


Citadel Capital Company
(Egyptian Joint Stock Company)

Consolidated financial statements
for the year ended December 31, 2012

&
Auditor's report

 **Hazem Hassan**
Public Accountants & Consultants

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Auditor's report

To the Board of Directors of Citadel Capital Company

Report on the financial statements

We have audited the accompanying consolidated financial statements of Citadel Capital Company (Egyptian Joint Stock Company) and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2012 and the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Citadel Capital Company and its subsidiaries as at December 31, 2012 and of its consolidated financial performance and its consolidated 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.

Explanatory note

Without qualifying our opinion, we draw attention to Note No. (27) to the financial statements. On December 6, 2012, several resolutions of laws on amending certain provisions of the Tax Laws has been issued and published in the Official Gazette on that date. Later statements have been issued by certain officials in respect of freezing the enforcement of such resolutions. Due to the lack of emphatic information to the management of the Company on the enforcement date of such resolutions or the date of cancellation, the management of the Company hereby did not affect the taxes bases, the related assets and liabilities, the results of operations during the year and the net profit available for distribution. These amounts and results may differ when reliable information become available on the enforcement of such resolutions and the effective date therefore.


KPMG Hazem Hassan

Cairo May 9, 2013

Citadel Capital Company
(Egyptian Joint Stock Company)

Consolidated balance sheet
as at December 31, 2012

	Note	31/12/2012 LE	31/12/2011 LE
Assets			
Fixed assets (net)	(5)	256 609 455	72 959 814
Investments in subsidiaries and associates	(6)	1 166 764 237	1 643 393 974
Other investments (net)	(7)	2 897 971 119	2 215 496 903
Deferred tax	(16)	693 087	1 759 385
Total non-current assets		4 322 037 898	3 933 610 076
Other investments	(7)	3 891 605	18 169 898
Other assets	(8)	12 544 732	-
Trade and other receivables (net)	(9)	1 180 675 098	922 891 980
Cash and cash equivalents	(10)	255 212 963	166 240 722
Total current assets		1 452 324 398	1 107 302 600
Total assets		5 774 362 296	5 040 912 676
Equity			
Share capital	(11)	4 358 125 000	4 358 125 000
Reserves	(12)	207 464 895	187 335 495
Retained loss		(2 022 909 901)	(1 093 810 353)
Net loss for the year		(691 740 235)	(773 536 460)
Total equity attributable to equity holders of the Company		1 850 939 759	2 678 113 682
Non - controlling interests	(13)	438 252 202	379 713 881
Total equity		2 289 191 961	3 057 827 563
Liabilities			
Long term loans	(14)	1 923 023 521	1 142 441 436
Long term liabilities	(15)	10 787 486	21 859 566
Total non-current liabilities		1 933 811 007	1 164 301 002
Short term loans	(14)	543 265 577	210 252 000
Trade and other payables	(17)	795 195 718	401 971 766
Expected claims provision	(18)	212 898 033	206 560 345
Total current liabilities		1 551 359 328	818 784 111
Total liabilities		3 485 170 335	1 983 085 113
Total equity and liabilities		5 774 362 296	5 040 912 676

The accompanying notes on pages 5 to 47 are integral part of these consolidated financial statements and are to be read therewith.

Auditor's report "attached"

Chairman
Ahmed Heikal

Managing Director
Hisham Hussein El Khazindar

Chief Financial Officer
Moataz Farouk




Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated income statement
for the year ended December 31, 2012

	Note	for the year ended	
		31/12/2012	31/12/2011
		LE	LE
Advisory fee	(26-1)	63 097 728	69 615 602
Loss on sale of investments		-	(1 103 149)
Share of loss / profit of equity accounted investees	(19)	(387 850 021)	(386 033 252)
Net other operations results	(20-1)	(25 181 929)	-
Other income		-	65 486
Total operating loss		(349 934 222)	(317 455 313)
Administrative and general expenses	(21)	(242 120 857)	(241 812 909)
Other expenses	(22)	(54 682 417)	(199 427 102)
Net operating loss		(646 737 496)	(758 695 324)
Financing cost (net)	(23)	(54 519 494)	(41 834 139)
Net loss before tax		(701 256 990)	(800 529 463)
Deferred tax		(1 101 049)	37 194
Net loss for the year		(702 358 039)	(800 492 269)
Attributable to:			
Equity holders of the Company		(691 740 235)	(773 536 460)
Non - controlling interests		(10 617 804)	(26 955 809)
		(702 358 039)	(800 492 269)
Earnings per share	(24)	(0.79)	(1.10)

The accompanying notes on pages 5 to 47 are integral part of these consolidated financial statements and are to be read therewith.

Citadel Capital Company
(Egyptian Joint Stock Company)

Consolidated statement of changes in equity
for the year ended December 31, 2012

Note	Share capital	Legal reserve		Fair value reserve - AFS		Reserves		F.C. translation reserve		Company's share of changes in associate equity		Retained earnings (loss)		Net loss for the year		Total		Non-controlling interests		Total equity				
		LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE		
	3 308 125 000	89 578 478	120 816	102 914 452	(60 234 871)	273 649 702	(1 354 895 222)	1 354 895 222																
Balance as at December 31, 2010																								
Carrying 2010 loss forward	-	-	-	-	-	(1 354 895 222)	1 354 895 222																	
Share capital increase	1 050 000 000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Exchange differences relating to foreign operations	-	-	-	67 892 363	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in the fair value of available -for- sale investments	-	-	(860 411)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
The Company's share in changes of associates equity	-	-	-	-	(12 075 232)	(12 564 833)																		
Net loss for the year ended December 31, 2011	-	-	-	-	-	(773 536 460)	773 536 460																	
Balance as at December 31, 2011	4 358 125 000	89 578 478	(739 595)	170 806 715	(72 310 103)	(1 093 810 353)	(773 536 460)	773 536 460																
Carrying 2011 loss forward	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Exchange differences relating to foreign operations	-	-	-	23 418 122	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in the fair value of available -for- sale investments	-	-	-	101 393	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of subsidiaries	-	-	-	-	-	(91 341 737)																		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
The Company's share in changes of associates equity	-	-	-	-	(3 390 115)	(64 221 351)																		
Net loss for the year ended December 31, 2012	-	-	-	-	-	(691 740 235)	691 740 235																	
Balance as at December 31, 2012	4 358 125 000	89 578 478	(638 202)	194 224 837	(75 700 218)	(2 022 909 901)	(691 740 235)	691 740 235																

The accompanying notes on pages 5 to 47 are integral part of these consolidated financial statements and are to be read therewith.

Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated statement of cash flows
for the year ended December 31, 2012

