EL Sewedy Electric Company
(An Egyptian Joint Stock Company)
Interim consolidated financial statements
for the financial period
ended 30 June 2020
and limited review report

Contents **Pages**

Limited review report	
Consolidated interim financial position	1
Consolidated interim income statement	2
Consolidated interim other comprehensive income statement	3
Consolidated interim statement of changes in shareholders' equity	4
Consolidated interim statement of cash flows	5
Notes to the consolidated interim financial statements	6 – 37

Translated from Arabic

Report on limited review of interim consolidated financial statements

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of El Sewedy Electric Company as of 30 June 2020 and the related interim consolidated statements of income, other comprehensive income, cash flows and changes in equity for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of El Sewedy Electric Company as at 30 June 2020, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Emphasis of matter

Subsequent events following 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. (36) of the notes to the financial statements for the financial period ending 30 June 2020.

Hatem Montasser

KPMG Hazem Hassan
Public Accountants and Consultants

Cairo 19 August 2020

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

L.E	Note No.	6/30/2020	12/31/2019
Assets			
Non current assets			
Fixed assets and projects under progress	(12)،(11)،(2−34)	7 468 162 388	7 485 260 488
Investments available for sale	(13)،(4−34)	20 095 645	20 095 113
Equity-accounted investees	(14)،(4−34)	1 491 725 893	1 295 041 873
Trade receivables	(15)	2 776 898 742	2 526 349 912
Intangible assets	(16)،(5−34)	962 954 644	965 566 967
Deferred tax assets	(8)،(16−34)	664 769 631	743 639 294
Total non current assets		**13 384 606 943**	**13 035 953 647**
Current assets			
Inventories	(17)،(6−34)	7 976 064 330	9 148 634 900
Trade, notes and other receivables	(18)	19 677 179 154	20 963 097 005
Due from related parties	(29)	691 930 669	693 528 592
Investment funds / treasury bills	(19)،(4−34)	1 097 780 222	1 040 095 961
Cash at banks and on hand	(20)	9 464 046 888	8 516 382 729
Total current assets		**38 907 001 263**	**40 361 739 187**
Total assets		**52 291 608 206**	**53 397 692 834**
Shareholders' equity			
Issued and paid capital	(1−21),(9−34)	2 184 180 000	2 184 180 000
Reserves	(2-21)	436 836 000	436 836 000
Own shares	(22)	(74 867 874)	(1 422 160)
Retained earnings		11 153 123 017	13 012 401 531
Foreign operations translation difference		1 209 576 371	1 084 522 276
Equity attributable to owners of the company		**14 908 847 514**	**16 716 517 647**
Non controlling interests		643 468 199	582 004 359
Total equity		**15 552 315 713**	**17 298 522 006**
Liabilities			
Non current liabilities			
long term loans	(23)،(11−34)	1 859 573 821	2 012 744 882
Deferred tax liabilities	(8)،(16−34)	839 824 480	863 567 343
Provisions	(26)،(12−34)	233 436 551	181 450 664
Other liabilities		1 004 353 877	1 180 640 604
Total non current liabilities		**3 937 188 729**	**4 238 403 493**
Current liabilities			
Banks crdit facilities and overdraft	(24)،(11−34)	6 586 172 861	5 304 055 565
short term loans	(23)،(11−34)	1 442 374 969	1 470 663 043
Trade, notes and other payables	(25)	22 880 285 224	23 061 938 097
Due to related parties	(29)	517 718 167	521 015 043
Provisions	(26)،(12−34)	1 337 112 568	1 484 492 494
Dividends payable		38 439 975	18 603 093
Total current liabilities		**32 802 103 764**	**31 860 767 335**
Total liabilities		**36 739 292 493**	**36 099 170 828**
Total Equity and Liabilities		**52 291 608 206**	**53 397 692 834**

* The accompanying notes in the pages from (6) to (35) are an integral part of these consolidated interim financial statements .

