JASTA the possibility of an economic warfare in courts

Saudi Arabia sells off its US bonds as a response to JASTA law

Is JASTA a weapon against US?



"It is during our darkest moments that we must focus to see the light." Aristotle Onassis Businessmar

f

1905 - 1975



"A loving heart is the truest wisdom."

> **Charles Dickens** Novelis 1812 - 1870

63rd Year No. 41



United Kingdom's celebration of 6th October 1973's victory



Head of Sugar Division: Sugar shortage crisis would be resolved by importing 400 tons of sugar



Prior actions to the IMF loan are almost completed



The devaluation of the pound: Hope is in production



AI Ezz Dekheila Steel Company (EZDK)

The Egyptian Ministry of Petroleum announces its plan to provide the markets with petroleum products

Saudi Aramco suspends supply of petroleum products to Egypt

The spokesman for the Ministry of Petroleum Hamdy Abdul-Aziz has stated that the minster of petroleum has received a phone call from Saudi Oil Company Aramco stating that the company would only stop supplying petroleum products to Egypt during October.

The spokesman for the Egyptian General Petroleum Corporation (EGPC) pointed out that in order to avoid the potential for petroleum product shortage, especially gasoline and diesel shortages, and its economic implications; the EGPC has taken a number of measures, including launching tenders to import the petroleum products (diesel, gasoline and fuel oil). This in order to, bridges the future market shortfall of 635

700 thousand tons that

shortfall as quickly as

The EGPC spokesman confirmed that Aramco would only stop supplying petroleum products to Egypt during October and the deal concluded between the company and the ministry has not been canceled.

will buy 400,000 tons of gas oil, 200,000 tons of gasoline and 100,000 tons of fuel oil per month, all on a credit line with a 2 percent interest rate to be repaid over 15 years. Egypt will launch a number of tenders to buy the fuel needed for the local consumption. The Egyptian General Petroleum Corporation (EGPC) plans to allocate more than \$500 million

Sahar Nasr discussed 33 projects totalling \$2.26bn with the mission of the AFDB

Dr. Sahar Nasr, the Minister of International Cooperation, received a mission from the African Development Bank (AFDB) in the presence of Dr. Leila Mokaddem. AFDB resident representative for Egypt, at headquarters of the ministry. The mission would follow up the steps taken by the government to implement its economic program in order to take (AFDB) loan worth \$500m allocated to support the government's economic program.

The Bank's on-going portfolio in Egypt consists of 33 projects totalling \$2.26 billion in many vital fields, notably electricity, energy, irrigation and agriculture drainage, transportation and small and me-dium enterprises, in addition to strategic collaboration between Egypt and AFDB amounting to \$ 3 billion over four years.

Peak oil takes a backseat to peak demand by 2030

The balancing of supply and demand, and not the price of a barrel of oil, is the key concern for oil-producing nations.

"My eyes aren't on the price, my eyes are on supply and demand," said Saudi Arabia's Minister of Energy, Industry and Mines, Khalid Al Falih, in conversation with John Defterios, Anchor & Global Emerging Markets Editor, CNN, after making the opening keynote address at the 23rd World Energy Congress.

The Minister affirmed the kingdom's commitment to hydrocarbons but said that the world needs to continue investing in all energy sources

Q First Solar commissions 52.5MW solar

plant in Jordan First Solar, a US-based global provider of comprehensive photovoltaic (PV) solar systems, has commissioned the 52.5 megawatt (MW) AC Shams Ma'an project in Jordan, on schedule. The plant is owned by a consortium of investors consisting of Diamond Generating Europe Ltd., Nebras Power Q.S.C. and the Kawar Group. First Solar significantly contributed to the development

of the project before divesting its stake and being appointed the Engineering, Procurement and Construction (EPC) contractor.

Greece gets positive review but euro zone withholds part of new loan payment

Euro zone finance ministers gave Greece a positive review of its reforms on Monday but divided up the latest tranche of aid to Athens, disbursing a 1.1 billion euro loan, but postponing its decision on a further 1.7 billion payout to later in October.

As part of an 86 billion euro bailout program agreed last year with other euro zone members, the third such package since 2010, Greece needs to complete a wide range of reforms on pensions and labor markets, carry out privatizations and tackle other sensitive issues. But in a meeting in Luxembourg the euro zone finance ministers decided to split the payment in two parts and gave their political green light only to a 1.1 billion euros payment.

ed petroleum products. Uil soars to one-year high on Putin output cap comment

at its next ministerial meet-Oil rose to one-year high after Russian President ing in November to adopt Vladimir Putin said on quotas for member coun-Monday that his country tries' output. reported The was ready to join OPEC **Financial Times**

Last month, OPEC counefforts to stem the decline in crude prices through a tries reached an agreement output cap, said a report. in Algiers to curb production Speaking at the World Ento between 32.5m and 33m barrels a day. But details ergy Congress in Istanbul, Putin said he hoped the profor a binding deal to reduce ducers' group would decide supply, which would be the first since the financial crisis, still need to be finalized. Putin said the fall in prices by more than 50 per cent since mid-2014 had triggered the longest period of investment decline in 45 years. The drop in funding into future production could lead to "unpredict-

able jumps" in prices. Brent

crude, the international

benchmark, increased as much as \$1.47 to \$53.50 a barrel after Putin's remarks This is the highest level since October 9 last year.

Saudi Arabia's Energy Minister Khalid Al Falih said earlier in the day that he was optimistic a deal would be struck, but any OPEC output curbs should not be too severe



Putin with Saudi Arabia's Energy Minister Khalid Al Falih



loan to be granted by the central Bank of Egypt in order to purchase need-

should have been supplied by Aramco. The EGPC spokes-

man noted that petroleum products supplied by Aramco to Egypt have been awarded to suppliers in order to bridge the

Saudi Arabia agreed to provide Egypt with 700,000 tons of refined petroleum products a month under a \$23 billion deal over five years between Saudi Aramco and the Egyptian General Petroleum Corporation. Under this deal, Egypt



General Fahmy Muiahid

Cairo International Airport the first gate in the journey to Egypt

General The Major Fahmy Mujahid, the Interior Minister Assistant for the Security of the Cairo Airport, gave directives to heads of Cairo Airport police, Major General Adel Abd El-Fattouh, the security agent of Cairo General Amr Airport, Director of Morteda, Department, Passport and Colonels Hasim Nofal, Motaz Yousef, Amr Abd El-Razek and Mahmoud Darwish to provide the passengers with all conveniences and necessary services in order to project a positive image of Egypt to all passengers and tourists.

The Cairo Airport is definitely the perfect place to leave a good impression for being the first gate into Egypt.

By Ahmed Youssef

توزيع جريدة الأهان

The Shariah Book Authority sponsors (SBA) holds a press conference on 11 October to an-

7

edition of the Sharjah Inter-

The press conference

was attended by Ahmed

bin Rakkad Al Ameri, Chair-

man of SBA, HE Abdul Aziz

Oman Convention & Ex-

hibition Centre (OCEC).

the sultanate's landmark

business events hub lo-

cated in Seeb area, is set

to officially open its doors

on Monday (October 10).

Infra Oman 2016, the

6th edition of Oman's In-

for

industrial

opening event

at the brand

new facility.

One of the re-

gion's leading

conferences

facilities

national Book Fair (SIBF).

nounce details of the 35th memories of SIBF and the history of its inception. It will be held in a tent similar to the old Expo Centre in Sharjah, which witnessed the first editions of SIBF being held in the 1980s.

Taryam, CEO Advisor and The conference's speakers unveiled the activities General Manager of Etisalat Northern Emirates, and programs at SIBF in-Khalid Al Midfa, Director cluding the Cultural Pro-General of Sharjah Media gram, the kid's Program, Corporation and a number the Cultural Café, and the of representatives of SIBF Cookery Corner Program.

Located about 4 km

from the Muscat Inter-

national Airport, the new

convention centre is part

of Madinat Al Irfan Urban

Development. It boasts

two-tiered auditoriums

sq

space.

m of

column-free

exhibition

Designed

of

confer-

This year, the press conference recalled the first

> Ahmed bin Rakkad Al Ameri They also announced key

cultural, intellectual and media personalities from

Sharjah International Book Fair revealed details of 35th Edition 2nd - 12th Nov.

Oman's convention centre of charge to visitors on 22 Oct. developments in the sul-

> "Dr. Khalid Anani, the Minister of Antiquities, decided to open all archaeological museums all over Egypt to foreign, Egyptian and Arab visitors free of charge on 22 October as part of the Ministry of Antiquities' celebration of 150 years of Egyptian parliamentary life", said Mustafa Amin, the Secretary General of the Supreme Council of Antiquities.

> incided with the country's recent national events in order to join the Egyptian people in celebrating this historic event that is politically and archaeologically important". He added, "The parliament

> building is listed on the country's heritage list as an Islamic and Coptic monument as per ministerial decree No.1237 of 1986, pointing out that the main objective of this decision is to raise people's historical and archaeological awareness, whether young or old, and familiarize them with this important historical and archaeological event.

around the world who would be participating. Details of many of the publishing houses, officials and cultural entities were also revealed as well

Over three and a half decades, the SIBF has become one of the major events that support cultural tourism, locally, regionally, and internationally. The only event that readers and intellectuals await from year to year and most of them visit Shariah Emirate and the UAE only to attend the exhibition over its 11-day duration in order to buy books, meet their favourite book writers and celebrities, and participate in many fun and useful activities

The next edition of SIBF will be one of its most important editions over the last decade because it coincides with the 35th anniversary of its inception and with the celebrations of the UAE of 2016 as the Year of Reading

By Rania Imam

sorbed by a broad range of

international investors, with

notable large-scale sover-

eign debt issuance by Sau-

di Arabia and Kuwait, along

with corporate/quasi-sover-

eign/GRE debt issuance by

Oman Oil, Saudi Electricity,

Investment Corporation of

Dubai and Ooredoo.

travelstart Your Gateway to the World!

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ternational trade event that can seat 3,200 and for infrastructure and 450 people, while the five exhibition projects, will be the halls will feature 22,000 to meet the and exhibitions, demands OCEC has been global

set for grand opening

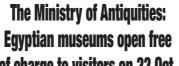
tanate

developed by Omran, government-owned company mandated to drive the investment, growth and development of the tourism sector in Oman

atre and Grand Ballroom,

ence organisers, are 19 meeting rooms, conveniently located on the second floor and easily accessible from the The-

which offer 25-360 seats Omran is the master and overlook luscious developer of major tourlandscapes, said the ism, heritage and urban statement from Omran.



Amin said, "This decision co-

GCC bond market to continue gaining momentum The GCC bond market, all context, the GCC region which saw record sales in the will increasingly gain more first half of 2016, is expected momentum as an attractive and more secure bond

to continue experiencing an increase in the volume of ismarket for international suances, according to analyinstitutional investors. sis from Indosuez Wealth Technical aspects should Management. remain supportive with the Indosuez Wealth Manageupcoming GCC bond supply expected to be well ab-

ment added that in the current environment of lower interest rates, the hunt for higher yields and longer bond duration is driving the demand for USD bonds higher.

This situation is making bonds in 'High Growth Markets' a top performing asset class, with a growth of 11.5 per cent on a year-to-date basis. Christiane Nasr, director & senior investment

advisor, Indosuez Wealth Management, said: "Despite the strong year-todate performance, more spread compression in 'High Growth Markets' could be still achievable by the end of 2016 without ruling out a degree of volatility along the way. In this overtively

This is expected to be the case despite the GCC's corporate bond market tightening by only 4bps YTD, making it the lowest amongst its peers in High Growth Markets.; with Latin America, Emerging Europe and the Asian bond markets tightening by 163bps, 100bps and 51bps respec-

طبع بمطابع دار المهورية للصحافة

exports would solve Egypt's trade

deficit problem and help with rapidly

depleting foreign reserves. This will

happen when the local production is

able to substitute the imported and

foreign products. These are crucial

benefits that the government is hop-

ing for. The prime example for this is

China; it has long kept its own cur-

rency low vis-a-vis to the dollar to

As for now despite it still remains

unclear whether devaluing the cur-

rency will be taken or not. It seems

like floating the currency is the only

harsh option to revive what left of

the economy; however, floating the

pound is not a long-term solution,

but a short one. Policy makers must

consider it as the corner-stone or as

the first step towards a comprehen-

sive reform road map boosting the

economy and fixing the distortions

the economy has suffered from for

around five years now, especially

that acquiring a loan from the IMF

is considered as a guarantee for an

Moreover, devaluing the pound is

an excellent opportunity to increase

and encourage local production,

which is a sector that has been sub-

jected to recession for the past years.

Since the key of development to any

nation is to increase its own produc-

tion and making it compatible to com-

At the end Egypt is not the only

country that devalued its own curren-

cy; China, Brazil, Mexico, and Nige-

By Nessma Ashraf

ria are prime successful examples.

pete in the international market.

economy with promising potential.

support its strong export market.

Devaluing the currency

is not the Magic Wand

The devaluation of the pound: Hope is in production

Devaluation of the pound is becoming an open debate among economists and the government whether to progress with this step or to wait. Probably as an Egyptian you must have listened to the words the devaluation of the pound or the floating of the pound at least once in your day. Everyone is talking and freaking out about the devaluation of the pound, which the government is about to implement. Here come the important questions that everyone is secretly asking about; what is the devaluation of the Egyptian pound? What are its implications on the Egyptian Economy and society? And finally, is there any hope or positive outcome from this harsh reality?

Home

What is 'Devaluation'?

Devaluation is a deliberate downward adjustment to the value of a country's currency relative to another currency, group of currencies or standard. Devaluation is a monetary policy tool used by countries that have a fixed exchange rate or semifixed exchange rate system.

An ongoing debate over the pound devaluation

It is still unclear whether such policy is going to be implemented or not, since Tarek Amer, the Bank's Governor, and Lobna Hilal, Deputy Governor of the Central Bank of Egypt, and Rami Abu Naja, Assistant Deputy Governor of the Central Bank of Egypt, who are responsible for the management of this file, are still in Washington attending the annual event of the Monetary Fund and the World Bank.

In a previous statement for Tarek Amer on the pound devaluation, he stated that ""I will not float the Egyptian pound before foreign exchange reserves increase to a level between 25 and 30 billion dollars, up from the current size of the reserve which is 16.48 billion dollars"

It seems that Egypt's economy and the middle class will undergo tough changes in the short-run of this quarter, if this decision was taken. With its currency trading near a record low in the black market, reserves to cover just three months of imports and a widening current-account deficit, pressure is mounting to devalue the pound to alleviate a dollar shortage that prompted officials to seek help from the International Monetary Fund. It is guiet known, that the IMF requires structural reforms in the economy to reduce government expenses and to increase revenues which is referred to by Fiscal consolidation, and also oblige government to decrease subsides and protective

measures, as well as, devalue the pound. Taking the IMF loan is seen as an essential step to reignite the economy from its recession for the past five years and restores international confidence in the strength of the Egyptian economy.

Since devaluation or floating was introduced in the mid-seventies, the inevitable result was a dramatic increase in prices, which will burden the mid and low-income classes in Egypt. In 2003 Egypt has faced a very similar situation to the cur-rent dilemma, leading the officials to devalue the pound. Floating the Egyptian Pound was first introduced in 2003 - Public First acquaintance with the term - when the Egyptian government chaired by Atef Ebied decided to float the Egyptian Pound, this decision lead to the depreciathis decision lead to the deprecia-tion of the Egyptian Pound against the US Dollar by 50%. The US Dol-lar exchange rate before floating the Egyptian Pound was 3.40 EGP, but afterwards it reached 5.50 EGP. then 7 EGP, then it stood at 6.20 EGP, this action lead to a dramatic increase in prices, which was accepted by economist as a fair price rate.

The problem that faced the past governments and the officials now has to avoid, to make the devaluation of the pound successful; is not to intervene or back up the pound against the dollar. In the past years the government has always backed the pound, which resulted to have an unequal rate between the official rate and the black market. The CBE's and the government decision to keep the dollar stable at this rate required imposing restrictions on hard currency movements, making it difficult for businesses to exchange currency in banks. As a result, the black market in Egypt has flourished.

In 2011 there have been a slowdown in the world trade and after the 25th of January revolution followed by unrest and political instability, which lead to a substantial fall in tourism, foreign investment, Suez Canal revenues, and Egyptian expats transfers. Since this increase is related to demand on liquidity. For anyone who needs to get a hold of dollars, banks are a limited option. Both Egyptians and foreigners resorted to the black market to access such hard currency, where everyone is now competing for the available dollars that are provided by people transferring remittances from abroad or small-time exporters who have dollars but can now exchange them at higher prices outside of the system.

The dollar shortage has stifled business activity and hit confidence in the Egyptian economy. Egypt debe between 11.50 &13.00 EGP said by Banking expert Ezz El-Din Hassanein, the director general of an Arab bank operating in Egypt. As a result, the best option here is for the government to not intervene and leave the market to regulate itself and reach is own natural equilibrium based on its true supply and demand.

The negative implications

An expected high inflation rate to take place is an inevitable matter unfortunately. Prices are expected to increase dramatically and this is going to highly impact the society especially the middle class, since Egypt is a consumer state that highly depends on imported products. In this case the government will have to intervene to protect those with the low income.

According to a number of economists the next period is going to be one of the hardest periods on the lives of the middle class, putting them in touch position where they would have to prioritize their purchasing products, for the increase of prices.

An expected recession period to take place over the economy, where everyone is afraid of buying or selling, as said by: AUC's Venture Labs direc-

tor Ayman Ismail. The market will be placed in a state of "wait & see"

increase of the exchange rate that is expected to take place in the upcoming month, but this is only temporarily. It is expected to revert back to its equilibrium. However, these are all consequences for a short term period in order to move up with the economy and develop it for the long run.

What are the positive impacts?

Counter to the popular image that Egypt is entering a very dark tunnel; however, there are some positive outcomes. Devaluing the pound would give an opportunity to increase and attract foreign investors to Egypt, in the short run. Since Egypt would become an attractive and cheap market for the foreign investors. Abdul Kadir Hussain, the chief executive officer of Mashreq Capital DIFC Ltd. in Dubai, said he might reconsider investing in Egypt after selling all of his dollarbond holdings last year. "It could potentially open up Egypt for us again,' he said. The market will not only become appealing to foreign investors, but also real estate investors. The real estate market has proved to be one of the most successful businesses in Egypt over the past years.