	For the year ended	
	31/12/2012	31/12/2011
	LE	LE
Cash flows from operating activities		
Net loss before tax	(701 256 990)	(800 529 463)
Adjustments to reconcile net loss to net cash used in operating activities :		
Depreciation and amortization	14 295 798	4 572 495
The Company's share of loss / profit of equity accounted investees	433 778 202	418 343 532
Net change in the fair value of investments at fair value through profit or loss	3 000 274	1 705 033
Foreign exchange differences	225 118 854	(41 645 865)
Interest income	(48 721 536)	(43 351 365)
Interest expenses	19 582 607	18 804 147
Provisions formed	7 000 000	30 515 920
Impairment in fixed assets	2 206 792	-
Impairment in payment for investments	-	33 297 970
Impairment in due from related parties	42 475 351	(11 510 845)
Impairment in available for sale investments	-	177 931 029
Loss from sale of investments at fair value through profit or loss	-	1 103 149
Provisions no longer needed	-	(32 512 005)
Provisions used	(2 936 979)	(13 065 459)
Operating loss before changes in working capital	(5 457 627)	(256 341 727)
Change in investments at fair value through profit or loss	-	(680 051)
Change in trade and other receivables	(451 005 058)	(408 328 104)
Change in other assets	22 107 266	-
Change in trade and other payables	(36 600 596)	(435 068 157)
Net cash used in operating activities	<u>(470 956 015)</u>	<u>(1 100 418 039)</u>
Cash flows from investing activities		
Payments for purchase of fixed assets	(51 438 040)	(853 682)
Payments for other investments	(279 504 790)	(157 782 285)
Payments for purchase of investments in subsidiaries and associates	(111 925 104)	(35 894 761)
Proceeds from redemption of available for sale investments	2 625 637	-
Proceeds from sale of fixed assets	12 690 376	-
Dividends received	34 900 241	-
Net cash used in investing activities	<u>(392 651 680)</u>	<u>(194 530 728)</u>
Cash flows from financing activities		
Proceeds from capital	-	1 050 000 000
Proceeds from loans	948 819 562	31 328 585
Proceeds from capital related to non-controlling interests	-	217 244 454
Net cash provided from financing activities	<u>948 819 562</u>	<u>1 298 573 039</u>
Net changes in cash and cash equivalents during the year	85 211 867	3 624 272
Cash and cash equivalents at the beginning of the year	166 240 722	162 616 450
Cash related to acquisition of subsidiaries - note no. (20)	3 760 374	-
Cash and cash equivalents at the end of the year	<u>255 212 963</u>	<u>166 240 722</u>

The accompanying notes on pages 5 to 47 are integral part of these consolidated financial statements and are to be read therewith.

Citadel Capital Company

Notes to the consolidated financial statements for the year ended December 31, 2012

1. Reporting entity

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 13, 2004.

The address of the Company's registered office is 3 El Yemen St., Dokki - Giza.

The Company's basic activity extends to the region of the middle East and north East Africa, especially Egypt, Algeria, Libya, Syria and Sudan . 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.

The consolidated financial statements of the Company for the year ended December 31, 2012 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 on May 9, 2013.

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 or 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 investments in subsidiaries and associates.
- 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 are reclassified to conform with the current presentation of financial statements.

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 non-controlling

Losses that exceed the non - controlling in the equity of a subsidiary may create a debit balance on non - controlling 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 non-controlling interest and entities under common control

Business combinations arising from transfers of interests from non - controlling interest 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 recognized 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 fair 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 transactions

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

3.3 Foreign operations

As at the reporting date the assets and liabilities of these consolidated subsidiaries are translated to Egyptian Pound at the rates ruling 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 rates ruling during the period of the consolidated financial statements. Currency translation differences are recorded in the shareholders' equity section of the balance sheet as foreign currency translation reserve.

3.4 Recognition and disposals of the financial assets and liabilities

3.4.1 Recognition

The Group initially recognises deposits, receivables and debt instruments by fair value on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated as at fair value through profit or loss) are recognised when the Group becomes a party to the contractual provisions of the instrument.

3.4.2 Disposals

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

When an entity retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), the entity treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met:

- (a) The entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition.
- (b) The entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows.
- (c) The entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

3.5 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. 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:

- 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.
- 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 fair value in respect of the risk being hedged, with any gain or loss being recognized in profit or loss with an adjustment to the carrying amount of the hedged item .

3.6 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.

3.7 Cash and cash equivalents

For the purpose of preparing cash flow statement, cash and cash equivalents are represented in the cash, banks current accounts and deposits with original maturities of three months or less.

3.8 Investments

3.8.1 Available-for-sale financial 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 valued by an accepted valuation techniques including the use of new objective techniques or discounted cash flow analysis or option pricing models or other valuation techniques – if the company cannot estimate the fair value, it can be stated at cost less impairment loss.

3.8.2 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.

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.

3.8.3 Other

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

3.9 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.

3.10 Fixed assets depreciation

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (note 3.14), 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
- Lease hold improvements	3-10 years
- Machinery & Equipments	10 years
- Furniture & Fixtures	4 years
- Computers	2-3 years
- Transportation means	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.

3.11 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.

3.12 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 statement.

3.13 Intangible assets

3.13.1 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.

3.13.2 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.

3.13.3 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.

3.13.4 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.

3.14 Impairment

3.14.1 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.

3.14.2 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 years 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.

3.15 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.

3.16 Biological assets

Biological assets and agricultural products are evaluated at fair value less estimated costs to sell. Fair value determination of Cereals is based on the present value of net cash flows resulting from the projected quantity of (corn, cotton, sunflower) at the end of the fiscal year valued at the market price for the following season less the estimated costs of harvesting and transport, and for the predicted amounts of these crops, management should evaluate the expected of them for the season, taking the weather and harvest programs in consideration. To identify and assess the expected price of (corn, cotton, sunflower), management must consider the markets that will be sold crops where for the next year, whether domestic sales or export sales and assessment of local and global, as well as foreign exchange rates and the book value of those crops.

The immature (corn, cotton, sunflower) are stated on cost as the cost approximate the fair value as little biological transformation has taken place since initial cost incurrence.

3.17 Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and other additional selling expenses.

The cost of fertilizer, chemicals and spare parts includes the purchase cost in addition to costs associated with the arrival of inventory to the site and the situation in which the fit for use, as is the cost of the stock of products, agriculture is sustainable in the actual cost until the date of harvest as well as all the elements of the costs required to reach the products to stores. The cost of inventories is determined as follows:

- Cost fertilizers and chemicals, spare parts, is determined using the weighted average method.
- Cost of finished goods from sustainable plantations is carried at fair value at the date of harvest estimated less costs to sell

3.18 Trade and other payables

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

3.19 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 reporting date and amended (when necessary) to represent the best current estimate.

3.20 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 year of the borrowings on an effective interest rate basis.

3.21 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.

3.22 Dividends

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

3.23 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 substantially 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.

3.24 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.

3.25 Employees benefits

3.25.1 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.

3.25.2 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.

3.26 Revenue

3.26.1 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.

3.26.2 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.

3.26.3 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.

3.26.4 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.

3.26.5 Interest income

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

3.26.6 Management fee

Management fee is recognized upon rendering the service.

3.26.7 Advisory fee

Advisory fee is calculated based on agreed percentage in accordance with contract term with companies upon rendering the service.

3.26.8 Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, and the amount of revenue can be measured reliably.

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 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.

4.3 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.

4.4 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.

4.5 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.

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Notes to the consolidated financial statements for the year ended December 31, 2012

5. Fixed assets

	Land		Buildings		Lease hold improvements		Machinery and equipment		Furniture & fixtures		Computer equipment		Transportation means		Assets under construction *		Total	
	LE		LE		LE		LE		LE		LE		LE		LE		LE	
Cost as at 1/1/2012	24 000 000		33 742 368		192 720		--		22 972 082		7 946 240		662 831		20 889 151		110 405 392	
Acquisition of subsidiaries **	--		5 532 356		7 879 473		114 820 559		5 486 178		461 277		3 611 078		68 565 550		206 356 471	
Additions	--		41 560		4 168 024		8 382 783		420 890		109 887		348 233		37 966 663		51 438 040	
Disposals	--		(4 701 775)		(58 269)		(9 192 319)		(116 401)		(66 564)		(304 203)		--		(14 439 531)	
Foreign currency translation differences	--		240 057		(4 161 484)		(23 802 516)		(691 449)		(122 539)		(1 224 338)		--		(29 762 269)	
Cost as at 31/12/2012	24 000 000		34 854 566		8 020 464		90 802 507		28 071 300		8 328 301		3 093 601		127 421 364		323 998 103	
Accumulated depreciation as at 1/1/2012	--		8 435 593		163 508		--		20 860 588		7 373 165		612 724		--		37 445 578	
Acquisition of subsidiaries **	--		406 464		--		16 950 686		879 331		156 237		2 052 371		--		20 445 089	
Depreciation	--		1 798 472		33 960		9 759 465		1 756 310		489 405		458 186		--		14 295 798	
Disposals	--		(533 751)		(58 269)		(855 660)		(116 401)		(66 564)		(118 510)		--		(1 749 155)	
Impairment of assets ***	--		--		--		2 206 792		--		--		--		--		2 206 792	
Foreign currency translation differences	--		21 583		(1 531)		(3 481 705)		(180 397)		(70 081)		(1 543 323)		--		(5 255 454)	
Accumulated depreciation as at 31/12/2012	--		10 128 361		137 668		24 579 578		23 199 431		7 882 162		1 461 448		--		67 388 648	
Carrying amounts																		
At 31/12/2012	24 000 000		24 726 205		7 882 796		65 628 929		4 871 869		446 139		1 632 153		127 421 364		256 609 455	
At 31/12/2011	24 000 000		25 306 775		29 212		--		2 111 494		573 075		50 107		20 889 151		72 959 814	

