

EL Sewedy Electric Company
(An Egyptian Joint Stock Company)
Consolidated Financial Statements
For the Financial Period
from 1 January 2013 to 31 March 2013
And Limited Review Report

Report on Limited Review of Interim Consolidated Financial Statements

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

Introduction

We have performed a limited review for the accompanying consolidated balance sheet of El Sewedy Electric Company as of 31 March 2013 and the related consolidated statements of 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

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

Basis for Qualified Conclusion

We have not obtained the financial statements together with the limited review report for Libya for Joint Cables Company, one of the company's subsidiaries that have not yet started its operations, of which its total assets amounted to L.E. 91 million at 31 March 2013 based on the information introduced from the management. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Conclusion

Except for the possible effect of the matter described in the basis for qualified conclusion paragraph to the interim consolidated financial statements that we might have become aware of had we obtained the limited review report for the above mentioned subsidiary, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements does not present fairly , in all material respects, for the consolidated financial position of the company as at 31 March 2013 and its consolidated financial performance and its consolidated cash flows for the three months period then ended in accordance with Egyptian Accounting Standards.

Emphasis of matter

Without further qualifying our conclusion :

-We draw attention to Note No. [30] to the interim consolidated financial statements, the uncertainty conditions due to significant doubt in the ability of one of the subsidiaries that operating in the sector of supplying wind power turbines to generate cash flows in the future due to the weak chances of having new supply contracts, the matter that consequently the management recorded impairment of intangible assets represents in patent and goodwill recognized at acquisition date amounted to L.E 67.4 million and L.E 48.6 million, respectively as at 31 March 2013 at consolidated financial statements.

-We draw attention to Note No. [35] to the interim consolidated financial statements, the expected effects as a result of the current events in Arab republic of Syria are not determinable on the values of some assets, liabilities and results of operations for the subsidiaries operating in Syria , of which its total assets and liabilities equivalent to L.E. 406 million and L.E. 308 million, respectively as at 31 March 2013 . The value of the assets and liabilities of these subsidiaries could be currently and in coming periods differ substantially than the actual results had we obtained the reliable information , indicators and evidences that can be used in determining the extent and volume of such events on the financial information elements for these subsidiaries in the coming periods.

KPMG Hazem Hassan

Public Accountants And Consultants

Cairo,4 June 2013

EL Sewedv Electric Company
(An Egyptian Joint Stock Company)
Consolidated Balance Sheet
As of 31 March 2013

	Note	31-03-13	31/12/2012
	No.	<u>L.E</u>	<u>L.E</u>
Assets			
Long term assets			
Fixed assets	(3-3)·(6)	3 272 327 893	3 225 641 335
Project under progress	(3-3)·(7)	153 245 135	188 771 632
Investments available for sale	(3-5)·(8)	10 000 000	10 000 000
Investments in associates	(3-1)	11 909 413	12 866 678
Debit balances	(3-4)·(9)	20 813 911	21 118 230
Intangible assets	(3-7)·(30)	132 272 621	244 845 677
Deferred tax assets	(20)	40 092 869	32 018 331
Total long term assets		3 640 661 842	3 735 261 883
Current assets			
Inventories	(3-8)·(10)	3 492 459 663	3 439 641 354
Trade, notes and other receivables	(3-4)·(11)	5 339 634 312	4 820 077 880
Due from related parties	(28)	240 501 256	180 466 659
Investment fund / treasury bills	(3-6)·(12)	5 576 613	132 725 425
Banks and cash in hand	(13)	1 709 755 875	1 191 229 897
Assets held for sale		72 271 725	71 276 462
Total current assets		10 860 199 444	9 835 417 677
Current liabilities			
Banks facilities and overdraft	(3-11)·(14)	3 864 782 035	3 333 560 718
Loans	(3-11)·(15)	878 451 825	863 657 387
Notes payable due to banks		341 329 497	397 264 375
Trade, notes and other payables	(3-4)·(16)	3 003 203 418	2 727 574 815
Due to related parties	(28)	165 953 120	120 877 600
Provisions	(3-10)·(17)	93 517 627	90 164 949
Total current liabilities		8 347 237 522	7 533 099 844
Working capital		2 512 961 922	2 302 317 833
Total investments		6 153 623 764	6 037 579 716
These investments to be financed as follows:			
Shareholders' Equity			
Issued and paid capital	(18)	2 234 180 000	2 234 180 000
Own shares		(1 422 160)	(1 422 160)
Reserves	(19)	134 697 576	134 697 576
Increase in the net assets of the acquired subsidiaries over the consideration paid for the investment	(3-1)	578 908 660	578 908 660
Retained earnings		2 092 884 049	2 002 185 741
Net profits for the period/Year		62 235 836	116 540 824
Foreign exchange differences resulted from foreign entities translation		(168 041 355)	(231 725 543)
Total parent's shareholders' equity		4 933 442 606	4 833 365 098
Minority interest		421 322 506	412 433 987
Total equity		5 354 765 112	5 245 799 085
Long term liabilities			
Loans	(3-11)·(15)	591 403 894	589 204 561
Deferred tax liabilities	(3-18)·(20)	128 393 909	124 300 415
Other liabilities	(21)	79 060 849	78 275 655
Total long term liabilities		798 858 652	791 780 631
		6 153 623 764	6 037 579 716

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

Chief Financial Officer
Mr. Amr Mohamed Labib

Managing Director
Eng. Ahmed Ahmed Sadek

Chairman
Mr. Sadek Ahmed Elsewedy

Review report "attached "

EL Sewedy Electric Company
(An Egyptian Joint Stock Company)
Consolidated Income Statement
For the financial period from 1 January 2013 to 31 March 2013

