

EL Sewedy Electric Company
(An Egyptian Joint Stock Company)
Consolidated Financial Statements
For the Financial Period from 1 January 2012 to 31 March 2012
And Limited Review Report

Report on Limited Review of Interim Consolidated Financial Statements

To: The Members of Board of Directors of El Sewedy Electric Company

Introduction

We have performed a limited review for the accompanying consolidated balance sheet of El Sewedy Electric Company as of March 31, 2012 and the related consolidated statements of income, changes in equity and cash flows for the three-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim Consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of Limited Review

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

Basis for Qualified Conclusion

We have not obtained the financial statements together with the review report for Libya for Joint Cables Company, one of the company's subsidiary that have not started operations, of which its total assets amounted to L.E. 81.2 million. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Conclusion

Except for the adjustments to the interim consolidated financial statements that we might have become aware of had we obtained the limited review report for the above mentioned subsidiary, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements does not present fairly , in all material respects, the consolidated financial position of the company as at March 31, 2012 and of its consolidated financial performance and its consolidated cash flows for the three-months period then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

Public Accountants And Consultants

Cairo, 29 May 2012

EL Sewedy Electric Company
(An Egyptian Joint Stock Company)
Consolidated Balance Sheet
As of 31 March 2012

	Note No.	<u>31-03-12</u> <u>L.E</u>	<u>31-12-11</u> <u>L.E</u>
Assets			
Long term assets			
Fixed assets	(3-3)⋆(6)	3 444 345 872	3 479 597 528
Project under progress	(3-3)⋆(7)	229 128 016	256 138 006
Investments available for sale	(3-5)⋆(8)	14 686 247	14 686 247
Investments in associates	(3-1)	12 199 588	12 791 994
Debit balances	(3-4)⋆(9)	230 845 191	203 425 884
Intangible assets	(3-7)⋆(30)	234 902 413	227 319 965
Deferred tax assets	(3-18)⋆(20)	39 149 642	37 273 619
Total long term assets		4 205 256 969	4 231 233 243
Current assets			
Inventories	(3-8)⋆(10)	3 649 065 217	3 553 646 798
Trade, notes and other receivables	(3-4)⋆(11)	4 449 702 567	4 390 733 367
Due from affiliates	(28)	222 564 118	155 894 444
Investment fund / treasury bills	(3-6)⋆(12)	325 514 893	401 452 323
Cash and cash equivalents	(13)	1 135 025 537	1 242 451 442
Total current assets		9 781 872 332	9 744 178 374
Current liabilities			
Banks facilities and overdraft	(3-11)⋆(14)	3 808 391 481	4 061 203 803
Loans	(3-11)⋆(15)	873 265 466	921 816 006
Notes payable due to banks		372 511 236	175 232 176
Trade, notes and other payables	(3-4)⋆(16)	2 076 979 698	1 929 596 852
Due to affiliates	(28)	241 839 370	240 460 510
Provisions	(3-10)⋆(17)	41 416 273	49 138 467
Total current liabilities		7 414 403 524	7 377 447 814
Working capital		2 367 468 808	2 366 730 560
Total investments		6 572 725 777	6 597 963 803
These investments to be financed as follows:			
Shareholders' Equity			
Issued and paid capital	(18)	2 234 180 000	2 234 180 000
Own shares		(1 422 160)	(1 422 160)
Reserves	(19)	122 068 807	122 068 807
Increase in the net assets of the acquired subsidiaries over the consideration paid for the investment	(3-1)	578 908 660	578 908 660
Retained earnings		2 303 006 914	1 798 202 186
Net profit for the period/year		98 340 373	509 118 697
Foreign exchange differences resulted from foreign entities translation		(107 811 096)	(80 303 307)
Total parent's shareholders' equity		5 227 271 498	5 160 752 883
Minority interest		397 480 875	413 732 744
Total equity		5 624 752 373	5 574 485 627
Long term liabilities			
Loans	(3-11)⋆(15)	738 679 591	825 370 085
Deferred tax liabilities	(3-18)⋆(20)	127 192 018	119 655 377
Other liabilities	(21)	82 101 795	78 452 714
Total long term liabilities		947 973 404	1 023 478 176
		6 572 725 777	6 597 963 803

* The accompanying notes are an integral part of these consolidated financial statements .

Chief Financial Officer
Mr. Amr Mohamed Labib

Managing Director
Eng. Ahmed Ahmed Sadek

Chairman
Mr. Sadek Ahmed Elsewedy

Limited review report "attached "

EL Sewedy Electric Company
(An Egyptian Joint Stock Company)
Consolidated Income Statement
For the financial period from 1 January 2012 to 31 March 2012

	Note No.	From 1/1/2012 to 31/3/2012	From 1/1/2011 to 31/3/2011
Operational revenues	(3-14)	3 456 840 131	3 553 367 253
Operational costs	(3-16)	(3 014 507 779)	(3 105 169 898)
Gross profits		<u>442 332 352</u>	<u>448 197 355</u>
Other operating income	(23)	22 619 315	25 308 183
Selling and distribution expenses	(3-16)	(80 153 679)	(76 358 451)
Administrative expenses	(3-16)	(150 700 333)	(131 394 566)
Other operating expenses	(24)	(20 615 732)	(14 647 938)
Operating profits		<u>213 481 923</u>	<u>251 104 583</u>
Financing income		26 622 986	23 979 195
Financing costs		(103 061 709)	(61 719 125)
Net financing costs	(25)	<u>(76 438 723)</u>	<u>(37 739 930)</u>
Net profit for the period before tax		137 043 200	213 364 653
Income tax			
Current income tax	(3-18)	(30 718 382)	(28 866 620)
Deferred income tax	(3-18)	(3 602 357)	(1 740 833)
Net profit for the period after tax		<u>102 722 461</u>	<u>182 757 200</u>
Attributable to :			
Equity holders of the holding company		98 340 373	171 307 658
Non- controlling interest		4 382 088	11 449 542
		<u>102 722 461</u>	<u>182 757 200</u>
Earnings per share	(3-19),(34)	<u>0.44</u>	<u>0.77</u>

The accompanying notes are an integral part of these consolidated financial statements

EL Sewedy Electric Company
(An Egyptian Joint Stock Company)
Consolidated changes in Equity's statements
For the financial period from 1 January 2012 to 31 March 2012

