


Citadel Capital Company
(Egyptian Joint Stock Company)

Consolidated financial statements
for the period ended June 30, 2013

&
Review report

 **Hazem Hassan**
Public Accountants & Consultants

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Hazem Hassan

Public Accountants & Consultants

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

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

Review report

To the Board of Directors of Citadel Capital Company

Introduction

We have performed a limited review for the accompanying consolidated statement of financial position of Citadel Capital Company (Egyptian Joint Stock Company) and its subsidiaries as at June 30, 2013 and the related consolidated statements of income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of limited review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2013 and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

Cairo October 9, 2013

Hassan Bar
KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants

Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated statement of financial position
as at June 30, 2013

	Note	30/6/2013 LE	31/12/2012 LE
Assets			
Fixed assets (net)	(5)	296 438 448	256 609 455
Investments in subsidiaries and associates	(6)	1 186 737 238	1 166 764 237
Other investments (net)	(7)	3 265 826 864	2 897 971 119
Deferred tax	(17)	724 591	693 087
Total non-current assets		<u>4 749 727 141</u>	<u>4 322 037 898</u>
Other investments	(7)	3 079 194	3 891 605
Other assets	(8)	8 008 487	12 544 732
Trade and other receivables (net)	(9)	1 323 021 553	1 180 675 098
Cash and cash equivalents	(10)	309 449 771	255 212 963
Total current assets		<u>1 643 559 005</u>	<u>1 452 324 398</u>
Total assets		<u><u>6 393 286 146</u></u>	<u><u>5 774 362 296</u></u>
Equity			
Share capital	(11)	4 358 125 000	4 358 125 000
Reserves	(12)	376 105 342	207 464 895
Retained loss		(2 716 889 160)	(2 022 909 901)
Net loss for the period / year		(168 317 207)	(691 740 235)
Total equity attributable to equity holders of the Company		<u>1 849 023 975</u>	<u>1 850 939 759</u>
Non - controlling interests	(13)	<u>532 590 469</u>	<u>438 252 202</u>
Total equity		<u><u>2 381 614 444</u></u>	<u><u>2 289 191 961</u></u>
Liabilities			
Long term loans	(14)	2 160 755 931	1 923 023 521
Long term liabilities	(16)	10 787 486	10 787 486
Total non-current liabilities		<u>2 171 543 417</u>	<u>1 933 811 007</u>
Bank overdraft	(15)	5 381 581	-
Short term loans	(14)	827 341 145	543 265 577
Trade and other payables	(18)	810 062 198	795 195 718
Expected claims provision	(19)	197 343 361	212 898 033
Total current liabilities		<u>1 840 128 285</u>	<u>1 551 359 328</u>
Total liabilities		<u>4 011 671 702</u>	<u>3 485 170 335</u>
Total equity and liabilities		<u><u>6 393 286 146</u></u>	<u><u>5 774 362 296</u></u>

The accompanying notes on pages 5 to 48 are integral part of these consolidated financial statements and are to be read therewith.

Review report "attached"

Chairman
Ahmed Heikal

Managing Director
Hisham Hussein El Khazindar

Chief Financial Officer
Moataz Farouk

Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated income statement
for the period ended June 30, 2013

	Note	for the period		for the period	
		from 1/4/2013	from 1/1/2013	from 1/4/2012	from 1/1/2012
		to 30/6/2013	to 30/6/2013	to 30/6/2012	to 30/6/2012
		LE	LE	LE	LE
Advisory fee	(27-1)	15 518 627	30 424 942	15 275 873	33 027 405
Share of (loss) profit of equity accounted investees	(20)	(12 529 386)	(23 990 309)	(67 582 743)	(135 230 305)
Net other operations results	(21-1)	2 144 438	4 141 682	(12 601 153)	(16 216 198)
Total operating profit / (loss)		5 133 679	10 576 315	(64 908 023)	(118 419 098)
Administrative and general expenses	(22)	(45 464 191)	(101 894 992)	(53 970 501)	(98 894 859)
Other expenses	(23)	5 800 238	(77 459 894)	(12 607 456)	(22 470 264)
Net operating loss		(34 530 274)	(168 778 571)	(131 485 980)	(239 784 221)
Finance (costs) income -(net)	(24)	(12 759 878)	(4 947 832)	7 499 422	(43 235 842)
Net loss before tax		(47 290 152)	(173 726 403)	(123 986 558)	(283 020 063)
Income tax		(7 412)	9 201	(240 560)	(464 874)
Net loss for the period		(47 297 564)	(173 717 202)	(124 227 118)	(283 484 937)
Attributable to:					
Equity holders of the Company		(43 971 682)	(168 317 207)	(122 963 814)	(279 079 137)
Non - controlling interests		(3 325 882)	(5 399 995)	(1 263 304)	(4 405 800)
		(47 297 564)	(173 717 202)	(124 227 118)	(283 484 937)
Earnings per share	(25)	(0.05)	(0.19)	(0.14)	(0.32)

The accompanying notes on pages 5 to 48 are integral part of these consolidated financial statements and are to be read therewith.

Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated statement of changes in equity
for the period ended June 30, 2013

Note	Share capital	Reserves			Retained loss	Net loss for the year / period	Total	Non-controlling interests	Total equity
		Legal reserve	Fair value reserve -AFS	F.C. translation reserve					
	LE	LE	LE	LE	LE	LE	LE	LE	LE
Balance as at December 31, 2011	4 358 125 000	89 578 478	(739 595)	170 806 715	(1 093 810 353)	(773 536 460)	2 678 113 682	379 713 881	3 057 827 563
Carrying 2011 loss forward	-	-	-	-	(773 536 460)	773 536 460	-	-	-
Exchange differences relating to foreign operations	(3-3)	-	-	(75 815 760)	-	-	(75 815 760)	(313 149)	(76 128 909)
Changes in the fair value of available -for- sale investments	(3-8-1)	-	(160 331)	-	-	-	(160 331)	-	(160 331)
Acquisition of subsidiaries	(21)	-	-	-	(91 341 737)	-	(91 341 737)	-	(91 341 737)
Changes in non-controlling interests		-	-	-	-	-	-	891 783	891 783
The Company's share in changes of associates equity	(3-1-4)	-	-	-	12 709 336	-	9 268 845	-	9 268 845
Net loss for the period ended June 30, 2012		-	-	-	-	(279 079 137)	(279 079 137)	(4 405 800)	(283 484 937)
Balance as at June 30, 2012	4 358 125 000	89 578 478	(899 926)	94 990 955	(1 945 979 214)	(279 079 137)	2 240 985 562	375 886 715	2 616 872 277
Balance as at December 31, 2012	4 358 125 000	89 578 478	(638 202)	194 224 837	(2 022 909 901)	(691 740 235)	1 850 939 759	438 252 202	2 289 191 961
Carrying 2012 loss forward	-	-	-	-	(691 740 235)	691 740 235	-	-	-
Exchange differences relating to foreign operations	(3-3)	-	-	168 945 720	-	-	168 945 720	(7 043 567)	161 902 153
Changes in the fair value of available -for- sale investments	(3-8-1)	-	(99 197)	-	-	-	(99 197)	-	(99 197)
Changes in non-controlling interests		-	-	-	-	-	-	106 781 829	106 781 829
The Company's share in changes of associates equity	(3-1-4)	-	-	-	(206 076)	-	(2 445 100)	-	(2 445 100)
Net loss for the period ended June 30, 2013		-	-	-	-	(168 317 207)	(168 317 207)	(5 399 995)	(173 717 202)
Balance as at June 30, 2013	4 358 125 000	89 578 478	(737 399)	363 170 557	(2 716 889 160)	(168 317 207)	1 849 023 975	532 590 469	2 381 614 444

The accompanying notes on pages 5 to 48 are integral part of these consolidated financial statements and are to be read therewith.

Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated statement of cash flows
for the period ended June 30, 2013

	for the period ended	
	30/6/2013	30/6/2012
	LE	LE
Cash flows from operating activities		
Net loss before tax	(173 726 403)	(283 020 063)
Adjustments to reconcile net loss to net cash used in operating activities :		
Depreciation	6 971 921	8 798 045
The Company's share of (loss) profit of equity accounted investees	32 497 396	157 594 334
Net change in the fair value of investments at fair value through profit or loss	812 411	347 337
Foreign exchange differences	114 834 222	(94 451 156)
Interest income	(16 075 786)	(20 744 477)
Interest expenses	10 485 638	5 537 999
Gain on sale of fixed assets	(415 436)	-
Provisions formed	135 542	-
Reversal of impairment loss on assets	(64 100 590)	-
Impairment in trade and other receivables - (due from related parties)	143 879 202	22 122 927
Impairment in available for sale investments	13 989 100	-
Provisions no longer needed	(17 255 771)	-
Operating profit (loss) before changes in working capital	52 031 446	(203 815 054)
Change in trade and other receivables	(255 053 443)	(286 870 230)
Change in other assets	4 536 245	2 119 657
Change in trade and other payables	14 866 480	33 271 178
Net cash used in operating activities	(183 619 272)	(455 294 449)
Cash flows from investing activities		
Payments for purchase of fixed assets	(9 665 316)	(39 751 028)
Proceeds from sale of fixed assets	118 136	-
Payments for other investments	(28 388 807)	(64 250 451)
Payments for purchase of investments in subsidiaries and associates	-	(40 102 867)
Proceeds from refund of available for sale investments	-	2 625 637
Net cash used in investing activities	(37 935 987)	(141 478 709)
Cash flows from financing activities		
Proceeds from loans	225 087 764	665 642 225
Payments for loans	(5 107 365)	-
Proceeds from bank overdraft	5 381 581	-
Proceeds from capital related to non-controlling interests	50 430 087	-
Net cash provided from financing activities	275 792 067	665 642 225
Net changes in cash and cash equivalents during the period	54 236 808	68 869 067
Cash and cash equivalents at the beginning of the period	255 212 963	166 240 722
Cash related to acquisition of subsidiaries - note no. (21)	-	3 760 374
Cash and cash equivalents at the end of the period	309 449 771	238 870 163

The accompanying notes on pages 5 to 48 are integral part of these consolidated financial statements and are to be read therewith.

