CITADEL CAPITAL

القلعة

Local Insight
Regional Footprint
World-Class Expertise

Annual Report 2007

Citadel Capital is the leading private equity firm in the Middle East and North Africa region with committed and completed transactions worth US$ 8.3 billion.

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From left to right: Marwan Elaraby, Karim Sadek, Ahmed El Shamy, Ahmed Heikal, Ahmed El Houssieny and Hisham El-Khazindar

The accelerating pace of business in the Middle East and North Africa is creating new opportunities for private equity firms. Some of these opportunities are simply out there for the taking, but the best of them are reserved for firms with the local insight to find them; the regional footprint to transform local companies into regional champions; and the world-class expertise needed to create growth opportunities of a type and scale attractive to global investors.

That's why our model is different: We create a fund for each investment opportunity, and each fund controls a specialized Platform Company. These are typically companies focused on a particular industry and investing across the region. Citadel Capital invests no less than 10% of each fund's equity, while co-investors contribute the remainder.

Today, Citadel Capital controls 14 Platform Companies with investments worth US$ 8.3 billion in a broad range of industries spanning from oil and gas to transportation and logistics. In 2007, these Platform Companies employed more than 24,000 people and spanned from Egypt to Ethiopia, from Algeria to Pakistan.

With an unrivaled origination network feeding a rigorous investment process — and backed by an unwavering commitment to transparency — Citadel Capital has positioned itself as the most dynamic and growth-oriented private equity firm in the MENA region since it launched in 2004.

As we continue to expand, we will not lose sight of the simple fact that our valued co-investors and our team of professionals are at the heart of our success to date. Citadel Capital is what it is today because of the talents of our 43-strong team of professionals. Equally vital is the trust of the valued ultra-high-net-worth investors and financial institutions who continue to invest with us in transaction after transaction, reassured by a firm that commits at least 10% of the equity component to every deal.

In the years ahead, Citadel Capital will continue to be a trusted partner for our co-investors, the companies in which we invest and the economies in which we do business.

AHMED HEIKAL
Chairman and Co-Founder

"Our valued co-investors and our team of professionals are at the heart of our success to date."

Citadel Capital's investments span from cement and energy to mining and food.

Chairman's Report for the Year Ending December 31, 2007

Dear Shareholders,

On behalf of the Board of Directors of Citadel Capital, it is my pleasure to present you with our annual report for the fiscal year ending December 31, 2007.

DISCUSSION OF THE FIRM'S PERFORMANCE IN 2007

Citadel Capital invested approximately LE 730 million (US$ 132.7 million) of its own funds in 2007. As customary, a group of leading Egyptian and Arab co-investors again joined the firm, committing an additional LE 5.3 billion (US$ 963.6 million). The total capital invested by Citadel Capital and its co-investors thus reached more than LE 6 billion (US$ 1.09 billion) into investments this past year. The 14 Platform Companies have total capital of LE 11 billion (US$ 2 billion) as of December 2007.

Citadel Capital's investments in 2007 focused primarily on eight sectors, including:

The total invested capital by Citadel Capital and its co-investors reached more than LE 6 billion in 2007.

- Upstream Oil and Gas
- Petroleum Refining
- Cement Production
- Agriculture
- Glass Manufacturing
- Food Processing
- Energy Distribution
- Marine Fueling and Bunkering

As a result of these additional investments, Citadel Capital's 14 Platform Companies now manage 88 Portfolio Companies with an aggregate head count of 24,000.

Also in 2007, Citadel Capital sold 100% of one of its Platform Companies, namely the Egyptian Fertilizers Company (EFC), netting the firm and its co-investors more than four times their direct investment.

In 2007, the Board of Directors took significant steps to institutionalize Citadel Capital. This process, driven by the entrance of new investors in Citadel Capital, has seen the firm restructure its Board of Directors to include new members from its shareholders as well as independent board members.

Citadel Capital also focused on the restructuring and institutionalization of its Platform Companies. Post-restructuring, its role in Platform Companies has been reduced to:

- Carrying out regular and appropriate oversight of Platform Companies through the companies' Boards of Directors;
- Crafting and refining strategies for growth and value creation in conjunction with Platform Company management teams;

- Designing and implementing internal control systems to facilitate the work of management;
- Supervising the recruitment of key executives to the leadership teams of Platform and Portfolio Companies;
- Actively engaging with each Platform Company's internal audit committee and following up on its decisions;
- Approving Platform Companies' budgets;
- Ensuring the existence of adequate executive compensation schemes by active participation in the Platform Companies' compensation committees; and
- Empowering Platform Companies' Boards of Directors to be capable of monitoring the performance of Platform Company management teams.

As a rule, Citadel Capital does not become involved in the day-to-day operations of its Platform Companies, but may do so on an exceptional basis for an interim period. Thereafter, all oversight is carried out through each Portfolio Company's Board of Directors.

The continued restructuring of Platform Companies will remain a priority for the firm in the year ahead.

2007 IN REVIEW:

- Logria, a transaction fund owned by Citadel Capital and a group of Egyptian and Arab co-investors, acquired 100% of Canada's Rally Energy Corp. for US$ 868 million. *Citadel Capital owns 10% of Logria.*

  Based in Calgary, Rally is an upstream oil and gas production and exploration company with operations owning 100% of an asset development contract for the production of heavy oil in the Issaran Field in Egypt, as well as 30% of a concession in Safed Koh in Pakistan where it participates in the exploration and production of a large natural gas field. As of December 2007, Rally had a net production volume of over 7,000 barrels of oil equivalent (BOE) per day.

  Rally recorded a 98% increase in total proved and probable reserves for 2007. As of year-end, an independent appraisal report found that reserves stand at 206.4 million BOE split between the onshore Gulf of Suez Issaran Field with 195.4 million barrels of oil and the Salsabil Field in Pakistan with 11 million BOE.

- Petzed, a company 100% owned by National Petroleum Company (NPC), announced in a commercial discovery note filed in June 2007 with the Egyptian General Petroleum Corporation that Muzhil 1, a well in Petzed's South Abu Zeneima block on the eastern side of the Gulf of Suez, tested for 1,900 barrels of oil per day (BOPD).

  Petzed subsequently announced it had completed tests on Muzhil 2, which tested 3,100 BOPD from first-choke, low-wax 20 API grade oil. *Citadel Capital owns 14.91% of the National Petroleum Company.*

- Gozour, a Platform Company created to pursue investments in integrated regional agricultural and multi-category consumer foods, acquired 100% of leading private agricultural producer Dina Farms in a deal worth LE 480 million (US$ 87.27 million). Dina Farms is located at kilometer 80 of the Cairo-Alexandria Desert Road with 2 kilometers of property directly fronting the highway and a total land area of 9,235 feddans. Dina Farms is primarily engaged in agriculture, milk production and animal husbandry. One of the largest agricultural producers in Egypt, it is an important supplier of milk and dairy products to major producers. Dina Farms is also a producer of powdered milk.

Gozour subsequently acquired 31.5% of the National Company for Maize Products, a leading player in intermediate industries such as wet-corn milling and sugar processing, in a deal worth LE 162.5 million (US$ 29.55 million).

Gozour has acquired 100% of confectioner Rashidi El-Mizan (a leading producer of tahina and halawa for regional consumption, among other products) in a transaction worth LE 335 million (US$ 60.9 million).

Gozour acquired 100% of Misr-October Food Products (El-Misriyyeen Cheese), a cheese producer, in a deal worth LE 84 million. *Citadel Capital owns 16.4% of Gozour.*

On behalf of the firm and its co-investors, Citadel Capital sold 100% of the Egyptian Fertilizers Company to a financial investor in a deal worth US$ 1.41 billion.

- GlassWorks (formerly referred to as MENA Glass), a Platform Company in the glass production industry, acquired 35% of Misr Glass Manufacturing (MGM) in a deal worth US$ 63 million. *Citadel Capital owns 16.6% of GlassWorks.*

- ASEC Cement Holding (ACH), a Platform Company for regional expansion in the cement production industry, acquired 85% of GRD Cement in Kurdistan-Iraq for US$ 6.7 million. The deal gives ACH the right to build a US$ 220 million greenfield cement factory in northern Iraq with 1.5 million tons per annum production capacity.

  ACH closed a deal in December 2007 giving it a 35% stake and management control over Algeria's Zahana Cement Co. The selling shareholder in the transaction was Western Group ERCO, an Algerian public-sector holding company for cement assets, which retains a 65% non-controlling stake in Zahana. *Citadel Capital owns 53.92% of ASEC Holding.*

- United Foundries, a Portfolio Company belonging to ASEC Holding, announced the start of operations of its new production line, part of its plan to increase its production capacity to 20,000 tons of molted metal per year by the end of 2007. United Foundries is among ASEC Holding's top assets and has reported significant growth in recent years.

- The Arab Company for Energy and Water (TAQA) acquired Mashreq Petroleum, which plans to create the largest marine fueling and bunkering station in the east Mediterranean, located in East Port Said Port at the northern entrance to the Suez Canal. The project is the first of its kind in Egypt and is positioned to become a regional center for marine fueling and the bunkering of petroleum products. *Citadel Capital owns 38.45% of Silverstone, the transaction fund for TAQA.*

- Citadel Capital led the sale of 100% of the outstanding shares of the Egyptian Fertilizers Company (EFC) to a group of financial investors in a deal worth US$ 1.41 billion.

- Through the transaction fund Orient Investments, the firm and a group of leading Egyptian and Arab co-investors established the Egyptian Refining Company (ERC). Citadel Capital and its co-investors hold 85% of ERC, while Egyptian petroleum companies own the remaining 15% of its capital. ERC has obtained all necessary regulatory approvals for the project from bodies and agencies including the Ministry of Petroleum, the Egyptian Environmental Affairs Agency, the Industrial Development Authority and the General Authority for Investment and Free Zones. The refinery's construction will cost a total of US$ 2.4 billion. Citadel Capital is in the process of negotiating the financing required for the completion of the project. *Citadel Capital owns 10% of Orient Investments.*

CORPORATE SOCIAL RESPONSIBILITY

Citadel Capital looks at corporate social responsibility as a continuous commitment to the development of the cultural, health, economic and educational fabrics of the countries in which it does business. The firm's first contribution is through job creation. Citadel Capital today controls Platform Companies that employ some 24,000 people in various industries. By 2010, the aggregate head count at all Platform Companies is expected to rise to 35,000.

The firm is also proud to have established the Citadel Capital Scholarship Foundation, a non-profit organization run by an independent Board of Directors and established under Egyptian Law 84 / 2002 with an endowment of LE 50 million (US$ 9.1 million). In 2007, the Foundation sent 20 university graduates to study for master's degrees and PhDs at some of the world's most prestigious universities on condition that they return to work in Egypt upon graduation.

FINANCIAL RESULTS

INCOME STATEMENT (unconsolidated)

All Figures in Egyptian Pounds

	2007	2006	Change	%
NET PROFIT	**599,942,681**	**953,685,858**	**(353,743,177)**	**(37)**
REVENUE				
Dividend Income	727,366,814	945,886,251	(218,519,437)	(23)
Advisory Fees	9,261,791	-	9,261,791	
Gains from the Sale of Financial Investments	13,731,842	2,632,678	11,099,165	167
Other Revenue	50,039,752	116,443,006	(66,403,254)	(57)
Interest Income	2,524,983	2,448,402	76,581	3
EXPENSES				
Finance Expenses	12,822,338	-	12,822,338	
General & Administrative	115,007,084	111,268,051	9,378,129	9
Executive Management Bonus	66,773,494	5,639,096	61,134,398	
Depreciation of Fixed Assets	6,971,881	459,091	6,512,790	
Foreign Currency Differences	391,628	1,014,138	(622,510)	61
TAXES				
Deferred Income Taxes	1,018,824	982,221		

BALANCE SHEET (unconsolidated)

All Figures in Egyptian Pounds

	2007	2006
Current Assets + Shareholders' Current Account	846,558,905	(27,875,072)
Current Liabilities	312,364,145	72,698,296
Non-Current Assets	1,824,957,457	1,076,406,652
Non-Current Liabilities	47,139,192	1,000,368
Total Shareholders' Equity Including Net Profit for the Year / Period	2,312,013,025	974,832,916

REVENUE ANALYSIS

Dividend income of LE 727,366,814 (US$ 132,248,511) represents Citadel Capital's share of the capital gains and carried interest resulting from the execution of the sale of 100% of EFC. Citadel Capital sold 100% of EFC shares on behalf of itself and its co-investors to a group of financial investors in a deal worth US$ 1.41 billion.

