Citadel Capital Company

(Egyptian Joint Stock Company)

Consolidated financial statements
for the period ended 30 September 2009

&

Review report

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KPMG

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Review report

To the Board of Directors of Citadel Capital Company

Introduction

We have performed a limited review for the accompanying consolidated balance sheet of Citadel Capital Company (Egyptian Joint Stock Company) as at 30 September 2009 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flows statement for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. The Company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 30 September 2009, and of its consolidated financial performance and its consolidated cash flows for the nine-months then ended in accordance with Egyptian Accounting Standards.

Hassan Bey
KPMG Hazem Hassan

Cairo, November 15, 2009

KPMG Hazem Hassan
Public Accountants and Consultants
(11)

Citadel Capital Company
(Egyptian Joint Stock Company)
Consolidated balance sheet
as at September 30, 2009

	Note	30/09/2009 LE	31/12/2008 LE
Assets			
Fixed assets	(5)	3 709 936 271	3 073 894 283
Intangible assets	(6)	186 700 020	177 394 288
Investments in subsidiaries & associates	(7)	1 518 002 317	778 180 928
Other investments	(8)	1 546 751 256	2 088 623 822
Investment property	(9)	261 274 779	262 498 783
Other assets	(13)	5 538 741	5 502 500
Deferred tax assets	(18)	10 435 486	10 435 486
Total non-current assets		7 238 638 870	6 396 530 090
Inventories	(10)	567 280 235	636 028 755
Other investments	(8)	7 798 896	36 046 248
Trade and other receivables	(11)	1 608 827 400	1 187 206 454
Cash and cash equivalents	(12)	753 580 039	1 158 070 019
Total current assets		2 937 486 570	3 017 351 476
Total assets		10 176 125 440	9 413 881 566
Equity			
Share capital	(14)	3 308 125 000	2 750 000 000
Reserves	(15)	52 271 377	59 297 456
Retained earnings		120 488 402	185 519 412
Net profit (loss) for the period / year		668 828	(50 753 146)
Total equity attributable to equity holders of the Company		3 481 553 607	2 944 063 722
Minority interest		3 109 722 025	2 968 653 214
Total equity		6 591 275 632	5 912 716 936
Liabilities			
Loans and borrowings	(16)	1 064 792 884	1 052 114 639
Other liabilities	(17)	152 967 028	225 922 955
Deferred tax liabilities	(18)	62 987 529	69 343 478
Total non-current liabilities		1 280 747 441	1 347 381 072
Banks overdraft	(19)	628 783 348	484 651 492
Loans and borrowings	(16)	258 031 663	284 996 144
Trade and other payables	(20)	1 236 890 832	1 186 505 901
Provisions	(21)	180 396 524	197 630 021
Total current liabilities		2 304 102 367	2 153 783 558
Total liabilities		3 584 849 808	3 501 164 630
Total equity and liabilities		10 176 125 440	9 413 881 566

The notes on pages 5 to 47 are integral part of these consolidated financial statements.

Chairman
Ahmed Heikal

Managing Director
Hisham Hussein El Khazendar

Review report "attached"
CFO / Managing Director
Ahmed EL Shamy

Citadel Capital Company

(Egyptian Joint Stock Company)

Consolidated income statement

for the period ended September 30, 2009

		For the period		For the period	
		from 1/7/2009 to 30/9/2009	from 1/1/2009 to 30/9/2009	from 1/7/2008 to 30/9/2008	from 1/1/2008 to 30/9/2008
	Note	LE	LE	LE	LE
				Restated*	Restated*
Revenues	(22)	460 281 567	1 421 925 194	500 776 942	1 652 305 833
Cost of sales		(398 519 985)	(1 213 230 903)	(409 019 398)	(1 359 934 630)
Gross profit		61 761 582	208 694 291	91 757 544	292 371 203
Other income	(23)	60 547 243	172 091 435	23 402 147	292 553 991
General and administrative expenses	(37)	(116 581 961)	(343 844 800)	(103 155 055)	(425 854 093)
Other expenses	(24)	(8 692 727)	(17 069 159)	(27 519 350)	(46 325 560)
Results from operating activities		(2 965 863)	19 871 767	(15 514 714)	112 745 541
Share of profit of equity accounted investees		24 610 170	69 594 994	20 688 833	32 176 450
Finance income	(25)	9 364 330	89 270 993	7 571 694	57 879 571
Finance expenses	(26)	(45 268 824)	(165 972 316)	(56 766 898)	(147 763 972)
Net finance expenses		(11 294 324)	(7 106 329)	(28 506 371)	(57 707 951)
Net profit (loss) before income tax		(14 260 187)	12 765 438	(44 021 085)	55 037 590
Income tax expense	(28)	(6 831 028)	(28 158 484)	7 125 350	(29 885 645)
(Loss) profit for the period		(21 091 215)	(15 393 046)	(36 895 735)	25 151 945
Attributable to:					
Equity holders of the Company		(2 465 439)	668 828	(30 146 699)	51 994 535
Minority interest		(18 625 776)	(16 061 874)	(6 749 036)	(26 842 590)
(Loss) profit for the period		(21 091 215)	(15 393 046)	(36 895 735)	25 151 945
Earnings per share	(29)	(0.004)	0.001	(0.06)	0.12

* See note 40

The notes on pages 5 to 47 are integral part of these consolidated financial statements.

Citadel Capital Company

(Egyptian Joint Stock Company)

Consolidated statement of changes in equity

for the period ended September 30, 2009

	Note	Share capital	Reserves					Retained earnings	Net profit for the year / period	Prepaid dividends	Total
			Legal reserve	Fair value reserve	F.C. translation reserve	Hedging reserve	Company's share of items recognized in associate equity				
		LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Balance as at December 31,2007		1 650 000 000	47 848 353	1 575 323	5 853 856	-	-	208 772 026	606 430 539	(575 808 114)	1 944 671 983
2007 dividends payout	(3-q)	-	29 997 134	-	-	-	-	(5 238 046)	(606 430 539)	575 808 114	(5 863 337)
Notional capital distribution – United foundries	(3-a)	-	-	-	-	-	-	(13 684 682)	-	-	(13 684 682)
Effective portion of changes in fair value of cash flow hedges	(3-c)	-	-	-	-	(1 717 483)	-	-	-	-	(1 717 483)
Exchange differences relating to foreign operations	(3-b)	-	-	-	(7 854 322)	-	-	-	-	-	(7 854 322)
Changes in the fair value of available -for- sale investments	(3-c)	-	-	(5 836 725)	-	-	-	-	-	-	(5 836 725)
Share capital increase	(14)	1 100 000 000	-	-	-	-	-	-	-	-	1 100 000 000
Minority excess losses over their equity share		-	-	-	-	-	-	(1 877 428)	-	-	(1 877 428)
Effect of dilution of minority share		-	-	-	-	-	-	(1 610 482)	-	-	(1 610 482)
Net profit for the period		-	-	-	-	-	-	-	51 994 535	-	51 994 535
Balance as at September 30, 2008		2 750 000 000	77 845 487	(4 261 402)	(2 000 466)	(1 717 483)	-	186 361 388	51 994 535	-	3 058 222 059
Balance as at December 31,2008		2 750 000 000	77 845 487	(310 883)	(14 682 979)	(3 554 169)	-	185 519 412	(50 753 146)	-	2 944 063 722
2008 dividends payout	(3-q)	-	1 165 528	-	-	-	-	(60 478 056)	50 753 146	-	(8 559 382)
Notional capital distribution – NDT		-	-	-	-	-	-	(4 552 954)	-	-	(4 552 954)
Company's share of items recognized in associate equity -Silver Stone		-	-	-	-	-	10 346 912	-	-	-	10 346 912
Effective portion of changes in fair value of cash flow hedges	(3-c)	-	-	-	-	(9 263 403)	-	-	-	-	(9 263 403)
Share capital increase	(14)	558 125 000	-	-	-	-	-	-	-	-	558 125 000
Exchange differences relating to foreign operations	(3-b)	-	-	-	(9 587 225)	-	-	-	-	-	(9 587 225)
Changes in the fair value of available -for- sale investments	(3-c)	-	-	312 109	-	-	-	-	-	-	312 109
Net profit for the period		-	-	-	-	-	-	-	668 828	-	668 828
Balance as at September 30, 2009		3 308 125 000	79 011 015	1 226	(24 270 204)	(12 817 572)	10 346 912	120 488 402	668 828	-	3 481 553 607

The notes on pages 5 to 47 are integral part of these consolidated financial statements.

