Citadel Capital Reports Third Quarter 2012 Results

Firm reports rise in principal investments in core platforms, continued narrowing of consolidated and standalone losses from last year amid improvements in operational performance

CCAP.CA on the Egyptian Stock Exchange

Contact Information

Shareholders / Analysts:

Mr. Amr El-Kadi
Head of Investor Relations

akadi@citadelcapital.com

Tel: +20 2 2791-4440
Fax: +20 2 2791-4448

Ms. Heba El-Tawil
Investor Relations Officer

heltawil@citadelcapital.com

Tel: +20 2 2791-4439
Fax: +20 2 2791-4448
Mobile: + 20 10 6092-1700

Media:

Ms. Ghada Hammouda
Head of Corporate Communications

ghammouda@citadelcapital.com

Tel: +20 2 2791-4440
Fax: +20 2 2791-4448
Mobile: +20 10 6662-0002

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(Cairo, Egypt) — Citadel Capital (CCAP.CA on the Egyptian Exchange), the leading private equity firm in the Middle East and Africa, announced today its financial results for the third quarter of 2012, reporting a 2.5% rise in principal investments and 0.7% increase in total invested equity quarter-on-quarter as it made continued progress on reduction of execution risk at key greenfield investments, drawing down additional equity and debt into the US$ 3.7 billion Egyptian Refining Company, and deploying fresh capital from the third tranche of a US$ 150 million facility backed by the United States Overseas Private Investment Corporation.

Notably, the firm's standalone loss narrowed 86.2% year-on-year (and 69.1% quarter-on-quarter) in 3Q12. Citadel Capital also reports in the quarter just ended a 13.4% decline in its consolidated loss year-on-year, reflecting improved performance at key platform companies.

Total investments under control across the firm's 15-industry footprint stood at more than US$ 9.5 billion as of 3Q12, rising 0.4% from the previous quarter.

"The third quarter of 2012 was very much about building for the future," said Citadel Capital Chairman and Founder Ahmed Heikal. "While maintaining our focus on the development of all of our platform and portfolio companies, we have laid the groundwork for a three-year transformation into an investment holding company that will control 11 unique platform companies in five core high-potential industries: energy, agriculture and consumer foods, transportation and logistics, mining and cement manufacturing. Our goal is simple: We will capture the compelling upside presented by prevailing macro trends and fundamentals across our core geography in Egypt, East Africa and North Africa.

"Against that backdrop, continued investment in core and non-core platforms alike in the three months ending September 2012 leaves us on a stronger footing as we look to acquire majority control of our core platforms while preparing to divest non-core holdings over the coming three years."

With no exits in the quarter, Citadel Capital registered a standalone net loss of US$ 0.5 million (EGP 2.9 million) for 3Q12 on revenues of US$ 3.3 million (EGP 19.8 million), underscoring the soundness of a cost-control program that saw OPEX spending down 29.9% year-on-year and stable quarter-on-quarter.[1]

Net standalone losses stood at US$ 7.0 million (EGP 42.6 million) in 9M12, a 41.1% contraction from the same period last year.

On a consolidated basis, Citadel Capital reports a net loss of US$ 22.0 million (EGP 134.0 million) in 3Q12, a 13.4% improvement from the same quarter last year. On a nine-months basis, the firm's net loss contracted 6.5% year-on-year to US$ 68.7 million (EGP 417.5 million).

Notably, the firm's eight operational core platforms — out of a total of 11, with the remaining three being pre-operational greenfields — reported substantial year-on-year operational improvements

1 Citadel Capital principal investments are converted per exchange rates carried in Citadel Capital's balance sheet. All other figures relating to financial results in 3Q12 are converted using a spot rate of EGP 6.08 : US$ 1.00. Historical figures have been re-stated using the same exchange rate. Citadel Capital typically analyzes its own financial statements in EGP and investments in US dollars. Management notes that private equity earnings are by definition 'lumpy,' with significant revenues and profits typically generated at exit of investments.

in 9M12 as reflected in 2% revenue growth to US$ 0.5 billion (EGP 2.8 billion) and 6.4% growth in EBITDA, which closed the first nine months at US$ 23.8 million (EGP 144.5 million). This reflects management's sustained emphasis since the early days of the Egyptian Revolution on the reduction of operational risk, which has seen overhauls at major plants, capacity expansions, the entry of greenfields into operation, and turnarounds proceed both on time and on budget.

Key platform and portfolio companies held as Associates posted improvements in performance. Citadel Capital recorded US$ 10.8 million (EGP 65.6 million) in losses from its Share of Associates' Results in 3Q12, a fractional improvement from the previous quarter and a 30.7% narrowing year-on-year. On a nine-months basis, Citadel Capital's Share of Associates' Losses narrowed 30.9% year-on-year to US$ 33.0 million (EGP 200.8 million), reflecting better performance of the underlying Associates.

"In light of the return to health of our eight operational core platform investments, our emphasis as we prepare to divest non-core platforms will be on continued reduction of operational risk across our portfolio — core and non-core alike — through a judicious mix of fresh investment, OPIC-backed financing, the right business plans, and new management talent at the Citadel Capital level," concluded Heikal, noting the appointment in recent days of a new Managing Director to oversee the firm's energy businesses.

Management's discussion of operations and details of Citadel Capital's 3Q12 standalone and consolidated financials follows; full financials are available for download at citadelcapital.com.

I. Performance Highlights

Standalone Financial Highlights (in EGP mn)	3Q11	FY11	1Q12	2Q12	3Q12
Revenue	16.8	69.5	24.4	19.3	19.8
EBITDA	(21.2)	(77.9)	6.6	(6.7)	(6.6)
Net Income / Loss	(20.7)	(110.1)	(30.5)	(9.2)	(2.9)

Principal Investments (in EGP mn)*					
Total Principal Investments	5,101	5,397	6,133	6,266	6,445
Of which Equity	4,298	4,438	4,740	5,026	5,061
Of which Convertibles	275	467	420	421	429
Of which Bridge Finance	529	493	480	200	204
Of which Long-term Finance (OPIC Facility)	-	-	493	619	751
New Investments in the Period	77	531	736	133	179
Gains from Sale of Investments in the Period	-	-	-	-	-
Portfolio Net Asset Value (PNAV, EGP mn)**	not issued	**5,173**	not issued	**TBD** †	not issued
Portfolio Net Asset Value per Share (PNAVPS, EGP)	not issued	**5.93**	not issued	**TBD** †	not issued

Asset Management (in US$ bn)					
Total Investments Under Control	9.0	9.5	9.5	9.5	9.5
Total AUM	4.2	4.3	4.4	4.3	4.4
Invested AUM	3.2	3.3	3.3	3.6	3.6
Invested Third-party AUM	2.3	2.3	2.3	2.5	2.5
Third-party Fee-earning AUM	2.1	2.1	2.1	1.8	1.7
New Invested AUM (in US$ mn, for the period)	49.1	197.4	54.4	229	26
Revenue from Advisory Fees (in US$ mn, for the period)	2.8	11.6	4.0	3.2	3.3
Revenue from Carried Interest (in US$ mn, for the period)	-	-	-	-	-

Track Record (for the quarter ending 30 September 2012 unless otherwise indicated)		
Investments made since 2004 (acquisitions and new company formations)		54
Number of Platform Companies		19
Number of Funds (Opportunity-Specific Funds + Standing Funds)		21
Total Number of Countries in which Citadel Capital Invests		15
Number of Industries in which Citadel Capital Invests		15
Total Employees of Citadel Capital Portfolio and Platform Companies (as of end-FY11)		42,317
Total Equity Raised and Invested Since 2004	EGP 27.0 billion	US$ 4.9 billion
Cash Returns to Shareholders and LPs Since 2004 (on equity investments of US$ 650 million)	EGP 13.1 billion	US$ 2.2 billion

Shareholder Structure (as of December 2012)		
Citadel Capital Partners (CCP)		28.23%
Board Members other than CCP		29.01%
Investors Owning More than 1%		8.71%
Others		34.06%
Number of Shares Outstanding		871,625,000
Paid-in Capital of Citadel Capital	EGP 4.4 billion	US$ 0.7 billion

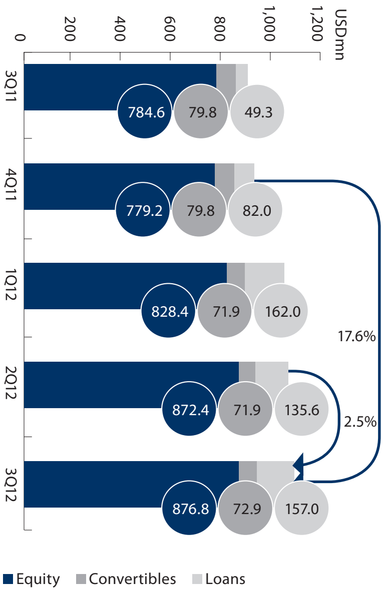
* The majority of Citadel Capital principal investments are made in US dollars, with the two exceptions being ASEC Holding and United Foundries. Management accordingly analyzes both principal investments and AUM in US dollars within this document. All principal investments refer to total investment cost.

† Citadel Capital will disclose its 1H12 PNAV in a separate document upon completion of work by RisCura, the independent valuator of the firm's principal investments.

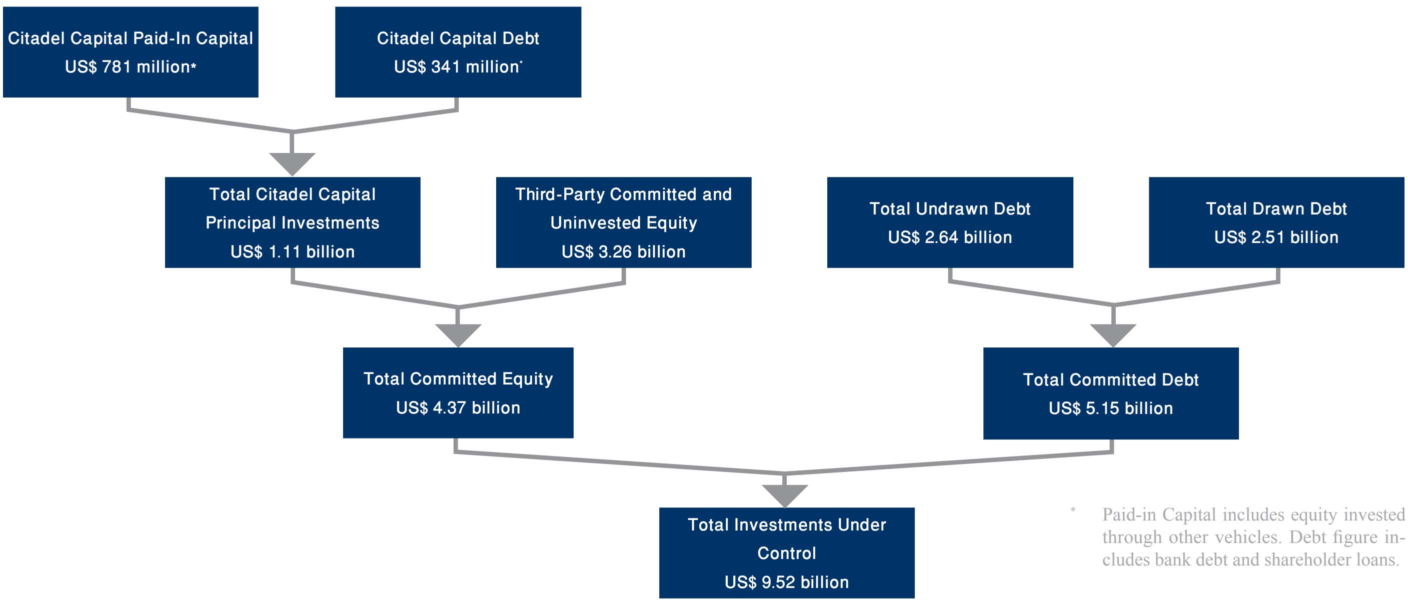
** Citadel Capital suspended guidance on TNAV as of 31 December 2010 as a result of its decision not to offer estimates of its AMV. Similarly, RisCura, which provides independent valuation services to Citadel Capital beginning with the FY11 Business Review, does not take the AMV into consideration. Analysts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

II. Citadel Capital as a Principal Investor†

Citadel Capital Principal Investments



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



* Paid-in Capital includes equity invested through other vehicles. Debt figure includes bank debt and shareholder loans.

