd.	21.03	21.03	134 787 834	134 262 621
Tanmeyah Company S.A.E **	51.00	51.00	3 722 314	4 245 677
Balance			1 980 173 931	2 051 238 061

* The Company does not consolidate these subsidiaries as the control is not existed as the Company has no power to govern the financial and operational policies of these subsidiaries.

** The Company does not consolidate this subsidiary as there is a call option contract that granted third party the option to purchase 4% of its shares granted by Financial Unlimited Company for Financial Consulting (one of subsidiaries 99.88%) that can be exercised any time with fair value at the exercise date which cause a reduction in voting power of the Company from 51% to 47%.

Summary of financial statements of associates company

2011	Current assets LE	Non-current assets LE	Total assets LE	Current liabilities LE	Non-current liabilities LE	Total liabilities LE	Revenues LE	Expenses LE
El Kateb for Marketing & Distribution Co.	5 537 811	1 667 869	7 205 680	2 366 600	71 273	2 437 873	1 711 344	1 816 295
Pharos Holding Co.	509 544 465	187 870 608	697 415 073	543 862 989	864 180	544 727 169	14 612 535	14 841 229
Elsharq Book Stores Co.	9 824 153	9 067 750	18 891 903	3 238 760	502 588	3 741 348	4 094 263	4 627 978
ASEC Company for Mining (ASCOM)	282 191 547	719 456 964	1 001 648 511	327 443 368	180 234 800	507 678 168	133 939 445	149 660 760
Silverstone Capital Investments Ltd.	1 246 919 462	1 231 769 904	2 478 689 366	977 539 367	296 821 338	1 274 360 705	294 491 341	267 873 881
Dar El-Sherouk Ltd.	152 362 541	96 719 396	249 081 937	37 929 851	2 302 480	40 232 331	10 069 014	13 019 918
Crondall Holdings Ltd.	23 194 893	818 751 004	841 945 897	304 559 009	--	304 559 009	18 117 321	15 767 555
National Development and Trading Co.	2 423 931 063	4 702 505 159	7 126 436 222	2 003 108 809	1 760 059 699	3 763 168 508	571 598 136	651 932 810
United Foundries Company	188 171 952	449 681 423	637 853 375	290 502 689	112 133 216	402 635 905	78 653 318	83 695 050
Mena Home Furnishings Mall	33 897 654	683 879 694	717 777 348	129 517 248	237 993 428	367 510 676	3 325 588	23 863 001
Regional Investments Holdings Ltd.	108 462 167	645 727 501	754 189 668	82 880 715	243 995 828	326 876 543	9 811 341	45 012 531
Tawazon for Solid Waste Management Company (Tawazon)	85 078 546	122 700 946	207 779 492	66 476 789	14 833 155	81 309 944	13 904 732	16 712 699
Mena Glass Ltd.	146 051 676	1 406 167 260	1 552 218 936	119 291 519	615 143 924	734 435 443	56 056 291	64 416 345
Tanmeyah Company S.A.E.	5 274 599	22 049 939	27 324 538	23 393 804	521 225	23 915 029	8 732 579	17 613 463

-Note no. (19).

7. Other investments

	note no.	31/3/2011 LE	31/12/2010 LE
Non-current investments			
Available-for-sale investments (net)	7.1	783 109 543	473 981 716
Payments for investments (net)	7.2	876 813 284	1 082 461 657
Loans to related parties	7.3	564 604 564	538 092 646
		2 224 527 391	2 094 536 019
Current investments			
Investments at fair value through profit and loss	7.4	23 127 974	20 298 029
		2 247 655 365	2 114 834 048

7.1 Available-for-sale investments represent the Group investments in a number of unlisted companies in the Stock Exchange. The details are as follows:

	31/3/2011 LE	31/12/2010 LE
Horus Private Equity Fund II & III	26 330 926	26 330 926
Modern Company for Isolating Materials	43 396	43 396
Medcom National Company	1 000	1 000
Orient Investment Properties Ltd.	301 932 185	294 306 018
Logria Holding Ltd. *	386 275 500	376 519 000
Golden Crescent Investment Ltd. *	376 574 043	263 427 174
Arab Swiss Engineering Company (ASEC)	34 958	34 958
Falcon Agriculture Investments Ltd.	259 226 517	14 481 500
Sphinx Turnaround	7 252 352	7 069 173
Underscore International Holdings	594	579
Valencia Regional Investment Ltd.	594	579
Total	1 357 672 065	982 214 303
Impairment *	(574 562 522)	(508 232 587)
Net	783 109 543	473 981 716

