

MOSTAFA SHAWKI & CO

EGYPTIAN FINANCIAL AND INDUSTRIAL COMPANY
(AN EGYPTIAN JOINT STOCK COMPANY)
AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS TOGETHER
WITH LIMITED REVIEW REPORT

FOR THE PERIOD FROM JANUARY 1, 2010 TO MARCH 31, 2010

LIMITED REVIEW REPORT

To The Board of Egyptian Financial and Industrial Company
(Egyptian Joint Stock Company)

Introduction

We have reviewed the consolidated balance sheet of Egyptian Financial And Industrial Company (Egyptian Joint Stock Company) and subsidiary as of March 31, 2010 and the related consolidated statements of income, changes in shareholders' equity and cash flow for the three-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the Egyptian Accounting Standard Number (30) relating to the preparation of Interim Financial Statements. Our responsibility is to express a conclusion on this interim financial information based on our review.

Limited Review Scope

Except as stated in the third paragraph, we conducted our review in accordance with the Egyptian standard applicable to review engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A 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.

Basis for Qualified Conclusion

Management has priced some items of finished goods inventory using a method that differs from its policy stated in (note 2/7), which resulted in increasing the value of ending inventory and reducing cost of sales for the period at the Holding Company and at the Subsidiary for LE 9,970,388 and LE 3,504,567, respectively.

Conclusion

Based on our review, except as stated in the third paragraph, nothing has come to our attention that causes us to believe that the consolidated interim financial information does not give a true and fair view of the financial position of the Egyptian Financial and Industrial Company and subsidiary as at March 31, 2010, and of its financial performance and its cash flows for the three months then ended in accordance with Egyptian Accounting Standards Number (30) relating to the preparation of Interim financial statements.

Without considering this a qualification, projects under construction of the subsidiary as of December 31, 2010 amounted to LE.503,774,746. Management informed us that some of these projects are in the pre-operations testing phase, while the rest are still under construction. Management is in the process of communicating with vendors to complete the supply of auxiliaries necessary to finalize these projects.

Cairo May 12, 2010

Auditor

Eissa Refai
MAZARS MOSTAFA SHAWKI



*Translation of Financial Statements
Originally Issued in Arabic*

EGYPTIAN FINANCIAL AND INDUSTRIAL COMPANY
(AN EGYPTIAN JOINT STOCK COMPANY)
AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS OF AS OF MARCH 31, 2010
(Amounts expressed in Egyptian pounds)

<u>31/12/2009</u>		<u>Note</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>
	<u>LONGTERM ASSETS</u>				
	<u>Fixed assets</u>	(3)			
415,982,675	Land		415,982,675	--	415,982,675
65,864,639	Buildings and utilities		69,721,277	4,292,840	65,428,437
180,315,165	Machinery and equipment		268,247,524	90,921,360	177,326,164
2,815,024	Vehicles		15,455,137	13,064,201	2,390,936
587,923	Tools		1,267,558	723,656	543,902
874,918	Furniture and fixtures		4,026,073	3,307,815	718,258
666,440,344			774,700,244	112,309,872	622,390,372
	<u>Projects under construction</u>	(4)			
541,002,563	Work in process			545,408,017	
967,360	Advance to suppliers			747,682	
541,969,923					546,155,699
	<u>Other long term assets</u>				
750	Local long term loan			750	
	<u>Long term investments</u>	(5)			
306,149	Investments in government bonds		306,149		
19,685,000	Long term investments		19,685,000		
19,991,149				19,991,149	19,991,899
19,991,899					19,991,899
1, 228 ,402 ,166	<u>Total long term assets</u>				1, 228 ,537 ,970
	<u>Current assets</u>				
	<u>Inventories</u>	(6)			
165,371,742	Raw materials		160,149,276		
29,599,981	Fuel and spare parts		29,280,959		
10,315,652	Packaging materials		8,578,110		
98,235	Scrap		93,84		
248,146,297	Finished goods		238,122,022		
15,586,637	Goods on trust		15,557,742		
--	Raw materials and spare parts in transit		7,347		
469,118,544				451,789,320	
	<u>Debtors and notes receivables</u>	(7)			
44,551,735	Customers, net		41,345,211		
105,122,260	Receivables		93,728,966		
160,343,773	Debtors		156,953,536		
310,017,768				292,027,713	
	<u>Cash</u>	(8)			
689,677	Time at banks		671,947		
2,712,975	Current accounts at banks		12,131,808		
147,274	Cash on hand		291,606		
3,549,926				13,095,361	
782,686,238	<u>Total current assets(c/f)</u>			13,095,361	756,912,394

