

Citadel Capital Company
(Egyptian Joint Stock Company)

Consolidated financial statements
for the year ended December 31, 2009

&
Auditor's report

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Auditor's report

To the Board of directors of Citadel Capital Company

Report on the financial statements

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

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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



Hazem Hassan

estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Hassan Bay
KPMG Hazem Hassan

Cairo March 15, 2010



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

	Note	31/12/2009 LE	31/12/2008 LE
Assets			
Fixed assets (net)	(5)	101 254 466	3 073 894 283
Intangible assets (net)	(6)	2 083 377	177 394 288
Investments in subsidiaries and associates	(7)	1 792 714 352	778 180 928
Other investments	(8)	1 505 155 673	2 088 623 822
Investment property	(9)	-	262 498 783
Loans to associates	(10)	400 349 686	-
Other assets		-	5 502 500
Deferred tax assets	(18)	284 589	10 435 486
Total non-current assets		<u>3 801 842 143</u>	<u>6 396 530 090</u>
Inventories	(11)	978 990	636 028 755
Other investments	(8)	4 854 256	36 046 248
Trade and other receivables	(12)	845 169 800	1 316 939 333
Cash and cash equivalents	(13)	268 589 879	1 158 070 019
Total current assets		<u>1 119 592 925</u>	<u>3 147 084 355</u>
Total assets		<u><u>4 921 435 068</u></u>	<u><u>9 543 614 445</u></u>
Equity			
Share capital	(14)	3 308 125 000	2 750 000 000
Reserves	(15)	2 449 328	59 297 456
Retained earnings		124 640 775	185 519 412
Net profit (loss) for the year		159 110 191	(50 753 146)
		<u>3 594 325 294</u>	<u>2 944 063 722</u>
Non - controlling interests		<u>31 911 579</u>	<u>2 968 653 214</u>
Total equity		<u><u>3 626 236 873</u></u>	<u><u>5 912 716 936</u></u>
Liabilities			
Loans and borrowings	(16)	808 031 729	1 052 114 639
Long term liabilities	(17)	58 531 470	225 922 955
Deferred tax liabilities	(18)	-	69 343 478
Total non-current liabilities		<u>866 563 199</u>	<u>1 347 381 072</u>
Banks overdraft	(19)	2 333 910	484 651 492
Loans and borrowings	(16)	48 138	284 996 144
Trade and other payables	(20)	406 757 928	1 316 238 780
Provisions	(21)	19 495 020	197 630 021
Total current liabilities		<u>428 634 996</u>	<u>2 283 516 437</u>
Total liabilities		<u>1 295 198 195</u>	<u>3 630 897 509</u>
Total equity and liabilities		<u><u>4 921 435 068</u></u>	<u><u>9 543 614 445</u></u>

The notes on pages 5 to 47 are integral part of these consolidated financial statements.

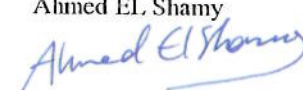
Auditor's report "attached"

Chairman
Ahmed Heikal

Managing Director
Hisham Hussein El Khazendar

CFO / Board member
Ahmed EL Shamy





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

	Note	For the year ended	
		31/12/2009	31/12/2008
		LE	LE
Advisory fee	(31-1)	91 252 642	66 899 351
Gains on sale of investments	(22)	274 146 429	207 378 400
Share of profit of equity accounted investees	(7)	47 594 123	24 233 557
Other income	(23)	45 105 275	5 380 191
Operating income		<u>458 098 469</u>	<u>303 891 499</u>
General and administrative expenses	(34)	(227 317 681)	(189 185 035)
Other expenses	(24)	(17 871 592)	(27 976 392)
Net operating profit		<u>212 909 196</u>	<u>86 730 072</u>
Financing cost (net)	(25)	(2 178 263)	(47 758 766)
Net profit before income tax		<u>210 730 933</u>	<u>38 971 306</u>
Income tax	(27)	(501 306)	1 626 060
Net profit from continued operations after tax		<u>210 229 627</u>	<u>40 597 366</u>
Net loss from discontinued operations after tax	(28,4-vi)	(110 978 443)	(187 452 623)
Net profit (loss) for the year		<u><u>99 251 184</u></u>	<u><u>(146 855 257)</u></u>
Attributable to:			
Equity holders of the Company		159 110 191	(50 753 146)
Non - controlling interests		(59 859 007)	(96 102 111)
Net profit (loss) for the year		<u><u>99 251 184</u></u>	<u><u>(146 855 257)</u></u>
Earnings per share	(29)	<u><u>0.26</u></u>	<u><u>(0.11)</u></u>

The notes on pages 5 to 47 are integral part of these consolidated financial statements.

Citadel Capital Company

(Egyptian Joint Stock Company)

**Consolidated statement of changes in equity
for the year ended December 31, 2009**

Note	Share capital	Reserves				Retained earnings	Net profit (loss) for the year	Interim dividends	Total
		Legal reserve	Fair value reserve -AFS	F.C. translation reserve	Hedging reserve	Company's share of items recognized in associate equity			
	LE	LE	LE	LE	LE	LE	LE	LE	LE
Balance as at December 31, 2007	1 650 000 000	47 848 353	1 575 323	5 853 856	-	208 772 026	606 430 539	(575 808 114)	1 944 671 983
2007 dividends payout	-	29 997 134	-	-	-	(6 123 358)	(606 430 539)	575 808 114	(6 748 649)
Notional capital distribution – United Foundries	-	-	-	-	-	(13 691 814)	-	-	(13 691 814)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(3 554 169)	-	-	-	(3 554 169)
Exchange differences relating to foreign operations	-	-	-	(20 536 835)	-	-	-	-	(20 536 835)
Changes in the fair value of available -for- sale investments	-	-	(1 886 206)	-	-	-	-	-	(1 886 206)
Share capital increase	1 100 000 000	-	-	-	-	-	-	-	1 100 000 000
Non - controlling interests excessive losses over their equity share	(3-a-iii)	-	-	-	-	(1 827 066)	-	-	(1 827 066)
Effect of dilution of non - controlling share	(3-a-iii)	-	-	-	-	(1 610 376)	-	-	(1 610 376)
Net loss for year 2008	-	-	-	-	-	-	(50 753 146)	-	(50 753 146)
Balance as at December 31, 2008	2 750 000 000	77 845 487	(310 883)	(14 682 979)	(3 554 169)	185 519 412	(50 753 146)	-	2 944 063 722
Carrying 2008 loss forward	(3-q)	-	1 165 528	-	-	(65 571 274)	50 753 146	-	(13 652 600)
Prior years adjustment	-	-	-	-	-	(7 902 509)	-	-	(7 902 509)
Effective portion of changes in fair value of cash flow hedges	(3-c-ii)	-	-	-	(13 327 907)	-	-	-	(13 327 907)
Share capital increase	(14)	558 125 000	-	-	-	-	-	-	558 125 000
Exchange differences relating to foreign operations	(3-b)	-	-	18 765 379	-	-	-	-	18 765 379
Changes in the fair value of available -for- sale investments	(3-c-iv)	-	1 137 680	-	-	-	-	-	1 137 680
The Company's share in increasing associates equity	-	-	-	-	-	(64 588 808)	-	-	(64 588 808)
Net profit for year 2009	-	-	-	-	-	12 595 146	-	-	12 595 146
Balance as at December 31, 2009	3 308 125 000	79 011 015	826 797	4 082 400	(16 882 076)	124 640 775	159 110 191	-	3 594 325 294

The notes on pages 5 to 47 are integral part of these consolidated financial statements.

