



SEKEM

Sustainability Report
2007



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Dear Readers,

As an innovative company Sekem focuses on its competences in health, nutrition and textile products. All our products are manufactured from high quality biological raw materials. Our primary objective is to increase the wellbeing and to foster the consciousness of the people with our innovative goods and services.

Success for the SEKEM Holding is not fully measurable in facts and figures. We strive to harmonize economy, ecology, culture and social engagement. Therefore we not only aspire to the market leader position in the organic sector, we also want to set benchmarks in environmental and social engagement. We are convinced that only sustainable performing companies will be economically successful in the long run.

Respect towards people, society and environment as well as the sustainability of our actions are the core values of Sekem. In this sense our mission statement is:

"Our economic competency for us is strongly interconnected with the responsibility to work for the salvation of the people, to socially engage and achieve a sustainable positive contribution for a permanent environmentally friendly, social development."

The SEKEM Development Foundation is responsible for all aspects of holistic and sociocultural development. Over the last two decades the foundation expanded its programs and activities from a basic educational initiative, to a variety of projects and programs in the fields of social research, health problems, as well as child and adult vocational education. All programs follow the principle of cultural and economical empowerment, which includes arts and science as well as moral and ethical consciousness.

Furthermore the new Heliopolis Academy for Sustainable Development which emerged from the former SEKEM Academy aims to improve Egypt's competency in the range of execution, publication and propagation; Relevant in social and scientific research in medicine, pharmacy, biodynamic agriculture, arts and social sciences.

By signing the Global Compact of the United Nations, Sekem engaged in supporting a responsible globalization by fostering human rights and environmental protection. While also fighting corruption and improving working conditions. In this context climate protection is of special importance. Fortunately SEKEM is contributing substantially to the greenhouse gas balance improvement, due to reduction in CO2 emission through massive compost production.

My personal engagement as a councilor of the World Future Council (WFC) is reflected in various aspects of the Sekem initiative. The WFC is a global advocate of the interests of future generations in international policy. It raises awareness about issues which threaten future life on the planet and offers practical solutions. Thus, in the WFC as well as in Sekem the rights of future generations, climate protection and renewable energy are current issues.

Under the patronage of Queen Rania of Jordan, Arabic entrepreneurs and public figures decided to found the Arab Sustainability Leadership Group (ASLG) to take a further step towards sustainable development. Helmy Abouleish is one of the founders of the group with the aim to foster consciousness for sustainable development within the Arab world.

Innovation is a core constituent of sustainable development. The Heliopolis University in process was chosen to represent the Global UNIDO Network of University Chairs on Innovation in its pilot phase in Africa. The goal of the UNIDO Initiative is to connect 300 universities until 2013 through a worldwide network of innovation chairs to encourage industrial university cooperation.

I am convinced that we will be able to give an interesting and expressive insight in the manifold activities of Sekem in the areas of sustainable development and social engagement.

Yours sincerely



Dr. Ibrahim Abouleish

Foreword

Dear Stakeholders of the SEKEM Holding, after 30 years of continuous development always striving for sustainable growth and innovation aligned with our humanitarian and holistic ideals we dare to attempt the impossible. With the first SEKEM Sustainability Report we aim to give you a comprehensive and yet concise overview of our strategic and operational achievements. Dealing closely with sustainable development, from our foundation in 1977, with an emphasize on the year 2007. Over the last month we critically reviewed our business processes, procedures and projects in regard to the question to which extent each of them are responding to the SEKEM vision of sustainability and its objectives.

Especially 2007 (the 30th year in the history of the initiative) brought new and challenging developments for the SEKEM Holding, which helped expand its strong position in the markets for organic and specifically Demeter-certified raw materials, consumer products, phyto-pharmaceutical preparations, and organic textiles. The firms of the SEKEM Holding conclude the fiscal year of 2007 as one of the most successful ones in their history. Substantial growth could be realised in virtually all business fields that strengthened the long-term development of numerous activities. Furthermore the benefits are not only of an economic but also of a social kind. The initiative still remains close to its original ideals.

A steady, long-term, and fair development of small growers capacities and the establishment of reliable support mechanisms for them, which is a socially, economically and culturally demanding development goal. In 2007 SEKEM firms could transfer 170% more financial support than in 2006 to the SEKEM Development Foundation (SDF), to realise cultural, social and development projects. The positive development of the economic capacities of the SEKEM Group are therefore directly related to the quantitative and qualitative support available to our employees, co-workers, and external beneficiaries.

In this sense I wish you an inspiring and educational discovery of SEKEM's past, current and future objectives and activities over the next 80 pages.




Helmy Abouleish

Timeline – Sekem's Major Historical Events



- 1977 Foundation of Sekem initiative in the north-eastern desert of Egypt.
- 1983 SEKEM launched its first product line of herbal remedies and introduced the first foodstuff products to the local market.
- 1984 Foundation of The EGYPTIAN SOCIETY FOR CULTURAL DEVELOPMENT (SCD) as starting point for a strong expansion of non-profit engagement.
- 1986 ATOS was established as a Joint Venture between Sekem, DEG and Dr. Schaette KG to develop the Egyptian natural pharmaceutical market.
- 1988 LIBRA Egypt was founded as a company specialized in packaging and exporting fresh fruit and vegetables to Europe.
- 1990 SEKEM pioneered the cultivation of organic cotton on 15 hectares.
The CENTER OF ORGANIC AGRICULTURE IN EGYPT (COAE) was established as a certification body, working in accordance with Demeter guidelines and the European Regulation for Organic Agriculture.
- 1993 LIBRA for Organic Cultivation was established to coordinate the organic cultivation of cotton and all other crops organically grown in Egypt.
- 1994 NATURETEX, a new company for manufacturing Organic Cotton Textiles was established.
The Egyptian Biodynamic Association (EBDA) was founded as an independent non-governmental organization to provide agricultural training and consultancy services in Egypt.
- 1996 HATOR was established to pack fresh food and vegetables.
The International Association of Partnership (IAP) was established between SEKEM and many of its business partners.



- 1997 Foundation of ISIS as a company to manufacture organic foodstuff

- 2000 SEKEM Academy for Applied Arts and Science was opened.
The Cooperative for SEKEM Employees (CSE) was founded.

- 2001 Establishment of SEKEM Holding including long-term business plans with new investment plans for all companies. In the same year the SIS SEKEM Information System was introduced into all companies.

- 2002 The first companies start the Integrated Quality Management System.

- 2003 SEKEM received the Right Livelihood Award "Alternative Nobel Prize".
Dr. Ibrahim Abouleish and Helmy Abouleish were selected as outstanding Social Entrepreneur by the Schwab Foundation and invited to participate at the World Economic Forum.

- 2005 LOTUS was founded as a company processing organic herbs and spices from biodynamical cultivated plants.
Establishment of SEKEM Europe to support the overall goal of SEKEM Holding to process and market healthy and ethical products made from biodynamic ingredients.

- 2006 MIZAN, a plant raising company was established.

- 2007 Foundation of LOTUS Upper Egypt, a new company for the extension of SEKEM's drying herbs capacity.

- 2007 "30 years of innovation" – SEKEM anniversary

- 2008 SEKEM published its first sustainability report.
SEKEM for land reclamation was established. It is planning to reclaim and plant 2000 acre in North Sinai, 2000 acres in the Oasis Wahat and 1000 acres in Minia Governorate.

The SEKEM Vision and Values of Sustainability

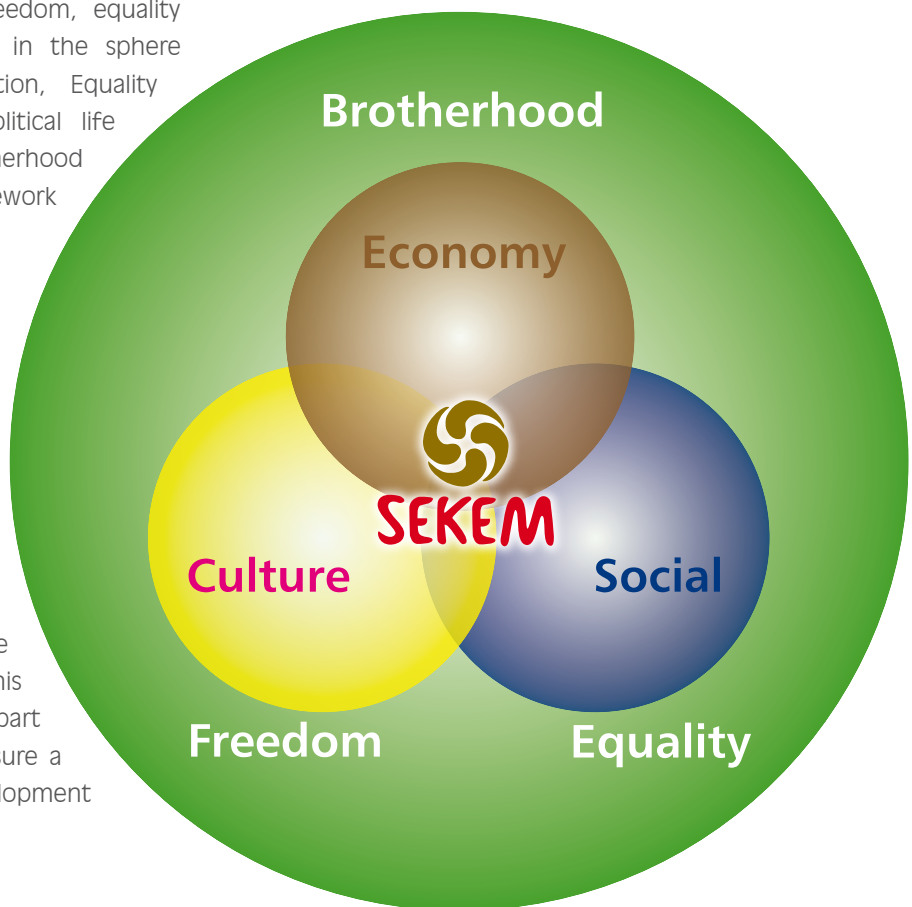
THE SEKEM initiative with its three main areas of engagement in economy, society and culture was founded to actively create the vision of sustainable development within this threefold order.

"The salvation of a community of people working together is so much greater, the less the individual claims the returns of his efforts, that means, the more he hands over of these returns to his co-workers, and the more his own needs are not satisfied by his own but by the efforts of the others." (Rudolf Steiner)

We strongly believe in the threefold order of social life in terms of freedom, equality and brotherhood. Freedom in the sphere of individual artistic education, Equality regarding the social and political life between individuals, and Brotherhood reflecting the necessary framework of economic activity.

The threefold order ensures that all stakeholders, the private sector, and the government, with the civil society, are working as an integrated whole for the development of a nation. We regard the integration of this threefold order into every part of life as the only way to ensure a healthy and sustainable development

for companies, nations, and the world as a whole. It leads to a development approach that considers the perspectives and needs of all parts of society in a holistic form and in its relations to sustainable human development. The unity of nature serving as the foundation for any form of life, this is SEKEM's vision of sustainable development.



Highlights and Challenges 2007

A Successful Business Year 2007

The SEKEM initiative again concluded a highly successful fiscal year and its third decade in existence, which was its most successful one to date. Supported by extremely positive market developments and strengthened by an exceptional performance of SEKEM's sales departments, we achieved and augmented the turnover by 19% for the group, equivalent to an amount of 166 million LE.

SEKEM's Naturetex, specialising in organic textiles and cotton products, and ISIS, selling organic food, registered the strongest growth. Further, contribution was particularly made through investments into buildings, assets and personnel over the course of the year. The recruitment of an enormous number of new employees and intensified efforts on production as well as the sales and administration sides, proved to be the biggest challenges to organizational development in 2007 and they will continue to do so for the short and long-term future.



New Shareholders

Two new shareholders joined the ranks of SEKEM's equity in 2007. GLS Beteiligungs-AG / Bochum, Germany, and the Triodos Innovation Fund BV. The total amount of the capital injection was 36 million LE raising SEKEM's paid capital to 150 million LE. The subsequent equity participation ratio in the Sekem Holding was 9.25% for each of them.

These substantial investments also signified the confidence, that both banks as long-standing partners of SEKEM place into its ability to scale and develop its businesses. They allowed the group of companies to realise its ambitious plans for a more forceful development in its subsidiaries and various other sector projects.



Physical Expansion

A remarkable achievement was the construction of new buildings and facilities for the firm LOTUS in cooperation with the Dutch enterprise Organic Flavour Company B.V. It now disposes of two sites on the SEKEM farm and on the neighbouring Adleya farm. Furthermore SEKEM founded a new subsidiary, LOTUS Upper Egypt, which will particularly benefit the processing of herbs and spices, cereals and oil seeds. The purchase of new ground close to El Minia in Upper Egypt where a new drying plant for herbs was erected in 2007 was a big step into a future of better raw material supplies for SEKEM's firms. Within the next two years agricultural production is scheduled to begin here on 500ha.

SEKEM Participates in Foundational Meeting of Arab Sustainability Leadership Group

While the world continues to discuss topics like climate change and increasing food prices directly affecting the poor of our societies, some of the leaders in the Arab world decided to take action and under the patronage of Queen Rania of Jordan the Arab Sustainability Leadership Group (ASLG) was founded in May 2008. Helmy Abouleish, CEO of the SEKEM Group was among the founding members and was visibly enthusiastic to support the movement, which is still very new to most Arabs. "We have to use this window of opportunity to do the right thing," the Queen said. The

group will encourage businesses to balance profits with environmental protection, and equal opportunity. Queen Rania encourages the leaders to act as pioneers in this field and to keep their commitments to produce responsibility reports for their respective entities.



The network committed to meet on a quarterly basis to discuss ways, of how to change mindsets about sustainability and reporting, to increase public awareness of the benefits of reporting to companies and the public, and to discuss innovative ways of how to promote these issues. The ASLG includes 16 companies and NGOs spanning five countries in the Middle East: from Jordan, Saudi Arabia, the United Arab Emirates, and Palestine to Egypt with the SEKEM Group.

SEKEM

in the context of future challenges



The World's Sustainability Challenges

Following the findings of the World Future Council (WFC) the world is facing 24 key challenges to become a sustainable living space with decreasing injustices and inequalities for the world's population. The WFC divides these challenges into the 3 pillars of sustainability: Environment, Society and Economy⁽¹⁾.

