Citadel Capital Company
(Egyptian Joint Stock Company)

Unconsolidated financial statements
for the period ended September 30, 2009

&
Auditor's report

KPMG

Hazem Hassan
Public Accountants & Consultants

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Auditor's report

To the Board of Directors 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 September 30, 2009 and the unconsolidated statements of income, changes in equity and cash flows for the nine months 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.

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

KPMG

Hazem Hassan

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citadel Capital Company as of September 30, 2009 and of its financial performance and its cash flows for the nine months then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Hassan Bag

KPMG Hazem Hassan

Cairo November 10,2009

KPMG Hazem Hassan
Public Accountants and Consultants
(11)

Citadel Capital Company

(Egyptian Joint Stock Company)

Unconsolidated balance sheet

as at September 30, 2009

	Note	30/9/2009 LE	31/12/2008 LE
Current assets			
Cash and cash equivalents	(4)	177 690 409	125 693 812
Due from related parties (net)	(5)	706 511 565	642 321 229
Other debit balances	(6)	14 832 247	24 653 867
Total current assets		899 034 221	792 668 908
Current liabilities			
Due to related parties	(7)	77 455 241	118 192 181
Other credit balances	(8)	17 308 749	22 981 045
Provisions	(9)	11 212 225	11 212 225
Total current liabilities		105 976 215	152 385 451
Working capital		793 058 006	640 283 457
Non - current assets			
Available-for-sale investments	(10)	35 567 810	40 425 542
Investments in subsidiaries & associates (net)	(11)	2 418 928 388	2 183 855 959
Payments for investments (net)	(12)	917 608 194	719 319 152
Fixed assets (net)	(13)	85 952 714	78 717 695
Deferred tax assets (liabilities)	(14)	580 351	(393 132)
Total non - current assets		3 458 637 457	3 021 925 216
Total investment		4 251 695 463	3 662 208 673
Financed through:			
Shareholders' equity			
Share capital	(15)	3 308 125 000	2 750 000 000
Legal reserve	(3-9)	79 011 015	77 845 487
Hedging reserve	(16)	(12 817 572)	(3 554 169)
Retained earnings		22 145 027	-
		3 396 463 470	2 824 291 318
Net profit for the period / year		45 558 525	23 310 555
Total shareholders' equity		3 442 021 995	2 847 601 873
Non - current liabilities			
Loans and borrowing	(16)	809 673 468	814 606 800
Total non - current liabilities		809 673 468	814 606 800
Total shareholders' equity and non - current liabilities		4 251 695 463	3 662 208 673

The accompanying notes from page 5 to page 26 are an integral part of these financial statements and are to be read therewith .

Auditor's Report "attached"

Chairman	Managing Director	Managing Director / CFO
Dr. Ahmed Heikal	Hisham Hussein El Khazindar	Ahmed El Shamy

Citadel Capital Company

(Egyptian Joint Stock Company)

Unconsolidated income statement

for the period ended September 30, 2009

	Note	For the period ended		For the period ended	
		from 1/7/2009 to 30/9/2009	from 1/1/2009 to 30/9/2009	from 1/7/2008 to 30/9/2008	from 1/1/2008 to 30/9/2008
		LE	LE	LE	LE
Advisory fee	(21-1)	24 940 982	79 363 026	18 774 983	51 247 094
Dividends income	(21-2)	51 175 557	51 175 557	-	-
Gain (loss) on sale of investments in subsidiaries	(17)	-	7 971 576	(500 000)	197 512 058
Operating income		76 116 539	138 510 159	18 274 983	248 759 152
General and administrative expenses	(23)	(37 596 462)	(108 446 360)	(32 258 884)	(131 317 610)
Impairment loss on assets	(19)	(15 357 620)	(15 357 620)	(932 199)	(17 878 098)
Provisions		-	-	-	(3 000 000)
Other revenue	(21-4)	-	39 098 500	(5 606)	3 022
Net operating income (loss)		23 162 457	53 804 679	(14 921 706)	96 566 466
Net finance income (expense)	(18)	8 542 683	(9 219 637)	(25 234 854)	(45 398 875)
Net profit (loss) before income tax		31 705 140	44 585 042	(40 156 560)	51 167 591
Income tax		1 261 390	-	-	-
Deferred tax income (expense)	(14)	4 371	973 483	(158 151)	1 515 772
Net profit (loss) for the period		32 970 901	45 558 525	(40 314 711)	52 683 363
Earnings per share	(20)	0.05	0.08	(0.07)	0.12

The accompanying notes from page 5 to page 26 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 period ended September 30, 2009