7.2 The payments for investments are as follows:

	31/3/2011	31/12/2010
	LE	LE
Grandview Investment Holding	73 570 882	71 712 637
Orient Investment Properties Ltd.	312 367 863	304 478 114
Fund Project *	4 175 587	25 188 018
Pharos Holding Co.	18 621 911	18 621 911
Nile Valley Petroleum Ltd.	39 049 482	35 166 875
Citadel Capital Transportation Opportunities II Ltd.	17 827	17 378
Finance Unlimited	65 263	63 614
Valencia Assets Holding Ltd.	37 618 598	22 766 192
Mena Joint Investment Fund	7 989 031	7 642 438
Africa Joint Investment Fund	45 229 289	44 086 893
Sphinx Turnaround Funds	6 993 013	6 816 384
Ambiance Rail Company (PTY) Limited	115 227 854	--
KU Railways Holdings Limited	153 026 118	--
RVR Investments (PTY) Limited	62 860 566	--
Golden Crescent Investment Ltd. *	--	103 635 407
Falcon Agriculture Investments Ltd.	--	205 162 064
Forestry Project *	--	2 400 624
Centum Investment Company Ltd.	–	28 764 036
Babcock&Brown Investment Holdings (PTY)	--	11 096 316
Sheltam Rail Company (PTY) Ltd.	--	154 379 678
Primefuels Rail Investments Ltd.	--	76 591 848
Mirambo Rail Investments Ltd.	--	41 046 236
Mammoth Project *	--	7 658 206
Total	876 813 284	1 167 294 869
Impairment *	--	(84 833 212)
Net	876 813 284	1 082 461 657

7.3 Loans to subsidiaries and associates companies are as follows:

	note no.	31/3/2011	31/12/2010
		LE	LE
National Development and Trading Company	7.3.1	330 253 815	313 082 482
United Foundries Company	7.3.2	51 695 149	71 506 264
Underscore International Holdings Ltd.	7.3.3	89 140 500	86 889 000
Valencia Regional Investment Ltd.	7.3.4	68 341 050	66 614 900
Others		25 174 050	--
Balance		564 604 564	538 092 646

7.3.1 The Company has granted two subordinating loans to National Development and Trading Company – (one of the associate companies - 49.81%) dated December 28, 2009 and September 21, 2010 with amounts of US.$ 40 968 630 and US.$ 8 064 887 respectively. The loans contracts period is five years, the principle of the two loans have to be paid with interest at the end of loans period, with 11.5% annual cumulative interest, according to loans contracts the Company has the right to convert the value of loans in addition to its interest due into capital increase in the capital of National Development and Trading Company with par value at the end of loans period.

The guarantees are represented in lien on part of National Development and Trading Company shares in the following subsidiaries companies:

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

The value of the two loans is US.$ 55 573 025 (equivalent to LE 330 253 815 as at March 31, 2011) against US.$ 54 048 697 (equivalent to LE 313 082 482 as at December 31, 2010) including accrued interest from the beginning of loans period amounted to US.$ 6 539 508 (equivalent to LE 38 862 333 as at March 31, 2011) against US.$ 5 015 180 (equivalent to LE 29 050 932 as at December 31, 2010).

7.3.2 The Company has concluded a subordinating loan contract with United Foundries Company (one of the associate companies - 29.29%) on June 2, 2010 with an amount of US.$ 11 563 187 for a period of three years, the principle of the loan has to be paid with interest at the end of the loan period, with 11.5% annual cumulative interest , according to the loan contract the Company has the right to convert the value of the loan in addition to its interest due into capital increase in the capital of United Foundries Company with par value at the end of loan period.

The guarantees are represented in a first degree lien of United Foundries Company shares in Ameryah Metal Company one of its subsidiaries with a percentage of 99.72%.