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

Limited review report "attached"

Translated from Arabic

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

LE		Financial Period From 1/1/2020 To 30/6/2020	Financial Period From 1/1/2019 To 30/6/2019	Financial Period From 1/4/2020 To 30/6/2020	Financial Period From 1/4/2019 To 30/6/2019
Operational revenues	(13-34)	20 118 340 818	21 553 628 853	9 339 476 744	10 330 084 817
Operational costs	(13-34)	(17 817 967 170)	(17 992 517 584)	(8 237 382 693)	(8 578 559 131)
Gross profits		**2 300 373 648**	**3 561 111 269**	**1 102 094 051**	**1 751 525 686**
Other operating income	(5)	188 447 718	55 349 584	98 297 296	24 219 046
Selling and distribution expenses		(362 150 871)	(359 484 420)	(169 468 013)	(187 729 324)
Administrative expenses		(1 000 753 116)	(923 562 870)	(469 972 447)	(502 268 457)
Other operating expenses	(6)	(156 788 086)	(151 230 140)	(55 307 785)	(21 868 499)
Operating profits		**969 129 293**	**2 182 183 423**	**505 643 102**	**1 063 878 452**
Financing income		378 061 102	343 457 687	255 265 795	130 564 851
Financing expenses		(213 307 905)	(224 128 856)	(147 465 900)	(121 705 463)
Net financing Income	(7)	**164 753 197**	**119 328 831**	**107 799 895**	**8 859 388**
Share of profit of equity accounted investees		**167 094 219**	**192 951 815**	**84 963 189**	**101 322 696**
(Lossess) from disposal of subsidiaries	(10)	-	**(293 351)**	-	**6 033 090**
Net profits for the period before tax		**1 300 976 709**	**2 494 170 718**	**698 406 186**	**1 180 093 626**
Current income tax	(16-34)	(327 673 619)	(560 359 883)	(200 867 042)	(287 676 415)
Deferred tax	(16-34)	52 659 783	19 541 451	64 728 617	65 428 759
Net profits for the period after tax		**1 025 962 873**	**1 953 352 286**	**562 267 761**	**957 845 970**
Attributable to :					
Equity holders of the holding company		914 243 347	1 888 082 166	514 164 861	930 860 467
Non controlling interest		111 719 526	65 270 120	48 102 900	26 985 503
		1 025 962 873	**1 953 352 286**	**562 267 761**	**957 845 970**
Earnings per share (L.E/share)	(31),(17-34)	**0.42**	**0.86**	**0.24**	**0.43**

* The accompanying notes in the pages from (6) to (35) are an integral part of these consolidated interim financial statements .

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

LE	Financial Period From 1/1/2020 To 30/6/2020	Financial Period From 1/1/2019 To 30/6/2019	Financial Period From 1/4/2020 To 30/6/2020	Financial Period From 1/4/2019 To 30/6/2019
Net profits for the period after tax	1 025 962 873	1 953 352 286	562 267 761	957 845 970
Other comprehensive income items				
Foreign operations translation difference	96 938 855	(211 980 714)	222 210 767	(83 177 293)
Total comprehensive income	**1 122 901 728**	**1 741 371 572**	**784 478 528**	**874 668 677**
attributable to :				
Owners of the company	1 039 297 442	1 687 600 185	752 637 309	857 203 958
Non controlling interests	83 604 286	53 771 387	31 841 219	17 464 719
	1 122 901 728	**1 741 371 572**	**784 478 528**	**874 668 677**

* The accompanying notes in the pages from (6) to (35) are an integral part of these consolidated interim financial statements .

