AL EZZ STEEL REBARS REPORTS ITS CONSOLIDATED 9M 2009 RESULTS

Cairo, 24th November 2009 – Al Ezz Steel Rebars S.A.E. ("ezzsteel") (EGX: ESRS; London Stock Exchange: AEZD), the largest independent producer of steel in the MENA region and market leader in Egypt, today announced its consolidated 9M results for the period ending 30 September 2009. The audited results have been prepared in accordance with Egyptian Accounting Standards.

Key highlights

EGP	9M 2008	**9M 2009**
• Net sales	17.4bn	**9.4bn**
• Gross profit	4.2bn	**1.0bn**
• EBITDA*	4.2bn	**1.2bn**
• Net profit before tax	3.5bn	**0.3bn**
• Net profit after tax and minority interests	1.5bn	**29mn**
• Number of shares (at end of period) **	182mn	**543mn**
• EPS (on number of shares at end of period)	8. 34	**0.05**
• Net debt to Equity	0.33x	**0.97x**

**EBITDA = sales – cost of goods sold – selling & marketing expense – G&A expense + depreciation and amortisation*

*** increase in shares on due to rights issue in fourth quarter 2008*

Comment

Commenting on the results, Mr Paul Chekaiban, Managing Director of ezzsteel, said:

"The trends of the year so far have continued into the third quarter: while prices continued to soften in line with international markets, the domestic demand for steel products continued to be very strong. As a consequence, our production in the facilities that serve the domestic market achieved record levels.

"Demand in global steel markets remained depressed during the quarter. A consequence of this, was that our EFS production facility, dedicated to serve export markets, remained idle. We are taking advantage of this shutdown period to install a billet caster that will allow us to use idle capacity to serve the needs of our growing domestic market.

"We have also started the implementation of our growth strategy with the construction of a new Direct Reduction plant that will increase our level of backward integration. The produced DRI will replace scrap as a feedstock in all our facilities."

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About Al-Ezz Steel Rebars Co. S.A.E.

Al Ezz Steel Rebars (ezzsteel) is the largest independent steel producer in the Middle East and North Africa, and the Egyptian market leader, with a total actual capacity of 5.3 million tonnes of finished steel.

In 2008, the Company produced 3.2 million tonnes of long products (typically used in construction) and 1.4 million tonnes of flat products (typically used in consumer / industrial goods). ezzsteel's customer base is geographically diversified, with flat products mainly directed to export markets, whereas long products are sold in the domestic market. More than 50 per cent of its plants are less than 10 years old, using the latest in modern steel making technology.

Operational Review

All of the below financial breakdowns are based on ezzsteel's consolidated financials which include the financial performance of ESR/ERM, EZDK and EFS.

Sales & Production

Consolidated net sales for the first nine months of 2009 were EGP 9.4 billion compared with EGP 17.4 billion during the first nine months of 2008, representing a decline of 46 per cent. This lower level of sales has resulted from lower steel prices, the prevailing weakness in the flat steel market and the shutdown at EFS.

Long steel sales volume reached 2,408 thousand tonnes during the first nine months of 2009, which represents a 4 per cent increase over the 2,310 thousand tonnes sold during the same period in 2008. Flat steel volumes on the other hand witnessed a sharp decline from 1,244 thousand tonnes in the first nine months of 2008 to 762 thousand tonnes in the first nine months of 2009, a fall of 39 per cent. This was due to the shutdown of the EFS production facility, with any residual demand met by production at EZDK, which increased its sales volume by 35 per cent to 720 thousand tonnes.

Long steel products accounted for 77 per cent of total sales in the first nine months of 2009, while flat steel products represented 22 per cent of sales. Long product exports accounted for 1 per cent of total long sales, due to the continued strength of the domestic market demand for long products. Flat product exports accounted for 50 per cent of total flat sales.

Long steel production volume reached 2,525 thousand tonnes during the first nine months of 2009 representing a 7 per cent increase over the 2,371 thousand tonnes produced during the same period in 2008. Flat steel production volumes on the other hand were 42 per cent lower at 710 thousand tonnes in the first nine months of 2009 when our EFS production facility was shutdown.

On a plant basis, ESR/ERM long steel production rose by 9 per cent during the period, while EZDK long production was up by 5 percent over the same period. Flat production at EZDK was up 35 per cent in the first nine months of 2009, as production was increased to supply demand from EFS customers while EFS remained closed.

The contributions of ESR/ERM, EZDK and EFS to the consolidated net sales for the period ending 30 September 2009 were 33 per cent, 66 per cent, and 1 per cent respectively.

Sales *EGP Mn*	**ESR/ERM**	**EZDK**	**EFS**	**Total**
Long	3,066	4,143		**7,209**
Flat		1,977	93	**2,070**
Others		84	40	**124**
Total				**9,403**

ezzsteel's exposure to the weaker global steel market is primarily through its flat steel products, with long steel products primarily directed to serving the buoyant domestic market.

EGP Mn	**Domestic**	**per cent**	**Export**	**per cent**
Long	7,118	99	91	1
Flat	1,026	50	1,044	50

Cost of Goods Sold

Consolidated cost of goods sold for the nine months ended 30 September 2009 represented 89 per cent of sales, compared to 76 per cent in the first nine months of 2008. This figure was largely impacted by the shutdown in production at EFS during the period and the proportionally higher costs at EZDK.

	Standalone figures			**Consolidated**
EGP Mn	**ESR/ERM**	**EZDK**	**EFS**	**ezzsteel**
Sales	3,066	6,219	298	9,403
COGS	2,787	5,212	558	8,363
COGS/Sales	**91%**	**84%**	**NM**	**89%**

Gross profit

Gross profit of EGP 1.04 billion was recorded in the first nine months of 2009, a 75 per cent decline from the EGP 4.16 billion recorded in the same period in 2008. Lower profits were largely a result of production curtailment at EFS, and lower global steel pricing, as well as the continued weakness in the flat steel market.

EBITDA

EBITDA for the period reached EGP 1.19 billion, down from EGP 4.2 billion for the same period in 2008 representing a decrease of 72 per cent.

Net profit after tax and minority interests

For the nine months to 30 September 2009, net profit after tax and minority interests was EGP 29 million, down from EGP 1.5 billion in the first nine months of 2008.

Liquidity and capital resources

At the end of the period, ezzsteel had cash on hand of EGP 1.7 billion and net debt of EGP 5.9 billion. The company has a conservative level of gearing of Net Debt / Equity 0.97 times.

Outlook

ezzsteel remains confident about the continued strength of the Egyptian market, which has remained largely unaffected by the global economic slowdown. Long product demand is expected to continue to be strong, due to the private housing market and local real-estate activity. Conditions in the global flat steel market had been very weak since the last quarter of 2008, but we are starting to see some signals of improvement.

We continue to believe that our key competitive advantage lies in our flexibility and our product and market diversification; this is why our current expansion efforts are focused on vertical integration through:

- Starting the construction of a billet caster at our flat steel production facility in Suez (EFS) to enable the site to become flexible in producing either flat steel or semi-finished long products at times when the flat steel market is in a low cycle. Construction of the billet caster has already begun and it is expected to be in production during the first quarter of 2010.
- Starting the construction of a 1.8 million tonne per year DRI production facility to be located in Suez in order to further increase our level of backward integration and decrease our production costs, replicating our EZDK model at our other production facilities. Construction of the DRI facility has already started and it is expected to be in production during the 2nd half of 2011.

