Citadel Capital Reports Full-Year 2011 Results

Citadel Capital closes 2011 with US$ 761 mn in new investments under control (including US$ 256 mn in new AUM), adds US$ 325 mn to balance sheet, reports narrowing standalone loss

CCAP.CA on the Egyptian Stock Exchange

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(Cairo, Egypt) — Citadel Capital (CCAP.CA on the Egyptian Stock Exchange), the leading private equity firm in the Middle East and Africa, announced today its financial results for fiscal year 2011, reporting an 8.7% year-on-year rise in total investments under control to US$ 9.5 billion (EGP 57.1 billion) and a 6.3% rise in assets under management (AUM) to US$ 4.3 billion (EGP 25.8 billion).

In FY11, and despite the prevailing economic turmoil regionally and globally, the firm added US$ 761.1 million (EGP 4.6 billion) in new investments under control (committed equity and debt), including US$ 256.2 million (EGP 1.5 billion) in new AUM and US$ 504.9 million (EGP 3.0 billion) in new debt. Citadel Capital's principal investments in its own transactions rose 8.9% to US$ 941.0 million (EGP 5.4 billion) at the end of FY11, while the firm added a further US$ 325.6 million to its balance sheet through a US$ 175.6 million capital increase and US$ 150 million in new debt guaranteed by the US Overseas Private Investment Corporation. Drawdown on the OPIC funds took place in 1Q12.

The firm has also completed the refinancing of the US$ 175 million balance of its pre-existing debt facility to better suit the planned pace and tenor of its investments.

Including equity and debt raised at both the platform / portfolio and Citadel Capital levels, the firm raised total third-party cash of more than US$ 767.9 million in FY11 (see table, overleaf).

"The year just ended was challenging for corporations of all descriptions," said Citadel Capital Chairman and Founder Ahmed Heikal. "Despite substantial headwinds from the economic fallout attendant to the Revolution, we raised nearly three-quarters of a billion dollars in new equity and debt for our investments, decisively shored up our balance sheet at the Citadel Capital level, implemented decisive cash preservation measures, and undertook a program of closer operational oversight of our platform and portfolio companies. Our success on these fronts sees us enter 2012 on a strong footing as we look to rebalance our portfolio through the divestiture of non-core assets, freeing capital to fuel growth at our core investments.

"We have secured new investment and debt for key investments including Rift Valley Railways in Kenya and Uganda, Sudan and South Sudan agriculture play Wafra, and Nile Logistics in Egypt, among others. Our emphasis in the coming months is on financial close for the Egyptian Refining Company, finalizing regulatory procedures for fuel bunkering platform Mashreq, obtaining the building permit for our 3.5 MTPA cement plant in Algeria, inaugurating our 2 MTPA cement facility in Egypt, completing the turnaround of NOPC / Rally Energy, closing the sale of National Petroleum Company Egypt and reducing execution risk across our portfolio," Heikal said.

With no exits in the year, Citadel Capital reports a standalone net loss of US$ 18.3 million (EGP 110.1 million) for FY11 on revenues of US$ 11.6 million (EGP 69.5 million)[1] compared with a net loss of US$ 49.7 million (EGP 298.3 million) the previous year.

1 Citadel Capital principal investments are converted per exchange rates carried in Citadel Capital's balance sheet. All other figures relating to financial results in FY11 are converted using a spot rate of EGP 6.007 : US$ 1.00. Historical figures have been re-stated using the same exchange rate. Citadel Capital typically analyzes its own financial statements in EGP and investments in US$. Management notes that private equity earnings are by definition 'lumpy,' with significant revenues and profits typically generated at exit of investments.

For comparison purposes, FY10 results included US$ 28.9 million (EGP 173.6 million) in provisions and other charges related to the impairment of the firm's principal investments in NOPC / Rally Energy and NPC. With the signature of a sale purchase agreement for NPC Egypt earlier this year, Citadel Capital's auditors have rebooked the advisory fees and interest on convertibles earned in FY11 on this year's standalone income statement. They additionally reversed on this year's income statement the impaired advisory fees and interest dating to FY10, the net effect of which was a gain of US$ 3.3 million (EGP 20 million) on the standalone financial statements

On the consolidated financials, a related decision was taken to further impair Citadel Capital's principal investment in NPC and to write up the full value of the firm's investment in the NPC convertible. This results in a non-cash charge of US$ 17.7 million (EGP 106.3 million) and thus contributing to the firm's consolidated net loss of US$ 133.3 million (EGP 800.5 million), a figure which also includes other non-cash expenses related to the clean-up of investments at the portfolio-company level at other platforms as well as non-cash foreign exchange losses related to investments in Sudan. Management had already taken this conservative decision to increase the impairment on NPC equity and to write up the value of the NPC convertible as of the June 2011 portfolio net asset valuation (PNAV, EGP 6.07 per share), a development that was not at the time reflected in the firm's financials.

The PNAV of Citadel Capital's principal investments in its own transactions as at the end of FY11 stood at US$ 861.1 million (EGP 5,172.7 million) according to an independent valuation prepared by RisCura Fundamentals, a provider of valuation, risk and performance analysis with a specialization in Africa. Management has opted starting with the FY11 Business Review to source its PNAV from RisCura, a proven financial consultancy whose use has previously been approved by Citadel Capital's lenders and by LPs in the MENA and Africa Joint Investment Funds. Use of RisCura in the Business Review thus ensures that all parties — shareholders, limited partners, co-investors and lenders — enjoy access to a PNAV prepared by a neutral third-party according to a consistent methodology.

PNAV per share (PNAVPS) stood at US$ 0.99 (EGP 5.93) as at 31 December 2011.

Highlights of the year's fundraising include US$ 767.9 million in third-party cash raised at both the platform and Citadel Capital levels, largely from development finance institutions:

Total Third-Party Cash Raised in 2011	**FY11 (in US$ mn)**
Total Equity Raised and Drawn from Co-Investors in 2011 and early 2012	82.9
Africa Railways (IFC ALAC, FMO, DEG, PROPARCO, IFC)	*35.0*
Nile Logistics (DEG, EIB)	*21.2*
Others	*26.7*
Additional Equity Raised but Undrawn in 2011 and early 2012	45.0
Africa Railways (ALAC, FMO, DEG, PROPARCO, IFC)	*35.0*
Grandview for Shorouk Paper Mill (IFC) (not included in Citadel Capital's AUM base)	*10.0*
New Platform-Level Debt in 2011 and early 2012	370.0
Africa Railways (IFC ALAC, FMO, DEG, FISEA, IFC)	*164.0*
Wafra	*24.0*
Grandview for Shorouk Paper Mill (IFC) (not included in Citadel Capital's base of committed debt)	*15.0*
Others	*167.0*
Proceeds from Citadel Capital-level Rights Issue (Cash component only)	120.0
US Overseas Private Investment Corporation Facility	150.0
Total Third Party Cash Raised in 2011	**767.9**

"Fundraising on this scale despite the prevailing political and economic circumstances, while at the same time nurturing growth plans for core investments and planning the rebalancing of our portfolio, is a clear and public endorsement of the soundness of our portfolio and of our investment fundamentals," Heikal said. "The road ahead in 2012-13 will include challenges, but also substantial opportunities for an investment firm that is soundly on the right side of macro fundamentals including high commodity prices, energy deregulation, exports (and import substitutes), and businesses with hard-currency revenue streams outside of Egypt.

"Against this backdrop, we look forward to delivering strong results in 2012 as we nurture investments that proudly employ more than 45,000 people across our 15-country footprint," Heikal concluded.

Management's discussion of operations and details of Citadel Capital's 4Q and FY11 standalone and consolidated financials follows; full financials are available for download at citadelcapital.com.

Chairman's Outlook on 2012

Despite substantial economic headwinds globally (from the Eurozone crisis) and regionally (economic fallout from the Arab Spring), Citadel Capital reported a strong fundraising performance in 2011. As you will read in these pages, the firm added US$ 761.1 million in investments under control last year, the lion's share of it equity and debt committed by international institutional investors to core platform and portfolio companies. Moreover, the firm closed the year having added more than US$ 325 million to its own balance sheet — US$ 175.6 million raised via rights issue (including US$ 120 million in fresh cash) and US$ 150 million in long-term finance guaranteed by OPIC.

This new balance sheet strength will serve Citadel Capital in good stead as we look to weather a gathering economic storm predicted by dwindling foreign currency reserves, rising inflation, climbing unemployment, a widening current account deficit, an unsustainable debt level and a swelling budget deficit that could exceed 12% this year. The outcome of this storm, we believe, is quite clear: Devaluation of the Egyptian pound and the partial removal of energy subsidies in our home market.

While those developments will prove challenging for some companies, they are eventualities we predicted — and that underpin the investment theses along which our core investments are structured, including:

1. Commodity plays in an environment of rising prices
2. Exports and import substitutes
3. Energy deregulation
4. Investments outside Egypt with hard currency revenue streams.

Against this backdrop, 2012 will be a year of consolidation in which we will focus on both continued reduction of operational risk and the divestiture of smaller and non-core investments to allow us to focus on our top growth prospects in an environment that will be characterized by longer holding periods.

Our priorities for the year thus include reaching financial close on ERC, finalizing regulatory procedures that will allow us to fast-track development of Mashreq (which is building a one-of-a-kind bunkering and logistics hub on the Mediterranean side of the Suez Canal), obtaining the building permit for our 3.5 MTPA cement plant in Algeria, inaugurating our 2 MTPA cement facility in Egypt, and completing the turnaround of NOPC / Rally Energy.

In the meantime, we look forward to the close of our sale of NPC Egypt in 3Q12. This transaction is the first step in a series of divestitures of minor and non-core assets that are at the heart of our program to rebalance our portfolio and add US$ 20-40 million in fresh capital to the firm's balance sheet this year.

Having shored up our balance sheet and subsequently refinanced our long-term debt in 1Q12 — and having ensured that key investments such as Rift Valley Railways, Nile Logistics and Wafra, among others, have the funding they need to grow — we have the luxury of pursuing the best deals on exits possible in the current economic circumstances. At this moment, we have multiple sale mandates in the pipeline, and with clarity on the political situation in Egypt and a somewhat improved international outlook, we expect by late 2012 to see tangible results. At the same time, the organic and non-organic growth opportunities we pursue in 2012 and beyond will focus on core platform and portfolio companies, an emphasis that will allow management to create value by concentrating on companies we already know inside-out rather than adding new investments that will detract our attention.

