Citadel Capital Company
(Egyptian Joint Stock Company)

Separate financial statements
for the year ended December 31, 2010
&
Auditor's report

KPMG Hazem Hassan
Public Accountants & Consultants

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Auditor's report
To the shareholders of Citadel Capital Company

Report on the financial statements

We have audited the accompanying separate financial statements of Citadel Capital Company (Egyptian Joint Stock Company), which comprise the balance sheet as at December 31, 2010 and the statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citadel Capital Company as at December 31, 2010 and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Explanatory paragraph

Without qualifying our opinion , we draw attention to note no. (30) to the financial statements which describes the fact that no reasonable and reliable information is available to management as to enable them to disclose the impact of subsequent events on the values of some assets and liabilities and results of its operation in the subsequent financial periods, as those values and results could be changed substantially in subsequent periods should reasonable and reliable indicators and information are available to management as to enable them to identify and measure the extent and magnitude of these subsequent events on the values of those assets and liabilities.

Report on other legal and regulatory requirements

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

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

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants and Consultants
(11)

Cairo May 26 , 2011

Citadel Capital Company
(Egyptian Joint Stock Company)
Separate balance sheet
as at December 31, 2010

	note no.	31/12/2010 LE	31/12/2009 LE
Current assets			
Cash and cash equivalents	(4)	148 664 361	248 428 433
Due from related parties (net)	(5)	419 990 782	611 136 362
Other debit balances	(6)	9 858 234	17 194 821
Total current assets		578 513 377	876 759 616
Current liabilities			
Due to related parties	(7)	705 947 717	305 128 943
Current portion of long-term loans	(17)	96 194 363	-
Other credit balances	(8)	38 423 716	39 923 273
Expected claims provision	(9)	187 868 554	14 312 225
Total current liabilities		1 028 434 350	359 364 441
(Deficit) excess of current assets over current liabilities		(449 920 973)	517 395 175
Non - current assets			
Available-for-sale investments	(10)	26 391 801	30 685 943
Investments in subsidiaries and associates (net)	(11)	2 698 128 505	2 351 676 028
Payments for investments (net)	(12)	1 495 461 469	1 026 582 003
Fixed assets (net)	(13)	31 686 691	83 901 410
Other investments	(14)	384 588 746	400 679 647
Deferred tax	(15)	1 718 309	687 237
Total non - current assets		4 637 975 521	3 894 212 268
Total investment		4 188 054 548	4 411 607 443
Financed through:			
Equity			
Share capital	(16)	3 308 125 000	3 308 125 000
Legal reserve	(3.10)	89 578 478	79 011 015
Hedging reserve	(17)	-	(16 882 076)
Retained earnings		222 926 816	22 145 027
		3 620 630 294	3 392 398 966
Net (loss) profit for the year		(298 325 013)	211 349 252
Total equity		3 322 305 281	3 603 748 218
Non - current liabilities			
Long term loans	(17)	865 749 267	807 859 225
Total non - current liabilities		865 749 267	807 859 225
Total equity and non - current liabilities		4 188 054 548	4 411 607 443

The accompanying notes from page 5 to page 30 are an integral part of these financial statements and are to be read therewith.

~~Auditors report "attached"~~

Chairman	Managing Director	CFO / Board Member
Ahmed Heikal	Hisham Hussein El Khazindar	Ahmed El Shamy

Citadel Capital Company

(Egyptian Joint Stock Company)

Seperate income statement

for the year ended December 31, 2010

	note no.	For the year ended 31/12/2010 LE	31/12/2009 LE
Advisory fee	(23.1)	100 535 438	103 652 826
Dividends income	(23.3)	-	240 459 012
Gains on sale of investments	(18)	28 218 226	45 877 586
Other operating income	(23.4)	55 914 561	48 921 813
Total operating income		184 668 225	438 911 237
Administrative and general expenses	(25)	(182 416 564)	(195 382 980)
Fixed assets depreciation	(13)	(8 621 373)	(8 673 210)
Gains on sale of fixed assets	(23.5)	10 200 000	-
Impairment loss on assets	(20)	(115 675 532)	(20 694 627)
Provisions	(9)	(173 556 329)	(3 100 000)
Net operating (loss) income		(285 401 573)	211 060 420
Financing cost (net)	(19)	(13 288 209)	(791 537)
Net (loss) profit before income tax		(298 689 782)	210 268 883
Income tax	(22)	(666 303)	-
Deferred tax	(15)	1 031 072	1 080 369
Net (loss) profit for the year		(298 325 013)	211 349 252
Earnings per share	(21)	(0.45)	0.34

The accompanying notes from page 5 to page 30 are an integral part of these financial statements and are to be read therewith.

