

EL Sewedy Electric Company
(An Egyptian Joint Stock Company)
Interim consolidated financial statements
For the financial period
From 1 January 2017 to 31 March 2017
And limited review report



Hazem Hassan

Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11
Telefax : (202) 35 36 23 01 - 35 36 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahram

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 statement of financial position of El Sewedy Electric Company as of 31 March 2017 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 2017, 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 23 May 2017

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated statement of financial position
As of 31 March 2017

		31/3/2017	31/12/2016
	Note No.	<u>L.E</u>	<u>L.E</u>
Assets			
Non current assets			
Fixed assets	(3-3)⋆(6)	4 095 720 207	4 055 701 087
Project under progress	(3-3)⋆(7)	437 266 689	302 960 558
Investments available for sale	(3-4)⋆(8)	10 000 000	10 205 008
Equity-accounted investees	(3-4)⋆(9)	1 358 384 558	1 246 145 438
Investment certificates	(10)	20 000 000	20 000 000
Trade and other receivables	(3-4)⋆(11)	3 579 786 132	3 867 394 013
Intangible assets	(3-5)⋆(12)	129 150 803	117 147 829
Deferred tax assets	(3-16)⋆(13)	209 899 170	160 057 044
Total non current assets		9 840 207 559	9 779 610 977
Current assets			
Inventories	(3-6)⋆(14)	8 149 806 566	6 085 344 359
Trade, notes and other receivables	(3-4)⋆(15)	17 597 679 316	13 487 716 480
Due from related parties	(29)	622 880 715	663 680 218
Investment fund / treasury bills	(3-4)	17 323 404	252 016 635
Banks and cash in hand	(16)	7 413 689 075	8 270 459 888
Total current assets		33 801 379 076	28 759 217 580
Total Assets		43 641 586 635	38 538 828 557
Shareholders' Equity			
Issued and paid capital	(3-9)⋆(17)	2 234 180 000	2 234 180 000
Reserves	(18)	242 126 451	197 412 813
Own shares	(19)	(314 723 006)	(314 723 006)
Retained earnings		7 159 376 983	6 589 888 570
Translation reserve		2 406 397 513	2 278 304 825
Equity attributable to owners of the company		11 727 357 941	10 985 063 202
Non controlling interests		589 288 544	584 496 934
Total equity		12 316 646 485	11 569 560 136
Liabilities			
Non current liabilities			
Loans	(3-11)⋆(21)	190 408 910	93 615 881
Banks & Credit Facilities	(3-11)⋆(20)	1 271 595 979	1 326 954 909
Deferred tax liabilities	(3-16)⋆(13)	823 240 729	710 087 938
Other liabilities		35 579 340	40 177 613
Total non current liabilities		2 320 824 958	2 170 836 341
Current liabilities			
Banks facilities and overdraft	(3-11) ⋆(20)	8 218 164 186	8 580 762 601
Loans	(3-11) ⋆(21)	1 574 087 701	1 216 843 472
Trade, notes and other payables	(3-4)⋆(22)	17 661 341 404	13 444 740 820
Due to related parties	(29)	370 345 456	376 577 012
Provisions	(3-12)⋆(23)	1 180 176 445	1 179 508 175
Total current liabilities		29 004 115 192	24 798 432 080
Total liabilities		31 324 940 150	26 969 268 421
Total Equity and Liabilities		43 641 586 635	38 538 828 557

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

Chief Financial Officer
Mr. Sherif Mohamed Mohamed El Zeiny

Managing Director
Eng. Ahmed Ahmed Sadek Elsewedy

Chairman

Limited Review report "attached"

Translated from Arabic

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated income statement
For the period ended 31 March 2017

		Three months ended 31/3/2017	Three months ended 31/3/2016
	<u>Note No.</u>	<u>L.E</u>	<u>L.E</u>
Operational revenues	(3-13)	9 784 771 583	4 693 419 081
Operational costs	(3-14)	(7 260 211 959)	(3 751 136 261)
Gross profits		2 524 559 624	942 282 820
Other operating income	(24)	38 176 888	29 063 808
Selling and distribution expenses	(3-14)	(177 471 436)	(118 732 571)
Administrative expenses	(3-14)	(331 291 471)	(179 193 534)
Other operating expenses	(25)	(185 005 136)	(19 855 381)
Operating profits		1 868 968 469	653 565 142
Financing income		56 218 782	298 011 165
Financing expenses		(171 517 397)	(65 366 924)
Net financing (expenses) Income	(26)	(115 298 615)	232 644 241
Share of profit of equity accounted investees		112 234 557	58 830 895
Net profits for the period before tax		1 865 904 411	945 040 278
Current income tax	(3-16)	(267 265 522)	(136 894 041)
Deferred tax (expense)	(3-16)	(59 895 619)	(40 419 083)
Net profits for the period after tax		1 538 743 270	767 727 154
Attributable to :			
Equity holders of the holding company		1 508 944 536	757 509 143
Non controlling interest		29 798 734	10 218 011
		1 538 743 270	767 727 154
Basic earnings per share (L.E./share)	(33).(3-17)	6.91	3.39

