EL Sewedy Electric Company
(An Egyptian Joint Stock Company)
Consolidated interim financial statements
for the financial period
ended 30 September 2020
and review report

EL Sewedy Electric Company
(An Egyptian Joint Stock Company)
Consolidated interim financial statements
for the financial period ended 30 September 2020

Contents

KPMG
Hazem Hassan
Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

Translated from Arabic

Report on limited review of consolidated interim financial statements

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

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of El Sewedy Electric Company as of 30 September 2020 and the related consolidated interim statements of income, other comprehensive income, cash flows and changes in equity for the nine 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 consolidated interim 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 consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of El Sewedy Electric Company as at 30 September 2020, and of its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with Egyptian Accounting Standards.

Emphasis of matter

Events during the financial period that do not require an amendment to the financial statements:

Without considering this as a qualification, the impact of the recent outbreak of the (Covid-19) virus on the global economy and markets continues and its negative impact related to the developments of this event, which can be achieved in the future in several ways. The company has taken procedures to reduce the impact associated with the development of the event and to identify these effects see Note No. (37) of the notes to the financial statements for the financial period ending 30 September 2020.

KPMG Hazem Hassan
Public Accountants and Consultants

Hatem Montasser
KPMG Hazem Hassan
Public Accountants and Consultants

Cairo 26 November 2020

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated interim statement of financial position
As of 30 September 2020

L.E	Note No.	30/09/2020	31/12/2019
Assets			
Non current assets			
Fixed assets and projects under progress	(13)،(12)،(35–2)	7 588 843 670	7 485 260 488
Investments available for sale	(14)،(35–4)	20 093 401	20 095 113
Equity-accounted investees	(15)،(35–4)	1 352 082 001	1 295 041 873
Trade receivables	(16)	2 333 226 629	2 526 349 912
Intangible assets	(17)،(35–5)	959 482 540	965 566 967
Deferred tax assets	(9)،(35–16)	566 676 405	743 639 294
Total non current assets		**12 820 404 646**	**13 035 953 647**
Current assets			
Inventories	(18)،(35–6)	7 025 787 669	9 148 634 900
Trade, notes and other receivables	(19)	21 238 889 583	20 963 097 005
Due from related parties	(30)	635 428 462	693 528 592
Investment funds / treasury bills	(20)،(35–4)	803 189 458	1 040 095 961
Cash at banks and on hand	(21)	9 261 676 756	8 516 382 729
Total current assets		**38 964 971 928**	**40 361 739 187**
Total assets		**51 785 376 574**	**53 397 692 834**
Equity			
Issued and paid capital	(22–1),(35–9)	2 184 180 000	2 184 180 000
Treasury Stocks	(23)	(93 063 286)	-
Reserves	(22-2)	436 836 000	436 836 000
Treasury Stocks - Share based payment	(31)	(1 422 160)	(1 422 160)
Retained earnings		12 001 253 189	13 012 401 531
Foreign operations translation difference		1 167 483 868	1 084 522 276
Equity attributable to owners of the company		**15 695 267 611**	**16 716 517 647**
Non controlling interests		745 678 116	582 004 359
Total equity		**16 440 945 727**	**17 298 522 006**
Liabilities			
Non current liabilities			
long term loans	(24)،(35–11)	1 770 223 250	2 012 744 882
Deferred tax liabilities	(9)،(35–16)	897 295 923	863 567 343
Provisions	(27)،(35–12)	242 078 516	181 450 664
Other liabilities		1 013 472 198	1 180 640 604
Total non current liabilities		**3 923 069 887**	**4 238 403 493**
Current liabilities			
Banks credit facilities and overdraft	(25)،(35–11)	7 336 990 309	5 304 055 565
short term loans	(24)،(35–11)	939 429 428	1 470 663 043
Trade, notes and other payables	(26)	21 105 694 315	23 061 938 097
Due to related parties	(30)	532 932 982	521 015 043
Provisions	(27)،(35–12)	1 307 336 285	1 484 492 494
Dividends payable		198 977 641	18 603 093
Total current liabilities		**31 421 360 960**	**31 860 767 335**
Total liabilities		**35 344 430 847**	**36 099 170 828**
Total Equity and Liabilities		**51 785 376 574**	**53 397 692 834**

* The accompanying notes in the pages from (6) to (41) are an integral part of these consolidated interim financial statements

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

Review report "attached"

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated interim income statement
For the period ended 30 September 2020

Translated from Arabic

LE		Nine Months From 1/1/2020 To 30/9/2020	Nine Months From 1/1/2019 To 30/9/2019	Three Months From 1/7/2020 To 30/9/2020	Three Months From 1/7/2019 To 30/9/2019
Operational revenues	(11),(35-13)	31 470 004 131	34 546 495 073	11 351 663 313	12 992 866 220
Operational costs	(11),(35-13)	(27 168 263 615)	(29 249 231 533)	(9 350 296 445)	(11 256 713 949)
Gross profits		**4 301 740 516**	**5 297 263 540**	**2 001 366 868**	**1 736 152 271**
Other operating income	(6)	367 483 776	366 438 804	179 036 058	311 089 220
Selling and distribution expenses		(554 672 060)	(515 672 921)	(192 521 189)	(156 188 501)
General and administrative expenses	(5)	(1 498 202 329)	(1 433 843 026)	(497 449 213)	(510 523 737)
Other operating expenses	(7)	(335 739 572)	(470 545 944)	(178 951 486)	(319 315 804)
Operating profits		**2 280 610 331**	**3 243 640 453**	**1 311 481 038**	**1 061 213 449**
Financing income		412 670 717	572 652 599	95 123 395	152 077 705
Financing expenses		(424 301 584)	(503 590 878)	(271 507 459)	(202 344 815)
Net financing (expenses) Income	(8)	**(11 630 867)**	**69 061 721**	**(176 384 064)**	**(50 267 110)**
Share of profit of equity accounted investees		**244 356 181**	**295 611 406**	77 261 962	**102 659 591**
Lossess from disposal of subsidiaries	(11)	-	**(4 930 016)**	-	**(4 636 665)**
Net profits for the period before tax		**2 513 335 645**	**3 603 383 564**	**1 212 358 936**	**1 108 969 265**
Current income tax	(35-16)	(470 731 793)	(795 304 550)	(143 058 174)	(234 944 667)
Deferred tax	(35-16)	(107 198 394)	(22 941 904)	(159 858 177)	(42 428 549)
Net profits for the period after tax		**1 935 405 458**	**2 785 137 110**	**909 442 585**	**831 596 049**
Attributable to :					
Share holders of the holding company		1 731 752 667	2 717 223 414	817 509 320	828 952 473
Non controlling interest		203 652 791	67 913 696	91 933 265	2 643 576
		1 935 405 458	**2 785 137 110**	**909 442 585**	**831 596 049**
Basic earnings per share (L.E/share)	(32),(35-17)	**0.80**	**1.24**	**0.38**	**0.38**

* The accompanying notes in the pages from(6) to (41) are an integral part of these consolidated interim financial statements.

