CITADEL CAPITAL القلعة

Local Insight
Regional Footprint
World-Class Expertise

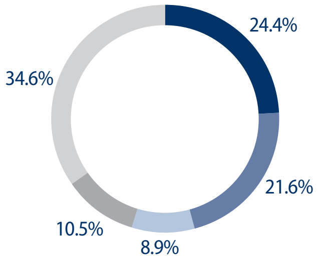
FY12 Business Review

CAIRO, EGYPT: 9 MAY 2013

Citadel Capital Reports FY12 Results

New reporting format focuses on performance of core platform companies. Aggregate revenues ease 4.4% y-o-y to EGP 5.1 bn in FY12; EBITDA rises to EGP 111.4 mn from negative EGP 0.1 million in FY11.

SECTOR AGGREGATE REVENUES (FY12)
(in EGP mn)



Energy	1,256.0
Food & Agriculture	1,109.4
Transportation & Logistics	455.7
Mining	546.1
Cement Maufacturing & Construction	1,779.5
TOTAL	**5,146.7**

Citadel Capital (CCAP.CA on the EGX) reported today its financial results for FY12 with a new methodology focusing on operational core platforms. Highlights of the performance of its core platform and portfolio companies follows. Summary discussion of standalone and consolidated income statements and balance sheets appear in this document beginning on page 20. Full statutory financials are available for download at ir.citadelcapital.com.

FY12 Highlights

- Citadel Capital principal investments from its own Balance Sheet increased US$ 214.7 million in FY12 (and US$ 48.2 million in the fourth quarter) to close the year at US$ 1,155.0 million.
- Aggregate total revenues from the firm's eight core operational platforms eased 4.4% to EGP 5,146.7 million, as improvements in both the Energy and the Agriculture & Food sectors were masked by the drop in ASEC Holding revenues (currently the largest contributor in the aggregate total revenues, with EGP 1,779.5 million). The drop in ASEC Holding's revenues stems largely from its construction segment which is still suffering a weak backlog of projects, and delays in the start of projects due to prevailing conditions in Egypt and in the region.
- Aggregate EBITDA for the eight operational core platforms stood at EGP 111.4 million, a sharp improvement from almost nil the previous year on the back of fundamental improvements in underlying businesses as well as a sustained emphasis on cost control.
- **Energy**: Aggregate sector revenues rose 0.8% to EGP 1,256.0 million, while EBITDA eased 9.5% to EGP 135.7 million, as the gas construction division faced some delays. The sector reported financial close on the US$ 3.7 billion Egyptian Refining Project in the largest equity raising in Egypt since 2007 and the largest in Africa last year, while TAQA Arabia recorded a 28% year-on-year rise in total electricity generated.
- **Agriculture & Consumer Foods**: Aggregate sector revenues rose 1.9% to EGP 1,109.4 million, while EBITDA improved 32.7% to EGP 71.5 million as portfolio company Rashidi El-Mizan introduced new products and Enjoy began its turnaround.
- **Transportation & Logistics**: Aggregate sector revenues dipped 6.8% to EGP 455.7 million, while EBITDA stood at negative EGP 131.4 million. Rift Valley Railways posted a 30% improvement in key turnaround times and released rehabilitated and overhauled wagons into service, while revenues eased 11% as rolling stock was out of service for maintenance and overhaul. Nile Logistics is poised to capitalize on elimination of petroleum subsidies in Egypt.
- **Mining**: Aggregate sector revenues eased 5.3% to EGP 546.1 million as quarrying revenues fell on the back of stoppages at client sites. Greenfield GlassRock began production, export of green building materials; ASCOM for Chemicals and Carbonates Mining increased EBITDA 12-fold and exported 60% of its production, began testing on new line to serve global paints, polymers, and petrochemicals industries.
- **Cement & Construction:** Aggregate sector revenues declined 10.2% to EGP 1,779.5 million. ASEC Cement began commissioning of US$ 360 million greenfield plant ASEC Minya, achieved positive EBITDA of EGP 76.8 million in FY12 from negative EGP 104.3 million the previous year.

IMPORTANT NOTE

As part of its transformation into an investment company with 10 focus platforms in five core industries, Citadel Capital has changed its reporting methodology. These changes include:

- **Less Emphasis on Standalone Financials (page 20)**, which are better suited to a private equity company that recognizes revenues from advisory fees, capital gains on principal investments, and carried interest.
- **Less Emphasis on Consolidated Financials (page 22)**, which, after the transformation, will be the benchmark for Citadel Capital's financial performance as an investment holding company. Present-day consolidated results do not present a complete picture of the performance of core platform companies that will remain part of Citadel Capital's holdings following a three-plus year divestment program for non-core assets. Management accordingly presents in this Business Review aggregate revenue and EBITDA figures for the firm's eight core operational platform companies.
- **New Emphasis on Operational Core Platforms by Sector**, with aggregate revenue and EBITDA figures broken down by industry and including eight operational platforms at present. These include:

  1. **ENERGY: TAQA Arabia, Tawazon (p. 5)**
  2. **AGRICULTURE & CONSUMER FOODS: Gozour, Wafra (p. 8)**
  3. **TRANSPORTATION & LOGISTICS: Nile Logistics, Africa Railways (p. 11)**
  4. **MINING: ASCOM (p. 14)**
  5. **CEMENT MANUFACTURING & CONSTRUCTION: ASEC Holding (p. 16)**

  Complete consolidated and standalone financials are available for download at **ir.citadelcapital.com.**

2012 in Review + Outlook

Throughout 2012, Citadel Capital focused on reducing risk at major greenfield projects; made small, incremental investments in a number of key platforms; deployed US$ 150 million in financing backed by the United States Overseas Private Investment Corporation to accelerate the growth of select portfolio companies; continued to control costs at the Citadel Capital and platform levels; and began a strategic transformation of our business model that sees us standing today as an investment company with an emphasis on 10 focus platforms in five core industries.

Against this backdrop, highlights of the year include:

- Financial close on Egyptian Refining Company (ERC) in the largest capital raising in MEA of 2012;
- Start of commissioning at greenfield ASEC Minya at year's end;
- The arrangement of full financing for a 2,400-head expansion of Dina Farms (the nation's largest producer of fresh milk) and receipt of the first 1,000 pregnant heifers;
- The start of exports of eco-friendly building materials from our greenfield glasswool and rockwool plants;
- The continued expansion of our Nile River transportation fleet with four dumb barges and two pushers;
- And the expansion of our technical calcium carbonate plant through a new line that will allow it to serve the global paints, polymers and paper markets.

This progress has not gone unnoticed by the market: Our share price rose more than 47% in FY12. There were, however, some disappointments in 2012, principally with the slow progress on our planned sale of non-core platform businesses. In simple terms: While we are waiting for a better macro backdrop to sell, we continue to make these businesses stronger and increase their overall strategic appeal.

Throughout 2012, our macro view was fundamentally validated by current events: Devaluation of the Egyptian pound, energy shortages (of electricity and gasoline, and particularly of diesel), fast-dwindling reserves and a yawning current account deficit. All of these developments will feed into improved margins at our 10 core platforms. Deregulation will give us better pricing power — and the ability to move greater volumes into the market domestically. Meanwhile, our exports will fundamentally benefit from devaluation. Our goal in the coming 12 months is to make progress on our plan to divest non-core holdings, and we look forward to acquiring majority control of each of our 10 core investments.

	Greenfield Project	2012 Developments	Notes / Next Steps
✔	Egyptian Refining Company (US$ 3.7 bn greenfield petroleum refinery)	Reached financial close in June 2012. Engineering work in progress and anticipated to wrap in 2013.	Expected to begin operations in 2016.
✔	ASEC Minya (US$ 360 million greenfield cement plant)	Entered commissioning phase at year's end.	Full operations in 2Q13.
	ASEC Cement Algeria (Djelfa) (US$ 410 million greenfield cement plant)	Reached agreement that Government of Algeria will facilitate access to financing.	Aim to close financing in FY13.
	Mashreq (Bunkering and logistics facility)	Consistent work on regulatory approvals toward a final concession agreement.	Sign final concession agreement.

