

**Citadel Capital Company**  
**(Egyptian Joint Stock Company)**

**Consolidated financial statements**  
**for the period ended June 30, 2011**

**&**  
**Review report**

<b>Contents</b>	<b>Page</b>
Review report	
Consolidated statement of financial position	1
Consolidated income statement	2
Consolidated statement of changes in equity	3
Consolidated statement of cash flows	4
Accounting policies and notes to the consolidated financial statements	5 – 40



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## Review report

### To the Board of Directors of Citadel Capital Company

#### *Introduction*

We have performed a limited review for the accompanying consolidated statement of financial position of Citadel Capital Company (Egyptian Joint Stock Company) and its subsidiaries as at June 30, 2011 and the related consolidated statements of income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

#### *Scope of limited review*

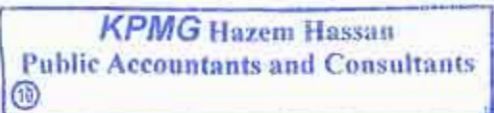
We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible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

#### *Conclusion*

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2011 and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with Egyptian Accounting Standards.

Cairo August 28 , 2011

*Hassan Bak*  
KPMG Hazem Hassan



**Citadel Capital Company**  
**(Egyptian Joint Stock Company)**  
**Consolidated statement of financial position**  
**as at June 30, 2011**


	note no.	30/6/2011 LE	31/12/2010 LE
<b>Assets</b>			
Fixed assets (net)	(5)	74 759 458	146 348 103
Investments in subsidiaries and associates	(6)	1 869 729 473	2 051 238 061
Other investments (net)	(7)	2 271 832 976	2 094 536 019
Deferred tax	(15)	1 778 212	1 722 191
<b>Total non-current assets</b>		<u>4 218 100 119</u>	<u>4 293 844 374</u>
Other investments	(7)	23 720 648	20 298 029
Trade and other receivables (net)	(8)	550 867 406	526 119 628
Cash and cash equivalents	(9)	164 205 478	162 616 450
<b>Total current assets</b>		<u>738 793 532</u>	<u>709 034 107</u>
<b>Total assets</b>		<u><u>4 956 893 651</u></u>	<u><u>5 002 878 481</u></u>
<b>Equity</b>			
Share capital	(10)	3 308 125 000	3 308 125 000
Reserves	(11)	206 428 476	132 378 875
Retained (loss) earnings		(1 099 375 837)	273 649 702
Net loss for the period / year		( 287 733 233)	(1 354 895 222)
<b>Total equity attributable to equity holders of the Company</b>		<u>2 127 444 406</u>	<u>2 359 258 355</u>
<b>Non - controlling interests</b>	(12)	<u>193 821 913</u>	<u>197 003 955</u>
<b>Total equity</b>		<u><u>2 321 266 319</u></u>	<u><u>2 556 262 310</u></u>
<b>Liabilities</b>			
Long term loans	(13)	1 101 183 837	1 155 923 644
Long term liabilities	(14)	29 704 566	74 132 033
<b>Total non-current liabilities</b>		<u>1 130 888 403</u>	<u>1 230 055 677</u>
Short term loans	(13)	226 972 835	96 194 363
Trade and other payables	(16)	1 076 153 542	899 918 030
Expected claims provision	(17)	201 612 552	220 448 101
<b>Total current liabilities</b>		<u>1 504 738 929</u>	<u>1 216 560 494</u>
<b>Total liabilities</b>		<u>2 635 627 332</u>	<u>2 446 616 171</u>
<b>Total equity and liabilities</b>		<u><u>4 956 893 651</u></u>	<u><u>5 002 878 481</u></u>

The notes on pages 5 to 40 are integral part of these consolidated financial statements and to be read therewith.

Review report "attached"

  
CFO / Board Member  
Ahmed EL Shamy

  
Managing Director  
Hisham Hussein El Khazendar

  
Chairman  
Ahmed Heikal

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**Citadel Capital Company**  
**(Egyptian Joint Stock Company)**  
**Consolidated income statement**  
**for the period ended June 30, 2011**

	note no.	For the period		For the period	
		from 1/4/2011 to 30/6/2011	from 1/1/2011 to 30/6/2011	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010
		LE	LE	LE	LE
Advisory fee	(27-1)	13 489 062	27 059 857	22 590 902	45 520 256
Management fee	(27-2)	2 002 106	3 971 175	-	-
Gains on sale of investments	(18)	-	-	-	12 916 250
Share of (loss) profit of equity accounted investees	(19)	( 132 363 959)	( 195 983 508)	( 34 598 758)	( 41 246 422)
Other income		-	-	( 164 397)	342
Total operating (loss) income		( 116 872 791)	( 164 952 476)	( 12 172 253)	17 190 426
Administrative and general expenses	(20)	( 54 705 331)	( 101 946 887)	( 88 146 755)	( 158 783 815)
Other expenses	(21)	602 311	( 49 834)	( 1 179 470)	( 934 096)
Net operating loss		( 170 975 811)	( 266 949 197)	( 101 498 478)	( 142 527 485)
Financing (costs) income - net	(22)	( 6 639 945)	( 24 919 506)	6 587 514	18 560 347
Net loss before income tax		( 177 615 756)	( 291 868 703)	( 94 910 964)	( 123 967 138)
Income tax	(23)	21 800	56 021	( 121 729)	348 090
Net loss from continued operations (after tax)		( 177 593 956)	( 291 812 682)	( 95 032 693)	( 123 619 048)
Net loss from discontinued operations (after tax)	(24)	-	-	-	( 5 093 933)
Net loss for the period		( 177 593 956)	( 291 812 682)	( 95 032 693)	( 128 712 981)
<b>Attributable to:</b>					
Equity holders of the Company		( 176 365 456)	( 287 733 233)	( 94 748 852)	( 126 088 222)
Non - controlling interests		( 1 228 500)	( 4 079 449)	( 283 841)	( 2 624 759)
		( 177 593 956)	( 291 812 682)	( 95 032 693)	( 128 712 981)
Earnings per share	(25)	(0.27)	(0.43)	(0.14)	(0.19)

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**Citadel Capital Company**  
**(Egyptian Joint Stock Company)**