	Note No.	From 1/1/2013 to 31/3/2013 <u>L.E</u>	From 1/1/2012 to 31/3/2012 <u>L.E</u>
Operational revenues	(3-14)	3 598 150 591	3 456 840 131
Operational costs	(3-16)	(3 048 161 376)	(3 014 507 779)
Gross profits		549 989 215	442 332 352
Other operating income	(23)	16 704 126	22 619 315
Selling and distribution expenses	(3-16)	(96 820 138)	(80 153 679)
Administrative expenses	(3-16)	(133 901 767)	(150 700 333)
Other operating expenses	(24)	(136 199 119)	(20 615 732)
Operating profits		199 772 317	213 481 923
Financing income		5 724 418	26 622 986
Financing costs		(97 194 428)	(103 061 709)
Net financing costs	(25)	(91 470 010)	(76 438 723)
Net profits for the year before tax		108 302 307	137 043 200
Income tax			
Current income tax	(3-18)	(35 744 431)	(30 718 382)
Deferred income tax	(3-18)	2 297 449	(3 602 357)
Net profits for the period after tax		74 855 325	102 722 461
Attributable to :			
Equity holders of the holding company		62 235 836	98 340 373
Minority interest		12 619 489	4 382 088
		74 855 325	102 722 461
Earnings per share	(3-19)•(33)	0.28	0.44

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

EL Sewedy Electric Company
(An Egyptian Joint Stock Company)
Consolidated changes in Equity's statements
For the financial period from 1 January 2013 to 31 March 2013

	Issued and paid capital	Own shares	Legal reserve	General reserve	Increase in the net assets of the acquired subsidiaries over the consideration	Retained earnings	Profit attributable to the holding for the period/year	Foreign exchange differences resulted from foreign entities translation	Total parent's shareholders' equity	Minority interest	Total share holders' equity
	<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>	<u>L.E</u>	<u>L.E</u>
Balance as of 31 December 2011	2 234 180 000	(1 422 160)	78 252 077	43 816 730	578 908 660	1 798 202 186	509 118 697	(80 303 307)	5 160 752 883	413 732 744	5 574 485 627
Transferred to retained earning	-	-	-	-	-	509 118 697	(509 118 697)	-	-	-	-
Minority share in subsidiaries profit distribution	-	-	-	-	-	-	-	-	-	(26 148 573)	(26 148 573)
Minority share in capital increase of subsidiaries or acquired subsidiarie	-	-	-	-	-	-	-	-	-	5 703 139	5 703 139
Foreign exchange differences from foreign entities translation	-	-	-	-	-	-	-	(27 507 789)	(27 507 789)	-	(27 507 789)
Adjustments to the retained earnings	-	-	-	-	-	(3 019 988)	-	-	(3 019 988)	(188 523)	(3 208 511)
Dividends to employees	-	-	-	-	-	(1 293 981)	-	-	(1 293 981)	-	(1 293 981)
Net profits for the period	-	-	-	-	-	-	98 340 373	-	98 340 373	4 382 088	102 722 461
Balance as of 31 December 2012	2 234 180 000	(1 422 160)	78 252 077	43 816 730	578 908 660	2 303 006 914	98 340 373	(107 811 096)	5 227 271 498	397 480 875	5 624 752 373
Transferred to legal reserve	-	-	12 628 769	-	-	(12 628 769)	-	-	-	-	-
Minority share in subsidiaries profit distribution	-	-	-	-	-	-	-	-	-	(1 512 815)	(1 512 815)
Eliminated part of minorities interests for some subsidiaries (under liquidation)	-	-	-	-	-	-	-	-	-	(8 145 033)	(8 145 033)
Foreign exchange differences from foreign entities translation	-	-	-	-	-	-	-	(123 914 447)	(123 914 447)	-	(123 914 447)
Adjustments to the retained earnings	-	-	-	-	-	(2 179 625)	-	-	(2 179 625)	(401 844)	(2 581 469)
Cash dividends (profit for year 2011)	-	-	-	-	-	(223 418 000)	-	-	(223 418 000)	-	(223 418 000)
Dividends to employees	-	-	-	-	-	(62 594 779)	-	-	(62 594 779)	-	(62 594 779)
Net profits for the year	-	-	-	-	-	-	18 200 451	-	18 200 451	25 012 804	43 213 255
Balance as of 31 December 2012	2 234 180 000	(1 422 160)	90 880 846	43 816 730	578 908 660	2 002 185 741	116 540 824	(231 725 543)	4 833 365 098	412 433 987	5 245 799 085
Transferred to retained earnings	-	-	-	-	-	116 540 824	(116 540 824)	-	-	-	-
Foreign exchange differences from foreign entities translation	-	-	-	-	-	-	-	63 684 188	63 684 188	-	63 684 188
Minority share in capital increase of subsidiaries or acquired subsidiarie	-	-	-	-	-	(20 769 585)	-	-	(20 769 585)	(3 730 969)	(24 500 554)
Dividends to employees	-	-	-	-	-	(5 072 931)	-	-	(5 072 931)	-	(5 072 931)
Net profits for the period	-	-	-	-	-	-	62 235 836	-	62 235 836	12 619 489	74 855 325
Balance as of 31 March 2013	2 234 180 000	(1 422 160)	90 880 846	43 816 730	578 908 660	2 092 884 049	62 235 836	(168 041 355)	4 933 442 606	421 322 507	5 354 765 113

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

El Sewedy Electric Company
(An Egyptian Joint Stock Company)
Consolidated Cash Flows Statement
For the financial period from 1 January 2013 to 31 March 2013

	from 1/1/2013 to 31/3/2013 <u>L.E</u>	from 1/1/2012 to 31/3/2012 <u>L.E</u>
Cash flows from operating activities:		
Net profits for the period before tax	108 302 307	137 043 200
Adjustments to reconcile net profits to net cash provided by operating activities :		
Depreciation	86 725 037	83 723 202
Amortization	2 320 158	2 402 212
Provisions and receivable impairment	9 139 116	5 457 237
Net financing cost	91 470 010	76 438 723
Capital gain	(3 579 761)	(4 936)
Investment loss in associate	957 265	592 406
Operating profit before changes in working capital	295 334 132	305 652 044
Changes in trade, notes and other receivables	(527 219 232)	(92 113 053)
Changes in inventories	(52 818 309)	(95 418 420)
Changes in related parties	(14 959 077)	(65 290 814)
Changes in trade, notes and other payables	229 751 676	39 803 056
Net cash (used in) provided by operating activities	(69 910 810)	92 632 813
Cash flows from investing activities		
Acquisition of fixed assets	(35 505 634)	(61 291 837)
Acquisition of intangible assets	(5 833 248)	(9 984 660)
Proceeds from sale of fixed assets	10 346 647	6 500 080
Net proceeds for treasury bills and investment fund	127 148 812	75 937 430
Net cash flows provided by investing activities	96 156 577	11 161 013
Cash flows from financing activities		
Dividends paid to minority	-	(26 148 573)
Proceeds from minorities share in subsidiaries capital increase	-	5 703 139
(Payments) proceeds of loans, bank facilities and overdraft	492 280 211	(190 774 297)
Net cash flows provided by (used in) financing activities	492 280 211	(211 219 731)
Net change in cash and banks	518 525 978	(107 425 905)
Cash and banks at the beginning of the period	1 191 229 897	1 242 451 442
Cash and banks at the end of the period	1 709 755 875	1 135 025 537