Summary of Performance of Operational Core Platform Companies (in EGP mn)

Item	Revenues		EBITDA		Revenue (change)	EBITDA (change)	Citadel Capital Ownership
	FY2011	FY2012	FY2011	FY2012			
ENERGY							
TAQA Arabia	1,157.4	1,140.1	147.2	131.5	(1.5%)	(10.7%)	33.84%
Tawazon	89.2	115.9	2.7	4.2	29.9%	53.3%	47.88%
Aggregate	**1,246.6**	**1,256.0**	**149.9**	**135.7**	**0.8%**	**(9.5%)**	
AGRICULTURE & CONSUMER FOODS							
Gozour	1,088.4	1,109.4	53.9	71.5	1.9%	32.7%	19.95%
Wafra*	NA	7.1	NA	(67.0)	NA	NA	100.0%
Aggregate	**1,088.4**	**1,109.4**	**53.9**	**71.5**	**1.9%**	**32.7%**	
TRANSPORTATION & LOGISTICS							
Nile Logistics	28.5	46.0	(41.7)	(47.3)	61.5%	(13.4%)	32.10%
Africa Railways**	460.6	409.7	(72.2)	(84.1)	(11.0%)	(16.5%)	28.19%
Aggregate	**489.1**	**455.7**	**(113.9)**	**(131.4)**	**(6.8%)**	**(15.4%)**	
MINING							
ASCOM	576.7	546.1	21.4	(3.8)	(5.3%)	(117.8%)	39.22%
Aggregate	**576.7**	**546.1**	**21.4**	**(3.8)**	**(5.3%)**	**(117.8%)**	
CEMENT & CONSTRUCTION							
ASEC Cement	877.8	821.5	(104.3)	76.8	(6.4%)	173.6%	54.78%
Construction / Plant Management	1,498.8	1,259.0	36.1	17.0	(16.0%)	(52.9%)	54.78%
Total Consolidated‡	**1,980.6**	**1,779.5**	**(111.4)**	**39.4**	(10.2%)	135.4%	
Accumulated Total	**5,381.5**	**5,146.7**	**(0.1)**	**111.4**	**(4.4%)**	**1,591.4%**	

* Newly operational greenfield Wafra is still in a very early stage of development and hence its results are excluded from FY11 and FY12 segment and accumulated totals.

** Africa Railways figures have been converted to EGP from USD using average yearly exchange rates of EGP 5.90 : USD 1 for FY11 and EGP 6.05 : USD 1 for FY12.

‡ Total for the Cement and Construction segment is consolidated as the company has statutory consolidated financials and records interrelated transactions.

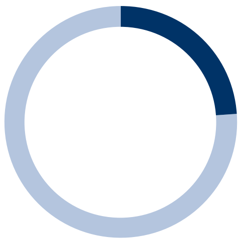
Sector Review: Energy

Citadel Capital's operational core energy companies include TAQA Arabia (energy generation and distribution) and Tawazon (solid waste management / waste-to-energy). Pre-operational greenfields include Egyptian Refining Company (refining) and Mashreq (fuels bunkering).

Key Metrics (Operational Core Platform Companies)

Item (in EGP mn unless otherwise stated)	4Q11	4Q12	% diff	FY11	FY12	% diff
Segment Revenues	355.7	317.2	(10.8%)	1,246.6	1,256.0	0.8%
Segment EBITDA	61.6	33.8	(44.7%)	149.9	135.7	(9.5%)
% of Total Group Revenues	28%	24%	-	23%	24%	-
TAQA Arabia Revenues	319.3	279.5	(12.5%)	1,157.4	1,140.1	(1.5%)
TAQA Arabia EBITDA	45.9	19.3	(58.0%)	147.2	131. 5	(10.6%)
Tawazon Revenues	36.4	37.7	3.6%	89.2	115.9	29.9%
Tawazon EBITDA	15.7	14.54	(7.4%)	2.7	4.2	55.6%
Total Electricity Generated (million kW/hr)	53.0	44.3	(16.5%)	170.1	218.3	28.3%
Total Electricity Distributed (million kW/hr)	78.5	85.9	9.4%	326.1	359.7	10.3%
Gas Distribution (CNG and distribution, in BCM)	1.3	1.2	(7.7%)	5.2	5.4	3.8%
Gas Construction (# converted customers)	26,729	18,216	(31.8%)	83,582	80,196	(4.1%)
Fuel Distribution (gasoline, diesel, fuel oil, in '000 liters)	109,914	92,368	(16.0%)	431,473	377,043	(12.5%)
Lube Distribution (tons)	1,085	645	(40.6%)	2,790	3,528	26.5%
Operational Filling Stations (#)	18	22	-	18	22	-
Total Industrial Clients (electricity and gas)	245	280	14.2%	245	280	14.2%
Total Household Clients (electricity and gas)	366,655	444,853	21.3%	366,655	444,853	21.3%
Tawazon Agricultural Waste Collected	212,031	313,660	47.9%	317,506	521,846	64.4%

SECTOR PERCENT OF GROUP REVENUES (FY12)



Energy Division Operational and Financial Performance

- **Energy segment** revenues were stable in FY12, while EBITDA dropped by 9.5% mainly on the back of TAQA Arabia's slowdown in the construction segment caused by political unrest.

TAQA Arabia

- **TAQA Arabia's** revenues eased 1.5% while EBITDA dropped 10.6% in FY12, largely on the back of lower volumes of distributed gas and diesel amid national shortages as well as construction delays at TAQA Arabia's EPC operations amid unsettled conditions in Egypt and a lower number of converted customers.
- The **Power Generation and Distribution** segments report strong year-on-year growth in volumes in FY12 on the back of the previously reported extension at the South Valley project as well as the start of operations at E-Styrenics, the division's first project in the petrochemicals industry, and rising occupancy rates in Nabq, where TAQA Power began operating a 120 MVA electrical substation. The Nabq substation is expandable to 160 MVA and upgradable to 375 MVA, and will provide capacity to respond to long-term growth in this key mixed-use development near Sharm El-Sheikh International Airport.
- **Gas Distribution** volumes, the company's strongest stream of cashflow, rose 3.8% in FY12 on the back of better industrial and residential sales. Divisional revenues and EBITDA grew by 8% and 9%, respectively, despite a shortage in supply as well as shutdowns at major cement producers ordered by the regulator together with pressure issues at the national grid.
- TAQA Arabia's **Gas Construction** operations were negatively affected in 2012 by ongoing unrest, as a result of which the business reported a 4.1% year-on-year contraction in customers converted in both the consumer and industrial segments on the back of political unrest (including elections and strikes) as well as some delays in construction at select networks.
- TAQA Arabia's **Fuels Marketing** division opened four new filling stations in FY12, but saw growth in distribution volumes tempered by external factors. Higher gasoline sales in 4Q12 were offset by national shortages of diesel through the full year, while lube sales eased on the back of the slowdown in economic growth.

Tawazon

- Solid waste management play **Tawazon** reported a 29.9% year-on-year rise in FY revenues and a 55.6% rise in EBITDA on the back of better volumes and biomass revenues from solid-waste-management arm ECARU, and the recognition of revenues at turnkey engineering contractor ENTAG.
- **ECARU** reported 27% year-on-year revenue growth in FY12 despite a 16.7% y-o-y slump in 4Q12 revenues due to a drop in demand for rice straw as several livestock farms have ceased operations. ECARU reported a modest increase in collection costs that were not recovered in the form of higher prices, adding some pressure to margins. While up 38.4% year-on-year in FY12, **ENTAG** revenue growth fell short of expectations as major projects were delayed as a result of regional turmoil, shifting sales to lower-scope equipment sales and projects.
- Despite muted growth in select distribution indicators on the back of shortage of supply and political unrest, management maintains a long-term positive view on the Energy Division amid expectations of continued deregulation and the planned phase-out of energy subsidies.

Energy Division: Status of Pre-Operational Greenfields

(Greenfield core platform companies in construction phase)

Egyptian Refining Company

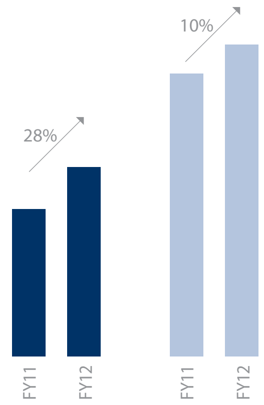
- The US$ 3.7 billion **Egyptian Refining Company** project achieved financial close on 14 June 2012, which permitted the project to proceed with utilization of the funding provided by the lenders and equity shareholders. A total of more than US$ 1 billion in funds have been drawn to date from both the equity shareholders and the lending institutions.
- As of the end of February 2013, 43.3% of engineering has been completed and finalization of procurement of the long-lead items has progressed to the stage that these are not on the project's critical path. Total progress is 10.73% with On-Spec Product scheduled for August 2016.
- Soils investigation has progressed and to date approximately half (boreholes, pits and monitoring wells) have been completed as part of the process to characterize the soils for geotechnical purposes and contamination of soil and water. The remediation plan for the site is under development, led by ERC Project Management Consultant WorleyParsons.