Citadel Capital Company

Notes to the consolidated financial statements for the period ended June 30, 2013

1. Reporting entity

Citadel Capital Company - an Egyptian Joint Stock Company - was founded in accordance with the applicable Egyptian laws and in pursuance to law no.(159) of 1981 and its executive regulations. The Company has been registered in the commercial register at Giza under number 11121 on April 13, 2004.

The address of the Company's registered office is 3 El Yemen St., Dokki - Giza.

The Company's basic activity extends to the region of the middle East and north East Africa, especially Egypt, Algeria, Libya, Syria and Sudan . 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.

The consolidated financial statements of the Company for the period ended June 30, 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

2. Basis of preparation

2.1 Statement of compliance

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

The financial statements were approved by the Board of Directors on October 9, 2013.

2.2 Basis of measurement

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

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimate and judgements

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

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

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

- Note (6) measurements of the recoverable amounts of investments in subsidiaries and associates.
- Note (19) provisions.

3. Significant accounting policies

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

3.1 Basis of consolidation

3.1.1 Subsidiaries

- The consolidated financial statements include all subsidiaries that are controlled by the parent company and which the management intends to continue to control. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries

are included in the consolidated financial statements from the date that control commences until the date that control ceases.

- Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. EAS 24 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- Non - controlling interests shall be presented in the consolidated balance sheet within equity, separately from the parent shareholder's equity. Non - controlling interests in the profit or loss of the group shall also be separately disclosed.
- A parent loses control when it loses the power to govern the financial and operating policies of an investee so as to obtain benefit from its activities.

3.1.2 Loss exceeding non-controlling

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

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

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

3.1.4 Associates

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

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

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

3.2 Foreign currency transactions

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

3.3 Foreign operations

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

3.4 Recognition and disposals of the financial assets and liabilities

3.4.1 Recognition

The Group initially recognises deposits, receivables and debt instruments by fair value on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated as at fair value through profit or loss) are recognised when the Group becomes a party to the contractual provisions of the instrument.

3.4.2 Disposals

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

When an entity retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), the entity treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met:

- (a) The entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition.
- (b) The entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.
- (c) The entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

3.5 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below:

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

3.6 Lending

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

3.7 Cash and cash equivalents

For the purpose of preparing cash flow statement, cash and cash equivalents are represented in the cash, banks current accounts and deposits with original maturities of three months or less.

3.8 Investments

3.8.1 Available-for-sale financial investments

Available-for-sale investments are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses which is recognized in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available-for-sale identifies, based on quoted price of the exchange market at the balance sheet date, investments that are not quoted, and whose fair value cannot be measured reliably are valued by an accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the company cannot estimate the fair value, it can be stated at cost less impairment loss.

3.8.2 Financial assets at fair value through profit or loss

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

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

3.8.3 Other

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

3.9 Share capital

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

3.10 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (note 3.14), and are depreciated using the straight line method and recognized in income statement over the estimated productive life for each type of asset. The following are the estimated productive lives, for each class of assets, for depreciation calculation purposes:

Assets depreciation	Estimated useful life
- Buildings & Constructions	20 years
- Lease hold improvements	3-10 years
- Machinery & Equipments	10 years
- Furniture & Fixtures	4 years
- Computers	2-3 years
- Transportation means	4 years

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

3.11 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.

3.12 Gains and losses from disposal of fixed assets

Gains and losses from disposal of fixed assets are determined by comparing net disposal proceeds of assets to its net book value, resulted gain and losses are recorded in the income statement.

3.13 Intangible assets

3.13.1 Goodwill

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

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

3.13.2 Other intangible assets

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

3.13.3 Subsequent expenditures

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

3.13.4 Amortization

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

3.14 Impairment

3.14.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

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

3.14.2 Non-financial assets

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

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

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

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

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

3.15 Trade and other receivables

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

statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

3.16 Biological assets

Biological assets and agricultural products are evaluated at fair value less estimated costs to sell. Fair value determination of Cereals is based on the present value of net cash flows resulting from the projected quantity of (corn, cotton, sunflower) at the end of the fiscal year valued at the market price for the following season less the estimated costs of harvesting and transport, and for the predicted amounts of these crops, management should evaluate the expected of them for the season, taking the weather and harvest programs in consideration. To identify and assess the expected price of (corn, cotton, sunflower), management must consider the markets that will be sold crops where for the next year, whether domestic sales or export sales and assessment of local and global, as well as foreign exchange rates and the book value of those crops.

The immature (corn, cotton, sunflower) are stated on cost as the cost approximate the fair value as little biological transformation has taken place since initial cost incurrence.

3.17 Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and other additional selling expenses.

The cost of fertilizer, chemicals and spare parts includes the purchase cost in addition to costs associated with the arrival of inventory to the site and the situation in which the fit for use, as is the cost of the stock of products, agriculture is sustainable in the actual cost until the date of harvest as well as all the elements of the costs required to reach the products to stores. The cost of inventories is determined as follows:

- Cost fertilizers and chemicals, spare parts, is determined using the weighted average method.
- Cost of finished goods from sustainable plantations is carried at fair value at the date of harvest estimated less costs to sell.

3.18 Trade and other payables

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

3.19 Provisions

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

3.20 Interest bearing borrowings

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

3.21 Legal reserve

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

3.22 Dividends

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

3.23 Income tax

- Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.
- Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

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

3.24 Earnings per share

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

3.25 Employees benefits

3.25.1 Pensions

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

3.25.2 Other short-term benefits

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

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

3.26 Revenue

Revenue recognition

Revenues comprise the fair value of the consideration received or receivable for services in the ordinary course of the Company's activities. Revenue is shown net of sales tax, rebates, and discounts.

The Company recognises revenues when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction, and the specifics of each arrangement.

3.26.1 Gain (loss) on sale of investments

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

3.26.2 Services

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

3.26.3 Commissions

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

3.26.4 Dividend income

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

3.26.5 Interest income

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

3.26.6 Management fee

Management fee is recognized upon rendering the service.

3.26.7 Advisory fee

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

3.26.8 Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, and the amount of revenue can be measured reliably.

4. Determination of fair values

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

4.1 Intangible assets

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

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

4.2 Investment in equity and debt securities

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

4.3 Trade and other receivables

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

4.4 Non-derivatives financial liabilities

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

4.5 Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Citadel Capital Company

Notes to the consolidated financial statements for the period ended June 30, 2013

5. Fixed assets

	Land	Buildings	Lease hold improvements	Machinery and equipment	Furniture & fixtures	Computer equipment	Transportation means	Assets under construction *	Total
	LE	LE	LE	LE	LE	LE	LE	LE	LE
Cost as at 1/1/2013	24 000 000	34 854 566	8 020 464	90 208 507	28 071 300	8 328 301	3 093 601	127 421 364	323 998 103
Reclassification	--	--	(7 887 930)	--	--	--	--	7 887 930	--
Additions	--	--	--	2 216 579	21 111	4 400	--	7 423 226	9 665 316
Disposals	--	--	--	(244 545)	(12 239)	--	--	--	(256 784)
Foreign currency translation differences	--	129 079	12 624	13 462 660	705 164	73 937	412 688	26 494 497	41 290 649
Cost as at 30/6/2013	24 000 000	34 983 645	145 158	105 643 201	28 785 336	8 406 638	3 506 289	169 227 017	374 697 284
Accumulated depreciation and impairment as at 1/1/2013	--	10 128 361	137 668	24 579 578	23 199 431	7 882 162	1 461 448	--	68 388 648
Depreciation	--	855 541	854	4 901 084	886 043	174 767	153 632	--	6 971 921
Disposals	--	--	--	(69 289)	(12 239)	--	--	--	(81 528)
Foreign currency translation differences	--	1 085	6 636	3 619 672	181 543	43 425	127 434	--	3 979 795
Accumulated depreciation as at 30/6/2013	--	10 984 987	145 158	33 031 045	24 254 778	8 100 354	1 742 514	--	78 258 836
Carrying amounts									
At 30/6/2013	24 000 000	23 998 658	--	72 612 156	4 530 558	306 284	1 763 775	169 227 017	296 438 448
At 31/12/2012	24 000 000	24 726 205	7 882 796	65 628 929	4 871 869	446 139	1 632 153	127 421 364	256 609 455

* Assets under construction include an amount of LE 148 240 062 related to Sabina for Integrated Solutions – one of the group entities - represents the value of developing and improving agricultural lands in Sudan , and LE 20 986 955 related to National Company for Touristic Property Investment – one of the group companies.