The Company has transferred an amount of US.$ 3 995 518 (equivalent to LE 23 254 510) from the loan's principle during the period in addition to an interest amounted to US.$ 230 407 (equivalent to LE 1 340 968) to Financial Holding International Company (one of United Foundries Company's shareholders) in addition to settle an amount of US.$ 357 406 (equivalent to LE 2 072 400) as additional contribution in this loan to become with an amount of US.$ 8 698 933 (equivalent to LE 51 695 149 as at March 31, 2011) against US.$ 12 344 416 (equivalent to LE 71 506 264 as at December 31, 2010) including accrued interest from the beginning of loan period amounted to US.$ 773 858 (equivalent to LE 4 598 806 as at March 31, 2011) against US.$ 781 229 (equivalent to LE 4 525 347 as at December 31, 2010).

7.3.3 Citadel Capital for International Investments Ltd. (one of the subsidiaries - 100%) has granted Underscore International Holdings Ltd. (owned with a percentage of 10%) a loan as at December 28, 2010 with an amount of US.$ 15 000 000 (equivalent to LE 89 140 500 as at March 31, 2011 against LE 86 889 000 as at December 31, 2010) to purchase 4 754 098 shares (2.83%) of National Development and Trading Company for a period of two years against interest equals to Internal Rate of Return (IRR) of Underscore International Holdings Ltd. less 1% as fees for the mentioned company, the interest will be due when sell those shares.

7.3.4 Alder Burke Investments Ltd. (one of the subsidiaries - 100%) has granted Valencia Regional Investment Ltd. (owned with a percentage of 10%) a loan as at December 28, 2010 with an amount of US.$ 11 500 000 (equivalent to LE 68 341 050 as at March 31, 2011 against LE 66 614 900 as at December 31, 2010) to purchase 3 582 555 shares (2.13%) of National Development and Trading Company for a period of two years against interest equals to Internal Rate of Return (IRR) of Valencia Regional Investments Ltd. less 1% as fees for the mentioned company, the interest will be due when sell those shares.

7.4 Investments at fair value through profit and loss:

	31/3/2011 LE	31/12/2010 LE
Modern Shorouk for Printing Co.	2 044 677	2 460 447
Al Arafa Investment and Consulting	1 993 776	2 230 151
TAQA Arabia	19 089 521	15 607 431
Balance	23 127 974	20 298 029

The financial assets designated at fair value through profit and loss are equity securities quoted in stock exchange except Taqa Arabia.

8. Trade and other receivables

	note no.	31/3/2011 LE	31/12/2010 LE
Due from related parties (net)	8.1	495 094 781	481 771 756
Other receivables (net)	8.2	38 178 147	44 250 029
Balance		533 272 928	526 021 785

8.1 Due from related parties

	Nature of transaction		31/3/2011	31/12/2010
	Advisory fee	Finance		
	LE	LE	LE	LE
Logria Holding Ltd. *	32 708 033	1 866 066	34 574 099	33 700 832
Mena Home Furnishings Mall	6 293 878	8 507 106	14 800 984	13 091 092
Regional Investments Holdings Ltd.	5 544 263	22 815 172	28 359 435	22 190 278
Silverstone Capital Investments Ltd.	3 680 451	10 696 860	14 377 311	11 175 739
Golden Crescent Investment Ltd. *	14 912 266	--	14 912 266	13 695 108
Falcon Agriculture Investments Ltd.	3 608 734	--	3 608 734	13 620 957
Orient Investment Properties Ltd.	43 117 494	--	43 117 494	39 716 159
ASEC Cement Company	3 663 306	--	3 663 306	14 626 894
Sabina for Integrated Solutions	6 536 970	--	6 536 970	6 371 860
Sphinx Glass Ltd.	1 188 540	--	1 188 540	4 634 080
Mena Glass Ltd.	1 124 656	--	1 124 656	4 315 533
Mena Joint Investment Fund	1 869 050	--	1 869 050	966 715
Africa Joint Investment Fund	2 635 135	--	2 635 135	1 371 879
Citadel Capital Transportation Opportunities II Ltd.	2 077 877	--	2 077 877	741 725
Grandview Investment Holding	--	43 366 362	43 366 362	40 702 599
National Development and Trading Company	--	11 885 400	11 885 400	11 585 199
ASEC for Mining (ASCOM)	--	12 079 640	12 079 640	9 246 768
Golden Crescent Finco Ltd. *	--	131 084 160	131 084 160	126 076 808
Emerald Financial Services Ltd. *	--	169 709 267	169 709 267	160 209 431
Valencia Assets Holding Ltd.	--	96 126 469	96 126 469	93 489 951
Nile Valley Petroleum Ltd.	--	124 172 717	124 172 717	121 036 379
Bacillas	--	2 139 372	2 139 372	2 085 336
Prosperities	--	475 416	475 416	463 408
Tawazon for Solid Waste Management (Tawazon)	--	613 917	613 917	550 540
Crondall Holdings Ltd.		410 695	410 695	(97 843)
United Foundries Company	--	5 861 755	5 861 755	--
Finance Unlimited	--	9 750	9 750	--
Valencia Regional Investments Ltd.	--	216 671	216 671	--
Citadel Capital East Africa	--	77 018	77 018	--
Total			771 074 466	745 567 427
Impairment *			(275 979 685)	(263 795 671)
Net			495 094 781	481 771 756