Ahmed Heikal
Chairman and Founder

Summary of Key 2011 Accomplishments

Goal	Delivery
Strengthen Our Balance Sheet	• Completed US$ 175 mn capital increase, adding US$ 120 mn in fresh cash on Citadel Capital balance sheet • Finalized US$ 150 mn long-term facility guaranteed by OPIC • Refinanced existing US$ 175 mn facility to better suit planned pace and tenor of investments
Prioritize Fundraising to Drive Growth in Existing Portfolio	• Raised third-party cash of US$ 767.9 million (at platform, portfolio and Citadel Capital levels) • Completed financing package for Rift Valley Railways • Completed capital increase for Africa Railways • Fresh capital for Nile Logistics, NVPL, Grandview, Wafra, Gozour • Equity closure on ERC has new momentum
Preserve Cash	• 19.4% reduction in recurring OPEX in FY11 • Emphasis on cost control continues in 2012 to lock-in savings from the year just ended • Fresh cash channeled to portfolio companies that are turning the corner to become cashflow positive
Focus Our Efforts	• Rebalancing of portfolio through divestiture of minor / non-core investments has begun with in-progress sale of NPC Egypt • Rebalancing within 2012 will add US$ 20-40 mn to balance sheet to support growth of core portfolio / platform companies • Focus efforts on companies that will soon be cash generative (e.g.: increasing Wafra stake to 99.9%) • No new investments since November 2009 • Rebalancing / focusing on core investments allows management to concentrate not on new transactions, but on driving growth at companies it already knows inside-out
Be More Hands-On With Our Investments	• Regular, hands-on monitoring of business plans • Management change at platform / portfolio companies as required (Gozour, Sabina, United Foundries, Rift Valley Railways, Nile Logistics) • Tighter group-wide internal controls and procurement policy
Maintain a Conservative Stance	• Write-downs on under-performing upstream oil and gas investments at end of FY10 • Enforced same conservative approach on platform and portfolio companies in FY11 (ASCOM, TAQA Arabia)
Benefit from Macroeconomic Trends	• The state budget is coming under substantial pressure as a result of the fuel subsidy program and scarcity of refined product (particularly diesel) has become a hallmark of the market in 1H12: This development is providing momentum for closure on ERC's equity component expected in 2Q12 and will benefit Tawazon, Nile Logistics and TAQA Arabia from 2H12 onward

Investment Themes and Macro Trends by Platform Company

Platform	Investment Theme				Macro Trend			Background
	Commodities	Exporters or Import Substitutes	Benefitting from Energy Deregulation	Investments Outside Egypt (US$ revenues)	Devaluation	Elimination of Subsidies / Energy Dereg.	High Commodities Prices	
Egyptian Refining Company		✓	✓		✓	✓	✓	25-year offtake agreement at international prices in USD.
Tawazon		✓	✓		✓	✓		ECARU produces alternative fuels for industry from refuse. ENTAG exports, has foreign USD-denominated management contracts.
Rift Valley Railways				✓	✓			Operates national railways of Kenya / Uganda.
Nile Logistics			✓			✓		Fuel-efficient alternative to road transport.
Gozour								Agriculture in Egypt serves both domestic demand and foreign need of specialty exports. Dairy operations (milk, cheese, yogurt) are substitutes for imports (cf: powdered milk) with export potential. Packaged food from Rashidi El-Mizan and juice from Enjoy have proven regional export track records; REM investment in Sudan through Al-Musharraf.
Agriculture	✓	✓			✓		✓	
Dairy		✓			✓			
Packaged Foods		✓		✓	✓			
Wafra	✓			✓	✓		✓	Commodity play serving Sudan and South Sudan, both of which are deficit markets for cereal and oilseed crops.
TAQA Arabia								Power generation arm suited to serve growing domestic demand in Egypt at a time of subsidy removal. Gas distribution arm operates household accounts, connects households to grids. Company converts motor vehicles to CNG, which will be in demand as fuel prices are liberalized.
Power Generation			✓	✓		✓		
Gas Distribution			✓			✓		
Oil Marketing			✓			✓		
CNG Conversion			✓			✓		
ASCOM								Quarrying is an indirect play on the Egyptian cement industry. Gold E&P is a USD, commodities-linked revenue stream. Exports accounted for 56% of ACCM's FY11 sales, while the glassrock startup will target 50% exports initially and 80% going forward.
Quarrying	✓						✓	
Gold Exploration & Production	✓			✓	✓		✓	
Calcium carbonate / Rockwool / Glasswool		✓			✓			
Nile Valley Petroleum	✓			✓	✓		✓	Oil and gas E&P in Sudan and South Sudan.
ASEC Holding								Cement businesses in Algeria, Sudan are US$-linked. Plant-management contracts are generally USD-denominated. Construction and Engineering contracts are structured to provide insulation against forex swings.
ASEC Cement	✓	✓		✓	✓		✓	
Contract Cement Plant Mgmt.		✓			✓		✓	
Construction & Engineering		✓			✓		✓	
GlassWorks		✓			✓			Exports accounted for 52% of sales at float-glass maker Sphinx Glass (up from 24%in FY10) and for 46% of sales at glass container maker MGM (up from 40% in FY10).
United Foundries		✓			✓			A strong exporter of automotive parts.

I. Performance Highlights

Financial Highlights (in EGP mn)	FY10	3Q11	4Q11	FY11
Revenue	165.0	16.8	20.5	69.5
EBITDA	(131.6)	(21.1)	(8.6)	(77.9)
Net Income / Loss	(298.3)	(20.6)	(37.8)	(110.1)
Principal Investments*				
Total Principal Investments	4,866	5,089	5,397	5,397
Of which Equity	4,172	4,374	4,438	4,438
Of which Loans	219	252	493	493
Of which Convertibles	476	463	467	467
New Investments in the Period	n/a	n/a	308	531
Gains from Sale of Investments in the Period	26.0	–	–	–
Portfolio Net Asset Value (PNAV, EGP mn)†	n/a	not issued	**5,173**	**5,173**
Portfolio Net Asset Value per Share (PNAVPS, EGP)†	n/a	not issued	**5.93**	**5.93**
Asset Management (in US$ bn, as at the date)				
Total Investments Under Control	8.7	9.0	9.5	9.5
Total AUM	4.1	4.2	4.3	4.3
Invested AUM	3.1	3.2	3.3	3.3
Invested Third-party AUM	2.3	2.3	2.3	2.3
Third-party Fee-earning AUM	2.1	2.1	2.1	2.1
New Invested AUM (in US$ mn, for the period)	n/a	n/a	90.5	197.4
Revenue from Advisory Fees (in US$ mn, for the period)	17.9	2.8	3.4	11.6
Revenue from Carried Interest (in US$ mn, for the period)	-	-	-	-
Asset Management Value (AMV) (in EGP mn)**	3,420	-	n/a	n/a
Net Asset Value**				
Total NAV (TNAV) (in EGP mn)	10,260	-	n/a	n/a
TNAV per Share (in EGP)	15.50	-	n/a	n/a

Track Record (for the quarter ending 31 December 2011 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		45,537
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 (December 2011)		
Citadel Capital Partners (CCP)		28.23%
Board members other than CCP		18.73%
Investors Owning More than 1%		23.03%
Others		30.01%
Number of shares outstanding		871,625,000
Paid-in capital of Citadel Capital	EGP 4.4 billion	US$ 0.7 billion

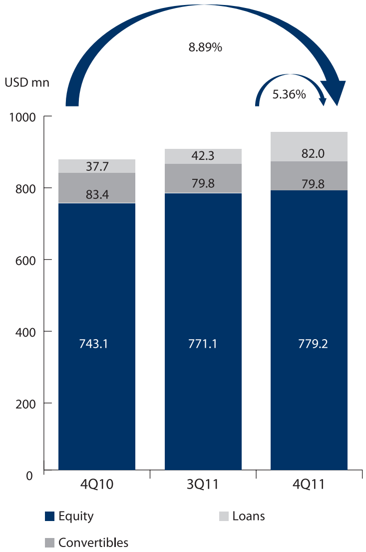
* The majority of Citadel Capital principal investments are made in US dollars, with the two exceptions being ASEC Holding and United Foundries. Management accordingly analyzes both principal investments and AUM in US dollars within this document.

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

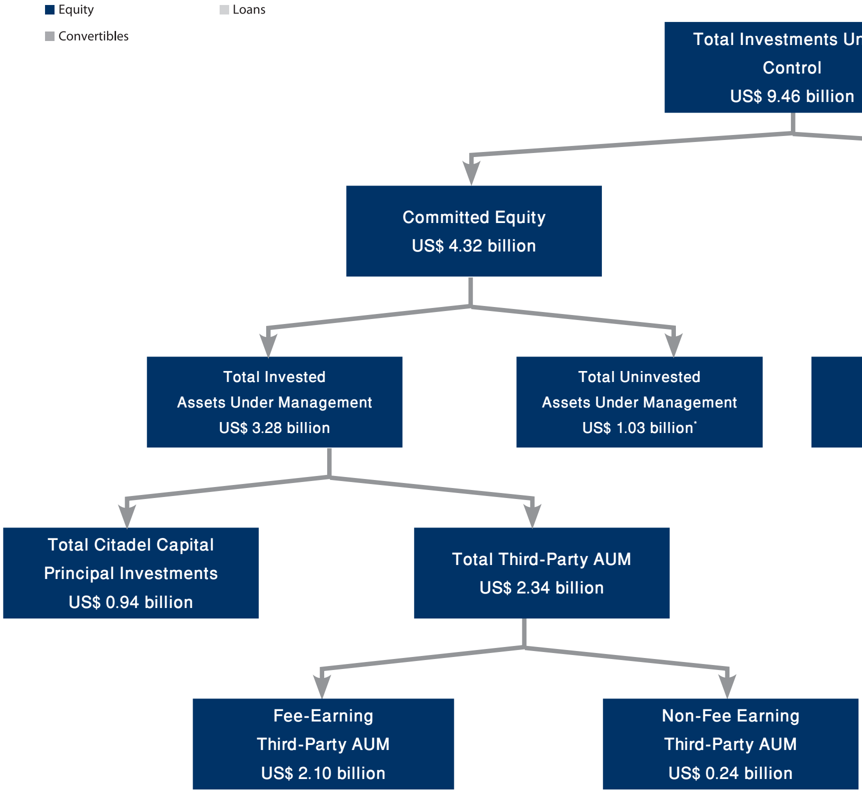
** Citadel Capital suspended guidance on TNAV as of 31 December 2010 as a result of its decision not to offer estimates of its AMV. Similarly, RisCura, which provides independent valuation services to Citadel Capital beginning with the FY11 Business Review, does not take the AMV into consideration. Analysts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

II. Citadel Capital as a Principal Investor†

Citadel Capital Principal Investments



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



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

Citadel Capital controlled total investments of US$ 9.5 billion (EGP 57.1 billion) at the end of FY11, comprising both committed equity and committed debt. This represents an 8.7% rise year-on-year and growth of 4.5% quarter-on-quarter on the back of sustained fundraising from leading international institutional investors. New investments under control raised in FY11 break down as 33.7% equity† and 66.3% debt.

† Kindly note: As part of Citadel Capital's decision to source its portfolio net asset valuation (PNAV) from an independent third party, management has opted henceforth to re-define 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. Please see tables page 12 and 13 for additional detail.

A. Principal Investments (see table page 14)

Citadel Capital's total principal investments (including equity, convertibles and interest-bearing loans to its platform companies) stood at US$ 941.0 million (EGP 5.4 billion) at the end of FY11, a 5.4% rise from the previous quarter and an 8.9% rise year-on-year. The firm made a total of US$ 75.0 million (EGP 450.5 million) in new principal investments in FY11, including US$ 57.6 million (EGP 346.0 million) in the fourth quarter.

On a full-year basis, Citadel Capital's new principal investments include US$ 36.2 million (EGP 217.5 million) in equity and US$ 42.5 million (EGP 255.3 million) in new interest-bearing loans to platform and portfolio companies.

Citadel Capital's total principal investments at 31 December 2011 break down as 82.8% equity investments, 8.5% investments in convertibles, and 8.7% interest-bearing loans to platform and portfolio companies.

Equity

Citadel Capital made new principal equity investments of US$ 36.2 million (EGP 217.5 million) in FY11, driven primarily by a total of US$ 34.5 million (EGP 207.2 million) invested in agriculture and consumer foods platform Gozour, Sudanese agriculture platform Wafra and the Egyptian Refining Company (ERC).

Wafra attracted US$ 11.2 million (EGP 67.3 million) in the full year to back plans for an accelerated pace of development at both Sabina (Sudan) and Concord (South Sudan) following the completion of substantial early-stage work, a successful first commercial wheat harvest at Sabina mid-year, and a first cotton harvest with yields exceeding the average in Sudan. Management is sufficiently optimistic about Wafra's long-term prospects to have increased its stake in the company to 99.9% in 1Q12. The firm invested a further US$ 15.3 million (EGP 91.9 million) in Gozour in FY11, which made substantial operational progress in late 2011 even as positive sales and financial momentum at Rashidi El-Mizan, Dina Farms and ICDP (Dina Farms' fresh milk arm) were partially offset by challenges at El-Misriyyeen and Enjoy.

ERC closed FY11 with a net new investment from Citadel Capital of US$ 8.0 million (EGP 48.1 million) with fully US$ 6.6 million (EGP 39.6 million) having been invested in 4Q11 following a temporary reduction in the firm's principal investment in ERC earlier in the year as talks on equity closure had slowed. Negotiations to finalize US$ 1.1 billion in equity and thereby reach financial close on the transaction accelerated in 4Q11. Closure is now expected in the first half of 2012. The US$ 2.6 billion in debt financing for ERC — guaranteed by international development finance institutions and export credit agencies — remains in place.

