Citadel Capital Reports First Quarter 2012 Results

Total investments under control rise 8.0%, principal investments top US$ 1 billion as core platform investments report sustained improvement in operational and financial performance

CCAP.CA on the Egyptian Stock Exchange

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(Cairo, Egypt) — Citadel Capital (CCAP.CA on the Egyptian Stock Exchange), the leading private equity firm in the Middle East and Africa, announced today its financial results for the first quarter of 2012, reporting an 8.0% year-on-year rise in total investments under control to more than US$ 9.5 billion (EGP 57.3 billion) and a 4.9% rise in assets under management (AUM) to US$ 4.4 billion (EGP 26.5 billion).

The firm's principal investments in its own transactions rose 12.9% quarter-on-quarter and 16.0% year-on-year to US$ 1.1 billion (EGP 6.1 billion) as it deployed in 1Q12 a total of US$ 81.25 million from the first draw-down on a US$ 150 million Citadel Capital-level facility backed by the United States Overseas Investment Corporation (OPIC) to accelerate the growth of select platform and portfolio companies.

Also in 1Q12, the firm made substantial progress toward financial close on the Egyptian Refining Company (ERC), which is building a US$ 3.7 billion greenfield petroleum refinery in the Greater Cairo Area. The project achieved financial close in the second quarter with total equity investments of US$ 1.1 billion and a US$ 2.6 billion debt package. Participants in the equity component include leading investors from Egypt, the Gulf Cooperation Council (GCC) and international Development Finance Institutions (DFIs).

"The first quarter of 2012 is an inflection point marking the start of the next stage of Citadel Capital's development," said Citadel Capital Chairman and Founder Ahmed Heikal. "We are now deploying the liquidity added to our balance sheet in FY11 to accelerate development of select platform and portfolio companies as we continue the groundwork for the divestment of minor and non-core holdings. This program — alongside continued cost cutting at the Citadel Capital level — will free management bandwidth and cashflows to focus on core investments."

With no exits in the quarter, Citadel Capital registered standalone net loss of US$ 5.1 million (EGP 30.5 million) for 1Q12 on revenues of US$ 4.0 million (EGP 24.4 million)[1] compared with net losses of US$ 4.4 million (EGP 26.7 million) in 1Q11 and US$ 6.3 million (EGP 37.8 million) in the final quarter of last year. The firm reported a net loss on the back of net interest expenses, inflated by net one-time upfront fees of US$ 9.0 million (EGP 54.3 million) related to the refinancing of Citadel Capital's pre-existing US$ 175 million credit facility and the arrangement of new OPIC-backed debt. The upfront fees related to the OPIC loan represent 100% of the fees pertaining to the loan for the entire useful life of the facility. The terms and tenor of the new facilities are better suited to the planned duration of Citadel Capital's investments.

Setting aside the one-time upfront fees, Citadel Capital would have reported a standalone net profit of EGP 23.8 million in 1Q12.

Citadel Capital revenues from advisory fees rose 18.9% quarter-on-quarter and 53.2% year-on-year to US$ 4.0 million (EGP 24.4 million) on the back of fees related to Africa Railways and the MENA and Africa Joint Investment Funds (JIFs). Meanwhile, EBITDA improved to

1 Citadel Capital principal investments are converted per exchange rates carried in Citadel Capital's balance sheet. All other figures relating to financial results in FY11 are converted using a spot rate of EGP 6.03 : US$ 1.00. Historical figures have been re-stated using the same exchange rate. Citadel Capital typically analyzes its own financial statements in EGP and investments in US$. Management notes that private equity earnings are by definition 'lumpy,' with significant revenues and profits typically generated at exit of investments.

US$ 1.1 million (EGP 6.6 million) on the back of both rising revenues and a 53.1% quarter-on-quarter decline in operating expenses to US$ 3.8 million (EGP 23.0 million).

"This level of OPEX spending is the 'new normal' at Citadel Capital as we target a substantial year-on-year reduction in operating expenditures in 2012," Heikal noted, explaining that the firm has substantially cut expenditures on compensation and consultancy fees while recording no expenditures in the quarter just ended on non-recurring OPEX.

On a consolidated basis, Citadel Capital reports a net loss of US$ 26.4 million (EGP 159.3 million) on revenues of negative US$ 9.2 million (EGP 55.5 million). This represents 55.0% narrowing of the consolidated net loss quarter-on-quarter. Net losses expanded 43.1% year-on-year, but setting aside the net effect of one-time fees related to Citadel Capital's refinanced debt and the OPIC-backed facility, the firm would have recorded a 9% narrowing of its consolidated loss in the same period. Quarter-on-quarter, the net loss would have contracted 71%.

Notably, companies held as Associates contributed losses of EGP 67.6 million to the firm's top line, a reduction of 29.0% from 4Q11. Setting aside the contribution of ASEC Holding, whose construction businesses remain challenged and whose cement plants underwent shutdowns for repairs and maintenance in the quarter, the firm's Associates showed broad-based improvements in financial and operational performance in the quarter just ended. Excluding the results of ASEC Cement from 1Q12 and the comparative period, the firm's Share of Associates' Results would have stood at negative US$ 0.5 million (EGP 3.1 million) in 1Q12, a narrowing of 88.3% from the last quarter of 2011.

Additionally, 1Q12 marks the first time that a platform company has been fully consolidated into Citadel Capital's results, with the consolidation of Wafra, the firm's platform for agriculture investments in Sudan and South Sudan. Wafra reported operational losses of US$ 0.6 million (EGP 3.6 million), in line with expectations for an early-stage greenfield investment. Citadel Capital has increased its stake in Wafra to 100% as part of the firm's program to focus on core platform investments while divesting smaller, non-core assets. Management sees strong growth potential in Wafra based on early harvest results and the pace of development in both Sudan and South Sudan.

Management's discussion of operations and details of Citadel Capital's 1Q12 standalone and consolidated financials follows; full financials are available for download at citadelcapital.com.

I. Performance Highlights

Financial Highlights (in EGP mn)	1Q11	4Q11	FY11	1Q12
Revenue	15.9	20.5	69.5	24.4
EBITDA	(23.5)	(8.6)	(77.9)	6.6
Net Income / Loss	(26.6)	(37.8)	(110.1)	(30.5)

Principal Investments*				
Total Principal Investments	5,056	5,397	5,397	6,133
Of which Equity	4,195	4,438	4,438	4,740
Of which Convertibles	506	467	467	420
Of which Bridge Finance	355	493	493	480
Of which Long-term Finance (OPIC Facility)	-	-	-	493
New Investments in the Period	144	531	531	736
Gains from Sale of Investments in the Period	-	-	-	-
Portfolio Net Asset Value (PNAV, EGP mn)† **	not issued	**5,173**	**5,173**	not issued
Portfolio Net Asset Value per Share (PNAVPS, EGP)†	not issued	**5.93**	**5.93**	not issued

Asset Management (in US$ bn, as at the date)				
Total Investments Under Control	8.7	9.5	9.5	9.5
Total AUM	4.1	4.3	4.3	4.4
Invested AUM	3.1	3.3	3.3	3.3
Invested Third-party AUM	2.2	2.3	2.3	2.3
Third-party Fee-earning AUM	2.1	2.1	2.1	2.1
New Invested AUM (in US$ mn, for the period)	13.6	90.5	197.4	54.4
Revenue from Advisory Fees (in US$ mn, for the period)	2.68	3.4	11.6	4.0
Revenue from Carried Interest (in US$ mn, for the period)	-	-	-	-

Track Record (for the quarter ending 31 March 2012 unless otherwise indicated)		
Investments made since 2004 (acquisitions and new company formations)		54
Number of Platform Companies		19
Number of Funds (Opportunity-Specific Funds + Standing Funds)		21
Total number of countries in which Citadel Capital invests		15
Number of industries in which Citadel Capital invests		15
Total Employees of Citadel Capital Portfolio and Platform Companies		42,317
Total equity raised and invested since 2004	EGP 27.0 billion	US$ 4.9 billion
Cash returns to shareholders and LPs since 2004 (on equity investments of US$ 650 million)	EGP 13.1 billion	US$ 2.2 billion

Shareholder Structure (as of 31 March 2012)		
Citadel Capital Partners (CCP)		28.5%
Board members other than CCP		19.2%
Investors Owning More than 1%		23.1%
Others		29.2%
Number of shares outstanding		871,625,000
Paid-in capital of Citadel Capital	EGP 4.4 billion	US$ 0.7 billion

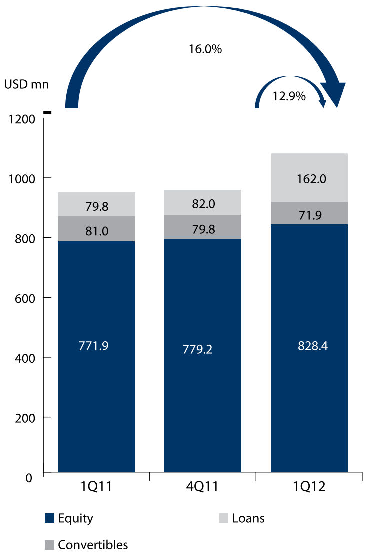
* The majority of Citadel Capital principal investments are made in US dollars, with the two exceptions being ASEC Holding and United Foundries. Management accordingly analyzes both principal investments and AUM in US dollars within this document. All principal investments refer to total investment cost.

