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Citadel Capital Reports Full-Year 2009 Results

Strong rise in net asset value, revenues and profits at Middle East and Africa's leading private equity firm

16 March 2010

(Cairo, Egypt) — Citadel Capital (CCAP.CA on the Egyptian Stock Exchange), the leading private equity firm in the Middle East and Africa, announced today its financial results for the fiscal year 2009, reporting a total net asset value per share (TNAVPS) of US$ 2.83 (EGP 15.50) as of 31 December 2009. The total net asset value (TNAV) captures i) the present value of Citadel Capital's principal investments in the 19 Opportunity-Specific Funds that it controls as well as ii) the asset-management component of the business.

Citadel Capital had total assets under management (committed) of US$ 3.7 billion (EGP 20.2 billion) as of 2009, of which total invested assets under management were US$ 2.9 billion (EGP 16.2 billion), up 9.5% from US$ 2.6 billion (EGP 14.8 billion) the previous year. These include US$ 1.9 billion (EGP 10.5 billion) of third-party fee-earning assets under management[1] in addition to investments of US$ 757.2 million (EGP 4.2 billion) of its own balance sheet in its transactions.

The firm had total investments under control[2] of US$ 8.3 billion (EGP 45.5 billion) as of year-end.

For the year ending December 2009, Citadel Capital reported net earnings of US$ 38.1 million (EGP 211.4 million), an 806.7% increase from the previous year, on revenues of US$ 79.2 million (EGP 438.9 million).

"We are very pleased not just to have recorded a substantial gain in the net asset value of our portfolio in the last quarter of the year alone, but also to have grown both our top and bottom lines on the full year," said Citadel Capital Chairman and Founder Ahmed Heikal. "This is particularly significant in light of the impact of the global financial crisis on markets and valuations across our Middle East and Africa footprint, which meant the year just past was not conducive to substantial exits, which are the primary drivers of earnings in our industry."

Details of Citadel Capital's 2009 standalone statements are below; full financials are available for download at www.citadelcapital.com.

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1 Third-party fee-earning assets under management are a sub-set of total third-party invested assets under management (drawn equity) of US$ 2.1 billion (EGP 12.0 billion). Management notes that an historical agreement structured in 2004 entitles anchor limited partners to 34.8% of the carried interest and advisory fees from Citadel Capital's Opportunity-Specific Funds. Management is presently in negotiations for Citadel Capital to buy back the right to these asset management fees.

2 Management considers total investments under control (defined as committed debt + committed equity) as an appropriate indicator of the firm's scope.

Highlights

I. Citadel Capital as a Principal Investor (Own Balance Sheet)

- **Total principal investments** (including convertibles and interest-bearing loans to Platform Companies) stood at US$ 757.2 million (EGP 4.2 billion)[3] at year end, a 24.0% rise over FY08.
- **The portfolio net asset value (PNAV)** of Citadel Capital's principal investments in the 19 Opportunity-Specific Funds (OSFs) it controls stood at US$ 1.2 billion (EGP 6.8 billion) as of December 2009, a rise of 10.5% from 30 September 2009. PNAV per share (PNAVPS) stood at US$ 1.89 (EGP 10.33) at year-end.
- **New investments by Citadel Capital as a principal investor** in FY09 stood at US$ 151.0 million (EGP 830.0 million), broken down as 28% to new platforms, 18% in existing platforms, 8% in additional investments in existing oil and gas convertibles and 46% in interest-bearing loans to Platform Companies in the amount of US$ 71.2 million (EGP 391.7 million).
- **Gains from the sale of principal investments** from three partial exits stood at US$ 48.9 million (EGP 271.4 million), a 37.4% rise over US$ 35.6 million (EGP 197.5 million) in FY08.

II. Asset Management Business

- **Total assets under management (committed)**[4] in Citadel Capital's 19 Opportunity Specific Funds (OSFs) rose 4.6% to US$ 3.7 billion (EGP 20.2 billion) in FY09 compared to US$ 3.5 billion (EGP 19.3 billion) the previous year.
- **Total invested assets under management** rose 9.5% year-on-year to US$ 2.9 billion (EGP 16.2 billion) from US$ 2.6 billion (EGP 14.8 billion) in FY08.
- **Total invested third-party assets under management** rose 7% to US$ 2.1 billion (EGP 12.0 billion), up from US$ 2.0 billion (EGP 11.2 billion) the previous year.
- **Total third-party fee-earning assets under management** stood at US$ 1.9 billion (EGP 10.5 billion) at year end.
- **New invested assets under management** from both Citadel Capital and the limited partners (LPs) in its OSFs stood at US$ 262.1 million (EGP 1.4 billion) in FY09. Of that total, US$ 151.0 million (EGP 830.0 million, or 57.6%) was contributed by Citadel Capital as a principal investor and US$ 111.1 million (EGP 608.9 million, or 42.4%) was contributed by LPs.

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[3] Figures relating to financial results in 2009 are converted using the average 2009 exchange rate of EGP 5.556 : US$ 1.00. Figures related to investments and AUM are converted using historical exchange rates. Citadel Capital typically analyses its own financial statements in EGP and investments in US$.

[4] Following international practices, Citadel Capital defines Assets Under Management (AUM) as committed amounts, not amounts drawn.

- **Revenue from advisory fees**[5] stood at EGP 103.6 million (US$ 18.7 million) in FY09, up 42.5% from EGP 72.7 million (US$ 13.1 million) the previous year.
- **Revenue from Citadel Capital's carried interest** in its limited partners' proceeds from exited or partially-exited investments was nil, as it was in FY08.
- **Asset management value (AMV)**, which captures the present-day value of Citadel Capital's asset management business, stood at US$ 0.62 billion (EGP 3.4 billion) at year end 2009, a 10.9% rise from 9M09.
- **Asset management value per share (AMVPS)** stood at US$ 0.94 (EGP 5.17) at year end.

III. Total Net Asset Value

- **Total net asset value (TNAV)** of Citadel Capital, which captures both the value of the firm's principal investments (PNAV) and of the asset management business (AMV), was US$ 1.9 billion (EGP 10.3 billion) for the year ending December 2009, a rise of 10.9% year-on-year.
- **Total NAV Per Share (TNAVPS)** was US$ 2.83 (EGP 15.50) at year end.

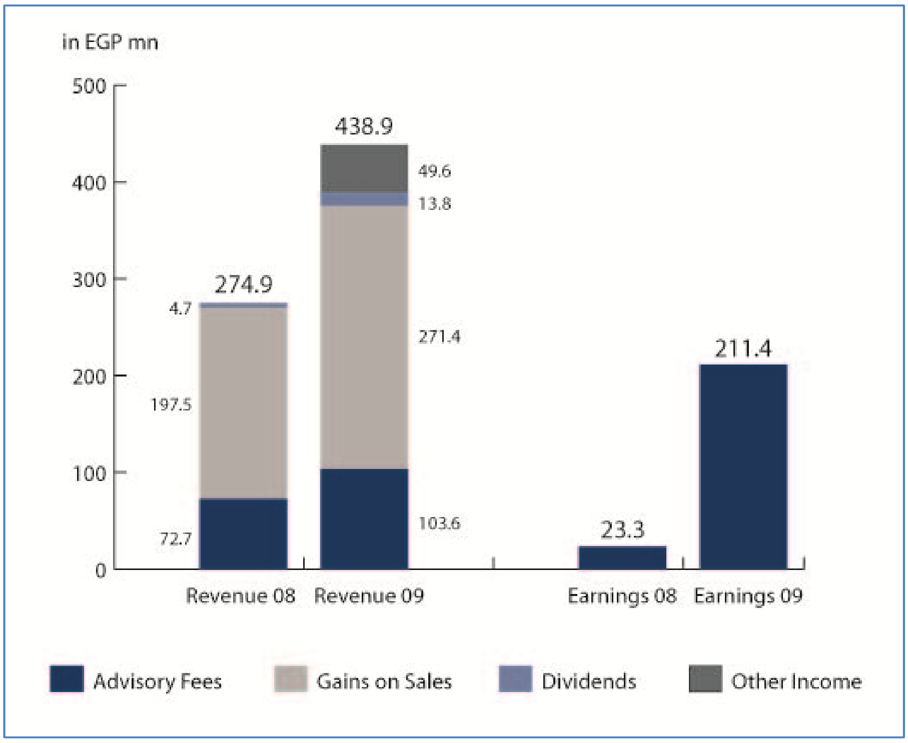
IV. Financial Highlights

- **Citadel Capital revenue** in FY09 reached US$ 79.2 million (EGP 438.9 million), a 59.7% increase over US$ 49.6 million (EGP 274.9 million) the previous year.[6]
- **EBDITA** for the period stood at US$ 38.4 million (EGP 213.2 million), a 227.6% rise from US$ 11.7 million (EGP 65.1 million) in FY08.
- **Net income** after taxes in totaled US$ 38.1 million (EGP 211.4 million), a 806.7% increase from US$ 4.2 million (EGP 23.3 million) the previous year.
- **Debt-to-Equity Ratio** stood at 22.4% as at 31 December 2009.

5 Citadel Capital earns a 1% advisory fee on fee-earning assets under management.

6 Due to the nature of private equity investing, revenues and earnings fluctuate significantly depending on the number and frequency of its exits and of gains on investments. Revenues and profits in any particular period are not necessarily indicative of future results.

