

## Prospectus



### SEKEM HOLDING COMPANY FOR INVESTMENT S.A.E.

(established in Egypt as a Group limited by shares, having its corporate seat in Cairo, Egypt)

as issuer of

**EUR 5,000,000 6.5% bonds due 2012**

**Issue price of bonds: 100%**

Sekem Holding Company for Investment S.A.E. (the **Issuer**) is issuing EUR 5,000,000 aggregate principal amount of 6.5 per cent bonds due 2012, in registered form and with a nominal value of EUR 1,000 each (the **Bonds**). Interest on the Bonds will be payable annually in arrear on 22 November of each year or on the first Business Day thereafter if 22 November is not a Business Day, the first such payment to be made on 24 November 2008.

The offering of the Bonds consists of a public offering being made to the general public in the Netherlands. The Bonds are being offered only in those jurisdictions in which, and only to those persons to whom, offers and sales of the Bonds may lawfully be made. The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction in the United States. Accordingly, the Bonds being offered outside the United States are being distributed in accordance with the exemption from registration available under Regulation S under the Securities Act (**Regulation S**).

The Bonds have not, and will not, be listed on any stock exchange. Triodos Bank N.V. will however maintain a market for the Bonds.

For a description of restrictions on offers, sales and transfers of the Bonds and the distribution of this Prospectus in other jurisdictions, see *Selling and Transfer Restrictions*.

See *Risk Factors* to read about factors that should be carefully considered before investing in the Bonds.

The Bonds will be offered from 14 September 2007 till 16 November 2007 (the **Subscription Period**).

The issue price of the Bonds (the **Issue Price**) is 100% or EUR 1,000 per Bond. The effective Bond yield is  $6.5\% / 100\% = 6.5\%$ .

No transaction costs will be charged for the issue of the Bonds.

Subscriptions will be received by the office of Triodos Bank N.V. in Zeist. A subscription requires that the subscription form will be completed and sent to Triodos Bank N.V.. The investor has to be aware that at the end of the Subscription period the total price will be withdrawn by a direct debit of his account. The total price is equal to the number of Bonds times the Issue Price.

Allocations will be made by Triodos Bank N.V. on behalf of the Issuer, after the closing of the Subscription Period, on 22 November 2007. The allocation policy will take into account the importance of a balanced spread of the holdings of Bonds. Triodos Bank N.V. is authorised on behalf of the Issuer to refuse subscriptions on Bonds or to only allocate a limited number. In addition, Triodos Bank N.V. can resolve at any time to limit, suspend or exclude the issue of Bonds. Any resolution to close the issue will be announced on the Dutch website of Triodos Bank N.V.: [www.triodos.nl](http://www.triodos.nl).

The Bonds are registered and will be recorded in the register of Bondholders (the **Register**), which is managed by Triodos Bank N.V. on behalf of the Issuer. After allocation the subscriber will receive proof of registration in the Register.

This document (the **Prospectus**) constitutes a prospectus for the purposes of Article 5.3 of the Directive 2003/71/EC ("Prospectus Directive"). This Prospectus has been approved by and filed with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the **AFM**).

The date of this Prospectus is 13 September 2007.

Manager

Triodos Fonds Management B.V.

## CERTAIN NOTICES TO INVESTORS

### Responsibility

The Issuer accepts responsibility for the information contained in this Prospectus, with the exception of the section *Interest of persons involved in the offering of the Bonds*, which section has been incorporated under the responsibility of the Triodos Fonds Management B.V. (the **Manager**). The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Manager declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Market data and certain industry forecasts (where applicable) used throughout this Prospectus have been obtained from internal surveys and market research by the Group except where specifically indicated otherwise. Similarly, internal surveys and market research by the Group, while believed to be reliable, have not been independently verified.

The section *Risks related to the country and region in which the Group operates – the Group is exposed to risks of structural social and economic problems in Egypt* contains quotes from the IMF and the World Bank. The market data mentioned in the section *Textiles – export market – Cotton People Organic brand- market* are obtained from Organic Cotton Market Report 2006 from Organic Exchange and the market data mentioned in the section *Bulk export of fruit, vegetables and drier food ingredients – market* are obtained from Bio-Monitor year report 2006 from Biologica. The Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by the IMF, World Bank, Organic Exchange and Biologica no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person is or has been authorised to give any information or to make any representation in connection with the offering or sale of the Bonds, other than as contained in this Prospectus, and, if given or made, any other information or representation must not be relied upon as having been authorised by the Issuer.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issue of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same. Investors should review, inter alia, the most recent financial statements of the Group when deciding whether or not to purchase any Bonds.

Neither this Prospectus nor any other information supplied in connection with the issue of the Bonds should be considered as a recommendation by the Issuer that any recipient of this Prospectus or any other information supplied in connection with the issue of the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group. Neither this Prospectus nor any other information supplied in connection with the issue of the Bonds constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Bonds in jurisdictions where it is unlawful to make such offer or invitation.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see *Documents Incorporated by Reference*). This Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Prospectus.

### Presentation of financial and other information

The audited historical financial information of the Issuer and of the Group is incorporated into this Prospectus by reference (see *Documents Incorporated by Reference*). The audited financial statements of the Issuer for the years ended 31 December 2006 and 31 December 2005, the audited consolidated financial statements of the Group for the years ended 31 December 2006 and 31 December 2005, the unaudited financial statements of the Issuer for the period ended 30 June 2007 and the unaudited consolidated financial statements of the Group for the period ended 30 June 2007 have been prepared in accordance with International Financial Reporting Standards (**IFRS**).

The selected financial information (see *Financial Information - Selected Financial Information*) is extracted from the financial statements of the Issuer and the consolidated financial statements of the Group.

The audited historical financial information incorporated into this Prospectus has been audited by Saleh, Barsoum & Abdel Aziz- Deloitte. Other financial information in this Prospectus has not been audited or verified by the external auditor.

In making an investment decision, investors should rely upon their own examination of the Issuer and its subsidiaries, the Terms and Conditions of the Bonds and the financial information provided herein.

### **Forward-looking statements**

This Prospectus contains forward-looking statements, including statements about the Issuer's beliefs, expectations, and targets. In particular the words "expect", "anticipate", "estimate", "may", "should", "believe", "intend", "plan", "aim", "could", "will", "potential", and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Issuer undertakes no duty to and will not necessarily update any of them in light of new information or future events, except to the extent required by applicable law. The Issuer cautions investors that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors are discussed under *Risk Factors*.

### **Offering Restrictions**

The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for purposes of, an offer, invitation or solicitation by anyone in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorised or to any person to whom it is unlawful to make such offer, invitation or solicitation.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act). Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on offers and sales of Bonds and on distribution of this Prospectus, see *Subscription and Sale - Selling and Transfer Restrictions*.

### **Miscellaneous**

In this Prospectus, **the Issuer** refers to Sekem Holding Company for Investment S.A.E. (unless the context requires otherwise). The **Group** refers to the Issuer and its subsidiaries.

**Net Proceeds** refers to the amount of Bonds that will be issued less the amount of costs related to the sale and issue of the Bonds.

**Business Day** means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business.

All references in this Prospectus to "euro", "EUR" or "€" are to the currency introduced at the start of the third stage of the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the EU.

All references in this Prospectus to "LE" are to Egyptian Pounds.

On 31 August 2007 the EUR/LE exchange rate was 1:7.7.

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## SUMMARY

*This section constitutes a summary (the **Summary**) of the essential characteristics of the Issuer, the Group, the terms and conditions of the offering of the Bonds, the subscription and sale conditions and the risks associated with the Issuer, the Group and the Bonds. This Summary should be read as an introduction to this Prospectus and any decision to invest in any Bonds should be based on a consideration of this Prospectus as a whole, including but not limited to, the information in the section Risk Factors. Civil liability will attach to the Issuer in any state party to the European Economic Area (an **EEA State**) in respect of this Summary, including any translation hereof, only if this Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court, the plaintiff investor may, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

### General

Sekem Holding Company for Investment S.A.E. was incorporated and registered in Egypt on 23 September 2001 as a private company limited by shares under the Capital Market Law no. 95 of 1992.

The Issuer was established as a service and management company for the seven companies listed below, jointly operating under the corporate brand “Sekem” and eventually to become their holding company. This was realized in 2005, when the Issuer became the holding company of:

- Sekem Laboratory for Organic Products Company S.A.E. (founded in 1979; ownership Issuer: 95.7%)
- Atos Herbal Medicine Manufacturing Company S.A.E. (founded in 1986; ownership Issuer: 89.7%)
- Libra Organic Cultivation S.A.E. (founded in 1992; ownership Issuer: 90.2%)
- Hator Agricultural Products Sorting and Packaging S.A.E. (founded in 1996; ownership Issuer: 95%)
- Isis Food Processing Company S.A.E. (founded in 1997; ownership Issuer: 96.8%)
- Conytex Company for Cloths S.A.E. (founded in 1994; ownership Issuer: 95%)
- Naturtex Company for Cloths S.A.E. (founded in 1995; ownership Issuer: 90%)

The name SEKEM is the transliteration of a hieroglyph, meaning "vitality of the sun".

The Group aims to meet today's challenge of sustainable human development by contributing towards a comprehensive advancement of the individual, the community and the environment. Cooperation in economic, social and cultural life is cultivated through the pursuit of science, art and religion. The Group supports sustainable development locally and in the region through its business activities and by supporting institutions in the field of organic agriculture, education and health care.

The Group is producing an extensive variety of high quality consumer products in the fields of natural pharmaceuticals, organic food and textiles. The products are made from certified organic agricultural ingredients. Organic agriculture undertakes to restore and maintain the vitality of the soil and food as well as the biodiversity of nature.

The Group's product-market combinations are the following:

- Food and beverages - local market: ISIS brand
- Phyto-pharma - local market: ATOS and SEKEM brands
- Textiles - export market - Cotton People Organic brand
- Bulk export of fruit & vegetables and dried food ingredients

The Group's financial results are satisfactory. In 2006, the consolidated turnover increased with 23.9% to LE 134,836,109. Net profit after tax increased with 16.3% to LE 10,211,022. Further growth is likely, in view of the increasing interest for organic and healthy products in Egypt and the countries to which the Group exports. With this issue of Bonds, the Group aims to invest in an increase of its production capacity in order to create a basis for the expected further growth of its activities.