All of these challenges require long-term engagement and the acknowledgement of full responsibility of politicians, companies, and the civil society of all countries in light of their individual capacities. For SEKEM the

task of addressing global challenges does not only refer to their acknowledgement within a company and its related non-profit organisations, but also to the encouragement of Egyptians and the international community to develop new and innovative answers to the most pressing questions. Declared as a part of the UN Millennium campaign, we strongly believe that "we are the first generation that can end poverty" – if we follow a holistic and integrated approach to development that focuses on the human being as interrelated with the world's economic, social and environmental forces.

<i>ENVIRONMENT</i>	<i>SOCIETY</i>	<i>ECONOMY & POLITICS</i>
<ul style="list-style-type: none"> • Healthy Food for All • Clean Water for All • Safe Energy and Transport • Tackling Climate Change • Sustainable and Liveable Cities • Intelligent and Sensitive Building • Sustainable Use of Forests • Sustainable Use of the Oceans 	<ul style="list-style-type: none"> • Human Rights and Responsibilities • Revitalising Democracy • Peace Education and Conflict Healing • Health and Medicine • Education and the Media • Indigenous People and Bio-cultural Diversity • Children's Rights • Science and Spirituality 	<ul style="list-style-type: none"> • Good Work for All • Responsible Entrepreneurship • Monetary and Tax Reforms • Fair Trade • Reform of International Institutions • Socially and Environmentally Responsible Production and Technologies • Nuclear Disarmament • Biological, Chemical and Conventional Disarmament

(1) see World Future Council, http://www.worldfuturecouncil.org/key_global_challenges.html, Status

Egypt's Sustainability Challenges

Four years ago, Egypt published the "Industrial Development Strategy 2020". The initiators defined its two main objectives until 2020, as being the creation of new jobs and an increase in competitiveness and efficiency. On the first sight both objectives seem to be contradictive as the Western countries exemplified over the last 30 years: an increase in efficiency and productivity is never achieved with the same number of workers. It requires leaner production processes, state-of the art technology, faster machines, but fewer employees. Thus the main challenge and only approach to a sustainable future development of Egypt is to grow faster than the industries gain in productivity through export promotion, FDI and linking Egyptian companies to global supply chains.

But the industrial development is only one part of Egypt's future issues as the poverty still remains at the heart of the developmental challenges. The state's withdrawal of food and energy subsidies over the last years primarily affects the weakest groups of the population. Combined with peak prices for foodstuffs and inadequate elementary governmental services, the desirable social cohesion is becoming more and more unlikely to be reached and the income gap is even more threatening.

The vision for Egypt's future sustainable development is therefore to design and integrate trickle-down-effects with a view to an empowerment of the poorest and most disenfranchised members of the society. The impressive growth rates of the

last years have to be sustained by more encouragement of innovation and social entrepreneurship, and a translation into the proper impulses of development for the whole Egyptian population.



The SEKEM Initiative

The SEKEM umbrella is formed by three closely interrelated major entities: first the SEKEM Holding Company embraces eight agro-industrial-manufacturing and technological companies, each responsible for one aspect of SEKEM's business value proposition. Second the SEKEM DEVELOPMENT FOUNDATION (SDF) is responsible for all aspects of a holistic cultural-human development. Finally, the COOPERATIVE OF SEKEM EMPLOYEES (CSE) takes over the responsibility for SEKEM's socio-human resource development. Working together, they have created a modern corporation based on innovative agricultural products and a responsibility towards society and environmental sustainability.

The SEKEM Group of companies is producing an extensive variety of high quality

consumer products in the fields of natural pharmaceuticals, delicious organic food and beautiful textiles. The products are made from ingredients from biodynamic farming. This method undertakes to restore and maintain the vitality of the soil and food as well as the biodiversity of nature.

SEKEM Holding 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 with an annual revenue of 166 million LE in 2007. 95% of all SEKEM suppliers are local farmers. In this respect SEKEM's companies support the social and cultural enterprises like the

institutions of education, vocational training, research and medical centers as a contribution to its farmers, employees and the broader local community.



SEKEM Holding for Investment SAE is located in Heliopolis, one of Cairo's suburbs, along with the headquarter for management and administrative staff. The companies and most institutions of the Social Development Foundation are located on 300 hectares of land near the town of Belbeis, 60 km from Cairo – the SEKEM farm.

All investments of the last years have been made on the basis of a strategic decision to secure the basis of the SEKEM firms' production requirements concerning high-grade input materials. With a perspective of making SEKEM less dependent on the global availability of raw materials already in scarce supply and with fluctuating prices

the different physical expansions of 2007 and 2008 are supposed to make it easier to reach the sales targets of the purchasing enterprises and to comply with international organic food quality standards. Especially, through the cooperation with numerous small suppliers this work has created manifold challenges over the past years as the production of small-scale farmers is much easier affected by harmful chemical residue from nonorganic neighbouring plantations. Nevertheless, we consider it as our responsibility to face this challenge and develop their ability to meet the standards of international food markets and set up long-term relationships with our companies.



The SEKEM Stakeholders



When referring to our stakeholders we mean all groups of people who are affected by SEKEM in any form and on any level of cooperation.

First of all, we carefully take into account the needs of our end consumers as well as our national and international retailers and wholesalers. We permanently try to meet their changing necessities affected by world market fluctuations, consumer purchasing parity and geographical specifics we do through continuous innovations and quality improvements.

Further, parts of our stakeholder network are our co-workers, farmers and suppliers of imported resources, our international collaboration organizations and the national and international development organizations with all of whom we are standing in an active dialogue.

Stakeholder management at SEKEM includes two parts of engagement: dialogue and empowerment. Through our several non-governmental organizations like the EBDA, SDF and our contribution to several international networks for agricultural, social and cultural development we care for all of our stakeholder groups.

Awards & Memberships

2003 Right Livelihood to Pioneers for a Saner World

The SEKEM Initiative (Egypt) shows how a modern business can combine profitability and engagement in world markets with a humane and spiritual approach to people and respect for the natural environment. The Jury sees in SEKEM “a business model for the 21st century in which commercial success is integrated with and promotes the social and cultural development of society through the ‘economics of love’.”



Schwab Foundation Announces Winners of 2004 Outstanding Social Entrepreneurs Selection

Dr. Ibrahim Abouleish has been selected as one of the world’s most “Outstanding Social Entrepreneurs” by the Schwab Foundation for Social Entrepreneurship. SEKEM was selected because it is establishing the blueprint for the healthy corporation of the 21st century.

The strict criteria determine the innovativeness of the approach, the reach and scope beyond the initial goals, and the ease of adjustment of the initiative in other foreign contexts. Also assessed is its economical sustainability, the direct positive social impact and to what extent the social entrepreneur can serve as a role model.



Economic company profile



Egypt's Economy at a Glance

The rise of economic growth under a liberalized economy that is based on market mechanisms is considered the most distinguished feature of the Egyptian economy in the framework of a developmental strategy whose core is to successfully match the power of demand and supply together with preparing the ground for the private sector to engage strongly in the various economic activities.

2007 witnessed the increase of public revenues and grants by 19.1% to reach 180.2 billion LE where incomes of tax increased by nearly 16.9% to reach 114.3 billion LE. Non-tax incomes increased by 23.2% to reach 65.9 billion LE while the income tax profits reached 58.5% in FY 2006/2007 which is an increase of 21.3% compared to the previous year. Also, proceeds of sales tax increased by 13.7% to reach 39.4 billion LE while customs proceeds increased by 7.4% to reach 10.4 billion LE due to increase of imports. Spending on wages and salaries increased by 11.6% to reach 52.1 billion LE while the item of subsidies, grants and social advantages increased to 58.4 billion LE. Deficit dropped from 9.2% to 7.5% of GDP. The state started the reform of the pensions system and application of partnership between the government and private sectors in carrying out the development projects, taking into account that many institutional and administrative reforms were implemented to guarantee the sustainability reform. In this context, the report of the International Monetary Fund in 2006 hailed Egypt's achievements in economic reform as regarding the increase in growth rate to about 5.8% and inflation decrease to about 4%. Furthermore, contributions of the



leading sectors have helped scoring rates higher than the economic growth average namely the industry, energy, transportation, and tourism sectors. Contributions of the spinning and weaving sectors to the GDP hits 31%, chemical industries 26%, processing industries 18%, transport, communications Suez Canal 14.1%, and tourism 6%.

Results of the economic and financial performance indicated a great improvement during FY 2006/2007 and first quarter of FY 2007/2008. Egypt's economy achieved a growth rate of 7.1% which is the highest growth rate since ten years. At the same time Egypt's GDP including production factor costs increased to 684.4 billion LE.

Economic Management Approach

With the motto of the SEKEM firms for 2008 "Growth and Innovation" we would like to emphasize on innovation as a necessary condition for growth in a sustainable way, the SEKEM way. As sustainable economic growth is the most important factor to help Egypt rise on the ladder of development and fight the country's most pressing problems like poverty, health, and education SEKEM will aim to set standards throughout its companies which may contribute to passing its spirit of sustainability to the other parts of the Egyptian economy.

The spirit of SEKEM's approach to economic value generation is one of transparency and responsibility all along the entire value chain beginning with the cultivation process on the small-scale farms and proceeding to the production and logistics processes until the final distribution of the product to the consumer. This ensures secure prices for

farmers even before cultivation begins. It is SEKEM's "fair trade", a transparent method that has been called the "economy of love".

On the market demand side expectations for the development of the various businesses in 2008 forecast the demand of resellers and consumers to encrease steadily and significantly in Egypt as well as in Europe and the US.

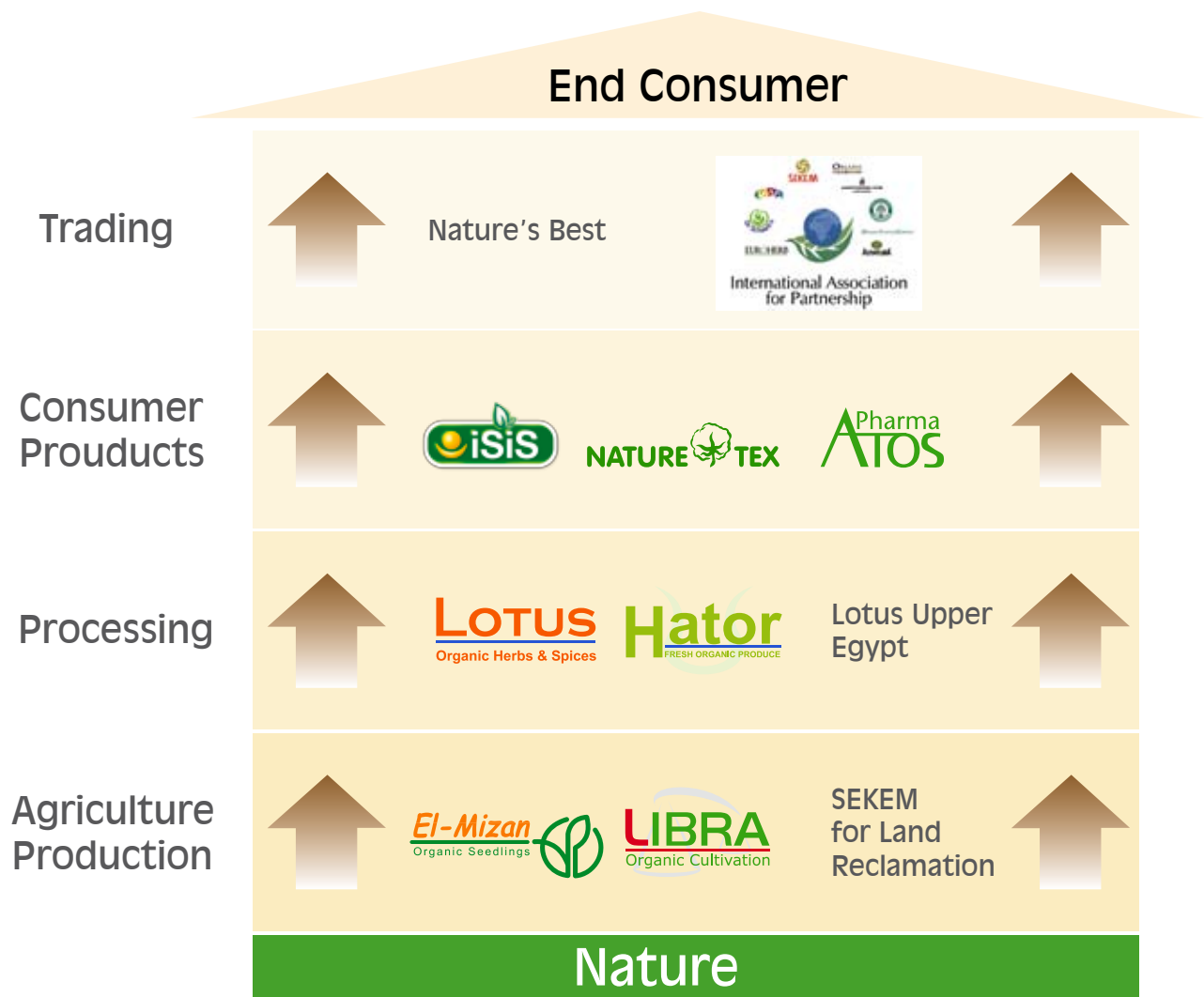
Growth not for the sake of growth itself but for the sake of sustainable development and constancy in realizing the initiative's ideals and goals in innovative ways will be the underlying credo of the upcoming years of operations at SEKEM.

To take over a leading position in exemplifying sustainable growth SEKEM itself will face great challenges. Our task for the next year will be to translate the key insights of the past 30 years of SEKEM's activities into long-term objectives for the future according to our ambitious vision. We have experienced that growth and innovation need resilient and flexible structures, which still have to be established and professionalized throughout our business processes, projects and supporting areas. This includes, for instance, knowledge management or information technology systems. Another major challenge will be the comprehensive deployment of a strategic management system for sustainability on the basis of a balanced sustainability scorecard.

We look into the future full of expectations on how to approach the upcoming challenges on a sound foundation of a spirit of sustainability that has evolved since SEKEM's initiation.



Organizational Structure of the SEKEM Group





LIBRA, the company for organic cultivation founded in 1988, has evolved into a multifaceted production company by diversifying into organic farming, compost production, fodder production, animal husbandry, milling, drying and oil processing.

LIBRA coordinates agricultural logistics and the cultivation of raw materials and exports to international business partners. The company owns farms, but primarily cooperates with a fast growing number of associated farms that have switched to biodynamic farming methods after a rigorous training process provided by the Egyptian Biodynamic Association (EBDA). This



network of independent farmers supplies LIBRA with cotton, grains and seeds from all over Egypt.

