Citadel Capital Company
(Egyptian Joint Stock Company)

Separate financial statements
for the period ended September 30, 2012
&
Review report

Contents

KPMG

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Review report

To the Board of Directors of Citadel Capital Company

Introduction

We have performed a limited review for the accompanying separate statement of financial position of Citadel Capital Company (Egyptian Joint Stock Company) as at September 30, 2012 and the related separate statements of income, changes in equity and cash flows for the nine months then ended and a summary of significant accounting policies and other explanatory notes. The Company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of limited review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the financial position of the Company as at September 30, 2012 and of its financial performance and its cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.

Hassan Ba

KPMG Hazem Hassan

Cairo ,December 20, 2012

KPMG Hazem Hassan
Public Accountants and Consultants
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Citadel Capital Company
(Egyptian Joint Stock Company)
Separate statement of financial position
as at September 30, 2012

	Note no.	30/9/2012 LE	31/12/2011 LE
Current assets			
Cash and cash equivalents	(4)	179 891 122	151 689 302
Due from related parties (net)	(5)	1 042 700 132	746 057 128
Other debit balances	(6)	6 248 311	1 497 833
Total current assets		1 228 839 565	899 244 263
Current liabilities			
Due to related parties	(7)	223 017 899	225 371 867
Current portion of long-term loans	(17)	212 800 000	210 252 000
Other credit balances	(8)	42 780 059	65 457 489
Expected claims provision	(9)	191 264 884	191 264 884
Total current liabilities		669 862 842	692 346 240
Working capital		558 976 723	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)	2 004 054 235	1 703 532 988
Fixed assets (net)	(13)	25 470 934	27 995 890
Other investments	(14)	519 326 944	420 201 318
Deferred tax	(15)	1 001 107	1 759 385
Total non - current assets		5 271 810 389	4 878 009 887
Total investment		5 830 787 112	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 period / year		(42 587 886)	(110 130 283)
Net equity		4 219 587 112	4 262 174 998
Non - current liabilities			
Long term loans	(17)	1 611 200 000	822 732 912
Total non - current liabilities		1 611 200 000	822 732 912
Total equity and non - current liabilities		5 830 787 112	5 084 907 910

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

Review ~~report~~ "attached"

Chairman
Ahmed Heikal

Managing Director
Hisham Hussein El Khazindar

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate income statement

for the period ended September 30, 2012

	Note	For the period		For the period	
		from 1/7/2012 to 30/9/2012	from 1/1/2012 to 30/9/2012	from 1/7/2011 to 30/9/2011	from 1/1/2011 to 30/9/2011
	no.	LE	LE	LE	LE
Advisory fees	(20.1)	19 777 382	63 452 048	16 767 345	48 964 970
Administrative and general expenses	(22)	(25 789 462)	(74 652 392)	(36 884 943)	(111 978 876)
Fixed assets depreciation	(13)	(804 678)	(2 536 806)	(1 029 079)	(3 354 048)
Net operating loss		(6 816 758)	(13 737 150)	(21 146 677)	(66 367 954)
Financing (cost) income - (net)	(18)	4 258 597	(28 092 458)	481 208	(6 018 711)
Net loss before income tax		(2 558 161)	(41 829 608)	(20 665 469)	(72 386 665)
Deferred tax	(15)	(293 404)	(758 278)	(12 952)	44 141
Net loss for the period		(2 851 565)	(42 587 886)	(20 678 421)	(72 342 524)
Earnings per share	(19)	-	(0.05)	(0.03)	(0.11)

The accompanying notes from page 5 to 29 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 period ended September 30, 2012

	Share capital	Legal reserve	Retained earnings (loss)	Net loss for the year / period	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	-
Net loss for the period ended September 30, 2011	-	-	-	(72 342 524)	(72 342 524)
Balance as at September 30, 2011	3 308 125 000	89 578 478	(75 398 197)	(72 342 524)	3 249 962 757
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 period ended September 30, 2012	-	-	-	(42 587 886)	(42 587 886)
Balance as at September 30, 2012	4 358 125 000	89 578 478	(185 528 480)	(42 587 886)	4 219 587 112