## Summary of the terms and conditions of the offering of the Bonds

Bonds being offered	EUR 5,000,000 6.5% Bonds due 2012 (the Bonds)
Issuer	Sekem Holding Company for Investment S.A.E. (the Issuer)
Applicable law	The Bonds are governed by, and will be construed in accordance with Dutch law.
Manager	Triodos Fonds Management B.V.
Distributor	Triodos Bank N.V.
Paying Agent	Triodos Bank N.V.
Issue price	100% or EUR 1,000 per Bond
Maturity date	22 November 2012
Interest rate	The Bonds will bear interest at the rate of 6.5 per cent per annum from and including 22 November 2007.
Interest payment dates	Interest on the Bonds will be payable annually in arrear on 22 November of each year or on the first Business Day thereafter if 22 November is not a Business Day, the first such payment to be made on 24 November 2008.
Ranking	The Bonds will constitute direct, unconditional and (subject to the Negative Pledge) unsecured obligations of the Issuer. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, and subject to the Negative Pledge, at all times rank equally with all its other present and future unsecured and unsubordinated obligations.
Use of proceeds	It is anticipated that the Net Proceeds from the issue and sale of the Bonds will be approximately EUR 4,750,000 and will be applied by the Issuer in order to finance investments in buildings, machinery and equipment and to refinance indebtedness, as described further in <i>Use of Proceeds</i> .
Further issues	The Issuer is at liberty from time to time without the consent of the Bondholders to create and issue further Bonds or bonds (whether in bearer or registered form) upon such terms as to ranking, interest, redemption and otherwise as the Issuer may determine at the time of the issue.
Additional amounts	In the event that withholding taxes are required to be withheld or deducted from payments on any of the Bonds, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Bondholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the withholding or deduction.
Form and denomination	The Bonds will be issued in registered form. The Bonds will be in the denomination of EUR 1,000
Listing	No listing on any stock exchange will be requested for the Bonds.
Trading	The Paying Agent maintains a market for the Bonds by collecting orders for buying and selling of Bonds and matching these orders once per year, on the first Business Day after the Interest Payment Date, in order of date of receipt of the orders. The Bonds will be traded at their nominal value of EUR 1,000 per Bond. See <i>Terms and Conditions of the Bonds– Buying and selling</i> .

Negative Pledge	The terms and conditions of the Bonds contain a negative pledge provision as described further in <i>Terms and Conditions of the Bonds -Negative Pledge</i> .
Events of Default	The Terms and Conditions of the Bonds contain events of default (including a cross-acceleration provision) as described further in <i>Terms and Conditions of the Bonds - Events of Default</i> .
Risk factors	Prospective purchasers of the Bonds should consider carefully all of the information set forth in this Prospectus and, in particular, the information set forth under <i>Risk Factors</i> before making an investment in the Bonds.
Ratings	No credit ratings have been assigned to the Bonds or the Issuer.

### **Summary of subscription and sale conditions**

Subscriptions will be received by the offices of the Distributor at the following address:

Triodos Bank N.V.  
Nieuweoordweg 1  
PO Box 55  
3700 AB, Zeist  
the Netherlands

A subscription requires that the subscription form be completed and sent to Triodos Bank N.V.. The investor has to be aware that at the end of the Subscription period the total price will be withdrawn by a direct debit of his account. The total price is equal to the number of Bonds times the Issue Price, increased by the costs.

No transaction costs will be charged for the issue of the Bonds.

Allocations will be made by the Distributor on behalf of the Issuer on 22 November 2007. The allocation policy will take into account the importance of a balanced spread of the holdings of Bonds. The Distributor is authorised on behalf of the Issuer to refuse subscriptions on Bonds or to only allocate a limited number. In addition, the Distributor can resolve at any time to limit, suspend or exclude the issue of Bonds. Any resolution to close the issue will be announced on the website of the Distributor, [www.triodos.nl](http://www.triodos.nl).

The Bonds are delivered to the subscriber by registration in the Register, which is maintained by the Paying Agent on behalf of the Issuer. The Paying Agent records the registration of the Bonds in the Register. After allocation the subscriber will receive proof of registration in the Register. By registering, the subscriber confirms that he or she is a party to the deed effecting the transfer of the Bonds. No costs are attached to furnishing the proof of registration. The Bonds are not delivered by means of a deed executed in the presence of a civil-law notary.

The offering, sale and transfer of Bonds in a particular jurisdiction may be affected by the laws of that jurisdiction, as described further in *Subscription and Sale - Sale and Transfer Restrictions*.

### **Summary of essential risks**

The following is a summary of what the Issuer believes are the essential risks associated with the Issuer, the Group and the Bonds. It should be noted that this is not a summary of all the risks associated with the Issuer, the Group and the Bonds. A more detailed discussion can be found in the section titled *Risk Factors*.

#### ***Risks related to the Issuer***

The Issuer is exposed to the risk of non-payment of dividends and distributions by its subsidiaries.

#### ***Risks relating to the country and region in which the Group operates***

The Group is exposed to risks of structural social and economic problems in Egypt.

The Group is exposed to risks related to political instability in the MENA (Middle East and North Africa) region.

***Risks relating to the Group and the industry in which it operates***

A downturn in the markets in which the Group operates could adversely affect the Group's business.

The Group faces increasing competitive pressures in its markets.

The Group is exposed to currency risk.

The Group is exposed to credit risk and risk of non-recovery.

The Group is exposed to the risk of ineffective systems and processes, and interruption, failure or breach thereof.

The Group is exposed to the risk of discontinuity in the cooperation with third parties.

The Group is exposed to the risk of a loss of the Group's management team and key employees.

***Risks relating to the Bonds***

Trading in the Bonds is only possible on a very limited basis and accordingly investors may have to wait before they can sell their Bonds.

The Group may not be able to pay interest and principal in the future.

The payment of interest and principal is subject to transfer risk

Enforceability of the Terms and Conditions of the Bonds may prove difficult and costly to investors.



## **RISK FACTORS**

*Before investing in the Bonds, prospective investors should consider carefully the following risks and uncertainties in addition to the other information presented in this Prospectus. The Issuer believes that the following risk factors are specific to the Issuer, to the Group or to the Group's business, as well as to the Bonds. If any of the following risks actually occurs, the Group's business, results of operations or financial condition could be materially adversely affected. In that event, the value of the Bonds could decline, and an investor might lose part or all of the investor's investment. In addition, prospective investors should realise that in the event two or more risks and/or uncertainties materialise simultaneously or accumulate, the Group's business, results of operations or financial condition could be even more adversely affected and the value of the Bonds could further decline. Although the Issuer believes that the risks and uncertainties described below are the Group's material risks and uncertainties, they are not the only ones the Group faces. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently does not deem material may also have a material adverse effect on the Group's business, results of operations or financial condition and could negatively affect the price of the Bonds.*

*Prospective investors should read the detailed information set out elsewhere in this Prospectus and should reach their own views before making an investment decision with respect to any Bonds. Furthermore, before making an investment decision with respect to any Bonds, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Bonds and consider such an investment decision in light of the prospective investor's personal circumstances.*

For a more detailed discussion of the business of the Group and the industry in which it operates, see *Description of the Group*.

### **Risks related to the Issuer**

*The Issuer is exposed to the risk of non-payment of dividends and distributions by its subsidiaries*

The Issuer is a holding company with equity interests in its subsidiaries as its principal assets. Almost all of the Issuer's operations are carried out through its subsidiaries. The Issuer's principal source of income is, and its ability to meet its financial obligations is therefore dependent on the level of, dividends, loan repayments, distributions and other intercompany transfers of funds it receives from its subsidiaries. There is no contractual obligation for the subsidiaries to make regular dividend payments to the Issuer. In addition, the ability of the subsidiaries to declare dividends or the amount of dividends they may pay will depend on the relevant company's operating results and will be subject to applicable laws and regulations. Claims of creditors of the Issuer's subsidiaries have priority as to the assets of such subsidiaries to the claims of the Issuer. Consequently, the claims of the Bondholders are structurally subordinated, in the event of the insolvency of one or more subsidiaries, to the claims of the creditors of the subsidiaries.

### **Risks relating to the country and region in which the Group operates**

*The Group is exposed to risks of structural social and economic problems in Egypt*

The Egyptian government pursues a programme of economic reform launched by the cabinet of the prime minister, Ahmed Nazif, in mid-2004. The IMF is positive about the results. In a press release issued on 18 April 2006 IMF noticed: "accelerating economic growth, low inflation, strong balance of payments and foreign reserves positions and, more broadly, growing confidence in the direction and depth of economic policies. The establishment of a smooth-functioning foreign exchange market has been a major source of market confidence. Banking sector reform and privatization are moving ahead at a pace exceeding expectations. In the fiscal area, there has been progress in strengthening the tax and customs regimes and bringing more transparency and efficiency to budgetary operations." Main concern is the relatively high budgetary deficit: "the authorities agreed with the IMF team on the need for a comprehensive expenditure reduction program, aimed at rationalizing the size of government, increasing the productivity of expenditure, and improving the targeting of pro-poor spending."

Despite the positive effects of the economic reforms, unemployment and poverty remain problematic. The World Bank in its Country Brief of August 2006: *The official unemployment rate peaked near 12 percent in September 2005, before falling slightly in December 2005. 600,000 new entrants need to be absorbed into the labor market annually and it is*

*thought that present rates of investment (18% of GDP) are insufficient to generate the GDP growth rates of 6-7 percent to sustainably address unemployment. Despite recent increases in growth, poverty incidence increased from 16.7 percent in FY00 to 19.6 percent in FY05 (with half of the poor in Egypt living in upper rural region).*

Persistent economic and social problems in Egypt could adversely affect the Group's business.

*The Group is exposed to risks related to political instability in the MENA region*

The Israeli-Palestinian conflict, the situation in Iraq, the conflict in Darfur-Sudan and increasing religious extremism are some of the factors which lead to high political sensitivity in the MENA (Middle East and North Africa) region.

Escalation of current political conflicts may trigger further conflicts and wars in the region, which may have a serious negative impact on the Groups' business.