	Issued and paid capital	Own shares	Legal reserve	General reserve	Employee share reserve	Increase in the net assets of the acquired subsidiaries over the consideration paid for the investment	Retained earnings	Profit attributable to the holding for the period/year	Foreign exchange differences resulted from foreign entities translation	Total parent's shareholders' equity	Minority interest	Total share holders' equity
	.L.E	.L.E	.L.E	.L.E	.L.E	.L.E	.L.E	.L.E	.L.E	.L.E	.L.E	.L.E
Balance as at December 31, 2010	1 718 600 000	(1 704 990)	36 713 202	43 816 730	3 424 159	578 908 660	1 810 338 694	795 529 148	(58 509 142)	4 927 116 461	414 195 385	5 341 311 846
Transferred to retained earning	-	-	-	-	-	-	795 529 148	(795 529 148)	-	-	-	-
Transferred to legal reserve	-	-	41 538 875	-	-	-	(41 538 875)	-	-	-	-	-
Minority share in subsidiaries profit distribution	-	-	-	-	-	-	-	-	-	-	(24 498 854)	(24 498 854)
Minority share in capital increase of subsidiaries or acquired subsidiaries during the year	-	-	-	-	-	-	-	-	-	-	74 437	74 437
Foreign exchange differences from foreign entities translation	-	-	-	-	-	-	-	-	(21 794 165)	(21 794 165)	-	(21 794 165)
Adjustments to the retained earnings	-	-	-	-	-	-	(12 204 590)	-	-	(12 204 590)	(3 467 419)	(15 672 009)
Effect of employees shares based payments to be (L.E 4 227 700)	-	-	-	-	803 541	-	-	-	-	803 541	-	803 541
Stock dividends (profit for year 2010)	515 580 000	(504 930)	-	-	-	-	(515 075 070)	-	-	-	-	-
Cash dividends (profit for year 2010)	-	-	-	-	-	-	(171 860 000)	-	-	(171 860 000)	-	(171 860 000)
Dividends to employees	-	-	-	-	-	-	(70 427 061)	-	-	(70 427 061)	-	(70 427 061)
Exercised options	-	787 760	-	-	(4 227 700)	-	3 439 940	-	-	-	-	-
Net profit for year	-	-	-	-	-	-	-	509 118 697	-	509 118 697	27 429 195	536 547 892
Balance as at December 31, 2011	2 234 180 000	(1 422 160)	78 252 077	43 816 730	-	578 908 660	1 798 202 186	509 118 697	(80 303 307)	5 160 752 883	413 732 744	5 574 485 627
Transferred to retained earning	-	-	-	-	-	-	509 118 697	(509 118 697)	-	-	-	-
Minority share in subsidiaries profit distribution eliminated part of minorities for some subsidiaries	-	-	-	-	-	-	-	-	-	-	(26 148 573)	(26 148 573)
Minority share in capital increase of subsidiaries or acquired subsidiaries during the period	-	-	-	-	-	-	-	-	-	-	5 703 139	5 703 139
Foreign exchange differences from foreign entities translation	-	-	-	-	-	-	-	-	(27 507 789)	(27 507 789)	-	(27 507 789)
Adjustments to the retained earnings	-	-	-	-	-	-	(3 019 988)	-	-	(3 019 988)	(188 523)	(3 208 511)
Dividends to employees	-	-	-	-	-	-	(1 293 981)	-	-	(1 293 981)	-	(1 293 981)
Net profit for the period from 1.1.2012 to 31.3.2012	-	-	-	-	-	-	-	98 340 373	-	98 340 373	4 382 088	102 722 461
Balance as at March 31, 2012	2 234 180 000	(1 422 160)	78 252 077	43 816 730	-	578 908 660	2 303 006 914	98 340 373	(107 811 096)	5 227 271 498	397 480 875	5 624 752 373
Balance as at December 31, 2010	1 718 600 000	(1 704 990)	36 713 202	43 816 730	3 424 159	578 908 660	1 810 338 694	795 529 148	(58 509 142)	4 927 116 461	414 195 385	5 341 311 846
Transferred to retained earning	-	-	-	-	-	-	795 529 148	(795 529 148)	-	-	-	-
Minority share in capital increase of subsidiaries or acquired subsidiaries during the period	-	-	-	-	-	-	-	-	-	-	178 711	178 711
Foreign exchange differences from foreign entities translation	-	-	-	-	-	-	-	-	38 310 900	38 310 900	-	38 310 900
Adjustments to the retained earnings	-	-	-	-	-	-	(8 634 503)	-	-	(8 634 503)	175 108	(8 459 395)
Effect of employees shares based payments to be (L.E 3 566 221)	-	-	-	-	-	-	241 062	-	-	241 062	-	241 062
Dividends to employees	-	-	-	-	-	-	(176 628)	-	-	(176 628)	-	(176 628)
Net profit for the period from 1.1.2011 to 31.3.2011	-	-	-	-	-	-	-	171 307 658	-	171 307 658	11 449 542	182 757 200
Balance as at March 31, 2011	1 718 600 000	(1 704 990)	36 713 202	43 816 730	3 424 159	578 908 660	2 597 297 773	171 307 658	(20 198 242)	5 128 164 980	425 998 746	5 554 163 696

* The accompanying notes are an integral part of these consolidated financial statements.

El Sewedy Electric Company
(An Egyptian Joint Stock Company)
Consolidated Cash Flows Statement
For the financial period from 1 January 2012 to 31 March 2012

		From 1/1/2012 to 31/3/2012	From 1/1/2011 to 31/3/2011
	<u>Note No.</u>	<u>L.E</u>	<u>L.E</u>
Cash flows from operating activities:			
Net Profit for the period before tax		137 043 200	213 364 653
Adjustments to reconcile net profits to net cash provided by operating activities :			
Depreciation	(6)	83 723 202	83 041 330
Amortization		2 402 212	3 561 258
Provisions and receivable impairment		5 457 237	2 155 792
Credit interest	(25)	(17 018 173)	(11 303 169)
Debit interest and commission	(25)	103 061 709	61 719 125
Capital gains		(4 936)	(6 082 077)
Investment loss in associate		592 406	-
Charge for employees shares based payments		-	241 062
Operating profit before changes in working capital		315 256 857	346 697 974
Changes in trade, notes and other receivables		(92 113 053)	(311 088 758)
Changes in inventories		(95 418 420)	(397 110 017)
Changes in related parties		(65 290 814)	(28 716 713)
Changes in trade, notes and other payables		30 198 243	(220 781 711)
Net cash provided by (used in) operating activities		92 632 813	(610 999 225)
Cash flows from investing activities			
Acquisition of fixed assets		(61 291 837)	(84 202 858)
Payments on acquisition of intangible assets		(9 984 660)	-
Proceeds from sale of fixed assets and project under progress		6 500 080	8 432 259
Net proceeds for treasury bills and Investment Fund		75 937 430	133 936 002
Net cash flows provided by investing activities		11 161 013	58 165 403
Cash flows from financing activities			
Dividends paid to minority and eliminated part of minorities for some subsidiaries		(26 148 573)	-
Proceeds from minorities share in subsidiaries capital increase		5 703 139	178 711
Proceeds from loans and bank facilities		(190 774 297)	586 562 755
Net cash flows (used in) provided by financing activities		(211 219 731)	586 741 466
Net change in cash and cash equivalents		(107 425 905)	33 907 644
Cash and cash equivalents at the beginning of the year		1 242 451 442	1 000 073 799
Cash and cash equivalents at the end of the period		1 135 025 537	1 033 981 443

* The accompanying notes are an integral part of these consolidated financial statements.

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2012

1. Company background

El Sewedy Electric Company “previously El Sewedy Cables” is an Egyptian Joint Stock Company, established under the Investment Incentives and Guarantees Law No. 8 of 1997 and was registered in the commercial registration under No. 14584 on 1 June 2005.

The Company’s Extra-ordinary General Assembly held on 19/4/2010 decided to change the company name from “EL Sewedy Cables” to “EL Sewedy Electric“. This change was authenticated in the company commercial register on 4/10/2010. The company has obtained the approval for the change of its name from Misr for Central Clearing, Depository and Registry Company on 31/10/2010, and changed the name in the Egyptian Stock Exchange on 3/11/2010.

The Company’s purpose is to establish and operates a production facility for power cables, transformers, terminators, joint accessories, copper and aluminum terminators either coated or not coated production. In addition to designing, building, managing, operating and maintaining power generation units and power nets. The duration of the company is 25 years from 1/6/2005 (the date of its registration in the commercial register).

The consolidated financial statement includes the holding company and its subsidiaries “The group”.

2. Basis of preparation
Statement of Compliance

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

The consolidated financial statements were approved by the Board of Directors on 29 May 2012.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial derivatives measured at fair value and available for sale investments. The methods used to measure fair values are discussed further in note No. 35 below.

Functional and presentation currency

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

Use of estimates and judgments

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2012

- Note (6) – Fixed assets
- Note (17) – Provisions
- Note (20) – Deferred taxes
- Note (22) – Contract revenue
- Note (31) – Shares based payment
- Note (34) – Valuation of financial instruments
- Note (30) –Intangible assets

3. Significant accounting policies

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

3-1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholders that controls the Group are accounted for as of the acquisition date. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognized directly in equity.

