

EL Sewedy Cables Company
(An Egyptian Joint Stock Company)
Consolidated Financial Statements
For the Financial Period from 1 January 2010 to 31 March 2010
And Limited Review Report



Hazem Hassan

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Report on Limited Review of Interim Consolidated Financial Statements

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

Introduction

We have performed a limited review for the accompanying consolidated balance sheet of El Sewedy Cables Company as of 31 March 2010 and the related consolidated statements of income, cash flows and changes in equity for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of Limited Review

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 limited 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 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 the El Sewedy Cables Company as at 31 March 2010, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

Kpmg Hazem Hassan
KPMG Hazem Hassan
Public Accountants and Consultants

Cairo, 16 May 2010



EL Sewedy Cables Company
(An Egyptian Joint Stock Company)
Consolidated Balance Sheet
As of 31 March 2010

	NOTE No.	31/3/2010 L.E.	31/12/2009 L.E.
Assets			
Long term assets			
Fixed assets	(3-3)·(6)	2 899 751 136	2 669 802 005
Project under progress	(3-3)·(7)	994 749 195	1 058 845 164
Investments available for sale	(3-5)·(8)	23 784 000	16 659 000
Investments in associates	(3-1)	9 163 953	336 147 535
Paid on account of investments	(9)	1 176 419	19 881 297
Debit balances	(3-4)·(10)	313 554 603	473 981 407
Non- tangible assets	(3-7)·(31)	182 962 632	28 413 544
Deferred tax assets	(3-18)·(21)	21 199 177	21 886 220
Total long term assets		4 446 341 115	4 625 616 172
Current assets			
Inventories	(3-8)·(11)	3 105 364 991	2 779 135 384
Trade, notes and other receivables	(3-4)·(12)	3 061 813 682	2 655 519 982
Due from affiliates	(29)	138 159 474	275 653 457
Investment treasury bills	(3-6)·(13)	447 144 244	311 307 293
Cash and cash equivalent	(14)	521 324 484	715 379 926
Total current assets		7 273 806 875	6 736 996 042
Current liabilities			
Banks facilities and overdraft	(3-11)·(15)	3 008 992 931	2 995 737 710
Short term loans and installments of long term loans due within one year	(3-11)·(16)	565 335 896	628 649 040
Trade, notes and other payables	(3-4)·(17)	1 831 951 407	1 760 111 166
Due to affiliates	(29)	77 439 206	54 772 528
Provisions	(3-10)·(18)	102 123 898	94 696 821
Total current liabilities		5 585 843 338	5 533 967 265
Working capital		1 687 963 537	1 203 028 777
Total investments		6 134 304 652	5 828 644 949
These investments to be financed as follows:			
Shareholders' Equity			
Issued and paid capital	(19)	1 322 000 000	1 322 000 000
Own Stock		(1 838 000)	(1 838 000)
Legal reserve	(20)	16 915 343	16 915 343
Increase in the net assets of the acquired subsidiaries over the consideration paid for the investment		578 908 660	578 908 660
Retained earnings		2 381 559 873	1 709 266 229
Net profit for the period / year		250 766 456	633 594 607
Foreign exchange differences resulted from foreign entities translation		(56 962 618)	(46 980 079)
Total parent's shareholders' equity		4 491 349 714	4 211 866 760
Minority interest		416 439 138	371 773 947
Total equity		4 907 788 852	4 583 640 707
Long term liabilities			
Loans	(3-11)·(16)	1 000 742 296	988 582 715
Deferred tax liabilities	(3-18)·(21)	68 867 809	62 094 897
Other liabilities	(22)	156 905 695	194 326 630
Total long term liabilities		1 226 515 800	1 245 004 242
		6 134 304 652	5 828 644 949

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

Chief Financial Officer

Mr. Wael Mohamed Khalil

Managing Director

Eng. Ahmed Ahmed Sadek Elsewedy

Chairman

Mr. Sadek Ahmed Elsewedy

Limited review report "attached "

Translated from Arabic

EL Sewedy Cables Company
(An Egyptian Joint Stock Company)
Consolidated Income Statement

For the financial period From January 1st 2010 to March 31st 2010

	<u>Note</u>	Financial Period From 01/01/2010 To 31/03/2010 <u>L.E</u>	Financial Period From 01/01/2009 To 31/03/2009 <u>L.E</u>
Operational revenues	(3-14)	2 933 510 516	2 415 294 609
Operational costs	(3-16)	(2 443 863 986)	(2 024 397 933)
Gross profits		489 646 530	390 896 676
Other operating income	(24)	15 122 088	27 733 416
Selling and distribution expenses	(3-16)	(79 924 616)	(67 312 272)
Administrative expenses	(3-16)	(116 719 870)	(97 780 921)
Other operating expenses	(25)	(32 738 876)	(6 376 553)
Operating profits		275 385 256	247 160 346
Financing revenues		56 773 441	23 715 787
Financing costs		(52 539 206)	(60 911 786)
Net financing costs	(26)	4 234 235	(37 195 999)
Net Profit before tax		279 619 491	209 964 347
Income tax			
Current income tax	(3-18)	(13 220 657)	(9 173 579)
Deferred income tax	(3-18)	(418 274)	9 137
Net Profit for the period after tax		265 980 560	200 799 905
Attributable to:			
Equity holders of the holding company		250 766 456	192 699 207
Minority interest		15 214 104	8 100 698
		265 980 560	200 799 905
Earnings per share	(3-19)-(34)	1.90	1.46

The accompanying notes are part of these consolidated financial statements

EL SERRAFI CABLE COMPANY
An Egyptian Joint Stock Company
Consolidated change in Equity's statement
For the period from January 1st 2010 to March 31st 2010

