

Citadel Capital Company
(An Egyptian Joint Stock Company)

Financial Statements
For the year ended December 31, 2006
&
Auditor's Report thereon



Hazem Hassan

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AUDITOR'S REPORT

To the shareholders of Citadel Capital Company

We have audited the accompanying balance sheet of Citadel Capital Company as at December 31, 2006, and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and of the results of its operations and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and comply with applicable Egyptian laws and regulations.



Hazem Hassan

Without qualifying our opinion we draw attention to Note (9) to the financial statements. The company has subsidiaries and according to the Egyptian Accounting Standard No. 17 "Consolidated and Separate Financial Statements" and the article No. 188 of the executive regulation of law No. 159-1981, the Company prepares consolidated financial statements that must be read to obtain a better understanding for financial position, result of operations and cash flows for the group as a whole.

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

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

Hassan Bey
KPMG Hazem Hassan

Cairo, February 25, 2007





Citadel Capital Company
(An Egyptian Joint Stock Company)
Balance Sheet
As at December 31, 2006

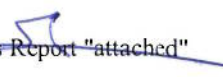
Translation

	<u>Note</u> <u>No.</u>	<u>31/12/2006</u> <u>LE.</u>	<u>31/12/2005</u> <u>LE.</u>
<u>Current Assets</u>			
<u>Cash on hand and at banks</u>			
Cash on hand		105 465	25 198
Banks - current accounts		8 121 050	37 203 840
Total cash on hand and at banks		<u>8 226 515</u>	<u>37 229 038</u>
Trading investments		14 000	16 298 709
<u>Debtors & other debit balances</u>			
Shareholders' current account - debit		-	545 761 820
Intercompanies' current accounts - debit	(4)	44 975 532	61 584 912
Other debit balances	(5)	1 754 062	138 439 249
Total debtors and other debit balances		<u>46 729 594</u>	<u>745 785 981</u>
Total Current Assets		<u>54 970 109</u>	<u>799 313 728</u>
<u>Current Liabilities</u>			
Intercompanies' current accounts - credit	(6)	85 702 278	1 135 997 032
Creditors and other credit balances	(7)	69 841 199	4 643 500
Total Current Liabilities		<u>155 543 477</u>	<u>1 140 640 532</u>
Excess of current liabilities over current assets		<u>(100 573 368)</u>	<u>(341 326 804)</u>
<u>Non - Current Assets</u>			
Available -for- sale investments	(8)	18 904 379	214 433
Investments in subsidiaries and associates	(9)	485 813 138	164 610 704
Payments under purchase of investments	(10)	519 536 765	150 033 968
Assets under construction		-	31 122 113
Fixed assets (net of accumulated depreciation)	(11)	52 152 370	644 903
Total Non- Current Assets		<u>1 076 406 652</u>	<u>346 626 121</u>
Total Investment		<u>975 833 284</u>	<u>5 299 317</u>
Financed through :			
<u>Shareholders' Equity</u>			
Paid - in capital	(12)	912 762 572	2 000 000
Legal reserve	(13)	164 060	-
Retained earnings		3 117 110	-
Total shareholders' equity		<u>916 043 742</u>	<u>2 000 000</u>
Net profit for the year / period		953 685 858	3 281 170
Dividends paid in advance	(12)	<u>(894 896 684)</u>	<u>-</u>
Total shareholders' equity including net profit for the year / period		974 832 916	5 281 170
<u>Non - Current liabilities:</u>			
Defferd tax liabilities	(16)	1 000 368	18 147
Total shareholders' equity and non- current liabilities		<u>975 833 284</u>	<u>5 299 317</u>

The accompanying notes from No. (1) to No. (21) are an integral part of these financial statements and are to be read therewith .


