

Citadel Capital Company
(Egyptian Joint Stock Company)

Unconsolidated financial statements
for the year ended December 31, 2009
&
Auditor's report

Contents	Page
Audit report	
Unconsolidated balance sheet	1
Unconsolidated income statement	2
Unconsolidated statement of changes in equity	3
Unconsolidated cash flows statement	4
Notes to the unconsolidated financial statements	5 – 29



Hazem Hassan

Public Accountants & Consultants

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

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

Auditor's report to the shareholders of Citadel Capital Company

Report on the financial statement

We have audited the accompanying financial statements of Citadel Capital Company (Egyptian Joint Stock Company), which comprise the unconsolidated balance sheet as at December 31, 2009 and the unconsolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



Hazem Hassan

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citadel Capital Company as at December 31, 2009 and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on other legal and regulatory requirements

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

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

Hassan Bay
KPMG Hazem Hassan



Cairo March 15 , 2010

Citadel Capital Company
(Egyptian Joint Stock Company)
Unconsolidated balance sheet
as at December 31, 2009

	Note	31/12/2009 LE	31/12/2008 LE
Current assets			
Cash and cash equivalents	(4)	248 428 433	125 693 812
Due from related parties (net)	(5)	611 466 323	662 172 430
Other debit balances	(6)	17 194 821	24 653 867
Total current assets		<u>877 089 577</u>	<u>812 520 109</u>
Current liabilities			
Due to related parties	(7)	305 128 943	138 043 382
Other credit balances	(8)	39 923 273	22 981 045
Provisions	(9)	14 312 225	11 212 225
Total current liabilities		<u>359 364 441</u>	<u>172 236 652</u>
Working capital		517 725 136	640 283 457
Non - current assets			
Available-for-sale investments	(10)	30 685 943	40 425 542
Investments in subsidiaries and associates (net)	(11)	2 351 676 028	2 183 855 959
Payments for investments (net)	(12)	1 026 582 003	719 319 152
Fixed assets (net)	(13)	83 901 410	78 717 695
Loans to associates	(14)	400 349 686	-
Deferred tax assets (liabilities)	(15)	687 237	(393 132)
Total non - current assets		<u>3 893 882 307</u>	<u>3 021 925 216</u>
Total investment		<u>4 411 607 443</u>	<u>3 662 208 673</u>
Financed through:			
Equity			
Share capital	(16)	3 308 125 000	2 750 000 000
Legal reserve	(3.9)	79 011 015	77 845 487
Hedging reserve	(17)	(16 882 076)	(3 554 169)
Retained earnings		22 145 027	-
		<u>3 392 398 966</u>	<u>2 824 291 318</u>
Net profit for the year		211 349 252	23 310 555
Total equity		<u>3 603 748 218</u>	<u>2 847 601 873</u>
Non - current liabilities			
Loans	(17)	807 859 225	814 606 800
Total non - current liabilities		<u>807 859 225</u>	<u>814 606 800</u>
Total shareholders' equity and non - current liabilities		<u>4 411 607 443</u>	<u>3 662 208 673</u>

The accompanying notes from page 5 to page 29 are an integral part of these financial statements and are to be read therewith .

Auditor's Report "attached"

Ahmed El Shamy

Board Member / CFO
Ahmed El Shamy

Managing Director
Hisham Hussein El Khazindar

Chairman
Ahmed Heikal

Hisham Hussein El Khazindar

Ahmed Heikal

Citadel Capital Company
(Egyptian Joint Stock Company)
Unconsolidated income statement
for the year ended December 31, 2009

	Note	For the year ended	
		31/12/2009	31/12/2008
		LE	LE
Advisory fee	(23.1)	103 652 826	72 735 099
Dividends income	(23.2)	240 459 012	-
Gains on sale of investments	(18)	45 877 586	197 512 058
Other operating income	(23.6)	48 921 813	4 701 576
Operating income		<u>438 911 237</u>	<u>274 948 733</u>
General and administrative expenses	(25)	(204 056 190)	(176 832 074)
Impairment loss on assets	(20)	(20 694 627)	(17 894 845)
Provisions	(9)	(3 100 000)	(11 212 225)
Net operating income		<u>211 060 420</u>	<u>69 009 589</u>
Net finance expense	(19)	(791 537)	(47 325 094)
Net profit before income tax		<u>210 268 883</u>	<u>21 684 495</u>
Deferred tax income	(15)	1 080 369	1 626 060
Net profit for the year		<u>211 349 252</u>	<u>23 310 555</u>
Earnings per share	(21)	<u>0.34</u>	<u>0.05</u>

The accompanying notes from page 5 to page 29 are an integral part of these financial statements and are to be read therewith .

