

Translated from Arabic

Egypt Kuwait Holding Company
Consolidated Financial Statements
For The Year Ended 31 December 2023
And Independent Auditors' Report

Translated from Arabic

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Hazem Hassan
Public Accountants & Consultants

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

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

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Independent Auditor's Report

To the Shareholders of Egypt Kuwait Holding Company

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Egypt Kuwait Holding Company S.A.E, which comprise the consolidated financial position as of December 31, 2023, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



Hazem Hassan

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Opinion

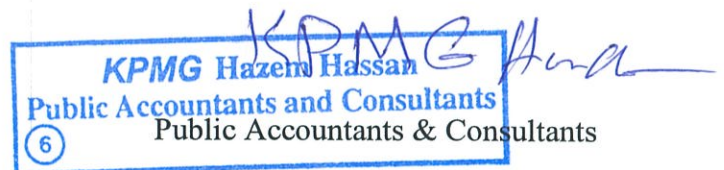
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Egypt Kuwait Holding Company as of December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

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, the financial statements, are in agreement thereto.

The financial information included in the board of directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account.

KPMG Hazem Hassan



Cairo, February 25, 2024

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated statement of financial position as of December 31, 2023

All numbers are in US Dollars	Note No.	31/12/2023	31/12/2022
Assets			
Non-current assets			
Fixed assets and projects under construction	(17)	306 946 205	296 857 837
Goodwill	(18)	46 483 377	49 559 875
Right of use assets	(19)	6 733 286	9 738 726
Intangible assets		-	626 299
Biological assets	(20)	2 256 495	3 034 020
Exploration & development assets	(21)	171 678 272	181 889 557
Equity - accounted investees (associate companies)	(22)	22 636 331	20 821 082
Investments at fair value through other comprehensive income	(23)	7 777 077	119 999 669
Other financial assets at amortized cost	(24)	140 504 790	215 298 315
Trade & notes receivables	(28)	10 328 333	6 249 347
Total non-current assets		715 344 166	904 074 727
Current assets			
Inventories	(25)	98 480 238	92 543 672
Work in progress	(26)	30 135 533	34 306 476
Investments at fair value through other comprehensive income	(23)	23 358 160	117 522 425
Financial assets at amortized cost	(24)	338 312 729	120 420 608
Investments at fair value through profit or loss	(27)	9 590 950	28 198 266
Trade & notes receivables	(28)	137 023 422	133 048 067
Other current assets	(29)	80 251 828	74 467 046
Cash and cash equivalents	(30)	313 230 734	455 699 809
Total current assets		1 030 383 594	1 056 206 369
Total assets		1 745 727 760	1 960 281 096
Equity and Liabilities			
Equity of the Parent Company :			
Issued & paid in capital	(31)	281 721 321	281 721 321
Legal reserve	(32)	133 896 975	129 587 671
Other reserves	(33)	(449 887 827)	(298 863 362)
Retained earnings		509 941 818	452 510 010
Treasury shares	(34)	(3 349 840)	(738 390)
Total equity of the Parent Company		472 322 447	564 217 250
Non-controlling interests	(14)	167 725 197	278 846 545
Total equity		640 047 644	843 063 795
Liabilities			
Non-current liabilities			
Loans and bank facilities	(35)	375 902 034	413 464 914
Suppliers, contractors, notes payable and other creditors	(36)	4 877 492	9 544 931
Lease contracts liabilities	(19)	7 873 567	8 238 615
Deferred tax liabilities	(37)	18 620 986	9 004 509
Total non-current liabilities		407 274 079	440 252 969
Current liabilities			
Accrued income tax		51 945 944	26 931 621
Loans and bank Facilities	(35)	255 418 743	224 116 807
Suppliers, contractors, notes payable and other creditors	(36)	249 728 900	276 082 872
Insurance policyholders' rights	(38)	83 465 043	83 548 189
Lease contracts liabilities	(19)	1 168 296	2 033 858
Provisions	(39)	56 679 111	64 250 985
Total current liabilities		698 406 037	676 964 332
Total liabilities		1 105 680 116	1 117 217 301
Total equity and liabilities		1 745 727 760	1 960 281 096

* The accompanying notes are an integral part of these consolidated financial statements and to be read therewith.

Group Chief Financial Officer
Medhat Hamed Bonna

Managing Director
Sherif Al Zayat

Chairman
Loay Jassim Al Kharafi

*Independent Auditor's Report "attached "

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated statement of income for the financial year ended December 31, 2023

All numbers are in US Dollars	Note No.	2023	2022
Revenues	(5)	747 704 323	1 053 267 382
Cost of revenue	(6)	(443 558 588)	(574 140 109)
Gross profit		304 145 735	479 127 273
Income from investments	(7)	51 503 233	48 941 610
Other income	(8)	24 947 750	23 380 357
Selling and distribution expenses	(9)	(3 901 457)	(6 716 201)
General and administrative expenses		(56 250 562)	(66 098 772)
Reversal / (Charge) of expected credit loss	(10)	868 874	(3 135 101)
Other expenses	(11)	(16 984 706)	(9 974 820)
Net operating profit		304 328 867	465 524 346
<u>Financing income / (costs)</u>			
Finance income		47 637 763	23 638 551
Finance cost		(66 465 592)	(36 930 842)
Net Finance cost	(12)	(18 827 829)	(13 292 291)
Company's share of profit of equity-accounted investees		1 882 675	2 164 577
Net profit for the year before income tax		287 383 713	454 396 632
Income tax	(13)	(69 571 806)	(92 313 999)
Net profit for the year		217 811 907	362 082 633
Net profit attributable to:			
Owners of the Parent Company		179 176 871	241 062 732
Non-controlling interests	(14)	38 635 036	121 019 901
Net profit for the year		217 811 907	362 082 633
Basic / Diluted earnings per share (US Cent / Share)	(15)	13.93	18.43

* The accompanying notes are an integral part of these consolidated financial statements and to be read therewith.

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated statement of comprehensive income for the financial year ended December 31, 2023

All numbers are in US Dollars	Note No.	2023	2022
Net profit for the year		217 811 907	362 082 633
Other comprehensive income (loss)			
<u>Items that will not be reclassified to statement of income</u>			
Investments at fair value through other comprehensive income		(15 784 875)	3 481 779
		(15 784 875)	3 481 779
<u>Items may be subsequently reclassified to statement of income</u>			
Investments at fair value through other comprehensive income		7 462 653	(18 376 236)
Foreign currency translation differences	(51)	(94 765 703)	(222 357 702)
		(87 303 050)	(240 733 938)
Total other comprehensive loss for the year after deducting tax		(103 087 925)	(237 252 159)
Total comprehensive income		114 723 982	124 830 474
Total comprehensive income attributable to:			
Owners of the holding company		86 921 849	27 647 164
Non-controlling interests	(14)	27 802 133	97 183 310
Total comprehensive income		114 723 982	124 830 474

* The accompanying notes are an integral part of these consolidated financial statements and to be read therewith.

Consolidated statement of changes in equity for the financial year ended December 31, 2023

All numbers are in US Dollars

	Note No.	Issued and paid in capital	Legal reserve	Other reserves				Retained earnings	Treasury shares	Total equity of the parent Company	Non-controlling interests	Total equity
				General reserve	Fair value reserve	Translation reserve	Total other reserves					
Balance as of January 1, 2022		281 721 321	128 065 146	8 380 462	7 819 806	(159 602 409)	(85 447 794)	325 705 751	-	650 034 424	235 193 878	885 228 302
Total comprehensive income												
Net profit for the year		-	-	-	-	-	-	241 062 732	-	241 062 732	121 019 901	362 082 633
Other comprehensive loss		-	-	-	(13 929 976)	(199 485 592)	(213 415 564)	-	-	(213 415 568)	(23 836 591)	(237 252 159)
Total comprehensive income (loss)		-	-	-	(13 929 976)	(199 485 592)	(213 415 568)	241 062 732	-	27 647 164	97 183 310	124 830 474
Transactions with owners of the Company												
Transferred to legal reserve		-	1 532 525	-	-	-	-	(1 532 525)	-	-	-	-
Shareholders' dividends		-	-	-	-	-	-	(78 881 970)	-	(78 881 970)	-	(78 881 970)
Employees and board members' dividends		-	-	-	-	-	-	(28 107 242)	-	(28 107 242)	(5 917 474)	(34 024 716)
Non-controlling interests in subsidiaries' dividends		-	-	-	-	-	-	-	-	-	(22 223 602)	(22 223 602)
Acquisition of non-controlling interests without change in control		-	-	-	-	-	-	(5 736 736)	-	(5 736 736)	(19 532 711)	(25 269 447)
Purchase of treasury shares		-	-	-	-	-	-	-	(738 390)	(738 390)	6 457 601	5 719 211
Total transactions with owners of the Company		-	1 532 525	-	-	-	-	(114 258 473)	(738 390)	(113 464 338)	(41 216 186)	(154 680 524)
Other changes												
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(12 314 457)	(12 314 457)
Total other changes		-	-	-	-	-	-	-	-	-	(12 314 457)	(12 314 457)
Balance as of December 31, 2022		281 721 321	129 597 671	8 380 462	(6 110 170)	(359 088 201)	(298 863 362)	452 510 010	(738 390)	564 217 250	278 846 545	843 063 795
Balance as of January 1, 2023		281 721 321	129 597 671	8 380 462	(6 110 170)	(359 088 201)	(298 863 362)	452 510 010	(738 390)	564 217 250	278 846 545	843 063 795
Comprehensive income												
Net profit for the year		-	-	-	-	-	-	179 176 871	-	179 176 871	38 635 036	217 811 907
Fair value of investments at fair value through other comprehensive income reclassified to retained earnings		-	-	-	5 942 037	-	5 942 037	(5 942 037)	-	-	-	-
Other comprehensive loss		-	-	-	(8 786 711)	(83 468 311)	(92 255 022)	-	-	(92 255 022)	(10 832 903)	(103 087 925)
Comprehensive income		-	-	-	(2 844 674)	(83 468 311)	(86 312 985)	173 234 834	-	86 921 849	27 802 133	114 723 982
Transactions with owners of the Company												
Transferred to legal reserve		-	4 309 304	-	-	-	-	(4 309 304)	-	-	-	-
Shareholders' dividends		-	-	(8 380 462)	-	-	(66 335 009)	(57 622 373)	-	(123 957 382)	-	(123 957 382)
Employees and board members' dividends		-	-	-	-	-	-	(33 321 750)	-	(33 321 750)	(5 634 280)	(38 956 030)
Acquisition of non-controlling interests without change in control		-	-	-	-	1 623 529	1 623 529	(20 353 120)	-	(18 729 591)	(105 117 639)	(123 847 230)
Sale of treasury shares		-	-	-	-	-	-	(196 479)	5 277 484	5 081 005	-	5 081 005
Purchase of treasury shares		-	-	-	-	-	-	-	(7 888 934)	(7 888 934)	-	(7 888 934)
Total transactions with owners of the Company		-	4 309 304	(8 380 462)	-	1 623 529	(64 711 480)	(115 803 026)	(2 611 450)	(178 816 652)	(110 751 919)	(289 568 571)
Other changes												
Non-controlling interests in subsidiaries' dividends		-	-	-	-	-	-	-	-	-	(37 876 160)	(37 876 160)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	9 704 598	9 704 598
Total other changes		-	-	-	-	-	-	-	-	-	(28 171 562)	(28 171 562)
Balance as of December 31, 2023		281 721 321	133 896 975	-	(8 954 844)	(440 932 983)	(449 887 827)	509 941 818	(3 349 849)	472 322 447	167 725 197	640 047 644

* The accompanying notes are an integral part of these consolidated financial statements and to be read therewith.

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Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated statement of cash flows for the financial year ended December 31, 2023

All numbers are in US Dollars

	Note No.	2023	2022
<u>Cash flows from operating activities</u>			
Net profit for the year before income tax		287 383 713	454 396 632
<u>Adjustments for:</u>			
Depreciation and amortization		61 780 892	58 993 552
Company's share of profit of equity-accounted investees (associate companies)		(1 882 675)	(2 164 577)
Changes in fair value of investments at fair value through profit or loss		(2 492 440)	800 605
(Profit) Loss from sale of investments at fair value through other comprehensive income		(2 886 870)	17 834 537
Capital gain		(4 795)	(422 960)
Other income		(3 314 160)	(22 314 458)
Changes in fair value of biological assets		284 121	-
Foreign currency exchange losses		(27 710 350)	28 997 382
Impairment losses in the value of exploration assets		13 200 000	-
Losses from sale of investments at fair value through profit or loss		45 685	-
Income from financial assets at amortized cost		(41 258 154)	(57 414 138)
Return from fair value of investments at fair value through profit or loss		(441 283)	(1 435 253)
Return from sale of investments at fair value through other comprehensive income		(3 776 126)	(184 963)
Income on the sale of financial assets at amortized cost		(694 045)	-
Reversal / (Charge) of expected credit loss		(868 874)	3 135 101
Financing expenses		66 465 592	36 930 842
Finance income		(18 765 413)	(9 372 107)
Goodwill impairment loss		-	5 103 083
		325 064 818	512 883 278
<u>Change in:</u>			
Investments at fair value through profit or loss		21 697 968	25 589 440
Trade & notes receivables		(43 263 473)	(74 476 677)
Other current assets		(16 253 889)	(65 792 503)
Inventories		(10 630 382)	(32 576 720)
Work in progress		120 218	773 863
Suppliers, contractors, notes payable & other credit balances		63 513 784	15 694 926
Insurance policyholders' rights		16 632 680	(31 759 254)
Provisions		(7 571 873)	185 716
Cash from operating activities		349 309 851	350 522 069
Income taxes paid		(21 569 709)	(95 531 424)
Net cash from operating activities		327 740 142	254 990 645
<u>Cash flows from investing activities</u>			
Collected interest		18 614 781	12 590 092
Payments for additions of fixed assets and projects under construction	(16)	(94 062 985)	(82 572 312)
Payments for additions of biological assets		(586 221)	(527 807)
Payments for additions of exploration & development assets		(37 596 440)	(19 162 139)
Proceeds from sale of fixed assets		330 558	1 231 046
Proceeds from investments at fair value through other comprehensive income		1 663 776	4 103 999
Proceeds from investments at fair value through profit or loss		646 494	-
Net proceeds from other investments		81 010 558	324 114 217
Net cash from investing activities		(29 979 479)	239 777 096
<u>Cash flows from financing activities</u>			
Proceeds from loans and bank facilities		430 496 346	184 402 460
Payments for loans and bank facilities		(420 197 533)	(192 797 990)
Payments of financing expenses		(62 835 109)	(46 569 777)
Lease contracts liabilities		(129 442 617)	(37 150 783)
Payments of non-controlling interests		32 184 982	(88 714 933)
Restricted cash		(1 218 085)	(4 269 305)
Proceeds from sale of treasury shares		5 081 005	-
Payments for purchase of treasury shares		(7 888 934)	(738 390)
Dividends paid		(174 966 554)	(138 124 833)
Net cash used in financing activities		(328 786 499)	(323 963 551)
Net change in cash and cash equivalents during the year		(32 689 609)	170 804 190
Foreign currency translation differences of cash and cash equivalents		(27 366 657)	(52 686 871)
Cash and cash equivalents at beginning of the year		371 689 902	253 572 583
Cash and cash equivalents at end of the year	(30)	311 633 636	371 689 902

* The accompanying notes are an integral part of these consolidated financial statements and to be read therewith.

Notes to the consolidated financial statements

for the financial year ended December 31, 2023

All amounts are in US Dollars unless otherwise mentioned.

1- Company's background and activities

- Egypt Kuwait Holding Company "The Parent Company" was incorporated by virtue of the Chairman of General Investment Authority's resolution No. 197 of 1997, according to the provisions of Investment Law No. 230 of 1989 and according to Law No. 72 of 2017, concerning Investment Incentives & Guarantees and Law No. 95 of 1992 concerning Capital Markets. The Company was registered in Giza Governorate Commercial Registry under No. 114 648 on 20/7/1997. The duration of the Company according to the Company's Statute, is 25 years starting from the date of registration in the Commercial Registry.
- On March 31, 2022, the General Assembly of the shareholders of the Holding Company approved the extension of the duration of the Company for an additional 25 years.
- The Parent Company is listed in the Egyptian Stock Exchange of the Arab Republic of Egypt and Kuwait Stock Exchange.
- The financial statements prepared in accordance with Egyptian accounting standards are published on the Egyptian Stock Exchange, and the financial statements prepared in accordance with International Financial Reporting Standards (IFRS) are published on the Kuwait Stock Exchange.
- The registered office of the Company is located at 14 Hassan Mohamed El Razaz St.-Dokki-Egypt. Mr. Loay Jassim Al-Kharafi is the Chairman of the Company.