Divisional Overview

EZDK Performance **Sales (EGP):**	**9M 2008**	**9M 2009**	
Value:	9.0	6.2	Bn
Volume: Long: Flat:	 1,308,415 531,739	 1,389,031 719,154	 Tonnes Tonnes
Exports as % of Sales: Long: Flat:	 2% 37%	 2% 52%	
EBITDA:	3.1	1.1	Bn
Production:			
Long Products:	1,355,476	1,421,874	Tonnes
Flat Products:	527,185	710,271	Tonnes
Billets:	1,428,025	1,521,219	Tonnes
ESR/ERM Performance **Sales (EGP):**			
Value:	5.1	3.1	Bn
Volume:	1,007,492	1,025,386	Tonnes
Exports as % of Sales:	1%	0%	
EBITDA:	414	234	mn
Production:			
Long Products:	1,015,266	1,102,700	Tonnes
Billets:	524,667	628,913	Tonnes
EFS (Suez) **Sales (EGP):**			
Value:	3.3	0.3	Bn
Volume:	712,682	41,676	Tonnes
Exports as % of Sales:	80%	98%	
EBITDA:	50	-159	Mn
Production:			
Flat Products:	700,046	N/A	Tonnes

– Ends –

Disclaimer:

This press release is issued by Al Ezz Steel Rebars S.A.E. ("ezzsteel" or the “Company”), in connection with the disclosure of the Company’s financials results for the nine months to 30 September 2009. This document includes forward-looking statements. These forward-looking statements include all matters that are not historical facts. In particular, the statements regarding the Company's strategy, the expected strength of demand for long products in Egypt and in regional markets and for flat steel in the international markets, and other future events or prospects are forward-looking statements. Recipients of this document should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the control of the Company. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue. Various factors could cause actual results to differ materially from those expressed or implied by the forward-looking statements in this document including worldwide economic trends, global and regional trends in the steel industry, the economic and political climate of Egypt and the Middle East and changes in business strategy of the Company and various other factors. These forward-looking statements reflect the Company's judgment at the date of this document and are not intended to give any assurances as to future results. The Company undertakes no obligation to update these forward-looking statements, and it will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. None of ezzsteel, or any of its directors, officers or employees or any other person can give any assurance regarding the future accuracy of the information set forth herein or as to the actual occurrence of any predicted developments nor shall assume, and each of ezzsteel, any of its directors, officers or employees or any other person expressly disclaims, any obligation, except as required by law, the listing rules of the CASE or the LSE or the FSA, to update any forward-looking statements or to conform these forward-looking statements to ezzsteel's actual results.

Al Ezz Steel Rebars Company
(An Egyptian Joint Stock Company)

Consolidated Financial Statements

For the Financial Period Ended September 30, 2009
& Auditor's Report

AUDITOR'S REPORT
<u>To The Board of Directors of Al Ezz Steel Rebars Company</u>

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Al-Ezz Steel Rebars Company "An Egyptian Joint Stock Company", which comprise the consolidated balance sheet as at September 30, 2009 and the consolidated income statement, statement of changes in equity and statement of cash flows for the financial period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management 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; management responsibility also includes 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. 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 on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Al-Ezz Steel Rebars Company as of September 30, 2009 and of its financial performance and its cash flows for the period then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

The Company maintains financial accounting records, which includes all that is required by law and the Company's statutes, and the consolidated financial statements are in agreement with these records. The Company applies costing system that satisfies the purpose thereof and inventory count was performed by management in accordance with methods in practice.

KPMG Hazem Hassan
Public Accountants & Consultants

Cairo, November 15, 2009

Al Ezz Steel Rebars Company
(An Egyptian Joint Stock Company)

Consolidated Balance Sheet
As of September 30, 2009

	Note No.	30/9/2009 LE(000)	31/12/2008 LE(000)
Long Term Assets			
Fixed assets (net)	(3-3) (4)	9 753 933	10 029 467
Projects under construction	(3-4) (5)	784 305	422 923
Investments	(3-5) (6)	3 962	4 032
Long term debit balances	(7)	23 069	—
Long term lending to others		2 982	3 427
Long term deposits		—	3 000
Long term saving certificates		20 000	20 000
Long term trade and notes receivable		2 301	9 582
Goodwill	(3-6)	315 214	315 214
Total long term assets		10 905 766	10 807 645
Current Assets			
Inventory	(3-7) (9)	2 653 783	3 179 149
Trade and notes receivable	(3-8) (10)	101 766	86 669
Debtors and other debit balances	(3-8) (11)	636 851	408 442
Advances to suppliers	(3-8)	49 010	35 474
Investments in treasury bills		16 206	14 974
Cash and cash equivalents	(3-13) (13)	1 723 060	4 096 105
Total current assets		5 180 676	7 820 813
Current Liabilities			
Banks credit accounts and overdrafts	(14)	579 504	1 889 775
Loan installments and facilities due within one year	(3-17) (15)	2 273 328	2 023 871
Bonds loan due within one year	(24)	110 000	—
Trade and notes payable	(3-9) (16)	700 544	830 976
Advances from customers	(3-9)	487 356	948 260
Creditors and other credit balances	(3-9) (17)	373 969	1 437 872
Provisions	(3-12) (18)	48 296	49 828
Total current liabilities		4 572 997	7 180 582
Working capital		607 679	640 231
Total investment		11 513 445	11 447 876
Financed as follows:			
Shareholders' Equity			
Issued and paid in capital	(21-2)	2 716 325	2 716 325
Reserves	(22)	3 943 001	3 912 129
Retained earnings		1 370 192	1 863 315
Net profit for the period / year		29 200	1 233 450
Interim dividends		—	(1 179 313)
Treasury stocks	(23)	(71 921)	(71 921)
Translation difference adjustments		33 069	37 554
Company's share in employees dividends & board of directors remunerations of - EZDK - a subsidiary company		—	(39 900)
		8 019 866	8 471 639
The difference resulting from the acquisition of subsidiaries within the group	(3-1)	(3 472 411)	(3 280 493)
Total holding company shareholders' equity		4 547 455	5 191 146
Non-controlling interest		1 576 013	1 775 156
Total Shareholders' equity		6 123 468	6 966 302
Long Term Liabilities			
Loans and credit facilities	(3-17) (15)	3 683 643	2 635 923
Other liabilities	(19)	111 318	173 599
Bonds loan	(24)	990 000	1 100 000
Deferred tax liabilities	(3-15) (25)	605 016	572 052
Total long term liabilities		5 389 977	4 481 574
Total equity and long term liabilities		11 513 445	11 447 876

The accompanying notes from No. (1) to No. (32) form an integral part of these financial statements.

Chairman

Eng. Ahmed Abdel Aziz Ezz

Auditor's Report "attached"

Translation from Arabic

Al Ezz Steel Rebars Company

(An Egyptian Joint Stock Company)

Consolidated Income Statement

For the Financial Period Ended September 30, 2009

	Note No.	For the financial period from 1/7/2009 to 30/9/2009 LE (000)	For the financial period from 1/1/2009 to 30/9/2009 LE (000)	For the financial period from 1/7/2008 to 30/9/2008 LE (000)	For the financial period from 1/1/2008 to 30/9/2008 LE (000)
Revenues (net)	(3-10)	2 702 788	9 402 675	6 454 765	17 412 343
Less :					
Cost of sales		2 403 517	8 363 167	5 045 253	13 255 785
Gross profit		299 271	1 039 508	1 409 512	4 156 558
Less :					
Selling and marketing expenses		34 038	90 050	106 835	252 802
General and administrative expenses		69 215	204 355	65 803	211 017
Impairment loss on assets		—	—	(23 136)	29 084
Total expenses		103 253	294 405	149 502	492 903
Results from operating activities		196 018	745 103	1 260 010	3 663 655
Add (Less) :					
Financing expenses	(3-11)	(181 880)	(572 732)	(141 795)	(413 117)
Interest income		8 338	74 472	37 483	79 896
Provisions no longer required		—	—	38 667	45 710
Reversal of impairment loss on assets	(12)	1 940	6 814	—	—
Foreign exchange differences		(50 146)	11 263	(24 016)	3 203
Other revenues		2 407	9 364	6 765	80 393
Capital (losses) gains		(31)	(82)	142	437
Net (loss) profit for the period before income tax & non-controlling interest		(23 354)	274 202	1 177 256	3 460 177
Less:					
Income tax	(3-15)	21 173	93 411	211 706	634 816
Deferred tax	(3-15) (25)	10 433	32 964	28 637	43 362
Net (loss) profit for the period before non-controlling interest		(54 960)	147 827	936 913	2 781 999
Less:					
Non-controlling interest		12 681	118 627	433 538	1 253 899
Net (loss) profit for the period		(67 641)	29 200	503 375	1 528 100
(Loss) Earnings per share for the period (LE/share)	(30)	(0.13)	0.05	2.81	8.53
		(For three months)	(For nine months)	(For three months)	(For nine months)

The accompanying notes from No. (1) to No. (32) form an integral part of these financial statements.

