Citadel Capital Company
(Egyptian Joint Stock Company)

Unconsolidated financial statements
for the period ended June 30, 2010
&
Review report

Contents **Page**

KPMG

Hazem Hassan
Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11
Telefax : (202) 35 36 23 01 - 35 36 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahram

Review report

To the Board of Directors of Citadel Capital Company

Introduction

We have performed a limited review for the accompanying unconsolidated balance sheet of Citadel Capital Company (Egyptian Joint Stock Company) as at June 30, 2010 and the related unconsolidated statements of income, cash flows and changes in equity 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 interim unconsolidated financial statements do not present fairly, in all material respects, the financial position of the Company as at June 30, 2010 and of its unconsolidated financial performance and its unconsolidated cash flows for the six months then ended in accordance with Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Hassan Basyouni

KPMG Hazem Hassan

KPMG Hazem Hassan Public Accountants and Consultants

Cairo August 19, 2010

Citadel Capital Company

(Egyptian Joint Stock Company)

Unconsolidated balance sheet

as at June 30, 2010

	note no.	30/6/2010 LE	31/12/2009 LE
Current assets			
Cash and cash equivalents	(4)	150 505 157	248 428 433
Due from related parties (net)	(5)	336 255 216	611 466 323
Other debit balances	(6)	22 869 982	17 194 821
Total current assets		509 630 355	877 089 577
Current liabilities			
Due to related parties	(7)	391 852 916	305 128 943
Other credit balances	(8)	20 158 163	39 923 273
Expected claims provision	(9)	14 312 225	14 312 225
Total current liabilities		426 323 304	359 364 441
Working capital		83 307 051	517 725 136
Non - current assets			
Available-for-sale investments	(10)	26 391 801	30 685 943
Investments in subsidiaries and associates (net)	(11)	2 782 078 347	2 351 676 028
Payments for investments (net)	(12)	1 149 887 649	1 026 582 003
Fixed assets (net)	(13)	79 822 771	83 901 410
Other investments	(14)	275 659 787	400 349 686
Deferred tax assets	(15)	1 032 473	687 237
Total non - current assets		4 314 872 828	3 893 882 307
Total investment		4 398 179 879	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)	(25 201 169)	(16 882 076)
Retained earnings		222 926 816	22 145 027
		3 595 429 125	3 392 398 966
Net profit for the period / year		1 802 191	211 349 252
Total equity		3 597 231 316	3 603 748 218
Non - current liabilities			
Long term loans	(17)	800 948 563	807 859 225
Total non - current liabilities		800 948 563	807 859 225
Total equity and non - current liabilities		4 398 179 879	4 411 607 443

The accompanying notes from page 5 to page 25 are an integral part of these financial statements and are to be read therewith .

"Review report attached"

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

Citadel Capital Company

(Egyptian Joint Stock Company)

Unconsolidated income statement

for the period ended June 30, 2010

	note no.	For the period from 1/4/2010 to 30/6/2010	For the period from 1/1/2010 to 30/6/2010	For the period from 1/4/2009 to 30/6/2009	For the period from 1/1/2009 to 30/6/2009
		LE	LE	LE	LE
Advisory fee	(21.1)	25 446 576	50 228 222	29 467 565	54 422 044
Gains on sale of investments	(18)	-	11 978 226	7 971 576	7 971 576
Other operating income	(21.3)	13 096 286	18 587 586	39 098 500	39 098 500
Total operating income		38 542 862	80 794 034	76 537 641	101 492 120
General and administrative expenses	(23)	(42 293 928)	(94 086 253)	(41 365 009)	(70 849 898)
Net operating (loss) income		(3 751 066)	(13 292 219)	35 172 632	30 642 222
Net finance income (expenses)	(19)	4 217 198	14 749 174	(1 143 446)	(17 762 320)
Net profit before income tax		466 132	1 456 955	34 029 186	12 879 902
Income tax		-	-	(1 261 390)	(1 261 390)
Deferred tax	(15)	(178 131)	345 236	153 755	969 112
Net profit for the period		288 001	1 802 191	32 921 551	12 587 624
Earnings per share	(20)	-	-	0.05	0.02

The accompanying notes from page 5 to page 25 are an integral part of these financial statements and are to be read therewith .