2- Basis of preparation of the consolidated financial statements

- The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standard and in accordance with Egyptian law.
- During the year 2022, the group's management applied the special accounting treatment to deal with the effects of the liberalization of exchange rates contained in Appendix (C) of the Egyptian Accounting Standard No. (13), amended in 2015, "The Effects of Changes in Foreign Exchange Rates" (Note No. 47), where it was recognized within the cost of property, plant and equipment and projects under construction at the date of the financial statements to apply this special accounting treatment in addition to the currency differences resulting from translating the balance of a loan in foreign currency that was used to finance the purchase of property, plant and equipment and projects under constructions.
- The consolidated financial statements were authorized for issue by the Board of Directors on February 22, 2024.
- The details of the group's material accounting policies are included on Note No. (50).

3- Functional and presentation currency

- These consolidated financial statements are presented in USD which is the Holding Company's functional currency.

4- Use of judgments, and estimates

The preparation of separate financial statements in conformity with the Egyptian Accounting Standards requires management to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclose about contingent liabilities on each reporting date. However, uncertainty about these assumptions and estimates may lead to results that would require a material adjustment to the carrying amount of the related asset or liability in the future.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4-1 Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements are included in the following notes:

- Note No. (50-4) Revenue Recognition: Revenue is recognised as detailed in the accounting policies applied.
- Note No. (50-1) Investments accounted for using the equity method (Associate companies): whether the Group has significant influence over investees.
- Note No. (50-21) Lease Contracts

4-2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at December 31st 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note No. (50-4) Revenue Recognition: Estimate of expected returns.
- Note No. (18) Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development cost.
- Note No. (50-19) Measurement of expected credit loss for cash at banks, trade & notes receivable, and debtors and other debit balances.
- Note No. (50-20) Recognition and measurement of provisions and liabilities: key assumptions underlying the probability and amount of future cash flows.

4-3 Measurement of fair values

- A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
 - The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.
 - The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Accounting Standards, including the level in the fair value hierarchy in which the valuations should be classified.
 - Significant valuation issues are reported to the Group's audit committee.
 - When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
 - Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
 - Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)
 - If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
 - The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.
- Further information about the assumptions made in measuring fair values is included in the following notes:

Notes to the consolidated financial statements

for the financial year ended December 31, 2023

All amounts are in US Dollars unless otherwise mentioned.

- Note No. (43): biological assets; and
- Note No. (43): financial instruments

5- Revenues

	Segment name	2023	2022
Revenues recognized at point in time			
Fertilizer's activity	Chemicals and fertilizers sector	263 610 845	485 740 012
Chemicals and plastics activity	Chemicals and fertilizers sector	140 863 063	207 206 379
Insurance activity	Insurance sector	49 208 476	61 380 408
Electricity activity	Energy sector	49 684 370	54 537 589
Cooling by natural gas activity	Energy sector	2 459 602	7 956 408
Microfinance activity	Insurance sector	10 224 839	3 089 848
Drilling and petroleum services activity	Energy sector	124 691 225	135 606 337
Wood processing activity	Wood processing	3 101 583	2 272 381
Other activities	Others	2 967 333	335 291
Total revenues recognized at a point in time		646 811 336	958 124 653
Revenues recognized over time			
Gas Distribution	Energy sector	87 241 588	92 368 664
Other activity revenues	Other operations	13 651 399	2 774 065
Total revenues recognized over time		100 892 987	95 142 729
Total revenues		747 704 323	1 053 267 382

6- Cost of revenue recognition

	2023	2022
Fertilizer's activity	151 866 903	206 345 300
Chemicals and plastics activity	78 461 643	153 685 821
Gas distribution activity	55 435 594	68 697 640
Electricity activity	33 116 280	31 059 556
Drilling and petroleum services activity	72 708 684	59 572 829
Insurance activity	32 822 796	42 710 785
Cooling by natural gas activity	2 312 916	7 078 516
Microfinance activity	4 116 678	959 088
Other activity	12 717 094	4 030 574
	443 558 588	574 140 109

Notes to the consolidated financial statements

for the financial year ended December 31, 2023

All amounts are in US Dollars unless otherwise mentioned.

7- Income from investments

	2023	2022
Income from financial assets at amortized cost	41 258 154	57 414 138
Gain from investments at fair value through profit or loss	441 283	1 435 253
Income from investments at fair value through other comprehensive income	3 776 126	184 963
Change in fair value of financial assets at fair value through profit or loss	2 492 440	(800 605)
Income (loss) from sale of investments at fair value through other comprehensive income	2 886 870	(17 834 537)
Income from sale of financial assets at amortized cost	694 045	-
Losses from investments at fair value through other comprehensive income	(45 685)	-
Other investment income	-	8 542 398
	51 503 233	48 941 610

8- Other income

	2023	2022
Drawback and exports subsidies revenues	945 680	1 699 329
Provisions no longer required	8 717 507	3 397 942
Capital gain	4 795	422 960
Revenues from the sale of waste	509 797	2 927 359
Revenues from late/delay penalties	-	119 044
Extinguishment of debt	11 080 597	13 772 060
Other	3 689 374	1 041 663
	24 947 750	23 380 357

9- Selling and distribution expenses

	2023	2022
Chemicals and plastic activity	3 151 267	5 796 147
Fertilizers activity	348 105	499 602
Cooling technology by natural gas activity	139 089	183 720
Other	262 996	236 732
	3 901 457	6 716 201

Notes to the consolidated financial statements

for the financial year ended December 31, 2023

All amounts are in US Dollars unless otherwise mentioned.

10- Expected credit losses

	Balance as at 31/12/2022	Recognised in profit or loss during the year	Translation Differences	Balance as at 31/12/2023
Cash and cash equivalent	(2 461 457)	57 211	191 062	(2 213 184)
Investments at fair value through other comprehensive income	(91 523 852)	2 159 918	(927 375)	(90 291 309)
Other financial assets at amortized cost	(1 383 122)	(271 004)	(64 608)	(1 718 734)
Trade & notes receivables	(3 485 582)	(1 185 971)	564 135	(4 107 418)
Other current assets	(3 939 965)	108 720	(1 127 580)	(4 958 825)
	(102 793 978)	868 874	(1 364 366)	(103 289 470)

11- Other expenses

	2023	2022
Impairment loss on the value of exploration and development assets	13 200 000	-
Provision made during the year	3 500 584	4 773 427
Change in fair value of biological assets	284 122	-
Goodwill impairment losses	-	5 103 083
Others	-	98 310
	16 984 706	9 974 820

12- Financing income (costs)

	2023	2022
Financing income		
Finance income	18 765 413	9 372 107
Net foreign currency translation differences	28 872 350	14 266 444
	47 637 763	23 638 551
Financing costs		
Financing expenses	(66 465 592)	(36 930 842)
	(66 465 592)	(36 930 842)
Net financing costs	(18 827 829)	(13 292 291)

13- Income tax

	2023	2022
Current income tax expense	60 336 737	95 980 671
Deferred income tax expense (benefit)	9 235 069	(3 666 672)
	69 571 806	92 313 999

Notes to the consolidated financial statements

for the financial year ended December 31, 2023

All amounts are in US Dollars unless otherwise mentioned.

Adjustments to calculate the effective tax rate

	2023	2022
Consolidated net accounting profit before income tax	287 383 713	454 396 632
Tax rate	%22.5	%22.5
Expected income tax on accounting profit	64 661 335	102 239 242
Share of profit of equity-accounted investees reported, net of tax	(423 602)	(487 030)
Non-deductible expenses	(433 348)	3 230 919
Separate tax base	(5 299 793)	(10 902 187)
Current-year losses for which no deferred tax asset is recognized	2 244 290	1 899 727
Recognition of previously unrecognized tax losses	(412 145)	–
Recognition of previously unrecognized temporary differences (derecognition of previously recognized)	9 235 069	(3 666 672)
Tax as per consolidated statement of income	69 571 806	92 313 999
Effective tax rate	%24.2	%20.3

December 31, 2023	Non-controlling interest %	Non current assets	Current assets	Non current liabilities	Current liabilities	Net assets *	Consolidation adjustments	Non controlling interest share of net assets	Total revenues	Net profit *	Consolidation adjustments	Non controlling interest share of net profit	Non controlling interest share of OCI	Non controlling interest share of P&L
National Gas Co. (Natgas)	%16.02	67 947 300	93 116 375	1 197 775	75 124 486	84 741 414	-	13 572 750	67 593 971	26 220 591	-	4 199 665	(7 316 088)	(3 116 423)
Globe for Communication & Information Technology Co.	%1.00	-	297 615	-	890	296 725	-	2 967	-	-	-	-	(738)	(738)
NSCO Co.	%0.0006	131 713 470	84 438 953	-	135 142 892	81 009 531	-	454	58 389 957	30 226 973	-	170	-	170
Cooling Technology by Natural Gas Co. (Gas Chill)	%14.01	74 195	8 664 178	3 847	5 646 675	3 087 851	-	432 479	2 459 602	274 854	-	38 496	(98 170)	(59 674)
Go Gas	%0.80	-	819 391	-	-	819 391	-	6 562	-	-	-	-	(1 631)	(1 631)
El Fayoum Gas Co. S.A.E.	%22.01	411 517	29 949 771	1 551	20 913 872	9 445 865	-	2 079 035	14 353 913	2 320 917	-	510 834	(397 558)	113 276
Bawabet El Kwait	%5.33	110 644 202	490 806 724	7 000 110	239 218 984	355 231 832	-	18 928 610	263 610 845	56 331 519	3 484 335	6 485 973	4 239 417	10 725 390
Alex Fert	%21.49	89 688 151	370 335 019	7 000 110	77 740 442	375 282 618	-	80 638 994	263 610 845	95 154 855	(40 335)	20 406 100	-	20 406 100
Delta Insurance	%36.61	45 173 020	103 492 972	105 653	103 207 824	45 352 515	2 905 169	19 510 131	49 208 476	15 318 013	8 455	5 616 855	(3 754 787)	1 862 068
El Shorouk for Melamine & Resins Co.	%4.95	1 403 532	4 007 134	105 071	3 117 277	2 188 318	-	108 351	5 417 044	544 223	-	26 946	(20 521)	6 425
MOG Energy	%18.70	43 118 834	29 609 927	10 491 696	164 613 854	(102 376 789)	32 478 608	13 333 958	66 301 268	(18 490 333)	4 380 603	922 876	(2 038 320)	(1 115 444)
Gas Line	%16.02	33 501 572	17 355 988	-	2 876 155	47 981 405	-	7 685 022	-	5 821 065	-	932 341	278 685	1 211 026
Al Nubaria for Natural Gas Co. S.A.E.	%16.02	5 318	8 126 534	(4 228)	1 008 985	7 127 095	-	1 141 523	582 746	258 246	-	41 362	(573 675)	(532 313)
Al Watania for Electric Technology Co (Kahraba) S.A.E.	%3.84	62 736 397	40 608 043	5 947 176	39 714 429	57 682 835	-	2 212 342	49 684 370	12 455 892	-	477 728	(322 705)	155 023
Kahraba Future	%3.84	-	420 661	-	7 513	413 148	-	15 846	-	(1 522)	-	(58)	(477)	(535)
Global MDF	%16.20	75 768 807	11 532 600	38 609 887	32 065 661	16 625 859	-	2 693 389	3 101 583	(5 283 030)	-	(855 851)	(826 295)	(1 682 146)
Midor Suez Oil Refining Company	%0.002	-	270 684	-	7 198	263 486	-	5	-	-	-	-	-	-
Advanced Gas Pipelines	%49.00	-	13 071	-	330 170	(317 099)	-	(155 379)	-	(343 671)	-	(168 400)	(40)	(168 440)
AD Astra	%49.00	-	-	-	-	-	5 518 156	5 518 156	-	-	-	-	-	-
		662 186 315	1 293 865 640	70 458 648	900 737 307	984 856 000	40 901 933	167 725 197	844 314 620	220 808 592	7 833 058	38 635 036	(10 832 903)	27 802 133

December 31, 2022														
National Gas Co. (Natgas) consolidated	%16.02	133 602 031	132 259 749	8 711 016	104 741 850	152 408 914	(5 419 009)	18 991 819	121 235 117	31 946 106	95 953	5 212 654	(31 068 424)	(25 855 770)
Globe for Communication & Information Technology Co.	%1.00	-	371 598	-	1 112	370 486	-	3 705	-	-	-	-	(906 039)	(906 039)
NSCO Co.	%0.0006	115 484 442	80 887 136	-	144 686 676	51 684 902	-	329	60 821 948	30 206 769	-	192	-	192
Cooling Technology by Natural Gas Co. (Gas Chill) S.A.E.	%14.01	93 410	8 715 170	3 637	5 249 611	3 555 332	-	497 954	7 956 408	484 322	694	68 527	(1 971 450)	(1 902 923)
Go Gas	%0.80	-	275 248	-	2 864	272 384	-	2 181	-	(15 364)	-	(123)	6 704	6 581
El Fayoum Gas Co.	%22.01	747 475	28 021 066	-	19 157 765	9 610 776	-	2 115 332	20 509 500	3 226 297	-	710 108	(1 873 996)	(1 163 888)
Bawabet El Kwait consolidated	%30.33	206 375 590	448 863 226	9 377 579	79 159 332	566 701 905	38 277 684	210 177 117	485 740 012	109 423 032	50 135 570	83 327 195	(597 018)	82 730 177
Delta Insurance	%36.78	93 108 550	57 803 320	110 725	107 537 929	43 263 216	5 216 309	21 126 574	61 380 408	16 154 620	235 008	6 175 951	9 783 370	15 959 321
El Shorouk for Melamine Co.	%4.95	1 726 834	4 917 449	144 346	4 441 400	2 058 537	-	101 925	7 082 960	501 138	-	24 813	270 329	295 142
MOG	%21.20	47 477 695	67 042 582	12 165 269	156 415 908	(54 060 900)	32 915 345	21 454 075	74 784 389	71 727 945	10 919 804	26 126 605	-	26 126 605
Global MDF	%16.20	63 224 796	8 203 076	36 762 531	7 655 868	27 009 473	-	4 375 535	2 272 381	(5 208 353)	217 732	(626 021)	2 519 933	1 893 912
		661 840 823	837 359 620	67 275 103	629 050 315	802 875 025	70 990 329	278 846 545	841 783 123	258 446 512	61 604 761	121 019 901	(23 836 591)	97 183 310

*The value of net assets after deducting the amount of minority interest within the companies.

**The value of the net profit after deducting the amount of minority interest within the companies.

Notes to the consolidated financial statements

for the financial year ended December 31, 2023

All amounts are in US Dollars unless otherwise mentioned.

15- Basic / Diluted earnings per share of profits (US Cent / Share)

The calculation of basic / diluted earnings per share of profits was based on the profit attributable to shareholders and number of outstanding shares as follows:

	2023	2022
Net profit for the year (owners of the parent Company)	179 176 871	241 062 732
Employees and board member's share in profit of the parent company – proposed / approved	(1 064 287)	(13 554 988)
Employees and board member's share in profit in subsidiaries – proposed / approved	(21 254 128)	(19 766 762)
Shareholder's share in net profit for the year	156 858 456	207 740 982
Weighted average number of shares outstanding*	1 126 245 283	1 126 788 593
Basic earnings per share of profits (US cent / Share)	13.93	18.43

* Weighted average number of outstanding shares is calculated as follows:

	2023	2022
Issued shares at the beginning of the year	1 126 320 287	1 126 885 287
Weighted average treasury shares sold during the year	1 175 281	-
Weighted average treasury shares purchased during the year	(1 250 285)	(96 694)
Weighted average number of shares outstanding during the year	1 126 245 283	1 126 788 593

16- Non-cash transactions:

For the purpose of preparing the consolidated statement of cash flows for the financial year ended December 31st, 2023, the effect of the following amounts has been excluded from investing activities as they represent non-cash transactions:

<u>Amount</u>	<u>Investment activities</u>
6 390 753	Addition of fixed assets and projects under construction – recorded in Suppliers, contractors, notes payable and other creditors
5 199 384	The value of capitalized currency differences on fixed assets and projects under construction.