Revenue and Net Earnings



CITADEL CAPITAL AT A GLANCE (FOR THE YEAR ENDING 31 DECEMBER 2009)

Valuations		
Total net asset value (TNAV)	EGP 10.3 billion	US$ 1.9 billion
Total net asset value per share (TNAVPS)	EGP 15.50	US$ 2.83
Portfolio net asset value (PNAV)	EGP 6.8 billion	US$ 1.2 billion
Portfolio net asset value per share (PNAVPS)	EGP 10.33	US$ 1.89
Asset management value (AMV)	EGP 3.4 billion	US$ 0.62 billion
Asset management value per share (AMVPS)	EGP 5.17	US$ 0.94
Asset Management Business		
Total investments under control	EGP 45.5 billion	US$ 8.3 billion
Total assets under management	EGP 20.2 billion	US$ 3.7 billion
Total invested assets under management	EGP 16.2 billion	US$ 2.9 billion
Total invested third-party AUM	EGP 12.0 billion	US$ 2.1 billion
Third-party fee-earning assets under management	EGP 10.5 billion	US$ 1.9 billion
Total Citadel Capital principal investments (own balance sheet)	EGP 4.2 billion	US$ 0.76 billion

Track Record

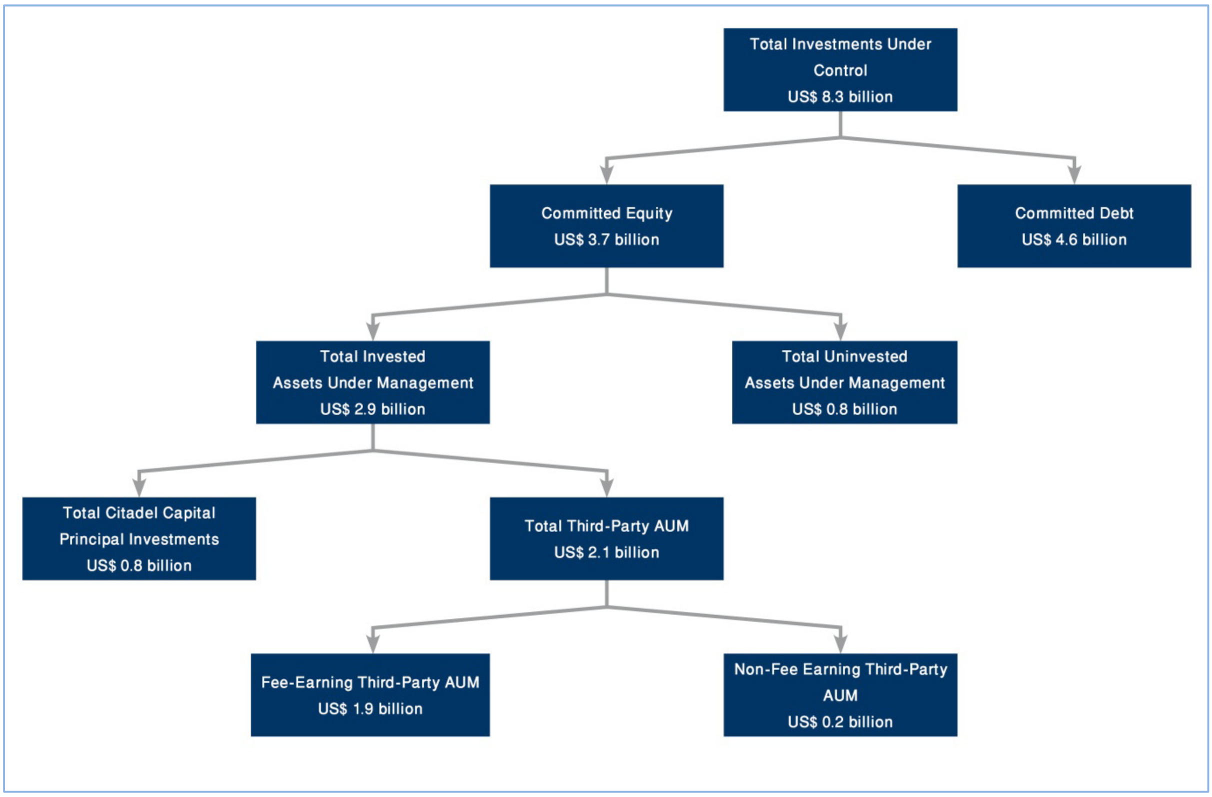
Investments made since 2004 (acquisitions and new company formations)		54
Number of Platform Companies as at 31 December 2009		19
Total number of countries in which Citadel Capital invests		14
Number of industries in which Citadel Capital invests		15
Total equity raised and invested since 2004	EGP 23.7 billion	US$ 4.3 billion
Cash returns to shareholders and LPs since 2004 (on equity investments of US$ 650 million)	EGP 13.8 billion	US$ 2.5 billion

Shareholder Structure

Citadel Capital Partners (CCP)		42%
Board members other than CCP		14%
Shareholders owning more than 1%		20%
Others		24%
Number of shares outstanding		661,625,000
Paid-in capital of Citadel Capital	EGP 3.3 billion	US$ 0.6 billion

I. Citadel Capital as a Principal investor

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



Citadel Capital controlled total investments, representing committed equity plus committed debt, of US$ 8.3 billion (EGP 45.5 billion) at year-end 2009.

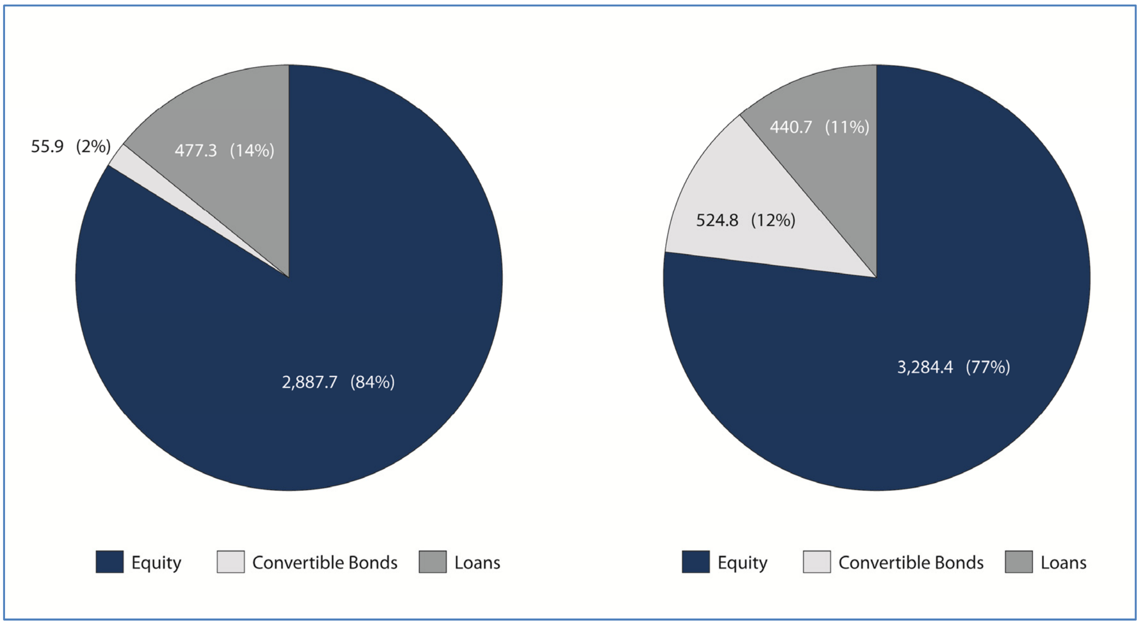
A) Principal Investments

Citadel Capital's total principal investments (including interest-bearing loans to its Platform Companies) stood at EGP 4.2 billion (US$ 757.2 million) in FY09, a 24.0% rise from US$ 610.6 million (EGP 3.4 billion) the previous year.

Management notes that Citadel Capital has an outstanding balance of interest-bearing loans and convertible notes to its Platform Companies in the amount of US$ 175.5 million (EGP 965 million). Accordingly, Citadel Capital's total investments break down as: equity (77%), convertible notes (12%), and loans extended to Platform Companies (11%). The firm extended loans and convertible notes to a number of platform and portfolio companies to bridge short-term funding gaps resulting from co-investor delays on outstanding capital calls. US$ 72.8 million (EGP 400.3 million) of the US$ 81.3 million (EGP 477.3 million) in loans extended in FY08 were restructured into convertible notes with improved terms of agreement.