Citadel Capital Company

(Egyptian Joint Stock Company)

Unconsolidated statement of changes in equity

for the period ended June 30, 2010

	note no.	Share capital LE	Legal reserve LE	Hedging reserve LE	Retained earnings LE	Net profit for the year / period 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)	275 500 000	-	-	-	-	275 500 000
Changes in fair value of cash flow hedges	(17)	-	-	(5 834 060)	-	-	(5 834 060)
Net profit for the period ended June 30, 2009		-	-	-	-	12 587 624	12 587 624
Balance as at June 30, 2009		3 025 500 000	79 011 015	(9 388 229)	22 145 027	12 587 624	3 129 855 437
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)	-
Changes in fair value of cash flow hedges	(17)	-	-	(8 319 093)	-	-	(8 319 093)
Net profit for the period ended June 30, 2010		-	-	-	-	1 802 191	1 802 191
Balance as at June 30, 2010		3 308 125 000	89 578 478	(25 201 169)	222 926 816	1 802 191	3 597 231 316

The accompanying notes from page 5 to page 25 are an integral part of these financial statements and are to be read therewith .

Citadel Capital Company

(Egyptian Joint Stock Company)

Unconsolidated cash flows statement

for the period ended June 30, 2010

	For the period ended	
	30/6/2010	**30/6/2009**
	LE	**LE**
Cash flows from operating activities		
Net profit before tax	1 456 955	12 879 902
Adjustments to reconcile net profit to net cash provided from (used in) operating activities :		
Fixed assets depreciation	4 339 472	4 021 654
Unrealized foreign currency differences	27 093 698	12 064 346
Gains on sale of investments in subsidiaries	(9 575 740)	(7 971 576)
Gains on sale of available-for-sale investments	(2 402 486)	-
Operating profit before changes in working capital	20 911 899	20 994 326
Decrease (increase) in assets		
Due from related parties	161 530 331	(143 054 914)
Other debit balances	(5 675 161)	(6 100 914)
Increase (decrease) in liabilities		
Due to related parties	86 723 973	(77 731 587)
Other credit balances	(21 766 350)	(4 614 260)
Net cash provided from (used in) operating activities	241 724 692	(210 507 349)
Cash flows from investing activities		
Payments to purchase fixed assets	(260 833)	(5 893 943)
Payments for investments	(495 982 974)	(58 906 809)
Payments for purchase of investments in subsidiaries and associates	-	(5 855)
Proceeds from sale of investments in subsidiaries and associates	29 434 477	22 639 616
Proceeds from sale of available-for-sale investments	6 696 628	-
Proceeds from loans to associates	162 321 870	-
Net cash used in investing activities	(297 790 832)	(42 166 991)
Cash flows from financing activities		
Proceeds from issuing of share capital	-	275 500 000
Dividends paid	-	(74 143)
Payments for loans	(35 539 283)	(2 793 095)
Hedging reserve	(6 317 853)	(4 166 481)
Net cash (used in) provided from financing activities	(41 857 136)	268 466 281
Net change in cash and cash equivalent during the period	(97 923 276)	15 791 941
Cash and cash equivalent at the beginning of the period	248 428 433	125 693 812
Cash and cash equivalent at the end of the period	150 505 157	141 485 753

The accompanying notes from page 5 to page 25 are an integral part of these financial statements and are to be read therewith

.

