EL Sewedy Electric Company

(An Egyptian Joint Stock Company)

Interim consolidated financial statements

For the financial period

From 1 January 2016 to 31 March 2016

And limited review report

KPMG

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Translated from Arabic

Report on limited review of interim consolidated financial statements

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

Introduction

We have reviewed the accompanying consolidated balance sheet of El Sewedy Electric Company as of 31 March 2016 and the related consolidated statements of income, other comprehensive income, cash flows and changes in equity 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

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.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of El Sewedy Electric Company as at 31 March 2016, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan
Public Accountants and Consultants

Cairo, 30 May 2016

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated statement of financial position
As of 31 March 2016

	Note No.	31/3/2016 L.E	31/12/2015 L.E Restated	01/01/2015 L.E Restated
Assets				
Non current assets				
Fixed assets	(3-3)،(6)	2 858 859 565	2 754 189 196	2 737 536 609
Project under progress	(3-3)،(7)	224 767 963	201 727 572	167 552 254
Investments available for sale	(3-4)،(8)	10 205 008	10 032 762	10 032 762
Equity-accounted investees	(3-4)،(9)	535 644 315	426 925 618	271 699 012
Investment certificates	(10)	20 000 000	20 000 000	20 000 000
Trade receivable	(3-4)،(11)	2 820 152 799	9 106 678	54 831 896
Intangible assets	(3-5)،(12)	41 881 278	57 524 734	52 533 725
Deferred tax assets	(3-16)،(13)	58 402 425	56 465 280	65 554 772
Total non current assets		**6 569 913 353**	**3 535 971 840**	**3 379 741 030**
Current assets				
Inventories	(3-6)،(14)	3 507 116 023	3 038 000 310	3 002 812 958
Trade, notes and other receivables	(3-4)،(15)	7 170 786 891	8 487 257 613	4 790 665 085
Due from related parties	(28)	1 007 649 906	725 307 511	187 992 640
Investment fund / treasury bills	(3-4)	141 428 976	67 799 464	338 605 293
Banks and cash in hand	(16)	3 326 986 971	3 598 605 696	1 100 575 075
Total current assets		**15 153 968 767**	**15 916 970 594**	**9 420 651 051**
Total Assets		**21 723 882 120**	**19 452 942 434**	**12 800 392 081**
Shareholders' Equity				
Issued and paid capital	(3-9)،(17)	2 234 180 000	2 234 180 000	2 234 180 000
Own shares		(1 422 160)	(1 422 160)	(1 422 160)
Reserves	(18)	167 270 427	159 708 463	149 535 197
Retained earnings		4 229 349 103	3 806 145 358	2 964 958 889
Foreign exchange translation		278 703 365	(1 522 871)	(33 276 490)
Equity attributable to owners of the company		**6 908 080 735**	**6 197 088 790**	**5 313 975 436**
Non controlling interests		**294 966 649**	**286 402 972**	**370 681 630**
Total equity		**7 203 047 384**	**6 483 491 762**	**5 684 657 066**
Liabilities				
Long term liabilities				
Loans	(3-11)،(20)	149 712 185	166 876 642	285 199 434
Deferred tax liabilities	(3-16)،(13)	316 417 476	284 176 000	203 334 838
Other liabilities		25 656 641	13 316 255	15 197 613
Total long term liabilities		**491 786 302**	**464 368 897**	**503 731 885**
Current liabilities				
Banks facilities and overdraft	(3-11) ،(19)	6 188 352 890	4 895 333 777	3 198 717 001
Loans	(3-11) ،(20)	811 851 130	751 518 404	597 361 543
Trade, notes and other payables	(3-4)،(21)	6 533 434 597	6 381 599 022	2 442 772 194
Due to related parties	(28)	191 135 123	149 206 925	65 150 268
Provisions	(3-12)،(22)	304 274 694	327 423 647	308 002 124
Total current liabilities		**14 029 048 434**	**12 505 081 775**	**6 612 003 130**
Total liabilities		**14 520 834 736**	**12 969 450 672**	**7 115 735 015**
Total Equity and Liabilities		**21 723 882 120**	**19 452 942 434**	**12 800 392 081**

* The accompanying notes from (6) to (37) are an integral part of these consolidated financial statements .

Chief Financial Officer	Managing Director	Chairman
Mr. Sherif Mohamed Mohamed El Zeiny	Eng. Ahmed Ahmed Sadek Elsewedy	Mr. Sadek Ahmed Elsewedy

Limted review report "attached "

Translated from Arabic

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated profits and losses statement
for the period ended 31 March 2016

	Note No	Three months ended 31/3/2016 L.E	Three months ended 31/3/2015 Restated L.E
Operational revenues	(3-13)	4 693 419 081	3 644 033 904
Operational costs	(3-14)	(3 751 136 261)	(3 138 552 185)
Gross profits		**942 282 820**	**505 481 719**
Other operating income	(23)	29 063 808	32 761 821
Selling and distribution expenses	(3-14)	(118 732 571)	(84 370 384)
Administrative expenses	(3-14)	(179 193 534)	(122 368 316)
Other operating expenses	(24)	(19 855 381)	(25 238 100)
Operating profits		**653 565 142**	**306 266 740**
Financing income		298 011 165	50 686 272
Financing costs		(65 366 924)	(69 907 273)
Net financing (costs)	(25)	**232 644 241**	**(19 221 001)**
Share of profit of equity accounted investees, net of tax		58 830 895	32 630 967
Net profits for the period before tax		**945 040 278**	**319 676 706**
Current income tax	(3-16)	(136 894 041)	(43 264 009)
Deferred tax (Expenses)	(3-16)	(40 419 083)	(16 424 709)
Net profits for the year after tax		**767 727 154**	**259 987 988**
Attributable to :			
Equity holders of the holding company		757 509 143	239 224 698
Non controlling interest		10 218 011	20 763 290
		767 727 154	**259 987 988**
Basic earnings per share	(32),(3-17)	**3.39**	**1.07**

* The accompanying notes from (6) to (37) are an integral part of these consolidated financial statements.