Chairman
Dr. Ahmed Heikal


Managing Director
Hisham Hussein El Khazendar

Auditor's Report "attached"


Citadel Capital Company
(An Egyptian Joint Stock Company)
Income Statement
for the year ended December 31, 2006

	Note	For the year ended <u>31/12/2006</u> <u>LE.</u>	For the first period from 11/4/2004 till 31/12/2005 <u>LE.</u>
	<u>No.</u>		
<u>Activity's Revenue</u>			
Dividend income	(14)	945 886 251	-
Consultancy fees		-	15 233 063
Total activity's revenues		<u>945 886 251</u>	<u>15 233 063</u>
<u>Deduct:</u>			
General administrative expenses		(111 268 051)	(12 843 035)
Fixed assets depreciation	(11)	<u>(459 091)</u>	<u>(241 398)</u>
Net operating profit		834 159 109	2 148 630
<u>Add/(deduct):</u>			
Gains arising from sale of investments		2 632 678	390 276
Unrealized gains arising from trading investments		(978)	1 930 243
Interest income		2 448 402	28 242
Foreign currencies differences		(1 014 138)	(468 200)
Other revenues	(6 , 18)	<u>116 443 006</u>	<u>-</u>
Net profit before tax		954 668 079	4 029 191
<u>Deduct :</u>			
Current income tax		-	(729 874)
Deferred income tax	(16)	<u>(982 221)</u>	<u>(18 147)</u>
Net profit for the year / period		<u>953 685 858</u>	<u>3 281 170</u>
Earnings per share	(17)	<u>9.52</u>	<u>9.84</u>

The accompanying notes from No. (1) to No. (21) are an integral part of these financial statements and are to be read therewith.

Citadel Capital Company
 (An Egyptian Joint Stock Company)
 Statement of Changes in Equity
 for the year ended December 31, 2006

	<u>Note</u> <u>No.</u>	<u>Issued and</u> <u>Paid- in</u> <u>Capital</u>	<u>Legal</u> <u>Reserve</u>	<u>Retained</u> <u>earnings</u>	<u>Net</u> <u>profit</u> <u>for the</u> <u>year</u>	<u>Dividends paid</u> <u>in advance</u> <u>during</u> <u>the year</u>	<u>Total</u> <u>LE.</u>
		<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>
Payment of issued capital	(12)	2 000 000	-	-	-	-	2 000 000
Net Profit for the period ended December 31, 2005		-	-	-	3 281 170	-	3 281 170
Balance as at December 31, 2005		2 000 000	-	-	3 281 170	-	5 281 170
Profit appropriation		-	164 060	3 117 110	(3 281 170)	-	-
Payment under capital increase	(12)	910 762 572	-	-	-	-	910 762 572
Net profit for year ended December 31, 2006		-	-	-	953 685 858	-	953 685 858
Dividends paid in advance according to the extraordinary general assembly held on May 9, 2006	(12)					(894 896 684)	(894 896 684)
Balance as at December 31, 2006		912 762 572	164 060	3 117 110	953 685 858	(894 896 684)	974 832 916

The accompanying notes from No. (1) to No. (21) are an integral part of these financial statements and are to be read therewith.

Citadel Capital Company
(An Egyptian Joint Stock Company)
Cash Flow Statement
for the year ended December 31, 2006