* Assets under construction include an amount of LE 106 532 213 related to Sabina for Integrated Solutions – one of the group entities - represents the value of developing and improving agricultural lands in Sudan , and LE 20 889 151 represents fixtures and constructions of a new headquarters at Smart Village.

** Note no. (20).

*** Note no. (22).

Citadel Capital Company

Notes to the consolidated financial statements for the year ended December 31, 2012

6. Investments in subsidiaries and associates

The Group investments in subsidiaries and associates are represented in:

	Percentage		Carrying amount	
	2012	2011	31/12/2012	31/12/2011
	%	%	LE	LE
El Kateb for Marketing & Distribution Co.	48.88	48.88	434 785	1 346 670
Pharos Holding Co. *	53.00	53.00	91 140 296	94 504 925
Elsharq Book Stores Co.	40.00	40.00	15 313 441	15 792 931
ASEC Company for Mining (ASCOM)	39.22	39.22	118 062 774	153 083 372
Silverstone Capital Investments Ltd.***	41.81	40.98	251 361 875	346 700 538
Dar El-Sherouk Ltd. *	58.51	58.51	140 384 623	148 409 077
Cron dall Holdings Ltd.	47.67	47.67	131 740 449	99 566 424
National Development and Trading Company****	49.81	49.81	--	343 697 769
United Foundries Company****	29.95	29.95	--	50 446 690
Mena Home Furnishings Mall	32.13	32.13	87 841 662	109 140 321
Citadel Capital Transportation Opportunities Ltd.	34.16	34.16	142 551 181	110 611 075
Tawazon for Solid Waste Management (Tawazon)	25.48	33.33	24 852 493	25 450 207
Mena Glass Ltd.	21.03	21.03	133 852 139	136 718 916
Tanmeyah Company S.A.E **	51.00	51.00	7 663 147	7 925 059
Ledmore Holdings Ltd.***	35.00	--	21 565 372	--
Balance			<u>1 166 764 237</u>	<u>1 643 393 974</u>

* The Company does not consolidate these subsidiaries as the control is not exist and the Company has no power to govern the financial and operational policies of these subsidiaries according to shareholders agreement.

** The Company does not consolidate this subsidiary as there is a call option contract that granted third party the option to purchase 4% of its shares granted by Financial Unlimited Company for Financial Consulting (one of subsidiaries 99.88%) that can be exercised any time with fair value at the exercise date which cause a reduction in voting power of the Company from 51% to 47%.

*** The shareholder of Silverstone Capital Investments Ltd. agreed to segregate part of the company's operations to Ledmore Holdings Ltd. by cost as at January 17, 2012 , and each shareholder has the same original percentage at the date of segregation.

**** The Company has stopped recognizing its share of losses for both National Development and Trading Company and United Foundries Company because there losses exceeded the investment value according to the Egyptian Accounting Standards no.(18) – (investments in associates) which states that if an investor's share of losses of an associates equals or exceeds its interest in the associates, the investor discontinues recognizing its share of future losses after the investor's interest is reduced to zero.

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Notes to the consolidated financial statements for the year ended December 31, 2012

Summary of financial statements of associates

2012	Current assets		Non-current assets		Total assets		Current liabilities		Non-current liabilities		Total liabilities		Revenues		Expenses	
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
El Kateb for Marketing & Distribution Co.	12 144 150	8 777 000	20 921 150	14 588 215	147 894	14 736 109	5 221 613	7 087 171								
Pharos Holding Co.	133 677 338	186 878 057	320 555 395	181 526 584	393 704	181 920 288	50 858 497	55 006 400								
Elsharq Book Stores Co.	10 662 946	7 156 798	17 819 744	4 800 905	413 852	5 214 757	23 016 136	24 220 989								
ASEC Company for Mining (ASCOM)	194 079 147	803 433 914	997 513 061	424 619 149	256 040 834	680 659 983	588 472 089	654 114 096								
Silverstone Capital Investments Ltd.	1 573 801 936	960 713 233	2 534 515 169	1 023 540 489	287 696 259	1 311 236 748	1 240 294 027	1 143 519 453								
Dar El-Sherouk Ltd.	128 253 527	80 673 744	208 927 271	36 539 627	3 205 904	39 745 531	56 929 746	70 208 303								
Cron dall Holdings Ltd.	29 194 570	1 023 363 415	1 052 557 985	753 264 384	--	753 264 384	133 401 996	72 838 616								
National Development and Trading Co.	1 668 411 198	5 109 828 850	6 778 240 048	2 695 853 146	2 462 280 278	5 158 133 424	1 896 729 453	2 541 210 121								
United Foundries Company	439 881 430	98 885 162	538 766 592	367 685 804	187 770 575	555 456 379	147 861 873	295 240 558								
Mena Home Furnishings Mall	29 954 729	649 967 533	679 922 262	174 603 198	258 729 910	433 333 108	23 490 426	81 942 309								
Citadel Capital Transportation Opportunities Ltd.	111 707 815	737 890 341	849 598 156	183 432 345	332 230 026	515 662 371	62 118 581	133 235 803								
Tawazon for Solid Waste Management Company (Tawazon)	151 417 010	128 598 611	280 015 621	118 196 448	8 677 730	126 874 178	117 592 160	125 036 619								
Mena Glass Ltd.	201 331 767	1 301 128 555	1 502 460 322	293 523 838	420 644 071	714 167 909	355 946 307	390 066 318								
Tanmeyah Company S.A.E.	29 434 232	20 443 824	49 878 056	49 328 321	--	49 328 321	65 287 528	63 022 908								
Ledmore Holdings Ltd.	8 893 506	134 943 547	143 837 053	31 251 896	12 487 499	43 739 395	675 540	11 226 476								

- Note no. (19).