**Consolidated statement of changes in equity**  
**for the period ended June 30, 2011**

note no.	Share capital		Reserves			Company's share of items recognized in associate equity	Retained earnings (loss)	Net profit (loss) for the year / period	Total	Non-controlling interests	Total equity
	LE	Fair value reserve -AFS	Legal reserve	F.C. transition reserve	Hedging reserve						
	3 308 125 000	826 797	79 011 015	35 420 639	(16 882 076)	(64 588 808)	93 302 536	159 110 191	3 594 325 294	31 911 579	3 626 236 873
(3-19)	-	-	10 567 463	-	-	-	142 001 343	(159 110 191)	(6 541 385)	(1 574 439)	(8 115 824)
(3-4)	-	-	-	-	(8 319 093)	-	-	-	(8 319 093)	-	(8 319 093)
(3-2)	-	-	-	37 102 639	-	-	-	-	37 102 639	143 552	37 246 191
(3-7-1)	-	(950 490)	-	-	-	-	-	-	(950 490)	-	(950 490)
(3-1-4)	-	-	-	-	-	1 112 309	63 851 172	-	64 963 481	(16 838 484)	64 963 481
	-	-	-	-	-	-	-	(126 088 222)	(126 088 222)	(2 624 759)	(128 712 981)
	3 308 125 000	(123 693)	89 578 478	72 523 278	(25 201 169)	(63 476 499)	299 155 051	(126 088 222)	3 554 492 224	11 017 449	3 565 509 673
	3 308 125 000	120 816	89 578 478	102 914 452	-	(60 234 871)	273 649 702	(1 354 895 222)	2 359 258 355	197 003 955	2 556 262 310
	-	-	-	-	-	-	(1 354 895 222)	1 354 895 222	-	-	-
(3-2)	-	-	-	86 203 835	-	-	-	-	86 203 835	(436 430)	85 767 405
(3-7-1)	-	47 362	-	-	-	-	-	-	47 362	-	47 362
(3-1-4)	-	-	-	-	-	(12 201 596)	(18 130 317)	-	(30 331 913)	-	(30 331 913)
	-	-	-	-	-	-	-	(287 733 233)	(287 733 233)	(4 079 449)	(291 812 682)
	3 308 125 000	168 178	89 578 478	189 118 287	-	(72 436 467)	(1 099 375 837)	(287 733 233)	2 127 444 406	193 821 913	2 321 266 319

The notes on pages 5 to 40 are integral part of these consolidated financial statements and to be read therewith.

**Citadel Capital Company**  
**(Egyptian Joint Stock Company)**  
**Consolidated statement of cash flows**  
**for the period ended June 30, 2011**

	<b>For the period ended</b>	
	<b>30/6/2011</b>	<b>30/6/2010</b>
	<b>LE</b>	<b>LE</b>
<b>Cash flows from operating activities</b>		
Net loss before income tax	( 291 868 703)	(123 967 138)
<b>Adjustments to reconcile net loss to net cash provided from (used in) operating activities :</b>		
Net profit from discontinued operations (before tax)	-	(5 093 933)
Depreciation and amortizations	2 389 821	4 930 429
Share of (loss) profit of equity accounted investees	211 510 754	55 873 046
Net change in the fair value of investments at fair value through profit and loss	49 834	934 096
Foreign exchange differences	59 472 715	33 650 550
Credit interest	(20 883 100)	(17 231 165)
Debit interest	9 235 711	-
Provisions used	(9 498 411)	-
Provisions no longer needed	(10 346 106)	-
Impairment loss on trade and other receivables	10 346 106	-
Provisions formed	-	994 881
Gains on sale of investments in subsidiaries and associates	-	(10 513 764)
Gains on sale of available-for-sale investments	-	(2 402 486)
Operating loss before changes in working capital	(39 591 379)	(62 825 484)
Change in investments at fair value through profit and loss	(3 472 453)	-
Change in trade and other receivables	(58 160 481)	(168 952 396)
Change in trade and other payables	239 113 619	143 891 689
Net cash provided from (used in) operating activities	<u>137 889 306</u>	<u>(87 886 191)</u>
<b>Cash flows from investing activities</b>		
Payments for purchase of fixed assets	( 452 023)	( 4 491 752)
Payments for other investments	(142 835 105)	(153 519 076)
Payments for purchase of investments in subsidiaries and associates	(24 341 735)	(13 118 953)
Proceeds from sale of investments in subsidiaries and associates	-	29 434 477
Proceeds from sale of available-for-sale investments	-	6 696 628
Proceeds from loans to associates	-	162 321 870
Proceeds from dividends	-	1 762 902
Net cash (used in) provided from investing activities	<u>(167 628 863)</u>	<u>29 086 096</u>
<b>Cash flows from financing activities</b>		
Proceeds from capital related to non - controlling interests	-	3 203 520
Dividends related to non - controlling interests	-	(1 574 439)
Proceeds from / payment for borrowings	31 328 585	(35 523 927)
Payment for hedging reserve	-	(6 317 853)
Net cash provided from (used in) financing activities	<u>31 328 585</u>	<u>(40 212 699)</u>
Net changes in cash and cash equivalents during the period	1 589 028	(99 012 794)
Cash and cash equivalents at the beginning of the period	162 616 450	268 589 879
Cash related to deconsolidation of subsidiaries	-	(10 728 991)
Cash and cash equivalents at the end of the period	<u>164 205 478</u>	<u>158 848 094</u>

The notes on pages 5 to 40 are integral part of these consolidated financial statements and to be read therewith.

## **Citadel Capital Company**

### **Notes to the consolidated financial statements for the period ended June 30, 2011**

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#### **1. Reporting entity**

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

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

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

The consolidated financial statements of the Company for the period ended June 30, 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

#### **2. Basis of preparation**

##### **2.1 Statement of compliance**

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

The financial statements were approved by the Board of Directors.

##### **2.2 Basis of measurement**

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

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

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

##### **2.3 Functional and presentation currency**

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

##### **2.4 Use of estimate and judgements**

The preparation of financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and



## **Citadel Capital Company**

### **Notes to the consolidated financial statements for the period ended June 30, 2011**

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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 (17) provisions.
- Note (6) measurements of the recoverable amounts of investments in subsidiaries and associates.

### **3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities. Certain comparative amounts have been reclassified to conform with the current period presentation.

#### **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.

## **Citadel Capital Company**

### **Notes to the consolidated financial statements for the period ended June 30, 2011**

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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 translation**

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 balance sheet date are retranslated at the foreign exchange rates ruling at that date. The foreign currency exchange differences arising on the translation at the balance sheet date are recognized in the income statement.

#### **3.3 Foreign operations**

As at the balance sheet 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 Financial instruments**

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

**Cash flow hedge**

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

**Fair value hedge**

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.

**3.5 Lending**

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

**3.6 Cash and cash equivalents**

Cash and cash equivalents are represented in the cash, banks current accounts and deposits with original maturities of three months or less.

**3.7 Investments**

**3.7.1 Available-for-sale financial investments**

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

**3.7.2 Financial assets at fair value through profit or loss**

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition.

Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

**3.7.3 Other**

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

**3.8 Share capital**

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

**3.9 Fixed assets depreciation**

Fixed assets are stated at historical cost and presented in the balance sheet net of accumulated depreciation and impairment (note 3.13), 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:

<b>Assets depreciation</b>	<b>Estimated useful life</b>
- Buildings & Constructions	20 years
- Lease hold improvements	3-10 years
- Furniture & Fixtures & Electric Equipment & Tools	4 years
- Computers & software	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.

**3.10 Projects under construction**

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its

intended use. Property and equipment under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

### **3.11 Gains 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.

### **3.12 Intangible assets**

#### **3.12.1 Goodwill**

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

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

#### **3.12.2 Other intangible assets**

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

#### **3.12.3 Subsequent expenditures**

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

#### **3.12.4 Amortisation**

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

### **3.13 Impairment**

#### **3.13.1 Financial assets**

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

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

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

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

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

#### **3.13.2 Non-financial assets**

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

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

groups of assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior 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.

### **3.14 Trade and other receivables**

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



**3.15 Trade and other payables**

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

**3.16 Provisions**

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

**3.17 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.

**3.18 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.

**3.19 Dividends**

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

**3.20 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.

### **3.21 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.

### **3.22 Employees benefits**

#### **3.22.1 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.

#### **3.22.2 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.

## **Citadel Capital Company**

### **Notes to the consolidated financial statements for the period ended June 30, 2011**

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#### **3.23 Revenue**

##### **3.23.1 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.

##### **3.23.2 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.

##### **3.23.3 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.

##### **3.23.4 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.

##### **3.23.5 Interest income**

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

##### **3.23.6 Management fee**

Management fee is recognized upon rendering the service.

##### **3.23.7 Advisory fee**

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

#### **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.

## **Citadel Capital Company**

### **Notes to the consolidated financial statements for the period ended June 30, 2011**

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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.

**Citadel Capital Company**  
**Notes to the consolidated financial statements for the period ended June 30, 2011**

**5. Fixed assets**

	Land	Buildings	Lease hold improvements	Furniture & fixtures	Computer equipment & software	Transportation Means	Assets under construction *	Total
	LE	LE	LE	LE	LE	LE	LE	LE
Cost as at 1/1/2011	93 660 361	33 742 368	217 146	22 575 845	7 647 806	660 741	20 727 834	179 232 101
Additions	--	--	--	--	297 224	--	154 799	452 023
Disposal	(69 660 361)	--	--	--	--	--	--	(69 660 361)
Foreign currency translation differences	--	--	9 888	3 949	4 356	7 527	--	25 720
Cost as at 30/6/2011	24 000 000	33 742 368	227 034	22 579 794	7 949 386	668 268	20 882 633	110 049 483
Accumulated depreciation as at 1/1/2011	--	6 748 473	117 088	19 438 323	6 122 429	457 685	--	32 883 998
Depreciation	--	843 560	24 940	737 993	703 113	80 215	--	2 389 821
Foreign currency translation differences	--	--	4 890	3 689	3 638	3 989	--	16 206
Accumulated depreciation as at 30/6/2011	--	7 592 033	146 918	20 180 005	6 829 180	541 889	--	35 290 025
<b>Carrying amounts</b>								
At 30/6/2011	24 000 000	26 150 335	80 116	2 399 789	1 120 206	126 379	20 882 633	74 759 458
At 31/12/2010	93 660 361	26 993 895	100 058	3 137 522	1 525 377	203 056	20 727 834	146 348 103

\* Assets under construction are represented in fixtures and constructions of a new headquarters at Smart Village.

## Citadel Capital Company

### Notes to the consolidated financial statements for the period ended June 30, 2011

#### 6. Investments in subsidiaries and associates

The Group investments in subsidiaries and associates are represented in:

	Percentage		Carrying amount	
	2011	2010	30/6/2011	31/12/2010
	%	%	LE	LE
El Kateb for Marketing & Distribution Co.	48.88	48.88	2 075 254	2 172 249
Pharos Holding Co. *	53.00	53.00	99 464 062	98 557 235
Elsharq Book Stores Co.	40.00	40.00	16 130 818	16 545 155
ASEC Company for Mining (ASCOM)	39.22	39.22	160 351 278	182 058 825
Silverstone Capital Investments Ltd.	40.98	40.98	341 397 637	335 452 721
Dar El-Sherouk Ltd. *	58.51	58.51	153 240 103	157 910 072
Cron dall Holdings Ltd.	47.67	47.67	94 410 603	88 732 912
National Development and Trading Company	49.81	49.81	536 437 302	681 853 886
United Foundries Company	29.95	29.95	70 192 465	69 641 454
Mena Home Furnishings Mall	32.13	32.13	112 875 149	121 212 961
Citadel Capital Transportation Opportunities I Ltd.	34.16	34.16	119 439 875	131 527 655
Tawazon for Solid Waste Management (Tawazon)	33.33	33.33	24 460 895	27 064 638
Mena Glass Ltd.	21.03	21.03	132 561 664	134 262 621
Tanmeyah Company S.A.E **	51.00	51.00	6 692 368	4 245 677
Balance			<u>1 869 729 473</u>	<u>2 051 238 061</u>

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

\*\* 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%.

**Citadel Capital Company**  
**Notes to the consolidated financial statements for the period ended June 30, 2011**

**Summary of financial statements of associates company**

2011	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.	5 280 743	1 521 736	6 802 479	4 902 290	75 532	4 977 822	3 429 580	3 628 015								
Pharos Holding Co.	147 895 425	187 272 256	335 131 681	179 785 448	809 347	180 594 795	30 558 707	27 466 135								
Elsharq Book Stores Co.	10 511 569	8 763 804	19 275 373	4 127 896	499 049	4 626 945	8 320 134	9 355 976								
ASEC Company for Mining (ASCOM)	258 151 540	698 239 982	956 391 522	312 018 084	200 351 966	512 370 050	283 422 721	344 721 385								
Silverstone Capital Investments Ltd.	1 316 931 978	1 250 467 964	2 567 399 942	1 013 095 284	298 762 604	1 311 857 888	650 050 402	597 144 752								
Dar El-Sherouk Ltd.	145 857 897	96 337 975	242 195 872	36 596 240	587 550	37 183 790	17 368 172	24 452 558								
Crondall Holdings Ltd.	29 667 263	896 534 333	926 201 596	398 904 055	--	398 904 055	53 366 971	45 059 402								
National Development and Trading Co.	2 249 237 874	4 997 816 311	7 247 054 185	2 141 587 394	1 999 264 469	4 140 851 863	1 159 019 828	1 503 266 431								
United Foundries Company	192 446 319	448 957 155	641 403 474	291 391 624	119 255 518	410 647 142	169 710 237	182 788 705								
Mena Home Furnishings Mall	33 657 037	683 253 509	716 910 546	140 106 784	239 824 113	379 930 897	11 011 010	48 249 650								
Citadel Capital Transportation Opportunities I Ltd.	111 315 603	660 528 425	771 844 028	102 324 382	254 223 763	356 548 145	26 719 426	83 479 056								
Tawazon for Solid Waste Management Company (Tawazon)	91 921 427	115 242 884	207 164 311	60 140 652	15 234 922	75 375 574	33 984 708	41 602 168								
Mena Glass Ltd.	247 063 318	1 380 301 354	1 627 364 672	243 336 471	585 229 066	828 565 537	129 272 629	145 405 204								
Tanmeyah Company S.A.E.	10 808 784	21 216 213	32 024 997	29 142 295	666 667	29 808 962	17 444 316	34 810 634								