Citadel Capital Company

Notes to the consolidated financial statements for the period ended June 30, 2013

6. Investments in subsidiaries and associates

The Group investments in subsidiaries and associates are represented in:

	Percentage		Carrying amount	
	2013	2012	30/6/2013	31/12/2012
	%	%	LE	LE
El Kateb for Marketing & Distribution Co.***	48.88	48.88	--	434 785
Pharos Holding Co. *	53.00	53.00	91 230 283	91 140 296
Elsharq Book Stores Co.	40.00	40.00	15 137 661	15 313 441
ASEC Company for Mining (ASCOM)	39.22	39.22	122 682 354	118 062 774
Silverstone Capital Investments Ltd.	41.81	41.81	254 528 758	251 361 875
Dar El-Sherouk Ltd. *	58.51	58.51	135 836 902	140 384 623
Cron dall Holdings Ltd.	47.67	47.67	142 459 810	131 740 449
National Development and Trading Company ***	49.81	49.81	--	--
United Foundries Company ***	29.95	29.95	--	--
Mena Home Furnishings Mall	32.13	32.13	81 617 427	87 841 662
Citadel Capital Transportation Opportunities Ltd.	37.90	34.16	144 292 799	142 551 181
Tawazon for Solid Waste Management (Tawazon)	25.48	25.48	22 213 863	24 852 493
Mena Glass Ltd.	21.03	21.03	149 082 142	133 852 139
Tanmeyah Company S.A.E **	51.00	51.00	3 547 914	7 663 147
Ledmore Holdings Ltd.	35.00	35.00	24 107 325	21 565 372
Balance			<u>1 186 737 238</u>	<u>1 166 764 237</u>

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

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

*** The Company has stopped recognizing its share of losses for National Development and Trading Company ,United Foundries Company and El Kateb for Marketing & Distribution Co. because there losses exceeded the investment value according to the Egyptian Accounting Standards no.(18) – (investments in associates) which states that if an investor's share of losses of an associates equals or exceeds its interest in the associates, the investor discontinues recognizing its share of future losses after the investor's interest is reduced to zero. The unrecorded share of the Company of loss of National Development and Trading Company ,United Foundries Company and El Kateb for Marketing and Distribution Company LE 93 402 773 , LE 19 840 261 and LE 212 598 according to those companies financial results at June 30, 2013.

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2013

Summary of financial statements of associates

30//6/2013

	Current assets		Non-current assets		Total assets		Current liabilities		Non-current liabilities		Total liabilities		Revenues		Expenses	
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
El Kateb for Marketing & Distribution Co.	10 316 136	9 849 693	20 165 829	11 808 393	160 448	11 968 841	2 661 529	3 551 024								
Pharos Holding Co.	179 706 644	185 822 541	365 529 185	226 457 289	316 069	226 773 358	27 296 946	27 375 029								
Elsharq Book Stores Co.	10 498 497	6 463 948	16 962 445	4 271 913	524 997	4 796 910	11 651 459	11 945 722								
ASEC Company for Mining (ASCOM)	252 274 627	873 829 641	1 126 104 268	476 075 274	327 347 561	803 422 835	311 959 043	321 904 168								
Silverstone Capital Investments Ltd.	1 997 344 889	966 594 295	2 963 939 184	1 361 914 861	289 729 791	1 651 644 652	639 870 908	609 902 845								
Dar El-Sherouk Ltd.	129 784 397	78 778 506	208 562 903	44 813 713	3 297 517	48 111 230	17 100 616	22 412 448								
Crondall Holdings Ltd.	47 982 929	957 109 640	1 005 092 569	662 104 288	--	662 104 288	19 189 088	14 579 191								
National Development and Trading Co.	1 656 255 076	5 600 633 369	7 256 888 445	3 168 682 278	2 641 055 739	5 809 738 017	1 071 948 674	1 248 376 126								
United Foundries Company	427 894 548	92 665 463	520 560 011	437 147 851	161 422 043	598 569 894	70 955 136	124 124 158								
Mena Home Furnishings Mall	28 034 061	643 643 856	671 677 917	247 912 058	228 804 987	476 717 045	9 297 077	40 905 045								
Citadel Capital Transportation Opportunities Ltd.	100 916 586	723 104 170	824 020 756	203 570 677	349 764 726	553 335 403	24 999 189	63 069 443								
Tawazon for Solid Waste Management Company																
(Tawazon)	120 342 508	125 429 015	245 771 523	102 145 779	8 531 383	110 677 162	40 433 299	50 215 777								
Mena Glass Ltd.	245 347 856	1 532 795 105	1 778 142 961	248 164 834	558 220 572	806 385 406	211 610 403	198 466 023								
Tanmeyah Company S.A.E.	42 150 135	18 429 474	60 579 609	68 109 462	--	68 109 462	32 393 129	40 472 717								
Ledmore Holdings Ltd.	8 628 233	150 575 055	159 203 288	39 619 118	15 288 661	54 907 779	331 590	8 012 814								

- Note no. (20).

7. Other investments

	Note no.	30/6/2013 LE	31/12/2012 LE
Non-current investments			
Available-for-sale investments (net)	7.1	1 488 905 487	1 298 984 482
Payments for investments (net)	7.2	824 445 252	748 225 186
Loans to related parties	7.3	952 476 125	822 145 410
Others	7.4	--	28 616 041
		<u>3 265 826 864</u>	<u>2 897 971 119</u>
Current investments			
Investments at fair value through profit or loss	7.5	<u>3 079 194</u>	<u>3 891 605</u>
		<u>3 268 906 058</u>	<u>2 901 862 724</u>

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

	30/6/2013 LE	31/12/2012 LE
Orient Investment Properties Ltd.	895 582 594	802 452 210
Logria Holding Ltd. *	456 300 000	408 850 000
Golden Crescent Investment Ltd. *	444 839 850	398 581 575
Falcon Agriculture Investments Ltd.	372 899 846	293 960 861
EFG Capital Partners Fund II & III	23 705 289	23 705 289
Sphinx Turnaround	24 024 398	18 823 033
Modern Company for Isolating Materials	43 396	43 396
Arab Swiss Engineering Company (ASEC)	34 958	34 958
Medcom National Company	1 000	1 000
Underscore International Holdings	702	629
Valencia Regional Investment Ltd.	702	629
TAQA Arabia (note 18-2)	172 611 937	146 978 713
Arab Refinery Company	122	122
ASEC Cement Company	543	--
Total	<u>2 390 045 337</u>	<u>2 093 432 415</u>
Accumulated impairment *	<u>(901 139 850)</u>	<u>(794 447 933)</u>
Net	<u>1 488 905 487</u>	<u>1 298 984 482</u>

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2013

*Accumulated impairment in investments of the Company are represented in:

	Balance as at 1/1/2013	Formed during the period	Foreign currency translation Differences	Balance as at 30/6/2013
	LE	LE	LE	LE
Logria Holding Ltd.	408 850 000	--	47 450 000	456 300 000
Golden Crescent Investment Ltd.	385 597 933	13 989 100	45 252 817	444 839 850
Balance	<u>794 447 933</u>	<u>13 989 100</u>	<u>92 702 817</u>	<u>901 139 850</u>

7.2 The payments for investments are as follows:

	30/6/2013	31/12/2012
	LE	LE
Grandview Investment Holding	86 907 902	77 870 470
Fund Project	2 837 229	2 035 911
Pharos Holding Co.	18 621 911	18 621 911
Nile Valley Petroleum Ltd.	42 618 420	38 186 590
Citadel Capital Transportation Opportunities II Ltd.	21 060	18 870
Mena Joint Investment Fund	65 558 208	58 740 902
Africa Joint Investment Fund	100 584 842	90 125 164
Falcon Agriculture Investments Ltd.	--	40 161 650
Ambiance Rail Company (PTY) Limited	--	218 202 452
KU Railways Holdings Limited	506 017 985	203 116 435
ASEC Emirates for Mining *	38 911 930	34 865 533
Citadel Capital Al Qalaa - Saudi Arabia	1 015 105	909 547
Valencia Regional Investment Ltd.	<u>262 590</u>	<u>235 284</u>
Total	863 357 182	783 090 719
Accumulated impairment *	<u>(38 911 930)</u>	<u>(34 865 533)</u>
Net	<u>824 445 252</u>	<u>748 225 186</u>

7.3 Loans to subsidiaries and associate companies are as follows:

	note	30/6/2013	31/12/2012
	no.	LE	LE
National Development and Trading Company	7.3.1	485 401 388	422 667 591
United Foundries Company	7.3.2	145 142 865	127 377 193
Underscore International Holdings Ltd.	7.3.3	105 300 000	94 350 000
Valencia Regional Investment Ltd.	7.3.4	80 730 000	72 335 000
Others	7.3.5	<u>135 901 872</u>	<u>105 415 626</u>
Balance		<u>952 476 125</u>	<u>822 145 410</u>

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

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

ASEC Cement Company	41 050 000 shares
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Arab Swiss Engineering Company (ASEC)	899 900 shares
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The balance of the two loans is US.\$ 69 145 497 (equivalent to LE 485 401 388 as at June 30, 2013) against US.\$ 67 196 755 (equivalent to LE 422 667 591 as at December 31, 2012) including accrued interest during the period amounted to US.\$ 3 811 334 (equivalent to LE 26 755 565 as at June 30, 2013) against US.\$ 6 970 742 (equivalent to LE 43 845 967 as at December 31, 2012).