* The accompanying notes in the pages 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 other comprehensive income
For the period ended 31 March 2017

Translated from Arabic

	Three months ended 31/3/2017	Three months ended 31/3/2016
Net profits for the period after tax	1 538 743 270	767 727 154
<u>Other comprehensive income items</u>		
Foreign operations translation difference	128 986 602	325 531 414
Total comprehensive income	1 667 729 872	1 093 258 568
attributable to :		
Owners of the company	1 637 037 224	1 037 735 379
Non controlling interests	30 692 684	55 523 189
	1 667 729 908	1 093 258 568

* The accompanying notes in the pages 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 2017

	Issued and paid capital	Legal reserve	General reserve	Own shares	Retained earnings	Foreign exchange differences resulted from foreign entities translation	Total parent's shareholders' equity	Non controlling interest	Total shareholders' equity
	<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>	<u>L.E</u>	<u>L.E</u>
Balance as of 1 January 2016	2 234 180 000	115 891 733	43 816 730	(1 422 160)	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)	-	-	-	-
Dividends to shareholders	-	-	-	-	(223 418 000)	-	(223 418 000)	-	(223 418 000)
Dividends to employees	-	-	-	-	(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 changes in ownership interests and non controlling interests	-	-	-	-	-	-	-	(18 954 828)	(18 954 828)
Balances as of 31/3/2016	2 234 180 000	123 453 697	43 816 730	(1 422 160)	4 229 349 103	278 703 365	6 908 080 735	294 966 649	7 203 047 384
Balance as of 1 January 2017	2 234 180 000	153 596 083	43 816 730	(314 723 006)	6 589 888 570	2 278 304 825	10 985 063 202	584 496 934	11 569 560 136
Other comprehensive income									
Net profits for the period	-	-	-	-	1 508 944 536	-	1 508 944 536	29 798 734	1 538 743 270
Other comprehensive income items	-	-	-	-	-	128 092 688	128 092 688	893 914	128 986 602
Total other comprehensive income	-	-	-	-	1 508 944 536	128 092 688	1 637 037 224	30 692 648	1 667 729 872
Transactions with owners of the company									
Transferred to Legal reserve	-	44 713 638	-	-	(44 713 638)	-	-	-	-
Dividends to share holders	-	-	-	-	(873 103 136)	-	(873 103 136)	-	(873 103 136)
Dividends to employees	-	-	-	-	(21 639 349)	-	(21 639 349)	-	(21 639 349)
	-	44 713 638	-	-	(939 456 123)	-	(894 742 485)	-	(894 742 485)
Change in ownership interests and non controlling interests									
Subsidiaries dividends to non controlling interest	-	-	-	-	-	-	-	(25 901 038)	(25 901 038)
Total changes in ownership interests and non controlling interest	-	-	-	-	-	-	-	(25 901 038)	(25 901 038)
Balances as of 31/3/2017	2 234 180 000	198 309 721	43 816 730	(314 723 006)	7 159 376 983	2 406 397 513	11 727 357 941	589 288 544	12 316 646 485

* The accompanying notes in the pages 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 2017

