EKH
Egypt Kuwait Holding

20 YEAR ANNIVERSARY

Investing Across the

Full Energy Value Chain

ANNUAL REPORT **2018**

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A Clear Strategy for Growth

EKH has embarked on a new era in its growth story as it heralds in its 20th year of success. Operations today run the gamut of upstream gas production, midstream distribution, and value-added downstream petrochemical and fertilizers — making it Egypt's only fully integrated energy player.

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 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 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 451 public schools and 21 universities in 26 governorates since 2003. Its 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 to Egyptians, and improve the lives of thousands of people.

1.1 USD BN
Cumulative net profit (2005-2018)

1.1 USD BN
Total assets

712.5 USD MN
Total equity book value

20%
Average ROE

5
Strategic sectors, ranging from fertilizers and petrochemicals to energy, building materials and insurance

5,000+
Professionals employed by the holding company and its subsidiaries

Chairman's Note

Dear Stakeholders,

In 2018, Egypt began to enjoy the fruits of the government's far-reaching reform program. The economy has grown at its fastest rate in several years and the highest among its peers in the MENA region. Having prudently anchored our strategy to capitalize on the evolving macro environment and the government's efforts to industrialize the nation, EKH was optimally placed to reap the gains from Egypt's economic resurgence in 2018. In parallel with this, we restructured our portfolio to position EKH as the sole, fully-integrated energy company in Egypt, further underscoring our leading position in the market. I am proud to report that the year saw us once again consistently deliver growth, both financially and operationally, which leaves me confident in our continued success and ability to stay true to our investment strategy in the year to come.

Our performance throughout the year saw us deliver growth through multiple avenues, including full integration across the energy value chain with the consolidation of our upstream operations, aggressive expansion in our energy distribution and electricity generation, the organic growth inherent in our petrochemical and fertilizer businesses, and the successful diversification of our assets. Our performance has once again driven portfolio growth in a manner that sustainably creates value for our stakeholders, delivering both top- and bottom-line growth year on year and continued margin expansion.

EKH follows an efficient investment allocation strategy that allows a rapid response to evolving market trends and provides exposure to the opportunities created by Egypt's continuing industrialization drive. Our distinctive model leaves us well placed to benefit from developments in what are projected to be the Egyptian economy's main growth sectors with the renewed dynamism of the energy space and a greater emphasis on export success and import-substitution.

Our teams' skill and dedication, coupled with the trust our partners continue to place in us, allowed EKH's subsidiaries across a wide variety of sectors to outperform their wider markets in 2018. Constant efforts to refine operational efficiency have also played a major role in ensuring continued success, with our Energy and Energy-Related segment proving particularly profitable during the year, putting EKH in the perfect position to leverage Egypt's plan to transform into a regional energy hub and creating a new and important value stream.

> EKH continued to outperform, posting both top- and bottom-line growth year-on-year, upholding the standards it has consistently delivered.

In saying this, I would like to take this moment to extend a word of thanks to our valued Board of Directors for their deft support and each and every member of the ever-growing EKH team for their dedication, hard work, and commitment to excellence as we work to strengthen our positioning in the market.

Moving forward, EKH will continue to rely on the calibrated investment strategy and rigorous culture of asset assessment that have driven growth in years past. With the Egyptian economy projected to continue picking up steam in 2019, we will focus on generating the profitable synergies our business model makes possible and capturing growth in a manner that will create lasting value for our shareholders.

Moataz Al-Alfi
Chairman of the Board and CEO

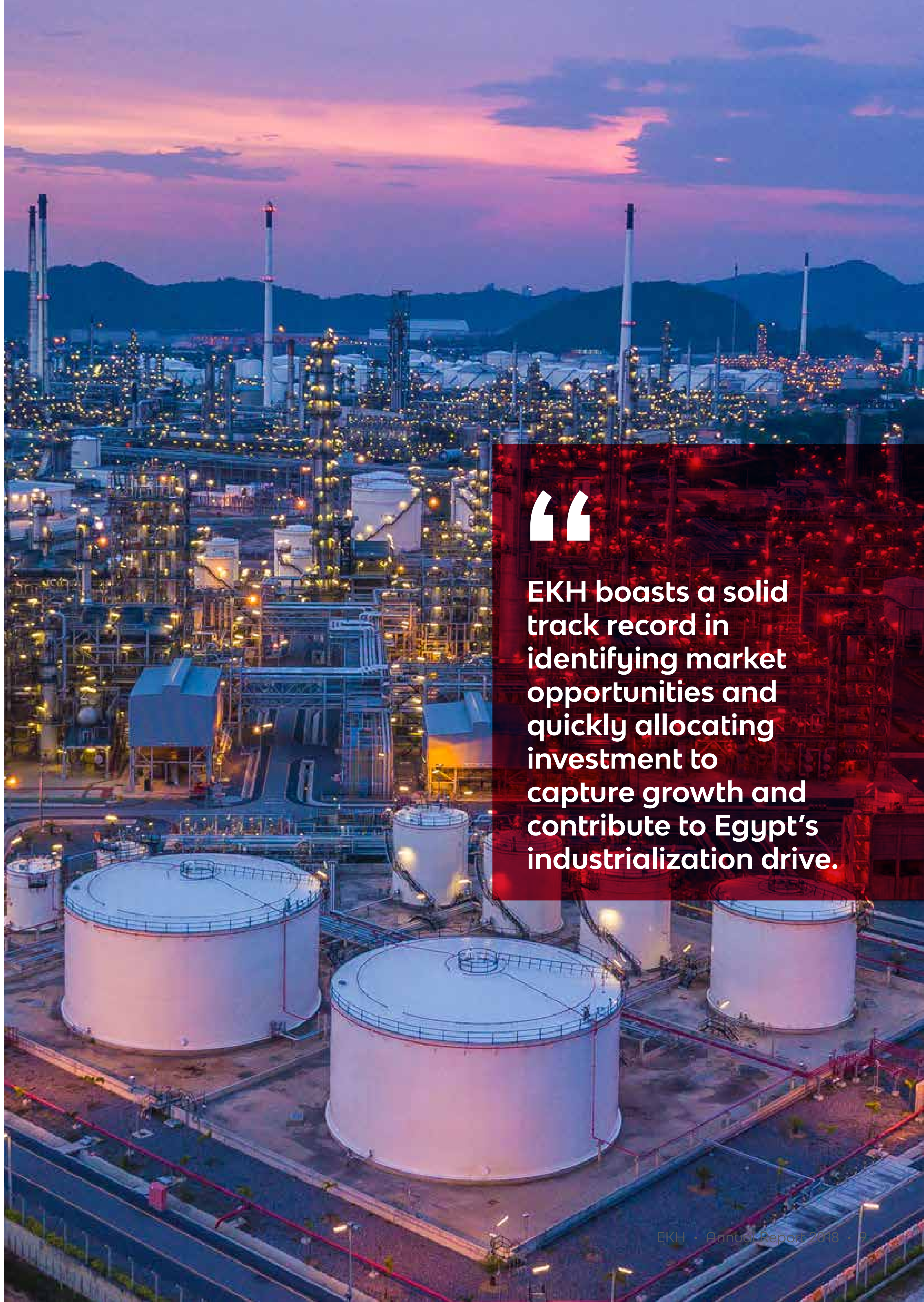
CEO's Note

As the year has come to a close, EKH had once again proven the merits of its investment thesis and its ability to adapt to and capitalize on the prevailing economic conditions. Year after year, we have delivered exceptional value to our shareholders thanks to a carefully implemented strategy that sees us capture opportunities as they arise and build resilience against economic uncertainty. Parallel to the Egyptian economy's fundamental restructuring — one that will favor energy plays, exporters, and import substitutes — EKH had restructured its portfolio to position itself as the only fully-integrated energy player in Egypt. Our operations today encompass upstream gas production, midstream distribution, and value-added downstream petrochemical and fertilizers. We are also continuously assessing assets in our diversified segment with the view of cleaning out minorities in proven winners and divesting from underperformers.

The success of our strategy is clearly reflected on our full-year results, with on-the-ground operational growth across our portfolio seeing us record revenues of USD 480.2 million in FY2018; an increase of 32% against a normalized top-line in FY2017 that factors out non-recurring investments gains of USD c.50 million. EKH delivered an attributable net income from operations of USD 95.1 million in FY2018, up 40% y-o-y versus a normalized attributable net income of USD 68.7 million in FY2017. Our performance was particularly strong in the fourth quarter of the year during which the benefits of our efficiency drive had started to emerge.

On a segment basis, I am especially pleased with the performance of our Energy and Energy-Related subsidiaries where we extracted value from organic growth at our natural gas distribution platform NatEnergy, and added incremental value with the consolidation of ONS.

At NatEnergy, our reputation for operational excellence and quality service saw us outperform the competition and grow installations to an all-time high of c.149,000 households in FY2018. We are also driving organic growth at NatEnergy's electricity generation subsidiary Kahraba, where newly added capacities of 30 MW during 2018 come at a time when demand is on the rise and electricity prices are being liberalized. These on-the-ground developments saw strictly



480USD/MN

Consolidated revenues in FY2018

local currency businesses deliver strong growth in US dollar terms, with NatEnergy's revenues up a solid 46% y-o-y to USD 78.2 million.

Looking ahead, our strategy will see us continue to expand our generation capacities by an additional 40 MW within one year, as well as venture into the electricity distribution market to build a fully-integrated power provider. In that regard, we have recently signed a 30-year electricity distribution contract that will see Kahraba distribute up to 60 MW to the Anshas Industrial Zone. This new step comes at a time when Egypt is looking to clear bottlenecks in its nationwide distribution grid. Meanwhile, we are also working to replicate our home-market success in natural gas distribution on a regional scale. EKH has recently acquired 100% of Shield Gas, a natural gas distribution player in the United Arab Emirates' central gas systems market, marking our Group's first expansion beyond borders into an underpenetrated natural gas distribution market. The acquisition is at an opportune time when the UAE government is working to phase out gas cylinders in favor of centralized gas systems, with companies like Shield Gas standing as prime candidates to capture this growth potential.

At Offshore North Sinai (ONS), I am pleased to announce that our seismic survey analysis conducted by WesternGeco have revealed potential natural gas reserves of c. 2,352 billion cubic feet (bcf). Preliminary results indicate shallow-surface dry gas reserves of 821 bcf and deep-layer estimates of 1,531 bcf and 112 MMbbl of condensates. These results significantly add to ONS' long-term growth potential and its ability to generate important new incremental value to our shareholders for years to come. We had already upgraded the concession's P1 reserves to c. 218 bcf in September 2018 and have outlined a CAPEX program to develop and fully capitalize on these fields. We will push forward in the coming months with valuation studies for these latest survey results to further upgrade ONS' total production profile. Expansion in the upstream natural gas business is at the core of our growth strategy and comes at exactly the right moment as Egypt is positioning itself as the premier energy hub in the eastern Mediterranean.

Meanwhile at our developed Tao field, we continued to ramp up production during the year with three operational wells. This high-margin operation generated revenues of USD 38.7 million in FY2018 at a stellar 79% EBITDA margin, and added USD 16.6 million in incremental value to EKH's attributable net income for the year. Heading into 2019, ONS continues to make progress on a fourth well at the Tao field as well as the development of the Kamose field, which encompasses drilling four new wells and installing one platform connected to the existing pipeline.

EKH's Fertilizers & Petrochemicals segment has also delivered solid results thanks to our subsidiaries' ideal position to capitalize on increased industrialization and a favorable exchange rate regime that favors exporters and import-substitute industrials. At AlexFert, stable feedstock supply and pricing, a tight rein on operational costs and a turnaround in global urea prices allowed us to deliver a 40% y-o-y increase in bottom-line on a 6% growth in revenues in FY2018. Meanwhile at Sprea Misr, we continue to capitalize on its position as a high-quality local producer of petrochemicals that have substituted economically unviable imports and allowed us to deliver exponential growth. I would also like to commend Sprea's management for their efforts in extracting operational efficiencies across the board, devising prudent cost and pricing methodologies that have begun to yield tangible results. Our growth strategy for the company will focus on organic expansion and growing our footprint in export markets.

EKH boasts a solid track record in identifying market opportunities and quickly allocating investment to capture growth and contribute to Egypt's industrialization drive. Our most recent venture in the medium-density fiberboard (MDF) business aims to see us replicate our success with Sprea and extract favorable synergies from this adjacent market. EKH has committed c. EGP 2 billion in investments. I am confident in EKH's ability to continue driving growth across our portfolio and deploy its investment strategy to deliver sustainable value to our shareholders for years to come. I look forward to reporting to you here on our progress and results as EKH's growth strategies continue to unfold.

Mr. Sherif El-Zayat
CEO

> **"Our strategy will see us expand our capacities by an additional 40 MW within one year, as well as venture into the electricity distribution market to build a fully-integrated power provider.**

125USD/MN

Net income in FY2018

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 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 Egyptian Tanker Co. and Gas Chill, which provides world-class cooling and heating solutions.

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 Egypt Hydrocarbon Corporation (EHC), investment firm ISquared, and Kuwait's telecoms provider Zain totalled 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%.

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 1.1 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.

95 USD/MN

Consolidated attributable net income in FY2018

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.

1998

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.

2003

EKH saw several milestones, with Nubaria Gas, Kahraba, and AlexFert being founded during the year. EKH also acquired in 2003 11.75% of 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.

2007

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 Plastichem. 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.

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.

2016 2017

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%.

EKH optimized its portfolio with strategic divestments and investments, including exits from industrial EHC at USD 65 million, investment firm ISquared 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%.