Translated from Arabic

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated interim other comprehensive income statement
For the period ended 30 September 2020

LE	Nine Months From 1/1/2020 To 30/9/2020	Nine Months From 1/1/2019 To 30/9/2019	Three Months From 1/7/2020 To 30/9/2020	Three Months From 1/7/2019 To 30/9/2019
Net profits for the period after tax	1 935 405 458	2 785 137 110	909 442 585	831 596 049
Other comprehensive income items				
Foreign operations translation difference	44 433 832	(263 709 546)	(52 505 023)	(51 728 832)
Total comprehensive income	**1 979.839 290**	**2 521 427 564**	**856 937 562**	**779 867 217**
attributable to :				
Owners of the company	1 814 714 260	2 468 591 887	775 416 818	780 802 927
Non controlling interests	165 125 030	52 835 677	81 520 744	(935 710)
	1 979 839 290	**2 521 427 564**	**856 937 562**	**779 867 217**

* The accompanying notes in the pages from(6) to (41) are an integral part of these consolidated interim financial statements

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated interim statement of changes in Equity
For the period ended at 30 September 2020

L.E	Issued and Paid Up Capital	Legal Reserve	Treasury Stocks - Share based payment	Treasury Stocks	Retained Earnings	Foreign operations translation difference	Parent Company Equity Share	Non Controlling Interest	Total Equity
Balance as of 1 January 2019	2 184 180 000	416 209 242	(1 422 160)	-	11 632 446 467	1 420 979 250	15 652 392 799	516 570 862	16 168 963 661
Impact of adjustments of Retained Earning	-	-	-	-	(186 230 543)	-	(186 230 543)	45 822 361	(140 408 182)
Other comprehensive income									
Net profits for the period*	-	-	-	-	2 717 223 414	-	2 717 223 414	67 913 696	2 785 137 110
Foreign operations translation difference	-	-	-	-	-	(248 631 526)	(248 631 526)	(15 078 020)	(263 709 546)
Total other comprehensive income	-	-	-	-	2 717 223 414	(248 631 526)	2 468 591 888	52 835 676	2 521 427 564
Transactions with owners of the parent company									
Transferred to legal reserve	-	20 626 758	-		(20 626 758)	-	-	-	-
Dividends to shareholders	-	-	-		(1 746 206 275)	-	(1 746 206 275)	-	(1 746 206 275)
Dividends to employees	-	-	-		(56 609 808)	-	(56 609 808)	-	(56 609 808)
Total transactions with owners of the parent company	-	20 626 758	-		(1 823 442 841)	-	(1 802 816 083)	-	(1 802 816 083)
Change in ownership interests and non controlling interests									
Subsidiaries dividends to non controlling interest	-	-	-		(318 357 630)	-	(318 357 630)	(78 383 369)	(396 740 999)
Employee dividends & Board Rewards from subsidiaries	-	-	-		(389 987 957)	-	(389 987 957)	(16 522 388)	(406 510 345)
Total changes in ownership interests and non controlling interests	-	-	-		(708 345 587)	-	(708 345 587)	(94 905 757)	(803 251 344)
Balances as at 30 September 2019	2 184 180 000	436 836 000	(1 422 160)		11 631 650 910	1 172 347 724	15 423 592 474	520 323 142	15 943 915 616
Balance as of 1 January 2020	2 184 180 000	436 836 000	(1 422 160)		13 012 401 531	1 084 522 276	16 716 517 647	582 004 359	17 298 522 006
Retained Earnings adjustments	-	-	-		(62 958 796)		(62 958 796)	62 909 733	(49 063)
Other comprehensive income									
Net profits for the period	-	-	-		1 731 752 667	-	1 731 752 667	203 652 791	1 935 405 458
Foreign operations translation difference	-	-	-		-	82 961 592	82 961 592	(38 527 760)	44 433 832
Total other comprehensive income	-	-	-		1 731 752 667	82 961 592	1 814 714 259	165 125 031	1 979 839 290
Transactions with owners of the parent company									
Transferred to Legal reserve	-	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	(1 746 206 272)	-	(1 746 206 272)	-	(1 746 206 272)
Dividends to employees	-	-	-	-	(91 856 532)	-	(91 856 532)	-	(91 856 532)
Purchasing own shares	-	-	-	(93 063 286)	-	-	(93 063 286)	-	(93 063 286)
Total transactions with owners of the parent company	-			(93 063 286)	(1 838 062 804)	-	(1 931 126 090)	-	(1 931 126 090)
Change in ownership interests and non controlling interests									
Subsidiaries dividends to non controlling interest	-	-	-		(266 328 403)	-	(266 328 403)	(46 829 691)	(313 158 094)
Employee dividends & Board Rewards from subsidiaries	-	-	-	-	(575 551 006)	-	(575 551 006)	(17 531 316)	(593 082 322)
Total changes in ownership interests and non controlling interest	-	-	-		(841 879 409)	-	(841 879 409)	(64 361 007)	(906 240 416)
Balances as at 30 September 2020	2 184 180 000	436 836 000	(1 422 160)	(93 063 286)	12 001 253 189	1 167 483 868	15 695 267 611	745 678 116	16 440 945 727

* The accompanying notes in the pages from (6) to (41) are an integral part of these consolidated interim financial statements .

El Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated interim statement of cash flows
For the period ended 30 September 2020

L.E	Note No.	Nine Months From 1/1/2020 To 30/9/2020	Nine Months From 1/1/2019 To 30/9/2019 L.E
Cash flows from operating activities:			
Net profits for the period before tax		**2 513 335 645**	**3 603 383 564**
Adjustments :-			
Depreciation	(12)	672 565 275	516 297 670
Amortization	(7)	23 193 425	12 094 339
Provisions and receivable impairment (Net)		216 252 787	82 319 453
Net finance (income)		11 630 867	(69 061 721)
Share of profits of equity accounted investees		(244 356 181)	(295 611 406)
Capital gain	(6)	(5 077 761)	(11 882 343)
loss from disposal of subsidiaries	(11)	-	4 930 016
Operating profit before changes in working capital		**3 187 544 057**	**3 842 469 572**
Changes in :			
Trade, notes and other receivables		(258 751 475)	(2 800 732 045)
Inventories		2 122 847 231	(592 698 169)
Related parties		70 018 069	(45 623 044)
Trade, notes and other payables		(2 683 018 505)	2 247 113 620
Net cash provided by operating activities		**2 438 639 377**	**2 650 529 934**
Cash flows from investing activities:			
(Paid for) acquisition of fixed assets and project under progress		(922 558 703)	(530 709 663)
(Paid for) intangible assets		(17 108 998)	(1 069 566 373)
Change in investment available for sale		1 712	9 683
(Paid under) investement		-	(1 013 973 648)
Change in equity-accounted investees		187 316 053	398 607 979
Proceeds from sale of fixed assets and projects under progress		151 488 005	51 190 504
Proceeds from treasury bills and investment fund		236 906 503	1 472 172 709
(Paid for) Treasury Stocks		(93 063 286)	-
Proceeds from investment fund		-	20 000 000
Net cash flows (used in) investing activities		**(457 018 714)**	**(672 268 809)**
Cash flows from financing activities			
Dividends paid to NCI		(64 361 007)	15 838 170
Paid collected from loans, bank facilities and overdraft		1 259 179 497	1 680 752 743
Dividands (Paid to) Employees		(684 938 854)	-
Dividends (paid to) shareholders		(1 746 206 272)	(1 746 206 275)
Net cash flows (used in) financing activities		**(1 236 326 636)**	**(49 615 362)**
Net change in cash and banks		**745 294 027**	**1 928 645 763**
Cash and banks at the beginning of the period	(21)	8 516 382 729	6 347 745 383
Cash and banks at the end of the period	(21)	**9 261 676 756**	**8 276 391 146**

* The accompanying notes in the pages from (6) to (41) are an integral part of these consolidated interim financial statements.

1. Company background

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

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

The Company's purpose is to establish and operates a production facility for power cables, transformers, terminators, joint accessories, copper and aluminum terminators either coated or not coated production, with low, med and high potential & production of (PVC). 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 accounting policies and basis mentioned below in note (35) are applied and followed, and it is the same accounting policies and basis followed in the preparation of company's separate financial statements either interim or year end

The consolidated financial statements were approved by the Board of Directors on 26 November 2020.

3. Functional and presentation currency

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

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.

4-1 Judgements

Information about 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:

- Note (35-18): Lease classification.