	<u>Note No.</u>	Three months ended 31/3/2017	Three months ended 31/3/2016
		<u>L.E</u>	<u>L.E</u>
Cash flows from operating activities:			
Net profits for the period before tax		1 865 904 411	945 040 278
Adjustments :-			
Depreciation	(6)	125 013 218	94 242 381
Amortization	(25)	2 403 714	205 463
Provisions and receivable impairment (Net)		61 156 135	12 755 791
Net finance expense (income)		115 298 615	(232 644 241)
Share of profits of equity accounted investees		(112 234 557)	(58 830 895)
Capital gain	(24)	(4 191 551)	(1 333 851)
Operating profit before changes in working capital		2 053 349 985	759 434 926
Changes in :			
-Trade, notes and other receivables		(3 822 354 955)	(1 506 157 152)
-Inventories		(2 064 462 207)	(469 115 713)
-Related parties		34 567 947	(240 414 197)
-Trade, notes and other payables		3 828 747 513	278 463 649
Net cash provided by (used in) operating activities		29 848 283	(1 177 788 487)
Cash flows from investing activities			
Acquisition of fixed assets and project under progress		(221 964 283)	(122 223 817)
Acquisition of intangible assets		(12 002 974)	-
Paid for equity-accounted investees		-	(172 246)
Proceeds from selling fixed assets and projects under progress		7 529 191	8 380 783
Net proceeds (payments) for purchasing treasury bills and investment fund		234 693 231	(73 629 512)
Net cash flows (used in) investing activities		8 255 165	(187 644 792)
Cash flows from financing activities			
Dividends paid to non controlling interests		(57 551 038)	(18 954 828)
Proceeds from loans, bank facilities and overdraft		36 079 913	1 336 187 382
Dividends paid to shareholders		(873 103 136)	(223 418 000)
Net cash flows (used in) provided by financing activities		(894 574 261)	1 093 814 554
Net change in cash and banks		(856 470 813)	(271 618 725)
Cash and banks at the beginning of the period		8 270 459 888	3 598 605 696
Cash and banks at the end of the period		7 413 989 075	3 326 986 971
Restricted cash		(300 000)	300 000
Net cash and cash equivalents at the end of the period		7 413 689 075	3 327 286 971

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

EL Sewedy Electric Company

Notes to the consolidated financial statements for the period ended 31 March 2017

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 23 May 2017.

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.

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

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.

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

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.

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

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.

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

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.

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

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

Development Activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the assets.

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

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

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

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

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

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 of 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 of 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.

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

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.

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

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.

Revenues from Available For Sale

Revenues are recognized when the group has the right to the revenues

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

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 for 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

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

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 of 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.

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

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 segment manufactures, markets and trade the cables

Constructions

This segment execute construction related to power of generation units and electricity distribution networks

Electricity products

This segment manufactures electric meters, transformers, electric Joints and also market and trade the products

	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-Mar-17 <u>L.E</u>
Local Sales	1 766 297 848	1 343 423 185	1 758 284 820	354 114 091	121 311 370	-	5 343 431 314
Export Sales and construction revenues	2 064 852 211	9 535 771	1 790 286 093	63 066 771	513 599 423	-	4 441 340 269
Total revenue without inter segment sales	3 831 150 059	1 352 958 956	3 548 570 913	417 180 862	634 910 793	-	9 784 771 583
Inter segment revenues	3 009 126 620	-	460 496 526	232 806 018	6 537 756	3 708 966 920	-
Total revenue	6 840 276 679	1 352 958 956	4 009 067 439	649 986 880	641 448 549	3 708 966 920	9 784 771 583
Total Cost	(5 371 311 524)	(1 176 013 914)	(3 447 540 165)	(510 259 194)	(464 054 082)	3 708 966 920	(7 260 211 959)
Gross Profit	1 468 965 155	176 945 042	561 527 274	139 727 686	177 394 467		2 524 559 624
Total selling & marketing expenses	(91 593 381)	(24 188 747)	(9 620 191)	(15 494 210)	(36 574 907)	-	(177 471 436)
Segment profit	1 377 371 774	152 756 295	551 907 083	124 233 476	140 819 560	-	2 347 088 188
Other operating income							38 176 888
Share of profit equity accounted investee							112 234 557
General and administrative expenses							(331 291 471)
Other operating expenses							(185 005 136)
Net financing costs							(115 298 615)
Current income tax							(267 265 522)
Deferred tax (expense)							(59 895 617)
Net profit for the period							1 538 743 270
						Unallocated	
Depreciation	28 917 612	45 805 503	12 971 303	11 608 217	24 166 005	1 544 578	125 013 218
Assets	14 488 092 959	2 655 712 742	15 047 136 343	3 262 147 942	679 820 986	7 508 675 663	43 641 586 635
Liabilities	(3 641 243 975)	(1 529 246 554)	(12 733 244 800)	(1 944 588 513)	(1 025 370 170)	(10 451 246 138)	(31 324 940 150)
Fixed Assets additions	9 475 103	4 226 302	48 634 317	16 985 561	7 016 947	1 319 919	87 658 149