† PNAV for FY11 was independently calculated by RisCura using a methodology agreed upon with Citadel Capital (details on pages 10-13 of FY11 Business Review).

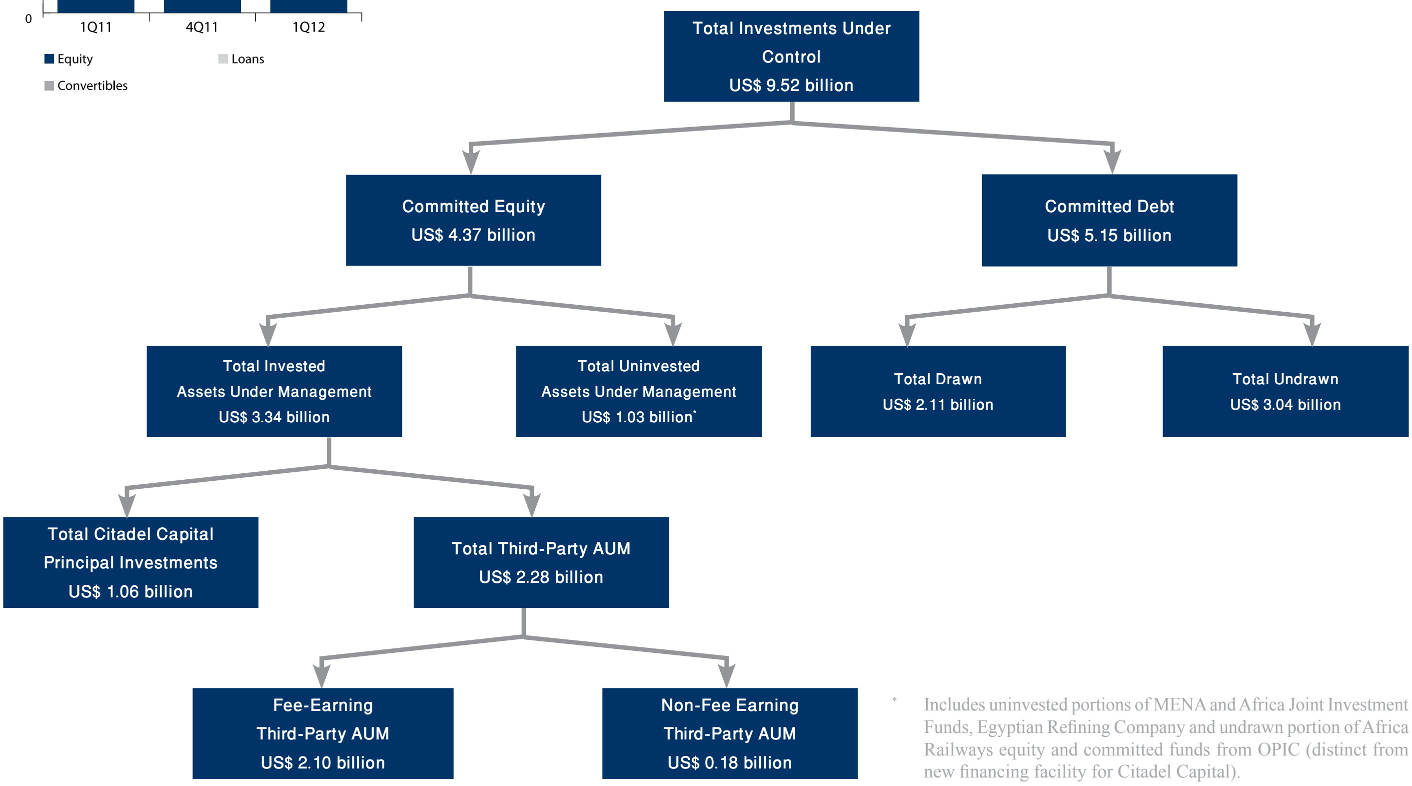
** Citadel Capital suspended guidance on TNAV as of 31 December 2010 as a result of its decision not to offer estimates of its AMV. Similarly, RisCura, which provides independent valuation services to Citadel Capital beginning with the FY11 Business Review, does not take the AMV into consideration. Analysts and other parties may assign their own value to this component of the business.

II. Citadel Capital as a Principal Investor†

Citadel Capital Principal Investments



Citadel Capital raises Opportunity-Specific Funds (OSFs) to control a platform company in a specific industry. Each platform company may, in turn, control one or more portfolio companies. As a principal investor, Citadel Capital typically contributes 10-20% of the equity in each of its OSFs under shareholder agreements that give the firm management control. Gains from the eventual sale of these investments constitute one of two Citadel Capital revenue streams, the other being asset management related: advisory fees and carried interest (see below).



* Includes uninvested portions of MENA and Africa Joint Investment Funds, Egyptian Refining Company and undrawn portion of Africa Railways equity and committed funds from OPIC (distinct from new financing facility for Citadel Capital).

Citadel Capital controlled total investments of more than US$ 9.5 billion (EGP 57.3 billion) at the end of 1Q12, comprising both committed equity and committed debt. This represents an 8.0% rise year-on-year and growth of 0.6% quarter-on-quarter on the back of sustained fundraising momentum.

† Kindly note: As part of Citadel Capital's decision to source its Portfolio Net Asset Valuation (PNAV) from an independent third party, management has opted henceforth to redefine slightly the classification of both its principal equity investments and the investments of its co-investors to better reflect reality. Accordingly, all equity investments discussed in this document represent the actual investment cost to Citadel Capital and its limited partners. It is management's view that this change in methodology ensures consistency across all of its information products (for lenders, limited partners and shareholders). Historical figures have been restated.

A. Principal Investments

Citadel Capital's total principal investments (including equity, convertibles, bridge financing and long-term finance for its platform companies) stood at US$ 1.1 billion (EGP 6.1 billion) at the end of 1Q12, a 12.9% rise from the previous quarter and growth of 16.0% year-on-year.

The firm made a total of US$ 121.2 million (EGP 736.0 million) in new principal investments in the first quarter as US$ 81.25 million in long-term OPIC-backed financing was deployed, allowing the recovery of US$ 7.7 million in previously advanced funds and a net reduction of US$ 2.0 million in bridge loans previously extended to select platform and portfolio companies.

Citadel Capital's total principal investments at 31 March 2012 break down as 78.0% equity investments, 6.8% convertibles, 7.5% bridge financing and 7.7% long-term OPIC-backed financing.

Equity (78.0% of total principal investments)

Citadel Capital's principal equity investments rose US$ 49.2 million in 1Q12 to close the quarter at US$ 828.4 million on the back of the reclassification of US$ 50 million previously injected into Egyptian Refining Company (ERC) as it assumed responsibility for a loan previously classified as third-party funds owing to the conditional convertibility of the facility. The firm accordingly made new investments primarily in refining, river transportation and agriculture platforms, while recovering equity previously advanced to certain platforms following the deployment of OPIC-backed financing.

New investment in the quarter was dominated by US$ 52.6 million injected into the Egyptian Refining Company (ERC) as the project neared financial close. Citadel Capital had, through a Special Purpose Vehicle (SPV) related to ERC, previously acquired a US$ 50 million loan facility from Arab International Bank (AIB) for the benefit of ERC. With the issuer holding a conditional option to convert the facility into an equity stake, the sum had previously been counted as third-party funds. To better reflect the situation at the time of this report, Citadel Capital opted to reclassify the funds as principal investments at the firm-level.

Otherwise, new equity investments in the quarter included an injection into Sudanese agriculture platform Wafra (US$ 2.6 million) as development in both North and South Sudan entered new phases. Also in the quarter, the firm closed a transaction with an existing co-investor that saw Citadel Capital acquire an additional US$ 1.8 million stake in river transport platform Nile Logistics.

Meanwhile, Citadel Capital recovered funds previously advanced to Tanweer (media, retail and publishing) and Finance Unlimited (financial services) totaling US$ 7.7 million after each platform received injections of OPIC-backed financing. Citadel Capital's principal investments accordingly stand as US$ 30.4 million (EGP 183.3 million) in Tanweer and US$ 32.6 million (EGP 196.6 million) in Finance Unlimited.

Management notes that the firm's principal investments in ASEC Holding and United Foundries Company declined US$ 0.6 million (EGP 3.6 million) and US$ 0.07 million (EGP 0.4 million), respectively, in US dollar terms as a result of foreign exchange movement. These are the sole platforms held on Citadel Capital's balance sheet in Egyptian pounds. All other investments in platform and portfolio companies are held in US dollars and hence stand to benefit from any potential devaluation of the Egyptian pound going forward.

Also in 1Q12, Citadel Capital saw its principal investments in solid waste management platform Tawazon and investments classified as "Other" each rise circa US$ 0.3 million (EGP 1.8 million).

Convertibles (6.8% of total principal investments)

As of the end of 1Q12, Citadel Capital held three investments in convertibles — ASEC Holding, NPC and NOPC / Rally Energy — following the winding-down of a convertible vehicle for United Foundries (UCF) in which the firm had previously invested US$ 7.9 million (EGP 47.6 million).

The UCF convertible bond was closed out in the quarter and reshaped into bridge financing (see below). Citadel Capital made no new investments in its three remaining convertibles in the quarter just ended and thus holds total investments of US$ 71.9 million in convertibles.