Translated from Arabic

	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
	Issued and paid capital	Own shares	Legal Reserve	Increase in the net assets of the acquired subsidiaries over the considerations paid for the investment	Retained earnings	Profit attributable to the holding (per/quarter/year)	Foreign exchange differences realized from foreign entities transaction	Total parent's shareholders' equity	Minority interest	Total shareholders' equity			
Balance at December 31, 2008	1 322 000 000	(2 000 000)	10 733 074	581 158 640	1 121 672 069	828 434 214	(53 786 709)	3 808 211 308	368 092 189	4 176 303 497			
Transferred to retained earning	-	-	-	-	822 251 945	(822 251 945)	-	-	-	-			
Transferred to legal reserve	-	-	6 182 269	-	-	(6 182 269)	-	-	-	-			
Minority share in subsidiaries profit distribution	-	-	-	-	-	-	-	-	(52 541 902)	(52 541 902)			
Minority share in net capital of new subsidiaries	-	-	-	-	-	-	-	-	56 836 628	56 836 628			
Exit share Purchasing from minority	-	-	-	(2 250 000)	-	-	-	(2 250 000)	2 250 000	-			
Foreign exchange differences resulted from foreign entities transaction	-	-	-	-	-	-	6 806 629	6 806 629	-	6 806 629			
Adjustment to the retained earning	-	162 000	-	-	(46 531 409)	-	-	(46 369 409)	-	(46 369 409)			
Fair value of employees share based payments (5 406 412 L.E.)	-	-	-	-	3 175 800	-	-	3 175 800	-	3 175 800			
Dividends to employees (profit for year 2008)	-	-	-	-	(56 202 176)	-	-	(56 202 176)	-	(56 202 176)			
Dividends to shareholders (profit for year 2008)	-	-	-	-	(132 200 000)	-	-	(132 200 000)	-	(132 200 000)			
Bonus of directors dividends	-	-	-	-	(2 900 000)	-	-	(2 900 000)	-	(2 900 000)			
Net profit for the year	-	-	-	-	1 709 266 229	633 594 607	(46 980 000)	633 594 607	(2 862 968)	630 731 639			
Balance at December 31, 2009	1 322 000 000	(1 838 000)	16 915 343	578 908 640	1 709 266 229	633 594 607	(46 980 000)	4 211 866 759	371 773 947	4 583 640 706			
Transferred to retained earning	-	-	-	-	633 594 607	(633 594 607)	-	-	-	-			
Minority share in subsidiaries profit distribution	-	-	-	-	-	-	-	-	(2 793 910)	(2 793 910)			
Minority share in net capital of new subsidiaries	-	-	-	-	-	-	-	-	32 244 997	32 244 997			
Foreign exchange differences resulted from foreign entities transaction	-	-	-	-	-	-	(9 982 538)	(9 982 538)	-	(9 982 538)			
Adjustment to the retained earning	-	-	-	-	(11 450 910)	-	-	(11 450 910)	-	(11 450 910)			
Fair value of employees share based payments (4 337 414 L.E.)	-	-	-	-	615 564	-	-	615 564	-	615 564			
Reserve resulted from acquisition of controlling share in associate company	-	-	-	-	49 534 383	-	-	49 534 383	-	49 534 383			
Net profit for period	-	-	-	-	-	250 766 456	-	250 766 456	15 214 104	265 980 560			
Balance at 31 March 2010	1 322 000 000	(1 838 000)	16 915 343	578 908 640	2 381 559 873	250 766 456	(56 962 618)	4 491 349 714	416 439 138	4 907 788 852			
Balance at December 31, 2008	1 322 000 000	(2 000 000)	10 733 074	581 158 640	1 121 672 069	828 434 214	(53 786 709)	3 808 211 308	368 092 189	4 176 303 497			
Transferred to retained earning	-	-	-	-	828 434 214	(828 434 214)	-	-	-	-			
Minority share in subsidiaries profit distribution	-	-	-	-	-	-	-	-	(23 473 322)	(23 473 322)			
Minority share in net capital of new subsidiaries	-	-	-	(2 250 000)	-	-	-	(2 250 000)	27 213 184	24 963 184			
Foreign exchange differences resulted from foreign entities transaction	-	-	-	-	-	-	(51 816)	(51 816)	-	(51 816)			
Adjustment to the retained earning	-	-	-	-	(1 810 964)	-	-	(1 810 964)	-	(1 810 964)			
Fair value of employees share based payments	-	-	-	-	1 989 167	-	-	1 989 167	-	1 989 167			
Net profit for period	-	-	-	-	-	192 699 207	-	192 699 207	8 100 698	200 799 905			
Balance at 31 March 2009	1 322 000 000	(2 000 000)	10 733 074	578 908 640	1 950 284 486	192 699 207	(53 838 525)	3 998 786 902	379 532 749	4 378 719 651			

Translated from Arabic

El Sewedy Cables Company
(An Egyptian Joint Stock Company)
Consolidated Cash Flows Statement

For the financial period From January 1st 2010 to March 31st 2010

	Financial Period From 01/01/2010 To 31/03/2010	Financial Period From 01/01/2009 To 31/03/2009
	<u>L.E</u>	<u>L.E</u>
Cash flows from operating activities:		
Profit before tax	279 619 491	209 964 347
Adjustments for:		
Depreciation and amortization	61 524 040	41 875 885
Provisions and receivable impairment loss	1 965 188	(53 473 659)
Net financing revenue / cost	(4 234 236)	37 195 999
Capital gains	(253 246)	(1 510 385)
Foreign Translation difference	(9 982 539)	(51 816)
Formed reserve for employees shares payment scheme	615 564	-
Operating profit before changes in working capital	<u>329 254 262</u>	<u>234 000 371</u>
Changes in trade and other receivables	(206 779 749)	(37 583 217)
Changes in inventories	94 505 217	756 991 116
Changes in related parties	5 320 353	(54 919 438)
Changes in trade and other payables	(59 274 700)	53 194 998
Net cash provided by operating activities	<u>163 025 383</u>	<u>951 683 830</u>
Cash flows from investing activities		
Acquisition of fixed assets and other assets	(205 210 806)	(381 439 553)
Acquisition of subsidiaries, net of cash acquired	(6 377 206)	(37 799 764)
Proceeds from fixed assets sales	4 011 855	5 725 377
Net (payments) proceeds for treasury bills and Central bank certificates	(135 836 951)	149 246 175
Net cash flows (used in) investing activities	<u>(343 413 108)</u>	<u>(264 267 765)</u>
Cash flows from financing activities		
Dividends paid to minority from subsidiaries	(2 793 910)	(23 473 322)
Proceeds from minorities share in subsidiaries capital increase	32 244 997	27 213 182
Proceeds from loans and overdrafts	(43 118 804)	(647 568 790)
Net cash flows (used in) financing activities	<u>(13 667 717)</u>	<u>(643 828 930)</u>
Net change in cash and equivalent	<u>(194 055 442)</u>	<u>43 587 135</u>
Cash and cash equivalents at the beginning of the period	<u>715 379 926</u>	<u>713 965 668</u>
Cash and cash equivalents at the end of the period	<u>521 324 484</u>	<u>757 552 803</u>

The accompanying notes are part of these consolidated financial statements

EL Sewedy Cables Company

Notes to the consolidated financial statements - 31 March 2010

1. Company background

El Sewedy Cables Company ("the Parent Company") 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 September 2005. 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 and PVC production. In addition to designing, building, managing, operating and maintaining power generation units and power nets. The duration of the company is 25 years starts from the date of its registration in the commercial register.