4-2 Uncertain estimates and judgments

Information on uncertain assumptions and estimates and that have significant risks to what may result in significant adjustments to the carrying amounts of assets and liabilities during the period ended as at 30 September 2020, are presented in the following clarifications:

Note no. (35-12): Provisions and contingent liabilities
Note no. (35-8): Impairment of receivables and notes receivables

Measurement of fair values

The financial statements have been prepared on the historical cost basis except for a number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company 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, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of EAS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's audit committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. General and Administrative expenses

	Nine Months		Three Months	
	From 1/1/2020 To 30/9/2020	From 1/1/2019 To 30/9/2019	From 1/7/2020 To 30/9/2020	From 1/7/2019 To 30/9/2019
	LE	LE	LE	LE
Salaries and Wages	719 608 497	727 509 043	243 380 161	244 570 538
Depreciation	117 411 844	94 578 651	41 682 057	38 858 601
Maintenance and spare parts	132 706 429	125 878 385	47 957 310	45 033 689
Bank charges	48 485 433	57 702 413	17 070 190	20 794 755
Rent	48 287 398	34 309 761	17 210 055	9 020 119
Tax Authority	32 686 762	8 065 003	68 042 350	37 702 108
Transportation	15 782 722	16 946 477	5 131 180	5 906 065
Professional and consultations fees	10 294 544	7 131 237	3 611 106	2 236 195
Communication	8 618 332	9 550 753	3 139 345	3 301 103
Others	364 320 368	352 171 303	50 225 459	103 100 564
	1 498 202 329	**1 433 843 026**	**497 449 213**	**510 523 737**

6. Other operating income

	Nine Months		Three Months	
	From 1/1/2020 To 30/9/2020	From 1/1/2019 To 30/9/2019	From 1/7/2020 To 30/9/2020	From 1/7/2019 To 30/9/2019
	LE	LE	LE	LE
Reversal of receivable impairment	34 642 212	264 104 337	12 749 666	264 030 612
Provision no longer required	29 679 352	6 354 873	4 269 802	5 502 590
Capital gain (loss)	5 077 761	11 882 343	(7 031 374)	9 531 464
Others	298 084 451	84 097 251	169 047 964	32 024 554
	367 483 776	**366 438 804**	**179 036 058**	**311 089 220**

7. Other operating expenses

	Nine Months		Three Months	
	From 1/1/2020 To 30/9/2020 LE	**From 1/1/2019 To 30/9/2019 LE**	**From 1/7/2020 To 30/9/2020 LE**	**From 1/7/2019 To 30/9/2019 LE**
Impairment trade and other receivables	210 724 392	212 610 053	117 003 737	200 633 868
Provisions	69 849 959	243 913 973	22 856 526	113 862 390
Amortizations	23 193 425	12 094 339	8 378 311	3 824 318
Others	31 971 796	1 927 579	30 712 912	995 228
	335 739 572	**470 545 944**	**178 951 486**	**319 315 804**

8. Net financing (expenses) income

	Nine Months		Three Months	
	From 1/1/2020 To 30/9/2020 LE	**From 1/1/2019 To 30/9/2019 LE**	**From 1/7/2020 To 30/9/2020 LE**	**From 1/7/2019 To 30/9/2019 LE**
Finance Income				
Interest income	184 684 779	413 859 759	47 873 195	113 719 938
Changes in Present Value	227 985 938	158 792 840	47 250 200	38 357 767
	412 670 717	572 652 599	95 123 395	152 077 705
Finance Cost				
Foreign exchange loss	(37 849 902)	(172 879 720)	(98 363 682)	(95 762 513)
Interest expense	(386 451 682)	(330 711 158)	(173 143 777)	(106 582 302)
	(424 301 584)	(503 590 878)	(271 507 459)	(202 344 815)
	(11 630 867)	**69 061 721**	**(176 384 064)**	**(50 267 110)**

9. Deferred tax

LE	30/9/2020	31/12/2019
Deferred tax assets	566 676 405	743 639 294
Deferred tax liability	897 295 923	863 567 343

Unrecognized deferred tax asset

LE	30/9/2020	31/12/2019
Account Receivables and other debt balance	353 758 152	373 831 586
Provisions	348 618 330	399 714 585
	702 376 482	**773 546 171**

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.

10. 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.

11. 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:

The group has (3) operating segments in which financial reports are reported to senior management, these reports presents various products and services and are managed separately because they require different technology and marketing strategies.
The following is a statement of the operations for each sector to which reports are issued.

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

Translated from Arabic

11- Operating segments L.E	Power and Special Cables Egypt	Power and Special Cables International	Turn Key projects	Electric Products and Accessories Egypt	Electric Products and Accessories International	Elimination	Consolidated 30-Sep-20
Local Sales	6 159 989 680	3 155 805 643	12 814 841 240	1 043 081 502	610 001 772	-	**23 783 719 837**
Export Sales and construction revenues	3 533 025 778	164 094 177	2 092 922 973	207 399 786	1 688 841 580	-	**7 686 284 294**
Total revenue without inter segment sales	**9 693 015 458**	**3 319 899 820**	**14 907 764 213**	**1 250 481 288**	**2 298 843 352**	-	**31 470 004 131**
Inter segment revenues	6 296 793 987	118 077 218		558 441 831	59 455 599	(7 032 768 635)	-
Total revenue	15 989 809 445	3 437 977 038	14 907 764 213	1 808 923 119	2 358 298 951	(7 032 768 635)	31 470 004 131
Total Cost	(14 698 065 440)	(3 099 757 160)	(13 186 398 679)	(1 384 387 037)	(1 832 423 934)	7 032 768 635	**(27 168 263 615)**
Gross Profit	**1 291 744 005**	**338 219 878**	**1 721 365 534**	**424 536 082**	**525 875 017**	-	**4 301 740 516**
Total selling and marketing expenses	(206 405 620)	(126 131 427)	(31 794 443)	(84 879 364)	(105 461 206)		**(554 672 060)**
Segment profit	**1 085 338 385**	**212 088 451**	**1 689 571 091**	**339 656 718**	**420 413 811**	-	**3 747 068 456**
Other operating income							367 483 776
Losses from disposal of subsidiaries							-
Share of profit equity accounted investee							244 356 181
General and administrative expenses							(1 498 202 329)
Other operating expenses							(335 739 572)
Net financing income							(11 630 867)
Current income tax							(470 731 793)
Deferred tax							(107 198 394)
Net profit for the Period							**1 935 405 458**
						Unallocated	
Depreciation	115 548 200	89 461 358	359 794 772	47 220 246	39 553 648	20 987 051	672 565 275
Assets	13 136 523 290	1 346 658 116	23 998 901 980	1 505 625 912	1 166 124 659	10 631 542 617	51 785 376 574
Liabilities	2 509 997 360	691 126 462	19 790 256 908	650 773 870	758 337 335	10 943 938 912	35 344 430 847
Additions to fixed assets and project under progress	178 764 019	95 128 740	530 993 566	41 734 142	49 587 567	79 330 800	975 538 834

