Citadel Capital Company
(Egyptian Joint Stock Company)

Separate financial statements
for the year ended December 31, 2011
&
Auditor's report

KPMG Hazem Hassan
Public Accountants & Consultants

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KPMG

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Auditor's report

To the shareholders of Citadel Capital Company

Report on the financial statements

We have audited the accompanying separate financial statements of Citadel Capital Company (Egyptian Joint Stock Company), which comprise the separate balance sheet as at December 31, 2011 and the separate statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citadel Capital Company as at December 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on other legal and regulatory requirements

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

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

Hazem Bar

KPMG ~~Hazem Hassan~~

Cairo May 3, 2012

KPMG Hazem Hassan
Public Accountants and Consultants
(11)

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate balance sheet

as at December 31, 2011

	Note	31/12/2011 LE	31/12/2010 LE
Current assets			
Cash and cash equivalents	(4)	151 689 302	148 664 361
Due from related parties (net)	(5)	746 057 128	419 990 782
Other debit balances	(6)	1 497 833	9 858 234
Total current assets		899 244 263	578 513 377
Current liabilities			
Due to related parties	(7)	225 371 867	705 947 717
Current portion of long-term loans	(17)	210 252 000	96 194 363
Other credit balances	(8)	65 457 489	38 423 716
Expected claims provision	(9)	191 264 884	187 868 554
Total current liabilities		692 346 240	1 028 434 350
Working capital		206 898 023	(449 920 973)
Non - current assets			
Available-for-sale investments	(10)	26 391 801	26 391 801
Investments in subsidiaries and associates	(11)	2 698 128 505	2 698 128 505
Payments for investments (net)	(12)	1 703 532 988	1 495 461 469
Fixed assets (net)	(13)	27 995 890	31 686 691
Other investments	(14)	420 201 318	384 588 746
Deferred tax	(15)	1 759 385	1 718 309
Total non - current assets		4 878 009 887	4 637 975 521
Total investment		5 084 907 910	4 188 054 548
Financed through:			
Equity			
Share capital	(16)	4 358 125 000	3 308 125 000
Legal reserve	(3.10)	89 578 478	89 578 478
Retained (loss) earnings		(75 398 197)	222 926 816
		4 372 305 281	3 620 630 294
Net loss for the year		(110 130 283)	(298 325 013)
Net equity		4 262 174 998	3 322 305 281
Non - current liabilities			
Long term loans	(17)	822 732 912	865 749 267
Total non - current liabilities		822 732 912	865 749 267
Total equity and non - current liabilities		5 084 907 910	4 188 054 548

The accompanying notes from page 5 to 32 are an integral part of these financial statements and are to be read therewith.

Auditor's report "attached"

Chairman
Ahmed Heikal

Managing Director
Hisham Hussein El Khazindar

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate income statement

for the year ended December 31, 2011

		For the year ended	
	Note	**31/12/2011**	**31/12/2010**
		LE	**LE**
Advisory fee	(23.1)	69 479 207	100 535 438
Gains on sale of investments	(18)	-	28 218 226
Other operating income	(23.3)	-	55 914 561
Total operating income		69 479 207	184 668 225
Administrative and general expenses	(25)	(161 011 672)	(182 416 564)
Fixed assets depreciation	(13)	(4 383 166)	(8 621 373)
Gains on sale of fixed assets	(23.4)	-	10 200 000
Impairment loss on assets	(5,20)	13 097 336	(115 675 532)
Expected claims provision	(9)	(16 300 000)	(173 556 329)
Net operating loss		(99 118 295)	(285 401 573)
Financing costs - (net)	(19)	(11 053 064)	(13 288 209)
Net loss before income tax		(110 171 359)	(298 689 782)
Income tax	(22)	-	(666 303)
Deferred tax	(15)	41 076	1 031 072
Net loss for the year		(110 130 283)	(298 325 013)
Earnings per share	(21)	(0.16)	(0.45)

The accompanying notes from page 5 to 32 are an integral part of these financial statements and are to be read therewith.

