EL Sewedy Electric Company
(An Egyptian Joint Stock Company)
Consolidated interim financial statements
for the financial period ended 31 March 2022
and review report

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Consolidated interim financial statements
for the financial period ended 31 March 2022

Contents

	Pages
Review report	-
Consolidated interim statement of financial position	1
Consolidated interim statement of profit/loss	2
Consolidated interim statement of comprehensive income	3
Consolidated interim statement of changes in equity	4
Consolidated interim statement of cash flows	5
Notes to the consolidated interim financial statements	6 – 48

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Translated from Arabic

Independent auditor's report on review of consolidated interim financial statements

To: The members of Board of Directors of El Sewedy Electric Company "Joint stock company"

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of El Sewedy Electric Company as of 31 March 2022 and the relate consolidated interim statements of profit and loss, 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 consolidated interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of El Sewedy Electric Company as at 31 March 2022, 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

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. (40) of the notes to the financial statements for the financial period ending 31 March 2022.

KPMG Hazem Hassan Consultants

KPMG Hazem Hassan
Public Accountants and Consultants

Cairo, 24 May 2022

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated interim statement of financial position
As at 31 March 2022

L.E	Note	31/03/2022	31/12/2021
Assets			
Property,Plant and Equipment	(17)،(45-2)	10 273 461 124	9 005 464 876
Right of use assets	(18)،(45-16)	130 678 455	128 940 738
Investments at fair value through other comprehensive income	(19)،(45-14)	20 216 440	20 093 165
Equity - accounted investees	(20)،(45-14)	2 348 082 400	2 131 863 907
Paid under investments		61 250 000	-
Due from related parties	(38)	158 880 986	134 845 433
Trade receivables	(21)	1 051 324 981	1 202 254 015
Intangible assets	(22)،(45-4)	1 046 486 202	1 041 502 266
Deferred tax assets	(14)،(45-12)	335 135 237	262 400 576
Non current assets		**15 425 515 825**	**13 927 364 976**
Inventories	(23)،(45-5)	15 451 447 613	13 320 680 703
Contract assets	(24)	6 274 088 121	5 320 053 553
Work in progress (real estate development lands)		1 581 527 440	1 277 412 692
Trade, notes receivable, debtors and other debit balances	(25)	26 097 460 524	20 964 404 123
Due from related parties	(38)	984 437 260	1 041 067 042
Financial assets at amortized cost	(26),(45-14)	1 021 106 735	1 151 171 819
Cash and cash equivalent	(27)	11 047 910 902	10 691 417 529
Current assets		**62 457 978 595**	**53 766 207 461**
Total assets		**77 883 494 420**	**67 693 572 437**
Equity			
Issued and paid capital	(45-6),(28-1)	2 184 180 000	2 184 180 000
Reserves	(28-2)	436 836 000	436 836 000
Share based payment		(1 422 160)	(1 422 160)
Treasury Shares	(30)	(93 063 286)	(93 063 286)
Retained earnings		16 370 426 111	12 970 677 464
Profit attributable to the Owners of the company during the period / year		760 867 344	3 533 861 517
Foreign operations translation reserve		606 558 246	79 989 427
Equity attributable to owners of the company		**20 264 382 255**	**19 111 058 962**
Non controlling interests	(42)	1 188 689 993	1 094 835 251
Total equity		**21 453 072 248**	**20 205 894 213**
Liabilities			
Loans and borrowings	(31)،(45-14)	3 004 032 896	3 030 406 403
Deferred tax liabilities	(14),(45-12)	869 075 287	912 804 006
Due to related parties	(38)	180 462 487	153 602 684
Provisions	(35)،(45-8)	248 676 190	215 447 464
Other non current liabilities	(43)	728 858 554	911 589 159
Non current liabilities		**5 031 105 414**	**5 223 849 716**
Banks - overdraft	(32)،(45-14)	12 525 437 344	10 673 364 451
Loans and borrowings	(31)،(45-14)	5 688 081 891	4 373 011 623
Trade, notes payable, creditors and other credit balances	(33)	17 119 658 355	14 635 318 408
Contract liabilities	(34)	13 307 265 205	10 227 883 558
Due to related parties	(38)	623 292 825	393 361 461
Provisions	(35)،(45-8)	2 135 581 138	1 960 889 007
Current liabilities		**51 399 316 758**	**42 263 828 508**
Total liabilities		**56 430 422 172**	**47 487 678 224**
Total Equity and Liabilities		**77 883 494 420**	**67 693 572 437**

* The accompanying notes in the pages from (6) to (48) 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 Sadek Elsewedy

Review report "attached"

Translated from Arabic

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated interim statement of profit and loss
For the financial period ended 31 March 2022

L.E	Note	Three months for the period ended 31 March 2022	2021
Revenues	(5)·(45-9)	18 573 314 078	12 292 257 597
Cost of revenues	(6)	(16 261 736 401)	(10 418 863 088)
Gross profits		**2 311 577 677**	**1 873 394 509**
Other operating income	(9)	84 712 667	76 308 461
Selling and distribution expenses	(7)	(290 943 570)	(194 865 092)
General and administrative expenses	(8)	(635 805 573)	(573 594 673)
Impairment loss on trade receviable and other debit balances	(10)	(137 820 475)	(38 191 243)
Other operating expenses	(11)	(123 773 635)	(127 178 089)
Operating profits		**1 207 947 091**	**1 015 873 873**
Finance income	(12)	112 161 327	90 130 592
Finance costs	(12)	(238 210 810)	(137 083 990)
Net finance (costs)	(12)	**(126 049 483)**	**(46 953 398)**
Share of profit of equity accounted investees	(20)	**27 909 863**	**58 771 812**
Net profit for the period before tax		**1 109 807 471**	**1 027 692 287**
Income tax expense	(13),(45-12)	(281 598 922)	(258 198 989)
Net profit for the period after tax		**828 208 549**	**769 493 298**
Profit attributable to :			
Owners of the company		760 867 344	700 069 768
Non controlling interest		67 341 205	69 423 530
		828 208 549	**769 493 298**
Earnings per share (L.E/share)	(41),(45-13)	**0.32**	**0.29**

* The accompanying notes in the pages from (6) to (48) are an integral part of these consolidated interim financial statements .

Translated from Arabic

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated interim statement of comprehensive income
For the financial period ended 31 March 2022

L.E	Three months for the period ended 31 March 2022	2021
Net profits for the period after tax	828 208 549	769 493 298
Other comprehensive income items		
Foreign operations translation difference	612 750 158	(87 835 669)
Total comprehensive income	**1 440 958 707**	**681 657 629**
Total Comprehensive income attributable to :		
Owners of the company	1 287 436 163	623 123 814
Non controlling interests	153 522 544	58 533 815
	1 440 958 707	**681 657 629**

* The accompanying notes in the pages from (6) to (48) are an integral part of these consolidated interim financial statements .

EL Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated interim statement of changes in equity
For the financial period ended 31 March 2022

Translated from Arabic

L.E	Issued and Paid Up Capital	Reserves	Share based payment	Treasury Shares	Retained Earnings	Profit attributable to the Owners of the company during the period / year	Foreign operations translation reserve	Parent Company Equity Share	Non Controlling Interest	Total Equity
Balance as at 1 January 2021	2 184 180 000	436 836 000	(1 422 160)	(93 063 286)	11 428 520 972	3 027 533 247	39 345 570	17 021 930 343	869 033 193	17 890 963 536
Closing net profit for the year ended 2020 in retained earnings	-	-	-	-	3 027 533 247	(3 027 533 247)	-	-	-	
Adjustments resulted from acquisition of new subsidiaries	-	-	-	-	233 599 623	-	-	233 599 623	105 128 017	338 727 640
Adjustments resulted from the adoption of (EAS) no.47 after tax	-	-	-	-	(41 028 951)	-	-	(41 028 951)	-	(41 028 951)
Adjustments resulted from the adoption of (EAS) no.48 after tax	-	-	-	-	(79 390 562)	-	-	(79 390 562)	-	(79 390 562)
Comprehensive income										
Profits for the period	-	-	-	-	-	3 533 861 517	-	3 533 861 517	274 968 512	3 808 830 029
Foreign operations translation difference	-	-	-	-	-	-	40 643 857	40 643 857	(4 963 542)	35 680 315
Total comprehensive income	-	-	-	-	-	3 533 861 517	40 643 857	3 574 505 374	270 004 970	3 844 510 344
Transactions with owners of the parent company										
Dividends to shareholders	-	-	-	-	(867 742 286)	-	-	(867 742 286)	-	(867 742 286)
Dividends to employees	-	-	-	-	(92 423 469)	-	-	(92 423 469)	-	(92 423 469)
Total transactions with owners of the parent company	-	-	-		(960 165 755)	-	-	(960 165 755)	-	(960 165 755)
Change in ownership interests and non controlling interests transactions										
Subsidiaries dividends	-	-	-	-	(209 304 418)	-	-	(209 304 418)	(120 132 455)	(329 436 873)
Employee dividends & Board Rewards from subsidiaries	-	-	-	-	(429 086 692)	-	-	(429 086 692)	(29 198 474)	(458 285 166)
Total changes in ownership interests and non controlling interest transactions	-	-	-	-	(638 391 110)		-	(638 391 110)	(149 330 929)	(787 722 039)
Balances as at 31 December 2021	2 184 180 000	436 836 000	(1 422 160)	(93 063 286)	12 970 677 464	3 533 861 517	79 989 427	19 111 058 962	1 094 835 251	20 205 894 213
Balance as at 1 January 2022	2 184 180 000	436 836 000	(1 422 160)	(93 063 286)	12 970 677 464	3 533 861 517	79 989 427	19 111 058 962	1 094 835 251	20 205 894 213
Closing net profit for the year ended 2021 in retained earnings	-	-	-	-	3 533 861 517	(3 533 861 517)	-			
Adjustments		-	-	-	16 187 239	-	-	16 187 239	31 911 935	48 099 174
Other comprehensive income										
Profits for the period	-	-	-	-	-	760 867 344	-	760 867 344	67 341 205	828 208 549
Foreign operations translation difference	-	-	-	-	85 410 063	-	526 568 819	611 978 882	86 181 339	698 160 221
Total other comprehensive income	-	-	-	-	85 410 063	760 867 344	526 568 819	1 372 846 226	153 522 544	1 526 368 770
Transactions with owners of the parent company										
Dividends to shareholders	-	-	-	-	-	-	-	-	-	-
Dividends to employees	-	-	-	-	(95 664 285)	-	-	(95 664 285)	-	(95 664 285)
Total transactions with owners of the parent company	-		-	-	(95 664 285)	-	-	(95 664 285)	-	(95 664 285)
Change in ownership interests and non controlling interests transactions										
Subsidiaries dividends	-	-	-	-	(25 137 373)	-	-	(25 137 373)	(68 030 758)	(93 168 131)
Employee dividends & Board of directorsRewards from subsidiaries	-	-	-	-	(114 908 514)	-	-	(114 908 514)	(23 548 979)	(138 457 493)
Total changes in ownership interests and non controlling interests transactions	-	-	-	-	(140 045 887)		-	(140 045 887)	(91 579 737)	(231 625 624)
Balances as at 31 March 2022	2 184 180 000	436 836 000	(1 422 160)	(93 063 286)	16 370 426 111	760 867 344	606 558 246	20 264 382 255	1 188 689 993	21 453 072 248

