KPMG

Hazem Hassan
Public Accountants & Consultants

Citadel Capital Company
(Egyptian Joint Stock Company)

Consolidated financial statements
for the period ended 31 March 2010
&
Review report

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Contents

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Public Accountants & Consultants

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Review report

To the Board of Directors of Citadel Capital Company

Introduction

We have performed a limited review for the accompanying consolidated balance sheet of Citadel Capital Company (Egyptian Joint Stock Company) and its subsidiaries as at March 31, 2010 and the related consolidated income statement, consolidated statement of changes in equity and consolidated cash flows statement for the three months then ended, and a summary of significant accounting policies and other explanatory notes. The Company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of limited review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 31 March 2010, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

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KPMG Hazem Hassan

Cairo, May 13, 2010

KPMG Hazem Hassan
Public Accountants and Consultants
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Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated balance sheet
as at March 31, 2010

	Note no.	31/3/2010 LE	31/12/2009 LE
Assets			
Fixed assets (net)	(5)	94 614 764	101 254 466
Intangible assets (net)	(6)	1 914	2 083 377
Investments in subsidiaries and associates	(7)	1 882 753 888	1 792 714 352
Other investments	(8)	1 552 137 709	1 505 155 673
Convertible loans to associates	(9)	338 116 391	400 349 686
Deferred tax assets	(16)	1 208 858	284 589
Total non-current assets		3 868 833 524	3 801 842 143
Inventories		-	978 990
Other investments	(8)	5 099 630	4 854 256
Trade and other receivables	(10)	760 324 692	845 169 800
Cash and cash equivalents	(11)	152 368 646	268 589 879
Total current assets		917 792 968	1 119 592 925
Total assets		4 786 626 492	4 921 435 068
Equity			
Share capital	(12)	3 308 125 000	3 308 125 000
Reserves	(13)	10 712 297	33 787 567
Retained earnings		238 841 740	93 302 536
Net (loss) profit for the period / year		(31 339 370)	159 110 191
Total equity attributable to equity holders of the company		3 526 339 667	3 594 325 294
Non - controlling interests		15 189 352	31 911 579
Total equity		3 541 529 019	3 626 236 873
Liabilities			
Loans and borrowings	(14)	800 403 297	808 031 729
Long term liabilities	(15)	52 702 050	58 531 470
Total non-current liabilities		853 105 347	866 563 199
Banks overdraft		-	2 333 910
Loans and borrowings	(14)	38 815	48 138
Trade and other payables	(17)	376 028 410	406 757 928
Expected claims provision	(18)	15 924 901	19 495 020
Total current liabilities		391 992 126	428 634 996
Total liabilities		1 245 097 473	1 295 198 195
Total equity and liabilities		4 786 626 492	4 921 435 068

The notes on pages 5 to 37 are integral part of these consolidated financial statements and to be read therewith .

Review report "attached"

Chairman
Ahmed Heikal
أحمد هيكل

Managing Director
Hisham Hussein El Khazendar

CFO / Board Member
Ahmed EL Shamy
Ahmed ElShamy

Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated income statement
for the period ended March 31, 2010

	Note no.	For the period ended 31/3/2010 LE	31/3/2009 LE
Advisory fee	(28-1)	22 929 354	20 004 281
Gains on sale of investments	(19)	12 916 250	2 806 363
Share of (loss) profit of equity accounted investees	(20)	(6 647 664)	6 032 403
Other income	(21)	4 688 287	1 899 382
Total operating income		33 886 227	30 742 429
General and administrative expenses	(31)	(78 543 052)	(33 482 895)
Other expenses	(22)	(1 433 598)	-
Net operating loss		(46 090 423)	(2 740 466)
Net financing income (expense)	(23)	11 940 316	(16 793 067)
Net loss before income tax		(34 150 107)	(19 533 533)
Income tax	(25)	469 819	815 357
Net loss from continued operations (after tax)		(33 680 288)	(18 718 176)
Net profit from discontinued operations (after tax)	(26,4-6)	-	12 534 271
Net loss for the period		(33 680 288)	(6 183 905)
Attributable to:			
Equity holders of the Company		(31 339 370)	(19 746 927)
Non - controlling interests		(2 340 918)	13 563 022
		(33 680 288)	(6 183 905)
Earnings per share	(27)	(0.05)	(0.03)

The notes on pages 5 to 37 are integral part of these consolidated financial statements and to be read therewith .

Citadel Capital Company

(Egyptian Joint Stock Company)