Bridge-Financing (7.5% of total principal investments)

As it did in 2008-09 when the global financial crisis spilled over into the Middle East and Africa, Citadel Capital continues to extend loans to a number of platform and portfolio companies to bridge short-term funding gaps. Bridge financing in the form of interest-bearing loans accordingly represent a distinct form of Citadel Capital principal investment in its platform and portfolio companies.

Total bridge financing to platform and portfolio companies declined US$ 2.0 million (EGP 12.1 million) in the first quarter as the firm recovered previously advanced funds and instead deployed long-term financing for select platform and portfolio companies on terms better suited to the development plans for each of the platforms.

The recovery of previously advanced financing was in part offset by additional bridge financing to UCF following the winding down of the UCF convertible, bringing total interest-bearing loans to UCF to US$ 19.4 million (EGP 116.9 million).

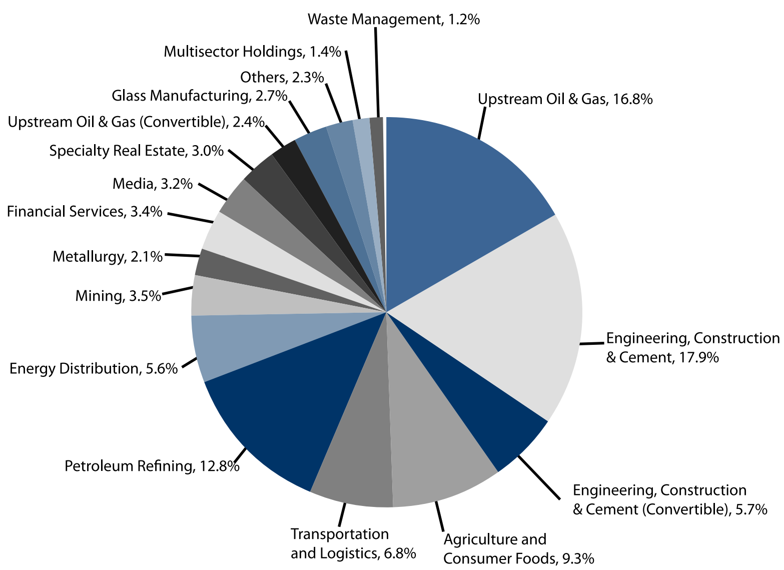
Long-Term Finance (7.7% of total principal investments)

Citadel Capital drew in 1Q12 US$ 81.25 million of a US$ 150 million OPIC-backed facility to support the growth of its investments; a further US$ 19.1 million was drawn in the second quarter. Long-term finance is recorded on the firm's balance sheet as Inter-Company Loans. Interest income from long-term finance is recorded on the firm's standalone income statement.

Deployment of these ten-year-term funds allowed Citadel Capital to finance the business plans of select platform companies while recovering equity previously advanced to Tanweer and Finance Unlimited, and simultaneously retrieving bridge financing to platform and portfolio companies.

Platform companies receiving injections of long-term OPIC-backed finance in 1Q12 included multicategory agriculture and consumer foods platform Gozour (EGP 166.8 million), Bonyan (EGP 87.4 million), Nile Logistics (EGP 58.3 million), Tanweer (EGP 51.0 million), mining platform ASCOM (EGP 48.3 million), mid-cap fund Grandview Holdings (EGP 45.0 million), and Finance Unlimited (EGP 35.9 million).

Distribution of Citadel Capital Principal Investments by Industry at end 1Q2012



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 March 2012)

		Citadel Capital Principal Investments				
Platform Company	Industry	Investment as in Balance Sheet (EGP mn)	Adjustments (EGP mn)	Explanation of Adjustment	Total Investment Cost (EGP mn)	Total Investment Cost (USD mn)
ASEC Holding	Engineering, Construction and Cement	924.4	-		924.4	153.3
ASCOM Mining & Geology	Mining	183.1	-		183.1	30.4
Nile Logistics	Transportation & Logistics	183.4	13.8	US$ 2.5 million invested through other vehicle	197.2	35.6
Africa Railways	Transportation & Logistics	152.4	-		152.4	27.0
Gozour	Agriculture & Consumer Goods	261.3	18.5	US$ 3.2 million invested through other vehicle	279.8	50.8
NPC	Upstream Oil & Gas	323.2	31.0	US$ 5.4 million invested through other vehicle	354.2	63.4
NOPC / Rally Group	Upstream Oil & Gas	359.1	-		359.1	65.0
ERC	Petroleum Refining	277.9	380.4	US$ 10.2 million shareholder loan from other vehicle and US$ 50.0 million investment reclassified from third-party funds to a principal investment of Citadel Capital.	658.3	113.9
TAQA Arabia	Energy Distribution	247.1	-		247.1	43.3
Mashreq Petroleum	Energy Distribution	39.4	-		39.4	6.8
GlassWorks	Glass Manufacturing	128.5	8.3	US$ 1.6 million Citadel Capital management fees	136.8	24.5
Bonyan	Specialty Real Estate	154.1	-		154.1	28.1
Tawazon	Waste Management	59.8	-		59.8	10.6
UCF	Metallurgy	106.6	-		106.6	17.7
Tanweer	Media	165.0	-		165.0	30.3
Finance Unlimited	Financial Services	178.0	-		178.0	32.6
Grandview	Multisector Holdings	70.1	-		70.1	12.4
Wafra	Agriculture & Consumer Goods	201.8	-		201.8	35.3
NVPL	Upstream Oil & Gas	152.8	-		152.8	27.5
Others	Others	120.0	-		120.0	19.9
ASEC Cement	Cement	1,143.3	-		1,143.3	189.6
Eliminations*		(1,143.3)	-		(1,143.3)	(189.6)
Total Equity Investments		**4,287.8**	**452.0**		**4,739.8**	**828.4**
ASEC Holding Convertible	Engineering, Construction and Cement - Convertibles	373.8	(78.2)	Removal of Convertible Interest from Investment Cost	295.6	49.0
UCF Convertible	Metallurgy - Convertible	-	-		-	-
NPC Convertible	Upstream Oil & Gas - Convertible	52.4	-		52.4	9.8
NOPC / Rally Convertible	Upstream Oil & Gas - Convertible	72.1	-		72.1	13.1
Total Convertibles		**498.3**	**(78.2)**		**420.1**	**71.9**
Bridge Finance to Platforms		**562.2**	**(81.7)**	Reflecting reclassification of principal investments classified as Loans to Platforms due to technical accounting reasons	**480.5**	**80.0**
Long-term Finance to Platforms (OPIC Facility)		**492.6**	**-**		**492.6**	**82.0**
Total Investments		**5,840.9**	**292.2**		**6,133.0**	**1,062.2**

* Eliminates effect of cross-ownership of one Citadel Capital platform company by another.

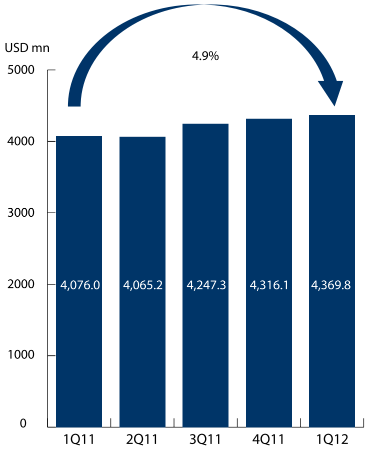
Summary of Investments in Citadel Capital Platform Companies as of 31 March 2012 (USD mn)