The consolidated financial statement includes holding company and its affiliates.

The Company's Extra-ordinary General Assembly held on 19/4/2010 decided to change the company name from (ELSewedy Cable) to (ELSewedy Electric); this decision is under notation process.

**2. Basis of preparation
Statement of Compliance**

The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards.

The consolidated financial statements were approved by the Board of Directors on 16 May 2010.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial derivatives measured at fair value and available for sale investments. The methods used to measure fair values are discussed further in note no. 33 below.

Functional and presentation currency

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

Use of estimates and judgments

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

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

- Note (6) – Fixed assets
- Note (18) – Provisions
- Note (21) – Deferred taxes
- Note (23) – Contract revenue
- Note (31) – Business combinations

EL Sewedy Cables Company

Notes to the consolidated financial statements – 31 March 2010

Note (32) – Shares based payment

Note (35) – Valuation of financial instruments

3. Significant accounting policies

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

3-1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholders that control the Group are accounted for as of the acquisition date. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group's controlling shareholder's consolidated financial statements.

Affiliated companies

Affiliated companies are entities influenced by the Group. Influence exists when the Group has the influence on the financial and operating policies of an entity but do not has the control.

Transactions eliminated on consolidation

Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3-2 Foreign currency

Foreign currency transactions

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

Foreign Operations

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

EL Sewedy Cables Company
Notes to the consolidated financial statements – 31 March 2010

3-3 Fixed assets

Recognition & measurement

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

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

Subsequent costs

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

Project under progress

Project under progress added to fixed assets and start to be depreciated when it become intended to use.

Depreciation

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

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

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

3-4 Financial instruments

Non-derivative financial instruments

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

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

EL Sewedy Cables Company

Notes to the consolidated financial statements – 31 March 2010

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

Derivative financial instruments

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

3-5 Available-for-sale financial assets

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

3-6 Investment in treasury bills, Central Bank certificates and investment fund

Where the Group has the positive intent and ability to hold treasury bills, Central Bank certificates and investment fund to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses. The book value for these investments (amended cost) becomes equal to the nominal value at the maturity when redeemed less any impairment.

3-7 Other assets

Goodwill

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

Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

3-8 Inventories

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

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

EL Sewedy Cables Company
Notes to the consolidated financial statements – 31 March 2010

3-9 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in profit or loss.

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

Non-financial assets

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

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

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

3-10 Provisions

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

3-11 Interest bearing borrowings

Interest bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortized cost with any difference between cost and redemption value been recognized in the income statement over the period of borrowing on an effective interest basis.

3-12 Dividends

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

3-13 Treasury shares

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as own shares and are presented as a deduction from total equity. Gain or

EL Sewedy Cables Company

Notes to the consolidated financial statements – 31 March 2010

losses arising from sale of treasury shares are included in equity in the consolidated financial of statement.

3-14 Recognition of revenue

Sales revenue

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

Revenue of construction contracts

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

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

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

Investment income

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

Credit interest

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

3-15 Segment reporting

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

EL Sewedy Cables Company

Notes to the consolidated financial statements – 31 March 2010

3-16 Expenses

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

3-17 Employees benefits

Social Insurance Scheme

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

Share based payments

The grant date fair value of options granted to employees is recognized as expense, with a corresponding increase in equity, over the period that the employees becomes unconditionally entitled to the options

3-18 Income tax

Income tax in the parent and its subsidiaries' includes income tax for the current period and the deferred tax. Income tax is recognized in the consolidated income statement except for the income tax related to the equity items which is stated directly in the equity in the consolidated financial statements.

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

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

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

3-19 Earnings per share

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

4. Fair Value

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

EL Sewedy Cables Company

Notes to the consolidated financial statements – 31 March 2010

Fixed assets

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

Forward raw materials contracts

The future contracts are recorded at their fair value and the changes in the fair value are charged to the consolidated income statement.

Investments in equity instrument

Fair values is based on quoted market prices without any deduction for transaction costs except for the unquoted equity security which is stated at cost less impairment loss

Receivables

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

5. Financial risk management

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

Credit risk

Liquidity risk

Market risk.

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

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

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

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

Credit risk

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

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Liquidity risk

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

Market risk

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

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the euro and U.S. Dollars. The management of the company reduces this risk by achieving sales in foreign currencies which is higher than in local currency during the periods presented.

Interest rate risk

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

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Notes to the consolidated financial statements - 31 March 2010

6 Fixed Assets

	Land		Buildings		Machinery & Equipment		Furniture & Office Supplies		Vehicles		Total	
	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost												
Balance of assets acquired 1/1/2010	346 572 806	884 540 038	1 553 351 356	58 885 823	97 440 425	2 940 790 448						
Additions during the period (include an acquired subsidiary)	13 901 767	23 317 520	45 547 633	20 047 435	10 374 992	113 189 347						
Additions from Project under progress	-	104 312 242	90 489 600	2 008 344	-	196 810 186						
Disposals	(2 496)	(574 424)	(3 167 036)	(32 347)	(359 195)	(4 135 498)						
Adjustments	-	-	-	39 608	-	39 608						
Translation adjustments	(653 190)	(6 481 595)	(7 144 034)	185 750	(73 875)	(14 166 944)						
* Cost as of 31/03/2010	359 818 887	1 005 113 781	1 679 077 519	81 134 613	107 382 347	3 232 527 147						
Depreciation												
Accumulated Depreciation as of 1/1/2010	-	39 027 946	188 124 347	13 088 414	30 747 736	270 988 443						
Depreciation	-	8 166 772	43 895 447	3 369 909	6 091 912	61 524 040						
Disposals	-	-	(417 661)	(28 453)	(246 639)	(692 753)						
Adjustments	-	-	-	37 603	-	37 603						
Translation adjustments	-	(634 821)	988 319	571 883	(6 703)	918 678						
Accumulated Depreciation as of 31/03/2010	-	46 559 897	232 590 452	17 039 356	36 586 306	332 776 011						
Net book value as of 31/03/2010	359 818 887	958 553 884	1 446 487 067	64 095 257	70 796 041	2 899 751 136						
Net book value as of 31/12/2009	346 572 806	845 512 092	1 365 227 009	45 797 409	66 692 689	2 669 802 005						

