

# An Integrated

Portfolio of Investments



ANNUAL REPORT  
**2019**

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# EKH at a Glance

Egypt Kuwait Holding Company (EKHO.CA on the Egyptian Exchange and EKHOLDING on the Kuwait Stock Exchange) was founded in 1997 by a consortium of prominent Kuwaiti and Egyptian businessmen. Over the past two decades, the company has established itself as one of the MENA region's leading and fastest-growing investment companies, cultivating a diversified portfolio of investments that spans 5 sectors, from fertilizers and petrochemicals to gas distribution and electricity generation, upstream gas, and insurance. The past decade, in particular, has seen the company flourish as the countries of the Arab world began to liberalize their economies, opening doors for private sector investments in strategic sectors that had once been off limits. Today, EKH stands as the only fully-integrated energy company in Egypt.

Its portfolio of companies currently employs over 5,000 people and has the potential for ongoing job creation as companies and investments mature. As long-term investors, the company takes pride in growing the businesses in which it invests in and positively contributing to the economic growth of the region with an eye for helping Egypt grow into a regional energy hub.

EKH has deployed its resources in a manner that has largely shielded the company from the full impact of the social and economic upheaval that has characterized its operating environment during the past several years. The company's ability to drive revenue growth and margin expansion across its investment portfolio is a testament to the resilience of its strategy and the dedication of its management teams.

While maintaining the growth and profitability of its investments, EKH also recognizes the importance of being a responsible investor and leading by example. The company works to minimize the environmental impact of all its business operations and promotes the conversion of businesses and households to natural gas through its investment in NatEnergy, a leading Egyptian gas distribution business.

Through its ongoing support for Injaz Egypt, an organization working to bridge the gap between the education system and the private sector, EKH has positively impacted 400,000 Egyptian students in more

than 450 public schools and 21 universities in 26 governorates since 2003. It continues to support vocational training initiatives as well as community development and healthcare drives that seek to enrich Egypt's job market, provide safe and sustainable housing for Egyptians, and improve the lives of thousands of people.

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strategic sectors including fertilizers, petrochemicals, gas distribution and electricity generation, upstream gas, and insurance

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Over the past two decades, the company has established itself as one of the MENA region's leading and fastest-growing investment companies.

5,000+

professionals employed by the holding company and its subsidiaries



1.4 USD  
bn

total assets

793 USD  
mn

total equity book value

20%

average return on equity

256.1 USD  
mn

paid-in capital

1.2 USD  
bn

cumulative net profit  
(2005-2019)





# Chairman's Note



## Dear Stakeholders,

2019 was a year of building strengths and solidifying our positioning in the divisions we have continued to do business, and succeed in, for years. The year saw EKH successfully implement operational enhancements, expansion plans, and cost optimization practices that allowed us to not only keep our heads above water when faced with market headwinds, but deliver continued value for stakeholders in the form of solid financial and operational results.

Our Energy and Energy-Related segment was the star performer this year, buoyed by ONS extending the production profile of its TAO and drilling two new gas layers, with four new wells coming online at the Kamose field during the year. With the steady ramp-up in operations and as the latest well came online, production rates increased from 25 mmscf/d at the beginning of the year to 80 mmscf/d by year-end. At NatEnergy, we continued to capitalize on favorable macro drivers that drove both the gas distribution and electricity business, with a total of 171,656 clients connected to the natural gas grid by 2019 and Kahraba boosting capacities to 75 MW by the end of the year.

Meanwhile, the Fertilizers and Petrochemicals segment also delivered growth on account of AlexFert's increased production capacity following the facility's upgrade works completed by the end of the second quarter of the year. At Sprea, despite the company's top-line being weighed down by lower than planned SNF utilization — on account of foreign dumping in the local market — management was able to leverage a flexible business model and achieve positive earnings growth in 2019. Sprea optimized its utilization of raw materials, shifting to products that can benefit from decreasing prices of oil-based inputs. Parallel to these efforts, the company funneled investment into a regional expansion strategy to pursue growth opportunities that would also serve the dual purpose of hedging against local market challenges.

Our successes this year have been a result of our willingness to grow and instill efficient practices across our operations. Heading into 2020, we expect all our segments and subsidiaries to continue demonstrating flexibility and adaptability in the face of shifting market conditions. The increased mitigation of costs, coupled with increasing

utilization and production capacities, and the diversification of our company's products, are expected to bear fruit in the year ahead and lay the groundwork for even stronger financial results and operational developments in the long-term. We are confident in EKH's ability to drive a sustainable business model that will continue to drive value creation for shareholders.

I would like to once again extend my heartfelt thanks to our valued Board of Directors for their continuous support and to every member of the ever-growing EKH team for their dedication, hard work, and commitment to excellence as we constantly work to strengthen our positioning in the market.

**Moataz Al-Alfi**  
Chairman of the Board and CEO

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Our successes this year have been a result of our willingness to grow and instill efficient practices across our operations.





# CEO's Note

CEO'S NOTE



## Dear Stakeholders,

I am pleased to report to you on the milestones we have crossed in 2019, which were a direct result of strategic expansions and integrated optimization practices undertaken by the holding company and its subsidiaries. This year, we exceeded our development goals, continued to diversify our offerings and achieved purely organic business growth across our portfolio. New strategies fortified by the managements of our subsidiaries have enabled us to overcome market volatilities while venturing into new lines of business and further building up the company as an energy partner of choice. We were therefore successful in delivering increased value to stakeholders, evident in a 17% rise in revenues for FY2019 to USD 563.6 million and a 22% increase in attributable net income to USD 115.6 million during the year.

Our results were primarily driven by the Energy and Energy-Related segment. By the end of the year, we had six operational wells at ONS' TAO and Kamose fields, with the production profile of TAO wells extended due to increased production potential. This led to production increasing to 80 mmscf in FY2019, and drove up ONS' revenues up 14% to USD 44.2 million.

Through NatEnergy's Kahraba, we opened up new possibilities by becoming the first private company to

tackle electricity distribution in Egypt. Next to increasing its utilization capacity to 75MW by year-end, Kahraba signed a 60 MW distribution contract with the Ministry of Electricity for the Anshas Industrial Zone, marking the company's first effort in distribution. NatEnergy's natural gas subsidiaries also achieved significant growth in FY2019, successfully connecting 171,656 clients as they further expanded their reach into the subsidized market. As the government continues to promote connections in lieu of propane cylinders, and after the implemented increase in the price of subsidized connections, we expect NatEnergy's profitability to continue improving. In FY2019, the company achieved a 38% increase in revenues to USD 108.2 million.

Our Fertilizers and Petrochemicals arm increased offerings and production capacities this year, which resulted in solid results and market positioning. Sprea Misr's business model grew to accommodate the constantly shifting petrochemicals market as it continued to diversify its portfolio, with new Formica and fiber sheets capacities commissioned to cover market demands. The company also benefited from the decrease of oil-base inputs, and improved its raw materials processing throughout the year, which positively impacted its margins. Its regional presence also expanded, with exports reaching 26% of its total revenues in FY2019. Our primary hurdle this year was our inability to increase SNF utilization capacity as planned, due to foreign dumping in the market. Despite this, Sprea was able to sustain its profitability in FY2019, which increased by 1% to USD 118.6 million, and successfully expanded its net profit margin by 4 percentage points to 28% during the year, as a result of its optimization efforts.

AlexFert's efforts this year are commendable, with performance remaining steady ahead of and after its 18-day scheduled operational halt in the second quarter of the year. The successful overhaul of its ammonia production process resulted in a production increase of 15,000 tons of urea and 30,000 tons of ammonium sulphate, or a c. 5% increase in overall production capacity. We were therefore able to maintain an average utilization of 103% year-round, and despite decreases in urea prices, were able to achieve a 3% increase in FY2019 revenues to USD 194.5 million.

Our diversified portfolio currently covers a wide and strategic array of investments across different sectors. The performance of our diversified segment also

improved in FY2019, led primarily by the growth of Delta Insurance, our wholly-owned insurance subsidiary. The segment's revenues recorded an impressive 69% increase in FY2019 resulting to USD 97.9 million, and gross profit doubled to USD 52.9 million in FY2019. Furthermore, and parallel to our core efforts, we continued pursuing our greenfield medium-density fiberboard (MDF) project, with facility development plans now underway and launch plans scheduled for 2021.

In summary, 2019 was yet another good year for us, underpinned by the unwavering commitment of each and every one of the men and women we employ, the stalwart guidance of our management teams, and a dynamic strategy that continues to serve us well. I would like to thank our shareholders for their support, and to reaffirm our belief that our progress as a company

is rooted in our teams' proven abilities to adapt and innovate. The future now lies in our continuing ability to extract synergies internally while maintaining a grasp of market demands that enables us to sustainably grow and provide consistent value for stakeholders. By increasing ventures and evolving strategies, we aim to cement ourselves as an integrated and formidable petrochemical market player, locally and regionally.

**Sherif El Zayat**

Chief Executive Officer







# Company Overview

Founded in 1997 by a Kuwaiti-Egyptian consortium, EKH is a prominent MENA investment company with a two-decade record of excellence in fertilizers and petrochemicals, energy, cement, insurance, IT, transport, infrastructure, and other key sectors. It established the gas distribution company NatGas in 1998, and in 1999 it acquired a stake in Egypt's Delta Insurance. A year later, Fayum Gas was established in partnership with Royal Dutch Shell and Gail India, and in 2002, EKH acquired a majority stake in Egyptian Glass Co. through a joint venture with Guardian Industries, which it divested to Guardian in 2009.

Three ventures were founded in 2003, Nubaria Gas, Kahraba, and AlexFert, and EKH also acquired 11.75% of Egyptian Fertilizer Co., which it held until 2005. In 2006, the company established Gas Chill, which provides world-class cooling and heating solutions, and Egyptian Tanker Co.

2007 saw EKH increase its capital through a c. USD 100 million rights issue. It established Building Materials Industry Co. and acquired Sprea Misr and its subsidiary Plastichem. A year later, a joint venture with Tokio Marine created Nile Takaful and Nile Family Takaful, with Nile Takaful eventually being divested in 2013.

In 2010, EKH founded holding company NatEnergy, bringing five leading energy and gas distribution companies under its umbrella: NatGas, Fayum Gas, Nubaria Gas, Kahraba, and Gas Chill. Today NatGas, Fayum Gas, and Nubaria Gas together hold a 16% market share in Egypt.

The company issued new shares in 2014, raising USD 110 million and bringing paid-in capital to USD 243.9 million. Through the next two years, EKH invested in the Offshore North Sinai concession, and in 2017, three non-core assets were divested in order to reduce debt and unlock new value for shareholders. Exits from industrial

EHC, investment firm I Squared, and Kuwait's telecoms provider Zain totaled USD 195 million. In 2018, EKH acquired 100% of natural gas distributor Shield Gas in the UAE, marking its first venture beyond Egypt and raised its stake in Delta Insurance to 55%. In 2019, ONS made in its results on the back of successfully drilling four new wells throughout the course of the year, bringing its total to six operational wells and boosting production rates from 25 mmscf/d to 80 mmscf/d.

Currently, EKH is one of the fastest growing companies in the Middle East and Africa, with investments in 20 companies and total assets worth c. USD 1.4 billion. As long-term investors in the region, the company plans to continue to unlock new value in its assets through operational improvements, expand the businesses where it holds a unique competitive advantage, and contribute to the economic growth of the region.

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c. **1.4** USD  
mn

total assets





# A History of Excellence

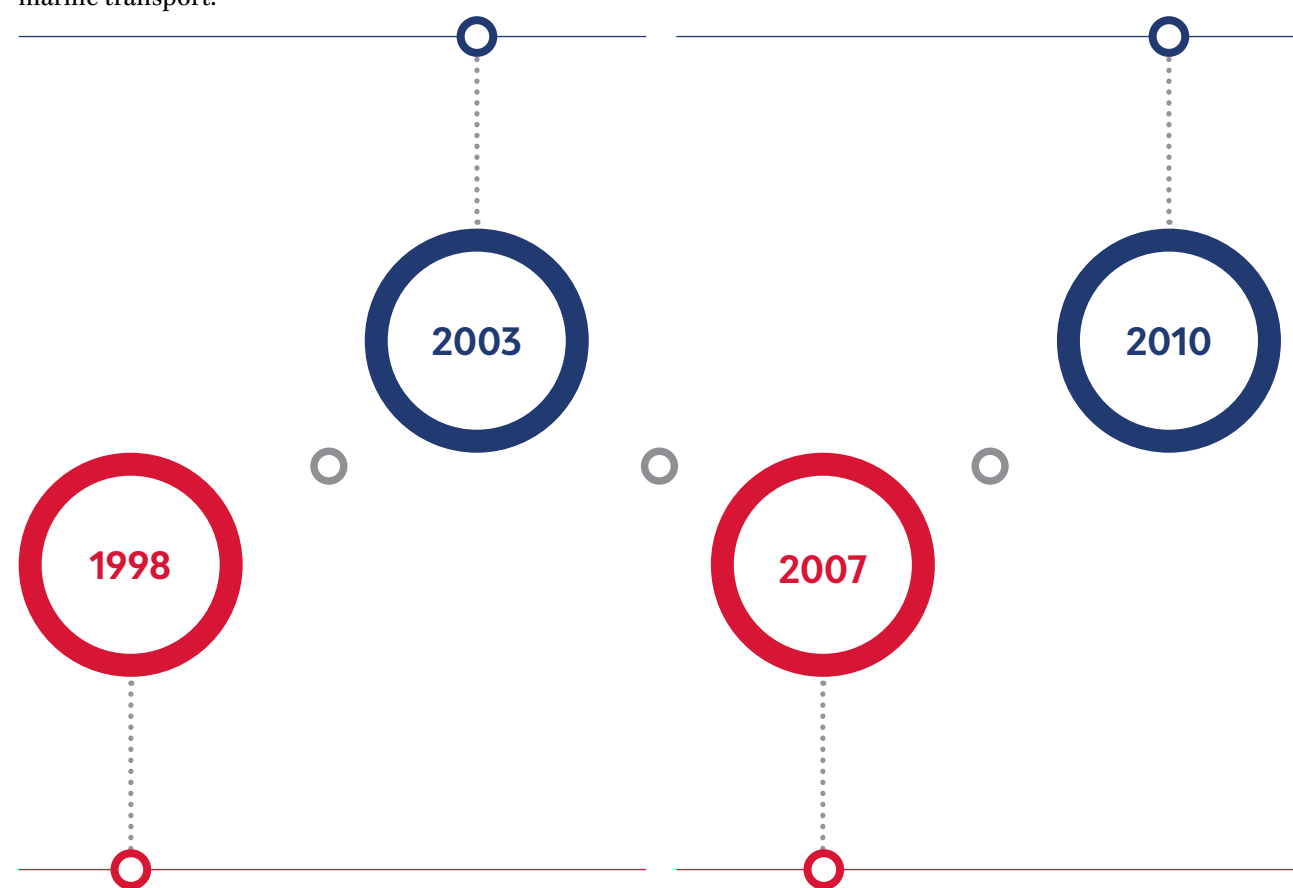
Founded in 1997 by a Kuwaiti-Egyptian consortium, including former Chairman and prominent businessman Nasser Al-Kharafi, EKH has a two-decade history in the MENA region as a leading investment company with a proven track record of excellence in numerous fields such as fertilizers and petrochemicals, energy, cement, insurance, IT, transport, and infrastructure.

EKH saw several milestones, with Nubaria Gas, Kahraba, and AlexFert being founded during the year. EKH also acquired in 2003 11.75% in Egyptian Fertilizer Co., but the stake was divested in 2005. In 2006, the company established Gas Chill, a world-class provider of cooling and heating solutions, and Egyptian Tanker Co. for crude marine transport.

EKH founded holding company NatEnergy, bringing five leading energy and gas distribution companies under its umbrella: NatGas, Fayum Gas, Nubaria Gas, Kahraba, and Gas Chill. Today NatGas, Fayum Gas, and Nubaria Gas together hold a 16% market share in Egypt.

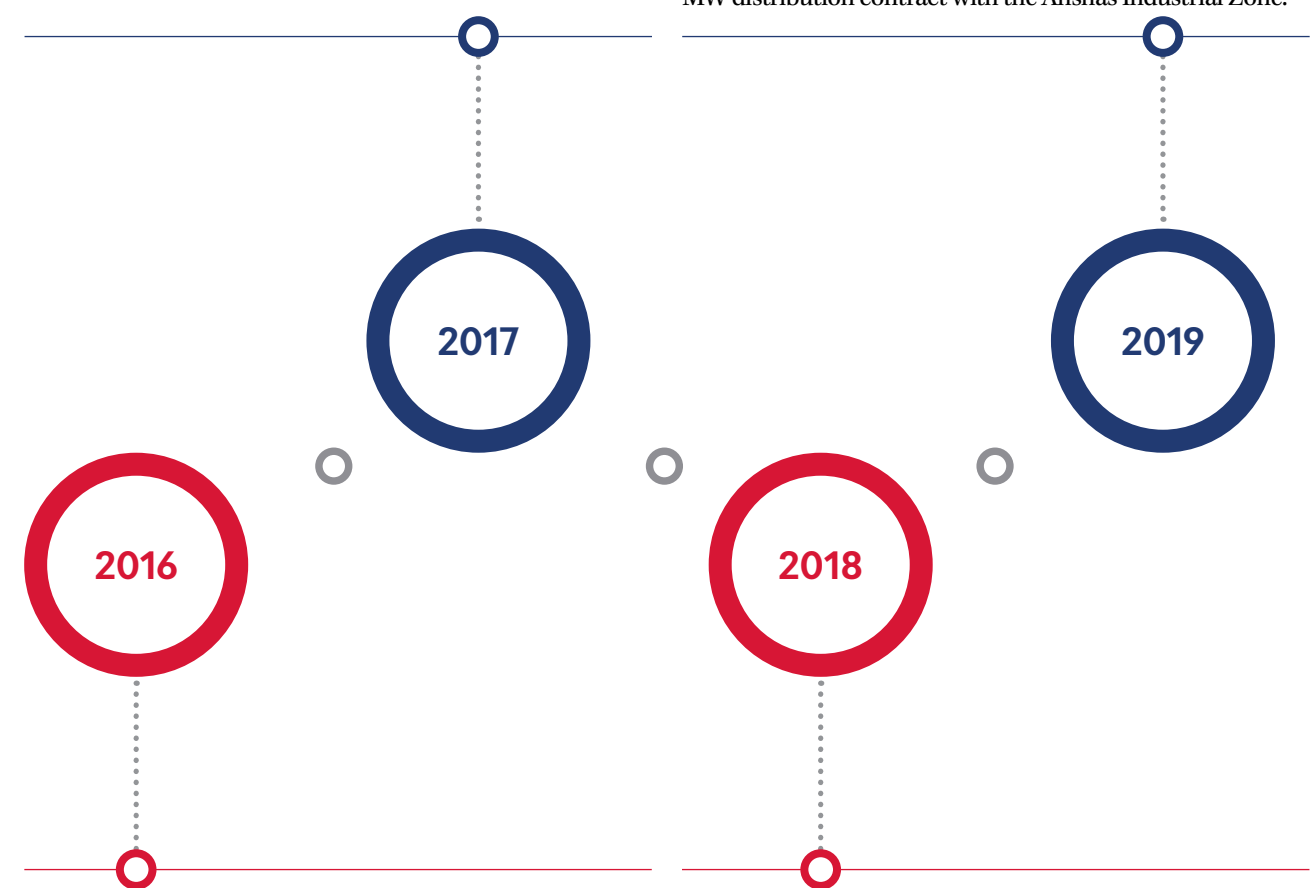
EKH optimized its portfolio with strategic divestments and investments, including exits from industrial EHC at USD 65 million, investment firm I Squared for USD 60 million, and a share sell-down in Kuwait's telecoms provider Zain for USD 70 million. It also increased its stake in Delta Insurance to 99%.

ONS successfully drills four new wells throughout the course of 2019, bringing its total to six operational wells and boosting production rates from 25 mmscf/d to 80 mmscf/d. EKH acquired the Emirati company Shield Gas. Kahraba increased its generation capacity from 38 MW in 2014 to 75 MW and utilized its electricity distribution concession by signing a 60 MW distribution contract with the Anshas Industrial Zone.



EKH established gas distribution company NatGas, and the following year it acquired a stake in Egyptian insurance company Delta Insurance. A year later, Fayum Gas Co. was established in partnership with Royal Dutch Shell and Gail India. In 2002, EKH acquired a majority stake in Egyptian Glass Co. through a joint venture with Guardian Industries. The stake was eventually divested in 2009 to Guardian Industries.

EKH increased its capital through a c. USD 100 million rights issue, and after a further issuance in 2014 for a USD 110 million capital increase, paid-in capital stands at USD 243.9 million. 2007 also saw the establishment of Building Materials Industry Co. and the acquisition of Sprea Misr and its subsidiary Plasticchem. A year later, EKH entered a joint venture agreement with Tokio Marine to establish Nile Takaful and Nile Family Takaful, with Nile Takaful eventually being divested in 2013.



Sprea started production of sulfonated naphthalene formaldehyde (snf) with a design capacity of 66,000 tpa. EKH deconsolidated its oil and gas business while growing its ownership of NatGas to 84%.

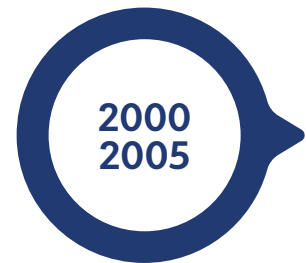
The year saw ONS's production profile upgraded from P1 reserves of 113 bcf at the beginning of the year to 218 bcf at the close of 2018, making EKH a play with investments across the energy value chain. It also completed a mandatory tender offer to increase its stake in Delta Insurance to 55%, making it a fully consolidated entity. EKH has become one of the fastest growing companies in the Middle East and Africa, with investments in 20 companies and total assets worth c. USD 1.1 billion.



# Milestones



- Company is founded by a consortium of prominent Kuwaiti and Egyptian businessmen including former chairman Nasser Al-Kharafi
- NatGas is established and commences operations
- A significant stake in Delta Insurance is acquired



- Fayum Gas is established in partnership with Royal Dutch Shell and Gail India
- A majority stake in Egyptian Glass Co. is acquired in a joint venture with Guardian Industries
- AlexFert, Nubaria Gas, and Kahraba are all established
- A stake of 11.75% is taken in Egyptian Fertilizer Co., and later divested



- Alexfert commences operations
- Egyptian Tanker Co., Gas Chill, and Building Materials Industry Co. are all established
- Capital is raised through a c. USD 100 million rights issue
- Sprea and Plasticchem are acquired



- Nile Takaful and Nile Family Takaful are established in a joint venture with Tokio Marine
- Egyptian Glass is divested to Guardian Industries
- NatEnergy is established
- Building Materials Industry begins operations



- Nile Takaful and Shabakat are divested
- Sprea Misr's expands with its formica sheet and power glue plants
- Issuance of new shares brings paid-in capital to USD 243.9 million
- NatGas is awarded a contract to connect 150,000 households to the grid
- Sprea Misr doubles its formica capacity to c. 1.8 million sheets annually
- Ownership in NatGas grows to 84%
- Oil and gas interests are deconsolidated



- Stake in Delta Insurance grows to 99%
- I Squared, EHC, and Zain telecom are divested
- Kahraba capacity grows to 70 MW
- Sprea Misr expands capacity to 88 ktpa and commissions a third production line
- Investments are made in Offshore North Sinai concession



- Sprea's new production line enables it to penetrate neighboring formica markets
- NatEnergy grows installations to an all-time high of c. 149,000 households
- NatEnergy's electricity generation subsidiary adds capacities of 30 MW
- ONS commences production at its third well, and plans new wells
- EKH acquires 100% of UAE natural gas distributor Shield Gas, its first expansion beyond Egypt
- ONS's production profile is upgraded from P1 reserves of 113 bcf at the beginning of the year to 218 bcf at the close of 2018
- Increased the ownership in Delta Insurance to 55%



- ONS drills four new wells, bringing its total to six operational wells and boosts production rates from 25 mmscf/d to 80 mmscf/d





# Capturing Growth

STRATEGY

EKH's strategic expansions, integrated optimization practices, and diversification have proven to be effective tools for growth.