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

	31/12/2009 LE	31/12/2008 LE
Cash flows from operating activities		
Profit before income tax	210 730 933	38 971 306
Adjustments to reconcile net profit to net cash provided from (used in) operating activities :		
Net loss from discontinued operations before tax	(82 563 698)	(142 514 885)
Depreciation and amortizations	130 964 931	142 481 351
Provisions formed	42 510 453	74 085 085
Provisions used	(31 221 750)	(83 894 850)
Reversal of provisions	(24 008 390)	(58 907 606)
Impairment loss on trade and other receivables	4 658 096	28 444 414
Gains on sale of fixed assets	(1 900 685)	(1 654 255)
Share of profit of equity accounted investees	(95 493 613)	(24 233 557)
Gains on sale of investments in subsidiaries	(268 953 292)	(199 962 227)
Net change in the fair value of investments at fair value through profit and loss	(1 367 454)	766 229
Foreign exchange differences	25 880 146	41 876 138
Gains on sale of available - for - sale investments	(840 986)	(31 651 265)
Impairment loss on payments for investments	3 285 594	932 199
Reversal of impairment loss on assets	(10 032)	(2 388 049)
Impairment loss on investment in subsidiaries	-	1 050 000
Impairment loss on investments at fair value through profit and loss	-	16 747
Operating loss before changes in working capital	(88 329 747)	(216 583 225)
Change in inventories	68 291 701	(133 769 137)
Change in trade and other receivables	(137 596 223)	(515 974 116)
Change in investments at fair value through profit and loss	32 293 433	(12 429 320)
Change in trade and other payables	202 549 673	373 293 245
Net cash provided from (used in) operating activities	<u>77 208 837</u>	<u>(505 462 553)</u>
Cash flows from investing activities		
Payments for purchase of fixed assets	(1 056 464 619)	(942 272 752)
Proceeds from sale of fixed assets	71 035 866	3 092 122
Acquisition of other investments	(121 759 736)	(545 397 122)
Proceeds from sale of investments in subsidiaries & associates	102 722 640	159 099 185
Payments for purchase of investments in subsidiaries and associates-net cash paid	(79 076 769)	(253 124 204)
Acquisition of intangible assets	(4 708 188)	(3 837 880)
Proceeds from sale of available - for - sale investments	10 580 585	31 638 718
Loans to associates	(400 349 686)	-
Dividends received	4 543 594	-
Payment for acquisition of investments	-	(63 286 024)
Payments to purchase investment property	-	(263 450 786)
Payments to purchase available -for-sale investments	-	(172 173 082)
Net cash used in investing activities	<u>(1 473 476 313)</u>	<u>(2 049 711 825)</u>
Cash flows from financing activities		
Proceeds from issuing of share capital	558 125 000	1 100 000 000
Proceeds from capital related to non - controlling interests	365 427 522	1 161 917 246
Dividends related to non - controlling interests	(14 648 025)	(69 085 828)
Dividends payout	(8 696 480)	(6 748 649)
Proceeds from / payments for banks overdraft	121 293 191	(1 597 699)
Proceeds from borrowings	49 281 133	784 231 771
Hedging reserve	(11 449 331)	(2 500 035)
Net cash provided from financing activities	<u>1 059 333 010</u>	<u>2 966 216 806</u>
Net changes in cash and cash equivalents during the year	(336 934 466)	411 042 428
Cash and cash equivalents at the beginning of the year	1 158 070 019	1 130 648 931
Cash related to deconsolidation of subsidiaries	(552 545 674)	(383 621 340)
Cash and cash equivalents at the end of the year	<u><u>268 589 879</u></u>	<u><u>1 158 070 019</u></u>

The notes on pages 5 to 47 are integral part of these consolidated financial statements.

1. Reporting entity

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

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

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

The consolidated financial statements of the Company for the year ended December 31, 2009 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

a) 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.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the followings:

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

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

c) Functional and presentation currency

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

d) 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. 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 cash-generating units containing goodwill.
- Note 21 provisions.
- Note 8-1 valuation of financial instruments.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Certain comparative amounts have been reclassified to conform with the current year presentation note 28.

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. 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 currently 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. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Acquisition of additional non controlling equity interest after business combination is accounted for as equity transaction.

(ii) Acquisitions from minorities and entities under common control

Business combinations arising from transfers of interests from minorities 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.

(iii) Loss exceeding minority interest

Losses that exceed the minority interest in the equity of a subsidiary may create a debit balance on minority interest 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.

(iv) Associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised directly in equity.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Egyptian Pound at exchange rates at the reporting date.

The income and expenses of foreign operations are translated to Egyptian Pound at the average exchange rate during the year.

Foreign currency differences are recognised directly in equity in foreign currency translation reserve (FCTR). Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the FCTR.

c) Financial instruments

(i) Non - derivative financial instruments

Non -derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

(ii) Cash flow hedging

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised 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 recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in note 3-y.

(iv) Available-for-sale investments

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note "3-i") and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(v) 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. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. 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.

(vi) Other

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

d) 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.

e) Fixed assets

(i) Recognition and measurement

Fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses "if any".

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Borrowing costs related to the acquisition or constructions of qualifying assets are recognised in profit or loss as incurred, with the exception of borrowing costs directly attributable to the construction and acquisition of new assets which are capitalised as part of the relevant assets cost and depreciated over assets' estimated useful lives. This capitalisation ceases once the assets become in operational condition and ready for use.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Gains and losses on disposal of an item of fixed assets are determined by comparing the proceeds from disposal with the carrying amount of the fixed asset and are recognised net within "other income" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of fixed assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of fixed assets. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20-50 years
Computer equipment and software	2-3 years
Furniture and fixtures	4 years
Tools and equipment	4 years
Cars and vehicles	4 years
Leasehold improvements and renovations	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(iv) Projects under construction

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

f) Intangible assets

(i) 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.

(ii) 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.

(iii) 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.

g) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for intangible assets range between 3, 4, 7 and 20 years.

h) Investment property

Investment property is recorded at cost. Any decline in the fair value (impairment) is charged to income statement.

i) Impairment

(i) 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.

(ii) 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 periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed

if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j) 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.

k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories are based on the weighted average or first-in first-out principles depending on the nature of the inventory, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

l) Construction work in progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

m) Trade and other payables

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

n) Provisions

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

o) 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 period of the borrowings on an effective interest rate basis.

p) 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.

q) Dividends

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

r) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

s) 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.

t) Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and income tax assets and liabilities.

u) Employees benefits

(i) 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.

(ii) 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.

v) Revenue

(i) 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, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) 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.

(iii) Construction contract

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to cost incurred to date and the total estimated cost for each contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iv) 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.

w) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

x) 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.

y) Finance income and expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on available-for-sale financial assets and financial assets at fair value through profit and loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

z) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

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.

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) Comparative figures

The comparative figures include the value of assets, liabilities, profit and loss of the following subsidiaries:

- National Company for Development and Trading and its subsidiaries.
- Mena Home Furnishing Mall and its subsidiaries.
- Regional Investments Holdings Ltd. and its subsidiaries.
- ASEC Company for Mining (ASCOM) and its subsidiaries.
- Silverstone Capital Investments Ltd. and its subsidiaries.

The company during the year transferred these companies from subsidiaries to associates whether because of sale of effective percentage or restructuring the board of directors.