* The accompanying notes in the pages from (6) to (48) are an integral part of these consolidated interim financial statements.

El Sewedy Electric Company
(An Egyptian joint stock company)
Consolidated interim statement of cash flows
For the financial period ended 31 March 2022

L.E	Note	Three months for the period ended 31 March 2022	2021
Cash flows from operating activities:			
Net profit for the period before tax		1 109 807 471	1 027 692 287
Adjustments :			
Property,Plant and Equipment depreciation	(17)	289 479 976	248 293 189
Amortization of intangible assets	(22)	7 125 677	15 551 769
Impairment loss on goodwill	(22)	506 304	-
Amortization right of use assets	(18)	14 323 650	7 949 246
Impairment loss in trade receviable and other debit balances	(10)	228 517 296	70 569 528
Impairment loss in trade receviable and other debit balances - reverse	(10)	(90 696 821)	(32 378 285)
Impairment loss on due from related parties		61 406 958	3 595 771
Provision for claims - formed	(35)	84 469 661	99 246 460
Provision for claims - no longer required	(35)	(14 114 498)	(5 318 163)
Net finance costs		126 049 483	46 953 398
Share of profits of equity accounted investees	(20)	(27 909 863)	(58 771 812)
Gain on sale of property, plant and equipment	(9)	(4 940 583)	(5 855 671)
		1 784 024 711	1 417 527 717
Changes in :			
Inventories		(2 130 766 910)	(670 673 941)
Contract assets		(954 034 568)	(103 231 944)
Trade receivables, notes receivable ,debtors, other debit balances		(5 119 947 842)	724 869 090
Due from Related parties		(28 812 729)	(216 172 126)
Trade payable, notes payable, creditors, other credit balances and contract liabilities		2 220 667 843	(2 302 480 016)
Contract liabilities		3 079 381 647	385 746 091
Other non current liabilities		(182 730 605)	36 657 767
Due to related parties		256 791 167	(97 289 245)
Provision - used		(94 291 594)	(39 883 421)
Cash (used in) operating activities		(1 169 718 880)	(825 046 607)
Paid employees dividends and board of directors remuneration		(234 121 778)	(550 708 635)
Net cash (used in) operating activities		(1 403 840 658)	(1 375 755 242)
Cash flows from investing activities:			
(Payment for) acquisition of Property,Plant and Equipment and project under progress	(17)	(968 648 364)	(261 595 187)
Payment for acquistion of right of use assets	(18)	(2 306 149)	-
Proceeds from the disposal of right of use assets		3 673 438	-
Payment for acquistion of Intangible assets	(22)	(31 592 457)	(85 555 376)
Proceeds from the disposal of Intangible assets		28 522 992	-
(Payment for) work in progress (real estate development lands)		(304 114 748)	(50 916 613)
(Payment for) Proceeds from investment at fair value through OCI		(123 275)	177
Payment for - Paid under investment		(61 250 000)	-
Payment for (Proceeds from) equity - accounted investees		(188 308 630)	2 658 288
Proceeds from sale of property, plant and equipment		50 454 862	91 143 609
Proceeds from financial assets measured at amortized cost		130 065 084	166 013 586
Proceeds from investment at fair value through P&L		-	100 000 375
Net cash flows (used in) investing activities		(1 343 627 247)	(38 251 141)
Cash flows from financing activities			
Change in non controlling Interests of subsidiaries		31 222 382	(6 603 185)
Dividends paid to non controlling interest		(68 030 758)	(120 132 455)
Payment of lease liabilities		15 061 285	(17 655 216)
Proceeds from loans and borrowings		1 273 635 476	1 402 457 196
Dividends paid to shareholders		-	(867 742 286)
Net cash flows generated from financing activities		1 251 888 385	390 324 054
Net change in Cash and cash equivalents		(1 495 579 520)	(1 023 682 329)
Cash and cash equivalents at the beginning of the period	(27)	18 053 078	3 458 291 072
Cash and cash equivalents at the end of the period	(27)	(1 477 526 442)	2 434 608 743

* The accompanying notes in the pages from (6) to (48) 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 it is replaced by low No.72 of 2017 was registered in the commercial register 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 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 operate 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 as referred to "The group".

1-1 Foreign branch

The company has entered into a joint operation with the Arab Contractors Company Othman Ahmed Osman through its branch in Tanzania for the purpose of building Julius Nyerere Dam

The term of the contract to the dam construction ends in June 2022, and there are ongoing discussions to extend the contract to be after 2022, and the management does not expect that the branch, through the joint venture, will incur any costs or penalties as a result of this extension.

2. Basis of preparation financial statements

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 (45) are applied and followed, and it is the same accounting policies and basis followed in the preparation of company's consolidated financial statements either interim financial statements or year-end financial statements.
The consolidated financial statements were approved by the Board of Directors on 24 May 2022.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for investments at fair value through other comprehensive income, which are measured on an alternative basis (fair value) on each reporting date.

3. Functional and presentation currency

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

4. Use of estimates and judgments

The preparation of the consolidated financial statements 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 with adjustments.

4-1 Judgements

Information about judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are presented in the following notes as follows:

- Note (45-16): Lease Contract.
- Note (45-9): Revenue recognition.
- Note (45-14): Equity - accounted investees

4-2 Uncertain estimates and judgments

Information about assumptions and estimation uncertainties and that have significant risks on resulting in material adjustments to the carrying amounts of assets and liabilities during the financial period ended as at 31 March 2022, are presented in the following Notes as follows:

Note no. (45-8): Provisions
Note no. (45-9): Revenue recognition
Note no. (45-12): Deferred tax
Note no. (45-15): Impairment
Note no. (45-15): Measurement of ECL for trade receivables and contracts assets.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the board of directors.

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 variances 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 date.

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.
Further information about the assumptions made in measuring fair values is included in the following notes:
Note no. (45-1): Business Combinations
Note no. (45-11): Employee benefits
Note no. (45-14): Financial instruments

5. Revenues

L.E	Three months ended at March 2022	2021
Revenue from contracts with customers at a point of time	11 683 671 650	7 864 837 030
Revenue from contracts with customers over time	6 889 642 428	4 427 420 567
	18 573 314 078	**12 292 257 597**

6. Cost of revenues

L.E	Three months ended at March 2022	2021
Raw materials	11 390 697 512	7 628 644 362
Salaries and Employees benefits	905 944 047	643 289 272
Depreciation and amortizations	247 332 724	206 599 444
Other	3 717 762 118	1 940 330 010
	16 261 736 401	**10 418 863 088**

7. Selling and distribution expenses

L.E	Three months ended at March 2022	2021
Salaries and Employees benefits	111 105 746	74 665 943
Miscellaneous expenses, maintenance, and spare parts	3 971 904	2 258 112
Depreciation	2 983 402	877 947
Car, transportation and travelling expenses	10 705 377	7 087 322
Advertising and promotion expenses	14 040 528	10 595 094
Rent expenses	5 557 806	5 384 382
Communication and telephone expenses	1 459 461	724 610
Professional and consultancy fees	1 294 471	1 005 568
Insurance	3 884 826	3 413 307
Impairment on goodwill	506 304	1 902 766
Other	135 433 745	86 950 041
	290 943 570	**194 865 092**