Citadel Capital Company

(Egyptian Joint Stock Company)

Consolidated cash flows statement

for the period ended September 30, 2009

	For the period ended 30/09/2009 LE	30/09/2008 LE Restated
Profit before income tax	12 765 438	55 037 590
Adjustments for:		
Depreciation and amortisation	120 495 475	105 647 994
Provisions formed	38 787 313	37 796 630
Provisions used	(31 221 750)	(39 690 171)
Reversal of provisions	(24 008 390)	(4 742 061)
Impairment loss on trade and other receivables	6 089 470	13 549 439
Gain on sale of fixed assets	(1 900 685)	(1 263 189)
Share of profit of equity accounted investees	(69 594 994)	(32 176 450)
Gains on sale of investments in subsidiaries & associates	(63 741 327)	(199 743 122)
Net change in the fair value of investments at fair value through profit and loss	(4 046 081)	(1 579 386)
Exchange differences	13 025 329	472 095
Gains on sale of available - for - sale investments	-	(39 272)
Impairment loss on payments for investments	-	932 199
Impairment loss on investment in subsidiaries	-	1 050 000
Reversal of impairment loss on trade and other receivables	-	(2 104 795)
Inventories write down	-	7 236 072
Operating loss before changes in working capital	(3 350 202)	(59 616 427)
Change in inventories	68 748 520	(406 224 196)
Change in trade and other receivables	(419 538 785)	(528 860 090)
Change in investments at fair value through profit and loss	32 293 433	6 128 298
Change in trade and other payables	(58 207 311)	526 014 596
Net cash used in operating activities	(380 054 345)	(462 557 819)
Cash flows from investing activities		
Acquisition of fixed assets	(829 923 128)	(1 077 019 066)
Proceeds from sale of fixed assets	70 655 066	2 132 843
Acquisition of other investments	(84 892 704)	(561 572 372)
Proceeds from sale of investments in subsidiaries & associates	48 639 616	159 099 185
Payments for purchase of investments in subsidiaries & associates	(53 277 289)	(168 475 364)
Acquisition of intangible assets	(4 708 188)	(55 848)
Proceeds from sale of available - for - sale investments	4 857 732	-
Dividends received	4 543 594	-
Payments to purchase available -for-sale investments	-	(15 970 800)
Net cash used in investing activities	(844 105 301)	(1 661 861 422)
Cash flows from financing activities		
Proceeds from issuing of share capital	558 125 000	1 100 000 000
Proceeds from capital related to minority	171 245 605	708 696 491
Dividends related to minority	(14 648 025)	(9 692 910)
Dividends payout	(2 667 253)	(5 863 337)
Proceeds from banks overdraft	144 131 856	146 878 591
Payments to / proceeds from borrowings	(26 350 582)	890 566 483
Hedging reserve	(7 624 575)	(1 106 762)
Net cash provided from financing activities	822 212 026	2 829 478 556
Net changes in cash and cash equivalents during the period	(401 947 620)	705 059 315
Cash and cash equivalents at 1 January	1 158 070 019	1 130 648 931
Cash related to acquired subsidiaries	-	54 122 498
Cash related to deconsolidated of subsidiaries	(2 542 360)	(383 621 340)
Cash and cash equivalents at the end of period	753 580 039	1 506 209 404

The notes on pages 5 to 47 are integral part of these consolidated financial statements.

1. Reporting entity

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

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

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

The consolidated financial statements of the Company for the period ended 30 September 2009 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

2. Basis of preparation

a) Statement of compliance

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

The financial statements were approved by the Board of Directors.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the followings:

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

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

c) Functional and presentation currency

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

d) Use of estimate and judgements

The preparation of financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 6 measurements of the recoverable amounts of cash-generating units containing goodwill.
- Note 21 provisions.
- Note 8-1 valuation of financial instruments.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Certain comparative amounts have been reclassified to conform with the current period presentation note 40.

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Acquisition of additional non controlling equity interest after business combination is accounted for as equity transaction.

(ii) Acquisitions from minorities and entities under common control

Business combinations arising from transfers of interests from minorities or in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated when practical. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entity or attributable to the minorities are added to the same components within the Group equity except that any share capital of the acquired entities is recognised as notional capital contribution. Any cash paid for the acquisition recognised directly in equity.

(iii) Loss exceeding minority interest

Losses that exceed the minority interest in the equity of a subsidiary may create a debit balance on minority interest only if the minority has a binding obligation to fund the losses and is able an additional investment to cover the losses .If this is not the case then the losses are attributable to the parent's interest . If the subsidiary subsequently reports profits, then these profits are allocated to parent until the share of losses absorbed previously by the parent has been recovered.

(iv) Associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised directly in equity.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Egyptian Pound at exchange rates at the reporting date.

The income and expenses of foreign operations are translated to Egyptian Pound at the exchange rate at the reporting date.

Foreign currency differences are recognised directly in equity in foreign currency translation reserve (FCTR). Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the FCTR.

c) Financial instruments

(i) Non - derivative financial instruments

Non -derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

(ii) Cash flow hedging

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

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

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in note 3-y.

(iv) Available-for-sale investments

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note "i") and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(v) Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

(vi) Other

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

d) Share capital

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

e) Fixed assets

(i) Recognition and measurement

Fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Borrowing costs related to the acquisition or constructions of qualifying assets are recognised in profit or loss as incurred, with the exception of borrowing costs directly attributable to the construction and acquisition of new assets which are capitalised as part of the relevant assets cost and depreciated over assets' estimated useful lives. This capitalisation ceases once the assets become in operational condition and ready for use.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Gains and losses on disposal of an item of fixed assets are determined by comparing the proceeds from disposal with the carrying amount of the fixed asset and are recognised net within "other income" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of fixed assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of fixed assets. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20-50 years
Computer equipment	2-3 years
Furniture and fixtures	4 years
Tools and equipment	4 years
Cars and vehicles	4 years
Leasehold improvements and renovations	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(iv) Projects under construction

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

f) Intangible assets

(i) Goodwill

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

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

(ii) Other intangible assets

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

(iii) Subsequent expenditures

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

g) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for intangible assets range between 3, 4, 7 and 20 years.

h) Investment property

Investment property is recorded at cost. Any decline in the fair value (impairment) is charged to income statement.

i) Impairment

(i) Financial assets

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

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

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

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

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

(ii) Non-financial assets

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

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior 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 amortisation, if no impairment loss had been recognised.

j) Trade and other receivables

Non-interest bearing short-term trade and other receivables are stated at cost less impairment losses. An impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss relating to trade receivables is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories are based on the weighted average or first-in first-out principles depending on the nature of the inventory, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

l) Construction work in progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

m) Trade and other payables

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

n) Provisions

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

o) Interest bearing borrowings

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

p) Legal reserve

As per the Company's statutes, 5% of net profit for the year is set aside to form a legal reserve. Transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued share capital. However, if the reserve balance falls below 50% of the Company's issued share capital transfers to the legal reserve are required to be resumed. The legal reserve is non-distributable but can be used to offset losses or to increase the issued share capital.

q) Dividends

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

r) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

t) Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and income tax assets and liabilities.

u) Employees benefits

(i) Pensions

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

(ii) Other short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

v) Revenue

(i) Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Construction contract

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.
The stage of completion is assessed by reference to cost incurred to date and the total estimated cost for each contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iv) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

w) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

x) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, dividend income is reported in other income caption in the income statement.

y) Finance income and expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on available-for-sale financial assets and financial assets at fair value through profit and loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Intangible assets

Intangible assets are stated at historical cost and amortised over a period from 3 to 20 years.

Other intangible assets that have finite useful lives are measured at cost less accumulated impairment loss.