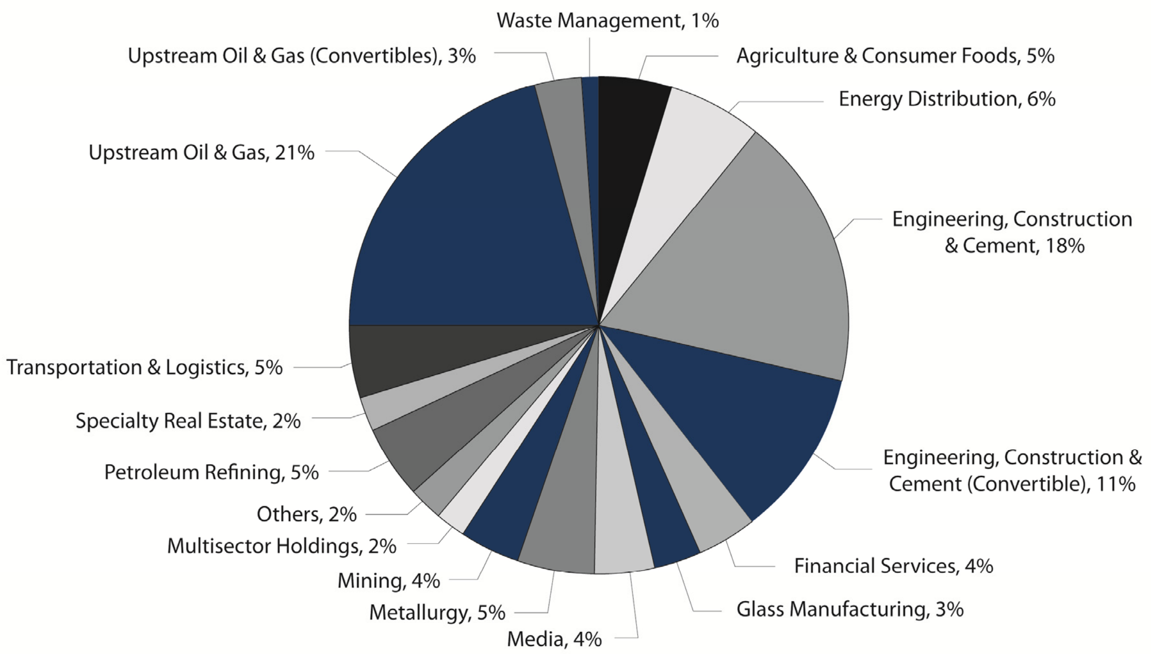
Total Citadel Capital Investments
(including convertible / capitalized loans, in EGP mn)

2008 **2009**



Citadel Capital's principal investments are weighted toward Engineering, Construction and Cement (29% of all Citadel Capital investments when convertible notes are included), Upstream Oil and Gas (21%), Energy Distribution (6%), Agriculture and Consumer Foods (5%), and Transportation and Logistics (5%).

Citadel Capital Principal Investments by Industry



Citadel Capital Principal Investments as at 31 December 2009

Platform Company	Industry	% CC Ownership	Invest. Cost (in EGP mn)
ASEC Holding	Engineering, Construction and Cement	49.8	668.2
ASEC Holding (Convertible)	Engineering, Construction and Cement	49.8	400.3
ASCOM Mining & Geology	Mining	44.6	168.9
Nile Logistics	Transportation and Logistics	25.0	114.8
Africa Railways	Transportation and Logistics	100.0	83.1
Gozour	Agriculture and Consumer Foods	20.0	186.4
Wafra	Agriculture and Consumer Foods	100	18.7
National Petroleum Company	Upstream Oil and Gas	14.9	323.2
National Petroleum Company (Convertible)	Upstream Oil and Gas	n/a	52.4
NOPC / Rally Energy Group	Heavy Oil	10.4	359.1
NOPC / Rally Energy Group (Convertible)	Heavy Oil	n/a	72.1
Nile Valley Petroleum	Upstream Oil and Gas	33.2	104.0
Egyptian Refining Company	Petroleum Refining	8.2	175.7
TAQA Arabia	Energy Distribution	34.4	212.4
Mashreq	Energy Distribution	27.3	34.0
GlassWorks	Glass Manufacturing	20.0	110.5
Finance Unlimited	Financial Services	100.0	161.5
Bonyan	Specialty Real Estate	30.7	71.5

Tawazon	Solid Waste Management	100.0	37.8
Tanweer	Media	100.0	148.2
United Foundries Company	Metallurgy	51.5	174.5
Grandview	Mid-Cap / Multisector	13.0	69.9
Funds and Others	Various	n/a	62.2
	Total Principal Investments		**3,809.3**
	Loans to Platforms		440.7
	Total Citadel Capital Investments		**4,250.0**

See *III. Business Activity* and the relevant *Investment Review* for additional detail on new and existing investments.

B) Portfolio Net Asset Value (PNAV)

Citadel Capital disseminates a total portfolio net asset value (TNAV) semi-annually at the first half and full-year marks that consists of i) the portfolio net asset value (PNAV) of its principal investments in the companies controlled by its Opportunity-Specific Funds and ii) an asset management value (AMV) that values the asset-management component of the business.

The net asset value of Citadel Capital's principal investments in its OSFs stood at US$ 1.2 billion (EGP 6.8 billion) as at 31 December 2009. This represents a rise of 10.87% from 30 September 2009. PNAV per share (PNAVPS) stood at US$ 1.89 (EGP 10.33) at year end against US$ 1.71 (EGP 9.41) at 9M09.

Investments held at cost accounted for 13% of Citadel Capital's PNAV at year-end 2009. Investments having a market value accounted for 45%, while investments held at fair value accounted for 38%. Impaired investments including NOPC / Rally Energy Group and the National Petroleum Company accounted for 4% of PNAV.

Portfolio Net Asset Value Comparison: 9M09 vs FY09
(all figures in EGP mn)

	Investment Value as of 9M09	Investment Value as of FY09
ASEC Holding	2,093	2,384
ASEC Holding (Convertible)	934	1,116
ASCOM Mining	330	236
Nile Logistics	150	150
Africa Railways	-	83
Gozour	423	423
Gozour Real Estate	264	264
Wafra	57	57
National Petroleum Company	125	140
National Petroleum Company (Convertible)	52	52

NOPC / Rally Energy Group	180	180
NOPC / Rally Energy Group (Convertible)	75	72
Nile Valley Petroleum	28	28
Egyptian Refining Company	148	141
TAQA Arabia	364	375
Mashreq Petroleum	38	38
GlassWorks	199	199
Finance Unlimited	308	308
Bonyan	191	245
Tawazon	-	38
Tanweer	148	148
United Foundries	212	222
Grandview	154	154
TOTAL	**6,472**	**7,052**
Cash and Other Assets	460.0	468.1
Due to CCP	(87.0)	(305.1)
Net Due to / from Platform Companies and Related Parties	150.9	432.8
Bank Debt	(826.6)	(807.9)
Total	**(302.7)**	**(212.1)**
Portfolio NAV (PNAV)	**6,169**	**6,840**
PNAV Per Share	**9.41**	**10.33**

Management notes that at the time of Citadel Capital's listing on the EGX, the firm published a 9M09 PNAV Table that carried ASEC Holding at fair value. In the FY09 update published here, ASEC Holding is carried at market value, reflecting a transaction that valued ASEC Holding at US$ 5.18 (EGP 28.50) per share (3.1x the investment multiple, as opposed to 2.3x as at 9M09). The ASEC Holding convertible note and United Foundries have both changed in value as a result of this same transaction. TAQA Arabia is also carried at market value in the wake of a small sale by a limited partner in 4Q09 that management does not believe adequately reflects TAQA Arabia's strong growth potential.

The change in ASCOM's valuation between 9M09 and FY09 was a function of both share price and the on-market sale by Citadel Capital of shares, while the appreciation in Bonyan's value reflects Citadel Capital having increased its ownership to 30% at year-end from 24% at 9M09.

New additions to the PNAV include Africa Railways (transportation and logistics) and Tawazon (solid waste management), both of which are Platform Companies that were formed in 4Q09. Management also notes that write-downs on NOPC / Rally and NPC remain unchanged despite promising increases in production at both investments (see *Investment Review*, below).

Please see *Annex 1* for a discussion of the methodology used in the calculation of PNAV and TNAV.

II. Asset Management Business

In addition to gains on the sale of its Principal Investments, Citadel Capital generates revenues from advisory fees on the total invested assets under management (drawn equity) it has under control as well as from a carried interest over a hard hurdle on capital gains it makes for the limited partners in its OSFs.

Citadel Capital's 19 OSFs recorded total assets under management (committed by Citadel Capital and limited partners) of US$ 3.7 billion at 31 December 2009, a rise of 4.4% from US$ 3.5 billion the previous year. AUM split as 20.3% committed from Citadel Capital as a principal investor and 79.7% from the limited partners in its OSFs.

Total invested assets under management (drawn equity) stood at EGP 16.0 billion (US$ 2.9 billion) at year end, representing a 9.5% increase over FY08. Third-party invested assets under management stood at US$ 2.1 billion, a 5.4% rise from US$ 2.0 billion the previous year. The balance represents Citadel Capital principal investments of US$ 757.2 million (EGP 4.2 billion). Third-party fee-earning assets under management stood at US$ 1.9 billion at year-end.

The firm earns a 1% advisory fee per annum on fee-earning assets under management, resulting in revenue of EGP 103.6 million in FY09, up 42.5% from EGP 72.7 million the previous year. Revenue from the carried interest was nil in 2009, as it was in 2008. Management notes that while Citadel Capital typically earns a carried interest of 20% on LP capital gains over a hard hurdle rate of 12% on most investments, some older investment vehicles have a carried interest of 15% over a hurdle of 15%.

Management also notes that an historical agreement structured in 2004 entitles anchor limited partners to 34.8% of the carried interest and advisory fees from Citadel Capital's Opportunity-Specific Funds. Management is presently in negotiations for Citadel Capital to buy back the right to these advisory fees.

Including equity that had been drawn into exited funds, Citadel Capital has raised a total of US$ 4.3 billion in equity since inception, a gain of 4.9% over the comparative figure at year-end 2008. Since inception, Citadel Capital has generated cash returns of US$ 2.5 billion to shareholders and limited partners on investments of US$ 650 million.