* Impairment in due from related parties are represented in:

	Balance as at 1/1/2011	Formed during the period	Foreign currency translation differences	Balance as at 31/3/2011
	LE	LE	LE	LE
Emerald Financial Services Ltd.	160 209 431	5 253 030	4 246 806	169 709 267
Logria Holding Ltd.	33 700 832	--	873 267	34 574 099
Golden Crescent Investment Ltd.	6 847 554	--	177 436	7 024 990
Golden Crescent Finco Ltd.	63 037 854	--	1 633 475	64 671 329
Balance	263 795 671	5 253 030	6 930 984	275 979 685

8.2 Other receivables are represented in:

	31/3/2011	31/12/2010
	LE	LE
Prepaid expenses	2 905 439	2 833 290
Deposits with others	230 902	1 430 902
Advances to suppliers	178 709	234 047
Letters of guarantee margin	594 270	579 260
Imprest	275 687	252 777
Accrued revenue	2 337 559	2 337 559
Loans to others	11 885 400	17 839 401
Sundry debit balances *	19 770 181	23 742 793
Total	38 178 147	49 250 029
Impairment *	--	(5 000 000)
Net	38 178 147	44 250 029

9. Cash and cash equivalents

	31/3/2011	31/12/2010
	LE	LE
Cash on hand	444 308	410 770
Banks - current accounts	218 309 208	160 114 065
Banks - time deposits	2 145 814	2 091 615
Balance	220 899 330	162 616 450

Non cash transactions

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

- LE 24 595 478 from proceeds from other investments and trade and other payables (represents the other investments transfer to settle accrued advisory fee).
- LE 23 066 598 from payments for investments and due from related parties (represents the transfer from related parties' current account to payments for investments).

10. Share capital

- The Company's authorized capital is LE 6 Billion and the issued and paid-in capital is LE 3 308 125 000 represents 661 625 000 shares distributed to 496 218 750 ordinary shares and 165 406 250 preferred shares with par value LE 5 per share.

  The shareholders' structure is represented as follows:

Shareholder's name	Percentage %	No. of shares	Value in LE
Citadel Capital Partners Ltd.	38.10	252 050 000	1 260 250 000
Emirates International Investments Company	8.37	55 362 835	276 814 175
Others	53.53	354 212 165	1 771 060 825
	100	661 625 000	3 308 125 000

- Subsequent to the financial position date the Company has taken the necessary procedures to obtain the approval of the Egyptian Financial Supervisory Authority to increase issued capital from LE 3 308 125 000 to LE 4 358 125 000 with an increase of LE 1 050 000 000 by issuing 210 000 000 shares with par value LE 5 per share.

11. Reserves

11.1 Legal reserve

As per the Company's statutes, 5% of net profit for the year is set aside to form a legal reserve. Transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued share capital. However, if the reserve balance falls below 50% of the Company's issued share capital transfers to the legal reserve are required to be resumed. The legal reserve is non-distributable but can be used to offset losses or to increase the issued share capital.