LIBRA promotes the optimization of organic quality by applying a range of holistic

quality monitoring systems. Market research and a close-knit relationship between suppliers and consumers assure fair prices and security for producers, distributors and consumers. Crop rotation, planning and production are carried out in close cooperation with all farmers, LIBRA, and the various distributors and retailers respecting transparent economic management to avoid unfair competition. These trading practices conform to the standards of the Fair Trade Federation. All products also comply with the international Demeter guidelines for biodynamic agriculture.

In 2007 LIBRA invested in a further 25ha for the production of compost to improve low-grade desert soil often chemically contaminated by years of fertilizer use. In order to further expand biodynamic agriculture in Egypt and reduce negative long-term effects from agriculture on the environment LIBRA plans to double the current acreage for compost production in 2008 to eventually reach a full capacity of 120.000 tons. All in all 835 tons of cotton have been produced in 2007 on 1115 feddan of land. Together with the EBDA (Egyptian Biodynamic Association) LIBRA invested furthermore into networking activities among supplying farmers and carried out series of training seminars and consulting services. Strong demand from customers will allow cotton production to increase to around 957 tons or 1330 feddan in 2008.

250 cows have been herded in 2007 in all of SEKEM's stables. Due to the expansion of the herd, the milk production increased

to 400 tons and on the basis of continually rising demand, LIBRA again expanded the herd at the beginning of 2008 to 500 animals and now produces a total of around 1.600 tons of bio-dynamic milk. The sales plans show an expected increase of LIBRA's revenue by 222% to 39.726.000 LE for this year made possible through the expansion of silage concentrate production for milk cows and the new compost production. Key customers of LIBRA in this sector are farmers who are already cooperating with SEKEM and a growing number of newly contracted suppliers. Sekem for land reclamation, established in 2007, plans the purchase of another stretch of ground of around 1000ha on the Sinai peninsula for growing vegetables. The firm intends to cultivate bio-dynamic dates, olives, herbs and medicinal plants on another 1000ha in the oasis Wahat in the Western Desert. Additionally another composting plant shall be inaugurated in 2008.



MIZAN is a company aiming at providing Egypt's vegetable producers with healthy and profitable in- and outdoor as well as grafted seedlings. MIZAN is a joint venture company between Grow Group Holland and SEKEM Group Egypt. The principle of grafting is to use a robust rootstock with high resorption and diffusion characteristics to provide the chosen plant variety with

water and nutrients. The combination of a resilient rootstock and a strong variety leads to an increase in production of up to 10%. Grafted plants are more resistant to soil diseases and therefore adapt more easily to extreme climates. Grafting reduces costs per plant and area due to higher productivity and plant density, especially for seeds. Using grafting also means less input cost for pesticides due to a healthier, more resistant plant.

MIZAN currently offers grafting and plant cultivation services for organic and conventional tomato, cucumber, cantaloupe, watermelon, squash, pepper and eggplant.

MIZAN realised most of its investments in 2007 through the preparation of new processing facilities for the production of high-grade seedlings. A part of the seedlings will be marketed as organic products. MIZAN will be the first supplier offering such state of the art products in Egypt. Implementing this method is a challenging process due to the Egyptian climate.



Thus, in 2007 through its investments the company prepared for the official start of its business and is looking forward to an expected initial sale in 2008 of around 2 million seedlings to customers from the agricultural industries in Egypt including SEKEM's LIBRA.

LOTUS

Organic Herbs & Spices

LOTUS is a processing company for organic herbs and spices from biodynamically cultivated plants, established in 2005. LOTUS cultivates natural products free of chemical treatments to safeguard the environment for future generations.



Most of LOTUS' investments reaching a volume of 18,25 million LE in 2007 have been directed to new production and

storage facilities on the SEKEM farm whose construction could be mostly completed in the last year. A number of new machines and production lines were set up, a development that led to a substantial advancement in product quality and working conditions for many of the firm's co-workers particularly with a view to dust and noise protection as well as the optimisation of workflows. 2008 will lead us to the completion of the last remaining administrative buildings and storage facilities. From now on around 1.200 tons of herbs and 600 tons of cereals and oil seeds can be produced per year. In 2007 SEKEM founded a new subsidiary called LOTUS Upper Egypt, which is located in the El Minia region, to accommodate the growing processing needs for surrounding medicinal herbs and spices. The goals for 2008 are the expansion of bio- dynamic farming methods to farmlands in the immediate neighbourhood of the grounds, as well as to further increase the quality of products during the initial processing cycles. This should lead to an improvement in the availability of superior quality raw products for further processing in SEKEM's other subsidiaries.





ISIS Organic Food & HATOR Fresh Organic Produce



ISIS produces nutritious, tasty and healthy food from carefully selected raw materials, free of any artificial additives or preservatives. The foodstuffs processed and packed by ISIS include organically grown cereals, rice, vegetables, pasta, honey, jams, dates, spices, herbs, edible oils, beverages as herbal teas, coffee and juices. ISIS made most of its



last year's investments in new machinery particularly for high capacity tea bag packing machines. The new machines are able to pack tea bags without the use of aluminium threads thus reducing reliance on material supplies and costs. Existing production facilities were upgraded to allow for greater productivity. In total these investments amount to 11.5 million LE. In 2007 ISIS also began to launch 10 different juices. Traditional Egyptian flavours like Karkade, Tamarind, Doum, Charub or Guava were received exceptionally well by the local markets. The same can be said about the new fresh fruit juices like Orange, Grapefruit, Grape, Fruit Cocktail and Tomato Juice. Consequently, the juice production is expected to rise to a monthly maximum output of 90.000 bottles throughout 2008.

HATOR packs biodynamically grown fresh produce for local and international markets to supply and maintain the highest nutritive value adhering to the customers technical specifications of each product. Today approximately 65 types of fresh and frozen products are sold locally under the ISIS brand in Nature's Best Shops and supermarkets in Egypt. Internationally, HATOR distributes fresh fruits and vegetables through long-established partnerships in the UK,



Netherlands and Germany, where the products are traded throughout Europe. In 2007 HATOR invested 4.2 million LE into the expansion of its cooling facilities to guarantee the further growth of its business in relation to the continued expansion of the export and local markets. As a result we achieved a quality and sales improvement of fresh produce picked up 20% reaching 27 million LE. In the sector of processed food growth of around 24% equalling 61.25 million LE could be realised throughout the last year. The momentum is expected to remain stable in 2008.

gastro-intestinal treatment, gynaecology, hepato-biliary treatment, immunology, neuropsychiatry, respiratory treatment, rheumatology and urology. ATOS Pharma markets and distributes its products nationally and internationally.

Most of ATOS 8.7 million LE investments in 2007 have been focused on the realization of higher productivity in producing liquid preparations and the expansion of its extract production capacity to improve the availability of plant extracts. These investments serve as the foundation for a prospective pharmaceutical production on a much grander scale. ATOS also started the introduction of new products to the local market specifically Statosan (anti-cholesterol), Biozinc, Neuropatex (poly-neuritis), Mintovex-Gel (muscular pain) and a line of baby care products including shampoo, lotion and a cream that consists of calendula extracts. ATOS' sales for 2007 amount to 27.54 million LE and are expected to grow by around 39% in 2008. It also invested heavily into personnel and professional training of its co-workers.

Pharma ATOS

ATOS Pharma manufactures and markets an array of natural medicines and health care products of superior quality for effective treatment and maximum tolerability. The products are developed for different indications in cancer therapy, cardiolovascular therapy, dermatology,





Organic Cotton Textiles



NATURETEX is an organic cotton producer of high quality fabrics, home textiles, and baby wear. The design and development of the products is done in-house in our own studio. Produced and marketed under its own brand Cotton People Organic (CPO) in Partnership with the Distribution Partners. The textiles are marketed in Egypt as well as in Europe and the USA by SEKEM's Partners Alnatura and Under the Nile.

NATURETEX competes successfully in the global market for organically produced textiles through innovative design, manufacturing, and marketing with beautiful high quality products from Egypt, the home

of today's premium cotton production.

In 2007 NATURETEX made most of its investments towards the expansion of production and machinery capacity. 2.5 million LE have been invested for this purpose. The ongoing improvements in quality and the optimization of cooperation between production facilities led to an overall productivity improvement of 26%. The investments also included additional training measures to further increase the employees' efficiency. NATURETEX' turnover reached 32 million LE in 2007 and is expected to grow again by approximately 58% in 2008 due to it's rising demand.



SEKEM

SEKEM Europe

2007 was the second full year of operations for SEKEM Europe GmbH, being established in Bochum, Germany as a 100% subsidiary company of SEKEM Holding. SEKEM Europe GmbH operates in four different areas all designed to support the overall goal of SEKEM Holding to process and market healthy and ethical products made from biodynamic ingredients. The four activities are:

1. Import and sale of fresh produce from SEKEM's companies HATOR and LIBRA.
2. Development, import and sale of ready-made consumer goods from SEKEM's company ISIS.
3. Import and sale of raw materials and ingredients of different companies of the SEKEM Holding.
4. Services to the SEKEM Holding in the field of customer care, export marketing, market development, and public relations.



The sale of fresh produce was very successful and SEKEM Europe managed to build an awareness of SEKEM products among

target customers, which are wholesalers of fresh organic produce selling to specialized organic retailers. The main target market was Germany, but sales have been also achieved in Austria, the Netherlands and Luxemburg. Relations to customers are close and promise a steady growth over the coming year. Sales of ready-made consumer goods started via a web shop and through direct sales activities on a small scale. SEKEM Europe together with the SEKEM Holding took the decision to optimize this part of the business by covering specialized organic food stores and targeting sales channels as well as fair-trade shops.

Product development with ISIS began in 2007 after a careful selection process of the





Demeter-certified products. Inspections were carried out in 2007 resulting in no objections. The sales target for 2008/2009 emphasizes on the development of sales of SEKEM-branded products, which will support the strategy of the SEKEM Holding to enter the European market, the largest market for organic food, and support future sales in a more competitive market environment.

products appropriate for the first launch. Import and sale of raw materials were only carried out on demand of SEKEM Holding or its European customers in case customers did not wish to go through the importing process by themselves. Services to SEKEM Holding in 2007 included the planning, organization, supervision, and customer service for all export sales of LIBRA including such products as sesame seeds and rice. Contacts were also acquired with new customers for organic cotton fiber leading to large-volume contracts for NATURETEX and a comprehensive extension program focused at the acquisition of numerous new cotton farmers to be examined and later trained by the EBDA.

SEKEM Europe GmbH is a certified importer and distributor of organic products according to EU regulations and the "Fairtrade" criteria. It is licensed by the Demeter association of Germany for the import and sales of



Quality Standards applied by SEKEM Companies



The SEKEM Holding aims to supply its consumers with the highest quality foodstuffs, pharmaceutical products, natural clothes, and natural raw materials. Therefore, it needs a comprehensive quality management system at every stage of the supply chain. These in turn serve as the foundation on which standard certificates of quality can be acquired that open international export markets.

SEKEM Holding has been implementing an effective integrated quality management system (QMSEMS-OHSAS-HACCP) since 2002 that facilitates the close monitoring of the production processes and service delivery. Employees have been trained in applying the regulations. The management of the SEKEM Holding has also committed to implementing the requirements of the referenced standards ISO 9001, ISO 14001, OHSAS18001 and HACCP.

Using the Hazard Analysis Critical Control Points (HACCP) system ISIS and LOTUS production processes are controlled and secured by procedures and protocols that cover the entire supply chain from the field to the consumer. The companies' management has created extensive quality manuals and detailed standard operating procedures that are used in managing all relevant company processes. As the project is

still under implementation for the remaining companies, we expect to have an integrated quality control system throughout all SEKEM companies soon.

To ensure the highest quality of all products from ATOS Pharma we adhere to consistent criteria in the selection of raw materials using only biodynamically grown herbs, plants and natural ingredients. The high efficacy, tolerability, and therapeutic effects of the products are guaranteed by strict adherence to a comprehensive set of guidelines and quality controls as well as the implementation of Good Laboratory Practices (GLP) and Good Manufacturing Practice (GMP). Furthermore ATOS complies with the international ISO 17025 standard in terms of laboratory work.

On top of these essentially management-related standards all SEKEM subsidiaries comply with specific agricultural, environmental and human rights standards addressed in the relevant parts of this report.

Research and development including the design of new medications, clinical trials, the preparation of training manuals, and the continuous improvement of all products have been outsourced to the Heliopolis Academy for Sustainable Development.

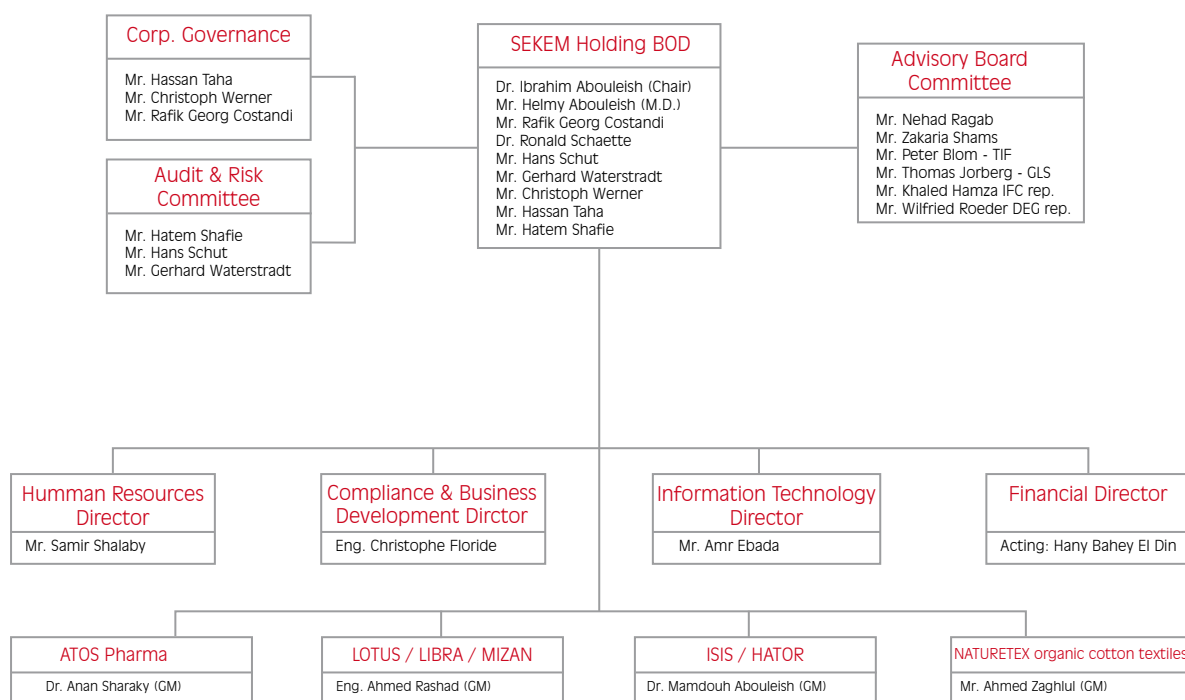
Financial ownership structure

In 2005 the Abouleish Foundation has been established to take over the family capital of SEKEM. The foundation council is the safeguard of SEKEM's vision to ensure the future sustainability of all SEKEM activities.