As we head into a new decade, EKH continues to underscore the soundness of its business model and growth strategy. By diversifying its investments, the company ensures continued revenue streams in the face of possible external factors impacting parts of its business. In tandem, the company continues to generate high organic returns and extracting efficiencies while allocating the necessary investment for profitable business development. Our outlook is clear, continue on our path of diversification, generating recurring cash flows sustainably, and providing crucial services to the Egyptian market while generating maximum value for shareholders.

In the Energy and Energy-Related sector, EKH's vision is aligned with Egypt's ambitions to become a regional energy hub as we stand as one of the only fully integrated energy providers in the nation focused on upstream, downstream, and energy distribution. At the same time, the company is widening its geographic footprint to replicate Egypt's successful business model through the acquisition of Shield Gas in the UAE. EKH aims to leverage the UAE's transition from cylinders to a centralized gas system.

On the electricity distribution front, NatEnergy's Kahraba is establishing new markets by becoming the first private company to begin electricity distribution in Egypt. Kahraba signed a 60 MW distribution contract with the Ministry of Electricity for the Anshas Industrial Zone, marking the company's first effort in distribution, to follow the steps of the company's expansion in gas distribution to individuals and businesses alike.

At its Fertilizers and Petrochemicals segment, Sprea Mizr's operational model has been adjusted to drive future growth through the introduction of new products, like the new Formica and fiber sheets, rather than capacity and price increases. The company is also eyeing expanding in

the local market and bolstering its export market to drive revenues and increase profitability.

For AlexFert, the company is carefully studying the market and keeping an eye on the Egyptian government's plans to deregulate fertilizers, remove subsidies, and introduce global prices, which will further increase the company's profitability.

As for our diversified portfolio, Delta Insurance proved to be a highly profitable entity in 2019, capitalizing on Egypt's

increasing appetite for quality insurance offerings, which we plan to leverage over the next few years.

Opportunities are abound in the Egyptian market, and EKH is in an optimal position to benefit from the country's push for industrialization, from Egypt's ongoing plans to become a regional energy hub with a concentration on natural gas to removing hurdles in electricity generation and distribution. EKH management continues to put together the necessary strategies to successfully capture the market's growth opportunities.

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By diversifying its investments, the company ensures continued revenue streams in the face of possible external factors impacting parts of its business.





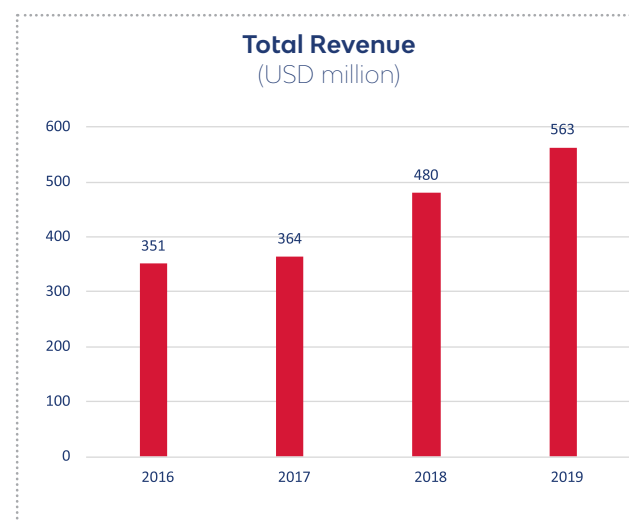
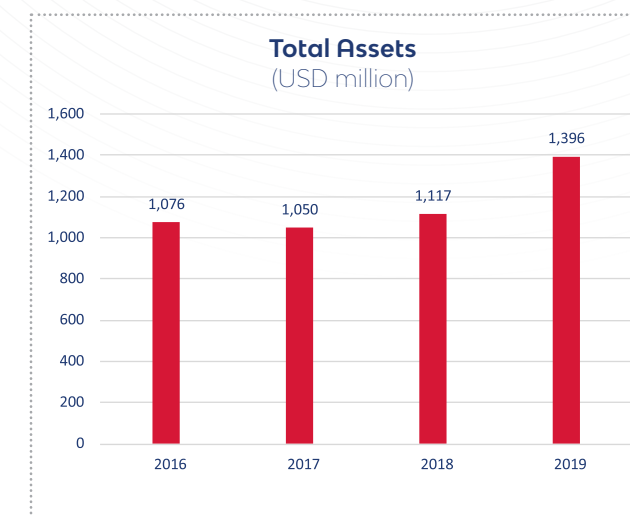
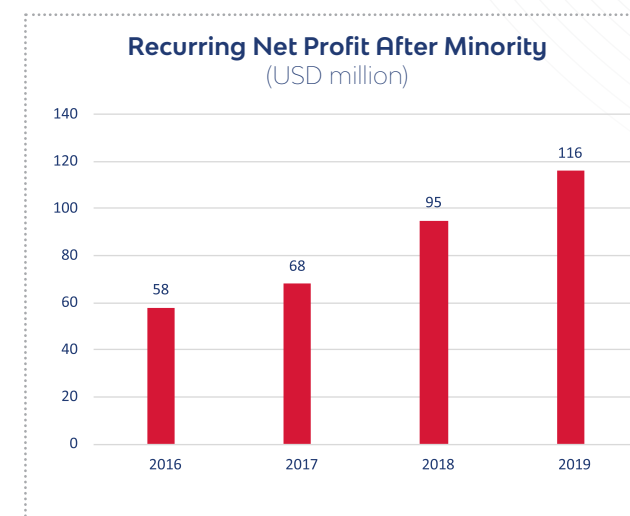


# 2019 Highlights

2019 was another successful year across EKH segments and subsidiaries, proof positive that the group's operational enhancements, expansion plans, and cost-optimization strategies continue to bear fruit. Progress was primarily underpinned by organic growth realized across the portfolio, with the diversity of our operations hedging the group against any potential headwinds.

Growth at our Energy and Energy-Related division was driven by the successful ramp up of production at ONS, NatEnergy's solid performance throughout the year, as well as electricity subsidiary Kahraba. Meanwhile, our Fertilizer and Petrochemicals division continued to expand, underpinned by a solid performance of AlexFert. At Sprea Misr, foreign dumping of SNF in the market hindered the company's plans to ramp up SNF production to 85%, keeping utilization at 38% for the year. However, Sprea streamlined its utilization of raw materials, using lower priced oil-based inputs and deployed calculated cost-cutting efforts and efficient supply chain management to mitigate the impact on margins and net results, which were further supported by the recent interest rate cuts. Additionally, the company continued to identify new market leads and growth opportunities to yield higher return on investments and mitigate the risk of softened local demand for products.

In terms of financial performance, EKH's consolidated revenues in FY2019 recorded USD 563 million, up 17% y-o-y backed largely by performance at the Energy and Energy-Related division, which saw revenues gain 30% y-o-y to USD 152.4 million. Fertilizers and Petrochemicals recorded a 3% y-o-y rise to USD 313.2 million in full-year revenue, while the group's diversified segment also recorded substantial growth, rising an impressive 65% y-o-y to USD 95.6 million in FY2019 thanks to Delta Insurance's enhanced performance. EKH's gross profit increased 27% y-o-y in FY2019 to USD 208.1 million, with gross profit margin expanding by three percentage points to 37%. Attributable net income increased a solid 22% y-o-y to reach USD 115.6 million in FY2019.







# Management Discussion & Analysis

Despite a backdrop of market volatility, EKH efficiently exploited the upsides deriving from its unique asset configuration in 2019. The group sustained its rapid growth during the year, driven purely by organic business expansion. EKH's Energy and Energy Related segment continued to capitalize on the growing promise of Egypt's markets for energy distribution and generation. Natural gas production at the group's Offshore North Sinai concession saw a large yet steady increase over the course of 2019 as EKH uncovered significant untapped potential and brought online several new wells. Meanwhile, the Fertilizers and Petrochemicals segment continued to expand steadily. Sprea Misr successfully leveraged its diversified portfolio while widening its international footprint during 2019. At AlexFert, performance was boosted by the increased production capacity installed during the second quarter of the year.

Growth in EKH's bottom-line outpaced the period's revenue expansion as successful, broad-based operational enhancements and continued investment were combined with calibrated cost optimization measures. Management remains committed to pursuing a sustainable approach to value creation that meets growing market demand for the group's products in a focused manner while capitalizing on opportunities for import substitution and export business.

## EKH Performance

EKH recorded consolidated revenues of USD 563.6 million for FY2019, an increase of 17% y-o-y. Rapid top-line growth was led by improved operational performance across the group's Energy and Energy-Related and Fertilizers and Petrochemicals segments. The group extracted significant efficiencies across its portfolio during the year, booking a consolidated net income of USD 151.1 million for the year, up 21% y-o-y. EKH's consolidated attributable net income amounted to USD 115.6 million for FY2019, an increase of 22% on the USD 95.1 million recorded one year previously.

### Fertilizers and Petrochemicals

EKH's Fertilizers and Petrochemicals segment recorded USD 313.2 million in revenues for FY2019, up 5% y-o-y. Segment growth was driven primarily by performance at AlexFert. Subsidiaries in the segment delivered solid growth during the year, with optimized product mixes and volumes allowing the segment to overcome market pressures. Growth in the segment's bottom-line outpaced revenue growth, with segmental net profit climbing 7% y-o-y to reach USD 70.1 million for FY2019. Enhanced

profitability came despite price instability, helped by optimization measures at Sprea Misr and capacity additions at AlexFert. Fertilizers and Petrochemicals booked a net profit margin of 22% for FY2019, down by one percentage point from the NPM for FY2018.

Sprea Misr reported revenues of USD 118.6 million for FY2019, up 1% y-o-y. The company countered soft demand during the year by leveraging a 5% decrease in prices of oil-based raw materials and its diversified product mix to optimize its use of production inputs. Sprea also commissioned new production capacity for Formica and fiber sheets early in FY2019 to meet increased market demand. Upgrade works led to an increase in operational capacity during the second quarter, helping drive revenue growth. Prudent cost and pricing regimes enabled Sprea to safeguard its margins against illegal foreign dumping of SNF in the Egyptian market, which saw the company reduce its SNF capacity utilization to 38% as of year-end 2019. Meanwhile, Sprea Misr continued to expand its Middle Eastern and African footprints during the year, with the company's export sales accounting for 26% of total revenues in FY2019 against 23% in the previous year. Sprea booked an EBITDA of 35.1 million for FY2019, up by 8% y-o-y and yielding a two-percentage-point improvement in the EBITDA margin to 30%. The subsidiary's net profit came in at USD 32.8 million for FY2019, an increase of 16% y-o-y. Sprea's net profit margin recorded 28% for the period, up by four percentage points from the previous year.

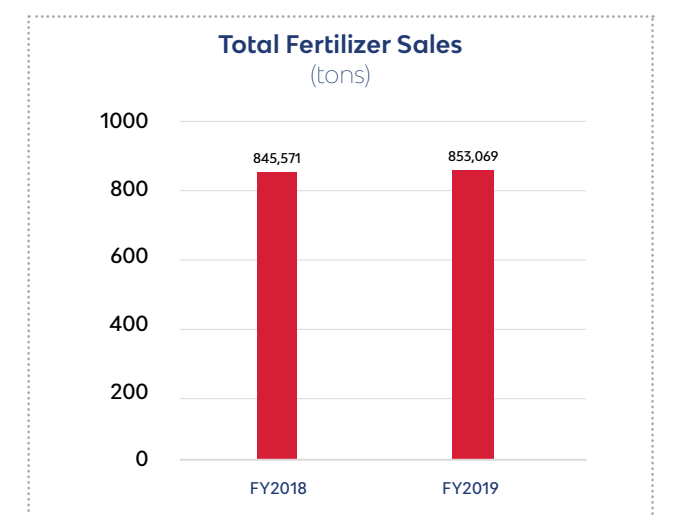
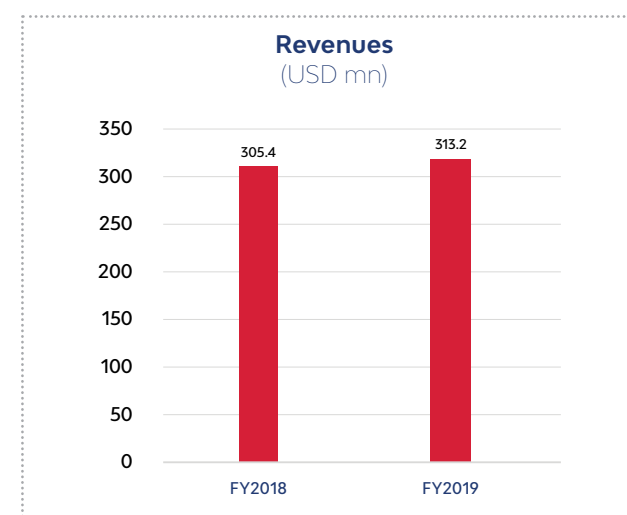
AlexFert generated revenues of USD 194.3 million in FY2019, an increase of 3% y-o-y. Growth at the subsidiary was driven by an overhaul of the ammonia production process during the second quarter, necessitating an 18-day operational halt and yielding approximately 5% in additional production capacity. The additional capacity corresponded to 15,000 extra tons of urea and 30,000 tons of ammonium sulphate, boosting AlexFert's top-line growth. The subsidiary maintained an average utilization rate of 103% on design capacity through FY2019, compensating for a decrease in urea prices during the year. AlexFert's EBITDA declined 2% y-o-y to USD 66.5 million on the back of the upgrade-related stoppage of 2Q19, while the EBITDA margin contracted by two percentage points to record 34% for the year. The subsidiary booked a bottom line of USD 37.4 million for FY2019, down by 10% y-o-y. AlexFert's net profit margin decreased by 3 percentage points to record 19% for the year.



### Fertilizers and Petrochemicals

in USD mn unless otherwise indicated

	4Q2018	4Q2019	% Change	FY2018	FY2019	% Change
Revenues	78.6	70.2	-11%	305.4	313.2	3%
Gross Profit Margin	33%	27%	-6%	29%	29%	-
EBITDA Margin	37%	32%	-5%	33%	32%	-
Net Profit	19.4	15.9	-18%	69.4	70.1	1%
% Margin	25%	23%	-2%	23%	22%	-
Net Profit Attributable to EKH	12.7	10.9	-14%	46.4	49.7	7%



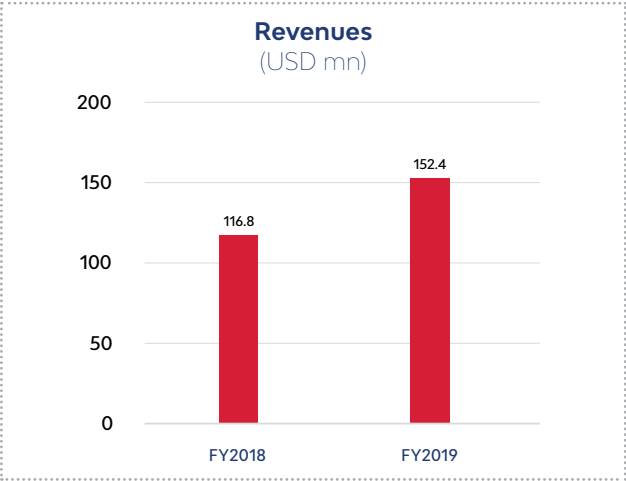


Energy and Energy-Related

The Energy and Energy-Related segment saw its revenues climb at a rapid 30% y-o-y to reach USD 152.4 million in FY2019. Strong performance was driven by a broad-based expansion across the segment’s subsidiary businesses, NatEnergy and Offshore North Sinai (ONS). As of year-end 2019, the segment booked a net profit of USD 62.8 million, up by 30% y-o-y to yield a net profit margin stable at 41%.

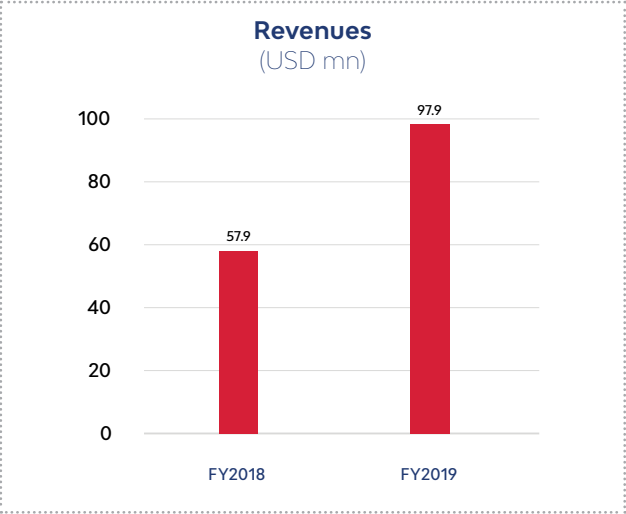
Revenues from NatEnergy climbed 38% y-o-y to book USD 108.2 million in FY2019. Rapid top-line growth was driven primarily by electricity generation subsidiary Kahraba, where revenues grew at 44% y-o-y. Kahraba has significantly increased its output levels, with electricity generation climbing to 75 MW in 2019 from 38 MW in 2014. Egypt’s government remains committed to the continued phasing out of electricity subsidies, providing Kahraba with continuous pricing support. Meanwhile, the subsidiary’s latest venture has seen it obtain a 60 MW distribution concession with the Anshas Industrial Zone, further boosting results for the year. In parallel, NatEnergy’s gas distribution subsidiaries NATGAS and Fayoum Gas broke the previous year’s record for households connected by 16%, connecting 172,000 households during FY2019. Strong volume growth in natural gas installations ensured that NATGAS and Fayoum Gas continued to enjoy significant gains in commission revenues and maintenance and customer service fees. Comprehensive efforts to improve operational efficiency helped yield large bottom-line gains for the year. NatEnergy’s consolidated net profit climbed by 34% y-o-y to reach USD 42.7 million in FY2019, with the company’s net profit margin stable at 40% for the year.

Further upstream, natural gas producer ONS recorded a 14% y-o-y increase in revenues to USD 44.2 million. Building on production increases initiated during the previous year, ONS significantly ramped up production during the second half of FY2019. ONS successfully drilled four new wells over the course of FY2019, extending the production profile at the TAO field and bringing the company’s total to six operational wells. By year-end 2019, ONS was operating at a production rate of 80 mmscf/d, up from 25 mmscf/d at the beginning of the year. ONS generated an EBITDA of USD 33.8 million for FY2019, up by 11% y-o-y, yielding a five-percentage-point improvement in the EBITDA margin to 58%. The subsidiary continues to enjoy a pricing formula agreed with the Egyptian government, which effectively shields ONS from market-driven energy price fluctuations.



Diversified

EKH’s diversified segment recorded significant revenue increases in FY2019, primarily brought on by the improved performance and growth of the group’s wholly owned subsidiary, Delta Insurance. The diversified segment’s total revenues reached USD 97.9 million this year, up by 69% y-o-y. Diversified net income came in at USD 9.5 million for the year, up by 72% from the figure booked one year previously.



Outlook

Sprea Misr: Sprea aims to expand its export capacity and penetrate new markets in the surrounding African and MENA regions. The company is also looking to improve its SNF utilization capacity and will pursue a legal limitation on the dumping of imported SNF in the local market. Sprea continues to explore avenues to add non-formaldehyde derivatives to its product range.

AlexFert: Moving forward, AlexFert will work to maximize the use of its expanded operational capacity and facilitate volume growth. The company will benefit significantly from any stabilization or increase in urea prices as net urea exporters continue to grapple with the coronavirus crisis.

NatEnergy: With the Egyptian government continuing to phase out propane cylinders in favor of natural gas, and with installation prices reaching EGP 3,850 per home, NatGas and Fayoum Gas will work to efficiently allocate their resources between subsidized and unsubsidized connections, maximizing value from this market’s strong growth prospects. Further afield, NatEnergy is further looking to replicate its successful model with Shield Gas in the United Arab Emirates, where the government is now pushing for the introduction of centralized systems.

Kahraba: Kahraba plans on adding another 40 MW to its capacity in 2020 as dictated by its contract supplying 115 MW of gas feedstock. The company will also continue to expand its distribution capacity, starting with fulfillment of the 60 MW distribution agreement with the Anshas Industrial Zone. Kahraba is expected to fully realize the contract’s returns over the upcoming two to three years.

ONS: ONS expects the production ramp-ups initiated towards the end of FY2019 to increasingly bear fruit in 2020. The company is looking to sustain production rates between 80 and 90 mmscf/d over the coming years and is preparing for a second development phase intended to maintain production stability and further mitigate possible volatility. ONS aims to commission a competent person’s report in 2020 to further corroborate the findings of its deep-layer studies.

Energy and Energy-Related

in USD mn unless otherwise indicated	4Q2018	4Q2019	% Change	FY2018	FY2019	% Change
Revenues	34.4	43.5	26%	116.8	152.4	30%
Gross Profit Margin	36%	45%	9%	43%	44%	2%
EBITDA Margin	50%	53%	3%	51%	50%	-1%
Net Profit	12.2	17.3	42%	48.4	62.8	30%
% Margin	35%	40%	4%	41%	41%	-
Net Profit Attributable to EKH	10.8	15.8	46%	43.2	65.4	31%





# Our Investment Portfolio

To further build up its smart, integrated portfolio and create long-term value for shareholders, EKH continued to grow capacities, maximize synergies, and capture new opportunities through its subsidiaries to better serve local and export markets.

In 2019, EKH continued to capitalize on the existing and potential capacities of its four major subsidiaries, and implement specialized business models that were structured to produce maximum short- and long-term benefits. Its subsidiaries' abilities to demonstrate flexibility and adaptability have allowed the company to fortify its abilities, continue to deliver value through its operations, and weather market headwinds successfully. The company also utilized its strong position as a leading investment company and a

fully-integrated energy hub to increase the exploration of new, lucrative market ventures and encourage other private energy investors to follow suit. EKH's investments exist across a number of markets, the largest of which are fertilizers and petrochemicals, and energy and energy-related. It additionally invests in wide array of Egyptian businesses, in an effort to positively contribute to local market growth and play a role in fueling the economy at large.



## Fertilizers and Petrochemicals

EKH's investments include two major players that serve local markets by providing import substitutes to nitrogen fertilizers and petrochemical products. They also serve strong international markets, like the US and Europe, through exporting a wide-ranging, continually growing product mix. Offerings include urea, ammonium-nitrate, melamine, formaldehyde, and liquid and powder glue.

AlexFert  
Sprea Misr



## Energy and Energy-Related

Through two of its primary subsidiaries, EKH provides diverse services to the Egyptian energy market, which include gas production and distribution, and electricity generation and distribution. EKH is the first private investment company to tackle electricity distribution in the country. It also continues to engage in local and global marine transport of crude oil and petroleum products, as well as oil and gas exploration.

NatEnergy (and subsidiaries)  
Offshore North Sinai



## Diversified

Next to its major operations in key sectors, EKH diversifies its strategic investments to cover a range of companies across fundamental fields, such as cement production, telecommunications, infrastructure, insurance, and more. The company is also pursuing greenfield projects, and will continue to pursue opportunities to invest in strong Egyptian businesses with growth potential.