11.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

12. Non - controlling interests

	31/3/2011	31/12/2010
	LE	LE
Capital	192 178 748	187 325 494
Payments for capital increase	1 485 675	1 448 109
Other owners' equity	5 186 831	13 901 565
Foreign currency translation reserve	(888 930)	(410 706)
Net loss for the period / year	(2 850 949)	(5 260 507)
Balance	195 111 375	197 003 955

13. Loans and borrowings

	31/3/2011	31/12/2010
	LE	LE
Long term - loans	1 324 207 303	1 155 923 644
Short term - Loans	113 543 738	96 194 363
Balance	1 437 751 041	1 252 118 007

- Secured loans are as follows:

On May 15, 2008 the Company obtained a long-term loan 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") with an amount of US.$ 200 millions for a period of five years (US.$150 millions committed and US.$ 50 millions uncommitted) bearing variable interest rate (2.5 %+Libor rate) for the first 3 years and (2.75 % +Libor rate) for the last 2 years

Loan is to be paid on three installments:

-The first stage 10% will be settled after three years.

-The second stage 20% will be settled at the end of the fourth year.

-The last stage 70% will be settled at the end of the loan period.

The Company has withdrawn an amount of US.$ 191 064 225 (equivalent to the amount of LE 1 135 437 370 as at March 31, 2011) against an amount of US.$ 166 064 225 (equivalent to LE 961 943 630 as at December 31, 2010), and the first stage instalment due on May 15, 2011 is amounted to US.$ 19 106 422 (equivalent to LE 113 543 738) against an amount of US.$ 16 606 423 (equivalent to LE 96 194 363 as at December 31, 2010).

The loan guarantees are as follows:

1- First degree lien contract of the shares owned by the Company in National Development and Trading Company.
2- First degree lien contract of 13 727 872 shares of ASEC for mining (ASCOM).

3- First degree lien contract of the shares owned by the Company in Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone).

4- First degree lien contract of the investments owned by Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone) in 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.
   - Regional Investments Holding.
   - Lotus Alliance Limited.
   - Citadel Capital Financing Corp.

5- First degree lien pledge of the investments of Citadel Capital for International Investments Ltd. – (one of the subsidiaries – 100%) – in the Egyptian Sudanese Bank (Sudanese Joint Stock Company).

- The bank interest on loan recorded in the income statement during the period is amounted to LE 15 313 375.

Hedging contract for risk of interest rate swap

On May 15, 2008 the Company signed a hedging contract with Citi Bank – London where by fixing the libor rate on the loan at an interest rate of 4.195 % on the value that equals 50 % of the amount used from the irrevocable portion the loan value in accordance with the terms of the loan granted.

- On December 21, 2010 National Refining Consulting Company (one of the subsidiaries - of 99.99%) obtained a long-term loan from Arab International Bank for five years with an amount of US.$ 50 million (equivalent to LE 297 135 000 as at March 31, 2011 against LE 289 630 000 as at December 31, 2010) to purchase 50 million share in Orient Investments Properties Ltd. Company (owned company with a percentage of 18.99%). The loan is guaranteed by pledging the company's share in Orient Investments Properties Ltd. in favour of the bank. The bank is entitled to transfer the ownership of those share in favour of the bank at any time against the facilities granted to the National Company for Refinery Consultants. The parties agreed on a return of US.$ 15 608 926 (equivalent to LE 92 759 165 as at March 31, 2011) against (LE 90 416 265 as at December 31, 2010) during the term of the contract provided that the accrued interest will be added to the loan principle, the accrued interest as at March 31, 2011 amounted to US$ 871 434 (equivalent to LE 5 178 671) against US.$ 93 978 (equivalent to LE 544 377 as at December 31, 2010). The loan principle along with the outstanding accrued interest will be paid in full at the end of the contract on December 21, 2015.

14. Long term liabilities

	31/3/2011 LE	31/12/2010 LE
Creditors-purchase of investments *	39 514 566	42 754 301
Notes payable	32 238 324	31 377 732
Balance	71 752 890	74 132 033

* This balance represents the amount due from Tanweer for Marketing and Distribution Company (Tanweer) (subsidiary – 99.88%) for purchasing investment in Dar El-Sherouk Ltd.-BVI- for interest of the previous company.