*Translation of Financial Statements
Originally Issued in Arabic*

EGYPTIAN FINANCIAL AND INDUSTRIAL COMPANY
(AN EGYPTIAN JOINT STOCK COMPANY)
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2010
(Amounts expressed in Egyptian pounds)

<u>31/3/2009</u>		<u>Sub</u>	<u>Total</u>
132,174,353	Sales, net	142,326,347	
91,091,769	Cost of sales	89,258,408	
41,082,584	Gross profit		53,067,939
	Less		
6,557,125	General and administrative expenses	7,341,535	
19,896,415	Interest expense	23,300,557	
646,500	Board of Directors remunerations	646,500	
27,100,040			(31,288,592)
	Add:		
1,688,816	Interest income and gain on securities		477,840
15,671,360	Net operating profit		22,257,187
	Add:		
336,489	Other revenues	3,411,149	
(179,828)	Foreign currency profit(Less)	5,201	
156,661			3,416,350
15,828,021	Profit for the period before tax		25,673,537

- The accompanying notes attached are an integral part of these financial statements.

Chief of Financial Officer

Nab. Ab. Sh.

Chairman and Managing Director

T. Kabb



*Translation of Financial Statements
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EGYPTIAN FINANCIAL AND INDUSTRIAL COMPANY
(AN EGYPTIAN JOINT STOCK COMPANY)
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2010
(Amounts expressed in Egyptian pounds)

	31/3/2010	31/3/2009
<u>Cash flows from operating activities</u>		
Profit for the Period	25,673,537	15,828,021
<u>Adjustments</u>		
Depreciation	4,049,972	3,790,446
	29,723,509	19,618,467
<u>Changes in working capital</u>		
Decrease in debtors	165,546,507	13,457,806
Decrease in inventories	17,329,224	18,607,109
(Decrease) in creditors	(26,040,870)	(3,886,853)
Net cash flows provided from operating activities	186,558,370	47,796,52
<u>Cash flows from investing activities</u>		
(Purchase) of fixed assets	--	(11,077)
(Payment) for projects under construction	(4,185,776)	(21,638,700)
Sale of long term investment	44,100	--
Net cash flows (used in) investing activities	(4,141,676)	(21,649,777)
<u>Cash flows from financing activities</u>		
(Payment)in treasury shares	--	(1,055,243)
(Payment) under long term loans	(5,660,070)	(2,449,513)
(Payment of) collections from long term creditors	(827,610)	(9,912,315)
Dividend paid	(148,518,480)	(112,340,142)
Net cash flows (used in) financing activities	(155,006,160)	(125,757,213)
Changes in cash and cash equivalent during the period	27,410,534	(99,610,461)
Cash and cash equivalent at the beginning of the period	(869,776,689)	(662,057,502)
Cash and cash equivalent at the end of the year	(842,366,155)	(761,667,963)
The cash and cash equivalents are represents as follows:		
<u>Beginning of the period</u>		
Cash on hand and banks	3,549,926	7,361,830
Less: credit banks	(873,326,615)	(669,419,332)
	(869,776,689)	(662,057,502)
<u>End of the period</u>		
Cash on hand and at banks	13,095,361	5,189,720
Less: credit bank	(855,461,516)	(766,857,683)
	(842,366,155)	(761,667,963)

- The accompanying notes attached are an integral part of these financial statements

Chief of Financial Officer

Nab. Ab. Sh

Chairman and Managing Director

T. Kollb



EGYPTIAN FINANCIAL AND INDUSTRIAL COMPANY
(AN EGYPTIAN JOINT STOCK COMPANY)
AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2010