Currently the capital of the SEKEM Holding consists of 1.5 million nominal shares in

2007. In the current ownership structure Dr. Ibrahim and Mr. Helmy Abouleish hold roughly 60% of the shares. In 2007 SEKEM won two new major shareholders, GLS Bank and Triodos Bank, who purchased shares for 2.5 million € each and help build a solid basis for financial development especially in ISIS and ATOS.

Corporate Governance



In 2007 SEKEM developed a Corporate Governance Code together with its shareholders. This Corporate Governance Code is meant to clarify the roles, responsibilities and interactions of the different entities that constitute SEKEM Group's ownership, supervisory body and management.

The General Assembly (GA)

Under this topic, the code describes the relation between the owners and the management as follows:

- Rights of the shareholders.
- Frequency of the GA meetings.
- Voting rights for the shareholders.

Board of Directors (BoD)

The BoD advises and supervises SEKEM Group's management. The BoD closely collaborates with SEKEM Group's management for the company's sustainable economic prosperity and wellbeing.

The code includes the following points:

- Composition of the BOD.
- Voting rights of the BOD.
- Rights of the board members in obtaining information and data from the management.
- Board members responsibilities
- Board committees in terms of names, members and authority of the committees.
- Board meeting procedures
- Detailed description of the different duties and tasks of each committee.

Conflict of Interest

SEKEM has written rules and regulations known by the BoD members, administration, managers, and staff on the prevention of Related Parties Transactions including the provisions stated in this regard.

Confidentiality

All information provided to Board members through the company's officers, management or Corporate Governance Supervisor (CGS) which is not in the public domain is considered "Confidential Information".

Board of Directors

Dr. Ibrahim Ahmed Abouleish Chair



Alternative Nobel Prize Laureate and Founder of the SEKEM Initiative

Dr. Ibrahim A. Abouleish (1937) is Chair of the Board of Directors of the SEKEM Holding. Besides the eight firms operating under the umbrella of the SEKEM Holding he founded several non- governmental organizations such as the SEKEM Development Foundation, the Heliopolis Academy for Sustainable Development and the Egyptian Biodynamic Association. Furthermore, he is member of the World Economic Forum and was chosen as the Outstanding Social Entrepreneur by the Schwab Foundation in year 2003.

Mr. Helmy Ibrahim Abouleish Deputy Chair and MD

In addition to serving as Deputy Chair and Managing Director of the SEKEM Group, Helmy Abouleish is also active in many other organizations. He is founder and Chair of the Egyptian National Competitiveness Council (ENCC). He is also Chair of the Industrial Modernization Center (IMC) where he also worked as an Executive Director. Currently Helmy Abouleish is board member of the Agricultural Modernization Council (AMC), the Industrial Training Council (ITC) and the Science and Technological Development Fund. He is a founding member of the Arab Sustainability Leadership Group (ASLG) and a member of the Social Entrepreneurship Council (Schwab Foundation).

Mr. Rafik George Costandi Member

Since 1989 Rafik Costandi has been head teacher and founding member of the Sekem school on the premises of the Sekem farm. Prior he worked as an Administration Manager at ATOS Pharma for three years.

Mr. Hatem Ahmed Shafie Member

Hatem Ahmed Shafie, currently in the position of assistant to the chairmen of Cairo & Alexandria stock exchange. Previously, Mr. Shafie was the CFO of SEKEM Group for five years. Before joining SEKEM, Mr. Shafie served in several positions such as General Manager Corporate Finance in White House Securities, and Senior Manager Marketing and Credit in Arab African International Bank.

Mr. Hassan Taha Member

Founder and President of First Capital, LLC, a boutique financial advisory firm specializing in M&A and corporate finance activities. First Capital, LLC was recently involved as sell-side advisor in the largest private equity transaction in the corporate history of Egypt involving the sale of a prestigious pharmaceutical company for over 3 billion LE. Mr. Taha was also Chief Financial/Investment Officer in AWFILokma and International Partner in Price Waterhouse, Cairo, Egypt.

Mr. Christoph Werner Member

Christoph Werner currently works in OTC Sales for GlaxoSmithKline Consumer Healthcare, previously in US. Before joining the US operations, he worked for 4 years in Marketing at L'Oréal in France. Mr. Werner serves on the Supervisory Board of the German drugstore retailer dm-drogerie markt (Karlsruhe). He holds an International Executive MBA from the University of Pittsburgh (USA).

Mr. Hans Schut Member

Hans Schut joined the European Triodos Bank group in 1997. He is responsible for the management and development of existing and new investment funds for venture capital and renewable energy, including Triodos Innovation Fund, a shareholder in SEKEM. He was on the boards of a promotion organisation for organic products and an organic products retail franchise chain. He is involved in several companies in which the Triodos Bank group holds investments with most of them in the field of environment, climate and renewable energy. Before joining Triodos Hans Schut has been working in commercial, marketing and strategic planning functions in industrial companies followed by a career of ten years as a new business developer for an energy utility company. He holds a M.Sc. in industrial

design from the Delft Technical University in the Netherlands.

Mr. Gerhard Waterstradt Member

After the study of business and management economics Gerhard Waterstradt was co-worker at a German subsidiary of a large US company eventually serving as director in the finance department. He also was treasurer and member of the committee at a non-profit organization. After that he has built up the Stuttgart branch of the GLS bank that has its main office in Bochum, Germany. In 1994 he was appointed as a member of the board of directors and in this function has been continuously responsible for the credit transactions (customer service) of the GLS Bank. Besides that he was also member of the board of directors of GLS Investments (GLS Beteiligungs Aktiengesellschaft). In 2007 he retired from the GLS board and is now working among others as a representative of GLS bank.

Advisory Board

SEKEM's advisory board consists of six members representing different sectors, the main function of the advisory board, based on the experience of board members, is to

provide consultation and advice for SEKEM management. The advisory board members are representatives from the following institutions:

The International Finance Corporation

represented by Khaled Hamza, is a member of the World Bank group. The IFC fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing capital in the international financial markets, and providing advisory services to businesses and governments.



Wilfried Roeder is representing the **DEG**, member of KfW Bankengruppe (KfW banking group), finances investments of private companies in developing and transition countries. As one of Europe's largest development finance institutions it promotes private business structures to contribute to sustainable economic growth and improved living conditions.



Thoma Jorberg represents the **GLS Bank**, which is focussing on cultural, social and ecological projects which try to tackle challenges in our society by developing creative solutions. Loans are offered to projects like independent schools and kindergartens, organic farms, institutions using therapeutic pedagogy, nursing homes, projects for the unemployed, health-food stores and communal living projects, as well as sustainable businesses.



Triodos Bank, represented by Peter Bloom, has always been, and remains, about transparency and the realization of social, environmental and cultural objectives in day-to-day banking. Triodos Bank only finances enterprises which add social, environmental and cultural value - in fields such as renewable energy, social housing, complementary health care, fair trade, organic food and farming and social business. Triodos also finances fair trade and microcredit organisations in developing countries and does this with the support of depositors and investors who wish to contribute to social justice within the context of a more sustainable economy.

Nehad Ragab, Chair of **SIAC**, Industrial Construction & Engineering Company, which has been established in 1986 to be a leading construction firm.

Zakaria Shams, Chair of **Al Shams** agro group is one of the leading companies in Egypt offering the ability of exporting fresh citrus around the world. The group is currently managing over 2.400 acres of cultivated ground raising citrus fruits, mangos, guavas, and grapes.

Triodos Bank
Make your money make a difference



Anti-Corruption

SEKEM emphasizes anti-corruption strategies through clear financial and project reports submitted to its stakeholders every three months. Additionally SEKEM Insight is a monthly newsletter released to promote transparency through reporting on SEKEM's various activities. To ensure compliance

throughout the business processes, SEKEM runs an internal audit department and accomplishes monthly external audits with respect to its inventory, warehouse, and payment procedures. An explicit anti-corruption policy is currently under construction.

Helmy Abouleish is a co-founder of the Egyptian Alliance for Transparency International established in 2006 together with the Alexandria Library and the Group of Parliamentarians of the Middle East. The Egyptian Alliance for Transparency Steering Group agreed on working on one focus topic each year. In 2007 the topic has been Education against Corruption. In 2008 it will be Fighting Corruption in the Health Systems.

Public Policy

All topics in the discussion of which SEKEM and Helmy Abouleish as its Managing Director and representative have been engaged since 2007 are related to the future global challenges SEKEM aims to promote as key development factors for Egypt. In the Egyptian National Competitiveness Council Mr. Helmy Abouleish worked on climate change, in the Agricultural Modernization Council on the "Agricultural Strategy 2020". As co-founder of the Arab Sustainability Leadership Group Helmy Abouleish intensified his engagement for Corporate Social Responsibility and sustainability in the national and Arabic context. Further topics of concern have been fostering R & D, the education reform for Egypt and entrepreneurship empowerment. Several representatives of SEKEM are engaged in various national and international councils, working committees and conferences.

Dr. Ibrahim Abouleish is a councillor in the World Future Council (WFC) which considers

itself the global advocate for the concerns of future generations in international politics. The activities range from advocating human rights and sustaining the planet to promoting political, scientific, cultural and economic justice.

The WFC's mission is to inform and educate policy makers and opinion leaders about the challenges facing future generations while providing them with practical solutions. The WFC identifies and promotes successful policies that can be implemented into legislation and policy measures. To achieve this, the WFC draws on a network of thousands of parliamentarians, institutions and organizations around the globe.

Sekem signed and implemented the Global Compact principles, showcasing best practices of corporate social responsibility (CSR).

Sekem Group is a founding member of the Arab Sustainability Leadership Group, encouraging business to protect environment and raising awareness for sustainability management.

In the German-speaking area they engage in the working committee "Bio-Baumwolle" (bio cotton) for companies and non-government organizations that are involved in the bio cotton business. SEKEM also organized several fairs and conferences like AGRIBIG 96 in cooperation with the inspection and certification body "Center for Organic Agriculture in EGYPT" (COAE) as well as the 1998 Demeter International Conference and in 2000 an international workshop for the development of local marketing strategies.

Agriculture at SEKEM



Product Management Approach

- To guarantee state of the art performance through fairness towards the supplier, customer satisfaction, process and product quality.

SEKEM products meet the European quality control standards and have been certified to comply with international Demeter Guidelines, National Organic Program (NOP) standards, EU regulation EEC 2092/91, Bioswiss and the ISO 22000 Food Security standard. A selection of fresh fruits and vegetables is certified by the International Fair Trade Organization.

Educational Box on Organic and Biodynamic Agriculture

Organic farming is an approach to agriculture aiming at creating integrated, environmentally sustainable agricultural production systems. Reliance is placed on self-regulating agro-ecosystems, renewable resources and the management of ecological and biological processes and interactions. It relies on developing a biological diversity in the field favouring renewable resources and returning nutrients to the soil without chemical pest controls. Organic farmers are not allowed to use synthetic pesticides or fertilizers. Organic farming respects the environment's own system for controlling pests and diseases in raising crops and livestock avoiding the use of synthetic pesticides, herbicides, chemical fertilizers, growth hormones, antibiotics or gene

manipulation.

Biodynamic farmers grow crops with a strong connection to a healthy living soil. In practice the main difference between biodynamic and organic agriculture is the use of biodynamic preparations, and the care for cosmic rhythms of development in harmony with agricultural activities. The biodynamic preparations are made from plants, minerals and animal manure and are used in composting and spraying on the soil and plants. Their use provides a healthy soil for strong and healthy plant growth. By recognizing the effect of sun, moon, planets and the zodiac on plant development, farming operations can be timed to the advantage of the crops being raised.

One of the fundamental efforts is to build up stable humus in the soil through composting. Biodynamic farming is proven to be highly productive and to yield nutritious superior quality food.

Almost all SEKEM supplier farmers grow their crops biodynamically according to the Demeter guidelines.



SEKEM's Supply Chain Approach

- To support the biodynamic movement through promoting biodynamic agricultural methods and developing local and export markets for biodynamic products.
- To fairly cooperate with all partners in the supply chain emphasizing transparency and trust at all levels of business.

As SEKEM itself only owns four farms operated by LIBRA and SEKEM for land reclamation it is in need of numerous small-scale farmers to supply the processing companies (LOTUS, ATOS, ISIS, HATOR, and NATURETEX) with the required resources. With these farmers who are mainly spread all over Egypt we apply a specific contracting procedure. Two times a year during the summer and winter harvesting seasons we set up contracts with our partner farmers. We start with a sales assessment in each of our companies to forecast the demand. On the basis of these calculations we further refine the required amount of raw materials which are then translated into volumes of crops and hectares. Eventually we agree with the farmer on a price that is related to but a certain percentage higher than the world market price.

We regard this procedure as a win-win situation for the farmers as well as for our companies. Both partners can rely on each other and therefore help specific developmental investments into the long-term biodynamical farming method, certificates and knowledge building.

The Egyptian Biodynamic Association

The initial success of the SEKEM biodynamic farm in cultivating fresh fruits, vegetables and herbs encouraged other farmers to cooperate with it. By 1996 this cooperation had been developed to the Egyptian Biodynamic Association (EBDA), which promotes biodynamic farming methods in Egypt and its neighbourhood as an NGO. The work involves research and development,



training, extension, technology transfer, and many other related services. Today around 180 farms cultivating approximately 2.700 hectares from Aswan to Alexandria are applying the international standards in biodynamic agriculture.

