Citadel Capital Company
(Egyptian Joint Stock Company)

Separate financial statements
for the year ended December 31, 2012
&
Auditor's report

KPMG Hazem Hassan
Public Accountants & Consultants

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KPMG

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Auditor's report

To the shareholders of Citadel Capital Company

Report on the financial statements

We have audited the accompanying separate financial statements of Citadel Capital Company (Egyptian Joint Stock Company), which comprise the separate balance sheet as at December 31, 2012 and the separate statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citadel Capital Company as at December 31, 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Explanatory note

Without qualifying our opinion, we draw attention to Note No. (22) to the financial statements. On December 6, 2012, several resolutions of laws on amending certain provisions of the Tax Laws has been issued and published in the Official Gazette on that date. Later statements have been issued by certain officials in respect of freezing the enforcement of such resolutions. Due to the lack of emphatic information to the management of the Company on the enforcement date of such resolutions or the date of cancellation ,the management of the Company hereby did not affect the taxes bases, the related assets and liabilities , the results of operations during the year and the net profit available for distribution. These amounts and results may differ when reliable information become available on the enforcement of such resolutions and the effective date therefore.

KPMG

Hazem Hassan

Report on other legal and regulatory requirements

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

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

Hassan Ba

KPMG Hazem Hassan

Cairo, May 9, 2013

KPMG Hazem Hassan
Public Accountants and Consultants
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Citadel Capital Company
(Egyptian Joint Stock Company)
Separate balance sheet
as at December 31, 2012

	Note no.	31/12/2012 LE	31/12/2011 LE
Current assets			
Cash and cash equivalents	(4)	222 706 169	151 689 302
Due from related parties (net)	(5)	1 243 402 084	746 057 128
Other debit balances	(6)	1 687 388	1 497 833
Total current assets		1 467 795 641	899 244 263
Current liabilities			
Due to related parties	(7)	255 980 135	225 371 867
Current portion of long-term loans	(17)	527 661 106	210 252 000
Other credit balances	(8)	111 040 338	65 457 489
Expected claims provision	(9)	195 327 905	191 264 884
Total current liabilities		1 090 009 484	692 346 240
Working capital		377 786 157	206 898 023
Non - current assets			
Available-for-sale investments	(10)	23 766 164	26 391 801
Investments in subsidiaries and associates	(11)	2 698 191 005	2 698 128 505
Payments for investments	(12)	1 879 950 355	1 703 532 988
Fixed assets (net)	(13)	24 681 207	27 995 890
Other investments	(14)	550 044 784	420 201 318
Deferred tax	(15)	693 087	1 759 385
Total non - current assets		5 177 326 602	4 878 009 887
Total investment		5 555 112 759	5 084 907 910
Financed through:			
Equity			
Share capital	(16)	4 358 125 000	4 358 125 000
Legal reserve	(3.10)	89 578 478	89 578 478
Retained loss		(185 528 480)	(75 398 197)
		4 262 174 998	4 372 305 281
Net loss for the year		(66 401 133)	(110 130 283)
Net equity		4 195 773 865	4 262 174 998
Non - current liabilities			
Long term loans	(17)	1 359 338 894	822 732 912
Total non - current liabilities		1 359 338 894	822 732 912
Total equity and non - current liabilities		5 555 112 759	5 084 907 910

The accompanying notes from page 5 to 31 are an integral part of these financial statements and are to be read therewith.