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate statement of changes in equity

for the year ended December 31, 2011

	Note	Share capital	Legal reserve	Hedging reserve	Retained earnings (loss)	Net profit (loss) for the year	Total
		LE	LE	LE	LE	LE	LE
Balance as at December 31, 2009		3 308 125 000	79 011 015	(16 882 076)	22 145 027	211 349 252	3 603 748 218
Profit appropriation for the year 2009	(3,10)	-	10 567 463	-	200 781 789	(211 349 252)	-
Hedges transferred to income statement	(17)	-	-	16 882 076	-	-	16 882 076
Net loss for year 2010		-	-	-	-	(298 325 013)	(298 325 013)
Balance as at December 31, 2010		3 308 125 000	89 578 478	-	222 926 816	(298 325 013)	3 322 305 281
Carrying 2010 loss forward		-	-	-	(298 325 013)	298 325 013	-
Share capital increase	(16)	1 050 000 000	-	-	-	-	1 050 000 000
Net loss for year 2011		-	-	-	-	(110 130 283)	(110 130 283)
Balance as at December 31, 2011		4 358 125 000	89 578 478	-	(75 398 197)	(110 130 283)	4 262 174 998

The accompanying notes from page 5 to 32 are an integral part of these financial statements and are to be read therewith

Citadel Capital Company

(Egyptian Joint Stock Company)

Separate statement of cash flows

for the year ended December 31, 2011

	For the year ended	
	31/12/2011	**31/12/2010**
	LE	**LE**
Cash flows from operating activities		
Net loss before tax	(110 171 359)	(298 689 782)
Adjustments to reconcile net loss to net cash (used in) provided from operating activities :		
Fixed assets depreciation	4 383 166	8 621 373
Unrealized foreign currency differences	24 928 412	20 138 605
Credit interest	(43 351 365)	(35 052 058)
Impairment loss on assets	(13 097 336)	115 675 532
Gains on sale of investments in subsidiaries and associates	-	(25 815 740)
Gains on sale of available-for-sale investments	-	(2 402 486)
Gains on sale of fixed assets	-	(10 200 000)
Hedging reserve	-	16 882 076
Expected claims provision	16 300 000	173 556 329
Expected claims provision used	(12 903 670)	-
Operating loss before changes in working capital	(133 912 152)	(37 286 151)
(Increase) decrease in assets		
Due from related parties	(311 440 130)	(11 952 271)
Other debit balances	8 360 401	14 195 641
(Decrease) increase in liabilities		
Due to related parties	(480 575 850)	400 818 774
Other credit balances	27 033 773	(2 165 860)
Net cash (used in) provided from operating activities	(890 533 958)	363 610 133
Cash flows from investing activities		
Payments for purchase of fixed assets	(692 365)	(590 702)
Payments for investments	(185 004 921)	(611 651 090)
Proceeds from sale of investments in subsidiaries and associates	-	29 434 477
Payments for purchasing of investments in subsidiaries and associates	-	(39 222 500)
Proceeds from sale of available-for-sale investments	-	6 696 628
Payments for / proceeds from other investments	(2 072 400)	47 058 265
Commissions paid for sale of fixed assets	-	(1 800 000)
Net cash used in investing activities	(187 769 686)	(570 074 922)
Cash flows from financing activities		
Proceeds from issuing of share capital	1 050 000 000	-
Proceeds from loans	31 328 585	106 700 717
Net cash provided from financing activities	1 081 328 585	106 700 717
Net change in cash and cash equivalents during the year	3 024 941	(99 764 072)
Cash and cash equivalents at the beginning of the year	148 664 361	248 428 433
Cash and cash equivalents at the end of the year	151 689 302	148 664 361

The accompanying notes from page 5 to 32 are an integral part of these financial statements and are to be read therewith.

Citadel Capital Company
(Egyptian Joint Stock Company)
Notes to the separate financial statements
for the year ended December 31, 2011

1. Company background

Citadel Capital Company - an Egyptian Joint Stock Company - was founded in accordance with the applicable Egyptian laws and in pursuance to law no.(159) of 1981 and its executive regulations. The Company has been registered in the commercial register at Giza under number 11121 on April 11, 2004. The purpose of the Company is represented as follows:

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

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian law and regulations.

The financial statements were approved by the board on May 3, 2012.

2.2 Basis of measurement

The financial statements are prepared on the historical cost basis, except for the following assets and liabilities which are measured at fair value

- Financial instruments at fair value through income statement.
- Derivative financial instruments (hedging reserve).

2.3 Functional and presentation currency

These financial statements are presented in Egyptian pounds (LE), which is the Company's functional currency. All financial information presented in Egyptian pounds.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which 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 recognized in the year in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note no. (11) – measurement of the recoverable amount of investments in subsidiaries and associates.
- Note no. (15) – recognition of deferred tax.
- Note no. (9) – provisions.

2.5 Consolidated financial statements

The Company has subsidiaries and according to the Egyptian Accounting Standard No. 17 "Consolidated Financial Statements" and the article No. (188) of the executive regulation of law no. (159) of 1981, the Company is required to prepare consolidated financial statements which present fairly the financial position, the result of operations and cash flows for the group as a whole.

3. Significant accounting policies applied

The following accounting policies have been consistently applied by the Company to all periods presented in these financial statements.