2018

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 fully integrated player 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

1997 1999

- Company is founded by a consortium of prominent Kuwaiti and Egyptian businessmen, including former Chairman Nasser Al-Kharafi
- Establishment of NatGas
- NatGas commences operations
- Initial acquisition of a significant stake in Delta Insurance

2000 2005

- 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

2006 2007

- 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 Plastichem are acquired

2008 2012

- 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

2013 2016

- 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

2017

- Stake in Delta Insurance grows to 99%
- ISquared, 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

2018

- 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.
- Ownership in Delta Insurance stands at 55.4%.

Unlocking Opportunities

EKH's strategy going forward is to focus on streamlining its portfolio and pursue investments in proven success stories.

The company's growth strategy is anchored by its desire to optimize its portfolio in a way that creates the largest value for shareholders. With capital gains being what we consider a source of recurring income, it is important for us to hinge our strategy on continuous growth and expansion while being mindful of our portfolio structure. As a result, our primary focus continues to be the organic growth of our recurring income and ongoing operations.

Our current strategy and business model is now built on bolstering our balance sheet so as to actively seek growth opportunities focused on higher-return business for long-term value. To do this, EKH's strategic plan for 2018 is to continue to streamline its investments by divesting or selling down non-performing assets. The year just ended was also one of portfolio restructuring and investment streamlining with the aim of unlocking new value for shareholders. EKH completed divestments totaling USD 195 million in FY2017, including exits from industrial EHC at USD 65 million, investment firm ISquared for USD 60 million, and a share sell-down in Kuwait's telecoms provider Zain for USD 70 million.

Proceeds from these transactions helped strengthen our balance sheet, with cash from the latter utilized in debt reduction while excess liquidity is directed at growth opportunities, as well as acquiring minority interests in our proven winners. Most recently, EKH submitted a Mandatory Tender Offer to increase its stake in Delta Insurance to 99%, a company commanding a strong and competitive position in the market and that can capitalize on the favorable trends in the non-bank financial services space. EKH ownership stake in Delta Insurance currently stands at 55.4%. Using this carefully calculated strategy of capitalizing on high-growth industries and investing in businesses with solid market positions, EKH has managed to not only dodge prevailing market challenges, but continue its pursuit to outperform.

> **"Our current strategy and business model is now built on bolstering our balance sheet so as to actively seek growth opportunities focused on higher-return business for long-term value.**

EKH in 2018

EKH submitted a Mandatory Tender Offer to increase its stake in Delta Insurance to 99%, a company commanding a strong and competitive position in the market and that can capitalize on the favorable trends in the non-bank financial services space.

32%

Y-o-y recurring revenue growth in FY2018

46%

Y-o-y growth in consolidated bottom line after normalizing for non-recurring gains

2018 Highlights

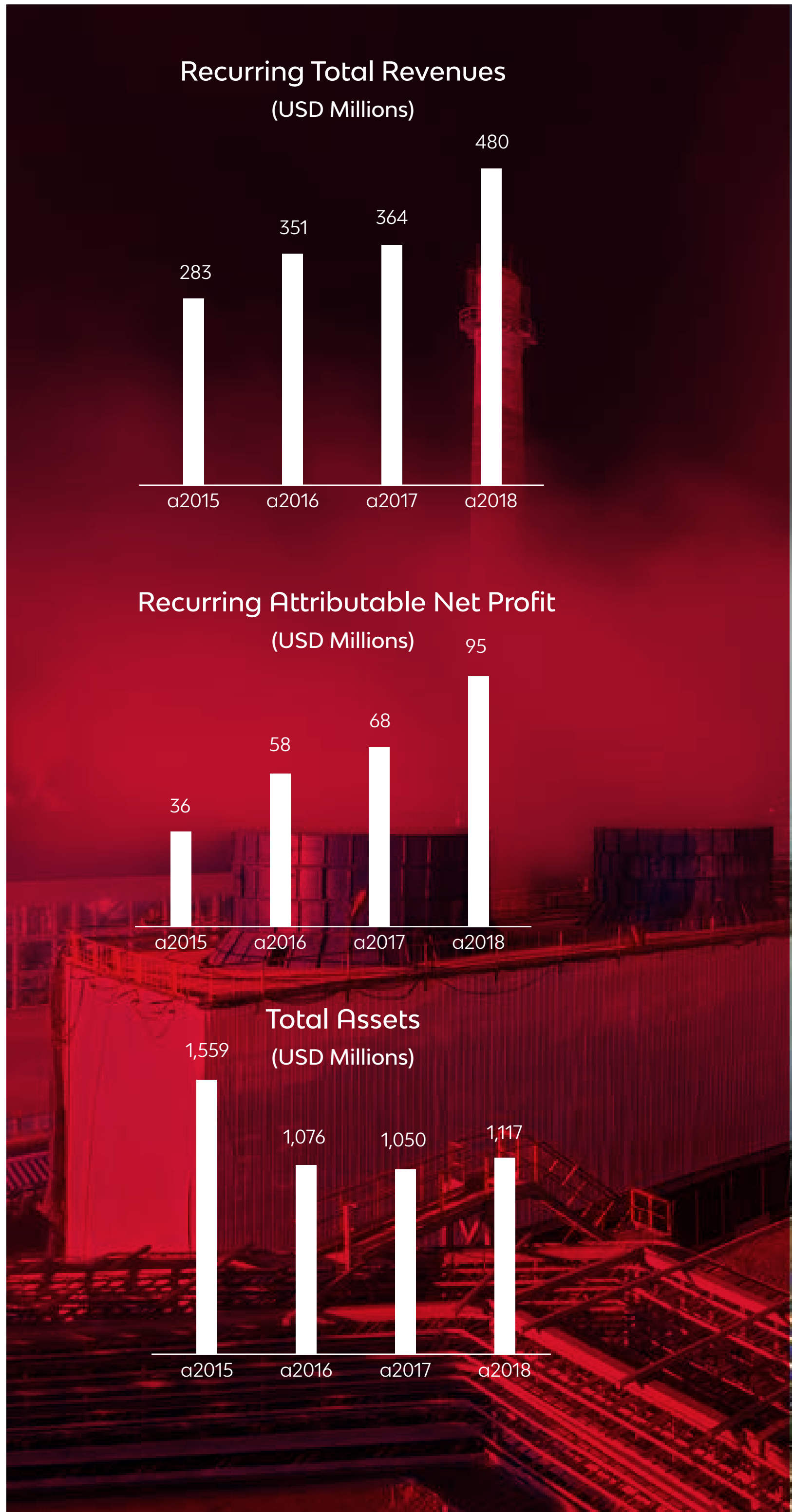
> **EKH's consolidated revenues in FY2018 recorded USD 480.2 million, up 16% y-o-y.**

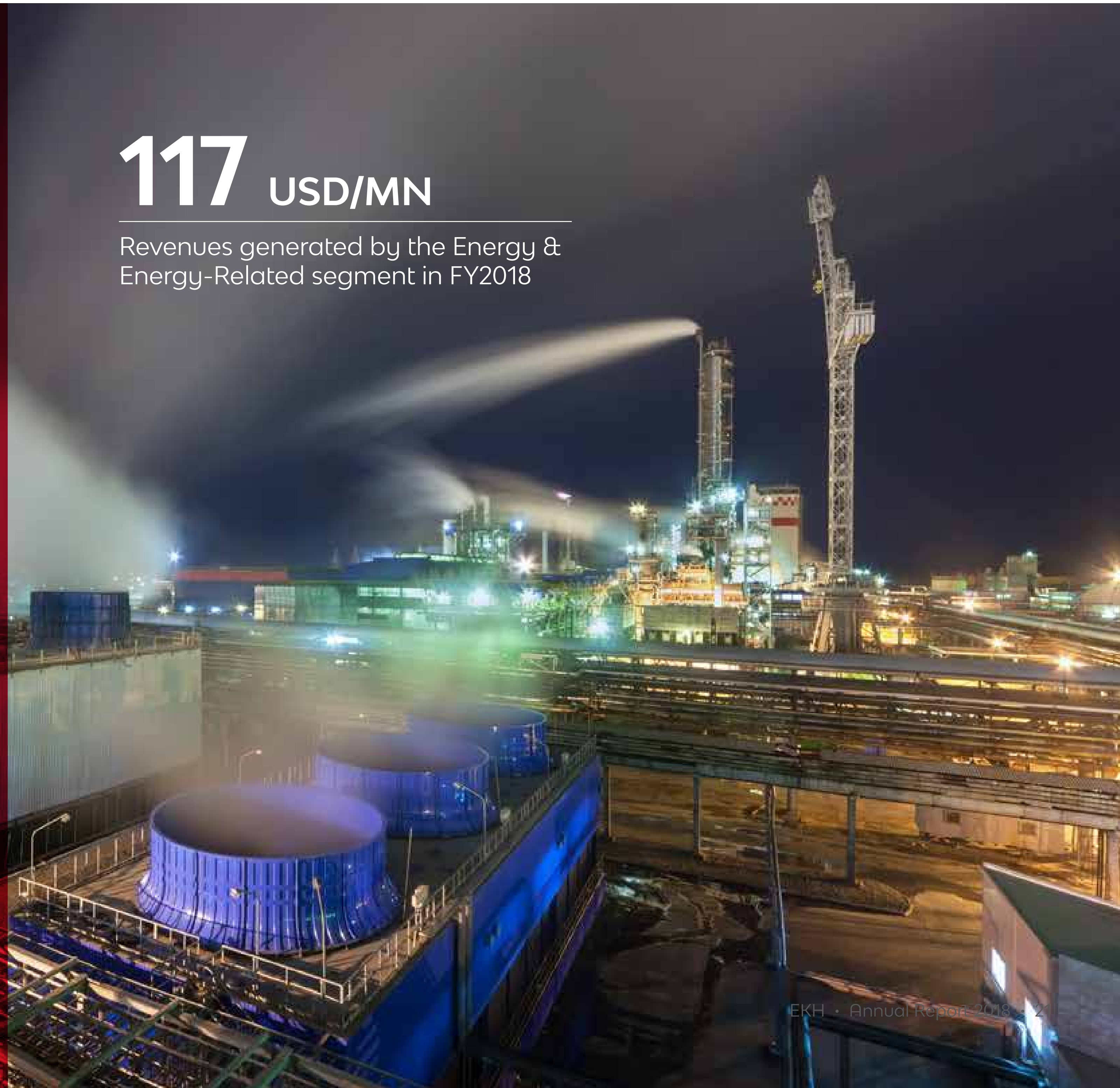
2018 was characterized by the significant growth in the company's energy business, with ONS's production profile having been upgraded from P1 reserves of 113 bcf at the beginning of the year to 218 bcf at the close of 2018. The company restructured its portfolio to position itself as the sole, fully-integrated energy producer in Egypt and took steps to streamline its portfolio in mane investments in companies that expand its footprint.

EKH's consolidated revenues in FY2018 recorded USD 480.2 million, up 16% y-o-y, driven by a strong performance at the Energy and Energy-Related segment with on-the-ground operational improvements, as well as the consolidation of ONS starting 1Q2018. Net income for FY2018 posted USD 125.2 million, down by 7% y-o-y due to the non-recurring gains in FY2017. Normalizing for these gains would see EKH's net income record a 47% increase in FY2018 compared to a normalized USD 84.9 million in FY2017. EKH's consolidated attributable net income was USD 95.1 million in FY2018, up 40% compared to a normalized USD 68.8 million in FY2017.

305 USD/MN

Revenues generated by the Fertilizers & Petrochemicals segment in FY2018





117 USD/MN

Revenues generated by the Energy & Energy-Related segment in FY2018

Management Discussion & Analysis

EKH opened a new and highly exciting chapter of its story in 2018. Intensified efforts by the Egyptian government to implement economic reforms provided the backdrop for a year in which EKH became the first listed company in Egypt to integrate the entire hydrocarbons value chain under the same business. EKH now enjoys full-spectrum exposure to the entire energy sector value chain, including upstream gas extraction, midstream distribution, and downstream value-adding segments such as fertilizers and petrochemicals. Subsidy cuts and price liberalization by the Egyptian government work directly in the company's favor, positively affecting each sector in which it is now active. Meanwhile, natural gas production at the group's Offshore North Sinai concession is growing just as Egypt redoubles efforts to establish itself as the Eastern Mediterranean's energy hub.

Having assembled an asset configuration that leaves the group with the prospect of exploiting significant upsides, be they market-driven or a by-product of reforms, in 2018 EKH was able to take a more focused and sustainable approach to value creation. The year saw portfolio-wide implementation of a strategy that leverages a macro environment advantageous to investments in energy, import-substitution models, and export-oriented businesses.

EKH Performance

EKH reported consolidated revenues of USD 480.2 million for FY2018, up 16% y-o-y. This rapid top-line expansion was driven by broad-based growth at the group's Energy & Energy-Related and Fertilizers & Petrochemicals segments, as well as the consolidation of Offshore North Sinai from 1Q2018. Factoring out non-recurring gains in FY2017 of c. USD 50 million, received upon the sale of EKH's stakes in the Egyptian Hydrocarbons Company and ISquared, revenue growth for FY2018 records 32% y-o-y. Net income for the year came to USD 125.2 million, a y-o-y decline of 7% due to the abovementioned non-recurring gains. Normalizing for these, the group's consolidated bottom line climbs by 47% y-o-y from the USD 84.9 million recorded a year previously. EKH's consolidated attributable net income was USD 95.1 million in FY2018, up 40% compared to a normalized USD 68.8 million in FY2017.