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

L.E	Issued and Paid Up Capital	Legal Reserve	Treasury Stocks	Retained Earnings	Translation Reserve	Parent Company Equity Share	Non Controlling Interest	Total Owner's Equity
Balance as of 1 January 2019	**2 184 180 000**	**416 209 242**	**(1 422 160)**	**11 601 298 507**	**1 420 979 250**	**15 621 244 839**	**516 570 862**	**16 137 815 701**
Impact of adjustments of Retained Earning	–	–	–	**(229 182 077)**	–	**(229 182 077)**	**5 769 940**	**(223 412 137)**
Other comprehensive income								
Net profits for the period	–	–	–	1 888 082 166	–	1 888 082 166	65 270 120	**1 953 352 286**
Foreign operations translation difference	–	–	–	–	(200 481 981)	(200 481 981)	(11 498 733)	**(211 980 714)**
Total other comprehensive income	–	–	–	**1 888 082 166**	**(200 481 981)**	**1 687 600 185**	**53 771 387**	**1 741 371 572**
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	–	–	–	(255 424 818)	–	(255 424 818)	(32 204 424)	**(287 629 242)**
Employee dividends & board rearwards	–	–	–	(357 398 505)	–	(357 398 505)	(16 515 002)	**(373 913 507)**
Total changes in ownership interests and non controlling interests	–	–	–	**(612 823 323)**	–	**(612 823 323)**	**(48 719 426)**	**(661 542 749)**
Balances as at 30 June 2019	**2 184 180 000**	**436 836 000**	**(1 422 160)**	**10 823 932 432**	**1 220 497 269**	**14 664 023 541**	**527 392 763**	**15 191 416 304**
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	–	–	–	**(248 554 717)**		**(248 554 717)**	**42 240 702**	**(206 314 015)**
Other comprehensive income								
Net profits for the period	–	–	–	914 243 347	–	914 243 347	111 719 526	**1 025 962 873**
Foreign operations translation difference	–	–	–	–	125 054 095	125 054 095	(28 115 240)	**96 938 855**
Total other comprehensive income	–	–	–	**914 243 347**	**125 054 095**	**1 039 297 442**	**83 604 286**	**1 122 901 728**
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	–	–	(73 445 714)	–	–	(73 445 714)	–	**(73 445 714)**
Total transactions with owners of the parent company	–		**(73 445 714)**	**(1 838 062 804)**	–	**(1 911 508 518)**	–	**(1 911 508 518)**
Change in ownership interests and non controlling interests								
Subsidiaries dividends to non controlling interest	–	–	–	(125 668 664)	–	(125 668 664)	(46 856 239)	**(172 524 903)**
Employee dividends & board rearwards	–	–	–	(561 235 676)	–	(561 235 676)	(17 524 909)	**(578 760 585)**
Total changes in ownership interests and non controlling interest	–	–	–	**(686 904 340)**	–	**(686 904 340)**	**(64 381 148)**	**(751 285 488)**
Balances as at 30 June 2020	**2 184 180 000**	**436 836 000**	**(74 867 874)**	**11 153 123 017**	**1 209 576 371**	**14 908 847 514**	**643 468 199**	**15 552 315 713**

* The accompanying notes in the pages from (6) to (35) are an integral part of these consolidated interim financial statements .

El Sewedy Electric Company
(An Egyptian joint stock company)
For the period ended 30 June 2020

	Note No.	Financial Period From 1/1/2020 To 30/6/2020 L.E	Financial Period From 1/1/2019 To 30/6/2019 L.E
Cash flows from operating activities:			
Net profits for the period before tax		**1 300 976 709**	**2 494 170 718**
Adjustments :-			
Depreciation	(11)	453 349 322	339 150 263
Amortization	(6)	14 815 114	8 270 021
Provisions and receivable impairment (Net)		30 698 890	56 161 935
Net finance (income)		(164 753 197)	(119 328 831)
Share of profits of equity accounted investees		(167 094 219)	(192 951 815)
Capital gain	(5)	(12 109 135)	(2 350 879)
loss from disposal of subsidiaries	(10)	-	293 351
Operating profit before changes in working capital		**1 455 883 484**	**2 583 414 763**
Changes in :			
Trade, notes and other receivables		963 540 912	(1 540 116 740)
Inventories		1 172 570 571	(273 526 572)
Related parties		(1 698 953)	(126 428 326)
Trade, notes and other payables		(1 479 007 306)	2 973 477 702
Net cash provided by operating activities		**2 111 288 708**	**3 616 820 827**
Cash flows from investing activities:			
(Paid for) acquisition of fixed assets and project under progress		(502 700 409)	(682 722 351)
(Paid for) intangible assets		(12 202 791)	(6 792 743)
Change in investment available for sale		(533)	7 085
(Paid under) investement		-	(1 050 386 894)
Change in equity-accounted investees		(29 589 801)	431 297 546
Proceeds from sale of fixed assets and projects under progress		78 558 322	39 552 708
Proceeds from treasury bills and investment fund		(57 684 261)	2 021 303 440
(Paid for) Treasury Stocks		(73 445 714)	-
Net cash flows (used in) investing activities		**(597 065 187)**	**752 258 791**
Cash flows from financing activities			
Dividends paid to NCI		78 988 749	15 838 170
Paid collected from loans, bank facilities and overdraft		1 100 658 161	439 372 892
Dividends (paid to) shareholders		(1 746 206 272)	(1 746 206 275)
Net cash flows (used in) financing activities		**(566 559 362)**	**(1 290 995 213)**
Net change in cash and banks		**947 664 159**	**3 078 084 405**
Cash and banks at the beginning of the period		**8 516 382 729**	**6 347 745 383**
Cash and banks at the end of the period		**9 464 046 888**	**9 425 829 788**