It is worth mentioning that 100% of EFC was acquired in a deal worth US$ 739 million led by Citadel Capital in 2005. This was split into US$ 378.5 million in equity and US$ 360.5 million in debt, underscoring the fact that investors made four times their money in two years.

This result underscores the success of Citadel Capital's strategy of investing in local companies that have competitive advantages, then growing their market value through regional expansion, opening new opportunities and, as necessary, financial restructuring. In the case of EFC, this was accomplished by:

- Doubling production capacity for urea fertilizers to 1.3 million tons from 650,000 tons annually.
- Regional expansion by purchasing a share of a Nigerian fertilizer company.

BANKING FACILITIES

Citadel Capital obtained the following financing facilities in 2007:

- The firm signed a medium-term loan agreement with Arab African International Bank for US$ 17.5 million for a one-year term starting December 29, 2006, and ending December 29, 2007. The entire amount was repaid on June 5, 2007.
- The firm signed a short-term loan agreement with Citi for US$ 15 million to be repaid in two installments, the first due January 31, 2008, and the second due January 31, 2009.

Citadel Capital's total paid-in capital for the period ending December 31, 2007, stood at LE 1.65 billion.

- The firm signed a one-year overdraft facility with Piraeus Bank worth LE 45 million for the period ending May 2008.

- The firm signed a one-year overdraft facility with NSGB worth LE 55 million for the period ending August 2008.

- Citadel Capital is currently working to obtain a medium-term syndicated loan to finance investments and future expansion as well as to retire or refinance existing debt.

CAPITAL STRUCTURE

- In view of the numerous projects in which Citadel Capital is involved, the firm increased its capital in September 2007 to LE 1.194 billion (US$ 217.1 million) from LE 912 million (US$ 165.82 million) through a rights issue to existing shareholders at par.

- In December 2007, the firm raised its capital by an additional LE 456 million (US$ 82.91 million) to finance future expansion. The capital increase was executed through a rights issue to existing shareholders at par.

- Citadel Capital's total capital for the period ending December 31, 2007, reached LE 1.65 billion (US$ 300 million).

AHMED HEIKAL

Chairman and Co-Founder

About Citadel Capital

Citadel Capital creates businesses and acquires controlling stakes in companies with the potential to serve as platforms for regional expansion, thereby creating value for the firm and its co-investors.

Citadel Capital Platform Companies serve as engines for regional expansion.

Who We Are

Citadel Capital is the leading private equity firm operating in the Middle East and North Africa. Headquartered in Cairo, Egypt, and with its first office in Algeria, the firm focuses primarily on emerging markets in the MENA region. Citadel Capital has US$ 8.3 billion in investments under control, spanning 14 Platform Companies in industries ranging from cement to oil and gas across 12 countries in the region.

Citadel Capital pursues selective investments in high-growth markets. Its primary investment footprint spans the Middle East, North Africa and select African countries.

Citadel Capital acquires companies and makes new investments using a combination of its own capital and money raised from co-investors to create a transaction fund used to finance the equity component of each deal. In each transaction fund, the firm generally takes an equity stake of at least 10% alongside its co-investors and maintains a sharp focus on creating value through the growth of its Platform Companies.

The firm has a particular interest in acquiring management control of local companies that have the potential to serve as platforms for regional expansion: The 14 Platform Companies the firm currently controls have already served as springboards for numerous additional investment transactions.

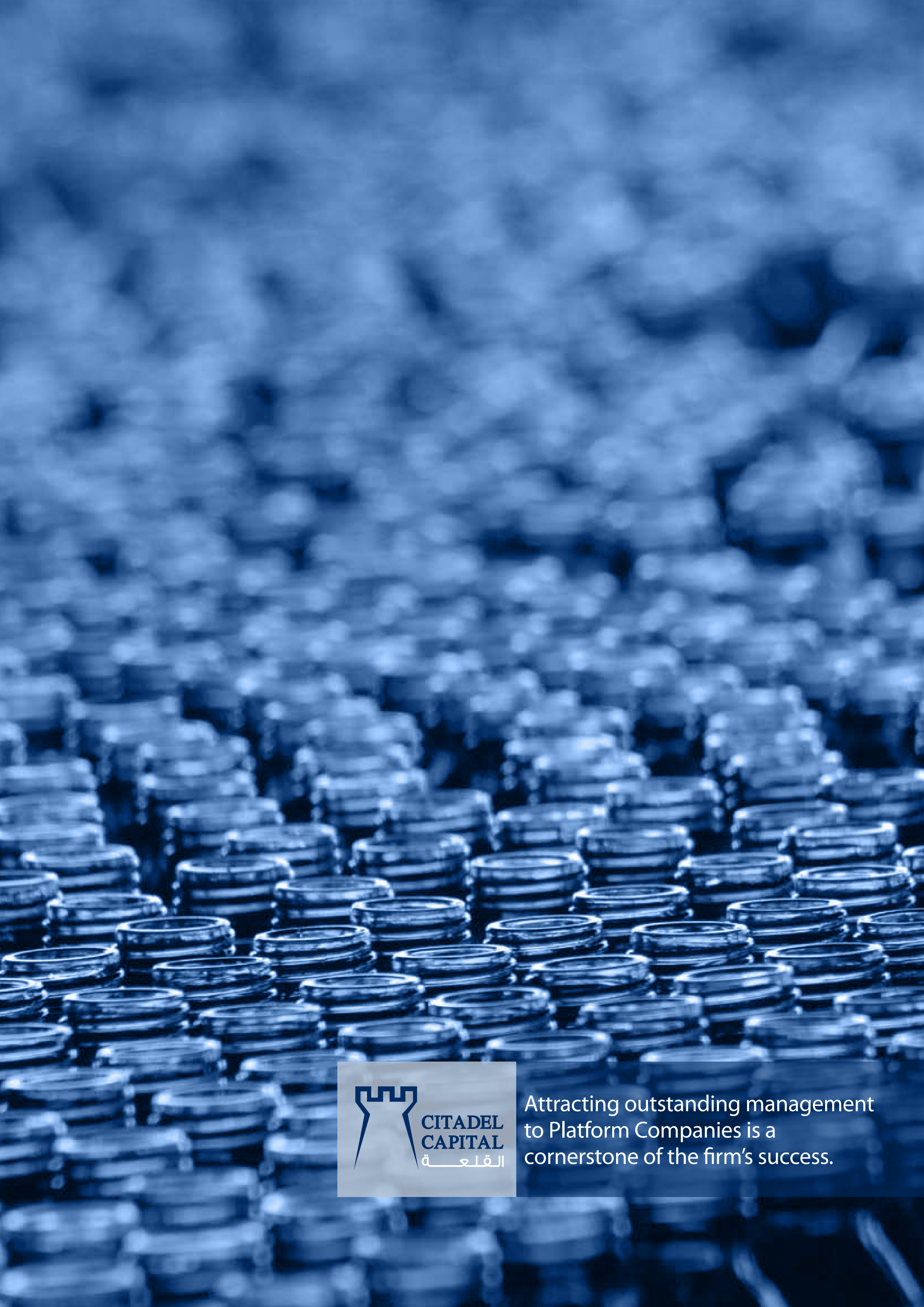
Citadel Capital generates investment income as a principal investor and also earns ongoing advisory fees as well as carried interest upon exit from successful investments. Since being formed in 2004, the firm has raised and invested equity of more than US$ 3.6 billion, including US$ 615 million of its own capital. The firm has generated US$ 2 billion in cash proceeds from successful exits, based on capital invested of approximately US$ 500 million.

From its base in the MENA region, Citadel Capital continues to pursue selective investments in other high-growth markets — including Sub-Saharan Africa — that have a natural link to its primary investment footprint. In the past four years, the firm has executed some of the most compelling private equity deals in the region and now leads Platform Companies in industries as diverse as agriculture, retail, glass, transportation, cement, mining and the complete oil and gas value chain.

Citadel Capital is headed by six managing directors who have proven track records of working together on innovative and landmark regional transactions. This shared history provides a solid base of trust that allows the firm to execute complex deals on compressed timescales.

In addition to founders Ahmed Heikal and Hisham El-Khazindar, the firm's leadership team now includes managing directors Karim Sadek, Ahmed El Houssieny, Marwan Elaraby and Ahmed El Shamy. The firm employs 43 professionals, including a 23-strong team of investment professionals who have long relationships with key players in the MENA business and investment communities. Those relationships have helped the firm source most of its transactions in proprietary or advantaged situations.

The firm specializes in creating value through acquisitions, turnarounds, buyouts and selective greenfield investments.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Attracting outstanding management to Platform Companies is a cornerstone of the firm's success.

Select Milestones

Since its founding in 2004, Citadel Capital has executed more than 38 transactions, creating a portfolio of companies that spans from cement and specialty real estate to the complete oil and gas value chain.

Citadel Capital has completed 38 transactions since its founding in 2004 and now controls investments worth more than US$ 8.3 billion.

April 2004: Citadel Capital is founded to pursue growth opportunities in select Middle Eastern and North African markets.

December 2004: In its first transaction, Citadel Capital acquires 59% of ASEC Holding, a distressed cement producer.

May 2005: The firm buys the remaining 49% of ASEC and carries out a capital increase for ASEC's Helwan Portland Cement Company (HPCC) through a CASE listing.

May 2005: The firm establishes Grandview to invest in mid-cap opportunities. Grandview invests in companies with an enterprise value of less than US$ 60 million; its funds are managed by Sphinx Egypt, a private equity management company formed by Citadel Capital.

July 2005: Acquisition of 100% of the Egyptian Fertilizer Company (EFC).

August 2005: The firm sells its stake in HPCC to global producer Italcementi in a transaction that values HPCC at US$ 795 million.

September 2005: National Petroleum Company (NPC) is established as Citadel Capital's regional oil and gas exploration and production Platform Company.

March 2006: Citadel Capital establishes TAQA, which becomes the Platform Company for its full-service Middle East energy solutions group, through a series of acquisitions.

September 2006: Citadel Capital establishes the National River Transportation Company (NRTC) to capitalize on Egypt's underdeveloped river transport sector in Egypt. NRTC is developing strategically located river ports and plans to operate a fleet of 100 fuel-efficient, environmentally friendly barges capable of transporting up to 15 million tons of goods each year.

December 2006: ASCOM Geology and Mining, the premier Egyptian mining company, is spun off from ASEC Holding and turned into a Platform Company for mining with interests in industrial minerals and precious metals.

June 2007: Citadel Capital sells EFC in a landmark deal worth US$ 1.41 billion.

June 2007: Citadel Capital establishes the Egyptian Refining Company (ERC), which will construct, own and operate a state-of-the-art hydrocracking / coking facility in the Greater Cairo area.

June 2007: The firm opens its first office outside Cairo in Algiers, Algeria.

August 2007: The firm establishes Bonyan, a specialty real estate developer that will develop commercial real estate projects including Egypt's first state-of-the-art design, furniture and home accessories mega-malls.

September 2007: The firm acquires Calgary-based Rally Energy Corp., a listed oil and gas production and exploration company with operations in Egypt and Pakistan, for US$ 868 million.