In addition, this will become in an excellent opportunity for the Egyptian industrial sector to rise; this will provide the golden opportunity for Egypt to start increasing its own local production on order to maximize its exports and compete in the international market. As well as, increasing the competitiveness of the exports, that includes industrial and agriculture exports, tourism, and labor. A decrease in imports and increase in

The Division stated in a press state-

ment that intransigence of the Ministry of

Trade and Industry has caused huge loss

to traders and importers; due to failure to

fulfill their obligations to the overseas com-

panies and many traders are threaten with

bankruptcy and layoffs amounting to thou-

Household Appliances Division and Im-

porters Division at Cairo Chamber of

Commerce have submitted a request to

the President of the General Federation

of Chambers of Commerce Ahmed El-

Wakeel. In order to hold an urgent meet-

ing with the Minister of Trade and Industry

Tariq Qabil to discuss problems faced by

the state citizens in this large sector, this is

fundamental to economic and trade com-

munity. They have also asked to discuss

ways to support the Ministry and provide

the lands needed to implement manufac-

turing projects. While gradually shifting

from importing to manufacturing without

damaging the import and trade sector,

and in a way that would safeguard the

rights of workers and ensure that they

would not be laid off

The Crisis Management Committee,

sands of low income employees.

The PM discusses with the Central Bank Governor providing needed funds

12 October 2016

A cabinet statement stated that Prime Minister Engineer Sharif Ismail has discussed with the Central Bank Governor providing funds needed to enter into contracts relating to import of basic commodities, such as meat, rice, cooking oil, wheat, sugar and poultry.

The Prime Minister Sharif Ismail said, "The government places utmost importance on following up implementation of an urgent plan to provide sufficient stocks of basic commodities for six months and takes the necessary measures to control markets and maintain the price stability of these commodities".

The meeting of Engineer Ismail with the Central Bank Governor prior to his departure to attend the meetings of the International Monetary Fund was held within the framework of continuous coordination between the government and the Central Bank. They have also agreed that the Central Bank would import 200 tons of cooking oil, 60,000 tons of frozen meat at the rate of 10,000 tons per month, 4 million tons of wheat in two batches, 500 tons of rice and 400,000 tons of sugar.

West Port Said Container Terminal receives five container ships on 1-3/10/2016

West Port Said container terminal received on 1-3/10/2016 five "Mother" container ships, one of which is a Chinese COSCO container ship while the other four ships are UASC container ships and their specifications are as follows:

· The ship COSCO EUROPE with a length of 349 m and a draft of 11.2 m has docked at container terminal on 1/10/2016 where 729 Box containers were handled with elapsed labor rate of 27 containers/ crane/hour.

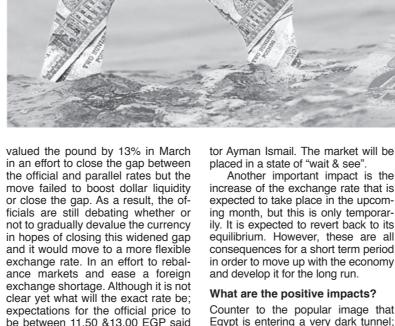
 The ship AL-QIBLA with a length of 366 m and a draft of 12.4 m has docked at container terminal on 2/10/2016 where 1132 Box containers were handled with elapsed labor rate of 24 containers/ crane/hour.

· The ship Al-GAZAN with a length of 306 m and a draft of 10.5 m has docked at container terminal on 2/10/2016 where 194 Box containers were handled with elapsed labor rate of 27 containers/ crane/hour

· The ship EGIOS DIMITRIOS with a length of 300 m and a draft of 11.2 m has docked at container terminal on 3/10/2016 where 766 Box containers were handled with elapsed labor rate of 26 containers/ crane/hour

· The ship AL-MANAMAH with a length of 306 m and a draft of 11.6 m has docked at container terminal on 3/10/2016 where 492 Box containers were handled with elapsed labor rate of 25 containers/ crane/hour.

All these ships have been handled with efficiency and high labor rates thanks primarily to the efforts of staff of the terminal, development works, raising efficiency, and upgrading of handling equipment. Especially huge S.T.S winches that have been recently installed and they allow 22 lines to be handled on the ship board



Middle Wast Obserber

د ی مندل *ایسّت او بز*رقر

Federation of Egyptian Industries (FEI)

explain reasons behind rice soaring prices

Ragab Shehata, head of the Rice Division at the Federation of Egyptian Industries, said, "The reason behind rice soaring prices is the fact that some farmers have refused to sell the rice at the price of EGP 2400 per ton". He emphasized that the consumers have stored large amount

of rice over fears of I knew those who an expected rise in smuggle the rice, I would definitely reits price, which has already led to a sigport him/her to the police without a secnificant increase in its price. Shehata added, ond thought because "The Egyptian rice the Egyptian citizen is has been smuggled more important than through Salloum and any other citizen and Halaib-Shalatin land we won't export a ports as well as Damigrain of rice and will etta. Alexandria and work on storing the Port Said sea ports. rice surplus for next He continued, "If vear"

Members of Egyptian Parliament call for prompt intervention to resolve crisis

A number of members of Egyptian Parliament have summed up the causes of current sugar crisis, with the sugar kilo is now being sold at the price of EGP10 in some areas. In the fact that a number of traders have completely monopolized locally manufactured sugar and that they have totally dominated the market in the absence of oversight. A further cause of sugar crisis is the decline in planted sugar beet and sugarcane areas, due to the fact that the authorities have not agreed to increase the import price of these two crops by EGP 100 per ton. Finally, lack of attention paid by the Ministry of Agriculture to developing higherquality strains of crops is one of the main causes of decline in yield per acre.

Hisham Al-Shaina, the head of the Parliament's Agriculture Committee, has urged both President Abdul-Fattah El-Sisi and Prime Minister to examine request submitted to the Economic Group in relation to increasing the import price of sugar beet and sugarcane crops by EGP 100 per ton. As the farmers have been reluctant to plant those crops given that they would not make profit.

Al-Shaina added, in his press statements, "One of the true causes of sugar soaring prices in addition to traders' monopoly is the lack of support provided by the Ministry of Agriculture, which is demonstrated by the decline in planted sugarcane areas in the Upper Egypt governorates in order to plant other crops. Moreover, the state has continued to marginalize the farmers even if the president has paid due attention in all his meetings to agriculture, the farmer's concerns and easing the burdens on this segment of Egyptian society.

For his part, Raef Temarz, Under-Secretary of the Parliament's Agriculture on Committee, said that he would submit a request for briefing to the Ministers of Supply and Agriculture in relation to sugar crisis and the fact that the sugar kilo is now being sold at the price of EGP10 in some areas

Importers division calls for an urgent meeting with Qabil

Traders: We are threatened with bankruptcy.....We want facilitated lands so that we can gradually shift from importing to manufacturing Household Appliances and Importers Divisions at Cairo Chamber of Commerce stated that they have received a large number of complaints submitted by importers and traders. The complaints stated that they have suffered losses due to intransigence of the Ministry of Trade and Industry in registering factories eligible to export their products into Egypt as per the Minister's decision No. (43) Of 2016 despite submitting needed documents for more than 5 months.

The elected Crisis Management Committee, which consists of head of Importers Division at Cairo Chamber of Commerce Ahmed Sheha, the member of Cairo Chamber of Commerce Osama Saad Jaafar, head of Household Appliances Division at Cairo Chamber of Commerce Ashraf Helal and Deputy Head of Household Appliances Division at Cairo Chamber of Commerce Fathi Al-Tahhaawi, has also received a number of complaints that would be referred to the General Federation of Chambers of Commerce

Head of Sugar Division: Sugar shortage crisis would be resolved by importing 400 tons of sugar

Rozayqa, Head of Sugar Division at Federation of Egyptian Industries (FEI), emphasized that Sugar shortage crisis would be resolved by urgently importing 400 tons of sugar, as there is significant shortfall in the market's sugar stock. Rozayqa added in press statements that importing those quantities of sugar would resolve the current crisis until the next sugar season in December; when the sugar would be produced from sugarcane,

while the remaining nec-

sugar beet crop in February. He pointed out that Egypt needs to import 800,000 to 1 million tons of raw sugar annually. In addition to Egypt's production of sugar to meet the needs of the markets, pointing out that the current crisis necessitates importing 400 thousand tons of sugar. Rozayqa stated that the current crisis is caused by many reasons, most importantly the high price of imported sugar. Due to cur-

rent dollar crisis as well as essary quantities of sugar would be produced from unjust distribution of sugar, which led to a monopoly of huge amounts of sugar with the intent to be stored and sold later on at high prices. As has been the case with the case of «Sugar Whale» who has monopolized amounts of sugar amount to EGP 100, adding that the government has begun importing amounts of sugar in batches and has supplied 100,000 tons of raw sugar to Egyptian Sugar and Integrated Industries Company S.A.E in order to be refined



Coordination between the Armed Forces & the Ministry of Supply and Internal Trade

The Ministry of Supply and Internal Trade has announced coordination between traders and the Ministry's Holding Company for Food Industries would be made with a view of increasing supply of basic commodities. In order to, combat the rising prices and ease the burden on medium-and low income earners. Coordination between the Armed Forces and the Ministry would be made in order to double supply of basic commodities over the upcoming period

Mohamed Ali El Al-Moselhi, the Minister of Supply and Internal Trade, emphasized that 4 -6 thousand tons of sugar, two thousand tons of cooking oil and a thousand tons of rice have been daily supplied to the Ministry's wholesale stores all over the country. Moreover, the basic commodities and other commodities have also been supplied to these stores, in order to be periodically delivered to the commodity grocers and the ministry's outlets in governorates to meet the needs of 22 million holders of ration card. He pointed out that the shortfall in some areas or governorates due to poor distribution was being plugged currently and quickly. He also stated that the Ministry regularly publish wheat, sugar and rice

tenders, noting that wheat supply is sufficient enough to meet the needs of the country over the six upcoming months and that there would be a tender to import of 50,000 tons of sugar and we are not in dire need to import rice currently.

The Minister of Supply has called upon citizens to call the ministry on its hotline19280, in order to report any shortfall of any basic commodities in ration card commodities or subsidized bread distribution centers and the area or center would be supplied this commodity immediately.

Maj. Gen. Mahmoud Al-Ashery, Director of General Directorate of Supply and Internal Trade Police, has decided to require the traders to reduce prices by 10% simultaneously with launching awareness campaigns among citizens, which would promote such decrease in prices of food commodities in addition to meat, poultry, fish, and vegetables. He also pointed out that mobile sale carts are currently being provided to supply commodities to low-income people at low prices in slum areas, villages and hamlets and those carts would be granted temporary licenses by the General Directorate of Traffic.

المنافع المنافع دي ميذل ايت اورزيز Founded in 1959 by Abmod Founda	63 rd year Issue 10/2016 - 41 th edition Authorised by the Supreme Council of Press "An Egyptian Joint Stock Company" Over 50 years covering Middle East and Gulf Economic News	Publisher and Chairman Mahmoud Fouda Publisher@meobserver.net Editor-in-chief H.A.Raouf	Consultant of ME Affairs Yasmine Fouda Special Reports Editor Rania Imam Senior Editor Amira Elhamy Investigative Editor Eiman Rashed	Editor@meobserver.net Layout Ahmed Saber Translator officer Alaa Magdy	Head office 41Sherif St., Cairo, Egypt	Advertising@meobserver.net Annual subscription rates Egypt L.E160 - Arab Countries US\$60 Rest of The World US\$ 165 Subscription@meobserver.net	Al-Ahram Distribution in Egypt Al-kawmia Distribution in the world
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Why? How? What would happen after the enactment of justice against sponsors of terrorism act (JASTA) now?

These are all questions that are going to be discussed and analyzed for the upcoming months, after JASTA has become a fait accompli that would definitely have implications on the global economy. Why has the USA stood by Iran, and punished the Kingdom of Saudi Arabia, which is one of the main countries to combat terrorism?! has become a fait accompli as the Congress, with both the Senate and the House of Representatives, has overwhelmingly insisted to reject President Barack Obama's Veto as predicted by the Middle East Observer newspaper in its issue No.(19) 11 May 2016 Y63...

The possibility of an economic warfare in courts

n an unprecedented move, the US Congress hands the US President Barack Obama the first veto override of his presidency. Obama has vetoed for JASTA, that would allow the families of Sept. 11 victims to sue the Saudi Arabia, which raises the question of would the United States fully undermine its relations with all Gulf countries

The Saudi Arabia can deliberately disclose, in cooperation with its allies, some sensitive secrets that can be used against Washington, as has been the case with JASTA. Here is the bottom line that has raised concerns of the US Defense Secretary Ashton Carter that made him to state that allowing JASTA to become law could lead to American citizens being sued over foreign practices backed by Washington.

Obama, referring to his rejection of JASTA, said that the act could lead to US companies, soldiers and officials being sued and losing important allies during this political turmoil. The danger of JASTA is the fact that it would restructure the international relations and diplomatic concepts; perhaps the most significant danger is that citizens of a country would sue another country over acts of citizens of the latter, which is unprecedented in the international law. For its part, the Saudi Foreign Ministry condemned in a statement on Thursday the passage of JASTA that holds suing the Saudi Arabia in order to claim compensations, describing it as "a major concern". The statement, which was carried on SPA, said, "The erosion of sovereign immunity will have a negative impact on all nations, including the United States". Observers predicted that Saudi Arabia would diminish its cooperation with the United States in

because of this bill?

JASTA is an amendment of an act of 1967 that protects other countries from being sued in the United States, which would give the right to the families of Sept. 11 victims to sue any Saudi government official whom they suspect of being involved in Sept. 11 attacks.

The new amendment provides that the United countable.

the fight against terrorism after the US Congress has passed the act that Riyadh considers a stab in the back, believing that Iran may have a hand in its passage. Dr. Sayed Hussein, director of Arab Center for Political & Strategic Studies, said, "Iranian lobby in the United States could cause a confrontation between the GCC countries led by Saudi Arabia and the American friend and ally with which they have strong strategic agreements and interests.

He stressed that this resolution has very serious implications as the GCC would at least withdraw all investments and money from the United States, noting that volume of Gulf countries' money deposits in the

United States represents 15% of the US economy and it is certainly an impressive figure. He also stressed that the Saudi Arabia would not take any unilateral on-the-ground action as evidenced by the fact that a number of GCC countries have spoken out to reject this bill prior to the vote on its passage. If the United States therefore goes in that direction, there will be an economic and political war, which will inevitably have negative effects on its economy.

The Saudi Arabia has major lobbying tools, including suspending official contacts and withdrawing billions of dollars from the US economy, which would raise difficulties for the US authorities as quoted by New York Times earlier when it confirmed that the Saudi Arabia had threatened to withdraw nearly \$ 750 billion from the United States if the bill has been passed.

States federal courts shall hear any civil law-

suits filed against any sovereign countries that

knowingly or recklessly contribute material

support or resources, directly or indirectly, to

persons or organizations that pose a significant

risk of committing acts of terrorism". Therefore,

victims of terrorism would hold countries ac-

The money is in the form of treasury bonds and other assets in the United States. The American newspaper has quoted Saudi Foreign Minister Adel Al-Jubeir back then as saying that he has informed the American legislators that the Saudi Arabia would have to sell up those assets over fears of being in jeopardy of seizure as part of legal proceedings.

By Rania Imam Eiman Rashed

Is JASTA a weapon against US?

(2) (7)

However, Dr. Mohammed Hussein, Professor of International Relations at the University of Cairo, had a different opinion as he considered this bill as a very normal step and the US President is entitled to address the Congress every 6 months for rejecting to enforce the bill, arguing that the time is not currently appropriate.

He added in his statements that the bill would serve as a threatening tool that is on the shelf so that the Saudi Arabia or other Arab countries would not even dare to mess with the Russian bear, which has now a sword and shield in the Middle East region.

He explained that he believes that the bill has positive aspects that can serve as a weapon to be used by the Arab countries, such as Iraq, Syria and Libya, which have been damaged by the United States in order to sue the United States over the devastation of these countries that was mainly caused by the U.S military interventions.

He noted that the Saudi Arabia could not withdraw its money from the United States as some have been saying; simply because the money is in the form of bonds and assets and not cash flow and the United States would therefore reject to hand over money of the Saudi Arabia.

According to figures obtained by Bloomberg last March, the Saudi government held \$117 billion in US Treasury debt and may have additional holdings that are not included in the data on deposit with the New York Federal Reserve Bank, in entities, in third countries or through positions in derivatives.

US bombed Dresden

Now that JASTA allows German, Japanese, Vietnamese, El Salvador, Iraqi, Libyan and Yemen citizens whom have been victims of the US actions to sue the United States and what can it do after the US Defense Secretary Ashton Carter has stated that allowing JASTA to become law could lead to the United States being sued over foreign practices backed by Washington or US military operations, which are as follows:

April 1916

The United States Marine Corps (USMC) suppressed an uprising in the Dominican Republic and occupied the entire country later on in early May and it has pursued its occupation for eight years.

May 1945

The US air force bombed the German city of Dresden despite the fact that the Russians had moved across the city and it was no longer a military target. The bombing has killed 150, 000 civilians and ruined 60% of the city's buildings.

August 6, 1945

US history of violation

The US president ordered the dropping of an atomic bomb on Hiroshima and Nagasaki that have killed 78,150 persons and mutilated dozens of victims.

August 9, 1945

The US President Truman ordered to drop the second atomic bomb on the Japanese city of Nagasaki where 73,884 people were killed, 60,000 people were injured and all animal species, insect and plants were totally annihilated.

December 24, 1966

The US troops have killed 125 Vietnamese civilians despite the fact that it has declared cessation of December 1981. The Atlacatl Battalion linked to the CIA has killed 1000 people in an orgy of murder, rape, and burning in El Salvador.

Saudi Arabia investigates selling off \$10bn bonds

The U.S Economic News Agency Bloomberg stated that Saudi Arabia has embarked on a series of negotiations with international financial institutions, in order to sell its bonds in a number of countries in the world. This took place less than a week after Congress unblocked legislation allowing the families of 9/11 victims to sue Riyadh. The negotiations aim at luring more overseas investments into the Saudi local market to plug the shortfall in its budget

The Agency said that JPMorgan Bank officials, the U.S largest banking and financial service provider, have attended a two-day meeting with a number of top Saudi financial officials to discuss their desire to lure more overseas investment into its markets. They have also discussed implications of passage of JASTA Law on Saudi financial markets and its impact on investors' confidence in Riyadh.