Delta Insurance  
Building Materials Industries Company  
Al-Shorouk for Melamine and Resins  
Globe Technologies  
Bawabet Al Kuwait Holding Company





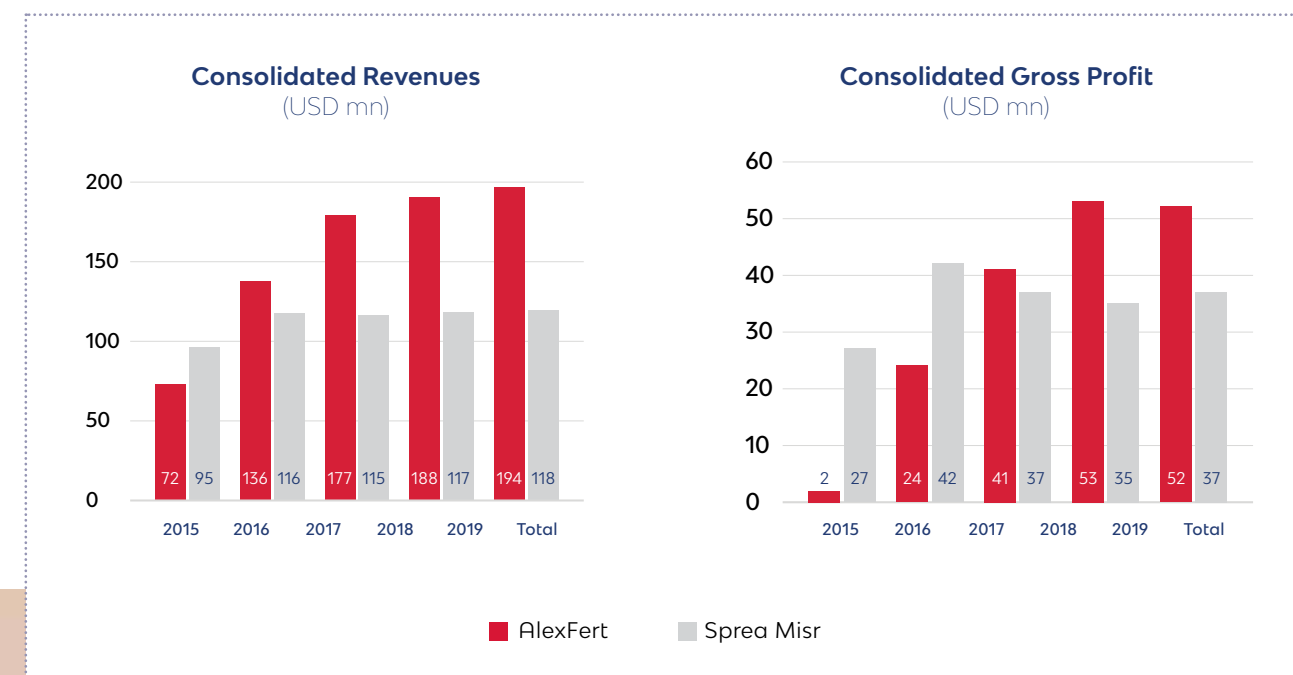


# Fertilizers and Petrochemicals

EKH's operational companies in the fertilizers and petrochemicals segment, Alexandria Fertilizers Company (AlexFert) and Sprea Misr for Production of Chemicals and Plastics, made significant strides in 2019 that bore strong operational and financial results. The companies offer a wide range of products, which are constantly refreshed to accommodate local and export market demands. Operations lean on expert know-how and over a decade of expertise in nitrogen fertilizers and petrochemicals that result in consistent, high quality offerings. Through its efforts in this segment, EKH is looking to grow its presence in the Egyptian market as a strong and reliable provider of import substitutes, parallel to growing its presence in key export markets, including the US and Europe.

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EKH is looking to grow its presence in the Egyptian market as a strong and reliable provider of import substitutes.







# Alexandria Fertilizer Company (AlexFert)

AlexFert grew from a greenfield project with an authorized capital of USD 500 million and paid-in capital of USD 249 million in 2013, to a leading producer and distributor of fertilizers and urea in its markets of operation. The company began operations in 2006 in Alexandria, Egypt, and utilizes a solid distribution strategy and the city's strategic maritime access to export its products and gain tract as a global provider. It exports c. 90% of its offerings to Europe and the US, with the remaining 10% sold within the local Egyptian market.

AlexFert's factory is a 101,000 square meter ISO-certified facility (ISO 9001/2008 and ISO 14001/2004), with multiple plans for expansion executed throughout its lifetime to encourage operational expansion and success. EKH directly and indirectly holds c. 44% of AlexFert through its majority shareholding stake in Bawabet Al Kuwait Holding, which allows it to exert management control.

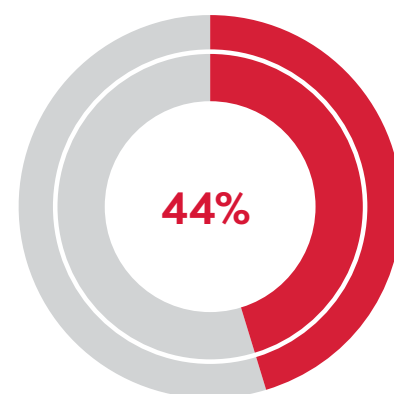
## 2019 Developments

AlexFert maintained successful operations in 2019 as it continued to utilize its full capacity to increase market supply and make stronger use of the global urea price hike that took place earlier in the year. The company's efforts in executing cost-optimization measures were maintained during the year, and continued to spill over into efficient use of its steady supply of raw materials.

Most notably, and during the second quarter of 2019, AlexFert completed a scheduled overhaul of its ammonia factory operations. An increased production capacity of c. 5% was added, which translates into an additional 15,000 tons of urea and 30,000 tons of ammonium sulphate on a yearly basis. The renovation, originally scheduled to be completed in 30 days, was finished in 18 days. Steady operations throughout the majority of the year, coupled with the increased production capacity following the overhaul, have allowed AlexFert to maintain its leading contribution to EKH's fertilizers and petrochemicals segment's revenues in 2019.

As the private fertilizers industry continues to witness deregulations and benefits from gradual energy subsidy removals, prospects grow for AlexFert in the local market as it looks to improve its positioning as a favored local producer and supplier. EKH expects the company to continue fortifying its positioning in both local and global markets, as urea remains among the company's key successful investments and the company continues to generate strong cashflow.

Effective Ownership



## International Petrochemical Investments Company

IPIC, a subsidiary of AlexFert, is an Egyptian joint-stock company established in 2012 with authorized capital of USD 1 billion and paid-in capital of USD 100 million. The company seeks to invest and acquire promising companies in the fertilizer and petrochemical industry, within and outside Egypt.

## Financial Highlights in FY19 (USD mn)

194.6

Total Revenues

66.5

Total EBITDA

52.0

Gross Profit

## Production Capacities in FY19 (ktpy)

396

Ammonia

650

Urea

165

Ammonium Sulphate





# Sprea Misr

INVESTMENT PORTFOLIO

Sprea Misr is EKH's wholly-owned petrochemicals and plastics products manufacturer. The company, founded in 1989, was acquired by EKH in 2007, and has since grown to become the largest Egyptian producer and exporter of diverse products that include urea, melamine, formaldehyde derivatives, molding compounds, glues, and resins, with specialized facilities for the production of Formica and power glue added to its roster in 2013. It has as such steadily grown to cover the needs of large, medium, and small companies in the country, boasting healthy market shares attained on the back of affordable prices, top-tier quality, and excellent after-sales services. It now also successfully covers over 80% of the formurea and Formica sheets market needs in Egypt. In 2016, Sprea Misr inaugurated its naphthalene formaldehyde (SNF) production line, a key additive to ready-mix concrete, whose market share stands at c. 30% today and continues to grow in an effort to overtake loose cement.

A diverse product mix has allowed Sprea Misr the opportunity to penetrate a vast array of markets, such as fertilizers, plastics, pharmaceuticals, textiles, automotive, construction, industrial manufacturing, water treatment, and more. The company has grown to become a leader in import substitutes in Egypt, and its resiliency and flexible production capabilities allow it to continuously upgrade its offerings and venture into new markets. It is thusly capable of regularly shuffling and expanding on its product range to cover more demands. As it expands its local reach, Sprea Misr has parallelly invested much of its efforts in increasing its export capacities. Its dedicated efforts have led international cement producers to certify it as a trusted supplier, and has led to the company becoming a vital addition to the international supply chain, paving the way for more export opportunities.

Sprea Misr's factory complex, located in 10th of Ramadan city, spans 41,439 square meters. Under EKH's guidance, the company has grown to become the most trusted supplier of petrochemicals and plastics products locally and across MENA, Europe and Latin America, with its exports reaching over 40 countries.

## 2019 Developments

Sprea Misr continued to impressively grow in 2019 on the back of its rising reputation as a trusted provider of high-quality and affordable import substitutes.

Cost-cutting initiatives deployed in 2018 remained in effect throughout this year, feeding the company's margins and sparking more initiatives to optimize use of raw materials. Throughout the year, the company also continued to effectively manage working capital and make the most of interest rate dips to further fuel efficiency across operations.

In continuing to uphold its strategic business model that fosters a two-pronged innovative approach to maintaining operational success, Sprea Misr was able to achieve excellent results locally and in exports in 2019. The company re-allocated new capacities and honed its focus on local markets throughout the year, which contributed to a growth in its majority share among several markets, the most prominent of which was the production of mica sheets, necessary for manufacturing medium-density fiberboards (MDF). The company also continued to expand its regional footprint, and succeeded in raising its export capacity from 23% in 2018 to 28% in 2019, fundamentally on the back of exporting Formica High Pressure Laminates.

Rising demand for ready-mix concrete in local markets is causing demand for SNF to rise, and Sprea Misr put plans in action to provide a dependable local substitute to cover market needs. As such, efficient measures were put in place in the beginning of 2019 to ramp up the utilization capacity of Sprea Misr's SNF production, which the company was looking to increase to c. 85% from 2018's c. 38%. Ramp up plans were hindered by a spike in foreign dumping of SNF into local markets, causing the company's utilization capacity to remain consistent at c. 38% to maintain efficient and lucrative production and distribution rates. By year-end, the Egyptian government had imposed regulations and limitations on foreign dumping in the market, to further encourage the localization of industries and safeguard local productions and market operations. The effects of the new regulations should reflect on operations during the second half of 2020.

As Sprea Misr continues to explore opportunities for long-term, accelerated growth, it places product innovation at the center of its plans. New initiatives to enhance the company's integration within EKH's platform should see it introduce products that complement operations at other EKH subsidiaries, while increasing its provisions to local and global export markets at the same time.

## Financial Highlights in FY19 (USD mn)

118.6

Total Revenues

35.1

Total EBITDA

37.7

Gross Profit

## Market Statistics in FY19

28%

Revenues from Export Sales

38+

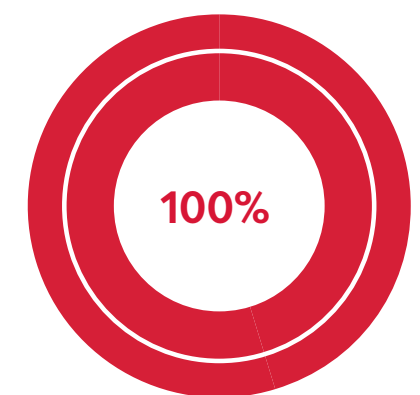
Countries of Export

85%

Market share in Egypt

Sprea Misr is currently assessing potential ventures into the production of non-formaldehyde derivatives like sulphuric acid, which is heavily utilized by its sister company AlexFert and which has significant demand in the market. As the company continues to seek new ventures and further diversify its offerings, it aims to add to the building blocks of its future as an integrated petrochemical player of choice, and a leading provider in local, regional, and major export markets.

### Effective Ownership





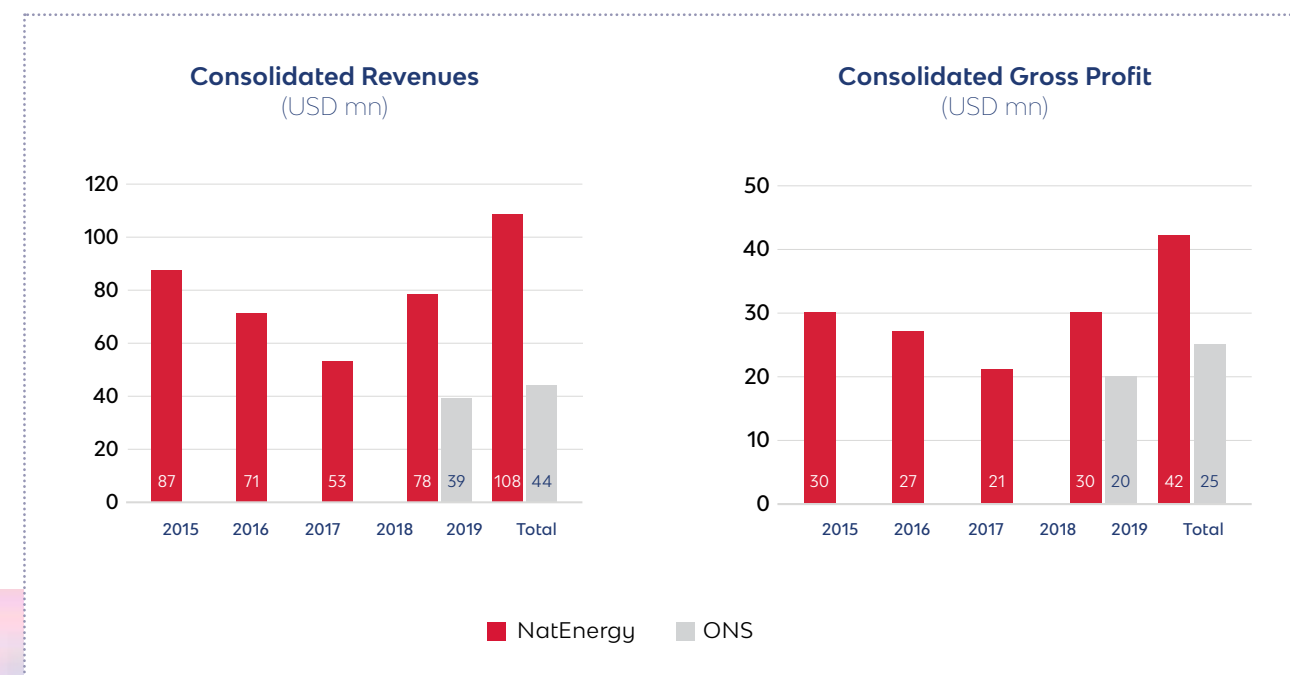


# Energy and Energy-Related

EKH's energy and energy-related investments are represented by its wholly-owned subsidiary NatEnergy and Offshore North Sinai (ONS). Through the companies, EKH is able to sustain some of the strongest operations in gas production and distribution in the country, as well as further capitalize on its electricity generation capacities. In 2019, the company also began venturing into electricity distribution, opening up new investment potentials for itself and for other private players in the market. EKH offers its gas distribution services to industrial clients and households. The companies have demonstrated excellent financial and operational results throughout the year, and continue to showcase growth potential as operational enhancements continue to be applied in an effort to extract maximum value and generate high returns.

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The companies have demonstrated excellent financial and operational results throughout the year, and continue to showcase growth potential.







# NatEnergy

INVESTMENT PORTFOLIO

NatEnergy was established by EKH in 2010 to lead the company's efforts in building and operating gas distribution networks, transmitting natural gas to power stations, providing district cooling services, and connecting homes to the national grid. The wholly-owned subsidiary also operates in electricity generation, and as of 2019 has become the first private company to venture into electricity distribution in Egypt, opening up new opportunities and revenue streams, with the support of the Egyptian government, for private players in electricity distribution.

As it continues to build up on its extensive expertise and understanding of the natural gas business, NatEnergy foresees considerable room for growth within the Egyptian market as natural gas connections continue to gain tract. With the Egyptian government's increasing efforts in pushing out propane cylinders and advocating for natural gas connections, coupled with its gradual removal of subsidies and increase in the prices of subsidized connections, stronger market opportunities open up for NatEnergy. Today, NatEnergy stands among the leading private sector producers and distributors of natural gas in the country, and is the largest private sector player in household connections.

Looking to replicate its successful gas distribution model, NatEnergy has also taken the lead in ushering private companies into electricity distribution in Egypt. The company continued to increase its generation efforts in 2019, and aims to reach 115 MW in total generation capacity. As ongoing deregulations and liberalizations of electricity pave the way for stronger participation from private companies and as Egypt implements growth strategies in line with its 2030 strategy for GDP growth, NatEnergy will continue to scale up its ventures into electricity. The company is committed to exploring untapped segments and identifying new possibilities for private sector players, in an effort to continuously innovate, create new opportunities in the market, and generate maximum returns.

Five wholly-owned subsidiaries operate under the umbrella of NatEnergy, which are NATGAS, Fayum Gas, Nubaria Gas, Gas Chill, and Kahraba. Through them, the company serves over 1.6 million household and industrial consumers across Egypt. NatEnergy also maintains strong strategic partnerships with global energy companies like Shell, Gail India, and Petroleum Gas co. (PETROGAS).

## Effective Ownership



## Financial Highlights in FY19 (USD mn)

108.2

Total Revenues

42.5

Total EBITDA

42.0

Gross Profit

## Consumers in FY19

1.6

Household

10,269

Commercial

789

Industrial

## Production Statistics in FY19

5.6

Gas Distributed (BCM/year)

34,000

Refrigerated Gas (ton)

7,740

Gas Pipes (km)

75

Electricity Generation (MW)



## Consolidated 2019 Developments

NatEnergy's business model prioritizes the uncovering of key growth drivers that generate solid, long-term results. It looks at new opportunities for the company across its expertise in upstream gas, coupled with stronger midstream and downstream involvements. It also puts new opportunities on the company's radar that allow it to replicate its successes with new ventures, and expand on successful management insights and action plans for stronger market resilience and higher returns.

In 2019, NatEnergy made significant strides in its gas operations, successfully connecting 171,656 households by year-end through NATGAS as governmental efforts in advocating against the traditional use of propane cylinders intensified. Furthermore, and as the Egyptian government continued to phase out subsidies and increased the price of subsidized connections from EGP 3,500 to EGP 3,850 in 2019, the company labored to increase its coverage of subsidized connections, which

reflected positively on its top-line. Ventures into both subsidized and unsubsidized connections remain a part of the company's efforts to balance its reach, and are essential to its future as it continues to strategically expand its network through NATGAS, Fayum Gas, and Nubaria Gas. Total connections made by NatEnergy since it began operations and till today stand at c. 1.6 million households connected.

Major operational expansions took place in Kahraba, NatEnergy's electricity subsidiary, on both its generation and distribution fronts, delivering a rise in profitability and solid margins in 2019, as well as promises of accelerated profitability in the coming years. The company increased its generation capacity from 38 MW in 2014 to 75 MW in 2019, which it is utilizing almost fully. It has also notably made progress in operational expansion into electricity distribution, taking its first step in utilizing its electricity distribution concession

by signing a 60 MW distribution contract with the Anshas Industrial Zone.

Growing promises in the natural gas and electricity segments leave EKH optimistic about long-term results. As it looks to maintain a balanced investment portfolio that see it grow its integrated platform and generate impressive results for shareholders, the company foresees significant value across NatEnergy's multi-pronged operations. In natural gas distribution, large potential is forecasted as the national occupancy rate steadily grows. As of 2019, it stood at c. 25 million households, with only c. 11 million connected to the National Gas Grid. This, coupled with the country's high rate of population growth and the potential lying in new concessions in areas like El Sheikh Zayed city and 6 October city, paves the way for ongoing growth in the coming years.

In electricity, massive potential lies ahead as NatEnergy plans to continue expanding its generation capacity in

2020. The company plans on adding 40 MW to Kahraba's existing capacity, bringing its total to 115 MW, 90% of which should be fully utilized by the end of 2021. By that time, the company also expects to begin recording the full impact of its 60 MW distribution concession in Anshas, which will be in full throttle through Kahraba's top-class, high-efficiency distribution powerplant.

Furthermore, and as it continues to grow its direct selling capacities, NatEnergy will maintain its unwavering efforts in creating high value for its consumers through competitive prices and serviceability. It is dedicated to providing services that go beyond the provision of a product and delve deeper into advisory, market analysis, and accommodation of its consumers' specialized needs. The company is also committed to constantly unlocking new value for its consumers, as it expands its commercial offerings and finesses its strategies to achieve premium benefits.





## NatEnergy Subsidiaries

### NATGAS

National Gas Company (NATGAS) was incorporated into NatEnergy's operations in 1998 as a local natural gas distributor under concession agreements signed with the Egyptian government. Since inception and to date, the company has delivered natural gas to over 1.3 million households, 9,043 commercial customers, 770 industrial customers, 15 CNG stations over Cairo, Giza, Alexandria, and Beheira, as well as two 300 MW power plants. The company depends on over 1,300 project management and application engineering experts in delivering, operating, and maintaining its turnkey projects and pipeline networks. It is constantly looking to deliver efficient and compliant technical solutions through its modern, automated techniques and sound finance, administration, and procurement structures.

### Fayum Gas

EKH partnered with Gail India in 2007 to acquire a majority stake in Fayum Gas — later placing it under NatEnergy — from Shell Gas BV. The company, established in 2000, finances, constructs, operates, maintains, and develops a natural gas system in the Fayum governorate, where it currently operates three concessions. As of today, Fayum Gas distributes c. 263 million m<sup>3</sup> of natural gas every year to over 300,000 households, 1,235 commercial customers, 18 industrial customers, and 4 CNG stations.

### Nubaria Gas

Nubaria Gas Company was established in 2003 to build a steel pipeline and pressure reduction station with a capacity of 480,000 m<sup>3</sup>/hr to supply natural gas to the West Nubaria power station, one of the largest power generation projects in Egypt producing 2,250 MW of power (more than the capacity of the Aswan High Dam). Nubaria Gas currently transports roughly 9.6 million m<sup>3</sup> of gas per day for a distance of 43 kilometers from Tanta to the Nubaria power station via a 24-inch, 70-bar, high-pressure steel pipeline that is maintained and operated by the company. The Nubaria power station also includes two steam turbines that use waste heat from the gas for combined-cycle power generation. Nubaria Gas operates both PRS and steel pipelines using the supervisory control and data acquisition (SCADA) system, allowing full control over every aspect of the gas transmission process.

### Gas Chill

Gas Chill is the only private sector district cooling company in Egypt. Since inception in 2006, the company has used world-class Japanese and European technology to deliver top-notch, environmentally-friendly cooling and heating solutions across Egypt and the MENA region. It continues to partner with Japanese Kawasaki Thermal Engineering and Italian ROBUR to offer energy



solutions that are characterized by high innovation and efficiency, and is the exclusive agent for Kawasaki Thermal Engineering in Egypt. The company uses consolidated know-how and expertise to deliver tailored solutions that include pre-sales and value engineering; installation, commissioning, and testing; project operation and facility management; and aftersales services. It also offers three types of financing services: build, own, operate (BOO); build, own, operate, transfer (BOOT); and engineering, procurement and construction (EPC). The company has served multiple high-profile clients in Egypt, some of which are Cairo Festival City, Eastern Company, Arkan Mall, Americana Plaza Sheikh Zayed and New Cairo, Concord Plaza New Cairo, Misr University for Science and Technology, and the General Authority for Investment.

Gas Chill specializes in creating district cooling systems, which utilize potable, treated seawater to create high functioning, customizable cooling solutions that distribute chilled water to multiple end users. District cooling systems use 40-60% less energy than traditional cooling systems and are cost-efficient, environmentally-friendly, and suited for large-scale, high-density developments. They also decrease initial capital investments, have lower annual maintenance costs, and reduce CO<sub>2</sub> emissions.

### Kahraba

Kahraba was established by EKH as a greenfield investment in 2004, and gradually expanded into a fully-fledged owner, operator, and maintainer of power generation stations, substations, and distribution networks. As it stands today, Kahraba has become a leader in the Egyptian power sector, with growth plans set for Africa and the MENA region. The company is licensed and linked to the Egyptian power transmission grid, and is licensed by the Egyptian Electricity Regulatory Authority to generate, sell, and distribute electricity to third parties. It delivers technical solutions known for high quality, value, and cost efficiency, and has so far undertaken considerable large-scale projects that include two centralized powerplants in Borg El Arab, Alexandria, with a total capacity of 65.8 MW, as well as the new American University in Cairo campus. As of year-end 2019, the company's generation capacity stood at 75 MW. Kahraba has also begun expanding into the electricity distribution market, starting with Anshas. Amid growing demand for electricity, targeting to reach its maximum generation capacity allowed of 115 MW in 2020, and should witness a steady rise in its distribution capabilities.





# Offshore North Sinai

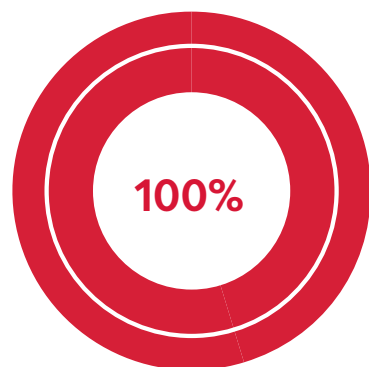
ONS, EKH's North Sinai concession, spans 560 square meters and is projected to hold 2,352 bcf in total natural gas resources and 112 MMbbl in condensates, according to 3D seismic surveys that were conducted in 2018. This translates into an estimated mean GIIP volume of 821 bcf at the shallow (Pliocene) layer, which includes dry gas, and deep-layer (Pre-Messinian) estimates of mean GIIP volumes of 1,531 bcf.