Consolidated statement of changes in equity

for the period ended March 31, 2010

	Note no.	Share capital	Reserves					Retained earnings	Net (loss) profit for the year / period	Total	Non-controlling interests	Total equity
			Legal reserve	Fair value reserve -AFS	F.C. translation reserve	Hedging reserve	Company's share of items recognized in associate equity					
		LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Balance as at December 31,2008		2 750 000 000	77 845 487	(310 883)	16 655 260	(3 554 169)	-	154 181 173	(50 753 146)	2 944 063 722	2 968 653 214	5 912 716 936
Carrying 2008 loss forward	(3-19)	-	-	-	-	-	-	(57 687 102)	50 753 146	(6 933 956)	-	(6 933 956)
Effective portion of changes in fair value of cash flow hedges	(3-4)	-	-	-	-	(2 563 123)	-	-	-	(2 563 123)	-	(2 563 123)
Exchange differences relating to foreign operations	(3-2)	-	-	-	(1 838 464)	-	-	-	-	(1 838 464)	(16 312 752)	(18 151 216)
Changes in the fair value of available -for- sale investments	(3-7-1)	-	-	(745 558)	-	-	-	-	-	(745 558)	(906 721)	(1 652 279)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	16 739 837	16 739 837
Share capital increase	(12)	275 500 000	-	-	-	-	-	-	-	275 500 000	-	275 500 000
Net loss for the period ended March 31,2009		-	-	-	-	-	-	-	(19 746 927)	(19 746 927)	13 563 022	(6 183 905)
Balance as at March 31,2009		3 025 500 000	77 845 487	(1 056 441)	14 816 796	(6 117 292)	-	96 494 071	(19 746 927)	3 187 735 694	2 981 736 600	6 169 472 294
Balance as at December 31,2009		3 308 125 000	79 011 015	826 797	35 420 639	(16 882 076)	(64 588 808)	93 302 536	159 110 191	3 594 325 294	31 911 579	3 626 236 873
Carrying 2009 profit forward	(3-19)	-	10 567 463	-	-	-	-	145 539 204	(159 110 191)	(3 003 524)	-	(3 003 524)
Effective portion of changes in fair value of cash flow hedges	(3-4)	-	-	-	-	(4 133 013)	-	-	-	(4 133 013)	-	(4 133 013)
Exchange differences relating to foreign operations	(3-2)	-	-	-	(27 409 165)	-	-	-	-	(27 409 165)	(161 482)	(27 570 647)
Changes in the fair value of available -for- sale investments	(3-7-1)	-	-	(176 480)	-	-	-	-	-	(176 480)	-	(176 480)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(14 219 827)	(14 219 827)
The Company's share in changes of associates equity		-	-	-	-	-	(1 924 075)	-	-	(1 924 075)	-	(1 924 075)
Net loss for the period ended March 31,2010		-	-	-	-	-	-	-	(31 339 370)	(31 339 370)	(2 340 918)	(33 680 288)
Balance as at March 31, 2010		3 308 125 000	89 578 478	650 317	8 011 474	(21 015 089)	(66 512 883)	238 841 740	(31 339 370)	3 526 339 667	15 189 352	3 541 529 019

The notes on pages 5 to 37 are integral part of these consolidated financial statements and to be read therewith .

Citadel Capital Company

(Egyptian Joint Stock Company)

Consolidated cash flows statement

for the period ended March 31, 2010

	For the period ended 31/3/2010 LE	31/3/2009 LE
Cash flows from operating activities		
Net loss before income tax	(34 150 107)	(19 533 533)
Adjustments to reconcile net loss to net cash used in operating activities :		
Net profit from discontinued operations (before tax)	-	20 808 690
Depreciation and amortizations	2 721 361	38 378 358
Provisions formed	994 881	19 151 780
Share of loss (profit) of equity accounted investees	15 173 046	(6 032 403)
Net change in the fair value of investments at fair value through profit and loss	(245 374)	(1 899 382)
Foreign exchange differences	(31 203 411)	21 864 845
Gains on sale of investments in subsidiaries and associates	(10 513 764)	-
Gains on sale of available - for - sale investments	(2 402 486)	-
Provisions used	-	(19 798 717)
Reversal of provisoins	-	(2 578 278)
Impairment loss on trade and other receivables	-	262 492
Loss on sale of fixed assets	-	51 055
Operating (loss) profit before changes in working capital	(59 625 854)	50 674 907
Change in trade and other receivables	40 659 947	(183 144 396)
Change in inventories	-	697 268
Change in investments at fair value through profit and loss	-	24 767 891
Change in trade and other payables	6 940 870	(94 429 699)
Net cash used in operating activities	(12 025 037)	(201 434 029)
Cash flows from investing activities		
Payments for purchase of fixed assets	(4 363 270)	(272 120 837)
Proceeds from sale of fixed assets	-	2 280 178
Payments for purchasing other investments	(73 293 273)	(10 595 846)
Proceeds from sale of investments in subsidiaries & associates	29 434 477	-
Payments for purchase of investments in subsidiaries and associates	(108 294 019)	-
Proceeds from sale of available - for - sale investments	6 696 628	-
Proceeds from loans to associates	63 119 264	-
Payment for acquisition of intangible assets	-	(1 679)
Net cash used in investing activities	(86 700 193)	(280 438 184)
Cash flows from financing activities		
Proceeds from issuing of share capital	-	275 500 000
Proceeds from capital related to non - controlling interests	3 724 003	25 349 109
Dividends related to non - controlling interests	(1 574 439)	(23 857 725)
Payments for borrowings	(9 700 074)	(34 438 278)
Hedging reserve	(2 175 375)	(1 091 568)
Dividends payout	-	(3 326 286)
Payments for banks overdraft	-	(15 632 762)
Net cash (used in) provided from financing activities	(9 725 885)	222 502 490
Net changes in cash and cash equivalents during the period	(108 451 115)	(259 369 723)
Cash and cash equivalents at the beginning of the period	268 589 879	1 158 070 019
Cash related to deconsolidation of subsidiaries	(7 770 118)	-
Cash and cash equivalents at the end of the period	152 368 646	898 700 296

The notes on pages 5 to 37 are integral part of these consolidated financial statements and to be read therewith .

1. Reporting entity

Citadel Capital Company (the "Company") is an Egyptian Joint Stock Company domiciled in the Arab Republic of Egypt. The address of the Company's registered office is 3 El Yemen St., Dokki - Giza.

The Company is a private equity firm operating in the Middle East and North Africa (MENA) region, with completed and committed transactions. The Company focuses primarily on the emerging economies of the MENA region, particularly Egypt, Algeria, Libya and Syria.

The Company also invest selectively in other areas that are a natural outgrowth of the primary market, including sub- Saharan Africa.

The consolidated financial statements of the Company for the period ended March 31, 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the Egyptian Accounting Standards and applicable laws and regulations.

The financial statements were approved by the Board of Directors.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except assets and liabilities which are measured at fair value as follows:

- Financial instruments at fair value through the profit and loss.
- Available-for-sale financial assets.
- Derivative financial instruments.

The methods used to measure the fair value are discussed in note 4.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Egyptian Pound, which is the Company's functional currency.

2.4 Use of estimate and judgements

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note (6) measurements of the recoverable amounts of intangible assets and goodwill.
- Note (8-1) valuation of financial instruments.
- Note (18) provisions.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Certain comparative amounts have been reclassified to conform with the current period presentation note no. (4-6).