Citadel Capital Company
(Egyptian Joint Stock Company)
Unconsolidated statement of changes in equity
for the year ended December 31, 2009

	Note	Share capital	Legal reserve	Hedging reserve	Retained earnings	Net profit for the year	Total
		LE	LE	LE	LE	LE	LE
Balance as at December 31,2007		1 650 000 000	47 848 353	-	14 221 991	599 942 681	2 312 013 025
Profit appropriation for the year 2007	(3.9)	-	29 997 134	-	(14 221 991)	(599 942 681)	(584 167 538)
Payment of capital	(16)	1 100 000 000	-	-	-	-	1 100 000 000
Changes in fair value of cash flow hedges	(17)	-	-	(3 554 169)	-	-	(3 554 169)
Net profit for 2008		-	-	-	-	23 310 555	23 310 555
Balance as at December 31, 2008		2 750 000 000	77 845 487	(3 554 169)	-	23 310 555	2 847 601 873
Profit appropriation for the year 2008	(3.9)	-	1 165 528	-	22 145 027	(23 310 555)	-
Payment of capital	(16)	558 125 000	-	-	-	-	558 125 000
Changes in fair value of cash flow hedges	(17)	-	-	(13 327 907)	-	-	(13 327 907)
Net profit for 2009		-	-	-	-	211 349 252	211 349 252
Balance as at December 31,2009		3 308 125 000	79 011 015	(16 882 076)	22 145 027	211 349 252	3 603 748 218

The accompanying notes from page 5 to page 29 are an integral part of these financial statements and are to be read therewith .

Citadel Capital Company
(Egyptian Joint Stock Company)
Unconsolidated cash flows statement
for the year ended December 31, 2009

	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Cash flows from operating activities		
Net profit before tax	210 268 883	21 684 495
Adjustments to reconcile net profit to net cash provided from (used in) operating activities :		
Fixed assets depreciation	8 673 210	7 535 777
Gains on sale of investments in subsidiaries	(45 036 600)	(197 512 058)
Impairment loss on assets	20 694 627	17 894 845
Provisions	3 100 000	11 212 225
Unrealized foreign currency differences	(3 954 480)	26 286 800
Gains on sale of available-for-sale investments	(840 986)	-
Other revenue	-	(945 218)
Operating profit (loss) before changes in working capital	192 904 654	(113 843 134)
Increase in assets		
Due from related parties	(108 991 920)	(622 212 244)
Other debit balances	(2 704 531)	(6 215 199)
Increase (decrease) in liabilities		
Due to related parties	167 085 561	141 836 314
Other credit balances	15 209 197	(8 988 035)
Net cash Provided from (used in) operating activities	263 502 961	(609 422 298)
Cash flows from investing activities		
Payments to purchase fixed assets	(13 856 925)	(14 944 453)
Payments to purchase investments in subsidiaries and associates	(3 035 195)	(804 654 643)
Proceeds from sale of investments in subsidiaries and associates	31 395 640	179 967 835
Payments for investments	(309 239 788)	(357 668 339)
Proceeds from sale of available-for-sale investments	10 580 585	-
Loans to associates	(400 349 686)	-
Payments to purchase available-for-sale investments	-	(21 580 800)
Net cash used in investing activities	(684 505 369)	(1 018 880 400)
Cash flows from financing activities		
Proceeds from issuing of share capital	558 125 000	1 100 000 000
Dividends paid	(145 545)	(97 863 440)
Payments for / proceeds from loans	(2 793 095)	703 720 000
Hedging reserve	(11 449 331)	(2 500 035)
Banks overdraft	-	(100 000 000)
Net cash provided from financing activities	543 737 029	1 603 356 525
Net change in cash and cash equivalent during the year	122 734 621	(24 946 173)
Cash and cash equivalent at the beginning of the year	125 693 812	150 639 985
Cash and cash equivalent at the end of the year	248 428 433	125 693 812

The accompanying notes from page 5 to page 29 are an integral part of these financial statements and are to be read therewith .