Citadel Capital Company

(Egyptian Joint Stock Company)

Seperate statement of changes in equity

for the year ended December 31, 2010

	note no.	Share capital LE	Legal reserve LE	Hedging reserve LE	Retained earnings LE	Net profit (loss) for the year LE	Total LE
Balance as at December 31, 2008		2 750 000 000	77 845 487	(3 554 169)	-	23 310 555	2 847 601 873
Profit appropriation for the year 2008	(3.10)	-	1 165 528	-	22 145 027	(23 310 555)	-
Payment of capital	(16)	558 125 000	-	-	-	-	558 125 000
Changes in fair value of cash flow hedges	(17)	-	-	(13 327 907)	-	-	(13 327 907)
Net profit for year 2009		-	-	-	-	211 349 252	211 349 252
Balance as at December 31, 2009		3 308 125 000	79 011 015	(16 882 076)	22 145 027	211 349 252	3 603 748 218
Profit appropriation for the year 2009	(3.10)	-	10 567 463	-	200 781 789	(211 349 252)	-
Hedges transferred to income statement	(17)	-	-	16 882 076	-	-	16 882 076
Net loss for year 2010		-	-	-	-	(298 325 013)	(298 325 013)
Balance as at December 31, 2010		3 308 125 000	89 578 478	-	222 926 816	(298 325 013)	3 322 305 281

The accompanying notes from page 5 to page 30 are an integral part of these financial statements and are to be read therewith.

Citadel Capital Company

(Egyptian Joint Stock Company)

Seperate cash flows statement

for the year ended December 31, 2010

	For the year ended	
	31/12/2010	31/12/2009
	LE	LE
Cash flows from operating activities		
Net (loss) profit before tax	(298 689 782)	210 268 883
Adjustments to reconcile net (loss) profit to net cash provided from operating activities :		
Fixed assets depreciation	8 621 373	8 673 210
Unrealized foreign currency differences	20 138 605	(3 954 480)
Gains on sale of investments in subsidiaries and associates	(25 815 740)	(45 036 600)
Gains on sale of available-for-sale investments	(2 402 486)	(840 986)
Expected claims provision	173 556 329	3 100 000
Credit interest	(35 052 058)	(329 961)
Impairment loss on assets	115 675 532	20 694 627
Gains on sale of fixed assets	(10 200 000)	-
Hedging reserve	16 882 076	-
Operating (loss) profit before changes in working capital	(37 286 151)	192 574 693
(Increase) decrease in assets		
Due from related parties	(6 952 271)	(108 661 959)
Other debit balances	9 195 641	(2 704 531)
Increase (decrease) in liabilities		
Due to related parties	400 818 774	167 085 561
Other credit balances	(2 165 860)	15 209 197
Net cash provided from operating activities	363 610 133	263 502 961
Cash flows from investing activities		
Payments to purchase fixed assets	(590 702)	(13 856 925)
Commissions paid for sale of fixed assets	(1 800 000)	-
Payments for investments	(611 651 090)	(309 239 788)
Payments for purchasing of investments in subsidiaries and associates	(39 222 500)	(3 035 195)
Proceeds from sale of investments in subsidiaries and associates	29 434 477	31 395 640
Proceeds from sale of available-for-sale investments	6 696 628	10 580 585
Proceeds from / payments for other investments	47 058 265	(400 349 686)
Net cash used in investing activities	(570 074 922)	(684 505 369)
Cash flows from financing activities		
Proceeds from issuing of share capital	-	558 125 000
Dividends paid	-	(145 545)
Proceeds from / payments for loans	106 700 717	(2 793 095)
Payments for hedging reserve	-	(11 449 331)
Net cash provided from financing activities	106 700 717	543 737 029
Net change in cash and cash equivalents during the year	(99 764 072)	122 734 621
Cash and cash equivalents at the beginning of the year	248 428 433	125 693 812
Cash and cash equivalents at the end of the year	148 664 361	248 428 433

The accompanying notes from page 5 to page 30 are an integral part of these financial statements and are to be read therewith.