3.1 Basis of consolidation

3.1.1 Subsidiaries

- The consolidated financial statements include all subsidiaries that are controlled by the parent company and which the management intends to continue to control. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. EAS 24 Income

Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

- Non - controlling interests shall be presented in the consolidated balance sheet within equity, separately from the parent shareholder's equity. Non - controlling interests in the profit or loss of the group shall also be separately disclosed.
- A parent loses control when it loses the power to govern the financial and operating policies of an investee so as to obtain benefit from its activities.

3.1.2 Loss exceeding minority interest

Losses that exceed the minority interest in the equity of a subsidiary may create a debit balance on minority interest only if the minority has a binding obligation to fund the losses and is able to contribute an additional investment to cover the losses .If this is not the case then the losses are attributable to the parent's interest . If the subsidiary subsequently reports profits, then these profits are allocated to parent until the share of losses absorbed previously by the parent has been recovered.

3.1.3 Acquisitions from minorities and entities under common control

Business combinations arising from transfers of interests from minorities or in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated when practical. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entity or attributable to the minorities are added to the same components within the Group equity except that any share capital of the acquired entities is recognised as notional capital contribution. Any cash paid for the acquisition recognised directly in equity.

3.1.4 Associates

Investments in associates are stated at equity method. Under the equity method the investment in associates is initially recognize at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the associates after the date of acquisition. Distributions received from associates reduce the carrying amount of the investment.

Losses of an associate in excess of the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate) are not recognized, unless the Company has incurred legal or constructive obligations or made payments on behalf of the associate.
Any excess of the cost of the acquisition over the Company's share of the net faire value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment..

3.2 Foreign currency translation

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

3.3 Foreign operations

As at the balance sheet date the assets and liabilities of these consolidated subsidiaries are translated to Egyptian Pound at the prevailing rate as at the reporting date, and the shareholders' equity accounts are translated at historical rates, where as the income statement items are translated at the average exchange rate prevailing during the year of the consolidated financial statements. Currency translation differences are recorded in the shareholders' equity section of the balance sheet as translation reserves adjustments.

3.4 Financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financial and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in equity is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The hedged item also is stated at faire value in respect of the risk being hedged, with any gain or loss being recognized in profit or loss.

3.5 Lending

The lending is stated at cost deducting from it any impairment loss in its value and the Company evaluate the loans at the balance sheet date, in case of impairment in the redeemable value of the loan less than its book value the loan is impaired by the value of impairment loss and recognized in income statement.

3.6 Cash and cash equivalents

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

3.7 Investments

3.7.1 Available-for-sale financial investments

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

3.7.2 Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

3.7.3 Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

3.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.9 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (note 3.13). Depreciation is charged to the income statement over the estimated useful life of each asset using the straight-line method. The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

Assets depreciation	Estimated useful life
- Furniture & Fixtures & Electric Equipment & Tools	4 years
- Computers	2-3 years
- Vehicles	4 years
- Buildings & Constructions	20 years

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

3.10 Projects under construction

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

3.11 Gains & losses form disposal of fixed assets

Gains and losses from disposal of fixed assets are determined by comparing net disposal proceeds of assets to its net book value, resulted gain and losses are recorded in the income statements.

3.12 Intangible assets

3.12.1 Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

3.12.2 Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

3.12.3 Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

3.12.4 Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for intangible assets range between 3:20 years.

3.13 Impairment

3.13.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

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

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

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

3.13.2 Non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

3.14 Trade and other receivables

Non-interest bearing short-term trade and other receivables are stated at cost less impairment losses. An impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss relating to trade receivables is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

3.15 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories are based on the weighted average or first-in first-out principles depending on the nature of the inventory, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.16 Trade and other payables

Short-term trade and other payables are stated at cost.

3.17 Provisions

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

3.18 Interest bearing borrowings

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

3.19 Legal reserve

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

3.20 Dividends

Dividends are recognised as a liability in the period in which they are declared.

3.21 Income tax

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

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

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

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

3.22 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.23 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.24 Employees benefits

3.24.1 Pensions

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

3.24.2 Other short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.25 Revenue

3.25.1 Gain (loss) on sale of investments

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

3.25.2 Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

3.25.3 Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

3.25.4 Dividend income

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

3.25.5 Interest income

Interest income is recognized on time proportion basis to take into account effective yield on the asset.

3.25.6 Management fee

Management fees are recognized upon rendering the service according to accrual basis.

3.25.7 Advisory fee

Advisory fee is calculated based on agreed percentage in accordance with contract term with companies and recognized according to accrual basis.

3.26 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Intangible assets

Intangible assets are stated at historical cost and amortised over a period from 3 to 20 years.

Other intangible assets that have finite useful lives are measured at cost less accumulated impairment loss.

4.2 Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

4.3 Investment in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

4.4 Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

4.5 Non-derivatives financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4.6 Comparative figures

The comparative figures include the value of assets, liabilities, of the following subsidiaries:

- Eco-Logic Ltd.
- Citadel Capital for projects.
- ENTAG.

During the period, the company transferred these investments from subsidiaries to associates through restructuring the board of directors so, the value of assets and liabilities related to these subsidiaries are deconsolidated.