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

EL Sewedy Electric Company

Notes to the consolidated financial statements – 31 March 2013

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 4 June 2013 .

Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial derivatives measured at fair value and available for sale investments. The methods used to measure fair values are discussed further in note No. 34 below.

Functional and presentation currency

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

Use of estimates and judgments

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

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

EL Sewedy Electric company

Notes to the consolidated financial statements – 31 March 2013

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

3. Significant accounting policies

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

3-1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Acquisitions from entities under common control

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

Loss of control

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

Investment in associates and jointly controlled entities

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

Transactions eliminated on consolidation

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

EL Sewedy Electric company

Notes to the consolidated financial statements – 31 March 2013

3-2 Foreign currency

Foreign currency transactions

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

Foreign Operations

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

3-3 Fixed assets

Recognition & measurement

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

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

Subsequent costs

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

Project under progress

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

Depreciation

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

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

EL Sewedy Electric company

Notes to the consolidated financial statements – 31 March 2013

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

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

Capital lease

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

3-4 Financial instruments

Non-derivative financial instruments

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

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

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

Derivative financial instruments

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

3-5 Available-for-sale financial assets

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

3-6 Investment in funds and treasury bills

3-6-1 Investment in funds

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

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Notes to the consolidated financial statements – 31 March 2013

3-6-2 Investment in treasury bills

Investment in treasury bills recorded at its purchase cost less than the interest not due . Treasury bills recorded at balance sheet at its nominal value after deducting the balance of interest not due. There is no losses resulted from the impairment of its value at this bills recognized as a governmental bills and applicable to discount at Central Bank of Egypt .

3-7 Other assets

Goodwill

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

Intangible assets

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

Patents 20 years

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

3-8 Inventories

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

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

3-9 Impairment

Financial assets

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

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

Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in profit or loss. Financial assets that are not individually

EL Sewedy Electric company

Notes to the consolidated financial statements – 31 March 2013

significant are collectively assessed for impairment by grouping them together according to their similar risk characteristics

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

Non-financial assets

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

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

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

3-10 Provisions

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

3-11 Interest bearing borrowings

Interest bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortized cost with any difference between cost and redemption value been recognized 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 consolidated income statement as incurred.

3-12 Dividends

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

3-13 Own shares

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

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Notes to the consolidated financial statements – 31 March 2013

3-14 Recognition of revenue

Sales revenue

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

Revenue of construction contracts

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

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

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

Investment income

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

Credit interest

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

3-15 Segment reporting

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

3-16 Expenses

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

EL Sewedy Electric company

Notes to the consolidated financial statements – 31 March 2013

3-17 Employees benefits

Social Insurance Scheme

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

Share based payments

The fair value of options granted to employees is recognized as expense, with a corresponding increase in equity over the period that the employees becomes unconditionally entitled to the options. Any changes in fair value is recognized as employees' salaries in the consolidated income statement.

3-18 Income tax

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

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

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

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

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

3-19 Earnings per share

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

4. Fair Value

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

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Fixed assets

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

Inventories

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

Intangible assets

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

Investments in equity instrument

Fair values is based on quoted market for listed available for sale security at consolidated balance sheet date except for the unquoted equity security to be valued by using discounted cash flows method.

Receivables

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

5. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk.

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

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

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

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

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Notes to the consolidated financial statements – 31 March 2013

Credit risk

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

Liquidity risk

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

Market risk

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

Currency risk

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

Interest rate risk

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

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Notes to the consolidated financial statements - 31 March 2013

6 Fixed Assets

	Land	Buildings	Machienaries & equipments	Furniture & office supplies	Vehicles	Leaschold improvmnts	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 1/1/2013	358 432 632	1 350 854 583	2 303 784 338	98 317 878	116 893 091	8 750 983	4 237 033 505
Additions	-	439 536	16 489 395	2 503 598	2 427 407	75 564	21 935 500
Additions from project under progress	-	409 990	23 790 229	82 038	-	24 321 084	48 603 341
Disposals	-	-	(30 770 779)	(30 040)	(6 006 185)	-	(36 807 004)
Adjustments and foreign exchange	478 391	33 301 059	43 693 773	(168 800)	9 859 321	443 977	87 607 721
Cost as of 31/3/2013	<u>358 911 023</u>	<u>1 385 005 168</u>	<u>2 356 986 956</u>	<u>100 704 674</u>	<u>123 173 634</u>	<u>33 591 608</u>	<u>4 358 373 063</u>
Depreciation							
Accumulated depreciation as of 1/1/2013	-	172 141 431	705 777 260	50 611 145	76 616 714	6 245 620	1 011 392 170
Depreciation	-	12 937 872	61 393 546	4 127 341	4 905 891	3 360 387	86 725 037
Disposals	-	-	(25 849 191)	(25 734)	(5 466 441)	-	(31 341 366)
Adjustments and foreign exchange	-	5 273 212	4 876 138	144 492	8 645 936	329 551	19 269 329
Accumulated depreciation as of 31/3/2013	<u>-</u>	<u>190 352 515</u>	<u>746 197 753</u>	<u>54 857 244</u>	<u>84 702 100</u>	<u>9 935 558</u>	<u>1 086 045 170</u>
Net carrying amount as of 31/3/2013	<u>358 911 023</u>	<u>1 194 652 653</u>	<u>1 610 789 203</u>	<u>45 847 430</u>	<u>38 471 534</u>	<u>23 656 050</u>	<u>3 272 327 893</u>
Net carrying amount as of 31/12/2012	<u>358 432 632</u>	<u>1 178 713 152</u>	<u>1 598 007 078</u>	<u>47 706 733</u>	<u>40 276 377</u>	<u>2 505 363</u>	<u>3 225 641 335</u>