* The accompanying notes in the pages from (6) to (35) 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 (34) 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 19 August 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 (34-18): 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 June 2020, are presented in the following clarifications:
Note no. (34-12): Provisions and contingent liabilities
Note no. (34-8): 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. Other operating income

EGP	Financial period From 1/1/2020 To 30/6/2020	Financial period From 1/1/2019 To 30/6/2019	Financial period From 1/4/2020 To 30/6/2020	Financial period From 1/4/2019 To 30/6/2019
Capital gain	12 109 135	2 350 879	9 593 759	2 067 424
Reversal of receivable impairment	21 892 546	73 725	8 965 720	(8 589 952)
Provision no longer required	25 409 550	852 283	10 438 717	(209 494)
Others	129 036 487	52 072 697	69 299 100	30 951 068
	188 447 718	**55 349 584**	**98 297 296**	**24 219 046**

6. Other operating expenses

EGP	Financial period From 1/1/2020 To 30/6/2020	Financial period From 1/1/2019 To 30/6/2019	Financial period From 1/4/2020 To 30/6/2020	Financial period From 1/4/2019 To 30/6/2019
Provisions	46 993 433	130 051 583	19 996 600	73 629 031
Impairment Receivables	93 720 655	11 976 185	26 963 640	(56 146 364)
Amortizations	14 815 114	8 270 021	7 448 259	3 894 047
Others	1 258 884	932 351	899 286	491 785
	156 788 086	**151 230 140**	**55 307 785**	**21 868 499**

7. Net financing income

EGP	Financial period From 1/1/2020 To 30/6/2020	Financial period From 1/1/2019 To 30/6/2019	Financial period From 1/4/2020 To 30/6/2020	Financial period From 1/4/2019 To 30/6/2019
Finance Income				
Interest earned	136 811 584	300 139 821	58 024 122	137 352 347
Changes In Present Value	180 735 738	120 435 073	80 560 397	55 518 984
Foreign exchange gain	60 513 780	(77 117 207)	116 681 276	(62 306 480)
	378 061 102	**343 457 687**	**255 265 795**	**130 564 851**
Finance Cost				
Interest expense	(213 307 905)	(224 128 856)	(147 465 900)	(121 705 463)
	(213 307 905)	(224 128 856)	(147 465 900)	(121 705 463)
	164 753 197	**119 328 831**	**107 799 895**	**8 859 388**

8. Deferred tax

L.E	30/6/2020	31/12/2019
Deferred tax assets	664 769 631	743 639 294
Deferred tax liability	(839 824 480)	863 567 343

Unrecognized deferred tax asset

L.E	30/6/2020	31/12/2019
Account Receivables and other debt balance	353 758 152	373 831 586
Provisions	353 373 522	399 714 585
	707 131 704	**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.

9. 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.

10. 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

10- Operating segments	**Power and Special Cables**		**Turn Key projects**	**Electric Products and Accessories**		**Elimination**	**Consolidated 30-Jun-20**
	Egypt	**International**		**Egypt**	**International**		
	L.E	**L.E**	**L.E**	**L.E**	**L.E**	**L.E**	**L.E**
Local Sales	3 910 432 882	2 027 409 932	8 437 533 974	620 342 777	316 828 126	–	**15 312 547 691**
Export Sales and construction revenues	2 217 311 758	112 218 820	1 177 146 698	168 402 922	1 130 712 929	–	**4 805 793 127**
Total revenue without inter segment sales	**6 127 744 640**	**2 139 628 752**	**9 614 680 672**	**788 745 699**	**1 447 541 055**	–	**20 118 340 818**
Inter segment revenues	4 073 733 928	83 853 922	-	377 131 699	63 786 909	(4 598 506 458)	-
Total revenue	10 201 478 568	2 223 482 674	9 614 680 672	1 165 877 398	1 511 327 964	(4 598 506 458)	20 118 340 818
Total Cost	(9 445 233 813)	(2 030 027 923)	(8 838 151 527)	(916 890 616)	(1 186 169 749)	4 598 506 458	**(17 817 967 170)**
Gross Profit	**756 244 755**	**193 454 751**	**776 529 145**	**248 986 782**	**325 158 215**	-	**2 300 373 648**
Total selling and marketing expenses	(144 248 019)	(62 332 557)	(25 659 820)	(57 625 418)	(72 285 057)		**(362 150 871)**
Segment profit	**611 996 736**	**131 122 194**	**750 869 325**	**191 361 364**	**252 873 158**	-	**1 938 222 777**
Other operating income							188 447 718
Income from disposal of subsidiaries							-
Share of profit equity accounted investee							167 094 219
General and administrative expenses							(1 000 753 116)
Other operating expenses							(156 788 086)
Net financing income							164 753 197
Current income tax							(327 673 619)
Deferred tax							52 659 783
Net profit for the year							**1 025 962 873**
						Unallocated	
Depreciation	76 893 414	66 314 189	227 180 850	30 801 331	38 151 656	14 007 882	453 349 322
Assets	12 347 325 153	1 706 840 066	24 498 881 155	1 413 066 031	1 096 420 666	11 229 075 135	52 291 608 206
Liabilities	3 023 499 034	903 159 892	20 597 065 112	638 186 385	846 957 539	10 730 424 531	36 739 292 493
Additions to fixed assets and project under progress	144 340 706	32 708 765	186 877 980	26 302 629	109 063 438	75 665 741	574 959 259