Translated from Arabic

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated statement of other comprehensive income
for the period ended 31 March 2016

	Three months ended 31/3/2016	Three months ended 31/3/2015
	L.E	L.E
Net profits for the year after tax	767 727 154	259 987 988
Other comprehensive income items		
Foreign operations foreign currency translation difference	325 531 414	41 172 822
Total comprehensive income	**1 093 258 568**	**301 160 810**
attributable to :		
Owners of the company	1 037 735 379	280 397 520
Non controlling interests	55 523 189	20 763 290
	1 093 258 568	**301 160 810**

* The accompanying notes from (6) to (37) are an integral part of these consolidated financial statements.

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated Statement of changes in Equity
for the period ended 31 March 2016

	Issued and paid capital	Own shares	Legal reserve	General reserve	Retained earnings	Foreign exchange differences resulted from foreign entities translation	Total parent's shareholders' equity	Non controlling interest	Total shareholders' equity
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Balance as of 1 January 2015 (restated)	2 234 180 000	(1 422 160)	105 718 467	43 816 730	2 964 958 889	(33 276 490)	**5 313 975 436**	370 681 630	**5 684 657 066**
Adjustments to the retained earnings of subsidiaries	-	-	-	-	(27 350 703)	-	**(27 350 703)**	(3 930 294)	**(31 280 997)**
Other comprehensive income									
Net profits for the Period	-	-	-	-	239 224 698	-	**239 224 698**	20 763 290	**259 987 988**
Other comprehensive income items	-	-	-	-	-	41 172 822	**41 172 822**	-	**41 172 822**
Total other comprehensive income	-	-	-	-	**239 224 698**	**41 172 822**	**280 397 520**	**20 763 290**	**301 160 810**
Transactions with owners of the company									
Cash dividends to employee (Profits 2014)	-	-	-	-	(4 573 099)	-	**(4 573 099)**	-	**(4 573 099)**
	-	-	-	-	**(4 573 099)**	-	**(4 573 099)**	-	**(4 573 099)**
Change in ownership interests and non controlling interests									
Subsidiaries dividends to non controlling interest	-	-	-	-	-	-	-	(862 371)	**(862 371)**
Total transactions with owners of the company	-	-	-	-	-	-	-	**(862 371)**	**(862 371)**
Balances as of 31/3/2015 (restated)	**2 234 180 000**	**(1 422 160)**	**105 718 467**	**43 816 730**	**3 172 259 785**	**7 896 332**	**5 562 449 154**	**386 652 255**	**5 949 101 409**
Balance as of 1 January 2016 (restated)	2 234 180 000	(1 422 160)	115 891 733	43 816 730	3 806 145 358	(1 522 871)	6 197 088 790	286 402 972	6 483 491 762
Adjustments to the retained earnings of subsidiaries	-	-	-	-	(93 729 362)	-	(93 729 362)	(28 004 684)	(121 734 046)
Other comprehensive income									
Net profits for the Period	-	-	-	-	757 509 143	-	**757 509 143**	10 218 011	**767 727 154**
Other comprehensive income items	-	-	-	-	-	280 226 236	**280 226 236**	45 305 178	**325 531 414**
Total other comprehensive income	-	-	-	-	**757 509 143**	**280 226 236**	**1 037 735 379**	**55 523 189**	**1 093 258 568**
Transactions with owners of the company									
Transferred to Legal reserve	-	-	7 561 964	-	(7 561 964)	-	-	-	
Cash dividends to share holders	-	-	-	-	(223 418 000)	-	(223 418 000)	-	(223 418 000)
Cash dividends to employee	-	-	-	-	(9 596 072)	-	(9 596 072)	-	(9 596 072)
	-	-	7,561,964	-	(240 576 036)	-	(233 014 072)	-	(233 014 072)
Change in ownership interests and non controlling interests									
Subsidiaries dividends to non controlling interest	-	-	-	-	-	-	-	(18 954 828)	**(18 954 828)**
Total transactions with owners of the company	-	-	-	-	-	-	-	**(18 954 828)**	**(18 954 828)**
Balances as of 31/3/2016	**2 234 180 000**	**(1 422 160)**	**123 453 697**	**43 816 730**	**4 229 349 103**	**278 703 365**	**6 908 080 735**	**294 966 649**	**7 203 047 384**

* The accompanying notes from (6) to (37) are an integral part of these consolidated financial statements.

El Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated cash flows statement
for the period ended 31 March 2016

	Three months ended 31/3/2016	Three months ended 31/3/2015 Restated
	L.E	L.E
Cash flows from operating activities:		
Net profits for the period before tax	**945 040 278**	**319 676 706**
Adjustments :-		
Depreciation	94 242 381	78 529 323
Amortization	205 463	3 245 408
Provisions and receivable impairment (Net)	12 755 791	9 284 302
Net finance cost	(232 644 241)	19 221 001
Share of profits of equity accounted investees	(58 830 895)	(32 630 967)
Capital gain	(1 333 851)	(1 906 373)
Reversal of trade, notes and other receivables impairment	-	(212 664)
Operating profit before changes in working capital	**759 434 926**	**395 206 736**
Changes in :		
-Trade, notes and other receivables	(1 506 157 152)	(611 390 233)
-Inventories	(469 115 713)	170 342 916
-Related parties	(240 414 197)	(115 303 621)
-Trade, notes and other payables	278 463 649	1 422 157 176
Net cash (used in) provided by operating activities	**(1 177 788 487)**	**1 261 012 974**
Cash flows from investing activities		
Acquisition of fixed assets and project under progress	(122 223 817)	(78 503 853)
Acquisition of intangible assets	-	(7 142 973)
Paid for equity-accounted investees	(172 246)	(3 033 149)
Proceeds from selling fixed assets and projects under progress	8 380 783	4 213 439
Net (payments) for purchasing treasury bills and investment fund	(73 629 512)	(872 194 924)
Net cash flows (used in) investing activities	**(187 644 792)**	**(956 661 460)**
Cash flows from financing activities		
Dividends paid to non controlling interests	(18 954 828)	(862 371)
Proceeds from loans, bank facilities and overdraft	1 336 187 382	577 494 439
Dividends paid	(223 418 000)	-
Net cash flows provided by financing activities	**1 093 814 554**	**576 632 068**
Net change in cash and banks	**(271 618 725)**	**880 983 582**
Cash and banks at the beginning of the period	**3 598 605 696**	**1 100 575 075**
Cash and banks at the end of the period	**3 326 986 971**	**1 981 558 657**
Restricted cash	**(300 000)**	**(10 134 126)**
Net cash and cash equivalents at the end of the period	**3 326 686 971**	**1 971 424 531**

* The accompanying notes from (6) to (37) are an integral part of these consolidated financial statements.