Citadel Capital Company
(Egyptian Joint Stock Company)
Notes to the unconsolidated financial statements
for the year ended December 31, 2009

1. Company background

Citadel Capital Company - an Egyptian Joint Stock Company - was founded in accordance with the Egyptian applicable laws & in pursuance to executive regulation of law No.159/1981& the Company has been registered under the number of 11 121 on 11 April 2004. The purpose of the Company is represented as follows:

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

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

- Note (11) – measurement of the recoverable amount of investments in subsidiaries and associates.
- Note (15) – recognition of deferred tax.
- Note (9) – provisions.

2.5 Consolidated financial statements

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

3. Significant accounting policies applied

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

Certain comparative figures have been reclassified to conform to the current year's presentation of the financial statements (note 28).

3.1 Foreign currency translation

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

3.2 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (note 3.5). Depreciation is charged to the income statement over the estimated useful life of each asset using the straight-line method. The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

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

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

3.3 Projects under construction

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

3.4 Investments

3.4.1 Investments at fair value through income statement

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

3.4.2 Available-for-sale investments

Available-for-sale financial assets 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 cannot be measured reliably, are stated at cost.

3.4.3 Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less impairment (note 3.5). At each balance sheet date, management assesses the investments' recoverable amount and in case that the recoverable

amount is less than the carrying amount then an impairment loss is recognized in the income statement.

3.5 Impairment of assets

3.5.1 Financial assets

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

3.5.2 Non-financial assets

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

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that

largely are independent from other assets and groups. Impairment losses are recognized in income statement.

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

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

3.6 Cash and cash equivalents

For the purpose of preparing the Cash Flow Statement, cash and cash equivalents are represented in the cash and banks current accounts.

3.7 Interest-bearing borrowings

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

3.8 Provisions

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

3.9 Legal reserve

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

3.10 Issued capital

3.10.1 Repurchase of share capital

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

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

3.10.2 Dividends

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

3.11 Derivative financial instruments

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

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

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

3.12 Loans

The loans to others is stated at cost deducting from it any impairment loss in its value and the Company evaluate the loans at the 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.

3.13 Revenues

3.13.1 Gains (losses) on sale of investments

Gains (losses) 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.

3.13.2 Dividend income

Dividend income is recorded when declared.

3.13.3 Management fee

Management fees are recognized upon presented service and according to accrual basis.

3.13.4 Advisory fee

Advisory fees are calculated by agreed percentage (in accordance with contract – term) with companies and recognized according to accrual basic.

3.13.5 Credit interest

The credit interest is recognized in income statement according to accrual bases by using the effective interest rate.

3.14 Expenses

3.14.1 Interest expense

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

3.14.2 Employees pension

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

3.14.3 Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.15 Earnings per share

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

3.16 Profit sharing to employees

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

4. Cash and cash equivalents

	31/12/2009	31/12/2008
	LE	LE
Cash	68 565	250 211
Banks current account	248 359 868	125 443 601
Balance	<u>248 428 433</u>	<u>125 693 812</u>

Non cash transactions

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

- Amount of LE 1 878 576 from changes in other credit balances and changes in fair value of cash flow hedges (represents the unpaid amount for December according to the bank claim).
- Amount of LE 255 502 914 from payments to purchase investments in subsidiaries and due from related parties (represents the transfer from related parties' current account balances to investments in subsidiaries).
- Amount of LE 10 163 577 from payments for investments and other debit balances (represents the transfer from other debit balances to payments for investments).
- Amount of LE 558 150 from investments in subsidiaries and payments for investments (represents the transfer from proceeds from sale of investments in subsidiaries to payments for investments).
- Amount of LE 195 687 040 from payments to purchase investments in subsidiaries and proceeds from sale of investments in subsidiaries (represents purchasing of shares in United Foundries against selling National Development and Trading Company shares).
- Amount of LE 98 106 000 from proceeds from sale of investments in subsidiaries and due from related parties (represents the investments sold to Citadel Capital Holding for Financial Investments-Free Zone that were deducted from its current account).