Loss of control

Upon loss of control, the group derecognizes the assets and liabilities of the subsidiary, any minority interests and other components of equity related to the subsidiary. Any surplus or deficit is recognized in profit or loss. If the group retains any interest in the previous subsidiary it's accounted for subsequently as an equity investee or an available for sale financial asset depending on the level of influence retained.

Investment in associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint controlled are those entities over whose activities the Group has joint control. Investment in associates is initially recorded by cost, using equity method to account for this investment

Transactions eliminated on consolidation

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

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2012

3-2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in the consolidated profit or loss.

Foreign Operations

The assets and liabilities of foreign operations are translated to Egyptian Pound at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Egyptian Pound at exchange rates at the dates of the transactions. Foreign currency differences arising on retranslation are recognised in a separate item under the equity in the consolidated balance sheet.

3-3 Fixed assets

Recognition & measurement

Items of fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labor, any others costs directly attributable to bringing the asset to a working conditions for its intended use. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets

Subsequent costs

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

Project under progress

Project under progress are added to fixed assets and depreciated when it become ready for its intended use.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative years are as follows:

Buildings	8 -50 years
Machinery and equipment	5-10 years
Furniture	4 -17 years
Vehicles	5-8 years

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2012

Machinery and equipments related to wind activity are amortized according to units of production depreciation method.

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

Capital lease

Rental expenses of capital lease in-addition to the operating costs such as maintenance and repair of the leased assets are charged to the income statement on a straight – line basis over the period of lease. In case of purchasing the leased assets at the end of the contract using the contract bargain purchase option, these assets should be recorded as fixed assets with the bargain option amount agreed in the lease contract, and are depreciated over the remaining estimated useful life according to the applied depreciation policy.

3-4 Financial instruments

Non-derivative financial instruments

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

The financial assets and liabilities are recognised in the balance sheet when the company and its subsidiaries become side in the financial instruments agreement. The initial recognition with the financial instruments by its fair value and for trade and other receivables and trade and other payables by its nominal value.

Cash and cash equivalents comprise cash balances and call deposits for a period more than three months which form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Derivative financial instruments

The Group doesn't hold derivative financial instruments for speculative purposes. The hedged instrument is recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value.

3-5 Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value (if quoted) and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items are recognized directly in equity, When an investment is derecognized, the cumulative gain or loss in equity is transferred to income statement. Investments which are not listed at stock exchanges are measured at historical value after reducing any impairment losses.

3-6 Investment in treasury bills, Central Bank Certificates and Investment Fund

Where the Group has the positive intent and ability to hold treasury bills, Central Bank certificates and investment fund to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortized cost using the effective interest method. The book value for these investments (amended cost) becomes equal to the nominal value at the maturity when redeemed less any impairment while treasury bills and central bank certificates are classified according to present value.

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2012

3-7 Other assets

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquirer. When the excess is negative, it is recognized immediately in profit or loss.

Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in the profit and loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date they are available for use. The estimated useful life is as follows:

Patents 20 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3-8 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business minus the estimated cost for completion and any selling costs. Net realizable value of the quantity of inventory held to satisfy firm sales is based on the contract price. If the sales are for less than the inventory quantities held, the net realizable value of the excess is based on general selling price. Provision arises from firm sales contracts in excess of inventory quantities held or from firm purchase contracts.

Cost of raw materials is determined using the weighted average method. In case of finished goods and work in process, cost includes direct material and direct labor cost and an appropriate share of production cost.

3-9 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity, to profit and loss.

Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in profit or loss. Financial assets that are not individually significant are collectively assessed for impairment by grouping them together according to their similar risk characteristics

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2012

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3-10 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the liability can be reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market adjustments of the time value of money and the risks specific to the liability. The provisions are reviewed at each balance sheet date and amended, when necessary, to represent the best current estimate.

3-11 Interest bearing borrowings

Interest bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortized cost with any difference between cost and redemption value been recognized in the over the period of borrowing on an effective interest basis.

3-12 Dividends

Dividends are recognized as a liability in the financial period in which the dividends are approved by the shareholders general meeting.

3-13 Treasury shares

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity. Gain or losses arising from sale of treasury shares are included in equity in the consolidated financial statements.

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2012

3-14 Recognition of revenue

Sales revenue

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Risk and rewards of ownership are transferred when goods are received at the customer's warehouse; however, for some international shipments transfer occurs upon loading the goods onto the relevant carrier.

Revenue of construction contracts

Revenues from construction contracts are recognized using the percentage-of-completion method. The percentage-of-completion is measured by correlating costs incurred to date to estimated total costs for each contract.

Contract costs include all direct material, equipment, labor, subcontract and those indirect costs related to contract performance, such as indirect labor and maintenance costs. General and administrative costs allocable to particular contracts are charged to contract costs. All other general and administrative costs are charged to expense as incurred. Changes in job performance, job conditions, estimated profitability and final contract settlements may result in revisions to costs and income and are recognized in the period in which the facts requiring such revisions become known.

Provision for estimated losses including allocable general and administrative expenses on uncompleted contracts is made in the period in which such losses are determined. Claims for additional contract revenue are recognized when realization is assured and the amount can be reasonably determined.

Investment income

Income from available-for-sale investments are recognized when the Group's right to the income is established.

Credit interest

Credit interest is recognized in the income statements according to the effective interest rate method.

3-15 Segment reporting

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

3-16 Expenses

Operating expenses, selling and distribution, general administrative expenses and other expenses are recognized using the accrual basis of accounting and as such are recognized in the income statement as incurred.

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2012

3-17 Employees benefits

Social Insurance Scheme

The Group contributes in the governmental social insurance system for the benefits of its employees according to the social insurance Law No. 79 of 1975 and its amendments. The Group's contributions are recognized in income statement using the accrual basis of accounting. The Group's obligation in respect of employees' pensions is confined to the amount of the aforementioned contributions.

Share based payments

The fair value of options granted to employees is recognized as expense, with a corresponding increase in equity, over the period that the employees becomes unconditionally entitled to the options

3-18 Income tax

Income tax in the parent and its subsidiaries' includes income tax for the current period and the deferred tax. Income tax is recognized in the consolidated income statement except for the

income tax related to the equity items which are stated directly in the equity in the consolidated financial statements.

Income tax is recognized on net taxable income using tax rates enacted at the consolidated financial statements date and in addition to any tax differences related to the previous years.

Deferred income 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 consolidated 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.

3-19 Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

4. Fair Value

A number of the group accounting policies and disclosures require the determination of fair value, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and/ or disclosure purposes based on the following methods.

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2012

Fixed assets

The fair value of the fixed assets recognised as a result of a business combination is based on market values. The market value of fixed assets is the estimated amount for which an asset could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Inventories

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

Intangible assets

The fair value of patents acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trade mark being owed.

Investments in equity instrument

Fair values is based on quoted market prices without any deduction for transaction costs except for the unquoted equity security which is stated at cost less impairment loss

Receivables

The fair value receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting period

5. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2012

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the euro and U.S. Dollars.

Interest rate risk

All the Group investments and borrowing are based on Libor rates or Egypt Central Bank rates plus a fixed percentage to reduce risk.