Platform	Industry	Citadel Capital	Change in the Q	Co-investors	Change in the Q	Africa Investment Fund: Citadel Capital	Africa Investment Fund: New in the Q	Africa Investment Fund: LPs	Africa Investment Fund: New in the Q	MENA Investment Fund: Citadel Capital	MENA Investment Fund: New in the Q	MENA Investment Fund: LP	MENA Investment Fund: New in the Q	Total Citadel Capital*	Change in the Q*	Total Co-investors*	Change in the Q*
ASEC Holding	Engineering, Construction and Cement	153.3	(0.6)	125.9	(0.5)	-	-	-	-	-	-	-	-	153.3	(0.6)	125.9	(0.5)
ASCOM Mining & Geology	Mining	30.4	(0.1)	-	-	-	-	-	-	-	-	-	-	30.4	(0.1)	-	-
Nile Logistics	Transportation & Logistics	35.6	1.8	96.6	(1.8)	-	-	-	-	-	-	-	-	35.6	1.8	96.6	(1.8)
Africa Railways	Transportation & Logistics	20.8	-	35.0	-	6.2	-	13.8	-	-	-	-	-	27.0	-	48.8	-
Gozour	Agriculture & Consumer Goods	50.8	0.8	206.2	(0.8)	-	-	-	-	-	-	-	-	50.8	0.8	206.2	(0.8)
NPC	Upstream Oil & Gas	63.4	-	357.7	-	-	-	-	-	-	-	-	-	63.4	-	357.7	-
NOPC / Rally Group	Upstream Oil & Gas	65.0	-	561.9	-	-	-	-	-	-	-	-	-	65.0	-	561.9	-
ERC†	Petroleum Refining	113.9	52.6	242.7	(50.0)	-	-	-	-	-	-	-	-	113.9	52.6	242.7	(50.0)
TAQA Arabia	Energy Distribution	43.3	-	76.2	-	-	-	-	-	-	-	-	-	43.3	-	76.2	-
Mashreq Petroleum	Energy Distribution	6.8	-	20.1	-	-	-	-	-	-	-	-	-	6.8	-	20.1	-
GlassWorks	Glass Manufacturing	24.5	-	131.2	-	-	-	-	-	-	-	-	-	24.5	-	131.2	-
Bonyan	Specialty Real Estate	28.1	-	59.4	-	-	-	-	-	-	-	-	-	28.1	-	59.4	-
Tawazon	Waste Management	6.4	0.3	-	-	2.2	-	4.9	-	2.1	-	5.0	-	10.6	0.3	9.9	-
UCF	Metallurgy	17.7	-	32.6	-	-	-	-	-	-	-	-	-	17.7	-	32.6	-
Tanweer	Media	30.4	(3.6)	-	-	-	-	-	-	-	-	-	-	30.4	(3.6)	-	-
Finance Unlimited	Financial Services	32.6	(4.1)	-	-	-	-	-	-	-	-	-	-	32.6	(4.1)	-	-
Grandview	Multisector Holdings	12.4	-	82.8	-	-	-	-	-	-	-	-	-	12.4	-	82.8	-
Wafra	Agriculture & Consumer Goods	35.3	2.6	-	-	-	-	-	-	-	-	-	-	35.3	2.6	-	-
NVPL	Upstream Oil & Gas	27.5	-	45.7	(9.5)	-	-	-	-	-	-	-	-	27.5	-	45.7	(9.5)
Others	Others	19.9	0.3	-	-	-	-	-	-	-	-	-	-	19.9	0.3	-	-
ASEC Cement	Cement	189.6	-	360.6	-	-	-	-	-	-	-	-	-	189.6	-	360.6	-
Eliminations**		(189.6)	-	(325.6)	-	-	-	-	-	-	-	-	-	(189.6)	-	(325.6)	-
Total Equity Investments		**818.0**	**49.2**	**2,108.9**	**(61.8)**	**8.4**	**-**	**18.7**	**-**	**2.1**	**-**	**5.0**	**-**	**828.4**	**49.2**	**2,132.6**	**(61.8)**
ASEC Holding Convertible	Engineering, Construction and Cement - Convertibles	49.0	-	49.6	-	-	-	-	-	-	-	-	-	49.0	-	49.6	-
UCF Convertible‡	Metallurgy - Convertible	-	(7.9)	-	(5.1)	-	-	-	-	-	-	-	-	-	(7.9)	-	(5.1)
NPC Convertible	Upstream Oil & Gas - Convertible	9.8	-	35.7	-	-	-	-	-	-	-	-	-	9.8	-	35.7	-
NOPC / Rally Convertible	Upstream Oil & Gas - Convertible	13.1	-	57.3	-	-	-	-	-	-	-	-	-	13.1	-	57.3	-
Total Convertibles		**71.9**	**(7.9)**	**142.6**	**(5.1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**71.9**	**(7.9)**	**142.6**	**(5.1)**
Bridge Financing to Platforms		**80.0**	**(2.0)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**80.0**	**(2.0)**	**-**	**-**
Long-term Finance to Platforms (OPIC Facility)		**82.0**	**82.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**82.0**	**82.0**	**-**	**-**
Total Investments		**1,051.8**	**121.2**	**2,251.5**	**(66.9)**	**8.4**	**-**	**18.7**	**-**	**2.1**	**-**	**5.0**	**-**	**1,062.2**	**121.2**	**2,275.2**	**(66.9)**

* Including Joint Investment Funds (JIFs)
** Eliminates effect of cross ownership of one Citadel Capital platform company by another.
† Includes US$ 50 million reclassified into Principal Investments from Third-Party Funds via an SPV
‡ Re-shaped into bridge financing (from Citadel Capital) and direct loan (from LPs)

III. Asset Management Business

Total Assets Under Management (Committed)



In addition to gains on the sale of its principal investments, Citadel Capital generates revenues from advisory fees on the total invested assets under management (drawn equity) it has under control as well as from a carried interest over a hard hurdle on capital gains it makes for the limited partners in its OSFs.

Total Assets Under Management

Citadel Capital recorded total assets under management (committed by Citadel Capital and limited partners to the OSFs as well as the JIFs) of US$ 4.4 billion at 31 March 2012, a rise of 1.3% (US$ 54.4 million) from the previous quarter and 4.9% (US$ 203.7 million) year-on-year.

Including equity drawn into exited funds, Citadel Capital has raised a total of US$ 4.9 billion in equity since inception and has generated cash returns in excess of US$ 2.2 billion to shareholders and limited partners on investments of US$ 650 million.

Invested vs Uninvested AUM

Total invested AUM (drawn equity) stood at US$ 3.3 billion (EGP 19.9 billion) at the end of 1Q12, a rise of US$ 54.4 million (1.7%) quarter-on-quarter and US$ 172.9 million (5.5%) from 1Q11. Invested third-party AUM stood at US$ 2.3 billion (EGP 13.9 billion) at the end of March 2012, a decline of 2.9% from the previous quarter as a facility previously held as third-party equity was reclassified in 1Q12 as a Citadel Capital principal investment, as noted in Principal Investments (page 5).

Meanwhile, the winding down of the United Foundries convertible eliminates from the AUM base US$ 5.1 million invested in the convertible by Limited Partners (LPs). This sum now appears directly on the balance sheet of UCF as a loan from the LPs in question. (It is the firm's practice not to include loans carried on platform company balance sheets as AUM.)

Uninvested AUM totalled US$ 1.0 billion (EGP 6.2 billion) at the end of 1Q12, unchanged from the previous quarter. Uninvested AUM include US$ 792.0 million committed to the Egyptian Refining Company (non-fee-earning at drawdown), US$ 100 million in OPIC funding (non-fee-earning and distinct from the new US$ 150 million OPIC finance guarantee), US$ 105.3 million committed to the Africa and MENA Joint Investment Funds, and US$ 35.0 million in funds committed to Africa Railways.

Fee-Earning AUM

Fee-earning assets under management were stable quarter-on-quarer in 1Q12 (but were up 2.5% year-on-year) at US$ 2.1 billion (EGP 12.7 billion).

Citadel Capital recorded revenues of US$ 4.0 million (EGP 24.4 million) in 1Q12 from the 1% advisory fee it earns on fee-earning assets under management. With no exits in the quarter, revenue from carried interest was nil.

IV. Recent Developments*

a) Gozour

On a consolidated basis, integrated multi-category agriculture and consumer foods platform Gozour reported an 8.4% year-on-year rise in sales to EGP 322.7 million in 1Q12 with EBITDA rising 17.9% to EGP 26.8 million. From 4Q11, sales climbed 21.7% while EBITDA rose 539.1% on the back of a decline in advertising and promotion costs.

Leading regional confectioner **Rashidi El-Mizan** reported a 30% year-on-year rise in sales driven by a 24% increase in volumes, a development that helped EBITDA rise 45% over 1Q11. Continuing its emphasis on product innovation, Rashidi has soft-launched a chocolate spread in test outlets already carrying its successful halawa spread ahead of a full launch in August. Management expects the testing phase to gather valuable feedback to allow refinement of the product pre-launch.

In Sudan, **El-Rashidi for Integrated Solutions** saw sales rise 21% year-on-year and 54% quarter-on-quarter, with the result being EBITDA more than tripling compared with both historical reporting periods.

Gozour's brands in the dairy products sector include Elmisrieen (primarily focused on cheeses) and Enjoy (milk, yoghurt and juices), in addition to ICDP, which operates the Dina Farms Fresh Milk brand, the number-one player in its category. The dairy segment has entered a new phase of its integration drive, which will streamline management of these three portfolio companies. All sales operations at Elmisrieen, Enjoy, and ICDP are now headed by one sales director supervising sales operations managers at the subsidiary level. This development will result in both revenue and expense synergies on the back of more efficient sales operations, rising Enjoy sales volumes and lower ICDP sales returns.

Meanwhile, **Enjoy** is recovering from a challenging FY11. While sales and EBITDA figures lag slightly on a year-on-year basis, Enjoy reported a 36% rise in sales quarter-on-quarter and an 80% improvement in EBITDA from 4Q11. Management expects that the launch of new juice and milk products, among other developments in the pipeline, will see stronger performance beginning in 3Q12. Notable in this respect is the March 2012 launch of Enjoy's Cool product to compete in the 'economy' juice tier. Cool has met with a better-than-anticipated initial market reception.

Cheese maker **Elmisrieen** remained challenged in 1Q12 but nonetheless recorded a 4% year-on-year rise in EBITDA on the back of lower selling and distribution expenses. The company's results also improved on a quarter-on-quarter basis following plant stoppages in the final quarter of 2011. Sales were up more than 700% in 1Q12 compared with 4Q11, with EBITDA rising 55%.

Leading fresh milk producer **ICDP** achieved outstanding results despite sales volumes slipping 12% year-on-year on the back of price increases. Lower packaging costs and reduced overheads saw EBITDA rise more than 4% from 1Q11, and management expects a sustained strong performance through the end of FY12. Moreover, ICDP saw EBITDA rise 493% quarter-on-quarter on the back of the restructuring of its sales operations.

Meanwhile, **Dina Farms** reported 5% drops in both sales and EBITDA compared with 1Q11, on the back of seasonal effects on the agricultural arm. This was partially offset by 23% year-on-year growth in livestock segment revenues on the back of higher prices. Overall sales rose 49% from 4Q11 while EBITDA climbed 22%.