11- Operating segments	**Power and Special Cables**		**Turn Key**	**Electric Products and Accessories**		**Elimination**	**Consolidated**
L.E	**Egypt**	**International**	**projects**	**Egypt**	**International**		**30-Sep-19**
Local Sales	8 626 815 084	3 560 913 923	12 357 017 838	1 448 710 738	496 867 538	-	26 490 325 121
Export Sales and construction revenues	4 530 267 672	160 848 646	939 957 242	378 115 895	2 046 980 497	-	8 056 169 952
Total revenue without inter segment sales	13 157 082 756	3 721 762 569	13 296 975 080	1 826 826 633	2 543 848 035	-	34 546 495 073
Inter segment revenues	7 264 060 903	58 762 991	989 732 036	579 856 434	106 548 161	(8 998 960 525)	-
Total revenue	20 421 143 659	3 780 525 560	14 286 707 116	2 406 683 067	2 650 396 196	8 998 960 525	34 546 495 073
Total Cost	(18 782 299 494)	(3 387 869 428)	(12 317 682 954)	(1 724 369 699)	(2 035 970 483)	8 998 960 525	(29 249 231 533)
Gross Profit	**1 638 844 165**	**392 656 132**	**1 969 024 162**	**682 313 368**	**614 425 713**	-	**5 297 263 540**
Total selling & marketing expenses	(217 979 934)	(67 526 269)	(31 860 567)	(72 458 157)	(125 847 994)	-	(515 672 921)
Segment profit	**1 420 864 231**	**325 129 863**	**1 937 163 595**	**609 855 211**	**488 577 719**	-	**4 781 590 619**
Other operating income							366 438 804
Loss from disposal of subsidiaries							(4 930 016)
Share of profit equity accounted investee							295 611 406
General and administrative expenses							(1 433 843 026)
Other operating expenses							(470 545 944)
Net financing revenue							69 061 721
Current income tax							(795 304 550)
Deferred tax (expense)							(22 941 904)
Net profit for the period							**2 785 137 110**
						Unallocated	
Depreciation	103 182 749	113 216 440	208 115 069	37 202 630	39 799 964	14 050 074	515 566 926
Assets	14 837 781 886	1 651 717 950	21 902 835 775	1 602 506 419	1 235 613 613	11 008 892 326	52 239 347 969
Liabilities	3 721 099 260	801 707 736	18 906 093 321	800 927 126	1 030 206 667	11 035 488 243	36 295 522 353
Additions to fixed assets Transfer from constrution in progress	201 767 879	41 994 751	399 255 118	53 771 624	3 618 100	141 464 893	841 872 365

12 Fixed assets and projects under progress

L.E	Land	Buildings	Machineries & equipments	Furniture & office supplies	Vehicles	leasehold improvements	Total fixed assets	Projects under progress Note (13)	Total fixed assets and projects under progress
Cost									
Cost as at 1 January 2019	376 472 303	2 319 816 627	5 744 077 431	424 975 635	267 684 328	87 762 500	9 220 788 824	1 393 649 330	10 614 438 154
Additions during the year	130 946 305	368 683 738	2 712 487 138	143 361 676	63 017 941	5 449 750	3 423 946 548	497 703 808	3 921 650 356
Disposals during the year	(3 115 247)	(24 294 625)	(182 777 025)	(9 460 130)	(7 672 532)	(14 376 690)	(241 696 249)	-	(241 696 249)
Transfer from Project in progress	-	128 535 108	546 257 894	1 139 634	4 284 534	1 291 081	681 508 251	(681 508 251)	-
Adjustments,translation difference	(80 845 490)	(204 472 352)	(345 763 215)	(10 517 994)	(10 714 532)	90 581 814	(561 731 769)	-	(561 731 769)
Cost as at 31 December 2019	423 457 871	2 588 268 496	8 474 282 223	549 498 821	316 599 739	170 708 455	12 522 815 605	1 209 844 887	13 732 660 492
Cost as at 1 January 2020	423 457 871	2 588 268 496	8 474 282 223	549 498 821	316 599 739	170 708 455	12 522 815 605	1 209 844 887	13 732 660 492
Additions during the period	14 098 998	25 090 434	503 996 527	59 653 876	39 651 522	5 971 258	648 462 615	327 076 219	975 538 834
Disposals during the period	(170 176)	(103 701)	(282 674 460)	(10 714 639)	(28 074 101)	(3 559 212)	(325 296 289)	(105 867 961)	(431 164 250)
Transfer from Project in progress	-	14 640 398	57 844 714	-	1 156 135	801 530	74 442 777	(74 442 777)	-
Adjustments,translation difference	(7 627 124)	(62 149 158)	(281 195 278)	(6 207 368)	(6 706 358)	17 413 258	(346 472 028)	(1 150 901)	(347 622 929)
Cost as at 30 September 2020	429 759 569	2 565 746 469	8 472 253 726	592 230 690	322 626 937	191 335 289	12 573 952 680	1 355 459 467	13 929 412 147
Accumulated depreciation as at 1 January 2019	-	749 036 983	3 641 757 695	319 458 903	168 538 160	42 400 823	4 921 192 564	-	4 921 192 564
Adjustments from financial lease (34)	-	974 325	-	-	-	-	974 325	-	974 325
Depreciation during the year	-	69 087 037	601 525 592	69 073 165	39 634 717	7 122 492	786 443 003	-	786 443 003
Accumulated depreciation of disposals	-	(11 652 911)	(143 659 082)	(6 802 637)	(6 300 269)	(6 972 780)	(175 387 679)	-	(175 387 679)
Adjustments,translation difference	-	126 314 840	602 773 093	(5 910 318)	(7 381 103)	(1 618 721)	714 177 791	-	714 177 791
Accumulated depreciation as at 31 December 2019	-	933 760 274	4 702 397 298	375 819 113	194 491 505	40 931 814	6 247 400 004	-	6 247 400 004
Accumulated depreciation as at 1 January 2020	-	933 760 274	4 702 397 298	375 819 113	194 491 505	40 931 814	6 247 400 004	-	6 247 400 004
Depreciation during the period	-	71 086 859	486 134 110	55 965 514	48 605 328	10 773 464	672 565 275	-	672 565 275
Accumulated depreciation of disposals	-	(103 279)	(241 306 810)	(5 679 644)	(33 684 035)	(3 980 238)	(284 754 006)	-	(284 754 006)
Adjustments,translation difference	-	(4 308 470)	(278 752 105)	(4 975 432)	(5 541 698)	(1 065 091)	(294 642 796)	-	(294 642 796)
Accumulated depreciation as at 30 September 2020	-	1 000 435 384	4 668 472 493	421 129 551	203 871 100	46 659 949	6 340 568 477	-	6 340 568 477
Net Book Value as at 30 September 2020	429 759 569	1 565 311 085	3 803 781 233	171 101 139	118 755 837	144 675 340	6 233 384 203	1 355 459 467	7 588 843 670
Net Book Value as at 31 December 2019	423 457 871	1 654 508 222	3 771 884 925	173 679 708	122 108 234	129 776 641	6 275 415 601	1 209 844 887	7 485 260 488

The company agreed to sell its new adminstrative 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 EXGAM was invited on 23 April 2014 and decided to postpone its approval on the sale. 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.

13. Projects under progress

LE	30/9/2020	31/12/2019
Buildings	926 536 549	842 050 207
Machineries & equipment	330 177 726	316 266 549
Computers	3 000 183	2 602 119
Others	95 745 009	48 926 012
	1 355 459 467	**1 209 844 887**

14. Investments available for sale

LE	30/9/2020	31/12/2019
Misr for Mechanical and Electrical Projects (Kahromica) - An Egyptian Joint Stock Company (the share proportion is 10%)	20 000 000	20 000 000
Others	93 401	95 113
	20 093 401	**20 095 113**

15. Equity-accounted investees

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

L.E (million)	30/9/2020	31/12/2019
Assets	3 803	3 620
Liabilities	2 451	2 325
Profits	244	375

* Disclosed in related parties note No. (30).

16. Trade receivables

L.E	30/9/2020	31/12/2019
Trade receivables (construction) long term	2 333 226 629	2 526 349 912
	2 333 226 629	**2 526 349 912**

17. Intangible assets

L.E	30/9/2020	31/12/2019
Goodwill (*)	729 126 188	716 921 399
Development cost (**)	173 952 707	181 114 438
Right of use – Solar energy stations (***)	51 622 323	56 887 560
Concession assets with a limited duration	4 781 322	10 643 570
	959 482 540	**965 566 967**

(*) Goodwill resulted from acquisitions of a group of energy companies in the countries of Cyprus and Greece during June 2019 which is the difference between the investment cost and the book value of these investments.

(*) Development costs of the meter technology, its communication devices, and its operating software are capitalized, including developer costs, based on the timelines allocated to each project. Development costs are amortized using the straight-line method by the number of units of sales method, which is calculated before the implementation.