Auditor's report "attached"

Chairman	Managing Director	Chief Financial Officer
Ahmed Heikal	Hisham Hussein El Khazindar	Moataz Farouk

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate income statement

for the year ended December 31, 2012

	Note no.	For the year ended 31/12/2012 LE	31/12/2011 LE
Advisory fees	(21.1)	124 269 901	69 479 207
Administrative and general expenses	(23)	(161 415 413)	(161 011 672)
Fixed assets depreciation	(13)	(3 326 533)	(4 383 166)
Expected claims provision	(9)	(7 000 000)	(16 300 000)
Impairment loss on assets		-	13 097 336
Net operating loss		(47 472 045)	(99 118 295)
Financing cost - (net)	(18)	(17 862 790)	(11 053 064)
Net loss before income tax		(65 334 835)	(110 171 359)
Deferred tax	(15)	(1 066 298)	41 076
Net loss for the year		(66 401 133)	(110 130 283)
Earnings per share	(19)	(0.08)	(0.16)

The accompanying notes from page 5 to 31 are an integral part of these financial statements and are to be read therewith.

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate statement of changes in equity

for the year ended December 31, 2012

	Note	Share capital	Legal reserve	Retained earnings (loss)	Net loss for the year	Total
		LE	LE	LE	LE	LE
Balance as at December 31, 2010		3 308 125 000	89 578 478	222 926 816	(298 325 013)	3 322 305 281
Carrying 2010 loss forward		-	-	(298 325 013)	298 325 013	-
Share capital increase	(16)	1 050 000 000	-	-	-	1 050 000 000
Net loss for the year ended December 31, 2011		-	-	-	(110 130 283)	(110 130 283)
Balance as at December 31, 2011		4 358 125 000	89 578 478	(75 398 197)	(110 130 283)	4 262 174 998
Carrying 2011 loss forward		-	-	(110 130 283)	110 130 283	-
Net loss for the year ended December 31, 2012		-	-	-	(66 401 133)	(66 401 133)
Balance as at December 31, 2012		4 358 125 000	89 578 478	(185 528 480)	(66 401 133)	4 195 773 865

The accompanying notes from page 5 to 31 are an integral part of these financial statements and are to be read therewith.

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate statement of cash flows

for the year ended December 31, 2012

	For the year ended 31/12/2012 LE	31/12/2011 LE
Cash flows from operating activities		
Net loss before tax	(65 334 835)	(110 171 359)
Adjustments to reconcile net loss to net cash used in operating activities :		
Fixed assets depreciation	3 326 533	4 383 166
Unrealized foreign currency differences	64 070 084	24 928 412
Interest income	(49 040 387)	(43 351 365)
Impairment loss on assets	-	(13 097 336)
Expected claims provision	7 000 000	16 300 000
Expected claims provision used	(2 936 979)	(12 903 670)
Operating loss before changes in working capital	(42 915 584)	(133 912 152)
(Increase) decrease in assets		
Due from related parties	(413 059 868)	(311 440 130)
Other debit balances	(189 555)	8 360 401
Increase (decrease) in liabilities		
Due to related parties	30 608 268	(480 575 850)
Other credit balances	45 582 849	27 033 773
Net cash used in operating activities	(379 973 890)	(890 533 958)
Cash flows from investing activities		
Payments for investments	(260 702 455)	(185 004 921)
Payments for purchase of fixed assets	(11 850)	(692 365)
Proceeds from of available- for- sale investments	2 625 637	-
Payments for purchasing of investments in subsidiaries and associates	(62 500)	-
Payments for other investments	(62 338 919)	(2 072 400)
Net cash used in investing activities	(320 490 087)	(187 769 686)
Cash flows from financing activities		
Proceeds from loans	771 480 844	31 328 585
Proceeds from issuing of share capital	-	1 050 000 000
Net cash provided from financing activities	771 480 844	1 081 328 585
Net change in cash and cash equivalents during the year	71 016 867	3 024 941
Cash and cash equivalents at the beginning of the year	151 689 302	148 664 361
Cash and cash equivalents at the end of the year	222 706 169	151 689 302

The accompanying notes from page 5 to 31 are an integral part of these financial statements and are to be read therewith.

Citadel Capital Company
(Egyptian Joint Stock Company)
Notes to the separate financial statements
for the year ended December 31, 2012

1. Company background

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

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

2. Basis of preparation

2.1 Statement of compliance

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

The financial statements were approved by the board on May 9, 2013.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

- Note no. (11) – measurement of the recoverable amount of investments in subsidiaries and associates.
- Note no. (15) – recognition of deferred tax.
- Note no. (9) – provisions.