Citadel Capital Company

Notes to the consolidated financial statements
for the year ended 31/12/2009

5. Due from related parties

	Nature of transaction		31/12/2009		Nature of transaction		31/12/2008	
	Advisory fee	Finance	LE	LE	Advisory fee	Finance	LE	LE
National Development and Trading Company	--	59 232 051	--	59 232 051	--	428 290 325	--	428 290 325
Citadel Capital for Scholarship*	--	2 301 113	--	2 301 113	--	2 301 113	--	2 301 113
Mena Home Furnishings Mall	3 450 513	--	3 450 513	3 450 513	2 729 634	7 815 750	2 729 634	10 545 384
Falcon Agriculture Investments Ltd.	13 903 434	--	13 903 434	13 903 434	14 482 613	62 175	14 482 613	14 544 788
Golden Crescent Investments	6 591 082	--	6 591 082	6 591 082	5 016 261	--	5 016 261	5 016 261
Orient Investments Properties Ltd.	27 177 005	--	27 177 005	27 177 005	12 821 164	50 912 925	12 821 164	63 734 089
Regional Investments Holding	6 817 887	--	6 817 887	6 817 887	4 609 181	30 272 550	4 609 181	34 881 731
CC Holding for Financial Investments-Free Zone	--	213 616 287	--	213 616 287	--	56 056	--	56 056
Logria Holding	34 335 141	--	34 335 141	34 335 141	28 615 481	--	28 615 481	28 615 481
Mena Glass Ltd.	3 817 404	--	3 817 404	3 817 404	8 958 182	27 520 500	8 958 182	36 478 682
Silverstone Capital Investment Ltd.	1 228 523	--	1 228 523	1 228 523	--	--	--	--
Sabina for Integrated Solutions	38 338 300	--	38 338 300	38 338 300	--	--	--	--
United Foundries	--	36 097 048	--	36 097 048	--	--	--	--
Sphinx Glass Ltd.	4 381 520	--	4 381 520	4 381 520	--	--	--	--
Asec Cement Holding	12 816 991	787 031	12 816 991	13 604 022	--	--	--	--
ASEC for Mining (ASCOM)	--	31 207 600	--	31 207 600	--	--	--	--
Citadel Capital for International Investments Ltd.	--	117 668 506	--	117 668 506	--	--	--	--
Arab Refinery Company	--	--	--	--	--	17 000	--	17 000
Citadel Capital for Promotion	--	--	--	--	--	4 400	--	4 400

Citadel Capital Company
Notes to the consolidated financial statements
for the year ended 31/12/2009

	Nature of transaction		31/12/2009		Nature of transaction		31/12/2008	
	Advisory fee	Finance	LE	LE	Advisory fee	Finance	LE	LE
Grandview Investment Holding	--	--	--	--	--	11 010 340	11 010 340	
Citadel Capital Ltd. *	--	--	--	--	--	7 896 885	7 896 885	
National Co. for Building Materials *	--	--	--	--	--	6 472	6 472	
Cordoba Management Investment Ltd.	--	--	--	--	--	3 550 144	3 550 144	
National Refinery Company *	--	--	--	--	--	1 977 674	1 977 674	
Citadel for Projects *	--	--	--	--	--	5 084 651	5 084 651	
Citadel for River Transport*	--	--	--	--	--	761 616	761 616	
Egyptian Co. for Petroleum Production*	--	--	--	--	--	875	875	
National Co. for Transportation and Storage*	--	--	--	--	--	659 213	659 213	
Mena Development Ltd.*	--	--	--	--	--	67 764	67 764	
Mena Enterprises Ltd.*	--	--	--	--	--	67 084	67 084	
Tanweer for Marketing and Distribution	--	--	--	--	--	3 000 000	3 000 000	
Arab Company for Financial Investments	--	--	--	--	--	19 851 201	19 851 201	
Total			613 767 436				678 419 229	
Impairment *			(2 301 113)				(16 246 799)	
Net			611 466 323				662 172 430	

* Note (20)

6. Other debit balances

	31/12/2009	31/12/2008
	LE	LE
Deposits with others	1 419 652	1 419 652
Employees' loans	826 627	504 592
Advances to suppliers	1 785 883	3 851 967
Prepaid expenses	475 440	261 170
Letters of guarantee margin	547 690	550 410
Sundry debit balances	12 139 529	18 066 076
Balance	<u>17 194 821</u>	<u>24 653 867</u>