15. Deferred tax

	31/3/2011 LE	31/12/2010 LE
Fixed assets depreciation	1 756 412	1 722 191

16. Trade and other payables

	note no.	31/3/2011 LE	31/12/2010 LE
Due to related parties	16.1	827 161 880	766 908 315
Other payables	16.2	106 598 283	132 911 872
Balance		933 760 163	899 820 187

16.1 Due to related parties

	31/3/2011 LE	31/12/2010 LE
Citadel Capital Partners Ltd.*	769 681 007	705 947 717
Mena Glass Ltd. **	7 921 881	16 671 404
Falcon Agriculture Investments Ltd. **	49 558 992	44 289 194
Balance	827 161 880	766 908 315

* The main shareholder of the Company – 38.10%.

** Represents the accrued amounts for purchasing shares in the mentioned companies.

16.2 Other payables

	31/3/2011	31/12/2010
	LE	LE
Tax Authority	1 167 676	2 634 198
National Authority for Social Insurance	195 033	106 100
Accrued expenses	47 443 682	78 085 972
Notes payables	36 000 000	38 282 629
Dividends payable – previous years	2 925 804	2 925 504
Accrued interest	5 670 268	3 274 852
Suppliers	8 777 081	3 320 866
Sundry credit balances	4 418 739	4 281 751
Balance	106 598 283	132 911 872

17. Expected claims provision

	31/3/2011	31/12/2010
	LE	LE
Balance at the beginning of the period / year	220 448 101	19 495 020
Foreign currency translation differences	971 716	--
Provisions used during the period / year	(6 952 024)	--
Provisions no longer needed	(5 253 030)	--
Provisions formed during the period / year	--	207 130 757
Deconsolidation of subsidiaries	--	(6 177 676)
Balance	209 214 763	220 448 101

Expected claims provision related to expected claims were made by external party in connection with the Company's operations. The information usually required by Accounting Standards is not disclosed because the management believes that it would seriously prejudice the outcome of the negotiation with that external party. The management are reviewing the provision every year and the amount provided is adjusted based on latest development, discussions and agreements with the external party.

18. Gains on sale of investments

	For the period ended	
	31/3/2011	31/3/2010
	LE	LE
Gains on sale of investments in subsidiaries and associates	--	10 513 764
Gains on sale of available-for-sale investment	--	2 402 486
Total	--	12 916 250

19. Share of (loss) profit of equity accounted investees:

	For the period ended	
	31/3/2011	31/3/2010
	LE	LE
El Kateb for Marketing & Distribution Co.	(51 300)	239 534
Pharos Holding Co.	(121 208)	1 565 570
Elsharq Book Stores Co.	(213 486)	(334 778)
ASEC Company for Mining (ASCOM)	(6 166 214)	2 684 592
Silverstone Capital Investments Ltd.	10 907 834	9 920 206
Dar El-Sherouk Ltd.	(1 726 574)	(809 069)
Crondall Holdings Ltd.	1 120 219	979 436
National Development and Trading Company	(40 017 959)	(22 984 110)
United Foundries Company	(1 509 999)	(917 068)
Mena Home Furnishings Mall	(6 598 671)	(1 747 966)
Regional Investments Holdings Ltd.	(12 024 727)	(4 641 299)
Mena Glass Ltd.	(1 758 119)	--
Tanmeyah Company S.A.E.	(4 523 363)	--
Tawazon for Solid Waste Management (Tawazon)	(935 982)	--
Valencia assets Holding Ltd.	--	(3 696 360)
Eco-Logic Ltd.	--	13 093 648
Total	(63 619 549)	(6 647 664)

20. Administrative and general expenses

- 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 – 38.10 %) which states that the mentioned company provides management duties for fees based on 10% of the net annual profit available for distribution amounted to -nil- for the period ended March 31, 2011 against an amount of LE 168 243 for the period ended March 31, 2010 included in general and administrative expense.
- General and administrative expenses include an amount of US.$ 813 855 (equivalent to the amount of LE 4 750 227) represents the advisory fees due according to the signed contract with Financial Holding International Co. (one of the group shareholders).