	Note	Share capital	Legal reserve	Hedging reserve	Retained earnings	Net profit for the year / period	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	(15)	1 100 000 000	–	–	–	–	1 100 000 000
Changes in fair value of cash flow hedges	(16)	–	–	(1 717 483)	–	–	(1 717 483)
Net profit for the period ended September 30,2008		–	–	–	–	52 683 363	52 683 363
Balance as at September 30, 2008		2 750 000 000	77 845 487	(1 717 483)	–	52 683 363	2 878 811 367
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	(15)	558 125 000	–	–	–	–	558 125 000
Changes in fair value of cash flow hedges	(16)	–	–	(9 263 403)	–	–	(9 263 403)
Net profit for the period ended September 30, 2009		–	–	–	–	45 558 525	45 558 525
Balance as at September 30,2009		3 308 125 000	79 011 015	(12 817 572)	22 145 027	45 558 525	3 442 021 995

The accompanying notes from page 5 to page 26 are an integral part of these financial statements and are to be read therewith .

Citadel Capital Company

(Egyptian Joint Stock Company)

Unconsolidated cash flow statement

for the period ended September 30, 2009

	For the period ended	
	30/9/2009	**30/9/2008**
	LE	**LE**
Cash flows from operating activities		
Net profit before tax	44 585 042	51 167 591
Adjustments to reconcile net profit to net cash used in operating activities :		
Fixed assets depreciation	6 396 894	5 619 963
Gain on sale of investments in subsidiaries	(7 971 576)	(197 512 058)
Net change in the fair value of investments held for trading	-	(3 022)
Impairment of assets	15 357 620	17 878 098
Provisions	-	3 000 000
Unrealized foreign currency differences	(2 140 237)	-
Operating profit (loss) before changes in working capital	56 227 743	(119 849 428)
Increase in assets		
Due from related parties	(319 693 250)	(697 206 406)
Other debit balances	(341 957)	(5 771 333)
(Decrease) increase in liabilities		
Due to related parties	(40 736 940)	102 005 760
Creditors & other credit balances	(7 236 981)	(16 763 899)
Net cash used in operating activities	(311 781 385)	(737 585 306)
Cash flows from investing activities		
Payments to purchase fixed assets	(13 631 913)	(12 018 880)
Payments to purchase investments in subsidiaries and associates	(182 105)	(236 429 881)
Proceeds from selling investments in subsidiaries and associates	22 639 616	179 967 835
Payments for purchase of investments	(197 538 535)	(802 612 259)
Proceeds from investments available for sale investments	4 857 732	-
Payments to purchase investments available for sale	-	(15 970 800)
Net cash used in investing activities	(183 855 205)	(887 063 985)
Cash flows from financing activities		
Proceeds from issuing of share capital	558 125 000	1 100 000 000
Dividends paid	(74 143)	(98 294 341)
Payments for / proceeds from loans and borrowings	(2 793 095)	722 444 000
Hedging reserve	(7 624 575)	(1 106 762)
Banks overdraft	-	(100 000 000)
Net cash provided from financing activities	547 633 187	1 623 042 897
Net change in cash and cash equivalent during the period	51 996 597	(1 606 394)
Cash and cash equivalent as at the beginning of the period	125 693 812	150 639 985
Cash and cash equivalent at the end of the period	177 690 409	149 033 591

The accompanying notes from page 5 to page 26 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 period ended September 30, 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 11121 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 profit and loss.
- 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 (14) – 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 26).

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 profit and loss.

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 profit and loss

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 profit and loss.

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 profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized 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 recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. 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 profit or loss.

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 profit or loss 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 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.

3.12 Revenues

3.12.1 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.

3.12.2 Dividend income

Dividend income is recorded when declared.

3.12.3 Management fee

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

3.12.4 Advisory fee

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

3.13 Expenses

3.13.1 Interest expense

Interest expense on interest - bearing borrowing is recognized in the profit or loss using the effective interest rate method.

3.13.2 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.

3.13.3 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.

3.14 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.

3.15 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

	30/9/2009	31/12/2008
	LE	LE
Cash	107 737	250 211
Banks current account	177 582 672	125 443 601
Balance	177 690 409	125 693 812

Non cash transactions

For purpose of preparing cash flow, the following transaction has been eliminated:

- Amount of LE 1 638 828 from changes in other credit balances and changes in fair value of cash flow hedges (represents the unpaid amount for September according to the bank claim).
- Amount of LE 255 502 914 from payments for purchase of investments in subsidiaries and due from related parties (represents the transfer from other debit balances to payments for purchase of investments).
- Amount of LE 10 163 577 from payments for purchase of investments and other debit balances (represents the transfer from other debit balances to payment for purchase of investments).