SEKEM constantly applies and supports the biodynamic farming method for any land cultivation purposes. Together with the EBDA SEKEM was able to reduce the use of synthetic pesticides in Egypt by over 90% from over 35,000 tones per year to about

3,000 tones. The average yield of raw cotton was increased by almost 30% to 1,220 kg per acre going hand in hand with an improvement in fiber elasticity and overall quality compared to cotton cultivated using conventional methods.

Since its inception, the EBDA has been active in the following fields:

- Training courses for farmers, consumers, and agricultural engineers in biodynamic agriculture.
- Coordination of research projects in biodynamic and organic agricultural methods for national and international application.

The Consultancy and Training Department serve and advise member farmers theoretically from headquarters or through IT networking; practical assistance is available at headquarters, at the research station, the pilot farm at Sharkeya, or in the field. A technical team supports the member farmers.

A Scientific Committee coordinates and publishes research and its outcomes in the association's newsletter, through conferences and seminars.

One of the projects in 2007 has been the development of methods for adaptation and organic cultivation of Echinacea, Hypericum, Solidago, Cynara and Vitex locally grown in Egypt and development of standardized pharmaceutical-grade organic extracts.

The integration of herbal medicine into modern medical practices must take into account the interrelated issues of quality,

safety, and efficacy. Quality is the paramount issue because it can affect the efficacy and/or safety of the herbal products being used. Current product quality ranges from very high to very low due to intrinsic and extrinsic factors. Species differences, organ specificity, diurnal and seasonal variations can intrinsically affect the qualitative and quantitative accumulation of active chemical constituents in the source of medicinal plants.

Fair Trade

Like in most countries of the South the price pressure on agricultural products causes



great poverty and distress for farmers and the environment in Egypt. Organic agriculture and fair trade schemes ensure

healthy food and eco-systems are the basis for any sustainable development.

Since its foundation in 1977 SEKEM follows the principles of fairness towards all people involved in the production chain throughout its economic activities. This includes everybody from the producer to the consumer all over the world. SEKEM guarantees fair prices and long-term cultivation contracts to farmers. This makes them more independent from the rapidly changing world market prices and guarantees them basic livelihoods as well as a future development perspective.

Currently SEKEM cooperates with the Fair Trade Labelling Organization (FLO) and is certified for fresh products, herbs, rice and cotton as well as ready-made garments. Therefore, SEKEM encouraged the organic farmers who had been working with SEKEM for many years, to establish an association and apply for Fairtrade certification of their own products, which are exported through SEKEM. The Farmers Development Association (FDA), which SEKEM helped bring about, carries out development projects like training schemes in organic farming and health programs for the villages.

Partnership

The International Association of Partnership (IAP) was founded to create a dynamic interaction between farmer, producer, and trader. Providing the consumer with the highest quality at a fair price. The IAP is a

cooperation forum for all SEKEM partners interested in organic agriculture, food quality, environmental sustainability and social responsibility.

As the biodynamic and organic agriculture movements enter the 21st century they receive more attention and recognition in world markets. Answers have to be developed to the question of how to establish a healthy society. It is obvious that only a holistic approach combining economic, social, and cultural aspects will meet the requirements. IAP partners are working in different fields of natural and organic production. They regularly meet to discuss new ways of cooperation in economics, social and cultural fields of their activities. They have cooperated since 1984 to strengthen the basis for biodynamic and organic agriculture worldwide.

To ensure long-term customer satisfaction we regularly refer to our customers opinions through standardized questionnaires which are part of our Integrated Quality Management System. Differentiating between local and export customers we analyse the topics quality, communication, annual planning, deliveries, prices and financials. The analyses are conducted by the individual company managers who attempt to directly integrate the results into further developments of the supply processes.

Environment



Egypt at a Glance

Strikingly the poorest countries of the world will suffer most from the impacts of Climate Change. So although Egypt only accounts for 0.5% of the global emissions with its 1.1% of the world's population the country has been identified as highly vulnerable to climate change effects. The so far identified, most affected areas will be coastal zones, water resources and agriculture. Especially agriculture, the sector with the highest work force inclusion, is extremely dependent on the Sea Level Rise which effects the Nile Delta cropland, on a possible temperature rise and on probable water shortages. Damage to human settlement, losses of cultivated or potential productive land as well as of industrial areas would be the results followed by increased unemployment and poverty.

differentiated into three parts. In relation to its core business procedures, all companies permanently struggle to improve energy efficiency throughout their business processes. Secondly, SEKEM also integrates its educational institutions and the SDF into awareness building projects for students as well as for the surrounding community. Over the last years, the SEKEM Group and the SDF started different projects improving the waste and energy management in villages throughout Sharkeya.

To further ensure future environmental protection SEKEM heavily invests into research and development of new technologies for water management, renewable energies, and waste management. Results of these activities are supposed to help SEKEM's environmental long-term sustainability as well as contribute to solving the global challenges in this field.

Management Approach

SEKEM's goals of sustainable growth and innovation in its biodynamic production and selling of foodstuff, pharmaceuticals and textiles are not even thinkable without a stable environment for its agricultural development. Apart from organic agriculture, there are various achievements and challenges in further environmental issues related to the value chain of SEKEM products and services. To address these issues systematically the SEKEM Holding and its subsidiaries comply with the environmental management standard ISO 14001.

The promotion of SEKEM's environmental awareness and engagement can be



Carbon emission reduction with compost

In 2007 Libra, the organic cultivation company invested in a further 25 ha land for the production of compost to improve low-

grade desert soil sometimes contaminated by years of chemical fertilizer use. Since the beginning of the project one year ago, 100.000 tons of high-grade compost have already been produced on this new farm land. The applied technique of composting green waste avoids around one ton of CO₂-equivalent emissions per two tons of compost. The CO₂-equivalents have been certified under the Kyoto Protocol and thus contribute to alleviating the global effects of green house gases. Besides the alleviation effect of green house gases, the project has proven to be a substantial benefit for the core business of SEKEM as well as for the environmental protection efforts in the region. At Libra's plant, green waste from the SEKEM farm and other farms is processed into superior quality compost using a controlled aerobic process. The compost produced is not only used by SEKEM farms but also sold

to use in international biodynamical as well as conventional agriculture where it replaces tons of chemical fertilizers. Research has shown that the ability of soil to retain water can be increased by around 20% through this specific type of compost; an amazing result especially for Egypt's dry grounds. The compost stimulates a healthy soil milieu which helps to establish a balanced and sustainable soil quality more resistant to pests and requiring less chemical treatment. The 60,000 tons of CO₂-equivalent emissions that have been avoided also generate various side benefits. On the one hand, SEKEM can sell the generated CO₂-certificates to reinvest into the further development of clean and sustainable agriculture in Egypt. Additionally, we can use parts of the self-produced certificates in order to offer not only organic or biodynamic, but also carbon-free products to our customers.

Corporate Carbon Footprint

Related to our energy saving project that we started some months ago, we calculated our

first corporate carbon footprint according to the TÜV Nord Climate Change Standard TN-CC 010 : 2008 for all SEKEM companies in 2007.

Total Electricity Consumption				
Item	Total Elect. Consumption		Emission Factor	
	12 months 2007	Unit	0.563	kgCO ₂ /kWh
Sekem Farm	2,349,620	kWh	1,322,836	kgCO ₂
Mohsen Issa	738,307	kWh	415,667	kgCO ₂
Alami	32,820	kWh	18,478	kgCO ₂
Adleia	252,861	kWh	142,361	kgCO ₂
HQ	599,760	kWh	337,665	kgCO ₂
Total	3,973,368	kWh	2,237,007	kgCO₂

Diesel fuel consumption				
Diesel tank	480,000	Liters diesel	1,276,800	kgCO2
Total	480,000	Liters diesel	1,276,800	kgCO2

Employee Transport Farm:				
Total Farm-Workers:	3,434,629	km travelled	1,258,708	kgCO2
Total HQ-Workers:	602,643	km travelled	170,462	kgCO2
Total	4,037,272	km travelled	1,429,170	kgCO2
Grand Total:	8,490,640		4,942,977	kgCO2

Product Carbon Footprints

We initiated our carbon footprint initiative at the end of 2007. Until today we fully or partly assessed a first range of pilot products like organic cotton and beans according to the Standard TÜV Nord Climate Change TN-CC 007 : 2008 - 01. SEKEM's long term goal is to calculate and offset all fresh

fruit and vegetable products until February 2009 followed by herbs and spices later next year. The product carbon footprint initiative aims to on the one hand, introduce a market innovation as a "first mover" and to comply with our consumers' demand at the same time.

Egyptian Organic Cotton

1. Farm Level		
	Emission/kg product	% of total
Land preparation	0,097147826 kgCO2	45,57%
Application of pest & disease control	0,0370 kgCO2	17,36%
Irrigation	0,0416 kgCO2	19,53%
Transport of bags	0,0004 kgCO2	0,17%
Transport collection workers	0,037008696 kgCO2	17,36%
Fertilizer production	0,486957 kgCO2	100,00%
Total Emissions	0,2132 kgCO2	100,00%

2. Local transport and processing			
	Emission/kg product		% of total
Transport farm to collection point	0,01355414	kg CO2	0,63%
Transport collection point to ginning	0,002033121	kg CO2	0,09%
Transport ginning to spinning	0,02926	kg CO2	1,36%
Transport spinning to storage	0,03192	kg CO2	1,48%
Transport from storage to knitting	0,0798	kg CO2	3,71%
Transport from knitting to Naturetex	0,0798	kg CO2	3,71%
Transport Naturetex to dyeing and finishing	0,0399	kg CO2	1,86%
Transport dyeing and finishing to Naturetex	0,0399	kg CO2	1,86%
Transport of Workers (ginning)	0,0137	kg CO2	0,64%
Transport of Workers (spinning)	0,1481	kg CO2	6,89%
Transport of Workers (knitting)	0,0326	kg CO2	1,51%
Transport of Workers (dyeing and finishing)	0,0547	kg CO2	2,54%
Electricity ginning	0,0450	kg CO2	2,09%
Diesel consumption spinning	0,0266	kg CO2	1,24%
Electricity spinning	0,2252	kg CO2	10,47%
Electricity knitting	0,2201	kg CO2	10,23%
Electricity dyeing and finishing	0,2993	kg CO2	13,92%
Gas Dyeing and Finsihing	0,7659	kgCO2	35,62%
Transport color	0,0031	kg CO2	0,14%
Total Emissions:	2,1504	kg CO2	100,00%

3. Processing at Naturetex			
	Emission/kg product		% of total
Transport of workers (Naturetex)	0,3798	kg CO2	42,46%
Packing material (boxes)	0,2240	kg CO2	25,04%
Transport packing material (boxes)	0,0022	kgCO2	0,25%
Packing material (bags)	0,0887	kgCO2	9,91%
Transport packing material (bags)	0,0739	kgCO2	8,26%
Packing material (bags big)	0,0177	kgCO2	1,98%
Transport (bags big)	0,0044	kgCO2	0,50%
Press-studs	0,0000	kg CO2	0,00%
Transport press-studs	0,0000	kg CO2	0,00%
Electricity (machinery, lights)	0,4837	kg CO2	54,07%
Transport to airport	0,1773	kgCO2	19,82%
Transport to port	0,1064	kgCO2	11,89%
Total Emissions:	0,8946	kgCO2	100,00%

4. Transport from Egypt - retail			
	Emission/kg product		% of total
Ocean transport	0,0632	kg CO2	100,00%
Airfreight			0,00%
Total Emissions	0,0632	kgCO2	100,00%

Beans Off-Field

Grower Level			
	Emission/kg product		% of total
Land preparation	0,0118	kg CO2 (*)	7,20%
Fertilizer production	0,0773	kg CO2 (*)	47,11%
Transport of fertilizer	0,0004	kg CO2 (*)	0,22%
Transport of plant protection	0,0095	kg CO2 (*)	5,76%
Field worker transport	0,0473	kg CO2 (*)	28,81%
Irrigation	0,0179	kg CO2 (*)	10,90%
Total grower level emissions	0,1641	kg CO2	5,21%

Farm - Cairo Int. Airport

Transport to packhouse	0,0071	kg CO2 (*)	0,84%
Pre-cooling and storage	0,0563	kg CO2	6,65%
HFC for cooling & storage at grower	0,0077	kg CO2	0,91%
Packing and handling	0,0090	kg CO2	1,06%
Transport of packhouse-workers	0,1596	kg CO2	18,85%
Packing material	0,4732	kg CO2	55,89%
Transport of packing material	0,0013	kg CO2	0,16%
Transport to Cairo Int. airport	0,1324	kg CO2	15,64%
Total farm-Cairo int. airport	0,8466	kg CO2	26,89%

Transport Cairo int. airport - retail

Airfreight	1,6661	kg CO2	77,94%
Transport to retail	0,4717	kg CO2	22,06%
Total transport	2,1378	kg CO2	67,90%
Total carbon footprint	3,1486	kg CO2	100,00%

Beans Greenhouse-grown

Grower Level	Emission/kg product	% of total
Land preparation	kg CO2 (*)	6,28%
Fertilizer production	kg CO2 (*)	72,52%
Transport of fertilizer	kg CO2 (*)	1,11%
Transport of plant protection	kg CO2 (*)	2,96%
Field worker transport	kg CO2 (*)	13,14%
Irrigation	kg CO2 (*)	3,99%
Total grower level emissions	kg CO2	8,20%
Farm - Cairo Int. Airport		
Transport to packhouse	kg CO2 (*)	0,84%
Pre -cooling and storage	kg CO2	6,65%
HFC for cooling & storage at grower	kg CO2	0,91%
Packing and handling	kg CO2	1,06%
Transport of packhouse-workers	kg CO2	18,85%
Packing material	kg CO2	55,89%
Transport of packing material	kg CO2	0,16%
Transport to Cairo Int. airport	kg CO2	15,64%
Total Farm-Cairo int. airport	kg CO2	26,04%
Transport Cairo int. airport - retail		
Airfreight	kg CO2	77,94%
Transport to retail	kg CO2	22,06%
Total transport	kg CO2	65,76%
Total carbon footprint	kg CO2	100,00%

Further Initiatives for Emission Reduction

Development of hybrid solar dryers as alternative sustainable drying system for herbs and medicinal plants

The industry of dried herbs and medicinal plants export is currently at risk because the costs for drying herbs using fossil energy are about to continue to rise given the present governmental policy of liberalising energy prices is maintained. At the moment the cost for drying one kilogram of mint is between 2 and 3 LE depending on the type of energy used (diesel and/or electricity). With the expected rise of energy prices the total costs of exports will continue to rise accordingly and reach critical levels in comparison to competitors from India and elsewhere. Still, the environmental hazards of using fossil fuels as a major source of energy remain. For these reasons our proposal to develop hybrid solar dryers is a key step towards a practical future solution to such problems.

