Citadel Capital Company
(Egyptian Joint Stock Company)

Unconsolidated financial statements
for the year ended December 31, 2008
&
Auditor's report

KPMG

Hazem Hassan
Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11
Telefax : (202) 35 36 23 01 - 35 36 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahram

Auditor's report
to the shareholders of Citadel Capital Company

Report on the financial statement

We have audited the accompanying unconsolidated financial statements of Citadel Capital Company. (Egyptian Joint Stock Company), which comprise the unconsolidated balance sheet as at December 31, 2008 and the unconsolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

KPMG

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

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

Opinion

In our opinion, the unconsolidated financial statements referred to above present fairly, in all material respects, the financial position of Citadel Capital Company as of December 31, 2008 and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

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

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

Hassan Baz

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants
(11)

Cairo March 25,2009

Translation

Citadel Capital Company
(Egyptian Joint Stock Company)
Unconsolidated balance sheet
as at December 31, 2008

	Note	31/12/2008 LE	31/12/2007 LE
Current assets			
Cash and cash equivalents	(4)	125 693 812	150 639 985
Trading investments (net)	(23)	-	16 747
Due from related parties (net)	(5)	662 172 430	89 774 655
Other debit balances	(6)	24 653 867	27 766 151
Total current assets		812 520 109	268 197 538
Current liabilities			
Short-term loans	(7-1)	-	39 480 000
Banks-overdraft	(7-3)	-	100 000 000
Due to related parties	(8)	138 043 382	142 455 410
Other credit balances	(9)	22 981 045	27 875 482
Provisions	(16)	11 212 225	-
Total current liabilities		172 236 652	309 810 892
Working capital		640 283 457	(41 613 354)
Non - current assets			
Available-for-sale investments	(10)	40 425 542	18 844 742
Investments in subsidiaries & associates (net)	(11)	2 183 855 959	961 522 927
Payments for investments	(12)	719 319 152	773 280 769
Fixed assets (net)	(13)	78 717 695	71 309 019
Total non - current assets		3 022 318 348	1 824 957 457
Total investments		3 662 601 805	1 783 344 103
Financed through:			
Equity			
Share capital	(14)	2 750 000 000	1 650 000 000
Legal reserve	(3-9)	77 845 487	47 848 353
Hedging reserve	(7-2)	(3 554 169)	-
Retained earnings		-	14 221 991
Total equity		2 824 291 318	1 712 070 344
Net profit for the year		23 310 555	599 942 681
Total equity including net profit for the year		2 847 601 873	2 312 013 025
Shareholders' current account	(15)	-	(575 808 114)
Total equity		2 847 601 873	1 736 204 911
Non - current liabilities			
Loans and borrowing	(7-2)	814 606 800	45 120 000
Deferred tax liabilities	(18)	393 132	2 019 192
Total non - current liabilities		814 999 932	47 139 192
Total equity and non - current liabilities		3 662 601 805	1 783 344 103

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

Auditor's Report "attached"

Chairman	Managing Director	Managing Director / CFO
Dr. Ahmed Heikal	Hisham Hussein El Khazindar	Ahmed El Shamy

Citadel Capital Company

(Egyptian Joint Stock Company)

Unconsolidated income statement

for the year ended December 31, 2008

	Note	For the year ended 31/12/2008 LE	31/12/2007 LE
Subsidiaries dividend income	(21)	-	727 366 814
Advisory fee	(21)	72 735 099	9 261 791
Gains on sale of investments	(22)	197 512 058	13 731 843
		270 247 157	750 360 448
General and administrative expenses		(174 242 012)	(121 978 965)
Impairment loss on assets	(23)	(17 894 845)	-
Provisions	(16)	(11 212 225)	-
Management fee	(25)	(2 590 062)	(66 773 494)
Other income		4 701 576	50 039 752
Net changes in the fair value of investments held for trading		-	2 747
Net operating profit		69 009 589	611 650 488
Finance expense (net)	(17)	(47 325 094)	(10 688 983)
Net profit before tax		21 684 495	600 961 505
Deferred tax income (expense)	(18)	1 626 060	(1 018 824)
Net profit for the year		23 310 555	599 942 681
Earnings per share	(20)	0. 05	3. 11

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

Citadel Capital Company

(Egyptian Joint Stock Company)