Mashreq Petroleum

- **Mashreq Petroleum**, which is building a unique fuels bunkering and logistics facility at the northern terminus of the Suez Canal, reported significant progress in negotiations with the Ministry of Transportation to amend certain terms and conditions of its concession agreement. Citadel Capital owns a 25% stake in Mashreq Petroleum Co. alongside limited partners including the Port Said Port Authority.

ELECTRICITY COMPARISON (FY11 TO FY12)

(mn kW/hr)



■ Total Electricity Generated

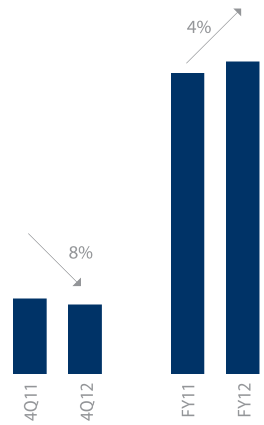
FY11	170.1
FY12	218.3

■ Total Electricity Distributed

FY11	326.1
FY12	359.7

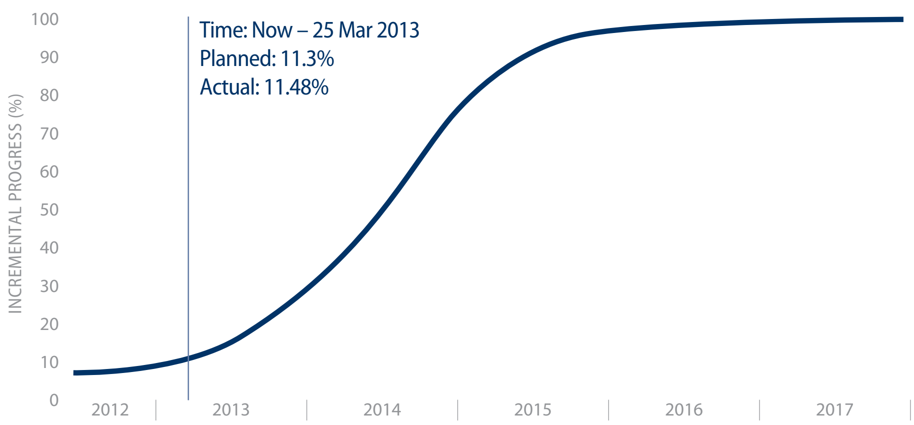
CNG AND GAS DISTRIBUTION (4Q11 TO 4Q12, FY11 TO FY12)

(BCM)



4Q11	1.3
4Q12	1.2
FY11	5.2
FY12	5.4

ERC REFINERY PROJECT OVERALL PROGRESS S-CURVE



Sector Review: Food and Agriculture

Citadel Capital's operational core food and agriculture companies include Gozour (multicategory agriculture and consumer foods) and Wafra (agriculture in Sudan).

Key Metrics (Operational Core Platform Companies)

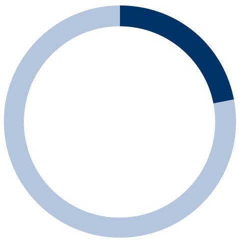
Item (in EGP mn unless otherwise stated)	4Q11	4Q12	% diff	FY11	FY12	% diff
Segment Revenues[1]	236.2	267.4	13.2%	1,088.4	1,109.4	1.9%
Segment EBITDA[1]	4.2	15.9	278.6%	53.9	71.5	32.7%
% of total Group Revenues	19%	21%	-	20%	22%	-
Gozour Revenues	236.2	267.4	13.2%	1,088.4	1,109.4	1.9%
Gozour EBITDA	4.2	15.9	278.6%	53.9	71.5	32.7%
Wafra Revenues	-	3.0	-	NA	7.1	-
Wafra EBITDA	-	(15.7)	-	NA	(67.0)	-
Rashidi El-Mizan Tons Sold (all SKUs)	8,445	8,228	(2.6%)	29,386	30,558	4.0%
Rashidi Sudan Tons Sold (all SKUs)	1,505	593	(60.6%)	5,626	6,253	11.1%
Dina Farms Tons Sold (milk)	12,882	12,072	(6.3%)	56,795	50,876	(10.4%)
Dina Farms Tons Sold (agricultural)	1,595	691	(56.7%)	40,629	34,087	(12.8%)
Dina Farms Total Herd	-	-	-	12,182	13,329	9.4%
Of which milking cows	-	-	-	5,344	6,023	12.7%
Enjoy Tons Sold (all SKUs)	7,972	11,431	43.4%	41,894	41,024	(2.1%)
ICDP Tons Sold (all SKUs)	2,306	2,420	4.9%	9,807	9,593	(2.2%)
Elmisrieen Tons Sold (all SKUs)	357	-	n/m	7,255	2,554	(64.8%)
Total Land Planted in Egypt (in feddans) [2]	-	-	-	7,976	6,996	(12.3%)
Total Developed in Sudan (in feddans)[3]	2,900	2,356	(19%)	10,830	17,033	65%
Total Planted in Sudan in the period (in feddans) [3]	2,600	4,474	72%	4,550	9,874	117%
Land Use in Sudan (in feddans, excludes community use)	-	-	-	4,000	7,033	76%

[1] Wafra is excluded from segment revenues and EBITDA as this company is still in an early stage.

[2] Planted area has decreased due to the crop rotation and decrease in the planted area of potatoes, onions and peanuts.

[3] Total Developed Land includes community land and Sabina land; Total Planted in Sudan covers two planting cycles in one single full year, excluding community land.

SECTOR PERCENT OF GROUP REVENUES (FY12)



Food & Agriculture	22%
Others	78%

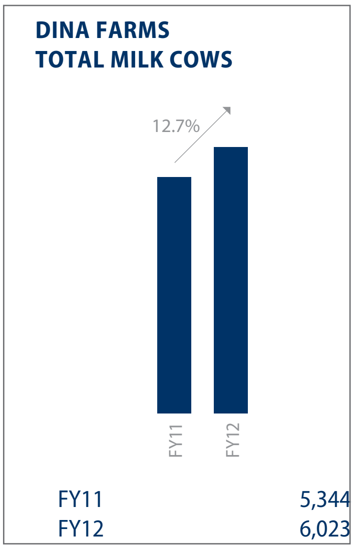
RASHIDI EL-MIZAN COMPARISON (FY11 TO FY12)
(tons sold, SKUs)