10- Operating segments

	Power and Special Cables		Turn Key	Electric Products and Accessories		Elimination	Consolidated
	Egypt	International	projects	Egypt	International		30-Jun-19
	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Local Sales	6 194 106 602	2 619 561 579	6 219 706 387	862 852 636	373 506 884	-	16 269 734 088
Export Sales and construction revenues	3 030 597 006	121 114 509	524 330 352	143 203 873	1 464 649 025	-	5 283 894 765
Total revenue without inter segment sales	9 224 703 608	2 740 676 088	6 744 036 739	1 006 056 509	1 838 155 909	-	21 553 628 853
Inter segment revenues	5 110 990 839	57 888 069	398 075 868	529 313 170	52 536 655	(6 148 804 601)	-
Total revenue	14 335 694 447	2 798 564 157	7 142 112 607	1 535 369 679	1 890 692 564	6 148 804 601	21 553 628 853
Total Cost	(13 078 159 899)	(2 471 406 221)	(5 999 853 573)	(1 145 113 469)	(1 446 789 023)	6 148 804 601	(17 992 517 584)
Gross Profit	1 257 534 548	327 157 936	1 142 259 034	390 256 210	443 903 541	-	3 561 111 269
Total selling & marketing expenses	(150 862 470)	(49 848 036)	(22 714 664)	(45 000 099)	(91 059 151)	-	(359 484 420)
Segment profit	1 106 672 078	277 309 900	1 119 544 370	345 256 111	352 844 390	-	3 201 626 849
Other operating income							55 349 584
Loss from disposal of subsidiaries							(293 351)
Share of profit equity accounted investee							192 951 815
General and administrative expenses							(923 562 870)
Other operating expenses							(151 230 140)
Net financing revenue							119 328 831
Current income tax							(560 359 883)
Deferred tax (expense)							19 541 451
Net profit for the period							**1 953 352 286**
						Unallocated	
Depreciation	66 709 164	77 238 256	120 580 021	24 818 118	42 253 305	7 551 399	339 150 263
Assets	15 168 018 289	1 996 448 770	20 704 172 419	1 249 674 276	1 189 421 850	10 068 069 529	50 375 805 133
Liabilities	3 721 908 159	933 069 723	19 120 457 072	662 090 667	1 048 873 958	9 697 989 250	35 184 388 829
Additions to fixed assets Transfer from constrution in progress	162 074 857	18 109 610	587 670 478	31 269 804	34 901 398	90 466 130	924 492 277

11 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 (12)	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	12 639 332	14 867 833	153 898 549	37 413 596	42 588 550	4 497 187	**265 905 047**	309 054 212	**574 959 259**
Disposals during the period	–	(73 913)	(151 023 034)	(6 401 515)	(8 575 099)	(3 323 188)	**(169 396 749)**	(64 527 438)	**(233 924 187)**
Transfer from Project in progress	–	13 417 095	23 372 682	–	–	374 768	**37 164 545**	(37 164 545)	–
Adjustments,translation difference	(594 782)	(12 345 666)	(225 687 402)	(85 104)	(1 524 420)	(1 073 554)	**(241 310 928)**	2 579 300	**(238 731 628)**
Cost as at 30 June 2020	**435 502 421**	**2 604 133 845**	**8 274 843 018**	**580 425 798**	**349 088 770**	**171 183 668**	**12 415 177 520**	**1 419 786 416**	**13 834 963 936**
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 (33)	–	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	–	52 621 527	330 216 296	35 372 917	27 817 897	7 320 685	**453 349 322**	–	**453 349 322**
Accumulated depreciation of disposals	–	(73 486)	(146 767 452)	(3 770 406)	(13 114 779)	(3 748 878)	**(167 475 001)**	–	**(167 475 001)**
Adjustments,translation difference	–	17 212 109	(181 322 724)	(171 511)	(1 397 013)	(793 638)	**(166 472 777)**	–	**(166 472 777)**
Accumulated depreciation as at 30 June 2020	–	**1 003 520 424**	**4 704 523 418**	**407 250 113**	**207 797 610**	**43 709 983**	**6 366 801 548**	–	**6 366 801 548**
Net carrying amount as at 30 June 2020	**435 502 421**	**1 600 613 421**	**3 570 319 600**	**173 175 685**	**141 291 160**	**127 473 685**	**6 048 375 972**	**1 419 786 416**	**7 468 162 388**
Net carrying amount 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 EXGA 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.