5. Fixed assets

	Land	Buildings	Lease hold improvements	Furniture & fixtures	Machines & equipment	Computer equipment & software	Transportation Means	Assets under construction*	Total
	LE	LE	LE	LE	LE	LE	LE	LE	LE
Cost as at 1/1/2010	24 675 000	38 740 236	3 862 787	24 220 081	2 234 634	9 777 720	2 072 805	22 934 529	128 517 792
Additions	--	--	3 091 458	629 294	--	596 273	46 245	--	4 363 270
Foreign currency translation differences	--	--	(5 398)	(2 156)	--	(2 350)	(4 108)	--	(14 012)
Deconsolidation of subsidiaries **	(675 000)	(4 997 868)	(221 206)	(386 551)	(2 234 634)	(1 020 474)	(1 131 460)	(226 603)	(10 893 796)
Cost as at 31/3/2010	24 000 000	33 742 368	6 727 641	24 460 668	--	9 351 169	983 482	22 707 926	121 973 254
Accumulated depreciation as at 1/1/2010	--	5 346 741	479 167	14 180 148	618 992	5 494 068	1 144 210	--	27 263 326
Depreciation	--	421 780	240 804	1 491 895	--	515 377	50 739	--	2 720 595
Foreign currency translation differences	--	--	(1 270)	(887)	--	(1 262)	(1 356)	--	(4 775)
Deconsolidation of subsidiaries **	--	(285 386)	(165 792)	(111 385)	(618 992)	(627 570)	(811 531)	--	(2 620 656)
Accumulated depreciation as at 31/3/2010	--	5 483 135	552 909	15 559 771	--	5 380 613	382 062	--	27 358 490
Carrying amounts									
At 31/3/2010	24 000 000	28 259 233	6 174 732	8 900 897	--	3 970 556	601 420	22 707 926	94 614 764
At 31/12/2009	24 675 000	33 393 495	3 383 620	10 039 933	1 615 642	4 283 652	928 595	22 934 529	101 254 466

* Assets under construction are represented in fixtures and constructions of a new headquarters.

** Note no. (4-6).

6. Intangible assets

	Goodwill	Others	Total
	LE	LE	LE
Cost			
Balance as at January 1, 2010	2 080 598	7 486	2 088 084
Foreign currency translation differences	--	(262)	(262)
Deconsolidation of subsidiaries *	(2 080 598)	--	(2 080 598)
Balance as at March 31, 2010	--	7 224	7 224
Amortisation and impairment loss			
Balance as at January 1, 2009	--	1 254 830	1 254 830
Amortisation	--	1 346 923	1 346 923
Deconsolidation of subsidiaries	--	(2 597 046)	(2 597 046)
Balance as at December 31, 2009	--	4 707	4 707
Balance as at January 1, 2010	--	4 707	4 707
Amortisation	--	766	766
Foreign currency translation differences	--	(163)	(163)
Balance as at March 31, 2010	--	5 310	5 310
Carrying amounts			
At March 31, 2010	--	1 914	1 914
At December 31, 2009	2 080 598	2 779	2 083 377

6.1 Goodwill is related to the acquisition of the following subsidiaries:

	31/3/2010	31/12/2009
	LE	LE
ENTAG	--	2 080 598

6.2 Other intangible assets are represented in:

	31/3/2010	31/12/2009
	LE	LE
Licenses trade mark	1 914	2 779

Amortisation and impairment loss are recognised in other expenses caption in the income statement.

* Note no. (4-6).

7. Investments in subsidiaries & associates

The Group investments in subsidiaries and associates are represented in:

	Percentage		Carrying amount	
	2010	2009	31/3/2010	31/12/2009
	%	%	LE	LE
El Kateb for Marketing & Distribution Co.	48.88	48.88	2 119 864	1 880 330
Pharos Holding Co. *	53.00	53.00	92 288 726	90 723 155
Elsharq Book Stores Co.	40.00	40.00	16 995 713	17 330 491
ASEC Company for Mining (ASCOM)	39.22	44.64	139 532 109	155 844 937
Silverstone Capital Investments Ltd.	40.11	38.81	303 645 239	290 283 211
Dar El-Sherouk Ltd. *	58.51	58.51	173 636 113	173 536 657
Crondall Holdings Ltd.	47.67	47.67	75 864 213	77 569 693
National Development & Trading Company	49.50	49.50	601 733 176	630 505 743
United Foundries and Heat Treatment Company	49.29	49.29	126 872 152	132 488 961
Mena Home Furnishings Malls	31.16	26.26	126 657 538	88 657 562
Regional Investments Holdings Ltd.	30.15	28.21	121 930 428	101 893 612
Eco-Logic Ltd.**	97.00	--	55 003 435	--
Valencia Assets Holding Ltd.	22.00	--	46 475 182	--
ECARU	--	34.80	--	32 000 000
			1 882 753 888	1 792 714 352

* The Company does not consolidate these subsidiaries as the control is not existed as the Company has no power to govern the financial and operation policies of these subsidiaries.

** Investments in these companies were reclassified from investments in subsidiaries to investments in associates as the Companies' Board of Directors were restructured and the Company's voting right was reduced to less than the half (from 67% to 33%) according to these companies Board of Directors' meeting held as at January 1,2010.

Summary of financial statements of associates company

2010	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenues	Expenses
	LE	LE	LE	LE	LE	LE	LE	LE
El Kateb for Marketing & Distribution Co.	3 513 441	1 262 968	4 776 409	1 714 767	54 949	1 769 716	2 368 165	1 878 119
Pharos Holding Co.	340 516 882	182 680 659	523 197 541	381 370 179	670 550	382 040 729	22 783 450	19 829 544
Elsharq Book Stores Co.	12 711 475	10 289 485	23 000 960	5 475 288	801 266	6 276 554	5 293 767	6 130 712
ASEC Company for Mining (ASCOM)	200 548 951	512 859 269	713 408 220	210 937 435	108 308 405	319 245 840	128 897 726	122 052 770
Silverstone Capital Investments Ltd.	1 022 440 737	847 983 465	1 870 424 202	656 496 370	281 746 945	938 243 315	229 128 409	204 395 915
Dar El-Sherouk Ltd.	187 596 604	85 852 580	273 449 184	33 989 137	1 405 791	35 394 928	14 052 116	15 434 904
Crondall Holdings Ltd.	26 294 415	807 356 889	833 651 304	370 239 339	--	370 239 339	17 307 078	15 252 616
National Development & Trading Co.	2 145 945 172	4 094 705 225	6 240 650 397	1 735 524 004	1 177 801 232	2 913 325 236	460 693 030	507 125 576
United Foundries and Heat Treatment Co.	189 106 523	435 027 478	624 134 001	304 066 861	69 098 777	373 165 638	87 023 410	88 883 967
Mena Home Furnishings Mall	110 078 578	544 424 187	654 502 765	86 386 721	163 490 202	249 876 923	3 856 353	11 652 063
Regional Investments Holding Ltd.	100 667 873	582 816 775	683 484 648	136 317 410	83 335 035	219 652 445	14 663 175	33 019 064
Eco-Logic Ltd.	141 257 381	48 546 220	189 803 601	62 640 896	--	62 640 896	36 852 794	23 354 188
Valencia assets Holding Ltd.	4 267 119	93 471 783	97 738 902	8 462 582	--	8 462 582	319 760	47 012 170

* Note no. (20).