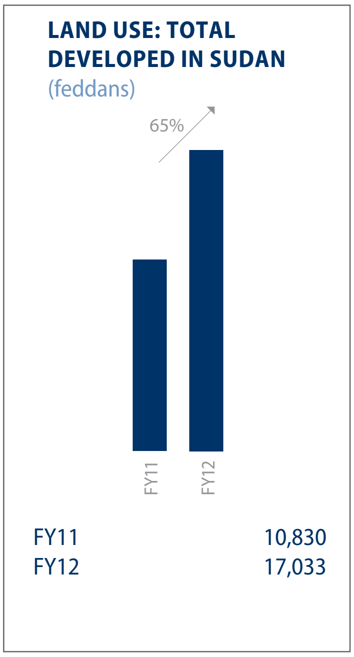
FY11	29,386
FY12	30,558

Agriculture & Consumer Foods Division Operational and Financial Performance

Gozour

- **Gozour**, the division's Egypt-based agriculture and consumer foods platform, reported a 1.9% uptick in FY12 revenues, primarily on the back of Rashidi El-Mizan's 7% revenue growth and a moderate 1.2% increase in fresh milk (ICDP) revenues, which offset the lower revenues from Dina Farms and Sudan's Rashidi for Integrated Solutions. Notably, Gozour reported a more than 13% improvement in revenues quarter-on-quarter and year-on-year in 4Q12 on the back of a sharp improvement in operations and sales at milk and juice products maker Enjoy.
- Gozour's EBITDA improved 32.7% on a full-year basis and 278.6% in 4Q12 on the back of more efficient operations, better sales at Enjoy and savings in overhead costs and marketing spending.
- In Egypt, leading regional confectioner **Rashidi El-Mizan (REM)** reported 7% year-on-year revenue growth in FY12, driven by national marketing campaigns to support the company's new products in the Halawa category (Halawa Spread and Choco Spread) and net volume growth across all categories. EBITDA rose 18.5% year-on-year mainly due to volume growth and improved profitability resulting from favorable material costs. On a quarterly basis, 4Q12 revenues reflect a 14% increase as sales were driven by significant volume growth in the Halawa category, expected due to the seasonality of the product.
- Confectioner **Rashidi for Integrated Solutions (RIS)** in Sudan reported an 8.7% drop in FY12 revenues driven by devaluation of the Sudanese pound in 2Q12 and by production interruptions in 2H12. All RIS operations are carried out in Sudan and in SDG and hence any currency devaluation is recorded as a foreign exchange loss. On a quarterly basis, RIS recorded an 18.7% drop in net sales as a result of managed reduction in sales to deplete inventory buildup and receivables from the distributor in October and November, which were caused by a severe devaluation of the Sudanese currency.
- Milk and juice producer **Enjoy** recorded a 0.6% drop in revenues year-on-year in FY12 due to cash constraints in 4Q11 and 1Q12 as well as production challenges that impacted both product quality and availability. Sales improved significantly in 2H12 following completion of a factory overhaul. Gozour's management team successfully introduced an innovative 250-ml juice pack with new graphics under the brand name Enjoy at the beginning of 4Q12, which helped to compensate for the loss in sales earlier in 2012. In the fourth quarter, Enjoy recorded a 48.2% rise in net sales, but remained negative on the EBITDA line owing primarily to high fixed overhead costs. With the planned volume increases in both local and export markets (taking advantage of the devaluation of the Egyptian pound), these costs are expected to be absorbed in 2013.
- Cheese maker **Elmisrieen** has ceased manufacturing operations based on management's decision to reduce cash losses after facing fierce competition in the market with heavy media spending. Gozour's Board of Directors has approved the transfer of Enjoy operations to Elmisrieen's premises in Sixth of October industrial city pending the arrangement of funding. Elmisrieen's facility offers better proximity to both distribution networks and suppliers, a larger space, and advanced utilities compared to Enjoy's current premises. After the move, Enjoy will benefit from significantly lower costs and a reliable supply of electricity and water.
- **Dina Farms** recorded a 3.3% year-on-year drop in sales due to lower milk production resulting from the national outbreak of foot and mouth disease at the





beginning of 2012. Dina Farms' livestock was affected by the disease in March 2012, and management moved swiftly to minimize damage. The outbreak reduced both productivity per head and the count of herd, negatively impacting sales. The gap in sales between 2012 and 2011 has been minimized by strong performance in the agricultural sector, the recent farm production pickup and management efforts to increase prices through year end. Dina Farms has secured a bank facility to import an additional 2,400 heifers and expand the farm's livestock stations and parlors. Fully 1,000 heifers arrived in October 2012 and the second batch of 1,400 heifers arrived in April 2013.

- Investment Co. for Dairy Products **(ICDP)**, which markets Dina Farms fresh pasteurized milk (the nation's leading fresh milk brand) recorded a 1.2% increase in sales year-on-year, while FY12 EBITDA more than tripled, driven by the improvement in gross margin to 36.4% against only 26.4% last year. This enhancement in gross margin is primarily due to price increases, downsizing of packaging and reduction in the level of the returns. ICDP reported flat sales and a slight contraction of EBITDA quarter-on-quarter in 4Q12 due to the seasonality of the milk market.

Wafra

- At Sudan and South Sudan agriculture platform **Wafra**: Concord Agriculture, in South Sudan, planted 1,400 feddans in November, including those lost due to waterlogging and flooding in 3Q12. The company harvested 100 tons of sunflower, maize and sorghum in April 2013 and is also expected to finalize in 2Q13 a loan facility of US$ 1 million to fund its working capital requirements for the current year. Meanwhile, in Sudan, Wafra portfolio company Sabina harvested 3,444 feddans of sorghum in 4Q12, with a further 1,030 feddans harvested and sold in early 2013. The yield for the total area (4,470 feddans) was 0.7 tons per feddan and sold at an average price of SDG 2,269 per ton. Negative EBITDA at Wafra on an FY12 basis owes to ongoing high OPEX at a greenfield operation in its earliest stages of operations. KETS has been commissioned to carry out a soil analysis and feasibility study for the project, and is expected to submit that report by 3Q13.

Sector Review: Transportation and Logistics

Citadel Capital's operational core transportation and logistics companies include Rift Valley Railways (the national railway of Kenya and Uganda) and Nile Logistics (river transportation in Egypt and Sudan).

Key Metrics (Operational Core Platform Companies)

Item (in EGP mn unless otherwise stated)	4Q11	4Q12	% diff	FY11	FY12	% diff
Segment Revenues*	124.4	99.5	(20.0%)	489.1	455.7	(6.8%)
Segment EBITDA	(18.6)	(36.2)	(94.6%)	(113.9)	(131.4)	(15.4%)
% of total Group Revenues	10%	8%	-	9%	9%	-
Nile Logistics Revenues	9.9	8.8	(11.1%)	28.5	46.0	61.5%
Nile Logistics EBITDA	(12.0)	(13.6)	(13.3%)	(41.7)	(47.3)	(13.4%)
Africa Railways Revenues (USD mn)	19.3	15.0	(22.3%)	77.8	67.7	(12.9%)
Africa Railways EBITDA (USD mn)	(1.1)	(3.7)	(236.4%)	(12.2)	(13.9)	(13.9%)
Ton-Kilometer Rail (millions)	315	270	(14.3%)	1,317	1,130	(14.2%)
Ton-Kilometer Water (millions)	48.6	48.0	(1.2%)	172.9	246.8	42.7%
Revenues per Net Ton Kilometer (cents/NTK) (rail)	6.0	5.5	(8.3%)	5.8	5.9	1.7%
Barges in Service	-	-	-	35	45	28.6%

* To calculate segment revenues and EBITDA, figures for Africa Railways have been converted at average yearly exchange rates of EGP 5.90 : USD 1 in FY11 and EGP 6.05 : USD 1 in FY12.

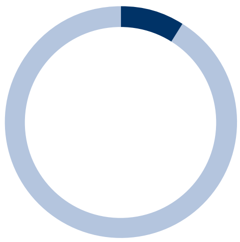
Transportation & Logistics Operational and Financial Performance

- The Transportation and Logistics division posted a 6.8% decline in aggregate revenues as a Rift Valley Railways of Kenya and Uganda reported a 12.9% dip in revenues on the back of a high-tempo maintenance program, which offset a 61.5% surge in revenues at newly operational greenfield Nile Logistics. Segment EBITDA is still negative as a result of high diesel subsidies impacting margins at Nile Logistics and the impact of the still-underway turnaround program at Africa Railways.

Nile Logistics

- **Nile Logistics** took delivery of four new dumb barges and two pushers in fall 2012, bringing its fleet of custom-designed, fuel-efficient, environmentally friendly river barges up to 45 vessels. The new barges, two 50-meters long and two 70-meters long (each with a maximum loading capacity of 700 tons and 850 tons, respectively), were designed by Ship Design Group, a renowned European design and engineering company, and built by the Alexandria Shipyard and the Arab Contractors Shipyard.

SECTOR PERCENT OF GROUP REVENUES (FY12)



- Transportation & Logistics 9%
- Others 91%

- Meanwhile, Nile Logistics completed its first anchorage operation in the Port of Alexandria with new, purpose-built floating cranes. With a daily handling capacity of 15,000 tons and a combined annual handling capacity in excess of 3 million tons, two floating cranes (acquired at a combined cost of EGP 47 million) were engineered and built in Europe to international quality and performance standards and can efficiently discharge a wide variety of cargo including grains, scrap and bulk from large sized vessels.
- Management notes that utilization rates at Nile Logistics will surge as the Government of Egypt continues to phase out subsidies for diesel fuel, making the economics of shipping via river as opposed to roads substantially more cost effective.