17. Fixed assets and projects under construction

	Land	Buildings and constructions	Vehicles and transportation	Furniture and office equipment	Machinery and equipment	Tools and supplies	Stations, generators & electric transformers	Computer, software & decorations	Leachhold improvements	Irrigation network	Projects under construction	Total
Cost as of 1/1/2022	27 443 211	54 264 458	11 754 643	7 726 522	357 574 049	1 468 935	71 312 323	11 201 427	1 422 610	2 747 975	40 948 436	628 353 589
Additions	5 016 642	8 088 339	1 265 734	1 206 131	1 983 881	156 389	13 018 758	2 099 517	109 349	817 270	-	33 762 810
Change in projects under construction	-	-	-	-	-	-	-	-	-	-	61 546 487	61 546 487
Disposals	-	(876 603)	(194 036)	(63 937)	-	-	(534 535)	-	-	-	-	(1 669 111)
Effect of movement in exchange rates	(5 878 122)	(2 617 288)	(2 627 819)	(2 347 636)	(14 636 320)	(13 944)	(26 951 802)	(1 970 361)	(53 598)	(1 184 038)	(29 799 063)	(88 080 881)
Cost as of 31/12/2022	26 626 731	58 863 906	10 198 522	6 521 089	344 921 610	2 011 389	56 844 744	11 330 583	1 478 361	2 381 217	112 735 760	633 912 894
Additions	50 588	5 201 291	762 452	738 405	53 937 756	216 492	2 369 285	756 481	237 976	-	-	64 270 726
Change in projects under construction	-	-	-	-	-	-	-	-	-	-	41 382 396	41 382 396
Disposals	(65 335)	-	(154 260)	(226 765)	(3 858 543)	-	-	(8 492)	-	-	-	(4 313 395)
Effect of movement in exchange rates	(3 297 097)	(2 044 341)	(808 224)	(1 055 821)	(238 089)	(28 298)	(15 267 161)	(682 831)	(15 442)	(474 085)	(52 822 449)	(76 754 438)
Cost as of 31/12/2023	23 314 287	62 019 856	9 998 499	5 976 899	394 742 734	2 199 574	43 946 868	11 396 741	1 708 895	1 987 132	101 295 707	658 498 183
Accumulated depreciation and impairment losses as of 1/1/2022	-	35 272 817	9 307 244	5 945 222	252 127 549	1 570 723	17 158 848	8 452 102	1 182 503	825 163	123 039	331 968 259
Depreciation	-	2 050 349	886 974	1 023 368	18 230 010	178 462	3 105 560	1 176 132	42 319	300 307	-	26 993 481
Accumulated depreciation of disposals	-	(31 540)	(231 016)	(63 937)	-	-	(534 535)	-	-	-	-	(861 028)
Effect of movement in exchange rates	-	(1 686 377)	(1 719 560)	(2 023 297)	(9 079 564)	(149 091)	(5 058 017)	(1 133 997)	(53 598)	(478 501)	336 956	(31 845 646)
Accumulated depreciation and impairment losses as of 31/12/2022	-	35 605 249	8 243 642	4 881 356	261 277 995	1 599 494	14 671 856	8 494 237	1 174 224	646 969	459 995	337 055 057
Depreciation	-	2 066 362	625 504	451 208	19 253 176	166 906	2 236 683	988 979	78 618	299 540	-	26 168 876
Accumulated depreciation of disposals	-	(124 650)	(82 600)	(202 420)	(3 557 877)	-	-	(10 085)	-	-	-	(3 987 632)
Effect of movement in exchange rates	-	(501 732)	(501 945)	(604 369)	1 299 642	(19 010)	(6 708 100)	(409 288)	(15 442)	(128 807)	(95 282)	(7 684 323)
Accumulated depreciation and impairment losses as of 31/12/2023	-	37 035 139	8 244 641	4 525 715	278 272 936	1 747 390	10 202 439	9 063 843	1 237 400	817 702	364 713	351 551 978
Carrying amount as of December 31, 2022	26 626 731	23 257 657	1 954 840	1 639 724	83 643 615	411 886	42 172 888	2 836 346	384 137	1 754 248	112 735 765	296 857 837
Carrying amount as of December 31, 2023	23 314 287	24 984 717	1 713 849	1 451 124	116 469 798	452 184	33 744 479	2 331 898	463 495	1 089 430	100 930 994	306 946 205

* Additions to projects under construction during the year 2022 include an amount of approximately 8.77 million US dollars, represented in foreign currency differences resulting from the revaluation of the balance of a loan in foreign currency that was used to finance the purchase of these assets, in accordance with Appendix (C) of Egyptian Accounting Standard No. (13).

* Additions to projects under construction and fixed assets during the year 2022, which was estimated until December 31, 2022 (Note No. 47).

* Additions to projects under construction and fixed assets during the year 2022 include an amount of approximately US\$51.99 million, representing currency differences resulting from the revaluation of a loan balance in foreign currency that was used to finance the purchase of these assets, in accordance with Appendix (C) of Egyptian Accounting Standard No. (13). Amended 2015. To address the effects of moving foreign exchange rates issued on December 27, 2022, which was estimated until December 31, 2023 (Note No. 47).

Notes to the consolidated financial statements

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All amounts are in US Dollars unless otherwise mentioned.

18- Goodwill

This balance is represented in the carrying amount of goodwill resulted from acquisition of the following companies:

	31/12/2022	Translation Differences	31/12/2023
National Gas (NATGAS)	5 015 087	(998 470)	4 016 617
Sprea Misr for Chemicals and Plastics	7 073 796	(1 408 347)	5 665 449
El Fayoum Gas	1 030 488	(205 163)	825 325
Alex Fertilizers	34 107 324	-	34 107 324
Delta Insurance	2 333 180	(464 518)	1 868 662
	49 559 875	(3 076 498)	46 483 377

The recoverable amount of the following CGUs was based on its value in use, determined by discounting the future cashflows to be generated from the continuing use of the CGU. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimates in line with expected long-term growth rate of GDP, consistent with the assumptions that a market participant would make. The key assumptions used in the estimation of value in use were as follows:

Significant unobservable inputs

National Gas Company (NATGAS)	Discount rate	22.5%
	Terminal value growth rate	5 %
	EBT growth rate (average of next five years)	7 %

The discount rate was a post-tax measure estimated based on the historical industry average weighted average cost of capital, with a possible debt leveraging of 36 % and cost of debt before tax 23.3% and cost of debt after tax 18%

The EBT growth rate was estimated considering past experience, adjusted as follows:

- Revenue growth was projected taking into account the contractual agreements with government, announced government plans as well as the Average growth rate of sales to ultimate consumers experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would increase in line with increase in government price index and forecast inflation over the next five years.

Significant unobservable inputs

**Sprea
Misr for
Chemicals
and
Plastics**

Discount rate	23.70%
Terminal value growth rate	5 %
EBT growth rate (average of next five years)	4 %

The discount rate was a post-tax measure estimated based on the historical industry average weighted average cost of capital, with a possible debt leveraging of 29 % and cost of debt before tax 23.3% and cost of debt after tax 18%

The EBT growth rate was estimated considering past experience, adjusted as follows:
Revenue growth was projected taking into account the current production capacity assuming constant selling prices. Although selling prices are expected to increase in line with forecast inflation over the next five years and increase in exchange rates.

**El Fayoum
Gas**

Discount rate	24.5%
Terminal value growth rate	3%
EBT growth rate (average of next five years)	6%

The discount rate was a post-tax measure estimated based on the historical industry average weighted average cost of capital, with a possible debt leveraging of 36 % and cost of debt before tax 23.3% and cost of debt after tax 18%.

The EBT growth rate was estimated considering past experience, adjusted as follows:
Revenue growth was projected taking into account the contractual agreements with government, announced government plans as well as the Average growth rate of sales to ultimate consumers experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would increase in line with increase in government price index and forecast inflation over the next five years.

**Alex
Fertilizer**

Discount rate	15.1%
Terminal value growth rate	3%
EBT growth rate (average of next five years)	2%

The discount rate was a post-tax measure estimated based on the historical industry average weighted average cost of capital, with a possible debt leveraging of 18 % and cost of debt before tax 10.7% and cost of debt after tax 8.3%.

The EBT growth rate was estimated considering past experience, adjusted as follows:
Revenue growth was projected taking into account the current production capacity, while prices were estimated according to independent providers of price information. Which is in line with forecast inflation and market demand expectations over the next five years.

**Delta
Insurance**

The recoverable amount of this CGU was based on fair value less cost of disposal, estimated using the earnings multiplier for the industry in similar markets. The fair value measurement was categorized as a Level 2 fair value based on the inputs in the valuation technique used. no significant unobservable inputs were used to determine the fair value of this cash generating unit.

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19- Right of use assets

Right of use assets represents the value of land and buildings leased by the group to carry out its business and is as follows:

	31/12/2023	31/12/2022
<u>Cost</u>		
Cost at the beginning of the year	12 413 959	14 026 851
Additions	882 434	2 169 299
Effect of change in foreign exchange rates	(3 115 674)	(3 782 191)
Cost at the end of the year	10 180 719	12 413 959
<u>Accumulated depreciation</u>		
Accumulated depreciation at the beginning of the year	(2 675 233)	(1 935 312)
Depreciation	(1 003 472)	(1 069 433)
Effect of change in foreign exchange rates	231 272	329 512
Accumulated depreciation at the end of the year	(3 447 433)	(2 675 233)
Net carrying amount	6 733 286	9 738 726

Present value of the total liabilities resulted from right of use as follows:

	31/12/2023	31/12/2022
Non-current lease contracts liabilities	7 873 567	8 238 615
Current lease contracts liabilities	1 168 296	2 033 858
	9 041 863	10 272 473

Movement in lease contracts liabilities as follows:

	31/12/2023	31/12/2022
Balance at the beginning of the year	10 272 473	12 325 419
Interest on lease contracts liabilities	538 411	1 009 248
Payments towards lease contracts liabilities	(1 382 884)	(1 080 275)
Effect of movement in exchange rates	(386 137)	(1 981 919)
Balance at the end of the year	9 041 863	10 272 473

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20- Biological assets

	31/12/2023	31/12/2022
Tree forests	222 526	387 582
Wages, salaries, and consultations	879 525	879 407
Fertilizers and pesticides	186 695	168 513
Equipment rent	149 314	137 490
Right of use assets' amortization	152 265	165 939
Usufruct benefit	331 493	307 460
Property plant and equipment' depreciation	812 699	709 762
Other	283 163	277 867
Change in fair value	(761 185)	-
	2 256 495	3 034 020

- This balance is represented in the acquisition cost of the tree forest (Camphor, Casuarina and Sesbania trees) which is located on plots of land leased by one of the Group's companies. The group's management reclaimed and cultivated an area of 2,652 acres with tree forests; below are the key assumptions used in measurement of the fair value, as significant unobservable inputs were used:

- All crops are still in the experimental cultivation stage.
- All Sesbania trees crops are still in the first agricultural cycle.
- There is no possibility to estimate the productivity of an acre to a reasonable degree.
- Based on technical opinion as at the reporting date, the highest productivity for an acre at the time of expected harvest was estimated.
- Lack of an active market for all planted crops.
- It is not possible to determine a comparative price.

Fair value measurement

- The biological assets were classified in the third level of the fair value model based on the inputs of the valuation methods used.
- The total losses and profits resulting from that classification were included in the other income item in the consolidated financial statements.

Movement in biological assets as follows:

	31/12/2023	31/12/2022
Balance at the beginning of the year	3 034 020	2 667 665
Additions (costs incurred during the year)	1 247 755	1 734 859
Transferred to inventory during the year	(660 041)	(505 242)
Translation differences	(604 054)	(863 262)
Change in fair value	(761 185)	-
Balance at the end of the year	2 256 495	3 034 020

21- Exploration and development assets

<u>Cost</u>	<u>Producing wells</u>	<u>Exploration wells</u>	<u>Development wells</u>	<u>Equipment / field services</u>	<u>Pipelines</u>	<u>Projects under construction</u>	<u>Total</u>
As of 1/1/2022	106 298 232	33 895 906	1 049 454	22 606 672	-	61 940 068	225 790 332
Additions	28 045 902	44 714 381	-	-	-	4 719 059	77 479 342
Contractual agreements	7 019 103	971 861	4 268 460	7 710 063	6 446 549	-	26 416 036
Change in projects under constructions	-	-	-	-	-	(61 940 068)	(61 940 068)
As of 31/12/2022	141 363 237	79 582 148	5 317 914	30 316 735	6 446 549	4 719 059	267 745 642
As of 1/1/2023	141 363 237	79 582 148	5 317 914	30 316 735	6 446 549	4 719 059	267 745 642
Additions	1 899 652	-	-	1 167 515	-	-	3 067 167
Disposals	-	-	(499 180)	-	-	-	(499 180)
Change in projects under constructions	-	-	-	-	-	34 529 273	34 529 273
As of 31/12/2023	143 262 889	79 582 148	4 818 734	31 484 250	6 446 549	39 248 332	304 842 902
<u>Accumulated amortization, depletion, and impairment losses</u>							
As of 1/1/2022	61 653 206	4 053 853	-	-	-	-	65 707 059
Amortization and depletion	11 312 633	4 361 236	1 036 741	1 872 652	1 565 764	-	20 149 026
As of 31/12/2022	72 965 839	8 415 089	1 036 741	1 872 652	1 565 764	-	85 856 085
As of 1/1/2023	72 965 839	8 415 089	1 036 741	1 872 652	1 565 764	-	85 856 085
Amortization and depletion	18 462 545	5 953 927	1 358 204	7 113 674	1 220 197	-	34 108 547
Impairment Losses	3 507 421	485 636	2 132 934	3 852 690	3 221 317	-	13 199 998
As of 31/12/2023	94 935 805	14 854 652	4 527 879	12 839 016	6 007 278	-	133 164 630
Carrying amount as of 31/12/2022	68 397 398	71 167 059	4 281 173	28 444 083	4 880 785	4 719 059	181 889 557
Carrying amount as of 31/12/2023	48 327 084	64 727 496	290 855	18 645 234	439 271	39 248 332	171 678 272

22- Equity-accounted investees (associate companies)

	Ownership %	31/12/2023	31/12/2022
<u>Investments listed in stock exchange</u>			
El-Mohandas Insurance Company	24.99	22 285 030	20 491 371
<u>Investments not listed in stock exchange</u>			
Inayah Egypt for Medical Care Programs Management Co.	12.65	351 301	329 711
Egyptian Tankers Co.	30	17 128 175	17 128 175
Building Materials Industries Company	38.36	34 175 480	34 175 480
		73 939 986	72 124 737
Impairment losses "Egyptian Tankers Co."		(17 128 175)	(17 128 175)
Impairment losses "Building Materials Industries Company"		(34 175 480)	(34 175 480)
		22 636 331	20 821 082

The Group exercises significant influence over the above investee companies based on its meaningful representation of the board of directors and the decision-making process.

The following table summarizes the Group's interest in the financial information of the equity-accounted investees:

	Al Mohandas Insurance Company	Inayah Egypt Co.	Egyptian Tankers Co. (S.A.E.)	Building Materials Industries Company
<u>31 December 2023</u>				
Total assets	107 892 067	3 034 933	73 358 835	85 685 536
Total liabilities	(75 353 041)	(1 178 324)	(43 607 135)	(94 795 289)
Equity	(32 539 026)	(1 856 609)	(29 751 700)	9 109 753
The group's share in net equity	8 131 503	234 861	8 925 510	-
Revenues	36 060 187	1 343 825	28 528 623	53 531 339
Net profit	7 082 753	538 493	5 312 553	7 032 179
Group's share of net profit	1 769 980	68 119	1 593 766	-

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	Al Mohandas Insurance Company	Inayah Egypt Co.	Egyptian Tankers Co. (S.A.E.)	Building Materials Industries Company
<u>31 December 2022</u>				
Total assets	58 253 220	3 435 172	76 669 370	79 487 112
Total Liabilities	(37 744 154)	(1 585 962)	(52 230 223)	(99 641 695)
Equity	(20 509 066)	(1 849 210)	(24 439 147)	20 154 583
The group share in net equity	5 125 216	233 925	7 331 744	-
Revenues	41 067 097	1 396 349	16 817 526	39 208 036
Net profit	8 881 930	430 994	2 664 781	(7 986 666)
Group's share of net profit	2 219 594	54 521	799 434	-

23- Financial assets at fair value through other comprehensive income

	<u>31/12/2023</u>	<u>31/12/2022</u>
Government debt securities	113 358 310	308 360 667
Accrued interest	292 319	3 058 070
<u>Shares in local companies - listed on (EGX) *</u>		
Cairo Poultry Company	2 342 786	1 266 601
Raya Holding	57 405	81 437
Heliopolis Company For Housing & Development	1 010	232
<u>Shares in local companies – not listed on (EGX) *</u>		
Aamal Holding Company	1 374 716	1 378 939
Egypt Hydrocarbon Corporation	4 000 000	14 900 000
	121 426 546	329 045 946
Expected credit losses	(90 291 309)	(91 523 852)
	31 135 237	237 522 094
<u>Classified as follows: -</u>		
Non-current	7 777 077	119 999 669
Current	23 358 160	117 522 425
	31 135 237	237 522 094

* The Group designated the equity securities shown above at FVOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purposes.