8. Other investments

	Note	31/3/2010 LE	31/12/2009 LE
Non-current investments			
Available-for-sale investments	8.1	784 353 827	787 605 694
Payments for investments	8.2	767 783 882	717 549 979
		1 552 137 709	1 505 155 673
Current investments			
Investments at fair value through profit and loss	8.3	5 099 630	4 854 256
		1 557 237 339	1 510 009 929

8.1 The amount represents the Group investments in a number of unlisted companies. The details of these available-for -sale investments are as follows:

	31/3/2010 LE	31/12/2009 LE
Horus Private Equity Fund II & III	26 330 926	30 625 068
Modern Company for Isolating Materials	43 396	43 396
Medcom National Company	1 000	1 000
Mena Glass Ltd.	109 826 000	110 483 303
Orient Investment Properties Ltd.	41 457 943	41 349 226
Logria Holding Ltd.	356 934 500	355 998 500
Golden Crescent Investment Ltd.	249 725 104	249 070 243
Arab Swiss Engineering Company. (ASEC)	34 958	34 958
	784 353 827	787 605 694

8.2 The payments for investments are as follows:

	31/3/2010 LE	31/12/2009 LE
Grandview Investment Holding	67 982 530	67 804 258
Golden Crescent Investment Ltd.	98 244 848	97 987 218
Orient Investment Properties Ltd.	105 853 885	105 576 301
Falcon Agriculture Investments Ltd.	186 456 866	185 967 915
Glass Rock for Isolation	5 211 925	5 211 925
Fund Project	21 018 001	19 414 025
ASCOM Algeria *	--	3 285 594
ECARU	--	14 600 000
Valencia Assets Holding Ltd.	--	18 568 399
Pharos Holding Co.	18 621 911	18 621 911
Nile Valley Petroleum Ltd.	123 362 055	102 691 874

	31/3/2010 LE	31/12/2009 LE
Forestry Project	2 400 624	2 400 624
Centum Investment Company Ltd.	17 841 063	7 456 657
Babcock&Brown Investment Holdings (Pty) Ltd.	6 583 624	6 333 619
Sheltam Rail Company (Pty) Ltd.	84 929 676	60 856 531
Primefuels Rail Investments Ltd.	9 863 369	3 202 004
Mirambo Rail Investments Ltd.	5 534 786	856 718
Mammoth Project	4 955 653	--
Citadel Capital Transportation Opportunities II Ltd.	16 474	--
Mena Glass Ltd.	8 906 592	--
	767 783 882	720 835 573
Impairment *	--	(3 285 594)
	767 783 882	717 549 979

8.3 Investments at fair value through profit and loss:

	31/3/2010 LE	31/12/2009 LE
Modern Shorouk for Printing Co.	3 205 131	3 045 658
Al Arafa Investment and Consulting	1 894 499	1 808 598
	5 099 630	4 854 256

The financial assets designated at fair value through profit and loss are equity securities quoted in stock exchange.

9. Convertible loans to associates

The Company has granted a subordinated loan to National Company for Development and Trading – (one of the associate companies - 49.5%) as at December 28, 2009 with an amount of US.$ 73 097 863 (equivalent to LE 400 349 686 as at December 31,2009). The Company transferred an amount of US.$ 11 524 758 (equivalent to LE 63 119 264) from the loan to Financial Holding International (Shareholder of National Development & Trading Company) then the loan balance become US.$ 61 573 105 (equivalent to LE 338 116 391 as at March 31,2010). The period of loan is five years, the principle of the loan has to be paid with interest at the end of the loan period, with 11.5% annual cumulative interest. According to the loan contract the Company has the right to convert the loan and its interest to capital increase in the National Company for Development and Trading with par value.

The guarantees are represented in lien on part of National Company for Development and Trading shares in the following companies:

ASEC Cement Company	41 050 000 shares
Arab Swiss Engineering Co. (ASEC)	899 900 shares

10. Trade and other receivables

	Note	31/3/2010 LE	31/12/2009 LE
Due from related parties	10.1	699 065 805	779 340 484
Trade receivables		--	7 151 405
Other receivables	10.2	61 258 887	58 677 911
		760 324 692	845 169 800

10.1 Due from related parties

	31/3/2010 LE	31/12/2009 LE
Golden Crescent Investment Ltd.	8 201 849	6 591 082
Falcon Agriculture Investments Ltd.	3 211 586	13 965 608
Grandview Investment Holding	35 478 587	35 712 932
Orient Investment Properties Ltd.	30 644 891	27 177 005
Logria Holding Ltd.	44 694 367	35 978 211
Mena Glass Ltd.	999 700	4 501 725
Mena Home Furnishings Mall	12 646 404	88 683 367
Regional Investments Holdings Ltd.	93 133 206	123 506 955
ECARU	--	20 557 458
National Company for Trading and Development	70 373 616	59 232 051
ASEC for Mining (ASCOM)	39 487 680	31 207 600
ASEC Cement Company	3 405 428	13 604 022
United Foundries and Heat Treatment Company	35 051 592	36 097 048
Golden Crescent Finco Ltd.	165 535 096	144 589 289
Sabina for Integrated Solutions	6 040 320	30 080 697
Emerald Financial Services Ltd.	136 730 635	96 772 058
Sphinx Glass Ltd.	1 098 240	4 381 520
Silverstone Capital Investments Ltd.	1 643 572	1 228 523
ASEC for Manufacturing and industrial Projects (ARESCO)	5 000 000	--
Eco-Logic Ltd.	5 689 036	--
Citadel Capital for Scholarship *	--	2 301 113
Others	--	5 473 333
	699 065 805	781 641 597
Impairment *	--	(2 301 113)
	699 065 805	779 340 484