E1 Sewedy Electric Company

Notes to the consolidated financial statements - 31 March 2012

6 Fixed Assets

	Land	Buildings	Machinery & Equipment	Furniture & Office Supplies	Vehicles	Total
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Cost						
Balance as of 1/1/2012	398 888 432	1 309 927 946	2 367 644 264	100 885 567	127 361 166	4 304 707 375
Additions	2 679 614	11 283 835	16 430 888	1 666 366	2 465 301	34 526 004
Additions from project under progress	-	14 963 877	26 403 972	126 000	-	41 493 849
Disposals	(756 754)	-	(4 935 041)	(2 017 064)	(816 441)	(8 525 300)
Adjustments	-	309 896	1 488 987	(145 724)	(7 574 764)	(5 921 605)
Exchange differences	(2 690 770)	(5 236 273)	(29 696 555)	(983 393)	(943 452)	(39 550 443)
Cost as of 31/3/2012	398 120 522	1 331 249 281	2 377 336 515	99 531 752	120 491 810	4 326 729 880
Depreciation						
Accumulated Depreciation as of 1/1/2012	-	128 911 688	581 354 681	42 937 025	71 906 453	825 109 847
Depreciation	-	12 969 443	60 814 453	4 716 840	5 222 466	83 723 202
Disposals	-	-	(160 439)	(1 453 223)	(572 653)	(2 186 315)
Adjustments	-	-	(230 090)	(87 882)	(7 044 129)	(7 362 101)
Exchange differences	-	(1 211 926)	(14 230 849)	(762 411)	(695 439)	(16 900 625)
Accumulated Depreciation as of 31/3/2012	-	140 669 205	627 547 756	45 350 349	68 816 698	882 384 008
Net carrying amount as of 31/3/2012	398 120 522	1 190 580 076	1 749 788 759	54 181 403	51 675 112	3 444 345 872
Net carrying amount as of 31/12/2011	398 888 432	1 181 016 258	1 786 289 583	57 948 542	55 454 713	3 479 597 528

EL Sewedy Electric Company**Notes to the consolidated financial statements – 31 March 2012****7. Projects under progress**

Projects under progress as of 31 March 2012 represent the company's new projects and expansions in existing plants in Saudi Arabia, Algeria, Syria, Sudan and Libya of L.E 52 million, Transformer plant in Egypt of L.E 7 million, Engineering workshop building of L.E 35 million, fiber optics and special cables of L.E 32 million, factories for Elsewedy Electric Company of L.E. 11 million, machinery and equipment under progress for subsidiaries expansions in Egypt of L.E 24 million, the company's new head office in the Fifth Settlement – New Cairo of L.E 65.31 million and the remaining balance represents the expansions cost to increase the production capacity in Egypt and other countries in which the company operates.

8. Investments available for sale

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
Long term investments		
(42 840 shares represent 3.57% of Oriental Petrochemical Company's share capital- An Egyptian Joint Stock Company)	4 284 000	4 284 000
(1 000 000 shares represent 10% of Kahromica Company's share capital- An Egyptian Joint Stock Company)	10 000 000	10 000 000
(Company contribution represents 50 % of 3W Network (MMG) Company's share capital – Saudi Arabia)	402 247	402 247
	<u>14 686 247</u>	<u>14 686 247</u>

9. Other Long Term receivables

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
Due from clients (construction)	195 727 280	192 963 125
Other debit balances	35 117 911	10 462 759
	<u>230 845 191</u>	<u>203 425 884</u>

10. Inventories

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
Raw materials and consumables	1 022 504 989	1 479 744 787
Spare parts	141 209 346	141 929 592
Work in progress	569 212 476	568 592 471
Finished goods	1 458 691 584	1 147 292 997
Goods in transit	457 446 822	216 086 951
	<u>3 649 065 217</u>	<u>3 553 646 798</u>

Some of inventories items are recorded according to its net realizable value. The difference between the book value of these items and its net realizable value is L.E 32 565 596 at 31 March 2012. (L.E 29 752 405 at 31 December 2011).

EL Sewedy Electric Company**Notes to the consolidated financial statements – 31 March 2012****11. Trade and notes receivable, debtors and other receivables**

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
Trade receivables	2 991 313 418	3 082 202 269
Notes receivables	300 520 171	281 292 923
Due from clients (constructions)	547 289 881	417 888 526
Debtors and other receivables	610 579 098	609 349 649
	<u>4 449 702 567</u>	<u>4 390 733 367</u>

Trade and notes receivable, debtors and other receivables are recorded after deducting impairment losses amounted to L.E 184 437 282 at 31 March 2012. (L.E 216 868 755 at 31 December 2011)

12. Investment fund / treasury bills

	31/03/2012	31/12/2010
	<u>L.E</u>	<u>L.E</u>
Investment funds / treasury bills	325 514 893	401 452 323
	<u>325 514 893</u>	<u>401 452 323</u>

This item includes investment in investment funds amounted to L.E. 988 946 at 31 March 2012 (L.E. 1 020 953 at 31 December 2011) The returns on these investment recorded in the income statement for the period ended 31 March 2012 amounted to L.E 24 020 (L.E 89 438 as of 31 March 2011).

The accrued interest on investment of treasury bills amounted to L.E 11 million at the consolidated balance sheet date (Almost L.E 10 Million as at 31 March 2011).The interest rate range is between 7 % and 13.94%.

13. Cash and cash equivalent

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
Banks - Time deposits (*)	51 768 639	88 248 739
Banks - Current accounts (**)	1 077 404 793	1 149 468 054
Cash on hand	5 852 105	4 734 649
	<u>1 135 025 537</u>	<u>1 242 451 442</u>

(*) Time deposits include L.E 4 940 848 at 31 March 2012 blocked as a security for credit facilities, letters of guarantee and letters of credit. (2011:- L.E 4 925 640).

(**) Banks - Current accounts include L.E 5 467 215 at 31 March 2012 blocked as a security for letters of credit. (2011:- L.E 6 917 677).

EL Sewedy Electric Company**Notes to the consolidated financial statements – 31 March 2012****14. Banks – Credit facilities and overdraft**

The banks–credit facilities and overdraft items of L.E 3 808 391 481 (L.E 4 061 203 803 at 31 December 2011) represented in the credit facilities and overdraft secured by promissory notes, Banks current accounts and joint guarantees. The average interest rate is annually 10.5 % or 0.5 % over the Central Bank of Egypt borrowing and lending rate for the Egyptian Pound, 0.75 % over Libor and 1.5 % monthly commission on the highest debit balance for US Dollar and 1.5 % over Eurobor for the EURO's facilities .

15. Loans

This item represents the loans granted to the company and its subsidiaries as follows:-

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
<u>Current liabilities</u>		
Loans due within one year	873 265 466	921 816 006
	<u>873 265 466</u>	<u>921 816 006</u>
<u>Long-term liabilities</u>		
Secured bank loans	707 400 674	787 930 210
Unsecured bank loans	31 278 917	37 439 875
	<u>738 679 591</u>	<u>825 370 085</u>

The unsecured short term loans amounted to L.E 35 480 253 at 31 March 2012 (L.E 38 112 865 at 31 December 2011)

The average interest rate for loans and credit facilities is 10.5% for the Egyptian pounds and 1.5% over LIBOR for the US Dollars.

Loans and credit facilities granted to the company and its subsidiaries are secured by promissory notes from subsidiaries of approximately L.E 1 212 million, Euro 81 million, USD 358 million, DZD 5,179 million and joint guarantees amounted to L.E 1 160 million and mortgaged machineries, equipments and vehicles amounted to USD 10 million and Sudanese pound 6.5 million, in-addition the company shares in Iskra Emeco Slovenia (subsidiary).

16. Trade, notes and other payables

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
Trade and notes payables	980 453 711	1 123 731 595
Non-trade payables and accrued expenses	1 096 525 987	805 865 257
	<u>2 076 979 698</u>	<u>1 929 596 852</u>

EL Sewedy Electric Company**Notes to the consolidated financial statements – 31 March 2012****17. Provisions**

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
Balance as at 1/1	49 138 467	71 805 769
Formed during the period/year	6 319	7 689 098
Used during the period/year	(273 628)	(21 924 185)
Provisions no longer required	-	(8 420 413)
Exchange rates adjustments	(7 454 885)	(12 302)
	<u>41 416 273</u>	<u>49 138 467</u>

18. Share Capital**Authorized share capital**

The Company's authorized share capital is L.E. 5 billion.

Issued and paid in share capital

The issued and fully paid-in share capital of the Company is amounted to L.E 1 718 600 000 on March 31, 2011 divided over 171 860 000 share with par value L.E 10 each.