Management notes that Dina Farms was negatively impacted by a national outbreak of foot and mouth disease in 2Q12 which will result in lower productivity and a higher-than-planned culling

* Please note that this section includes updates for companies that are not consolidated in Citadel Capital.

rate after several highly productive milking stations were infected. Results for 2Q12 will be negatively impacted, with a return to normal levels expected in the third quarter.

b) Bonyan

During the course of 2012, home furnishings destination **Designopolis** will begin transforming itself into a lifestyle mall, moving away from being a niche and destination type project. Management has engaged Colliers International to help identify and attract regional group tenants that bring in fashion, food and beverage, and specialty offerings, with a greater emphasis on volume trades which are traffic generators.

In 1Q12, management contracted an additional area of 770 sqm to replace tenants who had terminated contracts, with total free leasable space accordingly now standing at 590 sqm. Phase One now stands at 89% leased.

In addition, Bonyan for Development and Trade also won the first place award for Designopolis, in the category of Best Sustainable Development at the 2012 Cityscape Awards, and was awarded ‘Highly Commended’ in the category of Best Sustainable Development Award at the Cityscape Real Estate Awards, MENA 2012.

Phase Two and Three expansions remain on hold until anchor tenants and debt financing are secured.

V. Financial Performance

(A) Standalone Results

Citadel Capital reports a net loss of US$ 5.1 million (EGP 30.5 million) on revenues of US$ 4.0 million (EGP 24.4 million) in 1Q12, narrowing from a net loss of US$ 6.3 million (EGP 37.8 million) the previous quarter.

The net loss for the quarter was inflated by one-time net upfront fees of US$ 9.0 million (EGP 54.3 million) related to the refinancing of Citadel Capital's pre-existing US$ 175 million credit facility and the arrangement of new OPIC-backed debt. Setting aside the one-time upfront fees, Citadel Capital would have reported a standalone net profit of EGP 23.8 million in 1Q12.

As is the case with any private equity firm or investment company, Citadel Capital's financial performance is highly dependent on any exits from current investments the firm may execute in a given period. At exit, Citadel Capital may record both capital gains on its principal investments and a carried interest in the capital gains it makes for the limited partners in its Funds.

Revenues

Citadel Capital revenues in 1Q12 stood at US$ 4.0 million (EGP 24.4 million), a 53.2% rise from the previous year and a gain of 18.9% quarter-on-quarter on the back of newly raised equity for Africa Railway, fees related to the MENA and Africa Joint Investment Funds, and the write-back in 4Q11 of advisory fees related to the National Petroleum Company (NPC).

Operating Expenses

Spending on OPEX declined 53.1% quarter-on-quarter and 31.8% year-on-year to US$ 3.8 million (EGP 23.0 million) on the back of a sustained program to control costs and preserve cash implemented in FY11. This run rate is representative of management's target going forward and should see the firm close FY12 with sharply reduced OPEX spending. The firm has made particularly notable reductions in spending on compensation and consultancy fees.

Operating Expenses (in EGP mn)

Element	1Q11	1Q12
Salaries, Bonuses and Benefits	23.2	15.7
Travel	1.0	1.1
Consultancy Fees, Audit Fees, Publications and Events	4.8	2.8
Others	4.8	3.4
Total	**33.7**	**23.0**

EBITDA

EBITDA improved to US$ 1.1 million (EGP 6.6 million) in 1Q12 from a negative figure in both 4Q11 and 1Q11 on the back of rising revenues and a sharp contraction in OPEX spending in the first quarter. EBITDA was further buoyed by foreign exchange gains of US$ 0.9 million (EGP 5.2 million) in 1Q12 against US$ 1.1 million (EGP 6.9 million) in 4Q12 and a net foreign exchange loss of US$ 0.9 million (EGP 5.7 million) in the first quarter of 2011.

Interest Income / Expenses

Citadel Capital recorded net interest expenses of US$ 6.0 million (EGP 36.0 million) in 1Q12, a sharp increase from US$ 2.0 million (EGP 11.9 million) the previous quarter on the back of US$ 9.0 million (EGP 54.3 million) in one-time net upfront fees (arrangement fees) payable to the firm's banks and related to the refinancing of the firm's US$ 175 million facility and the securing of a US$ 150 million OPIC-backed facility. The upfront fees related to the OPIC loan represent 100% of the fees pertaining to the loan for the entire useful life of the facility.

Principal Investments

Discussion of own-balance sheet investments (including equity, convertibles and loans) appears starting on page 5 of this document.

Current Liabilities

Total current liabilities eased slightly from 31 December 2011 to EGP 650.6 million. The current portion of long-term debt remained stable, while dues to Citadel Capital Partners Ltd. (the firm's lead shareholder and the vehicle through which senior management holds its equity) edged down EGP 17.4 million. Accordingly, provisions and other liabilities also eased quarter-on-quarter.

Debt Position

The total debt of Citadel Capital (as distinct from that of its platform companies) stood at US$ 257.0 million (EGP 1.55 billion) as at 31 March 2012, with a debt-to-equity ratio of 36.5%. As previously disclosed, Citadel Capital has refinanced its pre-existing US$ 175 million facility and secured an additional US$ 150 million in OPIC-backed debt. Of US$ 325 million in total debt committed at the firm level, Citadel Capital has drawn the entire refinanced US$ 175 million facility and in 1Q12 drew US$ 81.25 million of the OPIC-backed loan. As an event following the current reporting period, the firm drew a further US$ 19.1 million of OPIC-backed debt in the second quarter. Management again notes that fully US$ 125 million of the OPIC facility are for investments in Egypt, with the balance of US$ 25 million being earmarked for South Sudan.

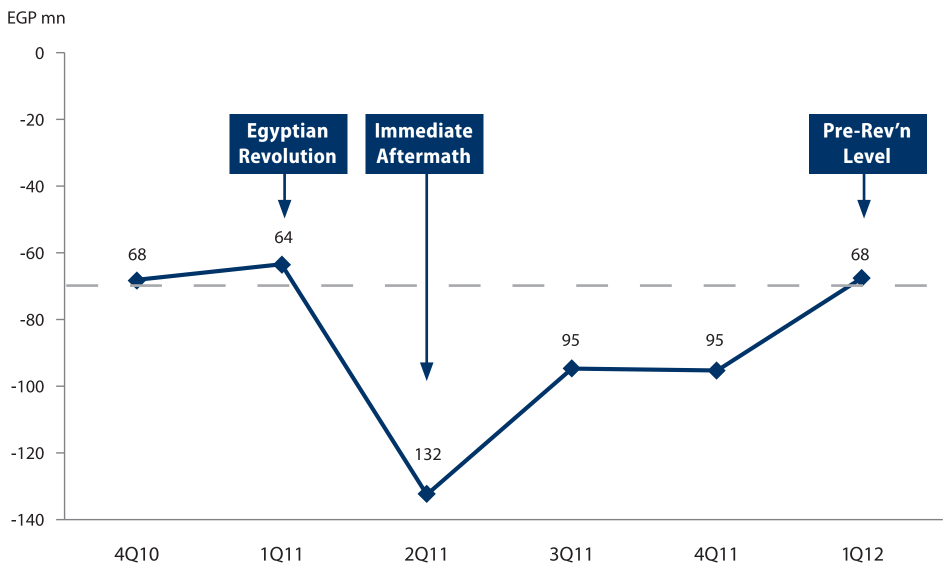
(B) Consolidated Results

On a consolidated basis, Citadel Capital reports a net loss of US$ 26.4 million (EGP 159.3 million) in 1Q12, a 55.0% narrowing from US$ 58.7 million (EGP 353.9 million) in the final quarter of 2011 and an increase of 43.1% from US$ 18.5 million (EGP 111.3 million) in 1Q11. Setting aside the net effect of one-time fees related to Citadel Capital's refinanced debt and the OPIC-backed facility, the firm would have recorded a 9% narrowing of its consolidated loss in the same period. Quarter-on-quarter, the net loss would have contracted 71%.

The negative top line in 1Q12 came as revenues from advisory fees were outweighed by US$ 11.2 million (EGP 67.7 million) in losses from Citadel Capital's Share of Associates' Results, which management views as having recorded sustained improvements in operational and financial performance in the quarter.

Associates include ASEC Holding, United Foundries, ASCOM, Tawazon, Finance Unlimited, TAQA Arabia and Nile Logistics, among others. Although OPIC-backed long-term financing to accelerate the development of select platform companies was not disbursed until February 2012, the firm's Associates reported strong financial and operational improvements year-on-year and

Citadel Capital Share of Associates Results



quarter-on-quarter. As the graph above suggests, the firm's Share of Associates' Results indicates its platforms are emerging from the challenges of the post-Revolutionary period, having returned to 4Q10 levels, which at that time suggested strong progress toward break-even. Management believes 1Q12 will mark a turning point for the firm's investments as operational improvements in the quarter will be underpinned going forward by the disbursement of OPIC-backed funds, which are being used to accelerate the development of core platform and portfolio companies.

Moreover, if losses contributed by ASEC Holding, which remains challenged on two fronts, are set aside, Citadel Capital's Share of Associates' Results would have stood at negative EGP 3.1 million in 1Q12, a narrowing of 87.1% year-on-year and 88.3% from the last quarter of 2011.

Losses contributed by ASEC Holding owe primarily to (a) work stoppage for repair and maintenance (Misr Qena), work stoppage for planned overhaul (Zahana) and high variable costs (Takamol), all at ASEC Cement and (b) ongoing challenges at the group's two construction arms, which operate in an industry that has been sharply affected by recent economic developments.