Unconsolidated statement of changes in equity

for the year ended December 31, 2008

	Note no.	Paid- in & issued capital	Legal reserve	Hedging reserve	Retained earnings	Net profit for the year	Interim dividend	Total
		LE	LE	LE	LE	LE	LE	LE
Balance as at December 31,2006	(14)	912 762 572	164 060	-	3 117 110	953 685 858	(894 896 684)	974 832 916
Profit appropriation for the year 2006	(3-9)	-	47 684 293	-	11 104 881	(953 685 858)	894 896 684	-
Share capital increase	(14)	737 237 428	-	-	-	-	-	737 237 428
Net profit for the year 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
Profit appropriation for the year 2007	(3-9)	-	29 997 134	-	(14 221 991)	(599 942 681)	-	(584 167 538)
Share capital increase	(14)	1 100 000 000	-	-	-	-	-	1 100 000 000
Changes in fair value of cash flow hedges	(7-2)	-	-	(3 554 169)	-	-	-	(3 554 169)
Net profit for the year 2008		-	-	-	-	23 310 555	-	23 310 555
Balance as at December 31,2008		2 750 000 000	77 845 487	(3 554 169)	-	23 310 555	-	2 847 601 873

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

Translation

Citadel Capital Company

(Egyptian Joint Stock Company)

Unconsolidated cash flows statement

for the year ended December 31, 2008

	For the year ended	
	31/12/2008	**31/12/2007**
	LE	**LE**
Cash flows from operating activities		
Net profit before tax	21 684 495	600 961 505
Adjustments to reconcile net profit to net cash used in operating activities :		
Fixed assets depreciation	7 535 777	6 971 881
Net change in the fair value of investments held for trading	-	(2 747)
Gains on sale of investments	(197 512 058)	(13 731 843)
Provisions	11 212 225	-
Impairment loss on assets	17 894 845	-
Unrealized foreign currency differences	26 286 800	-
Other income	(945 218)	(22 434 917)
Operating (loss) profit before changes in working capital	(113 843 134)	571 763 879
Increase in assets		
Due from related parties	(622 212 244)	(148 410 134)
Other debit balances	(6 215 199)	(26 012 089)
Shareholders' current accounts	-	(575 808 114)
Increase (decrease) in liabilities		
Due to related parties	141 836 314	142 151 566
Creditors & other credit balances	(8 988 035)	(54 397 332)
Net cash used in operating activities	(609 422 298)	(90 712 224)
Cash flows from investing activities		
Payments to purchase fixed assets	(14 944 453)	(13 696 915)
Payments to purchase investments in subsidiaries and associates	(804 654 643)	(553 524 297)
Proceeds from sale of investments in subsidiaries and associates	179 967 835	99 999 702
Payments for purchase of investments	(357 668 339)	(233 371 773)
Payments for purchase of available-for-sale investments	(21 580 800)	(9 983 750)
Proceeds from sale of available -for - sale investments	-	21 865 299
Net cash used in investing activities	(1 018 880 400)	(688 711 734)
Cash flows from financing activities		
Proceeds from issuing of share capital	1 100 000 000	737 237 428
Dividends paid	(97 863 440)	-
Payments to / proceeds from banks - overdraft	(100 000 000)	100 000 000
Proceeds from loans and borrowings	703 720 000	84 600 000
Hedging reserve	(2 500 035)	-
Net cash provided from financing activities	1 603 356 525	921 837 428
Net change in cash and cash equivalents during the year	(24 946 173)	142 413 470
Cash and cash equivalents at the beginning of the year	150 639 985	8 226 515
Cash and cash equivalents at the end of the year	125 693 812	150 639 985

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

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.
- Derivative financial instruments (hedging reserve).
- Dividends employees shares.

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 (18) – recognition of deferred tax.
- Note (16) – provisions.

2.5 Consolidated financial statements

The company has subsidiaries and according to the Egyptian Accounting Standard No. 17 "Consolidated Financial Statements" and the article No. 188 of the executive regulation of law No. 159/1981, 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 28).

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 3.5). 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
- Computers	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 Investments

3.4.1 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.

3.4.2 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.

3.4.3 Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less impairment (note 3.5). 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.

3.5 Impairment of assets

3.5.1 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.

3.5.2 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 cost to sell.

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

3.6 Cash and cash equivalents

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

3.7 Interest-bearing borrowings

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

3.8 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.

3.9 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.

3.10 Issued capital

3.10.1 Repurchase of share capital

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

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

3.10.2 Dividends

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

3.11 Derivative financial instruments

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

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

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

3.12 Revenues

3.12.1 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.