The value of assets, liabilities related to these subsidiaries are disposed and the results of its operation are separated in an item in profit and loss as discontinued operations.

Citadel Capital Company
Notes to the consolidated financial statements for the year ended December 31, 2009

5. Fixed assets

	Land	Buildings	Lease hold improvements	Furniture & fixtures	Machines & equipment	Computer equipment & software	Transportation Means	Barges	Quarries	Assets under construction*	Total
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Cost as at 1/1/2009	399 782 055	369 232 218	107 769	215 992 046	1 205 884 786	5 839 836	56 953 305	32 829 162	173 920 519	1 458 317 176	3 918 858 872
Additions	43 218 514	56 045 508	3 598 379	40 591 844	83 467 350	6 447 247	5 610 907	124 225 434	--	693 259 436	1 056 464 619
Disposals	(45 000 000)	(198 086)	--	(162 340)	(24 301 623)	--	(10 719 324)	--	--	--	(80 381 373)
Foreign currency translation differences	(506 641)	(2 261 656)	66 134	877 522	(8 105 156)	3 680	(87 431)	--	(3 895 638)	--	(13 909 186)
Deconsolidation of subsidiaries	(373 493 928)	(389 075 616)	(106 390)	(233 465 542)	(1 256 666 787)	(3 533 517)	(50 816 112)	(157 054 596)	(170 024 881)	(2 128 642 083)	(4 762 879 452)
Acquisition of subsidiaries	675 000	4 997 868	196 895	386 551	1 956 064	1 020 474	1 131 460	--	--	--	10 364 312
Cost as at 31/12/2009	24 675 000	38 740 236	3 862 787	24 220 081	2 234 634	9 777 720	2 072 805	--	--	22 934 529	128 517 792
Accumulated depreciation as at 1/1/2009	--	154 599 607	8 588	118 074 607	539 904 056	3 155 843	22 843 730	1 106 928	5 271 230	--	844 964 589
Depreciation	--	14 860 963	317 367	27 199 759	66 233 946	3 072 480	6 786 712	6 815 145	2 307 987	--	127 594 359
Disposals	--	(138 243)	--	(109 372)	(3 495 842)	--	(7 502 735)	--	--	--	(11 246 192)
Foreign currency translation differences	--	(2 284 733)	19 676	684 086	(5 371 640)	19 889	29 040	--	(154 274)	--	(7 057 956)
Deconsolidation of subsidiaries	--	(161 715 046)	(11 082)	(131 757 124)	(597 074 914)	(1 203 284)	(21 622 336)	(7 922 073)	(7 424 943)	--	(928 730 802)
Acquisition of subsidiaries	--	24 193	144 618	88 192	423 386	449 140	609 799	--	--	--	1 739 328
Accumulated depreciation as at 31/12/2009	--	5 346 741	479 167	14 180 148	618 992	5 494 068	1 144 210	--	--	--	27 263 326
Carrying amounts											
At December 31, 2009	24 675 000	33 393 495	3 383 620	10 039 933	1 615 642	4 283 652	928 595	--	--	22 934 529	101 254 466
At December 31, 2008	399 782 055	214 632 611	99 181	97 917 439	665 980 730	2 683 993	34 109 575	31 722 234	168 649 289	1 458 317 176	3 073 894 283

* Assets under construction are represented in fixtures and constructions of new headquarter.

6. Intangible assets

	Goodwill	Patents	Others	Total
	LE	LE	LE	LE
Cost				
Balance as at January 1, 2009	170 998 981	7 309 668	5 920 121	184 228 770
Additions	6 729 138	--	4 834 458	11 563 596
Foreign currency translation differences	2 664 442	--	--	2 664 442
Disposal of subsidiaries	(178 311 963)	(7 309 668)	(10 747 093)	(196 368 724)
Balance as at December 31, 2009	2 080 598	--	7 486	2 088 084
Amortisation and impairment loss				
Balance as at January 1, 2008	20 000 000	5 057 459	3 542 934	28 600 393
Amortisation	--	522 193	515 525	1 037 718
Disposal of subsidiaries	(20 000 000)	--	(2 803 629)	(22 803 629)
Balance as at December 31, 2008	--	5 579 652	1 254 830	6 834 482
Balance as at January 1, 2009	--	5 579 652	1 254 830	6 834 482
Amortisation	--	391 644	1 346 923	1 738 567
Disposal of subsidiaries	--	(5 971 296)	(2 597 046)	(8 568 342)
Balance as at December 31, 2009	--	--	4 707	4 707
Carrying amounts				
At December 31, 2009	2 080 598	--	2 779	2 083 377
At December 31, 2008	170 998 981	1 730 016	4 665 291	177 394 288

6.1 Goodwill is related to the acquisition of the following subsidiaries:

	31/12/2009	31/12/2008
	LE	LE
ESACO S.A.E	--	25 271 435
United Foundries and Heat Treatment Company	--	67 018 400
ASEC Cement Holding Co.	--	74 833 914
Bright Living for Trading Co.	--	3 875 232
ENTAG	2 080 598	--
	<u>2 080 598</u>	<u>170 998 981</u>

6.2 Patents

Patents are capitalised and amortised over a period of 4 to 5 years.

6.3 Other intangible assets are represented in:

	31/12/2009	31/12/2008
	LE	LE
Licenses trade mark	2 779	4 665 291

Impairment loss is recognised in other expenses caption in the income statement.

7. Investments in subsidiaries & associates

The Group investments in subsidiaries and associates are represented in:

	Percentage		Carrying amount	
	2009	2008	31/12/2009	31/12/2008
	%	%	LE	LE
El Kateb for Marketing & Distribution Co.	48.88	48.88	1 880 330	2 380 249
Pharos Holding Co. *	53.00	53.00	90 723 155	92 396 746
Elsharq Book Stores Co.	40.00	40.00	17 330 491	17 010 738
ASEC Company for Mining (ASCOM)	44.64	49.99	155 844 937	168 236 577
Silverstone Capital Investments Ltd.	38.81	38.27	290 283 211	237 054 178
Dar El-Sherouk Ltd. *	58.51	58.51	173 536 657	185 579 021
Cron dall Holding Ltd. **	47.67	--	77 569 693	--
ECARU	34.80	--	32 000 000	--
National Development & Trading Company ***	49.50	53.81	630 505 743	--
United Foundries and Heat Treatment Company ***	49.29	53.99	132 488 961	--
Mena Home Furnishings Malls ****	26.26	28.42	88 657 562	--
Regional Investments Holdings Ltd. ****	28.21	33.36	101 893 612	--
Lotus Management Investment Ltd.**	--	47.84	--	37 177 572
Capella Management Investment Ltd.**	--	47.50	--	38 345 847
ARESCO KSA Co.	--	35.00	--	1 050 000
			1 792 714 352	779 230 928
Impairment			--	(1 050 000)
			1 792 714 352	778 180 928

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

** Investments in Lotus Management Investments Ltd. and Capella Management Investments Ltd. have been transferred as Investment in Cron dall Holding Ltd.

*** Investments in National Development & Trading Company-(one of the direct subsidiaries) and United Foundries and Heat Treatment Company-(one of the indirect subsidiaries) were reclassified from investments in subsidiaries to investments in associates as the Company lost control over these companies according to sale of 11 820 000 shares and 2 122 800 shares respectively. This transaction causes decrease in the Company's contribution in these companies (from 55.31% to 49.50%), and (from 55.31% to 49.29%) respectively.