21. Other income

	For the period ended	
	31/3/2011	31/3/2010
	LE	LE
Commissions	--	4 278 174
Other income	--	164 739
Total	--	4 442 913

22. Other expenses

	For the period ended	
	31/3/2011	31/3/2010
	LE	LE
Net change in the fair value of investments at fair value through profit and loss	(652 145)	245 374
Impairment loss on assets	(5 253 030)	--
Provisions no longer needed	5 253 030	--
Provision formed	--	(994 881)
Sundry expenses	--	(438 717)
Total	(652 145)	(1 188 224)

23. Financing (cost) income

	For the period ended	
	31/3/2011	31/3/2010
	LE	LE
Interest income - note no. (27-3)	9 001 601	21 586 140
Interest expense	(20 711 744)	(6 169 237)
Foreign currency translation differences	(6 569 418)	(3 476 587)
Net	(18 279 561)	11 940 316

24. Income tax

	For the period ended	
	31/3/2011	31/3/2010
	LE	LE
Deferred tax	34 221	521 269
Current income tax	--	(51 450)
Net	34 221	469 819

25. Earnings per share

	For the period ended	
	31/3/2011	31/3/2010
	LE	LE
Net loss for the period	(114 218 726)	(33 680 288)
Loss for equity holders of the parent Company	(111 367 777)	(31 339 370)
Weighted average number of shares	661 625 000	661 625 000
Earnings per share	(0.17)	(0.05)

26. Finance income (expenses) recognised in equity

	For the period ended	
	31/3/2011	31/3/2010
	LE	LE
Foreign currency translation differences of foreign operations	56 845 485	(27 570 647)
Net change in the fair value of available-for-sale investment	(337 963)	(176 480)
Total finance income (expenses) recognised in equity (net of tax)	56 507 522	(27 747 127)
Attributable to:		
Equity holders of the Company	56 985 746	(27 585 645)
Non - controlling interest	(478 224)	(161 482)
Total	56 507 522	(27 747 127)

27. Related party transactions

27.1 Advisory fee item presented in the income statement is represented in the advisory services provided to related parties according to signed contracts as follows:

	For the period ended		
	31/3/2011		31/3/2010
	Accrued fee according to contracts	Advisory fee recognized	Accrued fee recognized according contracts
Company's name	**LE**	**LE**	**LE**
Mena Glass Ltd.	878 695	878 695	996 860
Falcone Agriculture Investments Ltd.	3 570 356	3 570 356	3 158 600
Orient Investment Properties Ltd.	2 351 865	2 351 865	3 387 277
Sphinx Glass Ltd.	1 049 781	1 049 781	1 095 120
Silverstone Capital Investments Ltd.	312 342	312 342	245 950
ASEC for Cement Company	2 382 652	2 382 652	2 371 584
Mena Home Furnishings Mall	873 231	873 231	692 684
Regional Investments Holdings Ltd.	211 143	211 143	810 544
Citadel Capital for Transportation II Ltd.	1 087 615	1 087 615	--
Golden Crescent Investment Ltd. *	1 706 230	853 115	1 589 030
Logria Holding Ltd. *	9 313 774	--	8 581 705
Total	23 737 684	13 570 795	22 929 354

* The Company did not recognize advisory fees related to those Companies according to signed contracts due to inadequate assurance concerning the revenue recognition and collection conditions.

27.2 Management fee item presented in the income statement is represented in the management services provided to related parties according to signed contracts as follows:

	For the period ended	
	31/3/2011	31/3/2010
Company's name	**LE**	**LE**
Africa Joint Investment Fund	1 151 347	--
Mena Joint Investment Fund	817 722	--
Total	1 969 069	--

27.3 Interest income note no.(23) includes an amount of LE 8 318 695 represents accrued interest income according to signed contracts from other related parties as follows:

	For the period ended	
	31/3/2011	31/3/2010
Company's name	**LE**	**LE**
National Trading and Development Company	4 497 809	5 564 382
United Foundries Company	987 329	316 991
Golden Crescent Finco Ltd.	1 716 238	8 184 284
Grandview Investment Holding	743 763	592 739
Mena Home Furnishings Mall	116 320	812 201
Regional Investments Holdings Ltd.	257 236	1 258 321
Emerald Financial Services Ltd.	---	4 491 127
Total	8 318 695	21 220 045

28. Tax status

28.1 Corporate tax

The Company's books have not been inspected yet.

The Company submitted its tax returns on regular basis for the years from 2005 till 2010 according to tax law no. 91/2005.

28.2 Salaries tax

The Company deducts the salaries tax according to tax law no. 91/2005 and no tax inspection for salaries tax has taken place yet.