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Movement in financial assets at fair value through other comprehensive income as follows:

	<u>31/12/2023</u>	<u>31/12/2022</u>
Cost at the beginning of the year	334 818 529	296 955 042
Payments for acquisition during year	163 276 795	277 168 357
Proceeds from sale during the year	(362 121 966)	(221 470 333)
Profit from sale during the year	2 886 870	(17 834 537)
	<u>138 860 228</u>	<u>334 818 529</u>
Fair value reserve balance*	(10 960 159)	(8 579 974)
Accrued interest	292 319	3 058 070
Expected credit losses	(90 291 309)	(91 523 852)
Translation differences	(6 765 842)	(250 678)
Balance at the end of the year	<u>31 135 237</u>	<u>237 522 094</u>

Fair value reserve balance:

	<u>31/12/2022</u>	<u>Change during the year</u>	<u>31/12/2023</u>
Government debt securities	(7 421 608)	7 462 653	41 045
Equity securities	(1 158 366)	(9 842 838)	(11 001 204)
* Fair value reserve balance	<u>(8 579 974)</u>	<u>(2 380 185)</u>	<u>(10 960 159)</u>

Classified as follows: -

Owners of the Parent Company	(6 110 170)	(2 844 674)	(8 954 844)
Non-controlling interests	(2 469 804)	464 489	(2 005 315)
	<u>(8 579 974)</u>	<u>(2 380 185)</u>	<u>(10 960 159)</u>

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24- Financial assets at amortized cost

	31/12/2023	31/12/2022
Governmental bonds	111 722 900	136 939 120
Treasury bills	315 328 182	87 387 610
Designated governmental bonds "Insurance Sector"	40 377 587	57 358 017
Designated bank investment certificates "Insurance sector"	6 001	28 419 563
Government bonds "Insurance sector"	2 743 089	3 064 457
Investment certificates at local banks "Insurance Sector"	-	1 576 395
Designated cash investment funds	203 025	-
Accrued interest	10 155 469	22 356 883
	480 536 253	337 102 045
Expected credit losses	(1 718 734)	(1 383 122)
	478 817 519	335 718 923
<u>Classified as follows: -</u>		
Non-current	140 504 790	215 298 315
Current	338 312 729	120 420 608
	478 817 519	335 718 923

Movement in financial assets at amortized cost as follows:

	31/12/2023	31/12/2022
Cost at the beginning of the year	337 102 045	688 287 878
Payments for acquisition during year	391 485 582	224 788 314
Proceeds during the year	(252 874 080)	(580 350 204)
Profit from sale during the year	694 045	-
Income from financial assets at amortized cost	41 258 154	57 414 138
Accrued interest	10 155 469	22 356 883
Effect of movement in exchange rates	(47 284 962)	(75 394 964)
	480 536 253	337 102 045
Expected credit losses	(1 718 734)	(1 383 122)
Balance at the end of the year	478 817 519	335 718 923

25- Inventories

	31/12/2023	31/12/2022
Consumable, spart parts and other supplies	77 728 528	74 404 653
Fuel and oil	143 597	164 606
Finished goods and work in process	18 239 955	18 400 682
Letters of credit and goods in transit	2 778 018	2 398
Others	117 250	146 395
	99 007 348	93 118 734
Inventory write down*	(527 110)	(575 062)
	98 480 238	9292 543 672

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* The finished production inventory item includes an amount of US\$ 477,064, which represents the change in the fair value of the biological assets transferred to the inventory.

*** Inventory write down**

	31/12/2023	31/12/2022
Balance at the beginning of the year	(575 062)	(767 818)
Reversal of inventory write down during the year	45 335	95 475
Effect of movement in exchange rates	2 617	97 281
Balance at the end of the year	(527 110)	(575 062)

26- Work in progress.

	31/12/2023	31/12/2022
Land and buildings under development	29 787 322	34 111 088
Others	348 211	195 388
	30 135 533	34 306 476

27- Investments at fair value through profit or loss

This balance is represented in the market value of the portfolios owned by the Group, which consist of Egyptian Companies' shares, governmental bonds and portfolios managed by overseas investment managers for the purpose of dealing in international stock exchanges. These investments are represented as follows:

	31/12/2023	31/12/2022
Portfolios managed by investment managers	5 395 401	4 368 941
Egyptian Companies' stocks (listed on the Egyptian Stock Exchange) - Cairo Poultry	360 553	180 628
Investments in mutual funds	3 834 996	4 041 066
Governmental bonds	-	19 329 196
Accrued interest	-	278 435
	9 590 950	28 198 266

Movement in financial assets at fair value through profit or loss as follows:

	31/12/2023	31/12/2022
Balance at the beginning of the year	28 190 266	54 109 648
Payments for acquisition during year	114 187 358	3 634 476
Proceeds during the year	(136 163 761)	(29 223 916)
Profit from sale during the year	(45 685)	-
Change in fair value during the year	2 492 440	(800 605)
Accrued interest	-	278 435
Effect of movement in exchange rates	922 332	200 228
Balance at the end of the year	9 590 950	28 198 266

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28- Trade & notes receivable

	31/12/2023	31/12/2022
Trade receivables	85 088 687	69 968 489
Egyptian General Petroleum Corporation	51 860 985	49 800 555
	136 949 672	119 769 044
Notes receivable	14 509 501	23 013 952
Expected credit losses	(4 107 418)	(3 485 582)
	147 351 755	139 297 414
<u>Classified as follows:</u>		
Non-current	10 328 333	6 249 347
Current	137 023 422	133 048 067
	147 351 755	139 297 414

29- Other current assets

	31/12/2023	31/12/2022
Insurance with others	13 169 637	7 915 901
Suppliers-advanced payments	26 014 682	15 833 467
Accrued interest income	2 213 319	3 203 136
Tax authority	12 851 081	16 300 962
Accounts receivable from insurance	10 794 720	11 404 062
Prepaid expenses	2 468 811	1 979 219
Due from building materials industries Co.	2 153 646	3 288 359
Insurance and reinsurance Companies	1 896 617	1 909 018
Due from Sudapet Co.	796 057	1 411 896
Deposits with Customs Authority	194 672	490 797
Employees' custodies and loans	558 200	233 394
Due from Egyptian Hydrocarbon Co.	500 000	500 000
Loans guaranteed by individuals' insurance policies	160 538	195 664
Refunded networks costs from the corporation	108 324	625 175
Debtors -West Jabal Al-Zeit	-	1 142 656
Other debit balances	11 330 349	11 973 305
	85 210 653	78 407 011
Expected credit losses	(4 958 825)	(3 939 965)
	80 251 828	74 467 046

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30- Cash and cash equivalents.

	31/12/2023	31/12/2022
Banks – current accounts	76 547 823	83 047 698
Banks – time deposits	125 887 789	237 058 341
Checks under collections	7 845 109	2 143 199
Restricted cash (*)	104 941 066	135 468 573
Cash on hand	222 131	443 455
	315 443 918	458 161 266
Expected credit losses	(2 213 184)	(2 461 457)
	313 230 734	455 699 809

(*) Represents the value of restricted deposits to guarantee credit facilities.

For the purpose of preparing the consolidated statement of cash flows, cash & cash equivalents account is represented as follows:

	31/12/2023	31/12/2022
Cash and cash equivalents	315 443 918	458 161 266
Investments in treasury bills – due within three months	101 130 784	48 997 209
Restricted cash (*)	(104 941 066)	(135 468 573)
	311 633 636	371 689 902

31- Share capital and reserves.

- The Company's authorized capital is USD 500 million (Five hundred million USD).
- The issued capital was initially determined amounted to USD 120 million (One hundred & twenty million USD) distributed over 12 million shares at a par value of USD 10 per share. The founders and subscribers through methods other than public subscription have subscribed to 9 million shares at a value of USD 90 million (Only ninety million USD) 3 million shares at USD 30 million (Only thirty million USD) were offered for public subscription and were fully underwritten. The issued capital was fully paid. The issued capital has been increased and the share of the Company was split several times to reach an amount of USD 281 721 321.75 distributed over 1 126 885 287 shares of par value of US Cent 25 each fully paid and has been noted in the commercial register.

32- Legal reserve

The balance of USD 133 896 975 represents the value of the legal reserve on December 31, 2023 (USD 129 587 671 as of December 31, 2022). According to the Companies' Law and the Parent Company's article of association, the Company is required to set aside 5% of the annual net profit of the Holding Company to form the legal reserve. The transfer to legal reserve ceases once the reserve reach 50% of the issued share capital of the Holding Company. The reserve is not distributable. However, it can be used to increase the share capital or offset losses.

33- Other reserves

	31/12/2023	31/12/2022
Special reserve – share premium	-	57 954 547
General reserve	-	8 380 462
Fair value reserve	(8 954 844)	(6 110 170)
Translation reserve	(440 932 983)	(359 088 201)
	(449 887 827)	(298 863 362)

Special reserve – share premium

On March 30, 2023, the General Assembly decided to use the entire balance of share premium to be distributed to shareholders in accordance with the prevailing laws and regulations of Arab Republic of Egypt.

General reserve

The balance of general reserve as of December 31, 2022, represents the amounts set aside from the Holding Company's profits in previous years according to the resolutions of the General Assembly of the holding Company. This reserve shall be used based on a resolution by the General Assembly based on a proposal from the holding Company's board of directors in matters that could be favorable to the Company's interests. On March 30, 2023, the General Assembly Meeting of shareholders decided to use the entire balance for distributions.

Fair value reserve

The fair value reserve comprises:

- the cumulative net change in the fair value of equity securities designated at FVOCI; and
- the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognized or reclassified. This amount is adjusted by the amount of loss allowance.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

34- Treasury shares

During the year 9 167 960 treasury shares of the holding company were purchased at a cost of USD 7 888 934.

During year 6 135 080 treasury shares of the holding company were sold at a cost of USD 5 277 484; the sale resulted in a loss of USD 196 479.

35- Loans and bank facilities

	31/12/2023	31/12/2022
Loans	343 373 726	368 177 893
Facilities	278 886 097	261 123 949
Accrued interest on loans and facilities	9 060 954	8 279 879
	631 320 777	637 581 721
It is classified as follows:		
Non-current	375 902 034	413 464 914
Current	255 418 743	224 116 807
	631 320 777	637 581 721

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35-1 Loans

	<u>Loan Currency</u>	<u>Loan Amount</u>	<u>Maturity Date</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
<u>Egypt Kuwait Holding Company</u>					
Loan secured against investment portfolio	USD	60 000 000	2026-2023	43 000 000	60 000 000
Loan secured against investment portfolio	EGP	64 871 878	2024	26 012 849	16 704 549
Loan secured against investment portfolio	USD	193 583 333	2027-2022	160 250 000	193 583 333
Loan secured against investment portfolio	USD	25 000 000	2029-2025	25 000 000	-
Loan secured against investment portfolio	EGP	6 766 397	2024	6 766 397	-
<u>Al Watania for Electric Technology Co (Kahraba)</u>					
Unsecured loan	EGP	14 567 821	2019-2026	1 902 780	3 431 699
Unsecured loan	EGP	4 532 211	2023-2024	3 638 825	4 418 243
Unsecured loan	EGP	9 064 422	2022-2027	2 034 298	-
<u>National Gas Company (NATGAS)</u>					
Unsecured loan	EGP	6 312 723	2024	3 591 367	1 431 222
<u>AD ASTRA</u>					
Loan secured against real estate mortgage on acquired assets	EUR	16 775 120	2036	12 918 334	14 973 866
<u>MOG Energy</u>					
Unsecured loan	USD	13 502 360	2022-2028	12 143 225	13 330 405
<u>Asprea for Chemicals Co.</u>					
Loan secured against commercial mortgage on financed assets	USD	10 440 625	2022-2026	4 403 520	13 692 144
Loan secured against commercial mortgage on financed assets	USD	5 970 371	2022-2027	-	7 648 902
<u>Sprea Misr for Production of Chemicals & Plastics Co.</u>					
Unsecured loan	USD	5 942 061	2021-2026	-	5 942 061
<u>Nile Wood Co.</u>					
Loan secured against real estate and commercial mortgage on financed assets	EGP	53 205 335	2023-2028	41 276 445	32 721 402
<u>Cooling Technology by Natural Gas Co. (Gas Chill)</u>					
Al Ahli Bank of Kuwait loan	EGP	591 111	-	435 686	300 067
Total				343 373 726	368 177 893
Non-current				233 343 528	280 449 228
Current				110 030 198	87 728 665
				343 373 726	368 177 893

The above-mentioned secured loans are subject to specific covenants.

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35-2 Bank Facilities

	<u>Facility Currency</u>	<u>Facility Amount</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
<u>Egypt Kuwait Holding Company</u>				
Unsecured facility	EGP & USD	18 000 000	13 963 779	16 333 055
Facility secured against investment portfolio of a subsidiary company	EGP & USD	50 000 000	14 236 414	15 331 636
Facility secured against financial securities portfolio	USD	110 000 000	40 023 065	49 641 666
Facility secured against investment portfolio of a subsidiary company	USD	50 000 000	-	33 000 000
Unsecured facility	EGP & USD	50 000 000	-	7 595 899
Unsecured facility	EGP & USD	30 125 208	29 946 227	30 137 148
Facility secured against financial securities portfolio	EGP	30 000 000	9 286 652	12 236 872
<u>Cooling Technology by Natural Gas Co. (Gas Chill)</u>				
Facility secured against deposits	EGP	3 000 000	1 263 876	884 836
<u>National Gas Company (NATGAS)</u>				
Unsecured facility	EGP	8 200 368	8 200 368	6 699 066
Unsecured facility	EGP	3 237 294	-	420
Unsecured facility	EGP	1 942 376	1 046 065	1 136 038
Unsecured facility	EGP	4 855 940	1 989 525	4 914 154
Unsecured facility	EGP	8 084 074	4 755 584	8 082 014
Unsecured facility	EGP	4 855 940	774 683	-
Unsecured facility	EGP	6 063 056	4 452 569	3 736 445
Unsecured facility	EGP	4 042 037	863 066	231 765
Facility secured against deposits	USD	5 587 323	5 587 323	-
<u>Sprea Mizr for Production of Chemicals and Plastics Co.</u>				
Unsecured facility	EGP	10 105 092	-	671 745
Unsecured facility	EGP	14 147 130	10	16 198
Unsecured facility	EGP	9 296 686	28 573	6 310 305
Unsecured facility	EGP	12 126 112	-	7 518 851
Unsecured facility	EGP	9 700 889	4	6 290 196
Unsecured facility	EGP	8 084 074	54	3 228 567
Unsecured facility	EGP	13 338 723	5 206	6 130 353
Unsecured facility	EGP	2 425 222	-	1 743 973
Unsecured facility	EGP	9 727 626	3 081	5 759 903
<u>Bedayty for Microfinance Co</u>				
Unsecured facility	EGP	16 774 454	25 364 445	12 070 808
<u>Shield Gas Co.</u>				
Unsecured facility	AED	50 000	-	28 168
Unsecured facility	AED	1 000 000	628 124	514 984
<u>OGI Capital Limited</u>				
Facility secured against investment portfolio	USD	103 500 000	100 495 946	8 000 000

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	<u>Facility Currency</u>	<u>Facility Amount</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
<u>Al Watania for Electric Technology Co (Kahraba)</u>				
Unsecured facility	EGP	3 237 293	2 235 629	2 534 157
Unsecured facility	EGP	1 618 647	-	1 938 727
Unsecured facility	EGP	1 618 647	-	1 585 909
Unsecured facility	EGP	8 093 234	7 828 825	5 022 374
Unsecured facility	EGP	4 053 178	2 729 894	1 797 717
Unsecured facility	EGP	3 237 294	3 177 110	-
Total			278 886 097	261 123 949
Non-current			142 558 506	133 015 686
Current			136 327 591	128 108 263
			278 886 097	261 123 949

*The above-mentioned secured loans are subject to specific covenants

36- Suppliers, contractors, notes payable & other creditors.