2.5 Consolidated financial statements

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

3. Significant accounting policies applied

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

3.1 Foreign currency transactions

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

3.2 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment note no. (3.6), and are depreciated using the straight line method and recognized in income statement over the estimated productive life for each type of asset. The following are the estimated productive lives, for each class of assets, for depreciation calculation purposes:

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

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

3.3 Projects under construction

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

3.4 Gains and losses from disposal of fixed assets

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

3.5 Investments

3.5.1 Investments at fair value through income statement

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

3.5.2 Available-for-sale investments

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

3.5.3 Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less impairment note no. (3.6). At each balance sheet date, management assesses the investments' recoverable amount and in case that the recoverable amount is less than the carrying amount then an impairment loss is recognized in the income statement.

3.6 Impairment of assets

3.6.1 Financial assets

- A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

  An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.
- Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

  All impairment losses are recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to income statement.
- An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

3.6.2 Non-financial assets

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

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in income statement.

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

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

3.7 Cash and cash equivalents

Cash and cash equivalent includes the balances, which maturity not exceeding three months from the date of acquisition and the balances represented in cash on hand and banks-current accounts.

3.8 Interest-bearing borrowings

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

3.9 Provisions

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

3.10 Legal reserve

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

3.11 Issued capital

3.11.1 Repurchase of share capital

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

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

3.11.2 Dividends

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

3.12 Derivative financial instruments

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

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

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

3.13 Lending

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

3.14 Revenues

Revenue recognition

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

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

3.14.1 Gains (losses) on sale of investments

Gains (losses) resulted from sale of financial investments & investments property are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses.

3.14.2 Dividends income

Dividends income is recognized in the income statement at the date that the Company has rights to receive dividends from investments and occurred after the acquisition date.

3.14.3 Management fee

Management fee is recognized upon rendering the service.

3.14.4 Advisory fee

Advisory fee is calculated based on agreed percentage in accordance with contract term with a managed companies.

3.14.5 Interest income

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

3.15 Expenses

3.15.1 Interest expense

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

3.15.2 Employees pension

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

3.15.3 Income tax

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

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

3.16 Earnings per share

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

3.17 Profit sharing to employees

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

4. Cash and cash equivalents

	31/12/2012	**31/12/2011**
	LE	**LE**
Cash on hand	77 612	74 154
Banks – current accounts	215 989 626	146 706 893
Total	216 067 238	146 781 047
Effect of foreign exchange differences	6 638 931	4 908 255
Balance	222 706 169	151 689 302

Non cash transactions

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

- LE 84 285 088 from payments for investments and due from related parties (represents the transfer of the related parties' current account to payments for investments).
- LE 49 040 387 from proceeds from interest income and changes in other investments (represents the value of interest due on other investment during the year).