28.3 Stamp tax

The Company was inspected till July 31, 2006 and paid all the due amounts as per the Internal Committee decision and for the period from 1/8/2006 to 31/12/2010 haven't been inspected yet.

28.4 Withholding tax

The Company applies the withholding tax provisions on its transactions according to tax law no. 91/2005 and haven't been inspected yet.

29. Group entities

	Country of incorporation	Ownership interest	
		Direct	Indirect
		%	%
Citadel Capital Holding for Financial Investments–Free Zone	Arab Republic of Egypt–Free Zone	99.99	--
Citadel Capital for International Investments Ltd.	British Virgin Island	100.00	--
Arab Company for Financial Investments	Arab Republic of Egypt	--	94.00
Tanweer for Marketing and Distribution Company (Tanweer)	Arab Republic of Egypt	--	99.88
Financial Unlimited for financial consulting	Arab Republic of Egypt	--	99.88
Citadel Company for Investment Promotion	Arab Republic of Egypt	--	99.90
National Company for Touristic and Property Investment	Arab Republic of Egypt	--	99.88
Tanmeyah Company S.A.E.	Arab Republic of Egypt	--	51.00
United for Petroleum Refining Consultation	Arab Republic of Egypt	--	99.99
Specialized For Refining Consulting	Arab Republic of Egypt	--	99.99
Specialized For Real Estat Company	Arab Republic of Egypt	--	99.99
National Company for Refining Consultation	Arab Republic of Egypt	--	99.99
Citadel Capital Algeria	Republic of Algeria	--	99.99
Citadel Capital Ltd.	British Virgin Island	--	100.00
Valencia Trading Holding Ltd.	British Virgin Island	--	100.00
Andalusia Trading Investments	British Virgin Island	--	100.00
Lotus Alliance Limited	British Virgin Island	--	85.70
Citadel Capital Financing Corp.	British Virgin Island	--	100.00
Ambience Ventures Ltd.	British Virgin Island	--	75.00
Africa Railways Limited	British Virgin Island	--	100.00
Seguoia Williow Investment Ltd.	British Virgin Island	--	100.00
Brennan Solution Ltd.	British Virgin Island	--	100.00
Mena Enterprises Ltd.	British Virgin Island	--	100.00
Alcott Bedford Investments Ltd.	British Virgin Island	--	100.00
Eco-Logic Ltd.	British Virgin Island	--	100.00
Alder Burke Investments Ltd.	British Virgin Island	--	100.00
Black Anchor Holdings Ltd.	British Virgin Island	--	100.00
Cobalt Mendoza	British Virgin Island	--	100.00

	Country of incorporation	Ownership interest	
		Direct	Indirect
		%	%
Africa Railways Holding	Republic of Mauritius	--	51.00
Citadel Capital Joint Investment Fund Management Limited	Republic of Mauritius	--	100.00
Mena Joint Investment Fund	Luxembourg	--	100.00

30. 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 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 does not start to apply it yet.

31. Contingent liabilities

The Company guarantees some related parties against loans and facilities obtained by those parties from banks.

32. Financial instruments and management of related risks

The Group's financial instruments are represented in the financial assets and liabilities. Financial assets include cash and cash equivalents, other investments, and trade and other receivables while financial liabilities include; loans and borrowing and trade and other payables. Note (no.3) include significant accounting policies for the recognition and measurement of the important financial instruments and related revenues and expenses by the Company to minimize the consequences of such risks.

32.1 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in the market interest rates. The Group is exposed to interest rate risk on its loans and borrowings and time deposit; however, time deposits are short-term in nature.

32.2 Exchange rate risk

The exchange rate risk is represented in the fluctuations in exchange rates, which could affect the Group's cash inflows and outflows as well as the value of monetary assets and liabilities denominated in foreign currencies.

32.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge his obligation and cause the other party to incur financial loss. The Group's financial assets include trade receivables representing amounts due from related parties, time deposits and investment balances; none of these assets has significant concentration of risk. Trade receivables are widely spread among related parties segmentation. Strict credit control is maintained and further appropriate level of impairment loss is made. The Group manages credit risk on investment by ensuring that investments are made only after careful credit evaluation for these investments.

33. Comparative figures

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