3.1 Foreign currency translation

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

3.2 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment note no. (3.6), and are depreciated using the straight line method and recognized in income statement over the estimated productive life for each type of asset. The following are the estimated productive lives, for each class of assets, for depreciation calculation purposes:

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

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

3.3 Projects under construction

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

3.4 Gains and losses from 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.

3.5 Investments

3.5.1 Investments at fair value through income statement

An investment is classified as at fair value through income statement if it is held for trading or is designated as such upon initial recognition. Financial investments are designated at fair value through income statement if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in income statement when incurred. Financial instruments at fair value through income statement are measured at fair value, and changes therein are recognized in income statement.

3.5.2 Available-for-sale investments

Available-for-sale 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 cannot be measured reliably, are stated at cost less impairment loss.

3.5.3 Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less impairment note no. (3.6). At each balance sheet date, management assesses the investments' recoverable amount and in case that the recoverable amount is less than the carrying amount then an impairment loss is recognized in the income statement.

3.6 Impairment of assets

3.6.1 Financial assets

- A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

  An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.
- Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

  All impairment losses are recognized in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to income statement.
- An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities. the reversal is recognized in income statement. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

3.6.2 Non-financial assets

The carrying amounts of the company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell.

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

3.7 Cash and cash equivalents

Cash and cash equivalent includes the balances, which maturity not exceeding three months from the date of acquisition and the balances represented in cash on hand and banks-current accounts.

3.8 Interest-bearing borrowings

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

3.9 Provisions

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

3.10 Legal reserve

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

3.11 Issued capital

3.11.1 Repurchase of share capital

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

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

3.11.2 Dividends

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

3.12 Derivative financial instruments

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

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

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

3.13 Lending

Loans are stated at cost less any impairment losses in its value and the Company revaluates the loans at each 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.

3.14 Revenues

3.14.1 Gains (losses) on sale of investments

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

3.14.2 Dividends income

Dividends income is recognized in the income statement at the date that the Company has rights to receive dividends from investments and occurred after the acquisition date.

3.14.3 Management fee

Management fee is recognized upon rendering the service.

3.14.4 Advisory fee

Advisory fee is calculated based on agreed percentage in accordance with contract term with companies.

3.14.5 Interest income

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

3.15 Expenses

3.15.1 Interest expense

Interest expense on interest - bearing borrowing is recognized in the income statement using the effective interest rate method.

3.15.2 Employees pension

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

3.15.3 Income tax

- Income tax on the profit or loss for the period 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.

3.16 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.17 Profit sharing to employees

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

4. Cash and cash equivalents

	31/12/2011	31/12/2010
	LE	LE
Cash on hand	74 154	189 084
Banks – current accounts	146 706 893	141 254 699
Total	146 781 047	141 443 783
Effect of foreign exchange differences	4 908 255	7 220 578
Balance	151 689 302	148 664 361

Non cash transactions

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

- LE 24 595 478 from proceeds from other investments and due from related parties (represents the transfer from other investments to one of the related parties).
- LE 23 066 598 from payments for investments and due from related parties (represents the transfer from related parties' current account to payments for investments).
- LE 43 351 365 from proceeds from credit interest and changes in other investments (represents the value of interest due on other investment during the year).

5. Due from related parties

	Nature of transaction		31/12/2011	31/12/2010
	Advisory fee	Finance		
	LE	LE	LE	LE
Mena Home Furnishings Mall	10 305 892	--	10 305 892	4 867 303
Falcon Agriculture Investments Ltd.	14 841 947	--	14 841 947	13 620 957
Golden Crescent Investments Ltd.*	21 175 667	--	21 175 667	13 695 108
Orient Investments Properties Ltd.	50 752 763	--	50 752 763	39 716 159
Citadel Capital Transportation Opportunities Ltd.	6 587 408	--	6 587 408	5 088 275
Logria Holding Ltd.*	33 063 034	--	33 063 034	31 881 898
Mena Glass Ltd.	4 547 451	--	4 547 451	4 315 533
Silverstone Capital Investment Ltd.	5 342 519	--	5 342 519	3 066 099
Sabina for Integrated Solutions	6 607 920	--	6 607 920	6 371 860
Sphinx Glass Ltd.	4 805 760	--	4 805 760	4 634 080
ASEC Cement Company	15 018 000	--	15 018 000	14 626 894
Citadel Capital Financing Corp.*	39 435 562	--	39 435 562	38 026 774
Valencia Trading Holding Ltd.	9 010 800	--	9 010 800	8 688 900
Citadel Capital Transportation Opportunities II Ltd.	5 961 449	--	5 961 449	741 725
Citadel Capital Holding for Financial Investments-Free Zone *	--	405 280 039	405 280 039	189 556 177
ASEC Company for Mining (ASCOM)	--	24 083 533	24 083 533	9 246 768
Citadel Capital for International Investments Ltd.*	--	58 161 464	58 161 464	66 921 097
National Company for Touristic and Property Investments	--	36 000 000	36 000 000	36 000 000
United Foundries Company	--	46 635 557	46 635 557	--
National Development and Trading Company	--	4 082 996	4 082 996	11 585 199
Total			801 699 761	502 650 806
Accumulated impairment *			(55 642 633)	(82 660 024)
Net			746 057 128	419 990 782