EL Sewedy Cables Company

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7. Projects under progress

Projects under progress as of 31 March 2010 represents the company's new expansion in Saudi Arabia, Algeria, Syria, Qatar, Nigeria, Yemen , Ethiopia and Zambia of L.E 593 million, Transformer plant under construction in Egypt is L.E 45 million, fiber optics is L.E 125 million, SIAG El Sewedy for Tower factory is L.E 63 million , Wind and Blades factories are amounted to L.E. 29 million , the company's new head office in the Fifth compound – New Cairo is L.E 34 million, and the remaining balance represents the expansions cost to increase the production capacity in Egypt and other countries in which the company operates.

8. Investments available for sale

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
Long term investments		
(42 840 shares represent 3.57% of Oriental Petrochemical Company's share capital- An Egyptian Joint Stock Company)	4 284 000	4 284 000
(1 000 000 shares represent 10% of Kahromica Company's share capital- An Egyptian Joint Stock Company)	10 000 000	10 000 000
(47,5 % contribution in Pyramids Zona Franka share capital- An Egyptian Joint Stock Company)	9 500 000	2 375 000
	23 784 000	16 659 000

9. Paid under purchase of investments

The amounts paid for purchasing investments, amounted to L.E 1 176 419 as at 31 March 2010, represent the amounts paid by the Group for establishing new subsidiaries and for acquiring companies in European, Asian, Arab and African countries (2009 :- LE 19 881 297).

10. Other Long Term receivables

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
Due from construction clients	313 554 603	473 981 407
	313 554 603	473 981 407

EL Sewedy Cables Company
Notes to the consolidated financial statements – 31 March 2010

11. Inventory

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
Raw material and consumables	1 146 726 432	874 742 998
Spare parts	89 079 541	92 465 389
Work in progress	351 526 683	349 334 085
Finished goods	1 057 989 107	846 605 357
Goods in transit	460 043 228	615 987 555
	<u>3 105 364 991</u>	<u>2 779 135 384</u>

Some of inventories Items are recorded according to its net realizable value. The difference between the book value of these items and its net realizable value is L.E 38 831 233 at 31 March 2010. (L.E 25 231 073 at 31 December 2009).

• 12. Trade and notes receivable, debtors and other receivables

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
Trade receivables	2 105 102 518	1 740 526 576
Notes receivables	202 792 735	176 997 939
Due from clients (constructions)	63 003 941	119 771 864
Debtors and other receivables	690 914 488	618 223 603
	<u>3 061 813 682</u>	<u>2 655 519 982</u>

Trade and notes receivable, debtors and other receivables are recorded net after deducting impairment losses amounted to L.E 117 584 486 at 31 March 2010. (L.E 101 408 847 at 31 December 2009)

13. Treasury Bills

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
Investment in treasury bills	447 144 244	311 307-293
	<u>447 144 244</u>	<u>311 307 293</u>

The Company invests in treasury bills for L.E 447 144 244, the accrued interest is L.E 9 227 953 at the consolidated balance sheet date (L.E 311 307 293 as at 31 December 2009).The interest rate range is between 7 % and 13, 94%.

EL Sewedy Cables Company
Notes to the consolidated financial statements – 31 March 2010

14. Cash at Banks and on hand

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
Banks - time deposits (*)	31 983 752	58 368 580
Banks – current accounts	477 695 353	646 937 078
Cash on hand	11 645 379	10 074 268
	<u>521 324 484</u>	<u>715 379 926</u>

(*) Time deposits include L.E 3 162 980 blocked as a security for credit facilities, letter of guarantees and letter of credit. (2009:- L.E 2 937 516).

15. Banks – Credit facilities and overdraft

The banks–credit facilities and overdraft items amounted to L.E 3 008 992 931 (L.E 2 995 737 710 at 31 December 2009) are represented in the overdraft secured by promissory notes, part of the Company’s current accounts with banks and joint guarantees. The average interest rate is annually 10.5 % or 0.5 % over the Central Bank of Egypt borrowing and lending rate for the Egyptian Pound, 0.75 % over Libor and 1.5 % commission on the highest debit balance for US Dollar and 1.5 % over Eurobor for the EURO’s facilities .

16. Loans

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

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
<u>Current liabilities</u>		
Loans due within one year	565 335 896	628 649 040
	<u>565 335 896</u>	<u>628 649 040</u>
<u>Long-term liabilities</u>		
Secured bank loans	849 573 636	810 738 741
Unsecured bank loans	151 168 660	177 843 974
	<u>1 000 742 296</u>	<u>988 582 715</u>

The average interest rate for loans and credit facilities is 10.5% for the Egyptian pounds and 1.5% over LIBOR for the US Dollars.

Loans and credit facilities granted to the company and its subsidiaries are secured by promissory notes from subsidiaries approximate L.E 1 326 million, Euro 47 million, USD 240 million, Algerian Dinar 1 743 million and joint guarantees amounted to L.E 848 million, in addition to a complete pledge of the company investment shares in Iskra Emeco Slovenia (subsidiary).