	<u>31/12/2023</u>	<u>31/12/2022</u>
Suppliers and contractors	47 792 757	38 154 224
Notes payable	5 213 805	9 238 097
Accrued expenses	30 105 136	40 842 418
Customers – Advance payments	62 711 073	51 067 788
Nile Pet Company	15 476 869	34 703 437
National Egyptian Authority for Petroleum	6 194 306	10 077 503
Deposits from others	12 418 680	10 733 261
Insurance and reinsurance Companies	7 939 600	12 305 576
Financing from non- controlling interests	10 307 852	8 998 865
Operating companies	-	8 599 859
Dividends payable-non-controlling interests	9 036 569	5 870 426
Tax authority	7 998 235	4 195 240
Zakat Foundation and the Foundation for Scientific Advancement	4 050 538	3 990 170
Deferred revenue	2 375 096	3 318 895
Employees' accruals	8 695 545	9 155 499
Property, plant and equipment creditors	406 051	1 232 873
Dividends payable	1 196 640	1 196 641
Collected installments	1 070 285	989 595
Insured current account	793 388	1 297 432
Other credit balances	20 823 967	29 660 004
	254 606 392	285 627 803
<u>Classified as follows:</u>		
Non-current	4 877 492	9 544 931
Current	249 728 900	276 082 872
	254 606 392	285 627 803

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37- Deferred tax**37-1 Deferred tax liabilities**

	31/12/2022	Income tax expense (benefit)	Effect of movement in exchange rates	31/12/2023
Property, plant and equipment, and projects under construction	10 031 086	3 594 131	(785 826)	12 839 391
Goodwill	-	191 216	679 847	871 063
Right of use assets	(95 858)	(20 515)	402 793	286 420
Other current assets	(676 983)	579 512	-	(97 471)
Unrealized forex	(70 015)	(382 037)	(2 719)	(454 771)
Tax losses	(171 166)	(1 128 582)	84 597	(1 215 151)
Undistributed dividends	-	6 401 344	-	6 401 344
Provisions	(12 555)	-	2 716	(9 839)
	9 004 509	9 235 069	381 408	18 620 986

37-2 Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	Expiry date	31/12/2023	31/12/2022
Tax losses	2024 - 2029	3 113 385	2 424 962

37-3 Deferred tax liabilities for undistributed dividends

Deferred tax liabilities had been recognized related to the temporary differences of the undistributed profits of some entities, however it had not been recognized for the other entities based on the following:

First: Most of the undistributed retained profits do not have a distribution tax, as they are related to profits made in exempt companies (companies under the free zone system and companies outside Egypt).

Second: Regarding the undistributed profits of companies subject to the distribution tax in Egypt, the management of the holding company controls the timing of disbursing these distributions, and the applied policy is to keep all the distributable profits to be reinvested instead of resorting to financing as a result of the high interest rates.

Thus, there is no possibility of making dividends in the foreseeable future.

Accordingly, the group's policy, according to EAS, is to recognize the deferred tax related to the profits expected to be distributed within the limits of the distribution tax on the amounts that are planned to be distributed by the holding company in the coming years.

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38- Insurance policyholders' rights

	31/12/2023	31/12/2022
Technical provisions for individual's insurance	54 203 174	59 576 087
Technical provisions for property and liability insurance	23 420 941	19 120 862
Policyholder s' rights for investments units	5 395 401	4 368 941
Provision for outstanding claims	445 527	482 299
	83 465 043	83 548 189

39- Provisions

	Provisions for retention	Other Provisions*	Total
Balance at the beginning of the year	25 686	64 225 299	64 250 985
Provisions made during the year	–	3 640 783	3 640 783
Provisions used during the year	(4 856)	(1 380 729)	(1 385 585)
Provisions reversed during the year	(4 993)	(8 712 507)	(8 717 500)
Effect of movement in exchange rates	(5 113)	(1 104 459)	(1 109 572)
Balance at the end of the year	10 724	56 668 387	56 679 111

*The provisions formed during the year includes an amount of USD 140 199 recognized in the cost of revenue.

* The management believes disclosing certain information related to the provision recognized would negatively impact the Company's position business negotiation.

40- Subsidiary Companies

Main subsidiaries are represented in the following:

	Sector	Company Nature	Country of Incorporation	Direct and indirect Ownership %	
				31/12/2023	31/12/2022
<u>Companies under direct control</u>					
International Financial Investments Co. S.A. E	Other	Diversified investment	Egypt	100	100
Bawabat Al Kuwait Holding Co.– S.A.K *	Fertilizers and chemicals	Diversified investment	Kuwait	94.67	69.67
Delta Insurance Co.*	Insurance	Insurance	Egypt	63.39	63.22
Globe for Communication and Information Technology Co.	Other	Telecommunications services	Egypt	99	99
Globe Telecom	Other	Telecommunications services	Egypt	100	100
ECO for Industrial Development Co.	Other	Industrial development	Egypt	100	100
MAT Company for Trading	Other	Trade and agencies	Egypt	100	100
EKHN B.V.	Other	Diversified investment	Netherlands	100	100
Global MDF Industries B.V.	Wood manufacturing	Diversified investment	Netherlands	83.8	83.8

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	Sector	Company Nature	Country of Incorporation	Direct and indirect Ownership %	
				31/12/2023	31/12/2022
EK Microfinance	Other	Investing in non-banking financial services	Netherlands	100	100
Kahraba B.V	Other	Diversified investment	Netherlands	100	-
Sprea B.V.	Other	Diversified investment	Netherlands	100	-
Natenergy B.V.	Other	Diversified investment	Netherlands	100	-
Upstream B.V.	Other	Diversified investment	Netherlands	100	-
Cooling B.V.	Other	Diversified investment	Netherlands	100	-
Mega Me for Trade Co.	Other	Trade and retail	Egypt	100	100
OGI Capital - Limited Liability Co.- Free Zone - Jebel Ali	Other	Diversified Investment	UAE	100	100
Egypt Kuwait Advanced for Operating and Maintenance	Energy	Gas distribution and delivery	KSA	100	-
Advanced Gas Pipelines	Energy	Gas distribution and	KSA	51	-
Al Sharq Advanced Fertilizers Company	Fertilizers and chemicals	Investments in fertilizer segment	KSA	51	-

Subsidiaries of International Financial Investments Co.

Sprea Misr for Production of Chemicals & Plastics Co. S.A. E	Fertilizers and chemicals	Chemicals and plastics production	Egypt	100	100
Egyptian Company for Petrochemicals S.A.E	Fertilizers and chemicals	Chemicals and plastics	Egypt	100	100
National Energy Co - S.A. E	Energy	Investment in energy sector	Egypt	100	100
El Fayoum Gas Holding	Energy	Investment in energy	Virgin Islands	100	100
Midor Suez Oil Refining Co. (Under liquidation)	Energy	Investment in energy sector	Egypt	100	100
NSCO INVESTMENT LIMITED Company	Energy	Investment in Natural gas exploration and production	Cayman Islands	99.9993	99.9993
BKH Megan	Other	Diversified	Cayman Islands	100	100
National Gas Company (NATGAS) S.A. E	Energy	Gas distribution and delivery	Egypt	83.98	83.98
Nahood International Limited Co.	Other	Cement Investment	UAE	60	60
Solidarity Mena Limited Co.	Other	Diversified investment	UAE	100	100
Solidarity International Limited Co.	Other	Diversified investment	UAE	100	100
Solidarity group limited Co.	Other	Diversified investment	UAE	100	100
MEA Investments Co.	Other	Diversified investment	UAE	100	100
Africa Netherlands Energy B.V	Other	Diversified investment	Netherlands	100	100
IFIC Petrochemicals Co.	Other	Diversified investment	Cayman Islands	100	100

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	Sector	Company Nature	Country of Incorporation	Direct and indirect Ownership %	
				31/12/2023	31/12/2022
Ekuity Holding International - Limited by Shares	Other	Diversified investment	Cayman Islands	100	100
Henosis for Construction & Real-Estate Development Co.	Other	Logistic services	Egypt	100	100
Capital Investment Limited Luxembourg Co.	Other	Diversified investment	Luxembourg	100	100
AD ASTRA REAL ESTATE, S.L. Co.	Other	Real estate investment	Spain	100	100
AD ASTRA PROYECTO MISR, S.L. Co.	Other	Real estate investment	Spain	100	100
AD ASTRA PROYECTO ALCAZAR, S.L. Co.	Other	Real estate investment	Spain	100	100
AD ASTRA PROYECTO CAIRO, S.L. Co.	Other	Real estate investment	Spain	100	100
SISTEMAS INDUSTRIALES SALGAR II S.L	Other	Real estate investment	Spain	51	100
AD ASTRA PROYECTO MEDINA, S.L. Co.	Other	Real estate investment	Spain	100	100
Madero Real Estate, S.L.	Other	Real estate investment	Spain	100	-
Gas Serve Co.	Energy	Gas services	Egypt	100	100
Shield Gas Systems – Dubai	Energy	Gas distribution services	UAE	100	100
Shield Gas Systems – Abu Dhabi	Energy	Gas distribution services	UAE	100	100
Shield Trading – Abu Dhabi	Energy	Gas distribution services	UAE	100	100
Al Deraa Gas Bottling and Distribution – Dubai	Energy	Gas distribution services	UAE	100	100
EEK Investment Holding LTD Co.	Energy	Investment in gas distribution services	UAE	100	100
International Fertilizer trading Co.	Other	Investments in fertilizer segment	Cayman Islands	100	100
NSCO Investment INC Co.	Energy	Investment in natural gas exploration and production	Panama	100	100
Polar Star Investment INC	Other	Diversified investment	Panama	100	100
IFIC Global Co.	Energy	Gas Investments	Cayman Islands	100	100
Africa Energy Limited	Other	Diversified investment	Cayman Islands	100	100
EK Infrastructure Investments	Other	Diversified investment	Cayman Islands	100	100
ETI Investments Limited	Other	Diversified investment	Virgin Islands	100	100
EGI Investments Limited	Other	Diversified investment	Virgin Islands	100	100
<u>Subsidiary of Solidarity Group Ltd.</u>					
MOG Energy Co.	Energy	Petrol and gas	Egypt	80.31	78.80
<u>Subsidiaries of MOG Energy Co.</u>					
TOSS Limited	Energy	Petrol and gas	Cayman Islands	86.55	84.75
SSTO Company	Energy	Petrol and gas	Cayman Islands	51.93	50.85
Tri Ocean Dar Holding	Energy	Petrol and gas	Cayman Islands	86.55	84.75

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	Sector	Company Nature	Country of Incorporation	Direct and indirect Ownership %	
				31/12/2023	31/12/2022
Tri-Ocean Exploration & Production	Energy	Petrol and gas	Cayman Islands	51.93	50.85
Tri Ocean for Drilling and Oil Services Company	Energy	Petrol and gas	Egypt	81.30	78.80
Tri-Ocean Mgan Company	Energy	Petrol and gas	Cayman Islands	81.30	78.80
Tri Ocean Marine Company	Energy	Petrol and gas	Cayman Islands	81.30	78.80
Tri-Ocean Carbon	Energy	Petrol and gas	Egypt	81.30	78.80
Tri-Ocean Levant Company	Energy	Petrol and gas	Cayman Islands	81.30	78.80
Tri Ocean for Trading Petrochemicals	Energy	Petrol and gas	Egypt	81.30	78.80
Tri-Ocean Mediterranean Limited	Energy	Petrol and gas	Cayman Islands	81.30	78.80
Tri-Ocean West Gebel El Zeit	Energy	Petrol and gas	Cayman Islands	81.30	78.80
<u>Subsidiaries of NSCO Investment Limited</u>					
Polar Star Investments Limited	Energy	Investment in natural gas exploration and production	Cayman Islands	99.9994	99.9994
TONS	Energy	Investment in natural gas exploration and production	Cayman Islands	99.9994	99.9994
Perenco Resources Egypt Limited	Energy	Investment in natural gas exploration and production	Bermuda Islands	99.9994	99.9994
Perenco North Sinai Oil Company Limited	Energy	Investment in natural gas exploration and production	Liberia	99.9994	99.9994
Perenco North Sinai Petroleum Company Inc.	Energy	Investment in natural gas exploration and production	Bahamas	99.9994	99.9994
Perenco North Sinai Gas Company limited	Energy	Investment in natural gas exploration and production	Bahamas	99.9994	99.9994
<u>Subsidiary of Globe Telecom</u>					
Globe for Trading & Agencies	Other	Trade and agencies	Egypt	100	100
<u>Subsidiaries of National Gas Co. Natgas</u>					
Al Watania for Electric Technology Co (Kahraba)	Energy	Electricity generation and distribution	Egypt	96.16	91.95
Al Nubaria for Natural Gas Co.	Energy	Gas distribution	Egypt	83.98	83.98
Egypt Kuwait Investments Holding Limited Co.	Energy	Diversified Investment	UAE	83.98	83.98
Kahraba Future Co.	Energy	Electricity generation and distribution	Egypt	96.16	91.95
Gas Line Co.	Energy	Gas distribution & delivery	Egypt	83.98	83.98
<u>Subsidiaries of BKH Megan</u>					
Middle East for River Transport Co.- S.A.E (Under liquidation)	Other	River Transportation	Egypt	100	100

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	Sector	Company Nature	Country of Incorporation	Direct and indirect Ownership %	
				31/12/2023	31/12/2022
Mert Holding	Other	River Transportation	Virgin Islands	100	100
BMIC Holding	Other	Cement Investments	Cayman Islands	100	100
<u>Subsidiaries of National Energy Company</u>					
Cooling Technology by Natural Gas Co. (Gas Chill)	Other	Natural gas refrigeration technology	Egypt	85.99	85.99
El Fayoum Gas Co.	Energy	Gas distribution	Egypt	77.99	77.99
Technology Gas Co. GoGas	Energy	Natural gas distribution & delivery	Egypt	99.20	99.20
<u>Subsidiaries of Bawabat Al Kuwait Holding Co.</u>					
Alex Fert Co.	Fertilizers and chemicals	Fertilizer manufacturing	Egypt	78.51	60.10
International Logistics Co. S.A.K	Fertilizers and chemicals	Fertilizer investments	Kuwait	94.67	69.67
Polar Star Investments Co.	Fertilizers and chemicals	Diversified investment	UAE	78.51	60.10
<u>Subsidiary of Egyptian Company for Petrochemicals</u>					
El Shorouk for Melamine and Resins Co.	Fertilizers and chemicals	Production of melamine products and resins	Egypt	95.05	95.05
<u>Subsidiaries of Global MDF</u>					
Cairo Wood for Imports and Exports Co.	Wood Manufacturing	Wood trade	Egypt	83.8	83.8
Nile Waste Co.	Wood Manufacturing	Recycle agricultural waste	Egypt	83.8	83.8
Nile Wood Co.	Wood Manufacturing	Wood Manufacturing	Egypt	83.8	83.8
Eco for Agricultural Development	Wood Manufacturing	Reclamation and cultivation of tree forests	Egypt	83.8	83.8
<u>Subsidiary of Sprea Misr for Production of Chemicals & Plastics Co.</u>					
Asprea for Chemicals Co. (S.A.E.)	Fertilizers and chemicals	Chemicals and plastics	Egypt	100	100
<u>Subsidiary of EKH Microfinance Co.</u>					
Bedayti for Microfinance Co.	Others	Microfinancing	Egypt	100	100
Bedayaty for Consumer Finance Co.	Others	Consumer Financing	Egypt	100	100

* During the year, an additional 25 % and 0.17% was acquired in Bawabat Al Kuwait Holding Co and Delta Insurance Co respectively, the loss resulting from the acquisition was in the consolidated statement of changes in equity as follows:

20 353 120	A decrease in retained earnings balance
(1 623 529)	An increase in translation reserve balance
<u>18 729 591</u>	Net loss through consolidated changes in equity

41- Transactions with related parties

Related parties are represented in the Parent Company and its subsidiaries' shareholders, and Companies in which they directly own shares giving them significant influence or control over the Group as well as the board members of the group companies. The Group's companies carry out several transactions with related parties and these transactions are carried out in accordance with the terms determined by the Board of Directors of these companies. There were no significant transactions with related parties during the year.

42- Dividends approved, and board of directors' remuneration.

The shareholders general assembly meeting of the Parent Company held on March 30, 2023, approved shareholders cash dividends for the financial year ended December 31, 2022, of 11 Cent/share with a total amount of USD 123 957 382, remunerations for the board of directors amounting to USD 12 053 137, employees' dividends amounting to USD 1 501 852.