The accompanying notes from page 5 to 29 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 period ended September 30, 2012

	For the period ended	
	30/9/2012	**30/9/2011**
	LE	**LE**
Cash flows from operating activities		
Net loss before tax	(41 829 608)	(72 386 665)
Adjustments to reconcile net loss to net cash (used in) provided from operating activities :		
Fixed assets depreciation	2 536 806	3 354 048
Unrealized foreign currency differences	13 477 955	20 164 348
Interest income	(36 336 667)	(31 714 217)
Expected claims provision used	-	(9 336 851)
Operating loss before changes in working capital	(62 151 514)	(89 919 337)
(Increase) decrease in assets		
Due from related parties	(364 946 196)	9 521 116
Other debit balances	(4 750 478)	463 216
(Decrease) increase in liabilities		
Due to related parties	(2 353 968)	225 095 543
Other credit balances	(22 677 430)	17 884 674
Net cash (used in) provided from operating activities	(456 879 586)	163 045 212
Cash flows from investing activities		
Payments for investments	(232 218 055)	(179 168 811)
Payments for purchase of fixed assets	(11 850)	(692 365)
Proceeds from refund of available- for- sale investments	2 625 637	-
Payments for purchasing of investments in subsidiaries and associates	(62 500)	-
Payments for other investments	(56 732 670)	(2 072 400)
Net cash used in investing activities	(286 399 438)	(181 933 576)
Cash flows from financing activities		
Proceeds from loans	771 480 844	31 328 585
Net cash provided from financing activities	771 480 844	31 328 585
Net change in cash and cash equivalents during the period	28 201 820	12 440 221
Cash and cash equivalents at the beginning of the period	151 689 302	148 664 361
Cash and cash equivalents at the end of the period	179 891 122	161 104 582

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

Citadel Capital Company
(Egyptian Joint Stock Company)
Notes to the separate financial statements
for the period ended September 30, 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 11, 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 December 20, 2012.

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 translation

The Company maintains its accounts in Egyptian pounds. Transactions dominated in foreign currencies are translated at foreign exchange rate ruling at the date of transactions. Monetary assets and liabilities dominated in foreign currencies at the balance sheet date are translated at the foreign exchange rates ruling at that date. 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

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

	30/9/2012	31/12/2011
	LE	LE
Cash on hand	44 686	74 154
Banks – current accounts	178 137 404	146 706 893
Total	178 182 090	146 781 047
Effect of foreign exchange differences	1 709 032	4 908 255
Balance	179 891 122	151 689 302

Non cash transactions

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

- LE 68 303 192 from due from related parties and payments for investments (represents the transfer of the related parties' current account to payments for investments).
- LE 36 336 667 from proceeds from interest income and changes in other investments (represents the value of interest due on other investment during the period).