Fertilizers & Petrochemicals

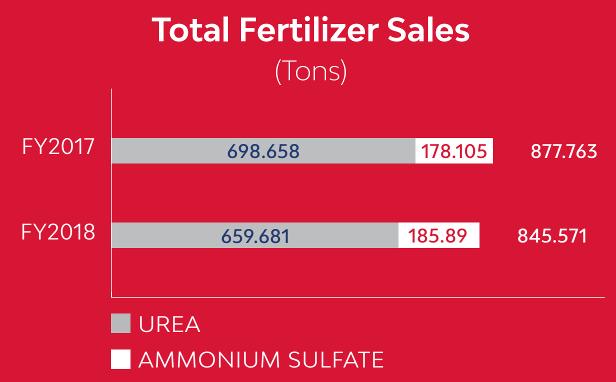
The Fertilizers & Petrochemicals segment generated revenues of USD 305.4 million in FY2018, an increase of 5% y-o-y driven primarily by AlexFert. Subsidiaries in the segment sought to capitalize on growing demand for their products, as the Egyptian government continues to support industrialization and liberalizes exchange rates to the benefit of import-substitution industrial players and exporters. Net profit from the segment grew more rapidly than its top line, at 15% y-o-y, to record USD 69.4 million for FY2018. Enhanced profitability came as a result of an improved input price environment and comprehensive efficiency programs implemented by management at AlexFert and Sprea Misr. Fertilizers & Petrochemicals yielded a net profit margin of 23% at year-end 2018, an improvement of two percentage points on the net profit margin (NPM) for FY2017.

Sprea Misr recorded USD 117.1 million in revenue for FY2018, a y-o-y increase of 2% driven by stronger sales volumes of formaldehyde and formurea. Throughout the year, management worked to limit the increase in operating costs associated with rising production volumes. Operational efficiencies were successfully extracted across Sprea's production lines, with prudent cost and pricing regimes introduced to maintain the subsidiary's ability to service Egyptian demand for products that substitute for economically unviable imports. Management met with particular success in improving efficiency at Sprea's SNF production line. Capacity utilization at the line climbed in FY2018 and is on track to exceed 85%, stimulated by steadier supplies of crude naphthalene, a primary input in SNF production. Meanwhile, Sprea Misr sold a greater share of its production as exports in 2018. Combined with lower raw material costs and management's success in extracting operational efficiencies, this supported solid growth from the company's core activities. The subsidiary's bottom-line remained almost unchanged at USD 28.1 million for FY2018, recording a steady net profit margin of 24% Sprea registered an EBITDA of USD 32.8 million for the year, yielding an EBITDA margin of 28% against the 31% recorded a year previously.

AlexFert brought in revenues of USD 188.3 million in FY2018, representing growth of 6% y-o-y. The subsidiary's top line was boosted by an increase in higher-priced export sales of urea, a result of growing demand from a key export market in India. AlexFert maintained full capacity utilization during the year, while the price of natural gas inputs remained stable. With management successfully keeping a tight rein on operational expenses, the company's EBITDA recorded USD 67.8 million in FY2018, up 28% y-o-y from the USD 53.1 million registered a year previously. AlexFert's EBITDA margin expanded by six percentage points over the same period, reaching 36%. The subsidiary booked a bottom line of USD 41.2 million for FY2018, up a strong 28% y-o-y and yielding a four percentage-point expansion in the net profit margin to 22%. As the glut in the global supply of urea continues to ease and several coal-based producers in China cease production, management anticipates further increases in urea prices moving forward.

Fertilizers & Petrochemicals

in USD mn unless otherwise indicated	4Q2017	4Q2018	% Change	FY2017	FY2018	% Change
Revenues	73.8	78.6	7%	291.9	305.4	5%
Gross Profit Margin	23%	33%	10 ppt	26%	29%	3 ppt
EBITDA Margin	27%	37%	10 ppt	30%	33%	3 ppt
Net Profit	15.0	19.4	29%	60.4	69.4	15%
Net Profit Margin	20%	25%	5 ppt	21%	23%	2 ppt
Net Profit Attributable to EKH	9.8	12.7	29%	41.3	46.4	13%



Energy & Energy-Related

Revenues from the Energy & Energy-Related segment more than doubled in FY2018, rising to USD 116.9 million from USD 53.5 million a year previously. Rapid growth in the segment's top line was primarily driven by the consolidation of Offshore North Sinai (ONS) beginning in 1Q2018 and the simultaneous ramp up in operations at the concession. Strong operational performance at NatEnergy, further contributed to the segment's overall growth. At year-end 2018, the segment recorded a net profit of USD 48.4 million, up by 13% y-o-y to yield an improved net profit margin of 41%.

NatEnergy's top line expanded by 46% y-o-y to reach USD 78.2 million in FY2018. The subsidiary's strong performance was attributable to enhanced operational performance. Natural gas installations continued to increase rapidly during the year, with NatEnergy's gas distribution subsidiaries NATGAS and Fayoum Gas connecting a record 148,000 households in FY2018, exceeding the previous year's figure by 47% and generating significant gains in commission revenues and maintenance and customer service fees. Volume-level expansion at NatEnergy's gas distribution plays was accompanied by comprehensive efforts to improve operational efficiency, with an eye to maintaining the subsidiary's reputation for high-quality service. Meanwhile, NatEnergy's electricity generation subsidiary Kahraba made a larger contribution to segment revenues in FY2018. Taking advantage of further moves towards price liberalization in the electricity generation sector, Kahraba significantly expanded its capacity in FY2018, adding 30 MW in July to reach a total installed capacity of 75 MW. Coupled with higher electricity prices following the government's phaseout of energy subsidies, Kahraba's capacity enhancement and the concomitant 35% y-o-y increase in kWh of electricity distributed saw its revenues climb markedly. NatEn-

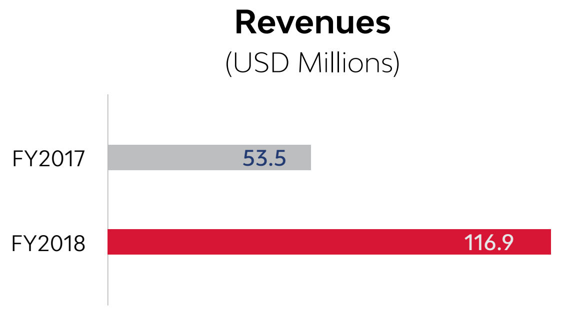
Energy & Energy-Related

in USD mn unless otherwise indicated	4Q2017	4Q2018	% Change	FY2017	FY2018	% Change
Revenues	16.2	34.4	113%	53.5	116.9	119%
Gross Profit Margin	42%	36%	(6 ppt)	39%	43%	4 ppt
EBITDA Margin	40%	50%	10 ppt	38%	51%	13 ppt
Net Profit	6.0	12.2	103%	20.3	48.4	138%
% Margin	37%	35%	(2 ppt)	38%	41%	3 ppt
Net Profit Attributable to EKH	5.0	10.8	115%	17.0	43.2	154%

ergy's consolidated net profit climbed by 57% y-o-y to reach USD 31.8 million in FY2018, with the company's net profit margin rising by three percentage points to 41% for the year.

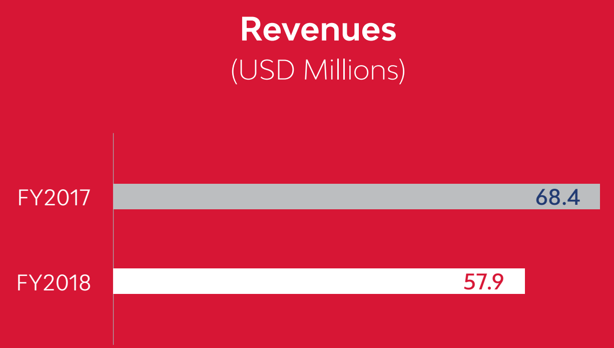
On the natural gas production front, FY2018 saw ONS generate revenues of USD 38.7 million. ONS continued to ramp up production through the year, with the concession's third well coming online late in the third quarter. By year-end 2018, total production at ONS had reached 34 mmscf/d, doubling the production rate attained at the start of operations during the first quarter of the year. ONS recorded an EBITDA of USD 30.3 million for FY2018, yielding an EBITDA margin of 43%. Reflected is the price advantage held by natural gas over oil: the group has concluded a pricing formula with the Egyptian government which effectively shields ONS from market-driven energy price fluctuations.

At year-end 2018, Offshore North Sinai's production profile had been upgraded from P1 reserves of 113 bcf at the start of the year to reserves of 218 bcf. EKH has already earmarked the CAPEX necessary to continue drilling new wells. EKH it working diligently to maximize value from its existing wells, Tao and Kamose, which generated profits of c. USD 15 million during FY2018. EKH will also continue to upgrade the concession's production profile in light of the results of recent seismic survey analyses estimating the presence of up to 821 bcf of shallow-surface layer reserves, in addition to 1,531 bcf and 112 MMbbl of condensates in deep-layer (Pre-Messinian) volumes.



Diversified

EKH's diversified segment recorded revenues of USD 57.9 million in FY2018, down 15% y-o-y due to the base effects of c. USD 50 million in non-recurring gains recorded in FY2017. The segment contributed USD 5.5 million to the group's attributable net income for FY2018, down from USD 60.5 million a year previously. This was again due to the non-recurring gains realized in the previous year, related to the sale of the group's stakes in EHC and ISquared.



"EKH became the first listed company in Egypt to integrate the entire hydrocarbons value chain under the same business.

Outlook

Sprea Misr: Sprea aims to prolong its track record of success as it enters a more mature phase of its growth story. To sustainably create value, Sprea Misr will maintain high capacity utilization, pursue upward adjustment of price points and effectively manage previously scarce raw materials while growing export volumes to nearby markets, particularly Saudi Arabia.

AlexFert: Moving forward, management expects AlexFert to benefit from favorable seasonal factors. The fertilizing period for summer crops falls within 2Q2019, allowing the subsidiary to continue building up inventory ahead of an expected stoppage for maintenance in 3Q2019.

NatEnergy: NatEnergy's market stature will be leveraged in capturing growth potential from the Egyptian government's plans to expedite households' conversion to gas lines. EKH plans to complete an average of 180,000 to 200,000 installations going forward.

Kahraba: Kahraba is working increase the generation of electricity to 115MW by 2020, as opposed to the current 70MW rate. This increase will take advantage of price liberalization within the private sector. Kahraba continues to negotiate distribution contracts providing it with profitable exposure to Egypt's main growth sectors.

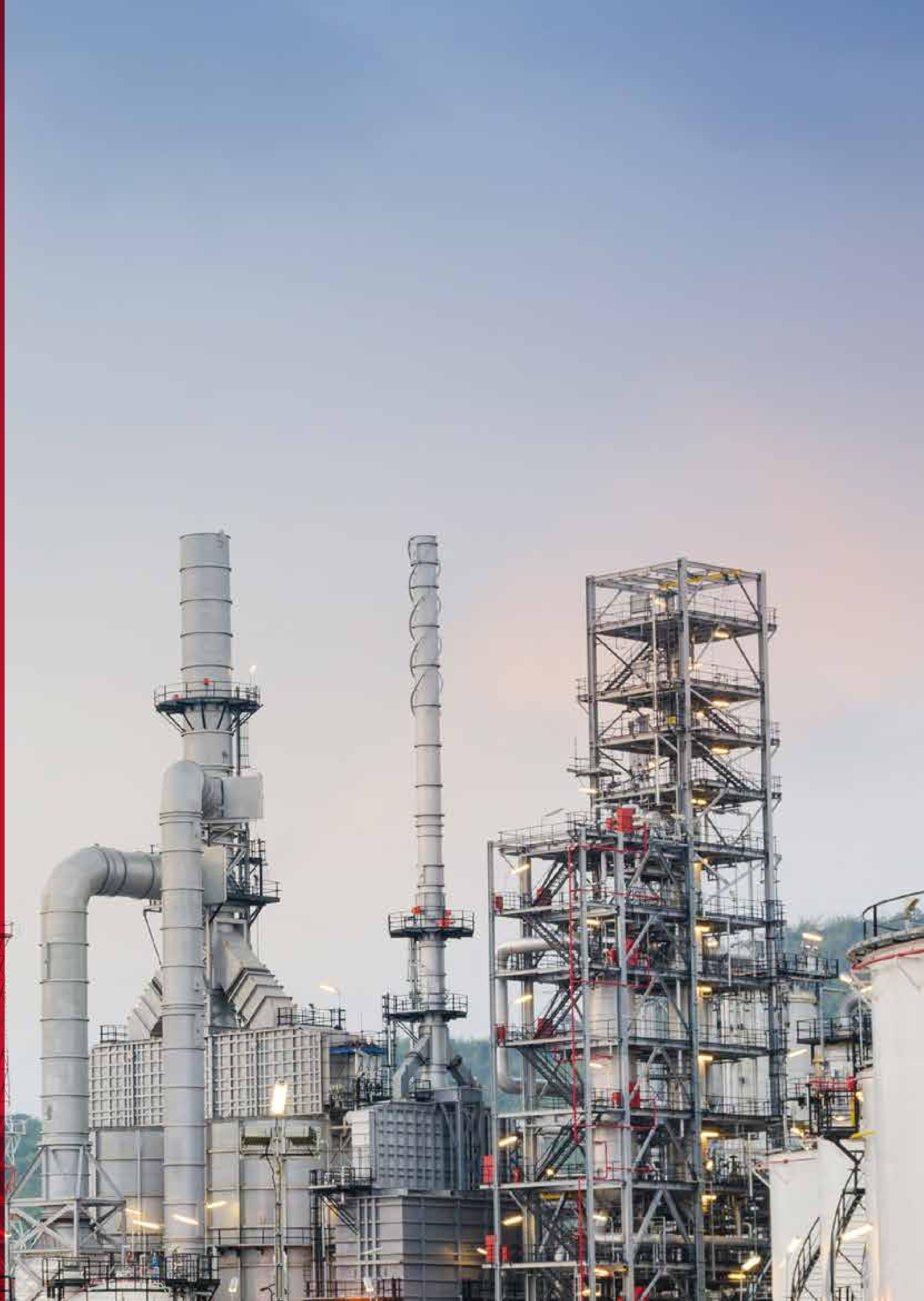
ONS: ONS is a key component of EKH's plan for revenue increase in the coming period. ONS aims to bring four new wells online. EKH has signed a pricing formula with the Egyptian government, which will help shield ONS from market-driven fluctuations in price.