7. Other investments

	Note	31/12/2012	31/12/2011
	no.	LE	LE
Non-current investments			
Available-for-sale investments (net)	7.1	1 298 984 482	919 306 588
Payments for investments (net)	7.2	748 225 186	589 886 669
Loans to related parties	7.3	822 145 410	660 952 590
Others	7.4	28 616 041	45 351 056
		<u>2 897 971 119</u>	<u>2 215 496 903</u>
Current investments			
Investments at fair value through profit or loss	7.5	3 891 605	18 169 898
		<u>2 901 862 724</u>	<u>2 233 666 801</u>

7.1 Available-for-sale investments represent the Group investments in a number of unlisted companies in the Stock Exchange. The details are as follows:

	31/12/2012	31/12/2011
	LE	LE
Orient Investment Properties Ltd.	802 452 210	605 569 252
Logria Holding Ltd. *	408 850 000	390 468 000
Golden Crescent Investment Ltd. *	398 581 575	380 661 246
Falcon Agriculture Investments Ltd.	293 960 861	266 345 377
EFG Capital Partners Fund II & III	23 705 289	26 330 926
Sphinx Turnaround	18 823 033	8 580 883
Modern Company for Isolating Materials	43 396	43 396
Arab Swiss Engineering Company (ASEC)	34 958	34 958
Medcom National Company	1 000	1 000
Underscore International Holdings	629	601
Valencia Regional Investment Ltd.	629	601
TAQA Arabia (note 17-2)	146 978 713	--
Arab Refinery Company	122	--
Total	<u>2 093 432 415</u>	<u>1 678 036 240</u>
Accumulated impairment *	<u>(794 447 933)</u>	<u>(758 729 652)</u>
Net	<u>1 298 984 482</u>	<u>919 306 588</u>

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Notes to the consolidated financial statements for the year ended December 31, 2012

*Accumulated impairment in investments of the Company are represented in:

	Balance as at 1/1/2012	Foreign currency translation differences	Balance as at 31/12/2012
	LE	LE	LE
Logria Holding Ltd.	390 468 000	18 382 000	408 850 000
Golden Crescent Investment Ltd.	368 261 652	17 336 281	385 597 933
Balance	<u>758 729 652</u>	<u>35 718 281</u>	<u>794 447 933</u>

7.2 The payments for investments are as follows:

	31/12/2012	31/12/2011
	LE	LE
Grandview Investment Holding	77 870 470	74 369 395
Fund Project	2 035 911	2 035 911
Pharos Holding Co.	18 621 911	18 621 911
Nile Valley Petroleum Ltd.	38 186 590	36 469 710
Citadel Capital Transportation Opportunities II Ltd.	18 870	18 022
Mena Joint Investment Fund	58 740 902	20 960 118
Africa Joint Investment Fund	90 125 164	48 978 654
Falcon Agriculture Investments Ltd.	40 161 650	38 355 973
Ambiance Rail Company (PTY) Limited	218 202 452	166 341 615
KU Railways Holdings Limited	203 116 435	174 761 222
Asec Emirates for Mining *	34 865 533	33 297 970
Citadel Capital Al Qalaa - Saudi Arabia	909 547	868 653
Sphinx Turnaround Funds	--	8 104 163
Valencia Assets Holding Ltd.	--	1 322
Valencia Regional Investment Ltd.	235 284	--
Total	<u>783 090 719</u>	<u>623 184 639</u>
Accumulated impairment *	<u>(34 865 533)</u>	<u>(33 297 970)</u>
Net	<u>748 225 186</u>	<u>589 886 669</u>

7.3 Loans to subsidiaries and associate companies are as follows:

	note no.	31/12/2012 LE	31/12/2011 LE
National Development and Trading Company	7.3.1	422 667 591	362 094 225
United Foundries Company	7.3.2	127 377 193	58 107 093
Underscore International Holdings Ltd.	7.3.3	94 350 000	90 108 000
Valencia Regional Investment Ltd.	7.3.4	72 335 000	69 082 800
Others		<u>105 415 626</u>	<u>81 560 472</u>
Balance		<u>822 145 410</u>	<u>660 952 590</u>

7.3.1 The Company has granted two subordinating loans to National Development and Trading Company – (one of the associate companies - 49.81%) 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 balance of the two loans is US.\$ 67 196 755 (equivalent to LE 422 667 591 as at December 31, 2012) against US.\$ 60 276 705 (equivalent to LE 362 094 225 as at December 31, 2011) including accrued interest during the year amounted to US.\$ 6 970 742 (equivalent to LE 43 845 967 as at December 31, 2012) against US.\$ 11 243 186 (equivalent to LE 67 540 070 as at December 31, 2011).

7.3.2 The Company has concluded a subordinating loan contract with United Foundries Company (one of the associate companies - 29.95%) 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%.

On January 9, 2012 the board of directors of United Foundries Company decided to convert a convertible loan contract to current account as a subordinating loan that will be settled on 10 years with annual interest rate equals to 6% against end of loan commission amounted to US.\$ 1 421 320 (equivalent to LE 8 641 626).

The balance of the subordinating loan is US.\$ 20 250 746 (equivalent to LE 127 377 193 as at December 31, 2012) versus US.\$ 9 672 908 (equivalent to LE 58 107 093 as at December 31, 2011) including accrued interest during the year amounted to US.\$ 1 122 392 (equivalent to LE 7 059 846) versus US.\$ 1 542 808 (equivalent to LE 9 267 956 as at December 31, 2011).

7.3.3 On December 28, 2010, Citadel Capital for International Investments Ltd. (one of the subsidiaries - 100%) has granted Underscore International Holdings Ltd. (owned with a percentage of 10%) a loan with an amount of US.\$ 15 Million (equivalent to LE 94 350 000 as at December 31, 2012 against LE 90 108 000 as at December 31, 2011) to purchase 4 754 098 shares - (2.83%) of National Development and Trading Company for a period of two years against interest equals to Internal Rate of Return

Citadel Capital Company

Notes to the consolidated financial statements for the year ended December 31, 2012

(IRR) of Underscore International Holdings Ltd. less 1% as fees for the mentioned company, the interest will be due when sell those shares.

7.3.4 Alder Burke Investments Ltd. (one of the subsidiaries - 100%) has granted Valencia Regional Investment Ltd. (owned with a percentage of 10%) a loan as at December 28, 2010 with an amount of US.\$ 11 500 000 (equivalent to LE 72 335 000 as at December 31, 2012 against LE 69 082 800 as at December 31, 2011) to purchase 3 582 555 shares - (2.13%) of National Development and Trading Company for a period of two years against interest equals to Internal Rate of Return (IRR) of Valencia Regional Investments Ltd. less 1% as fees for the mentioned company, the interest will be due when sell those shares.

7.4 Other investments are represented in an amount of US.\$ 4 549 450 (equivalent to LE 28 616 041 as at December 31, 2012 against US.\$ 7 549 450 (equivalent to LE 45 351 056 as at December 31, 2011) blocked at Citibank – London for Ambiance venture Ltd. (one of the subsidiaries - 75%) to ensure the Ambiance venture Ltd. seriousness of payment of its due portion in KU Railways Holding Limited future capital increase.

7.5 Investments at fair value through profit or loss:

	31/12/2012	31/12/2011
	LE	LE
Modern Shorouk for Printing Co.	1 530 660	1 399 664
Al Arafa Investment and Consulting	996 336	1 585 901
TAQA Arabia	1 364 609	15 184 333
Balance	<u>3 891 605</u>	<u>18 169 898</u>

The financial assets designated at fair value through profit or loss are equity securities quoted in stock exchange except TAQA Arabia.

8. Other assets

	Note	31/12/2012	31/12/2011
	no.	LE	LE
Biological assets	8.1	1 705 917	--
Inventory	8.2	10 838 815	--
Balance		<u>12 544 732</u>	<u>--</u>

Citadel Capital Company
Notes to the consolidated financial statements for the year ended December 31, 2012

8.1 Biological assets are represented in:

	31/12/2012	31/12/2011
	LE	LE
Plants (cotton , corn , sun flower)	<u>1 705 917</u>	<u>--</u>

8.2 Inventory is represented in:

	31/12/2012	31/12/2011
	LE	LE
Fertilizers	265 740	--
Chemicals	7 969 417	--
Seeds	1 306 968	--
Spare parts	1 296 690	--
Balance	<u>10 838 815</u>	<u>--</u>

9. Trade and other receivables

	Note	31/12/2012	31/12/2011
	no.	LE	LE
Due from related parties (net)	9.1	1 122 543 311	903 563 564
Other receivables (net)	9.2	<u>58 131 787</u>	<u>19 328 416</u>
Balance		<u>1 180 675 098</u>	<u>922 891 980</u>