The Company Extra Ordinary General Assembly held on 26/4/2011 decided to increase the Company's issued capital by issuing 51 558 000 shares with amount of L.E. 515 580 000 as a share dividends. Accordingly the company's issued capital after this shares dividends had reached L.E. 2 234 180 000 divided over 223 418 000 share with par value L.E 10 each.

This change was authenticated in the company commercial register on 28/7/2011 .

19. Reserves

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
Legal reserve	78 252 077	78 252 077
General reserve	43 816 730	43 816 730
	<u>122 068 807</u>	<u>122 068 807</u>

Legal reserve

According to the Companies Law and the statutes of the Company, 5% of the annual net profit is set aside to form a legal reserve. The transfer to legal reserve cease once the reserve reach 20% of the issued share capital. The reserve is not distributable, however, it can be used to increase the share capital or offset losses. If the reserve falls below the defined level, then the Company is required to resume setting aside 5% of the annual profit until it reaches 20% of the issued share capital.

General reserve

The general reserve amounted to L.E 43 816 730 represents realized gain from sale of treasury bills of 2.5 million of own shares at 3/6/2007.

EL Sewedy Electric Company
Notes to the consolidated financial statements – 31 March 2012

20. Deferred Tax

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
Deferred tax assets	39 149 642	37 273 619
Deferred tax liability	<u>(127 192 018)</u>	<u>(119 655 377)</u>

Unrecognized deferred tax assets

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
Clients and debtors	46 109 321	53 717 188
Provisions	10 354 068	9 284 617
	<u>56 463 389</u>	<u>63 001 805</u>

Deferred tax assets relating to these items have not been recognized because the necessary conditions for the reversal of the temporary differences have not been met.

21. Other liabilities – Long term

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
Sales tax on imported machines	282 748	621 961
Other creditors	81 819 047	77 830 753
	<u>82 101 795</u>	<u>78 452 714</u>

22. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Segment results include items directly attributable to each segment as well as those that can be allocated on a reasonable basis.

EL SEWEDY ELECTRIC COMPANY
Notes to the consolidated financial statements- 31 March 2012
Translated from Arabic
Primary Reporting Format – Business Segments - 31 March 2012

The revenue analysis in the table below is based on the type of business activities at 31 March 2012

	Power and Special Cables Egypt <u>L.E</u>	International <u>L.E</u>	Turn Key projects <u>L.E</u>	Electric Products and Accessories Egypt <u>L.E</u>	International <u>L.E</u>	Elimination <u>L.E</u>	Consolidated 31-03-2012 <u>L.E</u>
Local Sales	614 190 334	783 764 474	306 175 600	103 384 108	77 329 194	-	1 884 843 710
Export Sales and construction revenues	1 178 049 795	101 628 816	138 896 077	49 092 946	104 328 787	-	1 571 996 421
Total revenue without inter segment sales	1 792 240 129	885 393 290	445 071 677	152 477 054	181 657 981	-	3 456 840 131
Inter segment revenues	1 367 250 133	86 307 646	35 217 855	23 593 008	14 988 791	(1 527 357 433)	-
Total revenue	3 159 490 262	971 700 936	480 289 532	176 070 062	196 646 772	(1 527 357 433)	3 456 840 131
Total Cost	(2 985 574 841)	(911 480 234)	(363 920 732)	(131 199 622)	(149 689 783)	1 527 357 433	(3 014 507 779)
Gross Profit	173 915 421	60 220 702	116 368 800	44 870 440	46 956 989	-	442 332 352
Total selling & marketing expenses	(41 078 775)	(10 147 717)	(4 724 412)	(9 196 650)	(15 006 125)	-	(80 153 679)
Segment profit	132 836 646	50 072 985	111 644 388	35 673 790	31 950 864	-	362 178 673
Other operating income							22 619 315
General and Administrative expenses							(150 700 333)
Other operating expenses							(20 615 732)
Net financing costs							(76 438 723)
Current income tax							(30 718 382)
Deferred income tax expense							(3 602 357)
Net profit for the period							102 722 461
Depreciation	31 353 542	33 391 314	4 841 443	4 390 810	9 242 339	<u>Unallocated</u> 503 754	83 723 202
Assets	5 705 412 223	3 263 371 888	1 346 679 861	558 548 276	1 707 633 923	1 405 483 130	13 987 129 301
Liabilities	(787 566 344)	(580 498 012)	(692 308 255)	(65 127 896)	(239 780 842)	(5 997 095 579)	(8 362 376 928)
Additions to fixed assets and project under progress	28 295 319	23 432 589	3 070 835	666 529	5 685 115	141 450	61 291 837

EL SEWEDY ELECTRIC COMPANY

Notes to the consolidated financial statements- 31 March 2012

Translated from Arabic

Secondary Reporting Format - Geographical segments by location - 31 March 2012

Revenues according to geographical segment is as follows:

	Egypt	Syria	Sudan	Qatar	Ghana	Iraq	Slovenia	Saudi Arabia	Algeria	Ethiopia	Zambia	Nigeria	Yemen	Spain	Others	Elimination	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Revenues	3 756 116 081	168 158 073	60 652 280	250 420 617	--	30 433 662	145 042 814	307 829 547	169 504 478	26 210 476	20 431 337	3 680 775	4 877 714	2 601 700	38 238 010	(1 527 357 433)	3 456 840 131
Assets	8 692 156 582	508 216 950	483 526 268	656 101 491	44 788 172	50 352 854	762 784 283	865 674 869	716 598 849	132 199 440	106 492 709	103 857 686	123 829 399	568 592 700	171 957 049		13 987 129 301
Liabilities	(7 461 963 116)	(41 446 831)	(176 368 649)	(194 166 150)	(796 348)	(1 988 347)	(162 202 811)	(74 126 606)	(133 053 057)	(12 536 204)	(6 895 968)	(5 205 392)	(7 557 853)	(20 928 986)	(63 140 610)		(8 362 376 928)
Additions of fixed assets and projects under construction	31 562 659	888 196	3 074 300	2 919 102	3 893	24 007	2 449 594	623 701	17 786 362	776 898	80 747	472 308	87 433	-	542 637		61 291 837

The company has a contract in Libya for supplying turbines amounted to Euro 81 million (L.E. 652 million) in which Euro 14 million (L.E 109 million) from the total contract was executed and collected, the balance of the advance payment in relation to the contract amounted to Euro 10 million (L.E.78 million). The contract work is in term of a valid letter of credit issued in favor of the company

EL SEWEDY ELECTRIC COMPANY
Notes to the consolidated financial statements- 31 March 2011
Translated from Arabic
Primary Reporting Format – Business Segments - 31 March 2011

The revenue analysis in the table below is based on the type of business activities at 31 March 2011

	Power and Special Cables		Turn Key	Electric Products and Accessories		Elimination	Consolidated
	Egypt	International	projects	Egypt	International		31-03-2011
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Local Sales	638 572 058	656 669 296	375 074 278	60 107 811	175 982 345	-	1 906 405 788
Export Sales and construction	1 353 274 760	70 505 362	149 941 095	16 243 295	56 996 953	-	1 646 961 465
Total revenue without inter segment sales	1 991 846 818	727 174 658	525 015 373	76 351 106	232 979 298	-	3 553 367 253
Inter segment revenues	1 200 954 140	186 362 420	10 695 263	48 671 691	5 523 582	(1 452 207 096)	-
Total revenue	3 192 800 958	913 537 078	535 710 636	125 022 797	238 502 880	(1 452 207 096)	3 553 367 253
Total Cost	(2 994 741 807)	(835 740 840)	(441 824 627)	(97 016 828)	(188 052 892)	1 452 207 096	(3 105 169 898)
Gross Profit	198 059 151	77 796 238	93 886 009	28 005 969	50 449 988	-	448 197 355
Total selling & marketing expenses	(40 267 081)	(11 008 037)	(2 886 020)	(6 183 425)	(16 013 888)	-	(76 358 451)
Segment profit	157 792 070	66 788 201	90 999 989	21 822 544	34 436 100	-	371 838 904
Other operating income							25 308 183
Administrative expenses							(131 394 566)
Other operating expenses							(14 647 938)
Net financing costs							(37 739 930)
Current income tax							(28 866 620)
Deferred income tax expense							(1 740 833)
Net profit for the year							<u>182 757 200</u>
						<u>Unallocated</u>	
Depreciation	23 646 148	35 134 996	4 896 420	4 231 938	9 299 236	5 832 593	83 041 330
Assets	5 619 882 341	3 267 815 511	1 580 326 040	571 068 558	1 768 299 811	1 795 888 041	14 603 280 303
Liabilities	(541 045 483)	(548 475 604)	(789 673 889)	(182 173 447)	(231 019 446)	(6 756 728 737)	(9 049 116 607)
Additions to fixed assets and project under progress	13 463 409	18 853 551	2 921 709	3 558 594	38 894 525	6 511 072	84 202 858