EL Sewedy Electric company**Notes to the consolidated financial statements – 31 March 2013****7. Projects under progress**

Projects under progress as of 31 March 2013 represent the company's new projects and expansions in existing plants in Saudi Arabia, Algeria and Sudan of L.E 17 million, Transformer plant in Egypt of L.E 9.7 million, Engineering workshop building of L.E 35 million, fiber optics and special cables of L.E 32 million, factories for Elsewedy Electric Company of L.E. 21 million, machineries and equipments under progress for subsidiaries expansions in Egypt of L.E 25 million, the remaining balance represents the expansions cost to increase the production capacity in Egypt and other countries in which the company operates.

8. Investments available for sale

	31/3/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
(1 000 000 shares represent 10% of Kahromica Company's share capital- An Egyptian Joint Stock Company)	10 000 000	10 000 000
	<u>10 000 000</u>	<u>10 000 000</u>

9. Other Long Term receivables

	31/3/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
Due from clients (construction)	20 813 911	21 118 230
	<u>20 813 911</u>	<u>21 118 230</u>

10. Inventories

	31/3/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
Raw materials and consumables	1 033 830 118	1 342 770 740
Spare parts	130 857 299	121 591 873
Work in progress	589 003 040	436 726 722
Finished goods	1 189 042 481	1 234 511 708
Goods in transit	549 726 725	304 040 311
	<u>3 492 459 663</u>	<u>3 439 641 354</u>

Some of inventories items are recorded according to its net realizable value. The difference between the book value of these items and its net realizable value is L.E 48 495 353 at 31 March 2013. (L.E 80 301 097 at 31 December 2012).

EL Sewedy Electric company**Notes to the consolidated financial statements – 31 March 2013****11. Trade, notes and other receivables**

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Trade receivables	3 429 770 839	3 064 929 455
Notes receivables	240 086 763	343 578 833
Due from clients (constructions)	692 470 335	591 808 433
Other receivables	977 306 375	819 761 159
	<u>5 339 634 312</u>	<u>4 820 077 880</u>

Trade, notes and other receivables are recorded after deducting impairment losses of L.E 315 601 543 at 31 March 2013. (L.E 256 906 536 at 31 December 2012)

12. Investment fund / treasury bills

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Investment funds / treasury bills	5 576 613	132 725 425
	<u>5 576 613</u>	<u>132 725 425</u>

This item includes investment in funds amounted to L.E.618 087 at 31 March 2013 (L.E. 750 221 at 31 December 2012) The returns on these investment recorded in the consolidated income statement for the period ended 31 March 2013 amounted to L.E 58 052 (L.E 24 020 as of 31 March 2012).

The accrued interest on investment of treasury bills amounted nothing at 31 March 2013 (L.E 11 Million at 31 March 2012).The interest rate range is between 7 % and 13.94%.

13. Banks and cash in hand

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Banks - Time deposits (*)	107 523 690	55 226 809
Banks - Current accounts (**)	1 590 801 091	1 125 997 394
Cash in hand	11 431 094	10 005 694
	<u>1 709 755 875</u>	<u>1 191 229 897</u>

(*) Time deposits include an amount of L.E 26 092 500 at 31 March 2013 blocked as a security for credit facilities, letters of guarantee and letters of credit. (L.E 1 117 500 at 31 December 2012).

(**) Banks - Current accounts include an amount of L.E 13 025 402 at 31 March 2013 blocked as a security for credit facilities. (L.E 14 606 654 at 31 December 2012).

EL Sewedy Electric company

Notes to the consolidated financial statements – 31 March 2013

14. Banks credit facilities and overdraft

Credit facilities of L.E 3 864 782 035 (L.E 3 333 560 718 at 31 December 2012) included in the current liabilities of the consolidated balance sheet represent the credit facilities and overdrafts that 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 + 1.43% for Egyptian pound facilities, 1.83 % over Libor and 1 % monthly commission on the highest debit balance for US Dollar and 1.83 % over Eurobor for the Euro facilities .

15. Loans

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

	31/3/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
<u>Current liabilities</u>		
Loans due within one year	878 451 825	863 657 387
	<u>878 451 825</u>	<u>863 657 387</u>
<u>Long-term liabilities</u>		
Secured bank loans	565 066 679	541 709 454
Unsecured bank loans	26 337 215	47 495 107
	<u>591 403 894</u>	<u>589 204 561</u>

The unsecured short term loans amounted to L.E 21 084 833 at 31 March 2013 (L.E 23 249 750 at 31 December 2012)

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 425 million, Euro 4 million, USD 513 million, DZD 5.2 million and joint guarantees amounted to L.E 1 102 million and mortgaged machineries, equipments and vehicles amounted to USD 10 million and Sudanese pound 13 million.

16. Trade, notes and other payables

	31/3/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
Trade and notes payables	1 262 818 040	1 041 900 123
Non-trade payables and accrued expenses*	1 740 385 378	1 685 674 692
	<u>3 003 203 418</u>	<u>2 727 574 815</u>

*This item includes an amount of L.E. 140 Million represents the agreed and collected amount regarding to the sale contract of the new administrative building (under construction) at 31 December 2012. This sale is conditional on transfer of title of the land and approval of the company's Extra Ordinary General Assembly. The sale contract also includes that the company provides a mortgage to the buyer upon the completion of the finishing works in the sold building plus providing a letter of guarantee of 10% of the total consideration to the buyer till the transaction is completed. The buyer has the right to claim the seller for any finishing expenses that the buyer bearded .The cost of the construction till the date of signing the contract amounted to L.E. 41 Million as an assets held for sale from the projects under progress and also the land of the building classified amounted to L.E. 30 Million.