Citadel Capital controlled total investments of more than US$ 9.5 billion (EGP 57.8 billion) at the end of 3Q12, comprising both committed equity and committed debt, a rise of 0.3% quarter-on-quarter.

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

A. Principal Investments

Citadel Capital's total principal investments (including equity, convertibles, bridge financing and long-term finance for its platform companies) stood at US$ 1.1 billion (EGP 6.4 billion) at 30 September 2012, a 2.5% rise from the previous quarter and growth of 17.6% year-to-date.

The firm made a total of US$ 27.6 million (EGP 178.9 million) in new principal investments in the third quarter, investing new equity of US$ 4.4 million (EGP 35.6 million), extending new long-term OPIC-backed financing to select platforms amounting to US$ 21.7 million (EGP 131.4 million), while advancing new bridge finance totalling US$ 0.4 million (EGP 3.8 million).

Citadel Capital's total principal investments at 30 September 2012 thus break down as 79.2% equity investments, 6.6% convertibles, 3.0% bridge financing and 11.2% long-term OPIC-backed financing.

Equity (79.2% of total principal investments)
Citadel Capital's principal equity investments rose US$ 4.4 million (EGP 35.6 million) in 3Q12 to close the quarter at US$ 876.8 million (EGP 5.1 billion).

With the emphasis in the quarter being on disbursement of funds from the third drawdown of OPIC-backed financing alongside additional bridge finance, new equity investments in the quarter were limited and directed toward core platform companies Wafra (agriculture in Sudan and South Sudan, US$ 2.9 million), Gozour (agriculture and consumer foods, US$ 0.8 million), and Nile Logistics (transportation and logistics, US$ 0.4 million). GlassWorks (glass manufacturing), an important non-core platform, also received fresh equity in the quarter of US$ 1.4 million.

Management notes that the firm's principal investments in ASEC Holding and United Foundries Company declined US$ 0.9 million and US$ 0.1 million, respectively, in US dollar terms as a result of foreign exchange movement. These are the sole platforms held on Citadel Capital's balance sheet in Egyptian pounds. All other investments in platform and portfolio companies are held in US dollars and hence stand to benefit from any potential devaluation of the Egyptian pound going forward.

Convertibles (6.6% of total principal investments)
As of the end of 3Q12, Citadel Capital held three investments in convertibles — ASEC Holding, NPC and NOPC / Rally Energy. Citadel Capital made no new investments in its three convertibles in 3Q12, the value of investments in which stands unchanged at US$ 72.9 million (EGP 429.0 million).

Bridge-Financing (3.0% of total principal investments)
As it did in 2008-09 when the global financial crisis spilled over into the Middle East and Africa, Citadel Capital continues to extend loans to a number of platform and portfolio companies to bridge short-term funding gaps. Bridge financing in the form of interest-bearing loans accordingly represent a distinct form of Citadel Capital principal investment in its platform and portfolio companies.

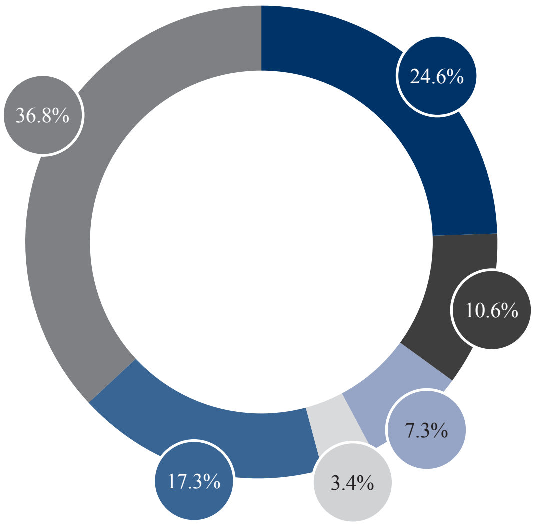
Bridge financing to platform and portfolio companies rose by US$ 0.4 million (EGP 3.8 million) to a total of US$ 33.6 million (EGP 204.0 million) in 3Q12. Core platform companies Egyptian Refining Company (energy), ASCOM (mining), Africa Railways (transportation and logistics) and Mashreq (energy) alongside United Foundries received injections of bridge finance in the quarter.

Long-Term Finance (11.2% of total principal investments)
Citadel Capital drew in 3Q12 a further US$ 24.6 million of a US$ 150 million OPIC-backed facility to support the growth of its investments, bringing to US$ 125 million the total draw since the facility was finalized in the first quarter of this year; this represents 100% of the US$ 125 million earmarked for investment in Egypt. Long-term finance is recorded on the firm's balance sheet as Inter-Company Loans. Interest income from long-term finance is recorded on the firm's standalone income statement.

Deployment of these ten-year-term funds is allowing Citadel Capital to accelerate the development of select platform companies while, in some cases, recovering equity and / or bridge finance previously advanced to certain companies.

Core platform companies Gozour (agriculture and consumer foods), ASCOM (mining) and Nile Logistics (transportation and logistics) were the primary recipients of long-term finance in the quarter just ended.

Breakdown of Principal Investments by Industry
(as of 30 September 2012)



- **Energy:** TAQA Arabia, ERC, Mashreq, Tawazon
- **Agriculture & Consumer Foods:** Gozour, Wafra
- **Transport & Logistics:** Nile Logistics, Africa Railways
- **Mining:** ASCOM
- **Cement Manufacturing:** ASEC Holding
- **Other Industries**

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

Analysis of Principal Investments in Balance Sheet vs. Investment Cost (30 September 2012)

		Citadel Capital Principal Investments				
Core Industry	**Platform Company**	**Investment as in Balance Sheet (EGP mn)**	**Adjustments (EGP mn)**	**Explanation of Adjustment**	**Total Investment Cost (EGP mn)**	**Total Investment Cost (USD mn)**
Energy						
	TAQA Arabia	247.1	-		247.1	43.3
	ERC	496.1	412.3	US$ 65 million invested through other vehicles and US$ 2.6 overfunding interest	908.4	154.8
	Mashreq Petroleum	39.4	-		39.4	6.8
	Tawazon	59.9	-		59.9	10.6
Agriculture & Consumer Foods						
	Gozour	294.4	-		294.4	52.9
	Wafra	230.0	-		230.0	40.0
Transportation & Logistics						
	Nile Logistics	203.0	14.4	US$ 2.41 million invested through other vehicle	217.4	36.8
	Africa Railways	152.5	-		152.5	27.0
Mining						
	ASCOM Mining & Geology	183.1	-		183.1	30.1
Cement Manufacturing						
	ASEC Holding	924.4	-		924.4	152.0
	ASEC Cement	1,152.8	-		1,152.8	189.6
Non-Core Industries						
Glass Manufacturing	GlassWorks	136.6	8.3	US$ 1.6 million Citadel Capital management fees	144.9	25.9
Metallurgy	UCF	106.5	-		106.5	17.5
Financial Services	Finance Unlimited	178.0	-		178.0	32.6
Mid-Cap Buyouts	Grandview	70.1	-		70.1	12.4
Specialty Real Estate	Bonyan	154.1	-		154.1	28.1
Media	Tanweer	165.0	-		165.0	30.4
Upstream Oil & Gas	NPC	323.2	31.0	US$ 5.4 million invested through other vehicle	354.2	63.4
Upstream Oil & Gas	NVPL	152.8	-		152.8	27.5
Upstream Oil & Gas	NOPC / Rally Group	359.1	-		359.1	65.0
Others	Others	119.9	-		119.9	19.7
	Eliminations*	(1,152.8)	-		(1,152.8)	(189.6)
Total Equity Investments		**4,595.2**	**466.0**		**5,061.2**	**876.8**
Cement Manufacturing - Convertibles	ASEC Holding Convertible	398.0	(99.8)	Interest on convertible deducted	298.1	49.0
Upstream Oil & Gas - Convertible	NPC Convertible	52.4	-		52.4	9.8
Upstream Oil & Gas - Convertible	NOPC / Rally Convertible	78.5	-		78.5	14.1
Total Convertibles		**528.8**	**(99.8)**		**429.0**	**72.9**
Bridge Finance to Platforms		**296.3**	**(92.3)**		**204.0**	**33.6**
Long-term Finance to Platforms (OPIC Facility)		**750.8**	**-**		**750.8**	**123.4**
Total Investments		**6,171.1**	**273.9**		**6,444.9**	**1,106.8**

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

Summary of Investments in Citadel Capital Platform Companies as of 30 September 2012 (USD mn)