10.2 Other receivables are represented in:

	31/3/2010	31/12/2009
	LE	LE
Prepaid expenses	809 643	1 146 934
Deposits with others	1 665 763	1 623 863
Tax Authority	350 947	846 110
Advances to suppliers	709 638	2 556 248
Letters of guarantee margin	549 130	1 435 897
Imprest	525 547	931 237
Accrued revenue	3 565 955	3 203 555
Letters of credit margin	--	5 916 734
Sundry debit balances	53 082 264	41 017 333
	61 258 887	58 677 911

11. Cash and cash equivalents

	31/3/2010	31/12/2009
	LE	LE
Cash	822 064	290 875
Cheques under collection	--	463 093
Banks - current accounts	149 563 761	258 578 185
Banks - time deposits	1 982 821	9 257 726
Cash and cash equivalents	152 368 646	268 589 879

Non cash transactions

- For the purpose of preparing statement of cash flows statement, The following transactions have been eliminated:-
- LE 1 957 638 from changes in other credit balances and changes in fair value of cash flow hedges reserve (represents the unpaid amount of March according to the bank claim).
- LE 8 906 592 from payments for purchase investments in subsidiaries and due from related parties (represents the transfer from related parties' current accounts to payments for investments).

12. Share capital

	31/3/2010	31/12/2009
	LE	LE
On issue at the beginning of the period / year	3 308 125 000	2 750 000 000
Issued for cash during the period / year	--	558 125 000
On issue at end of the period / year	3 308 125 000	3 308 125 000

- The Company's authorized capital is LE 6 billion.
- The Board of directors of the Company held on December 12, 2008 decided to increase the issued capital with an amount of LE 275 500 000 to be LE 3 025 500 000 by issuing new 55 100 000 shares with par value LE 5 each, accordingly the total number of shares after increase is 605 100 000 shares. The share capital increase was paid in full. The commercial register was updated on March 4, 2009.
- The Board of directors of the Company held on April 5, 2009 decided to increase the issued capital with an amount of LE 282 625 000 to be LE 3 308 125 000 by issuing new 56 525 000 shares with par value LE 5 each, accordingly the total number of shares after increase is 661 625 000 shares. The share capital increase was paid in full during July. The commercial register was updated on July 26, 2009.

Accordingly the issued and paid-in capital is distributed as follows:

Shareholder's name	Percentage %	No. of shares	Value in LE
Citadel Capital Partners Ltd.	42.00	277 894 450	1 389 472 250
Emirates International Investments Company	8.75	57 891 132	289 455 660
Others	49.25	325 839 418	1 629 197 090
	100	661 625 000	3 308 125 000

13. Reserves

13.1 Legal reserve

As per the Company's statutes, 5% of net profit for the year is set aside to form a legal reserve. Transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued share capital. However, if the reserve balance falls below 50% of the Company's issued share capital transfers to the legal reserve are required to be resumed. The legal reserve is non-distributable but can be used to offset losses or to increase the issued share capital.

13.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

14. Loans and borrowings

	31/3/2010	31/12/2009
	LE	LE
Non-current liabilities:		
Secured	800 215 437	807 859 225
Unsecured	187 860	172 504
	800 403 297	808 031 729
Current liabilities:		
Unsecured	38 815	48 138

A- Secured loans are as follows:

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

- Loan is to be paid on three instalments:
- The first stage 10% will be settled after three years.
- The second stage 20% will be settled at the end of the fourth year.
- The last stage 70% will be settled at the end of the loan period.
- The Company has withdraw an amount of US.$ 145 724 225 (equivalent to the amount of LE 800 215 437 as at March 31, 2010) against an amount of US.$ 147 503 008 (equivalent to the amount of LE 807 859 225 as at December 31, 2009).

The loan guarantees are as follows:

1- First rank lien contract of shares of National Company for Development and Trading.
2- First rank lien contract of 9 805 622 shares of ASEC for mining (ASCOM).
3- First rank lien contract for shares of Citadel Capital Ltd. (one of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone).
4- First rank lien contract for Investments of Citadel Capital Ltd. (one of the subsidiaries of Citadel Capital Holding for Financial Investments- Free Zone) in the following companies:
   - Orient Properties Ltd.
   - Logria Holding Ltd.
   - Golden Crescent Investment Ltd.
   - Falcon Agriculture Investment Ltd.

- Silverstone Capital Investment Ltd.
- Mena Glass Inc. Company.
- Chark Book Stores
- El Kateb for Marketing and Distribution
- Pharos Holding

Hedging contract for risk of interest rate swap

On May 15, 2008 the Company signed a hedging contract with Citi Bank – London that results in stabilizing the libor interest rate on loan at 4.195 % interest rate on the amount of US.$ 74 millions that represents 50 % of the withdrawn amount of the loan according to its conditions.

B- Unsecured loans are as follows:

Medium loan contract with a total amount of LE 226 675 (non-current LE 187 860, current LE 38 815) between Egyptian Gulf Bank and Tanmeyah (subsidiary) for a period of five years to be settled over monthly equal sixty instalments starting at August 1,2009 and ending at December 31, 2014.

15. Long term liabilities

	31/3/2010	31/12/2009
	LE	LE
Creditors-purchase of investments	52 702 050	58 531 470

This balance represents the amount due from Tanweer for Marketing and Distribution Company (Tanweer) for purchasing investment in Dar El-Sherouk Ltd. for interest of the previous company's shareholders.