58 USD/MN

Revenues generated by the Diversified segment in FY2018

Our Investment Portfolio

EKH is a hands-on investor seeking majority stakes and management control of its investments to unlock value for shareholders.

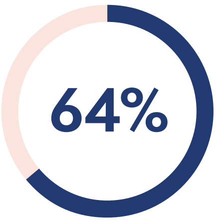


Fertilizer & Petrochemicals

With over 11 years of nitrogen fertilizer and petrochemical expertise, EKH's investments cover a wide range of the industry's value chain from urea, ammonium nitrate, and melamine to formaldehyde and liquid and powder glue. EKH's strategy in this segment is to target investments with access to key export markets, including the US and Europe, and diverse products across several industries, particularly import substitute plays with strong cashflows.

Key assets:

- AlexFert
- Sprea Misr

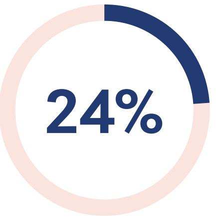


Energy & Energy-related

Investments in this line of business cover the energy value chain, with key activities of portfolio companies including natural gas production and the construction and operation of gas distribution networks (including the transport of natural gas to power stations and the independent production of power). The company also engages in local and global marine transport of crude oil and petroleum products and oil and gas exploration.

Key assets:

- NatEnergy
  - NatGas
  - Fayum Gas
  - Nubaria Gas
  - Kahraba
  - Gas Chill
- Offshore North Sinai

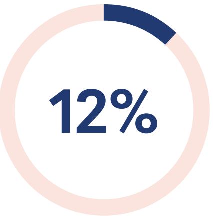


Diversified

This segment encompasses a wide array of strategic investments from cement production, telecommunications and infrastructure to insurance. Our strategy is to invest in local businesses with large and defensible market positions.

Key assets:

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



Fertilizer & Petrochemicals

> "The Fertilizers & Petrochemicals segment generated revenues of USD 305.4 million in FY2018, an increase of 5% y-o-y.

EKH has investments in two operational companies in the Fertilizers & Petrochemicals Segment: Alexandria Fertilizers Company (AlexFert) and Sprea Misr for Production of Chemicals & Plastics Company. A third investment, the Egyptian Hydrocarbon Corporation, a mining-grade ammonium nitrate manufacturing startup, was divested in 2017. The company's Fertilizers & Petrochemicals investments are made up of a large range of products, including urea, ammonium nitrate, and melamine, to formaldehyde and liquid and powder glue. The company has more than a decade of nitrogen fertilizer and petrochemical expertise, with its strategy in this segment being to target investments with access to key export markets, including the US and Europe, and numerous products in several industries, particularly import substitute plays with strong cashflows.

Primary Portfolio Investments

AlexFert
(Ammonia, Urea Fertilizer, and Ammonium Sulfate Plant)

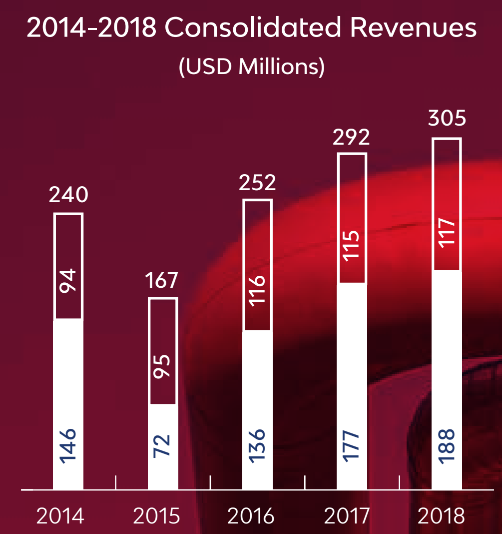
Effective Ownership

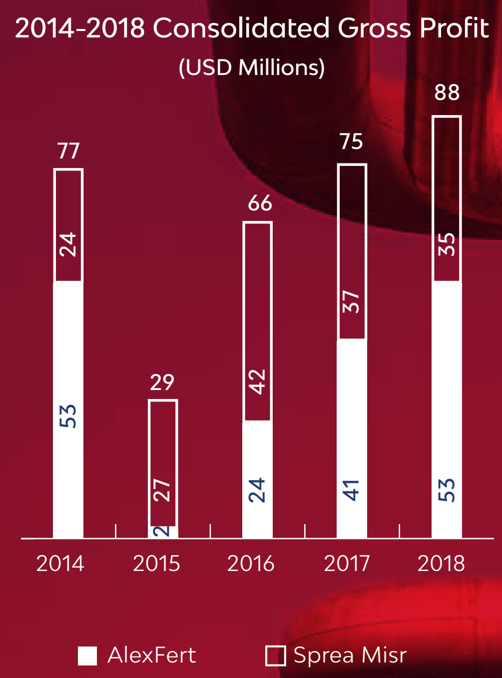
44.4%

Sprea Misr
(Chemicals Plant)

Effective Ownership

100%





Alexandria Fertilizer Company

AlexFert was established in 2003 by EKH as a greenfield project with an authorized capital of USD 500 million and paid-in capital of USD 249 million. AlexFert began operations in 2006 and has since positioned itself as a leading Egyptian producer of fertilizers and urea.

The company's plant is optimally located in Alexandria with access to export markets in Europe and the US and utilizes a strong distribution strategy with limited reliance on offtake agreements (c. 90% of the company's production is exported to Europe and the US with c. 10% of production directed to the domestic market).

AlexFert's 422 employees operate out of a 101,000 square meter factory in Alexandria that is ISO 9001/2008 and ISO 14001/2004 certified. In 2013, AlexFert established a new ammonium sulfate production line as part of a major push for operational expansions.

EKH directly and indirectly holds c. 44% of AlexFert through its majority shareholding stake in Bawabet Al Kuwait Holding, which allows EKH to exert management control in AlexFert.

2018 Developments

AlexFert continued to enjoy a stable feedstock supply in 2018, enabling the company to maintain full capacity utilization and exploit a marked turnaround in global urea prices. Tight controls on operating costs, a stable supply of raw materials, and a higher demand from key export markets meant that growth at AlexFert was the primary driver of the Fertilizer and Petrochemicals segment's top-line expansion during 2018.

422

Employees

44.4%

Directly and indirectly owned with management control

396 ktpy

Ammonia capacity

635 ktpy

Urea capacity

165 ktpy

Ammonium sulphate capacity

International Petrochemical Investments Company

A subsidiary of AlexFert, the International Petrochemical Investments Company (IPIC) is an Egyptian joint-stock company established in 2012 with authorized capital of USD 1 billion and paid-in capital of USD 100 million. IPIC seeks to invest and acquire promising companies in the fertilizer and petrochemical industry, both within Egypt and abroad.

188.3 USD/MN

Total revenues in FY2018

67.8 USD/MN

EBITDA in FY2018

52.7 USD/MN

Gross profit in FY2018

Sprea Misr

Founded in 1989 and acquired by EKH in 2007, Sprea Misr has emerged as one of the largest manufacturers and exporters of petrochemicals and plastics in Egypt due to the careful management and oversight of EKH, which holds a 100% stake in the company.

Sprea Misr produces top-of-the-line urea, melamine, and formaldehyde products at its factory complex in 10th of Ramadan City. Our 41,439-square-meter facilities have a combined 270 kiloton production capacity. Flagship products include molding compounds, glues, and resins, as well as new production lines of Formica sheets and powder glue launched in 2013. Our Formica plant is strategically planned to replace imports, with our Formurea and Formica sheets currently commanding a market share in excess of 80%.

With specialized production facilities and a unique range of petrochemical products, Sprea Misr is the trusted supplier of large and small companies alike both in Egypt and abroad, enjoying a healthy market share across its product lines in Egypt thanks to unmatched pricing, quality, and after-sales service.

Sprea Misr has implemented an aggressive growth plan that led to expansion into new markets, such as the Formica sheet plant, while the roll-out of a cost reduction program has further enhanced margins. The company is working to capture a larger share of the fast-growing naphthalene formaldehyde market (SNF, a key additive to ready-mix concrete). At the start of Sprea's SNF production in 2016, the ready-mix concrete market accounted for 10% of cement consumption. Today, this figure stands at c. 18-20% following a recent shift to ready-mix concrete versus loose bags across infrastructure and development projects. The company's array of products enables it to target several industries including fertilizers, plastics, pharmaceutical, textile, automotive, construction, industrial manufacturing, and water treatment, while production flexibility allows Sprea Misr to change production lines to capitalize on demand changes or short-term price increases. As a whole, the petrochemicals segment enjoys significant barriers to entry given industry knowhow, providing the company with an additional competitive advantage.

Sprea has been certified by international cement producers, becoming part of the international supply chain and opening the gates to new export opportunities. Egypt's strategic geographic location facilitates Sprea Misr's exports, which currently span more than 40 countries in Africa, the Middle East, Europe, and Latin America. Exports account for more than 19% of total sales, with plans to expand its international footprint going forward.

2018 Developments

In 2018, management at Sprea Misr succeeded in implementing a comprehensive efficiency drive, entailing the adoption of prudent pricing and cost control policies, as well as further fine-tuning of operations. Enhanced operational efficiency, coupled with heavy investment in capacity expansions during previous years, has allowed Sprea Misr to service growing petrochemical demand and helped cement its ability to produce high-quality and affordable alternatives to economically unviable imports. Improved efficiency was translated into higher capacity utilization rates during the year, especially at Sprea Misr's SNF production line, which further benefited from a steadier supply of crude naphthalene, a key raw material. Greater availability of raw materials was translated to lower input costs in 2018, amplifying the effects of Sprea Misr's efficiency drive on the company's bottom line. Sprea Misr continues to target a greater share of the market currently serviced by imported products, and has secured the land required for expansion and the pursuit of complementary business opportunities.

117.1 USD/MN

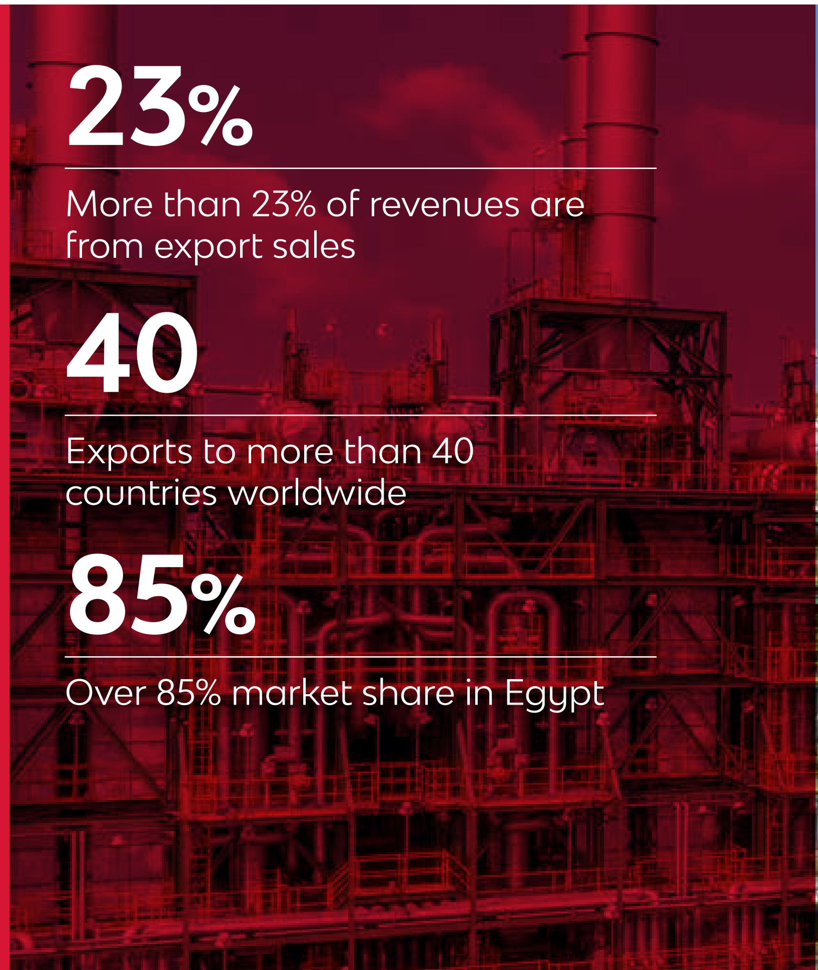
Total revenues in FY2018

32.8 USD/MN

EBITDA in FY2018

35.1 USD/MN

Gross profit in FY2018



23%

More than 23% of revenues are from export sales

40

Exports to more than 40 countries worldwide

85%

Over 85% market share in Egypt

100%

EKH ownership in Sprea Misr

Energy & Energy-Related

> Revenues from the Energy & Energy-Related segment more than doubled in FY2018, rising to USD 116.9 million from USD 53.5 million.