Al Ezz Steel Rebars Company
(An Egyptian Joint Stock Company)

Consolidated Statement of Cash Flows
For the Financial Period Ended September 30, 2009

	Note No.	For the financial period from 1/1/2009 to 30/9/2009 LE (000)	For the financial period from 1/1/2008 to 30/9/2008 LE (000)
Cash flows from operating activities			
Net profit for the period before income tax & non-controlling interest		274 202	3 460 177
Adjustments to reconcile net profit to net cash (used in) provided by operating activities			
Depreciation	(4)	441 567	493 415
Amortization of accrued revenues		(1 255)	—
Deferred revenues for accrued sold units installments		(269)	(999)
Amortization of bonds issuance costs		1 650	733
Reversal of impairment loss on assets	(12)	(6 814)	(45 710)
Impairment loss on assets		—	29 084
Capital losses (gains)		82	(437)
Foreign currency exchange differences		(8 035)	14 666
		701 128	3 950 929
Changes in working capital			
Decrease (Increase) in inventory		524 790	(1 835 552)
(Increase) Decrease in trade receivables, debtors and other debit balances		(277 548)	162 195
(Decrease) Increase in creditors and other credit balances		(1 227 304)	230 429
Provisions used	(18)	(1 532)	(278)
Net cash flows (used in) provided by operating activities		(280 466)	2 507 723
Cash flows from investing activities			
Payments for purchase of fixed assets and projects under construction		(532 191)	(472 813)
Payments for purchase of investments		(33 172)	(397 633)
Proceeds from sale of fixed assets		79	581
Payments for creditors purchase of fixed assets		(11 636)	(4 008)
Proceeds from sale of treasury stocks		—	17 137
Proceeds from investment disposal		10 125	—
Payments to decrease non-controlling interest		(10 079)	—
Payments for lending to others		(3 228)	(2 689)
Proceeds from lending to others		6 268	4 486
Net cash used in investing activities		(573 834)	(854 939)
Cash flows from financing activities			
Increase in credit facilities		115 448	437 600
Proceeds from shareholders for capital increase		—	1 804 384
Payments for purchase of treasury stocks & capital increase subscription		—	(37 200)
Payments of loans		(1 254 835)	(1 208 927)
Proceeds from loans substitutions		174 727	129 384
Change in blocked time-deposits against medium term financing contract		(497 187)	—
Change in other long and short term liabilities		(332 408)	(22)
Change in non-controlling interest		(49 213)	—
Proceeds from medium term financing contract		2 515 000	—
Proceeds from bonds loan		—	1 100 000
Dividends paid		(1 379 230)	(1 109 754)
Net cash (used in) provided by financing activities		(707 698)	1 115 465
Net change in cash and cash equivalents during the period		(1 561 998)	2 768 249
Cash and cash equivalents at beginning of the period		2 207 132	556 406
Translation differences		3 576	(128)
Cash and cash equivalents at end of the period	(3-13)(13)	648 710	3 324 527

The accompanying notes from No. (1) to No. (32) form an integral part of these financial statements.

Al Ezz Steel Rebars Company
(An Egyptian Joint Stock Company)

Consolidated Statement of Changes in Shareholders' Equity
For the Financial Period Ended September 30, 2009

	Capital LE (000)	Reserves LE (000)	The Difference resulting from the acquisition of subsidiaries within the group LE (000)	Retained earnings LE (000)	Translation difference adjustments LE (000)	Treasury stocks LE (000)	Net profit LE (000)	Employees and board of directors' share in interim distributions LE (000)	Interim dividends LE (000)	Total Holding company Shareholders LE (000)	Non-controlling Interest LE (000)	Total Shareholders' Equity LE (000)
Balance as of 1/1/2008	911 941	3 859 586	(3 280 493)	997 623	39 794	(35 884)	1 121 956	(44 081)	(240 017)	3 330 425	1 976 660	5 307 085
Non-controlling interest participation in subsidiary's capital	–	–	–	–	–	–	–	–	–	–	139	139
Transferred to legal reserve	–	10 279	–	–	–	–	(10 279)	–	–	–	–	–
Setting off profit of year 2007 in retained earnings	–	–	–	1 111 677	–	–	(1 111 677)	–	–	–	–	–
Setting off the employees and the board of directors' share in the dividends of 2007	–	–	–	(44 081)	–	–	–	44 081	–	–	–	–
Setting off inetrim dividends of year 2007 in retained earnings	–	–	–	(240 017)	–	–	–	–	240 017	–	–	–
Setting off company's share in employees and the board of directors' share in the interim dividends of 2007	–	–	–	(15 951)	–	–	–	–	–	(15 951)	–	(15 951)
Purchased treasury stocks	–	–	–	–	–	(38 142)	–	–	–	(38 142)	–	(38 142)
Sold treasury stocks	–	–	–	(1 163)	–	2 105	–	–	–	942	–	942
Company's share & non-controlling interest in employees and the board of directors' share in EZDK interim dividends of 2008	–	–	–	–	–	–	–	(38 362)	–	(38 362)	(66 541)	(104 903)
Company's share in participation percentage increase in redemption of treasury stocks	–	–	–	29 991	–	–	–	–	–	29 991	–	29 991
Company's share in gain from sale of treasury stocks	–	–	–	15 549	–	–	–	–	–	15 549	–	15 549
Translation difference adjustments	–	–	–	–	(8 469)	–	–	–	–	(8 469)	(709)	(9 178)
Reduction in non-controlling interest due to participation percentage change	–	–	–	–	–	–	–	–	–	–	(103 978)	(103 978)
Interim dividends during the year 2008	–	–	–	–	–	–	–	–	–	–	(972 613)	(972 613)
Net profit for the period from 1/1/2008 to 30/9/2008	–	–	–	–	–	–	1 528 100	–	–	1 528 100	1 253 899	2 781 999
Balance as of 30/9/2008	911 941	3 869 865	(3 280 493)	1 853 628	31 325	(71 921)	1 528 100	(38 362)	–	4 804 083	2 086 857	6 890 940
Capital increase	1 804 384	–	–	–	–	–	–	–	–	1 804 384	–	1 804 384
Translation difference adjustments	–	–	–	8 553	6 229	–	–	–	–	14 782	(2 011)	12 771
Company's share & non-controlling interest in employees and the board of directors' share in EZDK interim dividends of 2008	–	–	–	–	–	–	–	(1 538)	–	(1 538)	–	(1 538)
Interim dividends during the year 2008	–	42 264	–	–	–	–	–	–	(1 179 313)	(1 137 049)	(411 340)	(1 548 389)
Non-controlling interest in subsidiaries' profits	–	–	–	–	–	–	–	–	–	–	2 000	2 000
Setting off EZDK's share in subsidiaries' reserves	–	–	–	1 134	–	–	–	–	–	1 134	996	2 130
Net (loss) profit for the period from 1/10/2008 to 31/12/2008	–	–	–	–	–	–	(294 650)	–	–	(294 650)	98 654	(195 996)
Balance as of 31/12/2008	2 716 325	3 912 129	(3 280 493)	1 863 315	37 554	(71 921)	1 233 450	(39 900)	(1 179 313)	5 191 146	1 775 156	6 966 302

The accompanying notes from No. (1) to No. (32) form an integral part of these financial statements.