7.3.2 The Company has concluded a subordinating loan contract with United Foundries Company (one of the associate companies - 29.95%) on June 2, 2010 with an amount of US.\$ 11 563 187 for a period of three years, the principle of the loan has to be paid with interest at the end of the loan period, with 11.5% annual cumulative interest , according to the loan contract the Company has the right to convert the value of the loan in addition to its interest due into capital increase in the capital of United Foundries Company with par value at the end of loan period.

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

On January 9, 2012 the board of directors of United Foundries Company decided to convert a convertible loan contract to current account as a subordinating loan that will be settled on 10 years with annual interest rate equals to 6% against end of loan commission amounted to US.\$ 1 421 320 (equivalent to LE 8 641 626).

The balance of the subordinating loan is US.\$ 20 675 622 (equivalent to LE 145 142 865 as at June 30, 2013) versus US.\$ 20 675 622 (equivalent to LE 127 377 193 as at December 31, 2012) including accrued interest during the period amounted to US.\$ 601 669 (equivalent to LE 4 223 716 as at June 30, 2013) versus US.\$ 1 122 392 (equivalent to LE 7 059 846 as at December 31, 2012).

7.3.3 On December 28, 2010, Citadel Capital for International Investments Ltd. (one of the subsidiaries - 100%) has granted Underscore International Holdings Ltd. (owned with a percentage of 10%) a loan with an amount of US.\$ 15 Million (equivalent to LE 105 300 000 as at June 30, 2013 against LE 94 350 000 as at December 31, 2012) to purchase 4 754 098 shares - (2.83%) of National Development and Trading Company for a period of two years against interest equals to Internal Rate of Return (IRR) of Underscore International Holdings Ltd. less 1% as fees for the mentioned company, the interest will be due when sell those shares.

7.3.4 Alder Burke Investments Ltd. (one of the subsidiaries - 100%) has granted Valencia Regional Investment Ltd. (owned with a percentage of 10%) a loan as at December 28, 2010 with an amount of US.\$ 11 500 000 (equivalent to LE 80 730 000 as at June 30, 2013 against LE 72 335 000 as at December 31, 2012) to purchase 3 582 555 shares - (2.13%) of National Development and Trading Company for a period of two years against interest equals to Internal Rate of Return (IRR) of Valencia Regional Investments Ltd. less 1% as fees for the mentioned company, the interest will be due when sell those shares.

7.3.5 Others

	30/6/2013	31/12/2012
	LE	LE
Safari Rail Company Ltd.	42 120 000	37 740 000
Bomi Holdings Ltd.	85 154 292	66 864 216
KU Railways Holding Ltd.	8 627 580	811 410
Balance	<u>135 901 872</u>	<u>105 415 626</u>

7.4 Other investments with an amount of US.\$ 4 549 450 as at December 31, 2012 (equivalent to LE 28 616 041) blocked at Citibank – London for Ambience ventures Ltd. (one of the subsidiaries - 75%) to ensure Ambience ventures Ltd. seriousness of payment of its due portion in KU Railways Holding Limited future capital increase and during the period ended March 31, 2013 it was transferred to payments for investments in KU Railways Holding Limited.

7.5 Investments at fair value through profit or loss:

	30/6/2013	31/12/2012
	LE	LE
Modern Shorouk for Printing Co.	926 939	1 530 660
Al Arafa Investment and Consulting	787 646	996 336
TAQA Arabia	1 364 609	1 364 609
Balance	3 079 194	3 891 605

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

8. Other assets

	Note	30/6/2013	31/12/2012
	no.	LE	LE
Biological assets	8.1	12 482	1 705 917
Inventory	8.2	7 996 005	10 838 815
Balance		8 008 487	12 544 732

8.1 Biological assets are represented in:

	30/6/2013	31/12/2012
	LE	LE
Plants (cotton , corn , sun flower)	12 482	1 705 917

8.2 Inventory is represented in:

	30/6/2013	31/12/2012
	LE	LE
Fertilizers	294 735	265 740
Chemicals	6 023 546	7 969 417
Seeds	78 659	1 306 968
Spare parts	1 402 294	1 296 690
Others	196 771	--
Balance	7 996 005	10 838 815

9. Trade and other receivables

	Note	30/6/2013	31/12/2012
	no.	LE	LE
Due from related parties (net)	9.1	1 256 660 985	1 122 543 311
Other receivables	9.2	66 360 568	58 131 787
Balance		1 323 021 553	1 180 675 098

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2013

9.1 Due from related parties

	Nature of transaction		30/6/2013	31/12/2012
	Advisory fee	Finance		
	LE	LE	LE	LE
Logria Holding Ltd. *	38 637 385	2 239 099	40 876 484	36 626 606
Mena Home Furnishings Mall	9 217 204	140 868 775	150 085 979	106 515 556
Citadel Capital Transportation Opportunities Ltd.	2 297 380	145 209 325	147 506 705	128 332 139
Silverstone Capital Investments Ltd.	3 382 096	--	3 382 096	11 654 816
Falcon Agriculture Investments Ltd.	26 439 187	280 148 376	306 587 563	226 102 704
Orient Investment Properties Ltd.	--	78 511	78 511	70 026
Golden Crescent Investment Ltd.	26 783 055	--	26 783 055	23 997 923
ASEC Cement Company	8 702 879	107 976 948	116 679 827	15 724 998
Sphinx Glass Ltd.	8 424 000	--	8 424 000	5 032 000
Mena Glass Ltd.	7 971 209	--	7 971 209	4 761 530
Mena Joint Investment Fund	727 749	--	727 749	1 256 402
Africa Joint Investment Fund	730 887	--	730 887	751 787
Citadel Capital Transportation Opportunities II Ltd.	3 855 204	--	3 855 204	6 908 611
Africa JIF HOLD CO I	1 482 238	--	1 482 238	1 108 077
Africa JIF HOLD CO III	5 379 419	--	5 379 419	4 196 191
Mena JIF HOLD CO I	1 482 238	--	1 482 238	1 108 072
Grandview Investment Holding	--	32 344 053	32 344 053	49 076 448
ASEC Company for Mining (ASCOM)	--	113 313 765	113 313 765	96 084 159
Golden Crescent Finco Ltd. *	--	203 290 341	203 290 341	179 634 462
Emerald Financial Services Ltd. *	--	219 667 432	219 667 432	226 367 030
Nile Valley Petroleum Ltd.	--	150 192 900	150 192 900	134 574 758
Tawazon for Solid Waste Management (Tawazon)	--	1 193 800	1 193 800	1 132 137
National Development and Trading Company	--	--	--	15 176 505
United Foundries Company	--	58 734 638	58 734 638	64 453 083
Citadel Capital East Africa	--	26 535	26 535	23 776
Citadel Capital – ALQALAA Saudi Arabia	--	564 813	564 813	457 040
ESACO for Manufacturing, Engineering and				
Construction *	--	27 461 229	27 461 229	54 135 206
Valencia Regional Investments Ltd.	--	56 820	56 820	55 000

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2013

	Nature of transaction		30/6/2013	31/12/2012
	Advisory fee	Finance		
	LE	LE	LE	LE
El Kateb for Marketing & Distribution Co.	--	4 301 673	4 301 673	4 301 673
Ledmore Holdings Ltd.	2 050 048	36 541 122	38 591 170	30 836 885
Nahda	--	4 526 854	4 526 854	4 056 113
Egyptian Company for international Publication.	--	9 452 855	9 452 855	4 250 000
Underscore International Holdings Ltd	--	55 000	55 000	55 000
ASEC for Manufacturing and Industrial Projects- ARESCO	--	1 162 329	1 162 329	855 440
Total			1 686 969 371	1 439 672 153
Accumulated impairment *			(430 308 386)	(317 128 842)
Net			1 256 660 985	1 122 543 311

* Impairment in due from related parties are represented in:

	Balance as at 1/1/2013	Formed during the period *	Reversal during the period *	Foreign currency translation Differences	Balance as at 30/6/2013
	LE	LE	LE	LE	LE
ESACO for Manufacturing, Engineering and Construction	54 135 206	2 433 555	(28 204 040)	(903 492)	27 461 229
Emerald Financial Services Ltd.	226 367 030	4 066 260	(35 896 550)	25 130 692	219 667 432
Logria Holding Ltd.	36 626 606	--	--	4 249 878	40 876 484
Golden Crescent Finco Ltd.	--	137 379 387	--	4 923 854	142 303 241
Balance	317 128 842	143 879 202	(64 100 590)	33 400 932	430 308 386

* Note (23).