5. Due from related parties

	Nature of transaction		31/12/2012	31/12/2011
	Advisory fees	Finance		
	LE	LE	LE	LE
Mena Home Furnishings Mall	5 505 817	--	5 505 817	10 305 892
Falcon Agriculture Investments Ltd.	15 803 679	--	15 803 679	14 841 947
Golden Crescent Investments Ltd.	23 997 923	--	23 997 923	21 175 667
Citadel Capital Transportation Opportunities Ltd.	1 372 320	--	1 372 320	6 587 408
Logria Holding Ltd. *	34 619 536	--	34 619 536	33 063 034
Mena Glass Ltd.	4 761 530	--	4 761 530	4 547 451
Silverstone Capital Investment Ltd.	11 654 816	--	11 654 816	5 342 519
Sabina for Integrated Solutions	6 919 000	--	6 919 000	6 607 920
Sphinx Glass Ltd.	5 032 000	--	5 032 000	4 805 760
ASEC Cement Company	15 724 998	--	15 724 998	15 018 000
Citadel Capital Financing Corp. *	41 292 063	--	41 292 063	39 435 562
Valencia Trading Holding Ltd.	9 435 003	--	9 435 003	9 010 800
Citadel Capital Transportation Opportunities II Ltd.	6 908 611	--	6 908 611	5 961 449
Citadel Capital Holding for Financial Investments-Free Zone	--	874 388 277	874 388 277	405 280 039
ASEC Company for Mining (ASCOM)	--	96 084 159	96 084 159	24 083 533
Citadel Capital for International Investments Ltd.	--	10 936 783	10 936 783	58 161 464
National Company for Touristic and Property Investments	--	36 000 000	36 000 000	36 000 000
United Foundries Company	--	64 453 083	64 453 083	46 635 557
National Development and Trading Company	--	15 176 505	15 176 505	4 082 996
Ledmore Holdings Ltd.	1 224 578	--	1 224 578	--
Africa Railways Limited	5 168 288	--	5 168 288	--
Mena Joint Investment Fund GP	7 329 388	--	7 329 388	--
Citadel Capital Joint Investment Fund Management	3 922 658	--	3 922 658	--

	Nature of transaction Advisory fees	Finance	31/12/2012	31/12/2011
	LE	LE	LE	LE
Ltd.				
Africa JIF HOLD CO I	717 738	--	717 738	--
Africa JIF HOLD CO III	2 517 711	--	2 517 711	--
Mena JIF HOLD CO I	717 733	--	717 733	--
Orient Investments Properties Ltd.	--	--	--	50 752 763
Total			1 301 664 197	801 699 761
Accumulated impairment *			(58 262 113)	(55 642 633)
Net			1 243 402 084	746 057 128

* Accumulated impairment on due from related parties are represented in:

	Balance as at 1/1/2012	Foreign currency translation differences	Balance as at 31/12/2012
	LE	LE	LE
Logria Holding Ltd.	33 063 035	1 556 501	34 619 536
Citadel Capital Financing Corp.	22 579 598	1 062 979	23 642 577
Balance	55 642 633	2 619 480	58 262 113

6. Other debit balances

	31/12/2012	31/12/2011
	LE	LE
Deposits with others	221 152	221 152
Imprest	92 771	515 793
Advances to suppliers	7 246	11 228
Letters of guarantee's margin	629 000	602 720
Taxes deducted by others	593 219	--
Prepaid expenses	144 000	146 940
Balance	1 687 388	1 497 833

7. Due to related parties

	31/12/2012	31/12/2011
	LE	LE
Citadel Capital Partners Ltd. *	255 980 135	225 371 867

* The principal shareholder of the Company – 28.23%.

8. Other credit balances

	31/12/2012	31/12/2011
	LE	LE
Tax Authority	22 840 774	6 798 148
Accrued expenses	48 856 718	21 303 329
Accrued interest	27 903 777	25 632 722
Suppliers	8 237 017	8 586 639
Prior years dividends payable	2 893 919	2 893 919
National Authority for Social Insurance	265 890	200 489
Sundry credit balances	42 243	42 243
Balance	111 040 338	65 457 489

9. Expected claims provision

	31/12/2012	31/12/2011
	LE	LE
Balance at the beginning of the year	191 264 884	187 868 554
Formed during the year	7 000 000	16 300 000
Provisions used during the year	(2 936 979)	(12 903 670)
Balance	195 327 905	191 264 884

This provision represents contingent claims from one of the parties regarding the Company's activities. The usual information related to provisions according to the Accounting Standards has not been disclosed because management believes that disclosing could seriously affect the outcome of negotiations with these parties, and the management periodically reviews this provision and adjusts the provision amount according to the latest discussions with these parties.