EL Sewedy Cables Company
Notes to the consolidated financial statements – 31 March 2010

17. Trade, notes and other payables

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
Trade and notes payables	1 067 327 830	994 881 709
Non-trade payables and accrued expenses	<u>764 623 577</u>	<u>765 229 457</u>
	<u>1 831 951 407</u>	<u>1 760 111 166</u>

18. Provisions

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
Balance as at 1 / 1 / 2010	94 696 821	221 233 475
Formed during the period / year	7 506 846	29 854 579
Used during the period / year	(2 738 685)	(105 263 015)
Provisions no longer required	(2 627 235)	(48 374 315)
Exchange rates adjustments	5 286 151	(2 753 903)
	<u>102 123 898</u>	<u>94 696 821</u>

19. Share Capital

Authorized share capital

The Company's authorized share capital is L.E. 1.5 milliard.

Issued and paid in share capital

The issued and fully paid-in share capital of the Company is amounted to L.E 1 322 million distributed to 132 200 000 shares with par value L.E 10 each. The company Extra-ordinary General Assembly held on 13/4/2008 has assigned a share dividend of 1 share for each 10 shares and approved issuing 200 thousands shares under employees share based payments scheme. The said increase in shares was authenticated in the company commercial registry on July 10, 2008; therefore the issued and fully paid-in share capital of the Company is amounted to L.E 1 322 million as at 31/03/2010.

The company Extra-ordinary General Assembly held on 19/4/2010 decided to increase The Company's authorized capital to L.E 5 milliard and increase the issued capital to L.E. 1 718 600 000 divided over 171 860 000 share with par value L.E 10 each . The company is in the process to authenticate this increase in the company's commercial register.

20. Legal reserve

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

EL Sewedy Cables Company

Notes to the consolidated financial statements – 31 March 2010

21. Deferred Tax

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
Deferred tax assets	21 199 177	21 886 220
Deferred tax liability	<u>(68 867 809)</u>	<u>(62 094 897)</u>

Unrecognized deferred tax assets

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
Clients and Debtors	23 516 897	20 281 769
Provisions	<u>20 424 780</u>	<u>18 939 364</u>
	<u>43 941 677</u>	<u>39 221 133</u>

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

22. Other liabilities – Long term

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
Sales tax on imported machines	1 125 627	1 710 041
Other creditors	<u>155 780 068</u>	<u>192 616 589</u>
	<u>156 905 695</u>	<u>194 326 630</u>

23. Segment reporting

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

EL SEWEDY CABLES COMPANY

Notes to the consolidated financial statements - 31 March 2010

Translated from Arabic

Primary Reporting Format – Business Segments - 31 March 2010

The revenue analysis in the table below is based on the type of business activities at 31 March 2010

	Power and Special Cables		Turn Key projects		Electric Products and Accessories		Elimination		Consolidated	
	Egypt L.E	International L.E	Egypt L.E	International L.E	Egypt L.E	International L.E	L.E	L.E	31/03/2010 L.E	
Local Sales	690 135 530	606 542 591	70 133 490	134 010 107	23 740 004	134 010 107	-	-	1 524 561 722	
Export Sales and construction	1 148 735 327	4 489 807	149 556 110	72 423 055	33 744 496	72 423 055	-	-	1 408 948 794	
Total revenue without inter segment sales	1 838 870 857	611 032 398	219 689 600	206 433 162	57 484 499	206 433 162	-	-	2 933 510 516	
Inter segment revenues	1 243 748 376	130 330 570	18 362 514	2 518 144	47 191 431	2 518 144	(1 442 151 035)	-	-	
Total revenue	3 082 619 233	741 362 968	238 052 114	208 951 306	104 675 930	208 951 306	(1 442 151 035)	(1 442 151 035)	2 933 510 516	
Total Cost	(2 805 010 080)	(670 578 858)	(170 869 571)	(166 087 579)	(73 468 934)	(166 087 579)	1 442 151 035	(2 443 863 986)	(2 443 863 986)	
Gross Profit	277 609 153	70 784 110	67 182 543	42 863 727	31 206 997	42 863 727	-	-	489 646 530	
Total selling & Marketing expenses	(48 852 852)	(10 344 933)	(3 217 636)	(13 171 805)	(4 337 390)	(13 171 805)	-	-	(79 924 616)	
Segment profit	228 756 300	60 439 177	63 964 907	29 691 922	26 869 607	29 691 922	-	-	409 721 913	
Other operating income									15 122 088	
Administrative expenses									(116 719 870)	
Other operating expenses									(32 738 876)	
Net financing costs									4 234 235	
Current income tax									(13 220 657)	
Deferred income tax expense									(418 274)	
Net profit for the period									<u>265 980 560</u>	
Depreciation	19 757 818	24 863 127	2 396 074	8 274 371	3 216 101	8 274 371	Unallocated 3 016 549		61 524 040	
Assets	4 276 856 366	2 929 872 820	1 002 735 984	1 793 420 896	444 518 940	1 793 420 896			11 720 147 990	
Liabilities	(517 390 347)	(720 976 534)	(591 477 307)	(217 867 110)	(51 817 363)	(217 867 110)			(6 812 359 138)	
Additions to fixed assets and project under progress	31 223 695	115 021 510	7 560 202	22 147 628	9 623 358	22 147 628			205 210 806	

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Notes to the consolidated financial statements - 31 March 2010

Secondary Reporting Period - Geographical segments by location - 31 March 2010

Translated from Arabic

The Group subsidiaries are located in Egypt, Syria, Sudan, Qatar, Ghana, Iraq, Yemen, Saudi Arabia, Kuwait, China, South Africa, Rwanda, Ethiopia, Zambia, Nigeria and Algeria. The revenues analysis in the table below is based on the geographical location which is the same as the location of significant clients

	Egypt	Syria	Sudan	Qatar	Ghana	Iraq	Kuwait	China	Rwanda	Morocco	Saudi Arabia	Algeria	Ethiopia	Zambia	Nigeria	Libya	Yemen	Spain	Elimination	Total
Revenue	3,374,225,262	245,216,844	125,074,000	124,007,773	27,246,576	20,692,063	3,160,784	365,129	99,082,135	220,596	187,537,972	95,783,106	18,688,315	12,962,661	3,981,120	-	32,847,256	4,569,961	(1,442,151,036)	2,933,510,516
Assets	6,846,011,954	779,162,221	368,104,391	642,671,491	70,551,533	39,574,434	11,719,052	325,362	884,708,612	1,425,303	683,677,504	444,303,567	141,685,631	76,163,659	67,719,090	2,300,977	154,010,626	504,032,581	-	11,720,147,990
Liabilities	(5,843,883,714)	(193,285,920)	(172,091,718)	(217,662,323)	(2,439,777)	(1,777,558)	(15,989,243)	(102,652)	(139,018,346)	(1134,574)	(92,280,219)	(60,985,588)	(6,079,234)	(8,657,291)	(2,965,874)	(43,674)	(24,692,494)	(20,249,497)	-	(6,812,339,138)
Fixed assets additions and construction under progress	65,464,716	2,457,746	951,420	39,182,425	141,351	14,680	-	-	5,829,263	-	62,495,895	8,703,681	286,647	7,368,985	2,927,125	1,729,335	758,504	6,899,034	-	205,210,806