* Impairment on due from related parties are represented in:

	Balance as at 1/1/2011	Amount used during the year	Foreign currency translation differences	Impairment reversed during the year	Balance as at 31/12/2011
	LE	LE	LE	LE	LE
Logria Holding Ltd.	31 881 898	--	1 181 137	--	33 063 035
Citadel Capital Financing Corp.	27 554 865	--	1 020 832	(5 996 099)	22 579 598
Golden Crescent Investments Ltd.	6 847 554	--	253 683	(7 101 237)	--
Citadel Capital for International Investments Ltd.	11 375 707	(11 375 707)	--	--	--
Citadel Capital Holding for Financial Investments-Free Zone	5 000 000	(5 000 000)	--	--	--
Balance	82 660 024	(16 375 707)	2 455 652	(13 097 336)	55 642 633

6. Other debit balances

	31/12/2011	31/12/2010
	LE	LE
Deposits with others	221 152	1 419 652
Imprest	515 793	252 777
Advances to suppliers	11 228	234 047
Prepaid expenses	146 940	146 940
Letters of guarantee's margin	602 720	579 260
Sundry debit balances	--	7 225 558
Balance	1 497 833	9 858 234

7. Due to related parties

	31/12/2011	31/12/2010
	LE	LE
Citadel Capital Partners Ltd. *	225 371 867	705 947 717

* The principal shareholder of the Company – 28.23%.

8. Other credit balances

	31/12/2011	31/12/2010
	LE	LE
Tax Authority	6 798 148	2 518 440
Accrued expenses	21 303 329	26 280 601
Accrued interest	25 632 722	3 274 852
Suppliers	8 586 639	3 307 561
Prior years dividends payable	2 893 919	2 893 919
National Authority for Social Insurance	200 489	106 100
Sundry credit balances	42 243	42 243
Balance	65 457 489	38 423 716

9. Expected claims provision

	31/12/2011	31/12/2010
	LE	LE
Balance at the beginning of the year	187 868 554	14 312 225
Formed during the year	16 300 000	173 556 329
Provisions used during the year	(12 903 670)	--
Balance	191 264 884	187 868 554

This provision represents contingent claims from one of the parties regarding the Company's activities. The usual information related to provisions according to the Accounting Standards has not been disclosed because management believes that disclosing could seriously affect the outcome of negotiations with this party, and the management periodically reviews this provision and adjusts the provision amount according to the latest discussions with this party.

10. Available-for-sale investments

	31/12/2011	31/12/2010
	LE	LE
Arab Swiss Engineering Company – ASEC	17 479	17 479
Modern Company for Isolating Materials	43 396	43 396
EFG Capital Partners Fund II (Horus Private Equity Fund II formerly)	10 360 126	10 360 126
EFG Capital Partners Fund III (Horus Private Equity Fund III formerly)	15 970 800	15 970 800
Balance	26 391 801	26 391 801

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

11. Investments in subsidiaries and associates

		Percentage %	31/12/2011 LE	Percentage %	31/12/2010 LE
11.1	**Investments in subsidiaries**				
	Citadel Capital Holding for Financial Investments-Free Zone	99.99	1 345 352 547	99.99	1 345 352 547
	Citadel Capital for International Investments Ltd.	100	397 854 569	100	397 854 569
	Balance		1 743 207 116		1 743 207 116
11.2	**Investments in associates**				
	National Development and Trading Company	44.47	668 170 587	44.47	668 170 587
	ASEC Company for Mining (ASCOM)	39.22	183 051 762	39.22	183 051 762
	United Foundries Company	29.29	103 699 040	29.29	103 699 040
	Balance		954 921 389		954 921 389
	Total		2 698 128 505		2 698 128 505

- Investments in subsidiaries and associates are represented in unlisted securities in the Stock Exchange except ASEC Company for Mining (ASCOM) which has market value of LE 104 880 942 as at December 31, 2011 versus LE 173 794 860 as at December 31, 2010.