EL Sewedy Electric company**Notes to the consolidated financial statements – 31 March 2013****17. Provisions**

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Balance as at 1/1	90 164 949	49 138 467
Formed during the period/year	7 332 695	42 084 399
Used during the period/year	(3 602 549)	(2 795 561)
Provisions no longer required	(2 558 149)	(466 942)
Exchange rates and adjustments	2 180 681	2 204 586
	<u>93 517 627</u>	<u>90 164 949</u>

18. Share Capital**Authorized share capital**

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

Issued and paid in share capital

The issued and fully paid-in share capital of the Company is amounted to L.E 1 718 600 000 on 31/12/2010 divided over 171 860 000 share with par value L.E 10 each.

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

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

19. Reserves

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Legal reserve	90 880 846	90 880 846
General reserve	43 816 730	43 816 730
	<u>134 697 576</u>	<u>134 697 576</u>

Legal reserve

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

General reserve

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

EL Sewedy Electric company**Notes to the consolidated financial statements – 31 March 2013****20. Deferred Tax**

	31/3/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
Deferred tax assets	40 092 869	32 018 331
Deferred tax liability	<u>(128 393 909)</u>	<u>(124 300 415)</u>

Unrecognized deferred tax assets

	31/3/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
Clients and debtors	78 400 386	63 726 634
Provisions	<u>22 879 407</u>	<u>22 041 237</u>
	<u>101 279 793</u>	<u>85 767 871</u>

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

21. Other liabilities – Long term

	31/3/2013 <u>L.E</u>	31/12/2012 <u>L.E</u>
Sales tax on imported machines	160 932	124 274
Other creditors*	<u>78 899 917</u>	<u>78 151 381</u>
	<u>79 060 849</u>	<u>78 275 655</u>

*This item includes an amount of L.E 71 million that represents long term portion -creditors for acquisition of land for the purpose of establishing projects by the company and some subsidiaries.

22. Segment reporting

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

EL SEWEDY ELECTRIC COMPANY
Notes to the consolidated financial statements- 31 March 2013
Translated from Arabic
Primary Reporting Format – Business Segments - 31 March 2013

The revenue analysis in the table below is based on the type of business activities at 31 March 2013

	Power and Special Cables Egypt <u>L.E</u>	International <u>L.E</u>	Turn Key projects <u>L.E</u>	Electric Products and Accessories Egypt <u>L.E</u>	International <u>L.E</u>	Elimination <u>L.E</u>	Consolidated 31-03-2013 <u>L.E</u>
Local Sales	720 502 198	982 799 051	136 994 513	81 849 516	108 561 460	-	2 030 706 738
Export Sales and construction revenues	1 089 131 818	10 981 743	207 832 093	76 838 423	182 659 776	-	1 567 443 853
Total revenue without inter segment sales	1 809 634 016	993 780 794	344 826 606	158 687 939	291 221 236	-	3 598 150 591
Inter segment revenues	1 392 270 303	102 538 239	36 106 076	43 058 852	16 454 272	(1 590 427 742)	-
Total revenue	3 201 904 319	1 096 319 033	380 932 682	201 746 791	307 675 508	(1 590 427 742)	3 598 150 591
Total Cost	(2 943 585 900)	(1 001 060 812)	(313 951 174)	(155 934 422)	(224 056 810)	1 590 427 742	(3 048 161 376)
Gross Profit	258 318 419	95 258 221	66 981 508	45 812 369	83 618 698	-	549 989 215
Total selling & marketing expenses	(54 514 943)	(9 134 787)	(3 316 742)	(6 862 973)	(22 990 693)	-	(96 820 138)
Segment profit	203 803 476	86 123 434	63 664 766	38 949 396	60 628 005	-	453 169 077
Other operating income							16 704 126
General and Administrative expenses							(133 901 767)
Other operating expenses							(136 199 119)
Net financing costs							(91 470 010)
Current income tax							(35 744 431)
Deferred income tax expense							2 297 449
Net profit for the year							74 855 325
						Unallocated	
Depreciation	25 627 302	33 343 814	5 159 383	9 450 272	9 518 481	3 625 785	86 725 037
Assets	5 023 466 378	3 434 750 700	1 252 814 186	1 090 729 628	1 888 530 299	1 810 570 095	14 500 861 286
Liabilities	(955 044 308)	(838 177 479)	(800 382 713)	(112 250 350)	(283 361 341)	(6 156 879 983)	(9 146 096 174)
Additions to fixed assets and project under progress	12 697 372	8 212 557	5 056 373	4 133 225	5 304 073	102 034	35 505 634

Secondary Reporting Format - Geographical segments by location - 31 March 2013

Revenues according to geographical segment is as follows:

	Egypt	Syria	Sudan	Qatar	Ghana	Iraq	Slovenia	Saudi Arabia	Algeria	Ethiopia	Zambia	Nigeria	Yemen	Spain	Others	Elimination	Total 31-03-2013
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Revenues	3 739 423 183	33 768 217	45 460 002	230 414 242	5 539	63 444 679	261 580 856	396 848 592	294 125 782	28 545 119	38 730 785	5 781 178	13 717 373	4 258 616	32 474 170	(1 590 427 742)	3 598 150 591
Assets	8 883 367 674	176 770 249	215 491 405	822 374 344	25 825 422	101 418 363	818 908 384	998 325 690	953 972 252	139 966 909	129 363 053	96 675 002	142 219 911	386 204 599	609 978 029		14 500 861 286
Liabilities	(7 896 178 927)	(25 611 963)	(77 192 302)	(234 016 195)	(453 624)	(5 341 695)	(246 765 080)	(162 342 955)	(301 082 798)	(26 448 658)	(9 530 738)	(6 762 825)	(19 969 681)	(12 263 353)	(122 135 380)		(9 146 096 174)
Additions of fixed assets and projects under construction	21 935 870	68 443	1 469 149	3 051 918		370 366	3 770 713	838 414	3 256 252	502 102		34 390	125 062	29 821	53 134		35 505 634

EL SEWEDY ELECTRIC COMPANY
Notes to the consolidated financial statements- 31 March 2013