Translation

	For the year ended 31/12/2006 LE.	For the first period from 11/4/2004 till 31/12/2005 LE.
<u>Cash Flows from Operating Activities</u>		
Net profit for the year/period before tax	954 668 079	4 029 191
<u>Adjustments to reconcile net profit to net cash provided from operating activities :</u>		
Losses arising from sale of investments in subsidiaries	159 156	2 157
Fixed assets depreciation	459 091	241 398
Impairment of other debit balances	-	100 410
Unrealized loss (gains) arising from trading investments	978	(1 930 243)
Income tax paid	(729 874)	-
Operating profit before changes in working capital	954 557 430	2 442 913
Decrease (increase) in intercompanies current account-debit	16 609 380	(61 584 912)
Decrease (increase) in other debit balances	136 685 187	(140 737 093)
Decrease (increase) in trading investments	16 283 731	(14 368 466)
Decrease (increase) in shareholders' current account -debit	545 761 820	(545 761 820)
(Decrease) increase in intercompanies current account - credit	(1 050 294 754)	1 074 797 032
Increase in creditors and other credit balances	65 927 573	67 311 060
Net cash provided from operating activities	685 530 367	382 098 714
<u>Cash Flows from investing Activities</u>		
Proceeds from sale of fixed assets	-	14 000
Payments to purchase fixed assets	(20 844 445)	(900 301)
Payments to purchase investments in subsidiaries and associates	(321 611 290)	(165 130 404)
Proceeds from sale of investments in subsidiaries and associates	249 700	517 543
Payments to purchase available-for-sale investments	(43 396)	(214 433)
Payments of assets under construction	-	(31 122 113)
Payments under purchase of investments	(388 149 347)	(150 033 968)
Net cash used in investing activities	(730 398 778)	(346 869 676)
<u>Cash Flow from Financing Activities</u>		
Payment of capital	910 762 572	2 000 000
Dividend paid in advance	(894 896 684)	-
Net cash provided from financing activities	15 865 888	2 000 000
Net change in cash and cash equivalent during the year/period	(29 002 523)	37 229 038
Cash and cash equivalent as at the beginning of the year/period	37 229 038	-
Cash and cash equivalent at the end of the year/period	8 226 515	37 229 038

Non cash transactions

- An amount of LE.18 646 550 represents investments transferred from payments under investments to available -for- sale investments and for the purpose of preparing the cash flow statement, this amount was eliminated from the change in both items.

- An amount of LE.31 122 113 represents assets transferred from assets under-construction to fixed assets and for the purpose of preparing the cash flow statement, this amount was eliminated from the change in both items.

The accompanying notes from No. (1) to No. (21) are an integral part of these financial statements and are to be read therewith.

Translation

Citadel Capital Company
(An Egyptian joint Stock Company)
Notes to the Financial Statements
for the year ended December 31, 2006

1. Company Background

Citadel Capital Company - An Egyptian Joint Stock Company - was founded in accordance with the Egyptian applicable laws & in pursuance to executive regulation of law no.159/1981& the company has been registered under the number of 11121 on 11/4/2004. The purpose of the company is represented as follows:

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

2. Significant Accounting Policies Applied

2-1 Basis of preparation of Financial Statements

The financial statements were prepared in accordance with Egyptian Accounting Standards and applicable local laws and regulations.

2-2 Foreign Currencies Transactions

The company maintains its accounts in Egyptian Pounds. Transactions denominated in foreign currencies are recorded at the prevailing exchange rate at the dates of transactions.

Balances of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are revalued at the prevailing exchange rates. The revaluation differences are recorded in the income statement.

2-3 Fixed assets depreciation

Fixed assets are recorded at historical cost, and are depreciated using the straight line method over the estimated productive life for each type of asset as follows:-

<u>Description</u>	<u>Estimated useful life</u> <u>Years</u>
Computers & Software	3
Furniture & Fixtures.	4
Electric Equipment & Tools	4
Buildings and constructions	20

2-4 Revenues Recognition

- Gains (losses) arising from sale of securities are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses.
- Dividend income is recognized when declared.
- Consultancy fee are recognized based on accrual basis.

2-5 Trading investments

Trading Investments are recognized at cost, and are revaluated using fair value (market value) at the balance sheet date. The revaluation differences are recorded in the income statement as “unrealized gains or losses arising from trading investments”.

2-6 Available -for- sale investments

- Available -for- sale investments are recorded at cost. Quoted investments are revalued at fair value (market value) and non-quoted investments are revalued at computed value of the investments (based on latest certified financial statements) and the valuation differences will be recorded as a special reserve revaluation difference of available-for- sale investments in the shareholder's equity. When selling the investments, its interest in the special reserve will be added to the income statement.
- Concerning the non active available –for- sale securities (have no market value in an active market) and the fair value of which can not be determined reliably, such investments are recognized at cost, the book value of these investments is to be amended by any impairment concerning the value of these investments and the impairment value is to be charged to the income statement for every investment individually.