Africa Railways

- At Africa Railways, FY12 revenues for **Rift Valley Railways** (RVR), the national rail operator of Kenya and Uganda, sagged 12.9% as wagons and locomotives were removed from service — and track closed for repair — throughout the year to address back-due maintenance as part of the company's five-year, US$ 287 million turnaround program.
- RVR has replaced 140 km of unsafe track and completed installation of a state-of-the-art GPS-based central control and signaling system to replace a more than 100-year-old operations and signaling infrastructure. Key turnaround times have improved more than 30%, while accidents per million train kilometers are down more than 30%. Moreover, the company is rehabilitating and overhauling wagons at its Nairobi and Kampala workshops. By February 2013, RVR had released c.345 rehabilitated wagons, and c.260 overhauled wagons, into service.
- Highlights of the investment program for the first year of the turnaround program, totaling US$ 69.3 million, include: US$ 29.3 million in infrastructure investments, mostly in laying 140 km of new rail; US$ 19.4 million in locomotive overhauls, increasing total available tractive power by over 50%; more than US$ 9.5 million in wagon overhauls, bringing back into operation 600 non-operational wagons; and more than US$ 10 million in telecommunications and IT equipment, most notably in installing a new GPS-based central control and signaling system.
- The disbursement of first debt funds in December of 2011 and again in January of 2013 saw the company embark on its aggressive investment program, the hallmarks of which to-date include:
  - Replacement of 70 kilometers of track in key problem areas between Mombasa and Nairobi (completed);
  - Replacement of structurally unsound culverts (bridges) in Uganda (completed);
  - Rehabilitation of 40 wagons / month, adding to the existing fleet of c.1,600 operational wagons (ongoing);
  - Installation of new GPS-based track warrant operating system (ongoing).
- The key growth constraint remains tractive power (locomotives). In this regard, the company is working on the following projects:
  - Rehabilitation of nine locomotives (increasing fleet by c.30%) at a rate of one locomotive per month beginning in May 2013;
  - Installing microprocessor system (increases capacity of each locomotive by 25%) on all locomotives at a rate of 1.5 locos per month starting May 2013;
  - Advanced negotiations to acquire 13 double-capacity locomotives starting January 2014, effectively doubling current capacity.

- Management notes that aside from internal capacity issues due to the maintenance program, market conditions were very challenging in 4Q12 and 1Q13 as a result of the general market slow down in anticipation of the Kenyan elections. With the peaceful resolution of those elections, market conditions are improving dramatically. Coupled with a new market strategy (employing more take-or-pay contracts) and the expected increase in tractive power, the outlook for 2H13 is very positive. The company expects to achieve EBITDA profitability in mid-2013.

Sector Review: Mining

Citadel Capital's operational core mining and industrial minerals company is ASCOM, which includes operating companies ASCOM (as standalone and leading provider of quarrying services), ASCOM for Chemicals and Carbonates Manufacturing (ACCM), ASCOM Precious Metals (APM), GlassRock, and ASCOM Sudan.

Key Metrics (Operational Core Platform Companies)

Item (in EGP mn unless otherwise stated)	4Q11	4Q12	% diff	FY11	FY12	% diff
Segment Revenues (ASCOM)	150.5	137.6	(8.6%)	576.7	546.1	(5.3%)
Segment EBITDA (ASCOM)	(11.5)	(10.2)	11.3%	21.4	(3.8)	(117.8%)
% of total Group Revenues	12%	11%	-	11%	11%	-
ACCM Revenues	19.0	28.8	51.2%	73.3	96.5	31.7%
ACCM EBITDA	1.0	9.1	810.0%	1.4	17.6	1,157.1%
GlassRock Revenues	-	2.2	-	-	4.0	-
GlassRock EBITDA	(2.9)	(9.7)	(234.5%)	(9.1)	(20.0)	(119.8%)
Quarrying Revenues	90.5	74.2	(18.0%)	383.5	304.8	(20.5%)
Quarrying EBITDA	(1.2)	0.0	-	47.4	7.3	(84.6%)

Volumes Sold

	4Q11	4Q12	% diff	FY11	FY12	% diff
ACCM (thousand tons)	45.1	49.1	8.9%	174.7	180.1	5.9%
GlassRock (tons)	-	319	-	-	660	-
Quarrying Business (million tons)	10.10	8.96	(11.3%)	42.5	36.9	(13.1%)

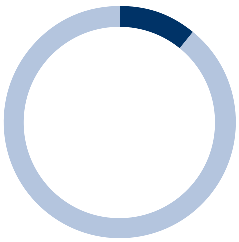
Percentage of Production Exported

	4Q11	4Q12	Diff in bps	FY11	FY12	Diff in bps
ACCM	56.0	62.5	6.5	56.5	59.6	3.1
GlassRock	0.0	14.0	-	0.0	14.0	-

Mining Operational and Financial Performance

- **ASCOM's** 5.3% drop in revenues and negative EBITDA of EGP 3.8 million in FY12 reflect the impact of both pre-operational and newly operational greenfields as well as ongoing work stoppages at the core quarrying operation throughout the

SECTOR PERCENT OF GROUP REVENUES (FY12)



Mining	11%
Others	89%

year as a result of interruptions at client sites owing to client labor action and fuel shortages at cement plants.

- **GlassRock Insulation Co**. began producing rockwool at its US$ 70 million greenfield facility in May 2012 and is targeting both domestic sales and exports to key markets in Europe, North Africa, the Gulf Cooperation Council countries and Turkey. The company then began production of glasswool in November 2012, with total production capacity split as 30,000 metric tons of rockwool and 20,000 metric tons of glasswool per annum. Rockwool and glasswool play an important role in the conservation of energy in a wide range of industries. By helping reduce waste energy, they curb the use of fuels that contribute to climate change through the emission of greenhouse gasses. The products are broadly used in the construction, HVAC, industrial, marine and automotive sectors as well as the agricultural sector.
- Subsidiary **ASCOM for Chemicals and Carbonates Mining**'s new 5,000-ton-per-month line began commissioning at the end of 1Q13 and will be fully operational by the second quarter; the wet grinding line is expected to be installed in May 2013. The new line will allow the company to serve the global paints, polymers and paper industries with fine and super-fine technical calcium carbonate. Revenue and EBITDA improved sharply on a 4Q and FY12 basis as this newly operational greenfield ramped up production to meet newly secured demand at better prices from global markets. Nearly 60% of ACCM's sales are in the form of exports.

ACCM VOLUMES SOLD COMPARISON (FY11 TO FY12)
(thousand tons)

FY11	174.7
FY12	180.1

GLASSROCK VOLUMES SOLD COMPARISON (FY11 TO FY12)
(tons)

FY11	INOPERATIONAL
FY12	660

QUARRYING BUSINESS VOLUMES SOLD COMPARISON (FY11 TO FY12)
(million tons)

FY11	42.5
FY12	36.9

Sector Review: Cement Manufacturing and Construction

Citadel Capital's operational core cement manufacturing and construction platform company is ASEC Holding, which includes cement manufacturing (ASEC Cement with production facilities: Al-Takamol Cement in Sudan, Misr Qena Cement, ASEC Ready Mix and ASEC Minya (final commissioning) in Egypt, Zahana Cement Co. and Djelfa (under construction) in Algeria and greenfield license in Syria) and construction (ARESCO, ASEC Engineering, ASEC Automation and ASENPRO).

Key Metrics (Operational Core Platform Companies)

Item (in EGP mn unless otherwise stated)	FY11*	FY12	% diff
Segment Revenues**	1,980.6	1,779.5	(10.2%)
Segment EBITDA**	(111.4)	39.4	135.4%
% of total Group Revenues	36.8%	34.6%	-
Cement Segment Revenues	877.8	821.5	(6.4%)
Cement Segment EBITDA	(104.3)	76.8	173.6%
Cement Segment Revenues (Excluding Sudan)	330.1	359.9	9.0%
Cement Segment EBITDA (Excluding Sudan)	41.5	120.9	191.3%
Construction and Management Segment Revenues	1,498.8	1,259.0	(16.0%)
Construction and Management Segment EBITDA	36.1	17.0	(52.9%)
Total Cement Produced (mn tons)	**3.35**	**3.39**	**1.2%**

* Misr Qena Cement figures for FY11 were re-stated. The effect of this restatement distorts 4Q11 figures as the full effect of the re-statement was recognized in that quarter. Restatement was mainly in the Misr Qena Cement FY11 statutory financial statements, which in turn increased its earnings contribution to the group in FY11. Management has accordingly opted not to present 4Q11 and 4Q12 figures above.

** Segment revenues and EBITDA are the actual consolidated revenues and EBITDA figures of the group which reflects eliminations intra the whole cement and construction group.

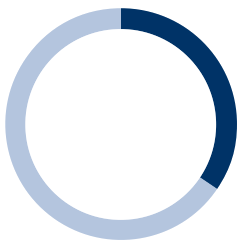
Cement & Construction Sector Operational and Financial Performance

- Sector revenues dropped 10.2% on the back of declines at both the Cement and Construction segments, while sector EBITDA showed considerable improvement from a negative EGP 111.4 million in FY11 to EGP 39.4 million in FY12.