September 2007: Citadel Capital begins a string of acquisitions that will culminate in the launch of Gozour, its regional integrated agricultural and multi-category consumer foods platform.

September 2007: The firm establishes GlassWorks, which acquires a 35% stake in Misr Glass Manufacturing.

December 2007: ASEC Cement Holding closes a deal that gives it a 35% stake and management control over Algeria's Zahana Cement Co., the latest transaction in its growth into a regional cement player that will have 10 plants with a combined production capacity of 18.5 million tons per annum by 2012.

Why MENA? Why Now?

The dynamic Middle East and North Africa region now offers unique investment opportunities for those with the local insight to identify them and the world-class expertise to capitalize on them. With a population of 276 million (the fourth-largest in the world) and an aggregate GDP of US$ 1.368 trillion in 2007, the region constitutes the world's tenth-largest economic bloc. It is also among the most rapidly developing, recording average economic growth of 5.8% in the five years to 2007 compared with a global average of 3.8%. Going forward, analysts expect the region to grow at a brisk 5.0% through 2012 compared with a world average of 3.4%, fuelled in part by the surge in global oil prices.

There has never been a better time to invest in the region, provided you identify and capitalize on the right opportunities.

Against this background, reform-minded governments are liberalizing and opening key industries to private participation, including employment generators such as heavy industry.

This unique combination of growth and liberalization is creating a range of attractive investment opportunities not available in more mature economies. Moreover, unique features of the regional business climate including industry consolidation, the sale of family-owned businesses, privatizations and corporate divestitures will ensure a strong deal flow in the years ahead.

Citadel Capital focuses on two primary investment themes that capitalize on the MENA region's strong fundamentals:

- The firm has a proven track record of identifying pent-up demand unserved by existing participants in the market. This demand is typically in segments that suffer from a lack of private investment, and existing players often lack the scale and sophistication necessary to pursue the opportunities before them. In many cases, liberalization or deregulation of sectors may also leave a legacy of inefficiencies at the industry or company level that may be exploited.

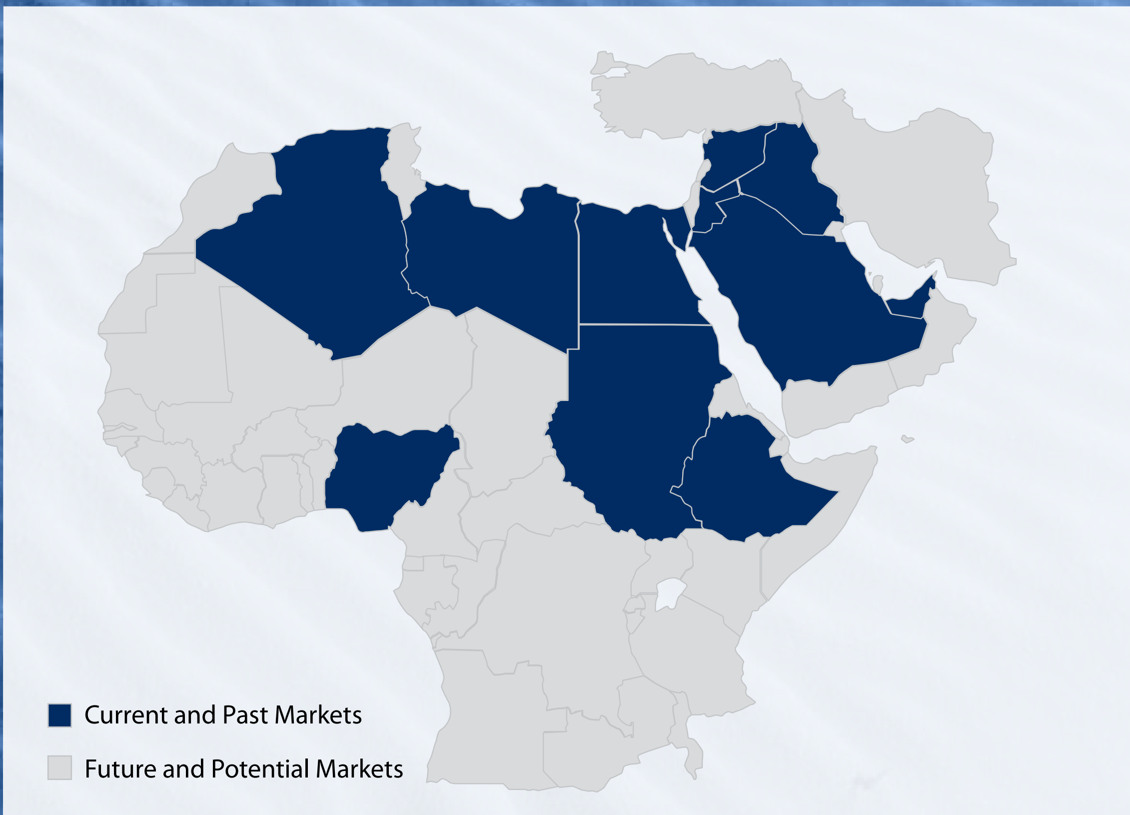
- Citadel Capital also looks for opportunities that arise from the region's many competitive advantages, including lower labor, raw material and energy costs; close proximity to major global markets; proximity to Europe; cheap outbound freight; and improving trade regulations between Europe and North Africa.

The firm's investment strategy therefore focuses on industries that benefit from one or both of these factors — and where there are opportunities to create value through consolidation and expansion. These include:

- The food, agri-business and other soft commodities sectors, where Citadel Capital believes there is growing and unserved demand;
- The cement, glass, fertilizer, foundry and ceramics industries, which benefit from both cost and geographic advantages as well as from increasing local demand. Frequently, there is currently no established regional player in these sectors; and
- The energy sector, where there are opportunities for a regional upstream business and for regional energy distribution and generation businesses, all of which may take advantage of fragmented markets in the wake of continued government liberalization.

The Middle East and North Africa region is the world's tenth-largest economy and has grown more than 5.8% per year since 2002.

A Focus on High-Growth and Frontier Private Equity Opportunities in the Middle East and Africa



Our Strategy

Citadel Capital has a proven track record of making successful investments owing in large part to a consistent investment strategy that it has applied to 38 investments into which it has injected US$ 3.6 billion in equity. The firm delivers returns by acting as a long-term value-added investor willing to make follow-on investments as it works with management at Platform Companies to stimulate growth. The firm creates value by transforming Platform Companies into regional leaders.

Across its MENA footprint, Citadel Capital focuses on industries that have significant pent-up demand unsatisfied by existing market players, as well as on sectors where the MENA region has numerous competitive advantages. The firm invests in a range of structures (including greenfield opportunities) that gives it a flexibility unavailable to pure leveraged buyout firms in a region in which buyout opportunities are unavailable due to a lack of private market participants.

Citadel Capital acquires operational control of its Platform Companies through shareholder agreements with co-investors, allowing it to work closely with Platform Company management to maximize growth and shareholder value prior to an appropriate and timely exit.

MAXIMIZE VALUE

Citadel Capital maximizes value by recruiting and retaining management talent with the regional and global expertise to manage its Platform Companies. The firm then aligns the interests of Platform Company management with those of Citadel Capital and its co-investors through the use of performance-based compensation and stock-option schemes.

Working with management, the firm then focuses on:

- Creating operational improvements through the implementation of global best practices;

A Highly Disciplined Investment Process

Deal Sourcing	Growth / Seeding	Regional Platform	Exit Management
• Early commitment of resources and rigorous due diligence • Quick identification of material issues and third-party review • Incorporating mechanisms to hedge against key risks	• Strengthen / incentivize the management teams • Improve financial management, operational efficiency • Build industry leaders through organic growth, acquisitions	• Transform local players into regional champions • Apply expertise in expansion markets • Accelerate value creation	• Early identification of exit options, but maintain flexibility • Focus on scale to facilitate exit via public market or strategic players
Focus on generating proprietary or advantaged situations	**Grow and enhance business to build domestic leaders**	**Leverage domestic strengths to build regional champions**	**Focus on exit planning and keeping a flexible approach**

- Executing and continually refining business plans designed to grow the Platform Company into a regional champion;

- Where appropriate, optimizing the capital structure through additional equity injections and the use of the firm's banking relationships to obtain improved financing terms; and

- Using the firm's regional and strategic expertise to advise management on potential new investment opportunities as well as expansion and consolidation strategies.

ENSURE HEALTHY, PROPRIETARY DEAL FLOW
Citadel Capital will continue to source and execute new investment opportunities within the MENA region and in industries consistent with its investment themes. The firm will also continue to work with governments, banks and other industry players to enhance its deal sourcing and execution. Elements of this strategy include:

- Continued reliance on a disciplined investment approach to acquire well-positioned companies at attractive valuations;

- Constant analysis of markets and industries to identify trends and understand the drivers of value in the region;

- The use of the firm's extensive regional and global network to source deals, preferably through proprietary or non-competitive transactions; and

- Enhancing the firm's profile and reputation as a trusted, long-term value investor interested in bettering the companies in which it invests and the economies in which it does business.

Investment Types

Leveraged Buyouts of companies with little debt that have strong growth potential at the local or regional levels. (Example: Egyptian Fertilizers Company)

Distressed Deals for companies that often have attractive underlying assets that permit the application of financial and management re-engineering to unlock value in turnaround scenarios. (Example: ASEC Holding)

Consolidation Plays that group smaller companies into a regional player. (Example: TAQA)

Greenfield Projects that create a completely new project, the expense of which is justified by an unusually strong opportunity to create value. (Example: Egyptian Refining Company "ERC")

Selectivity is key: Citadel Capital has executed 38 transactions since 2004, representing about 15% of all potential deals it has explored.

Platform Companies

Citadel Capital's ultimate goal is to transform its Platform Companies into major regional leaders.

All Platform Companies operate as stand-alone companies on a scale that creates a range of exit opportunities.

ASEC Holding

ASEC Holding (ASEC) is a leading regional cement, engineering and construction group with operations the Middle East and Africa. With 32 years of experience, ASEC's portfolio of services includes plant engineering, technical management, automation and construction.

The unprecedented growth in the Middle East and North Africa real estate market and the massive infrastructure development projects underway have made ASEC Holding an asset with immense growth potential.

ASEC Holding has already created significant value for Citadel Capital and its co-investors. After acquiring the group in December 2004, Citadel Capital implemented a turnaround program that established new internal control systems and restructured the company's finances. The firm then sold Helwan Portland Cement Company (HPCC), ASEC Holding's cement production subsidiary, to global producer Italcementi, yielding a substantial return to Citadel Capital and its co-investors.

With the proceeds of the sale, Citadel Capital settled ASEC Holding's outstanding debts and continued the financial and managerial restructuring of the remaining businesses. ASCOM Geology and Mining was spun-off as a separate entity, and Citadel Capital has also created a new cement production arm, ASEC Cement Holding (ACH), to act as a platform for regional expansion.

OPERATIONAL DESCRIPTION

ASEC has subsidiaries covering a broad range of sectors within its primary industry, including ARESCO for Manufacturing and Industrial Projects; United Company for Foundries; ASEC Engineering and Management; ASENPRO for Environmental Protection; ASEC Automation (ASA) and ESACO for Manufacturing, Engineering and Contracting.

Industry: Engineering and Construction
Investment Date: December 2004
Investment Type: Distressed Deal
Committed Equity: US$ 278 million
Investment Rationale: To capitalize on growth in the MENA cement industry, which has spurred demand for highly skilled management and technical services.

ASEC Cement Holding (ACH)

ASEC Cement Holding (ACH) is developing into a leading regional cement production group that will have 10 cement plants with a combined production capacity of 18.5 million tons per annum by 2012.

Citadel Capital established ACH in 2005 as a platform for cement manufacturing in emerging markets in the Middle East and Africa to take advantage of low labor and energy costs, good infrastructure, a high local demand for cement and a geographic location that supports exports. Recent international acquisitions of local cement holdings underscore the attractiveness of a creating a regional cement player.