(ii) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iii) Investment in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(iv) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(v) Non-derivatives financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. Fixed assets

	Land	Buildings	Lease hold improvements	Furniture & fixtures	Machines & equipment	Computer equipment	Transportation means	Barge	Quarry	Assets under construction*	Total
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Cost as at 1/1/2009	399 782 055	369 232 218	107 769	216 575 960	1 205 611 870	5 528 838	56 953 305	32 829 162	173 920 519	1 458 317 176	3 918 858 872
Additions	--	56 045 508	2 072 459	38 948 768	68 791 385	5 237 483	4 848 304	24 425 490	--	629 553 731	829 923 128
Disposals	(45 000 000)	(198 086)	--	(162 340)	(24 301 623)	--	(10 271 324)	--	--	--	(79 933 373)
Foreign currency translation differences	(506 641)	(2 261 656)	(735)	898 812	(8 058 446)	(173)	(83 813)	--	(3 895 638)	--	(13 908 291)
Deconsolidation of subsidiary	--	--	--	(163 195)	(63 525)	(63 211)	(574 000)	--	--	(264 500)	(1 128 431)
Cost as at 30/9/2009	354 275 414	422 817 984	2 179 493	256 098 005	1 241 979 661	10 702 937	50 872 471	57 254 652	170 024 881	2 087 606 407	4 653 811 905
Accumulated depreciation as at 1/1/2009	--	154 599 607	8 588	118 229 045	539 868 027	3 037 434	22 843 730	1 106 928	5 271 230	--	844 964 589
Depreciation	--	14 173 247	123 417	25 435 383	64 782 024	1 803 005	6 101 488	3 020 219	2 307 987	--	117 746 770
Disposals	--	(138 243)	--	(109 372)	(3 495 842)	--	(7 435 535)	--	--	--	(11 178 992)
Foreign currency translation differences	--	(2 284 733)	1 016	695 120	(5 359 705)	7 034	27 820	--	(154 274)	--	(7 067 722)
Deconsolidation of subsidiary	--	--	--	(119 046)	(44 042)	(43 256)	(382 667)	--	--	--	(589 011)
Accumulated depreciation as at 30/9/2009	--	166 349 878	133 021	144 131 130	595 750 462	4 804 217	21 154 836	4 127 147	7 424 943	--	943 875 634
Carrying amounts											
At 30 September 2009	354 275 414	256 468 106	2 046 472	111 966 875	646 229 199	5 898 720	29 717 635	53 127 505	162 599 938	2 087 606 407	3 709 936 271
At 31 December 2008	399 782 055	214 632 611	99 181	98 346 915	665 743 843	2 491 404	34 109 575	31 722 234	168 649 289	1 458 317 176	3 073 894 283

* Assets under construction include the cost incurred on the new Barge constructions for LE 170 259 843, Bonyan project for LE 172 966 539, El Noubaria project for LE 18 201 039, headquarters of National Development and Trading Group in Maadi for LE 74 686 423, ASEC Cement Holding Co. for LE 1 630 276 587 as well as other projects for LE 21 215 976.

6. Intangible assets

	Goodwill LE	Patents LE	Others LE	Total LE
Cost				
Balance as at 1 January 2009	170 998 981	7 309 668	5 920 121	184 228 770
Additions	4 648 540	--	4 708 188	9 356 728
Foreign currency translation differences	1 473 705	--	--	1 473 705
Balance as at 30 September 2009	177 121 226	7 309 668	10 628 309	195 059 203
Amortisation and impairment loss				
Balance as at 1 January 2008	20 000 000	5 057 459	3 542 934	28 600 393
Disposal of subsidiaries	(20 000 000)	--	(2 803 629)	(22 803 629)
Amortisation	--	522 193	515 525	1 037 718
Balance as at 31 December 2008	--	5 579 652	1 254 830	6 834 482
Balance as at 1 January 2009	--	5 579 652	1 254 830	6 834 482
Amortisation	--	391 645	1 133 056	1 524 701
Balance as at 30 September 2009	--	5 971 297	2 387 886	8 359 183
Carrying amounts				
At 30 September 2009	177 121 226	1 338 371	8 240 423	186 700 020
At 31 December 2008	170 998 981	1 730 016	4 665 291	177 394 288

6.1 Goodwill is related to the acquisition of the following subsidiaries:

	30/9/2009 LE	31/12/2008 LE
ESACO S.A.E	25 974 359	25 271 435
United Foundries and Heat Treatment Company	70 355 576	67 018 400
ASEC Cement Holding Co.	76 916 059	74 833 914
Bright Living for Trading Co.	3 875 232	3 875 232
	177 121 226	170 998 981

6.2 Patents

Patents are capitalised and amortised over a period of 4 to 5 years.

6.3 Other intangible assets are represented in:

	30/9/2009 LE	31/12/2008 LE
Licenses trade mark	8 240 423	4 665 291
	8 240 423	4 665 291

Impairment loss is recognised in other expenses caption in the income statement.

7. Investments in subsidiaries & associates

The Group investments in subsidiaries and associates are represented in:

	Percentage		Carrying amount	
	2009	2008	30/9/2009	31/12/2008
	%	%	LE	LE
El Kateb for Marketing & Distribution Co.	48.88	48.88	2 085 072	2 380 249
Pharos Holding Co. *	53	53	88 707 554	92 396 746
Elsharq Book Stores Co.	40	40	16 204 169	17 010 738
ARESCO KSA Co.	35	35	1 050 000	1 050 000
ASEC Company for Mining (ASCOM)	45.99	49.99	159 174 106	168 236 577
Silverstone Capital Investments Ltd.	40.77	38.27	303 850 547	237 054 178
Lotus Management Investment Co.	47.84	47.84	39 245 812	37 177 572
Capella Management Investment Co.	47.50	47.50	40 418 673	38 345 847
Dar El-Sherouk Ltd. *	58.51	58.51	177 673 659	185 579 021
Misr Cement Quena Co. **	27.55	--	690 642 725	--
			1 519 052 317	779 230 928
Impairment			(1 050 000)	(1 050 000)
			1 518 002 317	778 180 928

* The Company does not consolidate the subsidiary as the control is not existed as the company has no power to govern the financial and operation policies of the subsidiary.

** On March 21,2009 the chairman and chief executive officer of ASEC Cement -one of indirect subsidiaries- has been appointed as a member of the board of directors and then member of executive committee of Misr Cement Company-Qena representing ASEC Cement Company hence the company has significant influence on the financial and operating polices of Misr Cement Company-Qena, thus the investment has been reclassified from Available - for- sale investments to investments in associates.

The company initially accounted for this investment as investments in associates provisionally. The company enjoys 12 months which ends March 20,2010 to determine the fair value of an acquiree's identifiable assets and liabilities. The company is in the process to determine this fair value exercise and adjust accordingly.

Summary financial information on associates (equity accounted investees)

2009	Current assets LE	Non-current assets LE	Total assets LE	Current liabilities LE	Non-current liabilities LE	Total liabilities LE	Revenues LE	Expenses LE
Pharos Holding Co.	185 065 810	181 793 810	366 859 620	231 929 260	648 092	232 577 352	34 423 201	37 985 336
Lotus Management Investment Co.	16 457 892	220 128 256	236 586 148	81 066 401	--	81 066 401	18 391 879	15 438 771
Capella Management Investment Co.	19 557 199	219 097 847	238 655 046	80 615 151	--	80 615 151	18 292 103	15 318 728
ASEC Company for Mining (ASCOM)	221 850 606	374 493 563	596 344 169	112 506 870	91 499 776	204 006 646	315 951 600	304 172 255
Silverstone Capital Investments Ltd.	919 358 867	843 620 102	1 762 978 969	600 985 276	249 178 145	850 163 421	717 585 962	673 886 190
El Kateb for Marketing & Distribution Co.	3 138 741	1 341 933	4 480 674	1 490 337	49 594	1 539 931	4 447 613	5 051 493
Elsharq Book Stores Co.	12 680 781	8 024 747	20 705 528	4 398 391	1 561 591	5 959 982	14 512 443	16 528 866
Dar El-Sherouk Ltd.	277 892 642	86 018 766	363 911 408	111 019 677	4 873 009	115 892 686	39 234 462	44 169 545
Misr Cement Co. (QUENA)	612 444 093	556 968 663	1 169 412 756	185 510 455	55 246 427	240 756 882	652 484 012	388 264 408

8. Other investments

	Note	30/9/2009 LE	31/12/2008 LE
Non-current investments:			
Available-for-sale investments	8.1	146 696 693	794 013 320
Payments for investments	8.2	1 331 874 495	1 228 361 880
Assets for investments acquisition	8.3	68 180 068	66 248 622
		1 546 751 256	2 088 623 822
Current investments:			
Investments at fair value through profit and loss	8.4	7 798 896	36 046 248
		1 554 550 152	2 124 670 070

8.1 The amount represents the Group investments in a number of unlisted companies domiciled in Egypt. During the period the investment in Misr Cement Quena Co. is reclassified as investments in subsidiaries & associates with amount of LE 641 606 367.