Citadel Capital Company

(Egyptian Joint Stock Company)

Notes to the unconsolidated financial statements

for the period ended June 30, 2010

1. Company background

Citadel Capital Company - an Egyptian Joint Stock Company - was founded in accordance with the Egyptian applicable laws & in pursuance to executive regulation of Law no.159/1981& the Company has been registered under the number of 11121 on 11 April 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.
- Available-for-sale investments.
- 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 period 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 (11) – measurement of the recoverable amount of investments in subsidiaries and associates.
- Note (15) – recognition of deferred tax.
- Note (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. 159/1981, 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. Foreign currency differences arising on the retranslation 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 3.6). Depreciation is charged to the income statement over the estimated useful life of each asset using the straight-line method. The following are the estimated useful lives, for each class of assets, for depreciation calculation purposes:

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

For the purpose of preparing the Cash Flows Statement, 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

The lending is stated at cost deducting from it any impairment loss in its value and the Company evaluate the loans at the 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 recorded when declared.

3.14.3 Management fee

Management fees are recognized upon rendering the service according to accrual basis.

3.14.4 Advisory fee

Advisory fee is calculated based on agreed percentage in accordance with contract term with companies and recognized according to accrual basis.

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 period.

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

	30/6/2010	31/12/2009
	LE	LE
Cash on hand	420 985	68 565
Banks – current accounts	150 084 172	248 359 868
Balance	150 505 157	248 428 433

Non cash transactions

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

- An amount of LE 2 001 240 from changes in other credit balances and changes in fair value of cash flow hedges reserve (represents the accrued amount of June according to the bank claim).
- An amount of LE 77 583 728 from payments for investments and due from related parties (represents the transfer from related parties' current account to payments for investments).
- An amount of LE 36 097 048 from payments for loans to associates and due to related parties (represents the transfer from related parties' current account to loans to associates).
- An amount of LE 353 786 323 from payments for purchase of investments in subsidiaries and associates and payments for investments (represents the transfer during the period as investment).

5. Due from related parties

	Nature of transaction		30/6/2010	31/12/2009
	Advisory fee	Finance		
	LE	LE	LE	LE
Mena Home Furnishings Mall	2 285 905	--	2 285 905	3 450 513
Falcon Agriculture Investments Ltd.	6 583 712	--	6 583 712	13 903 434
Golden Crescent Investments	10 128 448	--	10 128 448	6 591 082
Orient Investments Properties Ltd.	35 150 389	--	35 150 389	27 177 005

	Nature of transaction		30/6/2010	31/12/2009
	Advisory fee	Finance		
	LE	LE	LE	LE
Regional Investments Holding	2 578 686	--	2 578 686	6 817 887
Logria Holding	19 325 181	--	19 325 181	34 335 141
Mena Glass Ltd.	2 067 380	--	2 067 380	3 817 404
Silverstone Capital Investment Ltd.	2 125 295	--	2 125 295	1 228 523
Sabina for Integrated Solutions	6 245 690	--	6 245 690	38 338 300
Sphinx Glass Ltd.	2 271 160	--	2 271 160	4 381 520
ASEC Cement Holding	7 042 425	--	7 042 425	13 604 022
National Development and Trading Company	--	19 865 814	19 865 814	59 232 051
CC Holding for Financial Investments-Free Zone	--	177 574 898	177 574 898	213 616 287
ASEC for Mining (ASCOM)	--	255 506	255 506	31 207 600
Citadel Capital for International Investments Ltd.	--	23 980 541	23 980 541	117 668 506
Eco-Logic Ltd.	10 257 336	--	10 257 336	--
Valencia Trading Holding Ltd.	8 516 850	--	8 516 850	--
United Foundries	--	--	--	36 097 048
Citadel Capital for Scholarship	--	--	--	2 301 113
Total			336 255 216	613 767 436
Impairment			--	(2 301 113)
Net			336 255 216	611 466 323

6. Other debit balances

	30/6/2010	31/12/2009
	LE	LE
Deposits with others	1 419 652	1 419 652
Imprest	585 908	826 627
Advances to suppliers	316 031	1 785 883
Prepaid expenses	146 252	475 440
Letters of guarantee's margin	567 790	547 690
Tax withheld by others	363 789	--
Sundry debit balances	19 470 560	12 139 529
Balance	22 869 982	17 194 821

7. Due to related parties

	30/6/2010	31/12/2009
	LE	LE
Citadel Capital Partners Ltd.*	391 852 916	305 128 943

* The principal shareholder of the Company – 40.13%.