The Agency pointed out that a number of top officials of the Saudi Economy Ministry and the Central Bank, and some officials of a number of Saudi companies such as STC, SABIC and Samba have also attended these meetings. Bloomberg has recently quoted a source as saying Riyadh is weighing a sale of at least \$10 billion in 5-, 10- and 30-year bonds. It should be noted that Saudi Arabia has warned earlier of implications of JASTA Law.

January 6 February28 1991

The US forces have destroyed more than 8,437 houses, 157 bridges and railroads, 130 primary and secondary power plants, 249 kindergartens for children, 139 social welfare homes, 100 hospitals and 1991. The US bombers have stroked Amiriyah shelter in Baghdad, killing dozens of children, women and the elderly.

September 28, 1997

The Iraq has declared that more than 1.2 million people have died due to shortage of medical supplies since the imposition of the embargo against Iraq.



US troops have killed 125 Vietnamese civilians JASTA law is nothing but a blackmail to the Gulf States The GCC states has considered JASthe UAE's serious concern

USMC in the Dominican Republic

TA Law as nothing but an American blackmail, as violating the Charter of the United Nations, seriously challenging established principles and norms of international relations and posing a threat to the sovereignty enjoyed by the states. The GCC states asserted that this bill would have negative implications on the relations among states, including Washington. Moreover, it would cause tremendous global economic damage. Some politicians questioned the reasons behind the enactment of this legislation today after fifteen years of the September 11 attacks. Is this bill merely a judicial blackmail that aims at putting pressure on the states that the lawyers of the families of September 11 victims claim to be responsible for terrorist attacks in order to loot billions of dollars or is it merely a propaganda for the upcoming U.S presidential election on both presidential or parliamentary level?

H.H. Sheikh Abdullah bin Zayed Al Nahyan, United Arab Emirates Minister of Foreign Affairs and International Cooperation, has expressed the UAE's serious concern about the US Congress adopting this law, considering this law as contradicting the principle of sovereignty enjoyed by states; such obvious violation would definitely have negative implications and danger outcomes. H.H. Sheikh Abdullah warned of the negative effects of the act on all countries, including the Unites States itself, as well as on the international relations, emphasizing that such law would negatively affect the international efforts and international cooperation to combat terrorism.

Many GCC political analysts believed that Washington has adopted "creative chaos" policy over the past years. That the September 11 attacks have served the US interests in pursuing this policy, as it has occupied Iraq and Afghanistan and has come up with a new policy to support radical movements. Moreover, JASTA Law serves as a tool to put pressure on the Gulf States and allows Iranian influence to strengthen on the other hand.

By Mohrram Fouad

The US forces destroyed about 8,437 houses in Baghdad European Countries: JASTA violates the slaw, conadicting the snjoyed by tion would

Paris has restated its rejection to JASTA, following the statement of Finance Minister Michel Saban; the Foreign Ministry has considered the said act as violating the international law. The Foreign Ministry Spokesman Romain Nadal said in the weekly press conference, "France and European countries consider JASTA as contravening international law.

Nadal also said that France, which is fighting militants along with its partners, including the United States, said this battle "should be waged through the respect of national and international laws."

al relations, law would national efoperation to nalysts beas adopted ver the past s it has ocan and has icy to sup-Moreover, tool to put

www.meobserver.org

12 October 2016

The Holding Company For Chemical Industries (S.A.E.) Eastern Company (S.A.E.) (The company is awarded ISO No. 9001-2008) The First Notice Established by Virtue of Law No.: 203 of 1991 Sales (in Billion Pounds) Head Office : 450 Al-Ahram Street, Giza. 2015/2016 2014/2015 Authorized Capital : L.E. 1500 Million 28.571 Sales Total Value 25.531 Paid-In Capital : L.E. 750 Million. Commercial Register No. : 4884 - Giza. 7.613 **Net Sales Value** 7.024 An Invitation

Middle Fast Observer

دىميدك إيت أوبزرقر

To Attend the Ordinary General Assembly Meeting of Eastern Company Determined to Be Held on Wednesday, Corresponding to 19/10/2016

Dr. Mohamed Reda Ali El Adl the Chairman of The Chemical Industries Holding Company (CIHC) has the honor to invite the shareholders to attend the meeting of the Ordinary General Assembly of Eastern Company that is to be held on Wednesday, corresponding to 19/10/2016 at 3.00 P.M. in Pyramisa Hotel, Dokki, Giza, Egypt.

In Order to Consider the Following Agenda:

1. The Board of Directors' Report on the company's activity for the financial year 2015/2016.

2. The Auditors' Report, the evaluation of the company's performance made by the Central Auditing Organization and the reply of the company thereto.

3. Approving the financial position statement, profits & losses account and the closing financial statements for the financial year ended as at 30/6/2016. 4.Approving the quittance of the Board of Directors' members for the financial year ended as at 30/6/2016.

5. Approving the due annual regular increment for the employees as of 1/7/2016. 6.Amending the governing rules of the employees' end of service com-

The Financial Statements In Accordance With Law No. 95 of the Year 1992

The Income Statement for the Financial Period (Per Thousand L.E.) The Financial Position Statement as at 30/6/2016 from 1/7/2015 to 30/6/2016 Compared as Note Subtotal Description Total Subtota No. at 30/6/2015 (Per Thousand L.E.) accredited receipt. Cost 1 Long Term Assets 2015/2016 2014/2015 Net Accumulated **Fixed Assets** Depreciation Subtotal Not Total Subtotal Total Description 218613 Lands 218613 218613 No 2967540 Buildings, constructions, 519645 2943111 3462756 utilities and roads Operating Income 1177212 Machinery and equipment 1149172 2548476 3697648 6268449 Finished product net sales 5999122 meetina. Transport and transportation means 96136 280136 77033 203103 Revenues from operating 1025106 1344645 40066 Tools and instruments 33547 150437 116890 activities for third parties 368010 737659 8547249 Furniture and office furnishings 314189 423470 7613094 7024228 473566 3811584 Less: 4867577 5303952 19 Cost of manufacturing or 4862381 2 **Projects In Progress** purchasing the sold units 478490 Investment composition 503762 274486 Marketing costs (selling and distribution 286412 64845 543335 Investment expenditure 79883 5578438 5148793 Operating income cost 583645 Add: 3 Long-Term Investments 39773 2074429 Subsidies and monetary aids 33486 11329 Real estate investments 11329 190892 Total profit Investments in other companies' shares 5 5 Add: 21130 20663 Investments in bonds **Investments Revenues** 100000 Investments in mutual fund certificates 100000 55968 Other financial investments revenues 10370

8. Changing a plot of land that belongs to the company in Alexandria from investment property activity into lands allocated for the company's activity. The shareholders are kindly requested to pay attention to the

7. Changing one of the company's sites from fixed assets into invest-

pensation.

ment property activity.

following: 1. The entitlement to attend the meeting is limited to the sharehold-

ers who are in possession of 10 shares at least.

2. The shares shall be deposited at depository custodians in order to obtain the certificate of blocking the number of shares three days at least prior to holding the general assembly meeting in return for an

3. In case of being willing to submit any questions, they should be personally submitted in writing to the company's head office in return for a receipt, or to be sent by registered mail to the company's address at 450 El-Ahram Street, Giza Governorate, Post Office Box No. 1543 - Cairo, three days at least prior to holding the general assembly

4. The meeting of the general assembly shall be valid if attended by a number of shareholders representing at least 50 % of its members including the Chairman of the General Assembly.

May Allah grant us success.

Dr. / Mohamed Reda Ali El Adl The Chairman of the Board of Directors

of The Chemical Industries Holding Company

and the Chairman of the General Assembly Meeting of Eastern Company

Change In Equity Statement for the Financial Period from 1/7/2015 to 30/6/2016

	131997	100000		Investments in mutual fund certificates	132464	55968	55968	0	Other financial investments revenues	10370	10370			fror	n 1/7/	2015	to 30	/6/201	6		
	131997		4	Other Assets		22809			Other Revenues and Profits	10370									(Per	Thousar	nd L.F
		11550		Intangible Assets (Net) Development costs	20731		95503		Provisions no longer required		3779	Description	Issued and			Capital	Other	Total		Net Profit	Total
		14553 1104		Capitalized Expenses (Net) Company's contribution in establish-	2944		18786	0	(other than provisions of the de- crease in the inventory prices) Sundry revenues and profits		12638		Paid-in capital	Heserve	Reserve	Heserve	Heserves	Reserves	Earnings	for the Period	Share holder: Equity
	15657	1104		ing non-possessed assets (net)	23675	114289			Less:	16417		Balance as at 1/7/2014	750000	882507	1573717	427149	585981	3469354	63684	0	428303
147654 5466964				Total long-term assets	5567051		347		Administrative Expenses Lump sum salaries and attend-		219	Reserve against					-42481	-42481	42481		
				Current Assets Inventory	3359700			8	ance and transportation allow- ances for BOD members			donated assets Remaining							5609		5609
		2727219		Inventory of materials, fuel and spare parts	56511	56653	56306		Other administrative expenses Burdens and Losses	27680	27461	amount of BOD remu-									0000
		49831 135193		Inventory of unfinished products Inventory of finished products	163132		320154		Provisions (other than depreciation and provisions of the		238543	nerations Adjustment of ex-						0	-98419		-9841
				(after deducting the provision amounting to L.E. 35396)	17425		6166	0	decrease in the inventory prices) Sundry burdens and losses		15668	penses and revenues									
		30193		Documentary credits for purchas- ing commodities and services	3596768	326320 1861713	0100		Net operating profits before finance	254211 1653817	13000	of previous years				1000000000		111220-000			-
	2942436			Receivables Notes Receivable and Debit Accounts	0000700	-47484		0	charges and interest income Finance charges	-84434		Amount transferred to reserves		123135	123135	41026	92989	380285	249405		62969
		108180	5	Receivables Notes receivables	144291 5190	146821 1961050		1	Interest income Net Operating profits	55022 1624405	4	from profits appropria-									
		0 0	6	Due from the Holding Company Due from governmental	567 149115		0		Add: Currency exchange differences profits		33275	tions for the financial									
		167423 10973	7	authorities and bodies Accrued revenues (after	6460	27241	27241		Capital gains	74301	41026	year 2014/2015 Balance	750000	1005642	1696852	468175	636489	2807158	262760	0	48199
		10975		deducting the provision amount- ing to L.E. 6922)			15439	23 (Less: Currency exchange losses		0	as at 30/6/2015									
		9314 15612		Prepaid expenses Suppliers - debit balances	3329 10856	15100	39 8		Capital losses Extraordinary losses		0	Balance as at 1/7/2015 Adjustment	750000	1005642	1696852	468175	636489	2807158	262760 77834	0	48199
		31946	8	Other debit accounts (after deducting the provision amount-	190770	15486 1972805 -17063			Net profit before income tax	0 1698706 -26013		of ex- penses and							//004		
	343448			ing to L.E. 5930374)	510578	513925 496862		ji	Income tax Total income tax for the financial period	452348		revenues of previous									
	3285884		9	Investments & Floating Securities	4107346	1475943		1	Net profit after income tax	1272371		years Net profit for the								1475943	1475
	387877		10	Treasury Bills Cash at Banks and On Hand	0	LE 26.5 p	-1		Earnings Per Share	LE22.6 pe		period from 1/7/2015 to									
		59636 2011727		Banks time deposits or at advance notice Current accounts at banks	503911				from No.1 to No.24 form an integral p ad therewith.	part of these	e financial	30/6/2016 Balance as at	750000	1005642	1696852	468175	636489	2807158	340594	1475943	6373
	2153431	82068		Cash on hand	145006 1310686	Ca	sh Flov	ws S	statement for the Financia	I Period	1	30/6/2016									
827192				Total current assets	5418032		3	fron	n 1/7/2015 to 30/6/2016				ropose								
176128 Provision		Current Liabilities Provisions	254565					(Per Thou	sand L.E.)	for the Financial Period Ended as at 30/6/2016 (Per Thousand L											
				Provision of tax in dispute Provision of claims and disputes	200441 455006	Total	Subtotal	Note No.	Description		npared as	20	15/2016	1						014/201	
	488242	1010		Other Provisions Provision of restructuring the produc-	5660			110.	First: Cash Flows From Operating Act	100	30/6/2015	Total	Subtotal	1		Des	scription		Te	otal S	Subto
		4012 110800		tive capacity of the company's assets End of service compensation provision	0		27672344		Cash sales and receivables Cash purchases and payables to suppl	2	5083046 3013083		1475943 340594	A		ined earr			- 5000	-	12723 1335
	114812	110000		Total provisions	5660 460666		-891066 1505562		Paid salaries Revenues from operating activities for		819372 330511	1816537					rofit serves:		128	5726	
503054 130280	130280			Due To Banks Documentary credits finance	0		147046		third parties and other sundry revenues Collected interest income	2.2	51160		289740 289740	S	egal rese Statutory	reserve				1	1231 1231
30280				Suppliers, Notes Payable	0		-47484 -22966470	6	Paid interests Paid tax and charges		-79768 0415223		27241 81378		Capital re Other rese	serve erves (pro	ofits adju	istment)			410 929
		547000	12	and Credit Accounts Suppliers	882427		40553 -387876	ž	Exportation subsidy / donations & aids Payments for treasury bills purchase		1340 0	688099				Distribu		fits:	380	0285	
		517023 2130315	13	Due to governmental	2430579		3969		Proceeds from real estate invest- ment notes receivables		0		550000			lers' divid) per sha				5	500
		62079		authorities and bodies Dividends payable	681765		2865 -12427		Proceeds from insurance claims Other payments		0		135000 8220	Ê		s' profits		iations		5	125
		464243 177244	14	Accrued expenses Receivables (credit balances)	425026 45688	2457286	12121	1	(1) Net cash flows from operating activi Second: Cash Flows From		-38803 599808		9728	n	nembers	remunera Sports A					82
		207656		Instalments of long-term loans that shall fall due during the following financial year	285467				Investment Activities:			702948	9/20	-		6				2681	02
		358629	15	Other credit accounts	460279		-359269	8	Payments for fixed assets acquisi- tion (projects in progress)		288251	425490			he follow	rried forw ing year	ard to			2760	
917189	3917189			-	5211231 5671897		1166 0		Cash receipts from fixed assets sale Payments of investments in mu-		15410 100000	1816537				0000			128	5726	
650523 176669				Total current liabilities Working capital	-253865		466		tual fund certificates Receipts from investments in housing b	bonds	0						15	-			
643633				Total investment to be fi- nanced as follows:	5313186	-357637		1	(2) Net cash flows from investment acti Third: Cash Flows From Finance Act		372841			-			ountar				
	750000		16	Equity Issued and paid-in capital	750000		-839062 -327826		Paid dividends / paid incentives Payments related to finance lease liabil		715128 309943							Has		1	
		1005642		Reserves Legal reserve	1005642		-286699	-	Payments related to long-term loans instalments settlement		284469			1				ial Sec	tors		
		1696852 468175		Statutory reserve Capital reserve	1696852 468175	-1453587 66403			(3) Net cash flows from finance activitie (4) Currency exchange differences prof	C	309540 40899					Accou					
		20662 615802		Reserve invested in government bonds Reserve of profits adjustments	20662 615802	712465			Net cash movement from 1/7/2015 to 30/6/2016		41674							n Ha			
		25 340594	17	Other reserves Retained earnings reserve	25 262760	1310686 2023151		24	Cash balance as at 1/7/2015 Cash balance as at 30/6/2016		352360 310686	The	Chairma	an of th	ne Boar	d of Dir	rectors	& the N	lanagin	g Direc	tor
I	4147752 1475943	010004	00	Net profit for the financial period	4069918 0								1.								
	6373695			Total Shareholders' Equity	4819918		No	tes	Accompanying The	Finar	icial S	itatem	ents	as a	t 30	/6/2	016				
	0375035		18	Long-term liabilities	1.000		ny's Profile					stment, finan			tries the						
	0373033	60444	10		275711			-n I 'An	indus	arrial agrici	utural or set	vices activity	/ owning	con-	100			ant it i			Sec. 2
		69444 200494	10	Long-term loans Deferred tax liabilities	217557	company,	located in	Giza C	City. struct	ting real est	ates in addit	ion to purcha	sing and d	ividing	compa	nies law	No. (20	ected to t 3) for the			
643633	269938		10	Long-term loans Deferred tax liabilities Total Long-Term Liabilities Total shareholders' equity		company, A subsidia cal Industr	located in ry compan ries.	Giza C iy of th	Sity. struct e Holding Company for Chemi- / imp	ting real est s for the pur porting, exp	ates in addit pose of utili orting and	ion to purcha zing, leasing commercial	sing and di or resellin agencies /	g them estab-	compa tive re Tradir	unies law gulations og in the l	No. (20 s. Stock Ex	 for the change: ' 	year 199 The nomi	91 and its	s exe es of
343633				Long-term loans Deferred tax liabilities Total Long-Term Liabilities	217557 493268	company, A subsidia cal Industu Date and I	located in ry compan- ries. Location of	Giza C iy of th f its Es	Sity. struct e Holding Company for Chemi- lands / imp tablishment: The Company was	ting real est s for the pur porting, exp ng or partici	ates in addit pose of utili orting and pating in es	ion to purcha zing, leasing	sing and di or resellin agencies / purchasin	g them estab- g com-	compa tive re Tradin Comp	nies law gulations og in the s any are tr	No. (20 s. Stock Ex raded in	3) for the	year 199 The nomi ian Stock	1 and its nal share of Exch	es of







Notes Accompanying The Financial Statements as at 30/6/2016 (Continued)

The Financial Period Covered by the Financial Statements: From 1/7/2015 to 30/6/2016.

- Bases of Preparing the Financial Statements

12 October 2016

2/1 Compliance with the Accounting Standards & Laws

The financial statements are prepared according to the Unified Accounting System in addition to the Egyptian Accounting Standards and in the light of the applicable laws and decrees. 2/2 Basis of Measurement:

· The financial Statements were prepared based on the historical cost principle -The financial statements were prepared based on accrual basis except for the cash flows statement which

is prepared according to cash basis. -The cash flows statement is prepared through the usage of the direct method.