### **Risks relating to the Group and the industry in which it operates**

*A downturn in the markets in which the Group operates could adversely affect the Group's business.*

A downturn in the markets in which the Group operates (as well as other markets around the world) could adversely affect the Group's business. As a private Group, the Group's business is materially affected by conditions in the financial markets and economic conditions generally, both in the Group's home markets of Egypt, the Group's main export markets Germany, United Kingdom and the United States of America, as well as elsewhere around the world. In the event of a prolonged market downturn, the Group's business could be adversely affected. Depending on the Group's ability to reduce expenses at the same pace, the Group's profit margin would erode and the Group's profitability could be damaged. Also, the Group's financial condition and cash flow could be affected and its ability to earn export revenue in EUR and USD may decrease.

*The Group faces increasing competitive pressures in its markets*

There is increasing competition in the Group's export markets. The Group faces competition from various national and international suppliers which are also active in the field of certified organic agriculture. The Group is working with a large number of small farmers whereas some of its competitors operate large plantations that can produce more efficiently and offer a more constant product quality. In its home market, the Group is exposed to the risk of competitors introducing lower-priced products and claiming such products as "organic" whereas in fact they are not properly certified as such. If the Group is unable to offer competing, attractive, and innovative products that are also profitable, if it does not choose the right strategy or if it does not implement a strategy successfully, the Group could lose market share and/or incur losses on some or all of its activities and/or experience slower growth. Consumer demand, technological changes, regulatory changes and actions and other factors also affect competition. Competitive pressures could result in increased pricing pressures.

*The Group is exposed to currency risk*

A weakening of the Egyptian Pound against the Euro will decrease the Group's capacity to service its Euro nominated debt, including the Bonds. This risk is however mitigated by the fact that the Group derives approximately 50% of its revenue from exports of which 65% is in Euro (financial year 2006).

*The Group is exposed to credit risk and risk of non-recovery*

The Group is exposed to the creditworthiness of third parties. The Group is exposed to the risk that third parties owing the Group money will not perform their obligations. In the Group's case, these parties include the Group's trading counterparties and clients. These parties may default on their obligations to the Group as due to lack of liquidity, operational failure, bankruptcy or for other reasons.

Although the Group has arranged for trade receivable insurance and factoring facilities, the Group cannot assure that these measures will be adequate or that the Group will not have to make significant provisions for possible bad and doubtful debts in future periods.

*The Group is exposed to the risk of ineffective systems and processes, and interruption, failure or breach thereof*

In the conduct of the Group's business, the Group relies heavily on its operational processes, and communication and information systems. The Group cannot ensure that interruptions, failures or breaches in security of the extensive back-up recovery systems and contingency plans that the Group has in place will not occur. Similarly, the Group cannot guarantee that if any of these does occur, that they will be adequately addressed. Any such interruptions, failures or breaches, even for a limited period of time, could result in, for example:

- Interruptions in the supply of products to customers, or inability to serve customers' needs in a timely fashion;
- Interruptions or errors in the Group's management information;
- Inability to identify in time or at all, inadequate, fraudulent, negligent and/or unauthorised dealings by the Group's employees or third parties, or telecommunication connection failures or hacking of the Group's website portal;
- Considerable costs in terms of, for example, information retrieval and verification.

The Group's business operations are also vulnerable to interruption from fire, flood, bomb threats, explosions or other forms of terrorist activity and natural and man-made disasters. The same may apply for third parties on which the Group depends. Furthermore, the Group cannot assure that interruptions, failures or breaches of the Group's communication and information systems as a result of external fraud will not occur or, if they do occur, that they will be adequately addressed.

*The Group is exposed to the risk of discontinuity in the cooperation with third parties.*

Part of the Group's business relates to products which the Group offers in co-operation with third parties or in relation to which the Group depends on third parties, for example for the processing of such products. The Group cannot guarantee that these third parties will continue their co-operation with the Group or that that the relationships with these third parties will continue to be beneficial. Negative publicity about these third parties, whether or not founded, could also harm the Group's reputation.

*The Group is exposed to the risk of a loss of the Group's management team and key employees*

The Group's future success depends in part on having a capable management team. Losing the services of one or more members of the management team could adversely affect the Group. The implementation and execution of the Group's strategic plans depend in part on the continued availability of key qualified personnel, throughout the Group. No assurance can be given that the Group will be successful in the future in attracting and retaining, on acceptable terms, such personnel.

### **Risks relating to the Bonds**

*Trading in the Bonds is only possible on a very limited basis and accordingly investors may have to wait before they can sell their Bonds*

The Bonds have not, and will not, be listed on a stock exchange. The Paying Agent maintains a market for the Bonds by collecting orders for buying and selling of Bonds and matching these orders once per year. The Such an illiquid market for the Bonds could mean that the Bonds can not be sold for a long period of time, which could adversely affect the value of an investor's investment.

*The Group may not be able to pay interest and principal in the future*

The Group's ability to generate positive cash flows may fluctuate. This may impact the Group's ability to pay interest and principal in the future. *The payment of interest and principal is subject to transfer risk*

The payment of interest and principal is subject to transfer risk, which is the risk associated with the possibility of Euro's not being able to be sent out of Egypt due to future central bank restrictions or other future regulatory restrictions.

*Enforceability of the Terms and Conditions of the Bonds may prove difficult and costly to investors*

The Bonds are governed by, and will be construed in accordance with Dutch law. Although none of the Terms and Conditions of the Bonds are in conflict with current Egyptian law, the Issuer cannot assure that changes in Egyptian law or regulations will bring about such conflict. In all cases, enforcing of the Terms and Conditions of the Bonds before any court will prove difficult and costly to investors. In addition, the execution in Egypt of a sentence by a Dutch court will prove to be difficult if not impossible.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents, which have previously been published or are published simultaneously with this Prospectus and will be filed with the Autoriteit Financiële Markten (the Netherlands Authority for the Financial Markets) in Amsterdam, The Netherlands, shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (i) the articles of association of the Issuer, as published in the Companies Gazette on 1 October 2001 and the amendment of articles 6 and 7 of the articles of association of the Issuer as published in the Companies Gazette on 2 July 2007;
- (ii) the audited financial statements of the Issuer for the years ended 31 December 2006 and 31 December 2005, including the relevant auditor's reports;
- (iii) the audited consolidated financial statements of the Group for the years ended 31 December 2006 and 31 December 2005, including the relevant auditor's reports;
- (iv) the unaudited financial statements of the Issuer for the period ended 30 June 2007;
- (v) the unaudited consolidated financial statements of the Group for the period ended 30 June 2007.
- (vi) The Distribution and Agency Agreement between the Issuer and Triodos Bank N.V.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference and any further prospectus or prospectus supplement prepared by the Issuer for the purpose of updating or amending any information contained herein or therein and, where appropriate, English translations of any or all such documents.

Written or oral requests for such documents should be directed to the Distributor at its registered office set out at the end of this Prospectus.

## USE OF PROCEEDS

The total amount of the Net Proceeds will depend on the number of issued Bonds. The maximum Net Proceeds will be approximately EUR 4,750,000. The maximum costs involved with the issue of the Bonds will be approximately EUR 250,000. The costs involved with the issue consist of an arrangement fee charged by the Manager amounting to 1% of the total principal amount of the issued Bonds and several other fees and costs charged by the Manager and the Distributor. In addition, the Issuer has agreed to reimburse the Manager and the Distributor for certain of their expenses in connection with the issue of the Bonds.

The Net Proceeds of the issued Bonds will be used to finance part of the Group's investment plan for the period 2006-2010. This plan comprises investments in buildings, machinery and equipment for a total amount of LE 123.2 million. In 2006, an amount of LE 17.5 million has been invested and in the first two quarters of 2007 an additional amount of LE 28.1 million was invested. Since 30 June 2007 to the date of this Prospectus, further investments have been made in the amount of LE 11.3 million.

The main financial sources to realize the investment plan of LE 123.2 million are as the following:

- Capital increase in the amount of LE 36 million (effected in June 2007);
- The maximum Net Proceeds of the current Bond issue of approximately EUR 4,750,000, equivalent to an amount of approximately LE 36.1 million
- The maximum Net proceeds of a debt raising programme by GLS Beteiligungen AG of approximately EUR 4,750,000, equivalent to an amount of approximately LE 36.1 million. This debt raising programme will be nominated in EUR.

Since the fixed asset investments take place over a period of several years, part of the Net Proceeds may be initially used to refinance short term credit facilities.

## TERMS AND CONDITIONS OF THE BONDS

The EUR 5,000,000 6.5 per cent. Bonds due 2012 (the **Bonds**) are constituted upon their issuance on 22 November 2007, whereby these Terms and Conditions of the Bonds will have the form of an agreement between the Issuer and the individual Bondholders.

The statements include summaries of, and are subject to, the detailed provisions of the Distribution and Paying Agency Agreement dated 29 August 2007 (the **Distribution and Paying Agency Agreement**) made between the Issuer and Triodos Bank N.V. as respectively distributor (the **Distributor**) and paying agent (the **Paying Agent**), which expression shall include any successor or additional principal paying agent appointed from time to time in connection with the Bonds. The Distribution and Paying Agency Agreement is available for inspection during normal business hours by the Bondholders at the specified office of the Distributor. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Distribution and Paying Agency Agreement.

### 1. Form, Denomination and Title

#### 1.1 Form and Denomination

The Bonds are in registered form in the denomination of EUR 1,000.

#### 1.2 Title

Title to the Bonds will pass by delivery through registration in the Register.

### 2. Status

The Bonds are direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves and (save for certain obligations required to be preferred by law) equally with all other outstanding unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

### 3. Negative Pledge

So long as any of the Bonds remain outstanding the Issuer shall maintain an amount of EUR 5 million (in Egyptian Pound equivalent) of the Group's current assets free of pledge or other security interest. All as calculated respectively by reference to the latest audited consolidated accounts of the Issuer and its Subsidiaries.

### 4. Interest

#### 4.1 Interest Rate and Interest Payment Dates

The Bonds bear interest from and including 22 November 2007 (the **Issue Date**) at the rate of 6.5 per cent. per annum, (the **Interest Rate**) payable annually in arrear on 22 November of each year or on the first Business Day thereafter if 22 November is not a Business Day (each, an **Interest Payment Date**). The first payment (amounting to EUR 65 per EUR 1,000 principal amount of Bonds) shall be made on 24 November 2008.

#### 4.2 Interest Accrual

Each Bond will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue.