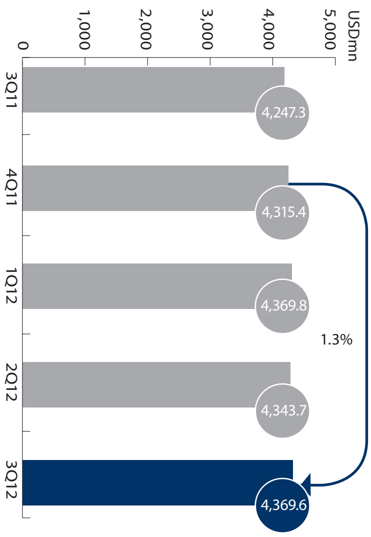
Core Industry	Platform	Citadel Capital	Change in the Q	Co-investors	Change in the Q	Africa Investment Fund				MENA Investment Fund				Total Citadel Capital*	Change in the Q*	Total Co-investors*	Change in the Q*
						Citadel Capital	New in the Q	LPs	New in the Q	Citadel Capital	New in the Q	LP	New in the Q				
Energy																	
	TAQA Arabia	43.3	-	76.2	-	-	-	-	-	-	-	-	-	43.3	-	76.2	-
	ERC†	142.8	-	429.3	-	6.2	-	13.8	-	5.8	-	14.1	-	154.8	-	457.3	-
	Mashreq Petroleum	6.8	-	20.1	-	-	-	-	-	-	-	-	-	6.8	-	20.1	-
	Tawazon	6.4	-	-	-	2.2	-	4.9	-	2.1	-	5.0	-	10.6	-	9.9	-
Agriculture & Consumer Foods																	
	Gozour	52.9	0.8	206.1	-	-	-	-	-	-	-	-	-	52.9	0.8	206.1	-
	Wafra	40.0	2.9	-	-	-	-	-	-	-	-	-	-	40.0	2.9	-	-
Transportation & Logistics																	
	Nile Logistics	36.8	0.4	93.2	(0.4)	-	-	-	-	-	-	-	-	36.8	0.4	93.2	(0.4)
	Africa Railways	20.8	-	35.0	-	6.2	-	13.8	-	-	-	-	-	27.1	-	48.8	-
Mining																	
	ASCOM Mining & Geology	30.1	(0.1)	-	-	-	-	-	-	-	-	-	-	30.1	(0.1)	-	-
Cement Manufacturing																	
	ASEC Holding	152.0	(0.8)	124.9	(0.7)	-	-	-	-	-	-	-	-	152.0	(0.8)	124.9	(0.7)
	ASEC Cement	189.6	-	360.6	-	-	-	-	-	-	-	-	-	189.6	-	360.6	-
Non-Core Industries																	
Glass Manufacturing	GlassWorks	25.9	1.4	131.2	-	-	-	-	-	-	-	-	-	25.9	1.4	131.2	-
Metallurgy	UCF	17.5	(0.1)	32.6	-	-	-	-	-	-	-	-	-	17.5	(0.1)	32.6	-
Financial Services	Finance Unlimited	32.6	-	-	-	-	-	-	-	-	-	-	-	32.6	-	-	-
Mid-Cap Buyouts	Grandview	12.4	-	82.8	-	-	-	-	-	-	-	-	-	12.4	-	82.8	-
Specialty Real Estate	Bonyan	28.1	-	59.4	-	-	-	-	-	-	-	-	-	28.1	-	59.4	-
Media	Tanweer	30.4	-	-	-	-	-	-	-	-	-	-	-	30.4	-	-	-
Upstream Oil & Gas	NPC	63.4	-	357.7	-	-	-	-	-	-	-	-	-	63.4	-	357.7	-
Upstream Oil & Gas	NVPL	27.5	-	45.7	-	-	-	-	-	-	-	-	-	27.5	-	45.7	-
Upstream Oil & Gas	NOPC / Rally Group	65.0	-	561.9	-	-	-	-	-	-	-	-	-	65.0	-	561.9	-
Others	Others	19.7	(0.2)	-	-	-	-	-	-	-	-	-	-	19.7	(0.2)	-	-
	Eliminations**	(189.6)	-	(325.6)	-	-	-	-	-	-	-	-	-	(189.6)	-	(325.6)	-
	Total Equity Investments	**854.4**	**4.4**	**2,292.1**	**(1.1)**	**14.5**	**-**	**32.5**	**-**	**7.9**	**-**	**19.1**	**-**	**876.8**	**4.4**	**2,342.7**	**(1.1)**
Engineering, Construction and Cement - Convertibles	ASEC Holding Convertible	49.0	-	49.6	-	-	-	-	-	-	-	-	-	49.0	-	49.6	-
Upstream Oil & Gas - Convertible	NPC Convertible	9.8	-	35.7	-	-	-	-	-	-	-	-	-	9.8	-	35.7	-
Upstream Oil & Gas - Convertible	NOPC / Rally Convertible	14.1	-	57.3	-	-	-	-	-	-	-	-	-	14.1	-	57.3	-
Total Convertibles		**72.9**	**-**	**142.6**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**72.9**	**-**	**142.6**	**-**
Bridge Financing to Platforms		**33.6**	**0.4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**33.6**	**0.4**	**-**	**-**
Long-term Finance to Platforms (OPIC Facility)		**123.5**	**21.7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**123.5**	**21.7**	**-**	**-**
Total Investments		**1,084.3**	**27.6**	**2,433.7**	**(1.1)**	**14.5**	**-**	**32.5**	**-**	**7.9**	**-**	**19.1**	**-**	**1,106.8**	**27.6**	**2,485.3**	**(1.1)**

* Including Joint Investment Funds (JIFs)

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

† Includes US$ 50 million reclassified into Principal Investments from Third-Party Funds via an SPV

Total Assets Under Management (Committed)



III. Asset Management Business

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

Total Assets Under Management

Citadel Capital recorded total assets under management (committed by Citadel Capital and limited partners to the OSFs as well as the JIFs) of US$ 4.4 billion (EGP 26.7 billion) at 30 September 2012, a rise of 1.3% year-to-date and 0.6% quarter-on-quarter.

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

Invested vs Uninvested AUM

Total invested AUM (drawn equity) stood at US$ 3.6 billion (EGP 21.9 billion) at the end of 3Q12, a rise of US$ 25.9 million (EGP 157.5 million, 0.7%) quarter-on-quarter and US$ 309.0 million (EGP 1.9 billion, 9.4%) year-to-date. Invested third-party AUM stood at US$ 2.5 billion (EGP 15.2 billion) at the end of September 2012 following first drawdown of third-party equity into ERC as the project reached financial close in the quarter.

Limited partners made no new investments in 3Q12, while uninvested AUM were stable quarter-on-quarter after easing 32.8% to US$ 0.8 billion (EGP 4.84 billion) at the end of 2Q12 following the drawdown of funds into ERC. Uninvested AUM include US$ 576.5 million committed to ERC, US$ 100 million in OPIC funding (non-fee-earning and distinct from the new US$ 150 million OPIC finance guarantee), US$ 65.9 million committed to the Africa and MENA Joint Investment Funds, and US$ 35.0 million in funds committed to Africa Railways.

Fee-Earning AUM

Fee-earning assets under management were down 2.8% quarter-on-quarter in 3Q12 to US$ 1.7 billion (EGP 10.3 billion), reflecting an agreement with limited partners in the Joint Investment Funds that advisory fees are calculated only on drawn funds as of 1 July 2012.

Citadel Capital recorded revenues of US$ 3.3 million (EGP 19.8 million) in 3Q12 from the 1% advisory fee it earns on fee-earning assets under management. With no exits in the quarter, revenue from carried interest was nil.

IV. Company Updates*

A) Recent Developments

1) ASEC Engineering (ASEC Holding)

ASEC Engineering, a portfolio company of ASEC Holding, announced in September that it had won a second 10-year contract for the technical management of Misr Qena Cement, one of Egypt's leading producers of cement.

The award was the result of a limited closed-envelope tender. ASEC Engineering now provides technical management services for 12 kilns with a total output of c.16 million tons of clinker per year. Two of the production lines that ASEC Engineering manages are outside Egypt, namely in Syria and Jordan.

The company is currently engaged in engineering and consulting services for under-construction cement plants including the Arab National Cement Company (ANCC) cement plant in Minya; South Valley Cement Plant in Beni Suef; BMIC Cement Plant in Assiut; and a gypsum plant in Ataka, Suez.

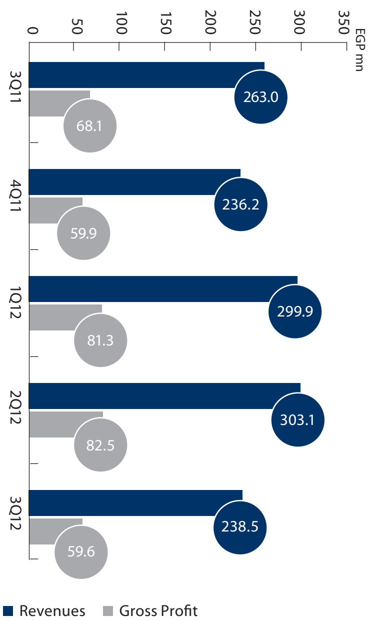
2) GlassRock Insulation Co. (ASCOM)

GlassRock Insulation Co., a portfolio company of ASCOM, announced in September that it had begun exporting from its US$ 70 million Egyptian greenfield plant, which produces thermal, acoustic and fireproof insulation stonewool solutions for national and global markets. Target export markets for the plan, which began operations in May 2012, include Europe, North Africa, the Gulf Cooperation Council countries and Turkey.

Meanwhile, GlassRock Insulation Co.'s 20,000-ton-capacity glasswool line started operations in early 4Q12. GlassRock's stonewool line began sales on the Egyptian market in July, and total sales volume in 3Q12 reached 206 tons. Stonewool is a key component of greener buildings with lower environmental footprints.

GlassRock's total annual production capacity will split as 30,000 metric tons of stonewool and 20,000 metric tons of glasswool.

Gozour Revenues and Gross Profit



B) Operational Performance (non-consolidated companies)

1) Gozour

On a consolidated basis, integrated multi-category agriculture and consumer foods platform Gozour reported 9M12 revenues of US$ 138.4 million (EGP 841.5 million) a dip of 1% from the same period last year, while EBITDA rose 14% year-on-year to US$ 9.3 million (EGP 56.5 million), driven by savings on overheads and marketing spending.

- In Egypt, leading regional confectioner **Rashidi El-Mizan (REM)** reported 9.5% year-on-year revenue growth in 9M12, driven by national marketing campaigns to support the company's new halawa products (Halawa Spread and Choco Spread). EBITDA rose 28.2% year-on-year in the first nine months on both volume growth and improved profitability as a result of favorable materials costs. The company's gross margin stood at 28.3%, a 1.5 percentage point improvement over the same period of 2011.

- Confectioner **Rashidi for Integrated Solutions (RIS)** in Sudan reports a 9.6% surge in 9M12 sales driven by higher volumes. RIS nonetheless made a net negative contribution to Gozour's consolidated EBITDA in the period on the back of devaluation of the Sudanese pound this past June. Notably, this is a non-cash expense recorded as a foreign exchange loss; all RIS

* This section includes (A) recent developments at all platforms and (B) operational performance updates for companies that are not yet consolidated in Citadel Capital's financials. Investments consolidated in whole or held as Associates are discussed beginning on page 15.

operations are carried out in Sudan and in SDG.