2/3 Functional and Presentation Currency: The financial statements are presented per thousand Egyptian pound while the functional currency is the

Egyptian Pound. 2/4The Usage of Estimates and Assumptions:

The financial statements were prepared in accordance with the Egyptian Accounting Standards which re-quire using estimates and assumptions that have an effect on the values of assets, liabilities, on disclosing the possible liabilities, and on the revenues and expenses. Although these esti-mates are based on the best information available to the management in regard to the circum-stances and current events, however, the final results may differ from these estimates. As for the indefinite estimates and the significant items and notes to the financial statements where those estimates and personal judgments were used, they are represented in the following:

-The estimates of fixed assets useful life.

- Provisions - Deferred tax assets. - Deferred tax liabilities.

- The Most Significant Accounting Policies Applied:

The financial policies applied are used in a fixed manner during the financial periods presented in these financial statements.

3/1Foreign Currencies Translation:

The company keeps its accounts in Egyptian Pound

- Transactions in foreign currencies are recorded in books according to the prevailing exchange rates within the free market of the foreign currencies during the financial period. The exchange rate differences resulting from the currency exchange rate on the utilization date and its rate on its acquisition date are recorded under the item of "other credit accounts". The balances of foreign currencies included in the assets and liabilities of monetary nature are revaluated according to the prevailing exchange rates within the free market of the foreign currencies on the date of preparing the financial statements. The resulting exchange rate differences are recorded in the income statement. 3/2Recording The Fixed Assets and Their Depreciations:

- The fixed assets are recorded in the financial statements at historical cost. As for the purchased fixed assets they are recorded in books at total cost of acquisition according to the Unified Accounting System and their depreciation is charged to the income statement over the estimated useful life estimated for each kind of assets

- The following represents the estimated useful life for each kind of assets:

Description	Estimated useful life (per year)
Buildings	40 - 50
Machinery	10
Means of transport	5
Tools	5
Furniture	4 - 10

Profits and losses resulting from disposals of fixed assets are recognized in the income statement. 3/3 Costs Subsequent to the Acquisition: The company recognizes the expenditure incurred in replacing a part of an asset on the date of incurring

such expenditure as an item included in the book value of fixed assets at cost and the book value of the replaced parts is to be excluded.

3/4 Projects in Progress:

Projects in progress are recognized at cost and the cost includes all the expenditures directly attributable to bringing the asset to a working condition for its intended use and the item of projects in progress is to be transferred to the item of fixed assets at cost when such projects are completed and available for use for the rpose they were acquired for.

3/5 Investments Valuation:

-Real estate investments are valuated at cost, and in case of non-provisional decrease, it shall be charged to the income statement.

-The valuation of the investments in government bonds is carried out at acquisition cost, and the income from the said investments shall be recorded under the item of "investments revenues" in the income state-

3/6 Other Assets

Other assets are represented in the cost of the licenses that are attributed by a high probability of having a flow of future economic benefits accompanying to the company in addition to the Company's contribution in establishing non-possessed assets but achieves its purposes. – Other assets are presented at purchase cost that includes any expenditure directly attributable to bring-

ing the asset to a working condition for its intended purpose of acquisition less accumulated depreciation. - The percentage of development costs amortization amounted to 25% while the percentage of depreciation of assets non-possessed by the company but achieve its purposes amounted to 10% 3/7 Inventory:

-The inventory of materials and production inputs are valuated at cost. Quantities issued from warehouses are valuated based on the weighted average of cost. The valuation of the inventory of unfinished products is carried out at cost until the last phase of production. In addition, the valuation of the inventory of finished products is carried out based on the requirements of the Unified Ac inting System that requires being ecorded at cost.

and liabilities through the use of the tax rates prevailing on the date of preparing the financial statements The deferred tax assets of the company are to be recognized when there is a high probability of achieving profits that are subjected to taxation in the future through which the said asset can be utilized. The value of the deferred tax assets shall be decreased by the portion from which the expected tax benefit shall not be realized during the future years. 4- Financial Risk Management:

4/1 Credit Risk:

The credit risk is represented in the risk of financial loss if a customer or a counterparty of a financial instrument fails to meet his obligations. The credit risk mainly results from other debtors and the credit risk attributable to cash and cash equivalent balances - except for cash on hand and financial deposits - is represented in the lack of liquidity encountered by the counterparty and subsequently, his inability to settle such balances and meeting his agreed upon obligations as a result of his lack of liquidity. In order to control and mitigate such risk, the company deals with financial and banking institutions characterized by high and stable credit ratings

4/2 Liquidity Risk: Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with

its financial liabilities when they fall due and having them settled by delivering cash or another financial as-set. The company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they are due, both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation. The company also ensures having adequate cash on demand to cover the expected operating expenses for an appropriate period including the financial obligations burdens. This includes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The company also invests the excessive cash provided from the daily cash proceeds in the best aspect of short-term investment.

4/3 Market Risk:

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the company'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.

A. Foreign Currencies Risks: The foreign currencies risk is represented in the fluctua¬tions of the foreign exchange rates which affect the payables and receivables in foreign currencies and the valuation of assets and liabilities in foreign currencies which the management encounters through many policies including for example, the amount of what the company obtains in return for manufacturing the foreign products in addition to the local manufacturing of spare parts, investment equipment and purchasing from supplipers'

B. Risks of the Interest Rates: The company deals with many banks based on the interest rates, the matter that enables it to mitigate the risks of the changes in the interest rates, whether the credit interest or debit interest through competitiveness among banks and obtaining the best rates based on the huge volume of

- The bank deposits generating interest income during the said financial period are represented in the total deposits in local and foreign currencies.

The fair value of the financial instruments does not materially differ from their book value at the end of the financial period.

- 4/4 Capital Management:

- The policy of the company's Board of Directors is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future developments of the business. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. There are no material changes in the company's strategies of capital management during the year and the company is not subjected to any external requirements imposed on its own capital.

5- Disclosure of Related Parties:
The company is a subsidiary to the Holding Company for Chemical industries, which owns 55 % of the

company's shares as at 30/6/2016. - Dealing with the related parties is carried out at arms' length.

- The Holding Company for Chemical Industries offers a set of collections of banker's guarantees and non-banker's guarantees to some governmental bodies (the Egyptian Customs Authority -Customs Tax – Sales Tax Department) in favour of the company whose value amounted to L.E. 1.470 billion. 6- Impairment in Financial Assets Value:

The book value of a financial asset or a set of assets owned by the company is reviewed by the company on regular basis on the date of each balance sheet in order to determine whether there is substantial evidence of impairment in a financial asset or a set of assets or not, and the said asset or the set of assets is considered as an impaired asset only when the said impairment in value had resulted from the occurrence of an event or more after the initial recognition of the asset that had affected the estimated cash flows of the financial asset or the set of the financial assets which can be assessed in a reliable manner.

7- Tax Position:

7/1Corporate Tax

The due tax amount was calculated in accordance with law No. 91 for the year 2005 and its amendments. The company pays the due tax amounts on annual basis based on the tax return, while taking into consideration that the tax inspection had been carried out till the financial year (2013/2014) that resulted in tax inspection differences and delay interests that amounted to L.E. 125374458.15 for the financial periods from 2004/2005 to the year 2013/2014.

The tax inspection for the year 2014/2015 has not been carried out yet.

7/2 Stamp Tax:

The tax inspection was carried out for the financial periods till 30/6/2009 The tax inspection differences for the aforementioned periods resulted in proportional stamp tax for the period from 1/8/2006 to 30/6/2009 that amounted to L.E. 5000000 and the file was referred to the appeal addition to a grace period of two years, then in return for a lease amount of approximately L.E. 2.875 million for the period of 72 months

 On 27/1/2009, the company concluded a contract with Corblease Company for Finance Lease for the purpose of selling and leasing some machinery with a total cost amounting to L.E. 152500000 with a variable interest rate of (corridor deposit mid-rate of the central bank + 1.8%) for the period of six years in addition to a grace period of two years, then in return for a lease amount of approximately L.E. 2.875 million for the period of 72 months

On 27/1/2009, the company concluded a contract with Encolease Company for Finance Lease for the purpose of selling and leasing some machinery and buildings with a total cost amounting to L.E. 500003672 with a variable interest rate of (corridor deposit mid-rate of the central bank + 1.8%) for the period of six years in addition to a grace period of two years, then in return for a lease amount of ap-proximately L.E. 9.432 million for the period of 72 months.

The ownership of the said machinery shall be transferred to the company at the end of the contract term against a nominal price of one pound.

The Contract of the Year (2011/2012):

On 14/7/2011, the company concluded a contract with BNP Paribas for Finance Lease for the purpose of selling and leasing some machinery with a total cost amounting to L.E. 97515017 with a fixed interest rate of approximately (11.25 %) for the period of six years and in return for a lease amounting to approximately L.E. 1.868 million for a period of 72 months.

- On 10/8/2011, the company concluded a contract with BNP Paribas for Finance Lease Company for the purpose of selling and leasing some machinery with a total cost amounting to L.E. 95943273 with a fixed interest rate of approximately (11.25 %) for the period of six years and in return for a lease amounting to approximately L.E. 1.838 million for a period of 72 months. - On 28/6/2012, the company concluded a contract with QNB ALAHLI Leasing Company for Fi-

nance Lease for the purpose of selling and leasing some machinery with a total cost amounting to L.E. 398324153 with a variable interest rate of (corridor mid-rate of the central bank + 1.2%) for the period of six years in addition to a grace period of two years, then in return for a lease amount of approximately L.E. 7.478 million for the period of 72 months.

-The ownership of the said machinery shall be transferred to the company at the end of the contract term against a nominal price of one pound.

The Amounts of Liabilities Due from the company from July 2016 to the financial year 2019/2020 are as follows :

			(Per Thous	and L.E.)
Description	Finance Lease	Loans	Interests	Total
2016/2017	279817	207656	19571	507044
2017/2018	100703	69444	1765	171912
2018/2019	95157			95157
2019/2020	95157			95157
Total	570834	277100	21336	869270

Projects in Progress: Note No. 2

Investment composition including

Description	30/6/2016	30/6/2015
Buildings	14328	10202
Machinery	361759	286626
Domestic means of transport - external	3204	0.0
Internal means of transport	3717	0.0
Tools	0.0	1439
Furniture	0.0	177785
Fittings	114291	0.0
Typewriters & calculators	6439	0.0
Rehabilitation	24	2438
Total	503762	478490

. The investment composition includes the following:

L.E. 491 millionRelated to the Industrial Complex project in 6th of October city. L.E. 2 millionRelated to Borg El-Arab Warehouses project in Alexandria and Niaza Plant.

L.E. 41898 thousand Represented in advance payments for the purpose of

(Per Thousand L.E.)

-The company applies the method of carrying out ongoing inventory count

The inventory of rais tobacco covers the period of approximately 15 months. -The inventory of finished goods covers the market demands for a period of 6.3 days.

-The inventory of raw materials includes raw tobacco in the customs' warehouses with a value of approxi-mately L.E. 1275 million (excluding customs' duties).

3/ 8 Cash on Hand and at Banks: Cash on hand and at banks includes cash balances in the safe and at banks, short term deposits whose maturity date is three months or less after deducting the balances of banks overdraft.

3/9 Provisions:

A provision is recognized if, as a result of a past event, a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. The provisions balances are reviewed on the balance sheet date and amended when necessary to present the best current estimate.

3/10 Capital:

The issued and paid-in capital represent the nominal value per share multiplied by the number of shares on the date of preparing the financial statements.

3/11 Reserves

Reserves of the company are formed in accordance either by virtue of law or according to the company's articles of association to support the financial position of the company. The reserve is used by virtue of a resolution issued by the General Assembly that is based on a proposal made by the Board of Directors and for the benefit of the company's interests.

3/12 The Treatment of the Borrowing Cost

The Eastern Company applies the permitted alternative treatment when recording the borrowing cost as the borrowing cost related directly to acquiring, establishing or producing a qualified asset is capitalized and charged as a part of cost of the said asset as of 1/7/2008, since the company was applying the standard treatment in order to record the borrowing cost which was charged as expenses to the income statement for the period related thereto.

3/13Revenue Recognition: A- Sales Revenues

-Revenue is recognized based on the realization of sale and delivering the goods to the customer, when the terms stated in the Egyptian Accounting Standard No. 11 are fulfilled according to the following:

 The company transfers the risks and the benefits related to the ownership of the goods to the purchaser.
 The company does not retain the right of ongoing administrative intervention to the extent that is usually ssociated with ownership, or the effective control over the sold commodities.

- The ability to precisely measure the value of the revenue in a reliable

manner

- The availability of adequate expectation regarding the flow of economic benefits accompanying the transaction to the company.

- The ability to determine the costs value incurred or shall be incurred

by the company in respect to the transaction in a precise manner. - The bonds income is recognized upon the fulfilling of the following

terms of recognit

* When there is a high probability of having a flow of the economic benefits accompanying the transaction to the company. * When the revenue can be measured in a reliable manner.

B- Revenues from Operating Activities for the Benefit of Third Parties

Operating activities services are recognized when the terms stated in the Egyptian Accounting Standard No 11 are fulfilled according to the following:

-The ability to precisely measure the value of the revenue

The availability of adequate expectation regarding the flow of economic benefits accompanying the transaction to the company.

-The ability to precisely measure the extent of completion of the transaction on the balance sheet date. - The ability to determine the costs value incurred or shall be

incurred by the company in respect to the transaction in a precise manner. C- Interest Income: the interest income is recognized using the effective interest rate method. The interest me is recorded in the income statement under the item of credit interests

D- Dividends: dividends are recognized when the shareholders are entitled to collect the amounts of these dividends.

E- Treatment of Monetary Aids and Subsidies:

The company applies the revenue principle to treat the subsidy related to exports (monetary aids and subsi-dies item) in the income statement, in addition to treating the donated assets, while taking into consideration that the company was apply-ing the principle of capital to treat the donated assets (included under equity in the financial position statement) until the financial year 2003/2004, and based on the correspondence of the Central Auditing Organization No. 235, dated 19/4/2005, the treatment was amended.

F- Finance Lease

Profits resulting from sale are recognized along with re-leasing of the machinery over the period of the lease contract.

- The lease value and the maintenance expenses are recorded as expenses in the income statement during every financial period.

G-Employees Share in Profits: the employees share in profits is dispersed in a manner that does not exceed their total basic annual salaries in accordance with law No. 203 of the year 1991.

3/14 Income Tax: the income tax on the profits of the period includes the income tax of the period and the deferred tax and it is directly recorded in the income statement. The income tax on the net taxable income is recorded based on the prevailing tax rates on the date of preparing the financial statements. The deferred tax resulting from interim temporal differences between the book value of the assets and liabilities are recorded based on the accounting basis and its value shall be determined based on the tax basis. The value of deferred tax shall be determined according to the expected amount to achieve or adjust the value of the assets

mmittee of the Tax Authority.

Tax discretional assessment was made for the period from 1/1/2010 to 30/6/2013 with an amount of L.E. 31583675; hence, the company objected thereto and filed a complaint against the discretional assessment In addition, the company requested the re-inspection of the tax file.

7/3 Payroll Tax:

The company was tax inspected till 31/12/ 2009 and the tax inspectorate made a discretional assessment of the company's tax file for the financial years from 1/1/2005 to 31/12/2010 that mounted to L.E. 116918260, accordingly, the company objected thereto on due legal date and requested the re- inspection of the tax file for the aforementioned period

7/4 Sales Tax:

Total

-The sales tax is paid on monthly basis in accordance with law No. 11 for year 1991 and its amendments, and the company was tax inspected until the financial year 2011/2012.

- The tax inspection for the years 2012 /2013 and 2013 / 2014 is currently in process.

7/5 Real Estate Tax:

- The real estate tax due amount for the period from 1/7/2013 to 31/12 /2016 was paid in accordance with the tax claims made by the real estate tax directorate and no tax claims have been made with respect to the The Accompanying Notes: The Financial Position Statement The Fixed Assets: Note No (1)

The Fixed Assets: Note No (1) Description of the Fixed Ass	lion L.E	L.E. 5 thousand			
Description	Balance as at 1/7/2015	Additions and Transfers	sions and	Balance as at 30/6/2016	L.E. 23 thousand
Lands	218.6	0.0	0.0	218.6	
Buildings & constructions	3392.7	71.2	1.1	3462.8	
Machinery & equipment	3506.3	205.9	14.6	3697.6	L.E. 100000 thous
Transport & transportation means	273.5	9.9	3.3	280.1	
Tools & instruments	144.3	6.1	0.0	150.4	Other Assets : No
Office furniture & equipment	731.8	5.9	0.0	737.7	Unter Assets : No

 The total depreciated assets in books and still serviceable amounted to L.E. 1454 million • The company received 4 Cigarette Packing Machines operating at speed not exceeding ten thousand cigarettes per minute and their value shall be paid after the commission ing and technical testing period.

8267.2

299

19.0

In Million L.E

8547.2

Description of the Accumulated Depreciation Movement:

Description	Balance as at 1/7/2015	Additions	Exclusions	Balance as at 30/6/2016	Average of Deprecia- tion %
Buildings & constructions	407.5	88.3	0.6	495.2	2 -2.5
Machinery & equipment	2329.1	233.9	14.6	2548.4	10
Transport & transportation means	177.3	29.0	3.2	203.1	20
Tools & instruments	104.2	12.7	0.0	116.9	20
Office furniture & equipment	363.8	59.7	0.0	423.5	10 - 25
Total	3381.9	423.6	18.4	3787.1	

ement:

	<u>e</u>		In Mil	lion L.E	L.E
Description	Balance as at 1/7/2015	Additions	Exclusions	Balance as at 30/6/2016	Ree
Impairment provision	17.6	7.9	1.1	24.4	L.E

nted among the provisions

Finance Lease Contracts:

Finance lease contracts are treated according to the Egyptian Accounting Standard No. (20).

The Contract of the Year (2008/2009):

 On 27/1/2009, the company concluded a contract with QNB ALAHLI Leasing Company for Finance Lease for the purpose of selling and leasing some machinery with a total cost amounting to L.E. 152485651 with a variable interest rate of (corridor deposit mid-rate of the central bank + 1.8%) for the period of six years in

purchasing fixed assets L.E. 37985 thousand Represented in documentary credits for the purpose of purchasing fixed assets

79883

Long Term Investments: Note No. (3):

L.E. 11329 thousand Represented in the value of lands allocated for development and housing projects in several areas.