(Amounts expressed in Egyptian Pounds)

Description	Capital	Legal Reserve	Retained Earnings	Net Profit for the Period	Total
Balance as of January 1, 2009	693,016,320	113,742,318	44,218,934	--	850,977,572
Net profit for the period	--	--	--	15,828,021	15,828,021
Balance as of March 31, 2009	693,016,320	113,742,318	44,218,934	15,828,021	866,805,593
Balance as of January 1, 2010	693,016,320	128,485,675	38,645,587	--	860,147,582
Net profit for the period	--	--	--	25,673,537	25,673,537
Balance as of March 31, 2010	693,016,320	128,485,675	38,645,587	25,673,537	885,821,119

The accompanying notes attached are integral part of these financial statements

Chief of Financial Officer

Kab. Al. Sh.

Chairman and Managing Director

T. Hob



EGYPTIAN FINANCIAL AND INDUSTRIAL COMPANY
(AN EGYPTIAN JOINT STOCK COMPANY)
AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010
(Amounts expressed in Egyptian Pounds)

1. THE COMPANY

The company was established pursuant to the Royal Decree in May 1929 as a joint stock company. It was then fully nationalized, and then subjected by Act No. 97 for 1983 to the supervision of the Public Sector for The Chemical Industry. Based on Article (2) of Act 203 for 1991, the Company belonged to the Mining and Refractory sector. On March 19, 1996, the Extraordinary General Assembly of the company agreed to offer portion of the shares owned by the Mining and Refractory Company to the public through the Cairo and Alexandria Stock Exchange. The Company has been transformed into a joint stock company under the umbrella of Act 159 for 1981 from July 1, 1996.

The company performs all activities relating to the production and manufacturing of chemical materials, fertilizers of all kinds, whether powder, granules, paper, liquid or trafficking. It has the right to trade in these items. The company activities include all financial, trading and manufacturing activities relating to its objectives. It also has the right to establish and participate in investment principal and complementary projects that conform to its activities. It also has the right to import all materials necessary for that.

The following are details of the subsidiary company and share of Egyptian Financial and Industrial Company in its capital:

<u>Company name</u>	<u>Percentage of shareholder's%</u>
Suez Company for the Manufacture of Fertilizers	99.88%

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies applied consistently throughout the year under audit:

2/1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accounts were prepared in accordance with the Egyptian Accounting Standards and in compliance with relevant Egyptian laws and regulations.

2/2 Basis of Consolidation

The consolidated financial statements include those of the subsidiary, Suez Company for the Manufacture of Fertilizers. Consolidation bases include the following:

A. Consolidated balance sheet

Assets and liabilities in the consolidated balance sheet represent the summation of the Holding Company's assets and liabilities and its subsidiary. All balances resulting from transactions among the Holding Company and its subsidiaries have been eliminated in order to show the group's consolidated balance sheet as if it was one entity.

Minority interest in the consolidated balance sheet represent the part of the subsidiaries net assets, which the holding company does not directly or indirectly own.

B. Consolidated statement of income

Consolidated statement of income represents the summation of the Holding Company's income statement items and those of its subsidiaries. All transactions among the Holding Company and subsidiaries have been eliminated.

Minority interest in the consolidated balance sheet represent the part of the subsidiaries operations, which relate to rights that the holding company does not directly or indirectly own.

(2/3) Foreign Currency Translation

The company's functional and reporting currency is the Egyptian pound. Transactions denominated in foreign currencies are recorded at the prevailing exchange rates at the date of transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at that date. Exchange differences are recorded in the statement of income.

With regard to currency re-evaluation differences relating to obligations associated with the acquisition of new fixed assets, they are capitalized in the carrying amount of these assets in line with the allowed alternative treatment in the Egyptian Accounting Standards No. (14).

(2/4) Use of Estimate and Assumptions:

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires the use of estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Although, these estimates are based on management's best knowledge of current event and actions, actual results may ultimately differ from those estimates.