### 5. Payments

#### 5.1 Payments in respect of Bonds

Payments of principal and interest in respect of each Bond will be made to the Bondholders registered in the Register at the Relevant Date. **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Paying Agent on or before the due date, it means the date on which, the full amount of the money having been so received.

#### 5.2 Method of Payment

Payments will be made by the Paying Agent by transfer to the EURO accounts specified in the Register.

#### 5.3 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Bonds are subject in all cases to any fiscal or other laws and regulations applicable in Egypt and The Netherlands.

#### 5.4 Distributor and Paying Agent

The Issuer has appointed Triodos Bank N.V. as respectively Distributor and the Paying Agent. The Issuer is entitled to withdraw the mandate of the Distributor and the Paying Agency with immediate effect when this is in the interest of the Bondholders. The Issuer may appoint additional or other paying agents or distributors. The Issuer shall not be entitled to replace the Paying Agent if the replacement of the Paying Agent would, in the opinion of the Paying Agent, result in the Bonds ceasing to be traded.

### 6. Redemption, Buying and Selling, Purchase by Issuer

#### 6.1 Redemption at Maturity

The Issuer will redeem the Bonds at their nominal amount on 22 November 2012.

#### 6.2 Buying and Selling

The Paying Agent maintains a market for the Bonds by collecting orders for buying and selling of Bonds and matching these orders once per year, on the first Business Day after the Interest Payment Date, in order of date of receipt of the orders. The Bonds will be traded at their nominal value of EUR 1,000 per Bond. A transaction fee of 0.5%, with a minimum of EUR 5, will be charged by the Paying Agent to both the buyer and the seller of the Bonds. These transactions costs are calculated over the total price of the transaction, i.e. the nominal value of EUR 1,000 per Bond times the number of Bonds.

The Paying Agent transfers title of the Bonds upon receipt of the due amount from the buyer and subsequent transfer of the amount into the bank account of the seller.

#### 6.3 Purchases by Issuer

The Issuer may at any time purchase Bonds in any manner and at any price. All Bonds purchased may be cancelled or held, reissued or resold at the discretion of the Issuer.

### 7. Taxation

#### 7.1 Egyptian withholding taxes

All payments in respect of the Bonds by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Egyptian Jurisdiction. In the case that withholding or deduction of Taxes is required by Egyptian law, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Bondholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the withholding or deduction.

#### 7.2 Dutch withholding Taxes

At the date of this Prospectus, payments in respect of the Bonds by or on behalf of the Issuer are not subject to Dutch withholding Taxes. In the case that withholding or deduction of Taxes is required by future Dutch law, such Taxes will be for the account of the investor.

### 8. Prescription

Amounts payable for interest and principal that have not been disposed of within 5 years from the Relevant Date, will fall to the Issuer.

### 9. Events of Default

The Bonds are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest in any of the following events (**Events of Default**):

- (a) default is made in the payment of (i) any principal due in respect of the Bonds or any of them; or (ii) interest due in respect of the Bonds or any of them and the default continues for a period of 30 days; or
- (b) the Issuer fails to perform or observe any of its other obligations under these Terms and Conditions and the failure continues for a period of 30 days; or



(c) (i) any indebtedness for borrowed money (other than the Bonds) of the Issuer or any Material Subsidiary is accelerated by reason of an event of default (however described) and such acceleration has not been rescinded or annulled, except where the Issuer is contesting such default in good faith; (ii) the Issuer or any Material Subsidiary fails to make any payment in respect of any indebtedness for borrowed money on the due date for payment or within any originally applicable grace period; (iii) any security given by the Issuer or any Material Subsidiary for any Indebtedness for Borrowed Money becomes enforceable and the holder thereof shall have appointed a receiver, manager or similar officer to take steps to enforce the same; or (iv) default is made by the Issuer or any Material Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any indebtedness for borrowed money of any other person, except where the Issuer is contesting its liability under such guarantee and/or indemnity in good faith; provided that no Event of Default shall occur pursuant to this subparagraph 9.1(c) unless the aggregate amount of indebtedness for borrowed money or other relative liability due and unpaid to which any of sub-paragraphs (i) to (iv) above apply is at least EUR 500,000 (or its equivalent in any other currency);

or

(d) any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any Material Subsidiary, save for the case of a solvent winding up of a Material Subsidiary; or

(e) the Issuer or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(f) proceedings are initiated against the Issuer or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any Material Subsidiary.

**Material Subsidiary** means any Subsidiary (i) whose net revenues represent not less than 10 per cent. of the consolidated net revenues, or (ii) whose total net assets represent not less than 10 per cent. of the consolidated total net assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest accounts (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries. **Subsidiary** means any entity whose financial statements at any time are required by law or in accordance with IFRS to be fully consolidated with those of the Issuer.

## **10. Enforcement**

A Bondholder who observes any Event of Default may take such proceedings against the Issuer as he or she may think fit to enforce the provisions of these Terms and Conditions of the Bonds, provided the Bondholder has given written notice to the Issuer notice of such observed Event of Default and the Issuer has failed to address the observed Event of Default within a period of 30 days thereafter.

## **11. Notices to the Bondholders**

Notices to the Bondholders will be given through the Paying Agent. Notices will be in writing and send to the addresses of the Bondholders as they appear in the Register.

## **12. Further Issues**

The Issuer is at liberty from time to time without the consent of the Bondholders to create and issue further Bonds or bonds (whether in bearer or registered form) upon such terms as to ranking, interest, redemption and otherwise as the Issuer may determine at the time of the issue.

## **13. Governing Law and Jurisdiction**

The Bonds are governed by, and will be construed in accordance with Dutch law. The Issuer submits to the jurisdiction of The Dutch Court but without prejudice to the right of the Bondholder to pursue its remedies in any other jurisdiction it thinks fit.

## **DESCRIPTION OF THE ISSUER**

The Issuer is Sekem Holding Company for Investment S.A.E.

### **Corporate information**

Sekem Holding Company for Investment S.A.E. was incorporated and registered in Egypt on 23 September 2001 as a private company limited by shares under the Capital Market Law no. 95 of 1992. The Issuer is registered in the Trade Register of the Chamber of Commerce of Cairo under number 3111. The statutory duration of the Issuer is 25 years, calculated as of the date of registration in the Trade Register.

The principal legislation under which the Issuer and its subsidiaries operate are the Capital Market Law no. 95 of 1992 and the Law on Shareholding Joint Stock Companies, Partnerships, and Limited Liability Companies no 159 of 1981. The most recent amendment of the articles of association of the Issuer was published in the Companies Gazette on 2 July 2007.

The Issuer was established as a service and management company for the seven companies listed below, jointly operating under the corporate brand “Sekem” and eventually to become their holding company. This was realized in 2005, when the Issuer became the holding company of:

- Sekem Laboratory for Organic Products Company S.A.E. (founded in 1979; ownership Issuer: 95.7%)
- Atos Herbal Medicine Manufacturing Company S.A.E. (founded in 1986; ownership Issuer: 89.7%)
- Libra Organic Cultivation S.A.E. (founded in 1992; ownership Issuer: 90.2%)
- Hator Agricultural Products Sorting and Packaging S.A.E. (founded in 1996; ownership Issuer: 95%)
- Isis Food Processing Company S.A.E. (founded in 1997; ownership Issuer: 96.8%)
- Conytex Company for Cloths S.A.E. (founded in 1994; ownership Issuer: 95%)
- Naturtex Company for Cloths S.A.E. (founded in 1995; ownership Issuer: 90%)

The registered address of the Issuer is 1 Belbeis Desert Road, PO Box 2834, El Horrya Heliopolis, 11361 Cairo. Its telephone number is 00 202 65 64 140.

The objects of the articles of association (Article 3) of the Group read as follows:

Participate in the establishment of companies which issue securities and participate in their capital. Under the provision of article no. 127 of the executive regulation, the Group may have an interest or engage in any respect in business with companies carrying on similar business or cooperating with the Group to achieve Group's objectives inside our outside Egypt, and may merge in, buy, or consolidate with the same pursuant to the provisions of the Law and the executive regulation thereof.

### **Capitalisation**

The authorized capital of the Issuer is currently LE 609,253,000 and the issued and fully paid-up capital is LE 149,509,000, divided into 1,495,090 ordinary shares, each having a nominal value of LE 100.

The capital base consists primarily of capital, premium and other reserves. The premium is formed by payments on shares above the nominal value. The most recent share transaction was effected in June 2007, when 138,297 ordinary shares were issued to Triodos Innovation Fund B.V. and 138,297 ordinary shares were issued to GLS Beteiligungen A.G at an issue price of LE 130 per share.

There are no restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the operations of the Group.

## Ownership

At the date hereof, the shareholders of the Issuer are as follows:

Abouleish Family	
	% shareholding
Mr. Ibrahim Abouleish	37.38%
Mr. Helmy Abouleish	22.83%
Mrs. Mona Abouleish	6.02%
Mrs. Konstance Abouleish	4.42%
Mrs. Gordon Ardinger	1.12%
Other shareholders	
Triodos Innovation Fund B.V.	9.25%
GLS Beteiligungen A.G.	9.25%
Chiate Bruder	5.42%
Mr. Rafik Constandi	4.31%

## Board of Directors

The Board of Directors (**Board**) is tasked with supervising the policy of the management and the general state of affairs within the Group and the associated business. The Board supports the management with advice. In fulfilling their task, the Board members act according to the interests of the Group and the associated business.

At the date hereof, the directors of Sekem Holding Company for Investment S.A.E. (in such capacities, each having their business address at 1 Belbeis Desert Road, PO Box 2834, El Horrya Heliopolis, 11361Cairo) are as follows:

Ibrahim Ahmed Abouleish	Chairman, Non-Executive Director
Helmy Ahmed Abouleish	Executive Director
Hatem Ahmed Mokhtar Shafie	Non-Executive Director
Rafik Georg Costandi	Non-Executive Director
Gerhard Werner Waterstradt	Non-Executive Director
Johannes Franciscus Schut	Non-Executive Director
Christoph Werner	Non-Executive Director
Hassan Taha	Non-Executive Director

The principal activities of the Directors performed outside the Issuer and Group are as follows:

Ibrahim Abouleish is also chairman of the Sekem Development Foundation, the Sekem Academy for Applied Arts and Science and the Egyptian Biodynamic Association.

Helmy Abouleish is the chairman of the Egyptian National Competitiveness Council (ENCC), the Industrial Modernization Center (IMC) and the Organic Agriculture Committee of the Agricultural Export Council.