Al Ezz Steel Rebars Company
(An Egyptian Joint Stock Company)

Consolidated Statement of Changes in Shareholders' Equity (Continued)
For the Financial Period Ended September 30, 2009

	Capital LE (000)	Reserves LE (000)	The Difference resulting from the acquisition of subsidiaries within the group LE (000)	Retained earnings LE (000)	Translation difference adjustments LE (000)	Treasury stocks LE (000)	Net profit LE (000)	Employees and board of directors' share in interim distributions LE (000)	Interim dividends LE (000)	Total Holding company Shareholders LE (000)	Non-controlling Interest LE (000)	Total Shareholders' Equity LE (000)
Balance as of 1/1/ 2009	2 716 325	3 912 129	(3 280 493)	1 863 315	37 554	(71 921)	1 233 450	(39 900)	(1 179 313)	5 191 146	1 775 156	6 966 302
Transferred to legal reserve	—	30 872	—	—	—	—	(30 872)	—	—	—	—	—
Company's share & non-controlling interest in employees and the board of directors' share in EZDK interim dividends of 2008	—	—	—	(53 204)	—	—	—	39 900	—	(13 304)	(14 970)	(28 274)
Setting off inetrim dividends of year 2008	—	—	—	—	—	—	(1 179 313)	—	1 179 313	—	—	—
Payments to decrease non-controlling interest	—	—	—	(9 144)	—	—	—	—	—	(9 144)	(934)	(10 078)
Translation difference adjustments	—	—	—	—	(4 485)	—	—	—	—	(4 485)	2 937	(1 548)
Dividends for the year 2008	—	—	—	(710 703)	—	—	(13 165)	—	—	(723 868)	(219 478)	(943 346)
Setting off rest of year 2008 profits in retained rearnings	—	—	—	10 100	—	—	(10 100)	—	—	—	—	—
Retained earnings increase due to the decrease of participation percentage in EFS	—	—	—	270 930	—	—	—	—	—	270 930	—	270 930
Difference resulting from EZDK's acquisition of EFS	—	—	(191 918)	—	—	—	—	—	—	(191 918)	(168 541)	(360 459)
Setting off ESR's share in reserves of EZDK's subsidiaries	—	—	—	(1 102)	—	—	—	—	—	(1 102)	(968)	(2 070)
Non-controlling interest's share in increase in participation percentage in EFS	—	—	—	—	—	—	—	—	—	—	84 184	84 184
Net profit for the period from 1/1/2009 to 30/9/2009	—	—	—	—	—	—	29 200	—	—	29 200	118 627	147 827
Balance as of 30/9/2009	2 716 325	3 943 001	(3 472 411)	1 370 192	33 069	(71 921)	29 200	—	—	4 547 455	1 576 013	6 123 468

The accompanying notes from No. (1) to No. (32) form an integral part of these financial statements.

Al Ezz Steel Rebars Company
(An Egyptian Joint Stock Company)

Notes to the consolidated financial statements
For the Financial Period Ended September 30, 2009

1. BACKGROUND

- Al Ezz Steel Rebars Company "an Egyptian Joint Stock Company" was established under the provisions of Law No. 159 of 1981, and was registered in the Commercial Register in Menofia Governorate under No. 472 on 2 April 1994. The Company is located in Sadat City. The preliminary establishment contract and the Company's statute were published in the Companies' Gazette, issue No. 231 of April 1994.

Subsidiaries

Al Ezz Rolling Mills Company (ERM) – previously named Al Ezz Steel Mills Company (ESM) – an Egyptian joint Stock Company - was established in 1986 under Law No. 43 of 1974, which was replaced by law No. 8 of 1997.

Ezz Steel Algeria Company S.P.A - was established in 2008 under the Algerian law.

Al Ezz El Dekheila for Steel - Alexandria (EZDK) - an Egyptian Joint Stock Company was established in 1982 as a joint Investment Company under law No. 43 of 1974 which was replaced by law No. 8 of 1997.

Al Ezz El Dekheila for Steel - Alexandria (EZDK) has the following subsidiaries:

Al Ezz Flat Steel Company (EFS) - an Egyptian Joint Stock Company - was established in 1998 under the provisions of the Investment Guarantees and Incentives law No. 8 of 1997.

Iron for Industrial, Trading and Constructing Steel Company (Contra Steel) – was established according to the decree of the specialized committee in the ministry of economy and foreign trade (corporate fine) under the provisions of law No. 159 of 1981.

Misr for Pipes & Casting Industry Company – was established in August 29, 1992 under the provisions of law No. 159 of 1981.

The Purpose of the Company & Its Subsidiaries

The Company and its subsidiaries purpose is manufacturing, trading and distribution of iron and steel products of all kinds and associated products and services.

The following is an analysis of investments in the subsidiary Companies of Al Ezz Steel Rebars which are included in the consolidated financial statements:

	30/9/2009 Percentage Share %	**31/12/2008** Percentage Share %
Al Ezz Rolling Mills Company (ERM)	90.73	90.73
Al Ezz Steel Algeria	98	98
Al Ezz El Dekheila For Steel - Alexandria (EZDK)	53.24	53.24
Al Ezz Flat Steel (EFS)	63.10 (Direct & Indirect)	75.15 (Direct)

And the following is an analysis of investments in the subsidiary Companies of Al Ezz El Dekheila For Steel - Alexandria (EZDK) which are included in the consolidated financial statements:

	30/9/2009 Percentage Share %	**31/12/2008** Percentage Share %
Al Ezz Flat Steel (EFS)	55	-
Iron for Industrial, Trading and Constructing Steel Company (Contra Steel)	90	90
Misr for Pipes & Casting Industry Company	85.5 Indirect	85.5 Indirect

2. BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

- The consolidated financial statements are prepared in accordance with the historical cost basis, and in conformity with the Egyptian Accounting Standards, and in the light of the provisions of applicable Egyptian laws and regulations.

- These financial statements are presented in Egyptian pound (LE) which is the Company's functional currency.

- The preparation of the consolidated financial statements in conformity with Egyptian Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.
  The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying

Values of assets and liabilities that is readily apparent from other sources. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on a going basis, revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

- The consolidated financial statements include assets, liabilities and result of operations of Al Ezz Steel Rebars Company (Holding Company) and all subsidiary companies which are controlled by the holding company, this control is determined by the ability to control the financial and operational policies of the subsidiary with the objective of acquiring benefits from its operations. Future voting rights in the ability of control are also taken into consideration, a subsidiary company is not included in the consolidated financial statements if the holding company loses it's control over the financial and operational policies in this subsidiary.

- All inter-Company balances, transactions and unrealized income were eliminated.

- Non controlling interest in the net equity and in net earnings of subsidiary companies is included in a separate item "non controlling interest" in the consolidated financial statements, and is calculated to be equivalent to their share in the carrying amount of the subsidiaries net assets at the date of the consolidated financial statements. Non controlling share in profits and losses of the subsidiary companies are included in a separate line item in the income statement.

- The difference resulting from the acquisition of subsidiaries within the group amounted to LE 3.472 billion represents an amount of LE 3.28 billion representing the difference between the acquisition costs of acquiring an additional percentage in Al Ezz El Dekheila for Steel – Alexandria capital (represents 29.39% from its capital) and the net carrying amount of these shares and an amount of LE 192 million representing the difference between the acquisition costs of acquiring 55% of Al Ezz Flat Steel (EFS) capital – a subsidiary - through Al Ezz El Dekheila for Steel – Alexandria and the net carrying amount of these shares. This difference was reduced from the total shareholders' equity as this difference was internally generated as a result from the restructuring between companies within the same group.

3.2 *Foreign currency translation*

The Company maintains its books of account in Egyptian pound. Transactions denominated in foreign currencies are recorded at the prevailing exchange rates at the date of transactions. At the balance sheet date, balances of monetary assets and liabilities denominated in foreign currencies are retranslated at the declared exchange rates at that date thereof. The exchange differences resulting from the value of transactions carried during the period and the value of retranslation at the balance sheet date are recorded in the income statement.

Financial statements of Al Ezz Flat Steel (EFS)

EFS maintains its accounting records in US Dollar. For the purpose of preparation of the consolidated financial statements, the assets and liabilities are translated into Egyptian Pound at the closing exchange rate ruling at the financial statements date. The income statement items are translated into Egyptian Pound at the average exchange rate for the period. Exchange differences arising from the translation are recorded in the shareholders equity.