- Estimates and related assumptions are reviewed on a regular basis.
- In case of any change in estimates relating to the current period, it is recognized therein. If it relates to this year and future years, it is recognized in both.

(2/5) Fixed Assets and Depreciation

Fixed assets are stated at historical cost and are depreciated on a straight line basis according to the estimated useful life of each individual asset. Management has changed depreciation rates of some machinery and equipment from the beginning of 2009 as follows:

	Depreciation rates before change	Depreciation rates after change
Buildings, and utilities	2%-7%	2%-7%
Machinery and equipment	5%-12,5%	1%-12.5%
Vehicles	10%-20%	10%-20%
Tools	7,5%	7,5%
Furniture and fixtures	10%	10%

Fixed assets depreciation is calculated when the assets are available for use

(2/5/1) Recognition and initial measurement

Cost includes direct costs for the acquisition of origin, and for the assets that are internally generated include the cost of the asset cost of raw materials, direct labor and other processing required by the process to the situation which is in its operation in the purpose for which acquired for him, as well as the costs of removal and re-settlement site, which are of these assets.

Costs of components related to an item of fixed assets with different useful lives are separately accounted for as part of those fixed assets

(2/5/2) Subsequent costs on acquisition

The carrying amount of fixed include cost of replacing a part or component of such assets when future economic benefits as a result of spending that cost is expected and could be reliably measured. Other costs are taken directly to the statement of income.

(2/6) Capitalization of borrowing costs

Borrowing costs are recognized as expenses in the income statement when incurred, with the exception of borrowing cost directly attributable to the construction and acquisition of new assets which is capitalized as part of the relevant assets cost and depreciated over assets' estimated useful lives. No borrowing costs have been capitalized during the year as the company did not borrow to finance purchase assets. With regard to the subsidiary company, it has stopped capitalizing interest expense from the beginning in 2010

(2/7) Inventory assessment

All types of inventory are priced at cost on a weighted average basis.

Inventory is valued at the lower of cost or net realizable value. Net realizable value is determined at selling value less expected cost to complete production and sale. Provision is made for obsolete and slow moving items, as necessary.

(2/8) Customers and debtors and notes receivable

Debtors are recorded at par value with a deduction of the expected uncollected amounts and classified in the current assets. The expected collected amounts after more than year are classified in the long term assets. Other debtors are stated at cost less impairment loss.

(2/9) Impairments

The carrying amounts of the Group's assets other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

The recoverable amount of the Group's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined of the cash – generating unit to which the asset belongs.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(2/10) Long-term investments

Long term Investments represent government bonds held to maturity and are stated at amortized cost

(2/11) Trading investments

Trading Investments are recognized at cost, and are revalued on the basis of prevailing market value at the balance sheet date. Revaluation differences are recorded in the statement of income. Fair value is determined based on the fund manager valuation on the balance sheet date.

(2/12) Available for sale Investments:

Investments available for sale are measured at fair value in case revaluation they are listed in an active market revaluation difference is included in equity in case it is difficult to determine the fair value of investment available for sale they are shown at cost.

(2/13) Revenue realization

(2/13/1) Sales

Revenue is measured at the fair value of the consideration received or receivable and is recognized when it is probable that the economic benefits associated with the transaction will flow to the entities and the amount of the revenue can be measured reliably.

(2/13/2) Interest income

Interest income is recognized when incurred in accordance with the accrual basis.

(2/13/3) Income from investments in securities

Income from investment in securities is recognized when the company earns the right to collect the income amount.

(2/14) Income tax

Income taxes are imposed on current and deferred taxable profit and losses and are recorded in the income statement, except for taxes related directly to shareholders' equity which are recorded in the statement of changes in shareholders' equity.

Current tax includes all tax imposed on taxable profit for the year using current tax rates and any adjustments to tax payable for prior years.