8.2 The amount represents payments made by the Group for new investments or increasing its existing participation interest in affiliates. The details of these payments are as follows:

	30/9/2009 LE	31/12/2008 LE
Grandview Investment Holding	69 923 892	72 410 592
Golden Crescent Investment Ltd.	351 570 433	393 536 864
Orient Investment Property Ltd.	143 908 702	178 789 836
Logria Holding	358 728 405	375 616 305
Medcom National Development and Trading Company	914 019	914 019
National Development & Trading Company (IRAQ)	300 514	300 514
Falcon Agriculture Investments	186 443 090	186 443 090
Glass Rock for Isolation	5 211 925	2 632 063
ASA International-Free Zone	274 452	274 452
Fund Project	16 480 078	7 231 216
Sudan Sugar Project	18 506 949	6 457 950
ASCOM Algeria	3 285 594	3 285 594
River Valley Logistics Ltd.	62 810 327	469 385
Nile Valley Petroleum Ltd.	80 691 800	--
Forestry project	2 400 624	--
Pharos Holding Co.	18 621 911	--
RVR Investments Ltd.	11 801 780	--
	1 331 874 495	1 228 361 880

8.3 Assets for investments acquisition

Assets for investments acquisition with an amount of LE 68 180 068 as at September 30,2009 (LE 66 248 622 as at December 31,2008) relates to ASEC Cement Holding Co. cost of USD 2 million for license to construct Cement Factory in Syria, USD 6.7 million use of Tract for Quarry related to GRD Cement Plant, Syrian Lira 64 million for research and Geological Work related to ASEC Syrian and USD 2.125 million paid for the capital increase of GRD Cement Plant for Manufacturing and Cement Trading.

8.4 Investments at fair value through profit and loss:

	30/9/2009	**31/12/2008**
	LE	**LE**
Al-Shrooq for Printing Co.	5 199 973	1 950 702
ASEC Company for Mining (ASCOM)	138 488	138 488
Al Arafa Investment and Consulting	2 332 910	1 678 750
Mutual Funds certificates	--	6 236 300
Arab Cotton Ginning Co.	--	26 042 008
Abu-Qir Fertilizers Co.	--	16 747
Themar fund	127 525	--
	7 798 896	36 062 995
Impairment	--	(16 747)
	7 798 896	36 046 248

The financial assets designated at fair value through profit and loss are equity securities and investments certificates.

9. Investment property

	Land	**Buildings**	**Total**
	LE	**LE**	**LE**
Cost	230 810 677	32 640 109	263 450 786
Accumulated depreciation as at 1/1/2009	--	952 003	952 003
Depreciation for the period	--	1 224 004	1 224 004
Accumulated depreciation as at 30/9/2009	--	2 176 007	2 176 007
Carrying amounts			
At 30 September 2009	230 810 677	30 464 102	261 274 779
At 31 December 2008	230 810 677	31 688 106	262 498 783

Investment property is represented in two land plots located at km 38 Cairo / Alexandria Road, Zayed City with total area of 80 385,54 meter square and 36 438 meter square respectively, which were purchased for the purpose of establishing of Commercial Mall, the primary contract and all the registration procedures in the Property Register haven't been finished yet.

Part of the purchase price of the two land plots was paid against notes payable and the last instalment due to 2011.

10. Inventories

	30/9/2009	31/12/2008
	LE	LE
Spare parts	255 094 066	219 086 116
Raw materials	152 759 156	249 547 155
Work in progress	89 996 921	82 630 728
Finished goods	25 245 184	51 916 829
Tools	98 397	650 239
Goods in transit	18 614 739	6 052 891
Furniture	18 793 607	21 238 403
Others	27 818 491	17 092 441
	588 420 561	648 214 802
Write down	(21 140 326)	(12 186 047)
	567 280 235	636 028 755

11. Trade and other receivables

	Note	30/9/2009	31/12/2008
		LE	LE
Trade receivables	11.1	272 115 461	276 472 066
Other receivables	11.2	735 409 071	635 749 385
		1 007 524 532	912 221 451
Due from related parties	11.3	601 302 868	274 985 003
		1 608 827 400	1 187 206 454

11.1 Trade receivables are represented in:

	30/9/2009	31/12/2008
	LE	LE
Customers	317 189 334	326 941 704
Notes receivables	1 522 459	3 077 553
	318 711 793	330 019 257
Revenue not authorized by client	(9 506 063)	--
Impairment	(37 090 269)	(53 547 191)
	272 115 461	276 472 066

11.2 Other receivables are represented in:

	30/9/2009	31/12/2008
	LE	LE
Prepaid expenses	14 924 751	18 063 529
Deposits with others	44 774 325	68 257 778
Tax Authority	125 723 958	92 162 217
Advances to suppliers	275 297 918	218 458 689

	30/9/2009 LE	31/12/2008 LE
Advances to employees	535 393	601 899
Letters of credit margin	12 418 686	10 687 481
Letters of guarantee margin	45 753 390	26 732 872
Imprest	12 586 388	9 139 712
Customs Authority	2 850 435	5 105 962
Accrued revenue	10 677 023	7 141 548
Prepayments to purchase fixed assets	10 261 484	7 493 984
Work in process	83 906 954	113 038 926
Employees' share in profit paid in advance	--	2 291 365
Prepayments – financial lease	4 763 750	--
Loans to others	15 449 522	--
Sundry debit balances	86 215 002	67 235 188
	746 138 979	646 411 150
Impairment	(10 729 908)	(10 661 765)
	735 409 071	635 749 385

11.3 Due from related parties

During the period the Group made payments on behalf of and provided services to certain companies in which it holds directly and indirectly insignificant financial interest. Total payments made on behalf of these companies is LE 1 672 911 (2008: LE 6 680 196), total for capital participation is LE 209 220 902 (2008: LE 94 151 520) , total finance account is LE 291 325 732, (2008: LE 100 046 078) , total management fees is LE 59 005 974 , (2008: LE 66 899 351) ,total of letters of guarantee is LE 9 910 552 , (2008: LE 7 207 858) and other revenues with an amount of LE 30 166 797 , (2008: LE Nil).

12. Cash and cash equivalents

	30/9/2009 LE	31/12/2008 LE
Cash	942 193	1 582 019
Cheques under collection	13 595 882	7 638 004
Banks - current accounts	405 437 247	273 691 472
Time deposits *	317 677 374	875 158 524
Treasury bills	15 927 343	--
Cash and cash equivalents	753 580 039	1 158 070 019

* Time deposits includes blocked amounts of LE 49 504 250 in the name of the subsidiary ASEC Cement Co., of LE 100 200 in the name of the subsidiary ASEC Research and technology (ARTEC) and of LE 12 920 271 in the name of the subsidiary ASEC Automation Co. (ASA) represent the margin of letter of guarantee.

Non cash transactions

- For the purpose of preparing statement of cash flows, The following transactions have been eliminated:-
- LE 1 638 828 from change in other credit balances and effective portion of changes in fair value of cash flow hedges (the balance represents the unpaid amount till September 30, 2009).

- LE 854 528 from change in proceeds from available - for - sale investments and due from related parties (the balance represents the transfer from available - for - sale investments to other debit balances).

13. Other assets

Other assets with an amount of LE 5 538 741 as at September 30, 2009 (LE 5 502 500 as at December 31, 2008) equivalent to an amount of USD 1 000 000 represents the amount deposited at the Syrian Central Bank as a guarantee for the seriousness of constructing ASEC Syria Cement Capital Factory and will be recovered at the beginning of production process.