Originally a part of ASEC Holding, ACH became a separate entity during the first quarter of 2008.

OPERATIONAL DESCRIPTION

ACH owns two assets in Egypt (a stake in Misr Qena Cement Co. and a license to build a 1.5 MTPA plant in Minya). The company has entered six other markets including Algeria, Sudan, Iraq-Kurdistan, Libya, Syria and Ethiopia and is well on its way to becoming a substantial regional player with projects worth a total of US$ 2.9 billion.

In Algeria, where demand for cement exceeds the country's production capacity, ACH acquired a 35% stake and management control over Algeria's government-owned Zahana Cement Co. and is building a US$ 550 million greenfield cement plant in the central Algerian region of Djelfa.

In northern Iraq, ACH purchased an 85% stake in GRD Cement Co. The deal will allow ACH to construct a US$ 250 million greenfield cement plant. In Syria, ACH was the first private sector company to win a cement contract and is expected to begin construction on its first cement plant there in 2008. The company is also developing projects in the untapped Libyan and Ethiopian markets.

A new management team that includes former senior executives from Italcementi and CEMEX has been appointed to take ACH into its next phase of rapid development.

Industry: Cement
Investment Date: November 2005
Investment Types: Greenfield and consolidation
Committed Equity: US$ 750 million
Investment Rationale: The MENA region's cement deficit, low energy costs and plentiful raw materials provide ample opportunity for regional expansion.

ASEC CEMENT HOLDING CO.
شركة أسيك للأسمنت القابضة

ASCOM Geology & Mining

ASCOM Geology & Mining, S.A.E. (ASCOM) is a regional geological and mining services company that specializes in geological investigations and the management of quarry operations for the cement industry as well as exploration and production of industrial minerals and precious metals including gold and copper. The company has also entered the industrial minerals sector including the production of calcium carbonate and glasswool. ASCOM is currently expanding its regional footprint with mining and service operations spanning from Egypt to Ethiopia, Syria and the United Arab Emirates.

ASCOM's growth strategy is based on two premises: The construction boom in the Middle East and North Africa region, which has necessitated a significant increase in cement production capacity, and the presence of undiscovered mineral reserves in Africa. ASCOM currently produces 28 million tons of raw material each year.

ASCOM
GEOLOGY & MINING

OPERATIONAL DESCRIPTION

ASCOM was originally the geological and mining arm of ASEC Holding, a company that was acquired by Citadel Capital and its co-investors in 2004. Soon after the acquisition Citadel Capital spun off ASCOM as a separate company, allowing ASCOM's scope and vision to expand significantly. In just three years, ASCOM has grown to include six subsidiaries in six different markets in the MENA region.

ASCOM's scope of work includes mining; the performance of geological and topographical surveys on minerals, mines and quarries; and the extraction, cutting and preparation of minerals.

In 2007, ASCOM's primary source of revenue came from providing quarrying services to cement manufacturers across the region. Currently, 65% of the raw material consumed in the Egyptian cement industry is provided by ASCOM. The company's revenue stream will diversify as new operations come online. For example, subsidiaries Nubia Mining and ASCOM Ethiopia have acquired two promising gold concessions in Ethiopia.

Industry: Mining
Investment Date: December 2004 (spun-off December 2006)
Investment Types: Consolidation and greenfield
Committed Equity: US$ 32.5 million
Investment Rationale: To capitalize on the MENA region's booming cement market and undiscovered mineral reserves.

Bonyan

Bonyan is a specialty real estate developer operating in Egypt and the MENA region. In Egypt, Bonyan is building two state-of-the-art commercial real estate projects, namely design, furniture and home accessories malls under its Designopolis brand. One will be located in Sixth of October City (Cairo's west) and the other in New Cairo (east). Bonyan will also operate the malls, with tenants including leading names in the national and global home furnishings and accessories market.

The malls will showcase a wide range of brands under one roof to capitalize on the highly fragmented industry that now serves Cairo's booming real estate sector. The concept also addresses the increasingly sophisticated demand patterns of a new generation of homeowners who expect to purchase global brands close to home.

The Middle East's ongoing US$ 1.5 trillion building boom is changing urban demographics. In Egypt alone, there are 635 million square kilometers of land currently being developed into affluent new communities in east and west Cairo.

OPERATIONAL DESCRIPTION

In September 2007, Bonyan purchased a 116,000 square meter plot of land from the Sixth of October Development Company (SODIC) to be developed into its flagship mall. The facility will include offices as well as designated areas for galleries, special events and seminars. It is scheduled to open its doors in the first quarter of 2009.

Designopolis' second branch is scheduled to open one year later in Katameya as part of SODIC's East Town project, which aims to become a bustling town center with stylish retail and entertainment venues. Each mall will house over 180 shops when complete.

Bonyan is currently studying opportunities in Saudi Arabia, Qatar and the UAE, where rapid growth in the real estate sector has created strong demand patterns.

Industry: Specialty Real Estate
Investment Date: August 2007
Investment Type: Greenfield
Committed Equity: US$ 40 million
Investment Rationale: To capitalize on the regional real estate boom and the fragmented home furnishings industry.

BONYAN
DEVELOPMENT AND TRADE

Egyptian Refining Company

The Egyptian Refining Company (ERC) is building a state-of-the-art US$ 3 billion greenfield oil refinery in the Greater Cairo area, producing over 4 million tons of refined products, including 2 million tons of EURO V diesel, the cleanest fuel of its type in the world. ERC's production will be sold to the Egyptian General Petroleum Corporation (EGPC) under a 25-year offtake agreement at international prices.

Regulatory and environmental approvals for the project have been obtained and ERC has signed a lump-sum turnkey contract with GS Engineering & Construction / Mitsui & Co. The facility is expected to be fully operational by the end of 2011.

ERC Egyptian Refining Company الشركة المصرية للتكرير

VALUE CREATION

ERC will harness the potential created by the Egyptian government's gradual deregulation of the energy sector, which remains one of the largest deficit markets for oil products in the Middle East. Despite rising demand due to Egypt's rapid economic growth, most of Egypt's refineries are aging and are only capable of producing heavy, low-value products.

One of the largest private-sector industrial development projects in Egypt, ERC is a partnership between Citadel Capital and its co-investors and EGPC, which owns 15% of the project. EGPC's Cairo Oil Refinery Company (CORC) will provide ERC with high-sulfur residue to produce its EURO V Diesel.

ERC will improve the environmental impact of products produced by the existing CORC units by preventing approximately 93,000 tons of sulfur from being released into the atmosphere of Greater Cairo. ERC will also invest in improvements to CORC's environmental performance, particularly the emission of greenhouse gases.

An estimated 8,000 workers are to be employed during the construction phase of the project; 700 permanent jobs will open by the time the refinery is operational. EGPC's annual benefits as a result of import substitution and incremental revenues are expected to be in excess of US$ 200 million.

Industry: Refining
Investment Date: June 2007
Investment Type: Greenfield
Committed Equity: US$ 640 million
Investment Rationale: To capitalize on opportunities presented by the deregulation of the energy sector in Egypt, one of the region's largest deficit markets for oil products.

Gozour

Gozour is a Platform Company for an integrated regional agriculture and multi-category consumer foods platform. The group includes three primary lines of business: agri-foods and dairy, fast-moving consumer goods (FMCG) and intermediate industries such as whet-corn milling and sugar processing. Through vertical integration, the company can take advantage of market opportunities created by cyclicality in regional and global commodities markets.

Gozour Portfolio Companies include Dina Farms, Rashidi El-Mizan, El-Misriyyeen and a 31.5% stake in the National Company for Maize Products.

In Egypt and the region, investment in the agri-foods sector is heavily fragmented. There are very few professionally executed, large-scale investments, which has left the arena wide open for well-financed players to introduce new levels of specialization and consolidation into the market.

OPERATIONAL DESCRIPTION

Dina Farms is one of the largest private agricultural producers in Egypt. It is a key supplier of diverse fruit and vegetable products both locally and regionally; Dina is also a major supplier of milk to leading local producers of processed dairy products.

Confectioner Rashidi El-Mizan is a market leader in halawa and tahina. Its management team helped transform the company from a small, three-generation-old family business into a regional player. El-Misriyyeen is a popular manufacturer of a variety of cheese products that enjoy strong brand equity on the Egyptian market, while the National Company for Maize Products (NCMP) produces natural corn-based sweeteners such as fructose, glucose and sorbitol. It also produces starch and multi-purpose starch derivatives along with other corn-based products.

As Citadel Capital builds Gozour into the first made-in-Egypt regional foods group, it remains on the lookout for further acquisitions and investment in all three lines of business.

Industry: Agriculture and Integrated Consumer Foods
Investment Date: September 2007
Investment Type: Consolidation
Committed Equity: US$ 250 million
Investment Rationale: Industry fragmentation across MENA and a lack of large-scale investments have opened up multiple opportunities in the foods sector.

GO ZOUR

GlassWorks

GlassWorks is a company established by Citadel Capital and a group of leading co-investors to pursue investments in the glass industry in Egypt and the MENA region. The company currently owns a 35% stake in Misr Glass Manufacturing S.A.E. (MGM), a leading manufacturer and exporter of glass containers in the Middle East and North Africa. GlassWorks subsidiary Sphinx Glass is building a state-of-the-art, €97 million greenfield float glass plant 70 kilometers outside of Cairo in Sadat City.

The global glass industry relies on the same set of natural advantages including energy and price competitiveness as well as raw materials such as high-silicon sand — all of which are present in Egypt and other select regional markets. GlassWorks is investing in both float and container glass projects that will service both rapidly growing domestic demand and exports.

OPERATIONAL DESCRIPTION

MGM was a state-owned company that was acquired by El-Zayat Group in 2004. In the years since, the company has emerged as Egypt's leading manufacturer of glass containers and has invested approximately US$ 54.5 million to upgrade its technology base and expand capacity.

Sphinx Glass is in the process of constructing a new world-class facility with licensed production technologies from PPG Industries Inc., a global market leader in high-quality float glass. When complete, the 210,000 square-meter state-of-the-art factory will have a production capacity of 198,000 tons per annum, making it the largest float glass manufacturer in Egypt.

The factory will sell to both the local and export markets, splitting its initial production evenly between the two. GlassWorks is interested in pursuing other glass investments in Egypt and the region as opportunities arise.

GlassWorks
جلاس وركس

Industry: Glass
Investment Date: September 2007
Investment Type: Greenfield
Committed Equity: US$ 120 million
Investment Rationale: With a large supply of high-quality raw materials, low energy and labor costs and a geographic location that easily supports exports, Egypt has a clear competitive advantage when it comes to the manufacturing of glass.

Grandview Investment Holding

Grandview Investments Holdings Corp. (Grandview) is an investment company established by Citadel Capital and co-investors for the purpose of investing in buyouts of mid-cap industrial companies in the Middle East and North Africa region with a focus on Egypt.

Grandview has an initial paid-in capital of US$ 103 million and has invested approximately 80% of its committed capital in highly successful transactions in key industries.

Grandview targets companies with an enterprise value of less than US$ 60 million. Citadel Capital's internal valuation of Grandview's portfolio already shows a substantial appreciation in value against acquisition cost.

The rapid economic growth as well as the political liberalization that is currently taking place in the MENA region has provided ample opportunities for investment in mid-cap companies in a variety of high-growth industries.

OPERATIONAL DESCRIPTION

All of Grandview's funds are managed by Sphinx Egypt, a dedicated private equity management company formed by Citadel Capital to leverage the knowledge and expertise gained by Citadel Capital and the Sphinx management team.

Grandview targets the acquisition of controlling interests in mid-sized industrial companies with proven management, stable cash flows and strong potential for expansion and exports. The firm has a broad outlook on opportunities, being equally interested in pursuing both distressed assets and greenfield investments.