8. General and Administrative expenses

L.E	Three months ended at March 2022	2021
Salaries and Employees benefits	342 688 346	304 415 690
Miscellaneous expenses	86 024 510	89 412 683
Miscellaneous expenses, maintenance, and spare parts	53 733 328	42 327 702
Depreciation	41 118 031	59 195 959
Car, transportation and travelling expenses	31 165 943	21 813 581
Bank charges expenses	22 566 071	22 316 595
Advertising and promotion expenses	27 300 588	11 848 580
Rent expenses	17 075 407	12 569 693
Communication and telephone expenses	2 604 276	2 442 414
Professional and consultancy fees	4 051 915	2 739 867
Insurance	7 153 836	4 511 909
Amortization of intangible assets	323 322	-
	635 805 573	**573 594 673**

9. Other operating income

L.E	Three months ended at March 2022	2021
Gain from sale of Property,Plant and Equipment	4 940 583	5 855 671
Provision no longer required	14 114 498	5 311 377
Other operating income	65 657 586	65 141 413
	84 712 667	**76 308 461**

10. Impairment loss on trade receivables and other debit balance

L.E	Three months ended at March 2022	2021
Impairment loss on trade and other debit balance	(228 517 296)	(70 569 528)
Reverse of impairment on trade receivables	90 696 821	32 378 285
	137 820 475	**38 191 243**

11. Other operating expenses

L.E	Three months ended at March 2022	2021
Provisions formed	81 059 316	96 136 922
Amortizations – intangible assets	6 802 355	7 602 523
Amortizations – right of use assets	12 369 468	7 949 246
Social contribution expense	23 542 496	14 397 506
Other operating expenses	-	1 091 892
	123 773 635	**127 178 089**

12. Net finance (cost)

L.E	Three months ended at March 2022	2021
Finance Income		
Interest income - Cash and cash equivalent	35 474 206	45 689 314
Change in present value	74 768 643	27 737 909
Foreign currency exchange gain	1 918 478	16 703 369
Total finance income	**112 161 327**	**90 130 592**
Finance Cost		
Interest and finance expense	(238 210 810)	(137 083 990)
Total finance cost	**(238 210 810)**	**(137 083 990)**
Net finance costs	**(126 049 483)**	**(46 953 398)**

13. Income tax expense

L.E	Three months ended at March 2022	2021
Current income tax	(396 972 979)	(200 844 906)
Deferred tax	115 374 057	(57 354 083)
	(281 598 922)	**(258 198 989)**

14. Deferred tax

L.E	31/3/2022	31/12/2021
Deferred tax assets (Subsidiaries)	**335 135 237**	**262 400 576**
Deferred tax Liability (Subsidiaries)	(327 785 483)	(419 115 202)
Deferred tax liability (Dividends)	(541 289 804)	(493 688 804)
Total deferred tax liabilities	**(869 075 287)**	**(912 804 006)**

Unrecognized deferred tax asset

Deferred tax assets have not been recognized because the necessary tax conditions for the recovering of the lack of proper level to make sure from existence of sufficient future taxable profit against which those assets can be utilized.

LE	31/3/2022	31/12/2021
Impairment loss on trade receivables and other debit balance	423 006 957	376 413 487
Provisions	536 457 899	489 675 706
	959 464 856	**866 089 193**

15. 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.

16. Operating segments

The segment is a group of related assets and operations that have risks and benefits differs from those associated with other segments or within single economic environment whith specific risks and benefits other than associated with segment in a different economic environment.

The group has (3) operating segments in which financial reports are reported to senior management, these reports present 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 generation units and electricity distribution networks
Electricity products	This segment manufactures electric meters, transformers, electric Joints and market and trade the products

The Group's chief financial officer reviews the internal management reports of each division at least quarterly.

Geographic segments

In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

16- Operating segments L.E	Cables Egypt	Cables International	Turnkey projects	Electric Products and Accessories Egypt	Electric Products and Accessories International	Elimination	Consolidated 31-Mar-22
Local Sales	3 662 032 046	1 631 040 579	6 310 620 984	623 393 383	322 654 105	-	**12 549 741 097**
Export Sales and construction revenues abroad	3 963 077 042	22 418 497	1 345 411 603	155 458 407	537 207 432	-	**6 023 572 981**
Total revenue without inter segment sales	**7 625 109 088**	**1 653 459 076**	**7 656 032 587**	**778 851 790**	**859 861 537**	-	**18 573 314 078**
Inter segment sales revenues	2 535 308 926	3 021 473	683 583 702	126 227 614	270 800 479	(3 618 942 194)	-
Total revenue	10 160 418 014	1 656 480 549	8 339 616 289	905 079 404	1 130 662 016	(3 618 942 194)	**18 573 314 078**
Total Cost of revenues	(9 285 280 701)	(1 481 065 697)	(7 504 721 987)	(666 553 271)	(943 056 939)	3 618 942 194	**(16 261 736 401)**
Gross Profit	**875 137 313**	**175 414 852**	**834 894 302**	**238 526 133**	**187 605 077**	-	**2 311 577 677**
Total selling and marketing expenses	(152 789 231)	(32 472 846)	(13 467 636)	(37 547 880)	(54 665 977)	-	**(290 943 570)**
Segment profit	**722 348 082**	**142 942 006**	**821 426 666**	**200 978 253**	**132 939 100**	-	**2 020 634 107**
Other operating income							84 712 667
Share of profit equity accounted investee							27 909 863
General and administrative expenses							(635 805 573)
Other operating expenses							(123 773 635)
Impairment loss on trade receivable and other debit balances							(137 820 475)
Net financing income (costs)							(126 049 483)
Current income tax							(281 598 922)
Net profit for the period							**828 208 549**
						Unallocated	
Depreciation	43 380 674	26 156 218	172 789 842	18 695 197	17 949 820	10 508 225	289 479 976
Assets	22 127 715 225	3 590 655 609	34 259 071 739	4 431 386 420	1 108 877 533	12 365 787 894	77 883 494 420
Liabilities	5 482 540 421	898 301 335	23 763 610 863	3 199 192 990	1 150 938 606	21 935 837 957	56 430 422 172
Additions to Property,Plant, Equipment and project under progress	75 669 469	22 300 161	627 482 993	68 413 153	53 542 882	121 239 706	968 648 364

16- Operating segments L.E	Cables Egypt	Cables International	Turn Key projects	Electric Products and Accessories Egypt	Electric Products and Accessories International	Elimination	Consolidated 31-Mar-21
Local Sales	3 171 103 329	1 106 620 993	3 695 557 074	413 864 919	223 429 491	-	8 610 575 806
Export Sales and construction revenues abroad	1 966 472 124	45 369 789	954 528 984	159 482 434	555 828 460	-	3 681 681 791
Total revenue without inter segment sales	5 137 575 453	1 151 990 782	4 650 086 058	573 347 353	779 257 951	-	12 292 257 597
Inter segment sales revenues	1 926 437 265	39 486 765		148 330 246	22 147 313	(2 136 401 589)	-
Total revenue	7 064 012 718	1 191 477 547	4 650 086 058	721 677 599	801 405 264	(2 136 401 589)	12 292 257 597
Total Cost of revenues	(6 380 428 503)	(1 063 164 959)	(4 020 449 787)	(490 935 427)	(600 286 001)	2 136 401 589	(10 418 863 088)
Gross Profit	683 584 215	128 312 588	629 636 271	230 742 172	201 119 263	-	1 873 394 509
Total selling and marketing expenses	(91 265 875)	(29 098 574)	(9 153 658)	(32 428 142)	(32 918 843)	-	(194 865 092)
Segment profit	592 318 340	99 214 014	620 482 613	198 314 030	168 200 420	-	1 678 529 417
Other operating income							76 308 461
Share of profit equity accounted investee							58 771 812
General and administrative expenses							(573 594 673)
Other operating expenses							(127 178 089)
Impairment loss on trade receviable and other debit balances							(38 191 243)
Net financing income (cost)							(46 953 398)
Current income tax							(258 198 989)
Net profit for the period							769 493 298
						Unallocated	
Depreciation	169 588 839	106 922 555	546 407 726	76 972 084	100 039 354	31 780 571	1 031 711 129
Assets	19 111 072 162	2 481 734 808	30 048 480 576	2 849 342 376	1 107 400 334	12 095 542 181	67 693 572 437
Liabilities	4 169 643 045	691 173 369	21 258 369 645	1 555 647 701	941 507 721	18 871 336 743	47 487 678 224
Additions to Property,Plant, Equipment and project under progress	371 195 702	96 638 437	1 866 044 853	161 444 010	133 151 065	337 411 329	2 965 885 396