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 30 May 2016.

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. Note No. 33 below include the methods applied in the fair value measurement.

Functional and presentation currency

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

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 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment.

Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition, if an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

NCI are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's 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.

Acquisitions from entities under common control
Business combinations arising from acquisition 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 and the difference recorded between the assets of these entities and the paid acquisition value. The components of equity of the acquired entities are added to the same components within the net assets of acquired entities than the paid value in investment.

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 are translated into the functional currency at the exchange rate at the reporting date.
Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.
Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
Foreign currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss.
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective, and
- Qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Egyptian pound at the exchange rates at the reporting date.
Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.
When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.
If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3-3 Fixed assets

Recognition & measurement

Items of fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses at the reporting date of the consolidated financial statements. 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. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Subsequent costs

Subsequent costs are capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Project under progress

Project under progress are recognized by cost. The cost includes all expenditure that are directly related to and necessary for the asset to be ready for using and the purpose for which acquired. The project under progress are transferred to fixed assets when finished and available for usage.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Land is not depreciated. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

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

Lease hold improvements are depreciated over 3 years or the lease period whichever is less.
Depreciation methods, useful years and residual values for fixed assets are reviewed at the end of each financial period, and have been adjusted if needed.

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

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

Non-derivative financial assets and financial liabilities-Recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets – Measurement:

Financial assets at fair value through profit or loss:

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity financial assets:

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables:

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets:

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Investment in funds
Investments in funds are recorded according to its latest announced recoverable value.

Investment in treasury bills
Treasury bills are stated at the balance sheet at its nominal value after deducting the balance of interest not due. There is no losses from the impairment of the value of these bills because its is governmental bills and can be sold at the Central Bank of Egypt adjustment rate.

Non-derivative financial liabilities-Measurement:
A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.
Other non-derivate financial liabilities are initially measured at fair value less any directly attributable transactions costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

3-5 Intangible assets and goodwill
Recognition and measurement

Goodwill
Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets
Other intangible assets, including patents that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.
Subsequent expenditure
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it related to research and development projects under progress and recognized as intangible asset. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.
Amortization
Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.
Goodwill is not amortized
The estimated useful lives for current and comparative periods are as follows:

Patent	20 years

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

3-6 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. Provisions arise 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.

3-7 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.
Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classifications as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss.
Once classified as held for sale, intangibles assets and property plant and equipment are no longer amortized or depreciated, and any equity accounted investee is no longer equity accounted.

3-8 Impairment

Non-derivative financial assets:
Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.
Objective evidence that financial assets are impaired includes:
- Default of delinquency by a debtor,
- Restructuring of an amount due to the group on terms that the Group would not consider otherwise,
- Indications that a debtor or issuer will enter bankruptcy,
- Adverse changes in the payment status of borrowers or issuers,
- The disappearance of an active market for a security because of financial difficulties, or
- Observable data indicating that there is a measurable decrease

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost:
The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

Any impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.

If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss.

If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets:

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs that are expected to benefit from synergies of the combination.

The recoverable amount of an asset or CGU is the greater if its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows discounted to their present money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an assets or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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, of no impairment loss had been recognized.

3-9 Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS 24

Repurchase and reissue of ordinary shares (treasury shares):
When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury shares reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

3-10 Dividends

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

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 over the period of borrowing on an effective interest basis.
Interest and commissions on credit facilities and loans that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets till the date of availability for use. All borrowing costs that do not meet the capitalization criteria are recognized as expense in the consolidated income statement as incurred

3-12 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.

3-13 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.

Finance income and finance costs
The Group's finance income and finance costs include:
Interest income

Interest expense

Dividend income

Dividends on preference shares issued classified as financial liabilities

The net gain or loss on the disposal of available-for-sale financial assets

The net gain or loss on financial assets at fair value through profit or loss

The foreign currency gain or loss on financial assets and financial liabilities

The gain on the measurement to fair value of any pre-existing interest in an acquire in a business combination

The fair value loss on contingent consideration classified as a financial liability

Impairment losses recognized on financial assets (other than trade receivables)

The net gain or loss hedging instruments that are recognized in profit or loss; and

The reclassification of net gains previously recognized in OCI.

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the group's right to receive payment is established.

3-14 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.

3-15 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 payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

3-16 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equality or in OCI.

Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax:

Deferred tax is recognized in respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used fir taxation purposes.
Deferred tax is not recognized:
Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss;
Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the group. Deferred tax assets are reviewed at each reporting date and

are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of the future taxable profits improve.
Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
The measurement if deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets or liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the group has not rebutted this presumption.
Deferred tax and liabilities are offset only if certain criteria are met.

3-17 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 year.

4- Use of estimates and judgments

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. 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.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements.
The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations, including the level in the fair value hierarchy in which such valuations should be classified.
When using deductible cash flow method as a revaluation method, the future cash flows are estimated on the base of the best estimates for the management. The used discount rate is determined according to the price at reporting date for the same financial instruments of its nature and activities.

5. Operating segments

The Group has the following strategic divisions which are reportable segments. These divisions offer different product and services and are managed separately because they require different technology and marketing structure
The following summary describe the operation of each reportable segment:

Segment Report	Process
Cables	The cables division manufactures, markets and trade the cables
Constructions	This division execute construction related to power of generation units and electricity distribution networks
Electricity products	This division manufactures electric meters, transformers, electric Joints and also market and trade the products

Primary Reporting Format – Business Segments - 31 March 2015

The revenue analysis in the table below is based on the type of business activities at 31 March 2015