Grandview's current portfolio includes investments in a broad variety of sectors including printing and packaging, specialty building materials, oil services, textiles and electrical cables.

Post-acquisition, Sphinx Egypt maintains a close working relationship with its Portfolio Companies, assisting them with financial engineering and strategic repositioning as well as investment and divestment strategies.

GRANDVIEW
Investment Holdings Corp

Industry: Multi-sector
Investment Date: May 2005
Investment Type: Buyouts, Consolidations
Committed Equity: US$ 103 million
Investment Rationale: To pursue mid-cap buyout opportunities.

National Petroleum Company (NPC)

The National Petroleum Company (NPC) is Citadel Capital's Cairo-based upstream oil and gas exploration and production Platform Company. With paid-up capital of US$ 405 million, NPC is expanding its footprint throughout the MENA region. In 2006, the company acquired 100% of Egyptian operator Petzed, which controls 100% of the rights in the productive Shukheir marine concession (Gamma and Shukheir Bay fields); the South Abou Zeneima, East Kheir and Ezz El-Orban concessions (all Gulf of Suez offshore concessions); as well as the North Maghara onshore concession in northern Sinai.

Based on local, regional and global supply gaps in the energy sector, Citadel Capital saw a compelling opportunity to create a large-scale oil and gas exploration and production company that would consolidate small independent operators and assets in Egypt and the region. Through Petzed, NPC's six concessions cover approximately 4,039 square kilometers in the Gulf of Suez and Northern Sinai and produce 1,000 barrels of oil per day (BOPD).

A recent discovery in the South Abu Zeneima Concession is expected to yield an initial production rate of 10,000 BOPD, taking total production up to approximately 11,000 BOPD, during the 2Q of 2009.

In an industry dominated by multinationals, NPC is a near-unique example of a locally driven private-sector oil and gas exploration and production company with the vision, expertise and financial muscle to go after promising regional concessions.

With a combination of exploration and production assets — as well as assets such as South Abu Zeneima that are classified as production under development — NPC has balanced risk with a number of mitigating factors.

Citadel Capital's target is to create an entity with a daily production volume in excess of 100,00 BOPD. NPC is actively studying acquisition targets in its core MENA region as well as Sub-Saharan African concessions.

NPC
National Petroleum Company
الشركة الوطنية للبترول ش.م.م

Industry: Upstream Oil and Gas
Investment Date: December 2005
Investment Type: Consolidation
Committed Equity: US$ 425 million
Investment Rationale: To consolidate small assets in Egypt and the MENA region in order to capitalize on deregulation in the sector, as well as to grow reserves and production from its exploration assets.

National River Transportation Company

The National River Transportation Company (NRTC) is Citadel Capital's investment vehicle and platform in the transportation and logistics sector with capital of US$ 100 million. NRTC is implementing plans to commission and operate a fleet of 100 state-of-the-art, fuel-efficient, environmentally friendly river barges that will be capable of transporting up to 15 million tons of goods along the Nile each year by 2012. An NRTC Portfolio Company, currently being spun-off into a separate entity, is developing river ports in strategic locations throughout the Egyptian stretch of the Nile River.

NRTC will capitalize on the underdeveloped river transport sector in Egypt and provide high-quality door-to-door service for its customers. River transport will be the backbone that will give NRTC a competitive advantage as a full-fledged transport and logistics company.

Egypt's transportation infrastructure is heavily dependent on road transport, with more than 95% of all goods in the country being transported by truck. The volume of river transport currently accounts for only 1–2% of total goods transported. With fuel prices on the rise and the continuing pressure on the government to reduce fuel oil subsidies, the economics of trucking will no longer be as viable as they were in the past.

OPERATIONAL DESCRIPTION

NRTC has finalized designs for a fleet of up to 100 fuel-efficient, environmentally-friendly barges; the full fleet should be operational by 2018. NRTC's subsidiary, the National River Ports Company, which will provide services to the market at large, has acquired land in El Tibbeen, south of Cairo, to serve as its Greater Cairo river port. The port is conveniently located in Southern Cairo's industrial area near the Cairo Ring Road.

Citadel Capital has put together a strong management team made up of industry experts supported by local and international consultants including some of Europe's leading experts in river transport, such as the Netherlands' Royal Haskoning.

Industry: Transportation
Investment Date: September 2006
Investment Type: Greenfield
Committed Equity: US$ 100 million
Investment Rationale: To capitalize on Egypt's under-developed river transport sector and the increasingly unfavorable economics of trucking.

Rally Energy Corp.

RALLY ENERGY CORP.

In September 2007, Citadel Capital, the National Petroleum Company (NPC) and a group of co-investors acquired 100% of Calgary-based Rally Energy Corp., an independent oil producer with operations in Canada, Egypt and Pakistan, for US$ 868 million. As of December 2007, Rally had a net production volume of over 7,000 barrels of oil equivalent per day (BOEPD).

Through its wholly owned subsidiaries, Rally holds a 100% operating interest in the Issaran oilfield, a significant heavy-oil development operation located on the west shore of Egypt's Gulf of Suez, as well as a 30% non-operated working interest in the Safed Koh block in the central Pakistani province of Punjab, which includes the productive Salsabil gas field.

Since acquiring Rally, Citadel Capital has launched an ambitious investment program that will see Rally's newly hired management team grow the company's footprint and expand production.

OPERATIONAL DESCRIPTION

Rally Energy's Egyptian and Pakistani assets both hold significant undeveloped and exploration potential. Additional upside potential has been created by a new discovery in the western part of the Issaran Field.

Rally recorded a 98% increase in total proved and probable reserves for 2007. As of year-end, an independent appraisal report found reserves stand at 206.4 million BOE split between the onshore Gulf of Suez Issaran Field (operated by fully owned subsidiary Scimitar Production Egypt Ltd.) with 195.4 million barrels of oil and the Salsabil Field in Pakistan with 11 million BOE (64,318 MMCF of natural gas).

Industry: Upstream Oil and Gas
Investment Date: September 2007
Investment Type: Consolidation
Committed Equity: US$ 550 million
Investment Rationale: Proper funding and strategic vision will allow Rally to fully develop its existing assets as well as pursue new ones.

TAQA (Arab Company for Energy)

The Arab Company for Energy (TAQA) is the parent company of a full-service Middle East energy distribution group with a focus on gas and electricity distribution; the storage, bunkering and distribution of refined products; and fuels marketing. TAQA is a MENA regional player with operations in Egypt, the UAE, Qatar, Libya, Jordan and Syria.

Rapid industrial growth in Egypt and the region has provided an opportunity for TAQA to satisfy unmet industrial demand for energy. As governments de-regulate their energy sectors, there are ample opportunities for an aggressive, experienced and well-financed group to become a market leader.

OPERATIONAL DESCRIPTION

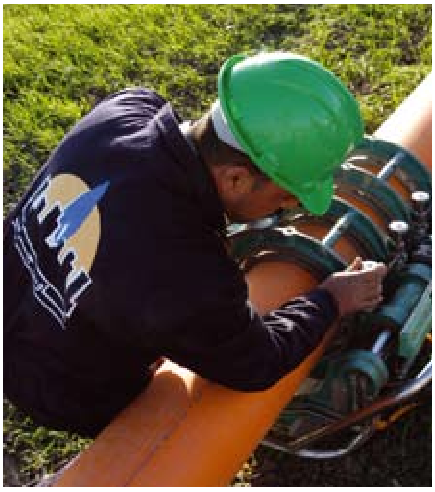
TAQA's gas distribution arm has licenses for natural gas distribution in four different concessions representing 11 Egyptian governorates, where it currently distributes approximately 3.5 billion cubic meters of natural gas per year, primarily to industrial users. TAQA's construction arm has successfully connected 600,000 homes to the national gas grid with 200,000 more in progress. The gas distribution arm also has operations in the UAE, Qatar, Libya, Jordan and Syria.

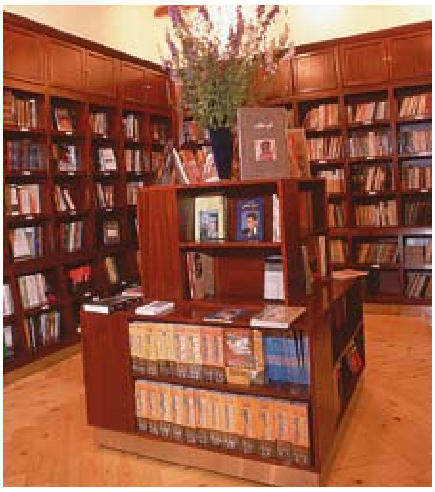
TAQA also owns Global Energy, a private-sector Egyptian company with a license to generate and distribute electricity. TAQA plans to grow the company so that it may supply the unmet industrial demand for electricity. The company is also building Mashreq, a one-of-a-kind Egyptian storage and bunkering facility on a strategically located plot in East Port Said near the entrance to the Suez Canal. As ships are waiting for their convoys to pass through the Canal, Mashreq will be able to provide them with fuel.

TAQA has made a strategic foray into the oil marketing and fuel products distribution business to meet the energy needs of its industrial customers. The first privately owned Egyptian company with a license to market petroleum products in Egypt (including fuels and lubricants), TAQA aims to roll out 45 retail stations within five years starting in the second half of 2008.

TAQA

Industry: Energy Distribution
Investment Date: June 2006
Investment Type: Consolidation
Committed Equity: US$ 84.3 million
Investment Rationale: To capitalize on opportunities created by government deregulation and a fractured Egyptian and regional market.





Tanweer

Tanweer is a Platform Company for Citadel Capital's investments in a range of leading regional media companies including the publishing house Dar El-Shorouk and book retailer Diwan, among others.

Founded in 1968, Dar El-Shorouk is a leading MENA publisher with a stable of award-winning and best-selling authors and illustrators under contract. The publishing house has the exclusive Arab-world rights to the works of Egyptian Nobel laureates Naguib Mahfouz and Ahmed Zewail and is currently expanding its retail arm by opening a number of high-end outlets in Cairo and Alexandria.

Diwan has emerged as Egypt's premiere chain of boutique bookstores since it opened in 2002. Today, the company has four branches in Cairo and Alexandria and has plans for both national and regional expansion as it forges partnerships with writers, publishers and cultural centers.

Finance Unlimited

Finance Unlimited is a Platform Company for Citadel Capital's investments in the regional financial services industry. The company currently has exposure to the banking and corporate finance sectors through the Sudanese Egyptian Bank and Sphinx Egypt.

Finance Unlimited also holds Pharos Capital, a leading Cairo-based investment bank and a top-10 Egyptian brokerage with active alternative investment and asset management practices.

Sphinx Egypt manages assets for Grandview (a Citadel Capital mid-cap industrial investment platform); through a separate vehicle, Sphinx Egypt's staff also manage the American University in Cairo's Education Endowment Fund.

The Sudanese Egyptian Bank's primary focus is on financing trade between Egypt and Sudan, thereby facilitating access to COMESA states for Egyptian exporters. The bank has a full banking license and is planning the rollout of retail banking services.

Select Exited Investments

Egyptian Fertilizers Company (EFC)

Citadel Capital and a group of co-investors acquired leading urea fertilizer producer EFC in July 2005 with a view to creating value by expanding EFC's production capacity and using it as a platform for regional consolidation. In less than two years, the management team completed planning to double EFC's production capacity to 1.3 million tons per annum and positioned the fertilizer producer to pursue new ventures in Algeria, Nigeria and Libya. In June 2007, Citadel Capital agreed to sell EFC in a deal worth US$ 1.41 billion. At the time, the transaction was Egypt's largest M&A deal and the biggest private equity sale in the Middle East.