Citadel Capital's total equity investment in Africa Railways declined US$ 5.4 million (EGP 32.4 million) on a full-year basis following the recovery of US$ 13.9 million (EGP 83.5 million) in equity in 4Q11. This US$ 13.9 million represents funds Citadel Capital had previously advanced Africa Railways pending the raising of US$ 70 million in equity from international LPs. Closure on that capital increase came in 4Q11, allowing return of the funds. Citadel Capital presently holds 35.3% of Africa Railways (directly and via the MENA and Africa Funds).

Citadel Capital's principal investment in ASEC Holding and United Foundries Company declined US$ 5.7 million (EGP 34.2 million) and US$ 0.7 million (EGP 4.2 million) respectively in US dollar terms only as a result of the devaluation of the Egyptian pound. ASEC Holding and United Foundries are the sole Citadel Capital principal investments held on the balance sheet in Egyptian pounds. All other investments in platform and portfolio companies are held in US dollars and hence benefit from devaluation.

Also in FY11, Citadel Capital made new principal equity investments in Tanweer (media and retail), Finance Unlimited (financial services) and Tawazon (solid waste management). The firm's total principal equity investments in the full year were accordingly weighted toward Gozour (30.8% of total new equity invested), Wafra (22.6%), ERC (16.0%), Finance Unlimited (7.8%) and Tanweer (7.5%).

In the fourth quarter, Citadel Capital made new principal equity investments of US$ 49.3 million (EGP 296.1 million), a figure that includes the reduction of equity in Africa Railways and effect of devaluation of the Egyptian pound on the firm's investment in ASEC Holding. New investments were weighted toward Gozour, ERC, Wafra, Finance Unlimited and Tawazon.

Convertibles

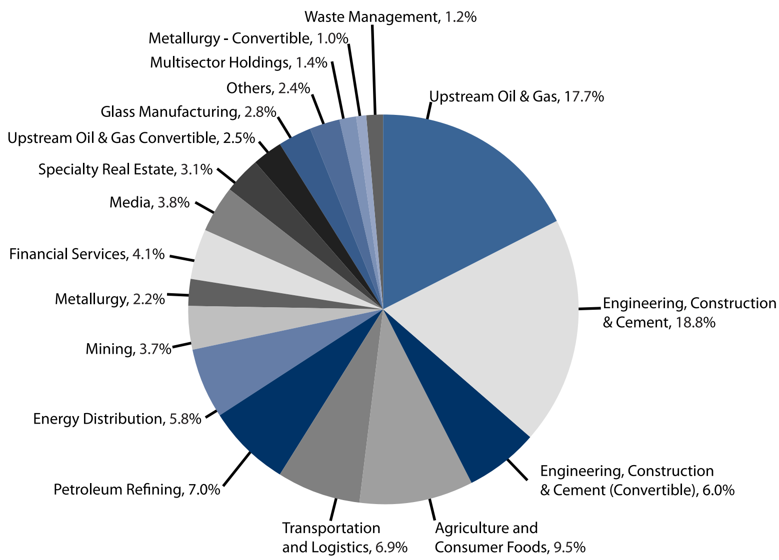
Citadel Capital holds four investments in convertibles: ASEC Holding, United Foundries, NPC and NOPC / Rally Energy. The firm made no new investments in convertibles in 4Q11. On a full year basis, the firm's total investment in convertibles eased US$ 3.6 million (EGP 21.6 million) to US$ 79.8 million (EGP 466.7 million) as co-investors took positions in the United Foundries convertible in 1Q11.

Loans

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. Interest bearing loans accordingly represent a distinct form of Citadel Capital principal investment in its platform and portfolio companies.

Total interest bearing loans to platform and portfolio companies rose 95.6% quarter-on-quarter to US$ 82.0 million (EGP 492.6 million) as Citadel Capital deployed in 4Q11 fresh capital raised earlier in the year to support the growth of core platform and portfolio companies. On a full-year basis, total loans to platform and portfolio companies accordingly rose 125.4%.

Distribution of Citadel Capital Principal Investments by Industry at year-end 2011



B. Portfolio Net Asset Value (PNAV) by RisCura (see table page 12)

The net asset value of Citadel Capital's principal investments in its OSFs stood at US$ 861.1 billion (EGP 5,172.7 million) as at 31 December 2011, with PNAV per share (PNAVPS) at US$ 0.99 (EGP 5.93).

Management notes that the FY11 PNAV has been calculated with a new methodology. Whereas previous valuations have been carried out by Citadel Capital itself, the firm has chosen to rely on RisCura Fundamentals as a credible, third-party provider of an independent valuation beginning with the FY11 Business Review.

Use of a RisCura-calculated PNAV has been approved by our lenders as well as anchor investors in the MENA and Africa Joint Investment Funds. It is management's view that sourcing a single PNAV from a single, independent provider will provide shareholders, international LPs, regional co-investors and lenders alike with a common view of Citadel Capital's net asset valuation.

The firm will continue to circulate a PNAV at a half-year and full-year marks.

All platform companies are valued by RisCura with the exceptions of Wafra, NVPL, Other Assets and Loans to Platforms (all of which are held at cost) and Grandview which is valued by that company's management.

RisCura is a leading provider of independent valuation, risk and performance analysis to investors in unlisted instruments in Africa. The company's clients include private equity, pension and credit funds in addition to banks. RisCura has expertise in covering industries ranging from agriculture to retail, from manufacturing to extractive industries. The company's valuations are performed in accordance with International Private Equity and Venture Capital Valuation Guidelines, which apply the concept of fair value and are consistent with IFRS and US GAAP.

RisCura is remunerated by Citadel Capital for the production of the PNAV.

Citadel Capital Portfolio Net Asset Value as of 31 December 2011, As Valued by RisCura*

Platform Company		Investment Cost (EGP mn)	Ownership	Investment Value (EGP mn)	Multiple	% Valuation	Value/ Share (EGP)
ASEC Holding	Engineering, Construction & Cement	924.4	54.8%	930.4	1.0x	18.0%	1.07
ASCOM Mining & Geology	Mining	183.1	39.2%	104.0	0.6x	2.0%	0.12
Nile Logistics	Transportation and Logistics	186.5	34.2%	186.5	1.0x	3.6%	0.21
Africa Railways	Transportation and Logistics	152.4	35.3%	250.5	1.6x	4.8%	0.29
Gozour	Agriculture and Consumer Foods	229.2	19.5%	296.8	1.3x	5.7%	0.34
Gozour Real Estate	Real Estate	50.1	19.5%	159.4	3.2x	3.1%	0.18
National Petroleum Company	Upstream Oil & Gas	354.2	15.1%	70.8	0.2x	1.4%	0.08
NOPC / Rally Energy Group	Upstream Oil & Gas	359.1	14.9%	0	0.0x	0.0%	0.00
Egyptian Refining Company	Petroleum Refining	341.1	15.9%	341.1	1.0x	6.6%	0.39
TAQA Arabia	Energy Distribution	247.1	34.9%	655.2	2.7x	12.7%	0.75
Mashreq	Energy Distribution	39.4	24.5%	39.4	1.0x	0.8%	0.05
GlassWorks	Glass Manufacturing	136.8	21.0%	160.4	1.2x	3.1%	0.18
Finance Unlimited	Financial Services	202.6	100.0%	230.2	1.1x	4.5%	0.26
Bonyan	Specialty Real Estate	154.1	32.1%	154.1	1.0x	3.0%	0.18
Tawazon	Solid Waste Management	57.8	53.4%	57.8	1.0x	1.1%	0.07
United Foundries Company	Metallurgy	106.5	30.0%	144.1	1.4x	2.8%	0.17
Tanweer	Media	187.2	100.0%	491.7	2.6x	9.5%	0.56
Grandview	Mid-Cap / Multisector	69.9	13.0%	118.8	1.7x	2.3%	0.14
Wafra	Agriculture	186.2	100.0%	186.2	1.0x	3.6%	0.21
NVPL	Upstream Oil & Gas	152.8	15.0%	152.8	1.0x	3.0%	0.18
Other Assets		118.0	n/a	118.0	1.0x	2.3%	0.14
Total Equity Investments		4,438.3		4,849.0	1.1x	93.7%	5.56
ASEC Holding (Convertible)		294.6	49.7%	572.3	1.9x	11.1%	0.66
NPC (Convertible)		52.4	n/a	52.4	1.0x	1.0%	0.06
NOPC / Rally Energy Group (Convertible)		72.1	n/a	0	0.0x	0.0%	0.00
United Foundries (Convertible)		47.6	61.0%	86.5	1.8x	1.7%	0.10
Total Convertibles		466.7		711.2	1.5x	13.7%	0.82
Net Loans to Platforms		492.6		492.6	1.0x	9.5%	0.57
Total Citadel Capital Investments		5,397.5		6,052.7	1.1x	117.0%	6.94
Cash and Other Assets				249.6		4.8%	0.29
Due to CCP				(225.4)		(4.4%)	(0.26)
Due from Advisory Fees				128.8		2.5%	0.15
Bank Debt				(1,033.0)		(20.0%)	(1.19)
Total				(880.0)		(17.0%)	(1.01)
Portfolio Net Asset Valuation				5,172.7		100.0%	5.93

NOTES: Wafra, NVPL, Other Assets and Loans to Platforms are held at cost. Grandview is valued by that company's management. All other platforms are valued by RisCura.

* Please see page 31 for specific notes, limitations and disclaimers on the RisCura PNAV.

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

		Citadel Capital Principal Investments				
Platform Company	**Industry**	**Investment as in Balance Sheet (EGP mn)**	**Adjustments (EGP mn)**	**Explanation of Adjustment**	**Total Investment Cost (EGP mn)**	**Total Investment Cost (USD mn)**
ASEC Holding	Engineering, Construction and Cement	924.4	-		924.4	153.9
ASCOM Mining & Geology	Mining	183.1	-		183.1	30.5
Nile Logistics	Transportation & Logistics	172.7	13.8	US$ 2.5 million invested through other vehicle	186.5	33.8
Africa Railways	Transportation & Logistics	152.4	-		152.4	27.0
Gozour	Agriculture & Consumer Goods	260.9	18.5	US$ 3.2 million invested through other vehicle	279.3	50.7
NPC	Upstream Oil & Gas	323.2	31.0	US$ 5.4 million invested through other vehicle	354.2	63.4
NOPC / Rally Group	Upstream Oil & Gas	359.1	-		359.1	65.0
ERC	Petroleum Refining	277.9	63.2	US$ 10.2 million shareholder loan from other vehicle	341.1	61.3
TAQA Arabia	Energy Distribution	247.1	-		247.1	43.3
Mashreq Petroleum	Energy Distribution	39.4	-		39.4	6.8
GlassWorks	Glass Manufacturing	128.5	8.3	US$ 1.6 million Citadel Capital management fees	136.8	24.5
Bonyan	Specialty Real Estate	154.1	-		154.1	28.1
Tawazon	Waste Management	57.8	-		57.8	10.3
UCF	Metallurgy	106.6	-		106.6	17.7
Tanweer	Media	187.2	-		187.2	34.0
Finance Unlimited	Financial Services	202.6	-		202.6	36.7
Grandview	Multisector Holdings	69.9	-		69.9	12.4
Wafra	Agriculture & Consumer Goods	186.2	-		186.2	32.7
NVPL	Upstream Oil & Gas	152.8	-		152.8	27.5
Others	Others	118.0	-		118.0	19.6
ASEC Cement	Cement	1,139.0	-		1,139.0	189.6
Eliminations*		(1,139.0)	-		(1,139.0)	(189.6)
Total Equity Investments		**4,303.6**	**134.7**		**4,438.3**	**779.2**
ASEC Holding Convertible	Engineering, Construction and Cement - Convertibles	362.1	(67.5)	Removal of Convertible Interest from Investment Cost	294.6	49.0
UCF Convertible	Metallurgy - Convertible	58.1	(10.5)	Removal of Convertible Interest from Investment Cost	47.6	7.9
NPC Convertible	Upstream Oil & Gas - Convertible	52.4	-		52.4	9.8
NOPC / Rally Convertible	Upstream Oil & Gas - Convertible	72.1	-		72.1	13.1
Total Convertibles		**544.7**	**(78.0)**		**466.7**	**79.8**
Loans to Platforms		**574.2**	**(81.7)**	Reflecting reclassification of principal investments classified as Loans to Platforms due to technical accounting reasons	**492.6**	**82.0**
Total Investments		**5,422.5**	**56.7**		**5,397.5**	**941.0**