Hatem Ahmed Mokhtar Shafie is the former chief financial officer of the Issuer and is currently assistant to the chairman of the Cairo and Alexandria Stock Exchange.

Rafik Georg Costandi is the director of the Sekem schools.

Gerhard Werner Waterstradt is a former board member of GLS Gemeinschaftsbank eG (Germany) and currently undertakes representative activities on behalf of GLS Gemeinschaftsbank eG.

Johannes Franciscus Schut is managing director of Triodos Investment Management B.V. (The Netherlands).

Christoph Werner is customer marketing manager with GlaxoSmithKline (United States of America).

Hassan Taha is president of First Capital (Egypt).

No Director has any potential conflict of interest between his or her duties to the Issuer or the Group and any private interests or other duties. In relation to the members of the Board, the Group is not aware of (i) any convictions in relation to fraudulent offences in the last five years; (ii) any bankruptcies, receiverships or liquidations of any entities to which they were associated in the last five years; (iii) any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies) or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer in the last five years.

#### **Audit Committee**

The members of the Audit Committee are Mr.Salah El.Sharkway (external auditor), Mr.Ashref (financial controller of the Group) and Mr.Yehia (internal audit manager of the Group).

The duties of the Audit Committee are:

- Review of the reports presented by the internal audit department and the external auditor
- Review of the Group's financial statements
- Evaluate the performance of the financial department

The Audit Committee holds quarterly meetings and reports to the CEO.

#### **Advisory Board**

The Advisory Board is tasked with advising the Board on the Group's mid and long term strategic developments. The Advisory Board is composed of representatives of Triodos Bank N.V., GLS Gemeinschaftsbank eG , the International Finance Corporation (IFC) and the Deutsche Investitions- und Entwicklungsgesellschaft MbH (DEG).

#### **Corporate governance code**

The Issuer is currently reviewing its corporate governance structure, based on the Egypt Code of Corporate Governance (October 2005). This non-legally binding code has been prepared under the leadership of by Dr. Ziad Bahaa El Din, Chairman of the Egyptian General Authority for Investment and Free Zones and Mr. Maged Shawky, Chairman of the Cairo and Alexandria Stock Exchange.

The review and the subsequent implementation of possible changes in the corporate governance structure of the Issuer are expected to be completed before the end of 2007.

## **DESCRIPTION OF THE GROUP**

### **History and development**

The Group is comprised of the following companies:

- Sekem Laboratory for Organic Products Company S.A.E. (founded in 1979)
- Atos Herbal Medicine Manufacturing Company S.A.E. (founded in 1986)
- Libra Organic Cultivation S.A.E. (founded in 1992)
- Hator Agricultural Products Sorting and Packaging S.A.E. (founded in 1996)
- Isis Food Processing Company S.A.E. (founded in 1997)
- Conytex Company for Cloths S.A.E. (founded in 1994)
- Naturtex Company for Cloths S.A.E. (founded in 1995)
- Sekem Holding Company for Investment S.A.E. (founded in 2001)

The Group's financial results are satisfactory. In 2006, the consolidated turnover increased with 23.9% to LE 134,836,109. Net profit after tax increased with 16.3% to LE 10,211,022. Further growth is likely, in view of the increasing interest for organic and healthy products in Egypt and the countries to which the Group exports. With this issue of Bonds, the Group aims to invest in an increase of its production capacity in order to create a basis for the expected further growth of its activities.

### **Name and objective**

The name SEKEM is the transliteration of a hieroglyph, meaning "vitality of the sun".

The Group aims to meet today's challenge of sustainable human development by contributing towards a comprehensive advancement of the individual, the community and the environment. Cooperation in economic, social and cultural endeavours is cultivated through dedication to the pursuit of science, art and religion. The Group takes on its responsibility by working for sustainable development locally and in the region through institutions in economics, organic agriculture, research and development, education and health care. In this respect the Group supports social and cultural enterprises like the institutions of education, research centres, and hospitals.

The Group is producing an extensive variety of high quality consumer products in the fields of natural pharmaceuticals, organic food and textiles. The products are made from ingredients from certified organic farming. Organic farming undertakes to restore and maintain the vitality of the soil and food as well as the biodiversity of nature.

### **Market and products**

The Group's product-market combinations are the following:

- Food and beverages - local market: ISIS brand
- Phyto-pharma - local market: ATOS and SEKEM brands
- Textiles - export market - Cotton People Organic brand
- Bulk export of fruit & vegetables and dried food ingredients

## Food and beverages - local market: ISIS brand

### *Material Subsidiary*

Isis Food Processing Company S.A.E.

### *Market*

Egypt's economic growth (2006: 5,6%) and the rise of a middle class comes with changing food and drink consumption patterns. These changes are triggered by the coming of the supermarket and hypermarket to urban areas. In the past, most Egyptian consumers bought meats and fresh fruits and vegetables from small neighborhood shops, and many still do. But urban Egyptian consumers are becoming aware of the quality and variety of consumer-oriented products, thanks to the large retail stores springing up in Cairo and Alexandria. Middle- and high-income consumers are finding the convenience, services and large food selections in these outlets highly attractive. Increasingly, Egyptians put health concerns on top of their values. With increasing concerns in respect of quality of water, food and air, awareness for anything which is "natural", "healthy" and "organic" is increasing. ISIS is leading in that area and has all the pre-requisites to "own" the organic concept in consumer minds. The organic market is still young (it was non-existent when Sekem started and there was not even an Arabic version of the word organic) but promising to expand.

Competition comes mainly from companies that have started to claim being "natural" or "chemical-free", although none of them managed to strongly associate these concepts with their brands in consumer minds. In the case of herbal drinks (green tea), competition so far has been virtually absent. ISIS has a 76% market share, followed by its sole competitor Royal with 17%. Recently however, Lipton has just launched a green tea and this will certainly decrease the ISIS market share. At the same time, it can be expected that the introduction of Lipton green tea will increase the total market so that also ISIS will benefit.

### *Product*

ISIS produces a very wide range of organic and natural food and beverage products including:

Herbal drinks:	anise, peppermint, hibiscus, cinnamon, tilia, caraway, chamomile
Other drinks:	coffee, fresh juices, mineral water
Food products:	honey, jams, muesli, oils, soy products, rice, spices, eggs, dates, fresh fruits and vegetables.

Backbone of the ISIS brand is the ISIS herbal tea line. In this market, ISIS is market leader with a current market share of 76%. In 2005 Market Insight conducted a brand awareness study. When asked about herbal drinks brands 92% of respondents (Base: 300) were spontaneously aware of the ISIS brand, 84% of the Sekem brand and 71% of Royal. When asking respondents generally which brands they consider as a well-known brand 78% cited ISIS.

### *Distribution*

ISIS products are sold through large international supermarket chains such as Carrefour (30 branches) and Metro (25 branches), Egyptian supermarket chains, wholesalers and individual retail outlets. A recent interesting development is that both Carrefour and Metro are offering a ISIS "corner" in some of their larger supermarkets. Each individual (dry) ISIS product is then available on two places: in the ISIS corner and on the shelves of the respective product group (e.g. tea & coffee shelves). With Metro plans are underway to go even one step further and create a mini shop-in-shop model whereby a Sekem sales person is permanently stationed with the ISIS "shop". This pilot will be run in two locations.

*Performance Isis Food Processing Company S.A.E (amounts in LE 1,000).*

	2006	2005	Variance%
Net sales	30,931	17,033	82%
EBITDA	2,888	473	511%

The growth of turnover and EBITDA is inflated by the decision to transfer the sale of ISIS herbal drinks from Atos Herbal Medicine Manufacturing Company S.A.E. to Isis Food Processing Company S.A.E as from 30 June 2006.

## Phyto-pharma - local market: ATOS and SEKEM brands

### *Material Subsidiary*

Atos Herbal Medicine Manufacturing Company S.A.E.

### *Market*

The Egyptian pharmaceutical market is growing, driven by modernization and by domestic legislation increasingly coming into line with international norms. Yet, the market is still heavily controlled by the government. The government sets, and occasionally changes, prices for pharmaceutical products. Egypt's price-controlled pharmaceuticals industry experienced a disastrous year in 2003. The government's reluctance to permit price increases that would reflect higher foreign exchange costs in the heavily import-dependent industry led to steep declines in profitability. Several companies posted large losses. Starting from 2005 however, the Ministry of Health appears to have demonstrated greater flexibility in its pricing policies. Pricing of new drugs has become more realistic. Regular price increases for existing drugs are now less difficult to obtain.

Herbal remedies are still hardly prescribed by Egyptian doctors. Also in the OTC (over the counter) healthcare market, herbal remedies form an insignificant part of Egypt's total OTC market. Yet, with growing concerns in respect of quality of water, food and air, there is an increasing interest in natural (non-chemical) healthcare products, including food supplements. The ATOS and SEKEM brands are leading in this niche market, with only one significant competitor which is MEPACO.

### *Products*

The Group has a comprehensive range of prescription and OTC products. Prescription products include an array of natural pharmaceutical products for treating heart disorders, cancer, hepatitis as well as psychological, immunological and gastrointestinal diseases. The current product portfolio includes 30 products. Most important products include; "Viscum", "Spondex" and "Vitagreen". The current OTC portfolio includes 22 products, comprised of medicinal teas, food supplements such as vitamin preparations and garlic capsules. The Group's most important OTC products are "Cough" and "Tomex".

The Group's research and development department consists of a multi-disciplinary team of researchers and scientists from the fields of medicine, pharmacy and agriculture, which is tasked with the concept and design of new medications, clinical trials, the preparation of training manuals and continuous improvement of all products.

The Group has approximately 30 products in various stages of the research and development process. Approximately 55 products are in various stages of the registration process, of which there are approximately 20 products expected to be launched within the next 5 years.

### *Distribution*

Both the prescription and OTC products are sold to large pharma distributors as well as directly to pharmacies and doctors. Currently a base of some 14,000 pharmacies and 10,000 doctors is visited by the promotional representatives. Around 15% of the pharmacies is buying products whereas 5% of the doctors is prescribing the products.