Cement Segment:

- The Cement segment, represented by **ASEC Cement**, which is targeting control of 12 MTPA of cement production capacity by 2016, reports a 6.4% drop in total consolidated revenues despite the increasing volumes and prices across all divisions. This is primarily due to the lower exchange rates of the SDG and DZD against the EGP. Nevertheless, EBITDA rose sharply on the back of savings on both fixed and variable costs (detail below).

SECTOR PERCENT OF GROUP REVENUES (FY12)



Cement Maufacturing & Construction	35%
Others	65%

TOTAL CEMENT PRODUCED COMPARISON (FY11 TO FY12)
(million tons)

FY11	3.35
FY12	3.39

- ASEC Cement's consolidated EBITDA has swung to a positive EGP 76.8 million from a negative EGP 104.3 million on the back of a better cost structure at Al-Takamol Cement and improved contributions from both Zahana Cement Co. and ASEC Ready Mix. Consolidated gross profit in FY12 has more than tripled to EGP 184 million. That said, ASEC Cement continues to report non-cash foreign exchange losses below the EBITDA line as a result of the revaluation of Al-Takamol's USD-denominated obligations to related parties including the Berber power plant, ASEC Cement, ASEC Engineering and ASCOM. The FY12 closing rate for the SDG stood at EGP 5.98 from EGP 2.88 the previous year, a 107% swing to the negative. Management again notes these are unrealized non-cash losses.
- Excluding Al-Takamol from consolidated figures, ASEC Cement recorded a 9% year-on-year rise in FY12 revenues to EGP 359.9 million and a 191% rise in EBITDA to EGP 120.9 million on the back of better operational efficiencies across the board at Zahana and ASEC Ready Mix as well as higher investment revenue at Qena Cement (not fully consolidated, but investment income recorded above the EBITDA line).

Within ASEC Cement:

- **Misr Qena Cement Co.** (MCQE on the EGX, not fully consolidated into ASEC Cement's results) saw revenues dropping year-on-year in 2012 by 6% to EGP 746.0 and EBITDA by 13% to EGP 297.8 million while EBITDA margins were sustained at healthy levels of 41%. Due to the ongoing energy shortage, the company continues to study the option of using coal or petcoke to reduce reliance on heavy fuel oil, thereby avoiding the ongoing impact of fuel shortages as well as future exposure to rising heavy fuel oil prices. The Government of Egypt has temporarily suspended a 130% price hike in heavy fuel oil to EGP 2,300 per ton but has hiked natural gas prices to the cement sector to US$ 4 per MMBTU from US$ 3 per MMBTU. The market has accordingly witnessed a c.EGP 300 / ton rise in cement prices in 1Q13.
- **ASEC Ready Mix**, which serves the Upper Egyptian market, reports a 56% rise in revenues in FY12 despite lower prices due to the start of operations at new batch plants in Assiut and Aswan; EBITDA more than doubled.
- In Algeria, **Zahana Cement Co.** reported a 30% rise in EBITDA and a 15% improvement in net income on the back of a 9% rise in revenues, improved operational efficiencies after the most extensive revamp in the plant's history, and an increase in average selling price on a full-year basis.
- In Sudan, **Al-Takamol Cement Co.** continues to suffer the adverse impact of fuel shortages, rising prices, cement oversupply and a general economic slowdown. Despite these factors, the plant recorded a 3% rise in sales volumes and a 7% improvement in revenues. Margins, meanwhile, improved as a result of a new cost structure reflecting its completion of the acquisition of Berber for Electrical Power. Now owning its own captive power plant, Al-Takamol is paying for electricity based on actual consumption rather than a minimum offtake agreement as was the case in 2011. The reduction in power costs was negatively impacted by significant forex expenses as a result of the devaluation of the Sudanese pound against the US dollar (where electricity is paid for in USD) as well as higher fuel costs.

Construction, Consulting and Management Division:

- ASEC Holding's construction segment is still suffering a weak backlog of projects, work stoppages at managed cement plants, high workshop costs and delays in the start of projects due to prevailing conditions in Egypt and regionally.
- Construction, Consulting and Management division revenues have dropped 16% on these factors with a resulting modest positive EBITDA of EGP 17 million.

Cement & Construction Division Construction Update
(Greenfield core platform companies in construction phase)

- ASEC Minya, a US$ 360 million, 2 MTPA greenfield cement plant in Minya, Egypt, is now in the final commissioning phase. Single engineering supplies machine tests as well as cold-run test began in January 2013, beginning with the crusher facility. Clinker production is expected to begin in 2Q13. Notably, ASEC Minya (formerly referred to as the Arab National Cement Company, ANCC) will be the final new cement plant in Egypt to come online in 2013, and no new capacity is expected to enter operations in the coming four years.

Transformation Program Update

Citadel Capital has begun a strategic transformation of its business model to become the leading investment company in Africa and the Middle East. The firm will seek majority control of 10 platforms in five core industries: Energy, transportation and logistics, agriculture and consumer foods, mining, and cement and construction, with a view to maximizing shareholder value through long-term holding periods to take full advantage of prevailing macro trends.

- Industry veteran **Mohamed Shoeib** has joined Citadel Capital as Managing Director of the firm's Energy Division. Shoeib, the former head of the Egyptian Natural Gas Holding Company (EGAS), brings a wealth of experience to his new position at Citadel Capital. His career spans 32 years in the upstream and downstream oil and gas sector in Egypt. Prior to heading EGAS in 2011, Shoeib was the Vice Chairman for Operations at the Egyptian General Petroleum Corporation (EGPC). Shoeib will oversee all Citadel Capital investments in the energy sector, including energy distribution platform TAQA Arabia, the Egyptian Refining Company, fuel bunkering and storage facility Mashreq, and solid waste management platform Tawazon, working in partnership with proven management teams at each entity.
- **Joelle Fahmy** has joined Citadel Capital as Managing Director with primary responsibility for the firm's network of debt and banking relationships in Egypt and abroad. Fahmy was most recently Director at Citibank N.A. Egypt, where she was the most senior relationship manager / banker in the Corporate Bank, responsible for complex group relationships. Fahmy joined Citi in 1998 from Egyptian American Bank and has extensive experience in corporate finance, investment banking, credit and relationship banking. She furthermore served as senior support banker for one of Citi Amsterdam's main relationships during an assignment in Amsterdam in 2001. Her track record also includes significant exposure to consumer banking.

Standalone Financial Performance

Citadel Capital reports a net loss of US$ 3.8 million* (EGP 23.8 million) on revenues of US$ 9.7 million (EGP 60.8 million) in 4Q12, an improvement of 37.0% from a net loss of US$ 6.0 million (EGP 37.8 million) in the same quarter of last year.

The firm's net loss for FY12 accordingly stood at US$ 10.6 million (EGP 66.4 million) against revenues of US$ 19.8 million (EGP 124.3 million). This compares against a loss of US$ 17.5 million (EGP 110.1 million) in FY11 on revenues of US$ 11.1 million (EGP 69.5 million) as a 26.8% rise in revenue from advisory fees and a further EGP 36.2 million in other income were offset by an uptick in 4Q12 OPEX (see below).

Revenues

Citadel Capital revenues in 4Q12 stood at US$ 9.7 million (EGP 60.8 million), a 196.5% rise from the previous year. Revenues included EGP 24.7 million from advisory fees and a further EGP 36.2 million in other revenue, which represents a one-time management fee from one of the firm's SPVs. Advisory fees rose 20.2% y-o-y in 4Q12 in part on the back of US$ 1 million (EGP 6.3 million) due from the MENA and Africa Joint Investments Funds in 2011 and recorded in the fourth quarter of the year just ended.

For the full year, total revenues of EGP 124.3 million were split as EGP 88.1 million from advisory and EGP 36.2 million from other income recorded in 4Q12. Total revenues for FY12 were up 78.9% from the previous year.

Operating Expenses

Spending on OPEX was stable through 9M12 and represented a 33.3% year-on-year drop from 9M11 on the back of a sustained program to control costs and preserve cash implemented in 2011.

That said, FY12 OPEX spending closed on par with the previous year due to the impact in 4Q12 of accrued bonuses for 2012 as well as EGP 26.2 million accrued for severance and dues owing to employees who left Citadel Capital in the course of 2012 as part of the firm's emphasis on cost control.