3.3 *Fixed assets and depreciation*

Fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.
Depreciation is charged to the income statement on straight-line basis over the estimated useful lives of assets.

The estimated useful life for each item is as follows:

Asset	Estimated useful life Periods
Buildings and constructions	25 – 50
Other buildings	8
Central air conditions and fixtures	8
Machinery and equipment	5 – 25
Vehicles	2 – 5
Furniture and office equipment	3 – 10
Tools and appliances	4 – 5
Rolling rings	According to actual use (ERM 5.5)
Improvements on leased buildings	The lower of lease term or assets useful lives

During the period Al Ezz El Dekheila for Steel – Alexandria – subsidiary company - amended the assets' estimated useful lives starting from January 1, 2009 according to the company's board of directors' decree dated March 11, 2009 and as a result the depreciation expense for the current period was decreased by LE 46.9 million.

3.4 Projects under construction

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

3.4 Investments

3.5.1 Financial Investment

Financial investments are stated in the financial statements at cost. Earnings related to these investments are recorded using cost method; as such earnings from these investments are confined to declared dividends by subsidiaries and associates post acquisition. If the investment recoverable amount falls below its carrying amount, the carrying amount of the investment is reduced to reach the recoverable amount and the impairment loss is charged to the income statement.

3.5.2 Investments in saving certificates

Investments in saving certificates are stated in the financial statements at cost, incomes related to these investments are recorded using actual interest rate and accordance with the accrual basis.

3.5.3 Investments in treasury bills

Investments in treasury bills are stated in the financial statements at cost, the difference between acquiring cost and the realizable value during the period from acquiring date to maturity date stated by straight line method using actual interest rate and the related incomes of these investments are realized in accordance with accrual basis.

3.6 Goodwill

Goodwill represents the difference between the acquisition cost and the company share in the fair value of the assets and liabilities of the Al Ezz El Dekheila for Steel – Alexandria – a subsidiary company. Goodwill is tested for impairment annually or more frequently. If events or changes in circumstances indicate that the goodwill might be impaired, impairment loss "If any" is charged to the consolidated income statement for the period.

3.7 Inventory

Inventory is valued at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

- Raw materials, spare parts, materials, supplies and goods for sale: at cost up to bringing them to warehouses, using the first-in first-out or moving or weighted average method according to the type of inventory.

- Work in process: according to the actual manufacturing cost which includes direct materials and labor cost in addition to share of indirect manufacturing cost incurred until the last production stage reached.

- Finished products: according to the actual manufacturing cost.

3.8 Trade & notes receivable and debtors & other debit balances

Trade and notes receivable, debtors and other debit balances are stated at their nominal value and are reduced by impairment loss resulting from Company's anticipation of non collection of those balances.

3.9 Trade & notes payable and creditors & other credit balances

Trade and notes payable, creditors and other credit balances are stated at nominal value while accruals are stated at their future value that will be paid against goods and services that had been already received.

3.10 Revenue recognition

Revenue is recognized when the client receives goods together with its related risks and benefits.

3.11 Borrowing costs

Borrowing costs are charged directly to the income statement and are classified within finance expenses account.
Borrowing costs that are incurred to finance the acquisition of fixed assets are capitalized during the construction/installation period until the asset is ready for economic use.

3.12 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at the balance sheet date and amended (when necessary) to reflect the best current estimate.

3.13 Cash and cash equivalents

For the purpose of preparing the cash flows statement, cash and cash equivalents comprise cash balances, call deposits and Banks' overdrafts that are repayable on demand and form an integral part of the Company's cash management.

3.14 Impairment on assets

The carrying amounts of the Company's non monetary assets, (other than inventory and deferred tax assets), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is re-assessed. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement and the annual depreciation related to the impaired assets for the following periods is computed based on the fair value.

Impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.15 Income Tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

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

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

3.16 Reserves

Legal reserve:

At least 5% of net profit should be appropriated to form legal reserve; the Company will stop appropriation once the legal reserve balance reaches 50% of the Company’s issued capital; in case reserve balance becomes less than stated percentage, appropriation will continue. The legal reserve may be used for the benefit of the company based on a proposal by the board of directors approved by the general assembly.

Other reserves:

The general assembly may form other reserves based on the board of directors’ recommendation.

[

3.17 Borrowing

Borrowing is recognized initially at the proceeds received and the amounts that are accrued within a period are classified as current liabilities, unless the Company preserves the right to postpone the payment of the loans balances for periods that exceed 12 months after the balance sheet date in which case, the balance will be classified as long term liability.

3.18 Repurchase of share capital

When share capital recognized as equity is repurchased, the amount of consideration paid including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury stocks and presented as a deduction from total equity.

3.19 Leased assets

The leased assets are classified as fixed assets and stated at the acquisition value as determined in the lease agreements and depreciated over its estimated useful lives according to policies applied for similar assets. Lease obligations are recorded as long-term liability; amounts falling due within 12 months are included in current liabilities.

4. FIXED ASSETS (NET)

	Land LE (000)	Buildings & constructions LE (000)	Machinery & equipment LE (000)	Vehicles LE (000)	Furniture & Office equipment LE (000)	Tools & appliances LE (000)	Leashold improvments LE (000)	Capital lease LE (000)	Total LE (000)
Cost as of 1 January 2009	584 253	2 828 178	12 208 068	96 382	77 746	52 163	6 876	477 804	16 331 470
Additions during the period	29 636	1 250	129 773	2 427	4 672	1 602	—	—	169 360
Disposals during the period	—	(418)	(31 637)	—	—	—	—	—	(32 055)
Transferred assets	—	—	477 804	—	—	—	—	(477 804)	—
Translation differences	(52)	(1 527)	(3 554)	(2)	(26)	(26)	—	—	(5 187)
Cost as of September 30, 2009	613 837	2 827 483	12 780 454	98 807	82 392	53 739	6 876	—	16 463 588
Accumulated depreciation as of January 1, 2009	—	792 334	5 104 839	93 721	65 655	37 035	6 876	201 543	6 302 003
Depreciation for the period	—	53 966	372 968	1 355	3 456	2 005	—	7 817	441 567
Accumulated depreciation of disposals	—	(418)	(31 476)	—	—	—	—	—	(31 894)
Accumelated depreciation of transferred assets	—	—	209 360	—	—	—	—	(209 360)	—
Translation differences	—	(372)	(1 606)	(3)	(23)	(17)	—	—	(2 021)
Accumulated depreciation as of September 30, 2009	—	845 510	5 654 085	95 073	69 088	39 023	6 876	—	6 709 655
Carrying amount as of September 30, 2009	613 837	1 981 973	7 126 369	3 734	13 304	14 716	—	—	9 753 933
Carrying amount as of December 31, 2008	584 253	2 035 844	7 103 229	2 661	12 091	15 128	—	276 261	10 029 467

Some of the subsidiary companies did not register some plots of land in their nams, and the procedures of the registering these plots of lands are in progress

Depreciation for the period is charged to income statement as follows:-

	30/9/2009 LE(000)
Selling expenses	675
Operating expenses	434 837
General & administrative expenses	6 055
	441 567

4.1 Leased assets (Al Ezz El Dekheila for Steel – Alexandria)

	30/9/2009 LE (000)
Equipment of DRI & Steel plants (Agreements concluded with IDB and IBP)	251 553
Equipment of Flat Steel plant (Agreements concluded with IDB, IBP & UIF)	226 251
	477 804
Transferred to fixed assets - machinery	(477 804)
	-

Al Ezz El Dekheila for Steel – Alexandria paid in full the present value of the full installments and the accrued interest according to the signed financing lease agreements with the Islamic Development Bank and Investment Fund Shares relating to the Steel Direct Reduction and Flat Steel Production Unit factories' machinery and equipment, and the ownership title of these assets was transferred to the company.