Citadel Capital Company
(Egyptian Joint Stock Company)
Notes to the separate financial statements
for the year ended December 31, 2010

1. Company background

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

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

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected.

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

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

2.5 Consolidated financial statements

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

3. Significant accounting policies applied

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

3.1 Foreign currency translation

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

3.2 Fixed assets depreciation

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

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

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

3.3 Projects under construction

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

3.4 Gains and losses from disposal of fixed assets

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

3.5 Investments

3.5.1 Investments at fair value through income statement

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

3.5.2 Available-for-sale investments

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

3.5.3 Investments in subsidiaries and associates

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

3.6 Impairment of assets

3.6.1 Financial assets

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

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

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

3.6.2 Non-financial assets

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

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

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

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

3.7 Cash and cash equivalents

Cash and cash equivalents are represented in the cash on hand and banks current accounts.

3.8 Interest-bearing borrowings

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

3.9 Provisions

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

3.10 Legal reserve

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

3.11 Issued capital

3.11.1 Repurchase of share capital

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

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

3.11.2 Dividends

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

3.12 Derivative financial instruments

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

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

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

3.13 Lending

Loans are stated at cost less any impairment losses in its value and the Company revaluates the loans at each balance sheet date, in case of impairment in the redeemable value of the loan less than its book value the loan is impaired by the value of impairment loss and recognized in income statement.

3.14 Revenues

3.14.1 Gains (losses) on sale of investments

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

3.14.2 Dividends income

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

3.14.3 Management fee

Management fee is recognized upon rendering the service.

3.14.4 Advisory fee

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

3.14.5 Interest income

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

3.15 Expenses

3.15.1 Interest expense

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

3.15.2 Employees pension

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

3.15.3 Income tax

- Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.
- Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.
- A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.16 Earnings per share

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

3.17 Profit sharing to employees

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

4. Cash and cash equivalents

	31/12/2010	31/12/2009
	LE	LE
Cash on hand	189 084	68 565
Banks – current accounts	148 475 277	248 359 868
Balance	148 664 361	248 428 433

Non cash transactions

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

- LE 74 441 894 from payments for investments and due from related parties (represents the transfer from related parties' current account to payments for investments).
- LE 81 995 933 from payments for other investments and due from related parties (represents the transfer from related parties' current account to other investments).
- LE 397 848 714 from payments for purchase of investments in subsidiaries and associates and payments for investments (represents the transfer during the year as investment).
- LE 6 859 054 from proceeds from other investments and other debit balances (represents the uncollected portion of other investments).
- LE 106 466 656 from proceeds from other investments and payments for investments (represents the investments that the company has acquired against part of other investments).
- LE 87 000 000 from proceeds from sale of investments in subsidiaries and associates and payments for investments (represents the value of selling the shares of United Foundries Company against transfer of investments for the Company).
- LE 20 184 048 from proceeds from fixed assets and payments for investments (represents the value of assets under constructions that transferred to one of the subsidiaries as investments).
- LE 36 000 000 from proceeds from sale of fixed assets and due from related parties (represents the value of sold land to one of subsidiaries through current accounts).

5. Due from related parties

	Nature of transaction		31/12/2010	31/12/2009
	Advisory fee	Finance		
	LE	LE	LE	LE
Mena Home Furnishings Mall	4 867 303	--	4 867 303	3 450 513
Falcon Agriculture Investments Ltd.	13 620 957	--	13 620 957	13 903 434
Golden Crescent Investments Ltd.*	13 695 108	--	13 695 108	6 591 082
Orient Investments Properties Ltd.	39 716 159	--	39 716 159	27 177 005
Regional Investments Holding	5 088 275	--	5 088 275	6 817 887
Logria Holding Ltd.*	31 881 898	--	31 881 898	34 335 141
Mena Glass Ltd.	4 315 533	--	4 315 533	3 817 404
Silverstone Capital Investment Ltd.	3 066 099	--	3 066 099	1 228 523
Sabina for Integrated Solutions	6 371 860	--	6 371 860	38 338 300
Sphinx Glass Ltd.	4 634 080	--	4 634 080	4 381 520
ASEC Cement Company	14 626 894	--	14 626 894	13 604 022
National Development and Trading Company	--	11 585 199	11 585 199	58 902 090
Citadel Capital Holding for Financial Investments- Free Zone *	--	189 556 177	189 556 177	213 616 287
ASEC for Mining (ASCOM)	--	9 246 768	9 246 768	31 207 600
Citadel Capital for International Investments Ltd.*	--	66 921 097	66 921 097	117 668 506
National Company for Touristic and Property Investments	--	36 000 000	36 000 000	--
Citadel Capital Financing Corp.*	38 026 774	--	38 026 774	--
Valencia Trading Holding Ltd.	8 688 900	--	8 688 900	--
Citadel Capital Transportation Opportunities II Ltd.	741 725	--	741 725	--
United Foundries Company	--	--	--	36 097 048
Citadel Capital for Scholarship *	--	--	--	2 301 113
Total			502 650 806	613 437 475
Impairment*			(82 660 024)	(2 301 113)
Net			419 990 782	611 136 362