Primary Reporting Format – Business Segments- 2009

The revenue analysis in the table below is based on the type of business activities at 31 March 2009

	Power and Special Cables		Turn Key projects		Electric Products and Accessories		Elimination		Consolidated	
	Egypt L.E	International L.E	L.E	L.E	Egypt L.E	International L.E	L.E	L.E	31/03/2009 L.E	
Local Sales	830 186 962	430 166 201	78 932 686		14 482 217	220 435 463	-	-	1 574 203 528	
Export Sales and construction	633 040 905	-	203 010 626		5 039 550	-	-	-	841 091 081	
Total revenue without inter segment sales	1 463 227 867	430 166 201	281 943 312		19 521 767	220 435 463	-	-	2 415 294 609	
Inter segment revenues	1 307 981 395	25 494 801	105 364 872		25 769 421	377 748	(1 464 988 238)		-	
Total revenue	2 771 209 262	455 661 002	387 308 184		45 291 188	220 813 211	(1 464 988 238)		2 415 294 609	
Total Cost	(2 596 896 181)	(425 769 206)	(269 752 254)		(31 303 178)	(165 665 353)	1 464 988 238		(2 024 397 933)	
Gross Profit	174 313 081	29 891 796	117 555 930		13 988 010	55 147 858	-		390 896 676	
Total sales & Marketing expenses	(41 670 674)	(12 683 095)	(225 010)		(1 888 974)	(10 844 519)	-		(67 312 272)	
Segment profit	132 642 407	17 208 700	117 330 920		12 099 037	44 303 339	-		323 584 405	
Other operating income									27 733 416	
Administrative expenses									(97 780 921)	
Other operating expenses									(6 376 553)	
Net financing costs									(37 195 999)	
Current income tax									(9 173 579)	
Deferred income tax expense									9 137	
Net profit for the period									200 799 905	
Depreciation	18 808 692	11 457 898	1 492 098		1 956 473	7 000 935	1 159 788		41 875 885	
Assets	4 107 639 547	1 829 756 977	712 176 099		337 009 858	746 749 655	2 227 140 494		9 960 472 629	
Liabilities	(349 534 482)	(404 202 947)	(173 406 668)		(37 262 011)	(201 642 281)	(4 415 704 590)		(5 581 752 979)	
Additions to fixed assets and construction under progress	73 437 762	171 051 091	29 702 213		46 211 060	30 394 936	30 642 491		381 439 553	

Unallocated

Secondary Reporting Format - Group-related segments by location - 31 March 2009

The Group addresses are located in Egypt, Syria, Sudan, Qatar, Ghana, Iraq, Yemen, Saudi Arabia, Kuwait, China, South Africa, Slovenia, Ethiopia, Zambia, Nigeria and Algeria. The revenues analysis in the table below is based on the locations of the operating company which is the

	Egypt	Syria	Sudan	Qatar	Ghana	Iraq	Kuwait	China	Slovenia	Mali	Saudi Arabia	Algeria	Ethiopia	Zambia	Nigeria	Yemen	Extractions	Total
Revenue	3 191 901 826	241 857 425	83 536 754	1 111 634 120	-	6 973 451	7 141 050	-	172 215 194	1 262 339	4 052 652	57 708 036	-	-	-	-	(1 464 988 238)	2 415 294 609
Assets	7 289 184 076	811 967 952	308 181 108	182 330 675	19 496 551	29 205 394	33 610 076	366 235	462 344 426	2 073 726	314 191 573	285 332 055	80 995 314	37 847 985	17 285 543	86 039 538	-	9 969 472 629
Liabilities	(4 972 072 518)	(99 322 038)	(109 450 141)	(168 590 748)	(603 242)	(178 463)	(8 493 447)	(136 881)	(181 937 653)	(2 059 316)	(6 236 118)	(31 122 696)	(185 832)	(298 593)	-	(1 065 269)	-	(5 581 753 979)
Fixed assets additions	154 755 678	13 257 193	1 904 357	25 126 397	20 999	197 546	-	-	16 778 725	3 691	25 247 126	43 213 419	12 614 145	30 809 213	17 101 415	40 409 648	-	381 439 553

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24. Other operating income

	31/03/2010	31/03/2009
	<u>L.E</u>	<u>L.E</u>
Provisions no longer required	2 627 235	5 025 283
Capital gain & other income	12 494 853	22 708 133
	<u>15 122 088</u>	<u>27 733 416</u>

25. Other operating expenses

	31/03/2010	31/03/2009
	<u>L.E</u>	<u>L.E</u>
Provisions formed	7 506 846	1 739 817
Trade receivables impairment loss	17 122 719	-
Investment loss	-	1 213 303
Others	8 109 311	3 423 433
	<u>32 738 876</u>	<u>6 376 553</u>

26. Net financing income (cost)

	31/03/2010	31/03/2009
	<u>L.E</u>	<u>L.E</u>
<u>Finance income</u>		
Interest income	1 297 559	5 366 115
Foreign exchange gain	46 247 929	1 581 611
Treasury bills and investment fund income	9 227 953	16 768 061
	<u>56 773 441</u>	<u>23 715 787</u>
<u>Finance cost</u>		
Interest expense and finance charges	(52 539 206)	(60 911 786)
	<u>(52 539 206)</u>	<u>(60 911 786)</u>
Net financing income (cost)	<u>4 234 235</u>	<u>(37 195 999)</u>

27. Capital commitments

The Group's capital commitments as at 31 March 2010 is L.E 165 million (2009 :- L.E 285 million). These commitments are expected to be settled in the next financial year.