Biogas

SEKEM is undergoing research to design a biogas project based on rice straw.

Wind Park

With its wind park project SEKEM is deploying a "clean energy" concept on all of its farms. We intend to install wind turbines at the

SEKEM's main farm, at SEKEM Sinai farm, and at the SEKEM Oasis farm (the last two farms have only been acquired in 2008) to provide clean energy to both residential and industrial activities.

Solar Water Heaters

SEKEM has put in place a plan to replace all electricity-based water heaters with solar water heaters. It has begun to prototype and test various models and also commenced with the replacement of the conventional heaters that are supposed to provide energy for both residential and industrial purposes.





Energy Saving Project

Started at the beginning of 2008 the Energy Saving Project is still in the assessment phase. SEKEM is currently conducting systematic energy saving audits in the companies HATOR, ATOS and NATURETEX. The next steps

will be to expand the audits to all SEKEM subsidiaries and institutions and address its results by energy saving actions and the implementation of company-specific recommendations. A first device planned to be implemented in NATURETEX is a machine aimed at saving 40% of the currently required energy for light sources.

Water Management

SEKEM's water demand is satisfied through ten wells currently working at a rate of 163m³/hour. SEKEM started a desalination project at the end of 2007. The main objective of this research project is to develop a cost-effective desalination technology to apply to its various irrigation purposes. This is a threefold objective including an evaluation of the various desalination techniques, building prototypes of the most economic and popular systems, monitoring their results, and eventually applying the selected technique on a large scale.

Another project started in 2007 is the development of a subsurface irrigation system. The overall goal of this project is to develop an efficient irrigation system to enhance quality of fruits and horticulture while saving water consumption. This system will be a new effective addition to enhance ongoing efforts in irrigation and cultivation management projects.

SEKEM also has been working on waste water treatment and energy conservation on all its farms since 2007. The total amount of waste water discharge of all companies and SDF institutions on the SEKEM farm currently stands at around 120 cubic metres per day. Due to the solely organic products processed by the companies this waste water does not contain any harmful substances. Therefore, it has been customary to re-use the largest part of it in irrigation. To improve the rate at which waste water is re-used. The SEKEM



Academy started a waste water treatment project in 2007 to build up an entirely organic waste water treatment plant, which removes pollutants from water previously used in production. The first plant with a maximum flow rate of 20 cubic metres a day has been in operation since September 2007. A second plant is under construction.

flora in the area for record. Therefore, SEKEM established its Herbarium 25 years ago as a permanent record of the flora existed in such area. Scientists in SEKEM pay efforts for maintenance and development of the herbarium, As well they pay efforts for conservation of the endangered plants in Egypt. Even when scientists in SEKEM started a long term program for improving the quality of the cultivated species of medicinal plants in Egypt, they used the local varieties as base for their selection program. They recognized the value and importance of the local varieties, and in the meantime broadening spectrum of the species and varieties cultivated in the country. They were able to introduce new varieties of Chamomile, Fennel, Calendula, Basil, Roselle, Anise, etc. But in the meantime keeping and conserving the original local ones.

SEKEM has activity shared in a project supported by Global Environment Facility (GEF) and UNDP for conservation and sustainable use of wild medicinal plants in Egypt during the period from 1999 to

Biodiversity

Through practicing the biodynamic agriculture during the last three decades sekem could help in maintaining the natural characteristics of the land and flora growing on this land, as well as the fauna living in this soil. These biological natural resources have been sustained due to avoiding the negative impacts of chemical used in fertilization and pest control in the conventional farming. When starting cultivation in a newly reclaimed land SEKEM was keen to register the exciting



2007. Through the activities of the project certain endangered plants were successfully conserved and being now grown in considerable areas, i.e. *Origanum syriacum*, *Mentha longifolia*, *Capparis* spp., *Balanites aegyptiaca*, etc. Under the umbrella of this project, SEKEM shared in the National Survey of the wild medicinal plants in different regions of Egypt through this activity seeds and propagation material have been collected from hundreds of wild medicinal plants and kept in the national Gene Bank, belonging to Ministry of agriculture, Egypt.

Fifteen years ago, SEKEM have been selected as a private sector organization to be one of 13 satellites constituting the «National program for genetic resources», the establishment of the national gene bank

was one of the outputs of this program.

During the last three years SEKEM has actively shared in a committee established by the Ministry of Environmental affairs for preparing a «National Strategy for conservation and sustainable use of wild medicinal plants in Egypt». The strategy has been finished and submitted for approval from the governmental authorities. Also under the umbrella of Ministry of environmental affairs, SEKEM also shared in drafting a law for «Conservation and sustainable use of plant genetic resources in Egypt» which have been submitted for approval by the authorities.

Scientists from SEKEM are actively sharing in the project Genetic Resources Policy Initiative (GERPI Egypt). The Project is supported by



IPGRI organization to help Egypt among other countries, to initiate their own policies for management and sustainable use of their national genetic resources in accordance with the international obligations in this regard with special emphasis on the access and benefit sharing of these resources.

The project was hosted in its first phase from 2003 to 2005 by the Agriculture Research Center of the Ministry of Agriculture. Since its second phase starting at 2005 it is hosted by SEKEM Development Foundation.

Solid Waste Management



SEKEM established a recycling project where all organic materials are recycled and transformed into compost to be used as natural fertilizer whereas non-organic materials are recycled to be transformed into paper, plastic bags, tube-covers and others.

Society



Egypt at a Glance

Undoubtedly a nation's society is strongly affected by the country's general poverty level. Egypt's Human Development Index (HDI) has risen from 0,631 in 1996 up to 0,723 in 2006 which indicates a continuous improvement in the overall well-being of its population. Still unemployment, women's equal rights in working contexts and child labour are pressing topics. From 2001 until 2006 the unemployment rate of male workers has risen from 9.0% up to 9.3% whereas the rate for females rose from 19.8% up to 25.1%. During the same time we have to mention that the part of females in the total working force went up about of about 7.6% to finally 25.0% in 2006 although the total labour force only grew 1.5% over the same period.

Social Management Approach

We at SEKEM assume prosperity, family, education, health, religion, community membership and individual artistic development as closely interrelated factors for the well-being of our workers. Therefore, we continuously strive to build up a workplace where every worker counts as an equal part of our employee community as well as an individual with certain specific abilities and characters. SEKEM tries to give everyone the opportunity to develop himself and contribute to the community and the company development. Furthermore, we strictly care for meeting the international standards of human rights, health and safety and general working conditions.

Employees

For all social endeavours, the Cooperative of SEKEM Employees (CSE) forms a community of people, from all over the world, who:

- Appreciate the dignity of each human being
- Promote democracy and governance
- Create the foundations of healthy livelihoods

The Cooperative of Sekem Employees (CSE) was established in 2000 seeking the development of all social forms that ensure respect for the dignity of man and guarantee the equality of everybody in the community of SEKEM. It aims to raise the consciousness of concepts of sustainability and global development, the interrelatedness of species and human life, and the importance of sharing mutual trust among the employees of all SEKEM companies.

- To provide meaningful work to all employees in a safe, healthy, and humane environment.
- To guarantee working conditions according to national legislation and complying with the international guidelines of International Labour Organization (ILO) and applying the international Fair-trade standards.
- To train all employees in order to maximize their performance when realising their objectives.
- To provide to all employees non-work related, cultural and social activities, promoting the vision of holistic human development.

In 2007 SEKEM had on average 1,686 employees from numerous different religions, nationalities, and culture including

female and male workers all of which are in permanent employment at the SEKEM companies.

Holding	231	Lotus	189
Foundation	330	Libra	94
Atos	209	Natuertex	381
El.Mizan	10	Hator	61
Isis	452	Total	1,957

Total	Women	Men	Ø Salary Women	Ø Salary Men
1,957	336	1,616	802	1,191

Age			Location		Managerial position		
21-35	35-45	45-60	Heliopolis	Belbeis	Workers	Middle	Top
1,465	290	202	588	1,369	1,174	240	543
75%	15%	10%	30%	70%	60%	12%	28%

SEKEM believes in the importance of diversity and multicultural backgrounds. In SEKEM, Muslims and Christians work cooperatively. Around 20 Europeans working long term in SEKEM closely with Egyptians as well as continuous cooperations and exchange in cultural and economic fields. All Non-European senior management employees in SEKEM are hired locally from the areas of Cairo and governorate of Al-Sharkia.

Every day, employees from each company and institution meet in a circle where they briefly report on the accomplishments of the previous and their plans for the current day. This allows each person to experience a sense of equality and of being member of the SEKEM community. Additionally there are held public debates in the weekly meetings, where employees are given the chance to

choose a topic and talk about it freely to express their opinions.

Every employee is issued an employment contract. Employees are allowed for collective bargaining, addressing working conditions and relations among employees. This is realized through discussions with the HR Manager and Personnel Department. In collaboration with the HR officer of each SEKEM subsidiary, employees discuss training, career development, medical care, and other potentials for improvement in order to provide a healthy and productive work environment. Since 2004, we apply a system called Personal Performance Agreement (PPA) for all managerial positions in Sekem and define objectives and measures for every worker according to the company-wide balanced scorecard. The PPA is signed by every manager and reviewed

regularly in an achievement discussion with the responsible manager. The PPA average of all companies' employees, which directly influences the variable part of the personal salary in combination with the basis salary and the transportation allowance, has been 85% in 2007.

One part of the PPA defines personal training needs, which shall empower each employee to meet the agreed-on performance objectives. SEKEM is still improving its training schedules and course offerings to ensure empowerment. A training schedule has been worked out for the period from 2007 until the middle of 2008.



In SEKEM, qualifications, experience, and the potential to learn are the basis of recruitment. No biases exist with regard

to religion, culture, or gender, which form the diverse community of SEKEM. Every employee passes through a three-step hiring



process including an HR assessment of the application, an interview, and CEO approval. Only the Chief Financial Officer, the Chief Operating Officer and the Chief Executive Officer need to be approved by the Board of Directors.

Nevertheless, the total turnover rate for 2007 including the SDF and EBDA employees was 14 % and represents 276 company leavers.

SEKEM employees are given the chance to address safety and health issues through the Security Department.

SEKEM provides safe and healthy working conditions certificated according to OHSAS 18001 and Fairtrade Labelling Organization standards for small farmer organizations and hired labour situations, which include the ILO convention 155.

SEKEM provides access to basic health,

education, and housing for the workers and their families through SEKEM School and the Medical Center. Social assessments are carried out to see if the family can afford the medical treatment or school fees. If it is found not able to afford the services, either the family is granted a waiver of costs or the costs are subsidized to allow for the needed education and health care.

Every 6 months, the Medical Center carries out series of surveys to investigate the quality of services provided. These surveys are distributed among all SEKEM employees to express their opinions based on which the services of the Medical Center are considered for upgrading.

SEKEM protects the rights of employees through explaining their rights and responsibilities upon employment according to the Egyptian Labor Law.

The weekly meetings for SEKEM employees involve discussions with Human Rights Organizations that include various Human Rights topics and films.

SEKEM obeys the Global Compact Guidelines and regularly publishes the Communications on Progress.

Child Labour

In SEKEM we treat the children as human beings with respect. They receive comprehensive education that nourishes not only their bodies but also their souls and spirits.

Following the Fair Trade Standards hand in hand with the ILO conventions, Child Labour does not occur in SEKEM and is furthermore

approached by several community projects. SEKEM establishes income-generating alternatives for parents of working children through the Social Fund for Development (SFD). This fund will provide micro-loans for families to establish their own businesses and thus decrease the percentage of child labour in the area. SEKEM also established



a program for children who were forced to leave their schools because of their families need for money. The program is named "Chamomile Children." In 2007 60 boys and 40 girls have been allowed to work two hours a day to collect Chamomile flowers from the field and receive the money their families need. However, they spend the rest of the day attending school, performing in theatre places or other cultural activities, drawing, or signing and more.

Culture



Egypt at a Glance

One important conclusion of the latest Egypt Human Development Report is the need of a strong and influential civil society, which is on a promising development path already. Although the societal problems did not become easier during the last decade. NGOs, political groups and corporations struggle together against an annual population growth rate, which lies actually at around 2%, against poverty and inhuman living conditions, which broadly differ between regions and communities and therefore requires different approaches, against religious fundamentalism, for educational reforms and for the protection and further development of the Egyptian culture.

Management Approach

"All the different aspects of the company, whether the cultural ones or the economic ones, have been developed out of my understanding of Islam. We believe that it is possible to derive guiding principles for everything from pedagogy to the arts to economics from Islam." – Dr. Ibrahim Abouleish

Education and advancement of all is a continuous challenge in the fields of science, art, and religion. Children who have come to enjoy learning will become free-spirited individuals capable of directing their own lives in the ways they please. Continuous learning throughout the work life enables

people to improve their living conditions and contribute to the development of the community and country.

SEKEM 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 order to achieve its objectives SEKEM Group is allocating 10% of its annual profit as a donation to SEKEM foundations, which secure the funds required to implement different social activities. In 2007, total donations paid to the foundations stood at 1.6 million LE and services rendered from the foundations of 1.1 million LE. Over the past two decades, the SEKEM Development Foundation (SDF) has been working to improve the quality of human life in Egypt by creating awareness and raising consciousness among thousands of Egyptian citizens and by providing to them with holistic social and cultural development activities. The challenge for the next years will be to professionalize the execution and effectiveness analysis of all SDF projects and to sustain the contribution of the SEKEM companies despite the increasing competitive pressure.

Another important part of cultural development is covered by the Heliopolis Academy for Sustainable Development namely through R & D projects, graduate and postgraduate education and development.

Development of the Individual by Arts and Religion

«Freedom, like life itself is only deserved by those, who have learnt to grasp it anew with every morning that comes»
(J.W.Goethe)



SEKEM views artistic development as a window through which man realises his or her higher faculties. It is not a goal but a way to address people through the interaction of all their individual capacities in order to develop them in a liberal manner and discover hidden aspects of their human condition. Art creates a transformation process, which contributes to a development of the consciousness and creates the foundation for a basis of creative expression.