12. Projects under progress

L.E	30/6/2020	31/12/2019
Buildings	924 092 467	842 050 207
Tools & Equipment	382 870 606	316 266 549
Computers	10 219 451	2 602 119
Others	102 603 892	48 926 012
	1 419 786 416	**1 209 844 887**

13. Investments available for sale

L.E	30/6/2020	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	95 645	95 113
	20 095 645	**20 095 113**

14. Equity-accounted investees

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

L.E (million)	30/6/2020	31/12/2019
Assets	3 471	3 620
Liabilities	1 979	2 325
Profits	167	375

* The disclosure No. (29) Includes the equity accounted companies.

15. Trade receivables

L.E	30/6/2020	31/12/2019
Clients receivables (construction) long term	2 776 898 742	2 526 349 912
	2 776 898 742	**2 526 349 912**

16. Intangible assets

L.E	30/6/2020	31/12/2019
Goodwill	729 126 188	729 126 188
Concession assets with a limited duration	114 238 219	110 245 565
Other Intangible assets	119 590 237	126 195 214
	962 954 644	**965 566 967**

Goodwill resulted from acquisitions of a group of energy companies in the countries of Cyprus and Greece during June 2019 which resulted in LE 716 million at the acquisition date the rest of the goodwill balance for acquisition group is calculated at the date of acquisition about 12.5 million,
Intangible assets amortization on profit or loss statement:

L.E	30/6/2020	30/6/2019
Intangible assets amortization	14 815 114	8 270 021

17. Inventories

L.E	30/6/2020	31/12/2019
Raw Materials	3 960 897 805	3 989 643 091
Work in progress	815 137 248	992 622 403
Finished goods	2 599 009 885	3 150 689 760
Goods in transit	601 019 392	1 015 679 646
	7 976 064 330	**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 980 million at 30 June 2020 (LE 973 million at 31 December 2019).

18. Trade, notes and other receivables

L.E	30/6/2020	31/12/2019
Trade receivables	6 423 429 668	7 193 297 801
Due from receivables turnkey	3 737 862 492	4 018 537 103
Notes receivables	821 848 382	1 324 908 432
Other receivables*	8 694 038 612	8 426 353 669
	19 677 179 154	**20 963 097 005**

Trade, notes and other receivables are recorded after deducting impairment losses of LE 1.614 Billion at 30 June 2020. (LE 1.661 Billion at 31 December 2019)

* Other receivables include advance payments to suppliers of LE 2.585 Billion, accrued revenue of LE 830 million, retention insurance of LE 2.117 Billion and prepaid expenses of LE 613 million at 30 June 2020.

19. Investment funds/treasury bills

L.E	30/6/2020	31/12/2019
Present value of investment in treasury bills	1 116 369 142	1 069 648 804
(Less): -		
Interest not due	(18 588 920)	(29 552 843)
	1 097 780 222	**1 040 095 961**

20. Banks and cash in hand

L.E	30/6/2020	31/12/2019
Banks - time deposits	2 294 848 317	1 546 245 339
Banks - current accounts	7 025 446 195	6 918 722 894
Cash on hand	143 752 376	51 414 496
	9 464 046 888	**8 516 382 729**

21. Share capital and Reserves
21-1 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 2 18 418 000 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.

21-2 Reserves

L.E	30/6/2020	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.

22. Own shares

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.
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 July 2020 and 10.5 million treasury shares were purchased at an average share price 6.994 EGP per share for the purpose of investing the available liquidity in local currency, during the period from 24 June 2020 until 28 June 2020

23. 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	30/6/2020	31/12/2019
Current liabilities		
Loans - Current portion	1 442 374 969	1 470 663 043
Non-current liabilities		
Secured bank loans – non current	1 859 573 821	2 012 744 882
	3 301 948 790	**3 483 407 925**

The average interest rate for loans and credit facilities is 10% for the Egyptian pounds including CBE lending rate and 3.50 % over Libor for the US Dollars and 2.87% 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.