8. Other credit balances

	30/6/2010	31/12/2009
	LE	LE
Tax Authority	7 358 995	284 538
Accrued expenses	4 448 735	31 914 294
Accrued interest	3 122 845	2 665 113
Suppliers	2 210 531	2 091 727
Prior years dividends payable	2 893 919	2 893 919
Social Insurance Association	62 201	12 745
Sundry credit balances	60 937	60 937
Balance	20 158 163	39 923 273

9. Expected claims provision

	30/6/2010	31/12/2009
	LE	LE
Balance at the beginning of the period / year	14 312 225	11 212 225
Formed during the period / year	--	3 100 000
Balance	14 312 225	14 312 225

Provision represents contingent liability from External Party regarding the Company's activities. The usual information related to provisions according to the Accounting Standards has not been disclosed because management believes that disclosure will affect its negotiations with this party, and the management periodically reviews this provision and adjusts the provision amount according to the latest discussions with the party.

10. Available-for-sale investments

	30/6/2010	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	30/6/2010	Percentage	31/12/2009
	%	LE	%	LE
National Development and Trading Company	47.65	668 170 587	49.50	668 170 587
ASEC for Mining (ASCOM)	39.22	143 829 262	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	49.29	174 459 040	49.29	174 459 040
Citadel Capital for International Investment Ltd.	100	450 266 911	100	5 855
Citadel Capital – Algeria	--	--	99.99	6 194 250
Total		2 782 078 347		2 357 870 278
Impairment		--		(6 194 250)
Net		2 782 078 347		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 117 373 295 as at June 30, 2010 versus LE 236 023 425 as at December 31, 2009.

12. Payments for investments

	30/6/2010	31/12/2009
	LE	LE
Glass Rock	5 211 925	5 211 925
Citadel Capital Holding for Financial Investments -Free Zone	966 916 834	651 176 519
Fund Project	23 454 153	19 414 025

	30/6/2010	31/12/2009
	LE	LE
Forestry Project	2 400 624	2 400 624
Mammoth Project	6 214 957	--
National Development and Trading Company	103 623 378	--
ASEC for Mining (ASCOM)	39 222 500	--
United Foundries	2 843 278	--
Citadel Capital for International Investments Ltd.	--	348 378 910
ASCOM Algeria	--	3 285 594
Citadel Capital – Algeria	--	9 413 070
Total	1 149 887 649	1 039 280 667
Impairment	--	(12 698 664)
Net	1 149 887 649	1 026 582 003

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 period	--	--	233 133	27 700	--	--	260 833
Total cost as at 30/6/2010	24 000 000	33 742 368	7 281 382	22 396 002	539 800	20 084 048	108 043 600
Accumulated depreciation as at 1/1/2010	--	5 061 355	4 660 792	13 900 556	258 654	--	23 881 357
Depreciation during the period	--	843 559	689 865	2 738 573	67 475	--	4 339 472
Accumulated depreciation as at 30/6/2010	--	5 904 914	5 350 657	16 639 129	326 129	--	28 220 829
Net cost as at 30/6/2010	24 000 000	27 837 454	1 930 725	5 756 873	213 671	20 084 048	79 822 771
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 payments for preparations of the two purchased lands at Smart Village for the purpose of constructing a new headquarters.