43- Financial instruments**Accounting classifications and fair values of financial assets**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2023	Note No.	Book value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value						
Financial assets at fair value through other comprehensive income - debt instruments	(23)	23 359 320	23 359 320	-	-	23 359 320
Financial assets at fair value through other comprehensive income - equity instruments	(23)	7 775 917	7 775 917	-	4 000 000	7 775 917
Financial assets at fair value through profit or loss	(27)	9 590 950	9 590 950	-	-	9 590 950
Biological assets	(20)	2 256 495	-	-	2 256 495	2 256 495
		42 982 682	36 726 187	-	6 256 495	42 982 682
Financial assets other than at fair value						
Trade and notes receivable	(28)	147 351 755	-	-	-	-
Cash and cash equivalent	(30)	313 230 734	-	-	-	-
Financial assets at amortized cost	(24)	478 817 519	-	-	-	-
Other current assets	(29)	80 251 828	-	-	-	-
		1 019 651 836	-	-	-	-

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Financial liabilities other than at fair value

Loans and bank facilities	(35)	631 320 777	-	-	-	-
Lease liabilities	(19)	9 041 863	-	-	-	-
Suppliers, contractors, notes payable and other creditors	(36)	254 606 392	-	-	-	-
		894 969 032	-	-	-	-

31 December 2022	Note No.	Book value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value						
Financial assets at fair value through other comprehensive income - debt instruments	(23)	219 894 885	219 894 885	-	-	219 894 885
Financial assets at fair value through other comprehensive income - equity instruments	(23)	17 627 209	2 727 209	-	14 900 000	17 627 209
Financial assets at fair value through profit or loss	(27)	28 198 266	28 198 266	-	-	28 198 266
Biological assets	(20)	3 034 020	-	-	3 034 020	-
		268 754 380	250 820 360	-	17 934 020	268 754 380
Financial assets other than fair value						
Receivable and Notes Payable	(28)	139 297 414	-	-	-	-
Cash and cash equivalent	(30)	455 699 809	-	-	-	-
Financial assets at amortized cost	(24)	335 718 923	-	-	-	-
Other current assets	(29)	74 467 046	-	-	-	-
		1 005 183 192	-	-	-	-
Financial liabilities other than fair value						
Loans and bank facilities	(35)	637 581 721	-	-	-	-
Lease liabilities	(19)	10 272 473	-	-	-	-
Suppliers, contractors, notes payable and other creditors	(36)	285 627 803	-	-	-	-
		933 481 997	-	-	-	-

The following tables show the valuation techniques used in measuring Level 1 and Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

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	Valuation technique	Significant unobservable inputs
Financial assets at fair value through other comprehensive income - debt instruments	Market comparison technique: The fair value was determined based on published prices in financial markets.	Not applicable
Financial assets at fair value through other comprehensive income - equity instruments	Market comparison technique: The fair value was determined based on published prices in financial markets.	Not applicable
Financial assets at fair value through profit or loss	Market comparison technique: The fair value was determined based on published prices in financial markets.	Not applicable
Biological assets	Cost approach and discounted cash flows: The biological assets were classified in the third level of the fair value model based on the inputs of the valuation methods used.	The cost approach and discounted cash flow were followed: The group[takes into account both techniques and reconciles and balances the weight of estimates under each technique based on its assessment of the judgment of its staff specialized in the agriculture sector. The cost approach takes into account all the costs incurred in agriculture, including the cost of infrastructure, planting, buying seeds, sowing seeds while estimating the profit from the activity. The discounted cash flows takes into account the present value of net cashflows expected to be generated by the agricultural activity at maturity, and the additional biological transformation expected and growth related risk The net expected cashflows were discounted using the risk adjusted discount rates.

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Financial assets at fair value through other comprehensive income - equity instruments	Discounted cash flows:
	The recoverable amount of this CGU was based on fair value less cost of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.
	The values assigned to the key assumptions represent management's assessment of based on historical data and external trusted sources.

Discount rate	14%
Terminal value growth rate	3%
Budgeted EBITDA growth rate (average of next five years)	3%

The discount rate was a post-tax measure estimated based on the historical industry average weighted average cost of capital, with a possible debt leveraging of 18 % and cost of debt before tax 10.7% and cost of debt after tax 8.3%

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience, adjusted as follows: Sales volumes for the next five years were projected based on their average increase over the past five years. This is in line with market expectations of demand for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years

Sensitivity Analysis

An increase (decrease) of 1% in the price of financial securities included as at 31 December would've had the following effect on measurement of financial assets:

31 December 2023

Item	Effect on equity		Effect on profit or loss	
	Increase	Decrease	Increase	Decrease
Financial assets at fair value through other comprehensive income - debt instruments	233 593	(233 593)	-	-
Financial assets at fair value through other comprehensive income - equity instruments	77 759	(77 759)	-	-
Financial assets at fair value through profit or loss	95 910	(95 910)	95 910	(95 910)
	407 262	(407 262)	95 910	(95 910)

31 December 2022

Item	Effect on equity		Effect on profit or loss	
	Increase	Decrease	Increase	Decrease
Financial assets at fair value through other comprehensive income - debt instruments	2 198 949	(2 198 949)	-	-
Financial assets at fair value through other comprehensive income - equity instruments	176 272	(176 272)	-	-
Financial assets at fair value through profit or loss	281 983	(281 983)	281 983	(281 983)
	2 657 204	(2 657 204)	281 983	(281 983)

Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Interest rate risk
- Other market prices risk

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

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board also is responsible for identifying and analyzing the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group management aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Parent Company is assisted in its oversight role by the Audit Committee and Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board of Directors.

Credit risk

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

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base including the default risk of the industry has less an influence on credit risk.

The Group Management has established credit policies under which each new customer is analyzed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. Customers that fail to meet the Group's benchmark credit worthiness may transact with the Group only on a prepayment basis. No previous impairment loss was resulted from transactions with trade receivables.

Investments

The Group limits its exposure to credit risk by only investing in active and liquid securities. Management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for an appropriate period including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

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

Currency risk

The Group is exposed to currency risk on borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Egyptian Pound.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge, and no derivatives are entered into.

The Company's investments in other subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

Interest rate risk

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

Other market prices risk

Equity price risk arises from equity instruments measured at fair value through other comprehensive income and management of the Group monitors the equity securities in its investment portfolio based on market indices.

Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Parent Company.

The primary goal of the Group's investment strategy is to maximize investment returns. Management is assisted by external advisors in this regard.

In accordance with this strategy certain investments are designated as held for trading investments because their performance is actively monitored, and they are managed on a fair value basis.

Capital management.

The Group policy is to maintain a strong capital base to maintain investors, creditors and market confidence and to sustain future development of the business.

The Board of Directors of the Parent Company monitors the return on capital, which the Company defines as net profit for the period divided by total shareholders' equity, the Board of Directors also monitors the level of dividends to shareholders.

The Board of the Parent Company seeks to maintain a balance between the higher returns that

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might be possible with higher levels of borrowings and the advantages and security afforded by a share capital position.

There were no changes in the Group's approach to capital management during the period; the Parent Company is not subject to externally imposed capital requirements.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the consolidated financial statements' date are as follows:

	<u>31/12/2023</u>	<u>31/12/2022</u>
Other current assets	56 727 160	60 594 325
Investments at fair value through other comprehensive income	121 426 546	329 045 946
Financial assets at amortized cost	480 535 253	337 102 045
Trade & notes receivable	151 459 173	142 782 996
Cash and cash equivalent	315 221 787	457 717 811
	<u>1 125 370 919</u>	<u>1 327 243 123</u>

The maximum exposure to credit risk for trade receivables at the consolidated financial statements date according to the type of customer are as follows:

	<u>31/12/2023</u>	<u>31/12/2022</u>
Governmental customers	71 300 374	52 402 221
Retail customers	369 410	453 030
Final consumers customers	64 128 624	59 704 325
Export customers	1 151 264	7 209 468
Notes receivable	14 509 501	23 013 952
	<u>151 459 173</u>	<u>142 782 996</u>

- Expected credit loss assessment for trade receivables.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from S&P.

Exposures within each credit risk grade are segmented by geographic region and industry classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions according to the expected aging of the receivables.

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Scalar factors are based on GDP forecast and industry outlook and include the following:

	2023	2022
Egypt	4.2	6.7
UAE	3.5	7.4
Kuwait	0.9	8.2
Lebanon	(9.8)	(8)
Switzerland	0.8	2.1

The following table shows information regarding the classification of trade receivables balances according to geographies.

	2023	2022
Egypt	B-	B
UAE	AA	AA
Kuwait	A+	A+
Switzerland	AAA	AAA

The following table provides information about the exposure to credit risk and ECLs for trade receivables

31 December 2023	Weighted average loss rate	Gross carrying amount	Expected credit loss	Credit impaired
Current (not past due)	2%	67 499 698	(1 145 005)	No
1-30 days past due	1%	64 109 390	(370 948)	No
31-60 days past due	8%	5 363 921	(448 675)	No
61-90 days past due	14%	4 246 635	(594 429)	No
91-120 days past due	22%	1 325 956	(285 571)	No
More than 121 days past due	14%	8 913 573	(1 262 790)	No
		151 459 173	(4 107 418)	
31 December 2022	Weighted average loss rate	Gross carrying amount	Expected credit loss	Credit impaired
Current (not past due)	3%	44 679 212	(1 282 883)	No
1-30 days past due	1%	71 635 763	(386 225)	No
31-60 days past due	5%	8 921 427	(428 443)	No
61-90 days past due	4%	7 326 229	(319 373)	No
91-120 days past due	10%	1 566 767	(161 821)	No
More than 121 days past due	10%	8 653 598	(906 837)	No
		142 782 996	(3 485 582)	

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for the financial year ended December 31, 2023

All amounts are in US Dollars unless otherwise mentioned.

- Assessing expected credit loss for debt instruments

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a good credit rating published by S&P

The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields and, available press and regulatory information about debtors.

12-month and lifetime probabilities of default are based on historical data supplied by S&P for each credit rating and are recalibrated based on current bond yields. Loss given default parameters generally reflect an assumed recovery rate of 55% for sovereign exposures with local or foreign currency and other exposures with local currency and 25% for other exposures with foreign currency. except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The exposure to credit risk for debt securities at amortized cost, FVOCI and FVTPL at the reporting date by geographic region was as follows.

	2023	2022
Egypt	388 962 951	492 098 921
Lebanon	90 041 645	90 041 645
USA	122 958 203	84 007 425
	601 962 799	666 147 991

The following table presents an analysis of the credit quality of debt securities at amortised cost, and FVOCI. It indicates whether assets measured at amortised cost or FVOCI were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit impaired.

31 December 2023					
Credit Rating	FVOCI		At amortized cost		Total
	Lifetime ECL – not credit impaired	Lifetime ECL – Credit Impaired	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	
B+ to BB-	249 664	-	1 718 734	-	1 968 398
CCC+ to C	-	90 041 645	-	-	90 041 645
	249 664	90 041 645	1 718 734	-	92 010 043
31 December 2022					
Credit Rating	FVOCI		At amortized cost		Total
	Lifetime ECL – not credit impaired	Lifetime ECL – Credit Impaired	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	
B+ to BB-	1 482 270	-	1 383 122	-	2 865 392
CCC+ to C	-	90 041 645	-	-	90 041 645
	1 482 270	90 041 645	1 383 122	-	92 907 037

Notes to the consolidated financial statements**for the financial year ended December 31, 2023****All amounts are in US Dollars unless otherwise mentioned.****- Assessing expected credit loss for cash and cash equivalents**

The Group held cash and cash equivalents of USD 315 443 918 as of 31 December 2023 (2022: USD 458 161 266). The cash and cash equivalents are held with bank and financial institution counterparties, the S&P credit rating for the countries in which the counterparties are located are shown in the table below.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis

	2023	2022
Egypt	B-	B
UAE	AA	AA
Kuwait	A+	A+
Switzerland	AAA	AAA

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

The amount of impairment allowance on 31 December 2023 is UD 2 213 184 (2022: USD 2 461 457).

Liquidity risk

The following table shows the contractual maturities of financial liabilities at the reporting date.:

31 December 2023

	Carrying amount	Contractual maturity			
		1 year	1 - 2 years	2 - 5 years	More than 5 years
Loans and bank facilities	730 335 054	281 050 968	251 348 670	157 846 630	40 088 786
Suppliers, contractors, notes payable and other creditors*	189 520 223	186 039 333	782 989	2 697 901	-
Accrued income tax	51 945 944	51 945 944	-	-	-
Insurance	83 465 043	83 465 043	-	-	-
policyholders' rights					
Lease contracts	9 041 862	1 168 296	2 068 896	2 907 721	2 896 950
liabilities					
	1 064 308 127	603 669 584	254 200 555	163 452 252	42 985 736

* Customers advance payments and deferred revenue balances are excluded.

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31 December 2022

	Carrying amount	Contractual maturity			
		1 year	1 - 2 years	2 - 5 years	More than 5 years
Loans and bank facilities	729 864 452	239 630 974	3 871 167	449 221 782	37 140 529
Suppliers, contractors, notes payable & other creditors	231 241 120	221 696 189	-	9 544 931	-
Current income tax	26 931 621	26 931 621	-	-	-
Insurance	83 548 189	83 548 189	-	-	-
policyholders' rights					
Lease contracts liabilities	10 272 473	2 033 858	2 190 580	3 029 403	3 018 632
	1 081 857 855	573 840 831	6 061 747	461 796 116	40 159 161

Currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

31 Dec. 2023

	USD	EGP	KWD	EUR	GBP	SAR	AED
Cash and cash equivalents	39 814 179	172 843 040	19 721	6 500 381	83 184	242 352	8 505
Financial assets	23 050 554	384 800 000	-	-	-	-	-
Other Current assets	301 328	131 069 619	-	48 100	71 169	1 531 636	-
Trade and notes receivables	1 643 766	24 946 503	-	-	-	-	-
Loans	(4 403 520)	(1 012 550 897)	-	-	-	-	-
Bank facilities	(5 587 323)	(826 988 083)	-	(75 774)	(370 485)	-	-
Suppliers, contractors, notes payable and other creditors	(3 793 804)	(690 298 687)	-	(164 424)	-	-	-
Accrued income tax	-	(9 995 272)	-	-	-	-	-
	51 025 180	(1 826 173 777)	19 721	6 308 283	(216 132)	1 773 988	8 505

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31 Dec. 2022

	USD	EGP	KWD	EUR	GBP	SAR	AED
Cash and cash equivalents	87 723 794	805 098 605	9 990	5 574 159	14 465	540 325	1 438 865
Financial assets	-	8 061 932 508	-	-	-	-	-
Other current assets	-	1 500 155 952	-	141 075	94 272	-	5 776 515
Trade and notes receivables	6 664 022	1 637 526 100	-	626 054	-	-	10 872 017
Loans	(21 341 047)	(2 776 731 330)	-	(14 133 698)	(270 760)	-	-
Bank facilities	(5 693 489)	(751 204 913)	-	(7 408)	-	-	(1 993 699)
Suppliers, contractors, notes payable and other creditors	(6 179 297)	(2 740 048 343)	-	(9 327 622)	(24 925)	-	(13 919 627)
Accrued income tax	-	(26 931 621)	-	-	-	-	-
	61 173 983	5 709 796 958	9 990	(17 127 440)	(186 948)	540 325	2 174 071

The following significant exchange rates have been applied during the year.

USD	Average rate				Spot rate on
	31/3/2023	30/6/2023	30/9/2023	31/12/2023	31/12/2023
EGP	30,02	30,89	30,89	30,89	30,89
KWD	0,3063	0,3070	0,3078	0,3086	0,3072
EUR	0,9322	0,9202	0,9185	0,9293	0,9061
GBP	0,8233	0,7994	0,7893	0,8055	0,7854
AED	3,6727	3,673	3,673	3,673	3,673
SAR	3,7545	3,7499	3,7510	3,7505	3,7488

USD	Average rate				Spot rate on
	31/3/2022	30/6/2022	30/9/2022	31/12/2022	31/12/2022
EGP	19,26	19,26	19,26	19,26	24,74
KWD	0,3064	0,3064	0,3064	0,3064	0,3063
EUR	0,94	0,94	0,94	0,94	0,9521
GBP	0,8313	0,8313	0,8313	0,8313	0,8127
AED	3,6706	3,6706	3,6706	3,6706	3,36756
SAR	3,7544	3,7544	3,7544	3,7544	3,7544

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Sensitivity Analysis

A strengthening (weakening) of the other currencies by 10% against the US dollar on 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

31 December 2023

Item	Effect on equity		Effect on profit or loss	
	Increase	Decrease	Increase	Decrease
EGP	13 131 280	(13 131 280)	7 771 080	(7 771 080)
EUR	751 739	(751 739)	910 313	(910 313)
GBP	(27 519)	27 519	(27 519)	27 519
KWD	6 419	(6 419)	6 419	(6 419)
AED	(716 378)	716 378	10 165	(10 165)
USD	5 102 573	(5 102 573)	5 102 573	(5 102 573)
SAR	(46 939)	46 939	(49 570)	49 570

31 December 2022

Item	Effect on equity		Effect on profit or loss	
	Increase	Decrease	Increase	Decrease
EGP	26 214 544	(26 214 544)	25 404 644	(25 404 644)
EUR	(2 016 155)	2 016 155	(1 788 760)	1 788 760
GBP	(22 489)	22 489	(22 489)	22 489
KWD	3 262	(3 262)	3 262	(3 262)
AED	708 258	(708 258)	983 002	(983 002)
SAR	6 117 398	(6 117 398)	41 488 566	(41 488 566)

Interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	31/12/2023	31/12/2022
Financial assets		
Fixed-rate financial assets	842 461 092	1 066 873 171
	842 461 092	1 066 873 171
Financial liabilities		
Fixed-rate financial liabilities	68 907 296	98 643 254
Variable-rate financial liabilities	571 455 344	549 210 940
	640 362 640	647 854 194

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Sensitivity Analysis

An increase (decrease) of 100 basis points in interest rates on 31 December would have affected the measurement of variable-rate financial assets and liabilities by the amounts shown below.