9.2 Other receivables are represented in:

	30/6/2013	31/12/2012
	LE	LE
Prepaid expenses	447 129	1 228 375
Deposits with others	776 669	787 370
Advances to suppliers	10 291 525	8 592 444
Letters of guarantee margin	702 000	629 000
Imprest	2 719 340	1 144 604
Accrued revenue	2 707 696	2 337 559

	30/6/2013	31/12/2012
	LE	LE
Prepaid interest*	21 065 588	22 847 538
Debit balances under settlement	7 722 000	6 919 000
Sundry debit balances	19 928 621	13 645 897
Balance	<u>66 360 568</u>	<u>58 131 787</u>

- * Prepaid interest item is represented in the value of the loan interest granted from Arab International Bank to the International Company for refinery consultancy (one of the subsidiaries – 100%) as the Company has settled the interest in advance according to the signed contract with the bank as at November 4, 2012 - note (14-4).

10. Cash and cash equivalents

	30/6/2013	31/12/2012
	LE	LE
Cash on hand	351 757	202 350
Banks - current accounts	238 310 385	248 308 782
Banks - time deposits	47 297 945	62 900
Total	<u>285 960 087</u>	<u>248 574 032</u>
Effect of foreign exchange differences	23 489 684	6 638 931
Balance	<u>309 449 771</u>	<u>255 212 963</u>

Non cash transactions

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

- LE 10 485 638 from changes in loans and interest expenses (represents the value of the interest due on loans during the period).
- LE 16 075 786 from Interest income and changes in other investments (represents the value of the interest due on other investments during the period).

11. Share capital

- The Company's authorized capital is LE 6 Billion and the issued and paid-in capital is LE 4 358 125 000 represents 871 625 000 shares distributed to 653 718 750 ordinary shares and 217 906 250 preferred shares with par value LE 5 per share.
- The preferred share has the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extraordinary general assembly meeting held on May 12, 2008 and also paragraph no.(3) of article no.(18) of the Company's article of associations. And those shares are owned by Citadel Capital Partners Ltd. the principle shareholder of the Company.

The shareholders' structure is represented as follows:

Shareholders' name	Percentage %	No. of shares	Value in LE
Citadel Capital Partners Ltd.	26.92	234 643 220	1 173 216 100
Soliman Abd Elmohsen Abd Allah Abanami	15.16	132 100 000	660 500 000
Emirates International Investments Company	7.49	65 318 565	326 592 825
Others	50.43	439 563 215	2 197 816 075
	<u>100</u>	<u>871 625 000</u>	<u>4 358 125 000</u>

12. Reserves

12.1 Legal reserve

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

12.2 Fair value reserve

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

13. Non - controlling interests

	30/6/2013 LE	31/12/2012 LE
Capital	585 129 383	479 099 845
Payments for capital increase	1 755 000	1 572 500
Other owners' equity	(37 733 160)	(27 685 147)
Foreign currency translation reserve	(11 160 759)	(4 117 192)
Net loss for the period / year	<u>(5 399 995)</u>	<u>(10 617 804)</u>
Balance	<u>532 590 469</u>	<u>438 252 202</u>

14. Loans and borrowings

	note no.	30/6/2013 LE	31/12/2012 LE
Long term – loans	(14.1,2,3,4)	2 160 755 931	1 923 023 521
Short term – loans	(14.1,3,5)	<u>827 341 145</u>	<u>543 265 577</u>
Balance		<u>2 988 097 076</u>	<u>2 466 289 098</u>

- 14.1 On February 1, 2012 the Company has signed a long-term loan with an amount of US.\$ 325 million with City Bank Group - syndication manager – along with other group of banks (represented in Arab African International Bank S.A.E, Arab International Bank, Banque du caire, Misr Bank S.A.E, and Piraeus Bank) and guaranteed by Overseas private Investment Corporation (OPIC) for the purpose of expanding the Company's investments and refinancing the outstanding debts as at December 31, 2011 (which represented in the loan granted to the company on May 15, 2008 with an amount of US.\$ 200 million for a period of five years from a group of banks represented in Arab African International Bank, Suez Canal Bank, Misr bank , Piraeus Bank, Morgan Stanely Bank and City Bank London "syndication manager"; loan is to be paid on three installments during the contract period begins from the third year to the end of contract on May 15, 2013. The loan balance is an amount of US.\$ 171 957 803 (equivalent to LE 1 032 984 912) as at December 31, 2011 until the date of the new contract)

The new loan amount is divided into three classes :-

- First class : Irrevocable amount of US.\$ 175 million bearing variable interest rate (4.25 % + Libor rate) for 5 years begins from the date of the contract and payable on five equal annual installments.
- Second class : Irrevocable amount of US.\$ 125 million bearing fixed interest rate (3.9 % + Libor rate on the date of withdrawal) for 10 years begins from the date of the contract and payable on nine equal annual installments with one year grace period.
- Third class : Irrevocable amount of US.\$ 25 million bearing fixed interest rate (3.9 % + Libor rate on the date of withdrawal) and the Company has the right to use it within three years begins from the date of the contract and payable on nine equal annual installments begins from the date of withdrawal with one year grace period.

According to the loan contract, the loan instalments would be paid on December 20th each year.

The Company has used an amount of US.\$ 300 million (equivalent to LE 2 106 000 000) till June 30, 2013 and the current stage instalment is amounted to US.\$ 83 888 888 (equivalent to LE 588 899 993 as at June 30, 2013).

The interest on loan charged to the income statement during the period is LE 57 659 239 - note no. (24).

The loan guarantees are as follows:

- First degree lien contract of the shares owned by the Company in National Development and Trading Company.
- First degree lien contract of the shares owned by the Company in International Company for Mining Consulting.

- First degree lien contract of the shares owned by the Company in United Foundries Company.
- First degree lien contract of the shares of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone).
- First degree lien contract of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone) investments on the following companies:
 - Orient Investments Properties Ltd.
 - Logria Holding Ltd.
 - Golden Crescent Investments Ltd.
 - Falcon Agriculture Investments Ltd.
 - Silverstone Capital Investment Ltd.
 - Mena Glass Ltd.
 - Mena Home Furnishings Mall.
 - Valencia Trading Holding Ltd.
 - Andalusia Trading Investments Ltd.
 - Citadel Capital Transportation Opportunities Ltd.
 - Lotus Alliance Limited.
 - Citadel Capital Financing Corp.
 - Grandview Investment Holding
 - Africa Railways Holding
 - Citadel Capital for Promotion Company

14.2 On December 21, 2010 National Refining Consulting Company (one of the subsidiaries - 99.99%) obtained a long-term loan from Arab International Bank for five years with an amount of US.\$ 50 million (equivalent to LE 351 500 000 as at June 30, 2013 against LE 314 500 000 as at December 31, 2012) to purchase 50 million shares in Orient Investments Properties Ltd. Company (owned Company with a percentage of 31.76%). The loan is guaranteed by pledging the Company's share in Orient Investments Properties Ltd. in favour of the bank. The bank is entitled to transfer the ownership of those share in favour of the bank at any time against the facilities granted to the National Company for Refinery Consultants. The parties agreed on a return of US.\$ 15 608 926 (equivalent to LE 109 574 660 as at June 30, 2013) against (LE 98 180 145 as at December 31, 2012) during the term of the contract provided that the accrued interest will be added to the loan principle, the accrued interest as at June 30, 2013 amounted to US.\$ 7 881 396 (equivalent to LE 55 327 400) against US.\$ 6 334 181 (equivalent to LE 39 841 998 as at December 31, 2012). The loan principle along with the outstanding accrued interest will be paid in full at the end of the contract on December 21, 2015. The total balance of the loan as at June 30, 2013 is US.\$ 57 881 396 (equivalent to LE 406 327 400) against US.\$ 56 334 181 (equivalent to LE 354 341 998 as at December 31, 2012).

14.3 Sabina for Integrated Solutions Company (one of the subsidiaries - 96%) signed a long - term loan contract with Khartoum Bank - Sudan amounted to US.\$ 9.03 million. The Company has withdrawn an amount of US.\$ 8 941 046 (equivalent to LE 62 766 143 as at June 30, 2013) against US.\$ 8 994 027 (equivalent to LE 56 572 430 as at December 31, 2012) , and the current portion of loan on June 30, 2013 is amounted to US.\$ 1 902 192 (equivalent to LE 13 353 388 as at June 30, 2013) and the non-current portion is amounted to US.\$ 7 038 854 (equivalent to LE 49 412 755 as at June 30, 2013) .

14.4 International Company for Refinery Consultation Company – (one of the subsidiaries- 99.99%) has signed a long - term loan contract with Arab International Bank on November 4, 2012 with an amount of US.\$ 26 768 628 (equivalent to L.E 187 915 769 as at June 30, 2013 against LE 168 374 670 as at December 31, 2012) for a period of three years bearing interest rate (5.2 % annually with total amount US.\$ 3 820 781 (equivalent to LE 26 821 883 paid in advance) for the purpose of settling the outstanding loan balance due on United for Petroleum Refining Consultation Company – related company– and other financial requirements and the interest due on the loan till June 30, 2013 is US.\$ 819 985 (equivalent to L.E 5 756 295).