Translated from Arabic

Primary Reporting Format – Business Segments - 31 March 2012

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

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

EL SEWEDY ELECTRIC COMPANY
Notes to the consolidated financial statements-31 March 2012

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

Revenue according to geographical segment is as follows:

Translated from Arabic

	Egypt	Syria	Sudan	Qatar	Chad	Iraq	Shweh	Saudi Arabia	Algeria	Ethiopia	Zambia	Nigeria	Yemen	Spain	Others	Elimination	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Revenues	3 756 116 081	168 158 073	60 652 280	250 420 617	-	30 433 662	145 042 814	307 829 547	169 504 478	26 210 476	20 431 337	3 680 775	4 877 714	2 601 700	38 238 010	(1 527 357 433)	3 456 840 131
Assets	8 692 156 582	508 216 950	483 526 268	656 101 491	44 788 172	50 352 854	762 784 283	865 674 869	716 598 849	132 199 440	106 492 709	103 857 686	123 829 399	568 592 700	171 957 049		13 987 129 301
Liabilities	(7 461 963 116)	(41 446 831)	(176 368 649)	(194 166 150)	(796 348)	(1 988 347)	(162 202 811)	(74 126 006)	(133 053 057)	(12 536 204)	(6 895 968)	(5 205 392)	(7 557 853)	(20 928 986)	(63 140 610)		(8 362 376 928)
Addition of fixed assets and projects under construction	31 562 659	888 196	3 074 300	2 919 102	3 893	24 007	2 449 594	623 701	17 786 362	776 898	80 747	472 308	87 433	-	542 637		61 291 837

EL Sewedy Electric company

Notes to the consolidated financial statements – 31 March 2013

23. Other operating income

	From 1/1/2013 To 31/3/2013	From 1/1/2012 To 31/3/2012
	<u>L.E</u>	<u>L.E</u>
Provisions no longer required	2 558 149	-
Capital gain	3 579 761	4 936
Other income	10 566 216	22 614 379
	<u>16 704 126</u>	<u>22 619 315</u>

24. Other operating expenses

	From 1/1/2013 To 31/3/2013	From 1/1/2012 To 31/3/2012
	<u>L.E</u>	<u>L.E</u>
Provisions	7 332 695	6 319
Impairment loss of receivables and debit balances	7 967 119	5 724 545
Amortization	2 320 158	-
Impairment of investments available for sale	957 265	-
Impairment in goodwill of subsidiary	48 650 981	-
Impairment in patent of subsidiary	67 435 165	-
Others	1 535 736	14 884 868
	<u>136 199 119</u>	<u>20 615 732</u>

25. Net financing cost

	From 1/1/2013 To 31/3/2013	From 1/1/2012 To 31/3/2012
	<u>L.E</u>	<u>L.E</u>
<u>Finance income</u>		
Interest income	5 666 366	5 908 462
Foreign exchange	-	9 604 813
Treasury bills and investment fund income	58 052	11 109 711
	<u>5 724 418</u>	<u>26 622 986</u>
<u>Finance cost</u>		
Interest expense and finance charges	(89 725 146)	(103 061 709)
Foreign exchange loss	(7 469 282)	-
	<u>(97 194 428)</u>	<u>(103 061 709)</u>
Net financing cost	<u>(91 470 010)</u>	<u>(76 438 723)</u>

26. Capital commitments

The Group's capital commitment as at 31 March 2013 is L.E. 87 million (L.E 125 million at 31 December 2012). The commitments are expected to be settled in the next financial year.

EL Sewedy Electric company**Notes to the consolidated financial statements – 31 March 2013****27. Contingencies**

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Uncovered portion of letters of guarantees and letter of credits	2 809 009 996	2 361 361 448

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 year is L.E 520 million as of 31 March 2013 (L.E 278 million as of 31 December 2012). The following are the balances of related parties:

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Stated under current assets		
"Due from related parties"		
El Sewedy for Tools & Cables	21 130 109	16 229 249
Siag International	10 064 722	9 381 543
Iskra Sarajevo	1 375 182	8 049 175
Iskra Malaysia	530 551	496 642
Iskra Mavira	10 318 186	10 893 415
El Sewedy Emirates (UAE)	9 529 525	4 245 518
Investment holding group – Qatar	109 975 485	41 303 973
Aamal Holding Group Co.	15 019 762	11 398 126
3W Networks Egypt	10 361 931	10 426 672
Rowad for Modern Engineering-Algeria	1 751 291	1 745 301
National Electricity Authority - Sudan	4 140 041	13 210 046
Oula for Real estate Development – Saudi Arabia	2 858 736	2 654 020
3W Networks Qatar	3 392 246	2 986 269
Energia for specialized Cables	-	5 630
M.Toress Group	-	7 022 895
Rowad for Modern Engineering-Libya	596 548	596 548
Trelco Limited – Qatar	919 348	708 520
Aiash – Yemen	404 763	404 763
Engineering and Construction Industries – SiPack	11 804 268	12 077 582
Shareholders current account of some external subsidiaries	9 368 167	855 614
Others	16 960 395	25 775 158
	<u>240 501 256</u>	<u>180 466 659</u>

EL Sewedy Electric company

Notes to the consolidated financial statements – 31 March 2013

	31/3/2013	31/12/2012
	<u>L.E</u>	<u>L.E</u>
Stated under current liabilities		
“Due to related parties”		
Maali Holding	34 916 292	32 459 730
Misr for Mechanical and Electrical Projects - Kahromika	12 214 375	7 613 433
Arab Steel Fabrication Co.	1 807 563	2 221 045
Thomas and Peets	280 246	433 169
Siag International	22 860 830	21 800 758
Trelco Qatar	1 784 222	970 545
Qatar for Investment Group	18 983 871	7 804 839
Aamal Holding Group Co.	33 289 119	19 249 929
Engineering and Construction Industries – Sipack	7 521 921	7 931 286
Emas of Modern Systems	1 921 671	1 526 245
Consolidated Supplies	2 355 601	2 416 645
Shareholders current account in some external subsidiaries	14 356 467	12 045 679
Others	13 660 942	4 404 297
	165 953 120	120 877 600