7. Due to related parties

	31/12/2009	31/12/2008
	LE	LE
Citadel Capital Partners Ltd.*	<u>305 128 943</u>	<u>138 043 382</u>

* The main shareholder of the Company with a percentage of 40.95%

8. Other credit balances

	31/12/2009	31/12/2008
	LE	LE
Tax Authority	284 538	591 474
Accrued expenses	31 914 294	13 807 517
Accrued interest	2 665 113	4 733 629
Suppliers	2 091 727	506 849
Prior years dividends payable	2 893 919	3 039 464
Social insurance	12 745	241 175
Sundry credit balances	60 937	60 937
Balance	<u>39 923 273</u>	<u>22 981 045</u>

9. Provisions

	31/12/2009	31/12/2008
	LE	LE
Provisions at the beginning of the year	11 212 225	--
Formed during the year	3 100 000	11 212 225
Balance	<u>14 312 225</u>	<u>11 212 225</u>

These provisions represent contingent liability from one of the External Parties regarding the Company's activities. The usual information related to provisions according to the accounting standards has not been disclosed because management believes that disclosure will affect its negotiations with these parties, and the management periodically reviews these provisions and adjusts the provision amount according to the last discussions with the parties.

10. Available-for-sale investments

	31/12/2009	31/12/2008
	LE	LE
Arab Swiss Engineering Company (ASEC)	17 479	17 479
Modern Company for Isolating Materials	43 396	43 396
Horus Private Equity Fund II	14 654 268	18 783 867
Horus Private Equity Fund III	15 970 800	15 970 800
Pharos Fund	--	5 610 000
Balance	<u>30 685 943</u>	<u>40 425 542</u>

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

11. Investments in subsidiaries and associates

	Percentage	31/12/2009	Percentage	31/12/2008
	%	LE	%	LE
National Development and Trading Company	49.50	668 170 587	53.81	648 936 576
ASEC for Mining (ASCOM)	44.64	163 687 999	49.99	183 313 836
Citadel Capital Holding for Financial Investments- Free Zone	99.99	1 345 352 547	99.99	1 345 352 547
Citadel Capital – Algeria*	99.99	6 194 250	99.99	6 194 250
United Foundries	49.29	174 459 040	--	--
Citadel Capital For International Investment Ltd.	100	5 855	--	--
Arab Co. for Financial Investments	--	--	94	58 750
Citadel for Projects*	--	--	99.88	249 700
National Company for Building Materials*	--	--	99.88	249 700
National Company for Transportation & Storage	--	--	79.88	199 700
Total		<u>2 357 870 278</u>		<u>2 184 555 059</u>
Impairment*		<u>(6 194 250)</u>		<u>(699 100)</u>
Net		<u>2 351 676 028</u>		<u>2 183 855 959</u>

- Investments in subsidiaries and associates are represented in unlisted securities in the Stock Exchange except ASEC for Mining (ASCOM) which has market value of LE 236 023 425 as at December 31, 2009 against LE 306 938 600 as at December 31, 2008.

* Note (20)

12. Payments for investments

	31/12/2009	31/12/2008
	LE	LE
Citadel Capital – Algeria*	9 413 070	8 444 179
Glass Rock	5 211 925	2 632 063
Citadel Capital Holding for Financial Investments		
-Free Zone	651 176 519	350 555 431
Fund Project	19 414 025	7 231 216
ASCOM Algeria*	3 285 594	3 285 594
Citadel Capital for International Investments Ltd.**	348 378 910	--
Forestry Project	2 400 624	--
Sudan Sugar Project**	--	6 457 950
AROCO STEEL*	--	932 199
Lotus Management Investment Ltd.**	--	32 825 561
Capella Management Investment Ltd.**	--	33 962 056
Grandview Investment Holding **	--	72 410 592
Mena Home Furnishings Mall **	--	86 127 550
Regional Investment Holding ***	--	115 386 960
Total	1 039 280 667	720 251 351
Impairment	(12 698 664)	(932 199)
Net	1 026 582 003	719 319 152

* Note (20)