The loan guarantee is represented in letter of guarantee to Standard Chartered Bank Korea Limited with an amount of US.\$ 26 768 628 for the favour of Arab International Bank .

14.5 Trimstone Assets Holdings Ltd. Company (one of the subsidiaries- 100%) has signed a short - term loan contract with Arab International Bank on March 6, 2013 with an amount not exceeding US.\$ 35 million (equivalent to L.E 245 700 000 as at June 30, 2013). The Company has used an amount of US.\$ 32 063 784 (equivalent to LE 225 087 764 as at June 30, 2013) with an interest rate (5 %+ US.\$ Libor rate over six months the interest is payable every 6 months) and the loan shall be repaid on two semi annual instalments, the first instalment shall be due on September 2013 and the second instalment shall be due on March 2014.

The loan guarantee is represented in the following:

- A first degree lien contract of the shares owned by the borrower of TAQA Arabia Company.
- A first degree lien contract over shares of Citadel Capital Company for Financial Consultancy covering 35% of the value of the loan in the favour of the bank.

15. Bank overdraft

Concord Agriculture CO. Ltd. – one of the subsidiaries-96% – obtained an overdraft from KCB Bank South Sudan Limited with amount of US.\$ 766 607 (equivalent to LE 5 381 581 as at June 30, 2013) against debenture signed by the company on 29 April, 2013.

This balance with related interact, commission, fees and charges due on 30 April, 2014. The balance secured by the freehold and leasehold property, buildings and equipments of Concord Agriculture CO. Ltd.

16. Long term liabilities

	30/6/2013	31/12/2012
	LE	LE
Creditors-purchase of investments *	<u>10 787 486</u>	<u>10 787 486</u>

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

17. Deferred tax

	30/6/2013	31/12/2012
	LE	LE
Fixed assets depreciation	<u>724 591</u>	<u>693 087</u>

The Company has carried over tax losses from previous years that were not recognized due to the lack of reasonable assurance of future taxable profit to benefit in the near future.

18. Trade and other payables

	Note	30/6/2013	31/12/2012
	no.	LE	LE
Due to related parties	18.1	513 326 464	490 529 819
Other payables	18.2	<u>296 735 734</u>	<u>304 665 899</u>
Balance		<u>810 062 198</u>	<u>795 195 718</u>

18.1 Due to related parties :

	30/6/2013	31/12/2012
	LE	LE
Citadel Capital Partners Ltd.*	253 091 383	255 980 135
Mena Glass Ltd.	30 945 543	31 145 073
Crondall Holdings Ltd.	15 720 528	4 468 434
Citadel Capital Transportation Opportunities II Ltd.	3 318 831	9 894 900
Africa JIF Hold CO III	269 062	241 084
ASEC Cement Company	28 617 774	22 180 251
Falcon Agriculture Investments Ltd.	15 031 133	13 468 066
National Company for Agricultural Investment (Gozour)	97 658 028	87 502 706
Silverstone Capital Investments Ltd.	65 642 932	61 865 968
Pharos Holding Co.	3 031 250	3 783 202
Balance	<u>513 326 464</u>	<u>490 529 819</u>

* The main shareholder of the Company – 26.92%.

18.2 Other payables :

	30/6/2013	31/12/2012
	LE	LE
Tax Authority	29 358 613	23 327 700
National Authority for Social Insurance	621 454	446 789
Accrued expenses	87 066 959	71 128 110
Dividend payable – previous years	2 927 959	2 926 499
Accrued interest	6 722 051	39 294 929
Suppliers	16 748 784	12 323 401
Notes payable *	120 533 175	146 978 713
Global service realty Ltd.	14 000 000	--
Sundry credit balances	18 756 739	8 239 758
Balance	<u>296 735 734</u>	<u>304 665 899</u>

- * Notes payable balance as at June 30, 2013 represents checks due on the company against purchase of 6 821 407 shares in TAQA Arabia (against LE 146 978 713 as at December 31, 2012) included in available-for- sale investments note (7-1). During the period the Company paid an amount LE 21 255 222 and US.\$ 739 361 equivalent to LE 5 190 316 on transaction date.

19. Expected claims provision

	30/6/2013	31/12/2012
	LE	LE
Balance at the beginning of the period/year	212 898 033	206 560 345
Provisions formed during the period/year	135 542	7 000 000
Acquisition of subsidiaries	--	1 210 793
Foreign currency translation differences	1 565 557	1 063 874
Provisions used during the period/year	--	(2 936 979)
Provisions no longer needed	(17 255 771)	--
Balance	<u>197 343 361</u>	<u>212 898 033</u>

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

Citadel Capital Company
Notes to the consolidated financial statements for the period ended June 30, 2013

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

	For the period		For the period	
	from 1/4/2013 to 30/6/2013	from 1/1/2013 to 30/6/2013	from 1/4/2012 to 30/6/2012	from 1/1/2012 to 30/6/2012
	LE	LE	LE	LE
El Kateb for Marketing & Distribution Co.	(193 191)	(434 785)	(186 752)	(345 984)
Pharos Holding Co.	(136 055)	(41 384)	(49 429)	(30 411)
Elsharq Book Stores Co.	(131 385)	(117 705)	(186 074)	(215 766)
ASEC Company for Mining (ASCOM)	(7 683 038)	(3 900 677)	(1 906 305)	(4 696 413)
Silverstone Capital Investments Ltd.	8 323 416	12 529 188	14 942 146	27 296 062
Dar El-Sherouk Ltd.	(2 528 579)	(3 107 953)	(2 781 394)	(4 176 247)
Cron dall Holdings Ltd.	1 250 630	2 197 704	12 303 320	21 975 368
National Development & Trading Company	--	--	(66 457 772)	(131 051 468)
United Foundries and Heat Treatment Company	--	--	(9 263 375)	(16 647 093)
Mena Glass Ltd.	2 920 582	2 764 263	(687 600)	(2 221 957)
Tanmeyah Company S.A.E	1 360 032	(4 115 234)	607 381	104 512
Mena Home Furnishings Mall	(5 278 123)	(10 155 640)	(4 583 382)	(9 129 599)
Citadel Capital Transportation Opportunities Ltd.	(7 158 107)	(14 427 560)	(6 199 373)	(11 836 595)
Tawazon for Solid Waste Management (Tawazon)	(1 407 578)	(2 492 096)	(1 660 897)	(2 272 838)
Ledmore Holdings Ltd.	(1 867 990)	(2 688 430)	(1 473 237)	(1 981 876)
Balance	<u>(12 529 386)</u>	<u>(23 990 309)</u>	<u>(67 582 743)</u>	<u>(135 230 305)</u>

21. Acquisition of subsidiaries

- During year 2012 the Company acquired a percentage of 99.99% of shares of Wafra Agriculture S.A.E (Egyptian Joint Stock Company) through Citadel Capital for International Investments Ltd. (one of the subsidiaries-100%) with par value amounted to LE 249 997 in addition to transferring the current account due on Valencia Assets Holding Ltd. – one of Wafra Agriculture S.A.E Company's subsidiaries with a percentage of 100% – amounted to LE 188 250 476 to be investment in Wafra Agriculture S.A.E Company.
- Wafra Agriculture S.A.E Company owns several subsidiaries and then the consolidated financial statements of the Company for the period ended June 30, 2013 include the financial statements of the Wafra Agriculture S.A.E Company and its subsidiaries controlled as follows:

Company name	Country of incorporation	Ownership interest %
Valencia Assets Holding Ltd.	British Virgin Island	100.00
Sabina for Integrated Solutions	Sudan	96.00
Concord Agriculture	South Sudan	96.00
- Due to inadequate of conditions related to disclose the segments of Wafra Agriculture S.A.E Company reports according to that most of the Group activities have the same nature represents in Investments and financial consultancy except activities of Wafra Agriculture S.A.E which was consolidated at year 2012 that has different activity than other Group's activities but it is not significant for the other Group's activities by comparing total assets and liabilities , revenues and net results of this activity compared to other Group's activities.		

21.1 Net other operations results

Other operations are represented in Wafra Agricultural Company and its subsidiaries.