EL BE'WEDY ELECTRIC COMPANY

Notes to the consolidated financial statements- 31 March 2011

Translated from Arabic.

Secondary Reporting Format - Geographical segments by location - 31 March 2011

Revenue according to geographical segment is as follows:

	Egypt	Syria	Sudan	Qatar	Ghana	Iraq	Kuwait	Slovenia	Emirates	Saudi Arabia	Algeria	Ethiopia	Zambia	Nigeria	Yemen	Spain	Others	YHaskatani	Total
	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE
Revenue	3 782 602 751	273 266 800	98 740 256	164 336 005	-	34 455 630	-	143 336 424	30 116 792	272 950 576	155 925 040	10 937 827	8 138 749	12 234 820	14 230 676	3 459 539	832 463	(1 452 207 096)	3 553 367 252
Assets	9 274 689 232	900 107 332	441 038 861	516 720 323	32 946 847	52 288 969	6 177 602	751 560 950	88 186 169	849 890 430	609 630 486	139 200 428	79 762 608	90 415 132	145 839 572	615 632 989	9 202 372		14 603 280 303
Liabilities	(8 205 851 398)	(158 874 239)	(121 184 355)	(101 143 950)	(1 626 649)	(789 974)	(4 326 693)	(165 248 752)	(26 478 722)	(127 032 145)	(90 833 672)	(3 094 530)	(2 143 996)	(4 624 895)	(7 677 952)	(26 603 302)	(1 581 383)		(9 049 116 606)
Fixed assets additions and construction under program	25 985 334	6 876 569	489 641	2 331 688	-	12 836	3 046	1 930 042	398 253	1 112 729	4 079 109	176 839	2 523 273	200 460	102 106	33 675 922	4 305 001		84 202 858

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2012

23. Other operating income

	Financial period from 1/1/2012 to 31/3/2012 <u>L.E</u>	Financial period from 1/1/2011 to 31/3/2011 <u>L.E</u>
Investment income	-	1 528 695
Capital gain & other income	22 619 315	23 779 488
	<u>22 619 315</u>	<u>25 308 183</u>

24. Other operating expenses

	Financial period from 1/1/2012 to 31/3/2012 <u>L.E</u>	Financial period from 1/1/2011 to 31/3/2011 <u>L.E</u>
Provisions formed	6 319	1 683 336
Impairment loss of receivables	5 724 545	2 288 104
Others	14 884 868	10 676 498
	<u>20 615 732</u>	<u>14 647 938</u>

25. Net financing cost

	Financial period from 1/1/2012 to 31/3/2012 <u>L.E</u>	Financial period from 1/1/2011 to 31/3/2011 <u>L.E</u>
<u>Finance income</u>		
Interest income	5 908 462	1 062 395
Foreign exchange gain	9 604 813	12 676 026
Treasury bills and investment fund income	11 109 711	10 240 774
	<u>26 622 986</u>	<u>23 979 195</u>
<u>Finance cost</u>		
Interest expense and finance charges	(103 061 709)	(61 719 125)
	<u>(103 061 709)</u>	<u>(61 719 125)</u>
Net financing cost	<u>(76 438 723)</u>	<u>(37 739 930)</u>

26. Capital commitments

The Group's capital commitment as at 31 March 2012 is L.E. 70 million (2011:- L.E 90 million). The commitments are expected to be settled in the next financial year.

27. Contingencies

	31/03/2012 <u>L.E</u>	31/12/2011 <u>L.E</u>
Uncovered portion of letters of guarantees and letter of credits	2 181 917 724	2 482 133 080

EL Sewedy Electric Company**Notes to the consolidated financial statements – 31 March 2012****28. Related parties**

Related parties are represented in the Company's shareholders and the companies in which the shareholders own directly or indirectly shares that give them the ability to control or significantly influence these companies. The main transactions with the related parties are sale of finished products. The total value of sales to the affiliates during the financial period is L.E 278 million. The following are the balances of related parties as at 31 March 2012:-

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
Stated under current assets		
"Due from affiliates"		
El Sewedy for Tools & Cables	40 882 188	21 769 132
Consolidated Suppliers	-	211 348
Siag International	8 958 254	4 667 913
Iskra Sarajevo	4 691 488	8 874 511
Iskra Malaysia	1 349 123	2 959 249
Iskra Mavira	6 618 933	5 375 998
El Sewedy Emirates (UAE)	583 754	2 432 364
Investment holding group – Qatar	28 315 944	16 192 102
Aamal Holding Group Co.	48 059 901	20 201 858
3W Networks Egypt	10 270 216	11 887 612
Gelenkor International A.G	14 960 430	14 960 430
Rowad for Modern Engineering-Algeria	1 986 012	2 301 241
National Electricity Authority - Sudan	16 310 562	11 884 809
Aloula for Real estate Development – Saudi Arabia	2 000 963	2 000 000
3W Networks Qatar	2 320 918	1 636 282
Energia for Cables	4 170 030	1 555 812
M.Toress Group	-	2 416 250
Rowad for Modern Engineering-Libya	596 548	596 548
Trelco Limited – Qatar	2 893 643	1 291 716
Aiash – Yemen	-	1 420 089
United Transformers Limited - Saudi Arabia	7 247 885	1 183 626
ElSewedy Electric Europe- Germany	5 791 608	4 701 941
The engineering and construction industries – SiPack	5 630 042	5 552 800
Shareholders current account of external subsidiaries	4 963 160	4 187 675
Others	3 962 516	5 633 138
	222 564 118	155 894 444

EL Sewedy Electric Company**Notes to the consolidated financial statements – 31 March 2012**

	31/03/2012	31/12/2011
	<u>L.E</u>	<u>L.E</u>
Stated under current liabilities		
“Due to affiliates”		
Shareholders current account of external subsidiaries	616 772	3 067 133
United Transformers- Saudi Arabia	30 555 026	30 545 531
Misr for Mechanical and Electrical projects	10 599 597	12 203 809
Arab Steel Fabrication co.	5 345 906	5 956 466
Thomas and Peets	2 495 478	2 083 540
Military Industrialization Authority	35 602 088	28 754 183
Siag International	22 600 574	20 952 695
Elsewedy for manufacturing constructions materials	1 114 889	-
Trelco Qatar	4 217 899	3 972 883
Qatar for Investment group	48 881 133	50 795 502
Aamal Holding Group Co.	69 785 692	69 186 853
Engineering and construction industries – Sipack	1 781 631	3 946 365
Emas of Modern Systems	1 271 640	2 573 985
Others	6 971 045	6 421 565
	241 839 370	240 460 510

Subsidiaries and jointly controlled

The following are subsidiaries and jointly controlled entities owned by the company as at 31 March 2012:-