** Note (23-3)

*** Note (23-4)

13. Fixed Assets

	Land	Building and constructions	Computer and software	Furniture and fixture	Vehicles	Assets under* construction	Total
	LE	LE	LE	LE	LE	LE	LE
Cost as at 1/1/2009	24 000 000	33 742 368	4 743 499	17 855 483	539 800	13 044 692	93 925 842
Additions during the year	--	--	2 304 750	4 512 819	--	7 039 356	13 856 925
Total cost as at 31/12/2009	24 000 000	33 742 368	7 048 249	22 368 302	539 800	20 084 048	107 782 767
Accumulated depreciation as at 1/1/2009	--	3 374 237	2 721 428	8 988 778	123 704	--	15 208 147
Depreciation during the year	--	1 687 118	1 939 364	4 911 778	134 950	--	8 673 210
Accumulated depreciation as at 31/12/2009	--	5 061 355	4 660 792	13 900 556	258 654	--	23 881 357
Net cost as at 31/12/2009	24 000 000	28 681 013	2 387 457	8 467 746	281 146	20 084 048	83 901 410
Net cost as at 31/12/2008	24 000 000	30 368 131	2 022 071	8 866 705	416 096	13 044 692	78 717 695

* Assets under construction represent payments for preparations of the two purchased lands at Smart Village for the purpose of constructing the new headquarter.

14. Loans to associates

The Company has signed a subordinating loan contract with National Company for Development and Trading – (one of the associates with a percentage of 49.5%) as at December 28, 2009 with an amount of US.\$ 73 097 863 (equivalent to LE 400 349 686) for a period of five 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 guarantees are presented in first rank lien part of National Company for Development and Trading shares in the following companies:

ASEC Cement Holding	41 050 000 shares
Arab Swiss Engineering Co. (ASEC)	899 900 shares

15. Deferred tax assets (liabilities)

	Assets	Liabilities
	31/12/2009	31/12/2008
	LE	LE
Fixed assets (depreciation)	687 237	(393 132)
Total deferred tax assets (liabilities)	<u>687 237</u>	<u>(393 132)</u>

16. Share capital

- The Company's authorized capital was determined LE 6 billion.
- The Board of directors of the Company held on June 12, 2008 decided to increase the issued capital with an amount of LE 1.1 billion to be LE 2.75 billion by issuing new 220 million shares with par value LE 5, accordingly the total number of shares after increase is 550 million shares. The share capital increase was paid in full. The commercial register was updated on June 22, 2008.
- The Board of directors of the Company held on December 12, 2008 decided to increase the issued capital with an amount of LE 275 500 000 to be LE 3 025 500 000 by issuing new 55 100 000 shares with par value LE 5 each, accordingly the total number of shares after increase is 605 100 000 shares. The share capital increase was paid in full. The commercial register was updated on March 4, 2009.
- The Board of directors of the Company held on April 5, 2009 decided to increase the issued capital with an amount of LE 282 625 000 to be LE 3 308 125 000 by issuing new 56 525 000 shares with par value LE 5 each, accordingly the total number of shares after increase is 661 625 000 shares. The share capital increase was paid in full. The commercial register was updated on July 26, 2009.

Accordingly the issued and paid-in capital is distributed as follows:

Shareholder	Percentage	No. of shares	Value in
	%		LE
Citadel Capital Partners Ltd.	40.95	270 943 477	1 354 717 385
Emirates International Investments Company	10.64	70 391 132	351 955 660
Others	48.41	320 290 391	1 601 451 955
	<u>100</u>	<u>661 625 000</u>	<u>3 308 125 000</u>

17. Loans

On May 15, 2008 the Company has signed a long-term loan contract with a group of banks (represented in Arab African International Bank, Suez Canal Bank, Misr bank , Piraeus Bank, Morgan & Stanely Bank and City Bank London - managing bank) with an amount of US.\$ 200 millions for a period of five years (US.\$113 millions committed & US.\$ 87 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 withdraw an amount of US.\$ 147 503 008 (equivalent to the amount of LE 807 859 225 as at December 31, 2009) against an amount of US.\$ 148 millions (equivalent to the amount of LE 814 606 800 as at December 31, 2008).