24. Banks credit facilities and overdraft

L.E	30/6/2020	31/12/2019
Banks - Credit facilities and Overdraft	6 586 172 861	5 304 055 565
	6 586 172 861	**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.

25. Trade, notes and other payables

L.E	30/6/2020	31/12/2019
Trade and notes payables	4 128 943 811	3 936 191 619
Prepayments and due to clients	12 232 128 201	12 587 563 303
Other credit balances and accrued expenses*	6 519 213 212	6 538 183 175
	22 880 285 224	**23 061 938 097**

*Other credit balances include income tax and other accrued taxes of LE 987 million, retention payable of LE 839 million and accrued expenses of LE 1 153 million.

26. Provisions

L.E	30/6/2020	31/12/2019
Beginning balance	1 665 943 158	1 330 795 458
Formed during the period/ year	46 993 433	316 409 713
Used during the period/ year	(62 713 102)	(80 910 474)
Provisions no longer required	(25 409 550)	(10 753 380)
Translation differences and adjustments	(54 264 820)	110 401 841
	1 570 549 119	**1 665 943 158**

A balance of provision has been included in the financial statements under the following items:

L.E	30/6/2020	31/12/2019
Current liabilities		
Current Provision	1 337 112 568	1 484 492 494
Non-Current Liabilities		
Non-Current Provisions	233 436 551	181 450 664
	1 570 549 119	**1 665 943 158**

27. Capital commitments

The Group's capital commitment as at 30 June 2020 is LE 83 million (LE 173 million at 31 December 2019). The commitments are expected to be settled within year from date of the consolidated financial statements.

28. Contingencies

L.E (million)	30/6/2020	31/12/2019
Uncovered portion of letters of guarantees and letter of credits	21 192	19 489

29. 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 is LE 910 million as of 30 June 2020. The significant related parties' balances are as follows:

Stated under current assets (Due from related parties)

L.E	30/6/2020	31/12/2019
ELSewedy Cables-Qatar	28 169 234	58 968 122
ELSewedy for Tools and Cables	59 088 198	162 705 985
Pilling Technology	16 624 364	15 166 273
Senyar Industries Qatar Holding	17 193 789	17 099 976
Iskra Malysia	1 375 775	314 586
Zesco Company	123 295 168	71 217 992
Al Ola for industrial parks development	22 231 624	574 949
Doha cables-Qatar	57 104 296	20 360 503
El Sewedy for constructions Co. Algeria	25 967 294	25 729 256
Glencore Company	40 028 251	39 805 872
Elsewedy for Electrical Industries (Egylux)	-	37 800
Aswan 21	127 264 292	110 306 439
Pyramids for Industrial parks development	10 836 941	9 015 129
Pyramids Zonafranca	8 092 889	7 768 895
3W Networks – Egypt	310 413	-
Elsewedy Electric Engineering and trading – Zambia	50 364 599	49 866 166
Arab steel fabrication	2 613 095	17 254 520
Emas	13 144 645	14 140 345
GAMA – Rowad	1 464 682	10 530 964
RME Mozambique	4 013 824	4 013 821
Giad cables	5 303 787	24 189 144
Troy Trade and Contracting	2 217 175	-
Others	75 226 335	34 461 855
	691 930 669	**693 528 592**

Stated under current liabilities "Due to related parties"

L.E	30/6/2020	31/12/2019
Pyramids for Real Estate Development	24 572 683	24 586 228
Pyramids Zonafranca	10 259 300	9 020 304
Al Ola for Industrial Parks Development	34 937 086	24 465 297
BV Power Plant	128 249 535	127 537 038
Al Arabiya for Steel Industries	48 483 567	89 949 945
Elastymould-Egypt	3 454 828	45 759 464
Maali Holding	-	11 795 920
El Sewedy Cables-Qatar	32 955 560	32 257 536
Doha Cables-Qatar	7 833 520	8 944 073
Senyar- Holding	98 512 200	49 634 910
El Rajhee Construction	75 937 936	32 510 589
El Sewedy for electric equipment & cables	5 933 226	2 508 030
Elsewedy Electric Engineering and trading – Zambia	-	8 137 672
EMAS	16 899 568	11 066 145
Hassan Giad	16 251 143	16 160 859
Giad cables	-	5 395 760
El Rowad Mozambique	2 203 232	2 990 786
International Company for Development	5 747 544	3 571 640
Others	5 487 239	14 722 847
	517 718 167	**521 015 043**