28. Contingencies

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
Uncovered portion of letters of guarantees and letter of credits	<u>1 330 488 108</u>	<u>845 595 809</u>

EL Sewedy Cables Company

Notes to the consolidated financial statements- 31 March 2010

29. Related parties

Related parties are represented in the Company's shareholders and the companies in which the shareholders own directly or indirectly shares giving them the ability to control or significantly influence these companies. The main transactions with the related parties are sale of finished products. The total value of sales to the affiliates during the period is L.E 123 million. The following are balance of related parties as at 31 March 2010:-

	31/03/2010	31/12/2009
	<u>L.E</u>	<u>L.E</u>
Stated under current assets		
"Due from affiliates"		
El Sewedy for Tools & Cables	59 436 368	65 857 448
Etalsamia	32 009 851	19 420 986
M.Torres – Spain	-	166 282 751
El Sewedy For Steel Industries	-	4 297 875
Shareholders current account	1 949 895	104 360
Iskra Sarajevo	204 003	2 136 016
Iskra Malaysia	3 086 600	1 448 484
United electrical industries	-	8 663 099
Egypt For Mechanical Projects – Kahromica	24 573 009	-
Zesco – Zambia	9 106 543	-
Others	7 793 205	7 442 438
	<u>138 159 474</u>	<u>275 653 457</u>

EL Sewedy Cables Company

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Elsewedy Electric Co. For Trading and Distribution.	21-12-2008	Egypt	Direct	99.8
Siag El Sewedy for Towers	17-08-2008	Egypt	Direct	49.00
El Sewedy for Wind Energy Generation	10-07-2008	Egypt	Direct	99.8
Power System Projects Company	31-12-2008	Egypt	Direct	75,00
Desert Wind Company	31-12-2008	Egypt	Direct	99.60
Wind Blades Company	31-03-2009	Egypt	Direct	49.90
El Sewedy Electric Contracting and Engineering Zambia	31-03-2009	Zambia	Direct	49.90
ELola Industrial Urban Development	30-9-2009	Egypt	Direct/ Indirect	50.00
El Sewedy Energy Distribution	31-12-2009	Sudan	Indirect	96.90
Subsidiaries for Elsewedy Electric co.				
El Sewedy Cables – Syria	28-02-2006	Syria	Indirect	95.98
Sudanese Egyptian Electric	13-02-2006	Sudan	Indirect	70.00
Giyad El Sewedy for Transport Limited	13-02-2006	Sudan	Indirect	99.98
Giyad Cables Co.	13-02-2006	Sudan	Indirect	45.00
El Sewedy Electric Ghana Limited	10-02-2006	Ghana	Indirect	70.83
El Sewedy Cables – Qatar	20-04-2006	Qatar	Indirect	49.00
El Sewedy Cables – Algeria	03-10-2006	Algeria	Indirect	99.64
El Sewedy Electric – Syria	30-10-2006	Syria	Indirect	95.98
Senyar Holding	09-05-2008	Qatar	Indirect	50.00
El Sewedy Cables Arable Iraq	07-10-2007	Iraq	Indirect	50.00
Sedplast Co. – Syria	22-07-2007	Syria	Indirect	98.00
El Sewedy Cables Limited	24-12-2006	Saudi	Indirect	60.00
El Sewedy Cables – Yemen	13-05-2007	Yemen	Indirect	70.00
El Sewedy Cables – Kuwait	18-02-2008	Kuwait	Indirect	49.00
El Sewedy Cables – South Africa	13-05-2007	Malawi	Indirect	99.5
Power Empire – China	01-01-2008	China	Indirect	100.0
El Doha Cables- Qatar	09-05-2008	Qatar	Indirect	48,63
El Sewedy Electric Limited – Zambia	31-03-2009	Zambia	Direct	60.00
El Sewedy Electric Limited – Nigeria	31-03-2009	Nigeria	Direct	94.74
El Sewedy Cables – Ethiopia	31-03-2009	Ethiopia	Direct	86.00
Libya for common cables	30-9-2009	Labia	Direct	55.00
El Sewedy Electric Transmission and Power Distribution	31-12-2009	Algeria	Indirect	97.00
Iskra Malta	31-12-2009	Malta	Direct /Indirect	99.98
M.A.S for Trading and Contracting	3-3-2010	Egypt	Direct	60
M.Torres – Spain	31-3-2010	Spain	Direct	90
United Co. For Electrical Industries	31-3-2010	Saudi	Direct	60
SWEG - Malta	31-12-2009	Malta	Direct/ Indirect	99.97

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

30. Tax status

El Sewedy Cables Company

The Company is established on 1 June 2005 under the Investment Incentives and Guarantees Law No. (8) of 1997 and the company enjoys a ten years corporate tax holiday effective of the financial year following that in which operations commence as determined by the General Authority for Investment and Free Zone. The company received a letter from general authority for investment and free zone considering that the date of starting operations for transformer plant in 18 May 2008 accordingly the company enjoys a tax exemption on its activities up to 31 December 2018.

EL Sewedy Cables Company

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Subsidiaries in Egypt subject to corporate income tax

Sed Plast Company
Pyramids Industrial Urban Development
Elsewedy Electric Co. For Trading and Distribution.
Power Systems Projects Co. Madkour
Egyptian company for Insulators Industry Co.
Iskra Emeco Energy Measurement
Egytech Cables Co.
EL - Ola Industrial Urban Development
United Industries Co.
Sedco Advanced
Elastimold.
M.A.S ,for Trading and Contracting

Subsidiaries outside Egypt subject to corporate income tax

El Sewedy Cables – Qatar
El Sewedy Cables – Saudi Arabia
El Sewedy Cables – South Africa (Malawi)
Iskra Emeco – Slovenia
El Sewedy Cables – Arbil Iraq
El Sewedy Cables – Kuwait
Power Empire China
Senyar Holding – Qatar
El Doha Cables – Qatar
El Sewedy Electric Contracting and Engineering – Zambia
Libya for Common Cables
EL Sewedy Electric Transmission and Power Distribution . (Algeria)
EL Sewedy for Energy Distribution Co. Ltd Sudan
Sudat raff
Giad ELsewedy for Transport Limited.
M.Toress-Spain.
United Electrical Industries Limited.