16. Deferred tax assets

	31/3/2010	31/12/2009
	LE	LE
Fixed assets depreciation	1 208 858	284 589

17. Trade and other payables

		31/3/2010	31/12/2009
	Note	LE	LE
Due to related parties	17.1	334 818 012	311 632 689
Other credit balances	17.2	41 210 398	95 125 239
		376 028 410	406 757 928

17.1 Due to related parties

	31/3/2010	31/12/2009
	LE	LE
Citadel Capital Partners Ltd.*	332 333 704	305 128 943
Crondall Holdings Ltd.	2 471 085	3 012 295
Pharos Holding Co.	13 223	13 155
Kimoniks	--	3 478 296
	334 818 012	311 632 689

* The main shareholder of the Company - 42%.

17.2 Other credit balances

	31/3/2010	31/12/2009
	LE	LE
Tax Authority	5 237 488	1 965 125
Social Insurance Authority	47 773	16 849
Accrued expenses	16 050 848	39 340 011
Dividends payable	2 913 919	2 924 873
Accrued interest	2 506 230	2 665 113
Suppliers	7 503 267	3 281 190
Advances from customers	1 577 512	934 331
Deposits from others	--	80 028
Notes payables	--	40 000 000
Sundry credit balances	5 373 361	3 917 719
	41 210 398	95 125 239

18. Expected claims provisions

	31/3/2010	31/12/2009
	LE	LE
Balance at the beginning of the period / year	19 495 020	197 630 021
Foreign currency differences	--	(790 670)
Acquisition of subsidiaries	--	4 468 000
Provisions used during the period / year	--	(31 221 750)
Reversal of provisions	--	(24 008 390)
Provisions formed during the period / year	994 881	42 510 453
Deconsolidation of subsidiaries *	(4 565 000)	(169 092 644)
Balance	15 924 901	19 495 020

Expected claims provision related to expected claims were made by external party in connection with the Company's operations. The information usually required by Accounting

Standards is not disclosed because the management believes that it would seriously prejudice the outcome of the negotiation with that external party. The management are reviewing the provision every year and the amount provided is adjusted based on latest development, discussions and agreements with the external party.

* Note no. (4-6).

19. Gains on sale of investments

	For the period ended	
	31/3/2010	31/3/2009
	LE	LE
Gains on sale of investments in associates*	10 513 764	--
Gains on sale of available-for-sale investment	2 402 486	--
Gains on sale of investments at fair value through profit and loss	--	2 806 363
	12 916 250	2 806 363

* Gains on sale of investments from sale of shares in ASEC for Mining (ASCOM) (one of the associates owned by the Company with a percentage of 44.64%) and then to be 39.22% after sale:

	Selling price	Cost of investments	Total
	LE	LE	LE
ASEC for Mining (ASCOM)	29 434 477	(18 920 713)	10 513 764

20. Company's share in associates' (loss) profit:

	For the period ended	
	31/3/2010	31/3/2009
	LE	LE
El Kateb for Marketing & Distribution Co.	239 534	(254 932)
Pharos Holding Co.	1 565 570	(2 974 967)
Elsharq Book Stores Co.	(334 778)	(115 484)
ASEC Company for Mining (ASCOM)	2 684 592	5 431 933
Silverstone Capital Investments Ltd.	9 920 206	3 365 694
Dar El-Sherouk Ltd.	(809 069)	(223 666)
Crondall Holdings Ltd.	979 436	803 825
National Development & Trading Company	(22 984 110)	--
United Foundries and Heat Treatment Company	(917 068)	--
Valencia assets Holding Ltd.	(3 696 360)	--
Eco-Logic Ltd.	13 093 648	--
Mena Home Furnishings Mall	(1 747 966)	--
Regional Investments Holdings Ltd.	(4 641 299)	--
	(6 647 664)	6 032 403

21. Other income

	For the period ended 31/3/2010 LE	For the period ended 31/3/2009 LE
Net change in the fair value of investments at fair value through profit and loss	245 374	1 899 382
Commissions	4 278 174	--
Sundry income	164 739	--
	4 688 287	1 899 382

22. Other expenses

	For the period ended 31/3/2010 LE	For the period ended 31/3/2009 LE
Provision formed	994 881	--
Sundry expenses	438 717	--
	1 433 598	--

23. Finance income (expense)

	For the period ended 31/3/2010 LE	For the period ended 31/3/2009 LE
Interest income Note no. (28-2)	21 586 140	410 827
Interest expenses	(6 169 237)	(8 727 665)
Foreign currency translation differences	(3 476 587)	(8 476 229)
	11 940 316	(16 793 067)

24. Finance income (expenses) recognised in equity

	For the period ended 31/3/2010 LE	For the period ended 31/3/2009 LE
Foreign currency translation differences of foreign operations	7 849 992	(1 495 956)
Net change in the fair value of available-for-sale investment	650 317	(1 963 162)
Total finance income (expense) recognised in equity (net of tax)	8 500 309	(3 459 118)
Attributable to:		
Equity holders of the Company	8 661 791	13 760 355
Non - controlling interest	(161 482)	(17 219 473)
	8 500 309	(3 459 118)

25. Income tax

	For the period ended	
	31/3/2010	**31/3/2009**
	LE	**LE**
Current income tax	(51 450)	815 357
Deferred tax	521 269	--
Total income tax	469 819	815 357

26. Net income from discontinued operations

Results of discontinued operations for the period ended March 31, 2009 are represented in the operating results of the following companies:

- National Development & Trading Company-(direct subsidiary) and United Foundries and Heat Treatment Company-(indirect subsidiary) were transferred from investments in subsidiaries to investments in associates as the Company lost control over these companies through the sale of 11 820 000 shares and 2 122 800 shares respectively. This transaction led to decreasing in the Company's share in these companies (from 55.31% to 49.50%), and (from 55.31% to 49.29%) respectively and the board of directors has been restructured to reflect this contribution.
- Total shares of Sphinx Egypt were sold to Pharos Holding–one of the associates.
- Mena Home Furnishings Mall, Regional Investments Holding Ltd. were reclassified from investments in subsidiaries to investments in associates as the Companies Board of Directors have been restructured and reduced the Company's voting rights to less than half (from 57.11% to 42.80%) according to these companies Board of Directors' decisions as at December 25,2009.