(2/15) Deferred tax.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(2/16) Provisions

Provisions are recognized when there is a legal obligation exists, or inferred from the circumstances surrounding the result of some event in the past, and it is likely to result for the flow of economic benefits beyond being used to settle the obligation, and can work a reliable estimate of the amount of obligation, and if the effect was significant, it is estimated the value of the ad hoc discounting future cash flows at a discount before tax, which reflects the current estimate of the market for the time value of money and the risks relating to the obligation, if appropriate

(2/17) Reduce the value of assets:

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and assets are then carried at net realizable value. Impairment losses are recognized in the income statement.

Realizable value of an asset or a cash generating unit represents the higher of its value in use and its fair value less selling costs. Estimated future cash flows are discounted to arrive at the present value using a discount rate that reflects the current market conditions and related risks.

(2/18) **Projects under progress**

Projects under progress are initially recorded at cost. Cost includes all expenditures that are directly related and necessary to bring the asset to its operating condition for its intended use. Then it is transferred to fixed assets.

(2/19) **Suppliers and creditors**

Suppliers and creditors are recorded at cost.

(2/20) **Earnings per share**

The company presents basic earnings per share. This is calculated by dividing profit or loss attributable to shareholders by the weighted average of number of shares outstanding during the period.

(2/21) **Treasury stock**

Treasury stocks are recorded at cost and presented as contra to the shareholders equity.

3. FIXED ASSETS, NET

Fixed assets, net as of March 31, 2010 amounted to LE 662,390,372 and comprised the following:

	Land	Buildings and utilities	Machinery and equipment	Vehicles	Tools	Furniture and fixtures	Total
Cost as of 1 January 2010	415,982,675	69,721,277	268,247,524	15,455,137	1,267,558	4,026,073	774,700,244
Total cost as of 31 March 2010	415,982,675	69,721,277	268,247,524	15,455,137	1,267,558	4,026,073	774,700,244
Accumulated depreciation as of 1 January 2010	-	3,856,638	87,932,359	12,640,113	679,635	3,151,155	108,259,900
Depreciation for the period	-	436,202	2,989,001	424,088	44,021	156,660	4,049,972
Accumulated depreciation as of 31 March 2010	-	4,292,840	90,921,360	13,064,201	723,656	3,307,815	112,309,872
Fixed assets, net as of 31 March 2010	415,982,675	65,428,437	177,326,164	2,390,936	543,902	718,258	662,390,372
Fixed assets, net as of 31/12/2009	415,982,675	65,864,639	180,315,165	2,815,024	587,923	874,918	666,440,344

- The cost of full depreciated fixed assets and still in operation as of March 31, 2010 amounted to LE 13,223,888.

4. **PROJECTS UNDER PROGRESS**

Projects under progress as of March, 31, 2010 amounted to L.E 546,155,699 and comprised the following

	<u>31/3/2010</u>	<u>31/12/2009</u>
	<u>LE</u>	<u>LE</u>
Projects related to Egyptian Financial and Industrial Company	42,380,953	38,538,070
Projects related to Suez Company for the Manufacture of Fertilizers	503,774,746	503,431,853
	<u>546,155,699</u>	<u>541,969,923</u>

5. **LONG TERM INVESTMENT**

Long term investments as of March, 31, 2010 amounted to LE 19,991,149 and comprised the following:

	<u>31/3/2010</u>	<u>31/12/2009</u>
	<u>LE</u>	<u>LE</u>
Investments in governments bonds	306,149	306,149
Investments in third SAIB investments fund	19,685,000	19,685,000
	<u>19,991,149</u>	<u>19,991,149</u>

6. **INVENTORY**

Inventory as of March, 31, 2010 amounted to LE 451,789,320 and comprised the following:

	<u>31/3/2010</u>	<u>31/12/2009</u>
	<u>LE</u>	<u>LE</u>
Egyptian Financial and Industrial Company	338,275,941	354,567,466
Suez Company for the Manufacture of Fertilizers	113,513,379	114,551,078
	<u>451,789,320</u>	<u>469,118,544</u>

7. **DEBTORS AND OTHER DEBIT BALANCES**

Debtors and other debit balances (net) as of March 31, 2010 amounted to L.E 292,027,713 and comprised the following:

	<u>31/3/2010</u>	<u>31/12/2009</u>
	<u>LE</u>	<u>LE</u>
Accounts receivables	42,766,936	45,973,460
Receivables notes	93,728,966	105,122,260
Suppliers in advance	7,251,729	11,312,518
Accrued revenues	344,488	344,487
Prepaid expenses	301,981	608,041
Withholding tax	43,130,166	42,060,798
Sales Taxes	99,829,139	103,297,274
Deposits with others	870,438	849,289
Other debit balances	5,225,595	1,871,366
	<u>293,449,438</u>	<u>311,439,493</u>
Decreased in debtors and receivables notes	(1,421,725)	(1,421,725)
	<u>292,027,713</u>	<u>310,017,768</u>

• The balance of other debtors includes an amount of LE 1,253,625 paid for the company's share in founding the company of Evaluating the Project of Compounded Phosphate Fertilizer Complex in partnership with the Abu Qir Fertilizers and Chemical Industries and Nasr Mining Company and other companies. Establishment has been sustained until the improvement in world prices products.

8. CASH ON HAND AND AT BANKS

Cash on hand and at banks as of March, 31, 2010 amounted to LE 13,095,361 and comprised the following:

	<u>31/3/2010</u>	<u>31/12/2009</u>
	<u>LE</u>	<u>LE</u>
Time deposits with banks	671,947	689,677
Current accounts with banks	12,131,808	2,712,975
Cash on hand	291,606	147,274
	<u>13,095,361</u>	<u>3,549,926</u>

9. CREDIT BANKS

Credit bank as of March, 31, 2010 amounted to LE 790,265,487 and comprised the following:

	<u>Credit limit</u>	<u>Interest rate</u>	<u>31/3/2010</u>	<u>31/12/2009</u>
	<u>LE</u>		<u>LE</u>	<u>LE</u>
Egyptian Saudi Finance Bank- Egyptian Pounds	150,000,000	10%	86,968,219	104,280,347
The United Bank	25,000,000	10%	21,552,788	21,499,426
Cairo Bank - Egyptian Pounds	--	--	--	9,492
Misr Bank- Egyptian Pounds	200,000,000	10%	195,329,477	188,886,716
Central International Bank- Dollars	--	1% + LIBOR	65	64
Central International Bank- Egyptian Pounds	60,000,000	10%	56,183,195	55,841,003
Credit Agricole - Egyptian Pounds	150,000,000	10%	137,187,460	136,524,673
National Society General Bank- Egyptian Pounds	100,000,000	10%	98,938,771	88,918,233
Arab Bank- Egyptian Pounds	85,000,000	10%	63,397,119	74,543,700
Barclays Bank- Egyptian Pounds	50,000,000	10%	25,433,822	25,243,462
Ahly United Bank	120,000,000	10%	105,274,571	111,719,848
			<u>790,265,487</u>	<u>807,466,964</u>

10. SUPPLIERS AND PAYABLES NOTES

Suppliers and payables notes balances as of March, 31, 2010 amounted to LE 63,447,710 and comprised the following:

	<u>31/3/2010</u>	<u>31/12/2009</u>
	<u>LE</u>	<u>LE</u>
Suppliers	47,857,920	67,075,944
Payables notes	15,589,790	16,937,522
	<u>63,447,710</u>	<u>84,013,466</u>

11. OTHER CREDIT BALANCES

Other credit balances as of March, 31, 2010 amounted to LE 28,347,583 and comprised the following:

	<u>31/3/2010</u>	<u>31/12/2009</u>
	<u>LE</u>	<u>LE</u>
Accounts receivables in advance	4,939,226	8,730,693
Deposits to others	6,039,816	6,205,813
Tax Authority	1,844,457	1,835,299
Accrued expense	4,035,916	6,072,505
Deducted from employs	4,794,166	4,463,537
Other credit balances	6,694,002	6,514,850
	<u>28,347,583</u>	<u>33,822,697</u>

12. CAPITAL

The authorized capital of the company amounted to LE 700 Millions. Issued and paid capital amounted to LE 693,016,320, divided into 69,301,632 shares of LE 10 par value, each.