## 2019 Developments

2019 was a successful year for ONS, with the discoveries of additional reserves paving the way for extended production profiles and a ramp up in operations. Capitalizing on the results of the seismic surveys, ONS decided to extend the production profile of its Tao field, and proceeded to drill two new gas layers. It also executed its plans to drill four new wells in its Kamose field, with a 100% success rate as scheduled. The fourth well came online by year-end, bringing the field's total to six operational wells. As a result of the ramp up in operations, production rates increased from 25 mmscf/d at the beginning of the year to 80 mmscf/d by year-end, with the full effect of the ramp up expected to show by the end of 2020.

ONS expects to continue delivering value from its shallow and deep layer reserves, with the latter projected to significantly extend the production profiles of its fields over the next five years. The Expansion in upstream gas remains a key area of focus for EKH, as it continues proving its efficiency and capability in uncovering higher value and playing up the strengths of its concession to become an Eastern Mediterranean natural gas hub.

Effective Ownership



## Production Statistics in FY19

# 2,352

Potential Gas Resources (bcf)

# 821

Shallow-layer GIIP Volumes (bcf)

# 1,531

Deep-layer GIIP Volumes (bcf)

# 112

Condensates (MMbbl)





# Shield Gas

INVESTMENT PORTFOLIO

2019 saw EKH's acquirement of Shield Gas. The company is looking to replicate NatEnergy's successful model with Shield Gas in the United Arab Emirates where the government is now pushing for the introduction of centralized systems, creating a clear value creation opportunity for the company.

Effective Ownership







# Diversified

INVESTMENT PORTFOLIO

EKH continues to diversify its investments within strategic sectors and grow its integrated platform to make the most of Egypt's growing industrialization landscape, support local businesses with strong market positions, and shield the company from shifting macroeconomic conditions. Its portfolio so far includes cement production, telecommunications, infrastructure, and insurance. EKH owns c. 38% of the Building Materials Industries Company (BMIC) in Egypt, a country home to the largest cement market in Africa, with total consumption of c. 50 mtpa. Other group assets include Delta Insurance, Al-Shorouk for Melamine and Resins, Globe Technologies, and Bawabet Al Kuwait Holding Company.

## Consolidated 2019 Developments

In 2019, Delta Insurance, EKH's wholly-owned subsidiary, showed impressive growth under the guidance of the company as it responded to a pickup in the insurance market throughout the year. It delivered 58% of the diversified segment's net income, recording a net income of USD 5.5 million of the total segment's USD 9.5 million. Furthermore, EKH's MDF greenfield venture is progressing as planned, as the company looks to grow from being one of the main importers and traders of MDF in the country to become the first-ever local MDF producer. EKH is now in the phase of securing an industrial land contract for the project, where a specialized factory will be constructed. Production is expected to commence by the beginning of 2022.

Going forward, EKH plans to tackle investment opportunities that will serve the growth of its subsidiaries and play fundamental roles in integrating its platform. To limit import of raw materials, create local alternatives and in turn, extract synergies on an operational level, the company aims to play up investments in utilities and the feeding industry, to be able to better serve subsidiaries like Kahraba and Sprea Misr. In doing so, not only does EKH expect to provide stronger products and services to the local market, it also serves its purpose of becoming a fully-integrated petrochemical powerhouse, capable of providing unmatched services to local and global markets alike.



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EKH continues to diversify its investments within strategic sectors and grow its integrated platform.

## Financial Highlights in FY19 (USD mn)

97.9

Total Revenues

9.5

Net Income

5.5

Delta Insurance Net Income







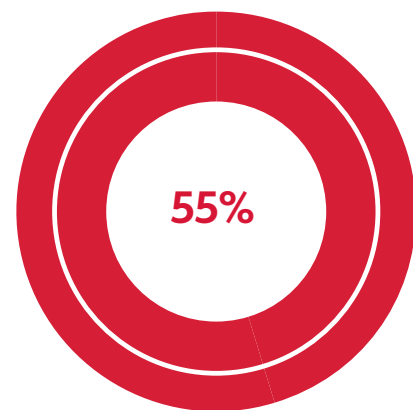
# Delta Insurance

INVESTMENT PORTFOLIO

Acquired by EKH in 1999, Delta Insurance is a publicly listed company with a competitive market position that now controls c. 5% of Egypt's insurance market share. The company offers services that range from corporate solution plans to individual protection plans and group life insurance plans. It operates through an extensive network of over 19 branches, with the support of over 300 trained and knowledgeable professionals. In July 2013, Delta Insurance was divided into Delta General and Delta Life, two companies with distinct Boards of Directors. The first provides medical, fire, vehicular, and marine insurance, and primarily serves corporate clients, while the latter provides traditional life insurance products and primarily serves individual customers. Delta Insurance also engages in reinsurance with leading local and global partners.

Established in 1981 with EGP 150 million in authorized capital and EGP 90 million in paid-up capital, Delta Insurance continued to command a strong and competitive market position that can make use of favorable trends in the non-bank financial services sector. In 2019, the company became one of EKH's wholly-owned subsidiaries.

Effective Ownership

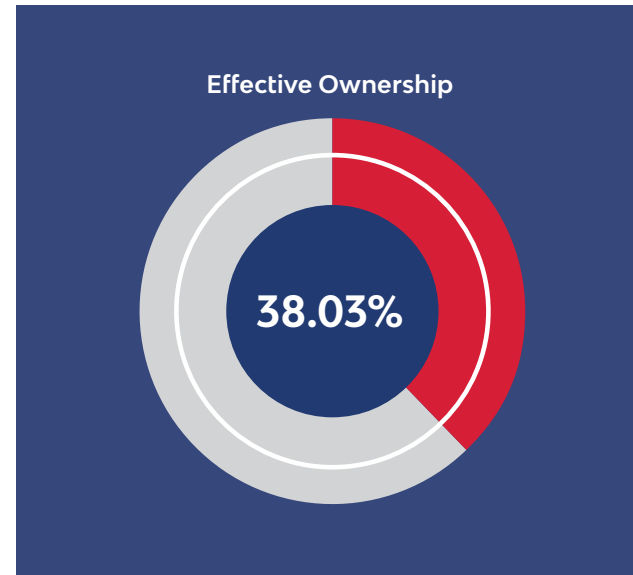






# Building Materials Industries Company (BMIC)

BMIC produces 1.8 million tons of cement and clinker per year at its mazut and natural gas-powered facility, using world-class European and German technologies. The company's products are in high demand in Upper Egypt, and it has put expansion plans in play to boost its production and cover the chronic deficit in Egypt's cement market. Its licenses also allow it to source its raw materials from some of the best quarries in Egypt, guaranteeing the production of top-quality cement. BMIC began as a greenfield investment in 2007, with total investments exceeding EGP 2 billion.



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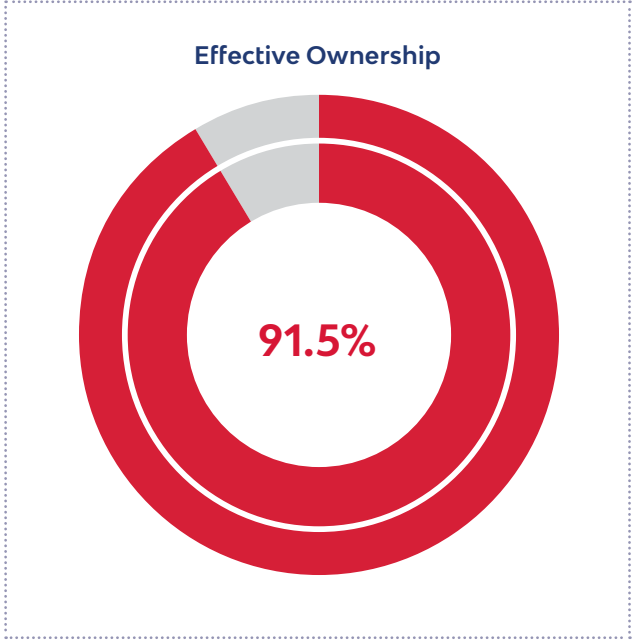
# Al-Shorouk for Melamine and Resins (Al-Shorouk)

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The company leads the market in quality and meticulous attention to health and safety.

Al-Shorouk is a tableware manufacturing company acquired by EKH in 2007. The company leads the market in quality and meticulous attention to health and safety, as it uses reliable urea, melamine, and other high-quality raw materials — sourced from Sprea Misr — in creating its products, which are then sold at affordable prices. It produces urea trays and melamine tableware using two separate production lines with a combined 86 presses and overall production capacity of 3,000 tons per annum at its facilities in Belbeise.

Consumer confidence has secured Al-Shorouk impressive positions in the local market, specifically within Cairo, Alexandria, Upper Egypt, and the Nile Delta, with a 91.5% market share for urea trays and a 10% market share for melamine table wear. The brand has also become popular across its export markets in the Middle East and Africa. Al-Shorouk was established in 1979 — originally under the name Al Sherif — with authorized capital of EGP 250 million and paid-in capital of EGP 38 million.







# Globe Technologies (GT)

GT specializes in technology systems geared toward facilitating business operations. The company was established as a greenfield investment in 2001 and is 100% owned by EKH. It currently has operations in Egypt, conducts in-house software research and development, and has partnerships with leading international firms such as Intergraph, Psion, and TomTom. GT is the sole and exclusive partner of Intergraph in Egypt and has agreements with PGESCO, in addition to being the main supplier for Enppi's Engineering Software.

Effective Ownership

100%

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The company was established as a greenfield investment in 2001 and is 100% owned by EKH.



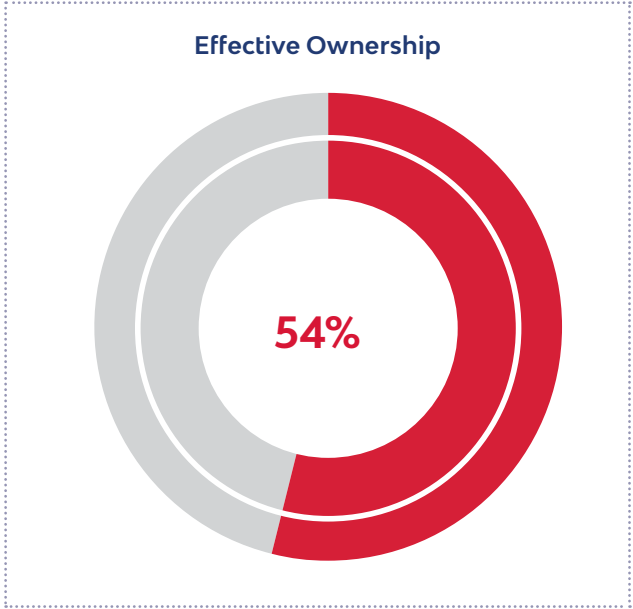




# Bawabet Al Kuwait Holding Company

INVESTMENT PORTFOLIO

Established in 2004 with both an authorized and paid-in capital of KWD 50 million, Bawabet Al Kuwait Holding Company is poised to become a major investor in the fertilizers and petrochemicals sector. BKH has ownership stakes in AlexFert and other petrochemical companies in the GCC. EKH acquired its stake in the company in 2004.







# Corporate Governance

EKH observes and promotes ethical practices across its businesses, allowing us to safeguard our stakeholders' interests and maintain a responsible work environment for our employees. On behalf of the EKH Board, the company continuously assesses its policies in relation to its Business Principles, Code of Conduct, Health, Safety, Security, and Environment (HSSE) policies, and all major issues of public concern. Our corporate governance policies are driven by international standards, such as the OECD Principles of Corporate Governance.

## Board of Directors

EKH's Board of Directors monitors the strategies and affairs of the company. A Managing Director is appointed from within the Board's ranks, whose responsibility is the implementation of their decisions and the company's executive actions. The Board includes 18 members, executive and non-executive directors, who have each been carefully chosen for their added value to the company thanks to their qualifications, expertise, and experience. The Board is comprised of 18 members including one Chairman and one Executive Director, whose responsibility is to carry out the Board's executive tasks and responsibilities. There are various mechanisms for Board interaction with shareholders and employees, including recommendations, upper-level directives, and communication with departments throughout EKH and its subsidiaries. The Board develops corporate and departmental plans to keep the company's shareholders informed and realize the company's goals. Reports and progress reports are followed up by the Board Chairman on monthly, quarterly, and semi-annually basis.

## Board Committees

EKH's Board of Directors effectively oversees and monitors the Group and its subsidiaries' Corporate Governance activities through these four committees:

- The Internal Audit Committee
- The Investment Committee
- The Communication Committee
- The Remuneration Committee (including Senior Executives at EKH)

## Risk Management

The Audit and Internal Audit Committees manage the Group's exposure to all types of risk, including but not limited to credit, liquidity, market, and capital management. The Internal Audit Committee reviews risk management procedures, including both regular and ad hoc, and upon completion, report the results directly to the Board

of Directors. The Board of Directors is responsible for establishing and overseeing the Group's risk management framework, identifying and analyzing risks facing the Group, setting risk limits and controls appropriately, and monitoring the adherence to those limits. EKH Management targets developing a disciplined and constructive control environment to assist employees in understanding their roles and obligations comprehensively.

## Transparency

EKH is fully committed to transparency in all their businesses and subsidiaries. The Internal Audit Committee works to ensure that the Group's operations are fully transparent and complying with the requirements of the Egyptian Exchange (EGX), where EKH is listed. This committee is comprised of four members; three non-executive Board members and one expert. The Audit Committee is tasked with investigating and revising the company's internal control procedures and compliance levels, applying precautionary measures in order to maintain the safety and stability of the Company and its assets, and ensuring that conflicts of interest are removed. An Internal Audit Department was established by the Audit Committee to review activities carried on by EKH and its subsidiaries, it regularly reports to the Internal Audit Committee and the Board of Directors.

## Audit and Internal Control Review Committee (AICRC)

EKH established the AICRC — an Audit Committee made up of three non-executive Board Members and one specialized on-board member — to oversee the integrity of the company's financial statements, ensure the compliance with any and all legal and regulatory requirements, and monitor the adequacy of the company's accounting and financial reporting, internal control, and related processes. Additionally, the committee is responsible for the independent evaluation conducted by the external auditors it appoints.

## Internal Audit Committee

EKH highly prioritizes internal audits given their benefits for the company, as they help better the business process which in turn increases stakeholders' value, reduces risks, and improves revenue. The internal audit committee guarantees the consistent implementation of good governance and ensures that effective processes and goals are established, well-communicated to concerned parties, implemented correctly, and monitoring the accomplishment of these goals to maintain accountability.

## Investment Committee

The Investment Committee's basic function is to communicate investment guidelines and evaluate, approve, and monitor existing investments at the Group or business unit level. The committee examines and assesses ideas rainmakers generate and assigns the M&A team with due diligence of the short-listed ideas, in addition to providing guidance and following up throughout the transaction. The committee meets quarterly.

## Communication Committee

The Communication Committee facilitates communications between upper management and the Board concerning the status of existing projects. The committee's core objectives include keeping the management team updated on projects developments, providing a platform for the management to exchange ideas, discussing the outcomes of subsidiary board meetings, and sharing knowledge gained from conferences. Like the Investment Committee, the Communication Committee meets on a quarterly basis.

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On behalf of the EKH Board, the company continuously assesses its policies in relation to its Business Principles, Code of Conduct, Health, Safety, Security, and Environment (HSSE) policies, and all major issues of public concern.







# Board of Directors

CORPORATE GOVERNANCE



**Mr. Moataz Al-Alfi**  
Chairman of the Board and CEO

In addition to his role at Egypt Kuwait Holding, Mr. Al-Alfi is the Chairman of Americana Group, Egypt; Board member of the Cairo Poultry Company; Founder and Chairman of Al-Alfi Foundation for Human and Social Development; as well as Member of the Board of Trustees of the American University in Cairo and the Magdi Yacoub Heart Foundation.



**Mr. Loay Jassim Al-Kharafi**  
Vice Chairman of the Board

Mr. Al-Kharafi serves as Vice President of Mohamed Abdulmohsin Al-Kharafi and Sons Group; Chairman of Al-Mal Investment Co.; Vice Chairman of Kuwait Pipe Industries and Oil Services Co., Egypt; Chairman of International Pipe Industries Co., Egypt; Chairman of EMAK for Hotels and Tourism Development Co., Egypt; and Vice Chairman of MAK Holding for Investment Co., Egypt. He is also the owner of a legal firm and a member of the Kuwaiti Lawyers Association.



**Mr. Sherif El-Zayat**  
Chief Executive Officer

Mr. El-Zayat brings to EKH a wealth of experience in a wide cross-section of relevant industries. He was, until recently, founder and chief executive of Misr Glass Manufacturing Co. (MGM), having previously worked as Managing Director and Deputy Chairman of Al-Ahram Beverages Co. Mr. El-Zayat is a member of the Board of Directors of the Chamber of Chemical Industries (part of the Federation of Egyptian Industries) and serves as Chairman of its Diversified Chemicals Division. He has also served as a Board Member of the Egyptian Chemical and Fertilizers Export Council since 2008.



**Mr. Ibrahim Mahlab**  
Board Member

Mr. Mahlab brings over 40 years of experience in the fields of engineering, construction, and public administration. He previously served as the Prime Minister of Egypt and as Minister of Housing, Utilities, and Urban Communities where he oversaw the development of numerous significant national infrastructure projects. He is currently the Executive Director of Bayt El Khebra Group after spending three years as the Presidential Assistant for Strategic and National Projects. Mr. Mahlab also served as Chairman and CEO of the Arab Contractors Company where he directed the company's regional expansion across the MENA region and Africa. He has served as a board member on the boards of Suez Canal Bank, El Nasr Castings, the Civil Engineering Studies and Research Center, and the Building and Housing Research Center. Mr. Mahlab has also served on the Board of Trustees of the French University in Egypt as well as the Algerian-Egyptian Business Council and the Egyptian-Saudi Business Council.



**Mr. Saad Al-Saad**  
Board Member

Mr. Al-Saad is Chairman and Managing Director of National Industries Group Holding Company and Managing Director of MABANEE. He serves as Chairman of the Board of Eagle Proprietary Investments Limited and as a member of the Board of Directors at Seera Investment Bank. Mr. Al-Saad is former Vice Chairman and Board Member of Kuwait National Petroleum Company (KNPC), former Vice Chairman of Contracting and Marine Services, and former Chairman of the Kuwait Association of Accountants and Auditors. He previously served on the Board of Directors at the Gulf Cable and Electrical Company, Kuwait Cement Company, National Bank of Kuwait, Kuwait Aviation Fueling Company (KAFCO), Saudi Sand Lime Bricks and BM Company, the Higher Council for Planning, and Delta Insurance Company.





**Mr. Abdel Mohsen Al-Fares**

Board Member

Mr. Al-Fares is Chairman and Managing Director of Kuwait Lebanon Holding Company. He also serves on the Board of Directors at MTC Vodafone, Kuwait Telecommunications, and Consultancy Information Group.



**Mr. Marzouk Al-Ghanim**

Board Member

Mr. Al-Ghanim serves as Chairman of Boubyan Petrochemical Company and Kuwait Sports Club, Vice Chairman of Ali Thanyan Al-Ghanim and Sons Group, and CEO of Al-Ghanim and Sons Automotive Company. He is also a member of the Board of Directors at National Gas, Egypt; Jebail Chemical Industries, Saudi Arabia; Quality Net Company, Kuwait; Globe Telecom, Egypt; and Investment House, Kuwait.



**Mr. Assad Al-Banwan**

Board Member

Mr. Al-Banwan is Chairman of Mobile Telecommunications Company KSC (Zain), Kuwait; Chairman of Zain, Jordan; Chairman of Seera Bank, Bahrain; Chairman and Managing Director of Foras International Investment Co., KSA; and Chairman of the Union of Investment Companies, Kuwait. He is also Vice Chairman of Zain, Bahrain; Gulf Cable and Electrical Industries Company KSC, Kuwait; Gulf Investments, KSA; the Business Owners Union; and Al Mutahed, KSA. He is also a member of the Board of Directors at Zain; Holland, Iraq and Lebanon.



**Mr. Hussein Al-Kharafi**

Board Member

Mr. Al-Kharafi is Managing Director of Khalid Ali Al-Kharafi and Bros. Company and Chairman of the Kuwait Industrial Union. He is also a member of the Board of Directors at the Chamber of Commerce and Industry, a member of the Public Authority of Industry, and a member of the Board of Trustees at the Australian College of Kuwait.



**Mr. Ayman Laz**

Board Member

Mr. Laz is Director and Advisor to the Chairman at EKH. He has been associated with the Al-Kharafi Group for over 30 years and with EKH since its inception. Prior to his association with EKH and the Al-Kharafi Group, Mr. Laz worked with Chase-National Bank, where his last position was Credit Manager. Mr. Laz has served on the Board of Directors of a leading state-owned Egyptian bank, an international joint venture bank operating in Egypt and Telecom Egypt. He also served on the Board of Trustees for Investment in Egypt and on the Board of Directors of The Egyptian Center for Economic Studies (ECES). Mr. Laz has served and continues to serve on the Boards of Directors of leading Egyptian private sector companies operating in a number of key industries. He holds a degree in economics from the American University in Cairo.



**Sheikh Mubarak Abdulla Al-Mubarak Al-Sabah**

Board Member

His Excellency Mr. Al-Sabah is Group Vice Chairman at Action Group Holdings Company (KSCC) Kuwait, Founder of Action Real Estate Company (AREC), Chairman of Action Hotels W.L.L., Founding Chairman of Al Qurain Petrochemical Industries Company KSC, and Chairman of Kuwait-Austria Business and Friendship Association (KABFA). He is also Vice Chairman of the Board of Trustees at the Abdullah Mubarak Foundation, a member of the Board of Directors at Equate Petrochemicals Company, and was honored as a Young Global Leader (YGL) in 2009 by the World Economic Forum.



**Eng. Amin Abaza**

Board Member

Eng. Abaza is Chairman of the Arab Cotton Ginning Co.; CEO of Modern Nile Cotton Company; President of the Cotton Exporters Association; Member of the Board of Directors of the Egyptian General Authority for Investments; as well as former Minister of Agriculture and Land Reclamation of the Arab Republic of Egypt (2006-2011).





**Mr. Talal Jassim Al-Kharafi**  
Board Member

Mr. Al-Kharafi is the Chairman of Gulf North Africa Holding Company, Kuwait; Vice Chairman of Heavy Engineering Industries and Shipbuilding Co., Kuwait; Board Member of Kuwait Chamber of Commerce and Industry, Kuwait; Board Member of Asia Capital Investments Company, Kuwait; as well as former Board Member of The Industrial Bank of Kuwait.



**Mr. Husam Mohamed El-Sayed**  
Board Member

Mr. El-Sayed is the Executive Director of Al-Khair National For Stocks and Real Estate Co., Kuwait, the investment arm of Al-Kharafi Group; Chief Financial Officer of Al-Kharafi Group in Lebanon and Syria; Chairman of RYMCO UK LTD, London; Board Member of Al-Nasr Gardens Holding, Kuwait; Rasamny Younis Motor SAL (RYMCO), Lebanon; Executive Board Member of United Insurance Company SAL (UIC), Syria; Board Member of Kharafi Cham for Utilities Development LLC, Syria; and the National Company For Plastic Industries WLL, Syria. Mr. El-Sayed was previously Chairman of Menajet Holding SAL, Lebanon and a Board Member of First National Bank SAL (FNB), Lebanon.



**Eng. Ismail Osman**  
Board Member

Eng. Osman is Senior Advisor for Osman Ahmed Osman Group; Board Member and Secretary General of the Egyptian Business Association; Deputy Secretary General for the Federation of Arab Businessmen; Vice President of the Egyptian Federation for Construction and Building Contractors; Senior Vice President of the Arab Federation for Construction and Building Contractors; Chairman of the Local Council, Ismailia Governorate; and Chairman of the Board at the Giza Educational Cooperative Society (Misr Language Schools).