**** Investments in these companies were reclassified from investments in subsidiaries to investments in associates as the Companies board of directors were restructured and the Company voting right was reduced below half (from 57.11% to 42.80%) according to these companies board of directors' meeting held as at December 25,2009.

Citadel Capital Company

Notes to the consolidated financial statements for the year ended December 31, 2009

Summary financial information of associates (equity accounted investees)

2009

	Current assets		Non-current assets		Total assets		Current liabilities		Non-current liabilities		Total liabilities		Revenues		Expenses	
	LE		LE		LE		LE		LE		LE		LE		LE	
El Kateb for Marketing & Distribution Co.	2 490 017		1 350 366		3 840 383		1 265 650		58 406		1 324 056		5 926 166		6 948 914	
Pharos Holding Co.	435 706 095		181 580 582		617 286 677		478 503 389		676 354		479 179 743		56 762 730		56 521 843	
Elsharq Book Stores Co.	15 087 131		9 788 300		24 875 431		6 166 854		1 121 993		7 288 847		20 573 585		25 274 539	
ASEC Company for Mining (ASCOM)	235 447 012		410 345 569		645 792 581		161 638 891		88 068 458		249 707 349		433 785 183		419 737 423	
Silverstone Capital Investments Ltd.	924 331 122		851 381 011		1 775 712 133		565 647 337		281 953 928		847 601 265		957 547 694		907 257 144	
Dar El-Sherouk Ltd.	269 988 005		88 003 520		357 991 525		113 080 817		4 528 746		117 609 563		52 259 983		53 054 342	
Crondall Holdings Ltd.	12 632 859		366 359 964		378 992 823		154 270 107		--		154 270 107		44 382 383		40 588 273	
National Development & Trading Co.	2 136 614 535		3 976 038 734		6 112 653 269		1 570 219 585		1 329 612 310		2 899 831 895		1 875 441 158		1 854 087 327	
United Foundries and Heat Treatment Co.	184 232 992		457 735 340		641 968 332		304 066 861		69 098 777		373 165 638		302 357 994		338 466 904	

Company's share in associates' profit:

For the year ended

	31/12/2009	31/12/2008
	LE	LE
El Kateb for Marketing & Distribution Co.	(499 919)	(337 560)
Pharos Holding Co.	127 670	4 505 696
Elsharq Book Stores Co.	(1 840 247)	(205 625)
ASEC Company for Mining (ASCOM)	6 270 920	9 644 930
Silverstone Capital Investments Ltd.	19 809 619	12 665 766
Dar El-Sherouk Ltd.	(422 021)	(4 731 338)
Crondall Holdings Ltd.	2 046 273	--
National Development & Trading Company	26 560 298	--
United Foundries and Heat Treatment Company	(4 458 470)	--
Lotus Management Investment Ltd.	--	1 346 939
Capella Management Investment Ltd.	--	1 344 749
	<u>47 594 123</u>	<u>24 233 557</u>

8. Other investments

		31/12/2009	31/12/2008
	Note	LE	LE
Non-current investments			
Available-for-sale investments	8.1	787 605 694	1 440 431 289
Payments for investments	8.2	717 549 979	581 943 911
Assets for investments acquisition		--	66 248 622
		<u>1 505 155 673</u>	<u>2 088 623 822</u>
Current investments			
Investments at fair value through profit and loss	8.3	4 854 256	36 046 248
		<u>1 510 009 929</u>	<u>2 124 670 070</u>

8.1 The amount represents the Group investments in a number of unlisted companies. The details of these available-for -sale investments are as follows:

	31/12/2009	31/12/2008
	LE	LE
Horus Private Equity Fund	30 625 068	34 754 667
Modern Company for Isolating Materials	43 396	43 396
Medcom National Development and Trading Company	1 000	1 000
Mena Glass Ltd.	110 483 303	111 337 831
Orient Investment Properties Ltd.	41 349 226	41 349 226
Logria Holding Ltd.	355 998 500	355 998 500
Golden Crescent Investment Ltd.	249 070 243	249 070 243
Arab Swiss Engineering Company. (ASEC)	34 958	--
Arab National Cement Co.	--	449 700
Misr -Qena Cement *	--	641 606 367
Arab Group Automation Co.(AGA) *	--	116 300
National Cement Co. *	--	50 000
Modern Shorouk for Printing Co.	--	44 059
Pharos Fund	--	5 610 000
	<u>787 605 694</u>	<u>1 440 431 289</u>

* Associates of National Development and Trading Company (Note 28).

8.2 The details of these payments are as follows:

	31/12/2009	31/12/2008
	LE	LE
Grandview Investment Holding	67 804 258	72 410 592
Golden Crescent Investment Ltd.	97 987 218	144 466 621
Orient Investment Properties Ltd.	105 576 301	137 440 610
Falcon Agriculture Investments Ltd.	185 967 915	186 443 090
Glass Rock for Isolation	5 211 925	2 632 063
Fund Project	19 414 025	7 231 216
ASCOM Algeria *	3 285 594	3 285 594
ECARU	14 600 000	--
Valencia Assets Holding Ltd.	18 568 399	--
Pharos Holding Co.	18 621 911	--
Nile Valley Petroleum Ltd.	102 691 874	--
Forestry Project	2 400 624	--
Centum Investment Company Ltd.	7 456 657	--
Babcock&Brown Investment Holding (Pty) Ltd.	6 333 619	--
Sheltam Rail Company (Pty) Ltd.	60 856 531	--
Primefuels Rail Investments Ltd.	3 202 004	--
Mirambo Rail Investments Ltd.	856 718	--
Logria Holding	--	19 617 805
Medcom National Development and Trading Company	--	914 019
National Development and Trading Co-IRAQ	--	300 514
ASA International-Free Zone	--	274 452
Sudan Sugar Project	--	6 457 950
NRTC Keer	--	469 385
	<u>720 835 573</u>	<u>581 943 911</u>
Impairment *	<u>(3 285 594)</u>	<u>--</u>
	<u>717 549 979</u>	<u>581 943 911</u>

8.3 Investments at fair value through profit and loss:

	31/12/2009	31/12/2008
	LE	LE
Modern Shorouk for Printing Co.	3 045 658	1 950 702
Al Arafa Investment and Consulting	1 808 598	1 678 750
ASEC Company for Mining (ASCOM)	--	138 488
Mutual Funds certificates	--	6 236 300
Arab Cotton Ginning Co.	--	26 042 008
	<u>4 854 256</u>	<u>36 046 248</u>

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

9. Investment property

	Land	Buildings	Total
	LE	LE	LE
Cost	230 810 677	32 640 109	263 450 786
Disposal of subsidiaries	<u>(230 810 677)</u>	<u>(32 640 109)</u>	<u>(263 450 786)</u>
Cost as at 31/12/2009	--	--	--
Accumulated depreciation as at 1/1/2009	--	952 003	952 003
Depreciation for the year	--	1 632 005	1 632 005
Disposal of subsidiaries	<u>--</u>	<u>(2 584 008)</u>	<u>(2 584 008)</u>
Accumulated depreciation as at 31/12/2009	--	--	--
Carrying amounts			
At December 31, 2009	<u>--</u>	<u>--</u>	<u>--</u>
At December 31, 2008	<u>230 810 677</u>	<u>31 688 106</u>	<u>262 498 783</u>

Investment property is represented in two land plots located at km 38 Cairo / Alexandria Road, Zayed City with total area of 80 385,54 meter square and 36 438 meter square respectively, which were purchased by one of the associates –Mena Home furnishing Mall from 6 October Company for Development and Investment the primary contract for the purpose of establishing of Commercial Mall, and all the registration procedures in the Property Register haven't been finished yet.