5. Due from related parties

	Nature of transaction		30/9/2012	31/12/2011
	Advisory fees	Finance		
	LE	LE	LE	LE
Mena Home Furnishings Mall	3 991 503	--	3 991 503	10 305 892
Falcon Agriculture Investments Ltd.	11 434 255	--	11 434 255	14 841 947
Golden Crescent Investments Ltd.	23 196 721	--	23 196 721	21 175 667
Citadel Capital Transportation Opportunities Ltd.	994 876	--	994 876	6 587 408
Logria Holding Ltd. *	33 463 719	--	33 463 719	33 063 034
Mena Glass Ltd.	3 451 918	--	3 451 918	4 547 451
Silverstone Capital Investment Ltd.	9 801 094	--	9 801 094	5 342 519
Sabina for Integrated Solutions	6 688 000	--	6 688 000	6 607 920
Sphinx Glass Ltd.	3 648 000	--	3 648 000	4 805 760
ASEC Cement Company	11 368 768	--	11 368 768	15 018 000
Citadel Capital Financing Corp. *	39 913 472	--	39 913 472	39 435 562
Valencia Trading Holding Ltd.	9 120 000	--	9 120 000	9 010 800
Citadel Capital Transportation Opportunities II Ltd.	5 008 472	--	5 008 472	5 961 449
Citadel Capital Holding for Financial Investments-Free Zone	--	707 159 191	707 159 191	405 280 039
ASEC Company for Mining (ASCOM)	--	77 094 400	77 094 400	24 083 533
Citadel Capital for International Investments Ltd.	--	29 048 186	29 048 186	58 161 464
National Company for Touristic and Property Investments	--	36 000 000	36 000 000	36 000 000
United Foundries Company	--	58 136 194	58 136 194	46 635 557
National Development and Trading Company	--	18 302 249	18 302 249	4 082 996
Ledmore Holdings Ltd.	887 770	--	887 770	--
Africa Railways Limited	3 553 936	--	3 553 936	--
Mena Joint Investment Fund GP	2 115 336	--	2 115 336	--
Citadel Capital Joint Investment Fund Management Ltd.	3 108 513	--	3 108 513	--
Africa JIF HOLD CO I	309 260	--	309 260	--
Africa JIF HOLD CO III	911 994	--	911 994	--
Mena JIF HOLD CO I	309 260	--	309 260	--
Orient Investments Properties Ltd.	--	--	--	50 752 763
Total			1 099 017 087	801 699 761
Accumulated impairment *			(56 316 955)	(55 642 633)
Net			1 042 700 132	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 30/9/2012
	LE	LE	LE
Logria Holding Ltd.	33 063 035	400 684	33 463 719
Citadel Capital Financing Corp.	22 579 598	273 638	22 853 236
Balance	55 642 633	674 322	56 316 955

6. Other debit balances

	30/9/2012	31/12/2011
	LE	LE
Deposits with others	221 152	221 152
Imprest	1 616 973	515 793
Advances to suppliers	3 655 246	11 228
Letters of guarantee's margin	608 000	602 720
Prepaid expenses	146 940	146 940
Balance	6 248 311	1 497 833

7. Due to related parties

	30/9/2012	31/12/2011
	LE	LE
Citadel Capital Partners Ltd. *	223 017 899	225 371 867

* The principal shareholder of the Company – 28.23%.

8. Other credit balances

	30/9/2012 LE	31/12/2011 LE
Tax Authority	15 882 136	6 798 148
Accrued expenses	14 546 338	21 303 329
Accrued interest	2 556 932	25 632 722
Suppliers	6 562 776	8 586 639
Prior years dividends payable	2 893 919	2 893 919
National Authority for Social Insurance	295 715	200 489
Sundry credit balances	42 243	42 243
Balance	42 780 059	65 457 489

9. Expected claims provision

	30/9/2012 LE	31/12/2011 LE
Balance at the beginning of the period / year	191 264 884	187 868 554
Formed during the period / year	--	16 300 000
Provisions used during the period / year	--	(12 903 670)
Balance	191 264 884	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

	30/9/2012 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 %	30/9/2012 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 190 542 863 as at September 30, 2012 versus LE 104 880 942 as at December 31, 2011.

12. Payments for investments

	30/9/2012 LE	31/12/2011 LE
Citadel Capital Holding for Financial Investments- Free Zone	1 699 932 818	1 525 277 171
Citadel Capital for International Investments Ltd.	299 887 770	176 219 906
Fund Project	4 233 647	2 035 911
Balance	2 004 054 235	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 period	--	11 850	--	--	11 850
Total cost as at 30/9/2012	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 period	1 265 340	317 811	936 785	16 870	2 536 806
Accumulated depreciation as at 30/9/2012	9 700 933	7 559 574	21 622 395	539 800	39 422 702
Carrying amounts at 30/9/2012	24 041 435	260 751	1 168 748	--	25 470 934
Carrying amounts at 31/12/2011	25 306 775	566 712	2 105 533	16 870	27 995 890