*Performance Atos Herbal Medicine Manufacturing Company S.A.E. (amounts in LE 1,000).*

	2006	2005	Variance%
Net sales	40,622	46,787	-13%
EBITDA	11,129	9,268	20%

The changes in turnover and EBITDA are inflated by the decision to transfer the sale of ISIS herbal drinks from Atos Herbal Medicine Manufacturing Company S.A.E. to Isis Food Processing Company S.A.E as from 30 June 2006.

## Textiles - export market - Cotton People Organic brand

### *Material Subsidiaries*

Conytex Company for Cloths S.A.E. and Naturtex Company for Cloths S.A.E.

### *Market*

During the past five years, the global organic cotton market experienced strong growth and robust expansion at the retail, manufacturing and farming level. The number of brands and retailers offering their customers organic cotton products increased exponentially in North America, Europe and Japan from 2001 to 2005. In four years, the number of brands and retailers with significant organic cotton programs grew from 5 companies to more than 30. The number of small brands and retailers in North American, European and Asian markets has mushroomed from a few hundred to more than 1,200 companies by the end of 2005. Estimated global retail sales of organic cotton products increased from \$245 million in 2001 to \$583 million in 2005, reflecting an annual average growth rate of 35%. From 2006 to 2008, growth is expected to accelerate at all levels. Brand (Nike, Levi Strauss, Armani) and retail demand (Coop Switzerland, Coop Italy, Otto, Sam's Club/Wal-mart, Monoprix, Marks & Spencer) for organic cotton products is projected to increase by an average annual rate of 110% during this time, as companies continue to implement long term commitments to increase the use of organic cotton and new brands and retailers enter the market. Estimated global retail sales are projected to grow to \$2.6 billion by the end of 2008 reflecting a 116% average annual growth rate.

Egyptian cotton enjoys a unique reputation worldwide. It is a specific species with a very long staple length (enabling the production of very fine textiles). A similar premium quality cotton is further only found in Peru. The Egyptian Ministry of Trade successfully capitalized on that through an intensive marketing campaign to promote the "Made from Egyptian Cotton" label. Low wages and availability of raw material are major catalyst in the development of the industry.

### *Product*

The Group produces certified organic baby and child's wear. The choice for this niche market is based on the characteristics of the raw material - with its extremely soft and gentle - as well as on the commercially interesting target group: higher income people prepared to pay premium prices to buy "the best" for their children.

The Group sources the cotton directly from the farmers and outsources the subsequent processing steps (ginning, spinning, knitting/weaving, coloring, cutting) to specialized companies with which it has a working relationship of over 10 years. From the ready-made material, the Group's textile factory produces the final product. The design and development of the products is done in-house in the Group's own studio, in close coordination with its major buyers. With one of its major buyers it developed the Cotton People Organic brand.

### *Distribution*

The Group sells mainly in the export market. It derives approximately 75% of its revenue from export activities (financial year 2006). Principal export markets are Germany and the USA. As with all its exports, the Group has built its business model on strategic partnerships with a few selected clients. In the case of cotton these are notably Alnatura in Germany (an organic supermarket chain) and Under the Nile in the USA (an internet Group selling only baby and child wear from certified organic cotton).

The Group sells its products also on the local market. The 4 Sekem Shops in Cairo and a retail chain with 10 boutiques in Cairo and Alexandria are selling the organic textiles, although the total sales volume is modest compared to the export.

*Performance Conytex Company for Cloths S.A.E. and Naturtex Company for Cloths S.A.E. (amounts in LE 1,000).*

	2006	2005	Variance%
Net sales	28,398	14,951	90%
EBITDA	9,837	5,716	72%



## Bulk export of fruit, vegetables and dried food ingredients

### *Material Subsidiaries*

Hator Agricultural Products Sorting and Packaging S.A.E., Sekem Laboratory for Organic Products Company S.A.E. and Libra Organic Cultivation S.A.E.

### *Market*

The Group exports fresh fruits and vegetables to the EU. Grains, herbs and spices are exported both to the EU and to the US. The EU and the U.S. together accounted for 97 percent of the USD 40 billion in world retail sales of organic food products. In both markets, demand is higher than supply in every single product category. This leads to ever increasing imports from other regions such as Latin America, Asia and also Africa. The world market for organic food products is fast growing: sales figures have doubled between 2001 and 2005.

The Group's main export market, the EU, has a size of approximately EUR 14 billion (2005). The market grew with 15% between 2004 and 2005. Germany, the United Kingdom, Italy and France are the biggest single markets in the EU. The German and British markets are the fastest growing.

Supermarkets account for a major part of the growth. The shift from a supplier-driven, natural food shop dominated market to a client-driven market in which conventional distributors are key-players, has a huge impact on (third world) suppliers of organic food (ingredients). Whereas in the early days almost anything labelled organic could be sold against any price, today's products must meet the same strict criteria as their conventional counterparts and price differences are tolerated only to a limited extent. Conventional criteria include rigid requirements of international certification schemes such as HACCP, EUREPGAP and ISO. It also implies that the products need to have a uniform appearance and size. These conventional criteria are hard to comply with for small farmer based production.

Because of these developments, the competition landscape for the Group has changed dramatically. From a situation with weak competition in the Arab region, it now has to compete with specialized organic estate farmers in Egypt and in emerging producing countries such as Morocco and Tunisia. This competition is especially felt in the fresh segment since geographical distance to the EU market is a key competitive factor.

### *Product*

The Group exports the following organic food products:

- Fresh fruit and vegetables
- Herbs and spices
- Grains and oil seeds

The products are partly produced on the own farms and partly sourced from groups of small-holder farmers. All products are certified organic. For some of the products the Group managed to obtain Fair Trade certification (such as oranges) in addition.

### *Distribution*

The Group distributes its fresh products to a selected number of wholesalers in the EU and the US. The major end-buyers of these products are supermarket chains like Tesco, Sainsbury and Albert Heijn. The Group has faced difficulties in complying with the strict quality and delivery criteria of these end-buyers but has made progress over the last few years through assistance programs to the farmers and through the participation in task forces and programmes jointly with the buyers.

The exports of dried food ingredients, mainly herbs and spices, is centered around a few selected long term buyers. Key buyers are Lebensbaum (German wholesaler of organic tea, coffee, herbs and spices and coffee) and Organic Flavour Group (Dutch wholesaler of organic tea, herbs and spices). A new strategic client is Great Spice Group (American wholesaler of organic herbs and spices).

*Performance Hator Agricultural Products Sorting and Packaging S.A.E. (amounts in LE 1,000)*

	2006	2005	Variance%
Net sales	22,865	22,335	2%
EBITDA	6,141	6,922	-11%

*Performance Sekem Laboratory for Organic Products Company S.A.E. (amounts in LE 1,000)*

	2006	2005	Variance%
Net sales	17,306	14,053	23%
EBITDA	5,980	4,621	29%

*Performance Libra Organic Cultivation S.A.E. (amounts in LE 1,000)*

	2006	2005	Variance%
Net sales	11,591	11,768	-2%
EBITDA	3,328	2,438	37%

Farming & sourcing

The Group started as an organic farming business on a total land area of 50 hectares. Today, it owns approximately 137 hectares. In addition, the Group contracts over 800 individual farms scattered all over Egypt with an estimated total area of 6,300 hectares. Under this model, the Group provides know-how, training, and continuous monitoring to the farmers and guarantees purchase of 100% of the crop at a price determined upfront. The farms produce a variety of certified organic crops. The Group monitors strict compliance with organic standards. Furthermore, samples are taken from crops produced at each individual farm for lab analysis to confirm freedom of pesticides. In recent years, the Group has expanded its contract farming cross border, for specific certified organic crops: Sudan for cotton, Uganda for coffee and Iran for herbs and spices.

Since the Group introduced certified organic farming in Egypt, the number of organic farmers has expanded rapidly. These include large scale conventional producers who started an organic side-activity. By assisting in the creation of a local certification body and dissemination of organic farming practices, the Group has created its own competition. The Group however considers this a positive development since it forces itself to constantly improve efficiency and be a leader in innovation. Good examples are:

- the introduction of fair trade certification for vegetables, developed with Fair Trade Labeling Organisation in Germany;
- the introduction in Egypt of the grafting technology (Dutch: enten), developed with Grow Group B.V. from The Netherlands;
- the introduction of an innovative agro-traceability software package, developed with Sestic & Services GmbH from Germany.

The Egyptian Biodynamic Association (EBDA) has been established by the Group to promote the organic agriculture movement in Egypt. Since its early beginnings, EBDA has been instrumental in the successful conversion of more than 400 farms to certified organic agricultural farming practices.

**Information on non-Material Subsidiaries and joint-ventures**

*Sekem Europe GmbH (100%)*

Sekem Europe GmbH is a representative office of the Group in Germany, facilitating the Group's export in the German and other markets in the European Union.

*Sekem Uganda Ltd (100%)*

Sekem Uganda Ltd is a representative office of the Group in Uganda, facilitating the sourcing of certified organic products such as coffee.

*Lotus for Organic Products S.A.E. (58.5%)*

Lotus for Organic Products S.A.E., incorporated in Egypt, a joint venture with Organic Flavour Company B.V. (The Netherlands) processes organic herbs and spices and provides training and counselling to organic farmers.

*El Mizan for Seeds S.A.E. (46,6%)*

El Mizan for Seeds S.A.E., incorporated in Egypt, a joint venture with Grow Group B.V. (The Netherlands), is active in the field of raising and grafting vegetable plants.

*Salis S.A.E. (90%)*

Salis is a joint-venture with Sestic & Services GmbH (Germany) which has developed a tracking and tracing software package for the Group and is now selling it to other agro companies in Egypt.

Other non-Material Subsidiaries and joint-ventures include Atos Export Company S.A.E. (not yet operational), Best Compost S.A.E. (not yet operational) and Eastern Company S.A.E. (to be closed-down in 2007)

### **Recent investments**

The Group has planned to invest an amount of LE 123.2 million in fixed assets (mainly buildings and machinery) in the period 2006-2010. In 2006, an amount of LE 17.5 million has been invested and in the first two quarters of 2007 an additional amount of LE 28.1 million was invested. Since 30 June 2007 to the date of this Prospectus, further investments have been made in the amount of LE 11.3 million.

### **Recent new products**

Recent new products include frozen vegetables and various new juices. New products expected to be launched in 2007 include organic meat, chicken, fish and bottled mineral water. The Group is investigating together with Tetra Pack the possibilities for packaging milk and juices in order to extend shelf life. This development would offer new export opportunities in the MENA region.