(***) The right of use of the plot of land (in Aswan, Benban) for the establishment of a solar power station in based on agreement concluded with the Ministry of Electricity and the New and Renewable Energy Authority, which states for the taking over the land at the end of the contract unless the authority stipulates otherwise, and the right of use is amortized during the contract period of the estimated life of the asset of 25 years.
The balance of goodwill resulted from a group of acquisitions whose calculated goodwill on the date of acquisition is 12.5 million Egyptian pounds.
Intangible assets amortization on profit or loss statement were as follows:

L.E	30/9/2020	30/9/2019
Intangible assets amortization	23 193 425	12 094 339

18. Inventories

L.E	30/9/2020	31/12/2019
Raw Materials	3 410 134 070	3 989 643 091
Work in progress	816 236 609	992 622 403
Finished goods	1 940 654 848	3 150 689 760
Goods in transit	858 762 142	1 015 679 646
	7 025 787 669	**9 148 634 900**

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 LE 932 million at 30 September 2020 (LE 973 million at 31 December 2019).

19. Trade, notes and other receivables

L.E	30/9/2020	31/12/2019
Trade receivables (*)	8 942 632 185	9 669 341 721
Trade payables – Advance payments	2 792 813 843	2 529 649 731
Trade receivables – Retention	2 040 035 497	1 753 194 239
Due from receivables turnkey	1 920 093 589	1 542 493 183
Work in progress - construction projects	1 698 266 608	1 376 906 443
Accrued revenues - receivables turnkey	1 135 946 737	831 724 460
Notes receivables	971 521 893	1 324 908 432
Prepaid expenses	674 011 647	670 901 860
Tax Authority – Value added tax	250 837 073	293 317 707
Deposits with others	93 063 658	51 327 192
Other receivables (**)	719 666 853	919 332 037
	21 238 889 583	**20 963 097 005**

(**) Trade, notes and other receivables are recorded after deducting impairment losses of LE 1.692 Billion at 30 September 2020. (LE 1.661 Billion at 31 December 2019)

(**) Other receivables include staff loans and imprest funds and other miscellaneous receivables.

20. Investment funds/treasury bills

L.E	30/9/2020	31/12/2019
Present value of investment in treasury bills	813 685 660	1 069 648 804
(Less):		
Interest not due	(10 496 202)	(29 552 843)
	803 189 458	**1 040 095 961**

21. Banks and cash in hand

L.E	30/9/2020	31/12/2019
Banks - time deposits	2 090 245 006	1 546 245 339
Banks - current accounts	7 137 533 938	6 918 722 894
Cash on hand	33 897 812	51 414 496
	9 261 676 756	**8 516 382 729**

22. Share capital and Reserves
22-1 Authorized share capital

The Company's authorized share capital is LE 5 billion.

Issued and paid in share capital
The issued and fully paid-in share capital of the Company at 1 January 2017 was amounted to LE 2 234 180 000 divided over 223 418 000 shares with par value LE 10 each. The Extraordinary General Assembly of the Company decided on 4 May 2017 to cancel 5 million treasury shares and accordingly the company's issued and paid capital become LE 2 184 180 000 distributed over 218 418 000 shares with a nominal value of LE 10 per share.
The Extraordinary General Meeting of the Company approved on 22 May 2018 the split of the nominal value of the Company's shares to one Egyptian pound instead of ten Egyptian pounds. This amendment was recorded in the Commercial Register of the Company on 8/8/2018.
Capital structure at 30 September 2020 were as follows:

Shareholder	Shares	Percentage
Ahmed Ahmed Sadek El Sewedy	546 502 820	25.021 %
Sadek Ahmed Sadek El Sewedy	546 252 820	25.021 %
Mohamed Ahmed Sadek El Sewedy	385 602 690	17.7 %
Treasury shares (Share based payments)	14 891 724	0.7 %
Free shares	690 929 946	31.6 %
	2 184 180 000	**100 %**

22-2 Reserves

L.E	30/9/2020	31/12/2019
Legal reserve (*)	436 836 000	436 836 000
	436 836 000	**436 836 000**

(*) 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 ceases 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.

23. Treasury Stocks

The Board of Directors of the Company held a Board meeting on 9 October 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 determined by an independent financial advisor (HC Securities and Investment Company). The board decided to buy the shares in the period from 11 October 2016 to 17 October 2016.

The Board also held a meeting on 18 October 2016 and decided to buy 1.4 million own shares at a price of LE 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 cancel the own shares amounting to LE 50 million at par. The General Assembly also decided to amend articles (6), (7) of the company statute. The shares cancelation was recorded in the Commercial Register on 19 July 2017.
The value of own shares purchased in accordance with the resolutions of the Board of Directors above is LE 313 300 846. The cancelation of these shares resulted in the reduction of issued and paid up capital of LE 50 million, the general reserve by LE 43.8 million and retained earnings reduced by LE 219.5 million. remainder of the treasury shares becomes the balance of the treasury shares - Share based payments.

The company's board of directors held a board meeting on 1 April 2020 at the invitation of the company's chairman of the board of directors to buy 54.6 million shares by trading from 2 April 2020 to 1 October 2020.
13.4 million treasury shares were purchased for the purpose of investing the available liquidity in local currency, as at 30 September 2020 as follows:

LE	Average share price	No. of shares	Value
Shares purchased from 24 June 2020 to 28 June 2020	6.995	10 500 000	73 445 714
Shares purchased from 1 July 2020 to 30 September 2020	6.760	2 902 124	19 617 572
		13 402 124	**93 063 286**

24. Loans

Item which is presented in the current and non-current liabilities in the consolidated statement of the financial position in the balance of short-term credit facilities and long-term loans granted to the company and its subsidiaries as follows:

L.E	30/9/2020	31/12/2019
Current liabilities		
Loans - Current portion	939 429 428	1 470 663 043
Non-current liabilities		
Secured bank loans – non current	1 770 223 250	2 012 744 882
	2 709 652 678	**3 483 407 925**

- The average interest rate for loans and credit facilities is 10% for the Egyptian pounds including CBE lending rate and 3.5 % over Libor for the US Dollars and 2.75% for Euro.

- Loans guarantees and credit facilities granted to the company and its subsidiaries are secured by promissory notes from subsidiaries approximately LE 878 million, USD 41 million, Euro 71 million, DZD 476 million, joint guarantees of LE 4.104 Billion and machinery and equipment.

25. Banks credit facilities and overdraft

L.E	30/9/2020	31/12/2019
Banks - Credit facilities and Overdraft	7 336 990 309	5 304 055 565
	7 336 990 309	**5 304 055 565**

The interest of the Central Bank of Egypt borrowing and lending rate for the Egyptian Pound plus 0.11% for Egyptian pound facilities, An interest rate of 8% was applied to facilities in Egyptian pounds, according to the Central Bank's initiative on April 4, 2020 and 1.5 % over Libor and 0.1 % monthly commission on the highest debit balance for US Dollar and 1.75 % over Libor for the Euro facilities.