-Note no. (19).

## 7. Other investments

	note no.	30/6/2011 LE	31/12/2010 LE
<b>Non-current investments</b>			
Available-for-sale investments (net)	7.1	782 727 546	473 981 716
Payments for investments (net)	7.2	914 281 609	1 082 461 657
Loans to related parties	7.3	574 823 821	538 092 646
		<u>2 271 832 976</u>	<u>2 094 536 019</u>
<b>Current investments</b>			
Investments at fair value through profit and loss	7.4	23 720 648	20 298 029
		<u>2 295 553 624</u>	<u>2 114 834 048</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:

	30/6/2011 LE	31/12/2010 LE
Horus Private Equity Fund II & III	26 330 926	26 330 926
Modern Company for Isolating Materials	43 396	43 396
Medcom National Company	1 000	1 000
Orient Investment Properties Ltd.	301 779 763	294 306 018
Logria Holding Ltd. *	386 080 500	376 519 000
Golden Crescent Investment Ltd. *	376 383 940	263 427 174
Arab Swiss Engineering Company (ASEC)	34 958	34 958
Falcon Agriculture Investments Ltd.	259 095 654	14 481 500
Sphinx Turnaround	7 248 691	7 069 173
Underscore International Holdings	594	579
Valencia Regional Investment Ltd.	594	579
Total	<u>1 357 000 016</u>	<u>982 214 303</u>
Accumulated impairment *	<u>(574 272 470)</u>	<u>(508 232 587)</u>
Net	<u>782 727 546</u>	<u>473 981 716</u>



**Citadel Capital Company**

**Notes to the consolidated financial statements for the period ended June 30, 2011**

7.2 The payments for investments are as follows:

	<b>30/6/2011</b>	<b>31/12/2010</b>
	<b>LE</b>	<b>LE</b>
Grandview Investment Holding	73 533 741	71 712 637
Orient Investment Properties Ltd.	312 210 174	304 478 114
Fund Project *	5 870 353	25 188 018
Pharos Holding Co.	18 621 911	18 621 911
Nile Valley Petroleum Ltd.	39 029 769	35 166 875
Citadel Capital Transportation Opportunities II Ltd.	17 819	17 378
Finance Unlimited	65 230	63 614
Valencia Assets Holding Ltd.	64 862 829	22 766 192
Mena Joint Investment Fund	7 985 006	7 642 438
Africa Joint Investment Fund	45 206 457	44 086 893
Sphinx Turnaround Funds	6 989 483	6 816 384
Ambiance Rail Company (PTY) Limited	98 440 573	--
KU Railways Holdings Limited	169 677 978	--
RVR Investments (PTY) Limited	70 911 405	--
Citadel Capital Al Qalaa	858 881	--
Golden Crescent Investment Ltd. *	--	103 635 407
Falcon Agriculture Investments Ltd.	--	205 162 064
Forestry Project *	--	2 400 624
Centum Investment Company Ltd.	--	28 764 036
Babcock&Brown Investment Holdings (PTY)	--	11 096 316
Sheltam Rail Company (PTY) Ltd.	--	154 379 678
Primefuels Rail Investments Ltd.	--	76 591 848
Mirambo Rail Investments Ltd.	--	41 046 236
Mammoth Project *	--	7 658 206
Total	<u>914 281 609</u>	<u>1 167 294 869</u>
Accumulated impairment *	--	(84 833 212)
Net	<u>914 281 609</u>	<u>1 082 461 657</u>

7.3 Loans to subsidiaries and associates companies are as follows:

	<b>note</b>	<b>30/6/2011</b>	<b>31/12/2010</b>
	<b>no.</b>	<b>LE</b>	<b>LE</b>
National Development and Trading Company	7.3.1	339 241 748	313 082 482
United Foundries Company	7.3.2	53 018 682	71 506 264
Underscore International Holdings Ltd.	7.3.3	89 095 500	86 889 000
Valencia Regional Investment Ltd.	7.3.4	68 306 550	66 614 900
Others		<u>25 161 341</u>	--
Balance		<u>574 823 821</u>	<u>538 092 646</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
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Arab Swiss Engineering Company (ASEC)	899 900 shares
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The value of the two loans is US.\$ 57 114 290 (equivalent to LE 339 241 748 as at June 30, 2011) against US.\$ 54 048 697 (equivalent to LE 313 082 482 as at December 31, 2010) including accrued interest from the beginning of loans period amounted to US.\$ 8 080 773 (equivalent to LE 47 997 308 as at June 30, 2011) against US.\$ 5 015 180 (equivalent to LE 29 050 932 as at December 31, 2010).

7.3.2 The Company has concluded a subordinating loan contract with United Foundries Company (one of the associate companies - 29.29%) on June 2, 2010 with an amount of US.\$ 11 563 187 for a period of three years, the principle of the loan has to be paid with interest at the end of the loan period, with 11.5% annual cumulative interest , according to the loan contract the Company has the right to convert the value of the loan in addition to its interest due into capital increase in the capital of United Foundries Company with par value at the end of loan period.

The guarantees are represented in a first degree lien of United Foundries Company shares in Ameryah Metal Company one of its subsidiaries with a percentage of 99.72%. The Company has transferred an amount of US.\$ 3 995 518 (equivalent to LE 23 254 510) from the loan's principle during the period in addition to an interest amounted to US.\$ 230 407 (equivalent to LE 1 340 968) to Financial Holding International Company (one of United Foundries Company's shareholders) in addition to settle an amount of US.\$ 357 406 (equivalent to LE 2 072 400 ) as additional contribution in this loan to become with an amount of US.\$ 8 926 155 (equivalent to LE 53 018 682 as at June 30, 2011) against US.\$ 12 344 416 (equivalent to LE 71 506 264 as at December 31, 2010) including accrued interest from the beginning of loan period amounted to US.\$ 1 001 080 (equivalent to LE 5 946 115 as at June 30, 2011 ) against US.\$ 781 229 (equivalent to LE 4 525 347 as at December 31, 2010).