	Power and Special Cables Egypt L.E	International L.E	Turn Key projects L.E	Electric Products and Accessories Egypt L.E	International L.E	Elimination L.E	Consolidated 31-Mar-16 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	232 059 618	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	66 226 151	-	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
Other operating income							29 063 808
Share of profit equity accounted investee							58 830 895
General and administrative expenses							(179 193 534)
Other operating expenses							(19 855 381)
Net financing costs							232 644 241
Current income tax							(136 894 041)
Deferred tax (expense)							(40 419 083)
Net profit for the period							767 727 156
Depreciation	43 235 900	24 711 539	11 512 132	2 646 389	11 293 832	Unallocated 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)
Fixed Assets additions	30 011 892	4 029 008	37 663 414	15 808 836	9 905 243	1 765 033	99 183 426

Translated from Arabic

El Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

6 Fixed Assets

	Land	Buildings	Machineries & equipments	Furniture & office supplies	Vehicles	leasehold improvements	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>	<u>L.E</u>
Cost							
Balance as of 1/1/2017	501 744 526	2 185 442 143	4 955 624 705	290 730 531	220 194 175	35 594 568	8 189 330 648
Additions during the period	25 954 680	810 768	40 439 919	9 832 807	8 125 682	2 494 293	87 658 149
Disposals during the period	-	(1 394 489)	(53 213 119)	(670 502)	(1 254 435)	(24 777)	(56 557 322)
Adjustment and translation differences	(2 777 795)	20 311 861	15 432 871	18 871 910	(1 197 902)	(238 131)	50 402 814
Cost as of 31/3/2017	<u>524 921 411</u>	<u>2 205 170 283</u>	<u>4 958 284 376</u>	<u>318 764 746</u>	<u>225 867 520</u>	<u>37 825 953</u>	<u>8 270 834 289</u>
Depreciation							
Accumulated depreciation as of 1/1/2017	-	616 788 647	3 135 177 644	220 162 712	138 077 250	23 423 308	4 133 629 561
Depreciation	-	17 678 012	93 704 280	6 395 350	6 821 474	414 100	125 013 216
Accumulated depreciation of disposal	-	(1 008 129)	(50 920 299)	(658 508)	(632 748)	-	(53 219 684)
Adjustments and translation difference	-	(10 084 895)	(8 037 009)	(11 068 011)	(1 022 803)	(96 292)	30 309 011
Accumulated depreciation as of 31/3/2017	-	<u>623 373 635</u>	<u>3 169 924 616</u>	<u>214 831 543</u>	<u>143 243 173</u>	<u>23 741 116</u>	<u>4 175 114 082</u>
Net carrying amount as of 31/3/2017	<u>524 921 411</u>	<u>1 581 796 648</u>	<u>1 788 359 760</u>	<u>103 933 203</u>	<u>82 624 347</u>	<u>14 084 837</u>	<u>4 095 720 206</u>
Net carrying amount as of 31/12/2016	<u>501 744 526</u>	<u>1 568 653 496</u>	<u>1 820 447 061</u>	<u>70 567 819</u>	<u>82 116 925</u>	<u>12 171 260</u>	<u>4 055 701 087</u>

The company agreed to sell its new administrative building (under construction). According to the terms of the sale agreement the company 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. After a year of reclassification as assets held for sale, the land and the building under construction were reclassified as land and buildings under construction. The seller deposited L.E 140 million in the company bank account which is blocked till the registration of the sale transaction. On 18 June 2015 the company sent a warning letter to the buyer to hand over the building because of his failure to meet the special conditions under the contract related to the finishing which should have been completed by 31 December 2013 or after by a maximum of 3 months from that date. The company sent warning required the buyer to return back all documentation that was delivered to the buyer in relation to this sale by minutes dated 31 January 2013. The EXGA decided in its meeting dated 12 January 2016 that the company should take legal action against the buyer for violation of the contract terms.