2-7 Investments in subsidiaries and associates

Investments in subsidiaries and associates are valued at cost, the book value is amended by any impairment concerning the value of these investments and the impairment value is to be charged to the income statement for every investment individually.

2-8 Impairment of assets

- The carrying amounts of the Company's asset, (other than inventories) are reviewed at each balance sheet date. If there is any indication of a decline in the net redeemable value of these assets from their book value, the value of these assets is reduced to the net redeemable value and the resulting amount reduced is charged to the income statement.
- The company determines whether there is an indication of a decline in losses resulting from the impairment of assets previously determined, and in case that such indications exist the impairment is revaluated and the amount previously reduced is added up as long as the book value of these assets did not exceed the original net book value before recognizing impairment losses.

2-9 Income Tax

- Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.
- Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.
- A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized in following years.

2-10 Cash Flow Statement

For the purpose of preparing the Cash Flow Statement, cash and cash equivalent are represented in cash on hand and current accounts with banks.

3. Financial Instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances with banks, and debtors while financial liabilities include creditors. Note (No. 2) of notes to financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expense.

3/1 Liquidity Risk

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

3/2 Foreign Currencies Risk

The foreign currencies exchange risk represents the risk of fluctuation in the exchange rates, which in turn affects the company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.

- As disclosed in note 2-2, "foreign currencies transactions" the company has used the prevailing exchange rates to revalue monetary assets and liabilities at Balance sheet date.

3/3 Financial Instruments' Fair Value

The financial instruments' fair value do not substantially deviate from their book value at The balance sheet date, according to the valuation basis applied, in accounting policies to the assets and liabilities.

4. Intercompanies Current Accounts - Debit

	31/12/2006	31/12/2005
	<u>LE.</u>	<u>LE.</u>
Arab Co. For Financial Investments	4 106 401	174 215
National Fertilizers Company	--	2 357 031
National Company For Printing	187 500	6 830 806
National Petroleum Company	251 197	52 222 860
Cordoba Management Investment Ltd.	34 424	--
National Drilling Co.	41 593	--
National Refinery Co.	970 199	--
Citadel For Projects	2 140 004	--
Cairo company for Petroleum Production	12 136 107	--
CAKATA	219 185	--
Citadel Company for Scholarship	1 356 782	--
Capella Management Investments Inc.	1 378 066	--
Lotus Management Investments Ltd.	1 779 684	--
ASCOM	18 462 300	--
Morningtide	43 375	--
Granda capital holding	539 999	--
Arab Company for Refinery	251 450	--
Citadel Capital – Algeria	1 062 922	--
Citadel for River Transport	14 344	--
Total	<u>44 975 532</u>	<u>61 584 912</u>

5. Other Debit Balances

	31/12//2006	31/12/2005
	<u>LE.</u>	<u>LE.</u>
Deposits with others	36 952	24 751
Employees' advances	206 480	22 185
Advances to suppliers	1 219 981	91 661
Sundry debtors	290 649	138 300 652
Total	<u>1 754 062</u>	<u>138 439 249</u>

6. Intercompanies' Current Account – credit

	31/12/2006	31/12/2005
	<u>LE.</u>	<u>LE.</u>
Citadel Capital Ltd.	--	128 138 527
Promotion	2 382 200	2 456 177
The National company for River Transport	82 801 806	--
Grandview Investment Holding	34 894	61 200 000
National company for Development & Trading	483 378	944 202 328
Total	85 702 278	1 135 997 032

7. Creditors and Other Credit Balances

	31/12/2006	31/12/2005
	<u>LE.</u>	<u>LE.</u>
Tax Authority	1 035 434	2 796 807
Social Insurance Authority	63 323	15 405
Accrued expenses	2 970 778	122 161
Ledville Holding Ltd. **	51 636 600	--
Sundry credit balances *	14 135 064	1 709 127
Total	69 841 199	4 643 500

* Balance includes an amount of 11 063 171 due to ASCOM company for purchasing its shares.