13. MINORITY INTEREST

Minority interest as of March, 31, 2010 amounted to LE 403,200 and comprised the following:

<u>Description</u>	<u>Minority interest before their share in profit</u>	<u>Minority interest share in profit</u>	<u>Total minority interest</u>
	<u>LE</u>	<u>LE</u>	<u>LE</u>
Suez Company for the manufacture of fertilizers	403,200	--	403,200
	<u>403,200</u>	<u>--</u>	<u>403,200</u>

14. RESERVES

Reserves as of March, 31, 2010 amounted to LE 128,485,675 and comprised the following:

	<u>31/3/2010</u>	<u>31/12/2009</u>
	<u>LE</u>	<u>LE</u>
Legal reserve	28,244,648	28,244,648
Statutory reserve	22,972,029	22,972,029
Unusual reserve	76,895,758	76,895,758
Investments in government bonds reserve	306,149	306,149
Other reserves	67,091	67,091
	<u>128,485,675</u>	<u>128,485,675</u>

15. PROVISIONS

Provisions as of March, 31, 2010 amounted to L.E 30,379,861 and comprised the following:

	<u>31/3/2010</u>	<u>31/12/2009</u>
	<u>LE</u>	<u>LE</u>
Emergency request provision	27,279,861	27,279,861
Provision for claims	3,100.000	3,100.000
	<u>30,379,861</u>	<u>30,379,861</u>

16. LONG TERM LOANS

Long term loans as of March, 31, 2010 amounted to L.E 92,545,720 and comprised the following:

	<u>31/3/2010</u>	<u>31/12/2009</u>
	<u>LE</u>	<u>LE</u>
Suez Company for the Manufacture Of Fertilizers	92,545,720	98,205,790
	<u>92,545,720</u>	<u>98,205,790</u>

LONG TERM LOANS

Long term loans as of March, 31, 2010 amounted to L.E. 92,545,720 and comprised the following:

<u>Bank</u>	<u>Year of get loan</u>	<u>Allowed period</u>	<u>Period of loan after allowed period</u>	<u>Basis of loan</u>	<u>Net used from loan</u>	<u>Annual accrued during the year</u>	<u>Long term annuals</u>
<u>First loan</u>							
National Society General Bank (Loan Manager)				Tranche (A) amounting to US \$ 33 million. Conversion rate is LE 6.2 = US \$ 1. Equivalent is LE 204,600,000.			
Arab Bank (Lender)	2004	3 years	5 years	Tranche (B) amounting to LE 119,400,000	129,055,646	57,000,000	72,055,646
Total				324,000,000	129,055,646	57,000,000	72,055,646
<u>Second loan</u>							
National Society General Bank	2008	--	5 years	5,540,000 Euro	28,686,103	8,196,029	20,490,074
Total				5,540,000 Euro	28,686,103	8,196,029	20,490,074
Total first and second loan					157,741,749	65,196,029	92,545,720

First: the first loan

This item is represented in the balance of medium-term syndicated loan provided by the National Society General Bank between:

Suez Company for the Manufacture of Fertilizers:	(Borrower).
And each of:	
Misr International Bank Lead Manager and General	(Loan Agent)
Arab Bank:	(lender).
Egyptian Financial and Industrial Company	(Guarantor)

The loan amounted to LE 324 million (including 33 million U.S. dollars - equivalent to the amount of LE 204,600,000). This includes interest calculated and capitalized until the beginning of the month of March 2006 and is comprised of two tranches (A) and (B). Collateral represents an official irrevocable power of attorney. According to this power of attorney the bank obtains has the right to take all necessary measures to arrange commercial mortgage on tangible and intangible assets of the company in favor of Manager Bank.

The term of the loan is eight years, including a grace period of three years from the date of the contract. Repayment is over of 11 semi-annual installments starting from 1/11/2007 to 1/11/2012. Interest rate for the debit balance in Egyptian pound is 0.75% above the discount rate declared by the Egyptian Central Bank. As for the debit balance in US dollar, interest rate is 1.25% above the global lending rate (LIBOR).