Egypt Kuwait Holding's investments in the Energy and Energy-Related segment include NatEnergy and Offshore North Sinai (ONS). Through its 100%-owned subsidiary NatEnergy, EKH builds and operates gas distribution networks in Egypt, covering a wide spectrum of activities including connecting households and industrial clients to the natural gas grid, as well as the independent production of power. Offshore North Sinai is EKH's natural gas play, controlling total reserves estimated at c. 2.4 trillion cubic feet and granting EKH significant and profitable exposure to Egypt's booming production environment. In 2018, EKH marked its first expansion beyond Egypt, fully acquiring Emirati natural gas distribution player Shield Gas.

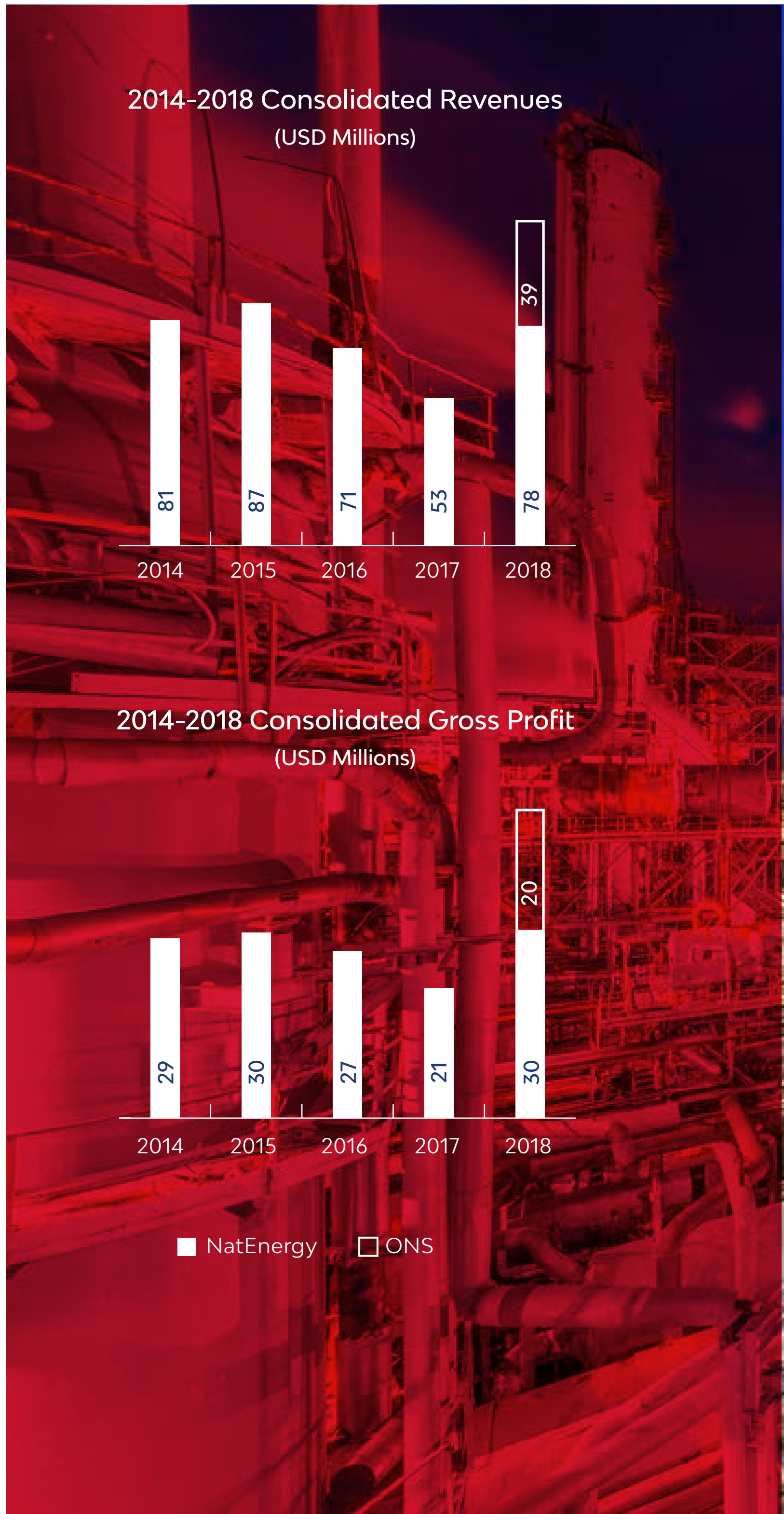
Primary Portfolio Investments

NatEnergy

(Gas Distribution Business Holding Company)

Effective Ownership

100%

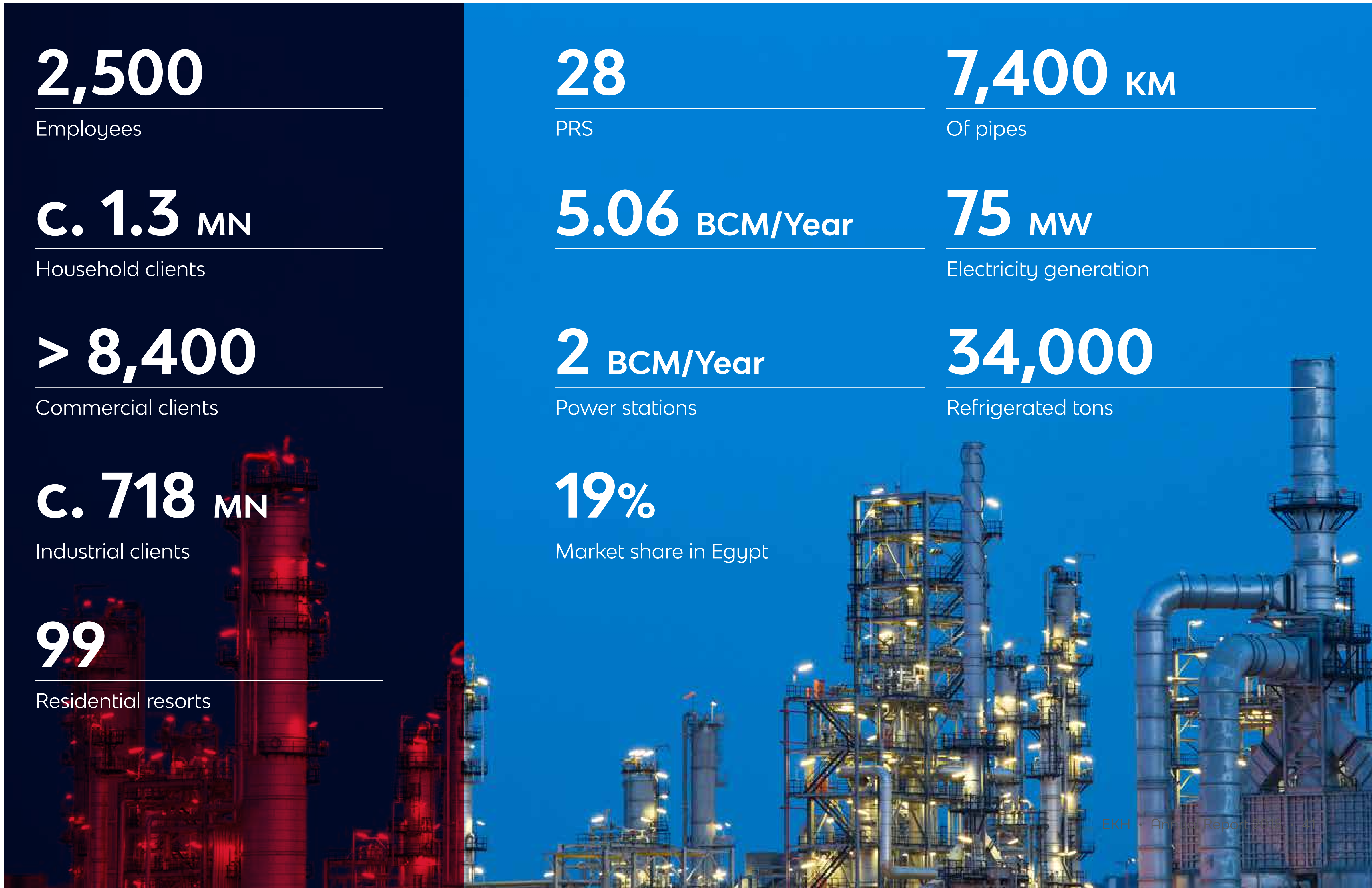


NatEnergy

Established in 2010, NatEnergy is EKH's wholly-owned holding company with five leading private sector energy and gas distribution plays under its umbrella: NATGAS, Fayum Gas, Nubaria Gas, Kahraba, and Gas Chill. The company's operations cover a wide spectrum of activities, such as building and operating gas distribution networks, connecting homes to the national grid, transmitting natural gas to power stations, providing district cooling services, and generating electricity.

Covering over 1.3 million customers — be they household, commercial, or industrial — in Egypt through its diverse range of activities, NatEnergy has an expert, nuanced understanding of the natural gas industry, helping it strategically invest in profitable business segments and provide professional support, financing, and business management to its subsidiaries. The company is looking to double the number of customers it serves in Egypt over the next five years.

The company also has strong strategic partnerships with global players such as Shell, Gail India, and Petroleum Gas Co. (PETROGAS), and significant room for growth in the market considering 8 million new customers are likely to be connected throughout the market in the next five years. NatEnergy holds a competitive advantage in the industry due to significant barriers to entry, with investments totaling an unmatched EGP 2.2 billion.



2,500
Employees

c. 1.3 MN
Household clients

> 8,400
Commercial clients

c. 718 MN
Industrial clients

99
Residential resorts

28
PRS

7,400 KM
Of pipes

5.06 BCM/Year

75 MW
Electricity generation

2 BCM/Year
Power stations

34,000
Refrigerated tons

19%
Market share in Egypt

NATGAS

National Gas Company (NATGAS) is an Egyptian-based company incorporated in 1998. It began as a local distribution company for natural gas networks, under concession agreements signed with the Egyptian government. To date, NATGAS has executed and connected natural gas distribution networks for over 1.1 million residential customers, 7,950 commercial customers, 700 industrial customers, two 300 MW power plants, and 15 CNG stations over four major areas in Egypt (Cairo, Giza, Alexandria, and Beheira). 2018 saw the company grow installations to an all-time high of c. 149,000 households, delivering 4.5 billion m3 in natural gas sales to its customers since establishment.

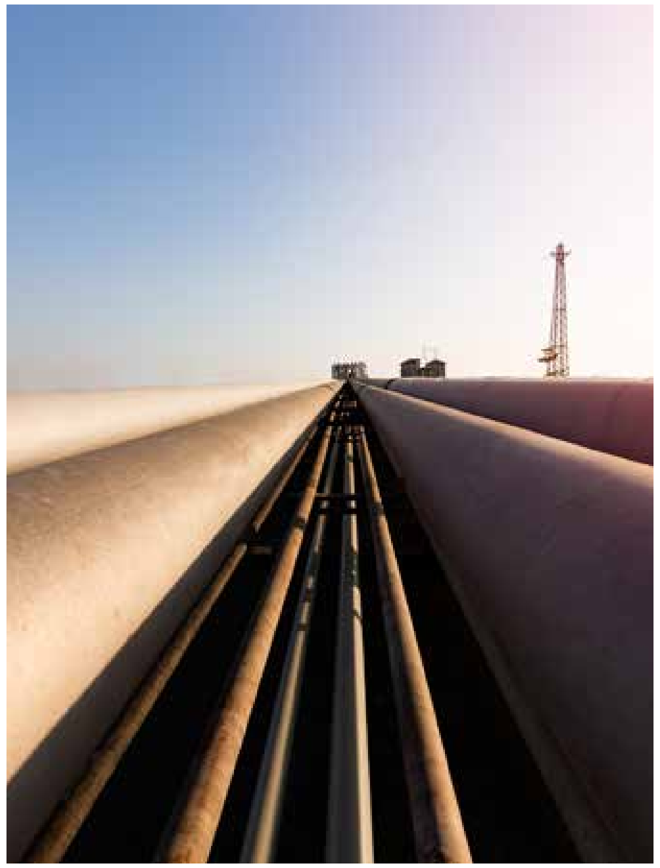
NATGAS is a dedicated project management company that undertakes turnkey projects, constructs pipeline networks, and operates and maintains developments. It offers a full range of services and technical resources, providing up-to-date, technically compliant and cost-effective solutions. It is equipped for both local and international business challenges through its 1,060 experts skilled in project management, system design, and application engineering. The company utilizes a full range of modern, computer-aided techniques and finance, administration and procurement structures.

Fayum Gas

Fayum Gas is a natural gas distribution company established in 2000 by Shell Gas BV to finance, construct, operate, maintain, and develop the natural gas system in the Fayum governorate. In 2007, EKH partnered with Gail India to acquire a majority stake in the company, which later became part of NatEnergy. The company operates three concessions in Fayum, where it is responsible for the construction, maintenance, and operation of the natural gas distribution network for the entire governorate. Fayum Gas serves over 200,000 domestic customers, 35 industrial customers, 4 CNG stations, and 964 commercial customers. It distributes around 263 million m3 of natural gas per year.