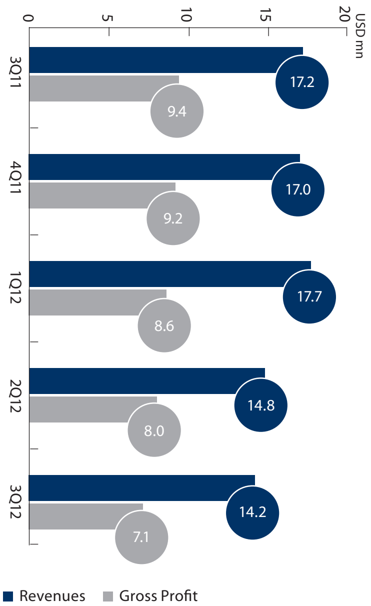
- Cheese maker **Elmisrieen** has ceased manufacturing operations as management moved to cut cash losses after facing fierce competition in a market marked by heavy media spending. Gozour is now exploring options to exit Elmisrieen.

- Milk and juice producer **Enjoy** saw 9M12 sales drop 12.5% year-on-year on the back of cash constraints suffered late in 4Q11 and early in 1Q12 as well as production challenges that impacted product quality and availability. Sales began to pick up in September after the team completed a factory overhaul. Gozour's management team successfully introduced an innovative 250 ml. juice pack with the brand name 'Enjoy' at the beginning of 4Q12 and expects this to begin compensating for lost sales earlier in 2012.

- **Dina Farm**s recorded a 4.2% dip in sales following lower production levels due to the impact of a national outbreak of foot and mouth disease at the beginning of the year, as disclosed in our 1Q12 Business Review. Dina Farms' livestock was affected by the disease in March 2012, and management moved swiftly to minimize damage. The outbreak reduced both productivity per head and the number of cattle, negatively impacting sales. This gap in sales between 2012 and 2011 will hopefully be closed with the recent farm production pickup and management efforts to raise prices through the end of 2012. Dina Farms has obtained US$ 15.1 million (EGP 92 million) in financing to import 2,000 heifers and simultaneously expand the farm's accommodation stations and milking facilities. The first 1,000 heifers arrived in October 2012, with the balance expected by mid-2013.

- **Investment Co. for Dairy Products (ICDP)**, which markets Dina Farms fresh milk (the nation's leading fresh milk brand) saw a 3.9% year-on-year dip in 9M12 revenues, a 50% contraction of the 8% gap that existed at the 1H12 mark. Management is continuing the implementation of new sales strategy to reposition its products as 'fresh produce' to appear on shelves as premium-priced goods. EBITDA in 9M12 more than doubled year-on-year to 8.5% of net sales driven by the improvement in gross margin, which stood at 32.6% compared to 25.1% for the same period last year.

Rift Valley Railways Revenues and Gross Profits

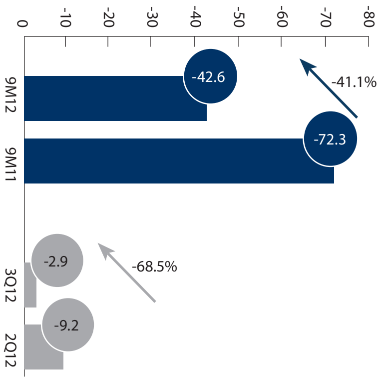


2) Africa Railways

Rift Valley Railway, the operator of the national rail network of Kenya and Uganda, recorded a 17.3% drop in revenues year-on-year in 3Q12 (and 9.4% y-o-y in 9M12) on the back of a temporary loss of six main-line locomotives during the quarter. Emergency maintenance services were performed on all six locomotives all six were back in operation by mid-4Q12 alongside an additional overhauled locomotive. The company does not expect this issue to present a risk going forward, as it is on track to increase total locomotive power available by 90% between July 2012 and July 2013.

From an EBITDA point of view the company narrowed losses by 13% in 9M12 compared with the same period last year. RVR expects to record its first profitable quarter during the first half of 2013.

Citadel Capital Net Profits



V. Standalone Results

Citadel Capital reports a net loss of US$ 0.5 million (EGP 2.9 million) on revenues of US$ 3.3 million (EGP 19.8 million) in 3Q12, narrowing 69.1% from a net loss of US$ 1.5 million (EGP 9.2 million) the previous quarter.

The firm's net loss for 9M12 accordingly stood at US$ 7.0 million (EGP 42.6 million) against US$ 11.9 million (EGP 72.3 million) in the first nine months of last year, an improvement of 41.1% despite the impact of one-time net up-front fees of US$ 9.0 million (EGP 54.3 million) related to the refinancing of Citadel Capital's pre-existing US$ 175 million credit facility and the arrangement of new OPIC-backed debt booked in the first quarter.

Revenues

Citadel Capital revenues in 3Q12 stood at US$ 3.3 million (EGP 19.8 million), a 17.9% rise from the previous year and a 2.5% increase quarter-on-quarter, driven by the increase in the pool of fee-earning AUM at Silverstone, the OSF holding TAQA Arabia. All revenues for the quarter were in the form of advisory fees.

Revenues in 9M12 of US$ 10.4 million (EGP 63.5 million) represent a 29.6% rise over revenues recorded in the same period of last year, largely on the back of revenues booked in 1Q12 related to accumulated advisory on the National Petroleum Company (NPC).

Operating Expenses

Spending on OPEX was again stable quarter-on-quarter in 3Q12 and declined 33.3% year-on-year in 9M12 on the back of a sustained program to control costs and preserve cash implemented last year. The firm has made particularly notable reductions in spending on compensation (down 42.9%), travel (down 24.3%) and consultancy fees, audit fees, publications and events (down 14.9%).

Operating Expenses (in EGP mn)

Element	9M11	9M12
Salaries, Bonuses and Benefits	79.7	45.5
Travel	5.2	4.0
Consultancy Fees, Audit Fees, Publications and Events	18.1	15.4
Others	9.0	9.8
Total	**112.0**	**74.7**

EBITDA

EBITDA improved fractionally to negative US$ 1.1 million (EGP 6.6 million) in 3Q12 from a negative US$ 1.1 million (EGP 6.7 million) the previous quarter, with a slight rise in revenues and a modest dip in OPEX. On a nine-months basis, EBITDA stood at negative US$ 1.1 million (EGP 6.8 million) against negative US$ 11.4 million (EGP 69.4 million) in 9M11 on the back of contracting OPEX.

Interest Income / Expenses

Citadel Capital recorded net interest gains of US$ 0.8 million (EGP 4.9 million) against a net interest expense of US$ 0.2 million (EGP 1.4 million) the previous quarter. Interest expenses of US$ 5.3 million (EGP 32.5 million) in 9M12 are inflated by one-time net upfront fees (arrangement fees) payable to the firm's banks and related to the refinancing of the firm's US$ 175 million facility and the securing of a US$ 150 million OPIC-backed facility. The upfront fees related to the OPIC loan represent 100% of the fees pertaining to the loan for the entire useful life of the facility.

Principal Investments

Discussion of own-balance sheet investments (including equity, convertibles and loans) appears starting on page 4 of this document.

Current Liabilities

Total current liabilities inched up 2.8% from 30 June 2012 to EGP 669.9 million. The current portion of long-term debt remained stable, while dues to Citadel Capital Partners Ltd. (the firm's lead shareholder and the vehicle through which senior management holds its equity) rose EGP 18.2 million. Accrued provisions and other liabilities eased a modest EGP 1.0 million quarter-on-quarter.

Debt Position

The total debt of Citadel Capital (as distinct from that of its platform companies) stood at US$ 0.3 billion (EGP 1.8 billion) as at 30 September 2012, with a debt-to-equity ratio of 41.9%. As previously disclosed, Citadel Capital has refinanced its pre-existing US$ 175 million facility and secured an additional US$ 150 million in OPIC-backed debt. Of US$ 325 million in total debt committed at the firm level, Citadel Capital has drawn the entire refinanced US$ 175 million facility and in 9M12 drew the full US$ 125 million of the US$ 150 million OPIC-backed loan earmarked for investment in Egypt, with US$ 24.6 million of that being drawn in 3Q12.

Performance of Core Platform Companies* (EGP mn)

	Revenues			EBITDA			Analysis	Growth Drivers
	9M11	9M12	% change	9M11	9M12	% change		
TAQA Arabia** (Energy)	838.1	860.6	2.7%	101.3	112.2	10.8%	Revenue growth driven by performance of Power arm in 9M12, with 10.7% rise in sold capacity and 39.2% rise in installed capacity. 120 MVA substation in Nabq, which provides electricity to a 35 million-square-meter tourist development on the Red Sea Coast, is driving new sales; Nabq, first foray into petrochemicals, will do so going forward.	Long-term strategy has positioned the company to benefit from future energy opportunities. Continued rise in domestic demand for energy, coupled with deregulation of power generation sector and signals gas imports may be permitted. Through Citadel Capital, TAQA Arabia has access to capture future growth opportunities identified in East Africa, Mozambique, Tanzania and Ethiopia.
Tawazon (Energy)	52.8	78.2	48.1%	(13.2)	(10.4)	21.7%	Slip in EBITDA at ECARU in 3Q12 despite revenue growth due to the seasonal nature of agricultural waste operations, as most waste collection (rice straw, cotton stalks, corn stalks) occurs post-harvest in 4Q12. The last quarter of the year is typically when labor and equipment utilization rates are highest. To compensate, ECARU is expanding its collection by opening new sites beyond the agricultural contracts to collect fruit trimmings and aromatics among others.	ECARU is ideally positioned to provide RDF to energy-intensive industries and already serves multiple contracts with major national cement producers, where clients include Cemex and Suez Cement. ECARU is pursuing additional contracts in Egypt and expansion opportunities in Oman and is finalizing registration procedures for Certified Emission Reduction credits. ECARU is now exploring opportunities throughout Africa and the Middle East.
Gozour (Agriculture and Consumer Foods)	852.2	841.5	(1.2%)	49.7	56.5	13.7%	Continuous growth at Rashidi El-Mizan coupled with improved margins in fresh milk production and better commodity prices have helped profitability despite challenges at Elmisrieen, Enjoy and Dina Farms. Challenges at Dina Farms included a Foot and Mouth Disease outbreak that hit revenues in 2Q12, since resolved. Non-cash forex losses from Sudanese subsidiary Al-Musharaf curbed EBITDA growth.	Strong demographics and export potential juxtaposed against expected divestment of under-performing portfolio companies. OPIC financing will accelerate growth from profitable segments. Addition of 2,000 head of cattle will see fresh milk capacity rise 25% to 80,000 TPA.
Wafra*** (Agriculture and Consumer Foods)	n/a	4.12	–	n/a	(51.30)	–	The 3Q12 drop in revenues reflects seasonality ahead of 4Q12 take-to-market; operating expenditures rose 33% as a result of accelerated development plans.	Sabina planted 4,500 feddans as a summer crop in 3Q12, with an expected gross production of 5,000 tons of alpha hybrid white sorghum. Harvest began at the end of November with around 66% of the full crop area earmarked to be cut, packed and sold to already contracted buyers by year-end. The remaining area will initiate a deferred revenue bookable in 1Q13. A further 9,000 feddans was developed for the use of local farmers.
Nile Logistics (Transportation and Logistics)	22.3	39.7	78.0%	(33.1)	(38.8)	(17.2%)	Sharp rise in revenues on better capacity utilization, but still posting a new loss as subsidies mask the true economics of overland transport.	Subsidy removal as announced by Government of Egypt will force shift to significantly more economical river transport, where Nile Logistics is the market leader.
Africa Railways (Transportation and Logistics)	313.3	283.8	(9.4%)	(67.4)	(61.8)	8.3%	Lower 3Q12 revenues as six main-line locomotives were taken out of service, then brought back into operation in 4Q12 following emergency overhauls. On track to increase total locomotive power by 90% between July 2012 and July 2013.	Investment in rails and sleepers will permit speeds of 70 km/h against 25-30 km/h limits today. Overhaul of locomotives and non-functional rolling stock, along with operational improvements, will help RVR grow its share of Mombassa Port shipping to 12% in 2015 from 7% today.
ASCOM (Mining)	426.3	408.5	(4.2%)	32.9	6.4	(80.4%)	Lower revenues reflect ending of some contracts in the Quarry Operations Management line. EBITDA disruptions reflect early stage of operations at ASCOM's newly operational insulation plants, which began operations in late 2Q12. The third business line, ASCOM Carbonates and Chemicals Manufacturing (ACCM), is undergoing expansion which will double capacity at the fine milling site, adding 120,000 tons of fine and superfine GCC annually and improve profitability. ACCM's EBITDA margins went up from 1% in 9M11 to 13% in 9M12 with further improvements expected after completion of the new line.	Quarry management division is presently finalizing contracts that will enter service in 1H13, boosting revenues from this key division. ACCM's new fine and superfine capacity will serve global export markets with better margins. GlassRock Insulation Co. should gradually improve margins and is now targeting stonewool and glasswool exports to key markets, having begun operations in May 2012. ASCOM Precious Metals reports excellent early assay results in Ethiopia.
ASEC Cement† (Cement Manufacturing)	219.3	267.7	22.1%	65.6	80.2	22.3%	Strong revenue growth on the back of rising sales. 3Q12 EBITDA improvements driven by better revenues at Zahana Cement post-upgrades and better pricing. ASEC Ready Mix reported exponential growth in revenues and margins. Investment income from Misr Qena Cement down in 3Q12.	Cold-run testing at new greenfield plant in Egypt began in 4Q12 for start of operations in early 2013. Factory overhaul at Zahana in Algeria is complete, with capacity expansion now underway there, boosted by substantially improved ex-factory prices.
Accumulated Total	2,724.3	2,780.1	2.0%	135.8	144.5	6.4%	Overall, 9M12 shows improvement in the accumulated results of Citadel Capital's core platform companies. More operational improvements are expected in the coming period.	The strong company and macro fundamentals of these core platforms will continue to drive growth across the board.