**Citadel Capital Company****Notes to the consolidated financial statements for the period ended June 30, 2011**

7.3.3 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 as at December 28, 2010 with an amount of US.\$ 15 000 000 (equivalent to LE 89 095 500 as at June 30, 2011 against LE 86 889 000 as at December 31, 2010) 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 (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 68 306 550 as at June 30, 2011 against LE 66 614 900 as at December 31, 2010) 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 Investments at fair value through profit and loss:

	<b>30/6/2011</b>	<b>31/12/2010</b>
	<b>LE</b>	<b>LE</b>
Modern Shorouk for Printing Co.	2 484 653	2 460 447
Al Arafa Investment and Consulting	2 156 111	2 230 151
TAQA Arabia	<u>19 079 884</u>	<u>15 607 431</u>
Balance	<u>23 720 648</u>	<u>20 298 029</u>

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

**8. Trade and other receivables**

	<b>note</b>	<b>30/6/2011</b>	<b>31/12/2010</b>
	<b>no.</b>	<b>LE</b>	<b>LE</b>
Due from related parties (net)	8.1	510 172 982	481 869 599
Other receivables (net)	8.2	<u>40 694 424</u>	<u>44 250 029</u>
Balance		<u>550 867 406</u>	<u>526 119 628</u>

**Citadel Capital Company**  
**Notes to the consolidated financial statements for the period ended June 30, 2011**

8.1 Due from related parties

	Nature of transaction		30/6/2011	31/12/2010
	Advisory fee	Finance		
	LE	LE	LE	LE
Logria Holding Ltd. *	32 691 521	1 895 774	34 587 295	33 700 832
Mena Home Furnishings Mall	7 590 498	14 337 901	21 928 399	13 091 092
Citadel Capital Transportation Opportunities I Ltd.	5 865 439	27 258 762	33 124 201	22 190 278
Silverstone Capital Investments Ltd.	4 213 225	35 270	4 248 495	11 175 739
Golden Crescent Investment Ltd. *	15 766 595	--	15 766 595	13 695 108
Falcon Agriculture Investments Ltd.	7 252 576	--	7 252 576	13 620 957
Orient Investment Properties Ltd.	45 395 954	--	45 395 954	39 716 159
ASEC Cement Company	7 363 601	--	7 363 601	14 626 894
Sabina for Integrated Solutions	6 533 670	--	6 533 670	6 371 860
Sphinx Glass Ltd.	2 375 880	--	2 375 880	4 634 080
Mena Glass Ltd.	2 248 176	--	2 248 176	4 315 533
Mena Joint Investment Fund	2 667 578	--	2 667 578	966 715
Africa Joint Investment Fund	3 818 490	--	3 818 490	1 371 879
Citadel Capital Transportation Opportunities II Ltd.	3 393 095	--	3 393 095	741 725
Grandview Investment Holding	--	44 544 293	44 544 293	40 702 599
ASEC for Mining (ASCOM)	--	8 462 398	8 462 398	9 246 768
Golden Crescent Finco Ltd. *	--	133 217 136	133 217 136	126 076 808
Emerald Financial Services Ltd. *	--	174 636 701	174 636 701	160 209 431
Valencia Assets Holding Ltd.	--	96 073 774	96 073 774	93 489 951
Nile Valley Petroleum Ltd.	--	124 109 968	124 109 968	121 036 379
Bacillas	--	2 138 292	2 138 292	2 085 336
Prosperities	--	475 176	475 176	463 408
Tawazon for Solid Waste Management (Tawazon)	--	2 668 654	2 668 654	550 540
United Foundries Company	--	13 700 517	13 700 517	--
Finance Unlimited	--	14 750	14 750	--
Valencia Regional Investments Ltd.	--	216 680	216 680	--
Citadel Capital East Africa	--	76 978	76 978	--
National Development and Trading Company	--	--	--	11 585 199
Total			791 039 322	745 665 270
Accumulated impairment *			(280 866 340)	(263 795 671)
Net			510 172 982	481 869 599

**Citadel Capital Company**  
**Notes to the consolidated financial statements for the period ended June 30, 2011**

\* Impairment in due from related parties are represented in:

	Balance as at 1/1/2011	Formed during the period	Foreign currency translation differences	Balance as at 30/6/2011
	LE	LE	LE	LE
Emerald Financial Services Ltd.	160 209 431	10 346 106	4 081 164	174 636 701
Logria Holding Ltd.	33 700 832	--	886 463	34 587 295
Golden Crescent Investment Ltd.	6 847 554	--	173 890	7 021 444
Golden Crescent Finco Ltd.	63 037 854	--	1 583 046	64 620 900
Balance	<u>263 795 671</u>	<u>10 346 106</u>	<u>6 724 563</u>	<u>280 866 340</u>

8.2 Other receivables are represented in:

	30/6/2011	31/12/2010
	LE	LE
Prepaid expenses	2 477 416	2 833 290
Deposits with others	230 902	1 430 902
Advances to suppliers	178 709	234 047
Letters of guarantee margin	593 970	579 260
Imprest	396 663	252 777
Accrued revenue	2 337 559	2 337 559
Loans to others	11 879 400	17 839 401
Sundry debit balances *	22 599 805	23 742 793
Total	<u>40 694 424</u>	<u>49 250 029</u>
Impairment *	<u>--</u>	<u>(5 000 000)</u>
Net	<u>40 694 424</u>	<u>44 250 029</u>

**9. Cash and cash equivalents**

	30/6/2011	31/12/2010
	LE	LE
Cash on hand	131 452	410 770
Banks - current accounts	162 737 593	160 114 065
Banks - time deposits	1 336 433	2 091 615
Balance	<u>164 205 478</u>	<u>162 616 450</u>

**Non cash transactions**

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

- LE 24 595 478 from proceeds from other investments and trade and other payables (represents the other investments transfer to settle accrued advisory fee).
- LE 23 066 598 from payments for investments and due from related parties (represents the transfer from related parties' current account to payments for investments).
- LE 69 660 361 from proceeds from fixed assets and creditors and other credit balances and long term liabilities (represents the value of the returned land during the period that was purchased during year 2010).