* Note no. (20)

6. Other debit balances

	31/12/2010 LE	31/12/2009 LE
Deposits with others	1 419 652	1 419 652
Imprest	252 777	826 627
Advances to suppliers	234 047	1 785 883
Prepaid expenses	146 940	475 440
Letters of guarantee's margin	579 260	547 690
Sundry debit balances	7 225 558	12 139 529
Balance	9 858 234	17 194 821

7. Due to related parties

	31/12/2010 LE	31/12/2009 LE
Citadel Capital Partners Ltd.*	705 947 717	305 128 943

* The principal shareholder of the Company – 38.99%.

8. Other credit balances

	31/12/2010 LE	31/12/2009 LE
Tax Authority	2 518 440	284 538
Accrued expenses	26 280 601	31 914 294
Accrued interest	3 274 852	2 665 113
Suppliers	3 307 561	2 091 727
Prior years dividends payable	2 893 919	2 893 919
National Authority for Social Insurance	106 100	12 745
Sundry credit balances	42 243	60 937
Balance	38 423 716	39 923 273

9. Expected claims provision

	31/12/2010 LE	31/12/2009 LE
Balance at the beginning of the year	14 312 225	11 212 225
Formed during the year	173 556 329	3 100 000
Balance	187 868 554	14 312 225

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

10. Available-for-sale investments

	31/12/2010	31/12/2009
	LE	LE
Arab Swiss Engineering Company (ASEC)	17 479	17 479
Modern Company for Isolating Materials	43 396	43 396
Horus Private Equity Fund II	10 360 126	14 654 268
Horus Private Equity Fund III	15 970 800	15 970 800
Balance	26 391 801	30 685 943

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

11. Investments in subsidiaries and associates

	Percentage	31/12/2010	Percentage	31/12/2009
	%	LE	%	LE
National Development and Trading Company	44.47	668 170 587	49.50	668 170 587
ASEC for Mining (ASCOM)	39.22	183 051 762	44.64	163 687 999
Citadel Capital Holding for Financial Investments-Free Zone	99.99	1 345 352 547	99.99	1 345 352 547
United Foundries Company	29.29	103 699 040	49.29	174 459 040
Citadel Capital for International Investments Ltd.	100	397 854 569	100	5 855
Citadel Capital – Algeria *	--	--	99.99	6 194 250
Total		2 698 128 505		2 357 870 278
Impairment *		--		(6 194 250)
Net		2 698 128 505		2 351 676 028

- Investments in subsidiaries and associates are represented in unlisted securities in the Stock Exchange except ASEC for Mining (ASCOM) which has market value of LE 173 794 860 as at December 31, 2010 versus LE 236 023 425 as at December 31, 2009.

* Note no. (20)

12. Payments for investments

	31/12/2010	31/12/2009
	LE	LE
Citadel Capital Holding for Financial Investments- Free Zone *	1 243 021 253	651 176 519
Citadel Capital for International Investments Ltd.	250 208 876	348 378 910
Fund Project *	25 188 018	19 414 025
Forestry Project *	2 400 624	2 400 624
Mammoth Project *	7 658 206	--
Glass Rock	--	5 211 925
ASCOM Algeria *	--	3 285 594
Citadel Capital – Algeria *	--	9 413 070
Total	1 528 476 977	1 039 280 667
Impairment *	(33 015 508)	(12 698 664)
Net	1 495 461 469	1 026 582 003

* Note no. (20)