* Summary includes only 8 of 11 core platform companies, excluding the pre-operational greenfields Egyptian Refining Company, Mashreq and the newly formed re-gas venture.

** 9M11 figures for TAQA Arabia have been restated to exclude discontinued operations (Berber for Electrical Power in Sudan)

*** Wafra results are not included in either Accumulated Total for 2011 or 2012, due to the lack of availability of 9M11 results.

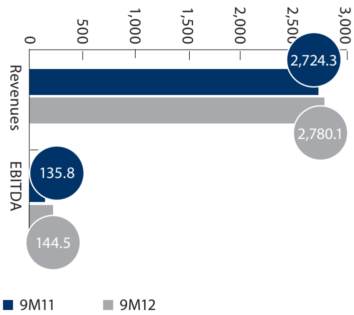
† These results exclude Sudan's Takamol figures as they are currently distorted due to the unhealthy cost structure in the company. This is currently being addressed through the finalization of the purchase of Berber Power Plant (see details on page 18).

VI. Consolidated Results and Operational Updates

On a consolidated basis, Citadel Capital reports a net loss of US$ 22.0 million (EGP 134.0 million) in 3Q12, a 7.9% increase from US$ 20.4 million (EGP 124.2 million) the previous quarter and a 13.4% improvement from US$ 25.5 million (EGP 154.8 million) the same quarter of last year. The narrowing came as the firm reported an improvement in its Share of Associates' Results and reduced overall OPEX spending. Muting the impact of these improvements were both foreign exchange charges related to devaluation of the Sudanese pound (stemming from Wafra and appearing on the Net Financing line item) and the absence in 3Q12 of interest from convertibles, which had been a feature of the 3Q11 income statement.

On a nine-months basis, the firm's net loss contracted 6.5% year-on-year to US$ 68.7 million (EGP 417.5 million).

Performance of Core Platform Companies (EGP mn)



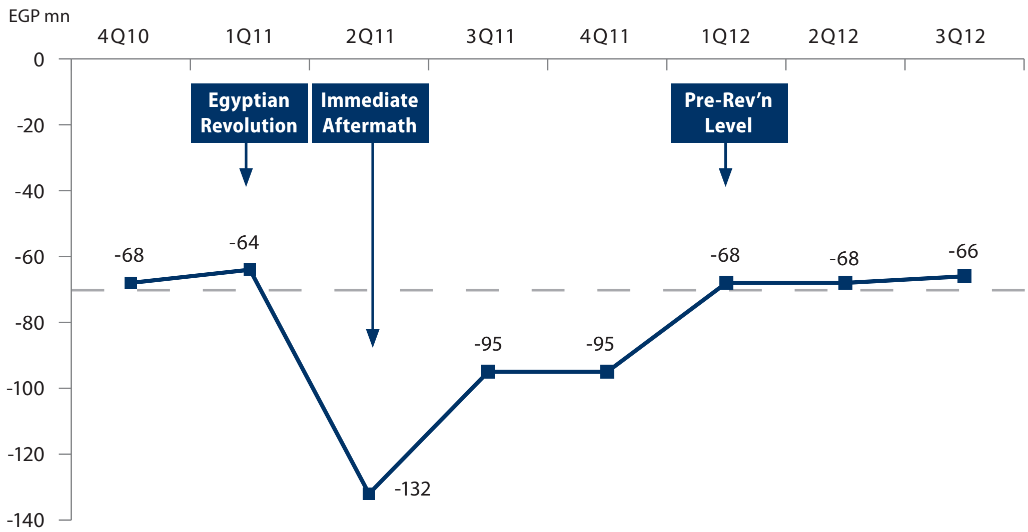
Importantly, the firm's eight operational core platforms (out of a total of 11, with the remaining three being pre-operational greenfields) reported substantial year-on-year operational improvements in 9M12 reflected not just in 2.0% revenue growth to EGP 2.8 billion, but also 6.4% growth in EBITDA, which closed the first nine months at EGP 144.5 million. This reflects management's sustained emphasis since the early days of the Egyptian Revolution on the reduction of operational risk, which has seen overhauls at major plants (cf. Zahana Cement Co. in Algeria), capacity expansions (cf: ASCOM for Chemicals and Carbonates Mining, Nile Logistics), the entry of greenfields into operations (cf: GlassRock and, shortly, the Arab National Cement Company) and turnarounds (cf: Rift Valley Railways, ARESCO) proceed both on time and on budget. (See table page 14.)

The third quarter saw net financing swing to an expense of US$ 3.6 million (EGP 21.8 million) in 3Q12 from US$ 1.2 million (EGP 7.5 million) the previous quarter, largely driven by US$ 2.1 million (EGP 13.0 million) in foreign exchange losses from Wafra, the only one of the firm's platform companies to be fully consolidated.

The negative top line in 3Q12 came as revenues from advisory fees were outweighed by US$ 10.8 million (EGP 65.6 million) in losses from Citadel Capital's Share of Associates' Results, which management views as having recorded sustained improvements in operational and financial performance in the first nine months of this year.

Associates include ASEC Holding, United Foundries, ASCOM, Tawazon, Finance Unlimited, TAQA Arabia and Nile Logistics, among others. Stability in the firm's Share of Associates' Results indicates its platforms are emerging from the challenges of the post-Revolutionary period, having surpassed 4Q10 levels, which at that time suggested strong progress toward break-even.

Citadel Capital Share of Associates Results



I) Wafra

On a 9M basis, Wafra (the firm's Sudan and South Sudan agriculture investment and the only platform company presently fully consolidated into Citadel Capital's financials) contributed total net losses of US$ 7.2 million (EGP 43.7 million) distributed across the consolidated income statement. As is standard with a large-scale greenfield agriculture project of this scale involving both land development and cultivation, OPEX far outweigh revenues in the initial phases. This is particularly true in the third quarter, as the company was involved in preparation for upcoming seasons. Wafra reported 9M12 revenues of US$ 0.7 million (EGP 4 million) alongside total OPEX and other costs of US$ 9.0 million (EGP 55 million).

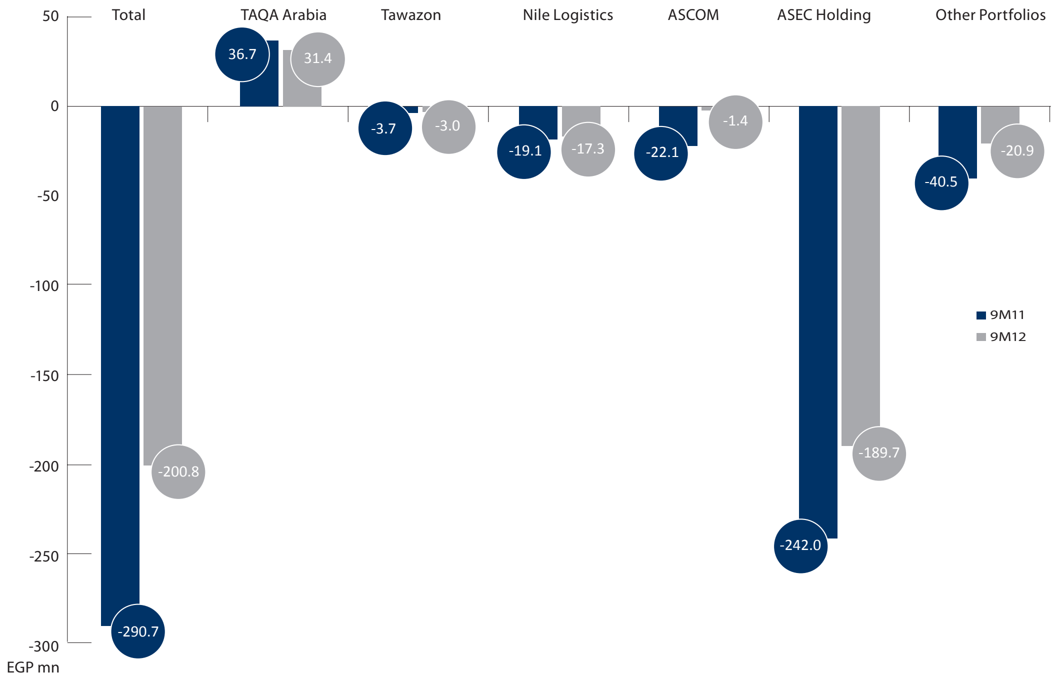
- In Sudan, portfolio company **Sabina** reports that in 3Q12 it planted 4,500 feddans as a summer crop, with an expected gross production of 5,000 tons of alpha hybrid white sorghum. Harvest began at the end of November with around 66% of the full crop area earmarked to be cut, packed and sold to already contracted buyers by year-end. The remaining area will initiate a deferred revenue bookable in 1Q13. Fully 814 feddans were developed in the third quarter, although there were no sales in the quarter with the exception of sample quantities less than 50 tons. Total land developed at the end of 3Q12 stands at 6,847 feddans to the benefit of Sabina.