9.1 Due from related parties

	Nature of transaction		31/12/2012	31/12/2011
	Advisory fee	Finance		
	LE	LE	LE	LE
Logria Holding Ltd. *	34 619 536	2 007 070	36 626 606	34 980 352
Mena Home Furnishings Mall	5 505 817	101 009 739	106 515 556	57 574 182
Citadel Capital Transportation Opportunities Ltd.	1 372 320	126 959 819	128 332 139	20 988 192
Silverstone Capital Investments Ltd.	11 654 816	--	11 654 816	8 966 930
Falcon Agriculture Investments Ltd.	15 803 679	210 299 025	226 102 704	53 293 548
Orient Investment Properties Ltd.	--	70 026	70 026	114 022 516
Golden Crescent Investment Ltd.	23 997 923	--	23 997 923	21 175 667
ASEC Cement Company	15 724 998	--	15 724 998	15 018 000
Sphinx Glass Ltd.	5 032 000	--	5 032 000	4 805 760
Mena Glass Ltd.	4 761 530	--	4 761 530	4 547 451
Mena Joint Investment Fund	1 256 402	--	1 256 402	346 374
Africa Joint Investment Fund	751 787	--	751 787	2 593 140

Citadel Capital Company
Notes to the consolidated financial statements for the year ended December 31, 2012

	Nature of transaction		31/12/2012	31/12/2011
	Advisory fee	Finance		
	LE	LE	LE	LE
Citadel Capital Transportation Opportunities II Ltd.	6 908 611	--	6 908 611	5 961 449
Africa JIF HOLD CO I	1 108 077	--	1 108 077	372 789
Africa JIF HOLD CO III	4 196 191	--	4 196 191	1 603 015
Mena JIF HOLD CO I	1 108 072	--	1 108 072	372 789
Grandview Investment Holding	--	49 076 448	49 076 448	42 463 202
ASEC Company for Mining (ASCOM)	--	96 084 159	96 084 159	24 083 533
Golden Crescent Finco Ltd.	--	179 634 462	179 634 462	146 695 022
Emerald Financial Services Ltd. *	--	226 367 030	226 367 030	199 086 273
Nile Valley Petroleum Ltd.	--	134 574 758	134 574 758	128 524 043
Tawazon for Solid Waste Management (Tawazon)	--	1 132 137	1 132 137	2 745 525
National Development and Trading Company	--	15 176 505	15 176 505	4 082 996
United Foundries Company	--	64 453 083	64 453 083	46 635 557
Citadel Capital East Africa	--	23 776	23 776	22 707
Citadel Capital – ALQALAA Saudi Arabia	--	457 040	457 040	193 312
ESACO for Manufacturing, Engineering and Construction *	--	54 135 206	54 135 206	28 855 201
Arab Refining Company – note no. (14-4)	--	--	--	1 400 789
Valencia Assets Holding Ltd. – note no. (20)	--	--	--	188 250 476
Sabina for Integrated Solutions	--	--	--	6 607 920
Valencia Regional Investments Ltd.	--	55 000	55 000	216 680
El Kateb for Marketing & Distribution Co.	--	4 301 673	4 301 673	--
Ledmore Holdings Ltd.	1 224 578	29 612 307	30 836 885	--
Nahda	--	4 056 113	4 056 113	--
Egyptian Company for international Publication.	--	4 250 000	4 250 000	--
Underscore International Holdings Ltd	--	55 000	55 000	--
ASEC for Manufacturing and Industrial Projects-ARESCO	--	855 440	855 440	--
Total			1 439 672 153	1 166 485 390
Accumulated impairment *			(317 128 842)	(262 921 826)
Net			1 122 543 311	903 563 564

Citadel Capital Company

Notes to the consolidated financial statements for the year ended December 31, 2012

* Impairment in due from related parties are represented in:

	Balance as at 1/1/2012	Formed during the year *	Foreign currency translation Differences	Balance as at 31/12/2012
	LE	LE	LE	LE
ESACO for Manufacturing, Engineering and Construction	28 855 201	25 196 446	83 559	54 135 206
Emerald Financial Services Ltd.	199 086 273	17 278 905	10 001 852	226 367 030
Logria Holding Ltd.	34 980 352	--	1 646 254	36 626 606
Balance	<u>262 921 826</u>	<u>42 475 351</u>	<u>11 731 665</u>	<u>317 128 842</u>

* Note (22).

9.2 Other receivables are represented in:

	31/12/2012	31/12/2011
	LE	LE
Prepaid expenses	1 228 375	197 887
Deposits with others	787 370	232 402
Advances to suppliers	8 592 444	11 228
Letters of guarantee margin	629 000	602 720
Imprest	1 144 604	515 793
Accrued revenue	2 337 559	2 403 045
Loans to others	--	12 014 400
Prepaid interest*	22 847 538	--
Debit balances under settlement	6 919 000	--
Sundry debit balances	13 645 897	3 350 941
Balance	<u>58 131 787</u>	<u>19 328 416</u>

* Prepaid interest item is represented in the value of the loan interest granted from Arab International Bank to the International Company for refinery consultancy (one of the subsidiaries – 100%) as the Company has settled the interest in advance according to the signed contract with the bank as at November 4, 2012. Note (14)

10. Cash and cash equivalents

	31/12/2012	31/12/2011
	LE	LE
Cash on hand	202 350	668 772
Banks - current accounts	248 308 782	159 034 272
Banks - time deposits	62 900	1 351 620
Total	<u>248 574 032</u>	<u>161 054 664</u>
Effect of foreign exchange differences	6 638 931	5 186 058
Balance	<u>255 212 963</u>	<u>166 240 722</u>

Citadel Capital Company
Notes to the consolidated financial statements for the year ended December 31, 2012

Non cash transactions

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

- LE 166 711 321 from due from related parties and other investments (represents the related parties' current account due transferred as other investments).
- LE 49 040 387 from proceeds from interest income and changes in other investments (represents the value of the interest due on other investments during the year).

11. 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. And those shares are owned by Citadel Capital Partners Ltd. the principle shareholder of the Company.

The shareholders' structure is represented as follows:

Shareholder's 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	7.49	65 318 565	326 592 825
Others	49.12	428 179 215	2 140 896 075
	<u>100</u>	<u>871 625 000</u>	<u>4 358 125 000</u>

Citadel Capital Company

Notes to the consolidated financial statements for the year ended December 31, 2012

12. Reserves

12.1 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.

12.2 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.

13. Non - controlling interests

	31/12/2012	31/12/2011
	LE	LE
Capital	479 099 845	404 516 257
Payments for capital increase	1 572 500	1 501 800
Other owners' equity	(27 685 147)	2 206 531
Foreign currency translation reserve	(4 117 192)	(1 554 898)
Net loss for the year	(10 617 804)	(26 955 809)
Balance	<u>438 252 202</u>	<u>379 713 881</u>

14. Loans and borrowings

	note	31/12/2012	31/12/2011
	no.	LE	LE
Long term – loans	(14.1,2,3,5)	1 923 023 521	1 142 441 436
Short term – loans	(14.1,3,4)	543 265 577	210 252 000
Balance		<u>2 466 289 098</u>	<u>1 352 693 436</u>

14.1 On February 1, 2012 the Company has signed a long-term loan with an amount of US.\$ 325 million with City Bank Group - syndication manager – along with other group of banks (represented in Arab African International Bank S.A.E, Arab International Bank, Banque du caire, Misr Bank S.A.E, and Piraeus Bank) and guaranteed by Overseas private Investment Corporation (OPIC) for the purpose of expanding the Company's investments and refinancing the outstanding debts as at December 31, 2011 (which represented in the loan granted to the company on May 15, 2008 with an amount of US.\$ 200 million for a period of five years 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”; loan is to be paid on three installments during the contract period begins from the third year to the end of contract on May 15, 2013. The loan balance is an amount of US.\$ 171 957 803 (equivalent to LE 1 032 984 912) as at December 31, 2011 until the date of the new contract)

The new 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 Company has used an amount of US.\$ 300 000 000 (equivalent to LE 1 887 000 000) till December 31, 2012 and the current stage instalment is amounted to US.\$ 83 888 888 (equivalent to LE 527 661 106 as at December 31, 2012).