5. Due from related parties

	30/9/2009	31/12/2008
	LE	LE
National Development and Trading Company	265 925 582	428 290 325
Citadel Capital for scholarship	2 301 113	2 301 113
Mena Home Furnishings Mall	2 532 931	10 545 384
Falcon Agriculture Investments Ltd.	10 768 377	14 544 788
Golden Crescent Investments	5 012 907	5 016 261
Orient Investments Properties Ltd.	23 843 907	63 734 089
Regional Investments Holding	5 796 517	34 881 731
CC Holding for Financial Investments	78 751 579	56 056
Logria Holding	25 809 066	28 615 481
Mena Glass Ltd.	2 848 894	36 478 682
Arab Refinery co.	--	17 000
Citadel Capital for Promotion	--	4400
Grandview Investment Holding	--	11 010 340
Citadel Capital Ltd*	--	7 896 885
National Co. for Building Materials trading*	--	6 472
Cordoba Management Investment Ltd.	--	3 550 144
National Refinery Co. *	--	1 977 674
Citadel Capital for Projects *	--	5 084 651
Citadel for River Transport *	--	761 616
Egyptian Company for Petroleum Production*	--	875
National Co. for Transportation and Storage *	--	659 213
Mena Development Ltd. *	--	67 764
Mena Enterprises Ltd. *	--	67 084
Tanweer for Marketing and Distribution	--	3 000 000
Silverstone Capital Investment Ltd.	819 592	--
Sabina for Integrated Solution	38 424 400	--
United Foundries	3 620 127	--
Sphinx Glass Ltd.	3 293 520	--
Asec Cement Manufacturing	10 447 352	--
Tanmeyah for Micro Business Finance	500 007	--
Citadel Capital for International Investments Ltd	225 815 694	--
Total	706 511 565	658 568 028
Less: impairment	--	(16 246 799)
Net	706 511 565	642 321 229

* Note (19)

6. Other debit balances

	30/9/2009 LE	31/12/2008 LE
Deposits with others	1 419 652	1 419 652
Employees' loans	1 388 112	504 592
Advances to suppliers	2 796 977	3 851 967
Prepaid expenses	1 428 892	261 170
Letters of guarantee margin	548 920	550 410
Tax deducted by others	94 788	--
Sundry debit balances	7 154 906	18 066 076
Balance	14 832 247	24 653 867

7. Due to related parties

	30/9/2009 LE	31/12/2008 LE
Citadel Capital Partners	76 862 058	138 043 382
Arab Co. for Financial Investments	593 183	(19 851 201)
Balance	77 455 241	118 192 181

8. Other credit balances

	30/9/2009 LE	31/12/2008 LE
Tax Authority	382 976	591 474
Accrued expenses	9 865 335	13 807 517
Accrued interest	2 833033	4 733 629
Suppliers	1 187 190	506 849
Prior years dividends payable	2 965 321	3 039 464
Social insurance	13 957	241 175
Sundry credit balances	60 937	60 937
Balance	17 308 749	22 981 045

9. Provisions

	30/9/2009 LE	31/12/2008 LE
Provisions at the beginning of the period / year	11 212 225	--
Formed during the period / year	--	11 212 225
Balance	11 212 225	11 212 225

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

	30/9/2009 LE	31/12/2008 LE
Arab Swiss Engineering Company (ASEC)	17 479	17 479
Modern Company for Isolating Materials	43 396	43 396
Horus Private Equity Fund II	13 926 135	18 783 867
Horus Private Equity Fund III	15 970 800	15 970 800
Pharos Fund	5 610 000	5 610 000
Balance	35 567 810	40 425 542

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

11. Investments in subsidiaries and associates

	Percentage %	30/9/2009 LE	Percentage %	31/12/2008 LE
Arab Co. for Financial Investments	94.00	235 000	94.00	58 750
National Development and Trading Company	55.31	904 439 490	53.81	648 936 576
ASEC for Mining (ASCOM)	45.99	168 645 796	49.99	183 313 836
CC Holding for Financial Investments	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
Citadel Capital for Projects*	99.88	249 700	99.88	249 700
Citadel Capital For International Investment Ltd.	100.00	5 855		--
National Company for Building Materials Trading		--	99.88	249 700
National Company for Transportation & Storage		--	79.88	199 700
Total		2 425 122 638		2 184 555 059
Impairment		(6 194 250)		(699 100)
Net		2 418 928 388		2 183 855 959

- 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 299 164 950 at September 30, 2009 against LE 306 938 600 at December 31, 2008.
- The Board of directors of the National Development and Trading Company (one of the subsidiaries with a percentage of 55.31%) held on March 22, 2009 decided to approve selling all its portion in United Foundries and Heat Treatment (one of the subsidiaries with a percentage of 99.99%) to its' shareholders .