The loan guarantees as follows:

- 1- First rank lien contract for National Development and Trading shares.
- 2- First rank lien contract of 11 159 500 shares of ASEC for mining (ASCOM).
- 3- First rank lien contract for Citadel Capital Ltd. Shares (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone).
- 4- First rank lien contract for Citadel Capital Ltd. Investments (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone) in the following companies:
 - Orient Properties Ltd.
 - Logria Holding Ltd.
 - Golden Crescent Investment Ltd.
 - Falcon Agriculture Investment Ltd.
 - Silverstone Capital Investment Ltd.
 - Mena Glass Inc. Company.
 - Al chark Book Stores.
 - El Kateb for Marketing and Distribution.
 - Pharos Holding Company.

- **Hedging contract for risk of interest rate swap**

On May 15, 2008 the Company signed a hedging contract with Citi Bank – London that results in stabilizing the labor interest on loan by 4.195 % interest rate on the amount of US. \$ 74 millions that equal 50 % of the withdrawal amount of the loan according to its conditions.

18. Gains on sale of investments

	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Gains on sale of investments in subsidiaries *	45 036 600	197 512 058
Gains on sale of available-for-sale investment	840 986	--
Total	45 877 586	197 512 058

* Gains arising from sale of shares owned by these companies:

	Selling price of investment	Cost of investment	Net
	LE	LE	LE
National Development and Trading Company	293 793 040	(260 526 243)	33 266 797
ASEC for Mining (ASCOM)	31 395 640	(19 625 837)	11 769 803
United Foundries	21 228 000	(21 228 000)	--
	346 416 680	(301 380 080)	45 036 600

19. Finance expense

	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Credit interest *	36 454 063	9 521 174
Debit interest	(30 709 598)	(45 367 163)
Foreign currency differences	(6 536 002)	(11 479 105)
Net	(791 537)	(47 325 094)

* Note (23-7)

20. Impairment loss on assets

	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Impairment of due from related parties		
Citadel Capital for Scholarship	2 301 113	--
Citadel for Projects	--	5 084 651
Citadel Capital Ltd.	--	7 621 450
National Co. for Transportation and Storage	--	659 213
National Refinery Company	--	1 977 674
Egyptian Co. for Petroleum Production	--	875
National Co. for Building Materials	--	6 472
Citadel for River Transport	--	761 616
Mena Development Ltd.	--	67 764
Mena Enterprises Ltd.	--	67 084
	<u>2 301 113</u>	<u>16 246 799</u>
Impairment of investments in subsidiaries and associates		
Citadel for Projects*	(249 700)	249 700
National Co. for Building Materials *	(249 700)	249 700
Citadel Capital-Algeria **	6 194 250	--
National Co. for Transportation and Storage	--	199 700
	<u>5 694 850</u>	<u>699 100</u>
Impairment of payments for investments		
AROCO Steel	--	932 199
Citadel Capital - Algeria **	9 413 070	--
Ascom Algeria	3 285 594	--
	<u>12 698 664</u>	<u>932 199</u>
Impairment of investment at fair value through profit and loss		
Abu- Qir Fertilizers Co.	--	16 747
Balance	<u>20 694 627</u>	<u>17 894 845</u>

* Impairment is reversed as the company re-operates during the year.

** According to development of the other subsidiaries in Algeria, concentrating activities of Citadel Capital – Algeria in providing advisory services for those subsidiaries and finishing its purpose so this investment has been impaired.

21. Earnings per share

	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Net profit for the year	211 349 252	23 310 555
The weighted average number of shares	620 871 566	445 726 027
Earnings per share	0.34	0.05

22. Reconciliation of effective tax rate

	LE	LE
	Partially	Totally
Profit before tax		210 268 883
Tax rate		%20
Calculated tax based on accounting profit		42 053 777
Tax exemption	(50 445 763)	
Non deductible expenses	4 298 703	
Fixed assets (taxable depreciation variances)	422 392	
Total tax differences		(45 724 668)
Income tax according to the tax return		Nil
Effective tax rate		Nil

23. Related parties

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

Company name	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Mena Glass Ltd.	3 864 440	5 543 064
Mena Home Furnishings Mall	3 492 207	2 282 874
Regional Investments Holding	3 921 714	3 552 874
Falcone Agriculture Investment Ltd.	12 795 523	11 864 838
Logria Holding	34 765 817	28 694 878
Golden Crescent Investment Ltd.	6 676 234	4 923 781
Orient Investment Ltd.	14 609 280	12 567 570
Sphinx Glass Ltd.	4 436 500	3 305 220

Company name	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Asec Cement Holding	17 862 131	--
Silverstone Capital Investment Ltd.	1 228 980	--
Total	<u>103 652 826</u>	<u>72 735 099</u>

- 23.2 Dividends income presented in the income statement represents dividends from subsidiaries as follows:

Company name	Percentage %	For the year ended	
		31/12/2009	31/12/2008
		LE	LE
Citadel Capital Holding for Financial Investments- Free Zone *	99.99	226 635 479	--
Arab Co. for Financial Investments	94.00	13 823 533	--
Total		<u>240 459 012</u>	<u>--</u>

- * Dividends income according to the general assembly meeting held on June 2009 and December 2009.