5. PROJECTS UNDER CONSTRUCTION

	30/9/2009 LE (000)	31/12/2008 LE (000)
Constructions expansion	30 630	8 363
Machinery under installation	212 313	204 392
Advance payments for purchase of Land *	13 825	39 482
Advance payments for purchase of Machinery	292 380	170 686
Advance payments for projects construction	208 532	-
Salaries and other expenses capitalized as cost of new projects constructions	23 887	-
Others	2 738	-
	784 305	422 923

* Advance payments for purchase of land includes an amount of LE 8.203 million for the purchase of a plot of land purchased from Gulf of Suez Development Company with a total area of 928 356.25 m^2 with a total value of LE 28.315 million including the Suez Tory's fees for the purpose of establishing industrial project on it.

6. INVESTMENTS

	Participation Percentage %	Investments cost 30/9/2009 LE (000)	Investments cost 31/12/2008 LE (000)
6-1 Investments in associates			
Egyptian German Co. for Flat Steel Marketing (Franco) (L.L.C) (under liquidation)	40	90	90
Al Ezz El Dekheila for Steel – Egypt (EZDK) (LLC)	50	25	25
EZDK Steel Europe GMBH Co.	50	-	70
EZDK Steel UK LTD Co.	50	1	1
		116	186
6-2 Investments in other companies			
Egyptian Company for Cleaning and Security Services	30.81	80	80
Arab Company for Special Steel (SAE)	5	17 726	17 726
		17 806	17 806
Less:			
Impairment losses on Arab Company for Special Steel		13 960	13 960
		3 846	3 846
Total		3 962	4 032

7. LONG TERM DEBIT BALANCES

Long term debit balance represent an amount of LE 23 069 K equivalent to US$ 4 182 K paid by Al Ezz Flat Steel Company (a subsidiary) for the purchase of 3 375 shares of Air Liquide Sokhna Company, the participation percentage is 45%, until the necessary procedures to register the ownership of these shares are finalized, at such time it will be transferred to the investment account.

8. LONG TERM LENDING TO OTHERS

This item as shown in the financial statements of Al Ezz El Dekheila for Steel - Alexandria represents the following:

	30/9/2009 LE (000)	31/12/2008 LE (000)
The loan granted to the Company's employees housing Co-operative association (interest free).	-	1 766
The loans granted to the Company's employees (interest free)	2 982	1 661
	2 982	3 427

9. INVENTORY

	30/9/2009 LE (000)	31/12/2008 LE (000)
Raw materials and supplies	676 700	1 158 083
Work in process	142 045	186 087
Finished products	536 985	561 283
Spare parts	1 083 161	1 015 920
Goods in transit	108 217	171 043
Consignment goods	730	46 148
Letters of credit for purchasing raw materials and spare parts	-	39 708
Goods for sale	105 945	877
	2 653 783	3 179 149

10. TRADE AND NOTES RECEIVABLE (NET)

	30/9/2009 LE (000)	31/12/2008 LE (000)
Trade receivables	98 615	80 594
Notes receivable	33 866	39 487
	132 481	120 081
Impairment losses on trade receivables	(30 715)	(33 412)
	101 766	86 669

11. DEBTORS AND OTHER DEBIT BALANCES

	Note No.	30/9/2009 LE (000)	31/12/2008 LE (000)
Deposits with others		98 173	99 028
Tax Authority		133 306	159 483
Customs Authority		2 478	5 894
Accrued revenues		3 228	19 150
Prepaid expenses		27 761	23 996
Employees' loans		271	1 560
Tax Authority – sales tax		32 032	78 204
Alexandria Port Authority		42 489	42 489
Deferred expenses		52 289	-
Short - term lending		-	300
Letters of guarantee cash margin		25	491
Due from related parties	(20-1)	262 500	10 208
Other debit balances		54 026	45 746
		708 578	486 549
Impairment losses on debtors and other debit balances		(71 727)	(78 107)
		636 851	408 442

12. IMPAIRMENT LOSS ON ASSETS

	Note No.	Balance as of 1/1/2009 LE (000)	Used during the period LE (000)	Reversal of impairment loss LE (000)	Balance as of 30/9/2009 LE (000)
Impairment loss on trade receivables	(10)	33 412	-	(2 697)	30 715
Impairment loss on debtors and other debit balances	(11)	78 107	(4 916)	(1 464)	71 727
Impairment loss on advances to suppliers		4 267	-	(2 653)	1 614
Impairment loss on investments available for sale	(6-2)	13 960	-	-	13 960
		129 746	(4 916)	(6 814)	118 016

13. CASH AND CASH EQUIVALENTS

	30/9/2009 LE (000)	31/12/2008 LE (000)
Banks – Deposits	1 016 879	3 006 949
Banks – current accounts	559 821	777 946
Cheques under collection	61 355	9 315
Cash on hand	25 288	619
Investments fund *	59 717	301 276
	1 723 060	4 096 105
Less:		
Banks – overdraft	577 163	1 888 973
Blocked time deposits against the service of debt within the credit limits granted by the bank – EZDK (Note No. 15)	497 187	-
Cash and cash equivalents in the statement of cash flows	648 710	2 207 132

* Represents a number of 472 472 investment deeds with accumulated daily interest.

14. BANKS CREDIT ACCOUNTS AND OVERDRAFTS

This item represented within the current liabilities caption amounting to LE 579 504 K as of September 30, 2009 against 1 889 775 K as of December 31, 2008 in the balances of banks – overdrafts amounting to LE 577 163 K as of September 30, 2009 (against L.E 1 888 973 K as of December 31,2008) and banks - credit accounts amounting to LE 2 341 K as of September 30, 2009 (against L.E 802 K as of December 31,2008) in Egyptian pound and US dollars obtained from banks the company already deals with, with an average interest rate 12-14.5 % for the Egyptian pound and 1-2 % over Libor for the US$ approximately.

15- LOANS & CREDIT FACILITIES

Borrowing company	Borrowing purpose	Interest rate %	Payment terms	Period	Short term portion 30/9/2009 LE(000)	Long term portion 30/9/2009 LE(000)	Total 30/9/2009 LE(000)	Collateral
Al Ezz Steel Rebars								
Banks - credit facilities					780 916	—	780 916	
Al Ezz Rolling Mills								
Loans - local currency	To finance machines and equipment of the plant	12%	30 Quarterly installments	31 March 2004 until 30 June 2011	9 498	11 910	21 408	First degree mortgage on the land, buildings, machinery and equipment in favor of the bank.
Loans - foreign currency		1% Over the lending rate of banks in foreign currencies			10 455	13 513	23 968	
Al Ezz El Dekheila for Steel - Alexandria								
Loans - local currency	To finance Steel Rebars activities and Flat Steel	Lending rate & discount + 0.5% below lending rate & discount Libor + 0.75% - 1%	Semiannual installments	2-6 years	492 618	2 372 384	2 865 002	
Loans - foreign currency		1% over Libor 5.15% - 5.49% 3% - 3.5% & 5.15%		2-8 years	250 620	448 210	698 830	
Al Ezz Flat Steel								
Loans - local currency	To finance flat steel project in El Ein El-Sokhna -Suez	Variable	Semiannual installments	18 August 2004 until 18 February 2013	45 585	94 599	140 184	Real estate mortgage on the company's land and assets as well as a commercial pledge on all tangible and intangible assets pledge on inventories and possession mortgage of construction and supplying contracts.
Loans - foreign currency					305 487	743 027	1 048 514	
Banks - credit facilities					279 659	—	279 659	Possession mortgage on inventories amounted to US Dollars 80 million against demission of all export contracts for the banks favor and depositing all local sales revenue at the banks and the insurance on inventories against robbery .and fire for the banks favor.
Contra Steel company								
Banks - credit facilities					98 490	—	98 490	
Balance as of 30 September 2009					2 273 328	3 683 643	5 956 971	
Balance as of 31 December 2008					2 023 871	2 635 923	4 659 794	

- According to Al Ezz El Dekheila for Steel - Alexandria's financing policy in replacing some long-term loans and credit facilities with a medium-term loan and according to the board of directors decrees issued relating to this matter, a joint short-term financing contract with a group of banks were signed, the Arab African International Bank is the Agent and the Principal Co-ordinator for this loan (banks acting as the Principal Co-ordinator and banks acting as participating banks) with an aggregate amount that does not exceed LE 3.5 billion, the amount withdrawn from this loan as of September 30, 2009 amounts to LE 2.515 billion. This loan is to be paid over 14 semi-annual installments, the first installment is due after 6 months from the end of the withdrawal period with an annual interest rate calculated based on the corridor rate. (The Central Bank of Egypt's declared lending rate plus 0.5% margin according to the loan contract) and the Company is committed to opening a reserve account for serving the debt (before the first withdrawal date) with an amount equal to the value of the first installment and the interest accrued over the engagement amount for six months (Note No. 13).