6 Fixed Assets

	Land	Buildings	Machineries & equipments	Furniture & office supplies	Vehicles	leasehold improvements	Total
Cost	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Balance as of 1/1/2016	384 517 828	1 297 770 671	2 441 956 287	129 765 232	161 880 540	39 557 718	4 455 448 276
Additions	673 046	81 447 997	294 547 352	54 315 397	30 319 418	7 195 778	468 498 988
Disposals	(864 870)	(4 957 308)	(47 643 650)	(9 007 628)	(24 729 412)	(21 507)	(87 224 375)
Adjustment and translation differences	117 418 522	811 180 783	2 266 764 716	115 657 530	52 723 629	(11 137 421)	3 352 607 759
Cost as of 31/12/2016	501 744 526	2 185 442 143	4 955 624 705	290 730 531	220 194 175	35 594 568	8 189 330 648
Depreciation							
Accumulated depreciation as of 1/1/2016	-	291 116 619	1 191 045 540	87 972 234	97 130 264	33 994 423	1 701 259 080
Depreciation	-	49 912 195	280 136 938	23 468 625	21 086 850	3 368 628	377 973 236
Accumulated depreciation of disposal	-	(97 331)	(40 375 518)	(298 879)	(19 869 380)	(16 135)	(60 657 243)
Adjustments and translation difference	-	275 857 164	1 704 370 684	109 020 732	39 729 516	(13 923 608)	2 115 054 488
Accumulated depreciation as of 31/12/2016	-	616 788 647	3 135 177 644	220 162 712	138 077 250	23 423 308	4 133 629 561
Net carrying amount as of 31/12/2016	501 744 526	1 568 653 496	1 820 447 061	70 567 819	82 116 925	12 171 260	4 055 701 087
Net carrying amount as of 31/12/2015	384 517 828	1 006 654 052	1 250 910 747	41 792 998	64 750 276	5 563 295	2 754 189 196

The company agreed to sell its new administrative building (under construction). According to the terms of the sale agreement the company 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. After a year of reclassification as assets held for sale, the land and the building under construction were reclassified as land and buildings under construction. The seller deposited L.E 140 million in the company bank account which is blocked till the registration of the sale transaction. On 18 June 2015 the company sent a warning letter to the buyer to hand over the building because of his failure to meet the special conditions under the contract related to the finishing which should have been completed by 31 December 2013 or after by a maximum of 3 months from that date. The company sent warning required the buyer to return back all documentation that was delivered to the buyer in relation to this sale by minutes dated 31 January 2013. The EXGA decided in its meeting dated 12 January 2016 that the company should take legal action against the buyer for violation of the contract terms.

EL Sewedy Electric company**Notes to the consolidated financial statements for the period ended 31 March 2017****7. Projects under progress**

Projects under progress as of 31 March 2017 represent the company's new projects and expansions in existing plants in Saudi Arabia and Algeria of L.E 93 million, transformer plant additions in Egypt of L.E 15 million, fiber optics and special cables of L.E 58 million, machineries and equipment under progress for subsidiaries expansions in Egypt of L.E 269 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

	31/3/2017 <u>L.E</u>	31/12/2016 <u>L.E</u>
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
	<u>10 000 000</u>	<u>10 205 008</u>

9. Equity-accounted investees

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

	31/3/2017 Million <u>L.E</u>	31/12/2016 Million <u>L.E</u>
Assets	3 500	3 447
Liabilities	2 142	2 201
Profits	112,2	330.8

10. Investment certificates

	31/3/2017 <u>L.E</u>	31/12/2016 <u>L.E</u>
Investment in Suez canal bank for Suez canal investment certificates	20 000 000	20 000 000
	<u>20 000 000</u>	<u>20 000 000</u>

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

11. Trade and other receivables

	31/3/2017	31/12/2016
	<u>L.E</u>	<u>L.E</u>
Clients receivables (construction)	3 473 826 182	3 867 394 013
Others	105 959 950	-
	<u>3 579 786 132</u>	<u>3 867 394 013</u>

12. Intangible assets

The intangible assets at 31 March 2017 are as follow:

	31/3/2017	31/12/2016
	<u>L.E</u>	<u>L.E</u>
Goodwill	12 204 789	12 204 789
Other Intangible assets	116 946 014	104 943 040
	<u>129 150 803</u>	<u>117 147 829</u>

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 2 403 714 for the financial period ended 31 March 2017 (L.E 205 463 at 31 March 2016).

13. Deferred tax

	31/3/2017	31/12/2016
	<u>L.E</u>	<u>L.E</u>
Deferred tax assets	209 899 170	160 057 044
Deferred tax liability	<u>(823 240 729)</u>	<u>(710 087 938)</u>

Unrecognized deferred tax asset

	31/3/2017	31/12/2016
	<u>L.E</u>	<u>L.E</u>
Clients and debtors	348 525 735	326 250 313
Provisions	265 539 700	265 389 339
	<u>614 065 435</u>	<u>591 639 652</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.

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

14. Inventory

	31/3/2017	31/12/2016
	<u>L.E</u>	<u>L.E</u>
Raw Materials	3 740 877 359	2 755 077 117
Spare parts	321 022 751	189 463 843
Work in progress	998 957 321	649 679 990
Finished goods	2 092 335 635	1 665 256 127
Goods in transit	996 613 500	825 867 282
	<u>8 149 806 566</u>	<u>6 085 344 359</u>

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 392 million at 31 March 2017 (L.E 163 million at 31 December 2016).