14. Share capital

	30/9/2009	31/12/2008
	LE	LE
On issue at 1 January	2 750 000 000	1 650 000 000
Issued for cash	558 125 000	1 100 000 000
On issue at end of period/year	3 308 125 000	2 750 000 000

- The Company's authorized capital was LE 6 billion.
- The Board of directors of the Company held on 12 June 2008 decided to increase the issued capital with an amount of LE 1.1 billion to be LE 2.75 billion by issuing new 220 million shares with a par value of LE 5, accordingly the total number of shares after increase is 550 million shares. The share capital increase was paid in full. The commercial register was updated on 22 June 2008.
- 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. The commercial register was updated on July 26, 2009.

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

Shareholders	Percentage %	No. of shares	Value in LE
Citadel Capital Partners Ltd.	40.05	264 969 923	1 324 849 615
Emirates International Investments Company	16.08	106 391 132	531 955 660
Others	43.87	290 263 945	1 451 319 725
	100	661 625 000	3 308 125 000

15. Reserves

15.1 Legal reserve

As per the Company's statutes, 5% of net profit for the year is set aside to form a legal reserve. Transfer to the legal reserve may be suspended once the reserve reaches 50% of the Company's issued share capital. However, if the reserve balance falls below 50% of the Company's issued share capital transfers to the legal reserve are required to be resumed. The legal reserve is non-distributable but can be used to offset losses or to increase the issued share capital.

15.2 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

16. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost for information about the Group's exposure to interest rate foreign currency risks, (see note 40).

	30/9/2009	31/12/2008
	LE	LE
Non-current liabilities:		
Secured	1 057 608 345	1 045 114 639
Unsecured	7 184 539	7 000 000
	1 064 792 884	1 052 114 639
Current liabilities:		
Secured	257 983 526	243 899 084
Unsecured	48 137	41 097 060
	258 031 663	284 996 144

Terms and repayment schedule terms and conditions of outstanding loans are as follows:

Description	Amount LE Non – current	Amount LE Current	Currency	Nominal interest rate	Date of maturity	Guarantees
Secured						
National Societe General Bank	96 000 000	48 000 000	LE	10.5% - 12%	September 30, 2012	Partially pledging shares of ASEC Company for Cement Manufacturing.
Ahli United Bank	--	19 666 667	LE	.25%under corridor price	September 30, 2010	Assignment of ASEC Engineering Co. management contract.
National Bank of Egypt	16 203 183	23 989 713	LE	11%	September 30, 2011	Commercial mortgage of ASEC for Manufacturing and Industrial Projects financed assets.
Export Development Bank	21 828 180	6 873 669	Euro LE	2% over libor 8.5%over libor	December 31, 2014	Commercial mortgage on assets of United Foundries and Heat Treatment to cover over 150% of financed assets.
Commercial International Bank	25 260 372	15 137 619	Euro LE	2% over libor rate	December 31, 2014	Pledging machinery and equipment related to United subsidiaries.
Commercial International Bank	8 675 024	127 910 524	LE	11% - 13%	September 25, 2008 and renewed for one year	Assignment of ESACO construction contract .
Algerian Exterior Bank	79 968 118	8 336 563	DZD	0.15% over libor rate	October 5,2010	ASEC Cement Holding Co.(ACH).
Sudanese Egyptian bank	--	8 068 771	LE	--	--	Murabha contracts.
Group banks: - Citi Bank N.A. London (Group banks leader) - Arab African International Bank S.A.E. - Suez Canal Bank S.A.E. - Misr Bank S.A.E - Piraeus Bank S.A.E. - Morgan Stanley Bank International Ltd.	809 673 468	--	USD	2.5% over libor rate for the first 2 years. 2.75% over libor rate for the next 3 years.	February 19, 2013	1-Pledging shares held in National for Development and Trading Co. 2-First rank pledging of 11 497 500 of Ascom shares 3- First rank pledging of shares in the following companies: - Logria Holding. - Orient Properties Ltd. - Golden Cresent Investments Ltd. - Falcon Agriculture Investments Ltd. - Siverstone Capital Investment Ltd. - El Sharq Book Stores - El kateb for marketing and distribution. - Mena Glass Ltd. - Pharos Holding.
Unsecured						
Egyptian Gulf Bank	184 539	48 137	LE	16.83% decreasing annually	1 July 2014	--
Mahmoud El Nahas	7 000 000	--	LE	--	--	--
Total	1 064 792 884	258 031 663				

- On 15 May 2008, the company entered into hedging agreement with Citibank - London which provides for US Dollars interest rate hedging to be affected by the company in respect of at least 50% of the aggregate loan at any time, this agreement is to be in place until the termination date, in accordance with the hedging agreement the libor rate will be at fixed rate 4.195 %.

17. Other liabilities

	30/9/2009	31/12/2008
	LE	LE
Creditors-purchase of fixed assets	3 704 058	36 036 688
Creditors-purchase of investments	100 691 403	95 793 906
Notes payables	48 241 279	93 483 219
Others	330 288	609 142
	152 967 028	225 922 955

18. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities in:-

	Assets		Liabilities		Net	
	30/9/2009	31/12/2008	30/9/2009	31/12/2008	30/9/2009	31/12/2008
	LE	LE	LE	LE	LE	LE
Fixed assets	--	--	(17 356 292)	(22 198 227)	(17 356 292)	(22 198 227)
Provisions	6 534 686	6 534 686	--	--	6 534 686	6 534 686
Impairment loss on assets	3 900 800	3 900 800	--	--	3 900 800	3 900 800
Deferred tax related to Zahana	--	--	(45 631 237)	(47 145 251)	(45 631 237)	(47 145 251)
	10 435 486	10 435 486	(62 987 529)	(69 343 478)	(52 552 043)	(58 907 992)

19. Banks overdraft

Banks overdraft balances represent short-term credit facilities granted to the Group. The overdraft facilities are secured by promissory notes , saving certificates , shipping documents and contract demission .The balance of banks overdraft as at September 30, 2009 is LE 628 783 348 (2008:LE 484 651 492).

20. Trade and other payables

	Note	30/9/2009	31/12/2008
		LE	LE
Trade payables	20.1	654 476 321	591 150 936
Due to related parties	20.2	172 420 101	226 557 868
Other credit balances	20.3	409 994 410	368 797 097
		1 236 890 832	1 186 505 901

20.1 Trade payables

	30/9/2009	31/12/2008
	LE	LE
Suppliers	205 111 532	238 720 690
Deposits from others	82 798 960	44 794 858
Notes payables	169 195 286	134 605 549
Advances from customers	194 812 624	172 680 686
Deferred revenue	2 557 919	349 153
	654 476 321	591 150 936

20.2 Due to related parties

The amounts due to related parties are principally represented in payments made on behalf of the Group by other companies in which the Group holds directly and indirectly insignificant interest, the total value of these payments is LE 14 029 469 (2008: LE 46 791 802), as well as payments made by a shareholder on behalf of the Group amounting to LE 158 390 632 (2008: LE 179 766 066).

20.3 Other credit balances

	30/9/2009	31/12/2008
	LE	LE
Tax Authority	64 522 464	55 012 401
Social Insurance Authority	3 345 556	2 333 013
Accrued expenses	214 605 406	155 030 418
Dividends payable	13 066 890	11 499 916
Accrued interest	2 833 033	4 733 629
Subcontractors	42 061 407	57 123 065
Current portion of long term liability	17 238 044	34 692 009
Tax under settlement – Sudan	14 204 443	--
Sundry credit balances	38 117 167	48 372 646
	409 994 410	368 797 097

21. Provisions

	Claims *	Others	Total
	LE	LE	LE
Balance as at 1 January 2009	171 047 049	26 582 972	197 630 021
Foreign currency differences	(790 670)	--	(790 670)
Provisions formed **	38 787 313	--	38 787 313
Provisions used	(20 549 269)	(10 672 481)	(31 221 750)
Reversal of provisions ***	(24 008 390)	--	(24 008 390)
Balance as at 30 September 2009	164 486 033	15 910 491	180 396 524

* Claims provision related to expected claims were made by external party in connection with the Company's operations. The information usually required by Accounting Standards is not disclosed because the management believes that it would seriously prejudice the outcome of the negotiation with that external party. The management are reviewing the provision every year and the amount provided is adjusted based on latest development, discussions and agreements with the external party.