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

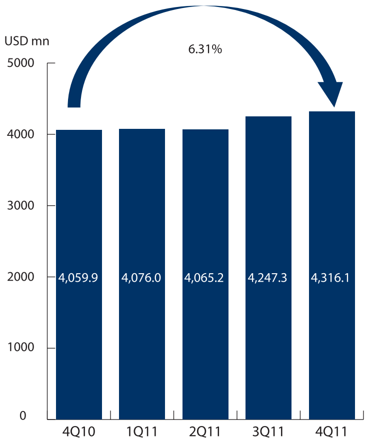
Summary of Investments in Citadel Capital Platform Companies as of 31 December 2011 (USD mn)

						Africa Investment Fund				MENA Investment Fund							
Platform	Industry	Citadel Capital	Change FY11	Co-investors	Change FY11	Citadel Capital	New FY11	LPs	New FY11	Citadel Capital	New FY11	LP	New FY11	Total Citadel Capital*	Change FY11*	Total Co-investors*	Change FY11*
ASEC Holding	Engineering, Construction and Cement	153.9	(5.7)	126.4	(4.7)	-	-	-	-	-	-	-	-	153.9	(5.7)	126.4	(4.7)
ASCOM Mining & Geology	Mining	30.5	(1.1)	-	-	-	-	-	-	-	-	-	-	30.5	(1.1)	-	-
Nile Logistics	Transportation & Logistics	33.8	-	98.4	21.2	-	-	-	-	-	-	-	-	33.8	-	98.4	21.2
Africa Railways	Transportation & Logistics	20.8	(5.4)	35.0	35.0	6.2	-	13.8	-	-	-	-	-	27.0	(5.4)	48.8	35.0
Gozour	Agriculture & Consumer Goods	50.7	15.3	206.9	3.3	-	-	-	-	-	-	-	-	50.7	15.3	206.9	3.3
NPC	Upstream Oil & Gas	63.4	-	357.7	-	-	-	-	-	-	-	-	-	63.4	-	357.7	-
NOPC / Rally Group	Upstream Oil & Gas	65.0	-	561.9	-	-	-	-	-	-	-	-	-	65.0	-	561.9	-
ERC	Petroleum Refining	61.3	8.0	292.7	26.1	-	-	-	(13.8)	-	-	-	(14.2)	61.3	8.0	292.7	(1.9)
TAQA Arabia	Energy Distribution	43.3	(0.6)	76.2	0.8	-	-	-	-	-	-	-	-	43.3	(0.6)	76.2	0.8
Mashreq Petroleum	Energy Distribution	6.8	-	20.1	-	-	-	-	-	-	-	-	-	6.8	-	20.1	-
GlassWorks	Glass Manufacturing	24.5	-	131.2	-	-	-	-	-	-	-	-	-	24.5	-	131.2	-
Bonyan	Specialty Real Estate	28.1	-	59.4	-	-	-	-	-	-	-	-	-	28.1	-	59.4	-
Tawazon	Waste Management	6.0	-	-	-	2.2	0.7	4.9	1.5	2.1	0.7	5.0	1.2	10.3	1.4	9.9	2.8
UCF	Metallurgy	17.7	(0.7)	32.6	(6.5)	-	-	-	-	-	-	-	-	17.7	(0.7)	32.6	(6.5)
Tanweer	Media	34.0	3.7	-	-	-	-	-	-	-	-	-	-	34.0	3.7	-	-
Finance Unlimited	Financial Services	36.7	3.9	-	-	-	-	-	-	-	-	-	-	36.7	3.9	-	-
Grandview	Multisector Holdings	12.4	-	82.8	-	-	-	-	-	-	-	-	-	12.4	-	82.8	-
Wafra	Agriculture & Consumer Goods	32.7	11.2	-	-	-	-	-	-	-	-	-	-	32.7	11.2	-	-
NVPL	Upstream Oil & Gas	27.5	0.5	55.1	10.6	-	-	-	-	-	-	-	-	27.5	0.5	55.1	10.6
Others	Others	19.6	5.7	-	-	-	-	-	-	-	-	-	-	19.6	5.7	-	-
ASEC Cement	Cement	189.6	-	360.6	-	-	-	-	-	-	-	-	-	189.6	-	360.6	-
Eliminations**		(189.6)	-	(325.6)	-	-	-	-	-	-	-	-	-	(189.6)	-	(325.6)	-
Total Equity Investments		**768.8**	**34.7**	**2,171.4**	**85.8**	**8.4**	**0.7**	**18.7**	**(12.3)**	**2.1**	**0.7**	**5.0**	**(12.9)**	**779.2**	**36.2**	**2,195.1**	**60.6**
ASEC Holding Convertible	Engineering, Construction and Cement - Convertibles	49.0	-	49.6	-	-	-	-	-	-	-	-	-	49.0	-	49.6	-
UCF Convertible	Metallurgy - Convertible	7.9	(3.6)	5.1	5.1	-	-	-	-	-	-	-	-	7.9	(3.6)	5.1	5.1
NPC Convertible	Upstream Oil & Gas - Convertible	9.8	-	35.7	-	-	-	-	-	-	-	-	-	9.8	-	35.7	-
NOPC / Rally Convertible	Upstream Oil & Gas - Convertible	13.1	-	57.3	-	-	-	-	-	-	-	-	-	13.1	-	57.3	-
Total Convertibles		**79.8**	**(3.6)**	**147.7**	**5.1**	-	-	-	-	-	-	-	-	**79.8**	**(3.6)**	**147.7**	**5.1**
Loans to Platforms		**82.0**	**42.5**	-	-	-	-	-	-	-	-	-	-	**82.0**	**42.5**	-	-
Total Investments		**930.6**	**73.6**	**2,319.0**	**108.1**	**8.4**	**0.7**	**18.7**	**(12.3)**	**2.1**	**0.7**	**5.0**	**(12.9)**	**941.0**	**75.0**	**2,342.7**	**82.9**

* Including Joint Investment Funds (JIFs).

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

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$ 4.3 billion at 31 December 2011, a rise of 1.6% (US$ 68.7 million) from the previous quarter and 6.3% (US$ 256.2 million) year-on-year.

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

Invested vs Uninvested AUM (see table page 14)

Total invested AUM (drawn equity) stood at US$ 3.3 billion (EGP 19.8 billion) at the end of FY11, a rise of US$ 90.5 million (2.8%) quarter-on-quarter and US$ 197.4 million (6.4%) since the end of FY10. Invested third-party AUM stood at US$ 2.3 billion (EGP 13.8 billion) at year-end, a rise of 3.7% from the end of 2010. On a full-year basis, new equity invested by limited partners and regional co-investors in Opportunity-Specific Funds was skewed toward Africa Railways (US$ 35.0 million), Nile Logistics (US$ 21.2 million), Nile Valley Petroleum Ltd. (US$ 10.6 million), Gozour ($3.3 million), and convertibles (US$ 5.1 million).

Limited partners also invested US$ 26.1 million in Egyptian Refining Company (ERC) in 4Q11 as momentum toward financial close grew, while on a full-year basis this sum was offset by a US$ 28.0 million temporary reduction in the MENA and Africa Joint Investment Funds' investment in ERC early in the year. This reduction is pending financial close, which is presently anticipated in 2Q12, at which time the Funds are expected to re-invest. Also in FY11, Citadel Capital drew US$ 2.8 million from the Joint Investment Funds for investment in solid-waste management platform Tawazon. LP investments in ASEC Holding and United Foundries declined in US dollar terms as they are held in Egyptian pounds; all other LP investments are held in USD.

Uninvested AUM totalled US$ 1,032.3 million (EGP 6,201.0 million) at year's end, up 6.0% as funds previously drawn into ERC from the MENA and Africa Joint Investment Funds were reversed in 1Q11 when movement toward financial close was stalled. It is anticipated that the JIFs will once more invest in ERC as equity closure approaches.

Uninvested AUM include US$ 792.0 million committed to the Egyptian Refining Company (non-fee-earning at drawdown), US$ 100 million in OPIC funding (non-fee-earning and distinct from the new US$ 150 million OPIC finance guarantee), US$ 105.3 million committed to the Africa and MENA Joint Investment Funds, and US$ 35.0 million in funds committed to Africa Railways.

Fee-Earning AUM

Fee-earning assets under management rose 0.2% in 4Q11 and 1.2% year-on-year in FY11 to US$ 2.1 billion (EGP 12.6 billion).

Citadel Capital recorded revenues of US$ 11.6 million (EGP 69.5 million) in FY11 from the 1% advisory fee it earns on fee-earning assets under management. With no exits in the quarter, revenue from carried interest was nil.

IV. Recent Developments

Please see also page 22 for an analysis of operational and financial performance at platform companies that are recognized as Associates in Citadel Capital's consolidated financial statements.

a) Refinancing of Citadel Capital Debt, First Drawdown on OPIC Facility

Citadel Capital completed in December the refinancing of the US$ 175 million balance of a pre-existing US$ 194 million, four-year Citibank debt facility. The firm had repaid US$ 19.1 million of the original facility in May 2011. The refinanced dollar loan facility is repayable in equal installments over five years commencing 2012, a structure that better suits the planned pace and tenor of Citadel Capital's investments.

As part of the refinancing process, Citadel Capital obtained and has completed its first drawdown on a US$ 150 million financing facility guaranteed by the US Overseas Private Investment Corporation, also held at Citibank. Repayment of the 10-year facility begins in 2013; fully US$ 125 million of OPIC guarantee is to support investments in Egypt.

Use of OPIC Proceeds

Egypt	(US$ mn)	Investment Rationale
ASCOM	17.7	Support addition of two productions lines for ASCOM Carbonate and Chemicals Manufacturing in Upper Egypt; support installation of glasswool and rockwool reinforced pipe manufacturing lines for Glassrock Insulation Company in Sadat City; and finance purchase of heavy equipment used in ASCOM's mining operations.
Bonyan	14.4	Support Designopolis' Cairo real estate project; beginning transformation into lifestyle mall with fashion, food, beverage and specialty offerings.
Finance Unlimited	5.9	Expansion of microfinance portfolio company Tanmeyah.
Gozour	32.5	Support ICDP (Dina Farms fresh milk) construction of new bottling line and warehouse facility and expand delivery fleet; add new Tetra-Pak line and upgrade utilities for Enjoy; install new line at Rashidi El-Mizan; and improvements to production building at Misriyyeen.
Grandview	7.4	Support completion of El Shorouk's construction of Al-Motaheda Paper and Board Mill in Al-Sadat City.
Nile Logistics	19.6	Support Nile Cargo in completing construction of new barges; support NRPMC in developing terminal infrastructure and purchase of equipment to support terminal operations.
Tanweer	8.4	Launch television channel.
United Foundries	19.1	Expand Alexandria Automotive Casting's production lines 2 and 3 in Alexandria; support Amreya Metal Company's additional production line in Alexandria.
Subtotal	*125.0*	
South Sudan		
Wafra	25.0	Strong first harvest at Sabina (Sudan) and completion of early stage development work at Concord (South Sudan) have led to accelerated development programs and machinery purchases.
Total	**150.0**	

b) Sale of National Petroleum Company Egypt Ltd.

As part of management's plan to rebalance Citadel Capital's portfolio through the divestiture of stakes in smaller, non-core assets, Opportunity-Specific Fund Golden Crescent Investments Ltd. signed in March a revised share purchase agreement to sell 100% of its interest in National Petroleum Company Egypt Limited (NPC Egypt) to Sea Dragon Energy Inc. (TSX-V: SDX), a Calgary-based exploration and development company. NPC Egypt is a wholly-owned subsidiary of Golden Crescent.