15. Trade, notes and other receivables

	31/3/2017	31/12/2016
	<u>L.E</u>	<u>L.E</u>
Trade receivables	5 784 753 366	5 531 176 141
Due from receivables turnkey	5 097 756 005	4 302 720 375
Notes receivables	672 660 762	594 645 607
Other receivables*	6 042 509 183	3 059 174 357
	<u>17 597 679 316</u>	<u>13 487 716 480</u>

Trade, notes and other receivables are recorded after deducting impairment losses of L.E 1 549 million at 31 March 2017. (L.E 1 450 million at 31 December 2016)

*Other receivables include advance payments to suppliers of L.E 1 258 million, accrued revenue of L.E 277 million, work in progress of L.E 1 835 , Retention insurance of 630 L.E million and prepaid expenses of L.E 362 million at 31 March 2017.

EL Sewedy Electric company**Notes to the consolidated financial statements for the period ended 31 March 2017****16. Banks and cash in hand**

	31/3/2017	31/12/2016
	<u>L.E</u>	<u>L.E</u>
Banks - time deposits(*)	2 463 865 412	2 298 502 073
Banks - current accounts	4 918 846 328	5 955 876 563
Cash in hand	30 977 335	16 081 252
	<u>7 413 689 075</u>	<u>8 270 459 888</u>

(*)Banks include -time deposits amounted to L.E 300 000 at 31 March 2017 blocked as a security for credit facilities, letters of guarantee and letters of credit (L.E same amount at 31 December 2016).

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

	31/3/2017	31/12/2016
	<u>L.E</u>	<u>L.E</u>
Legal reserve	198 309 721	153 596 083
General reserve	43 816 730	43 816 730
	<u>242 126 451</u>	<u>197 412 813</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 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. Own Shares

The Board of Directors of the Company held a Board meeting on October 9, 2016 decided to buy 3.6 million own shares at a price of LE 62.5 per share. The fair value of the shares was a price of LE 73.8 per share was determined by an independent financial advisor HC Securities and Investment Company. The board decided to buy the shares in the period from October 11, 2016 to October 17, 2016.

EL Sewedy Electric company**Notes to the consolidated financial statements for the period ended 31 March 2017**

The Board also held a meeting on 18 October 2016 and decided to buy 1.4 million own shares at a price of L.E 62.5 per share based on the same study of fair value of the shares during the period from 20 October 2016 until 26 October 2016.

Accordingly the company own shares represented 5 million shares or 2.24% of the total shares capital. The decision was made in order to invest cash liquidity in local currency. The Extraordinary General Assembly decided on 4 May, 2017 to execute treasury shares amounting to 50 million Egyptian pounds. The Assembly also decided to amend articles (6),(7) of the company status accordingly. The effect of this decision on the group financial statements will be reflected as of the date of the extraordinary general assembly.

20. Banks credit facilities and overdraft

Credit facilities and overdraft amounted to L.E 8 218 164 186 at 31 March 2017 (L.E 8 580 762 601 at 31 December 2016) secured by promissory notes, current accounts and joint guarantees. The average interest rate is annually 13.50 % 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. The portion included in the non-current liabilities of L.E 1 271 595 979 in the non-current portion represents the value of the Group's credit facilities from several banks which are repaid in installments that mature after more than one year. (L.E 1 326 954 909 at December, 2016)

21. Loans

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

	31/3/2017	31/12/2016
	<u>L.E</u>	<u>L.E</u>
<u>Current liabilities</u>		
Loans and installments due within one year	1 574 087 701	1 216 843 472
	<u>1 574 087 701</u>	<u>1 216 843 472</u>
<u>Long-term liabilities</u>		
Secured bank loans	152 442 905	51 880 284
Unsecured bank loans	37 966 005	41 735 597
	<u>190 408 910</u>	<u>93 615 881</u>

The average interest rate for loans and credit facilities is 15.75% for the Egyptian pounds and 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 1 300 million, USD 41 million, DZD 6.6 million joint guarantees of L.E 4 104 million, machinery and equipment.

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

22. Trade, notes and other payables

	31/3/2017	31/12/2016
	<u>L.E</u>	<u>L.E</u>
Trade and notes payables	2 316 692 835	3 140 412 300
Prepayments and due to clients	12 105 935 051	7 523 815 217
Other credit balances and accrued expenses*	3 238 713 518	2 780 513 303
	<u>17 661 341 404</u>	<u>13 444 740 820</u>

*Other credit balances include tax of L.E 1 222 million, Accrued expenses of L.E 519 million and Retention to others of L.E 805 million.