	Power and Special Cables		Turn Key	Electric Products and Accessories		Elimination	Consolidated
	Egypt	International	projects	Egypt	International		31/3/2015
	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Local Sales	897 670 372	837 677 300	429 157 082	101 911 603	106 266 884	-	**2 372 683 241**
Export Sales and construction revenues	907 920 255	-	255 356 656	30 316 935	77 756 817	-	**1 271 350 663**
Total revenue without inter segment sales	1 805 590 627	837 677 300	684 513 738	132 228 538	184 023 701	-	**3 644 033 904**
Inter segment revenues	1 808 195 729		35 282 389	98 599 536	1 867 559	1 943 945 213	-
Total revenue	3 613 786 356	837 677 300	719 796 127	230 828 074	185 891 260	1 943 945 213	**3 644 033 904**
Total Cost	(3 357 168 803)	(789 524 836)	(631 984 359)	(170 043 089)	(133 776 311)	1 943 945 213	**(3 138 552 185)**
Gross Profit	**256 617 553**	**48 152 464**	**87 811 768**	**60 784 985**	**52 114 949**	-	**505 481 719**
Total selling & marketing expenses	(46 881 444)	(9 605 345)	(1 603 328)	(10 807 685)	(15 472 582)	-	**(84 370 384)**
Segment profit	**209 736 109**	**38 547 119**	**86 208 440**	**49 977 300**	**36 642 367**	-	**421 111 335**
						Unallocated	
Depreciation	27 790 351	25 402 399	5 980 535	9 835 063	8 771 852	749 123	**78 529 323**
Additions to fixed assets and project under progress	29 068 131	25 308 969	27 605 562	2 453 383	7 886 843	98 084	**92 420 972**

Primary Reporting Format – Business Segments - 31 March 2016

The revenue analysis in the table below is based on the type of business activities at 31 March 2016

	Power and Special Cables		Turn Key projects	Electric Products and Accessories		Elimination	Consolidated 31/3/2016
	Egypt	International		Egypt	International		
	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Local Sales	1 074 284 561	867 223 595	1 133 877 331	166 575 956	66 288 107	-	**3 308 249 550**
Export Sales and construction revenues	1 021 861 135	62 637 828	128 172 501	6 726 558	165 771 509	-	**1 385 169 531**
Total revenue without inter segment sales	2 096 145 696	929 861 423	1 262 049 832	173 302 514	232 059 616	-	**4 693 419 081**
Inter segment revenues	1 633 986 375	-	297 378 208	5 740 722	-	1 937 105 305	-
Total revenue	3 730 132 071	929 861 423	1 559 428 040	179 043 236	232 059 616	1 937 105 305	**4 693 419 081**
Total Cost	(3 317 573 378)	(815 030 277)	(1 264 357 510)	(125 446 934)	(165 833 467)	1 937 105 305	**(3 751 136 261)**
Gross Profit	**412 558 693**	**114 831 146**	**295 070 530**	**53 596 302**	**66 226 149**	-	**942 282 820**
Total selling & marketing expenses	(65 132 086)	(20 542 824)	(3 455 713)	(11 450 761)	(18 151 187)	-	**(118 732 571)**
Segment profit	**347 426 607**	**94 288 322**	**291 614 817**	**42 145 541**	**48 074 964**	-	**823 550 251**
						Unallocated	
Depreciation	43 235 900	24 711 539	11 512 132	2 646 389	11 293 832	842 589	**94 242 381**
Assets	5 774 773 816	2 301 278 861	4 462 381 321	5 501 876 599	138 655 483	3 544 916 040	**21 723 882 120**
Liabilities	(1 526 351 151)	(451 153 643)	(2 885 151 867)	(2 159 901 585)	(289 957 861)	(7 208 318 629)	**(14 520 834 736)**
Additions to fixed assets and project under progress	30 011 892	4 029 008	37 663 414	15 808 836	9 905 243	1 765 033	**99 183 426**

6 Fixed Assets

	Land	Buildings	Machineries & equipments	Furniture & office supplies	Vehicles	leasehold improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost							
Balance as of 1/1/2016	**384 517 828**	**1 297 770 671**	**2 443 837 489**	**130 163 531**	**162 930 989**	**39 557 718**	**4 458 778 226**
Additions		5 584 997	55 897 517	15 243 605	6 490 854	3 108 636	**86 325 609**
Transferred from project under progress	-		12 740 947	116 870		-	**12 857 817**
Disposals		(8 250)	(19 033 772)	(779 720)	(3 269 641)	(20 183)	**(23 111 566)**
Adjustment and translation differences	7 004 363	64 512 410	105 375 919	1 512 464	5 955 714	1 369 553	**185 730 423**
Cost as of 31/3/2016	**391 522 191**	**1 367 859 828**	**2 598 818 100**	**146 256 750**	**172 107 916**	**44 015 724**	**4 720 580 509**
Depreciation							
Accumulated depreciation as of 1/1/2016	-	**291 116 619**	**1 191 138 913**	**88 298 620**	**99 578 094**	**33 994 130**	**1 704 126 376**
Depreciation	-	11 283 065	68 775 892	6 733 142	6 923 517	526 765	**94 242 381**
Accumulated depreciation of disposal	-	(2 280)	(12 051 394)	(849 338)	(3 146 823)	(14 799)	**(16 064 634)**
Adjustments and translation difference	-	23 518 188	51 042 439	558 948	3 290 328	1 006 918	**79 416 821**
Accumulated depreciation as of 31/3/2016	-	**325 915 592**	**1 298 905 850**	**94 741 372**	**106 645 116**	**35 513 014**	**1 861 720 944**
Net carrying amount as of 31/3/2016	**391 522 191**	**1 041 944 236**	**1 299 912 250**	**51 515 378**	**65 462 800**	**8 502 710**	**2 858 859 565**

The company agreed to sell its new administrative building (under construction). According to the terms of the sale agreement, the company's Extra ordinary General Assembly (EXGA) is to approve the sale and the company should register the building in the name of the buyer. The EXGA was invited on 23 April 2014 and decided to postpone its approval on the sale. The seller deposited L.E 140 million in the company bank account that is blocked till the registration is complete. On 18 June 2015 the company sent a warning letter to the buyer to handover the building and the land deeds because of his failure to meet the special conditions under the contract related to the finishing by 31 December 2013 or after a maximum of three months after that date. The EXGA decided on 16 January 2016 to take legal actions against the buyer for violation of the contract.