14. Other investments

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

	Note no.	30/9/2012 LE	31/12/2011 LE
National Development and Trading Company	14.1	397 961 243	--
Seqouia Willow Investments Ltd.	14.1	--	362 094 225
United Foundries Company	14.2	121 365 701	58 107 093
Balance		519 326 944	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.$ 65 454 152 (equivalent to LE 397 961 243 as at September 30, 2012) versus US.$ 60 276 705 (equivalent to LE 362 094 225 as at December 31, 2011) including accrued interest during the period amounted to US.$ 5 177 447 (equivalent to LE 31 478 877 as at September 30, 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.$ 19 961 464 (equivalent to LE 121 365 701 as at September 30, 2012) versus US.$ 9 672 908 (equivalent to LE 58 107 093 as at December 31, 2011) including accrued interest during the period amounted to US.$ 833 110 (equivalent to LE 5 065 308) versus US.$ 1 542 808 (equivalent to LE 9 267 956 as at December 31, 2011).

15. Deferred tax

	30/9/2012	31/12/2011
	LE	LE
Fixed assets (depreciation)	1 001 107	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 1 824 000 000) till September 30, 2012 and the current stage installment is amounted to US.$ 35 million (equivalent to LE 212 800 000 as at September 30, 2012).

- The interest on loan charged to the income statement during the period is LE 130 796 556 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) income

	For the period		For the period	
	from 1/7/2012 to 30/9/2012 LE	from 1/1/2012 to 30/9/2012 LE	from 1/7/2011 to 30/9/2011 LE	from 1/1/2011 to 30/9/2011 LE
Interest income note (21.2)	28 928 672	98 286 551	14 606 759	41 591 537
Interest expense note (17)	(24 065 372)	(130 796 556)	(13 008 152)	(41 275 493)
Foreign currency differences	(604 703)	4 417 547	(1 117 399)	(6 334 755)
Net	4 258 597	(28 092 458)	481 208	(6 018 711)

19. Earnings per share

	For the period		For the period	
	from 1/7/2012 to 30/9/2012	from 1/1/2012 to 30/9/2012	from 1/7/2011 to 30/9/2011	from 1/1/2011 to 30/9/2011
	LE	LE	LE	LE
Net loss for the period	(2 851 565)	(42 587 886)	(20 678 421)	(72 342 524)
The weighted average number of shares	871 625 000	871 625 000	661 625 000	661 625 000
Earnings per share	--	(0.05)	(0.03)	(0.11)

20. 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:

20.1 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 period		For the period	
	from 1/7/2012 to 30/9/2012	from 1/1/2012 to 30/9/2012	from 1/7/2011 to 30/9/2011	from 1/1/2011 to 30/9/2011
Company's name	LE	LE	LE	LE
Mena Glass Ltd.	1 148 748	3 428 926	1 125 943	3 361 459
Mena Home Furnishings Mall	1 328 316	3 964 914	1 301 941	3 886 894
Citadel Capital Transportation Opportunities Ltd.	331 076	988 249	324 510	968 811
Falcon Agriculture Investments Ltd.	3 805 143	11 358 083	3 675 488	10 887 395
Golden Crescent Investments Ltd.	--	1 747 858	863 278	2 577 278
Orient Investments Properties Ltd.	--	3 709 746	2 368 115	7 012 669
Sphinx Glass Ltd.	1 214 000	3 623 700	1 189 900	3 552 400
ASEC Cement Company	3 824 932	11 293 360	3 749 000	10 867 943
Silverstone Capital Investment Ltd.	3 293 880	4 378 365	535 514	1 598 758