### **Outlook and future prospects**

The Group's financial results are satisfactory. In 2006, the consolidated turnover increased with 23.9% to LE 134,836,109. Net profit after tax increased with 16.3% to LE 10,211,022. Except for Libra Organic Cultivation S.A.E. and Sekem Laboratory for Organic Products Company S.A.E., all subsidiaries have realized a substantial improvement in their performance.

The Group aims to maintain an annual growth rate between 20% and 30% in the period 2007-2010. Main growth drivers will be introduction of new products under the ISIS and ATOS brands, the expansion of the market for certified organic products in the Group's existing markets of Egypt, the EU and the USA as well as the development of new markets in the MENA region.

The main challenge to accomplish the Groups' ambitious growth targets is in the field of human resource development. Staff training, recruitment of new qualified staff and the development of skilled and entrepreneurial business unit management is among the Group's top priorities. In a broader sense, organisational development is needed to accommodate for the Company's next growth phase.

## **Financial Information**

### *General*

The audited and unaudited financial statements incorporated into this Prospectus has been prepared in accordance with International Financial Reporting Standards (**IFRS**).

The latest audited financial information is dated 31 December 2006.

The annual financial statements incorporated into this Prospectus have been audited by Saleh, Barsoum & Abdel Aziz-Deloitte. Other financial information in this Prospectus has not been audited or verified by the external auditor.

In making an investment decision, investors should rely upon their own examination of the Issuer and its subsidiaries, the Terms and Conditions of the Bonds and the financial information provided herein.

### *Audited Annual Financial Statements*

As set forth under "*Documents incorporated by reference*", the audited financial statements of the Issuer for the years ended 31 December 2005 and 31 December 2006 and the audited consolidated financial statements of the Group for the years ended 31 December 2005 and 31 December 2006, shall be incorporated in, and form part of, this Prospectus. The auditors, Saleh, Barsoum & Abdel Aziz- Deloitte, issued unqualified auditors' reports on these financial statements on 20 April 2006, 20 April 2007, 20 June 2006 and 2 June 2007 respectively.

### *Interim (Quarterly) Financial Statements*

As set forth under "*Documents incorporated by reference*", the unaudited financial statements of the Issuer for the period ended 30 June 2007 and the unaudited consolidated financial statements of the Group for the period ended 30 June 2007 shall be incorporated in, and form part of, this Prospectus.

### *Selected financial information*

For a better understanding of the Group's financial position and results and of the scope of the audit, the below financial information should be read in conjunction with the financial statements from which it has been derived and the auditor's reports thereon.

Sekem Holding Company for Investment S.A.E.

Balance Sheet

	31/12/2006	31/12/2005	30/06/2007	30/06/2006
<i>Assets</i>				
Fixed Assets				
Equipment	1,577,411	814,849	1,779,698	1,277,309
Investments in subsidiaries	142,868,100	126,490,600	143,418,100	142,268,100
Investments in saving bank certificates	48,975,000	48,975,000	48,975,000	48,975,000
	<u>193,420,511</u>	<u>176,280,449</u>	<u>194,172,798</u>	<u>192,520,409</u>
Current Assets				
Due from subsidiaries	52,933,100	48,294,368	67,632,711	41,351,448
Other debtors	9,126,280	4,625,922	7,274,785	2,320,511
Cash on hand and at banks	139,388	389,354	13,669,848	268,453
	<u>62,198,768</u>	<u>53,309,644</u>	<u>88,577,344</u>	<u>43,940,412</u>
Total Assets	255,619,279	229,590,093	282,750,142	236,460,821
<i>Equity and liabilities</i>				
Shareholders equity				
Paid-up capital	121,850,600	121,850,600	157,806,520	121,850,600
Legal reserves	201,855	-	201,855	201,855
Retained earnings	(1,256,224)	1,014,953	(2,840,886)	(541,084)
	<u>120,796,231</u>	<u>122,865,553</u>	<u>155,167,489</u>	<u>121,511,371</u>
Non-current liabilities				
Long term loans	37,516,400	47,690,000	37,942,200	43,160,000
Other long term liabilities	11,921,595	6,178,968	11,345,661	12,662,622
	<u>49,437,995</u>	<u>53,868,968</u>	<u>49,287,861</u>	<u>55,822,622</u>
Current liabilities				
Current portion long term loans	12,681,600	9,538,000	6,413,000	11,180,000
Accounts and notes payable	389,134	139,464	69,503	480,479
Due to subsidiaries	70,120,892	39,981,297	69,310,664	44,803,316
Other creditors and short term liabilities	2,193,427	3,196,811	2,501,625	2,663,033
	<u>85,385,053</u>	<u>52,855,572</u>	<u>78,294,792</u>	<u>59,126,828</u>
Total Equity and Liabilities	255,619,279	229,590,093	282,750,142	236,460,821

Income Statement

Income				
Interest revenues	5,019,934	4,599,263	2,477,515	2,475,583
Less:				
Administrative and general expenses	(599,956)	(803,710)	(1,408,116)	(242,281)
Financing costs	(3,784,478)	(4,030,740)	(1,863,822)	(1,664,338)
Foreign currency exchange (loss) gain	(2,756,971)	4,436,235	(738,088)	(1,923,144)
Net (loss) profit before tax	<u>(2,121,471)</u>	<u>4,201,048</u>	<u>(1,532,511)</u>	<u>(1,354,180)</u>
Tax	52,149	(163,944)	-	-
Net (loss) profit after tax	<u>(2,069,322)</u>	<u>4,037,104</u>	<u>(1,532,511)</u>	<u>(1,354,180)</u>

## Sekem Group (consolidated)

### Balance Sheet

	31/12/2006	31/12/2005	30/06/2007	30/06/2006
<i>Assets</i>				
<i>Fixed Assets</i>				
Land, buildings and equipment	134,233,579	130,164,351	141,115,861	132,040,500
Projects under construction	27,457,431	23,638,424	43,834,586	29,376,971
Investments in saving bank certificates	48,975,000	48,975,000	48,975,000	48,975,600
Investments in affiliated companies	4,615,000	5,140,000	2,365,000	5,407,500
Other investments	93,500	93,500	93,500	93,500
Goodwill	53,867,282	53,867,282	53,867,282	53,867,282
Other fixed assets	1,274,325	30,176	-	-
	<u>270,516,117</u>	<u>261,908,733</u>	<u>290,251,229</u>	<u>269,761,353</u>
<i>Current Assets</i>				
Inventory and livestock	59,496,582	43,921,357	63,196,539	47,744,536
Accounts and notes receivable	32,169,011	34,062,812	43,395,837	30,296,580
Suppliers - advance payments	2,300,407	1,257,153	930,724	587,575
Other debtors	16,657,703	11,061,033	18,024,432	11,634,201
Cash on hand and at banks	2,500,882	1,643,007	16,273,356	975,783
	<u>113,124,585</u>	<u>91,945,362</u>	<u>141,820,888</u>	<u>91,238,675</u>
<b>Total Assets</b>	<b>383,640,702</b>	<b>353,854,095</b>	<b>432,072,117</b>	<b>361,000,028</b>
<i>Equity and liabilities</i>				
<i>Shareholders equity</i>				
Paid-up capital	121,850,600	121,850,600	157,806,520	121,850,000
Retained earnings	12,304,688	2,571,249	19,932,150	7,066,474
Minority interest	7,070,643	5,745,560	7,070,643	6,228,767
	<u>141,225,931</u>	<u>130,167,409</u>	<u>184,809,313</u>	<u>135,145,241</u>
<i>Non-current liabilities</i>				
Long term loans	88,375,775	97,611,600	100,941,809	103,108,037
Other long term liabilities	12,398,302	17,353,513	12,187,599	17,900,437
	<u>100,774,077</u>	<u>114,965,113</u>	<u>113,129,408</u>	<u>121,008,474</u>
<i>Current liabilities</i>				
Current portion long term loans	15,446,183	12,179,000	7,982,688	6,416,000
Bank credit facilities	109,003,248	79,539,055	105,561,639	84,828,747
Accounts and notes payable	7,520,949	8,408,551	11,868,077	5,082,317
Other creditors and short term liabilities	7,760,314	8,394,967	8,520,992	8,319,249
Provisions	200,000	200,000	200,000	200,000
	<u>139,930,694</u>	<u>108,721,573</u>	<u>134,133,396</u>	<u>104,846,313</u>
<b>Total Equity and Liabilities</b>	<b>381,930,702</b>	<b>353,854,095</b>	<b>432,072,117</b>	<b>361,000,028</b>
<u><i>Income Statement</i></u>				
<i>Operating income</i>				
Net sales	134,836,109	108,857,253	74,002,299	62,186,808
<i>Less:</i>				
Costs of goods sold	71,215,904	58,623,292	37,908,581	29,898,358
<b>Gross profit</b>	<b>63,620,205</b>	<b>50,233,961</b>	<b>36,093,718</b>	<b>32,288,450</b>
<i>Less:</i>				
Administrative and general expenses	(13,677,541)	(11,046,001)	(7,289,588)	(6,322,386)
Selling and distribution expenses	(20,505,944)	(18,073,156)	(11,209,195)	(10,935,129)
<b>EBITDA</b>	<b>29,436,720</b>	<b>21,114,804</b>	<b>17,594,935</b>	<b>15,030,935</b>
<i>Less:</i>				
Financing costs (net)	(14,335,521)	(13,063,356)	(8,453,857)	(6,556,079)
Depreciation	(1,540,537)	(847,745)	(925,815)	(869,757)
Foreign currency exchange (loss) gain	(3,005,079)	2,598,364	(703,635)	(2,354,481)
Capital gain (loss)	(167,089)	45,498	7,124	(215,106)
Provisions (net)	(70,776)	79,219	-	-
<b>Operating profit</b>	<b>10,317,718</b>	<b>9,926,784</b>	<b>7,518,752</b>	<b>5,035,512</b>
Other income	232,816	-	-	-
Other expenses	-	-	-	-
<b>Profit before tax</b>	<b>10,550,534</b>	<b>9,926,784</b>	<b>7,518,752</b>	<b>5,035,512</b>
Tax	(339,512)	(1,144,498)	-	-
<b>Net profit after tax</b>	<b>10,211,022</b>	<b>8,782,286</b>	<b>7,518,752</b>	<b>5,035,512</b>

**Significant or Material Change**

In June 2007, the Issuer issued 138,297 ordinary shares to Triodos Innovation Fund B.V. and 138,297 ordinary shares to GLS Beteiligungen A.G at an issue price of LE 130 per share. As a result, the Issuer's paid-in capital increased with 30%.