23. Provisions

	31/3/2017	31/12/2016
	<u>L.E</u>	<u>L.E</u>
Balance as at 1/1	1 179 508 175	327 423 647
Formed during the period/year	82 833 844	685 177 318
Used during the period/year	(61 176 384)	(4 040 094)
Provisions no longer required	(27 911 657)	(7 067 469)
Translation differences and adjustments	6 922 467	178 014 773
	<u>1 180 176 445</u>	<u>1 179 508 175</u>

24. Other operating income

	Three months Ended 31/3/2017	Three months Ended 31/3/2016
	<u>L.E</u>	<u>L.E</u>
Capital gain	4 191 551	1 333 852
Provisions no longer required	27 911 657	-
Other income	6 073 680	27 729 956
	<u>38 176 888</u>	<u>29 063 808</u>

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

25. Other operating expenses

	Three months Ended 31/3/2017	Three months Ended 31/3/2016
	<u>L.E</u>	<u>L.E</u>
Provisions	82 833 844	1 174 038
Impairment receivables	67 410 332	11 581 753
Amortization	2 403 714	-
Others	32 357 246	7 099 590
	185 005 136	19 855 381

26. Net financing (Cost) Income

	Three months Ended 31/3/2017	Three months Ended 31/3/2016
	<u>L.E</u>	<u>L.E</u>
<u>Finance Income</u>		
Interest earned	50 982 967	30 964 403
Foreign exchange gain	5 235 815	267 046 762
	56 218 782	298 011 165
Interest expense	(171 517 397)	(65 366 924)
Total (cost) finance income	(115 298 615)	232 644 241

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

27. Capital commitments

The Group's capital commitment as at 31 March 2017 is L.E. 890 million (L.E 804 million at 31 December 2016). The commitments are expected to be settled in the next financial year.

28. Contingencies

	31/3/2017	31/12/2016
	<u>L.E</u>	<u>L.E</u>
Uncovered portion of letters of guarantees and letter of credits	9 226 857 658	10 420 832 179

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 submitted their supporting documents.

The two parties agreed to cancel both suits.

29. 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 year is L.E 1,700million as of 31 March 2017. The significant related parties' balances at 31 March 2017 are as follows:

	31/3/2017	31/12/2016
	<u>L.E</u>	<u>L.E</u>
Stated under current assets		
"Due from related parties"		
ELSewedy Cables-Qatar	243 768 811	211 968 121
ELSewedy for Tools and Cables	-	14 669 068
Iskra Sarajevo	345 216	-
Iskra Malaysia	1 529 884	1 542 013
Zesco Company	203 231 956	179 766 092
Ola for real estate development	167 834	4 751 555
Doha cables-Qatar	-	29 634 779
El Sewedy for constructions Co.Algeria	38 119 451	41 874 127
Glencore Company	44 970 010	45 488 895
Arab for steel Industries	229 388	-
Pyramids for Industrial parks development	22 434 567	8 784 963
Pyramids Zonafranca	2 552 998	26 018 974
Electricity Authority- Sudan	-	20 112 088
3W Net works – Qatar	10 853 612	9 750 330
Zambia for Constructions	33 565 672	43 293 221
Technology for Basics Co.	9 008 255	-
Elastymould Egypt	-	1 656 658
Giad Cables	-	8 909 602
Others	12 103 061	15 459 732
	<u>622 880 715</u>	<u>663 680 218</u>

EL Sewedy Electric company**Notes to the consolidated financial statements for the period ended 31 March 2017**

	<u>31/3/2017</u>	<u>31/12/2016</u>
	<u>L.E</u>	<u>L.E</u>
Stated under current liabilities		
“Due to related parties”		
El Sewedy for electrical industries (EgyLux)	-	174 145
El Sewedy for Cables and tools	3 251 017	6 755 851
Pyramids for real estate development	-	18 434 405
Pyramids zonafranca	9 242 270	22 067 760
Egyptian company for advanced Industries and systems	1 335 644	906 250
Al Ola for Industrial Parks Development	-	1 150 031
Electricity Authority- Sudan	-	1 999 067
Elastymould-Egypt	12 939 954	7 615 892
Maali Holding	63 001 849	73 243 621
El Sewedy cables-Qatar	-	17 273 016
Doha cables	27 439 922	106 456 598
Senyar	56 709 835	22 107 188
El Rajhee Construction	67 900 000	45 972 586
Zambia for Construction	-	9 299 475
Giad cables	20 632 599	30 698 738
Others	107 892 366	12 422 389
	<u>370 345 456</u>	<u>376 577 012</u>