Consolidated revenues in 1Q12 also included US$ 0.6 million (EGP 3.6 million) in losses contributed by "Other Income" related to operational losses at Wafra, the firm's platform for agriculture investments in Sudan and South Sudan. Operational losses are in line with management's expectations for an early-stage greenfield investment. Wafra is the first Citadel Capital platform company to be fully consolidated.

i) Wafra

In Sudan, portfolio company **Sabina** completed the harvest of 1,500 acres of sunflower (279.52 tons) and sorghum (201 tons) in April 2012. Higher than expected prices for the sunflower crop compensated in part for yields that were somewhat lower than anticipated. Sabina is continuing its development program and will plant over 6,000 acres of maize and sorghum in the summer crop. Also in the quarter, Sabina halted development operations for just over three weeks to complete the demarcation with the local communities.

The company also secured an additional loan of US$ 15 million to fund crop inputs and development work.

To-date, South Sudan's **Concord** is considered the only large-scale agricultural project operating in South Sudan, and is led by a world-class team that has been put together to execute the project and to ensure the company achieves its mandate to benefit the local communities by providing them much needed grains, as well as the transfer knowledge and expertise to local farmers.

Concord has developed over 3,500 acres, which is currently being planted with maize and sunflower. The company has been facing logistical issues regarding movement of raw materials and equipment to the site as a result of the closure of South Sudan's border with Sudan. However, all inputs necessary for the summer crop are now on site, and the company anticipates successfully completing its first commercial crop.

Share of Associates' Profit / Loss

Citadel Capital recorded US$ 11.2 million (EGP 67.7 million) in losses from its Share of Associates' Results in 1Q12, an improvement of 29.0% when compared with US$ 15.8 million (EGP 95.3 million) in losses the previous quarter. Factors underpinning this contribution include:

i) ASEC Holding

Total revenues at ASEC Holding (Citadel Capital's regional engineering, construction and cement platform) stood at US$ 75.6 million (EGP 455.7 million) in 1Q12, a decline of 14.3% year-on-year. ASEC Holding's consolidated net losses stood at US$ 23.6 million (EGP 142.3 million). The company accordingly contributed losses of US$ 10.7 million (EGP 64.6 million) to Citadel Capital's Share of Associates' Results, an improvement of 6.8% quarter-on-quarter, but a deterioration of 61.4% compared with 1Q11.

Within ASEC Holding:

- Total consolidated revenues rose 10% year-on-year to EGP 220.4 million at **ASEC Cement**. The company swung to a net loss of EGP 41.4 million in 1Q12 on the back of a 24% rise in variable costs (including power and inventory adjustment costs in Sudan and one-time costs associated with a planned shutdown at Zahana in Algeria).

- At the corporate level, ASEC Cement continues to adhere to a strict cost-control program at the salaries and benefits and G&A levels. Curbs on salary spending include further reduction in senior staff compensation in 2012, a hiring freeze, a reduction in the bonus pool and, where appropriate, a reduction in head count.

    - Revenues at **Misr Qena Cement** in Egypt were down 2% as an 18% rise in sales volumes was offset by a 17% reduction in prices. EBITDA margins contracted 10 percentage points year-on-year to 39% under pressure from lower sales prices, rising electricity costs and a rise in raw materials expenses, as the company resorted to clinker purchases to offset the effect of a work stoppage lasting from late December into January 2012 as the plant took advantage of a delay in obtaining spares to perform maintenance planned for later in 2012. Net income accordingly eased 28%, with production and sales resuming as anticipated following the stoppage.

    - Work at **Arab National Cement Company** (ANCC), ASEC Cement's greenfield plant in Minya, is on track with commissioning expected to begin in 4Q12.

    - **ASEC Ready Mix** continues its flexible response to changing market conditions in Upper Egypt, where a complicated mix of local issues, reduced spending on infrastructure and a regional fuel shortage have seen the company focus its business on individual consumers rather than the larger B2B market. Sales volumes were up 6% on 4Q11 and 145% year-on-year despite a slight increase in selling prices. EBITDA rose more than 10-fold from 1Q11, but was constrained by rising diesel prices (related to the Upper Egypt fuel shortage) and additional maintenance and spares expenses.

    - **Al-Takamol Cement** in Sudan stands as the second-largest market player with a 22% share. The company was moreover the first player in Sudan to begin exporting to local markets including Eritrea in December 2011. Sales revenues were up 11% year-on-year in 1Q12 despite an intentional accumulation of clinker and fuel stocks in preparation for the summer season and a fuel shortage following the government's halt to the supply of furnace oil in February 2012. Management continues to reduce costs related to technical management, supplies of raw materials, and electricity and administrative expenses. Inventory adjustments and rising raw materials costs related to gypsum and packaging, in addition to continued high electricity costs, saw Al-Takamol close 1Q12 with a net loss. Power costs should ease significantly following the company's in-progress acquisition of Berber for Electrical Power, its captive power plant.

    - At **Zahana Cement** in Algeria, an expected 27% decline in cement production due to the shutdown of the dry line during February and March temporarily curbed growth, with sales revenues down just 4%. Compensating for the planned shutdown was a 29% year-on-year rise in average selling prices on the back of the reversal of an equalization payment previously charged on cement sales to the benefit of producers rather than state coffers. EBITDA margins were stable year-on-year at 17% as an increase in selling prices was offset by the dry line shutdown. The shutdown represents the largest overhaul in the plant's history, and will see a 20% year-on-year rise in clinker and cement production. Post-overhaul, annual capacity stands at c.900,000 tons of clinker. In the wake of the shutdown, production volumes rose 44% in April 2012 compared with the same month last year.

- Turnkey contractor **ESACO** remained the largest contributor to ASEC Holding's consolidated losses with a total contribution of US$ 7.8 million (EGP 46.8 million) on the back of an 82.6%

decline in revenues to EGP 19.5 million. As previously reported, ESACO has faced a range of challenges including cost overruns and a weak backlog of projects from 2010. ARESCO has taken full control of ESACO as part of a joint management committee established by ASEC Holding.

- Turnkey contractor **ARESCO** reported a 33.4% year-on-year decline in revenues to EGP 117.7 million and accordingly swung to a net loss of EGP 32.8 million from a net profit of EGP 1.6 million in 1Q11. The company expects to complete its BMIC contract in September and to wrap work at the Arab National Cement Company (ANCC) in Minya by December. With a weak backlog of projects at present owing to prevailing economic conditions, ARESCO has reduced head count since January 2012 and is targeting further reductions by year's end.

ii) ASCOM

Citadel Capital's share of geology and mining platform ASCOM's losses stood at US$ 0.5 million (EGP 2.8 million) in 1Q12 against contributed losses of US$ 1.0 million (EGP 6.2 million) in the same quarter last year, an improvement of 54.8%. ASCOM reported 1Q12 consolidated revenues of EGP 135.7 million, a 1.7% rise year-on-year. EBITDA improved 29.4% in the same period to EGP 5.5 million, with the net loss for the quarter contracting to EGP 9.0 million from EGP 17.8 million in 1Q11.

ASCOM's losses in 1Q12 came on the back of continued challenging market conditions in the face of recent turmoil as well as the previously reported impairment of the company's investment in ASCOM Emirates. Losses narrowed quarter-on-quarter as EBITDA improved as a result of a lower cost of goods sold.

Meanwhile, ASCOM's subsidiaries continued to report strong operational performance. ASCOM for Carbonates and Chemicals Manufacturing (ACCM), the company's technical calcium carbonate venture in Upper Egypt, is progressing with work on a capacity expansion that will allow its plant in Minya to double production at its fine milling site with the addition of a further 120,000 tons of fine and superfine Ground Calcium Carbonate (GCC) annually. The expansion will bring ACCM's total production capacity for all grades of GCC in Minya to 450,000 tons per annum, and will allow ACCM to serve the high-quality paints, polymers and paper markets, which are the largest consumers of GCC.

The company's 50,000 tons-per-annum glasswool / rockwool subsidiary ASCOM Glass Rock began production in June 2012 and reports that its products have been well-received in the market. APM, ASCOM's gold exploration arm, is presently awaiting an evaluation of recent assays by a leading international consultant.

iii) Nile Logistics

Nile Logistics, Citadel Capital's platform company in the river transport and port management sector, contributed US$ 0.9 million (EGP 5.6 million) in losses to Citadel Capital's Share of Associates' Results, an improvement from US$ 2.0 million (EGP 12.0 million) in the same quarter of 2011.

Nile Logistics reported a 73.9% year-on-year increase in revenues in 1Q12 to US$ 1.4 million (EGP 8.6 million) on the back of a new contract secured in the quarter to transport phosphate to Alexandria for three clients. The company has thus recorded better transport revenues as well as new handling, discharging and stevedoring fees on the back of better utilization of barge, trucking and fleet capacities.

EBITDA improved to negative US$ 1.5 million (EGP 9.1 million) from negative US$ 1.8 million (EGP 11.1 million) in the same quarter last year. Rising leasing and payroll costs to serve new contracts and a significant increase in fuel expenses in an environment of fuel shortages were in part offset by reduced SG&A spending as management maintained its focus on cost control.

The platform's net loss accordingly narrowed 40.5% to US$ 3.7 million (EGP 22.5 million), although management notes the continued negative impact of nationwide industrial action, fuel shortages and some delays in barge licensing.