12. Payments for investments

	31/12/2011 LE	31/12/2010 LE
Citadel Capital Holding for Financial Investments- Free Zone	1 525 277 171	1 243 021 253
Citadel Capital for International Investments Ltd.	176 219 906	250 208 876
Fund Project	2 035 911	25 188 018
Forestry Project	--	2 400 624
Mammoth Project	--	7 658 206
Total	1 703 532 988	1 528 476 977
Impairment	--	(33 015 508)
Net	1 703 532 988	1 495 461 469

13. Fixed assets

	Building and constructions	Computers	Furniture, fixture and equipments	Vehicles	Total
	LE	LE	LE	LE	LE
Cost as at 1/1/2011	33 742 368	7 511 251	22 396 002	539 800	64 189 421
Additions during the year	--	297 224	395 141	--	692 365
Total cost as at 31/12/2011	33 742 368	7 808 475	22 791 143	539 800	64 881 786
Accumulated depreciation as at 1/1/2011	6 748 473	6 036 592	19 324 061	393 604	32 502 730
Depreciation during the year	1 687 120	1 205 171	1 361 549	129 326	4 383 166
Accumulated depreciation as at 31/12/2011	8 435 593	7 241 763	20 685 610	522 930	36 885 896
Carrying amounts at 31/12/2011	25 306 775	566 712	2 105 533	16 870	27 995 890
Carrying amounts at 31/12/2010	26 993 895	1 474 659	3 071 941	146 196	31 686 691

14. Other investments

Other investments are represented in loans granted to subsidiaries and associates as follows:

	31/12/2011	31/12/2010
	LE	LE
National Development and Trading Company *	--	313 082 482
Seqouia Willow Investments Ltd. *	362 094 225	--
United Foundries Company **	58 107 093	71 506 264
Balance	420 201 318	384 588 746

* The Company has granted two subordinating loans to National Development and Trading Company – (one of the associate companies - 44.47%) dated December 28, 2009 and September 21, 2010 with amounts of US.$ 40 968 630 and US.$ 8 064 887 respectively. The loans contracts period is five years, the principle of the two loans have to be paid with interest at the end of loans period, with 11.5% annual cumulative interest, according to loans contracts the Company has the right to convert the value of loans in addition to its interest due into capital increase in the capital of National Development and Trading Company with par value at the end of loans period.

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

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

The Company has transferred the total value of the two loans due from National Development and Trading Company in addition to the accrued interest on Seqouia Willow Investments Ltd. as at January 10, 2011 according to the original contacts terms granted to National Development and Trading Company. The value of the two loans is US.$ 60 276 705 (equivalent to LE 362 094 225 as at December 31, 2011) against US.$ 54 048 697 (equivalent to LE 313 082 482 as at December 31, 2010) including accrued interest from the beginning of loans period amounted to US.$ 11 243 186 (equivalent to LE 67 540 070 as at December 31, 2011) against US.$ 5 015 180 (equivalent to LE 29 050 932 as at December 31, 2010).

On February 1, 2012 the company has transferred the total value of the two loans due in addition to the accrued interest on Seqouia Willow Investments Ltd. to National Development and Trading Company according to the original contracts terms granted to National Development and Trading Company.

** The Company has concluded a subordinating loan contract with United Foundries Company (one of the associate companies - 29.29%) on June 2, 2010 with an amount of US.$ 11 563 187 for a period of three 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 value of the loan in addition to its interest due into capital increase in the capital of United Foundries Company with par value at the end of loan period.

The guarantees are represented in a first degree lien of United Foundries Company shares in Ameryah Metal Company one of its subsidiaries with a percentage of 99.72%.

The Company has transferred an amount of US.$ 3 995 518 (equivalent to LE 23 254 510) from the loan's principle during the period in addition to an interest amounted to US.$ 230 407 (equivalent to LE 1 340 968) to Financial Holding International Company (one of United Foundries Company's shareholders) in addition to settle an amount of US.$ 357 406 (equivalent to LE 2 072 400) as additional contribution in this loan to become with an amount of US.$ 9 672 908 (equivalent to LE 58 107 093 as at December 31, 2011) against US.$ 12 344 416 (equivalent to LE 71 506 264 as at December 31, 2010) including accrued interest from the beginning of loan period amounted to US.$ 1 542 808 (equivalent to LE 9 267 956 as at December 31, 2011) against US.$ 781 229 (equivalent to LE 4 525 347 as at December 31, 2010).

On January 9, 2012 the board of directors of United Foundries Company decided to convert the convertible loan contract to current account as a subordinating loan that will be settled on 10 years with annual interest rate of 6%.

15. Deferred tax

	31/12/2011	31/12/2010
	LE	LE
Fixed assets (depreciation)	1 759 385	1 718 309

The Company has carried over tax losses from previous years that were not recognized due to the lack of reasonable assurance of future taxable profit to benefit in the near future.