13. Fixed assets

	Land	Building and constructions	Computer and software	Furniture and fixture	Vehicles	Assets under Construction*	Total
	LE	LE	LE	LE	LE	LE	LE
Cost as at 1/1/2010	24 000 000	33 742 368	7 048 249	22 368 302	539 800	20 084 048	107 782 767
Additions during the year	--	--	463 002	27 700	--	100 000	590 702
Disposals during the year	(24 000 000)	--	--	--	--	(20 184 048)	(44 184 048)
Total cost as at 31/12/2010	--	33 742 368	7 511 251	22 396 002	539 800	--	64 189 421
Accumulated depreciation as at 1/1/2010	--	5 061 355	4 660 792	13 900 556	258 654	--	23 881 357
Depreciation during the year	--	1 687 118	1 375 800	5 423 505	134 950	--	8 621 373
Accumulated depreciation as at 31/12/2010	--	6 748 473	6 036 592	19 324 061	393 604	--	32 502 730
Net cost as at 31/12/2010	--	26 993 895	1 474 659	3 071 941	146 196	--	31 686 691
Net cost as at 31/12/2009	24 000 000	28 681 013	2 387 457	8 467 746	281 146	20 084 048	83 901 410

* Assets under construction represent what was paid for preparations of two plots of land which were purchased at the Smart Village for the purpose of constructing a new headquarters for the company and during the financial year it has been sold to one of the subsidiaries, note no. (23.6).

14. Other investments

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

	31/12/2010	31/12/2009
	LE	LE
National Development and Trading Company *	313 082 482	400 679 647
United Foundries Company **	71 506 264	--
Balance	384 588 746	400 679 647

* The Company has granted two subordinating loans to National Development and Trading Company – (one of the associate companies - 44.47%) as follows:

1- A contract as at December 28, 2009 with an amount of US.$ 73 097 863 (equivalent to LE 400 349 686 as at December 31, 2009) in addition to an interest amounted to US.$ 60 251 (equivalent to LE 329 961) and the Company has transferred during the year an amount of US.$ 32 129 233 (equivalent to LE 176 443 876) from the loan's principle to Financial Holding International Company (one of National Development and Trading Company's shareholders) to become with an amount of US.$ 40 968 630 (equivalent to LE 237 314 886 as at December 31, 2010) in addition to an interest amounted to US.$ 4 766 163 (equivalent to LE 27 608 476). As a result , the balance become with an amount of US.$ 45 734 793 (equivalent to LE 264 923 362).

2- A contract as at September 21, 2010 with an amount of US.$ 8 313 904 (equivalent to LE 48 159 120 as at December 31,2010) including an interest amounted to US.$ 249 017 (equivalent to LE 1 442 456).

The loans contracts period will be 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.

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

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

** The Company has 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.$ 12 344 416 (equivalent to LE 71 506 264 as at December 31, 2010) including an interest amounted to US.$ 781 229 (equivalent to LE 4 525 347) 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.

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%.

15. Deferred tax

	31/12/2010	31/12/2009
	LE	LE
Fixed assets (depreciation)	1 718 309	687 237

16. Share capital

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

number of shares after increase is 661 625 000 shares distributed to 496 218 750 common shares and 165 406 250 preferred shares. The share capital increase was paid in full during July. The commercial register was updated on July 26, 2009.

The shareholders' structure is represented as follows:

Shareholders' name	Percentage %	No. of shares	Value in LE
Citadel Capital Partners Ltd.	38.99	258 000 000	1 290 000 000
Emirates International Investments Company	8.37	55 362 835	276 814 175
Others	52.64	348 262 165	1 741 310 825
	100	661 625 000	3 308 125 000

17. Long term loans

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

Loan is to be paid on three installments:

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

The Company has withdrawn an amount of US.$ 166 064 225 (equivalent to the amount of LE 961 943 630 as at December 31, 2010) versus of US.$ 147 503 008 (equivalent to the amount of LE 807 859 225 as at December 31, 2009), and the first stage installment due on May 15, 2011 is amounted to US.$ 16 606 423 (equivalent to LE 96 194 363) .

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 9 805 622 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.
- Regional Investments Holding
- Lotus Alliance Limited
- Citadel Capital Financing Corp.

- **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.