**Mr. Mohamed Kamel**  
Board Member

Mr. Kamel is Chief Executive Officer of the Egyptian Resorts Company (ERC). Prior to joining ERC, he spent eight years with KATO Investment, one of Egypt's largest and most diversified industrial and services conglomerates. Mr. Kamel held several roles in different divisions of KATO, including sales and marketing, operations and project management, business development, and finally, group Vice President of Strategy at KATO Investment's headquarters. While at KATO, he was instrumental in creating the first modern privately held bonded warehouse at Cairo International Airport, and managed the debt-raising process from European banks for the aerospace division. Mr. Kamel also worked as a consultant with Bain and Company in their London offices following his MBA. Mr. Kamel holds a Bachelor's in Economics with high honors from the American University in Cairo and an MBA with distinction from Harvard Business School.



**Mr. Marzouk Nasser Al-Kharafi**  
Board Member

Mr. Al-Kharafi is the Chairman of Kuwait Food Company (AMERICANA), Kuwait; Chairman of Kharafi National Infrastructure Projects Development, Construction and Services Co., Egypt; Kharafi National Co., Bahrain; Utilities Development Co. (UDC), Kuwait; and Egyptian Company For Utilities Development Co., Egypt; Vice Chairman of Kuwait Syrian Holding Co., Kuwait; Vice Chairman of ABJ Industries, Abu Dhabi; Board Member of ABJ Engineering and Contracting Co., Kuwait; Board Member of Makhazen Co., Abu Dhabi, UAE; Partner at Kharafi National, Lebanon; General Manager of Kharafi National Co., Abu Dhabi/Dubai; General Manager of Lebanese Utilities Co., Lebanon; General Manager of Emirates Utilities Holding Co., UAE; General Manager of Quality Technical Supplies Co., Kuwait/Abu Dhabi; General Manager of Instant Access Professional and Technical Training Center Co., Abu Dhabi; General Manager of Instant Access Co. For Sales and Rentals of Construction Equipment, Qatar; Director in the Group Executive Committee of M.A. Kharafi & Sons, Kuwait; Managing Director of Aluminum Industries Co., Kuwait; and the Executive Manager of Kharafi National Co., KSA.





**Mr. Hussam Al-Kharafi**

Board Member

Mr. Al-Kharafi is the chairman of MAK Investments Group of Companies, Port Ghalib, Egypt; Head of Real Estate Sector and Urban Development - Mohammed Abdulmohsin Al-Kharafi & Sons Co., Kuwait; Member of the Executive Committee of Mohammed Abdulmohsin Al-Kharafi and Sons Group, Kuwait; Board Member of the National Industries Group (Holding), Kuwait; Former Chairman of Noor Financial Investment Company; Former President of the Kuwait Society of Engineers; Former Board Member of Boubyan Bank, Kuwait; Former Board Member of Al-Ahleia Insurance Co., Kuwait; Former Board Member of National Real Estate Co., Kuwait; and Former Board Member of Mabanee Co., Kuwait.



**Mr. Waleed El Zorba**

Board Member

Mr. Waleed El Zorba is the Managing Director of Nile Holding Company, a family-owned group leading the way in Egyptian ready-made garment exports. In 2010 and 2012, the Egyptian Minister of Trade and Industry appointed Mr. El-Zorba to the Egypt-US Business Council. Between 2008 and 2010, he was an elected member of the American Chamber of Commerce in Egypt's Board of Governors. He was also appointed in 2015 to the Export Council of Readymade Garments and Council of Qualified Industrial Zones by the minister to help promote and propagate the success of Egypt's textile industry. He holds a BA in Economics from University of Southern California.





# Management Team

CORPORATE GOVERNANCE



**Mr. Moataz Al-Alfi**  
Chairman of the Board and CEO



**Mr. Ayman Laz**  
Advisor to the Chairman and CEO



**Mr. Sherif El-Zayat**  
Chief Executive Officer



**Mr. Medhat Bonna**  
Group Chief Financial Officer



**Mr. Khaled El-Demerdash**  
Group Legal Counsel



**Mr. Tamer Badrawi**  
Chief Human Resources and  
Communication Officer



**Mr. John Baracat**  
Chief Operating Officer – New Ventures



**Mr. Hany Ezzat**  
Group Treasurer



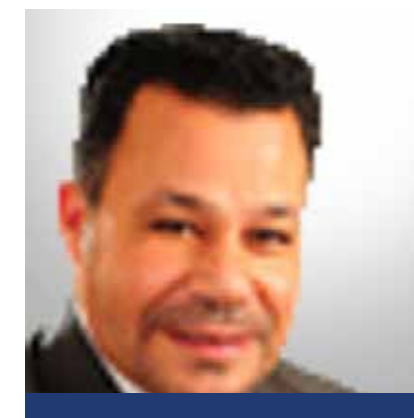
**Mr. Hany Azzam**  
Head of Corporate Governance



**Mr. Mohamed Wafaei**  
Head of Internal Audit



**Mr. Elhamy El Sheikh**  
Senior Sector Head — Gas Distribution  
and Electricity



**Mr. Sayed Hussein**  
Sector Head — Cement



**Mr. Alaa El Banna**  
Senior Sector Head — Fertilizers and  
Upstream Oil and Gas



**Mr. Haitham Abdel Moneim**  
Investor Relations Director





# Our People

## OUR PEOPLE

EKH and its subsidiaries are committed to investing in the acquisition, development, and retention of over 5,000 employees. The Group firmly believes that its success is largely derived from its human capital, which serves as a key driver of the company's growth.

EKH's HR department kept its primary focus on creating a favorable work environment for its employees where their wellbeing and continued growth was a key priority. The department worked throughout 2019 to establish policies that would allow employees to meet their full potential by ensuring that their needs are met and fostering a proactive and healthy work culture. The Group's strict transparency and health and safety policies are there to ensure the wellbeing of all its employees. To reward the Group's employees fairly, the HR department also devised a well-rounded compensation policy containing a wide range of benefits including health and life insurance in addition to employee grants.

We continued to refine the HR Development Program, which develops a comprehensive HR governance framework at the Group level and applies that system throughout our portfolio companies allowing the centralization of the HR system. The program began in 2017 and the department has been diligently working to refine and grow it to achieve maximum employee satisfaction.

Building on the Group's belief in developing its employees' capacities and helping them grow in their careers, EKH created comprehensive training programs to ensure employees not only develop their skillsets, but also enhance their talents in accordance to the company's needs and growth goals. The training programs concentrate on technical knowhow and develop the employees' leadership, time management, as well as an array of soft skills to compliment technical learning.

EKH's thorough recruitment process is based on the company's aim to attract the best available calibers in the market through integrating DDI interview methods into its hiring process. After hiring, the company ensures employees undergo a comprehensive onboarding system including an induction program, job rotations, and a standardized succession plan to ensure a smooth process.

Employee satisfaction is a pillar of EKH's HR department, as it leads to the company retaining its best employees. This is achieved through recognizing and rewarding top-achieving employees. The Group's 'Developing Leaders Program' has been developed to incentivize top-performing employees by offering them a wide array career-development programs and benefits.

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EKH's HR department kept its primary focus on creating a favorable work environment for its employees where their wellbeing and continued growth was a key priority.







# Corporate Citizenship and Social Responsibility

EKH's involvement in its local communities remains a cornerstone in the company's commitment to corporate citizenship and social responsibility. EKH and its subsidiaries' support for initiatives aimed at alleviating poverty, providing quality education, and increasing healthcare access is in line with its belief that attainable and affordable access to healthcare service and education are crucial for the sustainable development of the communities in which it operates.

## Education and Vocational Training

AlexFert reached out to 30 neighboring schools and helped over 1,800 students in various stages pay for their tuition fees. The company also procured computers to build computer labs for two local schools in Alexandria. It continued to support Alexandria University students

through contributions to a fund for underprivileged students and an annual charity clothing market.

NatGas continued to sponsor the 'Training for Development' program for the ninth consecutive year. The program provides students from financially burdened families the opportunity for vocational and technical training in the areas of mechanical engineering, plumbing, construction, and electrical engineering. Students are provided with training at some of Egypt's top organizations, including Arab Contractors, Rich Bake, Mobica, Kahal, and Abu El Reesh Hospital, among others. At the end of training, students are offered job opportunities at participating companies.

## Community Development

During the holy month of Ramadan, EKH delivered over 2,000 food packages to families in need. The company also assisted over 800 families with a monthly allowance through local NGOs and distributed 2,000 winter jackets for local primary and middle school students.

## Healthcare

As part of its efforts to bolster Egypt's healthcare industry and give back to the local community, particularly those with limited access to healthcare services, EKH has worked extensively over the course of the year to restore local healthcare facilities and supply local public and university hospitals with state-of-the-art equipment.

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EKH's involvement in its local communities remains a cornerstone in the company's commitment to corporate citizenship and social responsibility.







# Consolidated Financial Statements

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Despite a backdrop of market volatility, EKH efficiently exploited the upsides deriving from its unique asset configuration in 2019.





# 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 at December 31, 2019, 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.

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Egypt Kuwait Holding Company as at December 31, 2019, 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

Public Accountants & Consultants

Cairo, February 26, 2020



## Consolidated Statement of Financial Position

as at December 31, 2019

All numbers are in US Dollars	Note No.	31/12/2019	2018 (Restated)	31/12/2017 (Restated)
<b>Assets</b>				
<b>Non-current assets</b>				
Equity - accounted investees (associates Companies)	(8)	7 115 188	16 275 216	29 201 428
Available -for- sale Investments	(9)	13 562 361	32 476 669	28 860 567
Financial assets at amortized cost	(10)	130 667 336	99 769 120	108 551 255
Property, plant and equipment and projects under construction	(11)	247 240 804	253 824 725	232 895 979
Exploration & development assets	(12)	87 764 078	27 799 143	24 591 508
Goodwill	(13)	63 044 332	60 591 626	52 413 767
Intangible assets	(14)	3 135 663	8 804 525	14 595 297
Biological assets	(15)	765 449	-	-
Notes receivables		1 089 685	283 156	11 727 932
<b>Total non-current assets</b>		<b>554 384 896</b>	<b>499 824 180</b>	<b>502 837 733</b>
<b>Current assets</b>				
Cash and cash equivalents	(16)	120 025 608	203 332 717	220 090 486
Financial assets at amortized cost	(10)	375 206 499	170 080 844	137 185 652
Financial assets at fair value through profit or loss	(17)	48 126 690	11 990 883	15 024 540
Trade & notes receivables	(18)	81 558 020	70 015 294	57 949 549
Other current assets	(19)	67 539 515	50 798 584	41 788 673
Inventory	(20)	71 136 984	77 047 727	60 225 430
Work in process	(21)	39 514 422	30 307 435	6 718 212
Non current assets held for sale	(22)	13 255 557	-	4 552 500
<b>Total current assets</b>		<b>816 363 295</b>	<b>613 573 484</b>	<b>543 535 042</b>
<b>Total assets</b>		<b>1 370 748 191</b>	<b>1 113 397 664</b>	<b>1 046 372 775</b>
<b>Equity and Liabilities</b>				
<b>Equity of the parent Company</b>				
Issued & paid up capital	(23)	256 110 292	256 110 292	256 110 292
Legal reserve	(24)	127 240 575	126 248 763	125 178 004
Other reserves	(24)	( 121 605 778)	( 141 526 773)	( 139 803 466)
Share-based payments	(25)	9 549 602	17 561 848	17 561 848
Retained earnings	(26)	303 457 398	244 884 678	214 517 285
Treasury shares	(27)	-	( 221 050)	-
<b>Total equity of the owners of the parent Company</b>		<b>574 752 089</b>	<b>503 057 758</b>	<b>473 563 963</b>
Non-controlling interests	(28)	218 525 369	205 417 102	212 842 786
<b>Total equity</b>		<b>793 277 458</b>	<b>708 474 860</b>	<b>686 406 749</b>
<b>Non-current liabilities</b>				
Long-term loans	(29)	72 139 732	18 003 469	36 441 090
Other long-term liabilities	(30)	1 490 124	2 011 494	7 871 026
Deferred tax liabilities	(31)	21 079 258	23 254 655	24 367 095
<b>Total non-current liabilities</b>		<b>94 709 114</b>	<b>43 269 618</b>	<b>68 679 211</b>
<b>Current liabilities</b>				
Provisions	(32)	24 989 085	19 374 686	33 206 603
Banks overdraft		1 052 868	94 994	577 005
Portion due during a year of long-term loans	(29)	46 400 400	26 998 321	25 924 898
Bank facilities	(33)	109 313 199	54 574 219	67 537 852
Suppliers, contractors, notes payable & other credit balances	(34)	179 369 647	164 152 671	145 103 664
Insurance policyholders rights	(35)	90 624 355	69 081 331	-
Accrued income tax		31 012 065	27 376 964	18 936 793
<b>Total current liabilities</b>		<b>482 761 619</b>	<b>361 653 186</b>	<b>291 286 815</b>
<b>Total liabilities</b>		<b>577 470 733</b>	<b>404 922 804</b>	<b>359 966 026</b>
<b>Total equity and liabilities</b>		<b>1 370 748 191</b>	<b>1 113 397 664</b>	<b>1 046 372 775</b>

\* The accompanying notes on pages from (x) to (xx) 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 & Managing Director  
**Al-Moataz Adel Al- Alf**

## Consolidated Statement of Income

for the financial year ended December 31 , 2019

All numbers are in US Dollars	Note No.	31/12/2019	31/12/2018 (Restated)
<b>Continuing Operations</b>			
Revenues	(36)	523 941 754	461 984 536
Cost of revenue recognition	(37)	( 353 127 573)	( 316 627 970)
<b>Gross profit</b>		<b>170 814 181</b>	<b>145 356 566</b>
Income from investments	(38)	36 415 269	23 062 499
Other income	(39)	6 807 744	22 209 806
Selling & distribution expenses	(40)	( 4 187 680)	( 4 107 229)
General & administrative expenses		( 33 962 098)	( 29 517 358)
Other expenses	(41)	( 6 063 329)	( 14 700 430)
<b>Net operating profit</b>		<b>169 824 087</b>	<b>142 303 854</b>
Interest income		20 249 549	26 754 355
Financing expenses		( 13 716 609)	( 12 061 904)
Net profit from foreign currency translation differences		2 687 652	( 5 864 340)
<b>Net financing cost</b>		<b>9 220 592</b>	<b>8 828 111</b>
Company's share of profit of Equity - accounted investees (associates Companies)		3 217 633	3 827 250
<b>Net profit for the year before income tax</b>		<b>182 262 312</b>	<b>154 959 215</b>
Income tax	(42)	( 31 112 474)	( 27 204 163)
<b>Net profit for the year from continuing operations</b>		<b>151 149 838</b>	<b>127 755 052</b>
<b>Discontinuing Operations</b>			
Losses from discontinuing operations	(43)	-	( 2 540 164)
Non-Controlling intrests in profit from discontining operation	(43)	-	-
<b>Net profit for the year</b>		<b>151 149 838</b>	<b>125 214 888</b>
<b>Net profit attributable to:</b>			
Owners of the Parent Company		115 601 288	95 112 870
Non-controlling interests	(28)	35 548 550	30 102 018
<b>Net profit for the year</b>		<b>151 149 838</b>	<b>125 214 888</b>
<b>Net profit from continuing operations attributable to:</b>			
Owners of the Parent Company		115 601 288	97 653 034
Non-controlling interests	(28)	35 548 550	30 102 018
<b>Net profit from continuing operations</b>		<b>151 149 838</b>	<b>127 755 052</b>
<b>Earning per share (US cent / Share)</b>	(44)	<b>9.69</b>	<b>8.08</b>
<b>Earning per share from continuing operation (US cent / Share)</b>	(44)	<b>9.69</b>	<b>8.33</b>

\* The accompanying notes on pages from (x) to (xx) are an integral part of these consolidated financial statements and to be read therewith.



Consolidated Statement of Comprehensive Income
for the financial year ended December 31 , 2019

All numbers are in US Dollars	2019	2018
Net profit for the year	151 149 838	125 214 888
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Available -for- sale Investments	( 9 400 341)	2 783 634
	( 9 400 341)	2 783 634
Items may be reclassified subsequently to profit or loss		
Net financing cost	28 332 061	2 007 541
Deduct: Adjustments for reclassified losses in the profit or loss	-	( 6 183 113)
	28 332 061	( 4 175 572)
Total other comprehensive income for the period after deducting tax	18 931 720	( 1 391 938)
Total comprehensive income	170 081 558	123 822 950
Total comprehensive income attributable to:		
Owners of the Parent Company	135 522 283	93 389 563
Non-controlling interests	34 559 275	30 433 387
Total comprehensive income	170 081 558	123 822 950

\* The accompanying notes on pages from (x) to (xx) 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, 2019

	Reserves													(Restated)
	Notes	Issued & paid up capital	Legal reserve	Special reserve - Share premium	General reserve	Fair value reserve	Translation reserve	Total other- reserve	Share-based payment	Retained earnings	Treasury shares	Total equity of the owners of the parent Company	Non- controlling interests	Total equity
(26)	Balance as at January 1, 2018 (before adjustment)	256 110 292	125 178 004	57 954 547	8 380 462	5 081 987	(211 220 462)	(139 803 466)	17 561 848	218 489 193	-	477 535 871	212 842 905	690 378 776
	Prior year adjustments	-	-	-	-	-	-	-	-	(3 971 908)	-	(3 971 908)	(119)	(3 972 027)
(26)	Balance as at January 1, 2018 (after adjustment)	256 110 292	125 178 004	57 954 547	8 380 462	5 081 987	(211 220 462)	(139 803 466)	17 561 848	214 517 285	-	473 563 963	212 842 786	686 406 749
	Total comprehensive income	-	-	-	-	-	-	-	-	95 112 870	-	93 389 563	30 433 387	123 822 950
(26)	Net profit for the year	-	-	-	-	-	-	-	-	95 112 870	-	95 112 870	30 102 018	125 214 888
	Other comprehensive income	-	-	-	-	1 061 563	(2 784 870)	(1 723 307)	-	-	-	(1 723 307)	331 369	(1 391 938)
(26)	Total comprehensive income	-	-	-	-	1 061 563	(2 784 870)	(1 723 307)	-	95 112 870	-	93 389 563	30 433 387	123 822 950
	Transactions with owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-
(26)	Transferred to legal reserve	-	1 070 759	-	-	-	-	-	-	(1 070 759)	-	-	-	-
	Dividends distribution for shareholders	-	-	-	-	-	-	-	-	(50 303 242)	-	(50 303 242)	-	(50 303 242)
(26)	Dividends distribution for employees and board members	-	-	-	-	-	-	-	-	(12 603 305)	-	(12 603 305)	(3 397 139)	(16 000 444)
	Dividends distribution for non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(12 961 732)	(12 961 732)
(26)	Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(768 171)	-	(768 171)	(6 945 296)	(7 713 467)
	Treasury shares	-	-	-	-	-	-	-	-	-	(221 050)	(221 050)	-	(221 050)
(26)	Total transactions with owners of the Company	-	1 070 759	-	-	-	-	-	-	(64 745 477)	(221 050)	(63 895 768)	(23 304 167)	(87 199 935)
	Other changes	-	-	-	-	-	-	-	-	-	-	-	-	(14 554 904)
(26)	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(14 554 904)
	Total other changes	-	-	-	-	-	-	-	-	-	-	-	-	(14 554 904)
(26)	Balance as at December 31, 2018	256 110 292	126 248 763	57 954 547	8 380 462	6 143 550	(214 005 332)	(141 526 773)	17 561 848	244 884 678	(221 050)	503 057 758	205 417 102	708 474 860
	Balance as at January 1, 2019 (before adjustment)	256 110 292	126 248 763	57 954 547	8 380 462	6 143 550	(214 005 332)	(141 526 773)	17 561 848	248 856 586	(221 050)	507 029 666	205 417 221	712 446 887
(26)	Prior year adjustments	-	-	-	-	-	-	-	-	(3 971 908)	-	(3 971 908)	(119)	(3 972 027)
	Balance as at January 1, 2019 (after adjustment)	256 110 292	126 248 763	57 954 547	8 380 462	6 143 550	(214 005 332)	(141 526 773)	17 561 848	244 884 678	(221 050)	503 057 758	205 417 102	708 474 860
(26)	Comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
	Net profit for the year	-	-	-	-	-	-	-	-	115 601 288	-	115 601 288	35 548 550	151 149 838
(26)	Other comprehensive income	-	-	-	-	(6 036 528)	25 957 523	19 920 995	-	-	-	19 920 995	( 989 275)	18 931 720
	Total comprehensive income	-	-	-	-	(6 036 528)	25 957 523	19 920 995	-	115 601 288	-	1 35 522 283	34 559 275	170 081 558
(26)	Transactions with owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-
	Transferred to legal reserve	-	991 812	-	-	-	-	-	-	(991 812)	-	-	-	-
(26)	Dividends distribution for shareholders	-	-	-	-	-	-	-	-	(50 860 331)	-	(50 860 331)	-	(50 860 331)
	Dividends distribution for employees and board members	-	-	-	-	-	-	-	-	(13 858 048)	-	(13 858 048)	(3 924 430)	(17 782 478)
(26)	Dividends distribution for non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(16 919 492)	(16 919 492)
	Net changes in share based payments	-	-	-	-	-	-	-	-	8 012 246	-	-	-	-
(26)	Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	181 629	-	181 629	(334 413)	(152 784)
	Sale of treasury shares	-	-	-	-	-	-	-	-	487 748	221 050	708 798	375 828	1 084 626
(26)	Total transactions with owners of the Company	-	991 812	-	-	-	-	-	-	(8 012 246)	(57 028 568)	221 050	(63 827 952)	(20 802 507)
	Other changes	-	-	-	-	-	-	-	-	-	-	-	-	(648 501)
(26)	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(648 501)
	Total other changes	-	-	-	-	-	-	-	-	-	-	-	-	(648 501)
(26)	Balance as at December 31, 2019	256 110 292	127 240 575	57 954 547	8 380 462	107 022	(188 047 809)	(121 605 778)	9 549 602	303 457 398	-	574 752 089	218 525 369	793 277 458

\* The accompanying notes on pages from (x) to (xx) are an integral part of these consolidated financial statements and to be read therewith.



## Consolidated Statement of Cash flows

for the financial year ended December 31 , 2019

All numbers are in US Dollars	Note No.	2019	2018
<b>Cash flows from operating activities</b>			
<b>Net profit for the year before income tax</b>		<b>182 262 312</b>	<b>152 419 051</b>
<b>Adjustments for:</b>			
Depreciation & amortization		43 840 709	42 131 833
Gain on sale of available-for-sale investments		(6 085 710)	-
Company's share of profit of Equity - accounted investees (associates Companies)		(3 217 633)	(3 827 250)
Changes in fair value of financial assets at fair value through profit and loss		(1 511 274)	( 107 791)
Financing expenses		13 716 609	12 061 904
Interest income		(20 249 549)	(26 754 355)
Capital gain		( 32 115)	( 114 068)
Provisions no longer required		( 184 277)	(16 207 330)
Provisions formed		5 689 627	2 065 002
Reversal of impairment loss on other current assets		(3 018 923)	(3 808 530)
Impairment loss on other current assets		373 702	833 677
Reversal of impairment loss on inventory		-	( 13 207)
Impairment loss on investments value		-	11 801 751
Foreign currency translation differences reclassified to profit or loss		-	(6 183 113)
Income from investments in treasury bills and governmental bonds		(27 921 639)	(15 129 830)
Losses from discontinuing operations		-	2 540 164
		<b>183 661 839</b>	<b>151 707 908</b>
<b>Change in:</b>			
Financial assets at fair value through profit or loss		(34 624 533)	3 141 448
Trade & notes receivables		(12 349 255)	( 8 728)
Other current assets		(12 222 490)	3 761 616
Inventory		5 910 743	(15 018 258)
Work in progress		(9 206 987)	(23 589 223)
Suppliers, contractors, notes payable & other credit balances		(1 420 952)	532 196
Insurance policyholders rights		21 543 024	7 610 927
Time deposits		(6 660 904)	2 288 249
Provisions used		( 629 775)	( 768 073)
Income tax paid		(31 773 834)	(21 209 622)
<b>Net cash from operating activities</b>		<b>102 226 876</b>	<b>108 448 440</b>
<b>Cash flows from investing activities</b>			
Interest collected		18 376 329	26 529 185
Subsidiaries acquisition (net cash acquired)		-	( 733 337)
Payments for acquisition of property, plant and equipment, projects under construction, intangible assets	(45)	(17 529 101)	(39 664 249)
Payments for acquisition of biological assets		( 765 449)	-
Payments for acquisition of exploration & development assets	(45)	(50 871 588)	(12 821 468)
Proceeds from sale of property, plant and equipment, projects under construction, intangible assets		613 936	191 309
Proceeds from (payments for) sale of available-for-sale investments		20 301 978	(2 553 778)
Proceeds from (payments for) financial assets at amortized cost		(165 049 076)	67 747 959
<b>Net cash from (used in) investing activities</b>		<b>(194 922 971)</b>	<b>38 695 621</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and bank facilities		224 674 199	145 367 264
Payment of loans and bank facilities		(96 396 877)	(175 695 095)
Payment of financing expenses		(13 716 609)	(12 061 904)
Payments for acquisition of non-controlling interests		( 152 784)	(7 713 467)
Non-controlling interests		(1 637 776)	(30 492 310)
Proceeds from sale of treasury shares		1 084 626	-
Dividends paid for non-controlling interests		(20 575 337)	-
Dividends paid		(64 718 133)	(62 906 547)
<b>Net cash from (used in) financing activities</b>		<b>28 561 309</b>	<b>(143 502 059)</b>
Foreign currency translation differences of accumulated financial statements		16 262 056	(2 798 014)
Net change in cash and cash equivalents during the year		(47 872 730)	843 988
Balance of cash and cash equivalents at beginning of the year		220 561 115	219 717 127
<b>Balance of cash and cash equivalents at end of the year</b>	(16)	<b>172 688 385</b>	<b>220 561 115</b>

\* The accompanying notes on pages from (6) to (65) 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, 2019

All numbers are in US Dollars if otherwise isn't mentioned

### 1. Company's background and activities

- Egypt Kuwait Holding Company "The 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. 8 of 1997, concerning Investment Incentives & Guarantees and Law No. 95 of 1992 concerning Capital Market. The Company was registered in Giza Governorate Commercial Registry under No. 114648 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.
- The Company's financial year starts on January 1st and ends on December 31st each year.
- The Company's purpose is represented in investment in all activities stated in Article 1 of Law No. 230 of 1989, provided that its object does not include accepting deposits or performing banking transactions and comprise the following activities: -

A-Securities underwriting and promotion.