One objective of art is to continually provide impulses for individual development. The artistic impulse as it is nurtured in SEKEM is meant to provide every employee with the opportunity to discover the artist in his or herself. SEKEM is characterised by an artistic understanding of any human expression even in architecture, business, and general

social work. Through artistic exercises, we help to support the economic processes and strengthen the cooperation between science and the arts. SEKEM employees are introduced to language practice and artistic exercise such as music, painting, and eurythmy (art of movement). Through the cooperation of drama, eurythmy and music, we would like to introduce the wider Egyptian public to SEKEM's artistic impulse. We offer professional training in the arts. Artistic courses stimulate creative perception and advance the understanding of the individual in its relation to the social and of individual social responsibility.

Another important part of our co-workers' daily life is their religion. We encourage our employees to actively exercise their religious belief and to make it a conscious element of the individual's development. For this reason a mosque is an inherent part of the SEKEM farm architecture. We also developed special religious songs together with our co-workers, which we regularly integrate into official festivities on the farm.

Community Development

In the cultural domain, the development of the individual is strengthened by the SEKEM Development Foundation (SDF) through education and training for children, youth and adults, to promote free and clear thinking and artistic expression, provided in several centers for learning.

Education

Kindergarten - "Play is the serious work of childhood"

The Kindergarten was set up in 1987 with a special program designed for children from four to six years of age. Special pedagogic emphasis is put on creative play and discovery to ensure the individual and social development of each child.

As children live in a rich world of imagination and discovery, they are completely open to the world and its expressions and thus deeply influenced by their surroundings. In the loving and secure environment of Sekem Kindergarten, children can find their own relationship to these surroundings. Their



sensory experiences play a major role in their development as confident, compassionate, and caring human beings.

School

The SEKEM School is a co-educational school with pupils from a diversity of cultural and social backgrounds, Muslim and Christian children learning together in a community

where respect for all differences of gender, religion, class and ethnicity is cultivated. The SEKEM School is accredited by the Egyptian Ministry of Education and adheres to the



Egyptian state curriculum with an additional interdisciplinary curriculum designed to meet the needs of the different stages of a child's development.

Special Education

The SEKEM Special Education facilities provide a variety of educational and therapeutic programs for children and young adults with special needs including physical, mental and learning disabilities. Learning to master practical, everyday life activities and basic skills in reading, writing, and arithmetic, the pupils' independence and self-confidence are increased. Furthermore, jobs are provided for those who need to work in a sheltered environment convenient.

Vocational Training Center



The SEKEM Vocational Training Center provides young people with abilities and skills that are needed in the local market. Given the current lack of opportunities in the labor market, the curriculum prepares students for self-employment. Through thorough training courses, the apprentices are guided through every aspect of their chosen trade. In line with the SEKEM philosophy, learning by doing and doing while learning, on the job training is emphasised and the training in practical skills is judged to be just as important as the theory. Trainees participate in a three-year program, taught by both local and foreign trained instructors.

Since 1999, the SEKEM Vocational Training Center has been accredited by the Mubarak-Kohl Initiative, a highly successful German technical assistance project in Egypt. Accredited courses offered in the training program include: electronic engineering, industrial mechanics, and textile production technology. Additionally, the program offers a wide range of courses including carpentry, biodynamic agriculture, metalwork, electrical installation, and office administration.

Literacy Program

As literacy is a basic human right, it is the most basic form of community development. SEKEM's Literacy Program provides meaningful and accessible literacy services to the local community. This prepares participants to make informed choices and to take control of their own lives. It helps attendees to see themselves as part of a larger community in order to encourage their participation in the social and cultural life. One of the programs is the Illiterate Children Program providing literacy classes for children between the ages of 10 and 14. Specially trained teachers offer curricula designed to increase awareness, raise consciousness, and make sure that all Sekem employees have a literacy certificate.

Adult Training Institute

The Adult Training Institute offers training programs in various areas of education, with the aim to enable each individual to make a

positive contribution to the community and the country. Ten percent of the employees working time is allocated to social and cultural activities to enrich both their professional and personal lives.

Weekly lectures and seminars help to broaden each individual's thinking and



understanding. Through learning by doing, participants get involved in a specific activity and are encouraged to think, to work diligently, and to apply acquired skills in other contexts. Practical skills are balanced by artistic activities, such as music and drama. In this way, the latent faculties of each individual are developed.

The courses expand the consciousness and strengthen individuality thereby fostering professional and personal development.

In 2007 there have been 43 children enrolled in the Kindergarten, 155 in the school, 22 in the Special Education Program, 60 in the Literacy Program and 148 trainees in the Vocational Training Center. All institutions employed 72 teachers altogether.

SEKEM Environmental Science Center (SESK)

Beginning in 2005, the SDF enabled the SEKEM School to establish an additional learning program for pupils from different language and public schools within the radius of the SEKEM Head Office and the farm. The services offered are outdoor education, awareness raising campaigns, excursions, and field trips for children from grade 1 to 12 closely related to their school curriculums. SESK is a project derived and developed in partnership with Wadi Environmental Science Center following the mission to help redefine the relationship between students and their natural environment through outdoor education and to investigate field exploration using cooperative, hands-on, and inquiry-based learning. The combination of both projects is offered to a major part of Cairo and its surrounding communities.

SEKEM also engages in social research and development to provide state of the art solutions to pressing questions from all areas of life to its partners. Research is conducted and taught by the Heliopolis Academy for Sustainable Development.

The Department of Social Research conducted five major research projects and community development programs in 2007 all of which are funded by international donors like the European Union:

1. Rehabilitation and Reintegration of Working Children

2. Poverty Alleviation Intervention
3. Integrated Services Model for Marginalized Children
4. Empowering Social and Political Rights of Women
5. Developing Innovative "One Stop Shop" Youth Center

Health

Medical Center

Health care and therapy using holistic medicinal approaches are available through the medical center on the SEKEM farm and through outreach programs.

Clinics: Internal Medicine, General Practitioner, E.N.T., Gynaecology & Obstetric, Paediatric, Family Physician, Urology, Dermatology, Ophthalmology, Orthopaedics, Minor General Surgery;

Diagnostic services: Clinical Pathology Lab, X-ray, Ultrasonography-Echo-Doppler and Endoscopy.

Community Health Care Programs: Health assessment and Education, outreach program in preventive and therapeutic Medicine;

Medical care is a part of the comprehensive plan for community development. In keeping with the unique setting and available resources, the SEKEM Medical Center takes a leading role in the coordination and

promotion of health services in the region. Patient education and health awareness programs are ongoing. These include environmental health, women's health issues, family planning, reproductive health, as well as prevention of infection through hygienic and sanitary practices.

SEKEM Medical Center arranges regular training programs. Close collaboration with the health authorities, the health insurance, and the governmental health care centers ensure services for the underprivileged. Regular training ensures that all doctors, social workers, and medical staff update their skills to stay abreast of development in modern medicine.



The Heliopolis Academy for Sustainable Development, which is the new title for the former SEKEM Academy for Applied Arts and Sciences, aims to improve Egypt's capacity to conduct, publish and disseminate relevant social and scientific research in the areas of medicine, pharmacy, biodynamic agriculture, the arts and social sciences. Its demand driven research is designed to meet the future requirements of the community, the

companies and the country alike and builds on national and international collaborations. In addition to its research activities, the SEKEM Academy provides a diploma training program in eurythmy, professional training courses and lectures, and hosts a variety of academic, scientific and cultural events.

Seminars and workshops on the latest research concepts and methodologies emphasize the importance of a vivid, engaging, multidisciplinary approach. Through cooperation with the SEKEM Adult Training Institute, MAHAD, researchers and SEKEM employees enjoy social events and cultural performances in the Academy's main hall and auditorium.

Together with the other firms of the SEKEM Holding, the Heliopolis Academy for Sustainable Development worked on a multitude of research and development projects in 2007. Most of them were developed either in direct response to actual requirements of the firms or on their request to contribute to the development of future products. Some projects could already be completed in 2007 while most will be finalized in 2008.

The Department of Medical Research investigates the most pressing medical needs in Egypt and screens the available literature and traditional remedies for suitable treatments that merit further investigation. After the development of a pharmaceutical formula, these treatments undergo rigorous testing in clinical trials before being presented to the Ministry of Health for registration. The use and effectiveness of registered medicines

is also monitored to enable continuous improvements.

The Department of Pharmaceutical Research

investigates the medicinally active components of organic materials, develops methods for their detection, improves means for their extraction, and optimises the production of standardised phyto-pharmaceuticals. In cooperation with local, national, and international partners, it ascertains the safety and efficacy of all compounds under development through pharmacological investigations.

Its Testing Laboratory is ISO 17025-accredited by the DAP.

They have successfully developed products that treat diabetics, hypertension, diarrhoea, cough, high cholesterol, obesity, venous insufficiency, and a natural baby care.

The Department of Agricultural Research

investigates the optimal growth conditions, harvesting times and selection criteria for medicinally useful plants, improves their quality through targeted breeding programs, and cultivates a range of traditional herbs in cooperation with the rural community. To conserve Egypt's genetic plant resources, it maintains a seed bank of endangered desert species, established in cooperation with the National Research Center.

The Department of Social Research

has a multipurpose agenda

encompassing: conducting multidisciplinary social science research, organising training programs undertaking community development projects and holding workshops, seminars, and conferences on significant developmental issues. The role that social scientific knowledge plays in the development process is important and research in this field is needed.

The Heliopolis Academy for Sustainable Development is right now on an exciting turning point. For one year, a team of scientists has been working together with Dr. Ibrahim Abouleish and Helmy Abouleish and several international consultants from various backgrounds on a concept for the Heliopolis University for Sustainable Development, which is supposed to open its doors in autumn 2009. Due to the establishment of graduate and postgraduate programs, the hitherto existing structure of the Academy will also be modified. The Academy has always worked on the foundation of the three pillars research, training and innovation, which builds the background framework for core university programs. The research department will continue to work in its old structure. Under the training pillar the Academy will offer "Train the Trainer" courses for consultants and employees. Innovation will encompass an innovation center or business incubator, which targets issues like producing sustainability strategies, sustainability reports, and business plans.

Sustainability program with objectives



SEKEM's overall policy is: "Long-term development in the national and international organic and bio-dynamic food

market supply following the threefold order of the economy, society and culture."

<i>Principles</i>	<i>Long-term goals and activities</i>
ECONOMIC	
Develop innovative solutions, provide services, and manufacture a variety of products that meet the consumers' true needs and conform to the highest quality standards through continuous improvement	Extension of applied quality standards throughout all SEKEM companies combined with ensuring the yearly re-certification
	Expansion of capacities and the preservation of raw material quality
	Maintaining a close linkage between product improvement and the Heliopolis Academy research projects
Market activities that are human ethics oriented, truthful, reasoned and aligned with our vision and values	Work with associative principles in the value chain
	Marketing and distribution in partnership with farmers, producers, vendors and consumers
	Careful utilization of financial and other resources
Ensure corporate structures for a long-term competitiveness and efficiency	Integration of a Sustainability Balanced Scorecard based management system based on the existing Balanced Scorecard
Protect SEKEM Holding, its subsidiaries and employees through provision of a legal framework under Egyptian law	Taking part in public policy issues in Egypt supporting a stable property environment

ENVIRONMENT

Curing the environment to answer the world challenges
Food, Water and Energy scarcity

Further application and spreading of
biodynamic agricultural methods

Develop and apply Sustainable Water
Management

Run Energy Saving Projects

Intensify environmental research

Get independent on classical raw materials and energy
resources

Investments into alternative energies
like Wind, Solar, Biogas etc.

Reduce worldwide CO₂-Emissions

Generate CO₂-Emission certificates
through agricultural processes like
compost

SOCIETY

Strengthen the human resource capacity and decrease
turnover rate

Invest further and more systematic in education
and training for all employees

CULTURE

Strengthen and enlarge the existing institutions of the
SDF

Permanently improve structures and quality of
Kindergarten, School, Vocational Training Center,
Special Education Program and the Medial
center

Create ever new foundations of healthy living through a
holistic cultural and social development approach

Establish a Heliopolis University for Sustainable
Development

Increase quality and number of SDF projects
combined with efficiency analysis and
interpretations

Increase the cooperation with the Egyptian
government, international NGOs and various
other partners

Epilogue



"The enthusiasm for my work, for all those around me,
A community in which people of all nations and cultures work and
learn in peace as a symphony.

A community in which vocations from all walks of life,
all age groups and all levels of consciousness,
Acknowledge, nurture and love the divine world and strive towards
noble ideals.

A living, regenerating community maintaining its dynamism by
reaching towards the science of the spirit, the Ightihad (diligence).
A community pursuing truth and tolerance, generously offering its
understanding in service of earth and man.

A community where modesty and diligence prevails over vanity and
comfort, and all endeavours are blessed."

Reporting and Stakeholder Approach

With this first sustainability report, we would like to provide a level of transparency to our stakeholders, which exceeds legal requirements.

From now on, we will publish an annual sustainability report including the annual report as we think it is impossible to view sustainability separate from our companies' performance. To contribute to an even deeper integration of sustainability throughout our business processes we cannot separate the financial reporting from the environmental and social reporting. This leads to an integrated report in which you will find quantitative as well as qualitative information on results, initiatives, and stakeholder assessments. The reporting cycle will be annual in accordance with the financial report. The actual report usually covers the period from January until December 2007 as this match SEKEM's fiscal year. Due to the fact, all information on the first half of the year 2008 necessarily relies on qualitative data based on activities still in progress.

As this is our first sustainability report, we decided to set it up accordingly to the GRI Guidelines on level B. The objective for next year is to reach level A+ meaning we will report on all indicators including more quantitative data and apply external assurance. An overview on where to find certain indicators is given under the "GRI content overview."

Most of the indicators we report on are included in the report itself. Only the Corporate Governance Code, which refers in a more detailed way to the GRI principles for this field is published as a separate printed version on demand.

We specifically selected the report's content from two different points of view. On the one hand, we addressed the key indicators of our sustainability status quo deducted from strategic management plans.

On the other hand, our sustainability report is designed to meet the transparency and information needs of our stakeholders. Here we collected the viewpoints of our international customers and friends and international organizations. Although the awareness for a sustainability report as an important communicational instrument of today's companies still has to be built, we also try to gather more attention with local customers and our employees.

Our sphere of responsibility and scope of the report is clearly limited to the core business practices of the SEKEM Holding, its subsidiaries, and the related SEKEM NGOs. We take care of the issues emerging along our supply chain including our farmers, producers and the parties involved into the logistics to serve our customers.