Nubaria Gas

Nubaria Gas Company was established in 2003 to build a steel pipeline and pressure reduction station with a capacity of 480,000 m3/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 m3 of gas per day for a distance of 43 kilometres 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.



Kahraba

Kahraba builds, owns, operates, and maintains power generation stations, substations, and distribution networks, providing energy solutions to a diverse mix of industrial and commercial clients in Egypt. The company's services support the full cycle of power generation facilities, delivering intelligent technical solutions that offer cost savings and added value. Established in 2004 as an EKH greenfield investment, Kahraba is licensed by the Egyptian Electricity Regulatory Authority to generate, sell, and distribute electricity to third parties. Kahraba is licensed and linked to the Egyptian power transmission grid.

Kahraba has undertaken a number of large-scale projects, including two centralized power plants in Borg El Arab with a total capacity 65.8 MW and the new American University in Cairo campus in New Cairo. The company can currently

generate an annual 500 million kwhr from four power plants with a total capacity 74.5 MW, serving 17 clients in diversified sectors and industries. 2018 saw Kahraba install additional capacities of 30 MW, enabling it to capture a portion of Egypt's rapidly growing demand for electricity and the upside from sustained price liberalization in the sector. Expansion plans are consistently underway to reach the company's projected c. 100 MW generation capacity by the end of 2020.

In just a short time, Kahraba has established itself as a leader in the Egyptian power sector. The company is optimistic about the future for private sector power generation in Egypt, with electricity prices set to continue on their upward trend, and the firm's efforts to target the commercial sector as a new market opportunity to drive future growth and profitability. Kahraba plans not only to expand further in its home market, but also to broaden its geographic presence to include Africa and the MENA region.

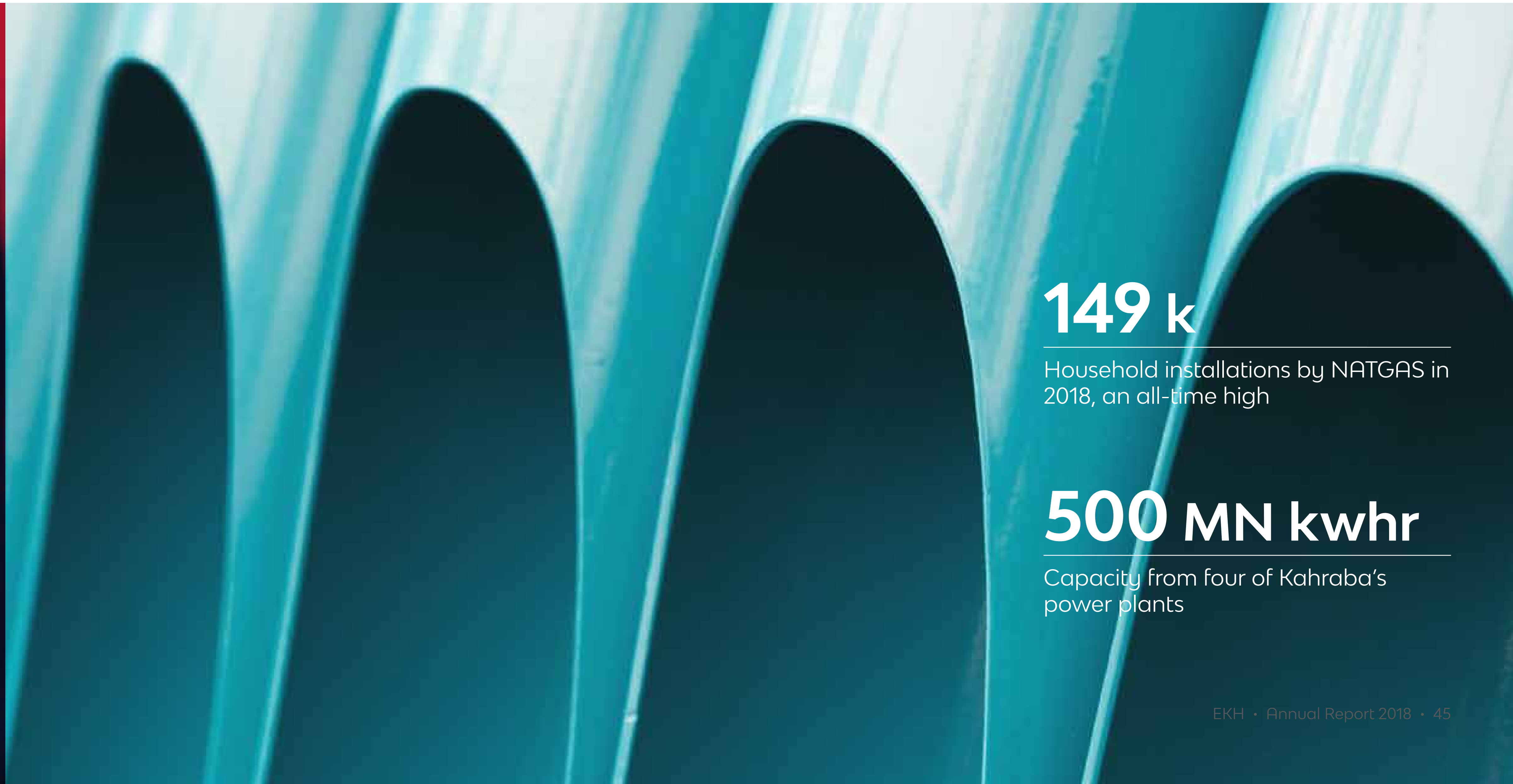
Gas Chill

Gas Chill was established in late 2006 to provide world-class cooling and heating solutions using ground-breaking Japanese and European technology. The only private sector player in the district cooling industry in Egypt, Gas Chill's core objective is to provide the most revolutionary, environmentally friendly energy supply techniques, not only in Egypt but the MENA region. Partnering with Japanese Kawasaki Thermal Engineering and Italian ROBUR, Gas Chill is a one-stop-shop offering pre-sales and value engineering; installation, commissioning and testing; project, operation and facility management; and aftersales services for its innovative energy solutions, products and services. Acting as the exclusive agent for Kawasaki Thermal Engineering in Egypt, the company leverages its know-how to give clients a competitive edge in their markets by tailoring solutions to meet their current and future cooling requirements. Gas Chill also offers its clients several financing options including: build, own, operate (BOO), build, own, operate, transfer (BOOT), as well as engineering, procurement, and construction (EPC).

The company's primary focus is district cooling, which is a highly robust and customizable cooling solution that distributes thermal energy in the form of chilled water from a central source to multiple end users through a network of insulated pipes. With a system that can use various types of water (potable, treated, or seawater) and several energy sources, district cooling is both economically viable and environmentally friendly, suitable for large-scale, high-density developments. Using 40-60% less energy than traditional cooling systems, district cooling decreases initial capital investments, offers lower annual maintenance costs, and greatly reduces CO2 emissions, making it an ideal solution for every type of client.

In just over 10 years, Gas Chill has built a solid track record and developed an impressive roster of high-profile clients, including: 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. With new investments being pumped into mega projects across the country like the New Administrative Capital, Gas Chill has vast potential for growth in Egypt.

“Covering over 1.3 million customers in Egypt through its diverse range of activities, NatEnergy has an expert, nuanced understanding of the natural gas industry.



149 k

Household installations by NATGAS in 2018, an all-time high

500 MN kwhr

Capacity from four of Kahraba's power plants

Offshore North Sinai

Egypt Kuwait Holding's Offshore North Sinai (ONS) concession spans 560 sqkm. Analysis and interpretation of 3D seismic surveys covering the concession indicate potential natural gas reserves totaling 2,352 bcf and condensates of 112 MMbbl. These studies estimate a mean GIIP volume of 821 bcf at the shallow (Pliocene) layer, which includes dry gas, in addition to deep-layer (Pre-Messinian) estimates of mean GIIP volumes of 1,531 bcf.

ONS continued to ramp up production during 2018, with its third and most recent well commencing production at the tail end of 3Q2018. EKH has earmarked the necessary CAPEX to continue drilling new wells as it seeks to maximize value from ONS' Tao and Kamose fields, where recent seismic surveys have revealed significant additional reserves. EKH is working to conclude valuation studies for the latest survey results with an eye to upgrading the concession's overall production profile. Expansion in the upstream natural gas segment will remain a primary focus over the coming years, as EKH looks to leverage Egypt's comprehensive efforts to position itself as the eastern Mediterranean's natural gas hub.

2,352 bcf
Potential gas resources

112 MMBBL
Condensates

821 bcf
Shallow-layer GIIP volumes

1,531 bcf
Deep-layer GIIP volumes

Diversified

Egypt Kuwait Holding's Diversified segment includes a wide array of strategic investments, from cement production, telecommunications, and infrastructure to insurance. In line with the company's strategy to invest in local businesses with large and defensible market positions, 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 in the sector include Delta Insurance, Al-Shorouk for Melamine and Resins, Globe Telecommunications, and Bawabet Al Kuwait Holding Company.

Primary Portfolio Investments

Building Materials Industries Company
(Cement Plant)

Effective Ownership

38.03%

Delta Insurance
(Life and General Insurance Company)

Effective Ownership

55.4%

Building Materials Industries Company

> **With state-of-the-art technology of European and German origin, BMIC produces 1.8 million tons of cement per year.**

Founded in 2007 as a greenfield investment, and with total investments exceeding EGP 2 billion, BMIC produces grey cement and clinker for sale in the Egyptian market, particularly Upper Egypt. With state-of-the-art technology of European and German origin and products that meet Egyptian and international standards, BMIC distinguishes itself from less sophisticated local competition, producing 1.8 million tons of cement per year at its mazut and natural gas powered factory and satisfying market needs by providing high-quality services and products.

As one of two key players in the region, BMIC benefits not only from minimal competition in Upper Egypt but also has licenses for some of the best, darkest quarries in Egypt, a crucial source of raw materials for cement production.

The Egyptian cement market is ready for further consolidation as there are a number of smaller local players competing with the largest multinationals in the market, which combined have a c. 27% market share, while the market is by far the largest in Africa with a total consumption of c. 50 mtpa (double the consumption rates in South Africa, which is the second-largest cement market in Africa). BMIC is on track to complete its conversion to coal-fired generation by 2017, as well as expanding the factory to potentially add a second production line to boost capacity to better address the chronic deficit in Egypt's cement market.

Delta Insurance

Delta Insurance is a publicly listed company and has grown steadily over the years to secure roughly a 5% share of the Egyptian insurance market. With over 300 professionals operating more than 19 branches, the company has built a strong competitive position in the Egyptian market, providing financial protection through innovative insurance products and services supported by dedicated, well-trained, and knowledgeable insurance professionals.

55.4%

EKH ownership stake in Delta Insurance

The company offers numerous services, including corporate solution plans, individual protection plans, and group life insurance plans. While many sectors in Egypt have suffered in the aftermath of the 2011 uprising, the insurance industry has experienced opportunities for growth as more companies and individuals seek to protect themselves amid a higher risk environment.

In July 2013, Delta Insurance was divided into two companies with two distinct boards of directors, per Egyptian law: Delta General, which provides medical, fire, vehicular, and marine insurance, and Delta Life, which provides traditional life insurance products. Both companies cover a range of local and foreign corporations and individuals, but Delta General's largest clients are corporate, while Delta Life primarily serves individual customers. Delta Insurance also engages in reinsurance with leading local and global partners.

Delta Insurance was established in 1981 with EGP 150 million in authorized capital and EGP 90 million in paid-up capital, and was acquired by EKH in 1999. By the end of 2017, EKH had increased its stake in the company to 99%, believing that Delta Insurance commands a strong and competitive position in the market and can capitalize on the favorable trends in the non-bank financial services space. In 2018, the company's ownership stake in Delta Insurance stood at 55.4%.

Al-Shorouk for Melamine and Resins

Founded in 1979 under the name Al Sherif and with authorized capital of EGP 250 million and paid-in capital of EGP 38 million, Al Shorouk was acquired by EKH in 2007. Already a successful and well-established tableware manufacturer, Al Shorouk has flourished under EKH's ownership.

Thanks to synergies with Sprea Misr, an EKH portfolio company specializing in urea and melamine products, Al Shorouk receives a reliable supply of high-quality raw materials at affordable prices, distinguishing Al Shorouk from foreign competitors.

Al Shorouk is a standout among local competition for its commitment to health and safety. Unlike many local manufacturers who use less expensive, carcinogenic urea, Al Shorouk's tableware is made from 100% melamine and clearly labeled to help consumers make safe purchasing decisions. This consumer confidence has greatly contributed to Al Shorouk's 10% market share for melamine tableware and 91.5% market share for urea trays, as well as strong brand recognition in the Egyptian market.

The company 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.

From its production facilities in Belbeise, Al Shorouk supplies all hypermarkets in Cairo and distributes products across Alexandria, Upper Egypt, and the Nile Delta. The company's export activities focus primarily on the Middle East and Africa.

91.5%

EKH ownership stake in Al-Shorouk

“

Al-Shorouk has flourished under EKH's ownership and has a strong brand recognition in the Egyptian market.

Globe Telecommunications

GT is the exclusive partner of Integraph and the main supplier for Enppi's Engineering Software.

Globe Technologies (GT) specializes in providing 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.