3.12.2 Dividend income

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established , dividend income is reported in other income caption in the income statement .

3.12.3 Management fee

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

3.12.4 Advisory fee

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

3.13 Expenses

3.13.1 Interest expense

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

3.13.2 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.

3.13.3 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.

3.14 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.

3.15 Profit sharing to employees

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

4. Cash and cash equivalents

	31/12/2008	31/12/2007
	LE	LE
Cash	250 211	256 582
Banks current account	125 443 601	149 594 096
Cheques under collection	--	789 307
Balance	125 693 812	150 639 985

Non cash transactions

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

- Amount of LE 472 046 715 from changes in shareholders' current account and interim dividends during the year (represents prepaid dividends for year 2007).
- Amount of LE 400 910 569 from payments for purchase of investments and payments for investments in subsidiaries and associates (the balance represents the transfer from payments for investments as investments in subsidiaries and associates).
- Amount of LE 103 761 399 from changes in shareholders' current account and changes in due to related parties (represents the amount of shareholders' current account that was settled with due to related parties).
- Amount of LE 42 486 943 from proceeds from sales of investments in subsidiaries and associates and due to related parties (the balance represents the amount settled from due to related parties).
- Amount of LE 37 160 608 from payments for investments in subsidiaries and associates and changes in due from related parties (represents the transfer from current account as payments for investments in subsidiaries and associates).
- Amount of LE 9 327 483 from changes in other debit balances and interim dividends (represents dividends paid in advance for year 2007).
- Amount of LE 6 194 250 from payments for investments in subsidiaries and associates and payments for investments (represents the transfer from payments for investments to investments in subsidiaries and associates).
- Amount of LE 3 592 938 from payments for purchase of investments and due from related parties-associate company (represents investment transferred from payments for investment to related parties).
- Amount of LE 3 039 464 from changes in other credit balances (dividends payable) and interim dividends (represents accrued dividends for year 2007 and it is not collected yet).
- Amount of LE 1 054 134 from changes in other credit balances (accrued expenses) and effective portion of changes in fair value of cash flow hedges (represents the unpaid amount till December 31, 2008).
- Amount of LE 945 218 from proceeds from sales of investment in subsidiaries and associates, changes in other income (represents sale of 130 425 shares from National Developing and Trading Company the amount has collected during 2007).

5. Due from related parties

	31/12/2008	31/12/2007
	LE	LE
Arab Co. for Financial Investments	19 851 201	5 585 645
National Company for Building Materials *	6 472	6 472
National Company for Printing	--	187 500
National Petroleum Company	--	1 210 730
National Co. for Development and Trading	428 290 325	--
Cordoba Management Investment Ltd.	3 550 144	34 424
National Drilling Co.	--	41 593
National Refinery Company *	1 977 674	1 977 674
Citadel Capital for Projects *	5 084 651	5 074 651
Citadel Company for Scholarship	2 301 113	2 129 684
Capella Management Investments Ltd.	--	1 378 066
Lotus Management Investments Ltd.	--	1 780 084
Arab Company for Refinery	17 000	277 871
Citadel Capital for Promotion	4 400	(2 313 358)
Grandview Investment Holding	11 010 340	(239 895)
Citadel Capital – Algeria	--	5 753 902
Citadel for River Transport *	761 616	761 616
Citadel Capital Ltd. *	7 896 885	4 699 950
National Company for River Transportation	--	263 801
Egyptian Company for Petroleum Production *	875	875
National Co. for Transportation and Storage *	659 213	659 213
El Kateb for Marketing and Distribution	--	7 211 473
El Takamoul for Cement	--	730 240
Bonyan for Trading and Development	--	24 539
Logria Corp Company	--	6 347 385
Egyptian Refinery Company	--	19 431
Mena Glass Ltd.	36 478 682	1 456 292
National Co. for Investments & Agriculture	--	5 625
Mena Development Ltd. *	67 764	67 764
Mena Enterprises Ltd. *	67 084	67 084
Mena Home Furnishings Mall	10 545 384	652 180
Falcon Agriculture Investments Ltd.	14 544 788	2 386 155
Golden Crescent Investments	5 016 261	--
Orient Investments Properties Ltd.	63 734 089	--
United Foundries	--	2 496 440
National Company for Food Products	--	67 517