26. Trade, notes and other payables

L.E	30/9/2020	31/12/2019
Trade and notes payables	4 116 762 995	3 936 191 619
Prepayments and due to clients	10 681 963 252	12 587 563 303
Tax Authority (Income, value added and other taxes)	1 082 994 452	1 741 249 757
Retention payables	932 148 398	634 312 550
Accrued expenses	3 402 814 307	3 603 267 429
Other credit balances	889 010 911	559 353 439
	21 105 694 315	**23 061 938 097**

27. Provisions

LE	Beginning balance	Formed during the period	Used during the period	No longer required	Adjustments	Ending balance
Current liabilities						
Provision for claims, Suitcases and contractual risks	1 484 492 494	69 849 958	(100 372 960)	(29 679 352)	(116 953 855)	1 307 336 285
Balance as at 30 September 2020	1 484 492 494	69 849 958	(100 372 960)	(29 679 352)	(116 953 855)	1 307 336 285
Balance as at 31 December 2019	1 161 476 310	316 409 713	(80 910 474)	(10 753 380)	98 270 325	1 484 492 494
Non-Current liabilities						
Provision for warranty and contractual risks	123 865 812	6 975 030	-	-	2 855 194	133 696 036
Provision for claims	57 584 852	7 797 350	(685 208)	-	43 685 486	108 382 480
Balance as at 30 September 2020	181 450 664	14 772 380	(685 208)	-	46 540 680	242 078 516
Balance as at 31 December 2019	169 319 148	47 137 177	(4 166 701)	(11 769 304)	(19 069 656)	181 450 664
Total Balance						
Balance as at 30 September 2020	1 665 943 158	84 622 338	(101 058 168)	(29 679 352)	(70 413 175)	1 549 414 801
Balance as at 31 December 2019	1 330 795 458	363 546 890	(85 077 175)	(22 522 684)	79 200 669	1 665 943 158

(*) forming and no longer required for non-current provision classified within cost in profit or loss statement.

28. Capital commitments

The values of capital. The commitments are expected to be settled within year from date of the consolidated financial statements.

L.E (million)	30/9/2020	31/12/2019
Capital commitments – purchasing fixed assets	170	334

29. Contingencies

L.E (million)	30/9/2020	31/12/2019
Uncovered portion of letters of guarantees and letter of credits	20.8	19.5

30. Related parties

The main transactions with the related parties are sale of finished products. The total value of sales to the affiliates during the period as of 30 September 2020. The significant related parties' balances are as follows:

L.E (Billion)	30/9/2020	31/12/2019
The total value of sales to the related parties - affiliates	1.54	2.18

Stated under current assets (Due from related parties)

L.E	30/9/2020	31/12/2019
Zesco	161 945 263	110 306 439
Aswan 21	125 994 772	71 217 992
El Sewedy cables – Qatar	76 823 678	162 705 985
ELSewedy for Tools and Cables	57 035 856	20 360 503
Elsewedy Electric Engineering and trading – Zambia	48 171 133	49 866 166
Glencore Company	39 089 317	39 805 872
El Sewedy for constructions Co. Algeria	24 603 665	58 968 122
Emas	22 589 506	25 729 256
Pilling Technology	18 462 025	574 949
Doha cables-Qatar	13 524 180	17 099 976
Pyramids for Industrial parks development	11 211 301	15 166 273
Giad Cables	8 205 198	14 140 345
Pyramids Zonafranca	8 081 514	10 530 964
3W Networks – Egypt	196 688	7 768 895
Arab steel fabrication	5 863 868	24 189 144
Al Ola for industrial parks development	5 604 632	4 013 821
RME Mozambique	4 013 824	17 254 520
GAMA – Rowad	2 370 547	-
Iskra Malysia	1 157 703	9 015 129
Senyar Industries Qatar Holding	26 926	314 586
Troy Trade and Contracting	-	37 800
Others	456 866	34 461 855
	635 428 462	**693 528 592**

Stated under current liabilities "Due to related parties"

L.E	30/9/2020	31/12/2019
Pyramids for Real Estate Development	26 005 463	24 586 228
Pyramids Zona franca	10 732 298	9 020 304
Al Ola for Industrial Parks Development	40 186 104	24 465 297
BV Power Plant	145 132 008	127 537 038
Al Arabiya for Steel Industries	24 001 443	89 949 945
Elastymould-Egypt	9 671 568	45 759 464
Maali Holding	-	11 795 920
El Sewedy Cables-Qatar	32 999 068	32 257 536
Doha Cables-Qatar	4 346 991	8 944 073
Senyar- Holding	96 201 420	49 634 910
El Rajhee Construction	74 183 033	32 510 589
El Sewedy for electric equipment & cables	3 803 668	2 508 030
Elsewedy Electric Engineering and trading – Zambia	-	8 137 672
EMAS	18 385 873	11 066 145
Hassan Giad	15 869 944	16 160 859
Giad cables	4 929 930	5 395 760
El Rowad Mozambique	2 203 232	2 990 786
International Company for Development	5 976 676	3 571 640
Others	18 304 263	14 722 847
	532 932 982	**521 015 043**

Subsidiaries and jointly controlled

The following are the most important subsidiaries entities owned by the company as at 30 September 2020:
-

	Date of acquisition	Country	Nature of contribution	% of share
Egyptian Company for Advanced Industries	21/06/2005	Egypt	Direct	98.50
United Metals Co.	23/06/2005	Egypt	Direct	99.80
Egytech Cables Co.	25/12/2005	Egypt	Direct	.9999
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	99.98
El Sewedy Cables – Egypt	21/02/2007	Egypt	Direct	99.87
El sewedy Transformer	30/04/2011	Egypt	Direct	99.87
El sewedy Electric Co. For Transmission	21/10/2007	Egypt	Direct	99.98
El Sewedy Power	27/09/2007	Egypt	Direct	99.88
El Sewedy Sedco for Petroleum Services	10/01/2008	Egypt	Direct	97.00
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
El sewedy Electric Co. For Trading and Distribution.	21/12/2008	Egypt	Direct/Indirect	99.80
Siag El Sewedy for Towers	17/08/2008	Egypt	Direct	99.00
El Sewedy for Wind Energy Generation	10/07/2008	Egypt	Direct	99.90
Power System Projects Company	31/12/2008	Egypt	Direct	99.99
Rowad Engineering Co.	30/6/2010	Egypt	Indirect	51
El Sewedy Sedco electrical industries	30/6/2010	Egypt	Indirect	99.98
SMD for developments and managements Co.	14/1/2018	Egypt	Direct	99.99
Souq Misr for malls Co.	11/3/2018	Egypt	Direct	99.99
El Sewedy Electric Company – Tanzania Branch	11/8/2019	Tanzania	Direct	100
El Sewedy Energy limited Co.(Cyprus)	03/06/2019	Cyprus	Indirect	99.84
El Sewedy Electric Tripoli S.A. (Greece)	03/06/2019	Greece	Indirect	99.84
El Sewedy Electric Ermionida S.A. (Greece)	03/06/2019	Greece	Indirect	99.84
El Sewedy Electric Kilkis S.A.	03/06/2019	Greece	Indirect	99.84
El Sewedy Electric Aigialeia S.A. (Greece)	03/06/2019	Greece	Indirect	99.84
El Sewedy Kallisti Energiaki S.A. (Greece)	24/06/2019	Greece	Indirect	99.84
El Sewedy Aioloki Adres S.A. (Greece)	25/06/2019	Greece	Indirect	99.84
El Sewedy Aioliki Kylindrias S.A. (Greece)	26/06/2019	Greece	Indirect	99.84
El Sewedy Hydroelectriki Achaias S.A. (Greece)	27/06/2019	Greece	Indirect	99.84

Subsidiaries for El Sewedy Electric International Co (External cables previously).				
El Sewedy Cables – Algeria	03/10/2006	Algeria	Indirect	99.91
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	99.97
National Extraction and manufacturing of metal	23/5/2013	Egypt	Direct/Indirect	99.98
El Sewedy Cables-Dubai	30/9/2016	Emirates	Indirect	49
El Sewedy Electric for engineering projects-Kuwait	27/10/2010	Kuwait	Indirect	49
Equity accounted investee's				
Elasty Mould	22/2/2006	Egypt	Indirect	49.60
El Sewedy Electric Engineering and trading – Zambia	31/3/2009	Zambia	Direct	49.90
Al Ola for industrial parks development	30/9/2009	Egypt	Direct/Indirect	50.00
El Sewedy Cables Qatar	20/4/2006	Qatar	Indirect	38.30
Senyar	9/5/2008	Qatar	Indirect	50.00
Doha Cables	9/5/2008	Qatar	Indirect	47.29
Pyramids for industrial parks development	27/9/2007	Egypt	Direct/Indirect	50.00
Zona Franca	30/6/2010	Egypt	Indirect	47.5

31. Shares based payment

The general assembly dated 13 April 2008 decided to issue 200 000 shares with par value of LE 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 Share based payments - Shares for workers includes granting the beneficiaries of the system to each of the Free shares provided that each fiscal year is charged with its shares in the fair value of those shares on the date of their issuance as follows: -

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 (Granted Date)	**4 227 700**

The granted options were fully exercised and there is a remaining balance of shares of 1 422 160 available for share based payments that belongs to the system. The Group is in the process of renewing the share-based payments system.