17- Property,Plant and Equipment

L.E	Land	Buildings	Machineries & equipments	Furniture & office supplies	Vehicles	leasehold improvements	Total Prpperty,Plant and Equipment	Projects under progress	Total PP&E and projects under progress
Cost as at 1 January 2021	628 924 288	2 756 913 854	8 923 157 896	559 267 985	344 412 761	89 508 441	13 302 185 225	1 348 913 427	14 651 098 652
Additions during the year	162 786 131	169 853 366	1 030 587 658	135 385 028	54 326 774	54 924 578	1 607 863 535	1 358 021 861	2 965 885 396
Disposals during the year	-	(105 412 239)	(124 173 127)	(7 575 580)	(16 053 612)	(3 518 900)	(256 733 458)	(97 874 685)	(354 608 143)
Additions from Project under progress	-	43 931 327	172 218 830	8 891 807	12 069 084	1 182 136	238 293 184	(238 293 184)	-
Effect of movemnets in exchange rates	1 614 130	(39 023 264)	98 230 705	4 682 618	14 237 692	(6 166 771)	73 575 110	(4 172 919)	69 402 191
Cost as at 31 December 2021	793 324 549	2 826 263 044	10 100 021 962	700 651 858	408 992 699	135 929 484	14 965 183 596	2 366 594 500	17 331 778 096
Cost as at 1 January 2022	793 324 549	2 826 263 044	10 100 021 962	700 651 858	408 992 699	135 929 484	14 965 183 596	2 366 594 500	17 331 778 096
Additions during the period	468 000	1 153 580	204 714 144	38 220 193	9 759 465	1 124 484	255 439 866	713 208 498	968 648 364
Disposals during the period	-	-	(5 505 680)	(1 442 995)	(511 562)	-	(7 460 237)	(44 987 058)	(52 447 295)
Additions from Project under progress	-	-	8 496 388	35 566	661 835	1 602 294	10 796 083	(10 796 083)	-
Effect of movemnets in exchange rates	27 596 005	216 336 394	913 927 983	30 792 219	16 535 404	11 304 584	1 216 492 589	146 741 389	1 363 233 978
Cost as at 31 March 2022	821 388 554	3 043 753 018	11 221 654 797	768 256 841	435 437 841	149 960 846	16 440 451 897	3 170 761 246	19 611 213 143
Accumulated depreciation as at 1 January 2021	-	1 042 150 608	5 142 716 326	362 931 311	210 325 096	60 174 316	6 818 297 657	-	6 818 297 657
Depreciation during the year	-	103 033 567	773 202 947	89 001 411	50 765 856	15 707 348	1 031 711 129	-	1 031 711 129
Accumulated depreciation of disposals	-	(9 817 570)	(59 999 917)	(4 706 449)	(12 669 032)	(2 264 961)	(89 457 929)	-	(89 457 929)
Effect of movemnets in exchange rates	-	76 186 573	429 124 963	20 603 112	9 380 093	30 467 622	565 762 363	-	565 762 363
Accumulated depreciation as at 31 December 2021	-	1 211 553 178	6 285 044 319	467 829 385	257 802 013	104 084 325	8 326 313 220	-	8 326 313 220
Accumulated depreciation as at 1 January 2022	-	1 211 553 178	6 285 044 319	467 829 385	257 802 013	104 084 325	8 326 313 220	-	8 326 313 220
Depreciation during the period	-	26 165 178	218 234 018	27 554 667	13 583 592	3 942 521	289 479 976	-	289 479 976
Accumulated depreciation of disposals	-	-	(5 302 090)	(1 121 386)	(509 540)	-	(6 933 016)	-	(6 933 016)
Effect of movemnets in exchange rates	-	133 203 641	557 196 765	20 877 463	11 110 071	6 503 899	728 891 839	-	728 891 839
Accumulated depreciation as at 31 March 2022	-	1 370 921 997	7 055 173 012	515 140 129	281 986 136	114 530 745	9 337 752 019	-	9 337 752 019
Net Book Value as at 31 March 2022	821 388 554	1 672 831 021	4 166 481 785	253 116 712	153 451 705	35 430 101	7 102 699 878	3 170 761 246	10 273 461 124
Net Book Value as at 31 December 2021	793 324 549	1 614 709 866	3 814 977 643	232 822 473	151 190 686	31 845 159	6 638 870 376	2 366 594 500	9 005 464 876

- The company agreed to sell its new adminstrative building (under construction). According to the terms of the sale agreement the company Extra ordinary General Assembly (EXGA) is to approve the sale and the company should register the building in the name of the buyer. The EXGAM was invited on 23 April 2014 and decided to postpone its approval on the sale. On 18 June 2015 the company sent a warning letter to the buyer to hand over the building because of his failure to meet the special conditions under the contract related to the finishing which should have been completed by 31 December 2013 or after by a maximum of 3 months from that date. The company sent warning required the buyer to return back all documentation that was delivered to the buyer in relation to this sale by minutes dated 31 January 2013. The EXGA decided in its meeting dated 12 January 2016 that the company should take legal action against the buyer for violation of the contract terms,The matter will be presented to the Extraordinary General Assembly for a final opinion.

- The General Assembly, in its meeting dated 3/28/2022, decided to approve the authorization of the company's board of directors to approve the sale contract dated 12/31/2012 and contracted between the Elsewedy Electric Company and the Arab Banking Corporation Bank regarding the plot of land, and required procedures are in process. Necessary for the sale of the plot of land and the concrete building on it.

18. Right of use assets

L.E	Lands (*)	Buildings	Machinery	Total
Balance at the beginning of the period	48 791 180	32 810 163	47 339 395	128 940 738
Additions during the period	-	-	2 306 149	2 306 149
Amortization during the period	(549 509)	(2 734 179)	(11 039 962)	(14 323 650)
Disposals during the period	-	-	(3 673 438)	(3 673 438)
Adjustments and foreign translation differences	10 713 808	-	6 714 848	17 428 656
Balance at 31 March 2022	**58 955 479**	**30 075 984**	**41 646 992**	**130 678 455**

- The right of use – assets balance have been resulted from the adoption of the new Egyptian accounting standard No (49) leases contracts, where the asset is recognized and its subsequent measurement. The adjustments made to these balances are disclosed and the related financial liability was included in statement of financial position most of which arise from lease contracts for a number of the group's administrative buildings. The contract of this building expires during the years 2024 and 2025.

(*) The right of use of the plot of land (in Aswan, Benban) for the establishment of a solar power station in based on agreement concluded with the Ministry of Electricity and the New and Renewable Energy Authority, which states for the taking over the land at the end of the contract unless the authority stipulates otherwise, and the right of use is amortized during the contract period of the estimated life of the asset of 25 years.

- The amortization of the assets balance amounted to L.E 14 323 650, an amount of L.E 12 369 468 included in other operating expenses and an amount of L.E 1 954 182 included cost of revenues in the statement of profit or loss for the financial period ended as 31 March 2022.

19. Investment at fair value through other comprehensive income

LE	31/3/2022	31/12/2021
Misr for Mechanical and Electrical Projects (Kahromica) - An Egyptian Joint Stock Company (the share proportion is 10%)	20 000 000	20 000 000
Other	216 440	93 165
	20 216 440	**20 093 165**

20. Equity-accounted investees (Associated companies)

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

LE (Million)	31/3/2022 Total	31/3/2022 Group Share	31/12/2021 Total	31/12/2021 Group Share
Assets	11 471	5 424	9 387	4 725
Liabilities	(6 842)	(3 077)	(5 794)	(2 594)
Net assets	**4 629**	**2 347**	**3 593**	**2 131**
Profits	**66**	**27**	**966**	**248**

- Equity accounted investees companies disclosed in related parties note No. (38).

21. Trade receivables

L.E	31/3/2022	31/12/2021
Trade receivables – non current	1 051 324 981	1 202 254 015
	1 051 324 981	**1 202 254 015**

22. Intangible assets

LE	Goodwill(*)	Development (**) cost	Total
Balance at 1 January 2022	**875 108 859**	**166 393 407**	**1 041 502 266**
Additions during the period	-	31 592 457	31 592 457
Disposals during the period	-	(47 213 210)	(47 213 210)
Adjustments and translation differences	-	26 434 730	26 434 730
	875 108 859	**177 207 384**	**1 052 316 243**
Less:			
Amortization during the period	-	(7 125 677)	(7 125 677)
Impairment during the period	(506 304)	-	(506 304)
Disposals during the period	-	18 690 218	18 690 218
Adjustments and translation differences	(20 517)	(16 867 761)	(16 888 278)
	(526 821)	**(5 303 220)**	**(5 830 041)**
Balance at 31 March 2022	**874 582 038**	**171 904 164**	**1 046 486 202**

(*) Goodwill resulted from acquisitions of a group of energy companies in the countries of Cyprus and Greece during September 2019 which is the difference between the investment cost and the book value of these investments. This balance included the value of temporary goodwill resulted from acquisition of CG power system Indonesia and Validus Engineering (Pvt.) Ltd Pakistan.

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

Intangible assets amortization on statement of income were as follows:

L.E	2022	2021
Classified as other operating expenses		
Intangible assets amortization	6 802 355	7 602 523
Classified as General and administrative		
Intangible assets amortization	323 322	-
	7 125 677	**7 602 523**

23. Inventories

L.E	31/3/2022	31/12/2021
Raw materials and supplies	7 287 338 648	6 275 031 704
Work in progress	2 084 010 290	1 146 081 399
Finished goods	3 643 811 209	3 898 327 134
Turnkey projects inventory	438 132 990	401 795 425
Goods in transit	1 998 154 476	1 599 445 041
	15 451 447 613	**13 320 680 703**

- Some of inventory's 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 626 million at 31 March 2022 (LE 590 million at 31 December 2021).
- The write-down of inventory are included in cost of revenues note no (6).