Setting aside the impact of the 4Q12 accrual of bonuses and severance, OPEX spending in FY12 was 11.6% lower than the previous year.

Operating Expenses (in EGP mn)

Element	FY11	FY12
Salaries, Bonuses and Benefits	104.8	115.5
Travel	7.2	6.0
Consultancy Fees, Audit Fees, Publications and Events	37.2	22.4
Others	11.8	17.6
Total	**161.0**	**161.4**
One-Time Severance and Other Non-Recurring	8.0	26.2

* Please note that figures in the financial discussion on pp 20-23 are calculated at a rate of EGP 6.29 : USD 1.00, except for principal investments which are converted per exchange rates carried in Citadel Capital's balance sheet.

Comparative Total	**153.0**	**135.2**

EBITDA

EBITDA sagged to a negative US$ 4.6 million (EGP 29.2 million) in 4Q12 from a negative US$ 1.1 million (EGP 6.6 million) the previous quarter, primarily under pressure from accruals for bonuses and severance. On a full-year basis, EBITDA stood at negative US$ 5.7 million (EGP 36.0 million) against negative US$ 15.0 million (EGP 94.2 million) the previous year on the back of better revenues and cost control measures.

Interest Income / Expenses

Citadel Capital recorded net interest gains of US$ 1.0 million (EGP 6.5 million) in 4Q12 against a net gain of US$ 0.8 million (EGP 4.9 million) the previous quarter. Net interest in FY12 accordingly stood at negative US$ 4.1 million (EGP 26.0 million) against US$ 1.8 million (EGP 11.6 million) the previous year, despite the impact in 1Q12 of paying the full interest due over the course of the entire useful life of the OPIC financing drawn this year.

Principal Investments

Citadel Capital principal investments increased US$ 214.7 million in FY12 (and US$ 48.2 million in the fourth quarter) to close the year at US$ 1,155.0 million. New principal investments in 4Q12 were biased toward TAQA Arabia (US$ 20.8 million) and loans to select platform and portfolio companies (US$ 34.2 million), while both Nile Logistics and Wafra received follow-on investments of slightly in excess of US$ 2 million each.

On the full year, Citadel Capital's new investments were weighted toward Egyptian Refining Company (US$ 93.4 million), TAQA Arabia (US$ 20.8 million), Wafra (US$ 9.5 million), and Nile Logistics (US$ 5.1 million).

Current Liabilities

Total current liabilities rose 62.7% from 30 June 2012 to EGP 1,090.0 million. The current portion of long-term debt (CPLTD) rose to EGP 527.7 million from EGP 212.8 million in June, primarily on the back of installments of the OPIC loan. Other rises include accrued provisions and a modest uptick in dues to Citadel Capital Partners Ltd (CCP).

Debt Position

The total debt of Citadel Capital (as distinct from that of its platform companies) stood at US$ 300 million (EGP 1.8 billion) as at 31 December 2012, with a debt-to-equity ratio of 43.3%.

Consolidated Financial Performance

Revenues

Citadel Capital reports a net loss of US$ 111.7 million (EGP 702.4 million) on revenues of negative US$ 55.6 million (EGP 349.9 million) in FY12 as operational improvements in companies held as Associates were muted as a result of non-cash foreign exchange losses at Al-Takamol in Sudan.

Moreover, losses consolidated from early stage Sudanese agriculture greenfield Wafra, the sole core platform company to be fully consolidated, weigh heavier on FY12 results than on the previous year as the company was only fully consolidated beginning in 2012 and recorded as Other Losses above the total revenues line of EGP 25.2 million.

As a result, losses from Wafra and Citadel Capital's Share of Associates' Results mask the operational improvement in core platforms recorded in the year. Share of Associates results include Citadel Capital's share in bottom line results of core platform companies ASEC Holding (cement and construction), ASCOM (mining), Tawazon (energy), TAQA Arabia (energy) and Nile Logistics (transportation and logistics) as well as non-core platforms GlassWorks, Finance Unlimited and Bonyan, United Foundries and Tanweer. Accordingly, Shares of Associates Results' was stable at EGP 387.9 million in FY12.

Operating Expenses

OPEX declined 4.0% to EGP 227.8 million. The impact of a program to control spending at Citadel Capital (standalone, as noted in Citadel Capital Standalone Financials, above) as well as portfolio and platform companies is masked by non-recurring OPEX of EGP 26.2 million at the Citadel Capital standalone level related to dues and severance for employees who left the firm in FY12 as well as accrued bonuses.

In FY11, other expenses totaling EGP 199.4 million were mainly impairments taken for the Oil and Gas sector. In FY12, the firm recorded impairments related to receivables in the oil and gas sector as well as cement construction company ESACO, which was also impaired in FY11 at the ASEC Holding level.

Debt Position

Long-term borrowing expanded as of December 2012, reflecting impact of the US$ 150 million OPIC loan (of which US$ 125 million were drawn in FY12) as well as other loans related to ERC which appeared with the financial close of the project in June 2012.

Summary of Citadel Capital Core and Non-Core Investments

Industry	Platform Company	CC Principle Investment (US$ mn)*	% of CC Principle Investments	CC % Ownership**	Total Co-Investors (US$ mn)
CORE INDUSTRIES					
ENERGY					
	TAQA Arabia	64.1	5.5%	33.84%	66.2
	ERC	154.8	13.4%	11.68%	677.7
	Mashreq Petroleum	6.8	0.6%	24.53%	20.1
	Tawazon	10.6	0.9%	47.88%	9.9
TRANSPORTATION & LOGISTICS					
	Nile Logistics	38.9	3.4%	32.10%	92.7
	Africa Railways	27.0	2.3%	28.19%	70.0
AGRICULTURE & CONSUMER FOODS					
	Gozour	53.1	4.6%	19.95%	206.3
	Wafra	42.2	3.7%	100%	-
MINING					
	ASCOM	29.1	2.5%	39.22%	-
CEMENT & CONSTRUCTION					
	ASEC Holding	147.0	12.7%	54.78%	120.7
	ASEC Cement	189.6	-	54.78%	360.6
NON-CORE INDUSTRIES					
Glass Manufacturing	GlassWorks	25.9	2.2%	21.03%	131.2
Metallurgy	UCF	16.9	1.5%	29.96%	32.6
Financial Services	Finance Unlimited	32.6	2.8%	99.88%	-
Mid-Cap Buyouts	Grandview	12.4	1.1%	13.01%	82.8
Specialty Real Estate	Bonyan	28.1	2.4%	32.13%	59.4
Media	Tanweer	30.4	2.6%	99.88%	-
Upstream Oil & Gas	NPC	63.4	5.5%	15.02%	357.7
Upstream Oil & Gas	NVPL	27.5	2.4%	15.00%	45.7
Upstream Oil & Gas	NOPC / Rally Group	65.0	5.6%	11.68%	561.9
Total Convertibles		73.4	6.4%		142.6
Loans to Platforms		188.9	16.4%		-
Others		16.8	1.5%		-
Total Eliminations		(189.6)	-		(325.6)
Total		**1,155.0**			**2,712.5**

* Reflecting Citadel Capital's investment costs.
** Reflecting Citadel Capital's legal ownership.

This table is designed to link investments as recorded on Citadel Capital's balance sheet with a more accurate picture of the investment cost by company. In some instances, investments are recorded on the firm's balance sheet as Loans to Platform and Portfolio Companies for technical accounting reasons, while some investments made through SPVs were not counted as equity.