B-Participation in Companies, which issue securities or increasing their capital.

C-Venture capital.

- In addition, the Company is entitled to establish other projects or modify its purposes in conformity with the Investment Law. The Company is also entitled to establish or participate in projects not governed by the Investment Law subject to the approval of the General Investment Authority & General Capital Market Authority.
- On March 6, 2002 the General Investment Authority gave permission to the Company to use the excess funds in investing outside the Arab Republic of Egypt by participating in establishing companies & contributing to projects & portfolios of marketable securities managed abroad.
- The registered office of the Company is located at 14 Hassan Mohamed El Razaz St.-Dokki - Egypt. Mr. Al Moataz Adel AL-Alfi is the Chairman of the Company.
- The Company is listed in the Egyptian Stock Exchange of the Arab Republic of Egypt and Kuwait Stock Exchange.
- The consolidated financial statements comprise the financial statements of Egypt Kuwait Holding Company (the Parent Company) & its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. The Group is involved in several activities which are represented in investment activities, selling & supplying of natural gas activity, drilling, petroleum & petrochemicals services activity, fertilizers activity, exploration & exploitation of oil, natural gas activity, chill technology by natural gas activity, communications and selling & distributing of chemicals & plastic activity, manufacturing of Formica chips & MDF of all types and sizes, and the activity of life insurance and responsibilities and properties insurance.

### 2. Basis of preparation of the consolidated financial statements

#### a) Statement of compliance

- These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The consolidated financial statements were authorized for issuance by the Board of Directors of the Company on February 26, 2020.



## b) Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following: -

- Derivatives financial instruments measured at fair value.
- Financial assets at fair value through profit or loss.
- Available-for-sale investments measured at fair value.

## c) Functional and presentation currency

The consolidated financial statements are presented in USD, which is the Parent Company's functional currency.

## d) Use of estimates and judgments

- The preparation of the consolidated financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.
- The estimates and underlying assumptions are reviewed on an ongoing basis.
- Revisions to accounting estimates are recognized in the period in which the estimate is 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.

## e) Measurement of fair values

- The fair value of financial instruments is measured based on the market value of the financial instrument or a similar financial instrument as at the financial statements date without deducting any estimated future selling costs. The value of financial assets is determined by the current purchase prices of these assets whereas, the value of financial liabilities is determined by the current prices which can be used to settle these liabilities.
- In case of inactive market exists to determine the fair value of the financial instruments, the fair value is estimated using the different valuation techniques while considering the prices of the transactions recently made and using the current fair value of the other similar financial instrument as a guide significantly – discounted cash flows method - or any other valuation method that results in reliable values.
- On using the discounted cash flows method as a valuation technique, the future cash flows are estimated based on best estimate of management and the used discount rate is determined in light of the prevailing price in market as at the financial statements date of similar financial instruments with respect to their nature and conditions.

## 3. Significant accounting policies

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

### 3-1 Business combination

- The Group accounts for business combination using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for Impairment. Any gain on a bargain purchase is recognized in profit or loss immediately.
- Transaction cost are expensed as incurred, except if related to the issue cost of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-existing relationship. 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 met the definition of financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

### a) Subsidiaries

Subsidiaries are entities controlled by the Group.

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

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

### b) Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### c) 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 statement of income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### d) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. 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.

e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. An unrealized loss is eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3-2 Foreign currency

a) 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:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to consolidated income statement);
- 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.

b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition during the preparation of the financial statements, are translated into USD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into USD at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

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

3-3 Property, plant and equipment & depreciation

a) Recognition and measurement

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant & equipment is recognized in consolidated statement of income.

b) 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.

c) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in consolidated income statement. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives are as follows:

Asset	Years
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

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



3-4 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 it intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and are ready for their intended use.

3-5 Exploration 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 an exploration well are initially capitalized pending 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.
- 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.

3-6 Intangible assets

3-6-1 Recognition and measurement

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

Exploration and development  
Expenditure on research activities is recognized in profit or loss as incurred.  
Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in as profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

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

3-6-2 Subsequent expenditures

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which related to research projects and development under construction and are recognized as intangible asset. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3-6-3 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 consolidated statement of income. Goodwill is not amortized.

3-7 Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories:

Financial liabilities at fair value through profit or loss and other financial liabilities category.

3-7-1 Non-derivative financial assets and liabilities- recognition and disposal

The Group initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.



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

### 3-7-2 Non-derivative financial assets - measurement

#### 3-7-2-1 Financial assets measured at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

#### 3-7-2-2 Financial assets held – to – maturity

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

#### 3-7-2-3 Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

#### 3-7-2-4 Available for sale investments

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, the accumulated gain or loss recognized in OCI is reclassified to consolidated statement of income.

### 3-7-3 Non-derivative financial liabilities - measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

## 3-8 Inventory

Inventories are measured at the lower of cost and net realizable value. The Cost of inventories is based on the moving average principle and 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.

## 3-9 Work 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.

## 3-10 Construction contracts in progress

Construction contracts in progress represents the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs incurred plus profits recognized to date less progress billings and recognized losses.

In the statement of financial position, construction contracts in progress for which costs incurred plus recognized profits exceed progress billings and recognized losses are presented as trade and other receivables.

Contracts for which progress billings and recognized losses exceed costs incurred plus recognized profits are presented as deferred income/revenue. Advances received from customers are presented as deferred.

## 3-11 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on re-measurement are recognized in consolidated income statement.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

## 3-12 Debtors and other debit balances

Debtors are initially recorded at fair value and subsequently at amortized cost with impairment test.

## 3-13 Cash and cash equivalents

For the purpose of preparing the consolidated statement of cash flows, "cash & cash equivalents" comprise cash at banks & on hand, time deposits with original maturities of three month or less.

## 3-14 Impairment of assets

### a) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.



For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

#### Financial assets measured at amortized cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.

If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

#### Available for sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale in profit or loss are not reversed.

#### Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

#### b) Non-financial assets

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

For impairment testing, assets are grouped together into the smallest group 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 good-will 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 previous years.

### 3-15 Provisions

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 unwinding of the discount is recognized as finance cost.

### 3-16 Loans and bank facilities

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs.

Subsequent to initial recognition interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the consolidated income statement over the period of the borrowings on an effective interest basis.

### 3-17 Trade payables and other credit balances

Trade payables and other credit balances are initially recorded at fair value and subsequently at amortized cost after deduction of transactions cost.

### 3-18 Share capital

#### a) Ordinary shares

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

#### b) Repurchase and reissue of ordinary share

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.

#### c) Dividends

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



### 3-19 Equity settled share – based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

### 3-20 Revenue

Revenue is measured at the fair value of the consideration received or receivable and is recognized when it is probable that the future economic benefits will flow to the entity and the amount of the revenue can be measured reliably. No revenue is recognized if there are uncertainties regarding the recovery of that consideration due or associated costs.

#### Sale of goods revenues

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.

#### Service revenues

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.

#### Revenues & costs of construction contracts

Revenue from construction contracts is recognized in the income statement according to the percentage of completion through calculating what is accomplished from the clauses of the contract.

The contract costs are measured through calculating what is spent from the clauses of contract for the stage in which the revenue is recognized. The contract costs include all direct costs from materials, labor, subcontractors and overheads related to the execution of contract clauses like indirect labor and maintenance expenses as it also includes the general and administrative expenses spent directly on the contracting works.

The provision for estimated losses according to the construction contracts in progress is formed - if any- in the financial period during which those losses are assessed.

#### Natural gas distribution revenues

Revenue is recognized when gas is converted to the clients

#### Natural gas sales commission

Network operating commissions and gas distribution are recognized according to the amounts distributed to clients & the agreed upon prices and in some areas, commission are recognized according to the actual commission or the minimum – take commission whichever is longer.

#### Sale of electricity

Revenue is recognized upon issuance of customers' electricity consumption invoices.

#### Insurance activity revenue

Revenues from long-term insurance policies are fully recognized in the consolidated statement of profit or 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 investments - insurance sector

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 profit or loss of each insurance branch, (properties branches - individuals) 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,

#### 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 upon receipt of the transfer of ownership to the buyer on the basis of the difference between the selling price and its carrying amount at the date of disposal.

#### Interest income and Dividends

Interest income or expense is recognized according to accrual basis of accounting and 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.

### 3-21 Expenses

#### a) Lease payments

Payments under leases are recognized in the consolidated income statement on a straight-line basis over the terms of the lease.

#### b) 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 income statement 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 period. 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 income statement as they are incurred according to accrual basis of accounting.

#### c) Income tax

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

##### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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

##### Deferred tax

Deferred tax is recognized in respect 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 not recognized for:

- taxable temporary differences arising on the initial recognition of goodwill
- temporary differences on the initial recognition of assets or liabilities in a transaction that:
  1. is not a business combination
  2. Neither affects accounting nor taxable profit or loss.
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

The measurement 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. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

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

#### d) General Authority for Investments fees

Companies established under the provisions of the Investment law and according to the Free Zones System are not subject to income tax. However, according to the Investment law, 2% of the total revenues of these companies are due to General Authority for Investments. The said fees are calculated and charged to the consolidated income statement according to the accrual basis of accounting.

### 3-22 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

When an operation is classified as a discontinued operation, the comparative consolidated income statement and statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

### 3-23 Earnings per share

Earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

### 3-24 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.

### 3-25 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

### 3-26 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 amount of claims related to casualties reported before the year end and still valid at the date of the financial position.



3-27 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.

3-28 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.

3-29 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.

3-30 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.

4. 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 policy-holders 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 are 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, taking into account 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, and 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 provides 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.

**5. Financial risk management**

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

- Credit risk
- Liquidity risk
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the 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 suddenly 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.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables based on historical data of transactions with them.

## 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.

## Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries.

## 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.

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 available for sale equity securities and management of the Group monitors the equity securities in its investment portfolio based on market indicates.

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 so as 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 year 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 might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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

6. New Issues and Amendments issued to the Egyptian Accounting Standards (EAS’s) and have not been adopted yet

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015 , which include some new accounting standards as well as introducing amendments to certain existing standards. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (38) as ammended “ Employees Benefits “	Anumber of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Benefit Plans	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (42) as ammended “ Consolidated Financial State-ments”	Some paragraphs related to the exclusion of the Investment Entities from the consolidation process were added . This amendment has resulted in introducing an amendment to some of the standards related to the subject of the Investment Entities. The standards that were ammended are as follows: <ul style="list-style-type: none"> <li>• (ESA 15) Related Party Disclosures</li> <li>• ( ESA 17)Consolidated and Separate Financial Statements</li> <li>• ( ESA 18) Investments in Associates</li> <li>• (ESA 24) Income Taxes</li> <li>• (ESA 29)Business Combinations</li> <li>• ESA( 30) Periodical Financial Statements</li> <li>• EAS (44) Disclosure of Interests in Other Entities.</li> </ul>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted. <ul style="list-style-type: none"> <li>• The new or amended Paragraphs pertaining to the amended standards concerning the investment entities shall apply on the effective date of Egyptian Accounting Standard No. (42) “Consolidated Financial Statements”, as amended and issued in 2019</li> </ul>

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
The new Egyptian Accounting Standard No. (47) “Financial Instru-ments”	<ol style="list-style-type: none"> <li>The new Egyptian Accounting Standard No. (47), “Financial Instruments”, super-sedes the corresponding related issues included in the Egyptian Accounting Standard No. (26), “Financial Instruments: Recognition and Measurement”. Accord-ingly, Egyptian Accounting Standard No. 26 was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</li> <li>Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</li> <li>When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</li> <li>based on the requirements of this standard the following standards were amended :                             <ul style="list-style-type: none"> <li>• Egyptian Accounting Standard No. (1)“Presentation of Financial Statements” as amended in 2019 ]</li> <li>• Egyptian Accounting Standard No. (4) -“Statement of Cash Flows”.</li> <li>• Egyptian Accounting Standard No. (25) - “Financial Instruments: Presentation.</li> <li>• Egyptian Accounting Standard No. (26) - “Financial Instruments: Recognition and Measurement”.</li> <li>• Egyptian Accounting Standard - EAS No. (40) - “Financial Instruments: Disclosures “</li> </ul> </li> </ol>	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards Nos.(1), (25), (26) and (40) are to be simultaneously applied. <ul style="list-style-type: none"> <li>• These ammendments are effective as of the date of implementing Standard No. (47) ]</li> </ul>



New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
<b>The new Egyptian Accounting Standard No. (48) - “Revenue from Contracts with Customers”</b>	1. The new Egyptian Accounting Standard No. (48) - “Revenue from Contracts with Customers” shall supersede the following standards and accordingly such standards shall be deemed null and void: a- Egyptian Accounting Standard No. (8) - “Construction Contracts” as amended in 2015. b- Egyptian Accounting Standard No. (11) – “Revenue” as amended in 2015.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	Standard No(48) applies to financial periods beginning on or after January1st, 2020, and the early
	2. For revenue recognition, Control Model is used instead of Risk and Rewards Model.		
	3. incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met		
	4. the standard requires that contract must have a commercial substance in order for revenue to be recognized		
	5. Expanding in the presentation and disclosure requirements		

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
<b>The new Egyptian Accounting Standard No. (49) “Lease Contracts</b>	1. The new Egyptian Accounting Standard No. (49) “Lease Contracts” shall supersede and revoke Standard No. (20), “Accounting Rules and Standards related to Financial Leasing” issued in 2015	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) “Revenue from Contracts with Customers” is simultaneously applied. Except for the above-mentioned date of enforcement, Standard No. (49) applies to lease contracts that were subjected to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. 20,”Accounting rules and standards related to financial leasing” as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.
	2. The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company’s assets and recognizes a liability that represents the present value of the unpaid lease payments under the company’s liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating l or finance lease contracts.		
	3. As for the lessor, he shall classify each lease contract either as an operating lease or a finance lease contract.		
	4. As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract.		
	5. As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis.		

## 7. Segment reporting

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.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

### Business segments

The Group comprises the following main business segments:

- Oil & gas sector.
- Fertilizers & chemicals sector.
- Other operations.

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

### Geographical segments

Segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets

### Segment sector

	Oil & gas sector			Chemicals & fertilizers sector			Other operations			Discontinuing Operations			Total	
	2019	2018		2019	2018		2019	2018		2019	2018		2019	2018
Revenues	163 842 304	118 668 934		317 809 587	310 305 604		42 289 863	33 009 998		-	-		523 941 754	461 984 536
Net operating profit	67 403 982	50 977 845		78 612 328	61 395 764		26 190 218	29 930 245		-	-		172 206 528	142 303 854
Financing expenses	(1 472 964)	(1 426 758)		(553 719)	(1 632 858)		(11 689 926)	(9 002 288)		-	-		(13 716 609)	(12 061 904)
Interest income	2 003 430	1 671 806		5 360 905	10 949 430		12 885 214	14 133 119		-	-		20 249 549	26 754 355
Company's share of profit / (loss) of Equity - accounted investees (associates Companies)	3 110 304	3 827 251		-	-		107 329	-		-	(2 540 165)		3 217 633	1 287 086
Net profit before income tax	70 826 102	55 031 693		86 509 954	71 414 580		24 926 256	28 512 942		-	-		182 262 312	154 959 215
Income tax	(11 649 324)	(8 404 001)		(19 280 534)	(18 510 833)		(182 616)	(289 329)		-	-		(31 112 474)	(27 204 163)
Net profit for the year	59 176 777	46 627 693		67 229 420	52 903 747		24 743 641	28 223 613		-	(2 540 165)		151 149 838	125 214 888
Total assets	404 868 846	294 296 947		609 563 068	532 567 330		343 060 720	286 533 387		13 255 557	-		1 370 748 191	1 113 397 664
Equity - accounted investees (associates Companies)	6 940 362	3 830 058		-	-		174 826	12 445 158		-	-		7 115 188	16 275 216
Total liabilities	239 979 512	193 309 052		138 126 975	93 663 257		199 364 246	117 950 495		-	-		577 470 733	404 922 804
Depreciation & amortization	(17 792 636)	(16 514 101)		(24 944 604)	(25 037 803)		(1 103 469)	(579 929)		-	-		(43 840 709)	(42 131 833)



## 8. Equity-accounted investees (associates Companies)

	Ownership %	31/12/2019	31/12/2018
<b>Investments not listed in stock exchange</b>			
Building Materials Industries Co. (S.A.E.)	-	-	34 175 480
TOSS Co. (Limited Liability Co.- Cayman Islands)	28.07	6 940 362	3 830 058
Inayah Egypt for Medical care Programs Management Co.	20	174 826	55 928
Egyptian Tankers Co. (S.A.E.- Free Zone)	30	17 128 175	17 128 175
		<b>24 243 363</b>	<b>55 189 641</b>
Impairment losses		(17 128 175)	(38 914 425)
		<b>7 115 188</b>	<b>16 275 216</b>

## 9. Available – for – sale investments

	Ownership %	31/12/2019	31/12/2018
<b>Investments measured at fair value</b>			
Portfolios managed by abroad investment manager	-	1 391 204	19 649 028
Local companies' securities listed in the Egyptian Stock Exchange (EGX)	-	2 395 561	3 052 045
<b>Investments measured at cost*</b>			
United Arab Chemical Carriers Co.	1.19%	14 112 997	14 112 997
MOG Energy Co.- previously named Tri Ocean Co. **	15.27%	34 462 504	34 462 504
TOD Company	28.07%	2 807	2 807
		<b>52 365 073</b>	<b>71 279 381</b>
Impairment losses		(38 802 712)	(38 802 712)
		<b>13 562 361</b>	<b>32 476 669</b>

\* Investments are not listed in the Egyptian Stock Exchange (EGX) and are recorded at cost, due to the difficulty of determining the fair value thereof in a reliable manner.

\*\* This amount is represented in the value of direct investments in MOG Energy Co. "Tri Ocean Co." previously, accordingly lost control over this Company during the year 2016. A lawsuit was filed before the court by the management of MOG Energy Co. - under No. 433 for year 2016 related to a case of misappropriation of significant funds. The first hearing of the case was set before the Southern Cairo Criminal Court on November 24, 2018 and the call has been delayed several times, most recently on March 2, 2020.

No negative impact was reflected neither on the financial statements of MOG Energy Co. nor on the consolidated financial statements or separate financial statements belonging to the Company, as in case of collecting amounts from the defendants, a positive impact shall be reflected on the financial statements of MOG Energy Co. An impairment loss was fully formed for this investment in the consolidated financial statements.

## 10. Financial assets at amortized cost

	31/12/2019	31/12/2018
Portfolios (bank deposits) held at a foreign bank	90 003 411	89 326 568
Portfolios (treasury bills) held at an abroad investment manager	175 578 012	10 027 500
Investment certificates at local banks "Insurance Sector"	98 241 895	68 691 275
Governmental bonds	22 626 081	20 308 945
Treasury bills	109 625 076	70 726 776
Designated governmental bonds "Insurance Sector"	9 799 360	10 768 900
	<b>505 873 835</b>	<b>269 849 964</b>
<b>Classified as follows:</b>		
Short term (due within one year)	375 206 499	170 080 844
Long term (due after one year)	130 667 336	99 769 120

## 11. Property, plant and equipment and PUC

	Land	Buildings & construction	Vehicles & transportation	Furniture & office equipment	Machinery & equipment	Tools & supplies	Stations, generators & electric transformers	Computer, software & decorations	Leasehold improvements	Projects under construction	Total
Cost as at 1/1/2018	17 180 026	52 901 621	9 914 644	6 701 415	400 792 449	2 291 353	37 424 657	4 049 887	1 169 170	25 154 067	557 579 289
Additions	1 930 310	257 183	1 230 703	495 814	3 804 760	66 682	25 063 752	1 027 743	5 150	-	33 882 097
Change in projects under construction	-	-	-	-	-	-	-	-	-	(3 909 074)	(3 909 074)
Assets acquired through business combination	8 782 687	3 414 274	1 020 673	826 568	1 582 460	-	106 537	1 477 428	129 785	-	17 340 412
Disposals	-	(117 470)	(216 540)	(29 916)	(15 026)	(20 793)	-	(8 913)	(22 000)	-	(430 658)
<b>Cost as at 31/12/2018</b>	<b>27 893 023</b>	<b>56 455 608</b>	<b>11 949 480</b>	<b>7 993 881</b>	<b>406 164 643</b>	<b>2 337 242</b>	<b>62 594 946</b>	<b>6 546 145</b>	<b>1 282 105</b>	<b>21 244 993</b>	<b>604 462 066</b>
Cost as at 1/1/2019	27 893 023	56 455 608	11 949 480	7 993 881	406 164 643	2 337 242	62 594 946	6 546 145	1 282 105	21 244 993	604 462 066
Additions	156 573	1 205 905	858 172	663 863	5 395 226	19 497	6 117 100	473 833	613	-	14 890 782
Change in projects under construction	-	-	-	-	-	-	-	-	-	(4 483 866)	(4 483 866)
Disposals	-	-	(113 038)	(107 561)	(1 016 247)	-	(523 597)	(22 213)	(57 673)	-	(1 840 329)
<b>Cost as at 31/12/2019</b>	<b>28 049 596</b>	<b>57 661 513</b>	<b>12 694 614</b>	<b>8 550 183</b>	<b>410 543 622</b>	<b>2 356 739</b>	<b>68 188 449</b>	<b>6 997 665</b>	<b>1 225 045</b>	<b>16 761 127</b>	<b>613 028 653</b>
<b>Depreciation and impairment loss</b>											
Accumulated depreciation and impairment loss as at 1/1/2018	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	20 432 120	8 227 126	5 224 915	211 471 155	1 783 017	7 286 988	3 153 041	690 485	-	258 268 847
Accumulated depreciation of disposals	-	1 947 980	433 137	295 991	17 526 284	29 464	1 798 751	535 704	37 007	-	22 604 318
Accumulated depreciation of assets acquired through business combination	-	(68 692)	(211 269)	(29 427)	(15 026)	(20 793)	-	(8 210)	-	-	(353 417)
<b>Net book value as at 31/12/2018</b>	<b>27 893 023</b>	<b>32 673 155</b>	<b>2 570 488</b>	<b>1 874 694</b>	<b>176 468 295</b>	<b>545 554</b>	<b>53 446 570</b>	<b>1 793 346</b>	<b>554 613</b>	<b>21 244 993</b>	<b>319 064 731</b>
Effect of change in foreign exchange rates	(7 099 010)	(10 452 735)	(1 002 801)	(873 552)	(27 250 983)	(427 126)	(19 636 053)	(106 457)	(102 198)	1 710 909	(65 240 006)
<b>Net book value as at December 31, 2018</b>	<b>20 794 013</b>	<b>22 220 420</b>	<b>1 567 687</b>	<b>1 001 142</b>	<b>149 217 312</b>	<b>118 428</b>	<b>33 810 517</b>	<b>1 686 889</b>	<b>452 415</b>	<b>22 955 902</b>	<b>253 824 725</b>
Net book value as at 31/12/2019	28 049 596	31 581 417	2 765 494	2 094 854	163 495 523	526 688	57 377 894	1 614 703	461 536	16 761 127	304 728 832
Effect of change in foreign exchange rates	(5 440 271)	(10 349 944)	(897 873)	(757 191)	(25 675 232)	(419 597)	(15 601 231)	(113 048)	(98 231)	1 864 590	(57 488 028)
<b>Net book value as at December 31, 2019</b>	<b>22 609 325</b>	<b>21 231 473</b>	<b>1 867 621</b>	<b>1 337 663</b>	<b>137 820 291</b>	<b>107 091</b>	<b>41 776 663</b>	<b>1 501 655</b>	<b>363 305</b>	<b>18 625 717</b>	<b>247 240 804</b>

## 12. Exploration & development assets

	Producing wells	Equipment / field services	Total
<b>Cost</b>			
As of 1/1/2018	23 149 221	6 854 406	30 003 627
Additions	17 000 000	-	17 000 000
Adjustments	( 643 254)	-	( 643 254)
<b>As of 31/12/2018</b>	<b>39 505 967</b>	<b>6 854 406</b>	<b>46 360 373</b>
<b>As of 1/1/2019</b>	39 505 967	6 854 406	46 360 373
Additions	51 000 000	27 041 500	78 041 500
Adjustments	(4 200 000)	-	(4 200 000)
<b>As of 31/12/2019</b>	<b>86 305 967</b>	<b>33 895 906</b>	<b>120 201 873</b>
<b>Accumulated amortization, depletion, and impairment losses</b>			
As of 1/1/2018	4 651 719	91 026	4 742 745
Amortization	13 560 407	258 078	13 818 485
<b>As of 31/12/2018</b>	<b>18 212 126</b>	<b>349 104</b>	<b>18 561 230</b>
<b>As of 1/1/2019</b>	18 212 126	349 104	18 561 230
Amortization	12 973 270	903 295	13 876 565
<b>As of 31/12/2019</b>	<b>31 185 396</b>	<b>1 252 399</b>	<b>32 437 795</b>
<b>Carrying amount at 31/12/2018</b>	<b>21 293 841</b>	<b>6 505 302</b>	<b>27 799 143</b>
<b>Carrying amount at 31/12/2019</b>	<b>55 120 571</b>	<b>32 643 507</b>	<b>87 764 078</b>

## 13. Goodwill

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

	31/12/2019	31/12/2018
National Gas Co. (Natgas)	7 735 240	6 939 222
Sprea Misr	10 910 580	9 787 792
El Fayoum Gas Co.	1 589 420	1 425 855
Alex Fertilizer Co.	34 107 324	34 107 324
Delta Insurance Co.	3 598 685	3 228 350
Shield Gas Systems Co.	5 103 083	5 103 083
	<b>63 044 332</b>	<b>60 591 626</b>

\*The difference in the goodwill balance as of December 31, 2019 and the balance as of December 31, 2018 is represented in the effect of the translation from Egyptian Pound to US Dollar (financial statements' presentation currency).