	Date of acquisition	Country	Nature of contribution	% of share
Subsidiaries Co. for El Sewedy Electric				
Egyptian Company For Advanced Industries	21-06-2005	Egypt	Direct	98.00
United Metals Co.	23-06-2005	Egypt	Direct	99.80
**Sedplast Co. (Under Liquidation)	25-08-2005	Egypt	Direct	99.90
Egytech Cables Co.	25-12-2005	Egypt	Direct	99.98
United Industries Co.	25-12-2005	Egypt	Direct	99.98
Elastymould (subsidiary of Egyptian Company for Advanced Industries)	22-02-2006	Egypt	Indirect	49.60
El Sewedy for External cables Co.(El Sewedy Electric previously)	19-04-2006	Egypt	Direct	99.96
United Wires Co.	02-11-2006	Egypt	Direct	99.94
Egyplast Co.	24-12-2006	Egypt	Direct	99.90
El Sewedy Cables – Egypt	21-02-2007	Egypt	Direct	99.87
**Red Sea Co. for Copper (Under Liquidation)	21-06-2007	Egypt	Direct/Indirect	74.00
Elsewedy Electric Co. For Transmission	21-10-2007	Egypt	Direct	97.00
Pyramids Industrial Urban Development	27-09-2007	Egypt	Direct/Indirect	50.00
El Sewedy Power (Electric High Voltage previously)	27-09-2007	Egypt	Direct	96.00
El Sewedy Sedco for Petroleum services	10-01-2008	Egypt	Direct	96.00
Iskra Emco Energy Measurement – Misr	18-02-2008	Egypt	Direct	99.00
Iskra Emco Slovenia	01-01-2008	Slovenia	Direct	99.70

EL Sewedy Electric Company**Notes to the consolidated financial statements – 31 March 2012**

	Date of acquisition	Country	Nature of contribution	% of share
Egyptian Company for Insulators Industry	30-06-2008	Egypt	Direct/Indirect	69.83
Elsewedy Electric Co. For Trading and Distribution.	21-12-2008	Egypt	Direct	99.8
Siag El Sewedy for Towers	17-08-2008	Egypt	Direct	49.00
El Sewedy for Wind Energy Generation	10-07-2008	Egypt	Direct	99.8
Power System Projects Company	31-12-2008	Egypt	Direct	75.00
**Desert Wind Company(Under Liquidation)	31-12-2008	Egypt	Direct	49.90
**Wind Blades Company(Under Liquidation)	31-03-2009	Egypt	Direct	99.60
El Sewedy Electric Contracting and Engineering Zambia	31-03-2009	Zambia	Direct	49.90
El-Ola for development Industrial zone	30-9-2009	Egypt	Direct/ Indirect	50.00
El Sewedy Energy Distribution	31-12-2009	Sudan	Indirect	96.90
**International Company for Development Research Technology and Measurement Devices (R & D Tech.) . (Under Liquidation)	30-6-2010	Egypt	Direct	90.00
Rowad Engineering Co.	30-6-2010	Egypt	Indirect	65.00
Pyramids Zonafranca-Egypt	30-6-2010	Egypt	Indirect	47.5
Etalsamia	30-6-2010	Egypt	Indirect	99.98
Arab Company for Constructions Management, Guard and Security Services.	12-10-2011	Egypt	Indirect	100
Arab company for Electricity and Power Limited	7-12-2011	Yemen	Indirect	50
Double Energy two company	11-1-2011	Bulgaria	Indirect	87
Subsidiaries for El Sewedy for External Cables Co.				
El Sewedy Cables – Syria	28-02-2006	Syria	Indirect	96
Sudanese Egyptian Electric	13-02-2006	Sudan	Indirect	70.00
**Giyad El Sewedy for Transport Limited. (Under Liquidation)	13-02-2006	Sudan	Indirect	99
Giyad Cables Co.	13-02-2006	Sudan	Indirect	45.00
El Sewedy Electric Ghana Limited	10-02-2006	Ghana	Indirect	71.83
El Sewedy Cables – Qatar	20-04-2006	Qatar	Indirect	24.50
El Sewedy Cables – Algeria	03-10-2006	Algeria	Indirect	99
El Sewedy Electric – Syria	30-10-2006	Syria	Indirect	95.97
Senyar Holding	09-05-2008	Qatar	Indirect	50.00
El Sewedy Cables Arable Iraq	07-10-2007	Iraq	Indirect	50.00
Sedplast Co. – Syria	22-07-2007	Syria	Indirect	98.00
El Sewedy Cables Limited	24-12-2006	Saudi	Indirect	60.00
El Sewedy Cables – Yemen	13-05-2007	Yemen	Indirect	70.00
**El Sewedy Cables – Kuwait.(Under Liquidation)	18-02-2008	Kuwait	Indirect	49.00
**El Sewedy Cables – South Africa. (Under Liquidation)	13-05-2007	Malawi	Indirect	99.5
**Power Empire – China. (Under Liquidation)	01-01-2008	China	Indirect	100
El Doha Cables- Qatar	09-05-2008	Qatar	Indirect	45.56
El Sewedy Electric Limited – Zambia	31-03-2009	Zambia	Indirect	60.00
El Sewedy Electric Limited – Nigeria	31-03-2009	Nigeria	Indirect	94.74

EL Sewedy Electric Company**Notes to the consolidated financial statements – 31 March 2012**

El Sewedy Cables – Ethiopia	31-03-2009	Ethiopia	Indirect	95.00
Libya for Common Cables	30-9-2009	Lybia	Indirect	55.00
**El Sewedy Electric Transmission and Power Distribution. (Under Liquidation)	31-12-2009	Algeria	Indirect	97.00
Iskra Malta	31-12-2009	Malta	Direct /Indirect	99.98
Red Sea for copper – Egypt	31-12-2009	Egypt	Direct /Indirect	100
**M.A.S for Trading and Contracting. (Under Liquidation)	3-3-2010	Egypt	Indirect	60
M.Torres – Spain	10-1-2010	Spain	Indirect	90
United Co. For Electrical Industries	31-3-2010	Saudi	Indirect	60
Sweg - Malta	31-12-2009	Malta	Direct/ Indirect	99.97
3W Network – Emirates	30-6-2010	Emirates	Indirect	75
Elsewedy for trade Limited	31-3-2011	Syria	Indirect	96
Egyplus Energy PVT LTD- India	31-3-2011	India	Indirect	99.6

*From 1/1/2010 the Arab Cable Company was merged into Egytech Company.

**According to board of director decision at 29 May 2012 ,these companies under liquidation process and cancellation from commercial register.

29. Tax status**El Sewedy Electric Company**

The following represents subsidiaries subject to corporate income tax, free zone subsidiaries and subsidiaries enjoying tax exemption from corporate tax

Subsidiaries in Egypt subject to corporate income tax

Sed Plast Company
Pyramids Industrial Urban Development
Elsewedy Electric Co. For Trading and Distribution.
Power Systems Projects Co. – Madkour
Egyptian company for Insulators Industry Co.
Iskra Emeco Energy Measurement – Misr
Egytech Cables Co.
EL - Ola for Development Industrial zones
United Metals Co.
United Industries Co.
Sedco Advanced
Elastimold.
Siag ElSewedy for Towers
ElSewedy for Wind Energy Generation
Desert Wind Company
Wind Blades Company
M.A.S .for Trading and Contracting
International company for development research technology and measurement devices (R&D Tech.)
Rowad Engineering Co.
Pyramids Zonafranca –Egypt
Arab Company for Premises Management, Guard and Security Services.