Sea Dragon has proposed to purchase all of the issued and outstanding shares of NPC Egypt for consideration including US$ 87.5 million of common shares of Sea Dragon (to be satisfied through the issuance of 437.5 million Sea Dragon common shares) and US$ 60 million of redeemable, convertible, non-voting preferred shares.

The value of the closing consideration payable by Sea Dragon to Golden Crescent under the revised terms is US$ 147.5 million. The preferred shares will bear a preferred cumulative dividend at 7% per annum for the first 12 months after issuance, 10% per annum for the following nine months and 12% per annum thereafter until converted or redeemed.

Should the transaction close, Golden Crescent will be granted a 20% after-payout net profits interest from production attributable to a field comprising part of an existing NPC Egypt development asset that Sea Dragon expects to bring onstream during the first quarter of 2013. Golden Crescent will also be granted a 17.5% after-payout net profits interest from production attributable to the balance of the same development asset.

Sea Dragon has until 8 August 2012 to complete the transaction (subject to a 10-day extension) while Golden Crescent has a non-exclusivity period in which to solicit and entertain alternative proposals lasting until 1 August 2012.

c) Increase in Wafra Stake

Citadel Capital announced on 12 January 2012 that it had raised its equity stake in Sudanese agriculture platform Wafra to 99.9% with total paid-in capital of US$ 44.3 million through the capitalization of shareholder loans. Wafra currently holds 94% of Sabina, which is developing 254,000 feddans (264,000 acres) of land in the Republic of the Sudan, and 96% of Concord, which holds 250,000 feddans (260,000 acres) in the Republic of South Sudan.

Operational Update

In Sudan, Sabina planted and developed 2,600 feddans (2,700 acres) of cotton with harvesting completed in mid-March. Yields are above the prevailing yields in Sudan. Sabina has also planted and harvested 1,500 acres of sunflower and sorghum in April; the company is on target for completing 10,000 acres which are set for the summer crop.

In South Sudan, Concord has developed over 3,500 acres, which will be planted with maize and sunflower during the next rainy season in June. The company has been facing logistical issues regarding movement of raw materials and equipment to the site as a result of the closure of South Sudan's border with Sudan. However, all inputs necessary for the summer crop will be on-site in time, which will enable the company to plant its first commercially sold crop.

To-date, Concord is considered the only large-scale agricultural project operating in South Sudan, led by a world-class team that has been put together to successfully execute this project, benefit the local communities by providing them much needed grains, and transfer knowledge and expertise to local farmers.

At year-end 2011, Sabina had developed 5,000 feddans (5,190 acres) of land and rehabilitated 7,000 feddans (7,266 acres) of community irrigation canals. In South Sudan, Concord had developed 3,000 acres of agricultural land by the end of FY11.

d) Gozour

Gozour, the firm's integrated multi-category consumer foods platform, reports mixed news on the full year, with strong growth in production at the International Company for Dairy Products (ICDP, maker of Dina Farms fresh milk, up 49%), Rashidi El-Mizan (up 7%) and El-Musharraf (up 34%) being offset by falling volumes at El-Misriyyeen (production volumes down 70% on the full year) and Enjoy (down 40%). Falling output at both El-Misriyyeen and Enjoy came on the back of a cash crunch that resulted in both inconsistent supplies of raw materials and full production stoppages in FY11. This issue has since been resolved following the capital injection into Gozour in 4Q11.

Notably, cheese maker El-Misriyyeen returned to full operations in 4Q11 following a work stoppage of more than five weeks.

Lost sales owing to these effects as well as to the shutdown of the market in 1Q11 saw total revenue at Gozour decline 15.0% to US$ 188.1 million (EGP 1.13 billion).

In Sudan, the Rashidi El-Mizan management team completed the turnaround of leading confectioner Al-Musharraf, which posted an EGP 6 million (US$ 0.99 million) profit in FY11 against a nearly equivalent loss the previous year on the back of a 21% rise in halawa volumes and a 303% rise in biscuit production.

In August 2011, Rashidi El Mizan launched in Egypt a halawa spread line that has become the company's second-largest SKU in terms of cartons sold. REM's 1,080 ton halawa spread capacity is set to rise to 2,350 tons per annum in 2012. The product targets young Egyptians through all trade channels. Meanwhile, Rashidi's export volumes surged in 2011, with foreign sales of halawa rising 38%, jam exports climbing 18%, and tomato paste sales abroad advancing 9%.

Gozour's priorities for 2012 include remapping its product portfolios to address opportunities in target geographies and sub-categories by focusing on both product innovation and optimization of the existing brand range. The group will also revisit its organizational structure with a view to new efficiencies, and sales and support functions will be integrated.

Strong growth in fresh milk sales at ICDP (up 49% in FY11) has seen Gozour prioritize expansion of its dairy farm this year.

As previously disclosed, Hatem Saleh (an 18-year veteran of Proctor & Gamble, Farm Frites, Unilever and Beyti) was appointed as Managing Director of Gozour's integrated dairy business in the second half of 2011. Saleh covers Investment Co. for Dairy Products (Dina Farms fresh milk), the Dina Farms' dairy farm, Enjoy and El-Misriyyeen. He is now preparing a five-year development plan for Gozour's dairy segment that aims to increase the group's market share in local and regional markets while increasing production to three times its current level.

e) Africa Railways

For the first time since the commencement of the concession in 2006 and following Citadel Capital's acquisition in late 2009, portfolio company Rift Valley Railways in Kenya and Uganda reported a positive EBITDA of US$ 172,000 in July 2011. This was the largest ever monthly operating profit achieved by RVR and is indicative of the profound effect that the application of experienced management can have on business performance.

During the last four quarters, RVR also commenced operations of a new passenger route in the Nairobi Commuter Service connecting downtown Nairobi with the Athi River industrial area. RVR also increased the frequency of some commuter services. Studies are currently underway to optimize the service offering to customer demand patterns and may result in further fine tuning of the commuter service offering. Additionally, the commuter service is currently undergoing a process to switch to a system of electronic ticketing.

RVR made strong progress growing its revenues over the past 12 months purely on the back of new management talent and very limited capital investment. Between February 2011 and January 2012, RVR increased average revenue per net ton km by 23% to 6.15 cents / NTK, an improvement that can be attributed to more robust pass-through of fuel prices through new fuel surcharge policy; better capacity allocation to more profitable clients; and higher reliability standards attracting more profitable clients. Additionally, accidents per 1 million train kilometers were down 32.1% to 370 in January 2012.

RVR closed 2011 with the drawdown of US$ 49.1 million of the US$ 164 million senior facility signed in August 2011, putting it on the right track to execute its investment plan for 2012. Moreover, Africa Railways drew by year-end 2011 fully US$ 35 million of the US$ 70 million capital increase concluded earlier in the year. Both transactions met with strong appetite from leading international institutional investors including development finance institutions and specialist investors.

Highlights of the US$ 69.3 million investment plan for FY12 include US$ 29.3 million in deferred infrastructure maintenance, US$ 19.4 million in deferred locomotive maintenance, US$ 9.5 million in deferred maintenance for wagons and coaches, and more than US$ 7 million in telecommunications and IT equipment.

f) Bonyan

After soft opening in 2010, destination mall Designopolis was equipped to host tenants who moved in during 2011, with four additional container-shaped shops installed to create additional economical space for new tenants. Also, two children's playgrounds, an activity center and a temporary shading structure were set up.

In November, Designopolis won the Gold Award in the Design and Development category of the Innovative Design and Construction of a New Retail Project which recognizes how new design and development standards have been established in the retail industry. The International Council of Shopping Centers (ICSC) awarded Designopolis in its first-ever Middle East & North Africa Shopping Centre Global Awards program.

Throughout the year, Designopolis hosted events including Souk El Horreya, Designopolis Easter Bazar, Big Summer Sale, Halloween Festival and Christmas Festival, helping attract new traffic to the mall.

g) Grandview

Grandview Investment Holdings, Citadel Capital's small- and mid-cap investment fund, announced in April 2011 that the International Finance Corporation (IFC) would invest to complete the construction of a new paper mill, a project initiated by El Motaheda S.A.E., a subsidiary of Modern Shorouk for Printing and Packaging. The IFC committed equity of up to US$ 10 million and a loan of up to US$ 15.5 million to complete the building of the facility. The mill, to be located 60 kilometers outside Cairo in the Sadat City industrial zone, will use recycled fiber from local waste paper to produce duplex board, which is used to make boxes for retail products.

h) Nile Valley Petroleum

Nile Valley Petroleum Ltd (NVPL), the firm's platform company in the Sudanese oil exploration sector, announced in June 2011 the farming out of a 30% participating interest in two exploration blocks in Sudan. Under the terms of the agreement, Sudapet, the state-owned Sudanese oil company, increased its participating interest in Blocks 9 and 11 to 59% from 29%, paying US$ 10 million for the additional interest. At the same time, NVPL reduced its participating interest to 41%. Under the agreement, NVPL is entitled to recover almost all of the recoverable cost pool — US$ 73 million — for Blocks 9 and 11. NVPL's interest in its South Sudan concession remains unchanged at 78%.

V. Financial Performance

(A) Standalone Results

Citadel Capital reports a net loss of US$ 18.3 million (EGP 110.1 million) on revenues of US$ 11.6 million (EGP 69.5 million) in FY11, narrowing from a net loss of US$ 49.7 million (EGP 298.3 million) the previous year.

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

Revenues

Citadel Capital revenues in FY11 stood at US$ 11.6 million (EGP 69.5 million), a 57.9% decline from the previous year. Revenues rose 22.3% quarter-on-quarter to US$ 3.4 million (EGP 20.5 million) on the back of advisory fees related to the National Petroleum Company as the conservative approach taken by management at the end of FY10 to write-down intra-company balances on this platform was reversed in 4Q11 following the signing of a sale purchase agreement for the National Petroleum Company Egypt.

Accordingly, all FY11 advisory fees from the platform are recorded in the revenue line. Advisory fees and interest from the NPC convertible that had previously been impaired in the FY10 standalone results are reversed on the impairment of intercompany balances line of the income statement at a total of EGP 13.1 million. Accordingly, the total net positive effect of this decision is US$ 3.3 million (EGP 20 million) on the standalone income statement

For comparative purposes, FY10 revenues included US$ 4.3 million (EGP 25.8 million) in gains from the sale of investments, US$ 6.0 million (EGP 36.2 million) in other operating income related to the recovery of pre-operating expenses defrayed on behalf of platform and portfolio companies as well as costs associated with special purpose vehicles, and a further US$ 0.4 million (EGP 2.4 million) in dividend income. Citadel Capital's standalone revenues in FY11 include only advisory fees.

Further noteworthy in this respect is that FY10 advisory fee income included US$ 5.9 million (EGP 35.2 million) in fees related to NOPC / Rally Energy, while advisory fee income for FY11 does not include fees related to NOPC / Rally. It should be noted that advisory fees for FY11 for NOPC / Rally are equivalent to EGP 36.6 million and are recorded under contracted advisory fees in Note 23 in the statutory financial statements, but are not recorded on the revenues line.

As was the case with NPC, the disposition of fees related to NOPC / Rally will be decided (a) when and if the platform achieves a technical breakthrough allowing it to bring its substantial reserves into production or (b) at exit.

Accordingly, the firm recorded a net standalone loss of US$ 18.3 million (EGP 110.1 million) in FY11 against a loss of US$ 49.7 million (EGP 298.3 million) the previous year. In 4Q11, the net loss stood at US$ 6.3 million (EGP 37.8 million), representing a quarter-on-quarter rise in net loss on the back of EGP 11.9 million in interest charges and EGP 16.3 million in general provisions, both of which were booked in 4Q11.

Operating Expenses

On a full-year basis, OPEX spending declined 11.7% to US$ 26.8 million (EGP 161.0 million) on the back of a program to control costs and preserve cash. Notably, recurring OPEX costs declined 19.4% year-on-year in FY11 to EGP 147.0 million when non-recurrent consultancy fees related to the OPIC facility and capital increase, among others, are set aside.