18. Gains on sale of investments

	For the year ended	
	31/12/2010	**31/12/2009**
	LE	**LE**
Gains on sale of investments in subsidiaries and associates *	25 815 740	45 036 600
Gains on sale of available-for-sale investments	2 402 486	840 986
Total	28 218 226	45 877 586

* Represented in gains arising from sale of shares in the following companies:

	For the year ended 31/12/2010			For the year ended 31/12/2009		
	Selling price of investment	Cost of investment	Net	Selling price of investment	Cost of investment	Net
	LE	LE	LE	LE	LE	LE
ASEC for Mining (ASCOM)	29 434 477	(19 858 737)	9 575 740	31 395 640	(19 625 837)	11 769 803
United Foundries	87 000 000	(70 760 000)	16 240 000	21 228 000	(21 228 000)	--
National Development and Trading Company	--	--	--	293 793 040	(260 526 243)	33 266 797
	116 434 477	(90 618 737)	25 815 740	346 416 680	(301 380 080)	45 036 600

19. Financing cost

	For the year ended 31/12/2010	For the year ended 31/12/2009
	LE	LE
Credit interest *	65 552 113	36 454 063
Debit interest	(70 140 611)	(30 709 598)
Foreign currency differences	(8 699 711)	(6 536 002)
Net	(13 288 209)	(791 537)

* Note no. (23.2)

20. Impairment loss on assets

	For the year ended 31/12/2010	For the year ended 31/12/2009
	LE	LE
Impairment loss on payments for investments		
Fund Project	22 956 678	--
Forestry Project	2 400 624	--
Mammoth Project	7 658 206	--
Citadel Capital - Algeria	--	9 413 070
Ascom Algeria	--	3 285 594
	33 015 508	12 698 664

	For the year ended 31/12/2010	31/12/2009
	LE	LE
Impairment loss on due from related parties		
Citadel Capital Holding for Financial Investments-Free Zone	5 000 000	--
Citadel Capital for International Investments Ltd.	11 375 707	--
Citadel Capital Financing Corp.	27 554 865	--
Logria Holding	31 881 898	--
Golden Crescent Investment Ltd	6 847 554	--
Citadel Capital for Scholarship	--	2 301 113
	82 660 024	2 301 113
Impairment loss on investments in subsidiaries and associates		
Citadel for Projects	--	(249 700)
National Co. for Building Materials	--	(249 700)
Citadel Capital-Algeria	--	6 194 250
	--	5 694 850
Balance	115 675 532	20 694 627

21. Earnings per share

	For the year ended 31/12/2010	31/12/2009
	LE	LE
Net (loss) profit for the year	(298 325 013)	211 349 252
The weighted average number of shares	661 625 000	620 871 566
Earnings per share	(0.45)	0.34

22. Reconciliations of effective tax rate

	31/12/2010	31/12/2009
	LE	LE
Net (loss) profit before tax	(298 689 782)	210 268 883
Tax reconciliations:		
Tax exemptions	(9 575 740)	(324 808 635)
Hedging reserve	16 882 076	(16 882 076)
Provisions	173 556 329	3 100 000
Impairment loss on assets	115 675 532	20 694 627
Non deductible expenses	2 014 855	46 000
Fixed assets (taxable depreciation variances)	3 468 243	2 111 962
Net tax exposure	3 331 513	(105 469 239)
Effective tax rate	20%	20%
Income tax according to the tax return	666 303	--

23. Related party transactions

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

	For the year ended	
	31/12/2010	31/12/2009
Company's name	LE	LE
Mena Glass Ltd.	4 188 534	3 864 440
Mena Home Furnishings Mall	4 727 139	3 492 207
Regional Investments Holding	4 931 759	3 921 714
Falcone Agriculture Investments Ltd.	13 218 466	12 795 523
Logria Holding.	35 230 667	34 765 817
Golden Crescent Investments Ltd.	6 523 485	6 676 234
Orient Investments Properties Ltd.	10 558 922	14 609 280
Sphinx Glass Ltd.	4 495 820	4 436 500
ASEC Cement Company	14 197 114	17 862 131
Silverstone Capital Investment Ltd.	1 724 866	1 228 980
Citadel Capital Transportation Opportunities II Ltd.	738 666	--
Total	100 535 438	103 652 826

23.2 Credit interest – finance income note no.(19) includes an amount of LE 64 518 290 which represent the accrued interest income according to signed contracts with related parties as follows:

	For the year ended	
	31/12/2010	31/12/2009
Company's name	**LE**	**LE**
National Development and Trading Company	30 626 472	19 014 549
United Foundries Company	4 425 586	447 826
Citadel Capital Holding for Financial Investments-Free Zone	25 235 222	3 808 363
Citadel Capital for International Investments Ltd.	4 231 010	11 059 123
Total	64 518 290	34 329 861