- The interest on loan charged to the income statement during the year is LE 156 371 533 including an amount LE. 69 345 000 represents loan’s expenses and fees. - note no. (23).
- The loan guarantees are as follows:
 - First degree lien contract of the shares owned by the Company in National Development and Trading Company.
 - First degree lien contract of the shares owned by the Company in International Company for Mining Consulting.
 - First degree lien contract of the shares owned by the Company in United Foundries Company.
 - First degree lien contract of the shares of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone).

- 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

14.2 On December 21, 2010 National Refining Consulting Company (one of the subsidiaries - 99.99%) obtained a long-term loan from Arab International Bank for five years with an amount of US.\$ 50 million (equivalent to LE 314 500 000 as at December 31, 2012 against LE 300 360 000 as at December 31, 2011) to purchase 50 million shares in Orient Investments Properties Ltd. Company (owned Company with a percentage of 31.76%). The loan is guaranteed by pledging the Company's share in Orient Investments Properties Ltd. in favour of the bank. The bank is entitled to transfer the ownership of those share in favour of the bank at any time against the facilities granted to the National Company for Refinery Consultants. The parties agreed on a return of US.\$ 15 608 926 (equivalent to LE 98 180 145 as at December 31, 2012) against (LE 93 765 940 as at December 31, 2011) during the term of the contract provided that the accrued interest will be added to the loan principle, the accrued interest as at December 31, 2012 amounted to US.\$ 6 334 181 (equivalent to LE 39 841 998) against US.\$ 3 220 889 (equivalent to LE 19 348 524 as at December 31, 2011). The loan principle along with the outstanding accrued interest will be paid in full at the end of the contract on December 21, 2015. The total balance of the loan as at December 31, 2012 is US.\$ 56 334 181 (equivalent to LE 354 341 998) against US.\$ 53 220 889 (equivalent to LE 319 708 524 as at December 31, 2011).

14.3 Sabina for Integrated Solutions Company (one of the subsidiaries - 96%) which was signed a long - term loan contract with Khartoum Bank Sudan amounted to US.\$ 9,29 million. The Company has withdrawn an amount of US.\$ 8 994 027 (equivalent to LE 56 572 430 as December 31, 2012 , and the current stage instalment on December 31, 2012 is amounted to US.\$ 2 480 838 (equivalent to LE 15 604 471 as at December 31, 2012) and the non-current stage instalment is amounted to US.\$ 6 513 189 (equivalent to LE 40 967 959 as at December 31, 2012).

14.4 United for Petroleum Refining Consultation Company – (one of the subsidiaries- 99.99%) has signed a short - term loan contract with Arab International Bank as at September 12, 2011 with an amount of US.\$ 28 500 000 for a period of nine months bearing variable interest rate (5.5 %+Libor rate over six months) for the purpose of financing Arab Refinery Company – one of the subsidiaries of Orient Investment Properties Ltd. note no. (7.1) – to use it in financing the Egyptian Refining Company – one of the subsidiaries of Arab Refinery Company with an amount of US.\$ 28 300 000 to settle its liabilities which represent the insurance instalment due for NEXI (Nippon Export & Investment Insurance) and this finance mature when Egyptian Refining Company uses the loan obtained according to the signed contract from a group of international banks with an amount of US.\$ 2.3 billion for the purpose of financing the project that relates to constructing a Petroleum Refining Lab .

The loan guarantees are as follows:

- First degree lien contract of United for Petroleum Refining Consultation Company shares in favour of the bank.
- Transferring of all United for Petroleum Refining Consultation Company accrued amounts due from Arab Refinery Company to the bank.
- A commitment from Arab Refinery Company to give priority for this loan over any other liability.
- A letter from NEXI Company as a Commitment for repayment of insurance instalment to Egyptian Refining Company in case of not withdrawn from the loan in the due dates.
- A commitment from Arab Refinery Company for repayment of insurance instalment from Egyptian Refining Company in case of repayment from NEXI Company to Egyptian Refining Company.
- The Company has the right to renew this contract for another period or several periods with the same conditions and guarantees listed in this contract or adding new better conditions and guarantees after agreement of both parties.

Arab Refinery Company paid in full the loan principle along with the outstanding accrued interest during the year with an amount of US.\$ 29 873 600 (equivalent to LE 181 631 488) on July 18, 2012. United for Petroleum Refining Consultation Company

Citadel Capital Company**Notes to the consolidated financial statements for the year ended December 31, 2012**

paid an amount of US.\$ 19 999 940 (equivalent to L.E 121 599 635) to Arab International Bank. On November 25, 2012 International Company for Refinery Consultation-associate company- has paid the outstanding balance of the loan with an amount of US.\$ 9 327 874 including interest.

- 14.5 International Company for Refinery Consultation Company – (one of the subsidiaries-99.99%) has signed a long - term loan contract with Arab International Bank on November 4, 2012 with an amount of US.\$ 26 768 628 (equivalent to L.E 168 374 670) for a period of three months bearing variable interest rate (5.2 % + Libor rate over year with total amount US.\$ 3 820 781 equivalent to LE 24 032 712 paid at receiving loan amount) for the purpose of settling the outstanding loan balance due on United for Petroleum Refining Consultation Company – related company– and other financial requirements and the interest due on the loan till December 31, 2012 is US.\$ 188 422 (equivalent to 1 185 174).

The loan guarantee is represented in letter of guarantee to Standard Chartered Bank Korea Limited) with an amount of US.\$ 26 768 628 for the favour of Arab International Bank .

15. Long term liabilities

	31/12/2012	31/12/2011
	LE	LE
Creditors-purchase of investments *	<u>10 787 486</u>	<u>21 859 566</u>

* This balance represents the amount due from Tanweer for Marketing and Distribution Company (Tanweer) (subsidiary – 99.88%) for purchasing investment in Dar El-Sherouk Ltd.-BVI- for interest of the shareholders of the previous company.

16. Deferred tax

	31/12/2012	31/12/2011
	LE	LE
Fixed assets depreciation	<u>693 087</u>	<u>1 759 385</u>

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.

17. Trade and other payables

	Note	31/12/2012	31/12/2011
	no.	LE	LE
Due to related parties	17.1	490 529 819	303 276 132
Other payables	17.2	<u>304 665 899</u>	<u>98 695 634</u>
Balance		<u>795 195 718</u>	<u>401 971 766</u>

Citadel Capital Company
Notes to the consolidated financial statements for the year ended December 31, 2012

17.1 Due to related parties

	31/12/2012	31/12/2011
	LE	LE
Citadel Capital Partners Ltd.*	255 980 135	225 371 867
Mena Glass Ltd.	31 145 073	17 969 097
Cron dall Holdings Ltd.	4 468 434	4 844 152
Citadel Capital Transportation Opportunities II Ltd.	9 894 900	33 916 651
Africa JIF Hold CO III	241 084	149 165
ASEC for Manufacturing and Industrial Projects- ARES CO	--	21 025 200
ASEC Cement Company	22 180 251	--
Falcon Agriculture Investments Ltd.	13 468 066	--
Gozor	87 502 706	--
Silverstone Capital Investments Ltd.	61 865 968	--
Pharos Holding Co.	3 783 202	--
Balance	<u>490 529 819</u>	<u>303 276 132</u>

* The main shareholder of the Company – 28.23%.