L.E. 20663 thousand Represented in deposits in the Central Bank of Egypt and the National Investment Bank formed with an amount of 5 % of the surplus of the years preceding the issuance of law No. 203 for the year 1991. The said deposits generate revenues at the rate of 3.5 % annually against a reserve invested in government bonds. Represented in housing bonds which generate rev-L.E. 467 thousand

enues at the rate of 9 % annually. Represented in investments in shares of other compa-

Represented in the value of 5856 shares which is the value of company's contribution in increasing the capital of the Trade, Industry, Agriculture and Services Company, an Egyptian Lebanese Company, (formerly, the Lebanese Company for Tobacco & Tanbac Trade) and a provision equivalent to its full value is formed.

L.E. 100000 thousand Represented in new Suez Canal deposit certificates that generate interest rate of 12% annually.

Other Assets : Note No. (4):

- Intangible assets (under development) in net amount:

L.E. 28498 thousand	Represented in the cost of upgrading the computer pro- gram license and the HR program license.
L.E. (13596) thousand	Represented in the value of consumption until 30/6/2016
L.E. (349) thousand	Refund of a portion of the sales tax
L.E. 14553 thousand	Net amount

- The company's contribution in non-possessed assets, which serve its purposes. - L.E. 27398 thousand - their breakdown is as follows:

E. 10537 thousand	Represented in the company's contribution in the pro- ject of filling up with earth, improving and covering El-
	Zomor irrigation canal.
E. 16016 thousand	In return for providing the new Industrial Complex pro- ject in 6th of October City with natural gas.
E. 348 thousand	In return for providing Moharam Bek district with natural gas.
E. 497 thousand	In return for providing Borg El-Arab Warehouses Com- plex with electricity.
E. (1403) thousand	The amount reimbursed from some clients in return for benefits gained from the natural gas line supply.
E. 497 thousand	In return for transferring the electricity of Borg El-Arab Warehouses Complex to the account of buildings.
E. (24394) thousand	The amount paid in return for the consumption until 30/6/2016.
E. 1104 thousand	The net amount

eivables: Note No. (5):

104097 thousand Represented in amounts related to the clients of foreign manufacturing and joint production and this amount is to be paid in the following month. L.E. 4083 thousand Represented in amounts related to foreign clients (export) (documentary credits).

Taking into consideration that the company does not apply the on credit sale system in regard to the local sales.

(Cont. on page 6)

		A CONTRACTOR AND A CONT	a second se	-
The Stat	ement of Impai	rment Prov	v <mark>ision Move</mark> In Mil	
Description	Balance as at 1/7/2015	Additions	Exclusions	I

• The treatment was amended to be deducted from the asset value of the balance sheet statement as it was

www.meobserver.org

12 October 2016

The Holding Company For Chemical Industries (S.A.E.) Eastern Company (S.A.E.) (The company is awarded ISO No. 9001-2008) ity by virtue of the administrative resolution No. 136/2015. The company must investigate the reasons thereof and work on avoiding such action in the future to avoid being subjected to future. The net operating income amounded to approximately LE. 1895 billion including the net profit of the foreign operating that amounted to 1. E. 1243 billion with a percentage of 65%, the matter which indicates that the operating income of the company relies at the first place on the foreign operating and not on the domestic products. The company must augment its profitability from its main activity and augment its sales through opening new markets to realize the appropriate return for the company. The issues related to the soundness of actions: The account of assets (buildings) included the amount of approximately LE.45 million being the cost of establishing the buildings of El A'safra summer resort as at October of the building and determine the technical status of such buildings. A and a report was building and technical status. The said report was in agreenent with the previous reports of the building the to the lack of economic benefit and bad technical status. The said report was in agreement with the previous reports of the Engineering Collage Research and Study Center Of Cairo University dated May 2004, March 2005 and April 2006 before carrying out the works of repair ment on in 2011. It is necessary to investigate the reasons especially in the light of the summer resolution in 2011. The company did not make a study on 30/6/2016 concerning the cashiers on the date of closing the financial positions in order to verify - The company did not make a study on 30%/2016 concerning the recognized impairment losses of some fixed assets during the previous years to determine the extent of having indications of their existence and evidences pertaining to their impairment, the mater that is in violation of clause No (110) of Egyptian Accounting Standard No. (21) with respect to the impairment of fixed assets especially in the light of the axistence of some internal indications of ougoing utilization of some of these assets during the year in addition to other assets that are currently being transferred to the Industrial Complex in 6th of October City. - In the light of the aforementioned, the company has to probe and the view of utilizing therefrom in addition to their impact on the recovery value thereof and the adjustments resulting therefrom in compliance with the Egyptian Accounting Standards. ity by virtue of the administrative resolution No. 136/2015 Long-Term Liabilities: Note No. (18): Due Amounts From Authorities & Bodies: Note No. (6): ness of the cash balances as a significant matter that affect the financial statements We are of the opinion that the provisions recorded in the financial statements as at 306/2016 that amounted to approximately L.E. 603 million are adequate to meet the expected obligations which revealed $\frac{1}{100}$ of $\frac{1}{100}$. (Per Thousand L.E.) Long-term loans: L.E. 167423 thousand Represented in a current account at the Customs Authority related to exports and imports of tobacco and at minima are ancipane to mace the expected bongarous which revealed the following: – The account of taxes provision in dispute includes approximately LE 27 Million that is represented in the value of differences (amounts deducted by third parties) for the years 2012/2013 and 2013/2014 as the tax returns submitted by the company included the amount of ap-proximately LE 57 million for the said 2 years while the tax authority recognized only the amount of LE 25 million for that period and we found out that such amounts where not settled with the tax authority us to this date. Sales Tax Authority. Interest rate Terms of Term of Remaining amount of loan Guarantees Purpose payment loan Total & terms In hand Long Accrued Revenues: Note No. (7): term Represented in an accrued exportation subsidy, ac-L.E. 10973 thousand inancing The Corridor Monthly No 7 years 25944 25944 crued securities revenues, and others (less provision Industrial Com-plex in the 6th deposit mid-rate of etallm luding uarantee found out that such amounts where not settled with the tax authority up to this date. - The company must investigate the reasons of not obtaining the cer-tificates on due time to prove the entitlement of the company for such amounts and provide us with the results of such investigation. - The company formed a provision for the end of service compensa-tion that amounted to LE 110 million to cover the cases of incapacity, death and retirement that occur during the future years, the malter that is in violation of the general assembly resolution issued on 16/10/2014 to the effect of charging such amount to the account of ammal ex-penses of the company, the matter that necessitates the compliance with the resolution issued by the general assembly and making the necessary corrections. amounting to L.E. 6.9 thousand). provided 2 years of October City the central grace Other Debit Accounts: Note No. (8): bank + 1.19 period L.E. 31946 thousand Represented in other debit balances after deducting Fixed rate 7 years 5278 5278 cluding the provision of doubtful debts with the amount of L.E. 12.5% Monthly 5930 thousand which include deposits with third par-2 years grace ties, advances for the employees and other debit balperiod ances such as insurance claims under settlement and US\$ loan Monthly 7 years 9767 9767 others Libor rate and restoration in 2011. It is necessary to investigate the reasons especially in the light of making impairment of the remaining book value as at 30/6/2016 and take the necessary actions with respect to the results thereof in order to preserve the assets of the company and notify us thereof. - The company concluded a contract with the General Intelligence to establish a security system on several phases and we found out the following: etalln of landeec. - Accordingly, the company has to investigate the reasons of the de-cline of land downward and provide us with the damages which in-ficient the company in addition to taking the necessary action against the contractor who carried out the project pursuant to the abovemen-tional method to carried out the project pursuant to the abovemen-The notes to the financial statements did not include the disclosure Investments in securities- treasury bills :Note No. (9): + margin 2 years grace The index of the mandear standard standard with the include the discional of the maintenance and repair expenses of the leased assets despit the fact that the expenses of buildings and constructions maintenance included the amount of LE 278 thousand by virtue of the paymen (2.7431%) The funds resulting from the daily proceeds of sales are invested in financial securities period treasury bills of maturity periods range from 10 to 90 days. Corridor Monthly 7 years 236111 166667 69444 sucher No. (15001365) as at 12/2015, the matter that is in viola ioned article of law. deposit mid-rate of ludin ion of article No. (13) Of the Egyptian Accounting Standard No. (20) with respect to the rules and accounting standards relevant to finance lease transactions which necessitates the disclosure in the financial The existence of ceased projects since several years, some of which As for the first phase of the security system have been kept without being used or utilized and others have not been completed as follows: 2 years Cash at Banks and on Hand: Note No. (10): -As for the interplates of the security system : - The company is used to record some assets as aggregated value where the company recorded the security system in the fixed assets register with an amount of approximately L.E. 108.3 million without specifying the components of the system whether the gates of getting in or getting out for personnel or vehicles or security monitoring cam-ases or the ownears considered assettion section. the central grace completed as follows: — The investment composition still includes machinery – production activity: that amounted to approximately L.E. 252 million that was not physically counted as at 306/2016 and the value of L.E. 55 million of which was supplied in the year 2008 without being added to the the transactions much necessarily in usersome in the function transmission of the lesses about the following..., the details of the main-enance and repair expenses of the lessed fund. It is necessary to comply with the stipulation of the aforementioned close due to its impact on the notes to the financial statements • L.E 2011727 thousand representing Current accounts at banks ank + 1.45% . L.E. 82068 thousand representing cash on hand. 277100 207656 69444 Total amounts in or getting out for personal or vehicles or security monitoring cam-eras as the company considered recording only the quantity of each component of the system will be sufficient without value, the mat-ter that led to calculating the depreciation for the entire system with an amount of approximately L.E. 10.839 million during the period from 17/2015 to 306/2016despite the fact that there was unutilized components of the security system starting from the date of its instal-lation such as: - The number of 506 ip phones with a cost of approximately L.E. 2.2 million. The lack of unlization of such phones is attributed to the development of information technology and the delay of receiving the project, in addition, the activation of this system on the existent software is having some obstacles according to the information tech-nology sector. . Time deposits bank account with the amount of L.E. 59636 thousand that are represented xed assets for use until the year 2014, the matter that represents The Qualified Opinion: Except for the impact of the aforementioned, we are of the opin Deferred Tax Liabilities: in deposits in foreign currencies. tilized capital in the company in addition to the inability to recourse on the suppliers of the machinery in case of having defects come into existence, moreover, such machinery has been exposed to technical obsolescence as a result of a long period of storage and subsequently, documenter of docum the superiod of storage and subsequently. • Cash on hand item include the amount of L.E. 3.095 million that belongs to the employee's Except for the impact of the atorementioned, we are of the opinion that the above-mentioned financial statements present fairly and clearly, in all material aspects, the financial position of the Eastern Company as at 30/6/2014, its financial performance and its cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and in compliance with the relevant applicable Emantical bare and submitting the standards and in compliance with the relevant applicable The deferred tax resulting from interim temporal differences between the book value of the social solidarity fund of the company. assets and liabilities are recorded based on the accounting basis and its value shall be determined based on the tax basis. The value of deferred tax shall be determined according to the Provisions: Note No. (11): he expiration of the machinery warranty . The company must investigate the reasons thereof and determine the expected amount to achieve or adjust the value of the assets and liabilities through the use of cyptian laws and regulations. Without Qualifying to Our Opinion: There has been no land survey conducted of the tracts of land ow the tax rates prevailing on the date of preparing the financial statements. The deferred tax as The provisions are formed according to the Egyptian Accounting Standard No. (28). extent of impairment in value. The account also includes LE 13.2 million as the value of installasets of the company are to be recognized when there is a high probability of achieving profits **Provisions Movement:** (Per Thousand L.E.) There has been no hand survey conducted or all draws by by the company in their numerous sites and no negative land dispose certificates have been issued with respect to some properties of th et can be utilized. The that are subjected Description Balance Additions Exclusions Balance value of the defer hich the expected tax software is naving some costactes according to me miorinanon recu-nology sector. – The number of 31 getting in and getting out security gates for vehi-cles whose cost amounted to approximately L.E. 1257 million which the information technology sector stated that it is currently coordinat-ing with the security and guard sectors to operate them. – The number of 42 getting in and getting out security gates for per-sonnel whose cost amounted to approximately L.E. 3970 million which the information technology sector stated that it is currently coordinating with some departments to change the location of some gates. benefit shall not b as at as at iabilities. A set-off was carr 1/7/2015 30/6/2016 The Income State The cost of operat related to the finance Provision of taxes in dispute 139453 254565 197002 312114 leased assets rent lition to the amount of

Middle East Obserber

دىميدك إيت أوبزرخ

Provision of legal claims 200441 24313 0.0 176128 and workers wages Provision of restructuring 5660 0.0 1648 4012 the production capacity Provision of end of 0.0 110800 110800 service compensation Total 460666 165414 603054 307802

· Provision of tax in dispute: formed to encounter tax liabilities.

· Provision of legal claims, workers' wages and others: the lawsuits sheets were prepared based on the point of view of the company's lawyer in the light of the expected liabilities •Provision of restructuring the production capacity: formed to encounter the expected liabilities of the restructuring process of the production capacity after moving to the Industrial Complex in 6th of October City.

•The provision of end of service compensation :formed to encounter the amounts paid to the retired employees at a rate of two- month compensation for each year of service.

Suppliers: Note No. (12) includes :

6

Represented in tobacco and production inputs suppliers. L.E. 435 million L.E. 82 million Represented in the suppliers from the public and private sectors.

Due Amounts To Authorities & Bodies: Note No. (13):

L.E. 2130 million Represented in sales tax and health insurance charges for students, Tax Authority account (Real Estate Tax, General Tax Authority) and the Social Insurance National Authority (current - end of service), and all due amounts are paid on their due legal dates.

Due Expenses : Note No. (14):

L.E. 464 million Represented in due expenses related to employees and others. Other Credit Accounts - Note No. (15):

- L.E. 34.3 million Represented in deposits with third parties. Represented in creditors of purchasing new fixed assets. L.E. 16.4 million L.E. 40.7 million Represented in the remaining amount of the finance-leased machinery (the difference between the sale value and the net book value).
- L.E. 56.2 million Represented in credit balances - deferred revenues related to the donated assets. Represented in other credit balances (creditors of amounts L.E. 211 million
- deducted from the employees, credit balances, insurance, collective incentives, accrued rental of leased assets and

to taxation	in the future through which the said asse
red tax asse	ts shall be decreased by the portion from w
e realized d	uring the future years.
ied out betv ment:	veen deferred tax assets and deferred tax lia
ting income	includes the amount of L.E. 286.9 million
	riod from 1/7/2015 to 30/6/2016) in addi maintenance expenses (spare parts) relate
alue of the	other administrative expenses of the curr

L.E. 7.9 million rep ted to the said assets. Increasing the rent financial period when compared with the same comparative financial period as a result of charging the depreciation of the unutilized assets (after moving to The Industrial Complex in the 6th of October City) to the other administrative expenses instead of having it charged to the cost of production on to the increase of salaries this year

The Cost of Producing or

Purchasing the Sold Units: Note No. (19): (Per Thousand L.E.) Description 30/6/2016 30/6/ 2015 3005334 Raw materials 3154013 Depreciation and 358528 358606 amortization 1156306 Wages 1234785 342135 Others 556626

Sundry Revenues and Profits: Note No (20). (Dor Tho AT DY

5303952

4862381

Total

0. (20).	rer I nousand L.E.)		
Description	30/6/2016	30/6/ 2015	
rofits from sell- ig raw materials	206	482	
ther sundry revenues	16302	10711	
rofits from selling idustrial waste	777	840	
redit rentals	395	363	
redit indemnities	1106	242	
otal	18786	12638	

Sundry Burdens and Losses: Note No. (21): (Per Thousand L.E.)

Description

materials sale

ecree issued by the Mini ad on the smoker therei

30/6/2016 30/6/ 2015

15593

75

0.0

0.0

15668

The Blown of uir minimum of the anti-ion the smaker therein, as well, iddition, the said law obligated the company that the anti-smoking warning should cover at least half of both sides of the p iddition to adding other warnings or pictures resisting the harms of smok-ing. The company complies with the said law are No 442 of the year 2007 issued by the Minster of Health & Population, the matter that leads to the fact that the comp is additional burdens resulting from the ongoing modifications of the printing cylinders that many result in waste in the print teriskis of the products in addition to obligating the company to change the picture every six months in accordance with the det Minister of Health.

". Vehicles insurance policy which covers all the risks that may be encountered by the company's vehicles fleet (compreh

503

910

814

3939

6166

Capital Gains: Note No. (22): Represented in the amount of L.E. 27241 thou sand & its breakdown is as follows:

LE. 22251 thousand Represented in the profits of the finance lease ract (finance leased assets) L.E. 4990 thousand

Represented in the profits from selling scrap fixed assets where the amount of L.E. 1166 thousand was collected during the financial year 2015/2016 *The capital gains related to the finance lease contracts amounted to approximately LE. 185 million and LE. 144.3 million were amortized as at 30/6/2016 and the rest shall be amor-

tized over the coming years until the end of the term of contracts. Losses of Foreign Currency Ex-

change Differences - Note No. (23): An amount of L.E. 15439 thou-sand resulting from the following set-off: L.E. 78575 thousand as exchange differences profits LE 94014 thousand as exchange differences losses * The deferred tax included in the income

statement as at 30/6/2016 amounted to an proximately (17063) thousand Egyptia pounds according to the following statement (Per Thousand L.E.) Deferred tax liabilities

17063

eferred tax assets (21139) **Profits Appropriations**

Statement:

The profits shall be distributed based on 50 million shares (the outstanding shares) and in ase of obtaining the approval of the Ordinary General Assembly meeting of the company that is to be held on 4/10/2016 to the effect of distributing a bonus share and upon finalizing the procedures in this regard, the distribution shall be based on 100 million shares.

Cash and Cash Equivalents:

cash and cash equival

Cash Flows Statement

Note No. (24):

scription is as follows:

Finance of documentary credits Cash Balance as at 30/6/2016

Description

Bank accounts

Cash on hand

million.