** The balance represents amounts due to Ledville holding Ltd. Company as a consideration for purchase of investments in each of Golden Crescent Ltd. and Grand View company (Note no. 10).

8- Available –for- sale investments

	<u>Share</u>	<u>31/12/2006</u>	<u>31/12/2005</u>
	<u>percentage</u>	<u>LE.</u>	<u>LE.</u>
The Egyptian company for Marketing & Distribution	3.34%	50 103	50 103
Arab Swiss for Engineering - ASEC	0.0017%	17 479	17 479
Egyptian Fertilizers company	0.003%	146 851	146 851
Modern company for Isolating Materials	0.0667%	43 396	--
Horus Private Equity Fund II	2.1%	18 646 550	--
		18 904 379	214 433

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

9- Investments in Subsidiaries and associates

	<u>Share percentage</u>	<u>31/12/2006 LE.</u>	<u>31/12/2005 LE.</u>
Dar El Shrook	30%	30 101 250	--
Arab Financing Investments Company	94%	58 750	58 750
National Company for Development & Trading	59.18%	273 119 264	103 339 451
Modern company for Isolating Materials	--	--	61 212 503
Citadel For Projects	99.88%	249 700	--
National Company For River Transport	99.99%	99 999 702	--
ASEC (ASCOM)	61.52%	82 284 449	--
Citadel Capital Ltd.	100%	23	--
Total		<u>485 813 138</u>	<u>164 610 704</u>

10. Payments Under Purchase of Investments:

	<u>31/12/2006 LE.</u>	<u>31/12/2005 LE.</u>
Investment Orient	265 000	--
Horus Private Equity Fund II	--	18 646 550
Morning tide Company	206 615 060	131 387 418
National company for Development & Trading	121 233	--
ASEC company for Mining (ASCOM)	13 500	--
Lotus Management Investment Ltd.	24 383 950	--
Capella Management Investment Inc.	24 383 950	--
Silver Stone Capital Investment Ltd.	98 344 829	--
Grand View Investment Holding	44 923 842	--
Golden Crescent Investment Ltd.	120 485 401	--
Total	<u>519 536 765</u>	<u>150 033 968</u>

11. Fixed Assets

<u>Description</u>	<u>Buildings and Constructions</u>	<u>Computers and Software</u>	<u>Furniture and Fixtures</u>	<u>Electric Equipments</u>	<u>Total</u>
	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>	<u>LE.</u>
Balance as at 1/1/2006	--	442 225	248 222	195 854	886 301
Additions during the year	33 742 368	2 481 321	14 816 621	926 248	51 966 558
Total cost as at 31/12/2006	33 742 368	2 923 546	15 064 843	1 122 102	52 852 859
Accumulated depreciation as at 1/1/2006	--	110 354	70 738	60 306	241 398
Depreciation during the year	--	299 180	74 786	85 125	459 091
Accumulated depreciation as at 31/12/2006	--	409 534	145 524	145 431	700 489
Net cost as at 31/12/2006	33 742 368	2 514 012	14 919 319	976 671	52 152 370
Net cost as at 31/12/2005	--	331 871	177 484	135 548	644 903

12. Capital

- The company's authorized capital amounts LE 2.5 million and the issued capital amounts LE 2 million distributed on 400 000 shares with par value of LE 5 per share and the issued capital was paid in full.
- The company's extraordinary general assembly approved in its session held on February 23, 2006 to increase the company's issued and paid - in capital from LE 2 million to LE 1 billion distributed on 200 million shares with par value of LE 5 per share with an increase amount of LE 998 million of which an amount of LE. 910 762 572 was paid. Accordingly, the paid-in capital amounted to LE. 912 762 572. The said increase was approved in the Commercial Register on June 28, 2006. The company's issued capital is distributed as follows:

<u>Shareholder's Name</u>	<u>Share percentage</u>	<u>NO. of Shares</u>	<u>LE.</u>
Ahmed Mohamed Hassanin Heikal	75%	150 000 000	750 000 000
Hisham Hussien El-Khazendar	24.9995%	49 999 000	249 995 000
Ola Mohamed El-Degany	0.0005%	1 000	5 000
	100%	200 000 000	1 000 000 000

The company's ordinary general assembly decided in its session held on May 9, 2006 to distribute advanced cash dividends to company's shareholders with an amount of LE 891 052 495 as well as a profit share for the Board of Directors and employees.

13. Legal Reserve:

The Company's Statutes provides for deduction of 5% of the annual profit to form legal reserve. Such deduction will be ceased when the total reserve reaches an amount equal to 50% of the company's issued capital and when the reserve falls below this limit, it shall be necessary to resume the deduction.

14. Dividend Income

The balance of dividend income presented in the income statement includes an amount of LE. 943 718 755 represents the company's share in the dividends of National Company for Development and Trading (Subsidiary company) for the first financial period ended December 31, 2005.

15. Reconciliation of Effective Tax Rate

	<u>31/12/2006</u>	
	<u>LE.</u>	<u>LE.</u>
Profit before tax		954 668 079
Tax rate		20%
Calculated Income tax		190 933 616
Non deductible expenses	34 096	
Tax exemptions	(190 101 714)	
Depreciation	(982 221)	
Total tax differences		(191 049 839)
Income tax according to the tax return		-

16. Deferred Tax Liabilities

Deferred tax liabilities are attributable to the following:

	<u>Liabilities</u>	<u>Liabilities</u>
	<u>31/12/2006</u>	<u>31/12/2005</u>
	<u>LE.</u>	<u>LE.</u>
Fixed assets (depreciation)	(1 000 368)	(18 147)
Total deferred tax liabilities	(1 000 368)	(18 147)

17. Earnings per share

	<u>31/12/2006</u>	<u>31/12/2005</u>
	<u>LE.</u>	<u>LE.</u>
Net profit for the year / period	953 685 858	3 281 170
The weighted average number of shares	100 200 000	333 333
Earnings per share	<u>9.52</u>	<u>9.84</u>

18. Related Party transactions

- On January 30, 2006, the company has transferred the shares of Rally Energy Corporation – Canada with an amount of LE. 3 945 871 and the current account balance of Royal Bank – Canada which amounts LE. 7 595 409 as at the same date to one of intercompanis – National Petroleum company - with a total amount of LE. 11 541 280 (note no- 4).
- The company's board of directors decided in its meeting held on June 1, 2006 to approve the payment of company's chairman bonus for his extraordinary efforts so that the decision will be discussed on the first general assembly meeting for approval the bonus amount was charged to the income statement as general and administration expenses.
- The company has sold its entire share in the Arab co. for energy and water to one of the investees -silver stone capital investment co.- with its nominal value (book value).
- Other revenues items presented in the income statement with an amount of LE. 116 443 006 in the balance of credit current account for one of the intercompanies -citadel capital limited- which was granted to the company.

19. Tax Status

Corporate tax

- The company's books have not been inspected as yet.
- The company had submitted its tax return for the first financial period ended on 31 December 2005 according to tax law No. 91/2005.
- No tax liability was due on company's net profit for the year ended December 31, 2006 according to tax law No. 91/2005.

Payroll tax

The company deducts the payroll tax according to tax law no. 91 for 2005 and no tax inspection for payroll tax took place as yet.

Stamp tax

The company was not inspected as yet.

Withholding tax

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

20- Contingent liabilities

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

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

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

21- Comparative Figures

- Certain reclassifications have been made to some comparative figures in order to conform with current year presentation.