- A further 9,000 feddans was returned to local farmers. Sabina supervised and sub-financed the local community planting their main crop, thabat white sorghum, as well as managed irrigation water distribution, and inputs application to the soil. Expected farmers' profit is dedicated to partially reimburse Sabina for its expenses, as agreed with the Sudanese Ministry of Agriculture and the local farmer production council.

II) Share of Associates' Profit / Loss

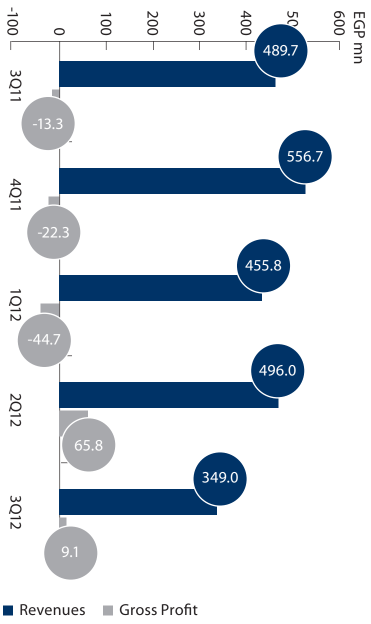
Citadel Capital recorded US$ 10.8 million (EGP 65.6 million) in losses from its Share of Associates' Results in 3Q12, a 2.9% improvement from the previous quarter and a 30.7% narrowing year-on-year. On a nine-months basis, Citadel Capital's Share of Associates' Losses narrowed 30.9% year-on-year to US$ 33.0 million (EGP 200.8 million). The firm reports improved nine-month performance at 12 of 15 companies held as Associates in 2012.

Breakdown of Citadel Capital's Share of Associates' Results, 9M11 vs 9M12



Factors underpinning this contribution include:

ASEC Holding Revenues and Gross Profit



a) ASEC Holding

Net losses at ASEC Holding (Citadel Capital's regional engineering, construction and cement platform) contracted 18.7% in 9M12 against the same period last year despite a 17.6% contraction in revenues and the consolidation of substantial non-cash foreign exchange losses in Sudan as a result of that nation's move in 2Q12 to devalue its currency.

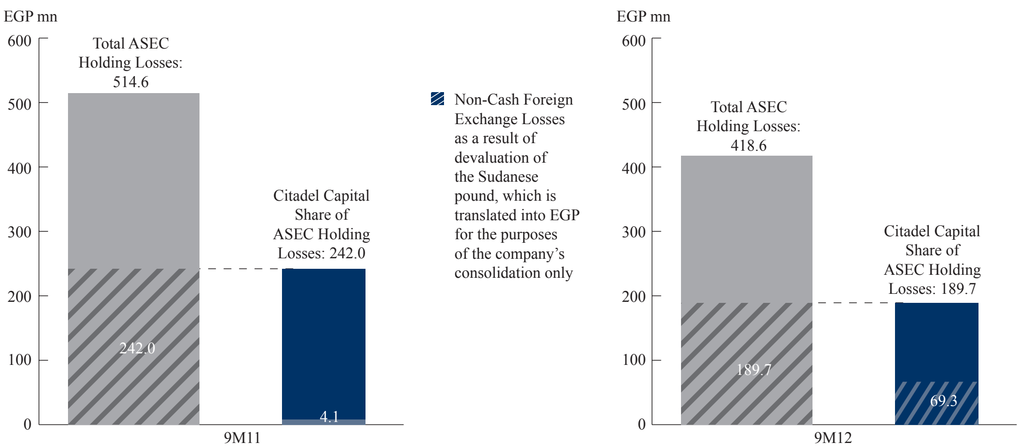
Total consolidated revenues for 9M12 stood at US$ 0.2 billion (EGP 1.3 billion), a 17.6% drop from the same period last year as rising revenues at the cement arm and stable revenues at the company's management and consultancy business was offset by a 50% slump in revenues at the construction arms (ARESCO and ESACO). Operating margins have improved across the group, with EBITDA improving 93.2% from a negative US$ 46.1 million (EGP 280.5 million) in 9M11 to negative US$ 14.3 million (EGP 87.0 million) in 9M12. This came largely as a result of better margins at ASEC Cement (particularly Zahana and Ready Mix) and the winding down of ESACO.

It is worth noting that EBITDA figures remain depressed as a result of the cost imbalance at Al-Takamol, the company's Sudanese cement plant, which is currently being addressed.

Net losses narrowed 18.7% to US$ 68.8 million (EGP 418.6 million) in 9M12 as a result of a sharp program of cost control that helped provide a buffer against both foreign exchange and interest charges across the group. Notably, ASEC Holding's 9M12 results include US$ 25.2 million (EGP 153.0 million) in foreign exchange losses contributed primarily by Al-Takamol Cement Co. in Sudan following the revaluation of Al-Takamol's foreign currency obligations to related parties in the third quarter. Setting Al-Takamol aside, ASEC Holding would have reported a 48% contraction in net losses year-on-year in the first nine months.

For 3Q12, ASEC Holding contributed losses of US$ 9.6 million (EGP 58.6 million) to Citadel Capital's Share of Associates' Results, an improvement of 11.8% quarter-on-quarter. On a 9M basis, ASEC Holding's contribution improved 21.6%. Citadel Capital's share of ASEC Holding's losses in 9M12 included US$ 11.4 million (EGP 69.3 million) in non-cash foreign exchange losses. See graph (below) showing the major components of the losses consolidated from ASEC Holding. Setting aside the FX losses, ASEC Holding's contribution would have improved 50.2%.

Citadel Capital Share of Total ASEC Holding Losses



- Total sales revenue at **ASEC Cement** across all operations rose 22% in 9M12 compared with the same period last year in local-currency terms. Converted to Egyptian pounds, total consolidated revenues at ASEC Cement rose a more muted 2% year-on-year in 9M12 on the back of devaluation of the Sudanese pound in the second and third quarter. This impacts the revenue figures being converted to Egyptian pounds from Sudanese pounds for the purpose of consolidation. Meanwhile, net losses rose 68% in the same period to US$ 31.6 million (EGP 191.9 million) on the back of substantial foreign exchange losses consolidated from Al-Takamol Cement in Sudan in addition to lower investment income from Misr Qena Cement

Co. (Egypt), which offset improved results at both Zahana Cement Co. (Algeria) and ASEC Ready Mix (Upper Egypt). Excluding Al-Takamol from the P&L, gross profit rose by 15% to US$ 16.1 million (EGP 98.1 million) in 9M12, while EBITDA rose 22% to US$ 13.2 million (EGP 80 million), with a gross profit margin of 37% and an EBITDA margin of 30%. ASEC Cement would have recorded no losses in 9M12 if Sudanese operations were set aside.

- In Egypt, ASEC Cement portfolio company **Misr Qena Cement** reported a 6% rise in market demand in 10M12. Although Misr Qena Cement saw a 4% rise in volumes sold in the first nine months, the company recorded an average 10% reduction in prices year-on-year. COGS similarly increased 5% with both the rise in production volumes and surging expenses related to packaging, technical management fees, electricity and automation expenses and raw materials costs. G&A expenses, meanwhile, eased 34% on the back of a program of cost control. Gross profit slipped 6 percentage points year-on-year in 9M12 to 44%, as did EBITDA margins, which closed the first nine months at 41%. Net income for 9M12 was down 19%. That said, 3Q12 saw a 2.7% improvement in EBITDA margin on the back of improved gross profit margins and lower-cost sales. With the removal of subsidies set to squeeze margins, the company is now exploring options for generating electricity via a waste heat recovery system while studying alternatives to heavy fuel oil as a primary energy source.

- Also in Egypt, **ASEC Ready Mix (ARM)** continues to report a steady rise in volumes (up 98% year-on-year in 9M12) and revenues (up 76% year-on-year, despite a 6% year-on-year dip in selling prices). As was the case in 2Q12, Assiut was a standout performer in 3Q12 with major projects there compensating for stoppage of governmental projects in Luxor and the impact of both the Upper Egyptian fuel shortage and security situation. Performance has been supported by headcount reduction (despite the rising number of batch plants), savings on sales and advertising, and good control of travel and communications expenses. Meanwhile, ARM finalized in 3Q12 the launch of its Aswan batch plant (operational as of November 2012) and laid the groundwork for the establishment of new batch plants in Beni Suef and Minya.

- In Algeria, **Zahana Cement Co.** reports continued improvement in 9M in terms of both production and sales levels following the major overhaul completed in 1Q12; these improvements come despite the impact of a temporary work stoppage to complete the overhaul, changes to sales mix and a slight uptick in variable costs. Volumes were up 8% year-on-year in 9M12 while revenues climbed 14% on the back of better year-on-year selling prices and higher production volumes. Gross margins and EBITDA margins for 9M12 came in at 42% and 38%, respectively, compared to 41% and 35% in 9M11, again reflecting the fact that rising production and continued strong selling prices post-overhaul have compensated for the one-off work stoppage. Zahana's net profits for 9M12 are up 78% year-on-year and the company is making strong progress on expansion plans.

- **Al-Takamol Cement Company** in Sudan continues to suffer constrained margins and bottom-line losses on the back of its take-or-pay arrangement with Berber for Electrical Power, its captive power plant. Average selling prices have increased by 10% year-on-year in the first nine months, with sales volumes down 15% on the back of production stoppages made necessary by continued fuel shortages and the stoppage of sales to Juba, which saw Al-Takamol fall short of the 15% growth in demand witnessed market-wide. Export sales to Eritria compensated in part for the domestic shortfall. Notably, Al-Takamol's net loss of US$ 67.1 million (EGP 408 million) in 9M12 reflects US$ 39.1 million (EGP 237.9 million) in forex losses resulting from a revaluation of the company's foreign currency obligations to related parties. This is an unrealized, non-cash charge, the majority of which will be written off as soon as the company's in-progress acquisition of Berber is finalized. Completion of the transaction is expected by 1Q13 and will see the company charged for actual consumption of electricity at cost. This will improve results substantially.