Financial Statement

INDEPENDENT AUDITOR'S REPORT

To: The Shareholders of Sekem Holding for Investment Company S.A.E.

Report on the consolidated financial statements

We have audited the accompanying financial statements of Sekem Holding for Investment Company S.A.E. and its subsidiaries, which comprise the consolidated balance sheet as at 31 December 2007 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sekem Holding for Investment Company S.A.E. and its subsidiaries as of 31 December 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

SEKEM Holding for investment
Consolidated Income Statment
for the year ended 31st December 2007
in Egyptian Pounds - EGP

	31-12-2007	31-12-2006 Restated (Note 27)
	EGP	EGP
<u>Operating Revenues</u>		
Revenue	166 439 119	135 331 667
Cost of sales	(94 274 170)	(72 456 983)
Gross profit	72 164 949	62 874 684
Interest income	5 129 367	5 019 934
Gain/(loss) on disposal of property, plant and equipment	481 482	(167 089)
Marketing and distribution expenses	(20 527 818)	(20 505 945)
Administrative expenses	(22 430 336)	(15 035 288)
Finance Costs	(21 109 351)	(19 355 453)
Net foreign exchange losses	(95 015)	(3 301 103)
Provisions	(88 739)	(70 776)
Other revenues	951 570	232 816
Profit before tax	14 476 109	9 691 780
Income tax expense	(2 406 070)	(1 338 152)
Profit for the year	12 070 039	8 353 628
Attributable to		
Equity holders	10 902 963	7 926 727
Minority interest	1 167 076	426 901
	12 070 039	8 353 628
Basic and diluted earnings per share	7.90	6.51
The accompanying notes from 1 to 27 to be found in SEKEM HOLDING Annual Report.		

Consolidated Balance Sheet

	Note	31-12-2007	31-12-2006 Restated (Note 27)
<u>Operating revenues</u>			
<u>Assets</u>		EGP	EGP
Non-current assets			
Property, plant and equipment	(7)	224 964 721	161 691 010
Goodwill	(6)	53 867 282	53 867 282
Investments in saving certificates	(9)	48 975 000	48 975 000
Other investments		93 500	4 708 500
Total non-current assets		327 900 503	269 241 792
Current assets			
Inventories	(11)	72 252 809	59 921 191
Trade and notes receivable	(12)	42 524 724	32 186 812
Other assets	(10)	18 551 202	17 791 434
Cash and bank balances	(25)	45 841 381	2 266 079
Total Current assets		179 170 116	112 165 516
Total assets		507 070 619	381 407 308
<u>EQUITY AND LIABILITIES</u>			
Capital and reserves			
Issued capital	(13)	149 509 000	121 850 600
Reserves	(14)	8 454 609	127 177
Retained earnings	(15)	18 506 405	7 603 442
Equity attributable to equity holders of the company		176 470 014	129 581 219
Minority interest		10 347 637	6 796 311
Total equity		186 817 561	136 377 530
Non-current liabilities			
Loans	(17)	122 300 040	88 375 775
Obligations under finance lease	(20)	1 936 085	
Other long-term liabilities	(21)	11 959 720	12 215 061
Deferred tax liabilities	(4)	3 190 218	1 801 520
Total non-current liabilities		139 386 063	102 392 356
Current liabilities			
Trade and notes payable		15 942 263	8 404 722
Credit facilities	(16)	137 716 856	109 005 346
Current portion of long-term loans	(17)	16 468 950	15 446 183
Other liabilities	(19)	7 939 341	7 804 363
Obligations under finance lease	(20)	888 017	
Provisions	(18)	1 911 478	1 976 808
Total current liabilities		180 866 905	142 637 422
Total liabilities		320 252 968	245 029 778
Total equity and liabilities		507 070 619	381 407 308

Consolidated Statement of Changes in Equity

	Issued capital	Share premium	Legal reserve	Foreign currencies translation reserve	Retained earnings (accumulated losses)	Attributable to equity holders of the Company	Minority interest	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2006	121 850 600	-	-	-	2 571 249	124 421 849	5 745 560	130 167 409
Effect of prior years adjustments (note 27)	-	-	-	-	(2 692 679)	(2 692 679)	(223 650)	(2 916 329)
As restated	121 850 600	-	-	-	(121 430)	121 729 170	5 521 910	127 251 080
Profit for the year (restated - note 27)	-	-	-	-	7 926 727	7 926 727	426 901	8 353 628
Minority's share of changes in equity of consolidated subsidiaries	-	-	-	-	-	-	847 500	847 500
Transfer to legal reserve	-	-	201 855	-	(201 855)	-	-	-
Exchange differences arising on translation of foreign operations	-	-	-	(74 678)	-	(74 678)	-	(74 678)
Balance as of 31 December 2006	121 850 600	-	201 855	(74 678)	7 603 442	129 581 219	6 796 311	136 377 530
Profit for the year	-	-	-	-	10 902 963	10 902 963	1 167 076	12 070 039
Issue of ordinary shares	27 658 400	-	-	-	-	27 658 400	-	27 658 400
Share premium	-	8 297 520	-	-	-	8 297 520	-	8 297 520
Transfer to legal reserve	-	(8 297 520)	8 297 520	-	-	-	-	-
Minority's share of changes in equity of consolidated subsidiaries	-	-	-	-	-	-	2 384 250	2 384 250
Exchange differences arising on translation of foreign operations	-	-	-	29 912	-	29 912	-	29 912
Balance as of 31 December 2007	149 509 000	-	8 499 375	(44 766)	18 506 405	176 470 014	10 347 637	186 817 651
The accompanying notes from 1 to 27 from an integral part of the financial statements.								

Consolidated Statment of Cash Flows

	Note	31-12-2007 EGP	31-12-2006 Restated EGP
<u>Cash flows operating activities</u>			
Net profit fot the year befor income tax		14 476 109	9 691 780
<u>Adjustments for:</u>			
(Gain)/Loss on disposal of property, plant and equipment		(481 482)	167 089
Exchange differences arising on translation of foreign Operations		29 912	(74 678)
Depreciation		10 107 500	9 116 543
Provisions		88 739	70 776
Reversal of provisions		(105 330)	(47 943)
Operating profit before working capital changes		24 115 448	18 923 567
Increase in inventories		(12 331 618)	(15 999 834)
Increase in accounts and notes receivable and other assets		(6 531 418)	(3 936 491)
Increase (Decrease) in accounts and notes payable and other Liabilities		6 655 147	(1 062 247)
Net changes in working capital		(12 207 889)	(20 998 572)
Net cash provided from (used in) operating activities		11 907 559	(2 075 005)
<u>Cash flows from investing activities</u>			
Purchase of Property, Plant and Equipment		(32 122 576)	(15 725 478)
Proceeds from disposal of property and equipments		12 943 316	6 121 179
Payments for construction work in process		(50 896 368)	(7 660 890)
Net cash used in investing activities		(70 075 628)	(17 265 189)
<u>Cash flows from financing activities</u>			
Proceeds from (repayment of) borrowings	(13)	34 947 032	(5 968 642)
Proceeds from credit facilities	(13)	28 711 510	29 466 291
Proceeds from issues of equity shares		27 658 400	
Share premium		8 297 520	
Minority's share of change in equity of consolidated subsidiaries		2 348 250	847 500
Decrease in other long-term liabilities		(255 341)	(4 267 707)
Net cash provided from financing activities		101 743 372	20 077 442
Net change in cash and cash equivalents during the year	(25)	43 575 302	737 248
Cash and cash equivalents as of 1 January		2 266 079	1 528 831
Cash and cash equivalents as of 31 January		45 841 381	2 266 079

Global Reporting Initiative (GRI) Index Overview

GRI Disclosure		Source
1 Strategy and Analysis		
1,1	CEO statement	p.5
1,2	Description of key impacts, risks, and opportunities	p.14-15
2 Organizational Profile		
2,1	Name of the organization	p.14-15
2,2	Primary brands, products, and services	p.22-29
2,3	Operational structure	p.21
2,4	Headquarter location	p.15
2,5	Countries of operation	
2,6	Nature of ownership and legal form	p.15
2,7	Markets served	
2,8	Scale of organization	p.14-15,22-29, 31
2,9	Significant changes during the reporting period regarding size, structure, or ownership	p.9-10
2. 10	Awards received during the reported period	n/a
3 Report Parameters		
3,1	Reporting period	p.78
3,2	Date of most recent previous report	n/a
3,3	Reporting cycle	p.78
3,4	Contact	p.88
3,5	Process for defining report content	
3,6	Boundary of the report	p.78
3,7	Limitations of the scope or boundary of the report	p.78
3,8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that could affect comparability	p.78
3,9	Data measurement techniques and assumptions	*
3. 10	Explanation of the effect of any restatements of information provided in earlier reports	n/a
3,11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	n/a
3,12	GRI content index	p.79 ff.
3,13	Policy and current practice with regard to seeking external assurance for the report	p.78

GRI Disclosure		Source
4 Governance, Commitments and Engagement		
4,1	Governance structure	p.31
4,2	Indicate whether the Chair of the highest governance body is also an executive officer	p.31
4,3	State the number of members of the highest governance body that are independent and/or non-executive members	p.32**
4,4	Mechanism for shareholders and employees to provide recommendations or direction to the board	p.32**
4,5	Linkage between compensation for members of the board, senior managers, and executives and the organization's performance	p.32**
4,6	Processes in place for the board to ensure that conflicts of interest are avoided	p.32** p.32**
4,7	Process for determining the qualifications and expertise of the members of the board for guiding the organization's strategy on economic, environmental, and social topics	p.32**
4,8	Statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	p.32**
4,9	Board procedures for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	p.32**
4,1	Processes for evaluating the board's own performance	p.32**
4,11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	p.32**
4,12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	p.37
4,13	Memberships in associations or advocacy organizations	p.16
4,14	List of stakeholder groups engaged by the organization	p.78
4,15	Basis for identification and selection of stakeholders with whom to engage	n/a
4,16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	p.16, 37

GRI Disclosure		Source
4,17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	
Economic Performance		p.20
	Disclosure on Management Approach	p.22-29
EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	p.44-45
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	-
EC3	Coverage of the organization's defined benefit plan obligations	-
EC4	Significant financial assistance received from government	-
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	p.40
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	p.57
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	-
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro-bono engagement	p.19
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	
Environmental		
	Disclosure on Management Approach	p.44
	Aspect: Materials	
EN1	Materials used by weight or volume	-
EN2	Percentage of materials used that are recycled input materials.	-
	Aspect: Energy	
EN3	Direct energy consumption by primary energy source	p.45-46
EN4	Indirect energy consumption by primary source	-
EN5	Energy saved due to conservation and efficiency improvements	-

GRI Disclosure		Source
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	p.44-54
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	p.44-46
	Aspect: Water	
EN8	Total water withdrawal by source	p.51-52
EN9	Water sources significantly affected by withdrawal of water	-
EN10	Percentage and total volume of water recycled and reused	p.51-52
	Aspect: Biodiversity	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	n/a
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	p.52-53
EN13	Habitats protected or restored	-
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	p.52-53
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	n/a
	Aspect: Emissions, Effluents, and Waste	
EN16	Total direct and indirect greenhouse gas emissions by weight	p.45-46
EN17	Other relevant indirect greenhouse gas emissions by weight	-
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	p.44-51
EN19	Emissions of ozone-depleting substances by weight	p.45-46
EN20	NOx, SOx, and other significant air emissions by type and weight	-
EN21	Total water discharge by quality and destination	-
EN22	Total weight of waste by type and disposal method	-
EN23	Total number and volume of significant spills	-
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII,	-

GRI Disclosure		Source
	and percentage of transported waste shipped internationally	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff Aspect: Products and Services	-
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	p.46-49
EN27	Percentage of products sold and their packaging materials that are reclaimed by category Aspect: Compliance	-
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations Aspect: Transport	n/a
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce Aspect: Overall	p.46-49
EN30	Total environmental protection expenditures and investments by type.	-
Human Rights		
	Disclosure on Management Approach Aspect: Investment and Procurement Practices	p.56
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	-
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	p.40-42
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained Aspect: Non-discrimination	-
HR4	Total number of incidents of discrimination and actions taken	-

GRI Disclosure		Source
Aspect: Freedom of Association and Collective Bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	p.56-58
Aspect: Child Labor		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	p.59
Aspect: Forced and Compulsory Labor		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor	n/a
Aspect: Security Practices		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	p.58
Aspect: Indigenous Rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	-
Labor Practices & Decent Work		
	Disclosure on Management Approach	p.56
Aspect: Employment		
LA1	Total workforce by employment type, employment contract, and region.	p.57
LA2	Total number and rate of employee turnover by age group, gender, and region	-
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	n/a
Aspect: Labor/ Management Relations		
LA4	Percentage of employees covered by collective bargaining agreements.	-
LA5	Minimum notice period (s) regarding significant operational changes, including whether it is specified in collective agreements	-
Aspect: Occupational Health and Safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on	-

GRI Disclosure		Source
	occupational health and safety programs	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	-
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	p.58-59
LA9	Health and safety topics covered in formal agreements with trade unions	n/a
	Aspect: Training and Education	
LA10	Average hours of training per year per employee by employee category	-
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	p.56-58
LA12	Percentage of employees receiving regular performance and career development reviews	p.57
	Aspect: Diversity and Equal Opportunity	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	-
LA14	Ratio of basic salary of men to women by employee category	-
Product Responsibility		
	Disclosure on Management Approach	p.39
	Aspect: Customer Health and Safety	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	n/a
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes	-
	Aspect: Product and Service Labeling	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	p.30, 41
PR4	Total number of incidents of non-compliance with regulations and	-

GRI Disclosure		Source
	voluntary codes concerning product and service information and labeling, by type of outcomes	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	p.42
	Aspect: Marketing Communications	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	-
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	-
	Aspect: Customer Privacy	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	-
	Aspect: Compliance	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	n/a
Society		
	Disclosure on Management Approach	p.61
	Aspect: Community	
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	p.62-68
	Aspect: Corruption	
S02	Percentage and total number of business units analyzed for risks related to corruption	-
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	-
S04	Actions taken in response to incidents of corruption	p.36-37
	Aspect: Public Policy	
S05	Public policy positions and participation in public policy development and lobbying	p.37

GRI Disclosure	Source
S06 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country Aspect: Anti-Competitive Behavior	-
S07 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes Aspect: Compliance	-
S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	n/a



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