Operating Expenses (in EGP mn)

Element	FY10	FY11
Salaries, Bonuses and Benefits	116.0	104.8
Travel	23.2	7.2
Consultancy Fees, Audit Fees, Publications and Events	24.1	37.2
Others	19.1	11.8
Total	**182.4**	**161.0**
Of which non-recurring	-	14.0
Total Recurring OPEX	**182.4**	**147.0**

EBITDA

EBITDA stood at a negative US$ 13.0 million (EGP 77.9 million) in FY11 in the absence of exits in the period, against negative US$ 23.6 million (EGP 141.8 million) the previous year. EBITDA improved in 4Q11 to negative EGP 8.6 million from negative EGP 21.1 million the previous quarter on the back of higher 4Q11 revenues and a reversal in previously booked impairments of inter-company balances related to FY10 advisory fees and interest on convertibles from National Petroleum Company (EGP 13.1 million) as well as foreign exchange gains (EGP 6.85 million).

Interest Income / Expenses

Citadel Capital recorded net interest expenses of US$ 1.9 million (EGP 11.6 million) in FY11 despite the recording of interest earned on convertibles related to NPC in FY11. This is due to a one-time breakup fee of EGP 19 million on the refinanced Citadel Capital facility.

Principal Investments

Discussion of own-balance sheet investments (including equity, convertibles and loans) appears starting on page 9 of this document.

Current Liabilities

Balances due to Citadel Capital Partners Ltd. (the lead shareholder in the firm and the vehicle through which the firm's senior management holds its equity) stood at US$ 37.5 million (EGP 225.4 million) as of December 2011, representing a decline of 75.8% quarter-on-quarter and 68.1% from 31 December 2010. Over the course of 9M11, CCP injected cash into Citadel Capital SAE prior to the capital increase completed early in 4Q11. Those funds were advanced by CCP to the firm until such a time as regulatory approvals were obtained for a rights issue at par. Balances due to CCP dropped significantly in 4Q11 to reflect the amount capitalized by CCP as part of its participation in the rights issue.

Debt Position

The total debt of Citadel Capital (as distinct from that of its platform companies) stood at US$ 172.0 million (EGP 1,033.0 million) as at 31 December 2011 with a debt-to-equity ratio of 24%, essentially unchanged from the previous quarter. Debt figures in this document do not reflect either the refinancing of Citadel Capital's debt or the OPIC facility as actual draw down took place in 1Q12.

(B) Consolidated Results

On a consolidated basis, Citadel Capital reports a net loss of US$ 133.3 million (EGP 800.5 million) in FY11, a narrowing from US$ 226.4 million (EGP 1,360.2 million) the previous year. However, FY11 losses were magnified by the net EGP 106.3 million (non-cash) effect of the decision taken to further impair the firm's principal investment in NPC and to write-up the full value of the NPC convertible, in addition to further cleaning at the portfolio-company level at other platforms as well as non cash foreign exchange losses related to investments in Sudan.

In 4Q11, the firm recorded a net loss of US$ 58.9 million (EGP 353.9 million) against a net loss of US$ 25.8 million (EGP 154.8 million) the previous quarter, with the rise owing principally to the above-mentioned impairments. Otherwise, portfolio and platform company performance was stable quarter-on-quarter.

Total consolidated revenues for FY11 stood at negative US$ 52.9 million (EGP 317.5 million) as US$ 64.3 million (EGP 386.0 million) in Share of Associates' Losses outweighed US$ 11.6 million (EGP 69.6 million) in revenue from advisory fees.

By comparison, FY10 total consolidated revenues of US$ 9.7 million (EGP 58.4 million) included US$ 15.7 million (EGP 94.1 million) in revenue from advisory fees, US$ 7.6 million (EGP 45.6 million) in gains from the sale of investments and US$ 1.1 million (EGP 6.6 million) in other income, offset by a comparatively modest US$ 14.6 million (EGP 87.8 million) in Share of Associates' Losses.

Associates include ASEC Holding, United Foundries, ASCOM, Tawazon, Finance Unlimited, TAQA Arabia and Nile Logistics, among others.

Share of Associates' Results

Citadel Capital recorded US$ 64.3 million (EGP 386.0 million) in losses from its Share of Associates' Results in FY11, compared with US$ 14.6 million (EGP 87.8 million) in losses the previous year. For 4Q11, the figure was stable quarter-on-quarter at US$ 15.9 million (EGP 95.3 million) against US$ 15.8 million (EGP 94.7 million) the previous quarter.

Management notes that the bulk of the losses incurred by Associates were largely non-cash items relating to FX losses or in some instances associated with the impact of the Revolution. Throughout the year, Citadel Capital has worked to ensure that its platform and portfolio companies — which include a very high proportion of greenfield and brownfield investments — had the liquidity and business plans they required to adapt to changing economic circumstances and return to a growth trajectory as rapidly as possible. Quarter-on-quarter stability in Share of Associates' Results between 3Q11 and 4Q11 is an encouraging sign.

Factors underpinning this contribution include:

i) ASEC Holding

Although total revenues at ASEC Holding (Citadel Capital's regional engineering, construction and cement platform) came in 2% higher in FY11 at US$350 million (EGP 2.1 billion), the company contributed losses of US$ 51.8 million (EGP 311.3 million) to Citadel Capital's Share of Associates' Results, up from a negative contribution of US$ 11.8 million (EGP 70.8 million) in 2010. Contributed losses stood at US$ 11.5 million (EGP 69.3 million) in 4Q10, a 28.3% narrowing from US$ 16.1 million (EGP 96.6 million) the previous quarter.

Within ASEC Holding:

- Turnkey contractor **ESACO** continues to account for the lion's share of ASEC Holding's consolidated losses, with a total contribution of US$ 46.6 million (EGP 280 million) for the full year. As previously reported, ESACO has faced a range of challenges including cost overruns and a weak backlog of projects from 2010. ARESCO has taken full control of ESACO as part of a joint management committee established by ASEC Holding.

- At the corporate level, **ASEC Cement** continues to report a sharp reduction in G&A spending on the back of frozen head count, a freeze in the salaries of top executives, and a sharp focus on operations in Egypt, Sudan and Algeria. On the consolidated level, the company reported a more than 150% rise in revenues year-on-year in FY11 (owing to the start of production at greenfield operations in the second half of 2010), yet reported losses of US$ 24.8 million (EGP 149 million) as opposed to losses of US$ 14.6 million (EGP 88 million) in 2010. ASEC Cement's loss in FY11 owes predominantly to Al-Takamol Cement in Sudan.

Despite revenues increasing by over 400% in 2011 and being the second largest player in the Sudanese market with a 25% market share, ASEC Cement portfolio company **Al-Takamol Cement** in Sudan continues to make a negative contribution on the back of poor market conditions following recent political and economic developments that have resulted in an oversupply of cement in the market and increasing price-based competition between producers coupled with devaluation of the Sudanese pound. Long-term, however, the Sudanese market is still exceptionally underdeveloped, with per-capita consumption at 86 kg as opposed to 580 kg in Egypt and 675 kg in Algeria.

Misr Qena Cement in Egypt reported 11% decline in revenues and a 26% drop in net income in FY11. Full-year results were influenced by a marketplace that has become increasingly competitive amid poor economic conditions. That said, the company continues to make an important contribution to ASEC Cement's bottom line through dividend income.

ASEC Ready Mix continues to report strong sales growth, a development that (coupled with a program to control costs) should see it report a net profit beginning some time in 2012.

The **Arabian National Cement Company** (ANCC) in Minya has concluded c.98% of all civil works on site and is proceeding toward a 2013 start of operations.

A 1% increase in sales volumes in FY11 and a 30% rise in ex-factory prices following a mid-year government decision saw **ASEC Cement Algeria's Zahana** plant record an average EBITDA margin of 33% FY11 compared with 18% in 2010.

- As previously reported, **ASEC Engineering**'s net income has been impacted by the economic slowdown that accompanied the Egyptian Revolution. Revenues were 14% lower than in FY10 as production lines at ASEC Engineering projects experienced multiple shutdowns and slowdowns on the back of civil unrest, security concerns, ongoing labor action and lower volumes of raw materials (limestone and clay) at several quarries. In August 2011, ASEC Engineering announced it had signed three five-year contracts to manage new cement plants.

- Turnkey contractor **ARESCO** reported substantial operational progress in the form of both improving workshop quality and the ability to land new business in 2011, with revenues rising by more than 78% as a result.

- **ASEC Automation** continued to make a positive contribution to the performance of the group in FY11.

ii) ASCOM

Citadel Capital's share of geology and mining platform ASCOM's losses stood at US$ 3.5 million (EGP 21.2 million) in FY11 against a share of profits of US$ 0.7 million (EGP 4.0 million) the previous year. On a standalone basis, ASCOM reported a net loss of US$ 11.5 million (EGP 69.3 million) in FY11 compared with a net profit of US$ 5.0 million (EGP 30.1 million) the previous year on the back of the impairment of its long-term investment in the Emirates. A drop in revenues owing to the economic impact of the Egyptian Revolution was also a factor in performance last year.

Subsidiary ACCM, a producer of technical-grade calcium carbonate, remains in a growth phase, with revenues rising 39% year-on-year in FY11. ACCM will continue its expansion plan with a new line to installed in FY12 set to become operational net year; notably, exports accounted for 56% of ACCM's sales in 2011.

Meanwhile, the new glassrock startup is in the final stages of construction and commissioning and is expected to run production tests in April 2012. ASCOM will target export of 50% of production initially, ramping up to an 80% export, 20% local mix over time. Gold exploration at ASCOM Precious Metals continues, with results being evaluated by an independent consultant.

iii) Nile Logistics

Nile Logistics, Citadel Capital's platform company in the river transport and port management sector, reported a 23% increase in revenues in FY11 to US$ 4.7 million (EGP 28.3 million) on the back of the four newly built barges, two of which were utilized for a full year (compared with just three months in 2010) while the remaining two were used for seven months in 2011.

EBITDA declined to negative US$ 11.4 million (EGP 68.4 million) in FY11 from negative US$ 7.2 million (EGP 43.5) million in FY10, with the expected negative EBITDA of a startup being compounded by one-time charges above the EBITDA level. These charges included a one-off provision for additional design fees on cancelled barges after the barge design was altered to allow for better operational efficiencies in light of operating experience.

Capacity utilization increased slightly to 12.9% in 2011 compared to 11.0% in 2010. Ton-kilometers rose 17.5% to 172.9 million in 2011 on the back of better utilization. However, capacity utilization was affected by a number of external factors, including the decreased hours of operations at locks, night navigation, time spent loading and clearing terminals, etc., due to the Revolution.

Ultimately, Nile Logistics' Egyptian and Sudanese operations contributed losses of US$ 4.5 million (EGP 26.8 million) to Citadel Capital's Share of Associates' Results in FY11, a slight improvement from contributed losses of US$ 4.8 million (EGP 29.1 million) the previous year.

Nile Logistics portfolio company Nile Cargo currently has a total of 39 barges in service compared with 35 in December 2010. Three additional pushers and dumb barges as well as five 50 to 70-meter dumb barges are expected to be delivered by mid 2012. Meanwhile, the National River Port Management Company completed 75% of works on its Nubareya terminal in Alexandria and 85% of phase one of the Minya terminal in the year just ended.

Cost cutting measures in FY 2011 included the merging of barge and port management, operations and maintenance into one function (with a concomitant reduction in head count) and a move to a single administrative facility. The addition of Ostool Trucking to Nile Cargo further allowed the company to reduce outsourcing to third parties.

Management notes that the ongoing national shortage of diesel fuel and the likelihood of a phase-out of diesel subsidies could have a significantly positive impact on Nile Logistics.

In Sudan and South Sudan, Keer Marine operates a network of ports and, under a South Sudanese subsidiary — Nile Barges for River Transport Ltd — a fleet of barges. The company has recently won a six-month (extendable) contract valued at US$ 6.9 million to move 33,000 tons of World Food Program cargo within South Sudan and already holds a contract to move cargo for the United Nations Mission in Sudan (UNMIS). The fleet of barges is now operating at full capacity.