16. TRADE AND NOTES PAYABLE

	30/9/2009 LE (000)	31/12/2008 LE (000)
Trade payables	692 834	828 519
Notes payable	7 710	2 457
	700 544	830 976

17. CREDITORS AND OTHER CREDIT BALANCES

	Note No.	30/9/2009 LE (000)	31/12/2008 LE (000)
Fixed assets - creditors		2 081	16 969
Accrued interest		93 176	63 864
Accrued expenses		23 815	24 695
Tax Authority		21 398	25 140
Performance guarantee retention		7 476	6 546
Sales tax installments		23	23
Sales Tax Authority		31	58 968
Income tax for the period / year		93 411	692 227
Dividends payable		73 664	477 407
Financing lease agreements		23 702	13 950
Deferred revenue		130	404
Due to related parties	(20-2)	6 142	1 326
Alexandria Port Authority		-	23 106
Other credit balances		28 920	33 247
		373 969	1 437 872

18. PROVISIONS

	Balance as of 1/1/2009 LE (000)	Used during the period LE (000)	Balance as of 30/9/2009 LE (000)
Lawsuits provision	26 677	-	26 677
Claims provision	23 151	(1 532)	21 619
	49 828	(1 532)	48 296

19. OTHER LIABILITIES

	30/9/2009 LE (000)	31/12/2008 LE (000)
Fixed assets creditors	221	235
Financing lease agreements – flat steel project	-	69 750
Alexandria Port Authority *	111 097	103 614
	111 318	173 599

* Al Ezz El Dekheila for Steel – Alexandria paid all the amounts due to the Alexandria Port Authority according to the license granted to the company from the port authority in spit of the company's reservation on the materials stevedoring category and the usufruct stated in the license clauses legally disputed in the civil court case No. 6652 for 2002. Formalities for filing a case alleging unconstitutionality with the Supreme Constitutional Court were taken and it has been decided that the claims of the port authority be suspended until the decision of the supreme constitutional court is issued.

The balance recorded in the long-term liabilities item represents sales tax and delayed interests on the payment of some of the port authority's dues for previous years which are still being disputed and studied and that is according to the agreement reached between both parties on November 22, 2007 and August 31, 2008 to postpone the payments of such balances until the legal dispute is resolved and the Port Authority's eligibility to claim the sales tax on the stevedoring fees.

Al Ezz El Dekheila for Steel – Alexandria Company's legal advisor's opinion is that according to the supreme constitutional court procedures, the court's final judgment and accounting basis establishment will not take place for at least three years.

20. RELATED PARTIES TRANSACTIONS

The Company conducts commercial transactions according to terms, which are approved by the board of directors with some related parties – subsidiaries and associates. These transactions that occurred during the period are represented in the purchase of raw materials for production amounted to LE 540 K and sales transactions of some products in favor of those companies amounted to LE 152 829 K, in addition to some mutual services which resulted in the following balances:

Company's Name	Nature of Transaction	Transaction Volume LE (000)	Balance on 30/9/2009 LE (000)	Balance on 31/12/2008 LE (000)	Balance Sheet caption
Al Ezz Foreign Trade	Sales	84 355	2 122	1 315	Due to related parties
Al Ezz for Trading and Distributing Building Materials	Sales	68 474	230 033	-	Due from related parties
EZDK Steel UK LTD.	Marketing services	6 291	-	-	-
Al Ezz for Ceramics and Porcelain (GEMMA)	Sales	-	17 765	-	Due from related parties
	Purchases	540	-	-	

20.1 Due from related parties - Debtors and other debit balances

	Nature of Relationship	30/9/2009 LE (000)	31/12/2008 LE (000)
El-Gawhara Real Estate Investment	Associate company	4	4
El-Gawhara Real Estate Development	Associate company	2 990	-
Al Ezz Holding Company for Industry & Investment	Holding company	646	-
Al Ezz for Ceramics and Porcelain (GEMMA)	Affiliated company	17 765	-
Al Ezz for Engineering Heavy Industries	Affiliated company	9 579	8 130
Al Ezz for Trading and Distributing Building Materials	Affiliated company	230 033	-
Al Ezz Metals Overseas LTD.	Affiliated company	1 483	-
Gulf of Suez Company for Industrial Investments	Associate company	-	2 074
		262 500	10 208

20.2 Due to related parties - Creditors and other credit balances

Al Ezz Foreign Trade	Associate company	2 122	1 315
Al Ezz for Ceramics and Porcelain (GEMMA)	Affiliated company	21	8
El-Gawhara Real Estate Projects	Associate company	3 999	2
Gulf of Suez Company for Industrial Investments	Associate company	-	1
		6 142	1 326

21. CAPITAL

21.1 Authorized capital

- The company's authorized share capital is LE 8 billion.

21.2 The issued and paid in capital

The issued and paid capital after the increase is LE 2 716 325 135 (two billion, seven hundred and sixteen million, three hundred and twenty five thousand and one hundred and thirty five Egyptian pound) distributed over 543 265 027 shares with a par value of LE 5 per share paid in full. The issued and paid capital after the increase was registered in the Company's commercial register with no. 1176 Menouf on October 30, 2008.

22. RESERVES

	30/9/2009 LE (000)	31/12/2008 LE (000)
Legal reserve	210 031	179 159
Premium share *	3 732 970	3 732 970
	3 943 001	3 912 129
	=======	=======

* This item represents premium share resulting from capital increase in return to the acquisition of Al Ezz El Dekheila – Alexandria for Steel shares and bonds converted to shares.

23. TREASURY STOCKS

This item in 30/9/2009 represents 9 462 714 share of Al Ezz Steel Rebars owned by Al Ezz Rolling Mills Company (ERM) – a subsidiary company –amounting to LE 71 921 K, and it is classified as treasury stock for the consolidation purpose.

24. BONDS LOAN

According to the approval of the company's Extra-ordinary General Assembly meeting held on December 31, 2007, it has been approved to issue negotiable nominal bonds not convertible to shares, equivalent to bank loans and any issuance of new bonds in regard to the priority of payments for a period not exceeding seven years through one issuance with a total amount of LE 1 100 million (one billion and one hundred million Egyptian pound) at a nominal value of LE 100 per bond, subject to accelerated payment at any date starting from the third year from issuance, those bonds are paid/amortized over 10 equal installments/payments starting from the fifth coupon (that is due on June 30, 2010) with the value of LE 110 million per installment.

These bonds are used to settle the company's outstanding debt among the long term debts and a part of the short term debts toward some banks.

These bonds were underwritten in public offering with an interest rate of 11.5% annually, paid semi-annually; the public offering was fully subscribed in these bonds on 29/5/2008.

The installments due within one year amounting to LE 110 million were included in the current liabilities in the balance sheet.

25. DEFERRED TAX ASSETS AND LIABILITIES

	30/9/2009		31/12/2008	
	Assets	Liabilities	Assets	Liabilities
	LE (000)	LE (000)	LE (000)	LE (000)
Deferred Tax				
Fixed assets	-	(812 490)	-	(599 217)
Provisions	22 400	-	23 690	-
Tax losses carried over	185 074	-	3 475	-
Total deferred tax	207 474	(812 490)	27 165	(599 217)
Netting off	(207 474)	207 474	(27 165)	27 165
Net deferred tax (liabilities)/assets	-	(605 016)	-	(572 052)

Net deferred tax which resulted in a liability for the period that was charged to the income statement for the period amounted to LE 32 964 K.