6 **Fixed Assets**

	Land	Buildings	Machineries & equipments	Furniture & office supplies	Vehicles	leasehold improvements	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost							
Balance as of 1/1/2015	**382 117 769**	**1 247 679 672**	**2 270 148 070**	**101 461 584**	**134 633 817**	**38 177 604**	**4 174 218 516**
Additions	6 971 195	5 075 083	107 174 817	34 331 539	33 802 179	2 363 206	**189 718 019**
Transferred from project under progress	-	48 866 680	99 599 538	1 592 113	6 779 782	21 497	**156 859 610**
Disposals	(3 125 162)	(5 754 380)	(36 621 826)	(2 464 291)	(14 135 895)	-	**(62 101 554)**
Reversal of impairment of a subsidiary	(19 846)	1 147 860	3 475 096	145 139	259 533		**5 007 782**
Adjustment and translation differences	(1 426 128)	755 756	(1 819 408)	(5 300 852)	541 124	(1 004 589)	**(8 254 097)**
Cost as of 31/12/2015	**384 517 828**	**1 297 770 671**	**2 441 956 287**	**129 765 232**	**161 880 540**	**39 557 718**	**4 455 448 276**
Depreciation							
Accumulated depreciation as of 1/1/2015	-	**251 967 144**	**987 193 590**	**75 422 131**	**89 118 230**	**32 980 813**	**1 436 681 908**
Depreciation	-	44 190 208	240 491 904	14 917 366	19 275 045	1 623 598	**320 498 121**
Accumulated depreciation of disposal	-	(2 131 568)	(32 273 722)	(2 393 772)	(10 967 070)	-	**(47 766 132)**
Adjustments and translation difference	-	(2 909 165)	(4 366 232)	26 509	(295 941)	(609 988)	**(8 154 817)**
Accumulated depreciation as of 31/3/2015	-	**291 116 619**	**1 191 045 540**	**87 972 234**	**97 130 264**	**33 994 423**	**1 701 259 080**
Net carrying amount as of 31/3/2015	**384 517 828**	**1 006 654 052**	**1 250 910 747**	**41 792 998**	**64 750 276**	**5 563 295**	**2 754 189 196**

7. Projects under progress

Projects under progress as of 31 March 2016 represent the company's new projects and expansions in existing plants in Saudi Arabia and Algeria of L.E 41 million, transformer plant additions in Egypt of L.E 12 million, fiber optics and special cables of L.E 43 million, machineries and equipment under progress for subsidiaries expansions in Egypt of L.E 126 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. Available for sale investment

	31/3/2016 L.E	31/12/2015 L.E
Misr for Mechanical and Electrical projects (Kahromica)- An Egyptian Joint Stock Company (the share proportion is 10%)	10 000 000	10 000 000
Others	205 008	32 760
	10 205 008	**10 032 760**

9. Equity-accounted investees

The assets, liabilities and income from Equity accounted investments are as follow:

	31/3/2016 Million L.E	31/12/2015 Million L.E
Assets	1 706	1 571
Liabilities	1 170	1 144
Profits	58.8	32.6

10. Investment certificates

	31/3/2016 L.E	31/12/2015 L.E
Investment in Suez canal bank for Suez canal investment certificates with annual return 12% for 5 years	20 000 000	20 000 000
	20 000 000	**20 000 000**

11. Other long term receivables

	31/3/2016 L.E	31/12/2015 L.E
Due from clients (construction)	2 820 152 799	9 106 678
	2 820 152 799	**9 106 678**

12. Intangible assets

The intangible assets at 31 March 2016 as follow:

	31/3/2016 L.E	31/12/2015 L.E
Goodwill	12 204 789	12 204 789
Other Intangible assets	29 676 489	45 319 945
	41 881 278	**57 524 734**

Goodwill resulted from an acquisition of a company which resulted in L.E 12.2 million at the acquisition date and the intangible assets amortization amounted to L.E 205 463 for the financial period ended 31 March 2016 (L.E 3 251 090 at 31 March 2015).

13. Deferred tax

	31/3/2016 L.E	31/12/2015 L.E
Deferred tax assets	58 402 425	56 465 280
Deferred tax liability	(316 417 476)	(284 176 000)

Unrecognized deferred tax asset

	31/3/2016 L.E	31/12/2015 L.E
Clients and debtors	92 828 980	124 717 249
Provisions	68 461 806	74 431 711
	161 290 786	**199 148 960**

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.

14. Inventory

	31/3/2016 L.E	31/12/2015 L.E
Raw Materials	1 175 368 861	1 340 372 826
Spare parts	114 161 926	158 361 122
Work in progress	485 993 469	433 261 444
Finished goods	999 756 092	735 507 511
Goods in transit	731 835 675	370 497 407
	3 507 116 023	**3 038 000 310**

Some of inventories items are recorded according to their net realizable value. The difference between the book value of these items and their net realizable value is L.E 137 618 540 at 31 March 2016. (L.E 113 224 297 at 31 December 2015).

15. Trade, notes and other receivables

	31/3/2016 L.E	31/12/2015 L.E
Trade receivables	3 627 870 654	3 019 040 154
Notes receivables	263 515 792	241 053 932
Due from clients (construction)	1 300 651 764	3 927 618 875
Other receivables	1 978 748 681	1 299 544 652
	7 170 786 891	**8 487 257 613**

Other receivables are recorded after deducting impairment losses of L.E 412 573 243 at 31 March 2016. (L.E 550 779 697 at 31 December 2015)
Other receivables include advance payments to suppliers of L.E 943 million, accrued revenue of L.E 318 million and prepaid expenses of L.E 333 million.

16. Banks and cash in hand

	31/3/2016 L.E	31/12/2015 L.E
Banks - time deposits(*)	763 242 030	2 404 311 708
Banks - current accounts	2 528 709 921	1 155 328 568
Cash in hand	35 035 020	38 965 420
	3 326 986 971	**3 598 605 696**

(*)Banks include -time deposits amounted to L.E 300 000 at 31 March 2016 blocked as a security for credit facilities, letters of guarantee and letters of credit (L.E 1 038 741 at 31 December 2015).

17. 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 2 234 180 000 divided over 223 418 000 share with par value L.E 10 each.

18. Reserves

	31/3/2016 L.E	31/12/2015 L.E
Legal reserve	123 453 697	115 891 733
General reserve	43 816 730	43 816 730
	167 270 427	**159 708 463**

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 again.

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

19. Banks credit facilities and overdraft

Credit facilities and overdraft amounted to L.E 6 188 352 890 at 31 March 2016 (L.E 4 895 333 777 at 31 December 2015) secured by promissory notes, current accounts and joint guarantees. The average interest rate is annually 11.06 % or the Central Bank of Egypt borrowing and lending rate for the Egyptian Pound plus 1.43% for Egyptian pound facilities, 1.83 % over Libor and 0.1 % monthly commission on the highest debit balance for US Dollar and 1.83 % over Eurobor for the Euro facilities .