**10. 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 shareholders' structure is represented as follows:

<b>Shareholder's name</b>	<b>Percentage %</b>	<b>No. of shares</b>	<b>Value in LE</b>
Citadel Capital Partners Ltd.	33.12	219 151 801	1 095 759 005
Emirates International Investments Company	8.37	55 362 835	276 814 175
Others	58.51	387 110 364	1 935 551 820
	<u>100</u>	<u>661 625 000</u>	<u>3 308 125 000</u>

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 the procedures for this matter are taking place.

**11. Reserves**

**11.1 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.

11.2 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.

**12. Non - controlling interests**

	<b>30/6/2011</b>	<b>31/12/2010</b>
	<b>LE</b>	<b>LE</b>
Capital	192 081 749	187 325 494
Payments for capital increase	1 484 926	1 448 109
Other owners' equity	5 181 824	13 901 565
Foreign currency translation reserve	(847 137)	(410 706)
Net loss for the period / year	<u>(4 079 449)</u>	<u>(5 260 507)</u>
Balance	<u>193 821 913</u>	<u>197 003 955</u>

**13. Loans and borrowings**

	<b>30/6/2011</b>	<b>31/12/2010</b>
	<b>LE</b>	<b>LE</b>
Long term – loans	1 101 183 837	1 155 923 644
Short term – Loans	<u>226 972 835</u>	<u>96 194 363</u>
Balance	<u>1 328 156 672</u>	<u>1 252 118 007</u>

- Secured loans are as follows:

On May 15, 2008 the Company obtained a long-term loan from a group of banks (represented in Arab African International Bank, Suez Canal Bank, Misr bank , Piraeus Bank, Morgan & Stanely Bank and City Bank London “syndication manager” ) with an amount of US.\$ 200 million for a period of five years (US.\$150 millions committed and US.\$ 50 million uncommitted) bearing variable interest rate (2.5 % +Libor rate) for the first 3 years and (2.75 % +Libor rate) for the last 2 years

Loan is to be paid on three instalments:

- The first stage 10% will be settled after three years.
- The second stage 20% will be settled at the end of the fourth year.
- The last stage 70% will be settled at the end of the loan period.

The Company has withdrawn an amount of US.\$ 191 064 225 as at March 31, 2011 and the company paid the first stage instalment on May 15, 2011 amounted to US.\$ 19 106 422 , accordingly the balance of loan is US.\$ 171 957 803 (equivalent to LE 1 021 377 760 as at June 30, 2011) against an amount of US.\$ 166 064 225 (equivalent to LE 961 943 630 as at December 31, 2010), and the second stage instalment due on May 15, 2012 is amounted to US.\$ 38 212 845 (equivalent to LE 226 972 835) against an amount of US.\$ 16 606 423 (equivalent to LE 96 194 363 as at December 31, 2010).

The loan guarantees are as follows:

- 1- First degree lien contract of the shares owned by the Company in National Development and Trading Company.
- 2- First degree lien contract of 13 727 872 shares of ASEC for mining (ASCOM).
- 3- First degree lien contract of the shares owned by the Company in Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone).
- 4- First degree lien contract of the investments owned by Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone) in 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 I Ltd.
  - Lotus Alliance Limited.
  - Citadel Capital Financing Corp.
- 5- First degree lien pledge of the investments of Citadel Capital for International Investments Ltd. – (one of the associates – 47.67%) – in the Egyptian Sudanese Bank (Sudanese Joint Stock Company).
  - The bank interest on loan recorded in the income statement during the period is amounted to LE 28 267 341.

#### **Hedging contract for risk of interest rate swap**

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

- On December 21, 2010 National Refining Consulting Company (one of the subsidiaries - of 99.99%) obtained a long-term loan from Arab International Bank for five years with an amount of US.\$ 50 million (equivalent to LE 296 985 000 as at June 30, 2011 against LE 289 630 000 as at December 31, 2010) to purchase



50 million share in Orient Investments Properties Ltd. Company (owned company with a percentage of 18.99%). 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 92 712 338 as at June 30, 2011) against (LE 90 416 265 as at December 31, 2010) during the term of the contract provided that the accrued interest will be added to the loan principle, the accrued interest as at June 30, 2011 amounted to US\$ 1 648 890 (equivalent to LE 9 793 912) against US.\$ 93 978 (equivalent to LE 544 377 as at December 31, 2010). The loan principle along with the outstanding accrued interest will be paid in full at the end of the contract on December 21, 2015.

**14. Long term liabilities**

	<b>30/6/2011</b>	<b>31/12/2010</b>
	<b>LE</b>	<b>LE</b>
Creditors-purchase of investments *	29 704 566	42 754 301
Notes payable	--	31 377 732
Balance	<u>29 704 566</u>	<u>74 132 033</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 previous company.

**15. Deferred tax**

	<b>30/6/2011</b>	<b>31/12/2010</b>
	<b>LE</b>	<b>LE</b>
Fixed assets depreciation	<u>1 778 212</u>	<u>1 722 191</u>

**16. Trade and other payables**

	<b>note</b>	<b>30/6/2011</b>	<b>31/12/2010</b>
	<b>no.</b>	<b>LE</b>	<b>LE</b>
Due to related parties	16.1	993 073 898	767 006 158
Other payables	16.2	<u>83 079 644</u>	<u>132 911 872</u>
Balance		<u>1 076 153 542</u>	<u>899 918 030</u>

**Citadel Capital Company****Notes to the consolidated financial statements for the period ended June 30, 2011**

## 16.1 Due to related parties

	<b>30/6/2011</b>	<b>31/12/2010</b>
	<b>LE</b>	<b>LE</b>
Citadel Capital Partners Ltd.*	825 946 064	705 947 717
Mena Glass Ltd. **	7 895 025	16 671 404
Falcon Agriculture Investments Ltd. **	35 154 370	44 289 194
Cron dall Holdings Ltd.	6 096 455	97 843
Orient Investments Properties Ltd.	46 705 584	--
ASEC Company for Mining (ASCOM)	71 276 400	--
Balance	<u>933 073 898</u>	<u>767 006 158</u>

\* The main shareholder of the Company – 33.12%.

\*\* Represents the accrued amounts for purchasing shares in the mentioned companies.

## 16.2 Other payables

	<b>30/6/2011</b>	<b>31/12/2010</b>
	<b>LE</b>	<b>LE</b>
Tax Authority	1 924 944	2 634 198
National Authority for Social Insurance	180 811	106 100
Accrued expenses	65 481 470	78 085 972
Notes payables	--	38 282 629
Dividends payable – previous years	2 925 798	2 925 504
Accrued interest	6 331 668	3 274 852
Suppliers	1 899 415	3 320 866
Sundry credit balances	4 335 538	4 281 751
Balance	<u>83 079 644</u>	<u>132 911 872</u>

**17. Expected claims provision**

	<b>30/6/2011</b>	<b>31/12/2010</b>
	<b>LE</b>	<b>LE</b>
Balance at the beginning of the period / year	220 448 101	19 495 020
Foreign currency translation differences	1 008 968	--
Provisions used during the period / year	(9 498 411)	--
Provisions no longer needed	(10 346 106)	--
Provisions formed during the period / year	--	207 130 757
Deconsolidation of subsidiaries	--	(6 177 676)
Balance	<u>201 612 552</u>	<u>220 448 101</u>

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.