24. Contract assets

L.E	31/3/2022	31/12/2021
Due from customers turnkey	6 274 088 121	5 320 053 553
	6 274 088 121	**5 320 053 553**

25. Trade, notes receivables, debtors and other debit balances

L.E	31/3/2022	31/12/2021
Trade receivables (*)	14 555 266 327	10 145 996 382
Suppliers – Advance payments	4 493 745 966	4 103 214 296
Trade receivables – Retention	2 068 113 248	1 606 506 856
Notes receivables	1 702 823 510	2 245 095 518
Prepaid expenses	899 419 928	798 085 497
Tax Authority – Value added tax	377 741 657	251 213 545
Deposits with others	192 970 692	170 225 223
Debtors and other debit balance (**)	1 807 379 196	1 644 066 806
	26 097 460 524	**20 964 404 123**

(*) Trade, notes receivables and other debit balances are recorded after deducting impairment losses of LE 1.880 Billion at 31 March 2022. (LE 1.673 Billion at 31 December 2021).

(**) Debtors and other debit balance include staff loans and imprest funds and other miscellaneous debit balance.

- Information about the exposure to credit and market risks, and impairment losses for trade and notes receivables is included in note (44).

26. Financial assets measured at amortized cost

L.E	31/3/2022	31/12/2021
Par value of investment in treasury bills	1 043 114 208	1 164 917 974
<u>(Less:)</u>		
Treasury bills interest not yet due	(22 007 473)	(13 746 155)
	1 021 106 735	**1 151 171 819**

27. Cash and cash equivalent

L.E	31/3/2022	31/12/2021
Banks - time deposits	1 411 813 080	1 366 972 411
Banks - current accounts	9 532 212 874	9 195 960 408
Cash on hand	103 884 948	128 484 710
Cash and cash equivalents in the statement of financial position	**11 047 910 902**	**10 691 417 529**
Bank overdraft – note (32)	(12 525 437 344)	(10 673 364 451)
Cash and cash equivalents in the statement of cash flows	**(1 477 526 442)**	**18 053 078**

28. Share capital and Reserves

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 write off 5 million treasury shares and accordingly the company's issued and paid capital become LE 2 184 180 000 distributed over 2 184 180 000 shares with a par value of LE 1 per share.
The Extraordinary General Meeting of the Company approved on 22 May 2018 the split of the par value of the Company's shares to one Egyptian pound instead of ten Egyptian pounds. This amendment was notated in the Commercial Register of the Company on 8/8/2018.

Capital structure at 31 March 2022 were as follows:

Shareholder	No. of Shares	Percentage
Sadek Ahmed Sadek El Sewedy	546 502 820	25.021 %
Ahmed Ahmed Sadek El Sewedy	546 252 820	25.021 %
Mohamed Ahmed Sadek El Sewedy	385 602 690	17.7 %
Treasury sharesand Share based payments	14 824 284	0.68 %
Free shares	690 997 386	31.63 %
	2 184 180 000	**100 %**

28-1 Capital management

The company's policy is to maintain a strong capital base, in order to maintain investor, creditors and market confidence and to support future development.
The objective of the company's management of capital management is to maintain the company's ability to continue in order to achieve a return for shareholders and provide benefits to other parties to gain market confidence and support future development. The company's management also aims to maintain the best capital structure, which leads to the reduction of capital costs.

To maintain the best capital structure, the management monitors the return on capital, in addition to the policy of distributing dividends to shareholders by changing the value of dividends paid to shareholders, reducing the capital, issuing new capital shares or reducing the debts owed by the company.

The company's management monitors the capital structure using the ratio of net liabilities to total capital, and the net liabilities are represented in total creditors and other credit balances and borrowing minus cash and cash equivalent. The total capital is the total equity of the company as shown in the consolidated financial position in addition to the net liabilities.

The net debt to total equity ratio is as follows:

L.E	31/3/2022	31/12/2021
Total liabilities	56 430 422 172	47 487 678 224
Less: Cash and cash equivalent	(11 047 910 902)	(10 691 417 529)
Net debt	**45 382 511 270**	**36 796 260 695**
Total equity	21 452 016 593	20 205 894 213
Net debt to equity ratio	**2.12**	**1.82**

28-2 Reserves

L.E	31/3/2022	31/12/2021
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 which is not distributable. The transfer to legal reserve ceases once the reserve reach 20% of the issued share capital, 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.

29 The statement of cash flows

The effect of non-cash transactions is eliminated from statemnt of cash flow:

L.E	Net profit for the period after tax	Property, plant and equipment	Right of use	Equity-accounted investees	Due from related parties	Trade receivables	Intangible assets	Provisions	Trade payable, notes payable, creditors, other credit balances and contract liabilities
Changes in financial Statements	828 208 549	(1 267 996 248)	(1 737 717)	(216 218 493)	32 594 229	(4 982 127 367)	(4 983 936)	207 920 857	2 484 339 947
Non cash transactions									
Disposal the effect of transaltion differences	-	634 342 139	17 428 656	-	-	-	9 546 452	(231 857 288)	(373 332 793)
Gain on sale of property, plant and equipment	-	(45 514 279)	-	-	-	-	-	-	-
PPE depreciation	-	(289 479 976)	-	-	-	-	-	-	-
Right of use amortization	-	-	(14 323 650)	-	-	-	-	-	-
Intangible assets amortization	-	-	-	-	-	-	(7 125 677)	-	-
impairment on Goodwill	-	-	-	-	-	-	(506 304)	-	-
Right of use disposals	-	-	(3 673 438)	-	-	-	-	-	-
Impairment loss on due from related parties	-	-	-	-	(61 406 958)	-	-	-	-
Impairment loss in trade receviable and other debit balances	-	-	-	-	-	(228 517 296)	-	-	-
Reversal of Impairment loss on trade receviable and other debit balances	-	-	-	-	-	90 696 821	-	-	-
Provision formed	-	-	-	-	-	-	-	(84 469 661)	-
Provision no longer required	-	-	-	-	-	-	-	14 114 498	-
Share of profits of equity accounted investees	-	-	-	27 909 863	-	-	-	-	-
Eliminating effect of changes in income and deferred tax	281 598 922	-	-	-	-	-	-	-	-
Dividends paid employees	-	-	-	-	-	-	-	-	235 710 172
Eliminating effect of net finance cost	-	-	-	-	-	-	-	-	(126 049 483)
Change in the statement of cash flows	1 109 807 471	(968 648 364)	(2 306 149)	(188 308 630)	(28 812 729)	(5 119 947 842)	(3 069 465)	(94 291 594)	2 220 667 843

30. Treasury shares

- The Board of Directors of the Company held a Board of director's 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 value. 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 repurchased in accordance with the decisions of the Board of Directors above is LE 313 300 846. The cancelation of these shares resulted in the reduction of issued and paid-up capital of LE 50 million, the general reserve by LE 43.8 million and retained earnings reduced by LE 219.5 million. remainder of the treasury shares becomes the balance of the treasury shares - Share based payments with no. of shares 1.422 Million with an amount of 1.4 Million EGP.

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

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

- According to the decision of the company's board of directors on May 11, 2021, it was approved to reduce the company's capital by the value of treasury shares, and legal procedures are being taken for this.

31. Loans and borrowings

L.E	31/3/2022	31/12/2021
Current liabilities		
Loans - Current portion	2 473 321 344	1 568 731 280
Credit facilities	3 209 747 380	2 790 143 177
Lease liabilities – Current portion	5 013 167	14 137 166
	5 688 081 891	**4 373 011 623**
Non-current liabilities		
Loans – Noncurrent portion	2 905 857 604	2 926 293 825
Lease liabilities – Noncurrent portion	98 175 292	104 112 578
	3 004 032 896	**3 030 406 403**
	8 692 114 787	**7 403 418 026**

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

- Loans and credit facilities issued to the company and its subsidiaries are secured by promissory notes from subsidiaries approximately LE 878 million, USD 86 million, Euro 71 million, DZD 476 million, joint guarantees of LE 4.104 Billion and machinery and equipment.

- 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.

- The current and noncurrent portion of finance lease liabilities recognized in the loans and borrowings according to EAS. No (49) lease contracts.