Notably, total capacity utilization rose four percentage points year-on-year in March 2012 to 16%. By May 2012, the company had hit a 22% utilization rate against 10% at the end of December 2011. Total ton / kilometers rose 100% to 50 million in 1Q12 on the back of better utilization.

iv) TAQA Arabia

TAQA Arabia's contribution to Citadel Capital's Share of Associates' Results improved 13.3% year-on-year to US$ 2.1 million (EGP 12.4 million) in 1Q12 on the back of a 7% rise in net income.

On a consolidated basis, TAQA Arabia reported a 19.1% year-on-year rise in sales to EGP 284.2 million, outpacing a 14% rise in cost of sales. Careful attention to cost control on administrative and other expenses saw EBITDA improve 47% to EGP 44.5 million, while net profit inched up 7% to EGP 36.5 million. (Management notes that comparative figures for 1Q11 have been re-stated to exclude discontinued operations at Berber for Electrical Power in Sudan.)

TAQA Gas reported that its Egyptian division converted 24,334 residential customers in 1Q12 while simultaneously obtaining EGAS approvals for both industrial and brick kiln clients spread between Minya, Desouk and Damietta for a total of 48.8 million cubic meters per annum. The gas arm also initiated its first residential project in Kurdistan, converting 500 domestic customers using Synthetic Natural Gas (SNG) with an expected gross margin of 21%.

TAQA Marketing tripled its total sales of fuel oil to 18,599 tons and now operates 18 stations. New marketing strategies were implemented to boost lube oil sales with a campaign targeting the retail sector. The campaign introduced a new door-to-door delivery service.

Meanwhile, TAQA Power reported that it has completed its 120 MVA substation in Nabq, which is now ready for operations. Total generation volume reached 54.3 KW M/hr in 1Q12, slightly lower than previous quarters, on the back of continued depressed activity in the tourism sector. Total distribution volume of 59.8 KW M/hr exceeded budget. In total, TAQA Power delivered 114.1 KW M/h.

v) Finance Unlimited

The three portfolio companies of Finance Unlimited are each held as individual Associates for the purpose of Citadel Capital's consolidated financials.

- Investment bank **Pharos Holding** contributed a profit of US$ 3,000 (EGP 19,018) in 1Q12 against a negative contribution of US$ 20,000 (EGP 121,208) to Citadel Capital's Share of Associates' Results in the same period last year. Notable is the firm's swing to a modest net profit of EGP 0.04 million from a net loss of EGP 4.2 million in 4Q11 on the back of a 70% rise in revenues.

  Trading volumes on listed securities almost doubled quarter-on-quarter to EGP 2.2 billion. That said, volumes were very volatile and remain below historical averages. Brokerage maintained its fifth-place ranking in total market executions and the first in OTC settlements. Improved market sentiment had a positive impact on the Asset Management department's AUM. While the stock market slowly recovered in the first quarter, the investment banking environment remains challenging with no significant appetite for corporate finance deals. Meanwhile, Sphinx Private Equity Management continued its solid performance given the nature of its business, as AUMs are locked for longer periods.

- Sudan-based **Sudanese Egyptian Bank** (SEB) made a net contribution of US$ 1.6 million (EGP 9.7 million) in profits to Citadel Capital's Share of Associates' Results, a rise of 763% on the same period last year. The banking environment in Sudan remains challenging with little economic change and rising tensions with South Sudan. Nevertheless, SEB reported a net profit of SDG 10.6 million in 1Q12, benefiting from a one-time investment income settlement.

Total assets and deposits were unchanged at SDG 516.9 million and SDG 352.4 million respectively. Furthermore, the quality of the bank's loan book continues to remain among the best in its peer group with an NPL ratio below 3%.

- Egyptian microfinance firm **Tanmeyah** contributed losses of US$ 0.08 million (EGP 0.5 million) to Citadel Capital's Share of Associates' Results in 1Q12, a substantial narrowing from US$ 0.7 million (EGP 4.5 million) in losses in 1Q11 and US$ 0.2 million (EGP 0.9 million) in 4Q11. In the quarter just ended, the firm recorded a net loss of EGP 1 million on revenues of EGP 12.9 million, a sharp improvement from a net loss of EGP 1.8 million in 4Q11 and EGP 8.9 million in the same quarter of last year. The company's lending portfolio remained stable at approximately EGP 215 million with a client base of more than 70,000 individuals. Tanmeyah added no new branches to its existing network of 94 outlets as the primary focus remains on improving operational efficiency, branch profitability and recovery of non-performing loans.

vi) GlassWorks

Glass manufacturing platform GlassWorks made a negative contribution of US$ 0.2 million (EGP 1.5 million) to Citadel Capital's Share of Associates' Results in 1Q12 compared with US$ 0.3 million (EGP 1.8 million) in the same quarter last year.

By the end of March, net income at container-glass maker MGM was up 20% year-on-year with sales volume climbing 59.1% from 1Q11 to 21,755 tons. Exports stood at 49% of production, on par with 1Q11 and up 13 percentage points from the final quarter of 2011.

MGM has entered the highly consolidated and resilient pharmaceuticals industry, which is separate from MGM's preexisting ampoules production line. MGM currently has two machines devoted to this category and has secured certification from GlaxoSmithKline. The company has also secured orders from Novartis, Aventis, Amoun and Hekma.

Management has further opted to diversity its product lines to produce medicinal bottles given the non-cyclical nature of the pharmaceuticals sector.

Meanwhile, float glass maker Sphinx Glass began the year running at full capacity of 600 tons per day after repairs to the plant's tin bath were completed in 4Q11. Subsequently, Sphinx Glass ran its first tinted glass campaign from 22 January until March under the supervision of a technical team from PPG (Sphinx Glass' licensor).

Domestic demand began to stabilize in 1Q12 and prices are very much in line with expectations, although export markets (namely Europe and the Balkan region) continue to witness lower demand and unfavorable pricing. Sphinx Glass has thus refocused its efforts on South America, where a construction boom is creating substantial demand that is further supported by attractive pricing. Sphinx Glass exported a record 9,800 tons in January 2012 alone to its clients in Brazil, Algeria and Morocco.

The plant's net loss was on par with that recorded in 1Q11, while exports accounted for a total of 68% of sales against 54% in 1Q11 and 31% in the final quarter of 2011. Management notes that Sphinx Glass' break-even position in 4Q11 was delivered on the back of an advance payment of EGP 10 million from its insurer (to compensate for the tin bath shutdown) and the liquidation of a letter of guarantee following the termination of its agreement with plant contractor IANUA.

vii) Tawazon

Tawazon, Citadel Capital's platform for investment in the regional solid waste management sector with portfolio companies ECARU (a solid waste management service provider) and ENTAG (solid waste management engineering and contracting company), contributed losses of US$ 0.1 million (EGP 0.6 million) to Citadel Capital's Share of Associates' Results in 1Q12 compared with contributed losses of US$ 0.2 million (EGP 0.9 million) in the same quarter of 2011.

The company reported a 166.5% year-on-year rise in consolidated revenues in 1Q12 to US$ 6.1 million (EGP 36.8 million). EBITDA meanwhile stood at negative US$ 0.2 million (EGP 1.2 million) compared to negative US$ 0.5 million (EGP 3.0 million) the previous year.

ECARU expanded its collection efforts in 1Q12 beyond its four contracted governorates to fulfill the higher collection levels required by a key waste-to-energy contract with Cemex concluded in 3Q11. Product sales in the quarter just ended (excluding tipping fees from the municipal solid waste segment) accordingly climbed to EGP 25.2 million from EGP 8.6 million in 1Q11.

ECARU has also secured a 75,000 ton-per-annum RDF — the left-over waste after sorting, composting and extracting of the recyclables, metals and organic fractions that would otherwise be land-filled — contract with Suez Cement and expects to finalize a similar biomass contract with a third major cement producer. Bio-fuel products will now account for over 80% of total volume of product sales with compost and animal fodder making up the balance. ECARU's target is to turn its agricultural solid waste division into a profitable business by the end of FY12.

On the municipal solid waste (MSW) front, ECARU is exploring potential contracts in Oman and Egypt to enhance its recurring revenue stream, building on the success it has recorded at its 15 May City site in Egypt. The company also continued in 1Q12 to work with the Word Bank to collect Certified Emission Reduction (CER) credits and expects to complete registration by year's end.

Sister-company ENTAG's revenue model is largely based on securing "one-off" contracts and so revenues tend to be very lumpy. ENTAG is currently following up on projects in Egypt, Saudi Arabia, Syria, Nigeria, and Oman. ENTAG's contract with the Tartous municipality in Syria to construct a solid waste treatment and disposal plant has now begun. ENTAG's first quarter revenues were generated from technical consultancy in Lagos, Nigeria, and some Egyptian consulting.

viii) United Foundries

United Foundries Company (UCF), Citadel Capital's platform company in the metallurgy and foundry sector with assets including Amreya Metal Company (AMC) and Alexandria Automotive Casting (AAC) and the standalone UCF plant, contributed losses of US$ 1.2 million (EGP 7.4 million) to Citadel Capital's Share of Associates' Results in 1Q12 against US$ 0.2 million (EGP 1.5 million) in losses in the same quarter of last year. That said, this represents a 33.1% decline in contributed losses from US$ 1.8 million (EGP 11.0 million) in 4Q11.