Free Zone subsidiaries in Egypt

El Sewedy Electric
Red Sea for Copper
El Sewedy Electric High Voltage
El Sewedy Electric Transmission and Power Distribution
El Sewedy Sedco for Petroleum services

Free Zone subsidiaries out Egypt

El Sewedy Electric Ghana

EL Sewedy Cables Company

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Subsidiaries in Egypt enjoying tax exemption from corporate income tax

	End of tax exemption
Egy Plast Co.	31/12/2017
United Metals Company	31/12/2010
United wires Company	31/12/2017
Elsewedy Cables – Egypt	17/05/2018

Subsidiaries outside Egypt enjoying tax exemption from corporate income tax

	End of tax exemption
EL Sewedy Cables Yemen	(7 years since inception of the company's production)
EL Sewedy Cables Algeria	(3 years since inception of the company's production)
EL Sewedy Cables Syria	26/11/2010
EL Sewedy Electric Syria	20/10/2011
Sed Plast Syria	(5 years since inception of the company's production)
Giyad Cables El Sewedy	14/12/2012
El Sewedy Electric Limited – Zambia	(2/5 years since inception of the company's production)
El Sewedy Electric Limited – Nigeria	(2 years since inception of the company's production)
El Sewedy Cables – Ethiopia	(2/5 years since inception of the company's production)

31. Acquisition of subsidiaries

M.Torres Olvega Industrial, S.L., (Spain).

The Company obtained controlling interest in M.Torres during the 1st quarter of 2010 acquired an additional 60% of M.Torres' shares and voting interests. As a result the equity interest in M.Torres increased from 30% to 90% and the company started to consolidate M.Torres. The preliminary Goodwill at acquisition date was L.E 154 Million, the fair values of the identifiable assets and liabilities will be determined within one year from the acquisition date by an independent expert.

32. Shares based payment

The general assembly dated 13 April 2008 decided issuing 200 thousand shares with par value of L.E 10 each for employees benefits scheme according to the ministerial decree No 282 for 2005. According to this scheme, the shares are issued by debiting the retained earning account. The employee benefit scheme grants the employees free shares to be distributed to them as follows:

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

The fair value of the services rendered in return of the shares granted as at 31 March 2010 are according to the following:

Number of shares as at 31 December 2008	126 000
Shares exercised as at 31 March 2009	16 200
Shares balance at 31 December 2009	109 800
Market value (Egyptian pound)	4 337 414

EL Sewedy Cables Company

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33. Leasing

The company entered in a sale lease back transactions with fixed assets amounted to L.E. 181 990 960. According to the term of the lease contracts the lease is paid over 20 quarterly installments of US\$ 1 800 505. The purchase bargain option has the lease contracts is L.E. 4.

34. Earnings per share

The calculation of basic earnings per share at 31 March 2010 based on the profits attributable to the shareholders .The weighted average number of ordinary shares outstanding during the period as follows:-

	31/03/2010	31/3/2009
	<u>L.E</u>	<u>L.E</u>
Profit attributable to the shareholders of the company	250 766 456	192 699 207
Weighted average number of shares:		
Original Issued capital	132 200 000	120 000 000
Shares dividends (13 April 2008)	-	12 000 000
Issue of 200 000 shares for employee scheme	-	200 000
Own stock	(200 000)	(200 000)
Exercised shares	16 200	-
Weighted average number of shares	<u>132 016 200</u>	<u>132 000 000</u>

35. Financial instruments and the related risks

The main risks related to the company activities are:

Credit risk

Liquidity risk

Market risk

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

Credit risk

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

EL Sewedy Cables Company
Notes to the consolidated financial statements- 31 March 2010

	(L.E million)	
	31/03/2010	31/12/2009
Receivable and debtors	3 061	2 656
Cash and investments	968	1 026
	<u>4 029</u>	<u>3 682</u>

Receivable aging

	(L.E million)	
	31/03/2010	31/12/2009
Not due	15	17
Due from 30 days.	1 255	1 084
Due From 31 to 120 days	828	714
Due From 121 to 180 days	617	522
Due from More than 180 days	241	261
Others	105	58
	<u>3 061</u>	<u>2 656</u>

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company approach to managing liquidity is to ensure , as far as possible , that it will always have sufficient liquidity to meet its liabilities when due without incurring losses or risk the reputation of the company .

The company ensures that it has cash on demand to meet expected liabilities in due dates, this excludes potential impact of extreme circumstances that can not reasonably be predicted, such as natural disasters. The company's obligations to the suppliers and other creditors will be paid in period less than three months from invoice date.

	(L.E Thousand)			
	Less than 6 month <u>L.E</u>	6 - 12 month <u>L.E</u>	More than one year <u>L.E</u>	Other <u>L.E</u>
Suppliers, creditors and other credit balance	1 236 646	595 305	156 905	-
Due to Banks	2 173 553	745 957	1 000 742	654 817

Foreign currency risk

The following are the balances of monetary assets and liabilities in foreign currencies as of 31 March 2010:

	(L.E Thousand)					
	2010			2009		
	USD \$	Euro	GBP	USD \$	Euro	GBP
Financial assets	830 836	820 489	45 931	717 394	682 370	722
Financial liabilities	2 637 244	587 513	917	1 433 863	875 464	243

EL Sewedy Cables Company

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

	Spot rates		Average rates	
	31/03/2010	31/12/2009	2010	2009
	(L.E. million)			
	Net book value			
	31/03/2010	31/12/2009		
Fixed interest rates				
Financial assets			123	119
Financial liabilities			(548)	(1 133)
			(425)	(1 014)
Variable interest rates				
Financial assets			5	408
Financial liabilities			(1 364)	(1 287)
			(1 359)	(879)

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

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

36- Subsequent events.

The general assembly dated 19 April 2010 decided to distribute profit from the available unconsolidated profits as follows.

	L.E
Dividends to employees	7 727 063
Dividends to shareholders (stock dividends)	396 600 000
Board remuneration	1 500 000
Retained earning forward to 2010	27 392 279

In addition the general assembly decided to form a legal reserve of L.E 19 797 859, these dividends and the dividends to employees, board members and minority shareholders in the subsidiaries will be reflected in the consolidated financial statement in the periods the General Assemblies approved the dividends.