100%

EKH ownership in GT

Bawabet Al Kuwait Holding Company

Established in 2004 with both an authorized and paid-in capital of KWD 50 million, Bawabet Al Kuwait Holding Company (BKH) is poised to become a major investor in the fertilizer and petrochemical sector. BKH has ownership stakes in AlexFert and other petrochemical companies in the Gulf Cooperation Council (GCC). EKH currently holds a 54% stake in Bawabet Al Kuwait, which it acquired in 2004.

54%

EKH ownership stake in BKH

Corporate Governance

EKH adheres to and promotes ethical practices on all levels, allowing us to protect the interests of our stakeholders and maintain a responsible work environment for our employees. EKH constantly assesses its policies with respect to its Business Principles, Code of Conduct, Health, Safety, Security, and Environment (HSSE) policies, and all major issues of public concern on behalf of our Board. The corporate governance policies put in to place are guided by international standards, such as the OECD Principles of Corporate Governance.

Board of Directors

The Board of Directors has the responsibility of monitoring the strategies and affairs of EKH. The Board appoints a Managing Director from within its ranks, who is responsible for the implementation of all of their decisions and all of the company's executive actions. The Board comprises of 19 members, both executive and non-executive directors, who have each been carefully vetted and considered for the value that they would add to the company through their respective qualifications, expertise, and experience. The Board includes one Chairman and one Executive Director, both of whom are responsible for carrying out the executive tasks of the Board. The Board's interactions with shareholders and employees are regulated using a variety of mechanisms, including recommendations, upper-level directives, and communication with departments throughout the company and its subsidiaries. Shareholders are kept informed using corporate and departmental plans developed by the Board, in an effort to get their help in realizing EKH's goals. The Board Chairman follows up with results or progress reports submitted to the Board monthly, quarterly, and semi-annually.

Board Committees

EKH's Board of Directors used four committees to monitor the Corporate Governance activities of the Group and its subsidiaries effectively. These committees are:

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

Risk Management

In order to manage its exposure to all kinds of risk, including but not limited to credit, liquidity, market, and capital management, the Group has Audit and Internal Audit Committees. The Internal Audit Committees takes on both regular and ad hoc reviews of risk management procedures. They report the results directly to the Board of Directors upon completion. The Board has the responsibility to establish and oversee the Group's risk management framework, to identify and analyze risks facing the Group, to set risk limits and controls appropriately, and monitor the adherence to those limits. The Group's Management aims to develop a controlled environment that is disciplined and constructive in order to encourage employees to fully understand their roles and obligations.

Transparency

Transparency is one of the many practices that EKH is fully committed to. The Internal Audit Committee works to ensure that the company is fully transparent and complies with the requirements of the Egyptian Exchange (EGX), where EKH is listed. This committee comprises of four members, including three non-executive Board members and one expert. The Audit Committee investigates and

"The corporate governance policies put in to place are guided by international standards, such as the OECD Principles of Corporate Governance.

revises EKH's internal control procedures and compliance levels, applies precautionary measures to maintain the safety and stability of the Company and its assets, and ensures the removal of conflicts of interest. The Audit Committee has established an Internal Audit Department in order to review the activities of EKH and its subsidiaries. This department reports to the Internal Audit Committee and the Board of Directors regularly.

Audit and Internal Control Review Committee (AICRC)

The AICRC is an Audit Committee made up of three non-executive Board Members and one specialized on-board member that oversees the integrity of the company's financial statements, ensures the compliance with any and all legal and regulatory requirements, and monitors the adequacy of the company's accounting and financial reporting, internal control, and related processes. The AICRC is also responsible for the independent evaluation conducted by the appointed external auditors.

Internal Audit Committee

EKH puts internal audits as a priority, because of the benefit it gives the company. Internal audits allow the business process to improve, therefore increasing the stakeholders' value, reducing risks, and improving revenue. Our internal auditing body ensures that good governance is implemented consistently and guarantees that effective processes and goals are established, well-communicated, and implemented, with its accomplishment being monitored to ensure relevant accountability.

Investment Committee

The basic function of the Investment Committee is to communicate investment guidelines and evaluate, approve, and monitor existing investments at the Group or business unit levels. The committee screens and evaluates ideas generated from rainmakers and assigns the M&A team with due diligence of the short-listed ideas, while providing guidance and following up throughout the transaction. The meeting is held on a quarterly basis.

Communication Committee

The Communication Committee allows department heads to communicate with the upper management and the Board concerning the status of existing projects. The core objectives of the committee include but are not limited to keeping the management team informed about project developments, providing a platform to exchange ideas among the management, allowing the discussion of outcomes of subsidiary board meetings, and sharing knowledge gained from conferences in order to benefit more people. Following the Investment Committee, the Communication Committee meets quarterly.

Board of Directors

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), a 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
CEO

Mr. El-Zayat brings to EKH a wealth of experience in a wider 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 Zayat is a member of the Board of Directers 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. Ibrahim 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. 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. Eng. 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 & Auditors. He previously served on the Board of Directors at the Gulf Cable & Electrical Company, Kuwait Cement Company, National Bank of Kuwait, Kuwait Aviation Fuelling 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 & 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 & Bros. Company and Chairman of the Kuwait Industrial Union. He is also a member of the Board of Directors at the Chamber of Commerce & 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 Egypt Kuwait Holding. He has been associated with the Al-Kharafi Group for over 30 years and with Egypt Kuwait Holding Company 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.

Mr. Amin Abaza
Board Member

Mr. 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 & Shipbuilding Co. (Kuwait), Board Member of Kuwait Chamber of Commerce & Industry, 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 & Real Estate Co. (Kuwait), the investment arm of Al-Kharafi Group, Chief Financial Officer of Al-Kharafi Group (Lebanon and Syria), Chairman of RYMCO UK LTD (London), Board Member of Al-Nasr Gardens Holding (Kuwait), Rasamny Younis Motor SAL (Lebanon), Executive Board Member of United Insurance Company SAL (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 (Lebanon).

Mr. Ismail Osman
Board Member

Mr. 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 & Building Contractors, Senior Vice President of the Arab Federation for Construction & 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 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 & 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), Kharafi National Infrastructure Projects Development, Construction, and Services Co. (Egypt), Kharafi National Co. (Bahrain), Utilities Development Co. (Kuwait), and Egyptian Company For Utilities Development Co. (Egypt). He also serves as Vice Chairman of Kuwait Syrian Holding Co. (Kuwait) and ABJ Industries (Abu Dhabi). He is currently a Board Member of ABJ Engineering & Contracting Co. (Kuwait) and Makhazen Co. (Abu Dhabi). He is a Partner at Kharafi National (Lebanon), as well as a General Manager of Kharafi National Co. (Abu Dhabi), Lebanese Utilities Co. (Lebanon), Emirates Utilities Holding Co. (UAE), Quality Technical Supplies Co. (Kuwait and Abu Dhabi), Instant Access Professional & Technical Training Center Co. (Abu Dhabi), and Instant Access Co. For Sales & Rentals of Construction Equipment (Qatar). He is also the 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 & Urban Development in Mohammed Abdulmohsin Al-Kharafi & Sons Co, (Kuwait), Member of the Executive Committee of Mohammed Abdulmohsin Al-Kharafi & Sons Group (Kuwait), Board Member of the National Industries Group (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. 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 Bachelor's degree in Economics from University of Southern California.

Management Team

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. 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. Mahmoud Hamza
General Legal Counsel – International

Mr. Haitham Abdel Moneim
Investor Relations Director

Our People

> **EKH believes that it has a responsibility to develop the capacity of its employees.**

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

Further to its efforts from the previous year, a primary focus for the EKH HR department was to create a conducive work environment for its employees. At EKH, the wellbeing and continued growth of its employees is a key priority. Accordingly, the HR department has worked throughout the year to instate policies that will ensure employees' needs are met, foster a proactive and healthy work culture, and allow employees to meet their full potential. The HR department has also developed a comprehensive compensation system along with a range of benefits available for EKH employees in order to fairly reward them for their work including health and life insurance, in addition to employee grants. In addition, EKH has implemented strict policies on transparency and health and safety to ensure the safety and satisfaction of all its employees.

Building on the company's new HR Development Program was another focal point for the department throughout the year. The program was implemented last year with the aim of centralizing the company's HR system by developing a comprehensive HR governance framework at the Group level and applying that system throughout its portfolio companies. EKH's HR department sought to refine the system and build on it, to ensure maximum efficiency and employee satisfaction.

EKH believes that it has a responsibility to develop the capacity of its employees. It has done so through creating extensive training programs for employees across all departments and levels to help EKH staff achieve their potential and fine-tune their skills in line with the company's needs and growth objectives. The training programs seek to build employees' capacities by providing training in leadership, as well as behavioral and function and sector-specific programs.

EKH strives to attract the best available talent in the market. In order to do so, it has devised a rigorous recruitment process to ensure that the very best calibers are hired. It has done so by integrating DDI interview methods into its hiring process, as well as developed a comprehensive onboarding system including an induction program, job rotations, and a standardized succession plan to ensure a smooth process.

Employee retention was also a core focus of the HR department during the year. EKH seeks to retain its qualified staff by maintaining employee satisfaction. One key pillar of maintaining satisfaction is through recognizing the performance of top-achieving employees. EKH has also developed a program across its subsidiaries titled the 'Developing Leaders Program', which seeks to incentivize top-performing employees by offering them a number of career-development programs and benefits.

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Employees

EKH has well over 5,000 skilled staffers in its employment throughout its portfolio

Corporate Citizenship and Social Responsibility

EKH and its subsidiaries continue to uphold their profound commitment to corporate citizenship and social responsibility. The company believes that attainable and affordable access to healthcare service and education are crucial for the sustainable development of the communities in which it does business. As such, EKH maintains an active involvement in its local communities by supporting initiatives that aim to alleviate poverty, expand educational attainment, and increase healthcare access.

Education and Vocational Training

Driven by EKH's belief that education is the cornerstone of our communities' development, 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, plumping, 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 their training, students are offered job opportunities at participating companies.

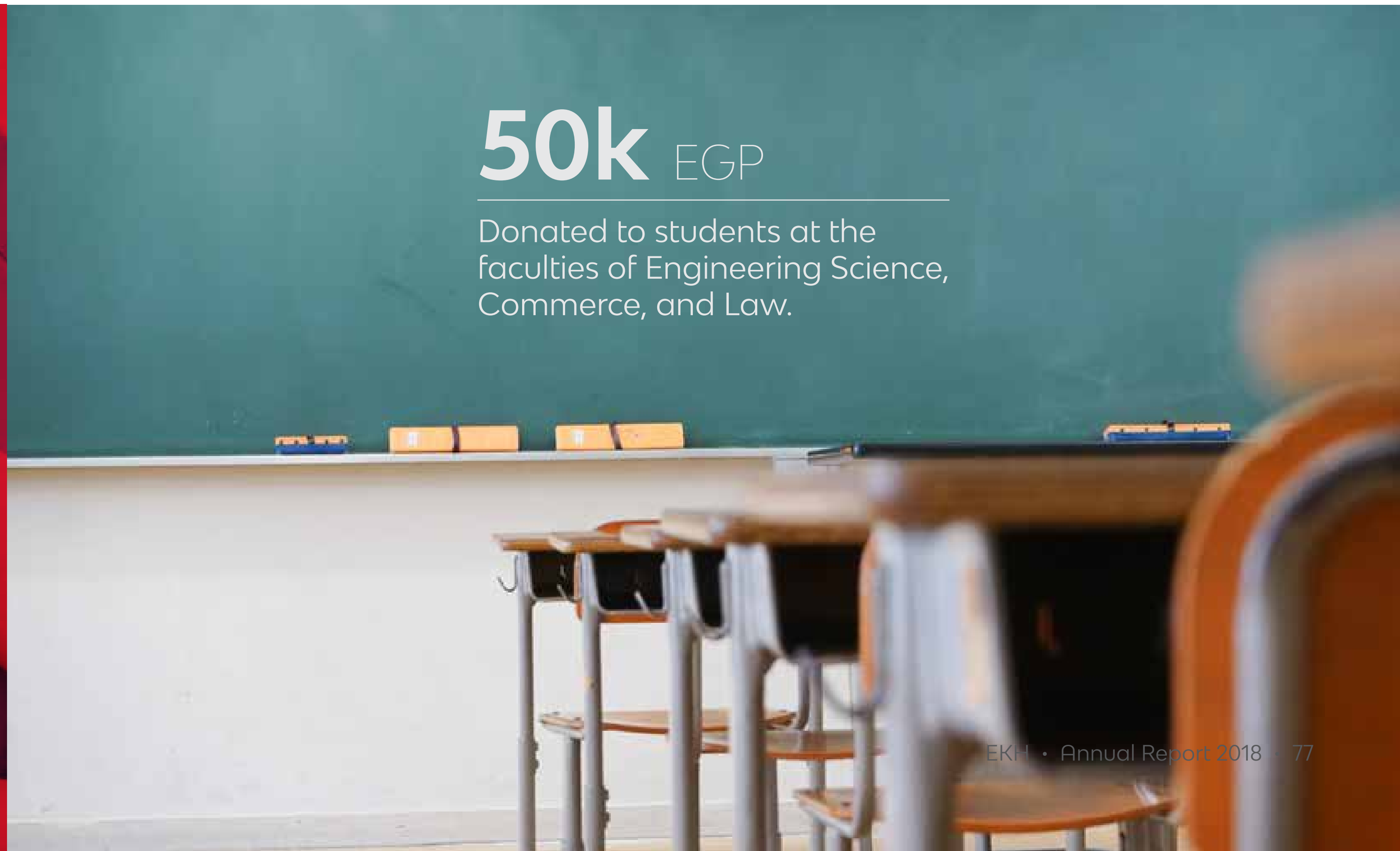
For its part, AlexFert has contributed to the education of 2,800 students across 35 neighboring schools by providing tuition fees for these students. At the college level, the company also contributed EGP 50,000 to fund tuition fees for students at the faculties of Engineering, Science, Commerce, and Law.