Subsidiaries and jointly controlled

The following are subsidiaries and jointly controlled entities owned by the company as at 31 March 2013:-

	Date of acquisition	Country	Nature of contribution	% of share
Subsidiaries Co. for El Sewedy Electric				
Egyptian Company For Advanced Industries	21-06-2005	Egypt	Direct	98.00
United Metals Co.	23-06-2005	Egypt	Direct	99.80
**Sedplast Co. (Under Liquidation)	25-08-2005	Egypt	Direct	99.90
*Egytech Cables Co.	25-12-2005	Egypt	Direct	99.98
United Industries Co.	25-12-2005	Egypt	Direct	99.98
Elastymould (subsidiary of Egyptian Company for Advanced Industries)	22-02-2006	Egypt	Indirect	49.60
El Sewedy for External cables Co.	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
**Red Sea Co. for Copper (Under Liquidation)	21-06-2007	Egypt	Direct/Indirect	74.00
Elsewedy Electric Co. For Transmission	21-10-2007	Egypt	Direct	99.88
Pyramids Industrial Urban Development	27-09-2007	Egypt	Direct/Indirect	50.00
El Sewedy Power (Electric High Voltage previously)	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	01-01-2008	Slovenia	Indirect	99.70

EL Sewedy Electric company**Notes to the consolidated financial statements – 31 March 2013**

	Date of acquisition	Country	Nature of contribution	% of share
Egyptian Company for Insulators Industry	30-06-2008	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	49.00
El Sewedy for Wind Energy Generation	10-07-2008	Egypt	Direct	99.8
Power System Projects Company	31-12-2008	Egypt	Direct	75.00
**Desert Wind Company(Under Liquidation)	31-12-2008	Egypt	Direct	49.90
**Wind Blades Company(Under Liquidation)	31-03-2009	Egypt	Direct	99.60
El Sewedy Electric Contracting and Engineering Zambia	31-03-2009	Zambia	Direct	49.90
El-Ola for development Industrial zone	30-9-2009	Egypt	Direct/ Indirect	50.00
El Sewedy Energy Distribution	31-12-2009	Sudan	Indirect	99.98
**International Company for Development Research Technology and Measurement Devices (R & D Tech.) . (Under Liquidation)	30-6-2010	Egypt	Direct	90.00
Rowad Engineering Co.	30-6-2010	Egypt	Indirect	65.00
Pyramids Zonafranca-Egypt	30-6-2010	Egypt	Indirect	47.5
Etalsamia	30-6-2010	Egypt	Indirect	99.98
Arab Company for Constructions Management, Guard and Security Services.	12-10-2011	Egypt	Indirect	100
****Arab company for Electricity and Power Limited	7-12-2011	Yemen	Indirect	50
Double Energy two company	11-1-2011	Bulgaria	Indirect	87
Subsidiaries for El Sewedy for External Cables Co.				
El Sewedy Cables – Syria	28-02-2006	Syria	Indirect	96
Sudanese Egyptian Electric	13-02-2006	Sudan	Indirect	70.00
**Giyad El Sewedy for Transport Limited.	13-02-2006	Sudan	Indirect	99.97
Giyad Cables Co.	13-02-2006	Sudan	Indirect	45.00
El Sewedy Electric Ghana Limited	10-02-2006	Ghana	Indirect	70
El Sewedy Cables – Qatar	20-04-2006	Qatar	Indirect	24.50
El Sewedy Cables – Algeria	03-10-2006	Algeria	Indirect	99.89
El Sewedy Electric – Syria	30-10-2006	Syria	Indirect	95.95
Senyar Holding	09-05-2008	Qatar	Indirect	50.00
El Sewedy Cables Arable Iraq	07-10-2007	Iraq	Indirect	50.00
Sedplast Co. – Syria	22-07-2007	Syria	Indirect	98.00
El Sewedy Cables Limited	24-12-2006	Saudi	Indirect	60.00
El Sewedy Cables – Yemen	13-05-2007	Yemen	Indirect	80.76
**El Sewedy Cables – Kuwait.	18-02-2008	Kuwait	Indirect	49.00
**El Sewedy Cables – South Africa	13-05-2007	Malawi	Indirect	99.5
**Power Empire – China.	01-01-2008	China	Indirect	100
El Doha Cables- Qatar	09-05-2008	Qatar	Indirect	45.56
El Sewedy Electric Limited – Zambia	31-03-2009	Zambia	Indirect	60.00
El Sewedy Electric Limited – Nigeria	31-03-2009	Nigeria	Indirect	94.74
El Sewedy Cables – Ethiopia	31-03-2009	Ethiopia	Indirect	95.00
Libya for Common Cables	30-9-2009	Lybia	Indirect	55.00
**El Sewedy Electric Transmission and Power Distribution. (Under Liquidation)	31-12-2009	Algeria	Indirect	99.98

EL Sewedy Electric company**Notes to the consolidated financial statements – 31 March 2013**

***Iskra Malta	31-12-2009	Malta	Direct /Indirect	99.99
Red Sea for copper – Egypt	31-12-2009	Egypt	Direct /Indirect	100
**M.A.S for Trading and Contracting. (Under Liquidation)	3-3-2010	Egypt	Indirect	60
M.Torres – Spain	10-1-2010	Spain	Indirect	90
United Co. For Electrical Industries	31-3-2010	Saudi	Indirect	60
Sweg - Malta	31-12-2009	Malta	Direct/ Indirect	99.95
3W Network – Emirates	30-6-2010	Emirates	Indirect	75
Elsewedy for trade Limited	31-3-2011	Syria	Indirect	96
Egyplus Energy PVT LTD- India	31-3-2011	India	Indirect	99.6
Elsewed electric Europe GmbH	13-5-2011	Germany	Indirect	100

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

**According to board of director decision at 29 May 2012, these companies decided to be under liquidation till closing its commercial register.

***According to board of director decision at 20 March 2012, these companies decided to be under liquidation till closing its commercial register.

**** The company has transferred its direct investment in Iskra Emco Energy Measurement – Misr and Iskra Emco Slovenia to become an indirect investment under Iskra Malta. This transaction has been recorded by the book value for these companies.