17.2 Other payables

	31/12/2012	31/12/2011
	LE	LE
Tax Authority	23 327 700	7 125 074
National Authority for Social Insurance	446 789	200 489
Accrued expenses	71 128 110	48 998 967
Dividends payable – previous years	2 926 499	2 925 933
Accrued interest	39 294 929	25 632 722
Suppliers	12 323 401	8 620 190
Sundry credit balances	8 239 758	5 192 259
Notes payable *	<u>146 978 713</u>	<u>--</u>
Balance	<u>304 665 899</u>	<u>98 695 634</u>

* Notes payable balance as at December 31, 2012 represents checks due on the company against purchase of 6 821 407 shares in TAQA Arabia included in available-for-sale investments note (7-1).

18. Expected claims provision

	31/12/2012	31/12/2011
	LE	LE
Balance at the beginning of the year	206 560 345	220 448 101
Provisions formed during the year	7 000 000	30 515 920
Acquisition of subsidiaries*	1 210 793	--
Foreign currency translation differences	1 063 874	1 173 788
Provisions used during the year	(2 936 979)	(13 065 459)
Provisions no longer needed	--	(32 512 005)
Balance	<u>212 898 033</u>	<u>206 560 345</u>

*Note no. (20)

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.

19. Share of (loss) profit of equity accounted investees:

	For the year ended	
	31/12/2012	31/12/2011
	LE	LE
El Kateb for Marketing & Distribution Co.	(911 884)	(825 579)
Pharos Holding Co.	(2 198 389)	(3 320 074)
Elsharq Book Stores Co.	(481 941)	(752 224)
ASEC Company for Mining (ASCOM)	(25 746 108)	(32 246 360)
Silverstone Capital Investments Ltd.	40 461 450	32 890 827
Dar El-Sherouk Ltd.	(7 769 284)	(8 068 327)
Cron dall Holdings Ltd.	28 872 759	8 328 379
National Development & Trading Company	(321 251 181)	(311 294 361)
United Foundries and Heat Treatment Company	(44 139 916)	(18 088 562)
Mena Glass Ltd.	(7 175 438)	1 051 891
Tanmeyah Company S.A.E	1 153 455	(11 320 644)

	For the year ended	
	31/12/2012	31/12/2011
	LE	LE
Mena Home Furnishings Mall	(18 780 590)	(14 026 586)
Citadel Capital Transportation Opportunities Ltd.	(24 293 643)	(26 759 009)
Tawazon for Solid Waste Management (Tawazon)	(1 896 483)	(1 602 623)
Ledmore Holdings Ltd.*	(3 692 828)	--
Total	(387 850 021)	(386 033 252)

* Note no.(6)

20. Acquisition of subsidiaries

- During the year the Company has acquire a percentage of 99.99% of shares of Wafra Agriculture S.A.E (Egyptian Joint Stock Company) through Citadel Capital for International Investments Ltd. (one of the subsidiaries-100%) with par value amounted to LE 249 997 in addition to transferring the current account due on Valencia Assets Holding Ltd. – one of Wafra Agriculture S.A.E Company’s subsidiaries with a percentage of 100% amounted to LE

188 250 476 to be investment in Wafra Agriculture S.A.E Company.

- Wafra Agriculture S.A.E Company owns several subsidiaries and then the consolidated financial statements of the Company for the year ended December 31, 2012 include the financial statements of the Wafra Agriculture S.A.E Company and its subsidiaries controlled as follows:

Company name	Country of incorporation	Ownership interest %
Valencia Assets Holding Ltd.	British Virgin Island	100.00
Sabina for Integrated Solutions	Sudan	96.00
Concord Agriculture	South Sudan	96.00

- Due to inadequate of conditions related to disclose the segments of Wafra Agriculture S.A.E Company reports according to that most of the Group activities have the same nature represents in Investments and financial consultancy except activities of Wafra Agriculture S.A.E which was consolidated this year that has different activity than other Group’s activities but it is not significant for the other Group’s activities by comparing total assets and liabilities , revenues and net results of this activity compared to other Group’s activities.

Citadel Capital Company
Notes to the consolidated financial statements for the year ended December 31, 2012

20.1 Net other operations results

Other operations are represented in Wafra Agricultural Company and its subsidiaries.

	For the year ended	
	31/12/2012	31/12/2011
	LE	LE
Sales	7 824 985	--
Cost of sales	<u>(33 006 914)</u>	<u>--</u>
Net loss	<u>(25 181 929)</u>	<u>--</u>

21. Administrative and general expenses

	For the year ended	
	31/12/2012	31/12/2011
	LE	LE
Wages , salaries and similar items	117 797 573	115 963 922
Consultancy	42 228 770	78 429 430
Advertising and public relations	6 768 508	8 152 265
Travel , accommodation and transportations	7 117 928	11 411 438
Other expenses	<u>68 208 078</u>	<u>27 855 854</u>
Total	<u>242 120 857</u>	<u>241 812 909</u>

- The Company's extraordinary general assembly meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners Ltd. (the principal shareholder 28.23 %) which states that the mentioned company provides management duties for fees based on 10% of the net annual profit available for distribution amounted to -nil- for the year ended December 31, 2012 and December 31, 2011.

Consultancy expenses include an amount of US.\$ 3 079 715 (equivalent to LE 18 690 482) for the year ended December 31, 2012 against US.\$ 3 334 837 (equivalent to LE 19 753 240 for the year ended December 31, 2011) represents the advisory fees due according to the signed contract with Financial Holding International Co. (one of the group shareholders).

22. Other expenses

	Note	For the year ended	
	no.	31/12/2012	31/12/2011
		LE	LE
Impairment loss on assets	(22-1)	44 682 143	199 718 154
Provisions formed	(18)	7 000 000	30 515 920
Net change in the fair value of investments at fair value through profit or loss		3 000 274	1 705 033
Provisions no longer needed	(18)	--	(32 512 005)
Total		<u>54 682 417</u>	<u>199 427 102</u>

22.1 Impairment loss on assets is represented in the following:

	For the year ended	
	31/12/2012	31/12/2011
	LE	LE
Impairment loss on fixed assets **		
Wafra Agriculture S.A.E - Machinery and equipment	2 206 792	--
	<u>2 206 792</u>	<u>--</u>
Impairment loss on payments for investments		
ASEC Company for Mining – Emirates	--	33 297 970
Balance	<u>--</u>	<u>33 297 970</u>
Impairment loss on available-for-sale investments		
Golden Crescent Investments Ltd.	--	177 931 029
Balance	<u>--</u>	<u>177 931 029</u>
Impairment loss on due from related parties*		
Logria Holding Ltd.	--	30 564
Emerald Financial Services Ltd.	17 278 905	32 481 440
ESACO for Manufacturing, Engineering and Construction	25 196 446	28 452 193
Golden Crescent Investments Ltd.	--	(7 101 237)
Golden Crescent Finco Ltd.	--	(65 373 805)
Balance	<u>42 475 351</u>	<u>(11 510 845)</u>
Total	<u>44 682 143</u>	<u>199 718 154</u>

* Note no.(9-1)

** Note no.(5)

Citadel Capital Company**Notes to the consolidated financial statements for the year ended December 31, 2012****23. Financing cost**

	For the year ended	
	31/12/2012	31/12/2011
	LE	LE
Interest income - note no. (26-2)	109 226 436	48 874 045
Interest expenses - note no.(14)	(179 041 695)	(91 503 815)
Foreign currency translation differences	15 295 765	795 631
Net	<u>(54 519 494)</u>	<u>(41 834 139)</u>

24. Earnings per share

	For the year ended	
	31/12/2012	31/12/2011
	LE	LE
Net loss for the year	<u>(702 358 039)</u>	<u>(800 492 269)</u>
Net loss for equity holders of the parent Company	<u>(691 740 235)</u>	<u>(773 536 460)</u>
Weighted average number of shares	<u>871 625 000</u>	<u>702 474 315</u>
Earnings per share	<u>(0.79)</u>	<u>(1.10)</u>