32. Bank overdraft

L.E	31/3/2022	31/12/2021
Banks - Overdraft	12 525 437 344	10 673 364 451
	12 525 437 344	**10 673 364 451**

33. Trade, notes payable and other credit balances

L.E	31/3/2022	31/12/2021
Trade and notes payables	10 378 903 058	8 678 197 095
Tax Authority (Income, value added and other taxes)	917 038 943	628 019 135
Retention payables	1 159 690 244	982 745 192
Accrued expenses	2 297 812 330	2 029 644 332
Dividends payable	91 864 712	32 981 593
Other credit balances	2 274 349 068	2 283 731 061
	17 119 658 355	**14 635 318 408**

34. Contract liabilities

L.E	31/3/2022	31/12/2021
Due to customers turnkey	13 307 265 205	10 227 883 558
	13 307 265 205	**10 227 883 558**

35. Provisions

LE	Beginning balance	Formed During the period	Used During the period	No longer required	Adjustments and translation differences	Ending balance
Current liabilities						
Provision for claims, Legal cases and contractual risks	1 764 271 096	63 585 621	(45 537 099)	(14 114 498)	181 343 387	1 949 548 507
Social contribution	196 617 911	17 473 695	(48 754 495)	-	20 695 520	186 032 631
Balance as at 31 March 2022	**1 960 889 007**	**81 059 316**	**(94 291 594)**	**(14 114 498)**	**202 038 907**	**2 135 581 138**
Balance as at 31 December 2021	**1 497 155 181**	**656 364 187**	**(277 617 460)**	**(70 601 049)**	**155 588 148**	**1 960 889 007**
Non-Current liabilities						
Provision for warranty and contractual risks	112 069 534	2 168 253	-	-	15 627 943	129 865 730
Provision for claims	57 324 768	379 612	-	-	7 925 561	65 629 941
Provision for renovation of the site	46 053 162	862 480	-	-	6 264 877	53 180 519
Balance as at 31 March 2022	**215 447 464**	**3 410 345**	-	-	**29 818 381**	**248 676 190**
Balance as at 31 December 2021	**262 589 314**	**4 073 673**	**(7 060 173)**	**(26 123 270)**	**(18 032 080)**	**215 447 464**
Total provisions Balance						
Balance as at 31 March 2022	**2 176 336 471**	**84 469 661**	**(94 291 594)**	**(14 114 498)**	**231 857 288**	**2 384 257 328**
Balance as at 31 December 2021	**1 759 744 495**	**660 437 860**	**(284 677 633)**	**(96 724 319)**	**137 556 068**	**2 176 336 471**

- The social contribution provision is recognized regarding contingent liabilities, it's expected that greater portion of these expenditure will be used during the subsequent financial year provided that it will be totally used during the current or the next year at the latest.
- Provisions for warranty, contractual risks and other claims have been recognized within the limits of the policies of companies granting those guarantees and their coverage periods, which are used and formed on a regular basis, as well as contracts.
- Provision for renovation of the site of has been recognized, which is expected to be used during the years 2032 to 2036.

36. Capital commitments

Capital commitments expected to be settled within one year presented as follows:

L.E (million)	31/3/2022	31/12/2021
Capital commitments – purchasing PP&E	211.83	77.94

37. Contingent liabilities

L.E (billion)	31/3/2022	31/12/2021
Uncovered portion of letters of guarantees and letter of credits	36.57	31.70

El Sewedy Electric Company

Notes to the consolidated interim financial statements for the financial period ended 31 March 2022

38- **Related parties transactions**

The transactions with the related parties are transactions between group's companies and these parties and those transactions are made according conditions approved by the group's management , the main transactions and it's volume and the balances resulted from it at 31 March 2022 are as follows :

Due from related parties

L.E (Billion)	31/03/2022	31/12/2021
The total value of sales to the related parties - affiliates	0.299	2.89

L.E	Sales	Collections	Payments on behalf	Advance Payments	Dividends Revenues	Finance Income	Other	31/03/2022	31/12/2021
	Nature and Volume of transctions								
Classified as non-current assets									
Aswan 21	-	-	-	-	-	1 846 053	-	158 880 986	134 845 433
								158 880 986	134 845 433
Classified as current assets :									
Zesco	41 124 230	(18 246 177)	-	-	-	-	-	120 502 101	97 624 048
El Sewedy cables – Qatar	-	-	12 394 897	-	-	-	-	53 415 031	41 020 134
ELSewedy for equipment and Cables	1 080 845 010	(1 257 165 966)	-	-	-	-	-	165 280 377	341 601 333
Elsewedy Electric Engineering and trading – Zambia	-		6 670 485	-	-	-	-	43 411 806	36 741 321
Glencore Company	-	-	-	-	-	-	6 300 744	45 291 225	38 990 481
El Sewedy for constructions Co. Algeria	-		-	-	-	-	-	14 157 392	20 330 993
Emas	-		-	-	-	-	2 037 942	4 604 340	2 566 398
Pilling Technology	-	-	-	-	-	-	1 325 801	17 081 128	15 755 327
Doha Cables – Qatar	-	-	14 234 213	-		-	-	104 590 440	90 356 227
Pyramids for Industrial parks development	-	(10 894 368)	-	-	-	-	-	10 662 792	21 557 160
Giad cables	-	-	-	-	-	-	-	143 955 587	116 339 871
Pyramids Zonafranca	-	-		-	-	-	153 217	26 892 339	26 739 122
3W Networks – Egypt	-	-	1 871 781	-	-	-	-	8 452 943	6 581 162
Arab steel fabrication	-	-	-	5 066 513	-	-	(1 582 859)	24 210 199	20 726 545
Al Oula for industrial parks development	-	-	943 678	-	-	-	-	66 352 677	65 408 999
RME Mozambique	-	-	-	-	-	-	-	4 013 824	4 013 824
GAMA – Rowad	-	-	5 186 805	-	-	-	-	8 844 050	3 657 245
Iskra Malysia	-	-	-	-	-	-	-	1 343 336	1 343 336
Play resort	-	-		-	-	-	-	10 578 626	13 153 519
Rowad for modern engineering	-	-	18 224 220	-	-	-	-	38 690 316	20 466 096
Tanzania project	-	-	-	-	-	-	-	-	30 347 577
Iskra Argentin	-	-	-	-	-	-	-	14 484 814	10 003 377
El Sewedy Cables - Yemen	-	-	-	-	-	-	-	286 508 754	247 346 176
Other	-	-	30 545 353	-	-	-	-	84 666 595	20 543 245
Less: impairment loss on related parties	-	-	-	-	-	-	-	(313 553 432)	(252 146 474)
								984 437 260	1 041 067 042
Total due from related parties								1 143 318 246	1 175 912 475

El Sewedy Electric Company

Notes to the consolidated interim financial statements for the financial period ended March 2022

38- Related parties transactions

Classified as liabilities (Due to related parties)

Classified as non-current liabilities :

L.E	Nature and Volume of transctions Payments	Advance payements	Payments on behalf	Purchases	Finance Cost	Other	31/03/2022	31/12/2021
PV Power Plant					1 934 654		180 462 487	153 602 684
							180 462 487	153 602 684
Pyramids for Real Estate Development	-	-	-	-	-	-	58 265 508	59 886 660
Pyramids Zona franca	-	-	-	-	-	-	16 762 991	16 764 031
Al Oula for Industrial Parks Development	-	4 482 416	-	-	-	-	123 152 534	118 670 118
Al Arabiya for Steel Industries	27 983 306	5 066 513	-	25 067 234	-	-	14 282 355	18 847 588
Elastymould-Egypt	-	-	-	-	-	-	50 960 908	51 909 008
El Sewedy Cables-Qatar	-	-	-	-	-	-	27 875 618	22 599 677
Doha Cables-Qatar	-	-	-	-	-	-	4 186 093	3 648 066
Senyar- Holding	-	-	114 482 067	-	-	-	142 837 485	14 177 709
Tanzania project	-	-	68 416 794	-	-	-	68 416 794	-
El Sewedy for electric equipment & cables	-	-	-	-	-	-	5 249 713	4 934 213
EMAS	-	-	-	-	-	-	72 044 231	30 374 270
Giad cables	-	-	-	-	-	-	-	1 916 114
El Rowad Mozambique	-	-	-	-	-	-	2 203 232	2 203 232
International Company for Development	-	-	-	-	-	-	5 842 034	5 335 218
Saded holding company KSA	-	-	-	-	-	-	-	2 246 375
Play resort	-	-	-	-	-	-	5 410 424	9 189 755
Rowad for modern engineering (GAMA Project)	-	-	-	-	-	-	20 000 000	20 000 000
Other	-	-	-	-	-	-	5 802 905	10 659 427
							623 292 825	393 361 461
Total due to related parties							803 755 312	546 964 145

Significant transactions with key management personnel represented in:

L.E	2022	2021
Salaries and allowances for key management personnel	6 175 590	24 702 360

Subsidiaries and jointly controlled

The following are the most important subsidiaries entities owned by El Sewedy Electric company as at 31 March 2022:

	Date of acquisition	Country	Nature of contribution	% of share
Egyptian Company for Advanced Industries S.A.E	21/06/2005	Egypt	Direct	98.5
United Metals Company S.A.E	23/06/2005	Egypt	Direct	99.8
Egytech Cables Company S.A.E	25/12/2005	Egypt	Direct	99.99
United Industries Company S,A,E	25/12/2005	Egypt	Direct	99.98
El Sewedy for Electric International Co. (previously External cables) S.A.E	19/04/2006	Egypt	Direct	99.96
United Wires Company S.A.E	02/11/2006	Egypt	Direct	99.94
Egyplast Co	24/12/2006	Egypt	Direct	99.98
El Sewedy Cables (previously Elsewedy Cables Egypt)	21/02/2007	Egypt	Direct	99.87
El sewedy Transformer	30/04/2011	Egypt	Direct	99.87
El sewedy Electric for Transmission and distribution	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
Iskraemko Energy Measurement – Misr	18/02/2008	Egypt	Indirect	99.12
Iskraemko Slovenia	01/01/2008	Slovenia	Indirect	99.7
Egyptian Company for Insulators	30/06/2008	Egypt	Direct/Indirect	74.83
El sewedy Electric Co. For Trading and Distribution.	21/12/2008	Egypt	Direct/Indirect	99.8
El Sewedy Electric for infrastructure	17/08/2008	Egypt	Direct	99
El Sewedy for Wind Energy Generation	10/07/2008	Egypt	Direct	99.9
El Sewedy Electric for Power System Projects Company	31/12/2008	Egypt	Direct	99.99
Rowad Engineering Co.	30/06/2010	Egypt	Indirect	51
El Sewedy Sedco electrical industries	30/06/2010	Egypt	Indirect	99.98
SMD for developments and managements Co.	14/01/2018	Egypt	Direct	99.99
Souq Misr for malls Co.	11/03/2018	Egypt	Direct	99.99
Egyptian company for solar energy development	10/07/2016	Egypt	Direct	51
El Sewedy Electric Company – Tanzania Branch	11/08/2019	Tanzania	Direct	100
Environmental solution	02/01/2020	Egypt	Direct	100
6 October Dry Port	08/11/2020	Egypt	Direct	89.9
El Sewedy electric international FZE	08/11/2020	Dubai	Direct	100
3W Network – Emirates	30/06/2010	Emirates	Indirect	99.97
El Sewedy Energy limited Co. (Cyprus)	03/06/2019	Cyprus	Indirect	99.84
Kallisti Energiaki S.A. (Greece)	24/06/2019	Greece	Indirect	99.84
Aioloki Adres S.A. (Greece)	25/06/2019	Greece	Indirect	99.84
Aioliki Kylindrias S.A. (Greece)	26/06/2019	Greece	Indirect	99.84
Hydroelectriki Achaias S.A. (Greece)	27/06/2019	Greece	Indirect	99.84
CG Power Systems Indonesia	01/06/2021	Indonesia	Direct	95
Elsewedy Transformers Pakistan Holding Ltd	01/06/2021	Pakistan	Direct	100
El Sewedy Telecom Cables	01/08/2021	Egypt	Direct	100
International cables company	15/09/2021	Egypt	Direct	99.975
El Sewedy electric Pakistan	15/05/2021	Pakistan	Direct	100
Validus Engineering (Pvt.) Ltd	21/05/2021	Indonesia	Direct	95

Acquisition of subsidiaries

On 21 May 2021, acquisition by 95% of CG power system Indonesia was made against LE 717 million. Net assets of the company was LE 703 million on date of acquisition and the difference was recognized as a goodwill by LE 13 million till finishing purchase price allocation study during the allowed measurement period (one year from date of acquisition).

Subsidiaries for El Sewedy Electric International Co (External cables previously).

	Date of acquisition	Country	Nature of contribution	% of share
El Sewedy Cables – Algeria	03/10/2006	Algeria	Indirect	99.91
El Sewedy Cables LLC	24/12/2006	Saudi	Indirect	60.00
El Sewedy Electric Limited Zambia	31/03/2009	Zambia	Indirect	60.00
El Sewedy Cables Ethiopia	31/03/2009	Ethiopia	Indirect	95.00
Red Sea for copper – Egypt	31/12/2009	Egypt	Direct /Indirect	100
United Co. For Electrical Industries	31/3/2010	Saudi	Indirect	100
National Extraction and manufacturing of metal	23/5/2013	Egypt	Direct/Indirect	99.98
El Sewedy Electric-Dubai LLC	30/9/2016	Emirates	Indirect	49
El Sewedy Electric for engineering projects-Kuwait	27/10/2010	Kuwait	Indirect	49

Equity accounted investee's

	Date of acquisition	Country	Nature of contribution	% of share
Elasty Mould (subsidiary to advanced industries Co.)	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 LLC	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
Pyramids Zona Franca	30/6/2010	Egypt	Indirect	47.5
SC zone utilities	12/01/2020	Egypt	Direct	49

39. Treasury shares (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 and this increase will be deducted from retained earnings. The Extraordinary General assembly's dated 19 April 2010 granted free shares (3 shares for each 10Shares) and 26 April 2011 decided a shares dividend (3 shares for each 10 shares). The Share based payments - Shares for workers includes granting the beneficiaries of the system to each of the Free shares provided that each fiscal year is charged with its shares in the fair value of those shares on the date of their issuance as follows:

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

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

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

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

40. Significant events

The second half of march 2020 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 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.

41. Earnings per share

The calculation of EPS has been based on the following profit attributable to shareholders and weighted-average number of ordinary shares outstanding.

L.E	Three months ended at March	
	2022	2021
Profits attributable to the shareholders of parent company	760 867 344	700 069 768
Less:		
Employee dividends	(76 086 734)	(70 006 977)
Profits attributable to the shareholders	**684 780 610**	**630 062 791**
Weighted average number of shares		
Issued and paid capital shares	2 184 180 000	2 184 180 000
Treasury shares		
Treasury shares	(13 402 124)	(13 402 124)
Treasury shares (Share based payments)	(1 422 160)	(1 422 160)
Weighted average number of shares	**2 169 355 716**	**2 169 355 716**
Earnings per share	**0.32**	**0.29**

42. Non-controlling interests

L.E	Percentage	31/3/2022	31/12/2021
Rowad Engineering Co	49%	401 979 792	439 329 802
El Sewedy Cables LLC - Saudi	40%	353 489 995	276 288 887
El Sewedy Electric Limited Zambia	40%	122 827 396	104 636 290
6 October Dry Port	10%	56 575 838	46 137 167
Red Sea for copper – Egypt	26%	46 260 816	39 824 765
Egyptian Company for Insulators	25%	38 132 061	37 030 593
El Sewedy Electric-Dubai LLC	51%	28 269 849	30 442 795
Other	-	141 154 246	121 144 952
		1 188 689 993	**1 094 835 251**

43. Other non current liabilities

L.E	31/3/2022	31/12/2021
Creditors – PPE purchase*	468 269 178	538 087 004
Government grants**	146 165 274	136 419 930
Long term notes payable	-	148 539 005
Other credit balance	114 424 102	88 543 220
	728 858 554	**911 589 159**

(*) The creditors balance includes the purchase of assets of 149 million pounds related to the agreement for the purchase of 1.7 million square meters of land dated August 2017 between: the Suez Canal General Authority for the Economic Zone, the Egyptian-Chinese Joint Investment Company, and the Red Sea Copper Company.

The Red Sea Copper Company has fully recognized the present value of future payments resulting from the final settlement contract within the lands in the company's financial statements according to the effective interest rate, provided that the difference between the present value and the total payments is recognized as interest during the payment period or the customer's payment schedule, whichever is closer according to the settlement contract ,It also includes the balance of creditors to purchase assets of an amount of 386 million pounds to buy land in the areas (Sadat and Tenth of Ramadan) as the value of installments to be paid with interest during the period from 2021 and the last installment to be paid in 2023.

(**) Greece Renewable Energy Group obtained government grants according to Greek law, and all legal requirements were fulfilled, taking into consideration the commitment to implement all terms and conditions to obtain and maintain the government grant.

44. Financial instruments and the related risks

The main risks related to the company activities are:

- Credit risk
- Liquidity risk
- Market risk

The group management policies are established to identify and analyze the risk 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 activities. The group's board of directors has all the necessary powers and responsibilities to define and supervise the risk management framework.

The Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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.

Trade receivables, debtors and other debit balance

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.
The risk management committee has established a credit policy under which each new customer is analyses individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The group is working to obtain advance payments.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities at the maturity date.
The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.
The Group aims to will have sufficient liquidity when due to meet its expected operational cost. including its financial liabilities, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters.

Market risk

Market risk is the risk that changes in market prices – e.g. 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 optimizing the return.

Currency risk

The Group is exposed to currency risk on borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Egyptian Pound.
Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge, and no derivatives are entered into.
The Company's investments in other subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

Interest rate risk

The Group adopts a policy of ensuring that the exposure to changes in interest rates on borrowings is on fixed rate basis. The Company does not enter into interest rate swap.

Credit risk

Credit risk is the company's exposure to financial losses in chat other parties dealing with them fail to implement their contracted obligations with the company. This risk arises from trade receivables and other debit balances, the total credit risk is as follows:

L.E (amounts in millions)	31/3/2022	31/12/2021
Trade receivables – non current	1 051	1 202
Trade receivables – current	14 555	10 146
Receivables – Retentions	2 068	1 607
Contract assets from contracts with customers	6 274	5 320
Debtors and other debit balance	9 474	9 211
Due from related parties	1 143	1 176
Cash at bank	11 048	10 691
Total	**45 613**	**39 354**

- Receivable aging of trade receivables short term, retention receivables and Due from clients – construction as at 31 March 2022:

LE (Million)	Trade receivables – Short term	Receivables - Retentions	Due from client's construction
Not due	11 162	2 056	6 274
Due for 30 days.	1 639	0.47	-
Due for 31 to 120 days	1 297	7.2	-
Due for 121 to 180 days	264	0.13	-
Due for more than 180 days	662	0.50	-
Others	1 368	4.1	-
	16 392	**2 068**	**6 274**
Less: Impairment	(1 837)	-	-
	14 555	**2 068**	**6 274**

- Receivable aging of trade receivables short term, retention receivables and Due from clients – construction as at 31 December 2021:

L.E (amounts in millions)	Trade receivables – Short term	Receivables - Retentions	Due from client's construction`
Not due	7 396	1 600	5 320
Due for 30 days.	1 683	0.25	–
Due for 31 to 120 days	934	3.88	–
Due for 121 to 180 days	129	0.07	–
Due for more than 180 days	333	0.27	–
Others	1 336	2.22	–
	11 812	**1 607**	**5 320**
Less: Impairment	(1 666)	–	–
	10 146	**1 607**	**5 320**