20. Loans

Short and long term loans granted to the company and its subsidiaries are classified as follows:-

	31/3/2016 L.E	31/12/2015 L.E
<u>**Current liabilities**</u>		
Short term loans due within one year	811 851 130	751 518 404
	811 851 130	**751 518 404**
<u>**Long-term liabilities**</u>		
Secured bank loans	98 062 623	117 273 634
Unsecured bank loans	51 649 562	49 603 008
	149 712 185	**166 876 642**

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 granted to the company and its subsidiaries are secured by promissory notes from subsidiaries approximately of L.E 1 800 million, USD 419 million, DZD 6.6 million and joint guarantees of L.E 2 202 million.

21. Trade, notes and other payables

	31/3/2016 L.E	31/12/2015 L.E
Trade and notes payables	1 225 100 748	1 263 383 538
Other credit balances and accrued expenses*	5 308 333 849	5 118 215 484
	6 533 434 597	**6 381 599 022**

*Other credit balances include advance payments to customers and due to construction clients of L.E 2 950 237 447 at 31 March 2016 (L.E 3 505 319 048 at 31 December 2015).

22. Provisions

	31/3/2016 L.E	31/12/2015 L.E
Balance as at 1/1	327 423 647	308 002 124
Formed during the period	1 724 038	135 806 819
Used during the period	(523 787)	(66 216 215)
Provisions no longer required	(106 674)	(32 360 881)
Translation differences and adjustments	(24 242 530)	(17 808 200)
	304 274 694	**327 423 647**

23. Other operating income

	Three months ended in 31 March 2016 L.E	Three months ended in 31 March 2015 L.E
Capital gain	1 333 852	1 906 373
Reverse of impairment of receivables	-	212 664
Provisions no longer required	-	18 796
Other income	27 729 956	30 623 988
	29 063 808	**32 761 821**

24. Other operating expenses

	Three months ended in 31 March 2016	Three months ended in 31 March 2015
	L.E	L.E
Provisions	1 174 038	909 050
Impairment of receivables	11 581 753	8 394 048
Amortization	-	3 245 408
Others	7 099 590	12 689 594
	19 855 381	**25 238 100**

25. Net financing Income (cost)

	Three months ended in 31 March 2016	Three months ended in 31 March 2015
	L.E	L.E
Finance income		
Interest income	30 964 403	37 626 017
Foreign exchange gain	267 046 762	13 060 255
	298 011 165	**50 686 272**
Finance expense		
Interest expense and finance charges	65 366 924	69 907 273
	65 366 924	**69 907 273**
Net financing	**232 644 241**	**(19 221 001)**

26. Capital commitments

The Group's capital commitment as at 31 March 2016 is L.E. 183 million (L.E 105 million at 31December 2015). The commitments are expected to be settled in the next financial year.

27. Contingencies

	31/3/2016	31/12/2015
	L.E	L.E
Uncovered portion of letters of guarantees and letter of credits	**6 855 308 601**	**6 579 970 441**

Litigation and claims

One of company subsidiaries owns a land for an amount of L.E 96.3 million that was fully paid to the seller. The subsidiary filed a lawsuit against the seller claiming the transfer of the land ownership specially the full value of the land was paid by the subsidiary. The seller also required an expert to determine damages and compensation due to the subsidiary. The seller filed a suit against the company claiming return of land plus a compensation of about L.E 30 million. The company management believes that the court decision will be in favor of the subsidiary specially that the Suez governorate approved the contract of sale of land and issued project license. On 7 May 2016 both parties will submit the supporting documents. Currently parties are in process to solve the dispute out of the court based on their willing.

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 period is L.E 233 million as of 31 March 2016. The significant related parties balances at 31 March 2016 are as follows:

	31/3/2016	31/12/2015
	L.E	L.E
Stated under current assets		
"Due from related parties"		
El Sewedy cables-Qatar	77 025 003	51 724 310
El Sewedy for Tools & Cables	399 818 642	412 997 280
Iskra Sarajevo	-	16 380 146
Zesco company	-	54 433 304
Ola for real estate development	1 641 992	925 625
Doha cables-Qatar	2 625 998	3 177 156
Technology for constructions Co.	8 265 443	8 100 599
El Sewedy Emirates	190 051 229	125 225 823
Zambia for constructions	6 109 973	-
Glencor International	22 031 280	14 960 430
Others	300 080 346	37 382 838
	1 007 649 906	**725 307 511**

	31/3/2016 L.E	31/3/2015 L.E
Stated under current liabilities		
"Due to related parties"		
Misr for Mechanical and Electrical Projects – Kahromika	1 115 750	7 515 747
Pyramids	20 269 038	22 239 589
Pyramids zonafranca	35 460 458	38 222 825
Egyptian company for advanced Industries and systems	2 195 194	7 057 355
Elastymould-Egypt	4 829 532	2 852 929
Saudi company for Construction Industries	33 152 000	29 232 000
Maali Holding	30 760 490	27 123 270
El Sewedy cables-Qatar	5 787 842	5 111 079
Doha cables-Qatar	352 527	330 864
Senyar	10 640 824	9 382 619
Others	46 571 468	138 648
	191 135 123	**149 206 925**

Subsidiaries and jointly controlled

The following are the most important subsidiaries entities owned by the company as at 31 March 2016:-

	Date of acquisition	Country	Nature of contribution	% of share
Egyptian Company For Advanced Industries	21-06-2005	Egypt	Direct	98.00
United Metals Co.	23-06-2005	Egypt	Direct	99.80
Egytech Cables Co.	25-12-2005	Egypt	Direct	99.98
United Industries Co.	25-12-2005	Egypt	Direct	99.98
El Sewedy for Electric International Co.(previously External cables)	19-04-2006	Egypt	Direct	99.96
United Wires Co.	02-11-2006	Egypt	Direct	99.94
Egyplast Co.	24-12-2006	Egypt	Direct	99.97
El Sewedy Cables – Egypt	21-02-2007	Egypt	Direct	99.87
Elsewedy Transformer	30-04-2011	Egypt	Direct	99.87
Elsewedy Electric Co. For Transmission	21-10-2007	Egypt	Direct	99.97
El Sewedy Power	27-09-2007	Egypt	Direct	99.84
El Sewedy Sedco for Petroleum services	10-01-2008	Egypt	Direct	96.00
Iskra Emco Energy Measurement – Misr	18-02-2008	Egypt	Indirect	99.12
Iskra Emco Slovenia	1-1-2008	Solvenia	Indirect	99.70
Isolated industries	30-6-2008	Egypt	Direct/Indirect	74.83
Elsewedy Electric Co. For Trading and Distribution.	21-12-2008	Egypt	Direct/Indirect	99.8
Siag El Sewedy for Towers	17-08-2008	Egypt	Direct	99.00
El Sewedy for Wind Energy Generation	10-07-2008	Egypt	Direct	99.8
Power System Projects Company	31-12-2008	Egypt	Direct	100.00
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
Rowad Engineering Co.	30-6-2010	Egypt	Indirect	65.00
Etalsamia for manufacturing electrical tools against explosion	30-6-2010	Egypt	Indirect	99.98

Subsidiaries for El Sewedy for Electric International Co (External cables previously).