* Note (19)

12. Payments for investments

	30/9/2009 LE	31/12/2008 LE
Citadel Capital – Algeria	9 413 070	8 444 179
Glass Rock	5 211 925	2 632 063
CC Holding for Financial Investments	484 729 212	350 555 431
Fund Project	16 480 078	7 231 216
ASCOM Algeria	3 285 594	3 285 594
Sudan Sugar Project**	--	6 457 950
AROCO STEEL	--	932 199
Lotus Management Investment Ltd.**	--	32 825 561
Capella Management Investments Ltd.**	--	33 962 056
Grandview Investment Holding **	--	72 410 592
Mena Home Furnishings Mall **	--	86 127 550
Regional Investment Holding **	--	115 386 960
Citadel Capital for International Investments Ltd.**	390 403 916	--
Citadel Capital project*	15 096 845	--
Forestry Project	2 400 624	--
Total	927 021 264	720 251 351
Impairment	(9 413 070)	(932 199)
Net	917 608 194	719 319 152

* Note (19)

* Note (21-3)

13. Fixed Assets

Description	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 period	--	--	2 221 157	4 371 400	--	7 039 356	13 631 913
Total cost as at 30/9/2009	24 000 000	33 742 368	6 964 656	22 226 883	539 800	20 084 048	107557755
Accumulated depreciation as at 1/1/2009	--	3 374 237	2 721 428	8 988 778	123 704	--	15 208 147
Depreciation during the period	--	1 265 339	1 502 310	3 528 032	101 213	--	6 396 894
Accumulated depreciation As at 30/9/2009	--	4 639 576	4223 738	12 516 810	224 917	--	21 605 041
Net cost as at 30/9/2009	24 000 000	29 102 792	2 740 918	9 710 073	314 883	20 084 048	85 952 714
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. Deferred tax assets (liabilities)

	Assets 30/9/2009 LE	Liabilities 31/12/2008 LE
Deferred Tax		
Fixed assets (depreciation)	580 351	(393 132)
Total deferred tax assets (liabilities)	580 351	(393 132)

15. Share capital

- The Company's authorized capital was 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 LE3 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, 2008 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.	40.05	264 969 923	1 324 849 615
Emirates International Investments Company	16.08	106 391 132	531 955 660
Others	43.87	290 263 945	1 451 319 725
	100	661 625 000	3 308 125 000

16. Loans and borrowings

- 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 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 809 673 468) 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 11 497 500 shares of ASEC for mining (ASCOM).

3- First rank lien contract for Citadel Capital Ltd. Share

4-First rank lien contract for Citadel Capital Ltd. Investments 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.
- Shark Book Stores (Diwaan)
- El Kateb for Marketing and Distribution
- Pharos Holding

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 equals 50 % of the withdrawal amount of the loan according to its conditions.

17. Gains on sale of investments

Gains on sale of investments in associates represent sale of 1 million shares of Asec for Mining (ASCOM) shares owned by the company with a percentage 49.99% and accordingly after the sale the percentage became 45.99%.

	For the period ended	
	30/9/2009	30/9/2008
	LE	LE
Selling price	22 639 616	222 454 778
Cost of investment	(14 668 040)	(24 942 720)
Net	7 971 576	197 512 058

18. Finance income (expense)

	For the period ended		For the period ended	
	from 1/7/2009 to 30/9/2009	from 1/1/2009 to 30/9/2009	from 1/7/2008 to 30/9/2008	from 1/1/2008 to 30/9/2008
	LE	LE	LE	LE
Credit interest*	13 996 143	19 164 171	3 647 260	8 289 631
Debit interest	(7 127 861)	(24 047 026)	(9 486 382)	(31 834 113)
Foreign currency differences	1 674 401	(4 336 782)	(19 395 732)	(21 854 393)
Net	8 542 683	(9 219 637)	(25 234 854)	(45 398 875)

19. Impairment of assets

	30/9/2009	31/12/2008
	LE	LE
Impairment of due from related parties		
Citadel Capital Project	--	5 084 651
Citadel Capital Ltd	--	7 621 450
National co. for Transportation and storage	--	659 213
National co. for Digging	--	1 977 674
Egyptian co. for Petroleum Production	--	875
National co. for Building Materials	--	6 472