Analysis of Principal Investments in Balance Sheet vs. Investment Cost (31 December 2012)*

Platform Company	Industry	Investments as in BS (EGP mn)	Adjustments	Total Investment cost (EGP mn)	Total Investment Cost (USD mn)
ASEC Holding	Cement Manuf. & Construction	924.4	-	924.4	147.0
ASCOM	Mining	183.1	-	183.1	29.1
Nile Logistics	Transportation & Logistics	221.6	-	221.6	38.9
Africa Railway	Transportation & Logistics	152.5	-	152.5	27.0
Gozour	Agriculture & Consumer Foods	295.0	-	295.0	53.1
NPC	Upstream Oil & Gas	323.2	31.0	354.2	63.4
NOPC / Rally Group	Upstream Oil & Gas	359.1	-	359.1	65.0
ERC	Energy	350.1	541.7	891.8	154.8
TAQA Arabia	Energy	247.1	147.0	394.1	64.1
Mashreq Petroleum	Energy	39.4	-	39.4	6.8
GlassWorks	Glass Manufacturing	136.6	8.3	144.9	25.9
Bonyan	Specialty Real Estate	154.1	-	154.1	28.1
Tawazon	Energy	59.9	-	59.9	10.6
UCF	Metallurgy	106.5	-	106.6	16.9
Tanweer	Media	165.0	-	165.0	30.4
Finance Unlimited	Financial Services	178.0	-	178.0	32.6
Grandview	Multisector Holdings	70.1	-	70.1	12.4
Wafra	Agriculture & Consumer Foods	243.9	-	243.9	42.2
NVPL	Upstream Oil & Gas	152.8	-	152.8	27.5
Others	Others	105.7	-	105.7	16.8
ASEC Cement	Cement	1,192.6	-	1,192.6	189.6
Eliminations**		(1,192.6)	-	(1,192.6)	(189.6)
Total Equity Investments		**4,468.0**	**727.9**	**5,195.9**	**892.6**
ASEC Holding	Cement & Construction - Convertible	422.7	(114.2)	308.4	49.0
GC Finco (NPC)	Upstream Oil & Gas - Convertible	52.4	-	52.4	9.8
EFSL (Rally)	Upstream Oil & Gas - Convertible	81.5	-	81.5	14.6
Total Convertibles		**556.6**	**(114.2)**	**442.3**	**73.4**
Loans to Platforms		**390.5**	**-**	**390.5**	**62.1**
OPIC Loans and Long-Term Receivables to Platforms		**797.7**		**797.7**	**126.8**
Total Investments		**6,212.8**	**613.7**	**6,826.5**	**1,155.0**

* Citadel Capital principal investments are converted per exchange rates carried in Citadel Capital's balance sheet.

** These are eliminations representing the cross ownership of Citadel Capital in platform companies

Summary Standalone Income Statement (in EGP mn)

	4Q2011	4Q2012	FY2011	FY2012
Advisory Fee	20.5	24.7	69.5	88.1
Other Income	-	36.2	-	36.2
Total Revenues	**20.5**	**60.8**	**69.5**	**124.3**
OPEX	(49.0)	(86.8)	(161.0)	(161.4)
Management Earn out*	-	-	-	-
Income from Sale of Fixed Assets	-	-	-	-
Forex & Others	6.9	3.8	0.5	8.2
Impairment-Invest	-	-	-	-
Impairment Inter-Company	13.1	-	13.1	-
Provisions	(16.3)	(7.0)	(16.3)	(7.0)
EBITDA	**(24.9)**	**(29.2)**	**(94.2)**	**(36.0)**
Depreciation	(1.0)	(0.8)	(4.4)	(3.3)
EBIT	**(25.9)**	**(30.0)**	**(98.6)**	**(39.3)**
Net Interest	(11.9)	6.5	(11.6)	(26.0)
Profit/Loss BT	**(37.8)**	**(23.5)**	**(110.2)**	**(65.3)**
Deferred Tax	-	(0.3)	0.0	(1.1)
Profit/Loss AT	**(37.8)**	**(23.8)**	**(110.1)**	**(66.4)**

* Citadel Capital pays Citadel Capital Partners a management incentive fee equal to 10% of the firm's net profits. This agreement has been effective since 1 January 2008 and will remain in effect so long as Citadel Capital Partners owns 15% or more of the preferred shares of Citadel Capital.

Summary Standalone Balance Sheet (in EGP mn)

	FY2011	FY2012
Fixed Assets (Net)	28.0	24.7
Investments**	4,303.6	4,468.0
Convertibles	544.7	556.6
Long Term Receivables	-	127.4
Deferred Taxable Assets	1.8	0.7
Total Non Current Assets	**4,878.0**	**5,177.3**
Due from Related Parties & Other Debit Balances	173.3	184.2
Related Parties - Loans	574.2	390.5
Related Parties - OPIC Loans	-	670.4
Cash & Cash Equivalent	151.7	222.7
Total Current Assets	**899.24**	**1,467.8**
Total Assets	**5,777.3**	**6,645.1**
Paid in Capital	4,358.1	4,358.1
Reserves	89.6	89.6
Retained Earning	(75.40)	(185.5)
Current Year Profit / Loss	(110.1)	(66.4)
Total Equity	**4,262.2**	**4,195.8**
LT Borrowing	822.7	1,359.3
Total Non Current Liabilities	**822.7**	**1,359.3**
CPLTD	210.3	527.7
Due to CCP	225.4	256.0
Accrued, Provision & Other Liabilities	256.7	306.4
Total Current Liabilities	**692.4**	**1,090.0**
Total Equity & Liabilities	**5,777.3**	**6,645.1**

** Citadel Capital's investments are recorded in its FY12 statutory stand-alone financial statements under the following line items: Available-for-sale investments (EGP 23.8 million), Investments in Subsidiaries and Associates (EGP 2.698 billion), Payments for Investments (EGP 1.879 billion), and other investments (EGP 550 million). This results in total investments of EGP 5.151 billion (investments + convertibles + long term receivables).

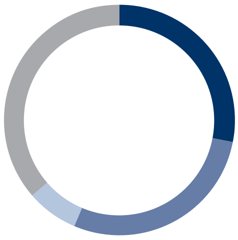
Summary Consolidated Income Statement (in EGP mn)

	4Q2011	4Q2012	FY2011	FY2012
Advisory Fee	22.5	15.5	69.6	63.1
Gain/Loss from Sale of Investments	-	-	(1.1)	-
Share in Associates' Results	(95.3)	(187.0)	(386.0)	(387.9)
Other Losses/Gain	0.1	(9.2)	0.1	(25.2)
Total Revenues	**(72.8)**	**(180.8)**	**(317.5)**	**(349.9)**
OPEX	(71.8)	(96.6)	(237.2)	(227.8)
Other Expenses	(198.3)	(14.2)	(199.4)	(54.7)
EBITDA	**(342.9)**	**(291.6)**	**(754.1)**	**(632.4)**
Depreciation	(1.1)	(3.5)	(4.6)	(14.3)
EBIT	**(344.0)**	**(295.1)**	**(758.7)**	**(646.7)**
Net Financing	(8.7)	10.5	(41.8)	(54.5)
Profit/Loss BT	**(352.7)**	**(284.6)**	**(800.5)**	**(701.3)**
Deferred Tax	-	(0.3)	0.0	(1.1)
Current Income Tax	-	-	-	-
Profit/Loss AT	**(352.7)**	**(284.9)**	**(800.5)**	**(702.4)**

Summary Consolidated Balance Sheet (in EGP mn)

	FY2011	FY2012
Fixed Assets (Net)	73.0	256.6
Investments	3,197.9	3,242.6
Convertibles	661.0	822.1
Deferred Tax Assets	1.8	0.7
Total Non Current Assets	**3,933.6**	**4,322.0**
Investments	18.2	3.9
Due from Related Parties & Other Debit Balances	158.7	171.1
Related Parties - Loans	764.2	1,022.1
Cash & Cash Equivalent	166.2	255.2
Total Current Assets	**1,107.3**	**1,452.3**
Total Assets	**5,040.9**	**5,774.4**
Paid in Capital	4,358.1	4,358.1
Reserves	187.3	207.5
Retained Earning	(1,093.8)	(2,022.9)
Net (Losses) Profit for the Period	(773.5)	(691.7)
Total Equity Attributable to the Majority Shareholders	**2,678.1**	**1,850.9**
Total Equity Attributable to the Non-Controlling Shareholders	379.7	438.3
Total Equity	**3,057.8**	**2,289.2**
LT Borrowings	1,142.4	1,923.0
LT Liabilities	21.9	10.8
Total Non Current Liabilities	**1,164.3**	**1,933.8**
Current Portion of Long Term Loans	210.3	543.3
Due to CCP	225.4	256.0
Due to Related Parties & Other Credit Balances	176.6	539.2
Provisions	206.6	212.9
Total Current Liabilities	**818.8**	**1,551.4**
Total Equity & Liabilities	**5,040.9**	**5,774.4**

SHAREHOLDER STRUCTURE
(as of 31 December 2012)



CCP	28
Board members other than CCP	28
Shareholders owning >1%	7
Others	36

Forward Looking Statements

Statements contained in this Business Review that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Citadel Capital. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Certain information contained herein constitutes "targets" or "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of Citadel Capital may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of Citadel Capital is subject to risks and uncertainties.

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