23.3 Dividends income presented in the income statement represents dividends for year 2009 from subsidiaries as follows:

	For the year ended	
Company's name	31/12/2010	31/12/2009
	LE	**LE**
Citadel Capital Holding for Financial Investments-Free Zone	--	226 635 479
Arab Company for Financial Investments	--	13 823 533
Total	--	240 459 012

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

23.4.1 The related parties' amounts due to the Company for bearing all the direct and indirect pre-operation fees for those related parties as follows:

	For the year ended	
	31/12/2010	31/12/2009
Company's name	**LE**	**LE**
Eco-Logic Ltd.	10 070 736	--
Valencia Trading Holding Ltd.	8 516 850	--
Citadel Capital Financing Corp.	17 626 600	--
Sabina for Integrated Solutions	--	39 098 500
Total	36 214 186	39 098 500

23.4.2 Management fees due from Citadel Capital Financing Corp. with an amount of LE 19 700 375 according to signed contract.

23.5 Gains on sale of fixed assets is represented in gains from sale of owned land to one of the Company's subsidiaries - National Company for Touristic and Property Investments as follows:

	LE
Selling price	36 000 000
Cost	(24 000 000)
Sales commissions and expenses	(1 800 000)
Net	10 200 000

23.6 The Company has transferred assets under constructions with its cost to Specialized Company for Real Estate (one of the subsidiaries) with an amount of LE 20 184 048.

24. Tax Status

Corporate tax

- The Company's books have not been inspected yet.
- The Company submitted its tax returns on regular basis for the year from 2005 to 2009 according to tax law No 91/2005.

Salaries tax

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

Stamp tax

The Company was inspected till July 31, 2006 and paid all the accrued amounts according to the Internal Committee decision and no tax inspection for the period from 1/8/2006 to 31/12/2010 has been taken place yet.

Withholding tax

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

25. Administrative and general expenses

	For the year ended	
	31/12/2010	31/12/2009
	LE	LE
Wages , salaries and similar items	113 739 692	69 554 844
Consultancy	5 595 814	38 656 687
Advertising and public relations	11 078 865	20 383 814
Travel , accommodation and transportation	23 393 259	24 578 206
Management fees –note no. (26)	--	23 483 250
Other expenses	28 608 934	18 726 179
Total	182 416 564	195 382 980

26. Management fees

The Company's extraordinary general assembly meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners Ltd. (the principal shareholder of – 38.99 %) which states that Citadel Capital Partners Ltd. provides management duties for fees based on 10% of the net annual profit available for distribution. The total fees for the year ended December 31, 2010 are nil against an amount of LE 23 483 250 as at December 31, 2009 .

27. Employees Stock Option Plan

- The Company's extraordinary meeting held on February 20, 2008 approved to add a new article to the Company Article of Association to adopt a plan or more to motivate employees, managers and executive board of directors – Employees Stock Option Plan (ESOP) in accordance with decision no. 282 for 2005 which modified executive regulation for the law No. 159 / 1981.
- On June 22, 2008 the Capital Market Authority approved the ESOP plan and the Company did not start to apply it till now.

28. Contingent liabilities

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

29. Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances with banks and debtors while financial liabilities include creditors. Note no. (3) of notes to financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses by the Company to minimize the consequences of such risks.

29.1 Credit risk

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

29.2 Liquidity risk

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

29.3 Foreign currencies risk

The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the Company's cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies. Assets and liabilities that have foreign currency position at the balance sheet date equivalent to LE 977 726 818 and LE 1 036 333 995 respectively, and net foreign currencies balances are as follows:

Foreign currencies	**(Deficit) / surplus**
	LE
US.$	(64 702 790)
Euro	6 095 613

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

29.4 Financial instruments' fair values

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

30. Subsequent events

Recently, Arab Republic of Egypt faced events that might have significant impact on economic sectors in general that is highly likely to affect the economic activities during the coming periods, so it is likely that the events referred to a substantial impact on the elements of assets and liabilities and the remedial value, as well as business results through Future periods.

Currently, it is not possible to quantify this effect on the assets and liabilities included the financial statements of the Company, where the impacts depend on the time period of the events referred is expected to be completed by to know their effects.

31. Comparative figures

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