### 18. Gains on sale of investments

	For the period		For the period	
	from 1/4/2011 to 30/6/2011	from 1/1/2011 to 30/6/2011	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010
	LE	LE	LE	LE
Gains on sale of investments in associates*	--	--	--	10 513 764
Gains on sale of available-for-sale investment	--	--	--	2 402 486
Gains on sale of investments at fair value through profit and loss	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>12 916 250</u>

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

	For the period		For the period	
	from 1/4/2011 to 30/6/2011	from 1/1/2011 to 30/6/2011	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010
	LE	LE	LE	LE
El Kateb for Marketing & Distribution Co.	(45 695)	(96 995)	266 985	506 519
Pharos Holding Co.	1 760 271	1 639 063	4 818 715	6 384 285
Elsharq Book Stores Co.	(200 853)	(414 339)	(435 598)	(770 376)
ASEC Company for Mining (ASCOM)	(17 876 348)	(24 042 562)	3 677 515	6 362 106
Silverstone Capital Investments Ltd.	11 208 619	22 116 453	7 319 828	17 240 036
Dar El-Sherouk Ltd.	(2 418 500)	(4 145 074)	(894 973)	(1 704 042)
Cron dall Holdings Ltd.	2 840 300	3 960 519	2 189 715	3 169 152
National Development & Trading Company	(108 841 646)	(148 859 605)	(35 884 467)	(58 868 578)
United Foundries and Heat Treatment Company	(1 500 178)	(3 010 177)	(1 681 576)	(2 598 644)
Mena Glass Ltd.	(911 047)	(2 669 166)	1 936 210	1 936 210
Valencia assets Holding Ltd.	--	--	3 696 361	--
Eco-Logic Ltd.	--	--	(4 215 258)	8 878 390

**Citadel Capital Company**

**Notes to the consolidated financial statements for the period ended June 30, 2011**

	For the period		For the period	
	from 1/4/2011	from 1/1/2011	from 1/4/2010	from 1/1/2010
	to 30/6/2011	to 30/6/2011	to 30/6/2010	to 30/6/2010
	LE	LE	LE	LE
Tawazon for Solid Waste Management (Tawazon)	(1 603 154)	(2 539 136)	--	--
Tanmeyah Company S.A.E	(4 321 946)	(8 845 309)	(2 207 054)	(2 207 054)
Mena Home Furnishings Mall	(4 404 081)	(11 002 752)	(6 301 457)	(8 049 424)
Citadel Capital Transportation Opportunities I Ltd.	(6 049 701)	(18 074 428)	(6 883 704)	(11 525 002)
	<u>(132 363 959)</u>	<u>(195 983 508)</u>	<u>(34 598 758)</u>	<u>(41 246 422)</u>

**20. Administrative and general expenses**

- The Company's extraordinary general assembly meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners Ltd. (the principal shareholder of – 33.12 %) 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 period ended June 30, 2011 against an amount of LE 200 243 for the period ended June 30, 2010 included in general and administrative expense.
- General and administrative expenses include an amount of US.\$ 1 636 279 (equivalent to the amount of LE 9 678 427) represents the advisory fees due according to the signed contract with Financial Holding International Co. (one of the group shareholders).

**21. Other expenses**

	For the period		For the period	
	from 1/4/2011	from 1/1/2011	from 1/4/2010	from 1/1/2010
	to 30/6/2011	to 30/6/2011	to 30/6/2010	to 30/6/2010
	LE	LE	LE	LE
Net change in the fair value of investments at fair value through profit and loss	602 311	(49 834)	(1 179 470)	(934 096)
Impairment loss on assets	(5 093 076)	(10 346 106)	--	--
Provisions no longer needed	5 093 076	10 346 106	--	--
	<u>602 311</u>	<u>(49 834)</u>	<u>(1 179 470)</u>	<u>(934 096)</u>

**22. Financing (costs) income**

	For the period		For the period	
	from 1/4/2011 to 30/6/2011	from 1/1/2011 to 30/6/2011	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010
	LE	LE	LE	LE
Interest income Note no. (27-3)	9 590 367	18 591 968	15 272 280	36 858 087
Interest expenses	(16 752 746)	(37 464 490)	(6 345 024)	(12 481 411)
Foreign currency translation differences	522 434	(6 046 984)	(2 339 742)	(5 816 329)
	<u>(6 639 945)</u>	<u>(24 919 506)</u>	<u>6 587 514</u>	<u>18 560 347</u>

**23. Income tax**

	For the period		For the period	
	from 1/4/2011 to 30/6/2011	from 1/1/2011 to 30/6/2011	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010
	LE	LE	LE	LE
Deferred tax	21 800	56 021	(173 179)	348 090
Current income tax	--	--	51 450	--
Total income tax	<u>21 800</u>	<u>56 021</u>	<u>(121 729)</u>	<u>348 090</u>

**24. Net results from discontinued operations**

Results of discontinued operations for the period ended June 30, 2010 are represented in the operating results of the Tanmeyah Company S.A.E as Financial Unlimited Company (one of the subsidiaries) during April 2010 has entered a contract in which it granted third party the option to purchase 4% of Tanmeyah Company S.A.E shares owned by Financial Unlimited Company for Financial Consulting 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% after the exercise of the call option and accordingly it is reclassified from investments in subsidiaries into investments in associates and its operating results from the beginning of the period till the date of conversion to associates as results from discontinued operations as follows:

	For the period 30/6/2010 LE
Other profit	4 278 174
General and administrative expenses	(7 905 992)
Other expenses	(1 433 598)
Net operating (loss) profit	<u>(5 061 416)</u>
Finance expense	(32 517)
Net loss	<u>(5 093 933)</u>

**25. Earnings per share**

	For the period		For the period	
	from 1/4/2011 to 30/6/2011	from 1/1/2011 to 30/6/2011	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010
	LE	LE	LE	LE
Loss for the period	<u>(177 593 956)</u>	<u>(291 812 682)</u>	<u>(95 032 693)</u>	<u>(128 712 981)</u>
Loss for equity holders of the parent Company	<u>(176 365 456)</u>	<u>(287 733 233)</u>	<u>(94 748 852)</u>	<u>(126 088 222)</u>
Weighted average number of shares	<u>661 625 000</u>	<u>661 625 000</u>	<u>661 625 000</u>	<u>661 625 000</u>
Earnings per share	<u>(0.27)</u>	<u>(0.43)</u>	<u>(0.14)</u>	<u>(0.19)</u>