Notably, Citadel Capital Transportation Opportunities II (CCTO II), which controls Nile Cargo and the National River Port Management Company, received a total of US$ 21 million in June 2011 in new investment from the European Investment Bank and Germany's DEG.

iv) TAQA Arabia

Despite a challenging year in the market with a 33% drop in tourist visits negatively impacting power distribution, TAQA Arabia (Citadel Capital's energy distribution platform) recorded revenue growth of 10% year-on-year to US$ 26.1 million (EGP 1,157 million), while EBITDA grew 7% to US$ 24.2 million (EGP 145.6 million).

These rises came despite management's conservative decision to eliminate revenues booked from Berber for Electrical Power in Sudan, having taken the decision to exercise its put option on its stake. Berber operates a 42 MW captive power plant and has a 20-year offtake agreement with Al-Takamol Cement Company, which runs a 1.6 MTPA greenfield cement plant 14 kilometers west of Fahalb on the west bank of the River Nile in Sudan. Global Energy, TAQA Arabia's power arm, holds a 51% stake in Berber, which has experienced delays in collecting receivables.

This decision reduced FY11 net income by US$ 7.4 million (EGP 44.5 million). Despite the above, net profits after taxes declined by only 12% or US$ 2.4 million (EGP 14.4 million) year-on-year to US$ 17.8 million (EGP 106.7 million) from US$ 20.0 million (EGP 120.4 million) in 2010.

TAQA Arabia's contribution to Citadel Capital's Share of Associates' Results accordingly eased 9.8% to US$ 5.5 million (EGP 32.9 million) in FY11.

Bottom-line health was supported by a number of cost-control measures implemented in 2011, including improving profitability of existing projects and with an emphasis on CAPEX and OPEX controls; better use of IT resources by replacing traditional photocopiers with networked devices; and transitioning from company-owned vehicles to a rental fleet at most operating units.

v) Finance Unlimited

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

- Investment bank **Pharos Holding** contributed losses of US$ 0.6 million (EGP 3.3 million) in FY11 against a positive contribution of US$ 1.4 million (EGP 8.4 million) the previous year as the company was negatively impacted by the Revolution and its subsequent economic fallout.

  The market suffered from low investor confidence following a halt to trading that lasted for more than a month. Pharos Holding's swing to a net loss in FY11 is largely attributable to a 47.5% decline in revenues on the back of a 54% decline in total trading volumes on the EGX in the course of the year. That said, Pharos was the fifth-ranked broker by total market executions and second in OTC settlements; brokerage revenues slipped 52% year-on-year, slightly better than the overall market.

  Investment banking witnessed a challenging environment as there was no appetite for corporate finance deals, while the asset management department continued to outperform its benchmarks, albeit at lower AUMs. Sphinx Private Equity continued its solid performance given the nature of its business, as AUMs are locked-in for longer periods.

  Management restructured sales and administrative expenses to compensate with the decline in revenues: SG&A were down 26.7% year-on-year, with staff costs declining by 33% in the same period.

- Sudan-based bank **Sudanese Egyptian Bank** (SEB) made a net contribution of US$ 1.4 million (EGP 8.3 million) to Citadel Capital's share of Associates' Results, a drop of 19.4% year-on-year on the back of a very challenging period at the economic (sanctions) and political (North-South conflict) levels. SEB grew its total assets 24% and deposits 10% in FY11, generating net profits of US$ 5.1 million (SDG 14.8 million), a 14% decline from 2010 owing mainly to stricter provision charges, higher interest paid as part of early stages of retail penetration, and lower income from investments.

  The bank fulfilled the Central Bank of Sudan's statutory minimum capital requirement, raising it to SDG 100 million with a net worth of roughly SDG 107 million (US$ 37 million) at official exchange rates. SEB's loan book quality continues to be one of the best among its peers. The bank remains profitable at the majority of its eight branches and is on a strong course to exploit trade transactions between Egypt and Sudan.

- Egyptian microfinance firm **Tanmeyah**'s contribution of losses to Citadel Capital's Share of Associates' Results deteriorated to negative US$ 1.9 million (EGP 11.3 million) in FY11 from US$ 1.0 million (EGP 5.8 million). While net financial income rose 47% year-on-year, the company reported a net loss on the back of higher operating expenses and provisions. In addition, last year's events impacted the company's performance negatively as lending appetite dropped below plan.

Management notes that Tanmeyah was established in 2009 and is thus in the early stages of development and has posted very strong results in terms of both customer base and branch network growth. Tanmeyah maintains one of the broadest nationwide micro-credit networks: More than 70,000 clients are served by over 1,200 employees at a network of 94 branches nationwide, supporting a lending portfolio of US$ 35.8 million (EGP 215 million).

vi) GlassWorks

Glass manufacturing platform GlassWorks made a positive contribution of US$ 0.2 million (EGP 1.1 million) to Citadel Capital's Share of Associates' Results in FY11 after having contributed net losses of US$ 0.2 million (EGP 1.3 million) the previous year. This came despite the slowdown in sales at container-glass maker Misr Glass Manufacturing (MGM); greenfield float glass maker Sphinx Glass reached break-even.

Notably, export sales rose at both glass packaging maker MGM (up 46% of total sales, a rise of 6 percentage points) and Sphinx Glass (52% of total sales, up from 24% the previous year).

At Sphinx Glass, total glass sales rose 27.8% on the full year to 121,998 tons despite the impact of a planned shutdown in October-November 2011. A focus on value-added products helped total Sphinx revenues grow 48.6% year-on-year in FY11.

Sphinx Glass has been selling higher-margin coated glass in the local market and is now the supplier of choice for the local appliance industry. The company's goals for 2012 include increasing sales of value-added products including tinted, coated and jumbo-sized glass. Sphinx will also continue to diversify into new export markets, while shipping less to Europe and more to Africa and South America.

Meanwhile, revenues fell 11.8% at MGM in FY11 while net income contracted 61.6% in the same period as domestic demand slumped.

Going forward, MGM aims to grow exports to 60-70% of sales, boosted by a collaboration with Saab Miller in South Africa. Growth of sales to the highly resilient pharmaceutical sector is similarly a priority, as is development of glass bottling for products such as mineral water and cheeses.

vii) Bonyan

Specialty real estate platform Bonyan's contribution to Citadel Capital's Share of Associates' Results improved slightly to a negative US$ 2.3 million (EGP 14.0 million) from negative US$ 3.0 million (EGP 17.9 million) the previous year. Revenues in the full year include US$ 3.5 million (EGP 21.3 million) in capital gains from the sale of land and a building to SODIC for the SODIC Sales Center. Growth of Bonyan's Designopolis location in Sixth of October was slowed in FY11 on the back of the slowdown in the housing market and security concerns post-Revolution.

Notably, management worked to preserve bottom-line health through 20% salary cuts, reduced spending on allowances for communications and transportation, the cancellation of select consulting contracts and reduced costs of others.

Management's focus going forward is shifting Designopolis' emphasis away from a niche / destination venue and toward a lifestyle mall. To that end, Colliers International will help sign regional group tenants to bring in fashion, food and beverage, and specialty offerings with a greater emphasis on traffic-generating volume trades.

Phase two and three expansions have been postponed pending the arrangement of anchor tenants and debt financing.

viii) Tawazon

Tawazon, Citadel Capital's platform for investment in the regional solid waste management sector with portfolio companies ECARU (a solid waste management service provider) and ENTAG (solid waste management engineering and contracting company), reported a 31.5% decrease in revenues in FY11 to US$ 14.8 million (EGP 89 million) due primarily to developments at construction and engineering arm ENTAG, which focuses on international turnkey projects, technical consultancy and the sale of equipment. EBITDA accordingly fell to US$ 0.5 million (EGP 2.8 million) from US$ 4.0 million (EGP 24 million) the previous year.

Tawazon thus contributed losses of US$ 0.3 million (EGP 1.6 million) to Citadel Capital's Share of Associates' Results in FY11 compared with contributed profits of US$ 0.4 million (EGP 2.6 million) the previous year.

The cyclical nature of ENTAG's operations, which include the building of sorting and composting facilities for municipal solid waste throughout the region, results in a lumpy revenue and net profits stream, with political instability in Arab markets throughout 2011 resulting in delays of contracts originally in the pipeline for execution last year. ENTAG revenues accordingly fell 80% to US$ 2.6 million (EGP 15.5 million), with negative EBITDA of US$ 0.8 million (EGP 5 million) in FY11 versus revenues of US$ 12.4 million (EGP 74.5 million), and EBITDA of US$ 3.8 million (EGP 23 million) the previous year.

Meanwhile, solid waste operator ECARU, which holds contracts for collecting and processing both agricultural and municipal solid waste and is forward integrating into waste-related clean technology, recorded substantial gains in FY11, with revenues rising 31% to US$ 12.7 million (EGP 76.1 million) while EBITDA quadrupled to US$ 1.4 million (EGP 8.6 million). Rising revenues came on the back of higher sales of cotton stalks and rice straw as the company shifted production away from Obour compost; ECARU also recorded better prices on rice straw and cotton stalks on a full-year basis.

Betting on the profit potential presented by the likelihood of energy price deregulation, ECARU concluded in FY11 a long-term contract with a cement producer to supply up to 300,000 tons of agricultural solid waste and 50,000 tons of refuse derived fuel (RDF) out of municipal waste. The contract stipulates that ECARU supplies the cement producer with 300,000 tons per annum of agricultural waste for five years at a price per ton depending on the calorific value of waste products. These prices are adjusted to increase with any increase in fuel oil prices and to fully recover any increases in transportation costs. Such contracts will become increasingly attractive as fuel prices in Egypt are liberalized.

ECARU will also be contracted to supply 50,000 tons annually of RDF feedstock from municipal solid waste. The RDF is the left-over waste after sorting, composting, extracting the recyclables, metals and organic fractions that would otherwise be land filled on the grounds of the 15th of May treatment site operated by ECARU. ECARU's profit per ton on this contract is directly linked to the price of fuel oil; and is thus expected to significantly increase as subsidies are removed.

ix) United Foundries Co.

United Foundries Company (UCF), Citadel Capital's Platform Company in the metallurgy and foundry sector with assets including Amreya Metal Company and Alexandria Automotive Casting, contributed losses of US$ 3.0 million (EGP 18.1 million) to Citadel Capital's Share of Associates' Results in FY11 against a contribution EGP 10.4 million in losses the previous year.

Given the general slowdown in market demand, Amreya Metal Company (AMC, which produces cast metal products with a specialization in grey and ductile iron castings) and Alexandria Automotive Casting (AAC, a producer of high-performance cast auto parts) opted to undergo a number of planned shutdowns for maintenance purposes. That decision should reduce downtime and waste in 2012.

UCF results were also impacted by the devaluation of the euro, with fully 100% of AAC's revenues being euro-based. The automotive components business at AMC was impacted by the 29% drop in domestic automotive unit sales in FY11 (with the passenger car market falling 31% to 133,165 units) and the near-total stop of the national taxi replacement program backed by the

Ministry of Finance. That said, the company intensified its marketing efforts and has secured a number of new contracts.

Ultimately, any devaluation of the Egyptian pound will be positive for UCF, as more than 60% of the group's sales are exports.

Nonetheless, capacity expansions at both AAC and AMC are expected to positively impact 2012 results. A planned capacity increase at AAC will boost production to 23,000 tons per annum from the current 18,000 tpa. The commissioning of this first phase of expansion is scheduled to begin in 2Q12; the second phase will see capacity increase up to 35,000 tons per annum. The expansion plan was designed to accommodate future capacity increases and can support up to 60,000 tons per annum with minimal capital expenditure.

In 2Q12, capacity at sister-company AMC will increase from 5,000 tons to 12,000 tons per annum. To-date the company has confirmed sales to cover 70% of the overall capacity post expansion. Going forward, UCF's top line is expected to benefit from additional capacity that will become available once expansions are complete, as well as the stabilization of both price and demand.

OPEX

Consolidated OPEX declined 27.8% year-on-year in FY 11 US$ 39.5 million (EGP 237.2 million), a more substantial reduction in spending than witnessed on the Citadel Capital SAE standalone level (see page 20) on the back of 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. These SPV costs relate primarily to greenfields and turnarounds.