	31/12/2008	31/12/2007
	LE	LE
Regional Investments Holding	34 881 731	987 563
Pharos Holding	--	628 616
Silverstone Capital Investment Ltd.	--	70 932
CC Holding for Financial Investments	56 056	37 127 767
Logria Holding	28 615 481	--
Tanweer for Marketing and Distribution	3 000 000	--
Arab Company for Energy (TAQA)	--	157 154
Total	678 419 229	89 774 655
Less: impairment *	(16 246 799)	--
Net	662 172 430	89 774 655

* Note (23)

6. Other debit balances

	31/12/2008	31/12/2007
	LE	LE
Deposits with others	1 419 652	1 275 652
Employees' loans and imprest	504 592	463 771
Advances to suppliers	3 851 967	2 776 248
Prepaid dividends	--	9 327 483
Prepaid expenses	261 170	274 329
Letter of guarantee cover	550 410	--
Sundry debit balances	18 066 076	13 648 668
Total	24 653 867	27 766 151

7. Loans and borrowings

7.1 The Company has signed a short-term loan contract with Citi Bank with an amount of US$ 15 millions that to be settled on two installments, the first with an amount of US$ 7 millions to be paid at the date of January 31, 2008 and the second with an amount of US$ 8 millions (equivalent to LE 43 539 200) 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 provided participation contracts amounted to US$ 1 Billion and prove that it has a percentage of 1% represents management fees.

The amount of loan was paid in full at May 19, 2008

7.2 The Company has signed a long-term loan contract with a group of banks (represented in Arab African International Bank, Suez Canal Bank, Misr bank , Piraeus Bank, Morgan & Stanely Bank and City Bank London (leader Bank) with an amount of US$ 200 millions for a period of five years (US$113 millions committed & US$ 87 millions uncommitted) bearing variable interest rate (2.5 %+Libor rate) for the first 3 years and (2.75 % +Libor rate) for the last 2 years

Loan is to be paid on three installments:

- The first 10% will be settled after three years
- The second 20% will be settled at the end of the fourth year
- The last 70% will be settled at the end of the loan period

On May 19, 2008 the Company has withdraw an amount of US$ 90 millions (equivalent to the amount of LE 495 369 000)

On August 5, 2008 the Company has withdraw an amount of US$ 58 millions (equivalent to the amount of LE 319 237 800) and thus the total withdraw amounts become US$ 148 million (equivalent to the amount of LE 814 606 800)

The loan guarantees as follows:

1- First rank lien contract for National Development and Trading shares

2- First rank lien contract of 4 999 000 shares of ASEC for mining (ASCOM).

3- First rank lien contract for Citadel Capital Ltd. Shares

4- First rank lien contract for Citadel Capital Ltd.Investments in the following companies:

- Orient Properties Ltd.
- Logria Holding Ltd.
- Golden Crescent Investment Ltd.
- Falcon Agriculture Investment Ltd.
- Silverstone Capital Investment Ltd.
- Mena Glass Inc Company.

5- First rank lien contract for the investment in the following companies:

- Shark Book Stores (Diwaan)
- El - Kateb for Marketing and Distribution
- Pharos Holding

Hedging contract for risk of interest rate swap

The Company signed a hedging contract with Citi Bank – London that results in stabilizing the labor interest on loan by 4.195 % interest rate on the amount of US$ 74 millions that equals 50 % of the withdrawal amount of the loan according to its conditions.

7.3 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 May 15, 2007 till May 15, 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 43 977 297 with market value of LE 39.29 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 millions.

The amount of credit facilities were paid in full as at May 19, 2008.

b- The Company signed an agreement with NSGB to grant it with a credit facility with an amount of LE 55 millions for a period starting from August 15, 2007 till August 31, 2008 with 10.5% day by day 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 amount of credit facilities were paid in full as at May 19, 2008.