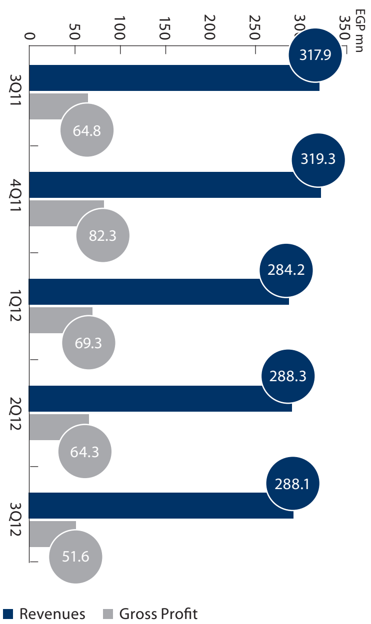
- **ASEC Engineering**, a leading provider of management and engineering services for the cement industry, saw 9M revenues drop 5.1% to US$ 55.7 million (EGP 338.8 million) this year from US$ 58.6 million (EGP 356.0 million) in the same period of 2011. Under pressure from forex losses in Sudan, higher financing expenses and lower revenues, the company reported an 89% expansion in net losses year-on-year to US$ 9.2 million (EGP 55.8 million). ASEC Engineering has been sharply impacted by lower production volumes this year due to work stoppages at cement plants caused by shortages in natural gas supplies and security issues at sites ranging from Beni Suef to Sinai. With some contracts coming to an end or cancelled (including Al-Takamol's in Sudan), the company has nonetheless recorded an extension of its Misr Qena Cement contract and has landed potential important contracts in both the United Arab Emirates and Iraq from its newly-opened Dubai office. These contracts, alongside a continued emphasis on cost control within Egypt, are expected to show benefits in the coming year.

- **ASEC Automation** swung to a net loss of US$ 0.3 million (EGP 2.0 million) in 9M12 from a net profit of US$ 1.6 million (EGP 9.5 million) the previous year on the back of a 15% decrease in revenues owing to a delay in the start of a project in Egypt, a project delay at another Egyptian site, and the cancellation of a contract in Algeria. These have been in some part compensated for by a number of project wins, including three offshore projects that are small in value, but high profile. Careful attention to cost control has resulted in a 14% decrease in COGS, allowing the company to maintain good gross profit and EBITDA margins.

- Management and consultancy arm **ASENPRO** reports a 55.9% improvement in net profits to US$ 0.6 million (EGP 3.7 million) in 9M12, but reported a slip in 3Q12 to a net loss of US$ 0.5 million (EGP 3.1 million) on the back of a COGS overrun on two new projects, continued high workshop costs, and lower maintenance fees at a significant project. The company is preparing to implement a program to redouble control of costs at external projects in 2013 and will look to further adjust its cost structure to maintain profitability.

- Despite reporting a swing to a net profit of US$ 0.7 million (EGP 4.4 million) in 3Q12 from a loss the previous two quarters, turnkey contractor **ARESCO** saw revenues fall below target as a result of a client-side delay on the start of a key project following the completion of work earlier in the year at other assignments. ARESCO continues to optimize its head count, has sharply reduced its external debt to banks and is building its project backlog. In addition to a number of contracts now in negotiations, ARESCO has signed two new fabrication and erection contracts worth a combined US$ 11.5 million (EGP 70 million).

TAQA Arabia Revenues and Gross Profit



b) TAQA Arabia

Energy distribution player TAQA Arabia's contribution to Citadel Capital's Share of Associates' Results in 3Q12 fell 71.9% year-on-year to US$ 0.7 million (EGP 4.1 million) due to the discontinuation of operations at Berber for Electrical Power in Sudan. On a 9M12 basis, the company's contribution eased 14.4% to US$ 5.2 million (EGP 31.4 million).

That said, TAQA Arabia reported a 2.7% year-on-year rise in 9M12 sales to US$ 141.5 million (EGP 860.5 million). Continued attention to cost control on administrative and other expenses saw EBITDA improve 10.8% to US$ 18.5 million (EGP 112.2 million) despite the impact of higher EPC costs and lower residential conversions at the company's Gas arm and slower recovery in sales at the Marketing arm in line with market conditions. (Management notes that comparative figures for 9M11 have been restated to exclude discontinued operations at Berber for Electrical Power in Sudan.)

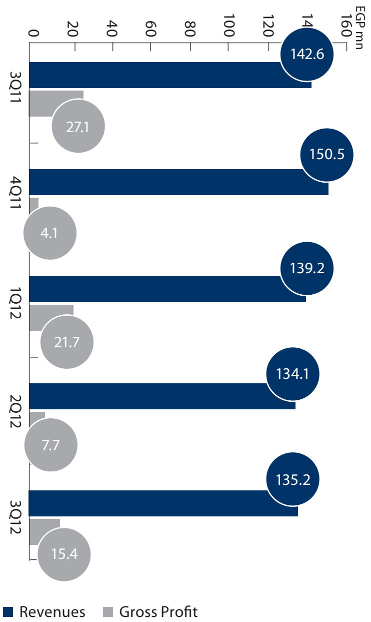
Revenue growth at the Power arm in the first nine months was driven by a 10.7% rise in sold capacity in kWh, while total installed capacity rose 39.2% to 493.6 MW. Distribution and installed capacity improved on the back of the company's new 20 MVA substation in Nabq. Gross profit for the division eased 3.6% q-o-q and 15.7% y-o-y in 3Q12 on the back of higher costs incurred temporarily on an industrial zone project that will be recouped in 4Q12.

The company's Gas arm meanwhile reported a 3.8% q-o-q dip in natural gas sales in 3Q12 to

1.41 BCM. While still a rise of 7.4% from the same quarter last year, the slip reflects lower volumes available for sale as well as a lower pace of signing of residential contracts on the back of slowness at local district councils. TAQA Gas added 17,629 new residential customers in 3Q12 against 20,017 in 2Q12 and 19,728 in 3Q11. Gross profit at the division fell 35.7% q-o-q and 27.7% y-o-y on the back of both higher EPC costs and lower sales to both residential and industrial consumers.

TAQA Marketing, the company's Fuels Marketing arm, reported recovery to 1Q12 levels in sales of refined oil (up 4.3%), but was still off 25% year-on-year. Fuel oil sales were down 1.8% y-o-y and 40.4% q-o-q on the back of a slowdown in retail and trade activity stemming from political instability in the run-up to the presidential elections in Egypt.

ASCOM Revenues and Gross Profit



c) ASCOM

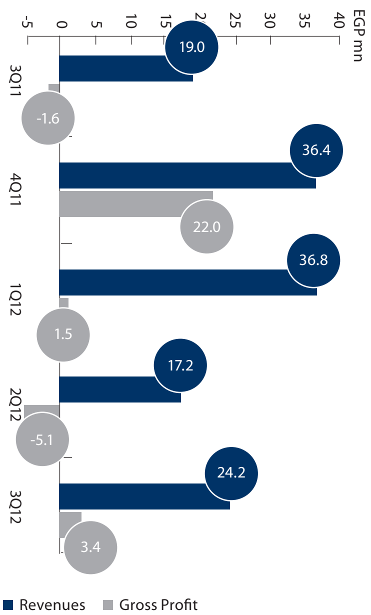
Citadel Capital's share of geology and mining platform ASCOM's profits stood at US$ 0.5 million (EGP 3.3 million) in 3Q12, driven by forex gains recorded at the company's Sudanese quarry division, where revenues are booked in US dollars. That factor and the devaluation of the Sudanese pound translated into a forex gain. In 9M12, ASCOM contributed losses of US$ 0.2 million (EGP 1.36 million) to Citadel Capital's Share of Associates' Results, a 93.8% improvement from US$ 3.6 million (EGP 22.1 million) the previous year. Figures for 9M11 reflect the near-complete work stoppage associated with the Egyptian Revolution, challenging market conditions, and the later write-down of the company's investment in the United Arab Emirates.

ASCOM reported a net profit of US$ 1.1 million (EGP 6.4 million) in 3Q12 compared to a net loss of US$ 1.0 million (EGP 6.2 million) in 2Q12 and net profit of US$ 0.6 million (EGP 3.9 million) in 3Q11. Upgrades are on-target at ASCOM for Carbonates and Chemicals Manufacturing (ACCM), a producer of ground calcium carbonate for export from Minya, resulting in a nearly two-fold year-on-year increase in EBITDA to US$ 0.6 million (EGP 3.5 million) in 3Q12. The planned expansion of production capacity at the company's fine milling site is on track and expected to be operational in 1Q13.

GlassRock Insulation Co., a portfolio company of ASCOM, announced in September that it has begun exporting from its US$ 70 million Egyptian greenfield plant, which produces insulation solutions for national and global markets (see detail page 10).

Finally, ASCOM Precious Metals Mining (APM), the company's gold exploration arm, has yet to begin production but is showing promising results.

Tawazon Revenues and Gross Profits (EGP mn)



d) Tawazon

Solid-waste management play Tawazon contributed net losses of US$ 0.5 million (EGP 3.0 million) to Citadel Capital's Share of Associates' Results in 9M12, a slight improvement from US$ 0.6 million (EGP 3.7 million) in losses contributed in the same period last year. The company's contribution improved to losses of US$ 0.1 million (EGP 0.8 million) in 3Q12 against US$ 0.3 million (EGP 1.7 million) the previous quarter despite the third quarter being the traditional slow season for the company.

On a consolidated basis, Tawazon reported a 27% improvement in revenues in 3Q12 to US$ 4.0 million (EGP 24.2 million), leading to an 18.5% narrowing in net loss to negative US$ 0.8 million (EGP 5.0 million).

- **ECARU** (the company's Waste Management arm) has contracts in Dakahleyya, Qalyubiyya, Sharkiyya, and Gharbiyya to collect up to 525,000 tons of agricultural solid waste on which it is paid a service fee per ton. Revenues in 3Q12 were up 32.5%, with rising sales volumes and pricing on key products such as rice straw. Also contributing to topline growth was a more-than five-fold increase in sales of fruit trimmings on the back of the company's new contract with Cemex for the supply and transportation of 300,000 tons of agricultural waste and 50,000 tons of municipal waste as refuse-derived fuel. ECARU is pursuing new contracts and expanding collection to areas including Wady El Mollak and Nubariyya (beginning in 3Q12) to collect fruit trimmings and aromatics, among others. To-date, ECARU has added 29 collection sites compared to 20 sites last year. This new revenue stream will help counter-balance the seasonal nature of agricultural waste operations, whereby most waste collection (rice straw, cotton stalks, corn stalks) occurs after the harvest season (beginning of the fourth quarter); the last quarter of the year is typically when labor and equipment utilization rates are highest.