32. Earnings per share

LE	Nine Months From 1/1/2020 To 30/9/2020	Nine Months From 1/1/2019 To 30/9/2019	Three Months From 1/7/2020 To 30/9/2020	Three Months From 1/7/2019 To 30/9/2019
Profits attributable to the shareholders of the holding company	1 731 752 667	2 717 223 414	817 509 318	828 952 472
Weighted average number of shares				
Issued and paid capital	2 184 180 000	2 184 180 000	2 184 180 000	2 184 180 000
Treasury Stocks				
Treasury stocks purchased during the period	(13 402 124)	-	(13 402 124)	-
Treasury stocks (Share based payments)	(1 422 160)	(1 422 160)	(1 422 160)	(1 422 160)
Weighted average number of shares	**2 169 255 716**	**2 182 757 840**	**2 169 255 716**	**2 182 757 840**
Earnings per share	**0.80**	**1.24**	**0.38**	**0.38**

33. Financial instruments and the related risks

The main risks related to the company activities are:

- Credit risk
- Liquidity risk
- Market risk

The Company 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's board of directors has all the necessary powers and responsibilities to define and supervise the risk management framework.

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)	30/9/2020	31/12/2019
Trade receivables – long term	2 333	2 526
Trade receivables – Short term	8 943	9 670
Receivables – Retentions	2 041	1 753
Due from clients – construction	1 920	1 542
Debtors and other debit balance	8 335	7 998
Due from related parties	635	693
Cash	9 262	8 516
Total	**33 469**	**32 698**

- Receivable aging of trade receivables short term, retention receivables and Due from clients – construction as at 30 September 2020:

LE (Million)	Trade receivables – Short term	Receivables - Retentions	Due from client's construction
Not due	5 377	1 803	1 920
Due for 30 days.	745	0.23	–
Due for 31 to 120 days	901	3.68	–
Due for 121 to 180 days	399	231	–
Due for more than 180 days	2 607	0.63	–
Others	563	2	–
	10 592	**2 041**	**1 920**
Less: Impairment	**(1 649)**	–	–
	8 943	**2 041**	**1 920**

- Receivable aging of trade receivables short term, retention receivables and Due from clients – construction as at 31 December 2019:

LE (Million)	Trade receivables – Short term	Receivables - Retentions	Due from client's construction
Not due	6 325	1 748	1 542
Due for 30 days.	794	0.18	-
Due for 31 to 120 days	892	3	-
Due for 121 to 180 days	263	0.05	-
Due for more than 180 days	2 108	0.19	-
Others	901	2	-
	11 283	**1 753**	**1 542**
Less: Impairment	**(1 613)**	-	-
	9 670	**1 753**	**1 542**

Liquidity risk

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

LE (Thousand)	Less than one year		More than one year	
	30/9/2020	31/12/2019	30/9/2020	31/12/2019
Trade payable, Creditors & due to related parties	21 638 627	23 582 953	1 013 472	1 180 641
Due to banks	8 276 419	6 774 719	1 770 223	2 012 745

Foreign currency risk

The following are the balances of monetary assets and liabilities in foreign currencies as at 30 September 2020 equivalent to Egyptian pounds:

LE (Million)	USD	Euro	SAR	Algerian Dinar	Total
Financial Assets					
Trade and notes receivables	2 846	984	688	770	5 288
Cash and cash equivalent	1 989	426	56	78	2 548
Total Financial Assets	**4 845**	**1 410**	**744**	**848**	**7 836**
Financial Liabilities					
Trade and notes payables	(999)	(456)	(261)	(14)	(1 730)
Long- and short-term loans	(1 037)	(940)	(589)	(31)	(2 597)
Banks – Credit facilities and overdraft	(899)	(145)	-	(1 211)	(2 255)
Total Financial Liabilities	**(2 935)**	**(1 541)**	**(850)**	**(1 256)**	**(6 582)**
Net Assets / (Liabilities)	**1 900**	**(131)**	**(106)**	**(409)**	**1 254**

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

	Closing rates		Average rates	
	30/9/2020	31/12/2019	30/9/2020	31/12/2019
USD	15.82	16.11	15.97	16.13
Euro	18.52	18.09	18.31	17.95
SAR	4.22	4.29	4.23	4.295
Algerian Dinar	.134	.135	.12	.14

Sensitivity analysis
A weakening of LE against the US dollar and Euro at 30 September 2020 affected equity and profit or loss by the amounts shown below.
This analysis is based in the exchange rate changes that the company considers to be a possibility to achieve at the date of the financial position and assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect Change 10%

LE (Thousand)	30/9/2020	31/12/2019
USD	30 058	(9 566)
Euro	(2 426)	(5 278)
Total	**27 632**	**(14 844)**

Interest rate risk
The following are the group interest bearing financial instruments:

		(L.E million)
	Net book value	
	30/9/2020	31/12/2019
Fixed interest rates		
Financial assets	2 893	2 616
Financial liabilities	(2 710)	(3 483)
	183	**(867)**
Variable interest rates		
Financial assets	7 138	6 919
Financial liabilities	(7 337)	(5 304)
	(199)	**1 615**

The average interest rates are as follows:

	L.E	EURO	USD
Financial assets	9	-	1.25
Financial liabilities	10	2.87	3.5

34. Finance Lease Contract

Finance lease contracts (Sale and Lease back)

The company has entered into financing lease with international leasing company (Incolease) in 28 March 2010 to lease the company Head Office with a contractual leasing value of USD 9 189 700 and the following is summary for contract:

Description	Payments of Lease		Contract Duration	Purchase amount	Lease amount quarterly
	Payment of principle USD	Payment of interest USD	Month	L.E	USD
Contract from 28 March 2010 till 28 December 2014	8 873 635	316 065	57	1	459 485

(*) ElSewedy Electric Company had purchased the building from Leasing Company (Incolease) by 1 L.E as defined in the contract and the building become owned by Elsewedy Electric Company.

According to the related transitional rules of the Egyptian accounting standard (49) for year 2019 that related to lease contracts the application of this standard for the first time will be at the beginning of the annual report period when the financial lease law no.95 for year 1995 will canceled and its modifications and issuing a law regulating the activities of financial leasing and factoring No. 176for 2018, for leasing contracts that were subject to Law 95 of 1995 and were processed in accordance with Egyptian Accounting Standard No. 20 (Accounting Rules and Standards for Financial Leasing Operations).

35. 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.

35-1 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 in joint ventures. 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 ventures are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees.

Transactions eliminated on consolidation

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

Acquisitions from entities under common control

Business combinations arising from acquisition of interests in entities that are under the control of the shareholders that controls the group are accounted for as of the acquisition date. The assets and liabilities acquired are recognized at the carrying amounts and the difference recorded in equity 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.

Foreign currencies

Translation differences in foreign currencies

Transactions in foreign currencies are translated to the respective functional currency 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 except for differences recognized in shareholders' equity:

- Translation of available -for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in equity are reclassified to profit or loss).
- Financial obligations that have been designated as a hedging risks tool to cover the net investment risk in foreign activity as long as the hedging is effective
- Hedging tools used in the cash flow risk as long as the hedging is 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.

35-2 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 condition 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.

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	5-15 years
Furniture	4 -17 years
Vehicles	5-8 years
Long-term assets	25 years

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

35-3 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.