	For the period		For the period	
	from 1/4/2013 to 30/6/2013	from 1/1/2013 to 30/6/2013	from 1/4/2012 to 30/6/2012	from 1/1/2012 to 30/6/2012
	LE	LE	LE	LE
Sales	4 752 359	9 891 157	2 863 276	6 221 571
Cost of sales	(2 607 921)	(5 749 475)	(15 464 429)	(22 437 769)
Net profit / loss	<u>2 144 438</u>	<u>4 141 682</u>	<u>(12 601 153)</u>	<u>(16 216 198)</u>

22. Administrative and general expenses

	For the period		For the period	
	from 1/4/2013 to 30/6/2013	from 1/1/2013 to 30/6/2013	from 1/4/2012 to 30/6/2012	from 1/1/2012 to 30/6/2012
	LE	LE	LE	LE
Wages , salaries and similar items	15 752 239	31 247 413	14 763 224	31 472 722
Consultancy *	11 213 475	35 874 900	15 422 222	23 508 250
Advertising and public relations	982 964	3 037 712	2 288 420	3 325 307
Travel , accommodation and transportations	1 751 350	3 388 192	1 872 739	3 116 838
Other expenses	15 764 163	28 346 775	19 623 896	37 471 742
Total	<u>45 464 191</u>	<u>101 894 992</u>	<u>53 970 501</u>	<u>98 894 859</u>

- The Company's extraordinary general assembly meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners Ltd. (the principal shareholder 26.92 %) which states that the mentioned company provides management duties for fees based on 10% of the net annual profit available for distribution .This agreement shall remain in effect as long as Citadel Capital Partners owns 15% or more Preferred shares. Fees amounted to -nil- for the period ended June 30, 2013 and June 30, 2012.

- * Consultancy expenses include an amount of US.\$ 1 626 798 (equivalent to LE 11 024 972) for the period ended June 30, 2013 against US.\$ 1 581 125 (equivalent to LE 9 529 915 for the period ended June 30, 2012) represents the advisory fees due according to the signed contract with Financial Holding International Co. (one of the group shareholders).

23. Other expenses

	Note no.	For the period		For the period	
		from 1/4/2013 to 30/6/2013	from 1/1/2013 to 30/6/2013	from 1/4/2012 to 30/6/2012	from 1/1/2012 to 30/6/2012
		LE	LE	LE	LE
Impairment loss on assets	(23-1)	(58 119 407)	(157 868 302)	(12 255 242)	(22 122 927)
Provisions formed	(19)	(3 243)	(135 542)	--	--
Net change in the fair value of investments at fair value through profit and loss		(590 630)	(812 411)	(352 214)	(347 337)
Provisions no longer needed	(19)	412 928	17 255 771	--	--
Reversal of Impairment on due from related parties	(9-1)	64 100 590	64 100 590	--	--
Total		5 800 238	(77 459 894)	(12 607 456)	(22 470 264)

23.1 Impairment loss on assets is represented in the following:

	For the period		For the period	
	from 1/4/2013 to 30/6/2013	from 1/1/2013 to 30/6/2013	from 1/4/2012 to 30/6/2012	from 1/1/2012 to 30/6/2012
	LE	LE	LE	LE
Impairment loss on available for sale investments				
Golden Crescent Investments Ltd.	13 989 100	13 989 100	--	--
Balance	13 989 100	13 989 100	--	--
Impairment loss on due from related parties*				
Emerald Financial Services Ltd.	97 304	4 066 260	10 237 736	10 237 736
ESACO for Manufacturing, Engineering and Construction	2 433 555	2 433 555	2 017 506	11 885 191
Golden Crescent Finco Ltd.	41 599 448	137 379 387	--	--
Balance	44 130 307	143 879 202	12 255 242	22 122 927
Total	58 119 407	157 868 302	12 255 242	22 122 927

* Note no.(9-1)

24. Finance (costs) income

	For the period		For the period	
	from 1/4/2013 to 30/6/2013	from 1/1/2013 to 30/6/2013	from 1/4/2012 to 30/6/2012	from 1/1/2012 to 30/6/2012
	LE	LE	LE	LE
Interest income - note no. (27-2)	21 563 874	43 244 340	15 967 895	52 830 523
Interest expenses - note no.(14)	(35 406 737)	(72 174 017)	(29 494 737)	(117 185 494)
Foreign currency translation differences	1 082 985	23 981 845	21 026 264	21 119 129
Net	<u>(12 759 878)</u>	<u>(4 947 832)</u>	<u>7 499 422</u>	<u>(43 235 842)</u>

25. Earnings per share

	For the period		For the period	
	from 1/4/2013 to 30/6/2013	from 1/1/2013 to 30/6/2013	from 1/4/2012 to 30/6/2012	from 1/1/2012 to 30/6/2012
	LE	LE	LE	LE
Net loss for the period	<u>(47 297 564)</u>	<u>(173 717 202)</u>	<u>(124 227 118)</u>	<u>(283 484 937)</u>
Net loss for equity holders of the parent Company	<u>(43 971 682)</u>	<u>(168 317 207)</u>	<u>(122 963 814)</u>	<u>(279 079 137)</u>
Weighted average number of shares	<u>871 625 000</u>	<u>871 625 000</u>	<u>871 625 000</u>	<u>871 625 000</u>
Earnings per share	<u>(0.05)</u>	<u>(0.19)</u>	<u>(0.14)</u>	<u>(0.32)</u>

26. Finance income (expenses) recognised in equity

	For the period		For the period	
	from 1/4/2013 to 30/6/2013	from 1/1/2013 to 30/6/2013	from 1/4/2012 to 30/6/2012	from 1/1/2012 to 30/6/2012
	LE	LE	LE	LE
Foreign currency translation differences of foreign operations	37 801 551	161 902 153	(63 141 568)	(76 128 909)
Net change in the fair value of available-for-sale investment	<u>--</u>	<u>(99 197)</u>	<u>(288 365)</u>	<u>(160 331)</u>
Total finance (expenses) income recognised in equity (after tax)	<u>37 801 551</u>	<u>161 802 956</u>	<u>(63 429 933)</u>	<u>(76 289 240)</u>
Attributable to:				
Equity holders of the Company	40 027 018	168 846 523	(63 300 704)	(75 976 091)
Non - controlling interest	<u>(2 225 467)</u>	<u>(7 043 567)</u>	<u>(129 229)</u>	<u>(313 149)</u>
	<u>37 801 551</u>	<u>161 802 956</u>	<u>(63 429 933)</u>	<u>(76 289 240)</u>

27. Related party transactions

The Company transact with related parties on the same basis of transacting with another parties and related parties transactions are presented as follows:

27.1 Advisory fee

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

	For the period		For the period	
	from 1/4/2013 to 30/6/2013	from 1/1/2013 to 30/6/2013	from 1/4/2012 to 30/6/2012	from 1/1/2012 to 30/6/2012
Company's name	LE	LE	LE	LE
Mena Glass Ltd.	1 047 649	2 058 309	900 530	1 800 657
Mena Home Furnishings Mall	1 041 119	2 045 476	894 929	1 789 458
Citadel Capital Transportation Opportunities Ltd.	237 449	466 518	216 389	432 683
Falcon Agriculture Investments Ltd.	4 394 415	8 633 677	3 777 316	7 552 940
Golden Crescent Investment Ltd.*	--	--	--	1 747 858
Orient Investment Properties Ltd.	--	--	1 266 710	3 709 746
Sphinx Glass Ltd.	1 251 631	2 459 071	1 075 867	2 151 252
ASEC Cement Company	3 040 561	5 941 533	2 613 582	5 197 281
Silverstone Capital Investment Ltd.	982 645	1 930 596	315 602	631 062
Citadel Capital Transportation Opportunities II Ltd.	1 422 596	2 794 964	1 265 397	2 530 227
Africa Joint Investment Fund	813 858	1 581 348	1 201 106	2 397 750
Mena Joint Investment Fund	467 974	909 256	853 065	1 702 953
Africa JIF HOLD CO I	123 461	241 661	106 330	200 072
Africa JIF HOLD CO III	350 038	685 158	301 462	602 136
Mena JIF HOLD CO I	123 461	241 661	106 330	200 072
Ledmore Holdings Ltd.	221 770	435 714	381 258	381 258
Total	15 518 627	30 424 942	15 275 873	33 027 405

* The Company did not recognize advisory fees with an amount LE 21 652 552 and LE 4 009 286 related to Logria Holding Ltd. and Golden Crescent Investments Ltd. in accordance with the signed contracts due to inadequate assurance concerning the revenue recognition and collection conditions.

27.2 Interest income

Interest income included in financing cost note no.(24) includes an amount of LE 43 243 892 represents accrued interest income according to signed contracts from other related parties as follows:

Company's name	For the period		For the period	
	from 1/4/2013 to 30/6/2013	from 1/1/2013 to 30/6/2013	from 1/4/2012 to 30/6/2012	from 1/1/2012 to 30/6/2012
	LE	LE	LE	LE
National Company for Trading and Development *	6 741 240	13 173 009	5 215 282	10 410 811
United Foundries Company **	2 078 391	4 212 085	1 544 229	8 956 505
Golden Crescent Finco Ltd.	--	--	--	5 710 844
Mena Home Furnishings Mall	1 525 436	2 882 660	874 637	3 350 876
Citadel Capital Transportation Opportunities Ltd.	1 150 823	2 143 431	579 910	2 114 507
Grandview Investment Holding	832 346	1 617 655	674 030	2 731 314
Orient Investments Properties Ltd.	5 043 371	9 848 358	5 385 387	10 107 046
Falcon Agriculture Investments Ltd.	3 862 137	7 413 289	1 441 113	7 134 943
ASEC Company for Mining (ASCOM)	1 011 009	1 953 405	--	--
Total	22 244 753	43 243 892	15 714 588	50 516 846

* Note (7.3.1)

** Note (7.3.2)

28. Tax status

Corporate tax

The Company submitted its tax returns on regular basis for the years from 2005 to 2012 according to tax law No. 91/2005. The Company's books have not been inspected yet.