Subsidiaries and jointly controlled

The following are the most important subsidiaries entities owned by the company as at 31 March 2017:-

	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
Egyptian Company for Insulators	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

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

Power System Projects Company	31-12-2008	Egypt	Direct	100.00
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
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 Extrusion and manufacturing of metal	23-5-2013	Egypt	Direct	99.98

Equity accounted investee's

Elasty Mould	22/2/2006	Egypt	Indirect	49.60
Elsewedy Contracting	31/3/2009	Zambia	Direct	49.90
Aloula	30/9/2009	Egypt	Direct and indirect	50.00
Elsewedy Cables	20/4/2006	Qatar	Indirect	24.50
Doha Cables	9/5/2008	Qatar	Indirect	50.00
Senyar	9/5/2008	Qatar	Indirect	45.56
Pyramids	27/9/2007	Egypt	Direct and indirect	50.00
Zona Franca	30/6/2010	Egypt	Direct and indirect	47.50

On 9 June 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.

30. 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
El sewedy transformer	31/12/2018

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

-
- 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.
 - Law No.67 for the year 2016 for the value added tax (VAT) was enacted on 8 September 2016 , the VAT law replaces the sales tax law No.11 for the year 1991. The general VAT rate is 13% for the year 2016/2017 and 14% for 2017/2018 The VAT rate on construction work is 5%.The law executive regulation isn't yet issued.

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 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 share options granted in 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. The Group is in the process of renewing the share based payments system.

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

32. Leased assets

The company exercised its option to buy assets sold and leased back according to a lease agreement, the assets book value approximated L.E 181 million and was leased back at US \$ 18 million

33. Earnings per share

	Three months Ended 31/3/2017 L.E	Three months Ended 31/3/2016 L.E
Profits attributable to the shareholders of the company	1 508 944 536	757 509 143
Issued and paid in capital		
Own Shares	223 418 000	223 418 000
5 million shares purchased on October,2016	(5 000 000)	-
Ownshares (Reward system)	(142 216)	(142 216)
Weighted average number of share	218 275 784	223 275 784

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.

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.

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

	(L.E million)	
	31/3/2017	31/12/2016
Receivable and debtors	21 177	17 355
Due from related parties	623	663
Cash and investments	7 413	8 270
Total	29 213	26 288

Receivable aging

	(L.E million)	
	31/3/2017	31/12/2016
Not due	1 660	1 219
Due for 30 days.	4 296	1 541
Due for 31 to 120 days	10 432	9 469
Due for 121 to 180 days	2 358	2 563
Due for more than 180 days	1 805	2 223
Others	626	340
	21 177	17 355

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 <u>L.E</u>	6 - 12 month <u>L.E</u>	More than one year <u>L.E</u>
Creditors and due to related parties	3 287 707	14 743 979	35 579
Due to banks	3 006 390	6 785 862	1 462 005

Foreign currency risk

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

	31 March 2017			31 December 2016		
	USD	Euro	GBP	USD	Euro	GBP
Financial assets	601 145	98 473	5 253	610 425	166 109	7 343
Financial liabilities	178 665	129 610	35 372	230 479	216 744	40 885

EL Sewedy Electric company

Notes to the consolidated financial statements for the period ended 31 March 2017

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

	Closing rates		Average rates	
	31/3/2017	31/12/2017	2017	2016
USD \$	18,20	18,41	17,65	8,88
Euro	19,54	19,25	18,9	10,1

Interest rate risk

The following are the group interest bearing financial instruments:

	(L.E. million)	
	Net book value	
	31/3/2017	31/12/2016
<u>Fixed interest rates</u>		
Financial assets	4 918	5 956
Financial liabilities	(1 764)	(1 310)
	<u>3 154</u>	<u>4 646</u>
<u>Variable interest rates</u>		
Financial assets	2 480	2 551
Financial liabilities	(9 490)	(9 907)
	<u>(7 010)</u>	<u>(7 356)</u>

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

35. Subsequent Events

The Ordinary General Assembly held on 4 May, 2017 approved the distribution of profits to the employees in the amount of 4 099 418 LE representing the rest of the profit employees after the periodic distribution and to change the legal reserve in the amount of L.E 4 067 481 after the charge made by the decision of the ordinary general Assembly group on 11 January 2017 this decision will affect the financial statements of the company in accordance with the accounting policy.