Helwan Portland Cement Company

Citadel Capital acquired Helwan Portland Cement Company (HPCC) in 2004 as part of ASEC Holding. Post-acquisition, Citadel Capital worked to closely align ASEC Holding's operational and strategic plans while simultaneously establishing new internal control systems and restructuring the firm's finances. In August 2005, the firm spun off HPCC and sold its 68% stake in the company to Suez Cement, the local subsidiary of Italcementi, at an enterprise value of US$ 795 million, yielding considerable returns to Citadel Capital and its co-investors in a period of less than six months.

Our Team

Citadel Capital's primary market advantage is a team of 43 professionals. All from the MENA region, they have unbeatable regional experience leavened by work with leading global firms.

Citadel Capital's Leadership Team

Ahmed Heikal | Chairman and Co-Founder

Prior to co-founding Citadel Capital, Mr. Heikal was an executive board member and Managing Director for Private Equity at EFG-Hermes Holding. There, he spearheaded highly successful private equity investments, one leading to the creation of Egypt's leading IT company (Raya Holding) and another to the nation's largest natural gas distribution company (Genco). He also raised three rounds of finance for regional mobile telecommunications operator Orascom Telecom as well as for the IPOs of Orascom Construction Industries, Orascom Hotels and Ezz Steel, and the latter's subsequent convertible bond to finance the acquisition of ANSDK. Mr. Heikal holds a Master's degree and a PhD in Industrial Engineering and Engineering Management from Stanford University.

Hisham El-Khazindar | Managing Director and Co-Founder

Prior to co-founding Citadel Capital in 2004, Mr. El-Khazindar was Executive Director of Investment Banking at EFG-Hermes, where he developed the firm's activities in Egypt and the region and advised on key transactions including the IPOs of Orascom Construction Industries, Ezz Steel and Orascom Telecom. In 1999, he was on secondment to Goldman Sachs in London, where he advised European corporations on strategic options and M&A transactions. Mr. El-Khazindar sits on the board of several leading regional companies, including ASEC Holding and El Sewedy Cables. He is the Chairman of the Capital Markets and Investment Committee at the American Chamber of Commerce in Egypt and a board member of the Egyptian Capital Markets Association (ECMA). Mr. El-Khazindar holds a BA in Economics from the American University in Cairo and an MBA from Harvard Business School.

Karim Sadek | Managing Director

Prior to joining Citadel Capital, Mr. Sadek was Managing Director of the Arab Investment Company (ABIC), one of the largest private-equity firms in Egypt. During his tenure, Mr. Sadek returned a substantial part of the firm's total investments (valued at over LE 500 million [US$ 90.91 million]) to ABIC's shareholders in the form of dividends and share buybacks. Mr. Sadek holds a Masters in International Securities, Investment and Banking from the Business School for Financial Markets at the University of Reading in the United Kingdom. He has extensive experience in corporate banking and credit risk assessment through his work both at the Commercial International Bank (CIB) and Arab Bank.

Ahmed El Houssieny | Managing Director

Mr. El Houssieny joined Citadel Capital in 2005 after serving as Director of Investment Banking at Barclays Bank Egypt. Mr. El Houssieny was also an executive committee member personally responsible for setting the bank's strategic direction and evaluating non-organic growth options. Previously, Mr. El Houssieny worked with Citigroup Investment Bank's North West Africa Team, where he spearheaded the origination, structuring and execution of complex corporate financing solutions for large businesses and financial institutions. He holds a BA in Political Science and Business Administration from the American University in Cairo and an MBA, with distinction, from the Maastricht School of Management.

Marwan Elaraby | Managing Director

Before joining Citadel Capital in 2005, Mr. Elaraby was a partner at Shearman & Sterling LLP, the leading New York-based global law firm, where he advised clients including Bank of America, Merrill Lynch & Co. and Morgan Stanley on capital markets transactions, focusing on high-yield and leveraged-acquisition finance. In the firm's Abu Dhabi offices, he advised clients including the Abu Dhabi National Oil Company and Qatar General Petroleum Corporation on oil, gas and petrochemicals transactions, including acquisitions and joint ventures. Mr. Elaraby has also served as Executive Director of Investment Banking at EFG-Hermes. He holds a JD from Columbia University School of Law.

Ahmed El Shamy | Managing Director

Mr. El Shamy previously served as Founder and Chief Financial Officer for Fayrouz International (FI), responsible for all finance, accounting and information technology functions as well as working with Fayrouz International's president to develop new business. Before starting up FI, Mr. El Shamy was Chief Financial Officer for Al-Ahram Beverages Company (ABC), where he led the development of systems and financial reporting, transforming ABC from manual public-sector standards and systems to automated systems compliant with International Accounting Standards and ultimately with Heineken reporting standards. Mr. El Shamy holds a BA from Helwan University's Faculty of Commerce.

Corporate Social Responsibility

Citadel Capital's leadership team and employees are strongly motivated by the desire to leave the communities in which they do business better places than they found them. Citadel Capital's formal funding for community development initiatives — as distinct from the personal philanthropy of the managing partners and staff — has totalled LE 60 million since 2004.

Citadel Capital has contributed more than LE 60 million to community development programs since 2004.

The firm has a particular interest in supporting education. In 2007, it developed the operations of the Citadel Capital Scholarship Foundation, which it endowed to grant academic scholarships to talented young Egyptian men and women interested in pursuing master's degrees and PhDs at international universities. Twenty students each year receive generous scholarships to follow their dreams at some of the most prestigious educational institutions worldwide. The only condition: They must return to work in Egypt upon graduation.

Also last year, the firm took solid steps toward the 2008 rollout of a second foundation that will focus on building and developing Egyptian schools targeting lower-middle income segments of the population. The Foundation will work to deliver a quality Egyptian national-curriculum education in both rural and urban settings.

Financial Statements

Citadel Capital (S.A.E.) — Fiscal Year Ending December 31, 2007

Citadel Capital Company (An Egyptian Joint Stock Company)

Unconsolidated Financial Statements for the year ended December 31, 2007 & Auditor's Report thereon

AUDITOR'S REPORT

To the shareholders of Citadel Capital Company

We have audited the accompanying unconsolidated balance sheet of Citadel Capital Company as at December 31, 2007, and the related unconsolidated statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of provisions of applicable Egyptian laws and regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We have obtained the information and explanations which we deemed necessary for our audit. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the unconsolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and of the results of its operations and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and comply with applicable Egyptian laws and regulations.

The company keeps proper accounting records which include all that is required by law and the statutes of the company, and the accompanying financial statements are in agreement therewith.

The financial information contained in the report of the Board of Directors prepared in conformity with law No. 159 of 1981 and its executive regulations is in agreement with the Company's accounting records within the limits that such information is recorded therein.

KPMG Hazem Hassan

Cairo, March 12, 2008

Citadel Capital Company (An Egyptian Joint Stock Company)
Unconsolidated Balance Sheet as at December 31, 2007

Translation

	Note no	31/12/2007 LE	31/12/2006 LE
CURRENT ASSETS			
Cash on hand and at banks			
Cash on hand		256 582	105 465
Banks - current accounts		149 594 096	8 121 050
Checks under collection		789 307	-
Total cash on hand and at banks		**150 639 985**	**8 226 515**
Trading investments		16 747	14 000
Due from related parties	(4)	92 327 908	(37 869 649)
Other debit balances	(5)	27 766 151	1 754 062
		120 110 806	(36 101 587)
Total current assets		**270 750 791**	**(27 875 072)**
CURRENT LIABILITIES			
Short-term loans	(6-b)	39 480 000	-
Banks-overdraft	(7)	100 000 000	-
Due to related parties	(8)	145 008 663	2 857 097
Creditors & other credit balances	(9)	27 875 482	69 841 199
Total current liabilities		**312 364 145**	**72 698 296**
Excess of current liabilities over current assets		**(41 613 354)**	**(100 573 368)**
NON CURRENT ASSETS			
Available-for-sale investments	(10)	18 844 742	18 904 379
Investments in subsidiaries & associates	(11)	961 522 927	485 813 138
Payments for investments	(12,20)	773 280 769	519 536 765
Fixed assets (net)	(13)	71 309 019	52 152 370
Total non current assets		**1 824 957 457**	**1 076 406 652**
Total investments		**1 783 344 103**	**975 833 284**
Financed through:			
SHAREHOLDERS' EQUITY			
Paid - in capital	(14)	1 650 000 000	912 762 572
Legal reserve	(3,11)	47 848 353	164 060
Retained earnings		14 221 991	3 117 110
Total shareholders' equity		1 712 070 344	916 043 742
Net profit for the year		599 942 681	953 685 858
Interim dividends		-	(894 896 684)
Total shareholders' equity including net profit for the year		**2 312 013 025**	**974 832 916**
Shareholders' current account	(15)	(575 808 114)	-
NON CURRENT LIABILITIES			
Long-term loans	(6-b)	45 120 000	-
Deferred tax liabilities	(17)	2 019 192	1 000 368
Total non current liabilities		**47 139 192**	**1 000 368**
Total shareholders' equity and non current liabilities		**1 783 344 103**	**975 833 284**

The accompanying notes from pages 49 to 63 are an integral part of these financial statements and are to be read therewith.

Chairman
Dr. Ahmed Heikal

Managing Director
Hisham Hussein El-Khazindar

Managing Director/CFO
Ahmed El Shamy

Citadel Capital Company (An Egyptian Joint Stock Company)
Unconsolidated Income Statement for the year ended December 31, 2007

Translation

	Note no	For the year ended 31/12/2007 LE	For the year ended 31/12/2006 LE
Dividend income		727 366 814	945 886 251
Advisory fee	(20)	9 261 791	-
		736 628 605	**945 886 251**
DEDUCT:			
Finance expense		(12 822 338)	-
General and administrative expenses	(20)	(115 007 084)	(105 628 955)
Key management bonus		(66 773 494)	(5 639 096)
Fixed assets depreciation	(13)	(6 971 881)	(459 091)
Net operating profit		**535 053 808**	**834 159 109**
ADD/(DEDUCT):			
Gains on sale of investments		13 731 843	2 632 678
Unrealized gains (losses) arising from trading investments		2 747	(978)
Interest income		2 524 983	2 448 402
Foreign currencies differences		(391 628)	(1 014 138)
Other revenues	(20)	50 039 752	116 443 006
Net profit before tax		**600 961 505**	**954 668 079**
DEDUCT: Deferred tax expense	(17)	(1 018 824)	(982 221)
Net profit for the year		**599 942 681**	**953 685 858**
Earnings per share	(18)	3.11	10.42

The accompanying notes from pages 49 to 63 are an integral part of these financial statements and are to be read therewith.

Translation

Citadel Capital Company (An Egyptian Joint Stock Company)
Unconsolidated Statement of Changes in Equity for the year ended December 31, 2007

	Note no	Paid- in capital	Legal reserve	Retained earnings	Net profit for the year	Interim dividends	Total
		LE	LE	LE	LE	LE	LE
Balance as at December 31, 2005		2 000 000	-	-	3 281 170	-	5 281 170
Profit appropriation for the year 2005		-	164 060	3 117 110	(3 281 170)	-	-
Payment of increase in issued capital	(14)	910 762 572	-	-	-	-	910 762 572
Net profit for year ended December 31, 2006		-	-	-	953 685 858	-	953 685 858
Interim dividends in according to the extraordinary general assembly held on May 9, 2006		-	-	-	-	(894 896 684)	(894 896 684)
Balance as at December 31,2006		**912 762 572**	**164 060**	**3 117 110**	**953 685 858**	**(894 896 684)**	**974 832 916**
Profit appropriation for the year 2006		-	47 684 293	11 104 881	(953 685 858)	894 896 684	-
Payment of increase in issued capital	(14)	737 237 428	-	-	-	-	737 237 428
Net profit for year ended December 31, 2007		-	-	-	599 942 681	-	599 942 681
Balance as at December 31, 2007		**1 650 000 000**	**47 848 353**	**14 221 991**	**599 942 681**	**-**	**2 312 013 025**

The accompanying notes from pages 49 to 63 are an integral part of these financial statements and are to be read therewith.