**26. Finance income (expenses) recognised in equity**

	For the period		For the period	
	from 1/4/2011 to 30/6/2011	from 1/1/2011 to 30/6/2011	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010
	LE	LE	LE	LE
Foreign currency translation differences of foreign operations	28 921 920	85 767 405	64 816 838	37 246 191
Net change in the fair value of available- for-sale investment	<u>385 325</u>	<u>47 362</u>	<u>(774 010)</u>	<u>(950 490)</u>
Total finance income recognised in equity (net of tax)	<u>29 307 245</u>	<u>85 814 767</u>	<u>64 042 828</u>	<u>36 295 701</u>
Attributable to:				
Equity holders of the Company	29 265 451	86 251 197	63 737 794	36 152 149
Non - controlling interest	<u>41 794</u>	<u>(436 430)</u>	<u>305 034</u>	<u>143 552</u>
Total	<u>29 307 245</u>	<u>85 814 767</u>	<u>64 042 828</u>	<u>36 295 701</u>

**Citadel Capital Company**  
**Notes to the consolidated financial statements for the period ended June 30, 2011**

**27. Related party transactions**

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

Company's name	Accrued	Advisory fee		Advisory fee recognized according to	
	advisory fee	Recognized		contracts	
	according to				
	contracts				
	For the period	For the period		For the period	
	ended	from 1/4/2011	from 1/1/2011	from 1/4/2010 to	from 1/1/2010
	30/6/2011	to 30/6/2011	to 30/6/2011	30/6/2010	to 30/6/2010
		LE	LE	LE	LE
Mena Glass Ltd.	1 765 387	886 692	1 765 387	587 357	1 584 217
Mena Home Furnishings Mall	1 754 408	881 177	1 754 408	813 582	1 506 266
Citadel Capital Transportation					
Opportunities I Ltd.	424 208	213 065	424 208	675 654	1 486 198
Falcone Agriculture Investment					
Ltd.	7 211 907	3 641 551	7 211 907	3 230 161	6 388 761
Logria Holding *	18 618 144	--	--	8 688 279	17 269 984
Golden Crescent Investment Ltd.*	3 428 000	860 885	1 714 000	1 608 764	3 197 794
Orient Investment properties Ltd.	4 644 554	2 292 689	4 644 554	3 381 652	6 768 929
Sphinx Glass Ltd.	2 109 114	1 059 333	2 109 114	872 352	1 967 472
ASEC Cement Holding	4 954 073	2 571 421	4 954 073	2 478 063	4 849 647
Silverstone Capital Investment					
Ltd.	627 526	315 184	627 526	255 038	500 988
Citadel Capital Transportation					
Opportunities II Ltd.	1 854 680	767 065	1 854 680	--	--
<b>Total</b>	<b>47 392 001</b>	<b>13 489 062</b>	<b>27 059 857</b>	<b>22 590 902</b>	<b>45 520 256</b>

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

**Citadel Capital Company****Notes to the consolidated financial statements for the period ended June 30, 2011**

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

Company's name	For the period		For the period	
	from 1/4/2011 to 30/6/2011	from 1/1/2011 to 30/6/2011	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010
	LE	LE	LE	LE
Africa Joint Investment Fund	1 195 165	2 346 512	--	--
Mena Joint Investment Fund	806 941	1 624 663	--	--
<b>Total</b>	<b>2 002 106</b>	<b>3 971 175</b>	<b>--</b>	<b>--</b>

27.3 Interest income note no.(22) includes an amount of LE 17 561 627 represents accrued interest income according to signed contracts from other related parties as follows:

Company's name	For the period		For the period	
	from 1/4/2011 to 30/6/2011	from 1/1/2011 to 30/6/2011	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010
	LE	LE		
National Company for Trading and Development	4 589 165	9 086 974	2 758 890	8 323 272
United Foundries and Heat Treatment	1 133 639	2 120 968	358 409	675 400
Golden Crescent Finco Ltd.	2 203 319	3 919 557	6 361 094	14 545 378
Mena Home Furnishings Mall	161 408	277 728	37 682	849 883
Citadel Capital Transportation opportunities I Ltd.	381 773	639 009	617 651	1 875 972
Grandview Investment Holding	773 627	1 517 390	960 096	1 552 835
Emerald Financial services Ltd.	--	--	3 941 915	8 433 042
<b>Total</b>	<b>9 242 931</b>	<b>17 561 626</b>	<b>15 035 737</b>	<b>36 255 782</b>

**28. Tax status****28.1 Corporate tax**

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

**28.2 Salaries tax**

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



**Citadel Capital Company****Notes to the consolidated financial statements for the period ended June 30, 2011****28.3 Stamp tax**

The Company was inspected till July 31, 2006 and paid all the due amounts as per the Internal Committee decision and for the period from 1/8/2006 to 31/12/2010 haven't been inspected yet.

**28.4 Withholding tax**

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

**29. Group entities**

	Country of incorporation	Ownership interest	
		Direct %	Indirect %
Citadel Capital Holding for Financial Investments–Free Zone	Arab Republic of Egypt–Free Zone	99.99	--
Citadel Capital for International Investments Ltd.	British Virgin Island	100.00	--
Arab Company for Financial Investments Tanweer for Marketing and Distribution Company (Tanweer)	Arab Republic of Egypt	--	94.00
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 Investment	Arab Republic of Egypt	--	99.88
Tanmeyah Company S.A.E.	Arab Republic of Egypt	--	51.00
United for Petroleum Refining Consultation	Arab Republic of Egypt	--	99.99
Specialized For Refining Consulting	Arab Republic of Egypt	--	99.99
Specialized For Real Estat 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	--	75.00

	Country of incorporation	Ownership interest	
		Direct	Indirect
		%	%
Africa Railways Limited	British Virgin Island	--	100.00
Sequoia Willow Investment Ltd.	British Virgin Island	--	100.00
Brennan Solution 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 Holding	Republic of Mauritius	--	51.00
Citadel Capital Joint Investment Fund Management Limited	Republic of Mauritius	--	100.00
Mena Joint Investment Fund	Luxembourg	--	100.00

### **30. 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.

### **31. Contingent liabilities**

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

### **32. 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.

**32.1 Interest rate risk**

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

**32.2 Exchange rate risk**

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

**32.3 Credit risk**

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

**33. Comparative figures**

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