Salaries tax

The Company deducts the salaries tax according to tax law no. 91 / 2005 and the Company's books inspected for the period from launch till the date of 31/12/2009 but the authority did not inform the Company with results yet. And the years from 2010/2012 have not been inspected yet.

Stamp tax

The Company deducts the salaries tax according to tax law no. 91 / 2005 and the Company's books inspected for the period from launch till the date of 31/12/2009 but the authority did not inform the Company with results yet. And the years from 2010/2012 have not been inspected yet .

Withholding tax

The Company applies the withholding tax provisions on its transactions according to tax law No. 91/2005 and no tax inspection for withholding tax has been taken place yet.

- On December 6, 2012, several resolutions of laws on amending certain provisions of the Tax Laws has been issued and published in the Official Gazette on the that date, provided that such resolutions shall come into force from the date following the date of publication. And such amendments are:
- Amending the provisions of the Income tax Law No. 91 of 2005.
- Amending the provisions of the General Sales tax Law No. 11 of 1991.
- Amending the provisions of the Real Estate tax Law No. 196 of 2008.
- Amending the provisions of the Stamp Duty Law No. 111 of 1980.

Later statements have been issued by certain officials in respect of freezing the enforcement of such resolutions, therefore the parent company management did not affect the financial statements with these amendments. when reliable information become available on the enforcement of such resolutions and the effective date therefore, these amendments might affect the taxes bases, the related assets and liabilities, the results of operations during the year and the net profit available for distribution.

29. Group entities

	Country of incorporation	Ownership interest	
		Direct %	Indirect %
Citadel Capital Holding for Financial Investments-Free Zone	Arab Republic of Egypt-Free Zone	99.99	--
Citadel Capital for International Investments Ltd.	British Virgin Island	100.00	--
International for Mining Consultation	Arab Republic of Egypt	99.99	--
International for refinery Consultation	Arab Republic of Egypt	--	99.99

Citadel Capital Company**Notes to the consolidated financial statements for the period ended June 30, 2013**

	Country of incorporation	Ownership interest	
		Direct	Indirect
		%	%
Arab Company for Financial Investments	Arab Republic of Egypt	--	94.00
Tanweer for Marketing and Distribution Company (Tanweer)	Arab Republic of Egypt	--	99.88
Financial Unlimited for Financial Consulting	Arab Republic of Egypt	--	99.88
Citadel Company for Investment Promotion	Arab Republic of Egypt	--	99.90
National Company for Touristic and Property Investment	Arab Republic of Egypt	--	99.88
United for Petroleum Refining Consultation	Arab Republic of Egypt	--	99.99
Specialized For Refining Consulting	Arab Republic of Egypt	--	99.99
Specialized For Real Estate Company	Arab Republic of Egypt	--	99.99
National Company for Refining Consultation	Arab Republic of Egypt	--	99.99
Citadel Capital Algeria	Republic of Algeria	--	99.99
Citadel Capital Ltd.	British Virgin Island	--	100.00
Valencia Trading Holding Ltd.	British Virgin Island	--	100.00
Andalusia Trading Investments	British Virgin Island	--	100.00
Lotus Alliance Limited	British Virgin Island	--	85.70
Citadel Capital Financing Corp.	British Virgin Island	--	100.00
Ambience Ventures Ltd.	British Virgin Island	--	100.00
Africa Railways Limited *	British Virgin Island	--	40.22
Sequoia Williwow Investments Ltd.	British Virgin Island	--	100.00
Brennan Solutions Ltd.	British Virgin Island	--	100.00
Mena Enterprises Ltd.	British Virgin Island	--	100.00
Alcott Bedford Investments Ltd.	British Virgin Island	--	100.00
Eco-Logic Ltd.	British Virgin Island	--	100.00
Alder Burke Investments Ltd.	British Virgin Island	--	100.00
Black Anchor Holdings Ltd.	British Virgin Island	--	100.00
Cobalt Mendoza	British Virgin Island	--	100.00
Africa Railways Investments Ltd.	British Virgin Island	--	100.00
Darley Dale Investments Ltd.	British Virgin Island	--	100.00
Africa Railways Holding	Republic of Mauritius	--	51.02
Citadel Capital Joint Investment Fund Management Limited	Republic of Mauritius	--	100.00
Mena Joint Investment Fund	Luxembourg	--	100.00
Wafra Agriculture S.A.E	Arab Republic of Egypt	--	99.99
Valencia Assets Holding Ltd.	British Virgin Island	--	100.00

	Country of incorporation	Ownership interest	
		Direct	Indirect
		%	%
Sabina for Integrated Solutions	Sudan	--	96.00
Concord Agriculture	South Sudan	--	96.00
Trimestone Assets Holding Limited – BVI	British Virgin Island	--	100.00
Cardinal Vine Investments Ltd.	British Virgin Island	--	100.00

- * The Group owns preferred stocks which give the Group the authority to hire the majority of the board of directors of Africa Railways Limited which enables the Group to control the financial and operational policies. Consequently, the Company consolidates this company.

30. Employees Stock Option Plan

The Company's extraordinary meeting held on February 20, 2008 approved to add a new article to the Company Article of Association to adopt a plan or more to motivate employees, managers and executive board of directors – Employees stock option plan (ESOP) in accordance with decision no. 282 for 2005 which modified executive regulation for the law no. 159 / 1981.

On June 22, 2008 the Capital Market Authority approved the ESOP plan and the Company does not start to apply it yet.

31. Contingent liabilities

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

32. Financial instruments and management of related risks

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

32.1 Credit risk

Credit risk is the risk that one party will fail to discharge his obligation and cause the other party to incur financial loss. The financial assets representing amounts due from customers. Strict credit control is maintained and further appropriate level of impairment loss is made. The credit risk on financial instrument by ensuring that investments are made only after careful credit evaluation for these assets.

32.2 Liquidity risk

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

32.3 Financial instruments' fair values

According to the valuation bases used to evaluate the assets and liabilities of the Company which have been stated in the accompanying notes to the financial position, the financial instruments' fair value does not substantially deviate from their book values at the balance sheet date .

32.4 Market risk

A- Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- As disclosed in note no. (3.1) the Company has used the prevailing exchange rates to revalue monetary assets and liabilities at the financial position date.

B- Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. As the market dictates, the Company sometimes borrows at variable rates leaving certain exposure to changes in interest rate risk.

C- Price risk

The Company is exposed to market price risk on equity instrument and according to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk.

- Performing the necessary studies before investment decision in order to verify that investment is made in potential securities.
- Diversification of investments in different sectors and industries.
- Performing continuous studies required to follow up the company's investments and their development.

33. Subsequent Events

On September 16, 2013 the Company's management has invited the shareholders to attend the meeting of the Extraordinary General Assembly of the Company scheduled for October 9, 2013, to discuss the following agenda's items :

- 1 . Considering increase the Company's authorized capital from LE 6 billion to LE 9 billion and increase the issued capital from LE 4 358 125 000 to LE 8 billion , with an increase of LE 3 641 875 000 by issuing 728 385 000 shares at par value of LE 5 per share , consisted of 182 093 750 preferred shares and 546 281 250 ordinary shares , without issuance expense .The purpose of this capital increase is for increasing the Company's share in its related companies, financing the Company's share in the capital increase of some of its related companies and entering into new investments and amending articles 6 and 7 of the Company's Article of Association in the light of the above.
- 2 . Consider amending the status of the Company to work according to the Capital Market Law and its executive regulations as the Company is participating in the purposes of the establishment and in the capital increase of the companies pursuant to the provision of article no.27 of the Capital Market Law and article no.122 of its executive regulations. The required legal procedures are taking place.
- 3 . Change the name of the Company to reflect the conversion to an investment holding company.
- 4 . Briefing the Extraordinary General Assembly of the company with the decisions of the Ordinary General Assembly held on June 2, 2013 , which has already been approved the valuation of the fair values determined by the independent financial advisor as well as the exchange contracts.

The Ordinary General Assembly approved on agreements dated June 2, 2013 approved increasing the Company's stake in some of its companies where the Company holds investments for the following sectors:

- Energy
- Transportation and logistical support
- Agriculture and food industries
- Cement
- Other sectors

Also the General Assembly reviewed all the contracts and agreements with the shareholders of those companies that give the Company the right to purchase additional stake at a fair value with a maximum of LE 3 131 149 209 according to the valuation made by independent financial advisor (registered at the Egyptian Financial Supervising Authority–EFSA) and which has been reviewed by the Company's external auditor.

The General Assembly approved to grant the management of the Company the authority to determine the proper timing for execution of the contractual agreements or cancelling it and also authorized the members of the board of directors to enter into the exchange contracts relating to the purchase by the Company of any shares held by the members of the directors.

The General Assembly also agreed to grant management of the Company the authority to enter into contractual agreements with the same shareholders or other shareholders in these companies as long as these contracts are with the same terms and conditions previously referred to. The required legal procedures are taking place.