- The account also includes L.E. 13.2 million as the value of installations that have been received several years ago by virtue of an initial receiving toper made by the technical sectors of the projects concerning the works of linking the cool water network and the dual purpose power plant in addition to the project of upgrading works of the industrial ventral works of the industrial ventral works and the industrial ventral works and the industrial ventral works of the industrial ventral works of the industrial ventral to the account of fixed assets — 1.1 is necessary to determine the justifications of not adding the said works to account of fixed assets and make the necessary corrections. — The long term investments - real estate investments still includes the amount of approximately L.E. 11.3 million that represents the value of approximately L.E. 19.3 million that represents the value of approximately L.E. 20.8 million that represents have been not utilised yet. The real estate investments also includes a plot of land of approximately L.E. 20.8 million that represents he value of a plot of land on which a garage was established in Al-exandria and such plot of land to its used also as a garage by virtue of the board of directors resolution taken in its session that was held on 27/6/2016 to the effect of ongoing use of its as garage for the comparise. the coard of directory resonance in its session in a was head on 27/6/2016 to the effect of ongoing use of it as a garage for the vehicles of the company and seizing the procedures of ruining due to the fact of not having an alternative thereof, the matter that violates the provior not asying an aternative intereor, the initier that violates the provi-sions of the Epythian Accounting Standard No. (34) concerning the real estate investment - close number (96), moreover, the company has not finalised the procedures of establishing an investment compa-ny to manage and invest the various sites of the company that shall be vacated in accordance with the extraordinary general assembly meet-ing of the company that was held to 269/2012 and issued a resolution in this regard. However, up to this date there has no action taken on the nart of the common to activate the eneral assembly resolutions.

ing of the company that was held on 26/92/12 and issued a resolution in this regard. However, up to this due there has no action taken on the part of the company to activate the general assembly resolutions. - The general assembly of the company also issued a resolution in meeting held on 2714/2015 to consider the project of the estimated planning budget for the financial year 2015/2016 as the general assem-bly recommended the expection of offering the available real estate investments to one of the specialised companies to manage them in order to achieve the most possible benefit therefrom provided that the offers must be studied to select the best one of them in coordination with the holding company. - 1 is necessary to expedite taking the necessary procedures to activate the resolution of the general assembly to the effect of utilising the lands flut were vacated and in addition to utilising the remaining lands allocated for the housing project and along with the reclassification of the lands allocated as a garage for vehicles that are included in the fixed assets to avoid the impact of the lack of the soundness of present-ing the value of fixed assets in the financial statements as al 30/62016. The raw toleace was physically counted in the factories in addi-tion to the packaging and rapping materials in a discretionary mamer through determining the court on site based on the weight taken from the supplet pruty and the truck calse weight of the fact of the raw. - The company must carry out the actual physical court of the raw tobacca and packaging and rapping materials. - Our observations are still ontstanding since several years ago with respect to the lack for the raw too of the raw tobac on the therefort in addi-tion to the absence of sorting and classification and counting each item to tobace and packaging and rapping materials.

tion to the absence of sorting and classification and counting each item separately whereas the addition of items in the warehouses are carried out most of the time per each cargo supplied to the warehouse the matter that leads to having doubt in the soundness of the balances of waste that amounted to L.E 990 thousand as at 30/6/2016. In addition. there is a weak documentary with regard to the process of addition in the debit side in the waste warehouse where the value of the items added to the warehouse are determined as integral account moreover, the addition to the warehouse is based on the statements and the actual receipt reports.

We repeat our recommendations with regard to the necessity of com pleting the documentary cycle pertaining to the waste warehouse and preparing its relevant entries based on the warehouse documents and fulfilling the co ng the commitment of carrying out the instructions given by the ement in regard to the warehouse balance in order to be able to verify it and provide us with the results. - The standard cost system applied in the company still needs to be developed in order to meet its mtended purpose the matter that is due The balance of the cash and cash equivalents amounts to L.E. 2023151 thousand whose deto the following reasons: The lack of applying standard cost system to exercise control on the transmission of the state rationalises the usage and help reaching The lack of applying standard cost system to exercise control on the cost elements, the matter that rationalise the usage and help reaching economical rates of operating and subsequently determine the devia-tions of the productions phases whether positive or negative in addi-tion to the hack of determining the wear and tear rates (normal/abnor-mal) and the inability to measure the key performance indications of the production costs of cigarettes and molasses are charged with all the costs of packaging and rapping until the product is available in its final from for the client who receives it without separating between the costs of packaging and rapping until the product is available in its final form for the client who receives it without separating between the cost body packing the cost of packaging and rapping in boxes cost related to the packaging, bundling and external rapping in boxes and paperboard packs. The cost of packaging and rapping amounted to LE 1.088 billion. The company usis does not separate the share of the marketing cent. (Per Thousand L.E.) 2071363 82068 (130280) 2023151 The credit facilities available for future use amount to LE. 6152 All horizontations of the sear 2007 on 21/6/2007 regarding the amendment of some provisions of the law No. the issuance of law No. 154 for the year 2007 on 21/6/2007 regarding the amendment of some provisions of the law No. eyear 1981 concerning prevention from the harms of smoking, which ultimately bans smoking of all forms in the various onal, health institutions, governmental facilities, sports and social clubs, youth centers and the other places stated in the ssued by the Minister of Health, the said law stipulated different penalties to be imposed on persons in charge of these places the state of th The company also does not separate the share of the marketing cent-ers and administrative services control to the marketing centto L.E. 1088 billion. The company used observations of the marketing centers and administrative services centers when determining the cost of renting means of transport where the production is charged with the cost of renting service of the means of transport despite the fact that the rented vehicles serve the sectors of security, export, local market, existons and the employees of the financial departments and others. The cost of renting the employees of the financial departments and others. The cost of renting the means of transport amounted to approximately L.E. 137.51 million the company charged the costs of expertes production with the cost of tobacco roots returns used in manufacturing molasses with an amount of (2541.137) tons whose cost amounted to approximately L.E. 833 million despite the fact that such returns gives a unique and remarkable flavor to the molasses blends of the company when compared with the molasses blends of the cost of such returns during the previous year and charged it to the cost of such returns from a mount of (2586) tons then the company stopped calculating such cost bits are and justified such action by chaining that the interabional companies for cignertes production dispose of such returns, the market that is not acceptable as a sufficient to do so.
The lack of determining the centers of profitability of the production and services workshops such as careptery workshops, electricity, used lating accomparies. of the Minister of Health. 2. The Industrial Complex in the 6th of October City: The company had finished the execution of the project of relocating and assembling all its factories that were located in Giza Gover-norate to an integrated industrial complex located in the 6th of October Governorate on a total area of 353 feddans, with an actual cost for the project amounted to LE. 5.8 bil-lion, accordingly, most of the company's activities moved to The Industrial Complex in the company has a state of the project amounted to LE. 5.8 bil-lion, accordingly, most of the company's activities moved to The Industrial Complex in the company is a state of the project amounted to LE. 5.8 bil-lion, accordingly, most of the company's activities moved to The Industrial Complex in the company is a state of the state of the state of the state of the company's activities moved to The Industrial Complex in the state of the of approximately L.É. 1120 million that lapsed for more than one year and oldest of which goes back to the year 2009 and has not been collected up to this date.
 The company has to collect these dhe amounts to support liquidity and avoid moving the forward to the following years.
 The lack of activation of the contract of manufacturing for third parties that was concluded between the company and the client " El Mansour International - AMDC "which started to be in effect on 144/2014 to produce a brand of cigarettes (Bold Douglas) under for-eign manufacturing according to what has been stated in the contract despite the fact that the company allocated Twins Factory (buildings, machineyr and workers) for the said client in compliance to such contract, however, the items of the contract did not include any penalties to be imposed on the client in case he is not committed to start activating the said contract during a definite period starting from the date of the contract.
 It is necessary to expedite investigating the reasons and notify us in addition to utilizing manufacturing (Philip Morrisi) in return for the delivered quantities of manufacturing (Philip Morrisi) in return for the delivered quantities of manufacturing (Philip Morrisi) in return for the delivered quantities of manufacturing (Philip Morrisi) in return for the delivered quantities of manufacturing (Philip Morrisi) in return for the delivered quantities of manufacturing activating the year in Egyptian pound instead of USS based on the resolution made by the board of directors in its sessions No. 9 dated 1779/2015 and No. 11 dated 24/11/2015 in addition to No. 12 dated 28/12/2015 as the company claimed the difficulty of procuring the foreign currency (the US Dol-har). The company numbelobjate the foreign manufacturing amount of LE. El 266 billion.
 The company must obligate the foreign currency while taking into consideration thamount of the raw materials are imported from abroad.
 The company shall invest and gain benefits from its old locations that are of high value as they represent one of the best available company insures its assets and properties through several insurance particle interview of the several insurance particle is a several resonance particle is a several resonance particle is the comprehensive insurance policy which covers several risks, such as fire and other risks, cash amounts transportation risks, ch of trust, machinery breakdown, general civil liability, revenue loss and rubble stone removal. ransport insurance policy which covers the risks of inland transport, maritime transport and air transport in relation to producnsures its assets and properties through several insurance policies that cover all the risks to which they may be the most significant of which are the following:

certificates have been issued with respect to some properties or me company. – The value of the said properties (lands and buildings) that were recorded in the financial statements of the company as at 30/6216 amounted to LE 192 million in addition to having insufficient in-formation in some certificates such as determining the number of property, the name of the street, the number of the grid to the number of provided with a certificate issued by the civil register office affiliated to the notary public autionity to the effect of determining the number of registration for each property or land and the 4 boundaries, the plot number, the area in which the land or the property is located. – The company must obtain all the required certificates. – The lack of finalizing the proceedures of registrem ghe plot of land in El Shorouk village that is located in the North Coast with an area of 2297.637 m2 with the amount of LE. 951 thousand on which 6 villas at 2 housing buildings are constructed whose cost reaches an amount

and 2 housing buildings are constructed whose cost rea of approximately L.E. 2.418 million, of which the con ted whose cost reaches an ar application forms to obtain a statement to the effect of determining the area in order to file lawsuits to have the sale contracts in force and

without determining the status of such facilities auron ocernmining the status of such facilities It is necessary to expedite the registration procedures of the said lots of land to maintain the company's right and prove its sole owner-ing of each back-card half there. plots of land to ma

This necessary to expedite the registration procedures of the said plots of land to maintain the company's right and prove its sole ownership of such lands and buildings.
The company is still incurring the loss of establishing the indoor sports holds complex in the area of Al-Ommania, Gira Governorate, the fixed assets related to the complex amounted to LE 85.892 million and the direct expenses relevant to the halls amounted to the 4910 million (wages - depreciation - general expenses) in addition to what has not been counted to LE 85.892, and the revenue of the hall amounted to LE 85.892 with the means that the direct losses of the indoor sports halls complex means that the direct losses of the indoor sports halls complex means that the direct losses of the indoor sports halls complex means that the direct losses of the indoor sports halls complex amounted to LE 4.910 million (LE 4.071 in addition to the other expenses that were previously mentioned.
The company has to reconsider the current operating system in a manuer that achieves the public benefits as the results indicating a decrease in the revenues of the hulls complex when compared to its expenses of each year.
The account of the investment composition furniture, still includes the amount of approximately LE 9.4 million as at 306/2016 that 149/2012 however, the entire works of the company that is represented in the value if the works excented and have not been completed of the project (DD EDW ARD) whose book value cost at 149/2012 however, the entire works of the company that is represented to the shoulders to alwa of the company that is represented in the value of the expenses of technical support unit 196/2016 what an amount of a flat expension.
The commany must investigate and determine the responsibility concerning the thenical support that exceed to value cost the source of LE 5.2 to million and Gira regarding the plots of land that are exprepriated (land adjustment losses) with an area of 106.75 millio

suits before the civil courts under No. (9869) for the year 1994 tha is appealed against in lawsuits Nos. 10/3362, 3511 and their cour session is to be held on 8/12/2016 after receiving the expert office report No. 17498 for the year 2001 and appealed against by virtue of the appeal lawsuits Nos. 132/4477that are to be considered before

L.E. 416.180 million. The company has to provide us with the reasons of not achieving the investment plan of the company for the financial year 2015/2016 in the light of having adequate financial resources that are required o achieve the plan as such deficiency has an impact on the operating noone of the company.

one of the company. the company replaced spare parts from the suppliers (J,D) at book the cost that amounted to annoximately $1 \ge 9.54$ and

value cost una annomento lo approximately L.E. 8-26 mimoti winne the company made out sale invoices Nos. (6576, 6569 and 6572) in the month of February. - The company has to investigate the reasons of replacing the spare parts at book value cost. - The debit accounts due from authorities and governmental bodies include debit balances of approximately L.E. 10-548 million repre-sented in the value of amounts due to be collected without taking the procedures of collecting them and they are as follows: - Approximately L.E. 10 532 million being the value of drawback that fell due in return for the exported goods including the atom of L.F. 9-478 million that lapsed for more than one year and the date of the oldest drawback amount goes back to the year 2011 and has not been collected un to this date.

collected up to fins date. - The amount of approximately L.E. 1.221 million being the value of reimbursed sales tax pertaining to packaging and wrapping materials of approximately L.E. 1.120 million that lapsed for more than one year and oldest of which goes back to the year 2009 and has not been

The debit accounts due from authorities and governmental bodie

included an amount of L.E. 666.496 thousand being the value of the

amounts added under the account of tax and the included the amoun of approximately L.E. 289 thousand that has no certificate thereof

even though, the company applies the advance payment system as of the financial year 2014/2015,

The company has to obtain such tax certificates in order to preserve

the company's rights. The marketing costs in the income statement includes approximately LE. 8.922 million being the value of damaged finished goods in the sales warehouses with an increase of LE. 5.201 million when

hases production. - The company has to investigate the reasons and identify the respon-sibility thereof in addition to activating the role of the quality control sector in identifying the reasons of having damaged finished goods and the missing products. We must be notified of the action taken in this regard and the company must work on avoiding such losses of damaged products in the future. - The account of compensations and fines included the amount of L.E. 856 thorsand being the value of the fine imposed on the company by the6th of CordPC Tcly Municipality the to making expansions inside the Industrial Complex without having the approvals in accordance with the general landscape from the New Urlson Communities Author-

ared to the previous year despite the fact that the production used with an amount of 2 billion cigarettes and 333 tons of mo

t amounted to approximately L.E. 8.546 million while made out sale invoices Nos. (6576, 6569 and 6572) in

year 2001 whose session was

The

collected up to this date.

the amount of approximately L.E. 4 million although it had been agreed that the sale will be for 260 cameras including their accessories to the executing contractor with an amount of L.E. 2.6 million , however, the works have not been executed up to this date court in the session that was determined to be held on 29/9/2016 after - As for the third phase concerning the execution of the electrome chanical works used in upgrading the first phase against the cut off receiving the expert office report and the lawsuit No. 2650 for the of electricity and protecting the security system dated 6/12/2015, we found out that the company paid the amount of L.E. 29 million being mined to be held on 26/9/2016 fo

was determined to be in February 2010

others

Equity: Note No. (16):

Donations and The authorized capital amounts to L.E. 1500 million (one thousand five hundred million nonetary aids for Egyptian pounds) and the issued and owned capital amounts to L.E. 750 million (seven hird parties hundred and fifty million Egyptian pounds), distributed over 50 million shares, with a par Compensations & value of L.E. 15 per share. debit delay interests

- Reserves: The balance of the issued and paid-in capital, the reserves and the carried-Losses from waste sale forward surplus amounts to L.E. 4897.7 million as at 30/6/2016. Losses from raw

Capital Structure as at 30/6/2016:

Number of Charge	Dorcontogo	Total
Number of Shares	Fercentage	Fifth: Other Inf
27500000	55 %	Anti-Smoking (Through the is: 52 of the year educational, he
2859860	5.72 %	decree issued h and on the smo
		In addition, the in addition to decree No 442
	1349-1349-1456 1	27500000 55 % 2859860 5.72 % 19640140 39.28 %

Reserves and Carried-Forward Surplus Accounts Movement:

Description	Balance as at 1/7/2015	Additions	Exclusions	Balance as at 30/6/2016
Issued and paid-in capital Legal reserve	750.0			750.0
Reserve invested in gov- ernment bonds	1005.6 20.7			1005.6 20.7
Capital reserve	468.2			468.2
Reserve of profits adjustments	615.8			615.8
Statutory reserve	1696.8			1696.8
Carried-forward profits	262.8	77.8		340.6
Total	4819.9	77.8		4897.7

Reserves: Formed in accordance with law No. 203/1991 and according to the company's articles of association

Legal Reserve: Formed with a percentage of a minimum limit of 5 % of the net profit. It may be utilized to cover the company's losses and to increase its capi¬tal.

Statutory Reserve: Formed with a percentage of a maximum limit of 20 % of the net profil and it shall be utilized to bring in benefits to the Company or to the shareholders. Other Reserves:

Based on the Board of Directors' proposal, the General Assembly may decide to form other reserves with an amount not exceeding 10% and it shall be utilized in achieving the Company's best interests.

Carried-Forward Profits - Note No. (17):

The accounts of expenses of previous years , revenues of previous years, deferred tax and the remaining amount of the BOD remunerations were adjusted in the account of carriedforward profits in accordance with the Egyptian Accounting Standard No. (5) that is related to the accounting policies, the changes in accounting estimates and errors.

Accountant.