26. CONTINGENT LIABILITIES

In addition to the amounts which have been accounted for within the balance sheet items, there are other contingent liabilities represented in the uncovered value of letters of guarantee issued by the company and its subsidiaries' banks, on their behalf, in favor of others. The components of the contingent liabilities are as follows:

	30/9/2009 LE (000)	31/12/2008 LE (000)
Egyptian Pound	-	7 666
US Dollar	39 713	74 574
Kuwaiti Dinar	-	12 012

27. CAPITAL COMMITMENTS

In addition to the amounts which have been accounted for within the balance sheet items, the Company's capital commitments as of September 30, 2009 amounted to:

- LE 40 million represents the value of improving and developing the first rolling line and the melting oven of the flats factory, and constructing a new dust-extraction system from the melting oven, and constructing a number of (2) convertors for the ovens number (2) and (3) of the rolling factory to the Al Ezz El Dekheila for Steel – Alexandria Company.
- LE 15 million representing the remaining value of a plot of land purchased by the company from Gulf of Suez Development Company for the purpose of establishing industrial project, And an amount of LE 87 million represents value of constructing new projects after deducting the advance payment to the Al Ezz Flat Steel Company.

28. TAXATION

28.1 Al Ezz Steel Rebars

28.1.1 Corporate tax

The Company established its factory in Sadat City (one of the new urban communities) and according to the article No. 24 of Law No. 159 for 1979 relating to the development of new urban communities, the Company is granted a tax exemption for a period of ten years beginning from the first following year to the date of production, which started on January 1, 1997 and ended on December 31, 2006.
The tax authority inspected the Company's books until December 31, 2004 and there are no outstanding due or tax disputed.
The Company submits tax returns for 2005 until 2008 according to the provisions of Law No. 91 of 2005 and no inspection took place until that date.

28.1.2 Sales tax

The Company's products are subject to a 5% sales tax. The Company submits sales tax returns on a timely basis. The tax authority inspects the Company's books regularly and there are no tax disputes or outstanding dues until the date of the financial statements.

28.1.3 Payroll tax

The tax authority inspected the Company's books until 2005 and there are no amounts due on the Company in that concern.

28.2 Al Ezz Rolling Mills

28.2.1 Corporate tax

The Company established its factory in the 10^{th} of Ramadan City and according to the article No. 24 of Law No. 159 for 1979 relating to the development of new urban communities, the Company is tax exempted until December 31, 1999.
The tax authority inspected the Company's books and settlement was made until 2002 and there are no tax outstanding dues until that date.

The Company's books have been inspected by the tax authority for the years 2003, 2004 and the dispute was referred to the internal committee.

The Company submits tax returns for 2005 until 2008 according to the provisions of Law No. 91 of 2005 and no inspection took place for these years until that date.

28.2.2 Sales tax

The Company's products are subject to a 5% sales tax. The Company submits sales tax returns on a timely basis. The tax authority inspects the Company's books regularly and there are no tax disputes or outstanding dues until the date of the financial statements.

28.2.3 Payroll tax

The tax authority inspected the Company's books and settlement was made until 2002 and there are no amounts due on the Company in that concern.

The Company's books have been inspected by the tax authority for the years 2003, 2004 and the due tax was paid.

28.3 Al Ezz El Dekheila for Steel – Alexandria

28.3.1 Corporate tax

The Company submits tax returns annually and on a timely basis to the tax authority, and pays the tax dues from these tax returns – if any.
The tax settlement is finalized till year 2004 and the company paid all the tax liability.
The Company submitted its tax returns for the years 2005 to 2008 on a timely basis according to the provisions of the law and paid all the tax liability according to these tax returns.

28.3.2 Payroll tax

The Company's books for the years 2005-2007 are currently being inspected.

Tax inspection has not been made for the year 2008. The Company pays within the due dates and submits the tax reconciliations according to the provisions of the law.

28.3.3 Sales tax

Tax inspection has been made till 30/4/2009 and there are no tax disputes or outstanding dues.
The Company submits its monthly sales tax returns on a timely basis.

28.4 Al Ezz Flat Steel

28.4.1 Corporate tax

In the light of issuing law No. 114 of 2008 on May 5th, 2008, the private free zones were deleted and the company become subject to corporate tax from that date.

28.4.2 Payroll tax

The tax authority inspected the Company's books until 2007 and there are no disputes or amounts due on the Company in that concern during the period.

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

29.1 Financial instruments

The Company's financial instruments are represented in cash and cash equivalents, debtors, investments, trade payable, notes payable, creditors, loans, and banks-credit balances. The book value of these financial instruments does not materially differ from its fair value at the balance sheet date.

29.2 Interest rate risk

The interest risk is represented in the interest rates changes on the company's debts, represented in bonds loan, credit facilities and banks credit accounts which amounted to LE 7 636 475 K as of September 30, 2009 (LE 7 649 569 K as of December 31, 2008). Financing interest and expenses related to these balances amounted to LE 572 732 K during the period ended September 30, 2009 (LE 413 117 K during the same period in the previous year).Time-deposits and Investment fund amounted to LE 1 076 596 K as of September 30, 2009 (LE 3 308 225 K as of December 31, 2008), Interest income related to these balances amounted to LE 74 472 K during the period ended September 30, 2009 (LE 79 896 K during the same period in the previous year). The company works on getting the best terms available in the market regarding the credit facilities and bonds loan to mitigate this risk, also the company reviews the prevailing interest rates in the market periodically lowers the risk of interests.

29.3 Credit risk

Credit risk is represented in the inability of credit customers to pay their dues. To mitigate this risk the Company distributes the credit granted to the private sector companies and individuals on a large number of customers with strong and stable financial position.

29.4 Foreign currency risk

The foreign currency risk represents the risk of fluctuation in exchange rates which in turn affects the Company's cash inflows and outflows in foreign currency as well as the value of its foreign currency monetary assets and liabilities. The Company has foreign currency monetary assets and liabilities equivalent to LE 1 163 581 K and LE 1 516 099 K respectively, as of the Balance sheet date.

The Company's net exposures in foreign currencies at the Balance sheet date are as follows:

Foreign Currency	**(Deficit)/Surplus In thousand**
US$	137 601
Euro	11 043
Sterling Pound	(534)
Japanese Yen	(6 920 594)
Algeria Dinar	54 593

As shown in note no. (3-2) "Foreign currency translation", the balances of monetary assets and liabilities denominated in foreign currencies shown above were valuated using the prevailing exchange rate of the banks that the Company deals with at the balance sheet date.

30. EARNINGS PER SHARE FOR THE PERIOD

	For the Financial period From 1/1/2009 to 30/9/2009	For the Financial period From 1/1/2008 to 30/9/2008
Net profit for the period (in thousands LE)	29 200	1 528 100
Average number of outstanding shares during the period	533 802 313	179 179 821
Earnings per share for the period (L.E / share)	0.05	8.53
	(for nine months)	(for nine months)

31. COMPARATIVE FIGURES

The comparative figures of the financial statements were amended to include the assets, liabilities, the results of operations and cash flows of Iron for Industrial, Trading and Constructing Steel Company (Contra Steel) and Misr for Pipes & Casting Industry Company (subsidiary companies) these companies have been consolidated starting this period in Al Ezz El Dekheila for Steel - Alexandria (EZDK) "the parent".

These amendments are as follows:

	Before amendment LE (000)	After amendment LE (000)
Balance Sheet:		
Long-term assets	10 809 674	10 807 645
Current assets	7 780 614	7 820 813
Current liabilities	7 171 520	7 180 582
Owner's equity	6 937 194	6 966 302
Income Statement:		
Net profit for the period	1 520 496	1 528 100
Cash flow Statement:		
Net cash flows (used in) provided by operating activities	2 635 699	2 507 723
Net cash used in investing activities	(855 002)	(854 939)
Net cash (used in) provided by financing activities	1 115 472	1 115 465

32. SUBSEQUENT EVENTS

The Extra-ordinary General Assembly in its meeting dated October 3, 2009 approved to change the Company name to "ezzsteel", this amendment was registered in the commercial registry on November 1, 2009.