Other Expenses

Other expenses of US$ 33.2 million (EGP 199.4 million) are non-cash and relate primarily the net effect of management's decision to extend the write down the firm's investment in NPC and to reverse the impairment on the NPC convertible, reflecting the signature of a sale purchase agreement for the National Petroleum Company Egypt.

Net Financing Expenses

Net finance expenses rose substantially year-on-year to US$ 7.0 million (EGP 41.8 million) from US$ 1.4 million (EGP 8.2 million) in FY10, in part owing to the same EGP 19 million one-time breakup fee on the refinancing of Citadel Capital's Citibank facility. As is the case at the standalone level, the firm continues to pay and record interest on loans, but recorded no interest income on this line item from convertibles.

VI. Summary Financials

Standalone Income Statement

EGP mn	FY 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	FY 2011
Advisory fee	100.54	15.92	16.27	16.77	20.51	69.48
Carry	-	-	-	-	-	-
Gain from sale of investments	25.82	-	-	-	-	-
Dividends income	2.40	-	-	-	-	-
Other income	36.21	-	-	-	-	-
Total Revenues	**164.97**	**15.92**	**16.27**	**16.77**	**20.51**	**69.48**
OPEX	(182.42)	(33.69)	(41.41)	(36.89)	(49.03)	(161.01)
Management earnout*	-	-	-	-	-	-
Forex & Others	(8.70)	(5.71)	0.49	(1.12)	6.85	0.52
Impairment-Invest	(33.02)	-	-	-	-	-
Impairment Inter-Company	(82.66)	-	-	-	13.01	13.1
EBITDA	**(141.82)**	**(23.47)**	**(24.65)**	**(21.23)**	**(8.57)**	**(77.92)**
Depreciation	(8.62)	(1.20)	(1.13)	(1.07)	(1.03)	(4.38)
EBIT	**(150.44)**	**(24.67)**	**(25.77)**	**(22.30)**	**(9.60)**	**(82.30)**
Income from sale of Fixed Assets	10.20	-	-	-	-	-
Net interest	15.11	(2.01)	0.73	1.60	(11.89)	(11.57)
Provisions	(173.56)	-	-	-	(16.30)	(16.30)
Profit/Loss BT	**(320.11)**	**(26.68)**	**(25.04)**	**(20.70)**	**(37.78)**	**(110.17)**
Income Tax	1.40	-	-	-	-	-
Deferred Tax	0.16	0.04	0.02	(0.01)	-	0.04
Profit/Loss AT	**(298.32)**	**(26.64)**	**(25.02)**	**(20.71)**	**(37.79)**	**(110.13)**

Standalone Balance Sheet

EGP mn	FY 2010	1Q 2011	2Q 2011	3Q 2011	FY 2011
Fixed assets (net)	31.69	30.79	29.66	29.03	28.00
Investments**	4,095.49	4,194.64	4,273.90	4,297.72	4,303.56
Convertibles	509.08	506.44	516.75	528.55	544.69
Deferred Tax Assets	1.72	1.75	1.78	1.76	1.76
Total Non Current Assets	**4,637.98**	**4,733.62**	**4,822.08**	**4,857.06**	**4,878.01**
Due from Related Parties & Other Debit Balances	122.43	113.28	129.57	146.31	173.31
Related Parties - Loans	307.41	355.11	233.35	275.08	574.24
Cash & cash equivalent	148.66	211.45	156.43	161.10	151.69
Total Current Assets	**578.51**	**679.84**	**519.35**	**582.50**	**899.24**
Total Assets	**5,216.49**	**5,413.45**	**5,341.43**	**5,439.56**	**5,777.25**
Paid in capital	3,308.13	3,308.13	3,308.13	3,308.13	4,358.13
Reserves	89.58	89.58	89.58	89.58	89.58
Retained Earning	222.93	(75.40)	(75.40)	(75.40)	(75.40)
Current year profit / Loss	(298.32)	(26.64)	(51.66)	(72.34)	(110.13)
Dividends Distribution					
Total equity	**3,322.31**	**3,295.67**	**3,270.64**	**3,249.96**	**4,262.17**
LT Borrowing	865.75	1,021.89	794.4	796.22	822.73
Others	-	-	-	-	-
Total non current liabilities	**865.75**	**1,021.89**	**794.40**	**796.22**	**822.73**
CPLTD	96.19	113.54	226.97	227.49	210.25
Due to CCP	705.95	769.38	825.95	931.04	225.37
Accrued, Provision & Other liabilities	226.29	212.97	223.47	234.84	256.72
Total current liabilities	**1,028.43**	**1,095.89**	**1,276.39**	**1,393.38**	**692.35**
Total Equity & Liabilities	**5,216.49**	**5,413.45**	**5,341.43**	**5,439.52**	**5,777.25**

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

** Citadel Capital's investments are recorded in its FY11 stand-alone financial statements under the following line items: Available-for-sale investments (EGP 26.4 million), Investments in Subsidiaries and Associates (EGP 2.698 billion), Payments for Investments (EGP 1.703 billion), and other investments (EGP 420.2 million). This results in total investments of EGP 4.848 billion (investments + convertibles).

Consolidated Income Statement

EGP mn		FY 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011	FY 2011
	Advisory fee	94.05	15.54	15.49	16.10	22.48	69.62
	Gain from sale of investments	45.64	0.00	0.00	0.00	(1.10)	(1.10)
	Share in associates' results	(87.84)	(63.62)	(132.36)	(94.72)	(95.33)	(386.03)
	Other income	6.58	0.00	0.00	0.07	0.07	0.07
Total Revenues		**58.44**	**(48.08)**	**(116.87)**	**(78.55)**	**(73.95)**	**(317.46)**
	OPEX	(328.75)	(43.12)	(56.44)	(65.96)	(71.73)	(237.24)
	Other expenses	(1,068.16)	(0.65)	(0.60)	(1.14)	(198.24)	(199.43)
EBITDA		**(1,338.48)**	**(91.85)**	**(172.71)**	**(145.64)**	**(343.92)**	**(754.12)**
	Depreciation	(9.31)	(1.21)	(1.18)	(0.99)	(1.19)	(4.57)
EBIT		**(1,347.79)**	**(93.06)**	**(173.89)**	**(146.64)**	**(345.11)**	**(758.70)**
	Net finance income (expense)	(8.16)	(18.28)	(6.64)	(8.19)	(8.73)	(41.83)
Profit BT		**(1,355.94)**	**(111.34)**	**(180.53)**	**(154.82)**	**(353.84)**	**(800.53)**
	Deferred tax	1.55	0.03	0.02	(0.01)	(0.01)	0.04
	Current income tax	(0.67)	0.00	0.00	0.00	0.00	0.00
Profit AT from continued operations		**(1,355.06)**	**(111.30)**	**(180.51)**	**(154.83)**	**(353.85)**	**(800.49)**
	Turning subsidiaries into associates	(5.09)	0.00	0.00	0.00	0.00	0.00
Profit		**(1,360.16)**	**(111.30)**	**(180.51)**	**(154.83)**	**(353.85)**	**(800.49)**
	Attributable to:						
	Majority shareholders	(1,354.90)	(108.45)	(179.28)	(134.72)	(351.08)	(773.54)
	Non-controlling shareholders	(5.26)	(2.85)	(1.23)	(20.11)	(2.76)	(26.96)
Net (loss) profit for the period		**(1,360.16)**	**(111.30)**	**(180.51)**	**(154.83)**	**(353.85)**	**(800.49)**

Consolidated Balance Sheet

EGP mn		FY 2010	1Q 2011	2Q 2011	3Q 2011	FY 2011
	Fixed assets (net)	146.35	145.45	74.76	74.08	72.96
	Investments	3,607.68	3,640.10	3,566.74	3,372.43	3,197.94
	Convertibles	538.09	564.60	574.82	763.56	660.95
	Deferred tax assets	1.72	1.76	1.78	1.77	1.76
Total Non Current Assets		**4,293.84**	**4,351.91**	**4,218.10**	**4,211.83**	**3,933.61**
	Investments	20.30	23.13	23.72	22.63	18.17
	Due from Related Parties & Other Debit Balances	148.15	128.28	187.87	156.17	164.50
	Related parties - loans	377.97	405.00	363.00	515.89	758.40
	Cash & cash equivalent	162.62	220.90	164.21	232.39	166.24
Total Current Assets		**709.03**	**777.30**	**738.79**	**927.08**	**1,107.30**
Total Assets		**5,002.88**	**5,129.21**	**4,956.89**	**5,138.91**	**5,040.91**
	Paid in capital	3,308.13	3,308.13	3,308.13	3,308.13	4,358.13
	Reserves	132.35	181.75	206.43	199.97	187.34
	Retained Earning	273.68	(1,096.89)	(1,099.38)	(1,098.74)	(1,093.81)
	Net (loss) profit for the period	(1,354.90)	(108.45)	(287.73)	(422.45)	(773.54)
	Total equity attributable to the majority shareholders	**2,359.26**	**2284.53**	**2,127.44**	**1,986.91**	**2,678.11**
	Total equity attributable to the non-controlling shareholders	**197.00**	**195.11**	**193.82**	**276.06**	**379.71**
Total Equity		**2,556.26**	**2,479.65**	**2,321.27**	**2,262.96**	**3,057.83**
	LT borrowings	1,155.92	1,324.21	1,101.18	1,108.38	1,142.44
	LT liabilities	74.13	71.75	29.70	27.23	21.86
Total Non Current Liabilities		**1,230.06**	**1,395.96**	**1,130.89**	**1,135.61**	**1,164.30**
	Current portion of long term loans	96.19	113.54	226.97	397.16	210.25
	Due to CCP	707.54	769.68	825.95	931.04	225.37
	Due to Related Parties & Other Credit Balances	192.38	161.16	250.21	215.99	176.60
	Provisions	220.45	209.21	201.61	196.14	206.56
Total Current Liabilities		**1,216.56**	**1,253.60**	**1,504.74**	**1,740.33**	**818.78**
Total Equity & Liabilities		**5,002.88**	**5,129.21**	**4,956.89**	**5,138.91**	**5,040.91**

Appendix 1

Note, Limitations and Disclaimers on Portfolio Net Asset Valuation (PNAV) Prepared by RisCura Fundamentals

a) Purpose of the Report

The purpose of the report is to present the valuation of Citadel Capital's portfolio as at 31 December 2011.

b) Sources of Information

The principal sources of information used in preparing this valuation report include:

- Independent platform company valuation reports prepared by RisCura Fundamentals ("RisCura") as at 31 December 2011;
- Citadel Capital 3Q11 Business Review Final dated 24 October 2011; and
- Meetings with Citadel Capital's deal executives and portfolio company management.

c) Scope of Work

Preparation of third party independent valuations of specified investments in accordance with the International Private Equity and Venture Capital Valuation Guidelines for use by Citadel Capital in its internal processes and reporting to investors. These Guidelines are consistent with both IFRS and US GAAP.

The valuation deliverables are a model and summary valuation report on each portfolio company, detailing for each company the valuation methodology, key assumptions and valuation result at 31 December 2011.

The valuation process is outlined in the RisCura Fundamentals Valuation Scope and Process Overview dated November 2011.

d) Outcome

Except as noted below, the independent valuation of Citadel Capital's unlisted investments was completed in line with the scope of work outlined above. Individual company valuation reports were completed for each investment in Citadel Capital's portfolio as at 31 December 2011, in support of the value displayed in the PNAV table, page 12.

e) Scope Limitations

RisCura received limited and partially unaudited information for the portfolio companies and place full reliance on such information without independent verification and without performing audit procedures that would enable RisCura to express an opinion on any of the financial data or other information on which the valuation was based.

Except where specifically stated, RisCura have not sought to establish the reliability of the information used by reference to independent information and, accordingly, express no opinion or make any representation concerning its accuracy or completeness.

For the below listed investments, no 31 December 2011 requisite update was made to the 31 June 2011 valuations. This is due to the fact that no requisite changes or updates have been applied to the respective business plans of the below investments since they were last submitted in January 2012: ASEC Holding, TAQA Arabia, National Petroleum Company, Mashreq, and Nile Logistics.

About Citadel Capital

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

Forward-Looking Statements