## 14. Intangible assets

	Net as at 1/1/2019	Amortiza- tion	Translation differences	Net as at 31/12/2019
Deferred revenue charges <sup>*</sup>	1 363 494	(460 838)	134 288	1 036 944
Right to use <sup>**</sup>	5 941 031	(5 092 312)	-	848 719
Other assets <sup>**</sup>	1 500 000	(250 000)	-	1 250 000
	<b>8 804 525</b>	<b>(5 803 150)</b>	<b>134 288</b>	<b>3 135 663</b>

<sup>\*</sup> This item is represented in the additional actual costs related to Nubaria Electrical Station and pressure reduction station in Beheira government. Both stations will be delivered to the Egyptian Natural Gas Holding Company (EGAS) at the end of the agreement. Which will be amortized over 15 years.

<sup>\*\*</sup> This item represents in the amounts paid to others, whereby, it is expected to obtain future economic benefits to the subsidiary which will be amortized as follows:

Right to use	10 years
Other assets	8 years

## 15. Biological assets

The balance is represented in the acquisition cost of the tree forest (Eucalyptus and Casorina trees) which amounted to USD 765 449, this cost reflecting the fair value of the forest which was purchased by one of the group's subsidiaries and located on the leased land by the subsidiary during December 2019.

## 16. Cash and Cash equivalents

	31/12/2019	31/12/2018
Cash on hand	300 956	827 831
Bank – current accounts	32 939 260	79 341 285
Bank – time deposits (less than three month)	79 775 805	122 814 918
Bank – time deposits (more than three month)	7 009 587	348 683
	<b>120 025 608</b>	<b>203 332 717</b>

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

	31/12/2019	31/12/2018
Cash and Cash equivalents	120 025 608	203 332 717
Investments in treasury bills - during three months	60 725 232	17 672 076
Bank – time deposits (more than three month)	(7 009 587)	(348 683)
Banks overdraft	(1 052 868)	(94 995)
	<b>172 688 385</b>	<b>220 561 115</b>

## 17. Financial assets at fair value through profit or loss

This item 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 abroad investment managers for the purpose of dealing in international stock exchanges. These investments are represented as follows:

	31/12/2019	31/12/2018
Portfolios managed by abroad investment managers	1 782 377	1 105 970
Egyptian Companies' stocks (listed in EGX)	380 844	483 802
Investments in Investments funds	2 261 051	1 779 467
Governmental bonds	43 702 418	8 621 644
	<b>48 126 690</b>	<b>11 990 883</b>

## 18. Trade & notes receivable

	31/12/2019	31/12/2018
Trade receivables	35 599 451	36 933 208
Egyptian General Petroleum Corporation <sup>*</sup>	31 940 682	26 202 645
Impairment losses of trade receivables	(425 721)	(2 230 672)
Notes receivable	14 443 608	9 110 113
	<b>81 558 020</b>	<b>70 015 294</b>

<sup>\*</sup> Egyptian General Petroleum Corporation' balance is related to the following companies:

	31/12/2019	31/12/2018
Natgas Co.	949 756	247 278
El Fayoum Gas Co.	1 537 030	1 285 559
NSCO	29 453 896	24 669 808
	<b>31 940 682</b>	<b>26 202 645</b>

## 19. Other current assets

	31/12/2019	31/12/2018
Tax Authority	14 402 514	10 502 337
Accrued revenue	9 350 286	4 950 955
Accounts receivables from insurance	8 455 462	3 526 150
Uncollected issued bills	6 030 843	3 474 259
Suppliers-advanced payments	5 880 278	9 023 166
Deposits with others	5 623 544	4 781 584
Cheques under collection	4 868 829	3 657 172
Prepaid expenses	3 071 700	3 290 853
Due to IPIC Co. shareholders	3 044 448	3 044 448
Insurance and reinsurance Companies	2 688 271	1 678 847
Due to building materials industries Co.	2 575 349	186 420
Loans guaranteed by individuals' insurance policies	437 418	382 694
Imprests & employees custodies	339 069	377 776
Payments to employees under dividends distributions	-	771 362
Due from related parties *	170 345 972	173 345 972
Other debit balances	6 244 804	5 576 610
Impairment losses*	(175 819 272)	(177 772 021)
	<b>67 539 515</b>	<b>50 798 584</b>

\* This item represented in due balances from one of subsidiaries. It worth mentioning that the Company lost control over the above-mentioned subsidiary during year 2016. This balance is fully impaired which is formed (Year 2018: amounted to USD 173 345 972).

## 20. Inventory

	31/12/2019	31/12/2018
Supplies	32 212 822	32 783 553
Spare parts and tools	17 866 827	19 793 982
Finished goods and work in process	9 159 911	8 755 057
Letters of credit & goods in transit	582 824	139 450
Fuel and oil	11 607 684	15 866 839
Write down of inventory	(293 084)	(291 154)
	<b>71 136 984</b>	<b>77 047 727</b>

## 21. Work in progress

	31/12/2019	31/12/2018
Gas sectors	12 003 427	7 125 612
Land & buildings under development	26 918 055	23 078 071
Others	592 940	103 752
	<b>39 514 422</b>	<b>30 307 435</b>

## 22. Non-current assets held for sale

Assets related to the Building Materials Industries Company – equity-accounted investees company are presented as non-current held for sale as of December 31, 2019, as during the year an agreement was signed to manage the sale of shares owned by the group in the Building Materials Industries Company - equity-accounted investees of 38.32% to a party outside the group.

## 23. Share capital

- The Company's authorized capital is USD 500 million.
- 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 they 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 564.5 914 243 distributed over 258 658 975 shares of par value of US Cent 25 each fully paid.
- On June 11, 2015, the extra-ordinary general assembly of the Company unanimously approved the increase of the issued and paid – up capital from USD 243 914 564.5 to USD 256 110 292.5 with an amount of increase of USD 12 195 728 as bonus increase distributed over 48 782 912 bonus share whose nominal value amounts to 25 Cent for the purpose of financing the incentive & bonus plan of the Company's employees and managers and executive board of directors members issued from the Egyptian Financial Supervisory Authority on 12 November 2014.
- On June 11, 2015, the ordinary general assembly of the Company unanimously approved to transfer part of the retained earnings of the Company as shown in the consolidated financial statements for the financial year ended at December 31, 2014 that were approved by the shareholder's' ordinary general assembly held on March 22, 2015 to 48 782 912 bonus shares with an amount of USD 12 195 728 for the purpose of financing the incentive & bonus plan of the Company's employees and managers and executive board of directors members, that has been approved by the Egyptian Financial Supervisory Authority on November 12, 2014. Annotation to effect such increase was made on the Company's commercial register on September 13, 2015. Accordingly, the issued capital is USD 256 110 292.5 distributed over 1 024 441 170 shares with a par value of USD 25 cent each that is fully paid.



24. Reserves

	31/12/2019	31/12/2018
Special reserve – share premium	57 954 547	57 954 547
General reserve	8 380 462	8 380 462
Fair value reserve	107 022	6 143 550
Foreign exchange reserves	(188 047 809)	(214 005 332)
	<u>(121 605 778)</u>	<u>(141 526 773)</u>

Legal reserve

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. The holding Company is required to set aside 5% of the annual net profit until it reaches 50% of the issued share capital of the holding Company.

Special reserve – share premium

The balance is represented in the remaining amount of the share premium of the issued share capital’ increase of a number of 136 363 636 shares during 2014 after deducting the amount of USD 17 045 454 credited to the legal reserve.

General reserve

General reserve item represents the amounts set aside from the holding Company’s profits in previous years according to the resolutions of the General Assembly Meeting of shareholders of the holding Company. This reserve shall be used by a resolution from the General Assembly of shareholders based on a proposal from the holding Company’s board of directors in matters that could be favorable to the Company’s interests.

Fair value reserve

This item represents in the accumulated net change in the fair value of investments financial assets at fair value through other comprehensive income until the investment is derecognized.

Translation differences reserve

This item represents in the accumulated differences resulted in the financial statements translations for the subsidiary companies from foreign currency to USD in addition to its share in accumulated differences in associate’s owner equity’s translations.

25. Share-based payments transactions

This balance is represented in the increase in the equity related to granting and allocating the shares of the incentives and bonus plan as mentioned in detail in Note No. (46).

26. Prior year adjustments

During the year, the net profit for the year 2017 and the balance of non-controlling interests were restated by an amount of USD 3 971 908 and an amount of USD 119, respectively, in order to correct the retrospective accounting error during 2017 for one of the group’s subsidiaries. This error resulted from unrecognized expenses for previous years that were included in prepaid expenses amounted to USD 618 848 in addition to accrued royalties due to General Petroleum Corporation for additional gas withdrawals amounted to USD 3 353 179.

27. Treasury shares

During the year, number of treasury shares of Egypt Kuwait Holding Company related to Delta Insurance Company portfolio “one of the group subsidiaries” were sold. The number of sold treasury shares amounted to 687 269 shares, related cost amounted to USD 221 050 and the resulted profit from such transaction amounted to USD 863 576, an amount of USD 487 748 was added to retained earnings and an amount of USD 375 828 was added to non-controlling interests.

28. Non-controlling interests

The balance of non-controlling interests is represented in the share in subsidiaries’ equity as follows:

	Non-controlling interests %	Non-control-ling share in subsidiaries profits (losses)	Non-controlling share in equity excluding dividends / (losses of the year)	Non-controlling interests as at 31/12/2019	Non-controlling interests as at 31/12/2018
National Gas Co. “Natgas”	16.02	5 113 400	11 592 363	16 705 763	11 529 045
Globe for Communications & Information Technology Co.	1	(3)	5 743	5 740	5 152
Cooling Technology by Natural Gas Co.- Gas Chill	14.01	127 602	320 600	448 202	282 112
Midor for Logistic Services Co.	0.1	114	(114)	-	136
Midor Suez for Oil Refinery Co.	0.002	-		6	6
El Fayoum Gas Co.	22.01	417 594	1 224 422	1 642 016	1 240 331
Bawabat Al Kuwait Holding Company	45.81	25 999 709	153 949 402	179 949 111	177 059 245
Arabian Company for Fertilizers	22.28	(507)	(21 865)	(22 372)	(21 885)
El Shorouk for Melamine & resins co.	8.49	19 810	151 794	171 604	391 953
NSCO Co.	0.003	602	80	682	80
Delta Insurance co.	43.52	3 870 229	15 754 388	19 624 617	14 930 927
<b>Total</b>		<b>35 548 550</b>	<b>182 976 819</b>	<b>218 525 369</b>	<b>205 417 102</b>

29. Loans

The Company	Loan's currency	Interest rates	Maturity date	31/12/2019	31/12/2018
Egypt Kuwait Holding Company					
Loan guaranteed by the pledge of the investment portfolio owned by one of the subsidiaries	USD	1.750% above Libor- 3 months	2018-2020	-	6 070 949
Loan guaranteed by a promissory note	USD	4% above Libor-3 months	2019-2020	-	5 400 000
Loan guaranteed by a promissory note	USD	4% above Libor-3 months	2019	-	4 000 000
Loan guaranteed by a promissory note	USD	5% above Libor-3 months	2018-2022	-	13 500 000
Loan guaranteed by a promissory note	EGP	1% above the corridor	2019-2021	-	3 355 705
Loan guaranteed by investment portfolio	USD	4% above Libor-3 months	2019-2022	88 001 000	-
Loan guaranteed by a promissory note	USD	2.5% above Libor-3 months	2019-2020	11 200 000	-
Alex Fert Co.					
Loan guaranteed by first class official trade mortgage over some production assets of the Company	USD	Variable, according to the average Libor in excess to margin	2018-2019	-	5 471 667
National Gas Co. “Natgas” Co.					
Loan guaranteed by first class official trade mortgage over some production assets of the Company	EGP	1% above the minimum borrowing rate by	2019-2026	7 686 153	-
		17.75% during the 1st year & 1% after the end of the 1st year			
AD Astra Co.					
Loan guaranteed by the pledge of the acquired assets	Euro	From 2% to 2.75% annually above Libor	2018-2020	11 652 979	7 203 469
Total				118 540 132	45 001 790
Short-term loans				46 400 400	26 998 321
Long-term loans				72 139 732	18 003 469

30. Other long-term liabilities

	31/12/2019	31/12/2018
Notes payable	617 924	1 188 766
Customers advance payment	253 830	257 735
Other payable	618 370	564 993
	<b>1 490 124</b>	<b>2 011 494</b>

31. Deferred tax liabilities

	31/12/2019	31/12/2018
Property, plant and equipment & other assets	21 079 258	23 254 655
	<b>21 079 258</b>	<b>23 254 655</b>

Deferred tax assets-not recognized

The deferred tax assets for tax losses and the deductible temporary differences isn’t recognized because of uncertainty for existing enough future tax profits that can benefits these assets.

32. Provisions

	Balance as at 1/1/2019	Formed	Used	Provisions - no longer required	Translation differences	Balance as at 31/12/2019
Retention provisions	221 035	186 134	(169 960)	-	14 794	252 003
Other provisions*	19 153 651	5 503 493	(459 815)	(184 277)	724 030	24 737 082
	<b>19 374 686</b>	<b>5 689 627</b>	<b>(629 775)</b>	<b>(184 277)</b>	<b>738 824</b>	<b>24 989 085</b>

\* The provisions relate to expected claims from certain entities related the Company’s business. The usual disclosure information about the provisions has not been disclosed in accordance with Egyptian accounting standards, as we believe that doing so will seriously affect the results of the negotiations with those entities.



### 33. Bank facilities

The company name	Facility' Currency	Interest rate	31/12/2019	31/12/2018
<b>Egypt Kuwait Holding Company</b>				
Credit facility guaranteed by a promissory note	EGP & USD	1.25% annually above corridor and 5% above Libor-3 months for USD	-	10 006 000
Credit facility guaranteed by a promissory note	EGP & USD	0.5% annually above corridor, 2.5% above Libor generally for USD	14 296 580	18 214 850
Facility guaranteed by a promissory note signed by the holding Company and the International Financial Investments Co.	USD	0.75% annually above corridor and 4.75% above Libor for 3 months for USD	-	14 180 960
Facility without guarantee	USD	2.9% above Libor 3 months for USD	25 000 000	-
Credit facility guaranteed by investment portfolio	USD	From 3.3125% to 4.3125%	20 000 000	-
<b>International Financial Investments Co.</b>				
Credit facility guaranteed by a promissory note signed by the holding Company and International Financial Investments Co.	USD	0.75% annually above corridor and 4.75% above Libor for 3 months for USD	-	3 766 717
<b>Cooling Technology by Natural Gas Co.- Gas Chill</b>				
Bank overdraft guaranteed by deposits	EGP	2% over deposit interest rate	54 437	235 664
<b>National Gas Co. (Natgas)</b>				
Credit facility guaranteed by a promissory note	EGP	0.5% above corridor	5 511 095	4 943 492
Credit facility guaranteed by a promissory note	EGP	0.75% above corridor	-	864 524
Credit facility guaranteed by a promissory note	EGP	0.5% above corridor	-	1 731 847
Credit facility guaranteed by a promissory note	EGP	0.5% above corridor	536 982	-
<b>Alex Fert Co.</b>				
Credit facility guaranteed by Deposit	USD	2.5% over deposit interest rate	37 983 869	-
Credit facility guaranteed by Investment portfolio	USD	2.5% annually above Libor for 3 months	5 930 236	-
<b>Sheild Gas Co.</b>				
Credit facility guaranteed by deposits	AED	1.5% over deposit price	-	630 165
			<b>109 313 199</b>	<b>54 574 219</b>

### 34. Suppliers, contractors, notes payable & other creditors

	31/12/2019	31/12/2018
Suppliers & contractors	23 916 912	33 364 485
Notes payable	2 477 133	1 677 159
Trade receivables – Advanced payments	55 853 142	50 720 897
Accrued expenses	50 613 523	39 261 044
Deposits from others	11 526 837	8 559 654
National Egyptian Authority for Petroleum*	9 074 058	9 964 720
Insurance and reinsurance Companies	7 129 748	4 817 928
Collected installments	2 671 066	2 074 424
Dividends payable	1 037 646	400 037 1
Dividends payable-non-controlling interests	936 831	668 246
Insured current account	878 449	476 974
Employees' dividends payable	114 730	77 693
Property, Plant & equipment creditors	61 410	1 170 803
Other credit balances	13 078 162	10 281 244
	<b>179 369 647</b>	<b>164 152 671</b>

\*National Egyptian Authority for Petroleum balance concerning the following companies: -

	31/12/2019	31/12/2018
Natgas Co.	6 502 575	5 762 012
Fayoum Gas Co.	2 571 483	4 202 708
	<b>9 074 058</b>	<b>9 964 720</b>

### 35. Insurance policyholders rights

	31/12/2019	31/12/2018
Technical provisions for individual's insurance	68 666 094	54 777 290
Technical provisions for property and liability insurance	20 175 884	13 384 053
Policy holder rights for investments units	1 782 377	919 988
	<b>90 624 355</b>	<b>69 081 331</b>

### 36. Revenues

	2019	2018
Fertilizers activity revenue	194 641 207	188 321 682
Chemicals & plastic activity revenue	123 168 380	121 983 923
Gas supplies activity revenues	114 935 869	78 665 857
Drilling and petroleum services activity	44 195 521	38 691 098
Insurance activity	40 582 667	31 495 386
Cooling technology by natural gas activity revenue	4 710 914	1 311 979
Agencies activity revenue	1 223 415	1 440 594
Communication & geographic maps activity revenue	-	74 017
Other revenue's activities	483 781	-
	<b>523 941 754</b>	<b>461 984 536</b>

### 37. Cost of revenue recognition

	2019	2018
Fertilizers activity cost	142 601 118	135 803 846
Chemicals & plastic activity cost	84 989 004	86 219 034
Gas supplies activity cost	71 109 487	49 068 234
Drilling and petroleum services activity cost	18 409 586	18 246 620
Insurance activity cost	31 500 794	25 343 771
Cooling technology by natural gas activity cost	3 366 219	1 020 667
Agencies activity cost	902 504	879 673
Communication & geographic maps activity cost	-	46 125
Other cost activities	248 861	-
	<b>353 127 573</b>	<b>316 627 970</b>

### 38. Income from investments

	2019	2018
Income from investment in treasury bills	23 008 979	10 190 303
Income from governmental bonds	4 912 660	4 939 527
Income from investments available -for- sale	933 111	1 268 571
Income from financial investments at fair value through profit or loss	26 330	25 106
Gain from sale of available -for- sale Investments	6 085 710	-
Loss from sale of financial investments at fair value through profit or loss	(62 795)	-
Gain from acquisition of subsidiaries	-	348 088
Gain from previous acquisition of subsidiaries' shares	-	6 183 113
Change in fair value of financial investments at fair value through profit or loss	1 511 274	107 791
	<b>36 415 269</b>	<b>23 062 499</b>

### 39. Other Income

	2019	2018
Reversal of impairment loss on other current assets	3 018 923	3 808 530
Drawback and exports support revenue	2 252 911	492 436
Provisions no longer required	184 277	16 207 330
Reversal of impairment loss on inventory	-	13 207
Capital gain	32 115	114 068
Other	1 319 518	1 574 235
	<b>6 807 744</b>	<b>22 209 806</b>

### 40. Selling & distribution expenses

	2019	2018
Chemicals & plastic activity	3 676 637	3 703 803
Fertilizers activity	395 052	305 687
Cooling technology by natural gas activity	115 991	97 739
	<b>4 187 680</b>	<b>4 107 229</b>

### 41. Other expenses

	2019	2018
Provisions formed	5 689 627	2 065 002
Impairment loss on other current assets	373 702	833 677
Impairment loss on equity – accounted investees (associates companies)	-	11 801 751
	<b>6 063 329</b>	<b>14 700 430</b>

### 42. Income tax

	2019	2018
Current income tax expense	33 786 991	29 749 624
Deferred income tax	(2 674 517)	(2 545 461)
	<b>31 112 474</b>	<b>27 204 163</b>



43. Discontinuing operation

Assets related to the Building Materials Industries Company – equity-accounted investees company are presented as non-current held for sale as of December 31, 2019, as during the year an agreement was signed to manage the sale of shares owned by the group in the Building Materials Industries Company - equity-accounted investees of 38.32% to a party outside the group as mentioned in detail in Note No. (22).

The assets and liabilities of the Company were not deemed discontinued operations, and were not classified as non - current assets held for sale as at December 31, 2018, the comparative figures in the consolidated statement of profit or loss and other comprehensive income were re-presented in the consolidated statement of profit or loss and other comprehensive income to separately distinguish the discontinued operation from of the consolidated statement of profit or loss and other comprehensive income continued operations.