Part of the purchase price of the two land plots was paid against notes payable and the last instalment due at 2011.

10. Loans to associates

The Company has signed a subordinating loan contract with National Company for Development and Trading – (one of the associate companies with a percentage of 49.5%) as at December 28, 2009 with an amount of US.\$ 73 097 863 (equivalent to LE 400 349 686) for a period of five years, the principle of the loan has to be paid with interest at the end of the loan period, with 11.5% annual cumulative interest .

According to the loan contract the guarantees are presented in lien on part of National Company for Development and Trading shares in the following companies:

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

11. Inventories

	31/12/2009	31/12/2008
	LE	LE
Spare parts	--	219 086 116
Raw materials	201 637	249 547 155
Work in progress	636 108	82 630 728
Finished goods	141 245	51 916 829
Furniture	--	21 238 403
Tools	--	650 239
Goods in transit	--	6 052 891
Others	--	17 092 441
	978 990	648 214 802
Write down	--	(12 186 047)
	978 990	636 028 755

12. Trade and other receivables

		31/12/2009	31/12/2008
	Note	LE	LE
Trade receivables	12.1	7 151 405	276 472 066
Other receivables	12.2	58 677 911	635 749 385
		65 829 316	912 221 451
Due from related parties	12.3	779 340 484	404 717 882
		845 169 800	1 316 939 333

12.1 Trade receivables are represented in:

	31/12/2009	31/12/2008
	LE	LE
Customers	7 151 405	326 941 704
Notes receivables	--	3 077 553
	7 151 405	330 019 257
Impairment	--	(53 547 191)
	7 151 405	276 472 066

12.2 Other receivables are represented in:

	31/12/2009	31/12/2008
	LE	LE
Prepaid expenses	1 146 934	18 063 529
Deposits with others	1 623 863	68 257 778
Tax Authority	846 110	92 162 217
Advances to suppliers	2 556 248	218 458 689
Advances to employees	20 760	601 899
Letters of credit margin	5 916 734	10 687 481
Letters of guarantee margin	1 435 897	26 732 872
Imprest	910 477	9 139 712
Accrued revenue	3 203 555	7 141 548
Prepayments to purchase fixed assets	--	7 493 984
Work in process	--	113 038 926
Customs Authority	--	5 105 962
Employees' share in profit paid in advance	--	2 291 365
Sundry debit balances	41 017 333	67 235 188
	58 677 911	646 411 150
Impairment	--	(10 661 765)
	58 677 911	635 749 385

12.3 Due from related parties

	31/12/2009	31/12/2008
	LE	LE
Golden Crescent Investment Ltd.	6 591 082	5 016 261
Falcon Agriculture Investments Ltd.	13 965 608	14 544 788
Grandview Investment Holding	35 712 932	11 010 340
Citadel Capital for Scholarship *	2 301 113	2 301 113
Orient Investment Properties Ltd.	27 177 005	63 734 089
Logria Holding Ltd.	35 978 211	30 266 711
Mena Glass Ltd.	4 501 725	36 478 682
Mena Home Furnishing Mall	88 683 367	--
Regional Investments Holdings Ltd.	123 506 955	--
ECARU	20 557 458	--
National Company for Trading and Development	59 232 051	--
ASEC for Mining (ASCOM)	31 207 600	--
ASEC Company for Cement Manufacturing	13 604 022	--
United Foundries and Heat Treatment Company	36 097 048	--
Golden Crescent Finco Ltd.	144 589 289	--
Sabina for Integrated Solutions	30 080 697	--
Emerald Financial Services Ltd.	96 772 058	--
Sphinx Glass Ltd.	4 381 520	--
Silverstone Capital Investments Ltd.	1 228 523	--
ESACO Manufacturing and Engineering Company	--	1 020 846
Sphinx Turn Around Fund	--	985 964
Egyptian Polypropylene Bags Co. (EPBC)	--	47 533 581
ASEC Automation (ASA)	--	2 263 497
ASA International-Free Zone	--	634 030
Arab Refinery Company	--	17 000
Sphinx Corp.	--	3 852
Haider	--	811 734
Arab National Cement Co.	--	228 110 588
Cordoba Investment Services Inc.	--	3 550 144
Others	5 473 333	7 207 858
	781 641 597	455 491 078
Impairment *	(2 301 113)	(50 773 196)
	779 340 484	404 717 882

13. Cash and cash equivalents

	31/12/2009	31/12/2008
	LE	LE
Cash	290 875	1 582 019
Cheques under collection	463 093	7 638 004
Banks - current accounts	258 578 185	273 691 472
Time deposits	9 257 726	875 158 524
Cash and cash equivalents	<u>268 589 879</u>	<u>1 158 070 019</u>

Non cash transactions

- For the purpose of preparing statement of cash flows, The following transactions have been eliminated:-
- Amount of LE 1 878 576 from changes in other credit balances and changes in fair value of cash flow hedges (represents the unpaid amount for December according to the bank claim).
- Amount of LE 854 528 from proceeds from sale of available - for - sale investments and due from related parties (represents the transfer from available-for-sale investments as current account due from associates).
- Amount of LE 286 732 708 from proceeds from sale of investments in subsidiaries and associates and due from related parties (represents the uncollected portion from sale of investments).

14. Share capital

	31/12/2009	31/12/2008
	LE	LE
On issue at the beginning of the year	2 750 000 000	1 650 000 000
Issued for cash	558 125 000	1 100 000 000
On issue at end of year	<u>3 308 125 000</u>	<u>2 750 000 000</u>

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

- The Board of directors of the Company held on April 5, 2009 decided to increase the issued capital with an amount of LE 282 625 000 to be LE 3 308 125 000 by issuing new 56 525 000 shares with par value LE 5 each, accordingly the total number of shares after increase is 661 625 000 shares. The share capital increase was paid in full during July.

The commercial register was updated on July 26, 2009.

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

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

15. Reserves

15.1 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.

15.2 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.

16. Loans and borrowings

	31/12/2009 LE	31/12/2008 LE
Non-current liabilities:		
Secured	807 859 225	1 045 114 639
Unsecured	172 504	7 000 000
	<u>808 031 729</u>	<u>1 052 114 639</u>
Current liabilities:		
Unsecured	48 138	41 097 060
Secured	--	243 899 084
	<u>48 138</u>	<u>284 996 144</u>

Secured loans are as follows:

- The Company has signed a long-term loan contract with a group of banks (represented in Arab African International Bank, Suez Canal Bank, Misr bank , Piraeus Bank, Morgan & Stanley Bank and City Bank London with an amount of US.\$ 200 millions for a period of five years (US.\$113 millions committed & US.\$ 87 millions uncommitted) bearing variable interest rate (2.5 % + Libor rate) for the first 3 years and (2.75 % + Libor rate) for the last 2 years
 - Loan is to be paid on three installments:
 - The first stage 10% will be settled after three years.
 - The second stage 20% will be settled at the end of the fourth year.
 - The last stage 70% will be settled at the end of the loan period.
- The Company has withdrawn an amount of US.\$ 147 503 008 (equivalent to the amount of LE 807 859 225 as at December 31, 2009) against an amount of US.\$ 148 millions (equivalent to the amount of LE 814 606 800 as at December 31, 2008).