Liquidity risk

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

LE (Billion)	Less than one year		More than one year	
	2022	2021	2022	2021
Trade payable, Creditors & due to related parties	17.74	15.03	0.91	1.12
Due to banks	17.93	15.05	3.29	2.98

Foreign currency risk

LE (Million)	USD	Euro	GBP	SAR	KWD	Total
Financial Assets:						
Trade and notes receivables	4 899	785	1 082	225	453	7 444
Cash and cash equivalent	2 402	239	404	40	166	3 251
Total Financial Assets	**7 301**	**1 024**	**1 486**	**265**	**619**	**10 695**
Financial Liabilities:						
Trade and notes payables	(4 612)	(517)	(203)	(19)	(184)	(5 535)
Long- and short-term loans	(2 110)	(167)	-	-	-	(2 277)
Banks – Credit facilities and overdraft	(4 204)	(191)	(184)	-	-	(4 579)
Total Financial Liabilities	**(10 926)**	**(875)**	**(387)**	**(19)**	**(184)**	**(12 391)**
Net Assets / (Liabilities)	**(3 625)**	**149**	**1 099**	**246**	**435**	**(1 696)**

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

	Closing rates		Average rates	
	2022	**2021**	**2022**	**2021**
USD	18.33	15.78	16.60	15.71
Euro	20.34	17.88	18.53	17.79
SAR	4.89	4.20	4.43	4.18
Algerian Dinar	0.13	0.11	.120	0.11

Sensitivity analysis

A weakening of LE against the US dollar and Euro at 31 March 2022 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 fixed and ignores any impact of forecast revenues and estimated cost.

10% Effect change

Amounts in million	2022	2021
USD	(664.46)	32.19
Euro	30.31	(13.98)
Total	**(634.15)**	**18.21**

Interest rate risk

The following are the group interest-bearing financial instruments:

	(L.E million)	
	Net book value	
	31/3/2022	31/12/2021
Fixed interest rates		
Financial assets	2 433	2 518
Financial liabilities	(5 379)	(4 495)
	(2 946)	(1 977)
Variable interest rates		
Financial assets	9 532	9 196
Financial liabilities	(15 735)	(13 463)
	(6 203)	(4 267)

The average interest rates are as follows:

	L.E	EURO	USD
Financial assets	8.5	-	1.25
Financial liabilities	10	2.87	1.40

45. 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.

45.1 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. until the date on which significant influence or joint control ceases.

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.

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.

45.2 Property, plant and equipment

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 consolidated statements of profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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 years 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.

45.3 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.

45.4 Intangible assets and goodwill

Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Research and development

Expenditure on research activities is recognized in profit or loss as incurred.
Development expenditure is capitalized only if the expenditure 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 asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Other intangible assets

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization

Amortization is calculated as the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and amortization expense is recognized in profit or loss.
Good will is not amortized.
Each reporting period amortization, useful life and residual values are revised and changed if it's appropriate.
Amortization is incurred in profit and loss statement using straight line method over their estimated useful life for each asset
Development costs are amortized using the number of units sold method, which is calculated before the start of implementation.
The right of use - solar power plants is amortized during the term of the contract over the expected life of the asset is 25 years.

45.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is determined based on 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 indirect production cost.

45.6 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.

45.7 Dividends

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

45.8 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.

45.9 Recognition of revenue

The Group applied the EAS No. 48 as of January 1, 2021.Information about the Group's accounting policies relating to contracts with customers is provided in five steps as identified (in Note No.5-B):
Revenue from contracts with customers is recognized by the group based on five step modules as identified in EAS No. 48:
Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.

Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.

Step 3: Determine the transaction price: Transaction price is the compensation amount that the Group expects to recognize to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.

Step 4: Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the Group will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the Group expects to receive in exchange for each performance obligation satisfaction.

Step 5: Revenue recognition when the entity satisfies its performance obligations.

The Group satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met: -

a) Group performance does not arise any asset that has an alternative use of the Group and the Group has an enforceable right to pay for completed performance until the date.
b) The Group arise or improves a customer-controlled asset when the asset is arising or improved.
c) The customer receives and consumes the benefits of Group performance at the same time as soon as the group has performed.

For performance obligations, if one of the above conditions is met, revenue is recognized in the period in which the Group satisfies performance obligation.

When the Group satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)
Revenue is recognized to the extent that is potential for the flow of economic benefits to the Group, revenue and costs can be measured reliably, where appropriate.
The application of Egyptian Accounting Standard No. (48) requires management to use the following judgements:

Satisfaction of performance obligation

The Group should assess all contracts with customers to determine whether performance obligations are satisfied over a period or at a point in time in order to determine the appropriate method for revenue recognition. The Group estimated that, and based on the agreement with customers, the Group does not arise asset has alternative use to the Group and usually has an enforceable right to pay it for completed performance to the date.
In these circumstances, the Group recognizes revenue over a period, and if that is not the case, revenue is recognized at a point in time for the sale of goods, and revenue is usually recognized at a point in time.

Determine the transaction price

The Group has to determine the price of the transaction in its agreement with customers, using this judgement, the Group estimates the impact of any variable contract price on the contract due to discount, fines, any significant financing component in the contract, or any non-cash return in the contract.

Control transfer in contracts with customers

If the Group determines the performance obligations satisfaction at a point of time, revenue is recognized when control of related contract' assets are transferred to the customer.

In addition, the application of Egyptian Accounting Standard No. 48 has resulted in:

Allocation of the transaction price of performance obligation in contracts with customers

The Group allocate the transaction price to performance obligations accordingly that revenue is recognized over a period of time, the Group considers the use of the input method, which requires recognition of revenue based on the Group's efforts to satisfy performance obligations, provides the best reference to the realized revenue. When applying the input method, the Group estimates efforts or inputs to satisfy a performance obligation, in addition to the cost of satisfying a contractual obligation with customers, these estimates include the time spent on service contracts.

Other matters to be considered

Variable consideration if the consideration pledged in a contract includes a variable amount, then the Group shall estimate the amount of the consideration in which it has a right in exchange for transferring the goods or services pledged to the customer, the Group estimates the transaction price on contracts with the variable consideration using the expected value or the most likely amount method. this method is applied consistently throughout the contract and for identical types of contracts.

The significant funding component

The Group shall adjust the amount for the contract pledged for the time value of the cash if the contract has a significant funding component.

Gain on sale of investments

Gain on sale of financial investments are recognized when ownership transfers to the buyer, based on the difference between the sale price and it's carrying amount at the date of the sale.

Finance income and finance costs

The Group's finance income and finance costs include:
Interest income
Interest expense
Dividend income
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.

45.10 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 statement of income as incurred.

45.11 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 statement of income 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.

45.12 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.

45.13 Earnings per share

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

45.14 Financial instruments

1) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Upon initial recognition, an entity shall, measure the financial asset or financial liability at its fair value added or deduct it, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that can be directly attributable to the acquisition or issuance of the financial asset or financial liabilities, with the exception of the due from customers who, if the amounts owed to them do not include a significant financing component.

2) **Classification and subsequent measurement**

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.
Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect future cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The accounting policies related to the application are similar to the accounting policies applied by the Group, with the exception of the following accounting policy, which came into effect starting from January 1, 2021.

Financial assets- Business Model Assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to the Group's management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.
Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses:

Financial assets classified at FVTPL	Financial assets at FVTPL are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

3) **Derecognition**

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial 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 in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) **Offsetting**

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 set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

5) **Financial derivatives and hedge accounting**

Derivatives are measured at fair value on initial recognition. Following initial recognition, the derivatives are measured at fair value, and changes in them are generally recognized in profit or loss.

45.15 Impairment

1) Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as releasing security (if any is held); or
- The financial asset according to the terms of payment and the nature of each sector for individual customers and considering the study of expected credit losses prepared by the company.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 120 days past due; The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; It is probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is two years past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2) **Non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, work in progress, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then 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, if no impairment loss had been recognized in the previous years.

45.16 Lease contract

1) **Determining whether the arrangement contains a lease contract or not**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.
Initially or when evaluating any arrangement that contains a contract lease, the Group separates the payments and the other consideration which are required by the arrangement of the lease and those of other elements

based on their relative fair values. If the Group concludes with lease that it is not possible to separate the payments in a reliable manner, then the asset and the liability are recognized at an amount equal to the fair value of the underlying asset; Then the liability is reduced when the payments is fulfilled, and the finance cost calculated on the obligation is recognized using the Group's additional borrowing rate.

Leased assets

Lease contracts for property, plant and equipment that are transferred in a large degree to the Group, all of the risks and rewards associated with the property are classified as finance leases. Leased assets are initially measured at an amount equal to the fair value of the fair value and the present value of the minimum lease payments, whichever is less. After initial recognition, the assets are accounted for according to the accounting policy applied to that asset.

46. Comparative figures

A- Certain comparative balances have been reclassified to meet with current period presentation and is represented in statement of financial position items which affected with the reclassification:

L.E	Before Reclassification 31/12/2021	Reclassification	After Reclassification 31/12/2021
Right of use	80 149 558	48 791 180	128 940 738
Intangible assets	1 090 293 446	(48 791 180)	1 041 502 266