On a consolidated basis, United Foundries revenues inched up to EGP 74.1 million, while EBITDA swung to a negative US$ 0.9 million (EGP 5.2 million) on the back of a basket of factors including increased average materials costs and utilization of fresh materials in place of recycled scrap at the UCF standalone plant, a drop in production at AAC on falling orders and maintenance work as well as rising materials costs, and an increase in materials and labor costs at AMC. Accordingly, UCF posted a net loss in the quarter of EGP 21.5 million, up substantially from a loss of EGP 6.5 million in 1Q11.

While AAC's results were also impacted by the devaluation of the Euro in 1Q12, the company will benefit from any devaluation of the Egyptian pound in the months ahead. AAC launched 16 new products to existing customers in 1Q12 and expects to complete the current phase of its expansion plan in July 2012, with full line installation to commence in August. Installation should be complete in time to allow a test run in July 2013.

AMC, meanwhile, was introduced 59 new patterns in 1Q12 (33 of which were for the local market, with the balance for export markets), and its in-progress capacity expansion should allow it to produce 1,000 tons per month by July 2012. Production capacity should further increase to 1,200 tons per month by October 2012. AMC aims to break even at the bottom line level for the first time in its history in 2012. AMC is now TS certified for foundries, machining and assembly and is now preparing for the QSB (GM Certification) audit in July 2012, which will assist the company in operating in the automotive industry. The company has also attained ISO 9001:2008 certification.

OPEX and Other Expenses

On a consolidated basis, OPEX declined 6.1% year-on-year and 43.6% quarter-on-quarter in 1Q12 US$ 6.7 million (EGP 40.5 million). The decline owes in part to lower OPEX at the Citadel Capital SAE standalone level (see page 12), balanced against the consolidation for the first time of operating expenditures related to Wafra, the firm's platform company in the Sudanese and South Sudanese agriculture sector.

Also contributing to the reduction in OPEX are lower costs recorded by Special Purpose Vehicles (SPVs). As noted in previous Business Reviews, expenditures made at the SPV level are to support underlying investments and may include legal and financial consultancies as well as research studies. SPV costs relate primarily to greenfields and turnarounds.

Net Financing Expenses

Net finance expenses rose 177.6% year-on-year in 1Q12 to EGP 50.7 million, primarily on the back of net interest expenses recorded at the Citadel Capital Standalone level (see page 12).

VI. Summary Financials

Standalone Income Statement

EGP mn	1Q 2011	4Q 2011	1Q 2012
Advisory Fee	15.92	20.51	24.39
Carry	-	-	-
Gain from Sale of Investments	-	-	-
Dividends Income	-	-	-
Other Income	-	-	-
Total Revenues	**15.92**	**20.51**	**24.39**
OPEX	(33.69)	(49.03)	(23.00)
Management Earnout*	-	-	-
Forex & Others	(5.71)	6.85	5.17
Impairment-Invest	-	-	-
Impairment Inter-Company	-	13.01	-
EBITDA	**(23.47)**	**(8.57)**	**6.56**
Depreciation	(1.20)	(1.03)	(0.89)
EBIT	**(24.67)**	**(9.60)**	**5.67**
Net Interest	(2.01)	(11.89)	(35.97)
Provisions	-	(16.30)	-
Profit/Loss BT	**(26.68)**	**(37.78)**	**(30.30)**
Income Tax	-	-	-
Deferred Tax	0.04	-	(0.22)
Profit/Loss AT	**(26.64)**	**(37.79)**	**(30.52)**

Standalone Balance Sheet

EGP mn	FY 2010	FY 2011	1Q 2012
Fixed Assets (net)	31.69	28.00	27.11
Investments**	4,095.49	4,303.56	4,287.81
Convertibles	509.08	544.69	498.33
Deferred Tax Assets	1.72	1.76	1.54
Total Non Current Assets	**4,637.98**	**4,878.01**	**4,814.78**
Due from Related Parties & Other Debit Balances	122.44	173.31	153.08
Related Parties - Loans (Bridge Finance)	307.41	574.24	562.16
Related Parties - OPIC	-	-	492.57
Cash & Cash Equivalent	148.66	151.69	193.82
Total Current Assets	**578.51**	**899.24**	**1,401.64**
Total Assets	**5,216.49**	**5,777.25**	**6,216.42**
Paid-in Capital	3,308.13	4,358.13	4,358.13
Reserves	89.58	89.58	89.58
Retained Earning	222.93	(75.40)	(185.53)
Current year profit / Loss	(298.32)	(110.13)	(30.52)
Dividends Distribution			
Total Equity	**3,322.31**	**4,262.17**	**4,231.65**
LT Borrowing	865.75	822.73	1,334.14
Others	-	-	-
Total Non Current Liabilities	**865.75**	**822.73**	**1,334.14**
CPLTD	96.19	210.25	211.05
Due to CCP	705.95	225.37	208.01
Accrued, Provision & Other liabilities	226.29	256.72	231.57
Total Current Liabilities	**1,028.44**	**692.35**	**650.63**
Total Equity & Liabilities	**5,216.49**	**5,777.25**	**6,216.42**

* 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.

** Citadel Capital's investments are recorded in its 1Q12 stand alone financial statements under the following line items: Available-for-sale investments (EGP 26.4 million), Investments in Subsidiaries and Associates (EGP 2.698 billion), Payments for Investments (EGP 1.688 billion), and other investments (EGP 373.8 million). This results in total investments of EGP 4.786 billion (investments + convertibles).

Consolidated Income Statement

EGP mn	1Q 2011	4Q 2011	1Q 2012
Advisory Fee	15.54	22.48	17.75
Gain from Sale of Investments	-	(1.10)	-
Share in Associates' Results	(63.62)	(95.33)	(67.65)
Other Income	-	-	(3.62)
Total Revenues	**(48.08)**	**(73.95)**	**(53.51)**
OPEX	(43.12)	(71.73)	(40.48)
Other Expenses	(0.65)	(198.24)	(9.86)
EBITDA	**(91.85)**	**(343.92)**	**(103.86)**
Depreciation	(1.21)	(1.19)	(4.44)
EBIT	**(93.06)**	**(345.11)**	**(108.30)**
Net Finance Income (Expense)	(18.28)	(8.73)	(50.74)
Profit BT	**(111.34)**	**(353.84)**	**(159.03)**
Deferred Tax	0.03	(0.01)	(0.22)
Current Income Tax	-	-	-
Profit AT from Continued Operations	**(111.30)**	**(353.85)**	**(159.26)**
Turning Subsidiaries into Associates	-	-	-
Profit	**(111.30)**	**(353.85)**	**(159.26)**
Attributable to:			
Majority Shareholders	(108.45)	(351.08)	(156.12)
Non-Controlling Shareholders	(2.85)	(2.76)	(3.14)
Net (Loss) Profit for the Period	**(111.30)**	**(353.85)**	**(159.26)**

Consolidated Balance Sheet

EGP mn	FY 2010	FY 2011	1Q 2012
Fixed Assets (net)	146.35	72.96	270.33
Investments	3,607.68	3,197.94	3,140.36
Convertibles	538.09	660.95	615.80
Deferred Tax Assets	1.72	1.76	1.54
Total Non Current Assets	**4,293.84**	**3,933.61**	**4,028.02**
Investments	20.30	18.17	18.23
Due from Related Parties & Other Debit Balances	148.15	164.50	188.81
Related Parties - Loans	377.97	758.40	970.68
Cash & Cash Equivalent	162.62	166.24	230.92
Total Current Assets	**709.03**	**1,107.30**	**1,408.64**
Total Assets	**5,002.88**	**5,040.91**	**5,436.66**
Paid-in Capital	3,308.13	4,358.13	4,358.13
Reserves	132.35	187.34	178.74
Retained Earning	273.68	(1,093.81)	(1,949.40)
Net (Loss) Profit for the Period	(1,354.90)	(773.54)	(156.12)
Total Equity Attributable to Majority Shareholders	**2,359.26**	**2,678.11**	**2,431.34**
Total Equity Attributable to Non-Controlling Shareholders	**197.00**	**379.71**	**376.17**
Total Equity	**2,556.26**	**3,057.83**	**2,807.51**
LT Borrowings	1,155.92	1,142.44	1,687.87
LT Liabilities	74.13	21.86	10.79
Total Non Current Liabilities	**1,230.06**	**1,164.30**	**1,698.66**
Current Portion of Long Term Loans	96.19	210.25	237.07
Due to CCP	707.54	225.37	396.04
Due to Related Parties & Other Credit Balances	192.38	176.60	89.55
Provisions	220.45	206.56	207.83
Total Current Liabilities	**1,216.56**	**818.78**	**930.49**
Total Equity & Liabilities	**5,002.88**	**5,040.91**	**5,436.66**

About Citadel Capital

Citadel Capital (CCAP.CA on the Egyptian Stock Exchange) is the leading private equity firm in the Middle East and Africa. Citadel Capital focuses on building regional platforms in select industries through acquisitions, turnarounds, and greenfields executed via Opportunity Specific Funds (OSFs). Citadel Capital's 19 OSFs control Platform Companies with investments of more than US$ 9.5 billion in 15 countries spanning 15 industries, including mining, cement, transportation, food and energy. Since 2004, the Firm has generated more than US$ 2.2 billion in cash returns to its co-investors and shareholders, more than any other private equity firm in the region. Citadel Capital is the largest private equity firm in Africa by PE assets under management (2007-2012, as ranked by Private Equity International). For more information, please visit www.citadelcapital.com.

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 the 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.