The loan guarantees as follows:

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

Hedging contract for risk of interest rate swap

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

Unsecured loans are as follows:

Medium loan contract with a total amount of LE 220 642 (non-current LE 172 504, current LE 48 138) between Egyptian Gulf Bank and Tanmeyah – one of the subsidiaries for a period of five years to be settled over monthly equal sixty instalments start at August 2009 and end at July 2014.

17. Long term liabilities

	31/12/2009	31/12/2008
	LE	LE
Creditors-purchase of investments	58 531 470	95 793 906
Creditors-purchase of fixed assets	--	36 036 688
Notes payables	--	93 483 219
Others	--	609 142
	<u>58 531 470</u>	<u>225 922 955</u>

18. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are represented in:-

	Assets		Liabilities		Net	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	LE	LE	LE	LE	LE	LE
Fixed assets	284 589	--	--	(22 198 227)	284 589	(22 198 227)
Provisions	--	6 534 686	--	--	--	6 534 686
Impairment loss on assets	--	3 900 800	--	--	--	3 900 800
Deferred tax related to Zahana	--	--	--	(47 145 251)	--	(47 145 251)
	<u>284 589</u>	<u>10 435 486</u>	<u>--</u>	<u>(69 343 478)</u>	<u>284 589</u>	<u>(58 907 992)</u>

19. Banks overdraft

Banks overdraft balances represent short-term credit facilities granted to the Group. The overdraft facilities are partially secured by promissory notes , saving certificates and shipping documents .The secured portion of banks overdraft as at December 31, 2009 is LE 2 333 910 (2008:LE 484 651 492).

20. Trade and other payables

		31/12/2009	31/12/2008
	Note	LE	LE
Trade payables	20.1	44 295 549	591 150 936
Due to related parties	20.2	311 632 689	356 290 747
Other credit balances	20.3	50 829 690	368 797 097
		<u>406 757 928</u>	<u>1 316 238 780</u>

20.1 Trade payables

	31/12/2009	31/12/2008
	LE	LE
Suppliers	3 281 190	238 720 690
Deposits from others	80 028	44 794 858
Notes payables	40 000 000	134 605 549
Advances from customers	934 331	172 680 686
Deferred revenue	--	349 153
	<u>44 295 549</u>	<u>591 150 936</u>

20.2 Due to related parties

	31/12/2009	31/12/2008
	LE	LE
Pharos Holding Co.	13 155	19 000
Citadel Capital Partners Ltd.*	305 128 943	138 043 382
Crondall Holdings Ltd.	3 012 295	--
Kimo niks	3 478 296	--
Financial Holding International	--	128 045 510
Emirates International Investments Company	--	29 797 287
Sudanese Pension Fund	--	4 774 051
ASEC for Mining (ASCOM)	--	1 587 717
ASEC Automation Europe Co.	--	165 824
ASEC Automation Co. – Free Zone	--	160 823
Move In Company	--	583 807
Aroco Group	--	44 293 631
Mansour and El- Maghrabi for Investment Development co.	--	7 151 346
Others	--	1 668 369
	<u>311 632 689</u>	<u>356 290 747</u>

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

20.3 Other credit balances

	31/12/2009	31/12/2008
	LE	LE
Tax Authority	1 965 125	55 012 401
Social Insurance Authority	16 849	2 333 013
Accrued expenses	39 340 011	155 030 418
Dividends payable	2 924 873	11 499 916
Accrued interest	2 665 113	4 733 629
Current portion of long term liabilities	--	34 692 009
Subcontractors	--	57 123 065
Sundry credit balances	3 917 719	48 372 646
	<u>50 829 690</u>	<u>368 797 097</u>

21. Provisions

	Claims *	Others	Total
	LE	LE	LE
Balance as at January 1, 2009	171 047 049	26 582 972	197 630 021
Foreign currency differences	(790 670)	--	(790 670)
Provisions formed	42 510 453	--	42 510 453
Provisions used	(20 549 269)	(10 672 481)	(31 221 750)
Acquisition of subsidiaries	4 468 000	--	4 468 000
Reversal of provisions	(24 008 390)	--	(24 008 390)
Deconsolidation of subsidiaries	(153 182 153)	(15 910 491)	(169 092 644)
Balance as at December 31, 2009	<u>19 495 020</u>	<u>--</u>	<u>19 495 020</u>

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

22. Gains on sale of investments

	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Gains on sale of investments in subsidiaries and associates*	268 953 292	199 962 227
Gains on sale of investments at fair value through profit and loss	4 352 151	7 376 901
Gains on sale of available-for-sale investment	840 986	39 272
	<u>274 146 429</u>	<u>207 378 400</u>

- * Gains on sale of investments from sale of shares in these companies are represented in the following:

	Selling price	Cost of investments	Total
	LE	LE	LE
ASEC for Mining (ASCOM)	31 395 640	(18 012 247)	13 383 393
Sphinx Egypt for Financial Consultation	57 209 708	(2 646 379)	54 563 329
Shipwright Holdings Corp. and Illion Venture Limited. Note (31-4)	300 850 000	(99 843 430)	201 006 570
	<u>389 455 348</u>	<u>(120 502 056)</u>	<u>268 953 292</u>

23. Other income

	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Net change in the fair value of investments at fair value through profit and loss	1 224 804	(1 247 820)
Sundry Income Note (31-2)	<u>43 880 471</u>	<u>6 628 011</u>
	<u>45 105 275</u>	<u>5 380 191</u>

24. Other expenses

	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Provision formed	3 814 795	11 212 225
Impairment loss on debtors and other debit balances	3 690 597	2 960 521
Impairment loss on payments for investments	3 285 594	932 199
Impairment loss on investments at fair value through profit and loss	--	16 747
Sundry expenses	<u>7 080 606</u>	<u>12 854 700</u>
	<u>17 871 592</u>	<u>27 976 392</u>

25 Finance expense

	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Interest income. Note (31-3)	34 839 607	9 594 808
Interest expenses	(30 737 322)	(45 367 163)
Foreign currency translation differences	<u>(6 280 548)</u>	<u>(11 986 411)</u>
	<u>(2 178 263)</u>	<u>(47 758 766)</u>

26. Finance income (expenses) recognised in equity

	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Foreign currency translation differences of foreign operations	34 707 209	(25 508 169)
Net change in the fair value of available-for-sale investment	826 797	(577 708)
Total finance income (expense) recognised in equity (net of tax)	<u>35 534 006</u>	<u>(26 085 877)</u>
Attributable to:		
Equity holders of the parent Company	4 909 197	(14 993 861)
Non controlling interest	<u>30 624 809</u>	<u>(11 092 016)</u>
	<u>35 534 006</u>	<u>(26 085 877)</u>

27. Income tax

	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Current income tax	(1 582 027)	--
Deferred tax	1 080 721	1 626 060
Total income tax	<u>(501 306)</u>	<u>1 626 060</u>

28. Net loss from discontinued operations

Results of discontinued operations for the year ended December 31, 2009 are represented in the operating results of the following companies:

- National Development & Trading Company-(one of the direct subsidiaries) and United Foundries and Heat Treatment Company-(one of the indirect subsidiaries) were reclassified from investments in subsidiaries to investments in associates as the Company lost control over these companies through the sale of 11 820 000 shares and 2 122 800 shares respectively. This transaction causes decrease in the Company's contribution in these companies (from 55.31% to 49.50%), and (from 55.31% to 49.29%) respectively and the board of directors has been restructured to reflect this contribution.
- Total shares of Sphinx Egypt were sold to Pharos Holding—one of the associates.
- Mena Home Furnishing Mall, Regional Investments Holding Ltd. were reclassified from investments in subsidiaries to investments in associates as the Companies board of directors have been restructured and reduced the Company's voting rights below half (from 57.11% to 42.80%) according to these companies board of directors' decisions as at December 25,2009.