35-4 Financial instruments
The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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

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

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

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

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

Investment in treasury bills
Treasury bills are stated at the balance sheet at its nominal value after deducting the balance of interest not due. There is no losses from the impairment of the value of these bills because it 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.

35-5 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.

Amortization
Amortization is incurred in profit and loss statement using straight line method over their estimated useful life for each asset

35-6 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business minus the estimated cost for completion and any selling costs. Net realizable value of the quantity of inventory held to satisfy firm sales is based on the contract price. If the sales are for less than the inventory quantities held, the net realizable value of the excess is based on general selling price. Provisions arise from firm sales contracts in excess of inventory quantities held or from firm purchase contracts.
Cost of raw materials is determined using the weighted average method. In case of finished goods and work in process, cost includes direct material and direct labor cost and an appropriate share of production cost.

35-7 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 measurement 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.

35-8 Impairment

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

- Observable data indicating that there is a measurable decrease

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

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

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.
Any impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized 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 it carrying amount. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets:
At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.
For impairment testing, assets are grouped together into the smallest group assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs that are expected to benefit from synergies of the combination.

The recoverable amount of an asset or CGU is the greater if its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows discounted to their present money and the risks specific to the asset or CGU.
An impairment loss is recognized if the carrying amount of an assets or CGU exceeds its recoverable amount.
Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, of no impairment loss had been recognized.

35-9 Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognized 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 recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized 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 recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

35-10 Dividends

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

35-11 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

35-12 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.

35-13 Recognition of revenue

Sales revenue

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

Revenue of construction contracts

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

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

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

Finance income and finance costs

The Group's finance income and finance costs include:
Interest income
Interest expense
Dividend income
Dividends on preference shares issued classified as financial liabilities
The net gain or loss on the disposal of available-for-sale financial assets
The net gain or loss on financial assets at fair value through profit or loss
The foreign currency gain or loss on financial assets and financial liabilities
The gain on the measurement to fair value of any pre-existing interest in an acquire in a business combination
The fair value loss on contingent consideration classified as a financial liability
Impairment losses recognized on financial assets (other than trade receivables)
The net gain or loss hedging instruments that are recognized in profit or loss; and
The reclassification of net gains previously recognized in OCI.
Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the group's right to receive payment is established.

Revenues from Available for Sale

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

35-14 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.

35-15 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.

35-16 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 equity 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 individual subsidiaries in the group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of the future taxable profits improve.
Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
The measurement if deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets or liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the group has not rebutted this presumption.
Deferred tax assets and liabilities are offset only if certain criteria are met.

35-17 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 period.

35-18 Lease contract

Operating lease contract

Leases are classified as operating leases. The costs in respect of operating leases are charged on a straight-line basis over the lease term. The value of any lease incentive received to take on an operating lease (for example, rent-free periods) is recognized as deferred income and is released over the life of the lease.

Financial lease contract (Sale/ re-leasing operation)

If an entity (the lease) transfers an asset to another entity (the lessor) and re-leases the assets, the entity must determine whether the assets is being accounted for as a sale transaction on the assets or not.

In case the transfer of the asset is not a sale transaction

The Lessee must continue to recognize the transferred assets and must recognize a financial liability equal to the proceeds of the transfer

36. New accounting standards and amendments to current accounting standards:

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards.

The Financial Regulatory Authority decided in its declaration on September 20, 2020 to postpone the application of the new Egyptian accounting standards and the accompanying amendments issued by Ministerial Resolution No. 69 of 2019 to the periodic (quarterly) financial statements that will be issued during the year 2020 that companies implement these standards and these amendments On the annual financial statements (periodic) which will issued at 2021 and this is according to Decision of the Prime Minister NO. 1871 for 2020, and companies committing to adequate disclosure in their periodic lists during the year 2020 about this fact and its accounting impact, if any.

The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
1- The new Egyptian Accounting Standard No. (47) "Financial Instruments "	1-The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise. 2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos.(1), (25), (26) and (40) are to be simultaneously applied.

	at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset. 3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL)Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event. 4- based on the requirements of this standard the following standards were amended: -Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019] 2-Egyptian Accounting Standard No. (4) - "Statement of Cash Flows". 3-Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. 4-Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". 5- Egyptian Accounting Standard - EAS No. (40) - "Financial Instruments: Disclosures "		-These ammendments are effective as of the date of implementing Standard No. (47)]
The new Egyptian Accounting Standard No. (48) - "Revenue fr om Contracts with Customers"	1.The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall be deemed null and void: 2.Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. 3.Egyptian Accounting Standard No. (11) – "Revenue" as amended in 2015. 4.For revenue recognition, Control Model is used instead of Risk and Rewards Model. 5.incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No (48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted

	6.the standard requires that contract must have a commercial substance in order for revenue to be recognized 7.Expanding in the presentation and disclosure requirements		
The new Egyptian Accounting Standard No. (49) "Lease Contracts	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20)," Accounting Rules and Standards related to Financial Leasing" issued in 2015 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lease as operating l or finance lease contracts . 3- As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract. 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract. 5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts with Customers" is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20, "Accounting rules and standards related to financial leasing " as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.

Egyptian Accounting Standard No. (38)) as ammended " Employees Benefits "	Anumber of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (42)) as ammended " Consolidated Financial Statements"	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were ammended are as follows: - (ESA 15) Related Party Disclosures - (ESA 17)Consolidated and Separate Financial Statements - (ESA 18) Investments in Associates - (ESA 24) Income Taxes - (ESA 29)Business Combinations - ESA(30) Periodical Financial Statements - EAS (44) Disclosure of Interests in Other Entities.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted. -The new or amended paragraphs pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", as amended and issued in 2019
Issuance of Egyptian Accounting Interpretation No. (1)" Public Service Privileges Arrangements " ...	This interpretation provides guidance on the accounting by operators of public service privileges arrangements from a public entity to a private entity for the construction, operation and maintenance of the infrastructure for public utilities such as roads, bridges, tunnels, hospitals, airports, water supply facilities, power supplies and communications networks. .., etc This interpretation gives the option of continuing to apply the prior treatment of public service privilages arrangements that prevailed prior to January 1st,2019 on entities that used to recognize and measure the assets of these arrangements as fixed assets in accordance with Egyptian Accounting Standard No. 10 "Fixed Assets and Depreciation"until their useful lives are expired .	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Interpretation No. (1) applies to financial periods beginning on or after January 1st, 2019,
Egyptian Accounting Standard No. (22) as ammended " Earnings per Share	The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

Egyptian Accounting Standard No. (34) as ammended " Real Estate Investment	The Fair Value Model option for all enterprises is no longer used when the subsequent measurement of their real estate investments is made and compliance shall apply only to the Cost Model. while only real estate investment funds are obliged to use the Fair Value Model, upon the subsequent measurement of all their real estate assets. Based on this amendment, the following standards were ammended : - Egyptian Accounting Standard No. (32) Non-current Assets Held for Sale and Discontinued Operation - Egyptian Accounting Standard No. (31) Impairment of Assets	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (4) as ammended " Statemnet of Cash Flows"	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows .	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

37. Events during the period

The second half of march have witnessed the beginning of the impact of the outbreak of corona virus on the Egyptian market and the Egyptian government announced unprecedented measures to combat the virus infection and its spread, El Sewedy group has formed a risk committee to manage the crisis and the objectives of this period has been defined in maintaining all employees and securing them from corona risks as well as continuing the company's operations , all risks were studied and evaluated and taken a serious of precautionary measures to reduce all risks on all employees and to ensure the continuity of the supply chain (operational , manufacturing ,sales and collection operations in this period and there is not effect on the company's current economic situation (its financial position , business result and cash flow).

And given to of the lack of clarity of the effects that could be caused by the development of the situation related to the effect of the spread of the virus (Covid-19) in the future , the effects of development on the company's activity cannot be determined precisely at the present time