III. Total Net Asset Valuation (TNAV)

Citadel Capital disseminates semi-annually a total NAV (TNAV) that captures i) the portfolio net asset value (PNAV) of the firm's principal investments and ii) the present value of the Citadel Capital's carried interest in the capital gains of the limited partners in its funds, as well as of the advisory fees Citadel Capital earns. This is referred to as the asset management value (AMV). The AMV may be calculated based on carry and fees contributing one-third of Citadel Capital's gain on a model transaction, or as being one-half of PNAV.[7]

For the year ending 31 December 2009, the asset management value (AMV) as estimated by the firm's management stood at US$ 0.62 billion (EGP 3.4 billion). Asset management value per share (AMVPS) for the period stood at US$ 0.94 (EGP 5.17).

Accordingly, the total net asset value (TNAV) of Citadel Capital was US$ 1.9 billion (EGP 10.3 billion) for the year ending 31 December 2009. TNAVPS was US$ 2.83 (EGP 15.50).

The TNAV table follows (overleaf). Please see *Annex 1* for a detailed discussion of the methodologies used in its calculation.

[7] See Annex 1 for a detailed description of PNAV, AMV and TNAV methodologies, including an outline of the model transaction that factors into the calculation of the TNAV.

(EGP Million)

Citadel Capital Portfolio and Total Net Asset Value as of 31 December 2009

Platform Company		Pro-forma Investment Cost		Citadel Capital Portfolio and Total Net Asset Valuation					
		Investment Cost	Ownership	Method	Summary Valuation Asssumptions	Investment Value	Multiple	% Valuation	Value / Share
ASEC Holding	Engineering, Construction & Cement	772	49.8%	Market Value	Valuation based on transaction executed in December 2009	2,384	3.1x	34.8%	3.6
ASEC Holding (Convertible)	Engineering, Construction & Cement	278	49.8%	Fair Value	Conversion in 2014 at par, discounted @ 17% p.a.	1,116	4.0x	16.3%	1.7
ASCOM Mining & Geology	Mining	169	44.6%	Market Value	Stock price as of December 31st 2009	236	1.4x	3.5%	0.4
Nile Logistics	Transportation and Logistics	150	25.0%	Cost		150	1.0x	2.2%	0.2
Africa Railways	Transportation and Logistics	83	100.0%	Cost		83	1.0x	1.2%	0.1
Gozour	Agriculture and Consumer Foods	206	20.0%	Fair Value	10x 2014E earnings, discounted @ 20% p.a.	423	2.1x	6.2%	0.6
Gozour Real Estate*	Real Estate	76	20.0%	Fair Value	40 million square meters @ EGP 30 / sqm	264	3.5x	3.9%	0.4
Wafra	Agriculture and Consumer Foods	57	37.5%	Cost		57	1.0x	0.8%	0.1
National Petroleum Company	Upstream Oil & Gas	360	14.9%	Impaired	60% impairment on investment cost	140	0.4x	2.0%	0.2
NPC (Convertible)	Upstream Oil & Gas	52	N/A	Cost		52	1.0x	0.8%	0.1
NOPC / Rally Energy Group	Heavy Oil	359	10.4%	Impaired	50% impairment on investment cost	180	0.5x	2.6%	0.3
NOPC / Rally Energy Group (Cc	Heavy Oil	72	N/A	Cost		72	1.0x	1.1%	0.1
Nile Valley Petroleum	Upstream Oil & Gas	28	10.0%	Cost		28	1.0x	0.4%	0.0
Egyptian Refining Company	Petroleum Refining	141	8.2%	Cost		141	1.0x	2.1%	0.2
TAQA Arabia	Energy Distribution	208	34.4%	Market Value	Valuation based on transaction executed on 4 October 2009	375	1.8x	5.5%	0.6
Mashreq	Energy Distribution	38	27.3%	Cost		38	1.0x	0.6%	0.1
GlassWorks	Glass Manufacturing	139	20.0%	Fair Value	10x 2014E earnings, discounted @ 20% p.a.	199	1.4x	2.9%	0.3
Finance Unlimited	Financial Services	207	100.0%	Fair Value	Sum of the Parts of Sudanese Egyptian Bank and Pharos (Tanmeyah held at Cost)	308	1.5x	4.5%	0.5
Bonyan	Specialty Real Estate	148	30.7%	Fair Value	10x 2013E earnings, discounted @ 20% p.a.	245	1.7x	3.6%	0.4
Tawazon	Solid Waste Management	38	100.0%	Cost		38	1.0x	0.6%	0.1
Tanweer	Media	148	100.0%	Cost		148	1.0x	2.2%	0.2
United Foundries Company	Metallurgy	184	51.5%	Market Value	Valuation based on transaction executed in December 2009	222	1.2x	3.3%	0.3
Grandview	Mid-Cap / Multisector	70	13.0%	Fair Value	10x 2014E earnings, discounted @ 20% p.a.	154	2.2x	2.2%	0.2
Total Investments		**EGP 3,984**				**EGP 7,052**	**1.8x**	**103.1%**	**10.66**
Cash and Other Assets						468.1		6.8%	0.71
Due to CCP						(305.1)		-4.5%	(0.46)
Due from Platform Companies and Related Parties						536.7		7.8%	0.81
Due to Platform Companies and Related Parties						(103.9)		-1.5%	(0.16)
Bank Debt						(807.9)		-11.8%	(1.22)
Total						**(212.1)**		**-3.2%**	**(0.32)**
Porfolio Net Asset Valuation						**6,840**		**100%**	**10.33**
Asset Management Business		0.5x PNAV				3,420			5.17
Total Net Asset Valuation						**10,260**			**15.50**

* These calculation are pro-forma reflecting a number of transactions and adjustments currently taking place

IV. Financial Performance

Citadel Capital's revenues grew to US$ 79.2 million (EGP 438.9 million) in FY09, an increase of 59.7% from US$ 49.6 million (EGP 274.9 million) the previous year.

- Advisory fees stood at US$ 18.7 million (EGP 103.6 million), up 42.5 from US$ 13.1 million (EGP 72.7 million) in FY08 on the back of rising fee-earning assets under management.
- Gains on the sale of investments stood at US$ 48.9 million (EGP 271.4 million), up 37.4% from US$ 35.6 million (EGP 197.5 million) the previous year, largely as result of the firm's partial exit of ASEC Holding and United Foundries executed in 4Q09. Other activity included the on-market sale of some ASCOM Mining and Geology shares as well as the spin-off of Sphinx Private Equity Management to Pharos Holding (a Portfolio Company under the Finance Unlimited Platform Company).
- Revenue from carried interest in the capital gains of limited partners was nil in 2009 (as in 2008).
- Dividends from marketable securities totaled US$ 2.5 million (EGP 13.8 million) compared to zero in 2008.
- Other operating income of US$ 8.9 million (EGP 49.6 million) was recorded predominantly from a one-time pre-operating cost recovery on Wafra (Sudanese agriculture platform) to Citadel Capital as a risk premium.
- Net profit after tax stood at US$ 38.1 million (EGP 211.4 million) for FY09, an 806.7% rise from US$ 4.2 million (EGP 23.3 million) the previous year.
- Meanwhile, the sharp shift from a negative net interest figure of EGP 35.8 million (US$ 6.5 million) in FY08 to a positive figure of US$ 1.04 million (EGP 5.75 million) last year was a direct result of an increase in interest-bearing loans and convertibles to the firm's portfolio of companies. Management notes in this respect that Citadel Capital holds an EGP 400.3 million convertible note in ASEC Holding and two others in the upstream oil and gas platforms with a combined total of EGP 124.5 million.
- Notably, OPEX stood at EGP 171.9 million (US$ 31 million, representing 39% of FY09 revenues) as opposed to EGP 167.7 million the previous year (US$ 30 million, or 61% of revenues). The increase in OPEX primarily stems from non-recurring expenses related to the firm's listing on the EGX and advertising related to the same. OPEX is broken down as follows**:**

OPERATING EXPENSES (Full Year, in EGP Mn)	2008	2009
Salaries and Travel	88.4	95.4
Consultancy Fees and Adv for Listing	58.2	62.1
Other	19.9	14.2
Total	166.5	171.7

The non-recurring operating expenses noted above are included in the total OPEX figure of EGP 171.7 million for FY09 and break down as follows:

OPERATING EXPENSES (NON-RECURRING EXPENSES) (Full Year, in EGP Mn)	2008	2009
IPO (Listing)	6.3	19.4
Impairment	17.9	18.4
T.V. ads	1.7	11.6
Debt related costs	27.5	-
Total	**53.5**	**49.3**

The total debt of Citadel Capital (as distinct from that of its Platform Companies) stood at EGP 807.8 million as at 31 December 2009 with a debt-to-equity ratio of 23%. Debt is primarily in the form of a four-year dollar bullet loan. In this respect, management again notes that Citadel Capital does not guarantee any debt at the Platform Company level.

Loans to sister companies, totaling EGP 441 million in FY09, are interest-bearing loans extended to Platform Companies that should either be repaid at maturity or capitalized.

Citadel Capital carried out capital increases in early FY09 bringing its paid-in capital to EGP 3.3 billion at year end, up from EGP 2.75 billion at the end of FY08.