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

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

Subsidiaries in Egypt subject to corporate income tax

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

EL Sewedy Electric company

Notes to the consolidated financial statements – 31 March 2013

Subsidiaries outside Egypt subject to corporate income tax

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

Free Zone subsidiaries in Egypt

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

Free Zone subsidiaries out Egypt

El Sewedy Electric Ghana
3W Network – Emirates

Subsidiaries in Egypt enjoying tax exemption from corporate income tax

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

EL Sewedy Electric company**Notes to the consolidated financial statements – 31 March 2013****Subsidiaries outside Egypt enjoying tax exemption from corporate income tax**

	End of tax exemption
EL Sewedy Cables Yemen	(20/5/2016)
EL Sewedy Cables Algeria	15/5/2013
Sed Plast Syria	12/10/2013
Giyad Cables El Sewedy	14/12/2013
El Sewedy Electric Limited – Zambia	31/3/2014
El Sewedy Electric Limited – Nigeria	31/12/2013

30. Intangible assets

The intangible assets at 31 March 2013 are as follows :

	31/03/2013	31/12/2012
	L.E.	L.E.
Goodwill	40 618 333	89 269 314
Other intangible assets	91 654 288	155 576 363
	132 272 621	244 845 677

- Goodwill balance includes L.E 28.4 million as a result of acquisition of Egyptian Company for Insulators Industry, and the acquisition of other companies resulted in goodwill with approximately L.E 12 million at acquisition date.

- The company's management recorded an impairment for some intangible assets' balances which are represented in the patent's balance amounted by L.E 67,435,165 and the recorded goodwill on acquisition amounted by L.E 48,650,981 . These intangible assets are related to M.Torres company which working in the field of manufacturing wind power generation Turbines, the impairment is recorded for this intangible assets balance as a result of uncertainty because of the existence of significant doubtful in the ability of generation future cash flows as the company didn't receive any new supply contracts and this is due to economic depression in the European countries which affect negatively on the development in these countries . at the present time, the subsidiary implement a supply contract and installation wind power generation units in Libya ,this is from the date of the beginning of the project in 2010 till now, the implementation of the rest part of this contract is related to the ability of the company for completion the rest of business in Libya.

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). Each financial year is charged by part of the fair value of these shares. The employee has the right at each year end during the three years scheme to exercise part of the shares based payments in the following rates:-

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

EL Sewedy Electric company**Notes to the consolidated financial statements – 31 March 2013**

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.

32. Assets lease

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

33. Earnings per share

	Financial period From 1/1/2013 To 31/03/2013	Financial period From 1/1/2012 To 31/03/2012
Profits attributable to the ordinary shareholders	62 235 836	98 340 373
Weighted average number of shares:		
Issued capital at 1/1	223 418 000	223 418 000
Weighted average number of shares	223 418 000	223 418 000

34. Financial instruments and the related risks

The main risks related to the company activities are:

- Credit risk
- Liquidity risk
- Market risk

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

EL Sewedy Electric company**Notes to the consolidated financial statements – 31 March 2013****Credit risk**

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

	(L.E million)	
	31/03/2013	31/12/2012
Receivable, debtors and due from related parties	5 580	5 000
Cash and investments	1 715	1 324
	7 295	6 324

Receivable aging

	(L.E million)	
	31/03/2013	31/12/2012
Not due	668	500
Due for 30 days.	1 196	663
Due For 31 to 120 days	1 096	2 443
Due For 121 to 180 days	293	387
Due for More than 180 days	1 126	621
Others	1 517	643
	5 896	5 257

Liquidity risk

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

	Less than 6 month L.E	6 - 12 month L.E	Other L.E	(L.E Thousand) More than one year L.E
Creditors and due to related parties	1 474 831	989 892	704 433	79 061
Due to banks	2 490 788	2 491 498	102 277	591 404

Foreign currency risk

The following are the balances of monetary assets and liabilities in foreign currencies as of 31 March 2013:

	31/3/2013			31/12/2012		
	USD \$	Euro	GBP	USD \$	Euro	GBP
Financial assets	344 043	55 700	1 778	420 204	206 078	1 680
Financial liabilities	226 697	50 566	341 236	783 318	144 988	756 394

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Notes to the consolidated financial statements – 31 March 2013

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

	Closing rates		Average rates	
	31/3/2013	31/12/2012	Three months ended at 31/3/2013	Three months ended at 31/3/2012
USD \$	6.83	6.41	7.7133	6.0335
Euro	9.11	8.43	9.1167	7.9316

Interest rate risk

The following are the Group interest bearing financial instruments:

	(L.E. million) Net book value	
	31/3/2013	31/12/2012
Fixed interest rates		
Financial assets	6	9
Financial liabilities	(898)	(612)
	<u>(892)</u>	<u>(603)</u>
Variable interest rates		
Financial assets	98	54
Financial liabilities	(1 291)	(1 104)
	<u>(1 193)</u>	<u>(1 050)</u>

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

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

35 .Significant events at Arab Republic of Syria

Arab Republic of Syria is currently exposing to uprising and substantial events affected its economic sectors, which in general led to touchable reduction in business activities. The effects of these events depend on the expected extent of time for ending such events and the related impact. The total assets and liabilities of the subsidiaries operating in Syria are equivalent to L.E. 406 million and L.E. 308 million respectively as at 31 March 2013 , the value of the assets and liabilities of these subsidiaries could be currently and in coming periods differ substantially than the actual results had we obtained the reliable information , indicators and evidences that can be used in determining the extent and volume of such events on the financial information elements for these subsidiaries in the coming periods.

36 .Dividends distribution for year 2012

The company’s ordinary general assembly held on 22/4/2013 decided to make the following distribution of achieved profits for the financial year ended at 31/12/2012, which financial statement not affected by dividends distribution :

Legal reserve (5% from year profits)	14 837 621
Dividends to employees	6 432 720
Dividends to shareholders (L.E 0.5 per share)	111 709 000
Retained earnings taken forward to next year	289 314 295
	<u><u>422 293 636</u></u>