- **ENTAG**, Tawazon's contracting business, saw revenues steady year-on-year in 3Q12 at US$ 0.4 million (EGP 2.3 million), while net losses increased from US$ 0.3 million (EGP 1.7 million) in 3Q11 to US$ 0.9 million (EGP 5.2 million) in 3Q12. This performance is driven by the company's structure, which sees revenues dependent on one-off contracts that range from the design / construction of material recovery Facilities to technical consultancy and equipment manufacturing. In 3Q11, ENTAG was engaged in a contract to supply equipment to the Muscat Municipality in Oman for the installation of a municipal solid waste transfer station. As at 3Q12, the company had no major contracts operating, and revenues were mostly attributable to the supply of equipment to sister company ECARU.

e) Nile Logistics

Nile Logistics, Citadel Capital's platform company in the logistics, river transport and port management sector, contributed US$ 0.9 million (EGP 5.4 million) in losses to the firm's Share of Associates's Results in 3Q12, a 12.1% improvement from US$ 1.0 million (EGP 6.2 million) the previous quarter. In 9M12, the company contributed losses of US$ 2.8 million (EGP 17.3 million), a 9.2% improvement over the same period of last year.

Nile Logistics reported improved capacity utilization and 72.9% growth in tons / kilometer in 3Q12. That said, the outlook for the fourth quarter is less optimistic, as a result of a number of exogenous events that are outside the control of the company but nevertheless impact performance. Primary among these are bureaucratic challenges, bridge closures on the Cairo-Alexandria route, and the planned closure of a key river lock.

On a more positive note, grain shipments resumed early in the third quarter and are performing well, while the first successful operation discharging corn (16,500 tons) at anchor with the floating cranes and transporting the cargo by barge to Nubariyya also took place in 3Q. The company is now in negotiations for long-term contracts on this front. Finally, discussions are ongoing with two multinationals on the potential use of dedicated container barges.

III) OPEX and Other Expenses

On a consolidated basis, OPEX declined 20.6% year-on-year in 9M12 to US$ 21.6 million (EGP 131.3 million). The decline owes in part to lower OPEX at the Citadel Capital SAE standalone level (see page 12), balanced against the consolidation of operating expenditures related to Wafra, the firm's platform company in the Sudanese and South Sudanese agriculture sector only in 9M12. Total OPEX spending contributed by Wafra, which is fully consolidated in the firm's results, stood at US$ 5.8 million (EGP 35 million) in 9M12. (See page 16 for discussion of Wafra.)

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

IV) Net Interest Expense

Net interest expense expanded nearly 100% to US$ 10.7 million (EGP 65.1 million) in 9M12, reflecting up-front fees related to the refinancing of Citadel Capital's existing US$ 175 million loan and the new US$ 150 million OPIC-backed facility in 1Q12 and to the discontinuation of interest recorded on oil and gas convertibles in 2Q12. Also, Wafra recorded foreign exchange losses of US$ 2.1 million (EGP 13 million) in 3Q12, but made an overall positive contribution to this line item of US$ 1.3 million (EGP 8 million) in 9M12. Net interest also includes interest charged on both bridge loans and long-term finance extended to platform and portfolio companies.

VI. Summary Financials

Standalone Income Statement

EGP mn	9M 2011	9M 2012	3Q 2011	2Q 2012	3Q 2012
Advisory Fee	48.96	63.45	16.77	19.29	19.78
Carry	-	-	-	-	-
Gain from Sale of Investments	-	-	-	-	-
Dividends Income	-	-	-	-	-
Other Income	-	-	-	-	-
Total Revenues	**48.96**	**63.45**	**16.77**	**19.29**	**19.78**
OPEX	(111.98)	(74.65)	(36.77)	(25.86)	(25.79)
Management Earnout*	-	-	-	-	-
Forex & Others	(6.33)	4.42	(1.12)	(0.15)	(0.60)
Impairment-Invest	-	-	-	-	-
Impairment Inter-Company	-	-	-	-	-
EBITDA	**(69.35)**	**(6.78)**	**(21.12)**	**(6.73)**	**(6.62)**
Depreciation	(3.35)	(2.54)	(1.07)	(0.84)	(0.80)
EBIT	**(72.70)**	**(9.32)**	**(22.18)**	**(7.57)**	**(7.42)**
Net Interest	0.32	(32.51)	1.60	(1.40)	4.86
Provisions	-	-	-	-	-
Profit/Loss BT	**(72.39)**	**(41.83)**	**(20.58)**	**(8.97)**	**(2.56)**
Income Tax	-	-	-	-	-
Deferred Tax	0.04	(0.76)	(0.01)	(0.24)	(0.29)
Profit/Loss AT	**(72.34)**	**(42.59)**	**(20.60)**	**(9.21)**	**(2.85)**

Standalone Balance Sheet

EGP mn	FY 2011	1Q 2012	2Q 2012	3Q 2012
Fixed Assets (net)	28.00	27.11	26.26	25.47
Investments**	4,303.56	4,287.81	4,619.44	4,595.16
Convertibles	544.69	498.33	509.70	528.82
Long-Term Receivables	-	-	-	121.37
Deferred Tax Assets	1.76	1.54	1.29	1.00
Total Non Current Assets	**4,878.01**	**4,814.78**	**5,156.69**	**5,271.81**
Due from Related Parties & Other Debit Balances	173.31	153.08	111.43	123.21
Related Parties - Loans	574.24	562.16	229.02	296.34
Related Parties - OPIC Loans	-	492.57	619.36	629.40
Cash & Cash Equivalent	151.69	193.82	210.53	179.89
Total Current Assets	**899.24**	**1,401.64**	**1,170.35**	**1,228.84**
Total Assets	**5,777.25**	**6,216.42**	**6,327.04**	**6,500.65**
Paid-in Capital	4,358.13	4,358.13	4,358.13	4,358.13
Reserves	89.58	89.58	89.58	89.58
Retained Earning	(75.40)	(185.53)	(185.53)	(185.53)
Current Year Profit / Loss	(110.13)	(30.52)	(39.74)	(42.59)
Dividends Distribution				
Total Equity	**4,262.17**	**4,231.65**	**4,222.44**	**4,219.59**
LT Borrowing	822.73	1,334.14	1,453.11	1,611.20
Others	-	-		
Total Non Current Liabilities	**822.73**	**1,334.14**	**1,453.11**	**1,611.20**
CPLTD	210.25	211.05	211.60	212.80
Due to CCP	225.37	208.01	204.87	223.02
Accrued, Provision & Other liabilities	256.72	231.57	235.02	234.04
Total Current Liabilities	**692.35**	**650.63**	**651.49**	**669.86**
Total Equity & Liabilities	**5,777.25**	**6,216.42**	**6,327.04**	**6,500.65**

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

** Citadel Capital's investments are recorded in its 3Q11 stand-alone financial statements under the following line items: Available-for-Sale Investments (EGP 23.8 million), Investments in Subsidiaries and Associates (EGP 2.698 billion), Payments for Investments (EGP 2.004 billion), and other investments (EGP 519 million). This results in total investments of EGP 5.245 billion (investments + convertibles + long term receivables).

Consolidated Income Statement

EGP mn		9M 2011	9M 2012	3Q 2011	2Q 2012	3Q 2012
	Advisory Fee	47.13	47.64	16.10	15.28	14.62
	Gain from Sale of Investments	-	-	-	-	-
	Share in Associates' Results	(290.70)	(200.83)	(94.72)	(67.58)	(65.60)
	Other Income	-	(15.95)	0.07	(12.60)	0.27
Total Revenues		**(243.57)**	**(169.14)**	**(78.55)**	**(63.77)**	**(51.85)**
	OPEX	(165.43)	(131.28)	(65.96)	(49.61)	(40.05)
	Other Expenses	(1.12)	(40.44)	(1.14)	(12.61)	(17.97)
EBITDA		**(410.12)**	**(340.85)**	**(145.64)**	**(127.13)**	**(109.87)**
	Depreciation	(3.46)	(10.80)	(0.99)	(4.36)	(2.00)
EBIT		**(413.58)**	**(351.65)**	**(146.64)**	**(131.49)**	**(111.87)**
	Net Finance Income (Expense)	(33.11)	(65.05)	(8.19)	7.50	(21.81)
Profit BT		**(446.69)**	**(416.70)**	**(154.82)**	**(123.99)**	**(133.70)**
	Deferred Tax	0.04	(0.76)	(0.01)	(0.24)	(0.29)
	Current Income Tax	-	(0.04)	-	-	(0.04)
Profit		**(446.64)**	**(417.50)**	**(154.83)**	**(124.23)**	**(134.01)**
	Attributable to:					
	Majority Shareholders	(422.45)	(409.81)	(134.72)	(122.96)	(130.73)
	Non-Controlling Shareholders	(24.19)	(7.69)	(20.11)	(1.26)	(3.28)
Net (Loss) Profit for the Period		**(446.64)**	**(417.50)**	**(154.83)**	**(124.23)**	**(134.01)**

Consolidated Balance Sheet

EGP mn		FY 2011	1Q 2012	2Q 2012	3Q 2012
	Fixed Assets (net)	72.96	270.33	290.61	268.19
	Investments	3,197.94	3,140.36	3,336.34	3,267.65
	Convertibles	660.95	615.80	627.81	798.56
	Deferred Tax Assets	1.76	1.54	1.29	1.00
Total Non Current Assets		**3,933.61**	**4,028.02**	**4,256.05**	**4,335.40**
	Investments	18.17	18.23	17.92	18.57
	Due from Related Parties & Other Debit Balances	158.67	188.81	153.42	170.62
	Related Parties - Loans	764.22	970.68	916.01	905.25
	Cash & Cash Equivalent	166.24	230.92	238.87	209.01
Total Current Assets		**1,107.30**	**1,408.64**	**1,326.22**	**1,303.45**
Total Assets		**5,040.91**	**5,436.66**	**5,582.26**	**5,638.86**
	Paid-in Capital	4,358.13	4,358.13	4,358.13	4,358.13
	Reserves	187.34	178.74	107.92	84.99
	Retained Earning	(1,093.81)	(1,949.40)	(1,945.98)	(1,942.35)
	Net (Loss) Profit for the Period	(773.54)	(156.12)	(279.08)	(409.81)
	Total Equity Attributable to Majority Shareholders	**2,678.11**	**2,431.34**	**2,240.99**	**2,090.95**
	Total Equity Attributable to Non-Controlling Shareholders	**379.71**	**376.17**	**375.89**	**382.77**
Total Equity		**3,057.83**	**2,807.51**	**2,616.87**	**2,473.73**
	LT Borrowings	1,142.44	1,687.87	1,849.36	1,995.34
	LT Liabilities	21.86	10.79	10.79	10.79
Total Non Current Liabilities		**1,164.30**	**1,698.66**	**1,860.14**	**2,006.13**
	Current Portion of Long Term Loans	210.25	237.07	237.42	294.58
	Due to CCP	225.37	396.04	204.87	223.02
	Due to Related Parties & Other Credit Balances	176.60	89.55	455.08	433.94
	Provisions	206.56	207.83	207.88	207.49
Total Current Liabilities		**818.78**	**930.49**	**1,105.25**	**1,159.00**
Total Equity & Liabilities		**5,040.91**	**5,436.66**	**5,582.26**	**5,638.86**

About Citadel Capital

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

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