V. Summary Financials

Income Statement

EGP million	2008	2009
Advisory fee	72.7	103.7
Carry		
Gain from sale of investments	197.5	272.5
Dividends income	4.7	13.8
Other income		48.9
Total Revenues	**274.9**	**438.9**
OPEX	(166.7)	(171.9)
Management earn out[8]	(2.6)	(23.5)
Forex & Others	(40.6)	(30.3)
EBITDA	**65.1**	**213.2**
Depreciation	(7.5)	(8.7)
EBIT	**57.5**	**204.5**
Net interest	(35.9)	5.8
Profit Before Taxes	**21.7**	**210.3**
Deferred Tax	1.6	1.1
Profit After Taxes	**23.3**	**211.4**

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

BALANCE SHEET

EGP million	2008	2009
Fixed assets (net)	78.7	83.9
Investments[9]	2,887.7	3,284.4
Convertibles	55.9	524.8
Total Non Current Assets	**3,022.3**	**3,893.9**
Due from Related Parties & Other Debit Balances	209.5	187.9
Loans to Platform Companies	477.3	440.7
Cash & cash equivalent	125.7	248.4
Total Current Assets	**812.5**	**877.1**
Total Assets	**3,834.8**	**4,770.9**
Paid-in Capital	2,750.0	3,308.1
Reserves	74.3	62.1
Retained Earning	614.2	22.2
Current Year Profit	23.3	211.4
Dividends Distribution	(614.2)	
Total Equity	**2,847.6**	**3,603.8**
LT Borrowing	814.6	807.9
Others	0.4	
Total Non-current Liabilities	**815.0**	**807.9**
ST Borrowing		
Due to CCP	138.0	305.1
Accrued, provision & other liabilities	34.2	54.2
Total Current Liabilities	**172.2**	**359.4**
Total Equity & Liabilities	**3,834.8**	**4,770.9**

[9] Citadel Capital's investments are recorded in its FY09 stand-alone financial statements under the following line items: Available-for-sale investments (EGP 30.69 million), Investments in Associates (EGP 2.35 billion), Payment Under Investments (EGP 1.03 billion), and Long-Term Debt Receivable (EGP 400.3 million). This results in total investments of EGP 3.8 billion (investments + convertibles).

VI. Business Activity in FY09

A cautious pace-out of investments in the first half of 2009 came as the firm continued to refrain from significant new acquisitions amid fallout from the global economic crisis. Instead, Citadel Capital had focused since August 2007 on nurturing its existing Platform Companies. This strategy was rewarded by median average sales growth of 23% and EBITDA growth of 25% in the year ending 31 December 2009 at Citadel Capital's five mature Platform Companies, which include TAQA Arabia (gas distribution), ASCOM Mining and Geology (mining), NOPC / Rally Energy (Heavy Oil), ASEC Holding (construction, engineering and cement) and Gozour (agriculture and consumer foods).

a) Investments

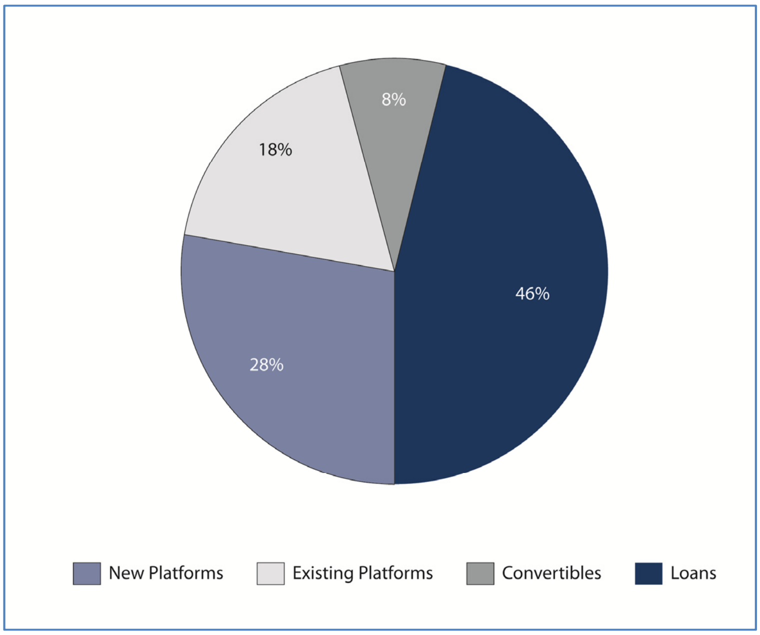
With existing investments on track, the pace of new investments accelerated in 4Q09 as management executed its strategy of incrementally building-out platforms, thereby locking in future returns with lower up-front capital commitments and lower risks to both the firm and LPs.

Citadel Capital made new investments of US$ 151.0 million (EGP 830.0 million) in FY09, broken down as 28% to new platforms, 18% in existing platforms, 8% in additional investments in existing oil and gas convertibles and 46% in interest-bearing loans to Platform Companies in the amount of EGP 391.7 million (US$ 71.2 million). New platform investments included:

- Citadel Capital is targeting committed equity of US$ 40 million for the creation of Tawazon, its eighteenth Platform Company, beginning with the acquisition of ECARU (agricultural and municipal solid waste management) and ENTAG (turn-key solid waste engineering company) in November 2009. The firm will target an 25% ownership as a principal investor. Citadel Capital's principal investment in Tawazon stood at EGP 37.8 million (4.4% of new investments) at year-end.
- The firm is targeting committed equity of US$ 70 million for the creation of Africa Railway, a new transportation and logistics platform and will target an ownership stake of 25% as a principal investor. Work began with the acquisition of 49% of Sheltam Railways, the largest single shareholder in Rift Valley Railways of Kenya and Uganda. Citadel Capital has targeted a 100% stake in Sheltam. The firm's principal investment in Africa Railways stood at EGP 83.1 million (9.7% of new investments) at year-end.
- Citadel Capital is targeting committed equity of US$ 40 million to build Wafra (with Citadel Capital targeting a 49% ownership stake as a principal investor), a Sudanese agriculture platform with total land under control of more than 500,000 feddans in both North and South Sudan. Wafra now includes Portfolio Companies Sabina and SEAC. Citadel Capital's principal equity investment stood at EGP 18.7 million (2.25% of new investments), but is valued at EGP 57 million including dues to Citadel Capital from Wafra.

Separate from its investments in new platform companies, Citadel Capital made follow-on investments in existing platforms including ASEC Holding, Nile Valley Petroleum (NVPL), and Mashreq Petroleum.

Breakdown of New Citadel Capital Investments in FY09
(including interest-bearing loans, as at year-end)



b) Exits

Management was clearly biased in 2009 toward acquiring businesses at the same attractive valuations that spoke against significant exits of any major Platform Company. Citadel Capital recorded EGP 271.4 million (US$ 48.9 million) in gains from the sale of some of its principal investments in FY09, a 37.4% rise over EGP 197.5 million (US$ 35.6 million) the previous year.

Sales included a partial exit of 6% of ASEC Holding and United Foundries, on-market sales of ASCOM shares and the spin-off of Sphinx Private Equity Management to Pharos Capital, a Portfolio Company of Citadel Capital's Finance Unlimited Platform Company. A breakdown of gains appears below.

In the case of ASEC Holding, the sale of a 6% stake in each to Emirates International Investment Company (EIIC), a leading regional investor based in Abu Dhabi (who is also a shareholder in Citadel Capital with board representation), reduced Citadel Capital's shareholding to 49% from 55%. This will allow the firm to treat ASEC Holding as an associate, and not a subsidiary, going forward. This is part of the firm's policy of not consolidating any of its Platform Companies.

Since inception, Citadel Capital has generated cash returns of US$ 2.5 billion to shareholders and limited partners on investments of US$ 650 million.

c) Other Activities

Despite the spillover of the global economic crisis into Citadel Capital's Middle East and Africa footprint, the firm made substantial progress on new fundraising in 2009, including some activity not captured in our analysis of assets under management and invested assets under management. Notably, management completed a dry close in October 2009 of the new MENA Joint Investment Fund with the International Finance Corporation (IFC) and the European Investment Bank (EIB). Working with development finance institutions, the firm is also proceeding toward a first close of its new Africa Joint Investment Fund.

Citadel Capital is targeting a combined initial close of US$ 150 million for both funds. The sister funds are intended to allow Citadel Capital to further expand its investor base and will match Citadel Capital's principal investments on a 2:1 basis in every transaction into which Citadel Capital enters from the closing of the funds onward.

In April 2009, Sphinx Private Equity Management (a subsidiary of Citadel Capital that has since been spun off to Pharos Holding, a Portfolio Company under Finance Unlimited) held first close on its US$ 100 million Sphinx Turnaround Fund, which will target distressed small and medium enterprises in Egypt. The EIB and IFC each invested US$ 17 million, while Citadel Capital sponsored the fund with a US$ 10 million investment. The Geneva-based Swiss Investment Fund for Emerging Markets has committed a further US$ 7.5 million.

Throughout 2009, the firm engaged in negotiations with development finance institutions and export credit agencies to finalize the debt package for the Egyptian Refining Company (ERC). The US$ 2.25 billion debt facility is expected to close in 2Q10.

Over the course of 2009, management expanded the headcount at Citadel Capital by 18 investment professionals, a development driven in part by the need for increased reporting and communication after listing on the Egyptian Exchange in December 2009. The professional staff now stands at 66, including 38 investment professionals, a figure management expects to rise in the coming years with the staffing of its new East African office in Nairobi, Kenya.

OUTLOOK

We are optimistic. Cautiously optimistic. To begin with, I note that our held-at-cost investments are all on the right track: NOPC / Rally Energy (on which we took a 50% impairment) is looking very promising. The Egyptian Refining company (which is held at cost) appears to be on track for 1H10 financial close. Wafra, our Sudanese agriculture deal (which is also held at cost) has all the ingredients of becoming a fast-growing company. Africa Railways, our deal in the East African transportation and logistics sector, is extremely exciting. Finally, Tanmeyah, our 18-month-old microfinance venture, has an unparalleled management team with 52 branches, a loan portfolio that is already more than EGP 50 million, and a 30-day loan provision of less than 1%.