Comparative figures for the year ended December 31, 2008 includes the operating results of the following companies:

- ASEC for Mining (ASCOM) was reclassified from investments in subsidiaries to investments in associates as the Company sold a number of 1 151 020 shares equals 11.6%. This transaction causes decrease in the Company's contribution in this company (from 61.5% to 49.99%) and the board of directors had been restructured to reflect this contribution.
- Silverstone Capital Investments Ltd. was reclassified from investments in subsidiaries to investments in associates as the Company lost control over this company due to reducing voting rights below half (from 55.5% to 44.4%) according to this company's board of directors' decisions as at January 1, 2008.

	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Sales	1 433 818 135	2 220 431 298
Cost of sales	(1 229 144 078)	(2 031 601 657)
Gross profit	204 674 057	188 829 641
Other profit	15 468 424	48 251 348
General and administrative expenses	(249 196 433)	(247 888 721)
Other expenses	(17 172 692)	(19 325 033)
Net operating loss	(46 226 644)	(30 132 765)
Share of profit of equity accounted investees	47 899 490	--
Finance income	76 719 359	62 886 414
Finance expense	(160 955 903)	(175 268 534)
Net finance cost	(36 337 054)	(112 382 120)
Net loss before income tax	(82 563 698)	(142 514 885)
Income tax	(28 414 745)	(44 937 738)
Net loss from discontinued operations after tax	(110 978 443)	(187 452 623)

29. Earnings per share

	For the year ended	
	31/12/2009	31/12/2008
	LE	LE
Profit (loss) for the year	99 251 184	(146 855 257)
Profit (loss) for equity holders of the parent Company	159 110 191	(50 753 146)
Weighted average number of shares:		
Issued at January 1	550 000 000	330 000 000
Issued during the year	70 871 566	115 726 027
Weighted average number of shares as at 31/12/2009	620 871 566	445 726 027
Earnings per share	0.26	(0.11)

30. Segmental analysis

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and income tax assets and liabilities.

Cement *	Transportation *	Investments
National Company for Trading and Development	Regional Investments Holdings Ltd.	Citadel Capital Company S.A.E.
Arab Swiss Engineering Company (ASEC)	National Company for River Transportation - Nile Cargo	Sphinx Egypt for Financial Consultation
ASEC for Manufacturing and industrial Projects (ARESCO)	National Company for Goods Transport	Citadel Capital for Financing Corp.
United Foundries and Heat Treatment	National Company for River Ports Management	Citadel Company for Investments Promotion
ASEC Company for Cement Manufacturing	National Company for Sea Ports Management	National Company for Building Materials
ASEC Environmental Protection Company (ASENPRO)	NRTC Integrated Solutions Co. Ltd.	Arab Co. for Financial Investments
ASEC Automation (ASA)	Regional River Investment Limited	Citadel Capital for Projects
ASEC Research and Technology (ARTEC)	National Company for Transportation Means	Citadel Capital Holding for Financial Investments
ESACO for Manufacturing Engineering & Construction (ESACO)		Citadel Capital Ltd.
Alexandria Automotive Casting Co.		Valencia Trading Holding Ltd.
Ameryah Metal Co.		Andalusia Trading Investments
Al Takamoul Cement Limited		Financial Unlimited of Financial Investments S.A.E.
ASEC Algeria Cement Company (ASEC CEMENT)		Tanweer for Marketing & Distribution Co. SAE.
Asec Iraq		Ambience Ventures Ltd .
Societe Des Ciments De Zahan		Tanmayeh Company S.A.E
		Citadel Capital – Algeria

Cement ***Transportation *****Investments****Investments**

Lotus Alliance Limited BVI

National Company for Touristic
and Property Investment

Eco-Logic Limited

Africa Railways Limited

Mena Enterprises Limited

Citadel Capital for International
Investments Limited

ENTAG

Mena Home Furnishing Mall *

Bonyan For Development and
Trading *

Bright Living for Trading *

Investment Company for Modern
Furniture *

* Note (28)

Citadel Capital Company

Notes to the consolidated financial statements for the year ended December 31, 2009

Business segments

	2009				
	Investments Sector LE	Cement Sector LE	Transportation Sector LE	Eliminations LE	Consolidated LE
Total revenues	1 139 592 346	--	--	(681 493 877)	458 098 469
General and administrative expenses	(226 348 790)	--	--	(968 891)	(227 317 681)
Other expenses	(17 871 592)	--	--	--	(17 871 592)
Net profit from operating activities	895 371 964	--	--	(682 462 768)	212 909 196
Net finance expenses	35 118 548	--	--	(37 296 811)	(2 178 263)
Net profit (loss) before income tax	930 490 512	--	--	(719 759 579)	210 730 933
Income tax	(501 306)	--	--	--	(501 306)
Profit from continued operations after income tax	929 989 206	--	--	(719 759 579)	210 229 627
Loss from discontinued operations after tax	(34 707 898)	(35 097 402)	(61 383 455)	20 210 312	(110 978 443)
Net profit (loss) for the year	895 281 308	(35 097 402)	(61 383 455)	(699 549 267)	99 251 184
Segment assets	9 225 843 927	--	--	(6 097 123 211)	3 128 720 716
Investments in subsidiaries and associates	1 792 714 352	--	--	--	1 792 714 352
Total assets	11 018 558 279	--	--	(6 097 123 211)	4 921 435 068
Segment liabilities	2 070 303 289	--	--	(775 105 094)	1 295 198 195
Total liabilities	2 070 303 289	--	--	(775 105 094)	1 295 198 195
Depreciation	23 780 493	105 101 149	344 722	--	129 226 364
Amortisation of intangible assets	1 289	1 737 278	--	--	1 738 567

Citadel Capital Company

Notes to the consolidated financial statements for the year ended December 31, 2009

Business segments

2008

	Investments		Cement		Mining		Energy		Transportation		Eliminations		Consolidated	
	Sector	LE	Sector	LE	Sector	LE	Sector	LE	Sector	LE	Sector	LE	Sector	LE
Total revenue		317 437 430		--		--		--		--		(13 545 931)		303 891 499
Administrative expenses		(180 889 198)		--		--		--		--		(8 295 837)		(189 185 035)
Other expense		(41 348 178)		--		--		--		--		13 371 786		(27 976 392)
Net profit from operating activities		95 200 054		--		--		--		--		(8 469 982)		86 730 072
Net finance expenses		(47 758 766)		--		--		--		--		--		(47 758 766)
Net profit before income tax		47 441 288		--		--		--		--		(8 469 982)		38 971 306
Income tax expense		1 626 060		--		--		--		--		--		1 626 060
Net profit from continued operations after income tax		49 067 348		--		--		--		--		(8 469 982)		40 597 366
Net loss from discontinued operations after income tax		(26 899 994)		(154 032 131)		7 164 543		12 815 981		(30 909 417)		4 408 395		(187 452 623)
Net profit (loss) for the year		22 167 354		(154 032 131)		7 164 543		12 815 981		(30 909 417)		(4 061 587)		(146 855 257)
Segment assets		7 212 564 103		6 163 269 622		--		--		1 343 934 043		(5 954 334 251)		8 765 433 517
Investments in subsidiaries & associates		778 180 928		--		--		--		--		--		778 180 928
Total assets		7 990 745 031		6 163 269 622		--		--		1 343 934 043		(5 954 334 251)		9 543 614 445
Segment liabilities		1 096 496 405		2 752 517 766		--		--		474 029 001		(692 145 663)		3 630 897 509
Total liabilities		1 096 496 405		2 752 517 766		--		--		474 029 001		(692 145 663)		3 630 897 509
Depreciation		13 216 631		125 748 569		--		--		2 478 433		--		141 443 633
Amortisation of intangible assets		1 541		1 036 177		--		--		--		--		1 037 718