** Provisions formed during the period include an amount LE 23 384 993 is included in cost of sales representing provisions to complete contracts related to ASEC for manufacturing and industries project Co. (ARESCO).

*** Reversal of provision includes an amount of LE 21 328 388 related to ASEC for manufacturing and industries project Co. (ARESCO) and an amount of LE 2 387 510 related to ASEC Automation Co. (ASA) which relate to estimated costs to complete projects excess of revenue and late penalties no longer needed.

22. Revenues

	For the period		For the period	
	from 1/7/2009 to 30/9/2009	from 1/1/2009 to 30/9/2009	from 1/7/2008 to 30/9/2008	from 1/1/2008 to 30/9/2008
	LE	LE	LE	LE
			Restated	Restated
Sales	460 281 567	1 415 073 344	500 776 942	1 645 199 583
Consulting income	--	6 851 850	--	7 106 250
	460 281 567	1 421 925 194	500 776 942	1 652 305 833

23. Other income

	For the period		For the period	
	from 1/7/2009 to 30/9/2009	from 1/1/2009 to 30/9/2009	from 1/7/2008 to 30/9/2008	From 1/1/2008 to 30/9/2008
	LE	LE	LE	LE
			Restated	Restated
Gains (loss) on sale of investments in subsidiaries and associates *	--	63 741 327	(500 000)	199 743 122
Gains on sale of fixed assets	1 912 531	1 900 685	1 265 810	1 263 189
Advisory fee ***	19 415 571	58 958 683	17 322 211	46 934 532
Others ***	39 219 141	47 490 740	5 314 126	44 613 148
	60 547 243	172 091 435	23 402 147	292 553 991

* Gain on sale of investments in subsidiaries is represented in the following:

	Ascom	Sphinx Egypt	Total
	LE	LE	LE
Selling price **	22 639 616	57 209 708	79 849 324
Cost of investments **	(13 461 618)	(2 646 379)	(16 107 997)
	9 177 998	54 563 329	63 741 327

** The cost of investments represents the company's share in the associate's net assets for 1 000 000 shares of Asec for Mining (ASCOM) shares (one of the associates - 49.99%) owned by the Company and accordingly after the sale the percentage became 45.99%.

*** Note (33)

24. Other expenses

	For the period		For the period	
	from 1/7/2009 to 30/9/2009 LE	from 1/1/2009 to 30/9/2009 LE	from 1/7/2008 to 30/9/2008 LE Restated	from 1/1/2008 to 30/9/2008 LE Restated
Provision formed	9 282 780	15 402 320	17 755 244	37 882 012
Consulting expenses	96 565	2 261 116	(330 104)	3 182 450
Reversal of provisions	--	(292 492)	155 274	(6 608 265)
Impairment in subsidiaries	--	--	1 050 000	1 050 000
Reversal of impairment loss on trade and other receivables	(301 785)	(301 785)	(2 104 795)	(2 104 795)
Others	(384 833)	--	10 993 731	12 924 158
	8 692 727	17 069 159	27 519 350	46 325 560

25. Finance income

Recognised in the income statement

	For the period		For the period	
	from 1/7/2009 to 30/9/2009 LE	from 1/1/2009 to 30/9/2009 LE	from 1/7/2008 to 30/9/2008 LE Restated	from 1/1/2008 to 30/9/2008 LE Restated
Gains (loss) on sale of investments at fair value through profit and loss	(137 539)	4 357 262	(3 598 749)	1 133 344
Gains on sale of available –for–sale investment	--	--	--	39 272
Dividends income from available –for–sale investment	--	67 914 454	--	31 358 970
Net change in the fair value of investments at fair value through profit and loss	(3 389 311)	4 046 081	446 042	1 579 386
Interest income	6 112 558	12 953 196	10 724 401	23 768 599
	9 364 330	89 270 993	7 571 694	57 879 571

26. Finance expenses

	For the period		For the period	
	from 1/7/2009 to 30/9/2009 LE	from 1/1/2009 to 30/9/2009 LE	from 1/7/2008 to 30/9/2008 LE Restated	from 1/1/2008 to 30/9/2008 LE Restated
Impairment loss on trade and other receivables	603 499	6 089 470	2 189 531	13 549 439
Interest expense	49 455 946	137 175 523	73 718 517	149 303 011
Net foreign exchange profit (loss)	(4 790 621)	22 707 323	(20 073 349)	(16 020 677)
Impairment loss on payments for investments	--	--	932 199	932 199
	45 268 824	165 972 316	56 766 898	147 763 972

27. Finance (expenses) income recognised in equity

	For the period		For the period	
	from 1/7/2009 to 30/9/2009	from 1/1/2009 to 30/9/2009	from 1/7/2008 to 30/9/2008	from 1/1/2008 to 30/9/2008
	LE	LE	LE	LE
			Restated	Restated
Foreign currency translation differences of foreign operations	6 008 236	(28 761 608)	(14 596 583)	(7 918 871)
Net change in the fair value of available-for-sale financial assets	--	2 095	31 682 737	(3 490 996)
Finance expense recognised in equity (net of tax)	6 008 236	(28 759 513)	17 086 154	(11 409 867)
Attributable to:				
Equity holders of the parent Company	669 958	(24 268 978)	11 046 823	(6 261 868)
Minority interest	5 338 278	(4 490 535)	6 039 331	(5 147 999)
	6 008 236	(28 759 513)	17 086 154	(11 409 867)

28. Income tax

	For the period		For the period	
	from 1/7/2009 to 30/9/2009	from 1/1/2009 to 30/9/2009	from 1/7/2008 to 30/9/2008	from 1/1/2008 to 30/9/2008
	LE	LE	LE	LE
			Restated	Restated
Current income tax	(8 392 716)	(32 543 681)	(564 323)	(25 654 763)
Deferred tax	1 561 688	4 385 197	7 689 673	(4 230 882)
Total income tax	(6 831 028)	(28 158 484)	7 125 350	(29 885 645)

29. Earnings per share

	For the period		For the period	
	from 1/7/2009 to 30/9/2009	from 1/1/2009 to 30/9/2009	from 1/7/2008 to 30/9/2008	from 1/1/2008 to 30/9/2008
	LE	LE	LE	LE
Profit (loss) for the period	(2 465 439)	668 828	(30 146 699)	51 994 535
Weighted average number of shares:	648 580 769	607 087 316	550 000 000	449 777 777
Earnings per share	(0.004)	0.001	(0.06)	0.12

30. Finance lease

On January 29, 2009 ESACO S.A.E. signed a finance lease contract with Corplease for Financial Lease in which Corplease will purchase machinery and equipment from ESACO S.A.E. and lease them back to ESACO S.A.E. according to the following contract terms:

- The sale value of the leased assets is LE 15 922 534.
- The contractual value of the leased assets is LE 18 819 079 including LE 4 776 760 advanced payment. Lease value is LE 14 042 319 to be paid on 36 variable monthly instalments, the first instalment was due on February 10, 2009 and the last is due on February 10, 2012.
- ESACO paid a deposit of LE 618 428 representing the last two due installements.

On March 25,2009 ESACO S.A.E. signed a second a finance lease contract with Corplease for Financial Lease in which Corplease will purchase machinery and equipment from ESACO S.A.E. and lease them back to ESACO S.A.E. according to the following contract terms:

- The sale value of the leased assets is LE 6 964 955.
- The contractual value of the leased assets is LE 8 142 458 including LE 2 089 487 advanced payment. Lease value is LE 6 052 971 to be paid on 34 variable monthly instalments, the first instalment was due on May 10, 2009 and the last is due on November 10, 2011.
- ESACO S.A.E. paid a deposit of LE 270 518.
- The present value of the advanced payment as at September 30,2009 is LE 4 763 749.
- The total financial lease contract cost charged to the profit and loss account is LE 6 586 062 at of September 30, 2009.