Osama Saad Hassan Head of The Financial Sectors

Mohamed Othman Haroun The Chairman of the Board of Directors & the Managing Director

Accountant

The Auditor's Report on the Financial Statements of The Eastern Company for the Financial Year Ended as at 30/6/2016

To The Shareholders of Eastern Company Report on the Financial State

We have audiced the attached financial statements of Eastern Company, an Egyptian joint stock company, represented in the financial position statement as at 30/6/2016, of which the total amount of the investments therein is L.E. 6.644 billion, in addition to the income statement with a net profit of L.E. 1.476 million, the statements of changes in equity and eash flows for the financial year then ended in addition to a summary of the significant accounting policies and other accompanying notes. Management Responsibility for the Financial Statements: These financial statements are the responsibility of the company's management. The

management is responsible for preparing the financial statements and providing a fair and clear presentation thereof in accordance with the Egyptian Accounting Standards and creat presentation interoot in accordance with the gyptical Accounting standards and in the light of the applicable Egyptical haves. The management's responsibility includes planning, implementing and maintaining the internal control related to the preparation of the financial statements and the fair and clear presentation thereof that is free of any significant and material misstatements, whether resulting from fraud or error. The said responsibility also includes selecting the proper accounting policies and implementing them in addition to making the accounting estimates that are ap-

riate to the circumstance nditor's Res nsibility

Audito's Responsionly. Our responsibility is confined to expressing an opinion on these financial statements based on our addit thereof. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the applicable Egyptian laws. The Egyptian Standards on Auditing require that we plan and perform the audit to obtain a reason able assurance about whether the financial statements are free of any significant and naterial mi

An audit includes performing procedures to obtain evidence supporting the amounts and disclosures stated in the financial statements. Those chosen procedures are based on the auditor's personal judgment including any

estimate of the risks related to any significant or material misstatements in the finan-cial statements, whether resulting from fraud or error. When valuating such risks cal statements, whether resulting from fraud or error. When valuating such risks the auditor takes into his consideration the internal control relevant to preparing the financial statements and the fair and clear presentation thereof by the company in order to plan audit procedures that are appropriate to the circumstances, not for the purpose of giving an opinion on the efficiency of the internal control of the company. An audit process also includes assessing the accounting policies and principles used

and the significant estimates made by the management, as well as evaluating the

overall financial statements presentation. We believe that the audit information we have obtained are adequate and appropri-ate for our audit and provides a reasonable basis for our opinion on the financial

The basis of the qualified opinion:

sing the most modern technology means in The industrial complex in the 6th of October City in a mani-tion of the environment in addition to using the most recent filters for the machines used in the prep

The costs of the quanteel optimist. The following observations resulting from our audit are still in place: • The existence of several inoperative fixed assets (not depreciated in the books) whose historical cost amounted to LE 257 million doe to transferring the company's activities to the Industrial Complex in 6th of October City that are represented in the buildings, warehouses and utilities of El Zomor and Al Manesterly in addition to the first of some production lines in the factory of tobacco preparation in Giza and the factory of Talbia in Al Haram whose depreciation was incurred by the company with an amount The second secon since several years ago

On 16/2/2015 the company inquired in its correspondence No. (1006) issued by the central department for tax researches whether the arrival erminals affiliated to Misr company for duty free shops is entitled to be tax exempted on sales at the same rate of the travel terminals and the said department replied in its correspondence No. (180) issued on 28/1/2016 that the commodities sold inside the arrival terminals are subjected to the general tax on sales at the rates determined by the virtue of law, accordingly, the large tax payers center (general tax on sales) demanded in its correspondence No. (72098) dated 10/4/2016 the settlement of the amount of LE 15.847 million being the value

of sales tax of circanosmics of 25.95 minuto engine for value of sales tax of circanosmics sold to Karmaß for dury free shops (arrival terminals for the period started from the year 2010 till the year 2014 in addition to the additional tax. - The company must investigate in a swift manner the reasons behind that and determine the responsibility with respect to violating law No. (11) of the year 1999) that is concerned with the general tax on sales along with claiming the amount of tax due from Karnak company dury free shops.

along - mit chimming the annound of two one first resting company durity free slopes. - The company did not use to carry out cash count in the branches of sales in the various locations of the company on the date of closing the financial position as at 306/2016 whereas the company considered obtaining acknowledgements from the cashirers with respect to the cash balance in their custody that amounted to LE 82.68 million is sufficient resolution.

e repeat our recommendation with respect to the necessity of car-ig out actual cash count concerning the cash in custody with the

The Auditor

Hossam El Deen Farouk Zayed Mohamed Atef Ahmed

re-pleading before court. - The company has to take the legal actions to preserve the rights of the the value of advance payment at a percentage of 60% of the value of works till 30/6/2016, however, no works have been executed in this - The company has to take the legal actions to preserve the rights of the company and notify us of the results thereof.
- The investment plan for the financial year ended as at 30/6/2016 was not achieved whereas the amount recorded in the balance sheet for the financial year 2015 amounted to approximately LE. 747.418 million as additions to assets while the actual additions to the assets as at 30/6/2016 reached approximately L. 221.137 million only with a completion percentage of 44% and brought about a difference of LE. 416.180 million.

regard up to this date. - The company must determine the status of such works and notify

us thereof. The company is still violating the resolutions of the general assembly issued on 16/10/2014 and 29/11/2015 to the effect of not concluding any new contracts with consultants and abstain from the renewal of the existing contracts as soon as they end up, however, we found out the following: Continue contractions with an abstain the source of the so

The units of access control whose cost amounted to approximately Ine units of access control whose cost amounted to approximately LE.3 million that are used in getting in and getting out security gates for vehicles and personnel, the company must:
 1- Determine the components of the security system and record them in the fixed assets register in quantity and value as per each component of the security system in order to facilitate the works of physical count and verification.

Determining the responsibility with respect to the lack of utiliza-

-2. Determining the responsibility with respect to the lack of utilization of such components since the date of their receipt in 2014 and the extent of their technological obsolescence and conducting an investigation in this regard, hence notifying us thereof.
- According to the report of the committee formed by virtue of the computed by the Chairman and Managing Director of the computing No. 668and issued on 1/12/2015 to the effect of studying

resolution made by the Chairman and Managing Director of the company No. 668adi sissued on 1/12/2015 to the effect of studying and determining the aspects of deficiency in the old and new security system and counting its components, the cameras system was exposed to problems related to the feed of elevicity of the national grid that overwhelmed the entire country that was represented in the fluctuation of the voltage and power supply cut off the matter that led to bringing about damage to some control switches of the system in addition to some cameras accordingly, this fluctuation caused the deficiency of the cameras attached to these switches and of the system as a whole. The percentage of malfunction reached 46% in some periods and the reason for that was due to providing UFS units electric current regu-latory, the matter that is in violation to the item (2/3) — the obligations of Eastern Company. that stipalates providing electricity source of 220 voli for the units used in security and monitoring based on the specifications of " all power sources shall be connected to UFS with line conditioner and spike isolation". — The company must investigate the reasons and determine the respon-sibility therefor and notify us of the results. As for the second phase : — In 112014 the amount of LE. 23.900 million was paid as an advance payment at a percentage of 20% of the avarding order that is based on the resolution of the executive committee No.52/2014 dated 4/11/ 2014 concerning the supply of the equipment of the second phase as the quotation thereof which was approved by the consultant of the company for general projects with respect to certain items with values aggregated as follows: — LE. 0.4 million for the supply and installation order of optic cables. LE 904 million for the supply and installation of cables

L.E. 12 million for the supply and installation order of optic cables.

LE: 12 million for the supply and installation of cables LE: 9.94 million for the supply and installation of cables We found out that the required lengths of cables and the technical specifications of that process is to be based on the price of one meter

ong including the supply and installation. We must be notified of the reasons thereof along with the definite

The account of the fixed assets included the value of cameras with

tities and the reasons of delay in regard to the receipt thereof that

- Continue contracting with the consultants (Bahaa El Deen Zohdy khairy abdel kader- Anwar Abdel Azeem) and diskursing remunerations with the amount of L.E. 421442 during the year in addition to what has been disbursed as an allowances in return for attendance and participation in committee works during the year.
- Concluding new contracts with (Mr. Mostafa Hassn – Mr. Hagag Maayol) and disbursing returnerations with the amount of L.E. 134000 during the year in addition to what has been disbursed as an allowances in return for attendance, meals and others.

The dishn

he disbursement of L.E. 22750 to Mr. Sief Allah Mohamed Hassan ing the period from July to November 2015. ouring use period from muy to Powember 2015. The company must comply with the instructions and resolutions is-sued with respect to not seeking the help of consultants due to the fact that the company has adequate experiences and competencies in all nations.

all sectors. all sectors. - The company is still violating the law No. 85 for the year 2002 that was issued to the effect of amending the decree-law No. 53 for the year 1981 concerning the protection against the harms of smoking that stipulates in its article No.6 bis that it is prohibited to advertise or prosupuntes in its article yoo bis man it is promotice to asvertise or pro-mote the purchase or use of cigarettes and various tobacco products whether in newspapers, magazines or the publications they distribute , via pictures, motion picture, by using symbol, video, andio means or any other means. Despite the existence of this prohibition, the com-pany insists to violate the law as follows: - Paying the amount of LE: 1003 million being the value of publish-ing the smooth lattenexists of the common come sense in Ad Mb.

Paying the amount of L.E. 1000 million being the value of publishing the financial statements of the company on two pages in Al Akbor newspaper and Al Jounhouria newspaper dated 30.31/10/2015 without justification even though, the date of holding the meeting of the general assembly to approve the financial statements was on 29/11/2015 and the company also published the financial statements after being approved by the general assembly in Al Ahram and Al Akhbar newspapers on 5.6/12/2015 with a cost of L.E. 1022 million. - The disbursement of L.E. 355 thousand in return for publishing an advertisement about holding a meeting of the general assembly to approve the planning budget of the company on 184/2016 and we spublished the invitations and hortices that amounted to L.E. 15000 - The disbursement of L.E. 241 thousand in return for publishing during the mouths of April and May in addition to the sumout expended to send the invitations and notices that amounted to L.E. 15000

to L.E. 15000 - The disbursement of L.E. 241 thousand in return for publishing advertisements about holding a nuceting of the general assembly to approve the financial statements of the company on 29/11/2015 and we found out that the advertisements were published after the date of holding the general assembly during the months of December 2015, January 2016 and February 2016. - The disbursement of L.E. 242 thousand in return for publishing advertisements in Dar Al Sayad Newspaper, Magazine Publishers & Distributors, al shabdak magazine, Al fares magazine and El Edati in order to advertise the products of the company of molasses and cigar (the advertisement of L.E. 402 thousand being the value - The disbursement of the amount of L.E. 40 thousand being the value

resement of the amount of L.E. 40 thousand being the value The disbu of Cleopatra Magazine that has the name of the main product of the company and through which advertisements are published about the outstanding products of the company and the difference between them and the fake and smuggled cigarettes in addition to the expansion

works of the company. The company must investigate the reasons thereof and determine the responsibility of violating the law in addition to the extensive exility of violating the law in addition to the extensive exthe respo

the responsibility of violating the law in addition to the extensive ex-penses spent on advertisements, publicity and publications. Report on other Legal and Regulatory Requirements: The Company keeps proper accounting records which include all that is required by law and the statutes of the company, and the accoun-panying financial statements are in agreement therewith. In addition, the company applies cost accounting system that meets the purpose thereof, and the inventory physical count was carried on thy the com-pany's management in accordance with the principles in practice and

-sreen, and use inventory physical count was carried out by the com-pany's management in accordance with the principles in practice and under our testing supervision within the available capabilities. The cost system must be developed to fulfil its intended purpose. The financial information contained in the report of the board of directors prepared in conformity with the requirements of law No. 159 of the year 1981 and its executive regulations is in agreement with the company's books within the limits that such information is recorded therein.

Issued on 29/9/2016

Accountant

Michael Naguib Abdallah

First Undersecretary and Department Manager

Niazy Mostafa Mahmoud

the company's rights.

sses production

Reda Ibrahim Mohamed

L ventices insurance poincy which covers all the Fissc that may be encountered by the company's ventices liter (comprehensive insurance – maindatory insurance). D. Elevators insurance policy which covers the civil liability. E. Political violence insurance policy, which is an unprecedented insurance policy that was issued prior to the revolution of 30/6/2013 in the light of the incidents that take place in the country, and the said insurance policy covers the risks of terrorism sabotage, intentional criminal actions, riots, civil unrest, insurrection, revolt, rebellion, military coup and the costs of rubble removal A. The Company's Responsibility toward the Environment: Based on the company's strong belief in its role and responsibility toward the society, it had taken over its shoulders the compli-ance to preserve the environment surroundings of the company, bence, the company structured tow sectors and added them to the organizational structure of the company (Environment And Society Affairs Sector and Civil Defense & Work Environment Preserve tion Sector i) in order to imnlement and carry out the necessary actions to necessary the internal and external environment such as arganizational structure of the company (Environment And Society Affairs Sector and Givil Defense & Work Environment Preserva-tion Sectory in order to implement and carry out the necessary actions to preserve the internal and external environment such as adopting all measures against the practices that lead to environment pollution where the cost of anti-pollution projects amounted to approximately LE. 40 million represented in several projects, the most prominent of which are the following: 1 - The central all-conditioning system works of the administrative building (5&6) in the Industrial Complex in the 6th of October 21 - Wei han amount of LE. 10 million. 2 - The lenking works of the cool water station of The Industrial Complex in the 6th of October City that amounted to LE. 6 million. 3 - The central air-conditioning system works of the ground floor and mezzanine of the Double-skin facade building (1&2)(3&64) of The indication of the condenset avapor metwork, the vapor linking line and the connections of the compressed air in the eastern 1 - The works of the cool avapor network, the vapor linking line and the connections of the compressed air in the eastern 1 - The works of the cool upgrading the efficiency of the industrial complex in the 6th of October City that amounted to LE. 2 million. 5 - The works of upgrading the efficiency of the industrial complex in the 6th of October City that amounted to LE. 2 million. 5 - The works of the coolense of the tota of the other City that amounted to LE. 2 million. 5 - The works of the coolense of October City that amounted to LE. 20 million of the preparation building of The Industrial Complex in the 6th of October City that amounted to LE. 20 million. 6 - The enditarial complex in the 6th of October City that amounted to LE. 2 million. 6 - The enditarial complex in the 6th of October City that amounted to LE. 20 million the preparation building 6 - The enditarial complex in the 6th of October City that amounted to LE. 2000 thousand. 6 - The endit

metal turning, machinery and vehicles nasintenance in order to judge the operating economies. The cost of multilized portion of energy was not calculated and ex-cluded from the industrial cost. — The unfinished products cost was not charged with its share of costs related to the monitoring of the production services and it was only charged with the cost of materials, direct wages in addition to the lack of determining the levels of completion at which the production stopped in each plase of the production phases. — The company must reconsider the cost system applied in the com-pany in order to fulfill its intended purpose and work on eliminating the relevant observations in the future. — We found out that the company carried out export activities to Kar-nak company for free shops without taking into consideration what has been stated in the resolution issued by the chairman of the gen-eral authority for investment and free zones No. (11/c) for the year 2009 which signales that the domessic goods circulated between the warehouses of the duty free shops shall exclude calculating 70% of the goods circulated in three leturninals and 30% in arrival terminals. On 16/2/2015 the company inquired in its correspondence No. (1006)

b) the central air-continuous system works of the two plants (7.86) in the industrial complex in the 6th of October Lity with an impound of LE 8 million. 7- Supplies the big million. 7- supplies the big of October Cly that amount of LE 1 million. 8- The company complex with providing the means of Occupational Health, Salety & Environmental Control (HSE) (OSHA), in addition to protecting the work environment in order to provide adequate protection against hazards. In this control, HSE (OSHA), in addition to protecting the work environment in order to provide adequate protection against hazards. In this context, the company complex with providing the means of Occupational Health, Salety & Environmental Control (HSE) (OSHA), in addition to protecting the work environment in order to provide adequate protection against threased and properties through the transfer of such hazards, providing various means of rescue and ambulances in the work area and all the aforementioned actions are using implicit to assure (the salety of personnel, equipment and facilities). The company complies with the salety or personnel, equipment and facilities) as deguard against fire hazards, as the company assessers in device on the various means of fireflyining, moreover, the company consistently develop the irrelighting equipment and means of active to personnel, equipment that is represented in getting rid of the residual and and the eviroumment has of the company complies with the obligatory laws to pr serve the environment that is represented in getting rid of the environment that is represented in getting rid of the environment that is represented in getting rid of the residual and industrial waste by using the most modern technology means in The Industrial Complex in the 6th of October Cly in a manner that achieve the preservation of the environment that is perposentice in getting rid of the the preparation.

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CAYHHOLD

Banks & Companies 7

Trading Floor The market was covered by an optimistic mood during the last week. The index of the thirty most actively traded shares EGX30 followed an upward trend for four consecutive sessions on the back of expectations that Egypt will get the IMF loan soon. The transaction on the Commercial International Bank shares which has the highest weight on the index was the main trigger of the increase. Banks are expected to be a major beneficiary of the deal as they need the Bells from the foreign currency liquidity.

12 October 2016





Britain's Barclays has complet- nounce the value of the deal, ed the sale of its Egyptian business to Morocco's Attijariwafa Bank.

The sale will mean a cut of about LE 2 billion in Barclays' risk-weighted assets, boosting the bank's core capital ratio by about 0.1 percent said the British bank in a statement as part of its shift towards focusing on the United States and Britain.

sources had put it at \$400 million

The London-based lender is seeking to sell its African operations as part of a plan by Chief Executive Jes Staley to simplify its structure and improve shareholder returns.

"The Egyptian economy and banking sector offer significant growth prospects in the me-While the bank did not an- dium and long term. Barclays of \$ 7.4 billion."

Banque Du Caire





Sedco Capital, a leading Saudi licenced asset manager, said it has acquired seven quality properties across the kingdom on behalf of its second real estate income fund for SR473 million (\$126 million) over the past 19 months.



10% Saudi-based Almarai, the largest dairy company in the GCC, made a net profit of SR654.6 million (\$174.3 million) in the three months to September 30, up 10 per cent from 595.1 million (\$157.4 million) in the



year-earlier period.

Dubai's RTA has completed construction works of Dubai Parks & Resorts bridges project in cooperation with Meraas Holding at a cost tag of Dh250 million (\$68 million), said RTA's Mattar Al Tayer, director-general and chair-

man



AI Ezz Dekheila Steel Company (EZDK)



EZDK's stock has come under heavy selling pressure over the past weeks due to the fact no decision has been taken in regard with reducing gas price and conflicting statements made by both the government and Egyptian Natural Gas Holding Company (EGAS). Despite the expected growth rate of the stock, short-term investments are still advised not to buy the stock currently.

The Prime Bank predicted that EZDK would deliver weak results during the third quarter of the year 2016, which could lead to a huge wave of stock selling. Based on the current prices, Prime Bank advises short-and long-term investors to start buying the stock.

The bank stated that amount of natural gas supplied to reduced iron production plants would increase by the fourth quarter of the year 2016. Due to low household power consumption, this would improve operational performance of the company. Egypt is expected to resolve the foreign exchange crisis through granting external loans and to resolve the natural gas shortage crisis by 2017.

The bank explained that the fact that natural gas price has not been reduced in conjunction with increase in EGP to USD expected exchange rate would negative impact on the value of the stock. Especially after E-gas has announced in early September its rejection of the government's decision made in March 2016 to reduce the price of natural gas supplied to steel and iron factories from \$7 to \$4.5.

Beltone Financial Holding (BFH) & Auerbach Grayson

Beltone Financial Holding (BFH) a leading Egypt-based investment bank announced it has acquired a 60% stake of Auerbach Grayson & Company, LLC. A New York-based company specializing in providing global security brokerage services and financial research on developed frontier and emerging markets in over 120 countries to major funds and investment institutions.