	30/9/2009 LE	31/12/2008 LE
Citadel for River Transport	--	761 616
Mena Development Ltd.	--	67 764
Mena Enterprises Ltd.	--	67 084
	--	16 246 799
Impairment of investments in subsidiaries and associates		
Citadel Capital for Projects*	(249 700)	249 700
National co. for Transportation and Storage	--	199 700
National co. for Building Materials	--	249 700
Citadel Capital – Algeria	6 194 250	--
	5 944 550	699 100
Impairment of payments for investments		
AROCO Steel	--	932 199
Citadel Capital – Algeria	9 413 070	--
	9 413 070	932 199
Balance	15 357 620	17 878 098

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

20. Earnings per share

	For the period ended		For the period ended	
	from 1/7/2009 to 30/9/2009	from 1/1/2009 to 30/9/2009	From 1/7/2008 to 30/9/2008	from 1/1/2008 to 30/9/2008
	LE	LE	LE	LE
Net profit (loss) for the period	32 970 901	45 558 525	(40 314 711)	52 683 363
The weighted average number of shares	648 580 769	607 087 316	550 000 000	449 777 777
Earnings per share	0.05	0.08	(0.07)	0.12

21. Related parties

21-1- Advisory fee presented in the income statement represents the advisory services for related parties according to signed contracts as follows:

	For the period ended		For the period ended	
	from 1/7/2009 to 30/9/2009	from 1/1/2009 to 30/9/2009	From 1/7/2008 to 30/9/2008	from 1/1/2008 to 30/9/2008
Company name	**LE**	**LE**	**LE**	**LE**
Mena Glass Ltd.	982 204	2 895 316	1 406 086	4 156 480
Mena Home Furnishings Mall	869 256	2 574 271	559 339	1 672 539
Regional Investment Holding	959 354	2 893 325	893 433	2 640 023
Falcone Agriculture Investment Ltd.	3 182 892	9 655 372	2 854 666	8 742 913
Logria Holding	8 648 157	26 233 794	9 267 499	21 266 825
Golden Crescent Investment Ltd.	1 601 335	5 096 715	(211 279)	3 409 077
Orient Investment Ltd.	3 411 939	11 244 322	4 005 239	9 359 237
Sphinx Glass Ltd.	1 103 600	3 347 720	--	--
Asec Cement Holding Group	3 362 653	14 602 599	--	--
Silverstone Capital Investment Ltd	819 592	819 592	--	--
Total	24 940 982	79 363 026	18 773 983	51 247 094

21-2 Dividends income presented in the income statement represents dividends from subsidiaries as follows :

Company name	Percentage %	For the period ended 30/9/2009	30/9/2008
		LE	LE
CC Holding for Financial Investments	99.99	37 352 024	-
Arab Co. for Financial Investments	94.00	13 823 533	-
Total		51 175 557	-

21-3 During the period the Company transferred to Citadel Capital for International Investment Ltd. (one of the subsidiaries with a percentage of 100%) it's share by the book value for the following investments with an amount of LE 390 403 916 and is represented 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	107 460 424
Regional Investment Holding	114 777 160
Sudan Sugar project (Valencia Assets Holding Ltd)	18 506 949
Ambience Venture Ltd	12 947 874
Total	390 403 916

21-4 Other revenue with a amount of LE 39 098 500 (equivalent to an amount of US.$ 7 million) represents the value of studies and consultation made by the company to Sabina company (one of the subsidiaries) according the signed contract.

21-5 Credit interest includes – finance income (note 18) with an amount of LE 17 587 964 represents the value of accrued credit interest due from related parties according to signed contract as follows :

	For the period ended		**For the period ended**	
	from 1/7/2009 to 30/9/2009	**from 1/1/2009 to 30/9/2009**	**from 1/7/2008 to 30/9/2008**	**from 1/1/2008 to 30/9/2008**
Company name	**LE**	**LE**	**LE**	**LE**
Citadel Capital for International Investments Ltd.	3 202 802	6 557 385	--	--
CC Holding for Financial Investments	720 503	1 660 587	--	--
National Development and Trading Company	9 369 992	9 369 992	--	--
Total	13 293 297	17 587 964	--	--

22. 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, 2006, 2007 and 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.

23. Management agreement

The Company's extraordinary meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners (one of the shareholders with a percentage of 40.05 %) which includes that Citadel Capital Partners provides management duties for fees based on 10% of the net annual available for distribution profit the management fees is LE 5 062 058 as at September 30,2009.

24. 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 till now.

25. 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.

25.1 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.

25.2 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 revaluate monetary assets and liabilities at the balance sheet date.

25.3 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.

26. Comparative Figures

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