14. Other investments

The Company has granted a subordinating loan to National Company for Development and Trading – (one of the associate companies - 47.65%) as at December 28, 2009 with an amount of US.$ 73 097 863 (equivalent to LE 400 349 686 as at December 31,2009) and the Company has transferred an amount of US.$ 32 129 233 (equivalent to LE 176 443 876) from the loan principle for Financial Holding International (one of National Development & Trading Company's shareholders) to be US.$ 40 968 630 (equivalent to LE 232 615 784 as at June 30,2010) for a period of five 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 National Company for Development and Trading with par value.

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

ASEC Cement Holding Co.	41 050 000 shares
Arab Swiss Engineering Co. (ASEC)	899 900 shares

The Company has granted a subordinating loan to United Foundries – (one of the associate companies - 49.29%) as at June 2, 2010 with an amount of US.$ 7 580 972 (equivalent to LE 43 044 003 as at June 30,2010) 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 with par value.

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

15. Deferred tax assets

	30/6/2010	31/12/2009
	LE	LE
Fixed assets (depreciation)	1 032 473	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. The share capital increase was paid in full during July. The commercial register was updated on July 26, 2009.

Accordingly the issued and paid-in capital is distributed as follows:

Shareholders' name	Percentage %	No. of shares	Value in LE
Citadel Capital Partners Ltd.	40.13	265 438 567	1 327 192 835
Emirates International Investments Company	8.75	57 911 132	289 555 660
Others	51.12	338 275 301	1 691 376 505
	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.$113 millions committed & US.$ 87 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.$ 141 064 225 (equivalent to the amount of LE 800 948 563 as at June 30, 2010) versus of US.$ 147 503 008 (equivalent to the amount of LE 807 859 225 as at December 31, 2009).

The loan guarantees are as follows:

1- First rank lien contract for shares of National Development and Trading.

2- First rank lien contract of 9 805 622 shares of ASEC for mining (ASCOM).
3- First rank lien contract for shares of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone).
4- First rank lien contract for Investments of Citadel Capital Ltd. (One of the subsidiaries of Citadel Capital Holding for Financial Investments-Free Zone) in the following companies:
   - Orient Properties Ltd.
   - Logria Holding Ltd.
   - Golden Crescent Investment Ltd.
   - Falcon Agriculture Investment Ltd.
   - Silverstone Capital Investment Ltd.
   - Mena Glass Inc. Company.
   - Mena Home Furnishings Mall.
   - Valencia Trading Holding Ltd.
   - Andalusia Trading Investments.
   - Regional Investments Holding.
   - Lotus Alliance Limited.
   - Citadel Capital for Financing Corp.

- **Hedging contract for risk of interest rate swap**
  On May 15, 2008 the Company signed a hedging contract with Citi Bank – London that results in stabilizing the libor interest on loan by 4.195 % interest rate on the amount of US. $ 74 millions that equal 50 % of the withdrawal amount of the loan according to its conditions.

18. Gains on sale of investments

	For the period		For the period	
	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010	from 1/4/2009 to 30/6/2009	from 1/1/2009 to 30/6/2009
	LE	LE	LE	LE
Gains on sale of investments in subsidiaries *	--	9 575 740	22 639 616	22 639 616
Gains (loss) on sale of available-for-sale investments	--	2 402 486	(14 668 040)	(14 668 040)
Total	--	11 978 226	7 971 576	7 971 576

* Represented in gains arising from sale of shares in ASEC for Mining (ASCOM) one of the associates owned by the Company with a percentage of 44.64% to be owned by 39.22% after sale.