8. Due to related parties

	31/12/2008	31/12/2007
	LE	LE
Citadel Capital Partners	138 043 382	86 568 467
Emirates International Investments Company	--	13 400 000
Financial Holding International	--	42 486 943
Balance	138 043 382	142 455 410

9. Other credit balances

	31/12/2008 LE	31/12/2007 LE
Tax Authority	591 474	16 253 325
Social Insurance Authority	241 175	91 339
Accrued expenses	13 807 517	383 774
Accrued interest	4 733 629	2 432 773
Suppliers	506 849	3 224 355
Prior years dividends payable	3 039 464	--
Sundry credit balances	60 937	5 489 916
Balance	22 981 045	27 875 482

10. Available-for-sale investments

	31/12/2008 LE	31/12/2007 LE
Arab Swiss for Engineering (ASEC)	17 479	17 479
Modern Company for Isolating Materials	43 396	43 396
Horus Private Equity Fund II	18 783 867	18 783 867
Horus Private Equity Fund III	15 970 800	--
Pharos Fund	5 610 000	--
Balance	40 425 542	18 844 742

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

11. Investments in subsidiaries and associates

	Percentage %	31/12/2008 LE	Percentage %	31/12/2007 LE
Arab Financial Investments Company	94%	58 750	94%	58 750
National Development and Trading Company	53.81%	648 936 576	53.92%	488 436 913
Citadel Capital for Projects *	99.88%	249 700	99.88%	249 700
ASEC for Mining (ASCOM)	49.99%	183 313 836	61.52%	133 271 556
National Company for Building Materials Co. *	99.88%	249 700	99.88%	249 700
National Company for Transportation & Storage *	79.88%	199 700	79.88%	199 700
El Kateb for Marketing & Distribution **		--	48.88%	122 200
CC Holding for Financial Investments	99.99%	1 345 352 547	99.99%	276 747 000
Pharos Holding**		--	35%	51 651 432
Diwaan**		--	40%	10 535 976
Citadel Capital – Algeria	99.99%	6 194 250		--
Total		2 184 555 059		961 522 927
Impairment *		(699 100)		--
Net		2 183 855 959		961 522 927

Investments in subsidiaries and associates are represented in unlisted securities in the Stock Exchange except ASEC for Mining (ASCOM) which has market value of LE 718 606 250 at December 31,2008 against LE 1 383 754 500 at December 31, 2007.

* Note (23)

** Note (21)

12. Payments for investments

	31/12/2008	31/12/2007
	LE	LE
Orient Investments Properties Ltd.**	--	43 197 761
Aroco Steel *	932 199	932 199
Lotus Management Investment Ltd.	32 825 561	32 825 561
Capella Management Investments Ltd.	33 962 056	33 962 056
Silverstone Capital Investment Ltd.**	--	154 672 808
Grandview Investment Holding	72 410 592	58 723 092
Logria Corporation **	--	203 040 000
Sudanese Egyptian Bank **	--	3 592 938
Mena Home Furnishings Mall	86 127 550	11 280 000
Mena Glass Ltd.	--	83 706 081
Regional Investment Holding	115 386 960	83 428 261
Citadel Capital – Algeria	8 444 179	6 236 762
Glass Rock	2 632 063	--
Dar El Shorouk – BVI **	--	57 683 250
CC Holding for Financial Investments	350 555 431	--
Fund Project	7 231 216	--
Sudan Sugar Project	6 457 950	--
ASCOM Algeria	3 285 594	--
Total	720 251 351	773 280 769
Impairment *	(932 199)	--
Net	719 319 152	773 280 769

* Note (23)

** Note (21)

13. Fixed Assets

Description	Land	Building and constructions	Computer and software	Furniture and fixture	Vehicles	Assets under* construction	Total
	LE	LE	LE	LE	LE	LE	LE
Cost as at 1/1/2008	24 000 000	33 742 368	3 437 279	17 531 842	269 900	--	78 981 389
Additions during the year	--	--	1 306 220	323 641	269 900	13 044 692	14 944 453
Total cost as at 31/12/2008	24 000 000	33 742 368	4 743 499	17 855 483	539 800	13 044 692	93 925 842
Accumulated depreciation as at 1/1/2008	--	1 687 118	1 419 460	4 560 169	5 623	--	7 672 370
Depreciation during the year	--	1 687 119	1 301 968	4 428 609	118 081	--	7 535 777
Accumulated depreciation as at 31/12/2008	--	3 374 237	2 721 428	8 988 778	123 704	--	15 208 147
Net cost as at 31/12/2008	24 000 000	30 368 131	2 022 071	8 866 705	416 096	13 044 692	78 717 695
Net cost as at 31/12/2007	24 000 000	32 055 250	2 017 819	12 971 673	264 277	--	71 309 019

* Assets under construction represents payments for preparations of the two purchased lands at Smart Village for the purpose of constructing the new headquarter.