There has been no further significant change in the financial or trading position of the Group since 31 December 2006 and there has been no material adverse change in the prospects of the Group since 31 December 2006 to the date of this Prospectus.

Since 31 December 2006, there are no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year 2007.

## TAXATION

### (1) General

The following summary describes certain principal tax consequences of the acquisition, holding, redemption and disposal of the Bonds by residents of the Netherlands, but does not purport to be a comprehensive description of all tax considerations that may be relevant. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in Bonds.

This summary is based on the tax legislation, published case law, treaties, regulations and published policy, in force as of the date of this document, though it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

### (2) Egyptian taxes

All payments in respect of the Bonds by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Egyptian Jurisdiction. In the case that withholding or deduction of taxes is required by Egyptian law, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Bondholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Bonds in the absence of the withholding or deduction.

### (3) Individuals resident in the Netherlands

#### (3.1) Individual income tax

If an individual holder is resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including the individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Bonds and gains realised upon the redemption or disposal of the Bonds are taxable at the progressive rates of the Netherlands income tax act 2001 if:

- (i) the holder has an enterprise or an interest in an enterprise, to which enterprise the Bonds are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Bonds that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Bonds, taxable income with regard to the Bonds must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. At present, this deemed return on income from savings and investments has been fixed at a rate of 4% of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a threshold of € 20.014 (2007 rates). The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Bonds less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Bonds will be included as an asset in the individual's yield basis. The deemed return on income from savings and investments of 4% will be taxed at a rate of 30%.



(4) Corporate entities resident of the Netherlands

(4.1) Corporate income tax

If a holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of its enterprise to which the Bonds are attributable, income derived from the Bonds and gains realised upon the redemption or disposal of the Bonds are subject to corporate income tax in the Netherlands.

(5) Value added tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Bonds or in respect of a cash payment made under the Bonds, or in respect of a transfer of Bonds.

(6) Other taxes and duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty, will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Bonds.

## **SUBSCRIPTION AND SALE**

### **Maximum number of Bonds available for issue**

On the date of this Prospectus, the maximum number of Bonds that could be issued on this date was 5,000. It is hereby expressly announced that if it is only possible to issue a lower number of Bonds than the maximum number of Bonds, such lower number will be issued.

### **Subscription period**

The Bonds will be offered during the Subscription Period, from 14 September 2007 till 16 November 2007.

### **Issue price**

The Bonds are issued at 100% i.e. at a price of EUR 1,000 per Bond.

### **Transaction costs**

No transaction costs will be charged for the issue of the Bonds.

### **Subscription**

Subscriptions will be received by the offices of the Distributor at the following address:

Triodos Bank N.V  
Nieuweroordweg 1  
PO Box 55  
3700 AB, Zeist  
the Netherlands

A subscription requires that the subscription form be completed and sent to Triodos Bank N.V.. The investor has to be aware that at the end of the Subscription period the total price will be withdrawn by a direct debit of his account. The total price is equal to the number of Bonds times the Issue Price.

### **Allocation**

Allocations will be made by the Distributor on behalf of the Issuer on 22 November 2007. The allocation policy will take into account the importance of a balanced spread of the holdings of Bonds. The Distributor is authorised on behalf of the Issuer to refuse subscriptions on Bonds or to only allocate a limited number. In addition, the Distributor can resolve at any time to limit, suspend, exclude or close the issue of Bonds. Any such resolution and the final amount of issued Bonds will be announced on the website of the Distributor, [www.triodos.nl](http://www.triodos.nl). The announcement of the final amount of issued Bonds will be made before 30 November 2007.

### **Register**

The Bonds are delivered to the subscriber by registration in the Register, which is maintained by the Paying Agent. The Paying Agent records the registration of the Bonds in the Register. After allocation the subscriber will receive proof of registration in the Register. By registering, the subscriber confirms that he or she is a party to the deed effecting the transfer of the Bonds. No costs are attached to furnishing the proof of registration. The Bonds are not delivered by means of a deed executed in the presence of a civil-law notary.

### **Repayments**

Any excess funds which the Distributor has received in relation to a limitation or exclusion of allocation will be repaid to the account from which these funds were received.

### **Vesting and issue date**

The rights attached to the Bonds included in this issue vest as per the date that the Bonds are recorded in the Register. The expected issue date is 22 November 2007.

### **No Listing**

No listing on any stock exchange will be requested for the Bonds.

### **Selling and transfer restrictions**

#### *General*

The offer of Bonds to persons resident in, or who are citizens of, a particular jurisdiction may be affected by the laws of that jurisdiction. You should consult your professional advisers as to whether you require any governmental or other consents or need to observe any other formalities to enable you purchase the Bonds.

Neither the Issuer nor the Group is taking any action to permit a public offering of the Bonds in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus will be sent for information purposes only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if you receive a copy of this Prospectus, you may not treat this Prospectus as constituting an invitation or offer to you of the Bonds, unless, in the relevant jurisdiction, such an offer could lawfully be made to you, or the Bonds could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements.

Accordingly, if you receive a copy of this Prospectus or any other offering materials or advertisements you should not distribute or send the same, to any person, in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If you forward this Prospectus or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) you should draw the recipient's attention to the contents of this section.

Subject to the specific restrictions described below, if you (including, without limitation, your nominees and trustees) wish to subscribe for the Bonds, you must satisfy yourself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this section is intended as a general guideline only. If you are in any doubt as to whether you are eligible to subscribe for the Bonds, you should consult your professional adviser without delay.

#### *United States*

The Bonds offered hereby are being offered in accordance with Regulation S under the US Securities Act of 1933, as amended (the **Securities Act**). Terms used in this section that are defined in Regulation S under the Securities Act are used herein as defined therein. The Bonds have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction within the United States and may not be offered or sold in the United States or to or for the account of any U.S. person except in accordance with applicable laws.

Each purchaser of the Bonds offered hereby will be deemed to have represented and agreed as follows:

The purchaser understands that the Bonds have not, and will not, be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be reoffered, resold,

pledged or otherwise transferred except (i) in an "offshore transaction" complying with Rule 903 or Rule 904 of Regulation S (and not in a pre-arranged transaction resulting in the resale of such Bonds into the United States) or (ii) pursuant to a registration statement which has been declared effective under the Securities Act, in each case, in accordance with all applicable securities laws of any state or territory of the United States and of any other jurisdiction.

#### *European Economic Area*

The Bonds will not be offered to the public in a Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), except that the Bonds may be offered to the public in that Relevant Member State:

- (b) in the period beginning on the date of publication of a prospectus in relation to those Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (c) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (d) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or
- (e) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 or 4 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## **GENERAL INFORMATION**

### **Resolution to issue**

The issue of the Bonds has been authorised in terms of a resolution of the Board d.d. 23 June 2007.

### **No ratings**

No credit ratings have been assigned to the Bonds or the Issuer.

### **Interest of persons involved in the offering of the Bonds**

Triodos Fonds Management B.V. is managing the offering of the Bonds. Triodos Fonds Management B.V. is a 100% subsidiary of Triodos Bank N.V.. Another 100% subsidiary of Triodos Bank N.V. is Triodos Investment Management B.V., which is manager of Triodos Innovation Fund B.V., an investment fund that has become a 9.25% shareholder in the Issuer in June 2007. A conflict of interest could arise in the case of a conflict between (a) Bondholder(s) and the Issuer. If it comes to voting on such conflicts in the Board and/or in the General Meeting of Shareholders of the Issuer, Triodos Investment Management B.V. will not exercise its voting rights on such items.

Triodos Investment Management B.V. is also managing various other investment funds which have offered short term trade finance loans to the Issuer in the past and may occasionally make such loans in the future. Since these loans are short-term unsecured debt instruments, ranking pari passu with the Bonds, Triodos Investment Management B.V. does not foresee any related potential conflict of interest.

Triodos Bank N.V. is the Distributor and the Paying Agent for the Bonds. Triodos Investment Management B.V. and Triodos Bank N.V. do not foresee any potential conflict of interest between these respective duties with regard to offering of the Bonds.

### **Litigation**

The Issuer and the Group are not and have not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), in the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the Issuer and/or Group's financial position or profitability. Nor are the Issuer and the Group aware of any other (pending) litigations (including litigation initiated by or against third parties) in the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the Issuer and/or Group's financial position or profitability.

### **Independent auditors**

Saleh, Barsoum & Abdel Aziz- Deloitte, independent auditors, have audited, and rendered unqualified audit reports on, the Issuer's and the Group's (consolidated) financial statements for each of the financial years ended 31 December 2006 and 2005. The address of Saleh, Barsoum & Abdel Aziz- Deloitte is 95 C, Merghany Street, Heliopolis, PO Box 11341 Cairo, Egypt.

The partners of Saleh, Barsoum & Abdel Aziz- Deloitte are member of the Egyptian Association of Accountants and Auditors.

The reports of the auditors of the Issuer are included or incorporated in the form and context in which they are included or incorporated, with the consent of the auditors who have authorised the contents of that part of this Prospectus.

**Documents Available during the life of the Bonds**

So long as any of the Bonds remain outstanding, copies of the following documents may be physically inspected at the registered office of the Distributor during normal business hours and copies of such documents in English will be available free of charge from such office:

- (i) all documents mentioned in chapter 'Documents incorporated by reference';
- (ii) the most recent published audited and unaudited financial statements of the Issuer and the Group;
- (iii) the most recent articles of association of the Issuer;

**REGISTERED OFFICE OF THE ISSUER**

**Sekem Holding Company for Investment S.A.E.**

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Egypt

**LEGAL ADVISER TO THE ISSUER**

**Egyptian Bureau for Lawyers**

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Egypt

**AUDITOR**

**Saleh, Barsoum & Abdel Aziz- Deloitte**

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Egypt

**MANAGER**

**Triodos Fonds Management B.V.**

Nieuweroordweg 1  
P.O.Box 55  
3700 AB, Zeist  
The Netherlands

**DISTRIBUTOR AND PAYING AGENT**

**Triodos Bank N.V.**

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