31/12/2023

Item	Effect on equity		Effect on profit or loss	
	Increase	Decrease	Increase	Decrease
Financial liabilities	(5 714 553)	5 714 553	(5 714 553)	5 714 553

31/12/2022

Item	Effect on equity		Effect on profit or loss	
	Increase	Decrease	Increase	Decrease
Financial liabilities	(5 492 109)	5 492 109	(5 492 109)	5 492 109

44- Capital commitments.

Total capital commitments amounted to USD 36 700 954 as of 31 December 2023, representing contributions to property, plant & equipment and projects under construction which have not been requested to be paid till the consolidated financial position date (2022: USD 16 469 463).

45- Contingent liabilities

In addition to amounts included in the consolidated statement of financial position, there are contingent liabilities represented in the following:

- Uncovered letters of credit amounting to USD 27 424 927 (2022: USD 29 372 100).
- Letters of guarantee issued by banks on the account of the Group and in favor of others amounting to USD 7 445 474 (2022: USD 31 387 835).

46- Tax status.**Corporate profit tax**

- The Company had a tax exemption for 5 years according to Investment Law No. 8 of 1997 and that ended on December 31, 2003.
- Tax inspection for year 2009 was carried out and the resulted differences were settled.
- Years from 2010 to 2020, tax inspection was carried out, receiving tax claims and settlements are currently under process.
- The annual tax returns were submitted on the due date according to the provisions of Law No. 91 of 2005.

Salary tax

- The tax inspection for salary tax for the period from inception till 2021 was carried out and the final assessment was determined and resulting differences were settled.
- The monthly withholding tax is paid on the legal dates.

Stamp tax.

- Inspection for the stamp tax from inception till 2016 was carried out and the final assessment was made, and the Company settled the resulting differences.
- The years from 2017 to 2019 were examined and notified, and the company objected to the examination, and the matter is being considered in the appeals committee.
- The tax due is paid on the legal dates.

Property tax

- The company has been notified of the accrued tax related to some properties owned by the company till 2021 and the tax was paid.

47- The Effect of Applying Appendix (C) of Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates"

On December 27, 2022, Prime Minister Decision No. 4706 of 2022 was issued to amend some provisions of Egyptian accounting standards represented in the issuance of Appendix C to Egyptian Accounting Standard No. (13), amended in 2015, "The Effects of Changes in Foreign Currency Exchange Rates," which deals with special accounting treatment To deal with the effects of liberalizing foreign exchange rates, this optional special accounting treatment issued in this appendix is not considered an amendment to the amended Egyptian accounting standards currently in force, beyond the time period for the validity of this appendix, and this treatment is as follows:

- An establishment that, prior to the abnormal exchange rate movements, may have acquired fixed assets, real estate investments, intangible assets (except for goodwill), exploration and development assets, and/or usufruct assets for lease contracts, funded by existing obligations. date in foreign currencies, to recognize within the cost of those assets the debit currency differences resulting from the settled part of these obligations during the financial period to apply this special accounting treatment, in addition to the currency difference resulting from translating the remaining balance of these obligations at the end of December 31, 2022 or at the end of the day of closing the financial statements for the fiscal period to apply this special accounting treatment, which is extended for application until December 31, 2023.
- The application of this treatment has affected the consolidated financial statements for the fiscal year ending on December 31, 2022, as additions to projects under implementation during the year 2022 include an amount of USD 8.77 million resulting from the revaluation of a loan balance in foreign currency that was used to finance the purchase of projects under During the period, additions to projects under implementation and fixed assets include an amount of USD 5.199 million resulting from the revaluation of a loan balance in foreign currency that was used to finance the purchase of those assets.

48- Comparative figures

Some comparative figures have been reclassified to conform to the presentation of the financial statements for the current financial period.

49- Significant events

The effect of changes of exchange rate

The Monetary Policy Committee of the Central Bank decided, in its meeting held on October 27, 2022, to announce the implementation of the flexible exchange rate system for pricing foreign exchange, provided that the buying and selling prices of currencies are determined in Egyptian pounds based on the conditions of supply and demand, and accordingly, the exchange rate of foreign currencies began to rise in exchange for the Egyptian pound, for example, the US dollar began to rise from 24.7 Egyptian pounds on December 31, 2022 to reach 30.89 Egyptian pounds on September 31, 2023.

The Central Bank's Monetary Policy Committee also decided in its previous meetings to raise the overnight deposit and lending rates to 19.25% and 20.25%, respectively. The credit and discount rates were also raised to 19.75%. Which has a material impact on revenues and financing costs.

49-1 Subsequent events

On February 1, 2024, the Board of Directors of the Holding Company approved Eng. Sherif Alaa Al-Zayat's request to relieve him from the position of Managing Director of Egypt Kuwait Holding Company, provided that his last working day will be on March 31, 2024. The Board decided to appoint Mr. Michael John Rock as a Board Member and the Managing Director of the Holding Company.

50- Material accounting policies applied

The Group has consistently applied the following accounting policies during all financial periods presented in these consolidated financial statements.

50-1 Basis of consolidation

Business combinations

- The Group accounts for business combinations using the acquisition method when control is transferred to the Group. When the acquired group of activities and assets fulfils the business and control is transferred to the group when determining whether the group of activities and assets constitutes a commercial activity. The group assesses whether the acquired group of assets and activities includes, as a minimum, substantial inputs and operations, and whether the acquired group has the ability to produce outputs.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Acquisition costs (Transaction costs) are expensed as incurred and services received, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-existing relationships between the acquirer and acquired entity. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries controlled are included in the consolidated financial statements from the date that control on which control commences until the date that control ceases.

Non-controlling interests

NCI are measured initially at their proportionate share of the acquirer's identifiable net acquired assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in in profit or loss. Any interests retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity – accounted investees

The Group's equity-accounted investees comprise interests in associates Companies and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

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

50-2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- An investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into US Dollar at the exchange rates at dates of the transactions. Foreign currency differences are recognized in OCI items and the accumulated balance in the translation differences reserve, excluding the translation differences allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated income statement as part of the gain or loss on disposal.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the consolidated income statement.

50-3 Discontinued operation

Discontinued operations are a component of the Group's business, and its operations and cash flows can be clearly distinguished from the rest of the Group, which:

- Represents a separate major line of business or geographic area of operations.
- Part of a single coordinated plan to dispose of a separate or geographic major line of business Operations area or
- It is a subsidiary that has been acquired exclusively for the purpose of resale.

Classification of a discontinued operation is achieved upon disposal or when the operation meets the requirements for classification as held for sale, whichever is earlier.

When the operation is classified as a discontinued operation, the comparative figures in the statement of income and other comprehensive income are adjusted as if the operation had been disposed of from the beginning of the comparative year.

50-4 Revenue recognition

Revenue from contracts with customers is recognized by the group based on five steps module as identified in EAS No. 48:

Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.

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

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

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

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

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

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

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

When the Group satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)

Revenue is recognized to the extent that is potential for the flow of economic benefits to the Group, revenue and costs can be measured reliably, where appropriate.

The application of Egyptian Accounting Standard No. 48 requires management to use the following judgements:

Satisfaction of performance obligation

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

In these circumstances, the Group recognizes revenue over a period of time, and if that is not the case, revenue is recognized at a point in time for the sale of goods, and revenue is usually recognized at a point in time.

Determine the transaction price

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

Control transfer in contracts with customers

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

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

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

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

Other matters to be considered

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

The significant funding component

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

Revenue recognition

Sale of goods revenue

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. For export sales, transfer of risks and rewards of the goods sold occurs according to the shipping terms.

Services revenue

Service revenue is recognized when the service is rendered to customers. No revenue is recognized if there is uncertainty for the consideration or its associated costs.

Gas lines conversion revenue

The company bears the risks of exploration and will recognize its share of gas as revenue (cost and revenue) only when the gas is produced and sold.

The entity records revenue only when gas production commences and only up to the amount of gas it is entitled to obtain and sell. Therefore, the gas extracted on behalf of the government is not revenue or production cost. The company acts as an agent for the government to extract and deliver the gas or sell the gas and transfer the revenues.

Any surplus in gas cost recovery over the actual recoverable cost and carried balances (excess petroleum recovery costs) must be reimbursed by the contractor members to the General Petroleum Authority, or it is distributed between the General Petroleum Authority and the contractor members on the same incremental scale as the "profit" remaining from oil production. Revenues are presented in the financial statements net of excess gas recovery costs.

Gas lines conversion revenue

Revenue is recognized when gas is delivered to the customer.

Gas distribution commissions revenue

Revenues from operation of network and gas distribution are recognized in the light of amounts distributed to customers and the agreed upon prices and in some areas, commission are recognized according to the actual commission, or the minimum take commission whichever is greater.

Sale of electricity revenue

Revenue is recognized when the service is completely rendered, and issuance of customers' electricity consumption invoices.

Rental income

Rental income is recognized on a straight-line basis over the lease term.

Gain on sale of investments

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

50-5 Employee benefits

Employees' pension

The Group contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Group's liability is confined to the amount of its contribution. Contributions are charged to the consolidated statement of profit or loss using the accrual basis of accounting.

Some Companies within the Group contribute to the Group Insurance plan for the benefit of their employees at an insurance Company. According to this plan, employees are granted end of service benefit on retirement, death and full disability during the service years. End of service benefits are repayable by the insurance company. The Companies contribution is confined to the annual insurance premiums. The Group contributions are charged to the consolidated statement of profit or loss as they are incurred according to accrual basis of accounting.

50-6 Finance income and costs

The Group's finance income and finance costs include:

- Interest income.
- Interest expense.
- Dividends
- Net gain or loss on disposal of investments in debt securities measured at FVOCI
- Net gain or loss on financial assets at FVTPL.
- Foreign currency gains or losses from financial assets and financial liabilities. Impairment losses (and recoveries) on investments in debt securities carried at amortized cost or other comprehensive income.
- Fair value loss on the contingent consideration classified as a financial liability.
- Ineffective hedge recognized in profit or loss. And
- Reclassification of net gains and losses previously recognized in other comprehensive income on cash flow hedges of interest rate risk and foreign currency risk

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The carrying amount of the financial asset; or
- The amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

50-7 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax liabilities, do not meet the definition of income taxes and are therefore accounted for under EAS 28 Provisions, Contingent Liabilities and Contingent Assets.

Current income tax

Current taxes for the current and prior periods which have not yet been paid are recognized as a liability. If the taxes were actually paid in the current and prior periods exceed the amount due for these periods, then this increase is recognized as an asset. The value of current tax liabilities (assets) for the current and prior periods are measured by the value expected to be paid to (recovered from) the tax authority. Using the applicable tax rates (and effective tax laws) or in the process of being issued on the financial period ended. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is recognized for all temporary differences that are expected to be taxed except for the following:

- Temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that does not affect accounting or taxable profits or losses.
- Temporary differences relating to investments in subsidiaries, associates, and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits that allows for the deferred tax asset to be absorbed.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

50-8 The General Authority for Investment and Free Zones (GAFI) fees

For the Group Companies which established under the provisions of the Investment law and according to the Free Zone System, their profits are not subject to income tax. However, according to the Investment Law, a charge of 1% of the total revenues of these Companies is due to the General Authority for investment and is calculated and charged on the consolidated income statement according to the accrual basis.

50-9 Property, plant & equipment & Depreciation**Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property and equipment is recognized in consolidated statement of income.

Subsequent costs

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

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives for each type of property, plant and equipment, and is generally recognized in consolidated statement of income and other comprehensive income. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

<u>Asset</u>	<u>Years</u>
Buildings & constructions	20–56 or according to lease term, which is lower
Vehicles and transportation	4 – 10
Furniture & office equipment	2 – 10
Machinery & equipment	3 – 20
Tools & supplies	5
Stations, generators & electric transformers	10
Computer, software and Decorations	3 – 6.67
Leasehold improvements	Over the lower of lease term or estimated useful life which is lower
Irrigation network	2-20

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

Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the assets to a working condition for its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and are ready for their intended use.

50-10 Exploration and development assets

The Company applies the (successful efforts) method in relation to capitalization of expenditures. As follows:

Direct expenses incurred in carrying out geological and geophysical in the field and all costs relating to these investigations are charged to income statement.

All exploration acquisition costs are capitalized, which includes the consideration of the acquisition in addition to any future expenditures that the company pay on behalf of the farm out party regarding to this acquisition.

Exploration drilling cost and cost of drilling and exploration well are initially capitalized pending

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determination whether or not the well contains proven reserves.

If proven reserves are found, the cost of the well is transferred to production wells and depleted using the "unit of production" method.

If proven reserves are not discovered the capitalized drilling costs are charged to income statement.

All development and production drilling costs which include drilling and development costs are capitalized and are recognized among the cost of developing the proven reserve.

Dry development wells are capitalized and remain part of the development costs of the production reservoir.

Development wells are depleted when starting production.

Under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use.

Projects under construction are transferred to its related caption when they are completed and are ready for their intended use.

The exploration and development assets depletion rate is determined according to the production during the financial period as follows:

Description	Depletion basis
Productive wells	Depletion rate is determined based on the percentage of the actual production volume during the period to the volume of developed proven reserve.
Upstream Facilities	Depletion rate is determined based on percentage of the actual production volume during the period to the volume of proven reserve.
Pipelines	Depletion rate is determined based on percentage of the actual production volume during the period to the volume of proven reserve.

50-11 Intangible assets**Recognition and measurement****Goodwill**

Goodwill arising on the acquisition of subsidiaries. Goodwill is measured at cost less any accumulated impairment losses. Impairment of goodwill is not reversed subsequently. In case of gain on bargain purchase it is directly recognized immediately in the income statement.

Subsequent expenditures

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits which relates to research and development projects under implementation that recognized as an intangible asset. All other expenditures including expenditure on internally generated goodwill and brands are expensed as incurred.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the consolidated statement of income. Goodwill is not amortized.

50-12 Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognized in profit or loss

50-13 Inventories

Inventories are measured at lower of cost and net realizable value. The cost of inventories is based on the moving average principle and cost includes expenditure incurred in acquiring the inventories and bringing it to its existing location and condition. Cost of finished goods and work in process inventories includes an appropriate share of production overheads.

50-14 Works in progress

All expenditures directly attributable to works in process are included in work in process account till the completion of these works. They are transferred to completed residential units ready for sale caption when they are completed. Work in process are stated at the balance sheet date at lower of cost and net realizable value. It includes all direct costs that related to preparation of units to sell it and in the assigned purpose.

50-15 Cash and cash equivalents

For the purpose of preparing the consolidated statement of cash flows, "cash & cash equivalents" comprises cash at banks & on hand, time deposits with maturities of three months or less, also treasury bills due within three months, and bank overdrafts deducted.

50-16 Financial instruments

1) Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

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

Financial assets- Business Model Assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

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

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

Financial assets – Subsequent measurement and gains and losses

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

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition**Financial assets**

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

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

Financial liabilities

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

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

4) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

50-17 Financial Derivatives and Hedge Accounting

The Group holds derivative financial instruments to hedge foreign currency and interest rate risks. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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

The Group designates certain derivatives as hedging instruments to hedge against the variability in cash flows associated with forecast transactions with a high probability resulting from changes in foreign exchange rates and interest rates and some derivatives and non-derivative financial liabilities as a hedge of foreign exchange risk on a net investment in a foreign operation.

50-18 Share capital

Ordinary shares

Incremental costs directly attributable to issue ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS 24 "Income Tax".

Repurchase and re-issue of ordinary share (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

Dividends

Dividends are recognized as a liability in the period in which they are declared.