14. Share capital

The Company's authorized share capital was LE 2.5 million and the issued share capital was LE 2 millions, 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 February 23, 2006, the extraordinary meeting approved the increase of the issued and paid in capital from LE 2 millions to LE 1 billion, represented in 200 million shares of a par value LE 5 each with an increase of LE 998 000 000. 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 October 3, 2007, the extraordinary meeting approved increasing the issued capital by LE 194 767 565 by issuing 38 953 513 share all of which are cash 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 1 194 767 565 represented in 238 593 513 shares. The Commercial Register was updated on 15 November 2007 to reflect the share capital increase.

On December 26, 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 all of which are cash shares of a par value LE 5 each with an increase of LE 455 232 435 . The Commercial Register was updated on December 31, 2007 to reflect the share capital increase.

On February 12, 2008 the general assembly meeting approved to increase the authorized capital to be LE 6 billions.

The Board of directors of the Company held on June 12, 2008 decided to increase the issued capital with an amount of LE 1.1 billion to be LE 2.75 billion by issuing new 220 million shares with par value LE 5, accordingly the total number of shares after increase is 550 million shares. The share capital increase was paid in full. The commercial register was updated on June 22, 2008.
Accordingly the issued and paid-in capital is distributed as follows:

Shareholder	Percentage %	No. of shares	Value in LE
Citadel Capital Partners Ltd.	53.15	292 331 657	1 461 658 285
Emirates International Investments Company	16.08	88 441 522	442 207 610
Alaa Ahmed Abd almaksoud Arafa	3.80	20 909 878	104 549 390
Youssef Abd elhady Ibrahim Allam	3.05	16 799 489	83 997 445
Others	23.92	131 517 454	657 587 270
	100	550 000 000	2 750 000 000

The Board of directors of the Company held on December 12, 2008 decided to increase the issued capital with an amount of LE 275 500 000 to be LE 3 025 500 000 by issuing new 55 100 000 shares with par value LE 5 each, accordingly the total number of shares after increase is 605 100 000 shares. The share capital increase was paid in full. The commercial register was updated on March 4, 2009.

15. Shareholders' current account

The shareholders' current account presented in the balance sheet with an amount of LE 575 808 114 represents the amounts paid to the shareholders under the profit appropriation for the year ended December 31, 2007.The Company has settled all these amounts according to the decision of the general assembly meeting held on May 12, 2008.

16. Provisions

	31/12/2008 LE	31/12/2007 LE
Formed during the year	11 212 225	--
Balance	11 212 225	--

These provisions represent contingent liability from one of the External Parties regarding the company's activities. the usual information related to provisions according to the accounting standards has not been disclosed because management believes that disclosure will affect its negotiations with this governmental authority , and the management periodically review these provisions and adjust the provision amount according to the last discussions with the governmental authority .

17. Finance expense

	For the year ended 31/12/2008 LE	For the year ended 31/12/2007 LE
Foreign currency differences	11 479 105	391 628
Debit interest	45 367 163	12 822 338
Credit interest	(9 521 174)	(2 524 983)
Net	47 325 094	10 688 983

18. Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Liabilities 31/12/2008 LE	Liabilities 31/12/2007 LE
<u>Deferred Tax</u>		
Fixed assets (depreciation)	393 132	2 019 192
Total deferred tax liabilities	393 132	2 019 192

19. Reconciliation of effective tax rate

	LE Partially	LE Totally
Profit before tax		21 684 495
Tax rate		%20
Calculated tax based on accounting profit		4 336 899
Non deductible expenses	5 822 896	
Fixed assets (taxable depreciation variances)	420 366	
Retained loss	(25 078 254)	
Total tax differences		(18 834 992)
Income tax according to the tax return		--
Effective tax rate		--

20. Earnings per share

	For the year ended 31/12/2008 LE	For the year ended 31/12/2007 LE
Net profit for the year	23 310 555	599 942 681
The weighted average number of shares	445 726 027	192 775 452
Earnings per share	0.05	3.11

21. Related parties

- Subsidiaries' dividends income presented in the income statement for the year ended December 31, 2007 with an amount of LE 727 366 814 (equivalent to U$ 131 776 512) represent dividends income from Citadel Capital Holding – free zone (one of the subsidiaries - 99.99%).
- During the year the Company transfer it's ownership of portion of it's investment with the book value to Citadel Capital Holding -Free Zone (one of the subsidiaries-99.99%) with an amount of LE 734 338 942 against an amount of LE 359 129 296 at the date of December 31,2007 are as follows:

Company name	**31/12/2008**	**31/12/2007**
	LE	**LE**
Golden Crescent Investment Ltd.	--	256 224 388
Citadel Capital Ltd.	--	14 262 523
Falcon Agriculture Investment	--	88 642 385
Logria Corporation	203 040 000	--
Silverstone Capital Investment Ltd.	154 672 808	--
Dar – El Shorouk Ltd.-BVI	124 896 500	--
Orient Investment Proprieties Ltd.	43 197 761	--
Pharos Holding	86 535 866	--
El Kateb for Marketing & Distribution	122 200	--
Diwaan	10 535 976	--
Mena Glass Ltd.	111 337 831	--
Total	734 338 942	359 129 296

- During the year the Company transferred the amount that was paid under investment in the Sudanese Egyptian Bank with an amount of LE 3 592 938 for Cordoba Management Investment Ltd. (one of the associates).
- Advisory fee presented in the income statement represent the advisory services for related parties as follows :

	For the year ended	
Company name	**31/12/2008**	**31/12/2007**
	LE	**LE**
Mena Glass Ltd.	5 543 064	1 426 246
Mena Home Furnishings Mall	2 282 874	402 478
Regional Investment Holding	3 552 874	987 565
Falcone Agriculture Investment Ltd.	11 864 838	2 386 153
Golden Crescent Investment Ltd.	4 923 781	--
Orient Investment Ltd.	12 567 570	--
Sphinx Glass Ltd.	3 305 220	--
Logria Holding	28 694 878	--
Logria Corporation	--	4 059 349
Total	72 735 099	9 261 791

22. Gains on sale of investments

	For the year ended	
	31/12/2008	31/12/2007
	LE	LE
Gains on sale of investments in subsidiaries *	197 512 058	--
Gains on sale of available-for-sale investments	--	13 731 843
Total	197 512 058	13 731 843

* Gains on sale of investments in subsidiaries and associates represent sale of 1 151 020 shares of Asec for Mining (ASCOM) shares owned by the company (one of the subsidiaries - 61.52%) and accordingly after the sale the percentage became 49.99%.

	LE
Selling price	222 454 778
Cost of investment	(24 942 720)
Net	197 512 058

23. Impairment loss on assets

	For the year ended
	31/12/2008
	LE
Impairment loss on due from related parties	
Citadel Capital for Projects	5 084 651
Citadel Capital Ltd.	7 621 450
National Co. for Transportation and Storage	659 213
National Drilling Co.	1 977 674
Egyptian Co. for Petroleum Production	875
National Co. for Building Materials	6 472
Citadel for River Transport	761 616
Mena Development Ltd.	67 764
Mena Enterprises Ltd.	67 084
	16 246 799

Impairment loss on investments in subsidiaries and associates	
Citadel Capital for Projects	249 700
National Co. for Transportation and Storage	199 700
National Co. for Building Materials	249 700
	699 100
Impairment loss on payments for investments	
Aroco Steel	932 199
Impairment loss on trading investments	
Abu - qir Fertilizers Co.	16 747
Total	17 894 845

24. 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 , 2006 and 2007 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 inspected till the date of July 31,2006 and paid all the accrual amounts according to the tax authority internal committee decision .

Withholding tax

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

25. Management agreement

The Company's extraordinary meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners (one of the shareholders with a percentage of 53.14 %) which includes that Citadel Capital Partners provides management fees for fees based on 10% of the net annual available for distribution profit which amounted to LE 2 590 062 for the year ended December 31, 2008 versus the top management bonuses amounted to LE 66 773 494 for the year ended December 31, 2007.

26. Employees Stock Option Plan

- The Company's extraordinary meeting held on February 20, 2008 approved to add a new article to the Company Article of Association to adopt a plan or more to motivate employees, managers and executive board of directors – Employees Stock Option Plan (ESOP) in accordance with decision No. 282 for 2005 which modified executive regulation for the law No. 159 / 1981.
- On June 22, 2008 the Capital Market Authority approved the ESOP plan and the Company does not start to apply it till now.

27. Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances with banks and debtors while financial liabilities include banks over draft 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.

27.1 Liquidity risk

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

27.2 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.

27.3 Financial instruments' fair values

The financial instruments' fair value does not substantially deviated from their book values at the balance sheet date, according to the accounting policies to the assets and liabilities, which is included in the accompanying notes of the financial statements.

28. Comparative Figures

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