16. Share capital

- The Company's authorized capital is LE 6 Billion and the issued and paid-in capital is LE 3 308 125 000 represents 661 625 000 shares distributed to 496 218 750 ordinary shares and 165 406 250 preferred shares with par value LE 5 per share.
- The Company's extraordinary general assembly meeting held on August 3, 2011 decided to increase the issued capital from LE 3 308 125 000 to be LE 4 358 125 000 with an increase of LE 1 050 000 000 by issuing new 210 000 000 shares with par value LE 5 each and accordingly the total number of shares after increase is 871 625 000 shares distributed to 653 718 750 ordinary shares and 217 906 250 preferred shares. The share capital increase was paid in full during October 2011. The commercial register was updated on October 23, 2011.
- The preferred share has the advantage of triple voting right comparing with ordinary share on the decisions of the Company's extraordinary and ordinary general assembly meetings according to the decision of the Company's extraordinary general assembly meeting held on May 12, 2008 and also paragraph no.(3) of article no.(18) of the Company's article of associations. Those preferred shares are owned by Citadel Capital Partners Ltd. the principle shareholder of the Company.

The shareholders' structure is represented as follows:

Shareholders' name	Percentage %	No. of Shares	Value in LE
Citadel Capital Partners Ltd.	28.23	246 027 220	1 230 136 100
Soliman Abd Elmohsen Abd Allah Abnamy	15.16	132 100 000	660 500 000
Emirates International Investments Company	7.72	67 318 565	336 592 825
Others	48.89	426 179 215	2 130 896 075
	100	871 625 000	4 358 125 000

17. Long term loans

On May 15, 2008 the 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 & Stanely Bank and City Bank London "syndication manager") with an amount of US.$ 200 millions for a period of five years (US.$ 150 millions committed and US.$ 50 millions uncommitted) bearing variable interest rate (2.5 %+Libor rate) for the first 3 years and (2.75 % +Libor rate) for the last 2 years.

Loan is to be paid on three installments:

- The first 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 withdrawn an amount of US.$ 191 064 225 till March 31, 2011 and the Company paid the first stage installment on May 15, 2011 amounted to US.$ 19 106 422 , accordingly the balance of loan is US.$ 171 957 803 (equivalent to LE 1 032 984 912 as at December 31, 2011) against an amount of US.$ 166 064 225 (equivalent to LE 961 943 630 as at December 31, 2010), and the current stage installment on December 31,2011 is amounted to US.$ 35 million (equivalent to LE 210 252 000 as at December 31, 2011) against amounted to US.$ 16 606 423 (equivalent to LE 96 194 363 as at December 31, 2010).

- The bank interest on loan recorded in the income statement during the year is LE 72 982 183 - note no. (19).

Hedging contract for risk of interest rate swap

On May 15. 2008 the Company signed a hedging contract with Citi Bank – London where by fixing the libor rate on the loan at an interest rate of 4.195 % on the value that equals 50 % of the amount used from the irrevocable portion the loan value in accordance with the terms of the loan granted.

Costs related to this contract are recognized in the item of financing costs – note no.(19) and that is mentioned in note no.(3-12).

On February 1, 2012 the Company has signed a long-term loan with an amount of US.$ 325 million with group of banks (represented in Arab African International Bank S.A.E, Arab International Bank, Banque du caire, Banque Misr S.A.E, Citybank London "syndication manager", Piraeus Bank) and guaranteed by Overseas private Investment Corporation (OPIC) for the purpose of refinancing the outstanding liabilities and expansion the Company's investments; provided that the loan amount is divided into three classes :-

- First class : irrevocable amount of US.$ 175 million bearing variable interest rate (4.25 %+Libor rate) for 5 years begins from the date of the contract and payable on five equal annual installments
- Second class : irrevocable amount of US.$ 125 million bearing fixed interest rate (3.9 %+Libor rate on the date of withdrawal) for 10 years begins from the date of the contract and payable on nine equal annual installments with one year grace period.
- Third class : irrevocable amount of US.$ 25 million bearing fixed interest rate (3.9 %+Libor rate on the date of withdrawal) and the company has the right to use it within three years begins from the date of the contract and payable on nine equal annual installments begins from the date of withdrawal with one year grace period.