10. Available-for-sale investments

	31/12/2012 LE	31/12/2011 LE
Arab Swiss Engineering Company – ASEC	17 479	17 479
Modern Company for Isolating Materials	43 396	43 396
EFG Capital Partners Fund II	7 734 489	10 360 126
EFG Capital Partners Fund III	15 970 800	15 970 800
Balance	23 766 164	26 391 801

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

11. Investments in subsidiaries and associates

	Percentage %	31/12/2012 LE	Percentage %	31/12/2011 LE
11.1 Investments in subsidiaries				
Citadel Capital Holding for Financial Investments-Free Zone	99.99	1 345 352 547	99.99	1 345 352 547
Citadel Capital for International Investments Ltd.	100	397 854 569	100	397 854 569
International Company for Mining Consultation	99.99	62 500	--	--
Balance		1 743 269 616		1 743 207 116
11.2 Investments in associates				
National Development and Trading Company	44.47	668 170 587	44.47	668 170 587
ASEC Company for Mining (ASCOM)	39.22	183 051 762	39.22	183 051 762
United Foundries Company	29.29	103 699 040	29.29	103 699 040
Balance		954 921 389		954 921 389
Total		2 698 191 005		2 698 128 505

- Investments in subsidiaries and associates are represented in unlisted securities in the Stock Exchange except ASEC Company for Mining (ASCOM) which has market value of LE 149 771 084 as at December 31, 2012 versus LE 104 880 942 as at December 31, 2011.

12. Payments for investments

	31/12/2012	31/12/2011
	LE	LE
Citadel Capital Holding for Financial Investments- Free Zone	1 710 185 204	1 525 277 171
Citadel Capital for International Investments Ltd.	167 729 240	176 219 906
Fund Project	2 035 911	2 035 911
Balance	1 879 950 355	1 703 532 988

13. Fixed asset

	Building and constructions*	Computers	Furniture, fixture and equipments	Vehicles	Total
	LE	LE	LE	LE	LE
Cost as at 1/1/2012	33 742 368	7 808 475	22 791 143	539 800	64 881 786
Additions during the year	--	11 850	--	--	11 850
Total cost as at 31/12/2012	33 742 368	7 820 325	22 791 143	539 800	64 893 636
Accumulated depreciation as at 1/1/2012	8 435 593	7 241 763	20 685 610	522 930	36 885 896
Depreciation during the year	1 687 120	382 750	1 239 793	16 870	3 326 533
Accumulated depreciation as at 31/12/2012	10 122 713	7 624 513	21 925 403	539 800	40 212 429
Carrying amounts at 31/12/2012	23 619 655	195 812	865 740	--	24 681 207
Carrying amounts at 31/12/2011	25 306 775	566 712	2 105 533	16 870	27 995 890

* Assets under constructions with an amount of LE 23 619 655 represent the value of the headquarter of the Company.

14. Other investments

Other investments are represented in loans granted to subsidiaries and associates as follows:

	Note no.	31/12/2012 LE	31/12/2011 LE
National Development and Trading Company	14.1	422 667 591	--
Seqouia Willow Investments Ltd.	14.1	--	362 094 225
United Foundries Company	14.2	127 377 193	58 107 093
Balance		550 044 784	420 201 318

14.1 The Company has granted two subordinating loans to National Development and Trading Company – (one of the associate companies - 44.47%) dated December 28, 2009 and September 21, 2010 with amounts of US.$ 40 968 630 and US.$ 8 064 887 respectively. The loans contracts period is five years, the principle of the two loans have to be paid with interest at the end of loans period, with 11.5% annual cumulative interest, according to loans contracts the Company has the right to convert the value of loans in addition to its interest due into capital increase in the capital of National Development and Trading Company with par value at the end of loans period.

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

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

The Company has transferred the total value of the two loans due from National Development and Trading Company in addition to the accrued interest to Seqouia Willow Investments Ltd. (one of the associates – 100 %) on January 10, 2011 based on the original contracts' terms granted to National Development and Trading Company. On February 1, 2012 the Company has retransferred the total value of the two loans due in addition to the accrued interest on Seqouia Willow Investments Ltd. to National Development and Trading Company according to the original contracts terms granted to National Development and Trading Company.