	For the period ended 31/3/2010 LE
Sales	497 544 238
Cost of sales	(422 435 774)
Gross profit	75 108 464
Other profit	68 078 516
General and administrative expenses	(75 092 206)
Other expenses	(1 204 168)
Net operating profit	66 890 606
Finance income	6 061 180
Finance expense	(52 143 096)
Net finance expense	(46 081 916)
Net profit before income tax	20 808 690
Income tax	(8 274 419)
Net profit from discontinued operations (after tax)	12 534 271

27. Earnings per share

	For the period ended	
	31/3/2010	31/3/2009
	LE	LE
Loss for the period	(33 680 288)	(6 183 905)
Loss for equity holders of the parent Company	(31 339 370)	(19 746 927)
Weighted average number of shares:		
Issued at January 1	661 625 000	550 000 000
Issued during the period	--	16 715 730
Weighted average number of shares as at March 31	661 625 000	566 715 730
Earnings per share	(0.05)	(0.03)

28. Related party transactions

28.1 Advisory fee item presented in the income statement is represented in the advisory services provided to related parties according to signed contracts as follows:

	For the period ended	
	31/3/2010	31/3/2009
Company's name	LE	LE
Mena Glass Ltd.	996 860	918 716
Falcone Agriculture Investments Ltd.	3 158 600	3 226 598
Logria Holding Ltd.	8 581 705	8 766 329
Golden Crescent Investment Ltd.	1 589 030	1 861 629
Orient Investment Properties Ltd.	3 387 277	4 112 329
Sphinx Glass Ltd.	1 095 120	1 118 680
Mena Home Furnishings Mall	692 684	--
Regional Investments Holding Ltd.	810 544	--
Silverstone Capital Investments Ltd.	245 950	--
ASEC Company for Cement Manufacturing	2 371 584	--
Total	22 929 354	20 004 281

28.2 Interest income (note 23) includes an amount of LE 21 220 045 represents accrued interest income according to signed contracts from other related parties as follows:

	For the period ended	
	31/3/2010	31/3/2009
Company's name	LE	LE
National Company for Trading and Development	5 564 382	--
United Foundries and Heat Treatment	316 991	--
Golden Crescent Finco Ltd.	8 184 284	--

Company's name	For the period ended 31/3/2010 LE	31/3/2009 LE
Emerald Financial services Ltd.	4 491 127	--
Mena Home Furnishings Mall	812 201	--
Regional Investments Holdings Ltd.	1 258 321	--
Grandview Investment Holding	592 739	--
Total	21 220 045	--

29. Tax status

29.1 Corporate tax

The Company's books have not been inspected yet.

The Company submitted its tax returns on regular basis for the years 2005/2009 according to tax law no. 91/2005.

29.2 Salaries tax

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

29.3 Stamp tax

The Company was inspected till July 31, 2006 and paid all the due amounts as per the Internal Committee decision and for the period from 1/8/2006 to 31/12/2009 haven't been inspected yet.

29.4 Withholding tax

The Company applies the withholding tax provisions on its transactions according to tax law no. 91/2005 and haven't been inspected yet.

30. Group entities

	Country of incorporation	Ownership interest Direct %	Indirect %
Citadel Capital Holding for Financial Investments–Free Zone	Arab Republic of Egypt–Free Zone	99.99	--
Citadel Capital for International Investments Ltd.	British Virgin Island	100.00	--
Arab Company for Financial Investments	Arab Republic of Egypt	--	94.00
Tanweer Co.	Arab Republic of Egypt	--	99.88

	Country of incorporation	Ownership interest Direct %	Indirect %
Financial Unlimited Co.	Arab Republic of Egypt	--	99.88
Citadel Company for Promotion	Arab Republic of Egypt	--	99.90
National Company for Touristic and Property Investment	Arab Republic of Egypt	--	99.88
National Company for Building Materials	Arab Republic of Egypt	--	99.88
Tanmeyah Company S.A.E	Arab Republic of Egypt	--	51.00
Citadel Capital Algeria	Republic of Algeria	--	99.99
Citadel Capital Ltd.	British Virgin Island	--	100.00
Valencia Trading Holding Ltd.	British Virgin Island	--	100.00
Andalusia Trading Investments	British Virgin Island	--	100.00
Lotus Alliance Limited	British Virgin Island	--	85.70
Citadel Capital for Financing Corp.	British Virgin Island	--	100.00
Ambience Ventures Ltd.	British Virgin Island	--	100.00
Africa Railways Limited	British Virgin Island	--	100.00
Mena Enterprises Ltd.	British Virgin Island	--	100.00

31. Management contract

The Company's extraordinary general assembly meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners Ltd.(one of the shareholders of 42 %) which states that Citadel Capital Partners provides all the management duties for 10% of the net annual profit available for distribution the due amount for the period ended March 31,2010 is LE 168 243.

32. Employees stock option plan

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

- On June 22, 2008 the Capital Market Authority approved the ESOP plan and the company does not start to apply it yet.

33. Financial instruments and management of related risks

The Group's financial instruments are represented in the financial assets and liabilities. Financial assets include cash and cash equivalents, other investments, and trade and other receivables while financial liabilities include; overdraft, loans and borrowing and trade and other payables. Note 3 include significant accounting policies for the recognition and measurement of the important financial instruments and related revenues and expenses.

33.1 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in the market interest rates. The Group is exposed to interest rate risk on its loans and borrowings and time deposit; however, time deposits are short-term in nature.

33.2 Exchange rate risk

The exchange rate risk is represented in the fluctuations in exchange rates, which could affect the Group's cash inflows and outflows as well as the value of monetary assets and liabilities denominated in foreign currencies.

33.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge his obligation and cause the other party to incur financial loss. The Group's financial assets include trade receivables representing amounts due from customers, time deposits and investment balances; none of these assets has significant concentration of risk. Trade receivables are widely spread among customers' segmentation. Strict credit control is maintained and further appropriate level of impairment loss is made. The Group manages credit risk on investment by ensuring that investments are made only after careful credit evaluation for these investments.

34. Comparative figures

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