Citadel Capital Company (An Egyptian Joint Stock Company)
Unconsolidated Cash Flow Statement for the year ended December 31, 2007

Translation

	For the year ended 31/12/2007 LE	For the year ended 31/12/2006 LE
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	600 961 505	954 668 079
ADJUSTMENTS TO RECONCILE NET PROFIT TO NET CASH PROVIDED FROM OPERATING ACTIVITIES:		
Losses on sale of investments in subsidiaries	-	159 156
Fixed assets depreciation	6 971 881	459 091
Gains on sale of investments	(13 731 843)	-
Unrealized loss (gains) arising from trading investments	(2 747)	978
Other revenue	(22 434 917)	-
Income tax paid	-	(729 874)
Operating profit before changes in working capital	**571 763 879**	**954 557 430**
Decrease (increase) in assets		
Due from related parties	(148 410 134)	16 609 380
Other debit balances	(26 012 089)	136 685 187
Trading investments	-	16 283 731
Shareholders' current accounts debit	(575 808 114)	545 761 820
Increase (decrease) in liabilities		
Due to related parties	142 151 566	(1 050 294 754)
Creditors & other credit balances	(54 397 332)	65 927 573
Net cash (used in) provided from operating activities	**(90 712 224)**	**685 530 367**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to purchase fixed assets	(13 696 915)	(20 844 445)
Payments to purchase investments in subsidiaries and associates	(553 524 297)	(321 611 290)
Proceeds from sale of investments in subsidiaries and associates	99 999 702	249 700
Payments to purchase available-for-sale investments	(9 983 750)	(43 396)
Proceeds from sale of available-for-sale investments	21 865 299	-
Payments for purchase of investments	(233 371 773)	(388 149 347)
Net cash used in investing activities	**(688 711 734)**	**(730 398 778)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from banks - overdraft	100 000 000	-
Proceeds from loans	84 600 000	-
Proceeds from increasing shares capital	737 237 428	910 762 572
Interim dividends paid	-	(894 896 684)
Net cash provided from financing activities	**921 837 428**	**15 865 888**
Net change in cash and cash equivalent during the year	142 413 470	(29 002 523)
Cash and cash equivalent as at the beginning of the year	8 226 515	37 229 038
Cash and cash equivalent at the end of the year	**150 639 985**	**8 226 515**

Non cash transactions

For the purpose of preparing the cash flow statement, these amounts were eliminated:

- An amount of LE 12 431 615 from payments under purchase of fixed assets and creditors and other credit balances (represents unpaid additions of fixed assets)
- An amount of LE 18 462 300 from payment for investments and due from related parties (amount transferred to payments for investments)
- An amount of LE 249 700 from proceeds from sale of investments in subsidiaries & associates and due from related parties (represents sale of Bonyan investment to Mena Home)

The accompanying notes from pages 49 to 63 are an integral part of these financial statements and are to be read therewith.

Notes

to Unconsolidated Financial Statements for Citadel Capital (S.A.E.)
for the fiscal year ending December 31, 2007

Citadel Capital Company (An Egyptian Joint Stock Company)
Notes to the Unconsolidated Financial Statements for the year ended December 31, 2007

1. COMPANY BACKGROUND

Citadel Capital Company - An Egyptian Joint Stock Company - was founded in accordance with the Egyptian applicable laws & in pursuance to executive regulation of law No. 159/1981 & the company has been registered under the number of 11121 on 11 April 2004. The purpose of the company is represented as follows:

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

- Financial instruments at fair value through profit and loss.
- Available-for-sale investments.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

- Note (11) – measurement of the recoverable amount of investments in subsidiaries and associates.
- Note (17) – recognition of deferred tax assets.

2.5 Consolidated financial statements

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

3. SIGNIFICANT ACCOUNTING POLICIES APPLIED

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

Certain comparative figures have been reclassified to conform to the current year's presentation of the financial statements (note 23).

3.1 Foreign currency translation

The Company maintains its accounts in Egyptian Pounds. Transactions dominated in foreign currencies are translated at foreign exchange rate ruling at the date of transactions. Monetary assets and liabilities dominated in foreign currencies at the balance sheet date are translated at the foreign exchange rates ruling at that date. Foreign currency differences arising on the retranslation are recognized in the profit and loss.

3.2 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (note 3.7). Depreciation is charged to the income statement over the estimated useful life of each asset using the straight-line method. The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

Assets depreciation	Estimated useful life
- Furniture & fixtures & Electric Equipment & Tools	4 years
- Computer	3 years
- Vehicles	4 years
- Buildings & Constructions	20 years

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

3.3 Projects under construction

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

3.4 Intangible assets

Intangible assets are recorded at historical cost and presented in the balance sheet net of accumulated amortization and impairment (note 3.7). Amortization is charged to income statement over the estimated useful life using the straight line method.

3.5 Treasury bills and other bills eligible for rediscounting

Treasury bills and other bills eligible for rediscounting are recorded at nominal value and the issuance discount is recorded under the item of "creditors and other credit balances". Treasury bills are presented on the balance sheet net of the issuance discount.

3.6 Investments

3.6.1 Investments at fair value through profit and loss

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

3.6.2 Available-for-sale investments

Available-for-sale financial assets are valued at fair value, with any resultant gain or loss being recognized in equity, except for impairment losses which is recognized in the income statement. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. The fair value of investments available for sale identifies, based on quoted price of the exchange market at the balance sheet date, investments that are not quoted, and whose fair value can not be measured reliably, are stated at cost less impairment loss.

3.6.3 Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less impairment (note 3.7). At each balance sheet date, management assesses the investments' recoverable amount and in case that the recoverable amount is less than the carrying amount then an impairment loss is recognized in the profit and loss.

3.6.4 Investment property

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

3.7 Impairment

3.7.1 Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

3.7.2 Non-financial assets

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

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

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

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

3.8 Cash and cash equivalents

For the purpose of preparing the Cash Flow Statement, cash and cash equivalents are represented in the cash on hand, current accounts, cheques under collection and time deposits with banks.

3.9 Interest-bearing borrowings

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

3.10 Provisions

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

3.11 Legal reserve

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

3.12 Issued capital

3.12.1 Repurchase of share capital

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

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

3.12.2 Dividends

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

3.13 Revenues

3.13.1 Gains (losses) on sale of investments

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

3.13.2 Dividend income

Dividend income is recognized when declared.

3.13.3 Consulting fees

Consulting fees are recognized upon presented service and according to accrual basis.

3.13.4 Advisory fees

Advisory fees are calculated by agreed percentage (in accordance with contract – term) with company and recognized according to accrual basis.

3.14 Expenses

3.14.1 Interest expense

Interest expense on interest-bearing borrowing is recognized in the profit or loss using the effective interest rate method.

3.14.2 Employees pension

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

3.14.3 Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.15 Earnings per share

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

3.16 Profit sharing to employees

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

4. DUE FROM RELATED PARTIES

	31/12/2007 LE	31/12/2006 LE
Arab Co. for Financial Investments	5 585 645	4 106 401
National Company for Building Materials	6 472	-
National Company for Printing	187 500	187 500
National Petroleum Company	1 210 730	251 197
Cordoba Management Investment Ltd.	34 424	34 424
National Drilling Co.	41 593	41 593
National Refinery Co.	1 977 674	970 199
Citadel Capital for Projects	5 074 651	2 140 004
Cairo Company for Petroleum Production	--	12 136 107
CAKATA	--	219 185
Citadel Company for Scholarship	2 129 684	1 356 782
Capella Management Investments Ltd.	1 378 066	1 378 066
Lotus Management Investments Ltd.	1 780 084	1 779 684
ASEC for Mining (ASCOM)	--	18 462 300
Granda Capital Holding	--	539 999
Arab Company for Refinery	277 871	251 450
Citadel Capital – Algeria	5 753 902	1 062 922
Citadel for River Transport	761 616	14 344
Citadel Capital Ltd.	4 699 950	--
National Company for River Transportation	263 801	(82 801 806)
Egyptian Company for Petroleum Production	875	--
National Co. for Transportation and Storage	659 213	--
El Kateb for Marketing and Distribution	7 211 473	--
El Takamol for Cement	730 240	--
Bonyan for Development and Trading	24 539	--
Logria Corporation Ltd.	6 347 385	--
Egyptian Refinery Company	19 431	--
Mena Glass Ltd.	1 456 292	--
National Co. for Investments & Agriculture	5 625	--
Mena Development Ltd.	67 764	--
Mena Enterprises Ltd.	67 084	--
Mena Home Furnishings Mall	652 180	--
Falcon Agriculture Investments Ltd.	2 386 155	--
United Foundries	2 496 440	--
National Company for Food Products	67 517	--
Regional Investments Holding	987 563	--
Arab Energy	157 154	--
Pharos Holding	628 616	--
Silverstone Capital Investment Ltd.	70 932	--
CC Holding for Financial Investments	37 127 767	--
Balance	**92 327 908**	**(37 869 649)**

5. OTHER DEBIT BALANCES

	31/12/2007 LE	31/12/2006 LE
Deposits with others	75 652	36 952
Employees' advances	463 771	206 480
Advances to suppliers	6 796 248	1 219 981
Prepaid dividends (employees)	9 327 483	--
Prepaid expenses	274 329	--
Other debit balances *	10 828 668	290 649
Balance	**27 766 151**	**1 754 062**

* Other debit balances include an amount of LE 62 425 representing the company's investments in National Company for Investments and Agriculture which was sold at the date of August 31, 2007 to Falcon Agriculture Investments Ltd. and transferred procedures are in process.

6. LOANS FROM BANKS

a) The company has signed a medium-term loan contract with the Arab African International Bank with an amount of US$ 17.5 millions for a period of one year starting from 28 December 2006 till 29 December 2007 and renewed after the approval of both parties with Libor average of six months +2% interest rate.

Loan is to be paid in full on the due date or after sale of part or all shares owned by the company indirectly in the Egyptian Company for Fertilizers S.A.E. or from the company's dividends or income from investments whichever is closer, guaranteed as follows:

1- Lien contract of 15 158 078 shares equals to 200% of total loan value based on acquisition price in 2005 after adjusting the no. of shares (US$ 2.31 per share) which owned by the company in the Egyptian Company for Fertilizers S.A.E. – indirectly – in favor of the bank, the contract is executed as soon as shares ownership is transferred and registered under the name of the Company.
2- Custody lien contract for a no. of 2002 shares of Morningtide Investment Ltd. Company which is owned by the Company.
3- Custody lien contract for a no. of 1000 shares of Belamy Peak Corp. which is owned by the Company.
4- Custody lien contract for a no. of 31 147 998 shares of Morningtide Investment Ltd. Company which is owned by the Company to be executed directly after issuance of shares so that the guarantee represents 178% of total loan value.
5- Shares of the Egyptian Company for Fertilizers S.A.E. are to be kept at the Arab African International Bank S.A.E.

The total amount of the loan was paid in full at June 5, 2007 according to article (7) in the loan contract that the company has the right to accelerate payment of the full amount of loan or part of it without any penalties.

b) The company has signed a short-term loan contract with Citibank with an amount of US$ 15 million that to be settled on two installments, the first with an amount of US$ 7 million (equivalent to LE 39 480 000) to be paid at the date of January 31, 2008 and the second with an amount of US$ 8 million (equivalent to LE 45 120 000) to be paid at the date of January 31, 2009 with 2% interest rate over Libor average of 3 months, guaranteed as follows:

1- Lien contract of 219 954 shares of ASCOM company.
2- The company must provide participation contracts amounted to US$ 1 billion and prove that it has a percentage of 1% represents advisory fees.