The value of the two loans is US.$ 67 196 755 (equivalent to LE 422 667 591 as at December 31, 2012) versus US.$ 60 276 705 (equivalent to LE 362 094 225 as at December 31, 2011) including accrued interest during the year amounted to US.$ 6 970 742 (equivalent to LE 43 845 967 as at December 31, 2012) against US.$ 11 243 186 (equivalent to LE 67 540 070 as at December 31, 2011).

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

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

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

The value of loan is US.$ 20 250 746 (equivalent to LE 127 377 193 as at December 31, 2012) versus US.$ 9 672 908 (equivalent to LE 58 107 093 as at December 31, 2011) including accrued interest during the year amounted to US.$ 1 122 392 (equivalent to LE 7 059 846) versus US.$ 1 542 808 (equivalent to LE 9 267 956 as at December 31, 2011).

15. Deferred tax

	31/12/2012 LE	31/12/2011 LE
Fixed assets (depreciation)	693 087	1 759 385

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

16. Share capital

- The Company's authorized capital is LE 6 Billion and the issued and paid-in capital is LE 3 308 125 000 represents 661 625 000 shares distributed to 496 218 750 ordinary shares and 165 406 250 preferred shares with par value LE 5 per share.
- The Company's extraordinary general assembly meeting held on August 3, 2011 decided to increase the issued capital from LE 3 308 125 000 to be LE 4 358 125 000 with an increase of LE 1 050 000 000 by issuing new 210 000 000 shares with par value LE 5 each and accordingly the total number of shares after increase is 871 625 000 shares distributed to 653 718 750 ordinary shares and 217 906 250 preferred shares. The share capital increase was paid in full during October 2011. The commercial register was updated on October 23, 2011.

- The preferred share has the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extraordinary general assembly meeting held on May 12, 2008 and also paragraph no.(3) of article no.(18) of the Company's article of associations. Those preferred shares are owned by Citadel Capital Partners Ltd. the principle shareholder of the Company.

The shareholders' structure is represented as follows:

Shareholders' name	Percentage %	No. of shares	Value in LE
Citadel Capital Partners Ltd.	28.23	246 027 220	1 230 136 100
Soliman Abd Elmohsen Abd Allah Abnamy	15.16	132 100 000	660 500 000
Emirates International Investments Company	7.49	65 318 565	326 592 825
Others	49.12	428 179 215	2 140 896 075
	100	871 625 000	4 358 125 000

17. Long term loans

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

The new loan amount is divided into three classes :-

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

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

The Company has used an amount of US.$ 300 000 000 (equivalent to LE 1 887 000 000) till December 31, 2012 and the current stage installment is amounted to US.$ 83 888 888 (equivalent to LE 527 661 106 as at December 31, 2012).

- The interest on loan charged to the income statement during the period is LE 156 371 533 including an amount LE. 69 345 000 represents loan's expenses and fees. note no. (18).
- The loan guarantees are as follows:
  - First degree lien contract of the shares owned by the Company in National Development and Trading Company.
  - First degree lien contract of the shares owned by the Company in International Company for Mining Consulting.
  - First degree lien contract of the shares owned by the Company in United Foundries Company.
  - First degree lien contract of the shares of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone).
  - First degree lien contract of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone) investments on the following companies:
    - Orient Investments Properties Ltd.
    - Logria Holding Ltd.