50-19 Impairment

1) Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

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

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

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

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

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

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

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as releasing security (if any is held); or
- The financial asset is more than 90 days past due.

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

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

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

2)Non-financial assets

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

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

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

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

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in the previous years.

50-20 Provisions

Provisions are recognized when the Group has legal or constructive obligation from past event, and settlement of obligations is probable, and its value can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation, when the provision is measured using the estimated cash flows to settle the current obligation, its carrying amount is the present value of those cash flows.

In the event that some or all of the economic benefits required are recoverable settle the provision from a third party, the amount due is recognized as an asset if it is certain to be recovered and can be measured in a reliable manner.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the carrying amount of the provision resulting from the use of the discount to figure out the present value, which reflects the passage of time, is recognized as a finance cost.

50-21 Lease contracts

1- Determining whether the arrangement contains a lease contract or not

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

Initially or when evaluating any arrangement that contains a contract lease, the Group separates the payments and the other consideration which are required by the arrangement of the lease and those of other elements based on their relative fair values. If the Group concludes with a finance lease that it is not possible to separate the payments in a reliable manner, then the asset and the liability are recognized at an amount equal to the fair value of the underlying asset; Then the liability is reduced when the payments is fulfilled, and the finance cost calculated on the obligation is recognized using the Group's additional borrowing rate.

2- Leased assets

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

Assets held under other contracts leases are classified as operating contracts leases and are not recognized in the Group's statement of financial position.

3- Lease payments

Operating leases' payments are recognized in profit or loss on a straight-line basis over the term of the lease. Received lease incentives are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments of finance leases are divided between financing expenses and the reduction of unpaid liabilities. Finance charges are charged for each period during the lease period to reach a fixed periodic interest rate on the remaining balance of the obligation.

4- Lessor books

When the Group acts as a lessor, it determines at the inception of the lease whether each lease is or not a lease or operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease has been transferred substantially all the risk and reward incidental to ownership of the underlying asset.

If so, the lease is an indirect lease; If not, it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is in place for the principal part of the economic age of the asset.

Where the Group is an intermediate lessor, it accounts for its share of the main lease and sublease separately. It assesses the classification of a sublease with reference to the right-of-use asset arising from the main lease, not with reference to the underlying asset. If the lease is a short-term lease for which the Group applies the above exemption, then the sublease is classified as an operating lease. If the arrangement contains lease and non-lease components, the Group applies EAS 48 to the consideration allocation in the contract.

The Group applies the derecognition and impairment requirements of EAS 47 to the net investment in the lease. The Group also regularly reviews the unsecured estimates of the residual values used in calculating the total investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

50-22 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, the share equity-accounted investees, and income taxes.

50-23 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at a demand price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

50-24 Insurance activity policies

Insurance activity revenue

Revenues from long-term insurance policies are fully recognized in the consolidated statement of income after excluding a percentage of 100% of the premiums value belonging to the following financial years after deducting the percentage of such years from the production commission with a percentage that must not exceed 20% of the premium value.

Revenues related to the incoming reinsurance agreements, whose accounts have not completed a whole insurance year yet, shall be deferred in addition to other extraordinary or discretionary cases in which certain deferred accounts are not completed for the years subsequent to the financial position year. Such revenues are recorded under the liabilities in the statement of financial position till the completion of the insurance year of such accounts.

Net income from Investment- insurance activity

Net income from investment is allocated as follows:

- Return on investment of funds designated for the rights of policyholders shall be recorded in the consolidated statement of income of each insurance branch, (properties – individuals branches) at the percentage of average technical provisions for each insurance branch to total technical provisions, during the financial year.
- The return on free fund investments shall be recorded in the statements of income.

Accounts receivable from insurances

Accounts receivable from insurances are recorded either in the form of premium under collection or current accounts belonging to the insured persons at amortized cost represented in the carrying amount of such accounts less the accumulated impairment losses.

Debts are written off as a deducted amount charged to the accumulated impairment losses of the accounts receivable from insurance, while adding cash receipts from debts previously written off thereto.

Insurance and reinsurance companies (Debit balances)

The accounts of the insurance and reinsurance companies are recorded at the amortized cost represented in the carrying amount of such accounts less accumulated impairment losses.

Debts are written off as a deducted amount charged to the accumulated impairment losses of the insurance and reinsurance companies, while adding cash receipts from debts previously written off thereto.

Technical provisions for Insurance on individuals and fund formation

a) Mathematical reserve

The mathematical reserve of each of the insurance on individuals and the formation of funds are formed at the date of each financial position by the actuary in accordance with the technical basics provided by the Board of Directors of the Egyptian Financial Supervisory Authority (EFSA), in addition to the share of each policy in the increase (decrease) in the capital value of insurance premiums invested in the investment portfolios in favor of the policyholders.

b) Provision for outstanding claims

This provision is formed by the number of claims related to casualties reported before the year end and still valid at the date of the financial position.

Technical provisions for properties and liabilities insurances

a) Provision for unearned premium

A provision for unearned premium is formed to meet the Company's liabilities resulting from insurances issued before the end of the financial year and still valid thereafter.

The unearned provision is equal to the sum of multiplying net premiums of the branch whose loss rate exceeds (100%) x50% of the actual loss rate for the year presented pertaining to all branches except for transportation branches, where this percentage equals 25%. The application of this rule is limited to annual premiums while excluding the long-term ones, taking into consideration that the provision, after the recalculation, shall not exceed the net premiums of the branches after revaluating and deducting the non-recurring significant accidents for which the Company prepares a statement to be approved by the Egyptian Financial Supervisory Authority (EFSA). This rule applies to all branches carrying out properties and liabilities insurances, except for obligatory motor insurance branch.

b) Provisions for outstanding claims

A provision for outstanding claims is separately formed for each insurance branch to cover the claims incurred from accidents reported before the financial year-end and still exist at the financial position date, as well as the accidents that might have occurred and not reported till the financial position date.

c) Provisions for retrograded fluctuations

A provision for retrograded fluctuations is formed to cover any contingent losses especially as a result of losses that may arise from natural hazards and risks of riots and vandalism in accordance with the rules stipulated in the executive regulations of Law No. 10 for the year 1981.

Credit balances of insurance and reinsurance companies

The credit balances of insurance and reinsurance companies are recognized at fair value. These balances are represented in the current accounts balances of insurance and reinsurance companies, credit balances of reinsurance agreements and retained provisions from reinsurers at the date of the financial statements.

Allocation of general and administrative expenses – insurance activity

Direct general and administrative expenses including salaries, wages and other direct expenses of insurance branches are charged to the accounts of revenues and expenses of the general insurance branches. While indirect expenses are distributed at the percentage of 90% as indirect general and administrative expenses and 10% as indirect investment expenses. Then the 90% is distributed one third of these expenses by direct wages and two third of these expenses are distributed by direct premiums after excluding 50% of the indirect expenses of the company's branches and charging them to production costs.

Production costs - insurance activity

The indirect production costs shall be distributed at the percentage of the due and paid commissions and allowance of each branch of the insurance branches after adding 50% of the indirect expenses of the company's branches and charging them to the production costs.

Insurance activity risks**Regulatory framework of the Risk Management Department**

The objective of the Company's Risk Management Department and Financial Management Department is to protect the Company's shareholders from events that impede the achievement of financial performance objectives, including failure to take advantage of opportunities. Risk Management Department also works on protecting the rights of policyholders by ensuring that all commitments towards policyholders are met in accordance with the methods in practice. Top management recognizes the necessity to have effective and efficient risk management systems.

Insurance risk

The risk of insurance contracts is represented in the possibility of the occurrence of the insured event resulting in a financial claim as indicated in the insurance contracts; bearing in mind that such risks are random and unpredictable. The risks facing the Company is the occurrence of the insured risk and the volume of the recorded claim.

The Company carries out insurance activities for individuals - insurance on liabilities and properties in all various branches.

- All forms of insurance for individuals.
- Temporary life insurance.
- Life insurance with profit sharing.

In addition to the abovementioned, there are additional insurance coverage to be added to each type in return for an additional premium at the request of the client.

Technical bases used in estimating the mathematical reserve**First: Used Life Table**

Life and death rates of table A 49/52 ULT, considering using the premiums calculated on the basis of the life table A 67/70 ULT for the contracts that the Authority stipulated when approving them, while the remaining bases used in pricing shall remain constant.

Partial disability and permanent total disability: reinsurance rates.

Second: Used Interest Rates**Collective Contracts**

Vary depending on the benefits of each collective contract, however, the interest rate does not exceed 8% according to the instructions of the Authority.

Individual Contracts

An interest rate of 4.25% is used for all individual insurance policies except the "Aman al-Tool" pension insurance policy, a 6% interest rate is used, that represents the same rates used to calculate the present value of the profits in case of insurance policies with profit sharing.

The assumptions related to the insurance policies issued in foreign currencies.

Maximum rates allowed to be used are 3%.

Third: Methods used to calculate reserves

Forward-looking method is used in the endowment life insurance and temporary contracts while the unearned premium method is used for the temporary contracts whose term is less than five years.

For the policies related to investment units, the reserve value is calculated as follows:

For the portion of protection: total annual net risk premiums based on life table A 49/52 ULT.

For the portion of investment: total investment balances with respect to the customers up to the date of valuation.

Fourth: Assumptions regarding wage scale

The client will provide us with the percentage of the increase in wages and we calculate the reserve in this case using the interest rate that is equivalent to the difference between the percentage of the increase required by the customer and the annual interest rate; taking into consideration the maximum authorized interest rate according to the instructions of the Authority.

Fifth: Amounts charged to administrative expenses

As for individual operations: according to the specifications of each policy approved by the Authority.

As for collective transactions: the amounts charged with respect to the administrative expenses of each collective contract shall be sent prior to issuance and shall be approved by the Authority. These rates are to be taken into account when estimating the reserve of collective contracts.

The main risks the Company faces are as follows:

- Mortality rates risk - risk of loss due to the discrepancy between the mortality rates of the policyholders and the expected rates.
- Risk of morbidity rates - risk of loss due to the discrepancy between morbidity rates among policyholders and the expected rates.
- Age risk - the risk of loss due to the age of the pensioner as he may live for a longer period than what was expected.
- Return on investment risk - risk of loss due to discrepancy between the actual expenses and the expected rates.
- Risk of decisions taken by the policyholder - risk of loss due to the different behavior of policyholders (cancellation and liquidation rates) than what was expected.

Regarding the property and liability insurance, the Company practices activities that encompass various insurance branches (fire, marine, automotive, engineering, petroleum, medical treatment, hazards ...), and studies the inherent risks that include the risk of recurrence or concentration in the insurance claims of large amounts of compensation as well as the geographical concentration within each insurance branch on a case by case basis while taking into account the relative volume of the branch's operations in proportion with the total activity of the Company and trying to maintain a balance with respect to the Company's subscription portfolio.

In order to reduce the insurance risk, the Company lays down the subscription and retention policies and the limits of the powers and authorities in addition to the subscription powers that determine the authorized and responsible persons for the completion of the execution of the insurance and reinsurance contracts. The implementation of these instructions are periodically reviewed and the developments that take place in the market are followed up accurately and the necessary measures are taken to reflect them in the subscription instructions if required.

The Company also uses reinsurance to manage insurance risk by entering into proportional and non-proportional agreements with third parties for reinsurance purposes.

Reinsurance activity risks

As customarily applied in the other insurance companies and in order to limit the risk of encountering loss arising from insurance claims of large amounts, the Company engage into reinsurance agreements with other parties. These reinsurance contracts allow greater diversification in the business field and enable management to monitor the possibility of encountering loss due to significant risks and provide additional growth potential. However, this procedure does not relieve the Company of its obligations towards its insured parties, and the Company shall remain liable to its policyholders for the reinsured part of the compensation under settlement in case the reinsurers fail to comply with their obligations under the reinsurance contract and therefore the credit risk shall remain-with respect to reinsurance -to the extent that any reinsurer is unable to settle his obligations.

To limit the probability of being exposed to huge losses as a result of the default of re-insurances. The Company evaluates the credit worthiness of its reinsurers in addition monitoring the concentration of the credit risks, both on a periodic basis.

The Company re-insure only those parties with good credit ratings. As their credit ratings are reviewed on a periodical basis.

51- Segment reporting

A segment is a group of related assets and operations that have a different risks and benefits from that of other sectors or within a single economic environment characterized by its own risks and benefits from those related to sectors operating in a different economic environment.

Segment information is presented in respect of the Group's business and geographical segments. The primary format of business segments is based on the Group management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

A segment is considered significant and is disclosed separately if it represents 10% or more of the Group's total revenue or net income.

The Group has the following four strategic segments, which are reported segments. These segments offer different products and services, and they are managed separately because they require different marketing techniques and strategies.

Other operations include the communications, geographical maps, agencies, cooling technology by natural gas, insurance activity and investment activity.

The following is a summary of the activities of each disclosed sector:

SectorLocationActivity

Energy Sector Egypt - Saudi Arabia -Emirates -- othersGas delivery activities and activities of extraction and development of natural gas wells.

Oil exploration and production.

Fertilizers and petrochemicals SectorEgyptProduction of urea and ammonia

Production of formaldehyde flakes, and Formica flakes

Insurance Sector

EgyptLife, property and liability insurance.

Wood Manufacturing Sector EgyptWood manufacturing.

Others Sector Egypt – Spain - OthersMicrofinance and consumer finance

The Group CEO reviews internal management reports for each segment at least once a month. Profit (loss) before tax and before interest and depreciation is used to measure performance because management believes that this information is the most relevant in evaluating the results of related segments relative to other companies that operate in similar industries.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Information related to each sector is shown in the following table:

51- Segment reporting (Cont.).

	Energy sector		Chemicals & fertilizers sector		Insurance sector		Wood processing sector		Other operations		Total	
	2023/12/31	2022/12/31	2023/12/31	2022/12/31	2023/12/31	2022/12/31	2023/12/31	2022/12/31	2023/12/31	2022/12/31	2023/12/31	2022/12/31
Revenues	264 076 785	290 468 999	404 473 908	692 946 391	59 433 315	61 380 408	3 101 583	2 272 381	16 618 732	6 199 203	747 704 323	1 053 267 382
Net operating profit (loss)	95 692 489	133 407 975	189 795 048	313 514 266	20 578 274	22 924 606	(2 832 492)	(2 680 389)	1 095 548	(1 642 112)	304 328 867	465 524 346
Financing expenses	(10 938 435)	(6 733 291)	(3 347 885)	(4 496 104)	(62)	-	(591 354)	(362 764)	(51 587 856)	(25 338 683)	(66 465 592)	(36 930 842)
Interest income	3 650 194	1 981 260	11 109 642	5 821 348	353 853	418 271	188 383	146 175	3 463 341	1 005 053	18 765 413	9 372 107
Company's share of profit of equity - accounted investees	-	-	-	-	1 882 675	(116)	-	-	-	2 164 693	1 882 675	2 164 577
Net profit (loss) for the year before income tax	92 882 300	126 428 623	212 205 108	323 824 816	23 162 105	23 261 101	(5 124 963)	(5 137 989)	(35 740 837)	(13 979 919)	287 383 713	451 396 632
Income tax	(13 894 264)	(13 506 873)	(50 206 873)	(74 402 133)	(4 357 281)	(4 319 017)	(158 067)	(70 363)	(955 321)	(15 613)	(69 571 806)	(92 313 999)
Net profit for the year	78 988 037	112 921 751	161 998 235	249 422 683	18 804 824	18 942 083	(5 283 030)	(5 208 353)	(36 696 159)	(13 995 531)	217 811 907	362 082 633
Depreciation & amortization	(37 979 216)	(36 645 822)	(22 004 075)	(20 643 905)	(366 188)	(120 416)	(788 185)	(836 199)	(703 228)	(747 210)	(61 780 892)	(58 993 552)
Foreign currency translation differences	(41 097 598)	(87 937 539)	(39 640 709)	(78 153 395)	(6 738 838)	(26 801 650)	(5 318 316)	(16 669 532)	(1 070 242)	(12 795 586)	(94 765 703)	(222 357 702)
Total assets	596 832 908	634 038 852	821 346 063	946 555 851	215 355 080	150 911 870	87 255 438	71 427 871	24 938 271	157 329 652	1 745 727 760	1 960 281 096
Equity - accounted investees (associates Companies)	-	-	-	-	22 636 331	329 711	-	-	-	20 491 371	22 636 331	20 821 082
Total liabilities	247 993 122	459 181 927	121 531 257	185 570 789	133 130 889	107 035 148	47 397 848	44 418 399	555 627 000	321 011 038	1 105 680 116	1 117 217 301