	For the period		For the period	
	from 1/7/2012 to 30/9/2012	from 1/1/2012 to 30/9/2012	from 1/7/2011 to 30/9/2011	from 1/1/2011 to 30/9/2011
Company's name	**LE**	**LE**	**LE**	**LE**
Citadel Capital Transportation Opportunities II Ltd.	1 666 749	4 975 111	1 633 656	4 251 363
Africa Railways Limited	1 271 841	6 383 055	--	--
Mena Joint Investment Fund GP	392 799	2 103 410	--	--
Citadel Capital Joint Investment Fund Management Ltd.	683 177	3 091 720	--	--
Africa JIF HOLD CO I	107 811	307 883	--	--
Africa JIF HOLD CO III	305 660	907 796	--	--
Mena JIF HOLD CO I	107 811	307 883	--	--
Ledmore Holdings Ltd.	295 439	881 989	--	--
Total	19 777 382	63 452 048	16 767 345	48 964 970

- The Company did not recognize advisory fees with an amount LE 28 586 877 and LE 3 528 856 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.

20.2 Interest income

Interest income presented in financing costs - note no.(18) included an amount of LE 96 986 040 which represent the accrued interest income according to the signed contracts with some related parties as follows:

	For the period		For the period	
	from 1/7/2012 to 30/9/2012	from 1/1/2012 to 30/9/2012	from 1/7/2011 to 30/9/2011	from 1/1/2011 to 30/9/2011
Company's name	**LE**	**LE**	**LE**	**LE**
National Development and Trading Company*	10 560 064	31 304 540	--	--
Seqouia Willow Investments Ltd.	--	--	9 354 821	27 461 433
United Foundries Company (20.2.1)	2 412 121	15 197 995	2 038 291	5 066 083
Citadel Capital Holding for Financial Investments-Free Zone	9 640 469	34 253 285	2 077 863	5 391 412
Citadel Capital for International Investments Ltd.	6 123 174	16 230 220	729 695	2 247 085
Total	28 735 828	96 986 040	14 200 670	40 166 013

* Note no. (14).

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

	For the period		For the period	
	from 1/7/2012 to 30/9/2012 LE	from 1/1/2012 to 30/9/2012 LE	from 1/7/2011 to 30/9/2011 LE	from 1/1/2011 to 30/9/2011 LE
Subordinating loan interest – note no. (14)	1 754 856	5 032 128	1 593 336	4 252 784
Current account interest	657 265	10 165 867	444 955	813 299
Total	2 412 121	15 197 995	2 038 291	5 066 083

21. 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.

22. Administrative and general expenses

	For the period		For the period	
	from 1/7/2012 to 30/9/2012	from 1/1/2012 to 30/9/2012	from 1/7/2011 to 30/9/2011	from 1/1/2011 to 30/9/2011
	LE	LE	LE	LE
Wages , salaries and similar items	15 076 964	44 360 289	25 796 782	78 388 125
Consultancy	4 042 759	9 263 145	4 001 484	10 122 139
Advertising and public relations	1 210 459	4 535 766	1 847 465	6 480 485
Travel , accommodation and transportations	1 335 956	4 047 741	1 809 804	5 302 704
Other expenses	4 123 324	12 445 451	3 429 408	11 685 423
Total	25 789 462	74 652 392	36 884 943	111 978 876

23. 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 period ended September 30, 2012 and September 30, 2011 are nil.

24. Employees Stock Option Plan

- The Company's extraordinary meeting held on February 20, 2008 approved to add a new article to the Company Article of Association to adopt a plan or more to motivate employees, managers and executive board of directors – Employees Stock Option Plan (ESOP) in accordance with decision no.(282) for 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.

25. Contingent liabilities and commitments

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

26. 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.

26.1 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.

26.2 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.

26.3 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 1 690 701 230 and LE 1 817 852 257 respectively, and net foreign currencies balances at the financial position date are as follows:

Foreign currencies	**(Deficit) / Surplus LE**
US.$	(127 168 312)
Euro	17 285

- 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.