- Golden Crescent Investments Ltd.
- Falcon Agriculture Investments Ltd.
- Silverstone Capital Investment Ltd.
- Mena Glass Ltd.
- Mena Home Furnishings Mall.
- Valencia Trading Holding Ltd.
- Andalusia Trading Investments Ltd.
- Citadel Capital Transportation Opportunities Ltd.
- Lotus Alliance Limited.
- Citadel Capital Financing Corp.
- Grandview Investment Holding
- Africa Railways Holding
- Citadel Capital for Promotion Company

18. Financing cost

	For the year ended	
	31/12/2012	31/12/2011
	LE	LE
Interest income note (21.2)	130 328 083	61 409 163
Interest expense note (17)	(156 371 533)	(72 982 183)
Foreign currency differences	8 180 660	519 956
Net	(17 862 790)	(11 053 064)

19. Earnings per share

	For the year ended	
	31/12/2012	31/12/2011
	LE	LE
Net loss for the year	(66 401 133)	(110 130 283)
The weighted average number of shares	871 625 000	702 474 315
Earnings per share	(0.08)	(0.16)

20. Reconciliations of effective tax rate

	31/12/2012 LE	31/12/2011 LE
Net loss before tax	(65 334 835)	(110 171 359)
Tax reconciliations:		
Provisions	7 000 000	16 300 000
Impairment loss on assets	--	(13 097 336)
Fixed assets (taxable depreciation variances)	(124 685)	121 023
Non deductible expenses	1 159 000	1 005 000
Net tax exposure	(57 300 520)	(105 842 672)
Income tax according to the tax return	--	--

21. Related parties transactions

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

21.1 Advisory fees

Advisory fees presented in the income statement represents the advisory services rendered to the related parties according to signed contracts as follows:

	For the year ended	
	31/12/2012	31/12/2011
Company's name	**LE**	**LE**
Mena Glass Ltd.	4 583 351	4 495 274
Mena Home Furnishings Mall	5 299 783	5 197 938
Citadel Capital Transportation Opportunities Ltd.	1 320 968	1 295 589
Falcon Agriculture Investments Ltd.	15 212 542	14 673 039
Golden Crescent Investments Ltd.	1 747 858	6 933 189
Orient Investments Properties Ltd.	3 709 746	9 455 941
Sphinx Glass Ltd.	4 843 700	4 750 620
ASEC Cement Company	15 137 196	14 643 157
Silverstone Capital Investment Ltd.	5 847 794	2 138 017
Citadel Capital Transportation Opportunities II Ltd.	6 650 085	5 896 443
Africa Railways Limited	7 828 324	--
Mena Joint Investment Fund GP	7 101 385	--

Company's name	For the year ended 31/12/2012 LE	31/12/2011 LE
Citadel Capital Joint Investment Fund Management Ltd.	3 798 495	--
Africa JIF HOLD CO I	697 034	--
Africa JIF HOLD CO III	2 444 014	--
Mena JIF HOLD CO I	697 028	--
Ledmore Holdings Ltd.	1 178 882	--
Citadel Capital Ltd.	36 171 716	
Total	124 269 901	69 479 207

- The Company did not recognize advisory fees with an amount LE 38 323 790 and LE 5 337 657 related to Logria Holding Ltd. and Golden Crescent Investments Ltd. in accordance with the signed contracts due to inadequate assurance concerning the revenue recognition and collection conditions.

21.2 Interest income

Interest income presented in financing costs - note no.(18) included an amount of LE 128 790 325 which represent the accrued interest income according to the signed contracts with some related parties as follows:

Company's name	For the year ended 31/12/2012 LE	31/12/2011 LE
National Development and Trading Company*	41 924 788	--
Seqouia Willow Investments Ltd.	--	36 987 665
United Foundries Company (21.2.1)	17 866 172	7 853 151
Citadel Capital Holding for Financial Investments-Free Zone	40 953 268	11 682 874
Citadel Capital for International Investments Ltd.	21 377 302	2 952 638
ASEC Company for Mining (ASCOM)	6 668 795	--
Total	128 790 325	59 476 328

* Note no. (14).

21.2.1 Interest income related to United Foundries Company is represented as follows:

	For the year ended	
	31/12/2012	**31/12/2011**
	LE	**LE**
Subordinating loan interest – note no. (14)	6 796 748	6 363 700
Current account interest	11 069 424	1 489 451
Total	17 866 172	7 853 151

22. Tax Status

Corporate tax

The Company submitted its tax returns on regular basis for the years from 2005 to 2011 according to tax law No. 91/2005. The Company's books have not been inspected yet.