The losses related to the discontinued operation are as follows: -

The results of the work of the discontinuous operation

	2019	2018
<b>Results of discontinuing operation</b>		
Company’s share in equity investments losses	2 382 441	2 540 164
Loss from operating activities	2 382 441	2 540 164
Reversal of impairment related to equity investments	(2 382 441)	-
Income tax expense	-	-
Loss from operating activities net of tax	-	<b>2 540 164</b>
Company’s share in loss from operating activities	-	2 540 164
Share of non-controlling interests’ in operating loss	-	-
Profit (loss) from disposal of discontinued operation	-	-
Loss from discontinued operations (net of tax)	-	<b>2 540 164</b>
The parent Company’s share of loss from discontinued operations (net of tax)	-	<b>2 540 164</b>

44. Earnings per share

The calculation of earnings per share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding as follows:

	2019	2018
Net profit for the year (owners of the parent Company)	115 601 288	95 112 870
Employees’ share in profit – proposal	(37 720)	(32 929)
Employees & board of directors’ share in profit in subsidiaries and associates- proposal	(17 003 779)	(13 825 119)
Shareholders’ share in net profit of the year	<b>98 559 789</b>	<b>81 254 822</b>
Weighted average number of shares outstanding during the year	1 017 206 623	1 005 377 577
Earnings per share (US cent / Share)	<b>9.69</b>	<b>8.08</b>

Earnings per share from continuing operation

	2019	2018
Net profit for the year (owners of the parent Company)	115 601 288	95 112 870
Employees’ share in profit – proposal	(37 720)	(32 929)
Employees & board of directors’ share in profit in subsidiaries and associates- proposal	(17 003 779)	(13 825 119)
<b>Shareholders’ share in net profit of the year</b>	<b>98 559 789</b>	<b>81 254 822</b>
Weighted average number of shares outstanding during the year	1 017 206 623	1 005 377 577
Earnings per share (US cent / Share)	<b>9.69</b>	<b>8.33</b>

- Weighted average number of shares outstanding during the year calculated as follows:

	2019	2018
Issued shares at the beginning of the year	1 006 064 846	997 121 957
Effect of issuance of bonus shares to finance the incentive shares	11 141 777	8 942 889
Effect of repurchased shares (treasury shares)	-	(687 269)
Weighted average number of shares outstanding during the year	<b>1 017 206 623</b>	<b>1 005 377 577</b>

46. Non-cash transactions

For the purpose of the preparing of the consolidated cash flow statement for the year ended December 31, 2019, the effect of the following transactions has been excluded from investing activities which represents noncash transactions:

19 986 317	Unpaid amount from exploration and development asset's additions that was recorded in suppliers, contractors, notes payable, and other credit balances.
7 183 595	Exploration and development assets additions reclassified from projects under construction.
4 200 000	Exploration and development adjustments decreased from suppliers, contractors, and notes payable.
61 410	Unpaid amount from fixed assets additions that was recorded in suppliers, contractors, notes payable, and other credit balances.

46. Incentive and bonus plan of the Company’s employees and managers

- On September 11, 2014, the extra - ordinary general assembly unanimously agreed to approve the incentive & bonus plan of the Company’s employees and managers and executive board of directors members, through the allocation of 48 782 912 shares, at a percentage of 5% of its total shares issued till December 31, 2014 to apply the incentive and bonus plan through one of the following:-
  - Issuance of new shares through capital increase or by transferring from reserve or part thereof or retained earnings to shares by which the value of issued capital is increased.
  - Transfer of treasury shares to incentive and bonus plan and to be financed from reserves.
- On November 12, 2014, the Egyptian Financial Supervisory Authority approved applying the incentive & bonus plan of the Company’s employees and board of directors members, which includes granting the Com-

pany's shares to the board members, managing directors, sectors 'heads , general managers and the other employees in the Company or its subsidiaries (equity settled share- based payments) according to the level of the Company's or individual's economic performance pursuant to the shareholders , and the terms and conditions stated in the said plan.

- On June 11, 2015, the ordinary general assembly of the Company approved by the majority of votes to transfer part of the retained earnings as shown in the consolidated financial statements for the financial year ended at December 31, 2014, that were approved by the shareholder's ordinary general assembly held on March 22, 2015 to 48 782 912 bonus shares with an amount of USD 12 195 728 for the purpose of financing the incentive & bonus plan of the Company's employees and managers and executive board of directors members, that has been approved by the Egyptian Financial Supervisory Authority on November 12, 2014. Annotation to the effect of such increase was made on the Company's commercial register on September 13, 2015.
- On September 16, 2015 the Listing committee of the Egyptian stock exchange approved listing the incentive shares to finance the incentive and bonus plan for employees and board members. On October 5, 2015, the incentive shares was added to the shareholders register labeled as "the incentive and bonus plan for employees of Egypt Kuwait Holding Co."
- On June 9, 2016, the Supervisory Committee on the incentives and bonus plan agreed to grant and allocate all the shares of the incentives and bonus plan to the beneficiaries of the plan as well as determining the number of shares allocated to each one of them.
- The vesting date of such shares was also determined to be December 31, 2016. All the shares were granted to the executive members of the Board of Directors and the senior managers of the Company, a matter that resulted in recognizing an expense for equity-settled share-based payments transactions, in the consolidated Statement of profit or loss and other comprehensive income with a total amount of USD 17 561 848 and a corresponding increase with the same amount included in the equity under the amount set aside for share-based payments transactions caption during 2016. The beneficiary may dispose of the shares only after the lapse of three years from the date of share transfer to him. During this year, the beneficiary shall be entitled to receive 100 % of total dividends and exercise the right of voting on the resolutions of the Company.
- The conditional terms for granting shares are as follows:
  - A. Increase the Company's net profit by 15% annually.
  - B. Increase the Company's share price by 15% annually in the Egyptian stock Exchange.

## Details of beneficiaries of the plan are as follows:

The assigned party shares	Granted date	Number of shares	Fair value of share at granted date	Exercise Price
The executive members of the Board of Directors and the senior managers	June 9, 2016	48 782 912	36 US cent	-

- On February 27, 2017, the Committee of the incentives and bonus plan, unanimously agreed to grant 21 463 699 shares to the beneficiaries of the plan, while the methods of granting the remaining shares of the incentive plan and who deserve them shall be discussed in its upcoming meetings. On March 29, 2017, the ownership of such shares were transferred to the beneficiaries.
- On March 24, 2018, the Company's Incentive and Bonus Plan Committee unanimously decided to grant 2 927 757 shares to the beneficiaries of the plan, which is represented in the value of the remaining shares allocated

for fulfilling the first criterion pertaining to the growth of the Company's profits with a total number of shares that reached 24 391 456 shares. It also decided to unanimously approve granting 6 015 132 shares to the beneficiaries of the plan for fulfilling the second criteria related to increasing the Company's share price in the Egyptian Stock Exchange at an annual rate of 15% with a total number of shares that reached 24 391 456 shares. On March 29, 2018, the ownership of these shares was transferred to the beneficiaries.

- On March 30, 2019, the Company's Incentive and Bonus Plan Committee unanimously decided to grant 11 141 777 shares to the beneficiaries of the plan. This decision is to fulfill the second criteria related to increasing the Company's share price in the Egyptian Stock Exchange. at an annual rate of 15% with a total number of shares that reached 24 391 456 shares. On April 4, 2019 the ownership of these shares was transferred to the beneficiaries.
- According to the above-mentioned granted decisions, the Incentive and Bonus Plan movements are as follows:

	No. of shares
Shares for Incentive and Bonus Plan	912 782 48
<b>Deduct: -</b>	
Shares granted to the first criterion on February 27, 2017	699 463 21
Shares granted to the first criterion on March 24, 2018	757 927 2
Shares granted to the second criterion on March 24, 2018	6 015 132
Shares granted to the second criterion on March 30, 2019	11 141 777
<b>Total shares granted</b>	<b>(41 548 365)</b>
<b>Total remaining available shares</b>	<b>7 234 547</b>

- The remaining 7 234 547 shares were re-evaluated according to the market value of the share on December 31, 2019 which amounted to USD 1.32 per share. Part of the balance of the incentive and bonus plan reserve was closed in the retained earnings with an amount of USD 8 012 246. Accordingly, incentive and bonus plan balance as at December 31, 2019 amounted to USD 9 549 602.
- Change in share-based payments:

	USD
Beginning balance	17 561 848
Available shares	(14 957 411)
Remaining shares	2 604 437
Valuation of available shares	6 945 165
	<b>9 549 602</b>

- On February 16, 2020, the incentives and bonus committee unanimously agreed to grant 7 234 547 shares to the beneficiaries of the plan after the approval of the board of directors, on February 28, 2020 the board of directors approved this granted. So all shares were granted to the beneficiaries.



47. Subsidiaries Companies

Main subsidiaries are represented in the following:

	Country of Incorporation	Ownership % Direct & indirect	
		31/12/2019	31/12/2018
<b>Companies under direct control</b>			
International Financial Investments Co. S.A. E	Egypt	100	100
Bawabat Al Kuwait Holding Co.– S.A.K **	Kuwait	54.19	54.10
Delta Insurance Co.	Egypt	56.48	56.48
Globe for Communication & Information Technology Co.	Egypt	99	99
Globe Telecom Co.	Egypt	100	100
Globe Fiber Co.	Egypt	100	100
EKHO for Agriculture Development Co.	Egypt	100	100
EKHO for Industrial Development Co	Egypt	100	100
MAT Company for trading	Egypt	100	100
EKHN B.V.*	Netherlands	100	-
Global MDF Industries B.V.*	Netherlands	100	-
<b>Subsidiaries Companies of International Financial Investments Co.</b>			
Sprea Misr for Production of Chemicals & Plastics Co. S.A.E	Egypt	100	100
Egyptian Company for Petrochemicals S.A.E	Egypt	100	100
National Energy Co - S.A. E	Egypt	100	100
El Fayoum Gas Holding Company	Virgin Islands	100	100
Midor Logistics Co. (compulsory liquidation during the year)	Egypt	-	-
Midor Suez Oil Refining Co.	Egypt	100	100
NSCO INVESTMENT LIMITED Company	Cayman Islands	99.997	99.997
BKH Megan	Cayman Islands	100	100
Arabian Fertilizer Limited Co.	United Arab of Emirates	100	100
National Gas Company (NATGAS) S.A.E	Egypt	83.98	83.98
EK Global Investments Co.	Cayman Islands	100	100
Nahood International Limited Co.	United Arab of Emirates	100	100
Solidarity Mena Limited Co.	United Arab of Emirates	100	100
Solidarity International Limited Co.	United Arab of Emirates	100	100
MEA Investments Co.	United Arab of Emirates	100	100
Polar Star Investments Co.	United Arab of Emirates	100	100
Egypt Kuwait Holding Limited Co.	United Arab of Emirates	100	100
IFIC Petrochemicals Co.	Cayman Islands	100	100
Ekuity Holding International - Limited by Shares	Cayman Islands	100	100
Henosis for Construction & Real-Estate Development Co.	Egypt	100	100
Capital Investment Limited Luxembourg Co.	Luxembourg	100	100

	Country of Incorporation	Ownership % Direct & indirect	
		31/12/2019	31/12/2018
OGI Capital - Limited Liability Co.- Free Zone - Jebel Ali	United Arab of Emirates	100	100
AD ASTRA REAL ESTATE, S.L. Co.	Spain	100	100
AD ASTRA PROYECTO MISR, S.L. Co.	Spain	100	100
AD ASTRA PROYECTO ALCAZAR, S.L. Co.	Spain	100	100
AD ASTRA PROYECTO CAIRO, S.L. Co.	Spain	100	100
SISTEMAS INDUSTRIALES SALGAR II S.L Co.	Spain	100	100
AD ASTRA PROYECTO MEDINA, S.L. Co.	Spain	100	100
Gas serve Co.	Egypt	100	100
Shield Gas systems Co.	United Arab of Emirates	100	100
EEK Investment Co.	United Arab of Emirates	100	100
International Fertilizer trading Co.	Cayman Islands	100	100
NSCO Panama INC Co.*	Panama	99.997	-
IFIC Investments Limited Co.*	United Arab of Emirates	100	-
IFIC Global CO.	Cayman Islands	100	100
<b>Subsidiary of Globe Telecom Co.</b>			
Globe for Trading & Agencies Co.	Egypt	100	100
<b>Subsidiaries of National Gas Co.- Natgas</b>			
Al Watania for Electric Technology Co.-Kahraba S.A.E.	Egypt	91.95	91.95
Al Nubaria for Natural Gas Co. S.A.E.	Egypt	83.98	83.98
<b>Subsidiaries of BKH Megan Co.</b>			
Middle East for River Transport Co.- S.A.E	Egypt	100	100
<b>Subsidiaries of National Energy Company</b>			
Cooling Technology by Natural Gas Co. (Gas Chill) S.A.E.	Egypt	85.99	85.99
El Fayoum Gas Co. S.A.E.	Egypt	77.99	77.99
<b>Subsidiaries of Bawabat Al Kuwait Holding Co.</b>			
Alex Fert Co. - S.A.E.	Egypt	45.29	45.24
International Petrochemicals Investments Company IPIC (under optional liquidation)	Egypt	52.14	52.10
International Logistics Co. – L.L.C.	Kuwait	54.19	54.10
Magnida Holding LP Co. (under optional liquidation)	Cayman Islands	52.14	52.10
IPIC Global Co.	Cayman Islands	52.14	52.10
<b>Subsidiary of Egyptian Company for Petrochemicals</b>			
El Shorouk for Melamine & Resins Co. **	Egypt	91.51	78
<b>Subsidiary of Nile Wood Co.</b>			
Cairo Wood for Imports and Exports Co. (S.A.E.)	Egypt	100	100
Nile for Agricultural Waste Recycling Co.	Egypt	100	-
Nile Wood Co. S.A.E.	Egypt	100	100

\*These Companies were established during the year.

\*\*An additional 0.09% in Bawabat Al Kuwait Holding Co. capital share was acquired during the year, also an additional 13.51% El Shorouk for Melamine & Resins Co. capital share was acquired.

- The consolidated financial statements as of 31 December 2019 doesn’t include some subsidiaries of the Energy Group due to loss of control over them during 2016.

## 48. Transactions with related parties

Related parties are represented in the Parent Company & subsidiaries' shareholders, and companies in which they own directly shares giving them significant influence or controls over the Group. The Group's companies made several transactions with related parties and these transactions have been done in accordance with the terms determined by the Board of Directors of these companies. Significant transactions are represented in following: -

- The Group has agreed with Abu Qir Fertilizers and Chemical Industries Co. on signing rental contracts for a plot of land to construct the factory on it with a yearly rental value USD 622 494 effective from July 15, 2003 and last for 25 years, a contract for a building to use it as a temporary headquarter for the Company's management with an annual rental value EGP 237 600 with annual increase amounting to EGP 16 632 effective from December 1, 2003 and last for July 14, 2028. The Company has also leased a plot of land with an annual rental value of USD 421 to construct a water station effective from January 30, 2005 and last for 25 years. The Company has also agreed with Abu Qir Fertilizers and Chemical Industries Company on signing a contract for using its sea and land facilities for exporting amounts of the produced ammonia.
- On February 28, 2017, the board of directors of the Parent Company unanimously decided to set an amount of 5% of the annual profits to the chairman and managing director of the Company. The decision is effective from the 2016 results and decided to grant part of the said amount to the employees. The said amount will be set and granted from the board of directors' bonuses of subsidiaries.

## 49. Dividends declared & paid, and board of directors' remuneration

The board of directors of the Parent Company proposed cash dividends for the financial year ended December 31, 2019 of 6 Cent/share with a total amount of USD 61 466 470. No remunerations for the board of directors was proposed. This proposal is subject to the approval of shareholders general assembly meeting of the Parent Company.

The shareholders of the Parent Company approved cash dividends for the financial year ended December 31, 2018 of 5 Cent/share with a total amount of USD 50 860 331 and has not approved any remunerations for the board of directors. The approval was made by the shareholders general assembly meeting of the Parent Company held on March 30, 2019.

## 50. Financial instruments

### Credit risk exposure

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:

	31/12/2019	31/12/2018
Other current assets	234 406 809	216 256 586
Financial assets at amortized cost	505 873 835	269 849 964
Trade & notes receivable	83 073 426	75 529 122
	<b>823 354 070</b>	<b>558 635 672</b>

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

	31/12/2019	31/12/2018
Governmental customers	32 146 382	26 779 807
Retail customers	9 639 259	18 276 605
Final consumers customers	17 259 714	9 362 271
Export customers	8 494 778	8 717 170
Notes receivable	15 533 293	9 393 269
	<b>83 073 426</b>	<b>72 529 122</b>

The aging of trade receivables at the consolidated financial statements' date are as follows:

	31/12/2019		31/12/2018	
	Balance	Impairment	Balance	Impairment
Past due within 30 days	4 909 249	-	9 750 209	-
Past due from 1-3 month	3 897 100	-	10 653 395	-
Past due from 3 months-1year	61 864 218	-	50 511 435	(616 589)
More than one year	12 402 859	(425 721)	1 614 083	(1 614 083)
	<b>83 073 426</b>	<b>(425 721)</b>	<b>72 529 122</b>	<b>(2 230 672)</b>

### Liquidity risk

The following are the contractual maturities of financial liabilities:

#### 31 December 2019

	Carrying amount	During 1 year	Due date	
			1-2 years	2-5 years
loans & bank facilities	227 853 331	167 366 578	60 486 753	-
Banks overdraft	1 052 868	1 052 868	-	-
Suppliers, contractors, noted payables & other creditors	123 516 505	123 516 505	-	-
Accrued income tax	31 012 065	31 012 065	-	-
Insurance policyholders' rights	90 624 355	90 624 355	-	-
	<b>474 059 124</b>	<b>413 572 371</b>	<b>60 486 753</b>	<b>-</b>

#### 31 December 2018

	Carrying amount	During 1 year	Due date	
			1-2 years	2-5 years
loans & bank facilities	99 576 009	88 776 009	4 800 000	6 000 000
Banks overdraft	94 994	94 994	-	-
Suppliers, contractors, noted payables & other creditors	113 431 774	112 243 007	634 186	554 580
Accrued income tax	27 376 964	27 376 964	-	-
Insurance policyholders' rights	69 081 331	69 081 331	-	-
	<b>309 561 072</b>	<b>297 572 305</b>	<b>5 434 186</b>	<b>6 554 580</b>



Currency risk

Currency risk exposure

The Group’s exposure to foreign currency risk was as follows based on notional amounts:

31 December 2109						
Description	L.E	K.W. D	EURO	GBP	AED	JPY
Cash & cash equivalents	515 946 379	698 085	407 333	117 699	103 569	302 352
Financial assets at amortized cost	1 722 895 105	-	-	-	-	-
Other current assets	957 872 072	-		8 124	-	-
Trade & notes receivable	665 456 426	-	706 550	-	-	-
Bank loans	(125 113 456)	-	-	-	-	-
Bank facilities	(155 845 465)	-	-	-	-	-
Suppliers, contractors, noted payables & other creditors	(1 179 404 386)	(2 694 212)	(129 181)	(4 139)	(77 550)	-
Net risk exposure	2 401 806 675	(1 996 127)	984 702	121 684	26 019	302 352

31 December 2018						
Description	L.E	K.W. D	EURO	GBP	AED	JPY
Cash & cash equivalents	391 710 295	382 074	1 134 922	41 233	103 512	1 253 579
Financial assets at amortized cost	982 065 293	-	-	-	-	-
Other current assets	491 479 592	-	252	-	-	-
Trade & notes receivables	520 810 872	-	1 722 382	-	-	-
Loans	(3 355 705)	-	(7 203 469)	-	(2 316 783)	-
Bank facilities	(199 026 417)	-	-	-	-	-
Suppliers, contractors, noted payables & other creditors	(821 477 581)	(8 149)	(3 496 268)	-	-	-
Net risk exposure	1 362 206 349	373 925	(7 842 181)	41 233	(2 213 271)	1 253 579

The following is the average exchange rates during the year:

US dollar	Average exchange rate during the year		Spot rate at the financial statements date	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
L.E	16.81	17.82	16.04	17.88
K.W. D	0.3036	0.3021	0.3036	0.3036
EURO	0.8901	0.85108	0.8931	0.8688
GBP	0.7825	0.375855	0.7576	0.77712
AED	3.5	3.67364	3.6704	3.67647

Interest rate risk

At the consolidated financial statements, the interest rate profile of the Group’s interest bearing-financial instruments was:

	31/12/2019	31/12/2018
Financial liabilities at fixed rate instruments	6 102 514	7 775 527
	6 102 514	7 775 527
Financial liabilities at variable rate instruments	221 750 817	91 800 482
	221 750 817	91 800 482

51. Capital commitments

Total capital commitments amounted to USD 721 850 on December 31,2019 approximately represented in the amount of contributions in long-term investments and property, plant & equipment which have not been requested to be paid till the consolidated financial position date (year 2018: an amount of USD 2.46 million).

52. Contingent liabilities

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

- Uncovered letters of credit amounting to USD 11 068 608 (year 2018: an amount of USD 11 264 497).
- Letters of guarantee issued by banks on the account of the Group and in favor of others amounting to USD 11 159 564 (year 2018: an amount of USD 11 292 155).

53. Tax status

Corporate profit tax

- The Company enjoyed a tax exemption for 5 years according to Investment Law No. 8 of 1997 and ended on December 31, 2003.
- Tax inspection for corporate profit tax from inception till 2004 was carried out and the resulting tax differences were settled.
- Years from 2005 till 2008 The Company’s records were not requested for inspection within the determined sample by the Tax Authority till authorizing of these financial statements for issuance.
- Tax inspection for year 2009 was carried out and the resulted differences were settled. Carried forward losses item was submitted to the tax appeal committees for further memos. This item has been returned to the tax authority for final decision.
- Years from 2010 to 2012, the preparation of inspection are currently under process.
- Years 2013 & 2014, the Company was notified by tax inspection request Form no. 19. The Company submits an appeal and the legal procedures for the re-examination of the documents and submitting the legal books are in progress.
- Regarding years from 2015 till 2018, the annual tax returns were submitted on the due date according to the provisions of Law No. 91 of 2005 and the Company’s has not been notified of tax inspection yet by the Tax Authority.

## Salary tax

- The tax inspection for salary tax for the period from inception till 2013 was carried out and the final assessment was determined and resulting differences were settled.
- Years 2014 till 2016 was carried out and the final assessment was determined and resulting differences were settled.
- Years 2017 till 2018 documents have been submitted and the inspection is being settled.
- Monthly withheld taxes are settled on due dates.

## Stamp tax

- Inspection for the stamp tax for the period from the beginning of activity till 31/7/2006 was carried out and the final assessment was made and the Company settled the resulting differences.
- Period from August 1, 2006 till 2016 is currently inspected.
- The due tax is settled on due dates.

## Property tax

The survey of the Group's properties has not been carried out by the tax Enumeration and Assessment Committee yet.

## 54. Comparative figures

- Some comparative figures of the consolidated statement of financial position and consolidated statement of changes in equity were restated as a result of what have been mentioned in detail in note No. (26). Items affected by restatement are as the follows:

## Consolidated statement of financial position

Increase of cash and cash equivalents balance	980 22
Decrease of other current assets	217 625
Decrease of trade and notes receivables	179 353 3
Decrease of retained earnings balance	3 971 908
Decrease of non-controlling interests balance	119
Increase of suppliers, contractors, notes payable & other creditors balance	611 16

## Consolidated change in equity statement

Decrease of retained earnings balance	3 971 908
Decrease of non-controlling interests balance	119

- Some comparative figures were reclassified to comply with the presentation of the current financial period as the follows:

Items of consolidated statement of financial position that are affected by reclassification are as the follows:	
Increase of investment of Equity –accounted investees	928 55
Decrease of Investments available - for - sale	928 55
Increase of Property, plant, equipment & projects under constructions balance	23 215 150
Decrease of projects under constructions balance	22 955 902
Increase of right of use assets balance	358 462
Increase of inventory balance	105 406
Increase of suppliers, contractors, notes payable & other creditors balance	8 011 955
Decrease of suppliers, contractors, notes payable balance	34 982 814
Increase of accrued income tax balance	27 376 964
Decrease of cash and cash equivalent	3 657 172
Increase of other current assets	3 657 172
Decrease of Investment property	617 710



# An Integrated Portfolio of Investments



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