Second, the coming two years present unparalleled opportunities for the following reasons:

- Secular trends in the Middle East and Africa (MEA) continue to develop, including:
  a) Energy earnings flowing into the Gulf Cooperation Council (GCC) countries and around the region, estimated at US$ 450 billion in 2009;
  b) Strong sovereign fiscal positions based on historic and projected earnings continue to support the substantial economic diversification and infrastructure spending programs announced by many regional governments;
  c) Government legislative and fiscal support for private sector development remains strong;
  d) The region's banking system, with a handful of exceptions, remains robust with strong underlying systems and an average loan-to-deposit ratio of approximately 65%;
  e) The essentially un-leveraged consumer class across the region stands at more than 320 million people — and growing; and
  f) Energy-intensive industries continue to shift from southern Europe to North Africa despite Europe's slow recovery from the global financial crisis.
- The outlook for commodity plays in MEA continues to be favorable, whether we are discussing oil and mining or soft commodities. We expect the coming period to witness stable, if not increasing, prices.
- Many regional governments have stretched balance sheets, a development that creates new room for the private sector.
- An under-developed private sector in many geographies leaves significant room for a limited number of private equity players such as ourselves.
- A large number of distressed sellers are disposing of good assets at reasonable prices. A large number of distressed assets are now in the market, allowing us to capitalize on our strength in distressed investing.

So why are we cautious, then? The fundraising environment is not ideal because risk appetite has yet to recover. In addition, the need to conserve cashflow from own balance sheet to meet unforeseen obligations is causing us to restrain ourselves, leading to the question of why we do not increase our own capital. At this point, raising our capital would be highly dilutive for Citadel Capital and we do not intend to pursue that route until we see significant increases in the share price and market value of the company.

Ahmed Heikal, Chairman and Founder

Investment Review[10]

ASEC HOLDING (NDT)

ASEC Holding (ASEC) is a leading regional cement, engineering and construction group with operations in the Middle East and Africa. With 32 years of experience, ASEC's portfolio of services includes plant engineering, technical management, automation and construction. Portfolio Company ASEC Cement is emerging as a leading regional cement production group that will control 13 million tons of cement per annum by 2013 in five countries spanning from Algeria to Iraq-Kurdistan.

Industry: Engineering, Construction and Cement	**Investment Date:** December 2004
Investment Type: Distressed and Greenfield	**Citadel Capital Ownership:** 49.8%

• United Foundries was spun-off from the group, becoming a stand-alone Platform Company in its own right.

• Citadel Capital sold 6% of ASEC Holding to Emirates International Investment Company (EIIC) for EGP 276.6 million, implying a share price of EGP 28.52. As a result of this transaction, Citadel Capital's ownership dropped below 50%. Going forward, Citadel Capital will not consolidate ASEC Holding's financial results.

• ASEC Holding engaged a new management team at Portfolio Company ARESCO to drive growth and profitability. The new team was hired over the course of the year to cover all key functions from Managing Director to directors of projects, procurement, engineering, and business development and Chief Financial Officer.

• While ASEC Holding's construction business has previously focused on services to the cement industry, Portfolio Companies are now targeting new industries including power as well as oil and gas. The group is also focusing on regional expansion to capture significant MENA investment in construction and civil works.

• ASEC Cement made substantial progress in 2009 toward its goal of controlling 13 million tons of cement production capacity per annum by 2013. ASEC Cement secured new investment from the IFC for its greenfield cement plant in Algeria, continued upgrading work at its existing production facility in Algeria, and will start commissioning at Al-Takamol, its greenfield plant in Sudan, in the first half of 2010.

• ASEC Cement also expects operations at its Egyptian readymix division to begin in the first half of 2010.

[10] Information about Citadel Capital's 19 Platform Investments may be found at www.citadelcapital.com.

ASCOM GEOLOGY AND MINING

A regional mining, quarrying and mining services company, ASCOM specializes in the management of quarry operations for the cement industry as well as the exploration of precious minerals. The company now has mining and service operations spanning from Egypt to Ethiopia, Syria, the United Arab Emirates, Algeria and Sudan. ASCOM provides mining services and raw material supplies to more than 65% of the Egyptian cement industry.

Industry: Mining	**Investment Date:** December 2004 (Spun-off December 2006)
Investment Type: Consolidation and Greenfield	**Citadel Capital Ownership:** 44.6%

• Over 2009, ASCOM has focused on expanding its quarry business in Egypt and starting its operations in Sudan. The company secured renewal for all contracts as well as the acquisition of a number of new contracts. This has resulted in an increase of almost 100% in profits from this segment.

• ASCOM's aggregates mining operations faced challenges in the UAE and Algeria last year. There are signs of slow recovery a new trend of consolidation of mining companies in a traditionally fragmented industry. ASCOM agreed at the end of 2009 to increase its holding in ASCOM UAE to 69% from 49%.

• ASCOM's first manufacturing plant, the Minya Calcium Carbonate plant, was commissioned in 2009. With new management on board in this ASCOM subsidiary led by Paul Woodward as CEO, the company is focusing on penetrating strategic export markets and has secured a number of strong commercial agreements for its products.

• ASCOM established ASCOM Precious Metals Mining (APM) to consolidate all exploration operations under one entity headed by Kenneth Crichton as CEO. APM is following on exploration projects in Ethiopia and pursuing new exploration rights in Sudan. In October 2009, APM acquired a strategic 9% stake in GMA Resources, a UK-listed gold exploration and production company that owns 52% of a promising exploration and production operation in Southern Algeria.

• ASCOM's consolidated results have dropped from 2008 despite a remarkable achievement in the quarry management sector, largely as a result of a slow start at the Calcium Carbonate plant and quarry management operations in Sudan.

NILE LOGISTICS (FORMERLY NRTC / NRPMC / KEER MARINE)

Nile Logistics is Citadel Capital's Platform Company in the regional logistics, river transport and port management sector. Nile Logistics encompasses three Portfolio Companies: Nile Cargo (previously known as the National River Transportation Company); the National River Port Management Company (NRPMC); and Keer Marine.

Industry: Transportation and logistics	**Investment Date:** September 2006
Investment Type: Greenfield	**Citadel Capital Ownership:** 25.0%

• At year's end, both NRPMC and Nile Cargo had adopted more south-facing strategies. NRPMC has moved from a three-port approach to a strategy that will emphasize smaller ports in a larger, nationwide network stretching into Upper Egypt. Nile Cargo is similarly targeting higher volumes and routes into the south of Egypt.

• In July 2009, Nile Logistics acquired 51% of Sudanese river transport company Keer Marine. Included in the purchase price were 21 multipurpose river barges and pushers and two strategic plots of land in Kosti, 300 kilometers south of Khartoum, that are being developed into ports with storage facilities.

• Nile Cargo completed the refurbishment of its 50-meter barge fleet. All 31 barges are licensed and operating, while construction of its custom-designed fleet of river barges continues.

• NRPMC completed construction of Tanash Port (North Cairo) with initial capacity of 1 million tons and 35,000 TEUs. The official opening is scheduled for 1Q10, and capacity will expand to 2 million tons and 110,000 TEUs. NRPMC has also received final approvals / completed licensing of Tebbin and Alex ports

• River Valley–Keer Marine completed the construction of its 21 barges and pushers and started operations in August 2009. The company has finalized a renewable contract to transport approximately 25% of the UN World Food Programme's needs (approx. 56,000 tons p.a.) between Kosti, Bor, Malakal and Juba.

AFRICA RAILWAYS

Africa Railways is a Platform Company in the transportation and logistics industry that owns an indirect stake in Rift Valley Railways (RVRI) of Kenya-Uganda. RVRI has a 25-year concession to operate a century-old rail line with some 2,000 kilometers of track linking the Indian Ocean port of Mombasa in Kenya with the interiors of both Kenya and Uganda, including Kampala.

Industry: Transportation and Logistics	**Investment Date:** November 2009
Investment Type: Consolidation	**Citadel Capital Ownership:** 100%
	Targeted Citadel Capital Ownership: 23.1%

• Africa Railways has acquired a 49% stake in Sheltam Railways Company, the largest single shareholder and lead investor in Rift Valley Railways of Kenya and Uganda. Sheltam owns 35% of Rift Valley Railways (RVRI), giving Africa Railways an indirect ownership of 17.5% of RVRI. The firm will look to inject more than US$ 150 million in Kenya Uganda Railways over the coming five years. Africa Railways is in negotiations to acquire 100% of Sheltam; Citadel Capital's targeted ownership of Africa Railway is 23.1%.

GOZOUR

Gozour is a regional multi-category integrated agri-foods platform. The group includes three primary lines of business: agriculture, dairy, and dry consumer foods. Gozour Portfolio Companies include Dina Farms, Rashidi El-Mizan, El-Misriyeen, El-Aguizy International and Mom's Foods in Egypt as well as confectioner Al-Musharraf in Sudan.

Industry: Agriculture and consumer foods	**Investment Date:** September 2007
Investment Type: Consolidation	**Citadel Capital Ownership:** 20.0%

• Gozour announced in June 2009 that it had acquired the Nile Company for Food Products (Enjoy), Egypt's second-largest brand of dairy and juice products. Neither party specified a selling price.

• In July 2009, Gozour Portfolio Company Rashidi El-Mizan announced it had begun production at the Middle East and Africa's most advanced jam and tomato paste factory. The EGP 30 million facility feeds a distribution network that reaches 91% of Egypt's consumer market and exports to 34 countries. The jam brand was the subject of a successful Ramadan advertising campaign.