According to the loan contract, the loan installments would be paid on December 20th each year

The loan guarantees are as follows:

1- First degree lien contract of the shares owned by the Company in National Development and Trading Company.
2- First degree lien contract of the shares owned by the company on International Company for Mining Consulting.
3- First degree lien contract of the shares owned by the company on United Foundries Company.
4- First degree lien contract of the shares of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone).
5- First degree lien contract of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone) investments on the following companies:

- Orient Investments Properties Ltd.
- Logria Holding Ltd.
- Golden Crescent Investments Ltd.
- Falcon Agriculture Investments Ltd.
- Silverstone Capital Investment Ltd.
- Mena Glass Ltd.
- Mena Home Furnishings Mall.
- Valencia Trading Holding Ltd.
- Andalusia Trading Investments Ltd.
- Citadel Capital Transportation Opportunities Ltd.
- Lotus Alliance Limited.
- Citadel Capital Financing Corp.
- Grandview Investment Holding
- Africa Railways Holding
- Citadel Capital for Promotion Company

18. Gains on sale of investments

	For the year ended	
	31/12/2011	31/12/2010
	LE	LE
Gains on sale of investments in subsidiaries and associates	--	25 815 740
Gains on sale of available-for-sale investments	--	2 402 486
Total	--	28 218 226

19. Financing costs

	For the year ended	
	31/12/2011	31/12/2010
	LE	LE
Credit interest *	61 409 163	65 552 113
Debit interest **	(72 982 183)	(70 140 611)
Foreign currency differences	519 956	(8 699 711)
Net	(11 053 064)	(13 288 209)

* Note no.(23.2).

** Note no.(17).

20. Impairment loss on assets

	For the year ended	
	31/12/2011	31/12/2010
	LE	LE
Impairment loss on payments for investments		
Fund Project	--	(22 956 678)
Forestry Project	--	(2 400 624)
Mammoth Project	--	(7 658 206)
	--	(33 015 508)
Impairment loss on due from related parties		
Golden Crescent Investments Ltd.	7 101 237	(6 847 554)
Citadel Capital Financing Corp.	5 996 099	(27 554 865)
Citadel Capital Holding for Financial Investments-Free Zone	--	(5 000 000)
Citadel Capital for International Investments Ltd.	--	(11 375 707)
Logria Holding Ltd.	--	(31 881 898)
	13 097 336	(82 660 024)
Total	13 097 336	(115 675 532)

21. Earnings per share

	For the year ended	
	31/12/2011	31/12/2010
	LE	LE
Net loss for the year	(110 130 283)	(298 325 013)
The weighted average number of shares	702 474 315	661 625 000
Earnings per share	(0.16)	(0.45)

22. Reconciliations of effective tax rate

	31/12/2011	31/12/2010
	LE	LE
Net loss before tax	(110 171 359)	(298 689 782)
Tax reconciliations:		
Provisions	16 300 000	173 556 329
Impairment loss on assets	(13 097 336)	115 675 532
Fixed assets (taxable depreciation variances)	664 784	3 468 243
Tax exemptions	--	(9 575 740)
Hedging reserve	--	16 882 076
Non deductible expenses	--	2 014 855
Net tax exposure	(106 303 911)	3 331 513
Effective tax rate	20%	20%
Income tax according to the tax return	--	666 303

23. Related party transactions

The Company transact with related parties on the same basis of transacting with another parties and related parties transactions are presented as follows:

23.1 Advisory fee

Advisory fee presented in the income statement represents the advisory services rendered to the related parties according to signed contracts as follows:

	Accrued advisory fee according to contracts For the year ended	Advisory fee Recognized For the year ended	
	31/12/2011	31/12/2011	31/12/2010
Company's name	LE	LE	LE
Mena Glass Ltd.	4 495 274	4 495 274	4 188 534
Mena Home Furnishings Mall	5 197 938	5 197 938	4 727 139
Citadel Capital Transportation Opportunities Ltd.	1 295 589	1 295 589	4 931 759
Falcon Agriculture Investments Ltd.	14 673 039	14 673 039	13 218 466
Golden Crescent Investments Ltd.	6 933 189	6 933 189	6 523 485
Orient Investment properties Ltd.	9 455 941	9 455 941	10 558 922

	Accrued advisory fee according to contracts	Advisory fee Recognized	
	For the year ended	For the year ended	
	31/12/2011	31/12/2011	31/12/2010
Company's name	**LE**	**LE**	**LE**
Sphinx Glass Ltd.	4 750 620	4 750 620	4 495 820
ASEC Cement Company	14 643 157	14 643 157	14 197 114
Silverstone Capital Investment Ltd.	2 138 017	2 138 017	1 724 866
Citadel Capital Transportation Opportunities II Ltd.	5 896 443	5 896 443	738 666
Logria Holding Ltd.*	36 637 318	--	35 230 667
Total	106 116 525	69 479 207	100 535 438

* The Company did not recognize advisory fees related to those Companies according to signed contracts due to inadequate assurance concerning the revenue recognition and collection conditions.