- 23.3 During the year the Company transferred its share in the following investments to Citadel Capital for International Investment Ltd. (one of the subsidiaries owned by 100%) by the book value with a total amount of LE 348 316 485 as follows :

Company name	LE
Lotus management Investment Ltd.	32 825 561
Capella Management Investment Ltd.	33 962 056
Grandview Investment Holding	69 923 892
Mena Home Furnishings Mall	71 517 621
Sudan Sugar Project (Valencia Assets Holding Ltd.)	18 717 100
Citadel for Projects	37 803 235
National Co. for Building Materials	249 700
Arab Company for Financial Investment	235 000
Ambience Venture Ltd.	83 082 320
Total	<u>348 316 485</u>

23.4 During the year the Company transferred its share in Regional Investments Holding to Citadel Capital Holding for Financial Investments-Free Zone (one of the subsidiaries owned by 100%) with a total amount of LE 114 777 160.

23.5 During the year the Company sold the following investments to both Shipwright Holding Corp and Illion Venture Limited (one of the subsidiaries) with their book value with a total amount of LE 119 334 000 as follows :

	LE
National Development and Trading Company	98 106 000
United Foundries	21 228 000
Total	<u>119 334 000</u>

23.6 Other operating income include an amount of LE 39 098 500 (equivalent to the amount of US.\$ 7 000 000) which represents value of consultancy and studies presented by the Company for Sabina for Integrated Solutions (One of associates), according to a singed contract.

23.7 Credit interest (note 19) includes an amount of LE 34 329 861 which represents value of accrued interest income according to signed contracts from other related parties as follows:

Company name	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Citadel Capital for International Investments Ltd.	11 059 123	--
Citadel Capital Holding for Financial Investments		
- Free Zone	3 808 363	--
National Development and Trading Company	19 014 549	--
United Foundries	447 826	--
Total	<u>34 329 861</u>	<u>--</u>

24. Tax Status

Corporate tax

- The Company's books have not been inspected yet.
- The Company had submitted its tax return on regular basis for 2005 to 2008 according to tax law No. 91/2005.

Payroll tax

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

Stamp tax

The Company was inspected till the date of July 31, 2006 and paid all the accrual amounts according to the tax authority internal committee decision and no tax inspection for the period from 1/8/2006 to 31/12/2008 has taken place yet.

Withholding tax

The Company applies the withholding tax provisions on its transactions according to tax law No. 91/2005.

25. Management fees

The Company's extraordinary meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners Ltd. (the main shareholder with a percentage of 40.95 %) which includes that Citadel Capital Partners Ltd. provides management duties for fees based on 10% of the net annual available for distribution profit. The management fees is LE 23 483 250 as at December 31, 2009 against LE 2 590 062 as at December 31, 2008.

26. Employees Stock Option Plan

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

27. Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances with banks and debtors while financial liabilities include banks over draft and creditors. Note (No. 3) of notes to financial statements includes significant accounting policies applied regarding basis

of recognition and measurement of the important financial instruments and related revenues and expenses by the Company to minimize the consequences of such risks.

27.1 Liquidity risk

Liquidity risk is represented in the factors, which may affect the Company's ability to pay part of or full amount of its liabilities. According to the Company's policy, sufficient cash balances are retained to meet the Company's current liabilities which minimize the liquidity risk.

27.2 Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- As disclosed in note (3.1) the Company has used the prevailing exchange rates to revalue monetary assets and liabilities at the balance sheet date.

27.3 Financial instruments' fair values

The financial instruments' fair value does not substantially deviated from their book values at the balance sheet date, according to the accounting policies to the assets and liabilities, which is included in the accompanying notes of the financial statements.

28. Comparative figures

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