Subsidiaries and jointly controlled

The following are the most important subsidiaries entities owned by the company as at 30 June 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 for 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

	Date of acquisition	Country	Nature of contribution	% of share
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

30. 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 employee right at each year end during the three years scheme to exercise part of the shares based payments were in the following rates: -

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

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

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

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

31. Earnings per share

EGP	Financial period From 1/1/2020 To 30/6/2020	Financial period From 1/1/2019 To 30/6/2019	Financial period From 1/4/2020 To 30/6/2020	Financial period From 1/4/2019 To 30/6/2019
Profits attributable to the shareholders of the company	914 243 349	1 888 082 166	514 164 861	930 860 467
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 shares				
10.5 million shares were bought in June 2020	(10 500 000)	-	(10 500 000)	-
Treasury shares (reward system)	(1 422 160)	(1 422 160)	(1 422 160)	(1 422 160)
Weighted average number of shares	**2 172 257 840**	**2 182 757 840**	**2 172 257 840**	**2 182 757 840**
Earnings per share	**0.42**	**0.86**	**0.24**	

32. 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)

	30/6/2020	31/12/2019
Receivable and debtors	22 454	23 489
Due from related parties	692	693
Cash	9 464	8 516
Total	**32 610**	**32 698**

Receivable aging

(L.E million)

	30/6/2020	31/12/2019
Not due	11 525	11 919
Due for 30 days.	4 267	4 716
Due for 31 to 120 days	2 752	2 405
Due for 121 to 180 days	2 158	3 043
Due for more than 180 days	1 120	943
Others	632	463
	22 454	**23 489**

Liquidity risk

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

(L.E Thousand)

	Less than one year		More than one year	
	30/6/2020	31/12/2019	30/6/2020	31/12/2019
Trade payable, Creditors & due to related parties	23 398 003	23 582 953	1 004 354	1 180 641
Due to banks	8 028 548	6 774 719	1 859 574	2 012 745

Foreign currency risk

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

(Thousand)

	30 June 2020			31 December 2019		
	USD	Euro	GBP	USD	Euro	GBP
Financial assets	546 367	94 542	22 475	563 010	122 323	13 479
Financial liabilities	298 950	57 353	5 747	568 948	125 241	2 168

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

	Closing rates		Average rates	
	30/6/2020	**31/12/2019**	**30/6/2020**	**31/12/2019**
USD	16.2	16.11	16.08	16.13
Euro	18.14	18.09	17.925	17.95

Sensitivity analysis

A weakening of LE against the US dollar and Euro at 30 June 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%

		(Thousand)
	30/6/2020	**31/3/2019**
USD	400 815	(9 566)
Euro	67 461	(5 278)
Total	**468 276**	**(14 844)**

Interest rate risk

The following are the group interest bearing financial instruments:

		(L.E million)
	Net book value	
	30/6/2020	**31/12/2019**
Fixed interest rates		
Financial assets	3 199	2 616
Financial liabilities	(3 302)	(3 483)
	(103)	**(867)**
Variable interest rates		
Financial assets	7 219	6 919
Financial liabilities	(6 586)	(5 304)
	633	**1 615**

The average interest rates are as follows:

	L.E	**EURO**	**USD**
Financial assets	9.5	-	1.19
Financial liabilities	10.5	2.30	3.75

33. 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).

34. 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.

34-1 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.

34-2 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.

34-3 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.

34-4 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.

34-5 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

34-6 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.

34-7 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.

34-8 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.

34-9 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.

34-10 Dividends
Dividends are recognized as a liability in the financial period in which the dividends are approved by the shareholders general meeting.

34-11 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

34-12 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.

34-13 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

34-14 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.

34-15 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.

34-16 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.

34-17 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.

34-18 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

35. 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 April 12, 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 of these companies at the end of the fiscal year ending December 31, 2020 and the inclusion of the combined effect in full at the end of the year, with 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	Date of Implementation

		Financial Statements	
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 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.	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. -These ammendments are effective as of the date of implementing Standard No. (47)]

	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 "		
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 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 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

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	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.

		on the financial statements.	
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	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

		the amendment of the standard on the financial statements	
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.

36. Subsequent event

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