7. BANKS – OVERDRAFT

a- The company has signed an agreement with Piraeus Bank to grant it with a credit facility with an amount of LE 45 million for a period of one year starting from 15 May 2007 till 15 May 2008 with 1.5% interest rate over basic borrowing rate and that guaranteed by Lien contract of 1 119 300 shares of ASCOM which is amounted to LE 141 407 884 with market value of LE 126.336 per share which is owned by the Company. And the company is committed to cover the debt balance during all the facility period with an amount of 3 times the debit balance and at the date of December 31, 2007 the balance amounted to LE 45 million.

b- The Company signed an agreement with NSBG bank to grant it with a credit facility with an amount of LE 55 million for a period starting from 15 August 2007 till 31 August 2008 with 10.5% interest rate over the withdrawal amounts. The bank has the right to receive monthly paid 0.05% as a monthly commission based on the maximum debit balance which is guaranteed by Lien contract of 360 000 share of ASCOM & the company guaranteed to increase the value of the liened shares by 200% of the authorized debit balance. According to the valuation of the shares based on the latest market value recognized in Cairo & Alexandria Stock Exchange or the average market price recognized during the latest 3 months whichever is less.
The balance is amounted to LE 55 million as at December 31, 2007.

c- The Company signed an agreement with Arab African International Bank to grant it with LE 53 million starting from 20 September, 2007 till 22 November, 2007 with 2% interest rate over Libor average of 3 months and that is guaranteed by blocking all the Company's accounts in the bank, also the Company has used an amount of LE 39 193 995 from the minimum credit limit as at September 2007.
The amount of credit facility was paid in full as at 22 November, 2007.

8. DUE TO RELATED PARTIES

	31/12/2007 LE	31/12/2006 LE
Citadel Company for Promotion	2 313 358	2 382 200
Grandview Investments Holding	239 895	34 894
National Company for Developing & Trading	--	483 378
Morningtide Investment Ltd.	--	(43 375)
Citadel Capital Partners	86 568 467	--
Financial Holding International	42 486 943	--
Emirates International for Investment Company	13 400 000	--
Balance	**145 008 663**	**2 857 097**

9. CREDITORS AND OTHER CREDIT BALANCES

	31/12/2007 LE	31/12/2006 LE
Tax Authority	16 253 325	1 035 434
Social Insurance Authority	91 339	63 323
Accrued expenses	383 774	2 970 778
Accrued interest	2 432 773	--
Ledville Holding Ltd.	--	51 636 600
Sundry credit balances	8 714 271	14 135 064
Balance	**27 875 482**	**69 841 199**

10. AVAILABLE-FOR-SALE INVESTMENTS

	31/12/2007 LE	31/12/2006 LE
The Egyptian Company for Marketing and Distribution	--	50 103
Arab Swiss for Engineering (ASEC)	17 479	17 479
Egyptian Fertilizers Company	--	146 851
Modern Company for Isolating Materials	43 396	43 396
Horus Private Equity Fund II	18 783 867	18 646 550
Balance	**18 844 742**	**18 904 379**

The available-for-sale investments are represented in unlisted investments in the stock exchange.

11. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

	Percentage %	31/12/2007 LE	31/12/2006 LE
Dar El Shourouk	--	--	30 101 250
Arab Financial Investments Company	94.00%	58 750	58 750
National Development and Trading Company	53.92%	488 436 913	273 119 264
Citadel for Projects	99.88%	249 700	249 700
National Company for River Transportation *	--	--	99 999 702
ASEC for Mining (ASCOM)	61.52%	133 271 556	82 284 449
Citadel Capital Ltd.	--	--	23
National Company for Building Materials	99.88%	249 700	--
National Company for Transportation & Storage	79.88%	199 700	--
Al hateb for Marketing & Distribution	48.88%	122 200	--
CC Holding for Financial Investments	99.99%	276 747 000	--
Pharos Holding	35.00%	51 651 432	--
Diwan	40.00%	10 535 976	--
Balance		**961 522 927**	**485 813 138**

Investments in subsidiaries and associates are represented in unlisted securities in the Stock Exchange except ASEC for Mining (ASCOM).

* Note (20)

12. PAYMENTS FOR INVESTMENTS

	31/12/2007 LE	31/12/2006 LE
Orient Investments Properties Ltd.	43 197 761	265 000
AROCO STEEL	932 199	--
Morningtide Investment Ltd.	--	206 615 060
National Company for Development & Trading	--	121 233
ASEC for Mining (ASCOM)	--	13 500
Lotus Management Investment Ltd.	32 825 561	24 383 950
Capella Management Investment Ltd.	33 962 056	24 383 950
Silverstone Capital Investment Ltd.	154 672 808	98 344 829
Grandview Investment Holding	58 723 092	44 923 842
Golden Crescent Investment Ltd.	--	120 485 401
Logria Corporation Ltd.	203 040 000	--
Sudanese Egyptian Bank	3 592 938	--
Mena Home Furnishings Mall	11 280 000	--
Mena Glass Ltd.	83 706 081	--
Regional Investment Holding	83 428 261	--
Citadel Capital – Algeria	6 236 762	--
Dar El Shourouk – BVI	57 683 250	--
Balance	**773 280 769**	**519 536 765**

13. FIXED ASSETS

Description	Land LE	Building and construc-tions LE	Computer and software LE	Furniture and fixture LE	Vehicles LE	Total LE
Balance as at 1/1/2007	--	33 742 368	2 923 546	16 186 945	--	52 852 859
Additions during the year	24 000 000	--	513 733	1 344 897	269 900	26 128 530
Total cost as at 31/12/2007	**24 000 000**	**33 742 368**	**3 437 279**	**17 531 842**	**269 900**	**78 981 389**
Accumulated depreciation as at 1/1/2007	--	--	409 535	290 954	--	700 489
Depreciation during the year	--	1 687 118	1 009 925	4 269 215	5 623	6 971 881
Accumulated depreciation as at 31/12/2007	--	1 687 118	1 419 460	4 560 169	5 623	7 672 370
Net cost as at 31/12/2007	**24 000 000**	**32 055 250**	**2 017 819**	**12 971 673**	**264 277**	**71 309 019**
Net cost as at 31/12/2006	**--**	**33 742 368**	**2 514 011**	**14 919 319**	**976 672**	**52 152 370**

14. CAPITAL

The Company's authorized share capital was LE 2.5 million and the issued share capital was LE 2 million, represented in 400 000 shares of a par value of LE 5 each, all of which are cash shares. The issued capital has been fully paid.

On 23 February 2006, the extraordinary meeting approved the increase of the issued capital from LE 2 million to LE 1 billion, represented in 200 million shares of a par value LE 5 each. The share capital increase was paid in full, and accordingly the issued and paid-in share capital became LE 1 billion. The Commercial Register was updated on 11 September 2007 to reflect the share capital increase.

On 3 October 2007, the extraordinary meeting approved increasing the issued capital by LE 194 767 565 by issuing 38 953 513 share of a par value of LE 5 each. The share capital increase was paid in full and accordingly the issued and paid-in share capital became LE 1 194 767 565 represented in 238 593 513 shares. The Commercial Register was updated on 15 November 2007 to reflect the share capital increase.

On 26 December 2007, the extraordinary meeting approved increasing the issued capital from LE 1 194 767 565 to LE 1 650 000 000. The share capital increase was paid in full and accordingly the issued and paid-in share capital became LE 1 650 000 000 represented in 330 million shares. The Commercial Register was updated on 31 December 2007 to reflect the share capital increase.

15. SHAREHOLDERS' CURRENT ACCOUNT

The shareholders' current account presented in the balance sheet with an amount of LE 575 808 114 represent the amounts paid to the shareholders' under the profit appropriation for the period ended 31 December.

16. RECONCILIATION OF EFFECTIVE TAX RATE

	31/12/2007	
	LE	LE
Profit before tax		600 961 505
Tax rate		20%
Calculated tax based on accounting profit		120 192 301
Non deductible expenses	1 206 063	
Fixed assets (taxable depreciation variances)	186 871	
Tax exemptions	(145 954 079)	
Total tax differences		(24 368 845)
Income tax according to the tax return		--
Effective tax rate		**--**

17. DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

Deferred Tax	Liabilities 31/12/2007 LE	Liabilities 31/12/2006 LE
Fixed assets (depreciation)	(2 019 192)	(1 000 368)
Total deferred tax liabilities	**(2 019 192)**	**(1 000 368)**

18. EARNINGS PER SHARE

	31/12/2007 LE	31/12/2006 LE
Net profit for the year / period	599 942 681	953 685 858
The weighted average number of shares	192 775 452	91 476 257
Earnings per share	**3.11**	**10.42**

19. FINANCIAL INSTRUMENTS AND MANAGEMENT OF RELATED RISKS

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

19.1 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group management aims to maintain flexibility in funding by keeping committed credit lines available.

19.2 Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- As disclosed in note (3.1) the Company has used the prevailing exchange rates to revaluate monetary assets and liabilities at the balance sheet date.

19.3 Financial instruments' fair values

The financial instruments' fair value do not substantially deviate from their book values at the balance sheet date.

20. RELATED PARTY TRANSACTIONS

- The company has transferred the shares of Morningtide Investment Ltd, with an amount of US$ 21 658 967 to an investment of Belamy – Peack Corporation.
- On January 1, 2007 the company has transferred its entire share in Morningtide Investment and Belamy – Peack Corporation to Citadel Capital Limited (one of the subsidiaries - which are wholly owned by the Company) for increasing the Company's share in the Citadel Capital Limited.

- On June 10, 2007 the Company has sold its share in the National Company for River Transportation to Regional Investment Holding (one of the related parties) with the par value.
- Other revenues presented in the income statement include an amount of LE 27 604 834 representing the difference between the amount collected from Orient Investment of US$ 7.5 million (equivalent to LE 42 787 500) and the amount spent directly of LE 15 182 666 in addition to the indirect expenses that were represented in salaries, travel expenses, consultancy and meeting expenses till the date of starting operation of Orient Investment.
- General & administrative expenses include an amount of LE 13 400 000 represents financial & technical consultancy from Emirates International for Investments Company (one of the shareholders with a percentage of 16.08%) according to the signed contract between the two companies on April 1, 2007.
- The company has signed a contract with Citadel Capital Partners (the main shareholder with a percentage of 64.19%) to arrange all air travel requirements for the six members of Citadel Capital S.A.E.'s executive committee for quarterly fees amounted to US$ 1 million (equivalent to LE 22 534 500) which is recognized in general and administrative expenses.
- During December 2007 the Company has sold some of its investments to its subsidiary (Citadel Capital Holding for Financial Investments) by a transaction amounted to LE 359 129 296 represented as follows:

Company's Name	LE
Golden Crescent Investment Ltd.	256 224 388
Citadel Capital Ltd.	14 262 523
Falcon Agriculture Investments Ltd.	88 642 385
Total	**359 129 296**

- Advisory fee item presented in the income statement as at December 31, 2007 amounted to LE 9 261 791 are represented in the advisory services provided to other related parties as follows:

Company's Name	LE
Mena Glass Ltd.	1 426 246
Mena Home Furnishings Mall	402 478
Regional Investment Holding	987 565
Falcon Agriculture Investments Ltd.	2 386 153
Logria Corporation Ltd.	4 059 349
Total	**9 261 791**

21. TAX STATUS

Corporate tax

- The Company's books have not been inspected yet.
- The Company had submitted its tax return on regular basis for 2005 and 2006 according to tax law No. 91/2005.

Payroll tax

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

Stamp tax

The Company was not inspected yet.

Withholding tax

The Company applies the withholding tax provisions on its transactions according to tax law No. 91/2005.

22. SUBSEQUENT EVENTS

The Company's extraordinary meeting held on 20 February 2008 approved to add a new article to the company Article of Association to adopt a plan or more to motivate employees, managers and executive board of directors – Employees Stock Option Plan (ESOP) in accordance with decision No. 282 for 2005 which modified executive regulation for the law No. 159 of 1981.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year presentation.

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