31. Contingent Liabilities

The contingent liabilities as at September 30, 2009 are represented in the following:

ESACO S.A.E	**30/9/2009 LE**	**31/12/2008 LE**
Letters of guarantee	120 763 773	132 183 024
ASEC Automation Co.(ASA)		
Letters of guarantee	78 734 613	70 986 605
Letters of credit	15 872 868	14 787 696
Total	94 607 481	85 774 301
ASEC Research and Technology (ARTEC)		
Letters of guarantee	259 400	1 084 232
Arab Swiss Engineering Co. (ASEC)		
Letters of guarantee	47 140 726	41 780 856
ASEC Cement Co.		
Letters of guarantee	186 364 100	155 131 800
ASEC Environmental Protection Co. (ASENPRO)		
Letters of guarantee	4 476 040	3 871 831

ASEC for Manufacturing and Industries project Co (ARESCO)		**30/9/2009**			**31/12/2008**	
	EURO	**US$**	**LE**	**EURO**	**US$**	**LE**
Letters of guarantee	574 499	26 290 796	45 486 221	904 623	40 915 159	37 875 300
Letters of credit	--	--	--	133 646	--	2 845 109
Total	574 499	26 290 769	45 486 221	1 038 269	40 915 159	40 720 409

United Foundries and Heat Treatment Co.	**30/9/2009**			**31/12/2008**		
	EURO	**US$**	**LE**	**EURO**	**US$**	**LE**
Letters of guarantee	115 455	235 206	624 194	155 366	275 270	829 874
Letters of credit	--	2 720 003	2 020 653	--	400 314	--
Total	115 455	2 955 209	2 644 847	155 366	675 584	829 874

32. Segmental analysis

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and income tax assets and liabilities.

Cement	**Transportation**	**Investments**
National Company for Trading and Development	Regional Holding for Investments	Citadel Capital Company S.A.E
Arab Swiss Engineering Company (ASEC)	National Company for River Transportation	Citadel Capital Limited BVI
ASEC for Casting and Heat Treatment (ARESCO)	National Company for Goods Transport	Arab Co. for Financial Investments
United Foundries and Heat Treatment	National Company for River Ports Management	Citadel Capital For Financing Corp.
ASEC Company for Cement Manufacturing	National Company for Sea Ports	Citadel Holding for Financial Investments
ASEC Environmental Protection Company (ASENPRO)		Lotus Alliance Limited BVI
ASEC Automation (ASA)		Citadel Company for Investments Promotion
ASEC Research and Technology (ARTEC)		Bright Living for Trading
ESACO S.A.E		Mena Home Furnishings Mall
Alexandria Automotive Casting Co.		Bonyan for Development and Trading
Ameryah Metal Co.		Valencia Trading Holding Ltd.
Al Takamoul Cement Limited		Andalusia Trading Investments

Cement	Transportation	Investments
ASEC Algeria Cement Company (ASEC CEMENT)		Financial Unlimited Co.
GRD Cement Plant Company		Citadel Capital for International Investments Ltd.
Societe Des Ciments De Zahan		Ambience Ventures Ltd .
Asec Iraq		Tanmayeh Company S.A.E
		Citadel Capital – Algeria
		Sphinx Egypt
		National Company for Building Materials
		Citadel Capital for Project

Business segments

	2009					
	Cement	Energy	Investments	Transportation	Eliminations	Consolidated
	LE	LE	LE	LE	LE	LE
Total revenues	1 390 124 421	--	25 393 685	6 407 088	--	1 421 925 194
Gross profit (loss)	198 854 636	--	15 698 071	(5 858 416)	--	208 694 291
Other income	14 984 308	--	156 789 361	317 766	--	172 091 435
Administrative expenses	(196 932 676)	--	(145 736 517)	(20 526 611)	19 351 004	(343 844 800)
Other expenses	(14 656 388)	--	(8 357 321)	--	5 944 550	(17 069 159)
Results from operating activities	2 249 880	--	18 393 594	(26 067 261)	25 295 554	19 871 767
Share of profit in associates	47 899 490	--	21 695 504	--	--	69 594 994
Finance income	73 832 933	--	28 246 177	2 116 876	(14 924 993)	89 270 993
Finance expenses	(132 048 003)	(2 530 238)	(51 829 268)	(3 902 870)	24 338 063	(165 972 316)
Net finance (expense) income	(10 315 580)	(2 530 238)	(1 887 587)	(1 785 994)	9 413 070	(7 106 329)
Net profit (loss) before income tax	(8 065 700)	(2 530 238)	16 506 007	(27 853 255)	34 708 624	12 765 438
Income tax	(27 031 702)	--	(831 771)	(295 011)	--	(28 158 484)
(Loss) profit for the period	(35 097 402)	(2 530 238)	15 674 236	(28 148 266)	34 708 624	(15 393 046)
Segment assets	5 703 544 761	--	9 268 969 163	1 599 138 976	(7 913 529 777)	8 658 123 123
Investments in associates	670 832 921	--	847 169 396	--	--	1 518 002 317
Total assets	6 374 377 682	--	10 116 138 559	1 599 138 976	(7 913 529 777)	10 176 125 440
Segment liabilities	2 635 579 213	--	1 499 515 662	771 630 448	(1 321 875 515)	3 584 849 808
Total liabilities	2 635 579 213	--	1 499 515 662	771 630 448	(1 321 875 515)	3 584 849 808
Depreciation	105 101 149	--	13 654 849	214 776	--	118 970 774
Amortisation of intangible assets	1 523 395	--	1 306	--	--	1 524 701

Business segments

	2008						
	Cement	Mining	Energy	Investments	Transportation	Eliminations	Consolidated
	LE	LE	LE	LE	LE	LE	LE
Total external revenues *	1 454 145 755	60 774 954	114 393 082	21 646 583	1 345 459	--	1 652 305 833
Inter segment revenues *	(3 793 375)	--	--	--	--	3 793 375	--
Segment results *	1 450 352 380	60 774 954	114 393 082	21 646 583	1 345 459	3 793 375	1 652 305 833
Gross profit *	227 676 129	15 584 778	38 972 213	12 160 351	(2 022 268)	--	292 371 203
Other income *	44 844 595	(1 965 956)	413 952	248 723 567	537 833	--	292 553 991
Administrative (expenses) income *	(239 640 390)	(7 833 716)	(17 634 502)	(151 010 742)	(15 030 705)	5 295 962	(425 854 093)
Other expense *	(27 076 356)	--	--	(19 748 750)	(212 054)	711 600	(46 325 560)
Results from operating activities *	5 803 978	5 785 106	21 751 663	90 124 426	(16 727 194)	6 007 562	112 754 541
Share of profit of associates	--	--	--	32 176 450	--	--	32 176 450
Finance income *	50 756 312	238 867	3 085 922	2 390 178	1 408 292	--	57 879 571
Finance expense *	(73 309 623)	(587 270)	(6 397 669)	(67 155 454)	(313 956)	--	(147 763 972)
Net finance expenses *	(22 553 311)	(348 403)	(3 311 747)	(32 588 826)	1 094 336	--	(57 707 951)
Net (loss) profit before income tax *	(16 749 334)	5 436 703	18 439 916	57 535 601	(15 632 858)	6 007 562	55 037 590
Income tax expense *	(23 816 396)	(315 159)	(5 623 935)	952 039	(1 082 194)	--	(29 885 645)
(Loss) profit for the period *	(40 565 730)	5 121 544	12 815 981	58 487 640	(16 715 052)	6 007 562	25 151 945
Segment assets	6 168 321 398	--	--	7 077 779 449	1 343 934 043	(5 954 334 252)	8 635 700 638
Investments in subsidiaries & associates	--	--	--	778 180 928	--	--	778 180 928
Total assets	6 168 321 398	--	--	7 855 960 377	1 343 934 043	(5 954 334 252)	9 413 881 566
Segment liabilities	2 752 517 766	--	--	966 763 526	474 029 001	(692 145 663)	3 501 164 630
Total liabilities	2 752 517 766	--	--	966 763 526	474 029 001	(692 145 663)	3 501 164 630
Depreciation	97 715 213	--	--	5 726 718	1 814 419	--	105 256 350
Amortisation of intangible assets	391 644	--	--	--	--	--	391 644

* Restated amounts - see note (40)

33. Related party transactions

- Advisory fee item presented in the income statement under the item of other income are represented in the advisory services provided to other related parties as follows:

	For the period ended		For the period ended	
	from 1/7/2009 to 30/9/2009	from 1/1/2009 to 30/9/2009	from 1/7/2008 to 30/9/2008	from 1/1/2008 to 30/9/2008
Company name	**LE**	**LE**	**LE**	**LE**
Mena Glass Ltd.	982 204	2 895 316	1 406 086	4 156 480
Falcone Agriculture Investment Ltd.	3 182 892	9 655 372	2 854 666	8 742 913
Logria Holding	8 648 157	26 233 794	9 267 499	21 266 825
Golden Crescent Investment Ltd.	1 601 335	5 096 715	(211 279)	3 409 077
Orient Investment Ltd.	3 411 939	11 244 322	4 005 239	9 359 237
Sphinx Glass Ltd.	1 103 600	3 347 720	--	--
Silverstone Capital Investments Ltd.	485 444	485 444	--	--
Total	19 415 571	58 958 683	17 322 211	46 934 532

Other revenues including an amount of LE 30 840 897 which represents value of consultant and studies presented by the company for Sabina (One of associates Company), according to singed contract.