	Selling price of investment	Cost of investment	Net
	LE	LE	LE
ASEC for Mining (ASCOM)	29 434 477	(19 858 737)	9 575 740

19. Finance income (expenses)

	For the period		For the period	
	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010	from 1/4/2009 to 30/6/2009	from 1/1/2009 to 30/6/2009
	LE	LE	LE	LE
Credit interest *	12 789 250	32 920 899	4 757 916	5 168 028
Debit interest	(6 345 023)	(12 481 411)	(8 191 500)	(16 919 165)
Foreign currency differences	(2 227 029)	(5 690 314)	2 290 138	(6 011 183)
Net	4 217 198	14 749 174	(1 143 446)	(17 762 320)

* Note (21.2)

20. Earnings per share

	For the period		For the period	
	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010	from 1/4/2009 to 30/6/2009	from 1/1/2009 to 30/6/2009
	LE	LE	LE	LE
Net profit for the period	288 001	1 802 191	32 921 551	12 587 624
The weighted average number of shares	661 625 000	661 625 000	605 100 000	586 121 111
Earnings per share	--	--	0.05	0.02

21. Related party transactions

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

	For the period		For the period	
	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010	from 1/4/2009 to 30/6/2009	from 1/1/2009 to 30/6/2009
Company's name	**LE**	**LE**	**LE**	**LE**
Mena Glass Ltd.	1 009 240	2 006 100	994 396	1 913 112
Mena Home Furnishings Mall	1 213 117	2 219 341	886 270	1 705 015
Regional Investments Holding	1 342 876	2 503 282	895 316	1 933 971
Falcone Agriculture Investment Ltd.	3 230 161	6 388 761	3 245 882	6 472 480
Logria Holding	8 688 279	17 269 984	8 819 308	17 585 637
Golden Crescent Investment Ltd.	1 608 764	3 197 794	1 633 751	3 495 380
Orient Investment properties Ltd.	3 381 651	6 768 929	3 720 054	7 832 383
Sphinx Glass Ltd.	1 108 720	2 203 840	1 125 440	2 244 120
ASEC Cement Holding	3 437 925	6 833 678	8 147 148	11 239 946
Silverstone Capital Investment Ltd.	425 843	836 513	--	--
Total	25 446 576	50 228 222	29 467 565	54 422 044

21.2 Credit interest – finance cost (note 19) includes an amount of LE 32 379 526 which represent the accrued interest income according to signed contracts with related parties as follows:

	For the period		For the period	
	from 1/4/2010 to 30/6/2010	from 1/1/2010 to 30/6/2010	from 1/4/2009 to 30/6/2009	from 1/1/2009 to 30/6/2009
Company's name	**LE**	**LE**	**LE**	**LE**
Citadel Capital for International Investments Ltd.	960 096	2 732 674	--	--
Citadel Capital Holding for Financial Investments-Free Zone	5 867 337	12 415 687	--	--
National Development and Trading Company	4 880 699	15 899 278	--	--
United Foundries	706 782	1 331 887	--	--
Total	12 414 914	32 379 526	--	--

21.3 Other operating income with an amount of LE 18 587 586 (equivalent to US. $ 3 306 537) represents the amount due from Eco-Logic Ltd. (one of the associates) with an amount of LE 10 070 736 (equivalent to US. $ 1 806 537) and Valencia Trading Holding Ltd. (one of the subsidiaries) with an amount of LE 8 516 850 (equivalent to US. $ 1 500 000) for bearing all the direct and indirect pre-operation fees versus an amount of LE 39 098 500 (equivalent to US.$ 7 million) represents consultancy and studies provided from the company to Sabina for Integrated Solutions (one of the subsidiaries) for the period ended June 30, 2009.

22. 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 31/12/2008 has been taken place yet.

Withholding tax

The Company applies the withholding tax provisions on its transactions according to tax law No. 91/2005.

23. 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 – 40.13 %) which states that Citadel Capital Partners Ltd. provides management duties for fees based on 10% of the net annual profit available for distribution amounted to LE 200 243 as at June 30, 2010 against LE 1 398 625 for the period ended June 30, 2009.

24. 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.

25. 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 banks over draft and 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.

25.1 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.

25.2 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.
- As disclosed in note (3.1) the Company has used the prevailing exchange rates to revaluate monetary assets and liabilities at the balance sheet date.

25.3 Financial instruments' fair values

The financial instruments' fair value does not substantially deviated from their book values at the balance sheet date .