• Gozour announced in November 2009 that it had made its first cross-border acquisition with an agreement to take a 75% stake in Al-Musharraf, Sudan's leading producer of halawa, biscuits and flour, for an enterprise value of US$ 19 million.

WAFRA

Wafra is Citadel Capital's Platform Company for agricultural production in Sudan. Wafra includes the rights to more than 500,000 feddans of land through investments held under Portfolio Companies Sabina (254,000 feddans in northern Sudan) and Sudanese Egyptian Agricultural Crops Company (SEAC, 250,000 feddans in southern Sudan).

Industry: Agriculture and consumer foods	**Investment Date:** September 2007
Investment Type: Consolidation	**Citadel Capital Ownership:** 37.5%
	Targeted Citadel Capital Ownership: 49%

• SEAC was formed in early 2009 and contracted for 250,000 feddans of land in southern Sudan. Citadel Capital engaged industry expert Peter Schuurs, who had previously served in both Botswana and Sudan, to lead SEAC.

• Sabina's head count rose from zero to 37 by year's end with the appointment of Managing Director John Elgin (an Australian national with 20 years of experience) as well as an experienced chief financial officer, chief operations manager and field development manager, among other new hires.

• By year end, Sabina had 32,000 feddans of land under cultivation and had taken delivery of a significant amount of equipment. SEAC has completed detailed technical, financial and marketing assessments and is now in the procurement phase, with on-site development activities scheduled to begin in early 2010 with a view to having a significant area of land ready for seeding at the onset of the rainy season in mid-2010.

NATIONAL PETROLEUM COMPANY (NPC)

The National Petroleum Company (NPC) is an upstream oil and gas exploration and production company with a MENA footprint. In 2006, NPC acquired 100% of Petzed, which controls the productive Shukheir marine concession of Gamma and Shukheir Bay fields. Petzed has three more concessions in the Gulf of Suez, including South Abou Zeneima, East Kheir and Ezz El-Orban Offshore. It also holds the North Maghara concession in northern Sinai. NPC also holds shares in NVPL (which owns participating interests in three exploration blocks in Sudan) and in NOPC (which has a heavy oil asset in Egypt and a gas field in Pakistan).

Industry: Upstream Oil & Gas	**Investment Date:** December 2005
Investment Type: Consolidation	**Citadel Capital Ownership:** 14.9%

• Production from the Shukheir Bay-5 sidetrack well, in the Shukheir Bay Field of the Shuhkeir Marine Gulf of Suez concession, increased from 60 to 1,600 barrels of oil per day (BOPD) from the Lower Rudeis sandstone. The announcement, made in December 2009, raised total production at NPC to 1,908 BOPD.

• As of 1 March 2010, NOPC / Rally Energy CEO Mohamed Farid has assumed duties as CEO of NPC.

NOPC / RALLY ENERGY GROUP

The National Oil Production Company (NOPC) is a Cairo-based upstream oil and gas exploration and production company. In 2007, NOPC acquired 100% of Canada's Calgary-based Rally Energy, which has a 100% operating interest in the Issaran oil field, a significant heavy oil development opportunity in Egypt. Rally also holds a 30% stake in the Safed Koh block in Pakistan, where it is participating in the development of a natural gas discovery. NOPC is a Citadel Capital platform company with paid-up capital of US$ 626 million.

Industry: Heavy Oil	**Investment Date:** September 2007
Investment Type: Consolidation	**Citadel Capital Ownership:** 10.4%

• A number of interventions made in 2H09 have helped raise total production by 55% between December 2009 and February 2010. As of late February, total working interest production across both the Egyptian and Pakistani assets had risen to 5,200 barrels of oil equivalent per day.

EGYPTIAN REFINING COMPANY (ERC)

The Egyptian Refining Company (ERC) is building a state-of-the-art US$ 3 billion greenfield second-stage oil refinery in the Greater Cairo Area, which will produce over 4 million tons of refined products when completed, including 2.3 million tons of EURO V diesel, the cleanest fuel of its type in the world.

Industry: Petroleum Refining	**Investment Date:** June 2007
Investment Type: Greenfield	**Citadel Capital Ownership:** 8.2%

• Having obtained all regulatory and environmental approvals and signed a lump-sum turnkey contract with GS Engineering & Construction / Mitsui & Co., Citadel Capital engaged throughout 2009 in negotiations with export credit agencies and development finance institutions for a US$ 2.25 billion financing facility.

TAQA ARABIA

TAQA Arabia is the parent company of a full-service Middle East energy distribution group with a focus on gas and electricity distribution as well as the storage and distribution of refined products.

Industry: Energy Distribution	**Investment Date:** June 2006
Investment Type: Industry Roll-Up	**Citadel Capital Ownership:** 34.4%

• TAQA Arabia unveiled in June 2009 its plans to launch a new chain of retail petrol filling stations under the TAQA Arabia brand name. With first stations launched in 2009 in Beheira, Assiut, Sharkeya, Kafr El-Sheikh and Ismaliyya, the company plans to roll out a network of 45 points of presence over a five-year period. TAQA Arabia is the exclusive distributor for Castrol products in Egypt.

• TAQA Arabia and ASEC Cement, in partnership with the Sudanese Pension Fund, established Berber for Electrical Power in 4Q09. The company will build and operate a captive 42 MW power plant to provide all of the electricity needs for Al-Takamol, ASEC

Cement's 1.6 million ton per annum greenfield cement plant in Sudan, under a 20-year off-take agreement.

MASHREQ PETROLEUM

Mashreq, a spin-off of TAQA Arabia, is a Citadel Capital Platform Company now laying the groundwork for a unique petroleum products bunkering and storage facility in East Port Said Port that will capitalize on the high volume of global shipping that passes each year through the Suez Canal. Mashreq will be the only terminal of its kind in the Eastern Mediterranean.

Industry: Energy Distribution	**Investment Date:** March 2007
Investment Type: Greenfield	**Citadel Capital Ownership:** 27.3%

• The spin-off of Mashreq Petroleum from TAQA Arabia was completed in July 2009. Mashreq holds a lease on a 210,000-square-meter plot of land in East Port Said near the entrance to the Suez Canal. The company announced at the time that dredging, shore protection and site leveling are complete, in addition to engineering and design of the tank farm, layout and marine engineering.

GLASSWORKS

GlassWorks is platform for glass investments in the Middle East and Africa. GlassWorks currently owns a 35% stake in Misr Glass Manufacturing S.A.E. (MGM), a leading manufacturer and exporter of glass containers in the Middle East and North Africa, and 51% of Sphinx Glass, a state-of-the-art, EGP 1.1-billion (US$ 200 million) greenfield float glass plant in Egypt.

Industry: Glass manufacturing	**Investment Date:** September 2007
Investment Type: Roll-up and greenfield	**Citadel Capital Ownership:** 20.0%

• Minor restructuring took place in 2009 to bring the corporate structure in line with Citadel Capital's single-platform investment structure via the formation of GlassWorks SAE, which has direct ownership of Sphinx Glass Ltd and Misr Glass Manufacturing SAE.

• As Sphinx Glass proceeded with final mechanical work on its state-of-the-art, EGP 1.1 billion, 198,000 ton-per-annum float glass facility in Sadat City, management moved to engage new commercial and human resources directors. US-based technology provider PPG Industries has approved the mechanical completion of the plant, and commissioning is scheduled to begin in 1Q10.

• Misr Glass Manufacturing has approved a timeline for the construction of the United Glass Company container-glass facility, which will add 110,000 tons per annum of additional capacity. The first phase of the project is expected to be commissioned in 2011, with the second phase to follow in 2012.

FINANCE UNLIMITED

Finance Unlimited is a Platform Company for Citadel Capital's investments in the regional financial services industry with exposure to the microfinance, banking and investment banking sectors.

Industry: Financial Services	**Investment Date:** September 2006
Investment Type: Greenfield	**Citadel Capital Ownership:** 100%

• Sphinx Private Equity Management held a successful first close in April 2009 of the Sphinx Turnaround Fund (STF) with investments from fund sponsor Citadel Capital as well as anchor investors IFC, EIB and SIFEM.

• Citadel Capital spun-off Sphinx Private Equity Management to Pharos Holding, another Portfolio Company under Finance Unlimited.

• Greenfield microcredit lender Tanmeyah opened in July 2009 with a 15-branch network. By year end, that network had grown to 48 branches as more than 200 employees covering seven Egyptian governorates grew a US$ 9.1 million loan portfolio covering 32,000 clients.

• Pharos Asset Management launched the Pharos Fund I equities fund in July 2009.

• A new Managing Director for the Sudanese Egyptian Bank (SEB) was engaged in 4Q09.

BONYAN FOR REAL ESTATE AND DEVELOPMENT

Bonyan is a specialty real estate developer operating in Egypt and the wider MENA region. In Egypt, Bonyan is building two state-of-the-art commercial real estate projects, namely design, furniture and home accessories malls under its Designopolis brand.

Industry: Specialty Real Estate	**Investment Date:** August 2007
Investment Type: Greenfield	**Citadel Capital Ownership:** 30.7%

• Bonyan announced in June 2009 that it had completed construction on phases 1 and 2 of its Designopolis furnishings, design and home accessories mall in Sixth of October City. Construction was completed on schedule in less than 18 months. The first and second phases are fully leased by major international and national tenants.

• In 2H09, Bonyan announced it was nearing completion of a debt facility to fund the completion of work on Designopolis, which is on track for a spring 2010 opening.