25. Finance income (expenses) recognised in equity

	For the year ended	
	31/12/2012	31/12/2011
	LE	LE
Foreign currency translation differences	20 855 830	66 748 072
Net change in the fair value of available-for-sale investment	<u>101 393</u>	<u>(860 411)</u>
Total finance income recognised in equity (after tax)	<u>20 957 223</u>	<u>65 887 661</u>
Attributable to:		
Equity holders of the Company	23 519 515	67 031 852
Non - controlling interest	<u>(2 562 292)</u>	<u>(1 144 191)</u>
	<u>20 957 223</u>	<u>65 887 661</u>

26. 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:

Citadel Capital Company
Notes to the consolidated financial statements for the year ended December 31, 2012

26.1 Advisory fee

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

Company's name	For the year ended	
	31/12/2012	31/12/2011
	LE	LE
Mena Glass Ltd.	3 619 472	3 549 917
Mena Home Furnishings Mall	3 596 963	3 527 841
Citadel Capital Transportation Opportunities Ltd.	869 725	853 016
Falcon Agriculture Investments Ltd.	15 212 542	14 673 039
Golden Crescent Investment Ltd.*	1 747 858	6 933 189
Orient Investment Properties Ltd.	3 709 746	9 455 941
Sphinx Glass Ltd.	4 324 199	4 241 102
ASEC Cement Company	10 533 977	10 190 175
Silverstone Capital Investment Ltd.	3 402 831	1 261 858
Citadel Capital Transportation Opportunities II Ltd.	5 085 970	4 509 586
Africa Joint Investment Fund	3 849 946	4 738 640
Mena Joint Investment Fund	2 540 150	3 365 507
Africa JIF HOLD CO I	697 034	367 582
Africa JIF HOLD CO III	2 444 014	1 580 627
Mena JIF HOLD CO I	697 028	367 582
Ledmore Holdings Ltd.	766 273	--
Total	63 097 728	69 615 602

* The Company did not recognize advisory fees with an amount LE 38 323 790 and LE 5 337 657 related to Logria Holding Ltd. and Golden Crescent Investments Ltd. in accordance with the signed contracts due to inadequate assurance concerning the revenue recognition and collection conditions.

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26.2 Interest income

Interest income included in financing cost note no.(23) includes an amount of LE 106 468 283 represents accrued interest income according to signed contracts from other related parties as follows:

Company's name	For the year ended	
	31/12/2012	31/12/2011
	LE	LE
National Company for Trading and Development *	21 040 351	18 562 609
United Foundries Company **	12 515 253	5 501 132
Golden Crescent Finco Ltd.	18 464 149	17 367 220
Mena Home Furnishings Mall	5 321 674	1 500 103
Citadel Capital Transportation Opportunities Ltd.	4 787 579	1 039 845
Grandview Investment Holding	4 148 584	2 952 638
ASEC Company for Mining (ASCOM)	4 053 160	--
Orient Investments Properties Ltd.	21 377 302	--
Falcon Agriculture Investments Ltd.	14 760 231	--
Total	<u>106 468 283</u>	<u>46 923 547</u>

* Note (7.3-1)

** Note (7.3-2)

27. Tax status

Corporate tax

The Company submitted its tax returns on regular basis for the years from 2005 to 2011 according to tax law No. 91/2005. The Company's books have not been inspected yet.

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. And the years from 2010/2011 have not been inspected 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 31/12/2011 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.

- On December 6, 2012, several resolutions of laws on amending certain provisions of the Tax Laws has been issued and published in the Official Gazette on the that date, provided that such resolutions shall come into force from the date following the date of publication. And such amendments are:
- Amending the provisions of the Income tax Law No. 91 of 2005.
- Amending the provisions of the General Sales tax Law No. 11 of 1991.
- Amending the provisions of the Real Estate tax Law No. 196 of 2008.
- Amending the provisions of the Stamp Duty Law No. 111 of 1980.

Later statements have been issued by certain officials in respect of freezing the enforcement of such resolutions, therefore the parent company management did not affect the financial statements with these amendments. when reliable information become available on the enforcement of such resolutions and the effective date therefore, these amendments might affect the taxes bases, the related assets and liabilities, the results of operations during the year and the net profit available for distribution.

28. 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	--
International for Mining Consultation	Arab Republic of Egypt	99.99	--
International for refinery Consultation	Arab Republic of Egypt	--	99.99
Arab Company for Financial Investments	Arab Republic of Egypt	--	94.00
Tanweer for Marketing and Distribution Company (Tanweer)	Arab Republic of Egypt	--	99.88
Financial Unlimited for Financial Consulting	Arab Republic of Egypt	--	99.88
Citadel Company for Investment Promotion	Arab Republic of Egypt	--	99.90
National Company for Touristic and Property	Arab Republic of Egypt	--	99.88

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Notes to the consolidated financial statements for the year ended December 31, 2012

	Country of incorporation	Ownership interest	
		Direct %	Indirect %
Investment			
United for Petroleum Refining Consultation	Arab Republic of Egypt	--	99.99
Specialized For Refining Consulting	Arab Republic of Egypt	--	99.99
Specialized For Real Estate Company	Arab Republic of Egypt	--	99.99
National Company for Refining Consultation	Arab Republic of Egypt	--	99.99
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 Financing Corp.	British Virgin Island	--	100.00
Ambience Ventures Ltd.	British Virgin Island	--	100.00
Africa Railways Limited *	British Virgin Island	--	45.49
Sequoia Williwow Investments Ltd.	British Virgin Island	--	100.00
Brennan Solutions Ltd.	British Virgin Island	--	100.00
Mena Enterprises Ltd.	British Virgin Island	--	100.00
Alcott Bedford Investments Ltd.	British Virgin Island	--	100.00
Eco-Logic Ltd.	British Virgin Island	--	100.00
Alder Burke Investments Ltd.	British Virgin Island	--	100.00
Black Anchor Holdings Ltd.	British Virgin Island	--	100.00
Cobalt Mendoza	British Virgin Island	--	100.00
Africa Railways Investments Ltd.	British Virgin Island	--	100.00
Darley Dale Investments Ltd.	British Virgin Island	--	100.00
Africa Railways Holding	Republic of Mauritius	--	51.02
Citadel Capital Joint Investment Fund Management Limited	Republic of Mauritius	--	100.00
Mena Joint Investment Fund	Luxembourg	--	100.00
Wafra Agriculture S.A.E	Arab Republic of Egypt	--	99.99
Valencia Assets Holding Ltd.	British Virgin Island	--	100.00
Sabina for Integrated Solutions	Sudan	--	96.00
Concord Agriculture	South Sudan	--	96.00
Trimestone Assets Holding Limited – BVI	British Virgin Island	--	100.00

- * The Group owns preferred stocks which give the Group the authority to hire the majority of the board of directors of Africa Railways Limited which enables the Group to control the financial and operational polices. Consequently, the company consolidates this company.

29. 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.

30. Contingent liabilities

The Company guarantees some related parties against loans and facilities obtained by those parties from banks.

31. 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; loans and borrowing and trade and other payables. Note (no.3) include significant accounting policies for the recognition and measurement of the important financial instruments and related revenues and expenses by the Company to minimize the consequences of such risks.

31.1 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.

31.2 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.

31.3 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 .

31.4 Market risk

A- 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 1 973 013 970 and LE 1 865 088 571 respectively, and net foreign currencies balances are as follows:

Foreign currencies	Surplus LE
US.\$	107 909 089
Euro	16 310

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

B- 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.

C- Price risk

The Company is exposed to market price risk on equity instrument and according to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk.

- Performing the necessary studies before investment decision in order to verify that investment is made in potential securities.
- Diversification of investments in different sectors and industries.
- Performing continuous studies required to follow up the company's investments and their development.