23.2 Credit interest

Credit interest - finance costs note no.(19) includes an amount of LE 59 476 328 which represent the accrued interest income according to signed contracts with related parties as follows:

	For the year ended	
	31/12/2011	31/12/2010
Company's name	**LE**	**LE**
Seqouia Willow Investments Ltd.	36 987 665	--
National Development and Trading Company	--	30 626 472
United Foundries Company	7 853 151	4 425 586
Citadel Capital Holding for Financial Investments-Free Zone	11 682 874	25 235 222
Citadel Capital for International Investments Ltd.	2 952 638	4 231 010
Total	59 476 328	64 518 290

23.3 Other operating income

Other operating income presented in the income statement is represented in:

23.3.1 The amounts due from the subsidiaries due to bearing the Company all the direct and indirect pre-operation fees related to the following companies:

	For the year ended	
	31/12/2011	**31/12/2010**
Company's name	**LE**	**LE**
Citadel Capital Financing Corp.	--	17 626 600
Eco-Logic Ltd.	--	10 070 736
Valencia Trading Holding Ltd.	--	8 516 850
Total	--	36 214 186

23.3.2 The amounts due from Citadel Capital Financing Corp. as accrued management fees with an amount of LE 19 700 375 according to a signed contract for the year ended December 31, 2010.

23.4 Gains on sale of fixed assets represent revenues from sale of land owned by the Company to one of the subsidiaries - National Company for Touristic and Property Investments as follows:

	For the year ended	
	31/12/2011	**31/12/2010**
	LE	**LE**
Selling price	--	36 000 000
Cost	--	(24 000 000)
Sales commissions and expenses	--	(1 800 000)
Net	--	10 200 000

24. Tax Status

Corporate tax

- The Company submitted its tax returns on regular basis for the years from 2005 to 2010 according to tax law No. 91/2005. The Company's books have not been inspected yet.

  The Supreme Council of the Armed Forces issued the Decree Law No. 51 of 2011 amending some provisions of the Income Tax Law promulgated by Law No. 91 of 2005 where the amendment of Article (49 / first paragraph) as follows: The tax base nearest ten pounds less is subject to tax in accordance with the following two tranches:

  - First tranche: up to ten million pounds at 20%.
  - Second tranche: more than ten million pounds at 25%.

  instead of 20% of the entire tax base.

Salaries tax

The Company deducts the salaries tax according to tax law no. 91 / 2005 and the Company's books inspected for the period from launch till the date of 31/12/2009 but the authority did not inform the Company with results yet.

Stamp tax

The Company was inspected till July 31, 2006 and paid all the accrued amounts according to the Internal Committee decision and no tax inspection for the period from 1/8/2006 to 31/12/2010 has been inspected and the dispute has transferred to internal committee in the authority.

Withholding tax

The Company applies the withholding tax provisions on its transactions according to tax law No. 91/2005 and no tax inspection for withholding tax has been taken place yet.

25. Administrative and general expenses

	For the year ended	
	31/12/2011	31/12/2010
	LE	LE
Wages , salaries and similar items	102 805 520	113 739 692
Consultancy	26 745 795	5 595 814
Advertising and public relations	8 152 265	11 078 865
Travel , accommodation and transportation	7 277 626	23 393 259
Other expenses	16 030 466	28 608 934
Total	161 011 672	182 416 564

26. Management fees

The Company's extraordinary general assembly meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners Ltd. (the principal shareholder of – 28.23 %) which states that Citadel Capital Partners Ltd. provides management duties for fees based on 10% of the net annual profit available for distribution. The total fees for the year ended December 31, 2011 and 2010 are nil.

27. 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 did not start to apply it.

28. Contingent liabilities and commitments

The Company guarantees some of its related parties against loans and credit facilities granted from banks.

29. 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 and debtors while financial liabilities include creditors. Note no. (3) of notes to financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses by the Company to minimize the consequences of such risks.

29.1 Credit risk

Credit risk is the risk that one party will fail to discharge his obligation and cause the other party to incur financial loss. The financial assets representing amounts due from customers. Strict credit control is maintained and further appropriate level of impairment loss is made. The credit risk on financial instrument by ensuring that investments are made only after careful credit evaluation for these assets.

29.2 Liquidity risk

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

29.3 Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies. Assets and liabilities that have foreign currency position at the financial position date equivalent to LE 1 105 943 566 and LE 1 071 423 780 respectively, and net foreign currencies balances are as follows:

Foreign currencies	surplus
	LE
US.$	28 283 007
Euro	6 236 779

- As disclosed in note no. (3.1) the Company has used the prevailing exchange rates to revaluate monetary assets and liabilities at the balance sheet date.

29.4 Financial instruments' fair values

According to the valuation bases used to evaluate the assets and liabilities of the Company which have been stated in the accompanying notes to the financial position, the financial instruments' fair value does not substantially deviate from their book values at the balance sheet date .

29.5 Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. As the market dictates, the Company sometimes borrows at variable rates leaving certain exposure to changes in interest rate risk.