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2012

Subsidiaries outside Egypt subject to corporate income tax

El Sewedy Cables – Qatar
El Sewedy Cables – Saudi Arabia
El Sewedy Cables – South Africa (Malawi)
EL Sewedy Cables Syria
Iskra Emeco – Slovenia
El Sewedy Cables – Arbil Iraq
El Sewedy Cables – Kuwait
Power Empire China
Senyar Holding – Qatar
El Doha Cables – Qatar
El Sewedy Electric Contracting and Engineering – Zambia
Libya For Common Cables
EL Sewedy Electric Transmission and Power Distribution - (Algeria)
EL Sewedy for Energy Distribution Co. Ltd Sudan
Sudatraf
Giad EL Sewedy for Transport Limited
M. Toress-Spain.
United Electrical Industries Limited – Saudi Arabia
Iskra – Malta
Sweg- Malta
Elsewedy Trade Limited - Syria
Egyplus Energy PVT LTD – India
El Sewedy Cables – Ethiopia
Arab Company for Electricity and Limited - Yemen
Double Energy Two Company – Bulgaria

Free Zone subsidiaries in Egypt

El Sewedy for External Cables (El Sewedy Electric previously)
Red Sea for Copper
El Sewedy Power (previously High Voltage)
El Sewedy Electric Transmission and Power Distribution
El Sewedy Sedco for Petroleum Services
Red Sea for Copper – Egypt

Free Zone subsidiaries out Egypt

El Sewedy Electric Ghana
3W Network – Emirates

Subsidiaries in Egypt enjoying tax exemption from corporate income tax

	End of tax exemption
Egy Plast Co.	31/12/2017
United wires Company	31/12/2017
Elsewedy Cables – Egypt	17/05/2018
Etalsamia	31/12/2019

EL Sewedy Electric Company**Notes to the consolidated financial statements – 31 March 2012****Subsidiaries outside Egypt enjoying tax exemption from corporate income tax****End of tax exemption**

EL Sewedy Cables Yemen	(7 years since inception of the company's production)
EL Sewedy Cables Algeria	15/5/2013
EL Sewedy Electric Syria	9/9/2012
Sed Plast Syria	(5 years since inception of the company's production)
Giyad Cables El Sewedy	14/12/2012
El Sewedy Electric Limited – Zambia	(2:5 years since inception of the company's production)
El Sewedy Electric Limited – Nigeria	(2 years since inception of the company's production)

30. Intangible assets

The intangible assets at March 31, 2012 are as follows :

	31/03/2012	31/12/2011
	L.E.	L.E.
Goodwill *	89 269 314	89 269 314
Other intangible assets	145 633 099	138 050 651
	234 902 413	227 319 965

*Goodwill balance includes L.E 48.6 Million as a result of acquisition of M.Torres, in-addition to the acquisition of Egyptian Company for Insulators Industry of L.E. 28.4 Million, and The acquisition of other companies resulted in goodwill approximately L.E 12 million at acquisition date.

Other intangible assets include patent after amortization amounted to L.E 71 461 145 as of 31 March 2012 (L.E 72 467 640 at 31 December 2011).

31. Shares based payment

The general assembly dated 13 April 2008 decided to issue 200 000 shares with par value of L.E 10 each as employees share based payments according to the ministerial decree No 282 for 2005. The Extraordinary General assemblies dated 19 April 2010 and 26 April 2011 decided a shares dividend (3 shares for each 10 shares). Each financial year is charged by part of the fair value of these shares. The employee has the right at each year end during the three years scheme to exercise part of the shares based payments in the following rates:-

First year	20%
Second year	30%
Third year	50%

The fair value of the services rendered in return of the shares granted as at 31 December 2011 is as follows:

Number of shares granted as at 31 December 2008	126 000
Share dividends (3 for each 10)	52 383
Exercised up to 31 December 2011	(161 227)
Canceled shares up to 31 December 2011	(17 156)
	-
Fair Market value at 31 December 2011	4 227 700

EL Sewedy Electric Company**Notes to the consolidated financial statements – 31 March 2012**

The granted options were fully exercised and there is a remaining balance of shares of 142 216 available for share based payments.

32. Capital lease

The company sold some of its fixed assets to the International Company for Capital Lease (Incolease) by virtue of an initial contract of USD \$ 32 283 318 equivalent to the net book value of L.E 181 990 960. The company leased back these assets by virtue of capital lease contract of USD \$ 36 010 100 to be paid over 20 quarterly installments during the period of USD \$ 1 800 505 each. The lease contract contains a bargain option to purchase the leased assets at a purchase bargain option of L.E 4 during the last 2 months at the end of each contract or at the end of each year from the date of the lease. A capital gain of L.E 5 363 286 resulted from sale of these fixed assets, which is amortized over the lease contract period.

33. Earnings per share

	From 1/1/2012 to 31/3/2012	From 1/1/2011 to 31/3/2011
Profits attributable to the ordinary shareholders	98 340 373	171 307 658
Weighted average number of shares:		
Issued capital at 1/1	233 418 000	223 418 000
Own stock	-	(200 000)
exercise of granted shares	-	57 400
Weighted average number of shares	233 418 000	223 275 400

34. Financial instruments and the related risks

The main risks related to the company activities are:

- Credit risk
- Liquidity risk
- Market risk

The Company risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company activities. The Company, through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company does not use derivative financial instruments.

EL Sewedy Electric Company**Notes to the consolidated financial statements – 31 March 2012****Credit risk**

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and cause the other party to incur financial loss. This risk arises from the receivable and debtors.

(L.E million)

	31/03/2012	31/12/2011
Receivable, debtors and due from related parties	4 672	4 546
Cash and investments	1 461	1 643
	<u>6 132</u>	<u>6 189</u>

Receivable aging

(L.E million)

	31/3/2012	31/12/2011
Not due	289	143
Due from 30 days.	303	586
Due From 31 to 120 days	2 760	2 443
Due From 121 to 180 days	196	391
Due from More than 180 days	924	716
Others	200	267
	<u>4 672</u>	<u>4 546</u>

Liquidity risk

(L.E Thousand)

	Less than 6 month <u>L.E</u>	6 - 12 month <u>L.E</u>	More than one year <u>L.E</u>	Other <u>L.E</u>
Suppliers, creditors, other credit balance and due to related parties	674 422	167 503	55 790	1 503 206
Due to banks	1 112 741	689 022	285 655	3 705 430

Foreign currency risk

The following are the balances of monetary assets and liabilities in foreign currencies as of 31 March 2012:

(L.E Thousand)

	31/03/2012			31/12/2011		
	USD \$	Euro	GBP	USD \$	Euro	GBP
Financial assets	617 605	188 680	1 675	333 879	157 983	1 803
Financial liabilities	869 079	78 537	337	393 416	146 991	773

EL Sewedy Electric Company**Notes to the consolidated financial statements – 31 March 2012**

The following are the significant foreign currency exchange rates during the period:

	Spot rates		Average rates	
	31/03/2012	31/12/2011	from 1/1/2012 to 31/3/2012	from 1/1/2011 to 31/3/2011
USD \$	6.037	6.03	6.0335	5.98
Euro	8.0532	7.81	7.9316	8.22

Interest rate risk

The following are the Group interest bearing financial instruments:

	(L.E. million) Net book value	
	31/03/2012	31/12/2011
Fixed interest rates		
Financial assets	8	8
Financial liabilities	(369)	(79)
	<u>(361)</u>	<u>(71)</u>
Variable interest rates		
Financial assets	656	19
Financial liabilities	(1 218)	(975)
	<u>(562)</u>	<u>(956)</u>

The average interest rates are on the financial assets and liabilities are as follows:

	L.E	EURO	USD\$
Financial assets	10	2	1.75
Financial liabilities	10.75	2.5	2.75

35- Subsequent events

The Company's General Ordinary Assembly held on 22/4/2012 decided to distribute the profits achieved for the year ended at 31/12/2011 (these financial statements have not been affected of these distributions)

Legal Reserve (5% of 2011 Net profit)	12 628 769
Employees dividends	8 180 277
Shareholders dividends (One Egyptian pound per each share)	223 418 000
Board of directors remuneration	3 000 000
Retained earning carry forward to 2012	121 596 339
	<u>368 823 385</u>

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2012