34. Tax status

34.1 Corporate tax

The Company's books have not been inspected yet.

The Company submitted its tax returns on regular basis for the years 2005/2008 according to tax law no. 91/2005 and no tax inspection has take place yet.

34.2 Payroll tax

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

34.3 Stamp tax

The Company was inspected till the date of July 31, 2006 and paid all the accrued amounts according to the internal committee decision and for the period from 1/8/2008 to 31/12/2008 haven't been inspected yet.

34.4 Withholding tax

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

35. Group entities
Significant subsidiaries

	Country of incorporation	Ownership interest	
		2009	2008
		%	%
Arab Company for Financial Investments	Arab Republic of Egypt	94.00	94.00
National Development and Trading Company	Arab Republic of Egypt	53.81	53.92
Regional Holding for Investments	British Virgin Island	39.10	33.36
National Company for River Transportation	Arab Republic of Egypt	99.99	99.99
National Company for Goods Transport	Arab Republic of Egypt	99.88	99.88
National Company for River Ports Management	Arab Republic of Egypt	99.88	99.88
National Company for Sea Ports	Arab Republic of Egypt	99.99	99.99
Citadel Capital Ltd. BVI	British Virgin Island	100.00	100.00
Citadel Company for Promotion	Arab Republic of Egypt	99.90	99.90
ASEC Research and Technology (ARTEC)	Arab Republic of Egypt	99.00	99.00
ESACO S.A.E.	Arab Republic of Egypt	70.00	70.00
Arab Swiss Engineering Company. (ASEC)	Arab Republic of Egypt	99.99	100.00
ASEC for Casting and Heat Treatment (ARESCO)	Arab Republic of Egypt	99.79	99.47
United Foundries and Heat Treatment	Arab Republic of Egypt	99.99	90.82
ASEC Company for Cement Manufacturing	Arab Republic of Egypt	50.99	50.99
ASEC Environmental Protection Company (ASENPRO)	Arab Republic of Egypt	63.01	63.00
ASEC Automation (ASA)	Arab Republic of Egypt	53.64	53.64
Alexandria Automotive Casting Co.	Arab Republic of Egypt	99.75	99.75
Ameryah Metal Co.	Arab Republic of Egypt	86.17	86.17

Significant subsidiaries

	Country of incorporation	Ownership interest	
		2009	2008
		%	%
Sphinx Egypt Company	Arab Republic of Egypt	--	59.88
Citadel Holding for Financial Investments	Arab Republic of Egypt	99.99	99.99
Bright Living for Trading	Arab Republic of Egypt	55.00	55.00
Mena Home Furnishings Mall	British Virgin Island	28.42	28.42
Bonyan for Development and Trading	Arab Republic of Egypt	99.99	99.99
Citadel Capital Algeria	Republic of Algeria	99.99	99.99
Valencia Trading Holding Ltd.	British Virgin Island	100.00	100.00
Andalusia Trading Investments	British Virgin Island	100.00	100.00
Tanweer Co.	Arab Republic of Egypt	99.88	99.88
Financial Unlimited Co.	Arab Republic of Egypt	99.88	99.88
Tanmayeh Company S.A.E	Arab Republic of Egypt	75.71	--
Lotus Alliance Limited BVI	British Virgin Island	85.70	--
Citadel Capital For Financing Corp.	British Virgin Island	100.00	100.00
Ambience Ventures Ltd .	British Virgin Island	100.00	--
Al Takamoul Cement Limited	Sudan	51.00	51.00
ASEC Algeria Cement Company (ASEC CEMENT)	Algeria	13.99	13.99
GRD Cement Plant Company (Iraq)	Iraq	99.99	99.99
Societe Des Ciments De Zahan	Algeria	35.00	35.00

36. Capital commitments

The capital commitments as at September 30,2009 represented in the following:

- **ASEC Cement Co.**

ASEC Cement Company – an Egyptian Joint Stock Company

Contractor	Contract amount	Not completed part	Currency
Man Diesel Company	39 950 000	17 450 000	Euro
ASEC Arab Swiss Engineering Company	3 000 000	3 000 000	US dollar

- **Al Takamoul Cement Limited – Sudan**

Contractor	Contract amount	Not completed part	Currency
ASEC for Manufacturing and Industrial Projects (ARESCO)	389 698 400	37 088 825	Sudanese Pound
Ascom for Carbonate and Chemicals Manufacturing	1 265 823	805 864	Sudanese Pound
Geojeb	156 860	1 000	Sudanese Pound
Ahmed Ismael Engineering Co	170 430	55 025	Sudanese Pound
Maded for construction	6 079 126	199 801	Sudanese Pound
Master Co.	6 456 500	6 456 500	Sudanese Pound
Safary Co.	3 200 000	3 200 000	Sudanese Pound
Ministry of Physical Planning	96 565	58 013	Sudanese Pound

- **ASEC Algeria Cement Company (ASEC CEMENT)**

Contractor	Contract amount	Not completed part	Currency
Denmark Company FLSmidth	97 960 000	97 960 000	Euro
Denmark Company FLSmidth	1100 000	88 000	Euro
ASEC Arab Swiss Engineering Company	6 250 000	6 187 000	US dollar
ESACO Manufacturing Engineering Company	49 399 013	42 880 744	US dollar
ESACO Manufacturing Engineering Company	1 598 628 063	930 669 689	DZD
SARL MHDA company	2 621 590 000	1 685 554 581	DZD
Ascom for Carbonate and Chemicals Manufacturing	763 160	30 220	Euro
ASEC Automation	42 366 400	42 366 400	Euro
Energy Company	23 699 815	23 699 815	US dollar
Energy Company	9 015 848	7 332 079	US dollar
TCB Company	2 909 211	2 909 211	Egyptian pound

- **Societe Des Ciments De Zahana**

The total capital commitments of Societe Des Ciments De Zahana as at September 30, 2009 amounted to DZD 1 729 000 and the not completed part amounted to DZD 308 000.

37. Management contract

The Company's extraordinary meeting held on May 12, 2008 approved the management contract with Citadel Capital Partners (one of the shareholders of 40.05 %) which states that Citadel Capital Partners provides all the management duties for 10% of the net annual profit available for distribution the due amount on September 30,2009 is LE 5 062 058.

38. Employees stock option plan

- The Company's extraordinary meeting held on February 20, 2008 approved to add a new article to the company Article of Association to adopt a plan or more to motivate employees, managers and executive board of directors – Employees stock option plan (ESOP) in accordance with decision no. 282 for 2005 which modified executive regulation for the law no 159 / 1981.

- On June 22, 2008 the Capital Market Authority approved the ESOP plan and the company does not start to apply it till now.

39. Financial instruments and management of related risks

The Group's financial instruments are represented in the financial assets and liabilities. Financial assets include cash and cash equivalents, other investments, and trade and other receivables while financial liabilities include; overdraft, loans and borrowing and trade and other payables. Note 3 include significant accounting policies for the recognition and measurement of the important financial instruments and related revenues and expenses.

40.1 Interest rate risk

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

40.2 Exchange rate risk

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

40.3 Credit risk

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

40. Comparative figures

- Certain comparative figures have been reclassified to conform to the current period presentation.
- Comparative figures of income statement and cash flows statement have been restated as the subsidiary, ASEC Cement Co. is accounted for as operating subsidiary as at September 30, 2009 versus had been accounted for it as discontinuing operation as at September 30, 2008