31. Related party transactions

- 31.1 Advisory fee item presented in the income statement under the item of other income are represented in the advisory services provided to other related parties according to signed contracts as follows:

Company name	For the year ended	
	31/12/2009 LE	31/12/2008 LE
Mena Glass Ltd.	3 864 440	5 543 064
Falcone Agriculture Investments Ltd.	12 795 523	11 864 838
Logria Holding Ltd.	34 765 817	28 694 878
Golden Crescent Investment Ltd.	6 676 234	4 923 781
Orient Investment Properties Ltd.	14 609 280	12 567 570
Sphinx Glass Ltd.	4 436 500	3 305 220
Silverstone Capital Investments Ltd.	752 013	--
ASEC Company for Cement Manufacturing	13 352 835	--
Total	<u>91 252 642</u>	<u>66 899 351</u>

- 31.2 Other revenues (note 23) include an amount of LE 30 840 897 which represents the amount due from Sabina (One of associates Company) for the Company against bearing all direct and indirect preoperational expenses, according to signed contract.

- 31.3 Interest income (note 25) includes an amount of LE 30 268 556 represents accrued interest income according to signed contracts from other related parties as follows:

Company name	For the year ended	
	31/12/2009 LE	31/12/2008 LE
National Company for Trading and Development	9 602 347	--
United Foundries and Heat Treatment	227 093	--
Grandview Investment Holding	1 893 073	--
Emerald Financial services Ltd.	6 599 057	--
Golden Crescent Investment Ltd.	11 264 963	--
Mena Glass Ltd.	682 023	--
Total	<u>30 268 556</u>	<u>--</u>

- 31.4 Citadel Capital Ltd. (one of the subsidiaries) sold its investments in both Shipwright Holdings and Illion Venture Limited (which owns 6% of National Company for Development and Trading and United Foundries and Heat Treatment shares) to Emirates International Investments Company (one of the shareholders with a percentage of 10.64%) (note 22).

32. Tax status**32.1 Corporate tax**

The Company's books have not been inspected yet.

The Company submitted its tax returns on regular basis for the years 2005/2008 according to tax law no. 91/2005.

32.2 Payroll tax

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

32.3 Stamp tax

The Company was inspected till the date of July 31, 2006 and paid all the due amounts as per the internal committee decision and for the period from 1/8/2006 to 31/12/2008 haven't been inspected yet.

32.4 Withholding tax

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

33 Group entities

	Country of incorporation	Ownership interest	
		Direct %	Indirect %
National Development and Trading Company	Arab Republic of Egypt	49.50	--
Citadel Capital Holding for Financial Investments-Free Zone	Arab Republic of Egypt-Free Zone	99.99	--
Citadel Capital for International Investments Ltd.	British Virgin Island	100.00	--
Arab Company for Financial Investments	Arab Republic of Egypt	--	94.00
Regional Investments Holdings Ltd.	British Virgin Island	--	28.21
National Company for River Transportation - Nile Cargo	Arab Republic of Egypt	--	99.99
National Company for Goods Transport	Arab Republic of Egypt	--	99.99
National Company for River Ports Management	Arab Republic of Egypt	--	99.88
National Company for Sea Ports Management	Arab Republic of Egypt	--	99.99
Citadel Capital Ltd.	British Virgin Island	--	100.00
Citadel Company for Promotion	Arab Republic of Egypt	--	99.90
ASEC Research and Technology (ARTEC)	Arab Republic of Egypt	--	99.00
ESACO S.A.E.	Arab Republic of Egypt	--	70.00
Arab Swiss Engineering Company. (ASEC)	Arab Republic of Egypt	--	100.00
ASEC for Casting and Heat Treatment (ARESCO)	Arab Republic of Egypt	--	99.47
United Foundries and Heat Treatment	Arab Republic of Egypt	--	100.00

	Country of incorporation	Ownership interest	
		Direct %	Indirect %
ASEC Company for Cement Manufacturing	Arab Republic of Egypt	--	50.99
ASEC Environmental Protection Company (ASENPRO)	Arab Republic of Egypt	--	63.01
ASEC Automation (ASA)	Arab Republic of Egypt	--	53.64
Alexandria Automotive Casting Co.	Arab Republic of Egypt	--	99.75
Ameryah Metal Co.	Arab Republic of Egypt	--	86.17
Sphinx Egypt Company	Arab Republic of Egypt	--	59.88
Bright Living for Trading	Arab Republic of Egypt	--	55.00
Mena Home Furnishings Mall	British Virgin Island	--	26.26
Bonyan for Development and Trading	Arab Republic of Egypt	--	99.99
Citadel Capital Algeria	Republic of Algeria	--	99.99
Valencia Trading Holding Ltd.	British Virgin Island	--	100.00
Andalusia Trading Investments	British Virgin Island	--	100.00
Tanweer Co.	Arab Republic of Egypt	--	99.88
Financial Unlimited Co.	Arab Republic of Egypt	--	99.88
Tanmeyah Company S.A.E	Arab Republic of Egypt	--	51.00
Lotus Alliance Limited	British Virgin Island	--	85.70
Citadel Capital For Financing Corp.	Arab Republic of Egypt	--	100.00
Ambience Ventures Ltd.	British Virgin Island	--	100.00
Al Takamoul Cement Limited	Sudan	--	51.00
ASEC Algeria Cement Company (ASEC CEMENT)	Republic of Algeria	--	13.99
ASEC Cement Iraq	Republic of Iraq	--	99.99
Societe Des Ciments De Zahan	Republic of Algeria	--	35.00
Regional River Investment Limited	British Virgin Island	--	100.00
Citadel for Projects Company	Arab Republic of Egypt	--	99.88
NRTC Integrated Solutions Co.	Republic of Sudan	--	99.00
Eco-Logic Ltd.	British Virgin Island	--	100.00
Africa Railways Limited	British Virgin Island	--	100.00
Mena Enterprises Ltd.	British Virgin Island	--	100.00
Investment Company for Modern Furniture	Arab Republic of Egypt	--	99.88
National Company for Touristic and Property Investment	Arab Republic of Egypt	--	99.88
National Company for Building Materials	Arab Republic of Egypt	--	99.88
National Company for Transportation Means	Arab Republic of Egypt	--	99.88
ENTAG	Arab Republic of Egypt	--	34.80

34. Management contract

The Company's extraordinary meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners (one of the shareholders of 40.95 %) which states that Citadel Capital Partners provides all the management duties for 10% of the net annual profit available for distribution the due amount as at December 31, 2009 is LE 23 483 250 (2008: 2 590 062).

35. 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.

36. 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; overdraft, loans and borrowing and trade and other payables. Note 3 include significant accounting policies for the recognition and measurement of the important financial instruments and related revenues and expenses.

36.1 Interest rate risk

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

36.2 Exchange rate risk

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

36.3 Credit risk

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