Second: second loan

This item is represented in the balance of medium-term loan to establish ammonium sulfate production line. The loan is provided by the National Society General Bank between:

Suez Company for the Manufacture of Fertilizers:	(Borrower).
And each of:	
Misr International Bank Lead Manager and General	(Loan Agent)
Arab Bank:	(lender).
Egyptian Financial and Industrial Company	(Guarantor)

The loan amounted to Euro 5,540,000.

The loan is guaranteed with an irrevocable power of attorney granting the lending bank, first party, the right to sign on behalf of the company on a first class commercial mortgage of tangible and intangible assets of the company in favor of the bank.

The term of the loan is six years, including a grace period of one year from the date of the contract. Repayment is over of 10 semi-annual installments starting from 1/3/2009 to 1/9/2013. Interest rate for the debit balance is 1.25% above the global lending rate (LIBOR/Euro), depending on the borrowed currency.

17. CREDITORS LONG TERM

Long term debtors as of March, 31, 2010 amounted to L.E 1,241,415 and comprised the following:

	<u>31/3/2010</u>	<u>31/12/2009</u>
	<u>LE</u>	<u>LE</u>
Egyptian Financial and Industrial Company	1,241,415	2,069,025
	<u>1,241,415</u>	<u>2,069,025</u>

18. TAXATION POSITION

First: Corporate Tax:

The Egyptian Financial and Industrial Company was subject to corporate tax according to the Law No. 157 for 1981 (amended by Law No. 187 for 1993) until 2004. Starting 2005, it is subject to provisions of Law No. 91 for 2005, which is affected with the Income Tax Act, issued on June 8, 2005. The company provides for tax obligations, in light of tax assessments based on necessary studies. The Tax Authority examining the company books for the years from January 1, 1999 until December 31, 2004. The company has not yet received related tax assessments. The company maintains necessary provisions for potential assessments as might result from disputed inspection. Appropriate treatment will take place based on actual outcome.

As per the General Investment Authority letter dated April 16, 2005, Egyptian Financial and Industrial Company is tax exempted for ten years from the year subsequent to start of operation. Tax exemption is recorded on the tax card.

Second: Stamp Tax:

The company regularly pays all due stamp tax duty. Tax inspection and related assessment and settlement took place until February 28, 2004.

Third: Salary Tax:

The company regularly pays all due salary tax. Tax inspection and related assessment and settlement took place until December 31, 2004.

Fourth: The General Sales Tax

The company regularly pays all sales tax pursuant to monthly returns. Tax inspection and related assessment and settlement took place until December 31, 2005.

19. FINANCIAL INSTRUMENTS AND MANAGEMENT RELATED RISKS

The company's financial instruments are represented by the financial assets and liabilities. The financial assets include bank accounts and debtor accounts. The financial liabilities include bank facilities and creditors. The accompanying notes are an integral part of these financial statement show the financial policies applied to record and measure the significant financial instruments and relates income and expenses.

The following shows the risks related to these financial instruments and the procedures followed to minimize the impact of such risk:

19-1 Liquidity risk

The liquidity risk is represented in factors that impact the repayment of part or all of the company's commitment. Suitable procedures are taken to reduce that risk to the minimum according to the company's policy

19-2 Market risk

The market risk is represented in future changes in the financial instruments' value as a result of changing in the market conditions. The company has sustained losses as a result of the decrease of short term investment traded to the implications

19-3 The fair value of financial instruments:

According to the valuation bases used to evaluate the assets and liabilities of the company and stated in the notes to the financial statements, the adjusted value of financial instruments in the history of the financial position does not differ substantially from the book value.

19-4 Credit risk: Credit risk:

Is the inability of customers granted them credit in the payment of dues and the company follow-up with customers

19-5 Foreign currency risk:

The risk of foreign currency changes in foreign exchange rates that affect the payments and receipts in foreign currency as well as evaluating the assets and liabilities in foreign currencies, and a balance for most of the company's obligations in foreign currencies.

19-6 Interest rate risk:

The risk of this change in interest rates and their effects on the value of financial assets and liabilities and the management is running this tool a way that maximizes revenue for the company