TAWAZON

Tawazon is Citadel Capital's Platform Company for investment in the regional solid waste management industry. The sector is rapidly developing throughout the region with a limited number of large companies and often inefficient and incomplete operations translating into significant pockets of unserved demand.

Industry: Solid Waste Management	**Investment Date:** November 2009
Investment Type: Consolidation	**Citadel Capital Ownership:** 100%
	Targeted Citadel Capital Ownership: 25%

• In November 2009, Citadel Capital announced it had acquired ECARU (a leading agricultural and municipal solid waste management firm) and ENTAG (which provides turn-key solid waste management solutions) as the nucleus of its eighteenth Platform Company under its ECO-LOGOIC Opportunity-Specific Fund. The Platform Company was subsequently named Tawazon. The firm announced that it planned to grow the business as a majority shareholder alongside the existing shareholders and management team through a series of cash injections in 2009 and 2010.

TANWEER

Tanweer is Citadel Capital's investment vehicle in the media and retail sector. It owns a number of investments in leading regional companies, namely the publishing house Dar El-Sherouk, book retailer Diwan and Al-Mal newspaper.

Industry: Media and Retail	**Investment Date:** April 2007
Investment Type: Consolidation	**Citadel Capital Ownership:** 100%

• Dar El-Sherouk launched *El-Sherouk El-Gedeed*, a new national daily newspaper, on 1 February 2009 with a full staff that includes prominent journalists and a full commercial department team.

• Sherouk Bookstores added four new retail points of presence in 2009, growing its network to nine stores, while Diwan Bookstores opened six new outlets in the year just past, growing its network to 12 bookstores.

UNITED FOUNDRIES (UCF)

United Foundries (UCF) is Citadel Capital's Platform Company in the metallurgy and foundry sectors with a production capacity of 30,000 tons of molted metal per year. Originally a part of ASEC Holding (NDT), United was spun off as its own entity at the end of 2008 and includes Portfolio Company assets Amreya Metal Company (91% stake) and Alexandria Automotive Casting (100%). United is a specialist in the manufacture of grinding media and castings for a full range of industrial applications.

Industry: Metallurgy	**Investment Date:** Spun off from ASEC Holding in December 2008
Investment Type: Consolidation	**Citadel Capital Ownership:** 51.5%

• The spin-off of United Foundries from ASEC Holding took effect in 1Q09.

• Citadel Capital sold 6% of United Foundries to Emirates International Investment Company (EIIC) for US$ 4.7 million.

ANNEX 1: VALUING CITADEL CAPITAL

Citadel Capital disseminates semi-annually (in 1H and) a total NAV (TNAV) that captures i) the portfolio net asset value (PNAV) of the firm's principal investments and ii) the present value of the Citadel Capital's carried interest in the capital gains of the limited partners in its funds, as well as of the advisory fees Citadel Capital earns.

Citadel Capital's Value Per Share (TNAV) (EGP 15.50) = PNAVPS of Citadel Capital Principal Investments (EGP 10.33) + Asset Management Value Per Share (AMVPS) (EGP 5.17)

A) Portfolio Net Asset Value

For the purposes of the PNAV calculation, management divides Citadel Capital's principal investments into four categories:

1. **Investments Held at Cost (13% of PNAV)**
   These are investments that are not yet operational or are at a very early stage of development and which are accordingly held at cost. Examples include Nile Logistics, the Egyptian Refining Company (ERC), Wafra, Mashreq Petroleum, and Nile Valley Petroleum. While some of these investments have already begun operations (notably Nile Logistics, which is serving contracts from an evolving network of ports using refurbished barges while it builds out a custom-designed fleet), the firm has opted to hold them at cost in the interest of being conservative.

2. **Investments Having a Market Value (45% of PNAV)**
   These include investments that are listed on the Egyptian Exchange (EGX), such as ASCOM, for which the NAV uses the closing share price on the date at which the NAV is calculated. This category also includes investments on which there has been a transaction in the previous six months, but which are not listed. Examples of this latter category include TAQA Arabia and ASEC Holding.

3. **Investments at Fair Value (38% of PNAV)**
   Those are investments which are in a mature stage of development and which have fully funded business plans. Examples include Gozour, GlassWorks, United Foundries, Bonyan and Grandview. Management has calculated an NAV for these investments using the following assumptions:
   a- Applying a 10x multiple to 2014 earnings for all investments (10x being an average of the industry averages)
   b- Discounting the resultant figure by 20% annually.

The fair value method uses the current business plans of the underlying companies and does not incorporate any future enhancements of those plans that might result in great improvements in Platform Company profitability.

4. **Impaired Investments (4% of PNAV)**
Citadel Capital has run an impairment on two upstream oil and gas investments, namely the National Oil Production Company (NOPC / Rally Energy Group) and the National Petroleum Company (NPC) as a result of delays in the expected performance of the underlying assets. Management notes that these impairments remain unchanged from the 9M09 NAV to the FY09 NAV despite notable increases in production at both investments. Citadel Capital management will continue to monitor the progress of the assets over the course of 2010 with a view to reviewing this impairment at the half-year mark, this the NAV will next be updated.

B) Asset Management Business
Citadel Capital believes that the PNAV reflects only the firm's principal investments in its Platform Companies and does not capture its value as an asset manager, where Citadel Capital records income from a carried interest in its limited partners' capital gains as well as from advisory fees.

Accordingly, management calculates an asset management value (AMV) that values the asset management business as equivalent to one-half of the total value of Citadel Capital's principal investments as reflected in the portfolio net asset value (PNAV, above).

Accordingly, the total net asset value (TNAV) of Citadel Capital is calculated as the sum of PNAV and AMV.

The AMV captures the value of both advisory fees and, in particular, the carried interest using a model Citadel Capital transaction with a four-year investment horizon, a total equity investment of US$ 100 million (split as 20% Citadel Capital and 80% limited partners), an a gross equity IRR of 35%. Other assumptions include a carried interest of 20% over a 12% hard hurdle and a 1% annual advisory fee.

In this model, the asset management business contributes approximately one-third of Citadel Capital's total gain. (See next page for Model Transaction.)

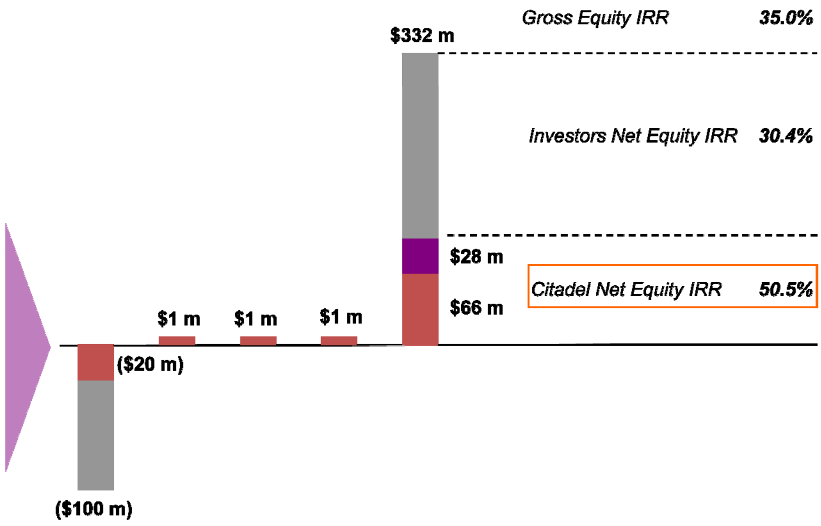
An alternative approach yielding the same results is to discount at 20% per annum the expected carried interest and advisory fees to be earned by Citadel Capital over the coming five years, assuming the following:
1) A target gross IRR of 35%;
2) Third Party fee-earning AUM increasing by US$ 1 billion during 2010 as committed capital is drawn and transactions in the pipeline are executed;
3) Subtracting the impact of an historical agreement structured in 2004 that entitles anchor limited partners to 34.8% of the carried interest and advisory fees from Citadel

Capital's Opportunity-Specific Funds. Management is presently in negotiations for Citadel Capital to buy back the right to these asset management fees.

Model Transaction: Impact of Fees and Carry on Citadel Capital Investments

Constants	
Citadel Capital Ownership	20%
Hurdle Rate	12%
Carried Interest	20%
Annual Advisory Fee	1%

Assumptions	
Total Equity Invested	US$ 100 m
Investment Horizon	4 Years
Gross Equity IRR	35%



About Citadel Capital S.A.E.

Citadel Capital (CCAP.CA on the Egyptian Stock Exchange) is the leading private equity in the Middle East and Africa. Citadel Capital focuses on building regional platforms in select industries through acquisitions, turnarounds, and greenfields executed via Opportunity Specific Funds. Citadel Capital's 19 OSFs now control Platform Companies with investments worth more than US$ 8.3 billion in 14 countries spanning 15 industries, including mining, cement, transportation, food and energy. Since 2004, the firm has generated more than US$ 2.5 billion in cash returns to its co-investors and shareholders, more than any other private equity firm in the region. Citadel Capital is the largest private equity firm in Africa by PE assets under management (2004-2009, as ranked by Private Equity International). For more information, please visit www.citadelcapital.com.

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Forward-Looking Statements

Statements contained in this Earnings Release that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of the Citadel Capital. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Certain information contained herein constitutes "targets" or "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of Citadel Capital may differ materially from those reflected or contemplated in such targets or forward-looking statements. The performance of Citadel Capital is subject to risks and uncertainties.

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