El Sewedy Cables – Algeria	03-10-2006	Algeria	Indirect	99.89
El Sewedy Cables Limited	24-12-2006	Saudi	Indirect	60.00
El Sewedy Electric Limited Zambia	31-03-2009	Zambia	Indirect	60.00
El Sewedy Cables Ethiopia	31-03-2009	Ethiopia	Indirect	95.00
Libya for Common Cables	30-9-2009	Lybia	Indirect	55.00
Red Sea for copper – Egypt	31-12-2009	Egypt	Direct /Indirect	100
United Co. For Electrical Industries	31-3-2010	Saudi	Indirect	60
3W Network – Emirates	30-6-2010	Emirates	Indirect	75
National Extrution and manifacturing of metal	23-5-2013	Egypt	Direct	99.98

-According to board of directors of Elsewedy Electric International company dated 6 August 2014, it has been decided that Elsewedy Electric Limited Nigeria impaired

-On June 9,2015 EL Sewedy Power Company – Subsidiary of El Sewedy Electric and El Sewdy Electric Company agreed to sell MTOI, a Spanish company (previously M. Torres) fully owned by both mentioned companies, for 1 Euro in addition to Euro 250K to be paid in November 2015. According to the agreement, MTOI will pay the credit balance due to EL Sewedy Power almost of Euro 4.6 million on an annual installments starting at November 2015 to November 2018 with interest of 2% over Eurobor. Both MTOI and the buyer are jointly liable for paying the credit balance according to the contract. There is no cash inflows on the transaction consolidated cash flow.

29. Tax status

El-sewedy Electric Company is subject to Investment Guarantees and Incentives law No.8 for 1997 and its executive regulations and the rest of group companies are subject to taxes in Egypt or abroad. The companies enjoying tax exemption are as follow:

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
Sedco for electrical industries (Etalsamia previously)	31/12/2019

- As of 4 June 2014, the Presidential decree – law No.44 for the year 2014 was issued for a temporary annual additional tax to be imposed for three years from the tax period 2014 by percentage (5%) on the tax base that exceed one million Egyptian Pounds.

- As of 30 June 2014, the Presidential decree - law No.53 for the year 2014 was issued to the effect of including provisions to amend some articles of the income tax law that was issued by virtue of law No.91 for 2005. The following represents the most prominent amendments introduced to the said law :

1. Imposing a tax on dividends.
2. Imposing a tax on capital gain resulting from the sale of shares and securities

- As of 20 August 2015,the Presidential decree-law No (96) for the year 2015 was issued amending some articles of the tax law on income No (91) for the year 2005 and the decree No.44 for the year 2014 that imposed a temporary additional tax on income. This decree is effective from the day following its publication.
- The following are the most significant changes:
  1- Reduction of the income tax rate to 22.5%.
  2- Amending imposing the temporary additional tax of 5 % to be one year instead of 3 years.
  3- Amending tax on dividends.
  4- Freeze capital tax on the trade of listed securities for two years starting from 17/5/2015.

30. 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 assembly's dated 19 April 2010 and 26 April 2011 decided a shares dividend (3 shares for each 10 shares).

The employee right at each year end during the three years scheme to exercise part of the shares based payments were 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 to employees up to 31 December 2011	(17 156)
	-
Fair Market value at 31 December 2011	4 227 700

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

31. Leased assets

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 L.E 181 990 960 that represent the net book value for these assets. 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 at the end of each contract or at the end of each year from the date of the lease. A deferred capital gain of L.E 5 363 286 resulted from sale of these fixed assets, which is amortized over the lease contract period.

32. Earnings per share

	Three months ended in 31 March 2016	**Three months ended in 31 March 2015**
	L.E	**L.E**
Profits attributable to the ordinary shareholders	757 509 143	239 224 698
Issued and paid capital	223 418 000	223 418 000
Own shares	(142 216)	(142 216)
Weighted average number of shares	**223 275 784**	**223 275 784**

33. 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.

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)	
	31/3/2016	**31/12/2015**
Receivable and debtors	9 990	8 496
Due from related parties	1 007	725
Cash and investments	3 326	3 598
Total	**14 323**	**12 819**

Receivable aging

	(L.E million)	
	31/3/2016	**31/12/2015**
Not due	729	1 048
Due for 30 days.	1 669	2 722
Due for 31 to 120 days	1 829	2 199
Due for 121 to 180 days	696	1 721
Due for more than 180 days	3 540	567
Others	1 527	239
	9 990	**8 496**

Liquidity risk

Payments to suppliers and creditors are due within a period of 90 days from receipt of goods or services.

(L.E Thousand)

	Less than 6 month **L.E**	**6 - 12 month** **L.E**	**More than one year** **L.E**
Creditors and due to related parties	829 900	2 958 270	25 656
Due to banks	1 047 793	2 661 105	149 712

Foreign currency risk

The following are the balances of monetary assets and liabilities in foreign currencies:

(L.E Thousand)

	31 March 2016			**31 December 2015**		
	USD $	**Euro**	**GBP**	**USD $**	**Euro**	**GBP**
Financial assets	736 326	263 896	152 265	602 337	175 722	40 170
Financial liabilities	418 027	197 840	38 052	556 737	189 151	5 112

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

	Closing rates		Average rates	
	31/3/2016	**31/12/2015**	**2016**	**2015**
USD $	8.88	7.83	8.33	7.90
Euro	10.1	8.50	9.1	8.55

Interest rate risk

The following are the group interest bearing financial instruments:

	(L.E. million) Net book value	
	31/3/2016	**31/12/2015**
Fixed interest rates		
Financial assets	2 528	1 155
Financial liabilities	(962)	(919)
	1 566	**236**
Variable interest rates		
Financial assets	904	2 471
Financial liabilities	(6 188)	(4 895)
	5 284	**(2 424)**

The average interest rates are as follows:

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

34. New Issues and Amendments issued to the Egyptian Accounting Standards (EAS).

Comparative figures

The accounting policies applied in the preparation of consolidated financial statements on 31 March 2016 are the same accounting policies applied in the preparation of the annual consolidated financial statements 31 December 2015.These policies are applied in all financial statements presented in the interim consolidated financial statements including changes in the issued Accounting standards applied from 1/1/2016 . The comparative figures are restated with the change in the accounting policy for the selection of accounting for Joint control entities under proportionate consolidation. The option of accounting for Joint control entities under proportionate consolidation is no more permitted under Egyptian Accounting Standards from 1/1/2016. The company also corrected consolidating some entities to be accounted for under the equity method.

These restatements effect on the financial statements are as follows:

(Million L.E)

	31/12/2015	1/1/2015
Effect on Equity accounted investees	410	259
Non-controlling interest	(52)	(49)
Total assets	(1 322)	(1 111)
Total liabilities	(1 270)	(1 062)

The effect on the income statement for the three months ended 31 March 2015 are increase of Equity – accounted investees income by L.E 32.6 million and a reduction in non-controlling interests by an amount L.E 7.7 million in addition to the recclasification effect the rest of Income statement elements with these differences.

New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) but not adopted.

During the year 2015, a modified version of the Egyptian Accounting Standards (EAS) was issued including some of the new accounting standards and the amendments to some existing standards provided that they shall come into force for the financial periods that start after January 1, 2016, while taking into consideration that the early implementation of these standards is not permissible.
*In the following table, we shall review the most prominent amendments on the Egyptian Accounting Standards (EAS) that may have a significant impact on the financial statements of the company at the beginning of the implementation thereof:

New or Amended Standards	Summary of the Most Significant Amendments	Impact on the Financial Statements
EAS (1) Presentation of Financial Statements	Financial Position Statement • The Standard does not require to present the working capital.	• The WC is not presented
	• The standards required a statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity. Income Statement (Profit or Loss)/Statement of Comprehensive Income The entity shall disclose all recognized income and expense captions during the financial period in two separate statements; one of them presents the profit or loss components (Income Statement) and the other one starts with the profit or loss and presents the other comprehensive income items (Statement of Comprehensive Income).	• New statements are included
EAS (10) Property, Plant and Equipment (PPE)	• The financial shall disclose a reconciliation of the carrying amount – movement of the fixed assets and its depreciations- in the notes accompanying the financial statements at the beginning and the end of the current period and the	.Comparatives are presented

New or Amended Standards	Summary of the Most Significant Amendments	Impact on the Financial Statements
	comparable period.	
Egyptian Standard No. (45) Fair Value Measurement	The new Egyptian Accounting Standard No. (45) "Fair Value Measurement" was issued and shall be applied when another Standard requires or allows measurement or disclosure to be made at fair value. This Standard aims the following: (a) Defining the fair value (b) Laying down a framework to measure the fair value in one Standard and (c) Identifying the disclosure required for the fair value measurements.	The requirements of the standard are followed in the financial statements
Egyptian Standard No. (29) Business Combination	The purchase method was cancelled and replaced by the acquisition method; as results: 1- Changing the acquisition cost to become the cash consideration transferred; and to be measured at fair value at the acquisition date. 2- Contingent consideration: the fair value of the consideration shall be recognized at the acquisition date as a part of consideration transferred. 3- Changing the method of measuring goodwill in case of Step Acquisition is made. • The transaction cost (the cost related to the acquisition): Shall be charged to the Income Statement as an expense in	Currently, the standard is applied and impacts the consolidated financial statements after 1/1/2016.

New or Amended Standards	Summary of the Most Significant Amendments	Impact on the Financial Statements
	which the costs incurred it and shall not be added to the cash consideration transferred; except for the costs of issuing equity as debt instruments directly related to the acquisition process.	
Egyptian -Standard No.(42): The Consolidated Financial Statements	• The new Egyptian Accounting Standard No. (42) "The Consolidated Financial Statements" was issued and accordingly Egyptian Accounting Standard No. (17) "The Consolidated and Separate Financial Statements" has changed to become "The Separate Financial Statements". Pursuant to the new Egyptian Accounting Standard No. (42) "The Consolidated Financial Statements" The control model has changed to determine the investee entity that must be consolidated. • Accounting for the changes in the equity of the parent company in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders. • Any Investment retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the Income Statement. • Losses applicable to the Non-Controlling Interest "NCI" in a subsidiary	Retroactive amendment to all the comparative figures of the consolidated financial statements presented.

New or Amended Standards	Summary of the Most Significant Amendments	Impact on the Financial Statements
	including component of Other Comprehensive Income are allocated to the owners of the holding entity and the NCI even if this causes the NCI to have a deficit balances.	
Egyptian Standard No. (18): Investments in Associates	The accounting treatment of the joint ventures shall be added to this standard, accordingly the Investments in associates and joint ventures shall be accounted for that investments using the equity method in the consolidated Financial Statements.	Retroactive amendment to all the comparative figures and disclosures are done.
Egyptian Standard No. (44): Disclosure of Interests in Other Entities	• A new Egyptian Accounting Standard No.(44) "Disclosure of Interests in Other Entities" was issued in order to comprise all the required disclosures pertaining to the investments in subsidiaries, associates, joint arrangements ,and the unconsolidated Structured Entities. • The objective of this standard is to comply the entity to disclose the information that enable users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance, and cash flows.	• The disclosure is presented.

New or Amended Standards	Summary of the Most Significant Amendments	Impact on the Financial Statements
EAS (14) Borrowing Costs	Elimination of the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Income Statement without being capitalized on the asset.	The company followed this Standard.
EAS (41) Operating Segments	EAS 33 "Segment Reports" has been replaced with EAS (41) "Operating Segments". Accordingly, the disclosure and the volume of the required disclosures that the Segment Reports must disclose on; mainly depends on the Segments information presented to Chief Operating Decision Maker (CODM) of the entity to make decisions on the resources that must be allocated to the segment and assess its performance.	The disclosure amended to match this standard requirement.