Salaries tax

The Company deducts the salaries tax according to tax law no. 91 / 2005 and the Company's books inspected for the period from launch till the date of 31/12/2009 but the authority did not inform the Company with results yet . And the years from 2010/2011 have not been inspected yet .

Stamp tax

The Company was inspected till July 31, 2006 and paid all the accrued amounts according to the Internal Committee decision and no tax inspection for the period from 1/8/2006 to 31/12/2011 has been inspected and the dispute has transferred to Internal Committee in the Authority.

Withholding tax

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

- On December 6, 2012, several resolutions of laws on amending certain provisions of the Tax Laws has been issued and published in the Official Gazette on the that date, provided that such resolutions

shall come into force from the date following the date of publication.
And such amendments are:

- Amending the provisions of the Income tax Law No. 91 of 2005.
- Amending the provisions of the General Sales tax Law No. 11 of 1991.
- Amending the provisions of the Real Estate tax Law No. 196 of 2008.
- Amending the provisions of the Stamp Duty Law No. 111 of 1980.

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

23. Administrative and general expenses

	For the year ended	
	31/12/2012	**31/12/2011**
	LE	**LE**
Wages , salaries and similar items	113 525 136	102 805 520
Consultancy	13 257 004	26 745 795
Advertising and public relations	6 768 508	8 152 265
Travel , accommodation and transportations	6 132 047	7 277 626
Other expenses	21 732 718	16 030 466
Total	161 415 413	161 011 672

24. Management fees

The Company's extraordinary general assembly meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners Ltd. (the principal shareholder of – 28.23 %) which states that Citadel Capital Partners Ltd. provides management duties for fees based on 10% of the net annual profit available for distribution. The total fees for the year ended December 31, 2012 and December 31, 2011 are nil.

25. 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 year 2005 which modified executive regulation for the law No. 159 / 1981.
- On June 22, 2008 the Capital Market Authority approved the ESOP plan and the Company did not start to apply it.

26. Contingent liabilities and commitments

The Company guarantees some of its related parties against loans and credit facilities granted from banks.

27. Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances and debtors while financial liabilities include creditors. Note no. (3) of notes to financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses by the Company to minimize the consequences of such risks.

27.1 Credit risk

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

27.2 Liquidity risk

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

27.3 Market risk

A- Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies. Assets and liabilities that have foreign currency position at the financial position date equivalent to LE 1 973 013 970 and LE 1 865 088 571 respectively, and net foreign currencies balances at the financial position date are as follows:

Foreign currencies	Surplus LE
US.$	107 909 089
Euro	16 310

- As disclosed in note no. (3.1) the Company has used the prevailing exchange rates to revaluate monetary assets and liabilities at the balance sheet date.

B- Interest rate risk

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

C- Price risk

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

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

27.4 Capital risk management

The Company's objectives when managing capital are to safeguard the management's ability to continue as a going concern in order to provide returns to the benefits to the Company's shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, management may adjust the amount of distribution paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as Current portion of long term loans, trade payable and due to related parties plus long term loans as shown on the balance sheet less cash and cash equivalents.

The gearing ratios at 31 December 2012 and 31 December 2011 were as follows:

	31/12/2012 **LE**	**31/12/2011** **LE**
Total liabilities		
Due to related parties	255 980 135	225 371 867
Current portion of long term loans	527 661 106	210,252,000
Other credit balances	111 040 338	65 457 489
Expected claims provision	195 327 905	191 264 884
Long term loans	1 359 338 894	822 732 912
Total	**2 449 348 378**	**1 515 079 152**
Less: Cash and cash equivalents	(222 706 169)	(151 689 302)
Net debt	**2 226 642 209**	**1 363 389 850**
Total equity	4 195 773 865	4 262 174 998
Gearing ratio	**53%**	**32%**