Naguib Sawiris, the owner of BFH and the CEO of Orascom Telecom Media and Technology (OTMT), said "The Auerbach Grayson acquisition is a natural extension for our businesses and is the first step in our strategy to create a major Middle East-based global investment bank"

Dr. Sameh El-Torgoman, the CEO of BFH, said, "We are delighted to sign the agreement and to work with Auerbach Grayson in order to expand BFH business and providing its products in the US market, in addition to



Naguib Sawiris

portant markets as the company took part in the country's most notable capital markets deals.'

He explained that Auerbach Grayson's success in Egyptian market encouraged the firm to expand into every country in the world. The firm has established its global network through partnerships with brokerage firms and local and regional banks in emerging, developed, and promising markets in the world with research coverage of listed companies in these areas. The firm has recently expanded into US block trading, global block trading and global program trading. Through its new partnership with BFH, the firm will expand into asset management and in-

The state owned bank is being prepared to be floated . The government is looking for financial advisers for the IPO. There are four

Candidates: Pharos and Deutsche Bank, EFG Hermes and HSBC, CI Capital and Morgan Stanley The size to be floated stake is

still unknown but it is widely believed the state will be looking to retain a minimum 51 per cent ownership stake.

Bank Egypt, thanks to its po-

sitioning, highly talented man-

agement and motivated work-

force, strong capitalization and

clean balance sheet is the ideal

platform to roll out Attijariwafa

bank's universal banking model

in Egypt." Attijariwafa Chairman

and CEO Mohamed EI Ket-

tani said in a statement. "Attija-

riwafa Bank has activities in 20

countries. It has a market cap

RakBank offers \$10m loan to Lankan finance group

RakBank, one of the UAE's leading banks, said it has arranged a three-year \$10 million mediumterm loan facility for DFCC Bank, a leading financial institution in Sri Lanka.

DFCC Bank will be using the funds for general expansion of its offshore banking unit (FCBU), said a statement from RakBank. The loan deal was recently signed at Dubai International Financial Center (DIFC) in the presence of Lakshman Silva, deputy chief executive officer, DFCC Bank, and Peter England, chief executive officer, RakBank. On the deal, England said: "We are pleased to have partnered with DFCC Bank to support their general expansion plan of the offshore banking unit.

This medium term financing allows us to diversify our asset book into various geographies while introducing DFCC Bank to the region."

Silva said this is the Lankan bank's first foray into a Middle Eastern market for medium/long term financing.

"We have strong aspirations to grow our offshore banking business and these funds will provide the right momentum to achieve the growth plans and support our expansion strategy, he noted

- TradeArabia News Service

Orascom Telecom Media and Technology Holding (OTMT)



The company owned by IT tycoon Naguib Sawiris said it is in deadlock with the Egyptian Financial Supervisory Authority regarding "breaches" in its recent ac-

quisitions. The company's board is planning to convene to discuss how the company will continue its business given its current inability to expand and perform its core business normally, according to a statement by the company. The conflict broke out when

OTMT Acquisition asked EFSA for to declare it had no objection to OTMT-Beltone's LE1 billion acquisition of CI Capital.

The bid for CI Capital was scrapped in June after EFSA declined to issue the certificate of non-objection for a whole six months.

"EFSA was not able to make a decision to reconcile and conclude the procedures necessary for the reconciliation until date, which had a negative effect on the company shareholders, as well as the complications resulting from hindering the acquisition of CI Capital.

5,000

Bahrain government will soon start work on the East Sitra Housing Project which will see the construction of 5,000 residential units across the kingdom, said a report.



\$176bn

Dubai's non-oil foreign trade added up to Dh647 billion (\$176 billion) during the first half (H1) of the year, with imports claiming the lion's share at Dh401 billion, while exports and re-exports accounted for Dh74 billion and Dh172 billion, respectively, according to figures released by Dubai



S10m

RakBank, one of the UAE's leading banks, said it has arranged a three-year \$10 million medium-term loan facility for DFCC Bank, a leading financial institution in Sri Lanka

boosting our expansion plans in frontier and emerging markets"

David Grayson, co-founder and CEO of Auerbach Grayson, said, "I first visited Egypt in 1994, shortly after the government rewrote the capital market laws and started a series of privatizations. I immediately recognized the opportunity offered by investment climate in Egypt and within a year, Egypt became one of Auerbach Grayson's largest and most im-vestment banking in many markets.

Qalaa Holdings S.A.E growth in revenues



Ahmed Heikal

Qalaa Holdings S.A.E, a Leader in Energy and Infrastructure investments in Africa and the Middle East, has released its consolidated and standalone financial results for the year ending 30 June 2016, reporting revenues of EGP 1.8 billion during the second quarter only and net loss of EGP 287.1 million during the same period. The company has regrouped the financial results for the second quarter of the year 2015 in order to facilitate evaluation of the company's financial performance. The company has excluded the financial results of companies ASEC Minya, ASEC Ready Mix Co., Misr Cement Qena, El Rashidi El Mizan, Rashidi for Integrated Solutions (RIS), Bright Petroleum and Tanmeyah Micro Enterprise Services after the

sale of its stakes in those companies. Qalaa Holdings' growth in revenues was driven by the increase in revenues of TAQA Arabia Co. at an annual rate of 18 % during the second quarter of the year 2016 and the increase in revenues of ASEC Holding by 13% during the same period.

During the first six months of the year 2016, Qalaa Holdings' revenues amounted to EGP 3.5 billion while its net loss amounted to EGP 529.8 million. Operating profits of the company before interest, tax, depreciation and amortization was EGP 92.9 million, with an annual decline rate of 40% compared to EGP 155.6 million during the second quarter of the year 2015.

The company's administration expresses confidence that the operating profits will be significantly higher in the upcoming period, especially after overcoming the wave of disturbances that faced investments in the cement industry, particularly the Sudanese Al-Takamol Cement Plant. Hisham El-Khazindar, Qalaa Holdings Co-Founder and Managing Director, explained that project implementation rate amounted to 90% and it is expected to perform operating tests in the upcoming months. Complete mechanical works by the second half of the year 2017 and monitor indicators of stable growth in revenues and profits of TAQA Arabia Company.

Customs.

Menna Shalabi wins bestactress award at Malmo Arab Film Festival



Egyptian actress Menna Shalabi won the award for best actress at the 6th Malmo Arab Film Festival, which runs between 30 September and 5 October in Malmo, Sweden.

The award is for Shalabi's role in Nawara, a film by Egyptian director Hala Khalil starring Shalabi, Mahmoud Hemeda and

Sherine Reda. Nawara opened the festival on 30

September and also scooped an award for the best scenario. Released in 2015, the film has brought Shalabi many awards including best actress at the Dubai International Film Festival (2015), where the film premiered and competed for the Muhr Awards.

issle East (lourism

www.meobserver.org

12 October 2016

Prior actions to the IMF loan are almost completed

Egypt may soon receive the first tranche of a crucial \$12 billion aid package, the head of the International Monetary Fund Christine Lagarde said Saturday. Officials in Cairo reached an agreement in principle with the IMF in August for the aid package but it was conditioned on a series of reforms and remains subject to approval by the Fund's executive board.

«To my knowledge, these prior actions are almost completed,» Lagarde told reporters during the annual meetings of the World Bank and IMF in Washington. «I very much hope that the board can meet promptly.» To meet the Fund's requirements, Egypt has in particular adopted a value-added tax in the hopes of raising fresh revenue to offset the recent collapse of tourism and foreign investment.

On Friday, the IMF's Middle East head Masood Ahmed said the Fund's approval could come «by the end of this month» or in early December, adding that about \$6 billion in additional support was expected from other donors. The first tranche of IMF lending will amount to \$2.5 billion, he said. More than five



years after a 2011 uprising that toppled President Hosni Mubarak, the Egyptian economy is suffering from political instability and violence.

Cairo is also facing a severe dollar shortage and a sharp drawdown of foreign exchange reserves at its central bank. - AFP

Top 5 challenges that face new entrepreneurs & how to defeat them

New entrepreneurs face a number of challenges in today's competitive business world. So if you want to be an entrepreneur and start your own business with your own rules and ideas. Here are the top 5 challenges that might face you in the near future and how to conquer them!

1- Choosing the right business

Neal Jenson, Managing Director of consulting firm BBS, in Salt Lake City, in his interview with Forbes said that "A major number of new start-ups tend to fail because they failed to study the market well. If the business doesn't help people, doesn't provide a solution, doesn't offer new ideas, or doesn't give people something they want then it will ultimately fail".

He offered his solution saying that studying the market and the people's wants and demands are crucial for a successful business. Picking the right business and your work as an entrepreneur will get a whole lot easier

Another strategy for improving cash flow is to require faster invoice

4- Time management

Time management might be the biggest problem faced by entrepreneurs. In addition, starting your own business will require from you to do so many tasks and become attentive to a number of issues in a very limited time

Make time like money, it doesn't grow on trees, of course, so you have to be smart about how you're spending it. In addition, hire a good assistant who can manage the small tasks that would not need your personal presence.

For professor Saini in his book Entrepreneurship and Education, Challenges and strategies, asserted that "An entrepreneur's life is not enviable, at least in the beginning. It's extremely easy to get discouraged when something goes wrong or when you're not growing as fast as you'd like. Self-doubt creeps in, and you feel like giving up".

Kazyon & Basic Commodities join the initiative "People Are Demanding"

The Discount Market Chain "Kazyon" announced that it would join the initiative recently launched by TV host Amr Adeeb "People Are Demanding" through "Basic Commodities Purchase" offer that will be available this week and will include a number of basic commodities to meet needs of the Egyptian citizen.

Kazyon has explained that the offer is two purchases that include rice, cooking oil, chicken, tuna and other commodities with 15% discount.

For his part, Ismail Hafez, Kazyon Chief Commercial Officer and Marketing Director emphasized that the initiative is consistent with Kazyon's main objec-tive, which is to provide commodities to the Egyptian citizen at the most favorable prices. In order to ease the burden on him/ her, noting that Kazyon would remain committed to supporting any initiative that aims at supporting the Egyptian market and economy.

By Eiman Rashed



Egypt making rapid progress on airport security:



United Kingdom's celebration of 6th October 1973's victory

Rear Admiral Nehad Shahin, Egypt's Defence Attaché to the United Kingdom, hosted a Reception last Thursday to celebrate the 43rd anniversary of the 6th of October 1973 victory. The reception was attended by the Egyptian Ambassador HE Ambassador Nasser Kamel, a number of Arab and foreign ambassadors and diplomats from the various diplomatic missions, high level officials from the British government as well as members of the Egyptian community. In his speech Admiral Shahin spoke

of the relationship and bond between the army and the citizens of Egypt brought on by the 1973 victory. In Admiral Shahin's opinion the special relationship between the people and the army was a main reason for achieving the objective of the 1973 war. This relationship that has always been - will always remain the pillar and backbone

of the Egyptian state

Throughout Egypt's history The Egyptian army has always been Egypt's driving force in building up the country and developing it and supporting Egyptians in achieving their aspirations. This again became apparent during the more recent events of the 25 January 2011 and 30June 2013 revolutions where the Armed Forces. who swore to protect Egypt and the Egyptians, once again honoured the will of the people and their legitimate demands in order to achieve a better future.

At the end of his speech Admiral Shahin called for a minute of silence to honour all the martvrs of war who sacrificed their lives to restore, not only the land but most importantly the dignity of our nation.

By Ghada Fouda



The Guinness story books a record for tourism numbers - and a profit to boot

The Irishman was happily running a



5-Self-doubt

Being able to overcome self-doubt

In addition, if you are not sure of

how to study the market demands, hiring a market researcher or someone who is strong in this area is the best option here.

2- Financing your business

Another issue that faces most if not all-new entrepreneurs is how to get money to finance their own businesses. Can one with a minimal cash flow start a business and if so can they keep on funding this business and until when? Part of the problem stems from delayed invoicing, which is common in the entrepreneurial world. Waiting to get paid can make it difficult to get by - and when a customer doesn't pay, you can risk everything

Bootstrap by using only a small amount of money and find a creative way to get your business going.

Another way to improve cash flow is to require a down payment for your products and services. Your down payment should cover all expenses associated with a given project or sale as well as some profit for you. By requiring a down payment, you can at least rest assured you won't be left paying others' bills, you can rest assured you can pay your own.

payments.

3- Hiring employees

-It's not enough to find candidates who fill certain roles; you also need to consider their cost to the business, their culture fit and how they'll work as part of your overall team. Such considerations are exceptionally hard when you're under the pressure of filling those positions as soon as possible.

According to Chris Joseph to the Economist "Be exclusive and detailed in your job requirements and qualifications. Far too many startups are incredibly vague when it comes to posting a job vacancy in terms of what qualifications candidates must have, what the job duties are, what days and hours will be worked, and what wages and benefits will be paid. Approach your employee hunt the same way you would approach a customer-centric marketing campaign: through excellent targeting".

Ask questions relevant to the job and to candidates' experiences, expectations, dedication, and long-term goals. Behave as though you're seeking a partner to help you operate and grow your business.

is a necessary trait for entrepreneurs. Having a good support system will help: family and friends who know your goals and support your plight, as well as an advisory board of other entrepreneurs who can objectively opine as to the direction of your business.

One of the best ways to deal with self-doubt is to work your goals and tasks lists. When you're down and lack motivation, look at your lists and know that the tasks you do today are contributing to your lifetime goals. By doing them, you're one step closer, and you can rest assured that you are, indeed, on the path to business success: these were his best recommendations.

Entrepreneurs face many challenges, and volumes have been written about how to overcome them. Perseverance and intelligence are your allies; use them to your advantage keep working toward your goals. Understand that you're not the first to struggle, and because of that there are many resources available to help you get through your darkest days as an entrepreneur so you can reap the immeasurable rewards that come with building your own successful business.

By Nessma Ashraf

Russian government

Russian Transport Minister Maksim Sokolov has praised Egypt's efforts to implement Moscow's recommendations regarding airport security, a condition for the full return of Russian tourist flights to Egypt. Egyptian authorities are making rapid progress in resolving the concerns surrounding the safety of Russian flights, Russian news agency TASS reported Sokolov as saying on Friday. "Egyptian colleagues have been making very rapid progress in resolving all issues regarding security enforcement. I think next year we will fully get back to the passenger flow we used to have," he said. On Thursday, Russia's Deputy Prime Minister Arkady Dvorkovich said he hoped that air travel to and from Egypt would be restored before the end of this year.

five-star hotel in the searing heat of Saudi Arabia, and the life-long hotelier wasn't keen on returning to his colder homeland.

But after being convinced to return to Dublin for an interview, he finally saw the potential.

"I realised this wasn't going to be a visitors' centre, it was going to be a world class brand centre," Carty says. "Very similar to a hotel but without the bedrooms." Returning home in 1999 after 25 years travelling the world with Trusthouse Forte and Meridien Hotels Carty, right, became the first - and to date only - managing director of the Guinness Storehouse. "The idea was to create a home for Guinness that would welcome potentially up to 1m people. We needed somewhere to showcase the archives, and Guinness at that time wanted to reposition the drink, a lot of older drinkers were falling off and we weren't recruiting younger people to the brand.

"The image before was of the old Ireland, of log fires and men with peaked hats. Over the years we needed to contemporise the brand and present it in a different manner.

The Storehouse does that through a visitor experience involving the history of the 257-year-old brewery, how its eponymous stout is made, a look at Guinness advertising through the ages, and its impact on popular culture, as well as the chance to learn to pour a pint.

visitors, but for bar staff from across Ireland and beyond, as Diageo feared a lack of knowledge among bartenders of Guinness's two-pour system was putting drinkers off.

Now a jewel in the crown of the FTSE 100 drinks conclomerate, the Storehouse has grown from an idea to be last year named Europe's leading tourist attraction at the World Travel Awards, pulling in 1.5m visitors last year, up 18pc on the year before. The man responsible is not shy about the reasons for its success.Rather than being run as a tourist attraction, the Storehouse, which sits on the fouracre St James's brewery site in one of Dublin's less salubrious areas, is very much run as a business.

Diageo spent €42m to create the Storehouse, and after an initial few sparse years on the financial front, the venture has been profitable for a number of years. "Now we're a very profitable business, with all profit going back into reinvestment." Carty says. "That's important to me because if you do make a profit, you can reinvest, you can employ more people, and improve the standards. The last five years we have invested €10m (£9m) back into the experience.

A significant profit comes from the decision to charge customers. Carty toured the likes of Coca-Cola's brand experience in Atlanta and Cadbury World in Birmingham, and was convinced there had to be a fee.



Ras Shitan

Egypt implements 30 natural reserves

Khaled Fahmy, Minister of State for Environmental Affairs, said that the internal tourism and natural reserves visitors will contribute to boosting the external tourism. He asserted that the natural reserves were visited by many during the Adha feast, in addition to the increasing numbers of campers in the natural reserves. This is a positive figure that shows a genuine awareness of nature.

Fahmy added that the ministry is developing a program of 30 natural reserves, in cooperation with United Nations Development Program (UNDP) and the Global Environment Facility, in order to

attract more tourists to the natural reserves through setting different activities and delivering various services.

Adel Abdullah, Chairman of natural reserves' financial sustainability project at the Ministry of State for Environmental Affairs, declared that the natural reserves project will cost \$3m annually, that is each reserve will cost from EGP 2m to EGP 3m.

Abdullah added that the project include developing 8 reserves separately. An integrated development plan is set to include technical issues and services to attract investors and visitors. The plan will

include procedures to preserve the natural resources in the reserves.

According to Abdullah, the project has successfully set 10 plans to manage 10 reserves and some of these plans were implemented. The first 5 reserves have been developed; Wadi El Gamal National Park is ready to receive visitors and the other four reserves in South Sinai are already developed.

Other 10 reserves in Wadi Degla are under construction and their development plans are already set, including bicycle, beach buggy tracks, site for building a Roman theater and other services.

A plan is being set to develop

other 4 natural reserves, the Petrified Forest Protected Area, White Dessert reserve, Siwa Natural reserve and Wadi El Rayan reserve in Fayum. Abdullah said that the price ticket to enter these reserves is very cheap either for Egyptians or foreigners, pointing out that the reserves' revenues used to hit EGP 35m before January Revolution but now it doesn't exceed EGP 20m.

Abdullah asserted that if the Egyptian tourism revived, natural reserves will witness a boom. He added that the project's implementation will be finished by 2018.

By Tamer Salah, Hossam Abdel Qawi