Community Development

EKH has also contributed significantly to the refurbishment of local schools by providing local primary and middle school students with 2,000 jackets and 500 new school seats. The company is also active in contributing to the Bahsaer El Kheir development project in west Alexandria, which aims to establish a full residential community for those living in informal housing. During the holy month of Ramadan, the company provided 2,000 food packages to families in need, as well as endowing EGP one million annually for monthly stipends to 776 families in need.

Healthcare

As part of its efforts to restore local healthcare facilities, EKH has worked extensively over the course of the year to supply local public and university hospitals with state-of-the-art equipment. The hospitals served include Abu Qir General, Al Mamora Respiratory, Abu Qir Specialist, Gamal Abdul Nasser, El Mabarra, and the departments of Internal Medicine and Pathology at the Alexandria University Hospital. The contributions included supplying new hospital beds, defibrillators, gastroscopes, and echocardiogram equipment. These efforts are part and parcel of the company's goal to bolster Egypt's healthcare industry and give back to the local community, particularly those with limited access to healthcare services.



Our Financial Statements

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, 2018, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial 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, 2018, and of its consolidated financial performance and its consolidated cash flows for the year 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 27, 2019

Consolidated Statement of Financial Position

as at December 31, 2018

All numbers are in US Dollars	Note No.	31/12/2018	31/12/2017 (Restated)
Assets			
Non-current assets			
Equity - accounted investees	(7)	16 219 288	29 201 428
Available -for- sale Investments	(8)	32 532 597	28 860 567
Financial assets held to maturity	(9)	99 769 120	108 551 255
Property, plant and equipment	(10)	230 251 113	207 741 912
Exploration & development assets	(11)	27 799 143	24 591 508
Projects under construction	(12)	22 955 902	25 154 067
Goodwill	(13)	60 591 626	52 413 767
Other intangible assets	(14)	8 804 525	14 595 297
Investment property	(15)	617 710	-
Other debtors & notes receivables	(16)	283 156	11 727 932
Total non-current assets		**499 824 180**	**502 837 733**
Current assets			
Cash and cash equivalents	(17)	206 966 909	224 894 312
Financial assets held to maturity	(9)	170 080 844	137 185 652
Financial assets at fair value through profit or loss	(18)	11 990 883	15 024 540
Trade & notes receivable	(19)	73 368 473	61 302 728
Debtors & other debit balances	(20)	47 766 629	37 587 084
Inventory	(21)	76 641 622	60 225 430
Work in process	(22)	30 307 435	6 718 212
Non-current assets held for sale	(23)	-	4 552 500
Total current assets		**617 122 795**	**547 490 458**
Total assets		**1 116 946 975**	**1 050 328 191**
Equity			
Issued & paid up capital	(24)	256 110 292	256 110 292
Reserves	(25)	(15 278 010)	(14 625 462)
Share-based payments	(26)	17 561 848	17 561 848
Retained earnings	(28)	248 856 586	218 489 193
Treasury shares	(27)	(221 050)	-
Total equity of the owners of the parent Company		**507 029 666**	**477 535 871**
Non-controlling interests	(29)	205 417 221	212 842 905
Total equity		**712 446 887**	**690 378 776**
Liabilities			
Non-current liabilities			
Loans and borrowings	(30)	18 003 469	36 441 090
Other long-term liabilities	(31)	2 011 494	7 871 026
Deferred tax liabilities	(32)	23 254 655	24 367 095
Total non-current liabilities		**43 269 618**	**68 679 211**
Current liabilities			
Provisions	(33)	19 374 686	33 206 603
Bank overdraft		94 994	577 005
Loans and borrowings	(30)	26 998 321	25 924 898
Bank facilities	(34)	54 574 219	67 537 852
Suppliers, subcontractors & notes payable	(35)	34 982 814	17 264 912
Insurance policyholders rights	(36)	69 081 331	-
Creditors & other credit balances	(37)	156 124 105	146 758 934
Total current liabilities		**361 230 470**	**291 270 204**
Total liabilities		**404 500 088**	**359 949 415**
Total equity and liabilities		**1 116 946 975**	**1 050 328 191**

* The accompanying notes on pages from (6) to (58) are an integral part of these consolidated financial statements and to be read therewith.

Group Chief Financial Officer	Managing Director	Chairman & Managing Director
Medhat Hamed Bonna	Sherif Al Zayat	Al-Moataz Adel Al-Alfi

Consolidated Statement of Income

for the financial year ended December 31 , 2018

All numbers are in US Dollars	Note No.	31/12/2018	31/12/2017 (Restated)
Continuing operations			
Operating revenues	(38)	461 984 536	348 761 731
Operating costs	(39)	(316 627 970)	(252 352 093)
Gross profit		**145 356 566**	**96 409 638**
Income from investments	(40)	23 062 499	65 343 591
Other income	(41)	22 257 071	37 364 507
Selling & distribution expenses	(42)	(4 107 229)	(3 172 594)
General & administrative expenses		(29 564 623)	(22 042 463)
Other expenses	(43)	(14 700 430)	(47 950 611)
Operating profit		**142 303 854**	**125 952 068**
Interest income		26 754 355	25 818 742
Financing expenses		(12 061 904)	(13 055 679)
Foreign currency translation differences		(5 864 340)	(1 897 515)
Net financing cost		**8 828 111**	**10 865 548**
Company's share of profit / (loss) of associates		1 287 086	(375 828)
Net profit for the year before income tax		**152 419 051**	**136 441 788**
Income tax	(44)	(27 204 163)	(18 780 633)
Net profit for the year from continuing operations		**125 214 888**	**117 661 155**
Discontinued operations			
Gain from discontinued operation (net of income tax)	(45)	-	17 256 512
Net profit for the year		**125 214 888**	**134 917 667**
Net profit attributable to:			
Owners of the Parent Company		95 112 870	118 752 847
Non-controlling interests	(29)	30 102 018	16 164 820
Net profit for the year		**125 214 888**	**134 917 667**
Basic earnings per share (US cent / Share)	(46)	**8.15**	**10.59**
Net profit for the year from continuing operations			
Owners of the Parent Company		95 112 870	101 496 335
Non-controlling interests		30 102 018	16 164 820
Net profit for the year from continuing operations		**125 214 888**	**117 661 155**
Basic earnings per share (US cent / Share) from continuing operations	(46)	8.15	8.86

* The accompanying notes on pages from (6) to (58) 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 , 2018

All numbers are in US Dollars	31/12/2018	31/12/2017 (Restated)
Net profit for the year	**125 214 888**	**134 917 667**
Other comprehensive income items		
Items may be reclassified to profit or loss:		
Change in fair value for investments available -for- sale	2 783 634	5 963 444
Foreign currency translation differences	2 007 541	6 992 791
Deduct: Adjustments for reclassification of losses to the income statement	(6 183 113)	(6 165 565)
Total comprehensive income	**123 822 950**	**141 708 337**
Total comprehensive income for the year attributable to:		
Owners of the Parent Company	93 389 563	120 120 642
Non-controlling interests	30 433 387	21 587 695
Total comprehensive income for the year	**123 822 950**	**141 708 337**

* The accompanying notes on pages from (6) to (58) 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, 2018

	Issued & paid up capital	Reserves: Legal reserve	Reserves: Special reserve - Share premium	Reserves: General reserve	Reserves: Fair value reserve	Reserves: Translation reserve	Reserves: Total reserve	Share-based payment	Retained earnings	Treasury shares	Total equity of the owners of the parent Company	Non-controlling interests	Total equity
Balance as at January 1, 2017	**256 110 292**	**123 559 511**	**57 954 547**	**8 380 462**	**9 867 000**	**(217 373 270)**	**(17 611 750)**	**17 561 848**	**140 231 517**	**-**	**396 291 907**	**224 276 236**	**620 568 143**
Comprehensive income													
Net profit for the year	-	-	-	-	-	-	-	-	118 752 847	-	118 752 847	16 164 820	134 917 667
Other comprehensive income	-	-	-	-	(4 785 013)	6 152 808	1 367 795	-	-	-	1 367 795	5 422 875	6 790 670
Total comprehensive income	**-**	**-**	**-**	**-**	**(4 785 013)**	**6 152 808**	**1 367 795**	**-**	**118 752 847**	**-**	**120 120 642**	**21 587 695**	**141 708 337**
Transactions with owners of the Company													
Transferred to legal reserve	-	1 618 493	-	-	-	-	1 618 493	-	(1 618 493)	-	-	-	-
Dividends distribution for shareholders	-	-	-	-	-	-	-	-	(31 160 061)	-	(31 160 061)	-	(31 160 061)
Dividends distribution for employees and board members	-	-	-	-	-	-	-	-	(7 510 715)	-	(7 510 715)	-	(7 510 715)
Total transactions with owners of the Company	**-**	**1 618 493**	**-**	**-**	**-**	**-**	**1 618 493**	**-**	**(40 495 171)**	**-**	**(38 876 678)**	**205 902**	**(38 670 776)**
Other changes													
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(205 902)	-	(205 902)	205 902	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33 226 928)	(33 226 928)
Total other changes	-	-	-	-	-	-	-	-	(205 902)	-	(205 902)	(33 021 026)	(33 226 928)
Balance as at December 31, 2017	**256 110 292**	**125 178 004**	**57 954 547**	**8 380 462**	**5 081 987**	**(211 220 462)**	**(14 625 462)**	**17 561 848**	**218 489 193**	**-**	**477 535 871**	**212 842 905**	**690 378 776**
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)**	**(14 625 462)**	**17 561 848**	**219 881 881**	**-**	**478 928 559**	**214 716 217**	**693 644 776**
Prior period adjustments (Note no. 28)	-	-	-	-	-	-	-	-	(1 392 688)	-	(1 392 688)	(1 873 312)	(3 266 000)
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)**	**(14 625 462)**	**17 561 848**	**218 489 193**	**-**	**477 535 871**	**212 842 905**	**690 378 776**
Comprehensive income													
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)
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													
Transferred to legal reserve	-	1 070 759	-	-	-	-	1 070 759	-	(1 070 759)	-	-	-	-
Dividends distribution for shareholders	-	-	-	-	-	-	-	-	(50 303 242)	-	(50 303 242)	-	(50 303 242)
Dividends distribution for employees and board members	-	-	-	-	-	-	-	-	(12 603 305)	-	(12 603 305)	-	(12 603 305)
Treasury shares	-	-	-	-	-	-	-	-	-	(221 050)	(221 050)	-	(221 050)
Total transactions with owners of the Company	**-**	**1 070 759**	**-**	**-**	**-**	**-**	**1 070 759**	**-**	**(63 977 306)**	**(221 050)**	**(63 127 597)**	**-**	**(63 127 597)**
Other changes													
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(768 171)	-	(768 171)	(6 945 296)	(7 713 467)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(30 913 775)	(30 913 775)
Total other changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(768 171)**	**-**	**(768 171)**	**(37 859 071)**	**(38 627 242)**
Balance as at December 31, 2018	**256 110 292**	**126 248 763**	**57 954 547**	**8 380 462**	**6 143 550**	**(214 005 332)**	**(15 278 010)**	**17 561 848**	**248 856 586**	**(221 050)**	**507 029 666**	**205 417 221**	**712 446 887**

* The accompanying notes on pages from (6) to (58) 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 , 2018

All numbers are in US Dollars	Note No.	31/12/2018	31/12/2017 (Restated)
Cash flows from operating activities			
Net profit for the year before income tax		152 419 051	136 441 788
Adjustments for:			
Depreciation & amortization		42 131 833	27 195 200
Gain on sale of available-for-sale investments		-	(49 969 456)
Company's share of profit / (loss) of equity - accounted investees		(1 287 086)	375 828
Unrealized gain of financial assets at fair value through profit and loss		(107 791)	(588 741)
Financing expenses		12 061 904	13 055 679
Interest income		(26 754 355)	(25 818 742)
Capital gain		(114 068)	(966 063)
Provisions no longer required		(16 207 330)	(138 110)
Provisions		2 065 002	11 817 238
Reversal of impairment loss on debtors & other debit balances		(3 808 530)	(31 094 062)
Impairment loss on debtors and other debit balances		833 677	5 558
Reversal of impairment loss on inventory		(13 207)	-
Impairment loss on investments		11 801 751	35 951 321
Reversal of impairment loss of assets		-	(3 267 773)
		173 020 851	**112 999 665**
Change in:			
Financial assets at fair value through profit or loss		3 141 448	355 426
Trade & notes receivable		(8 728)	(48 723 976)
Debtors & other debit balances		2 591 982	11 580 000
Inventory		(15 018 258)	(13 726 912)
Work in progress		(23 589 223)	886 562
Suppliers, subcontractors & notes payable		17 604 582	3 014 237
Creditors & other credit balances		(95 547 760)	22 252 747
Insurance policyholders rights		69 081 331	-
Time deposits		2 288 249	135 276 500
Provisions used		(768 073)	(426 615)
Financing expenses paid		(12 061 904)	(13 058 720)
Net change in assets of the acquired company		-	(24 703 718)
Net cash available from operating activities		**120 734 497**	**185 725 196**
Cash flows from investing activities			
Interest received		26 529 185	26 161 460
Subsidiaries acquisition (net cash acquired)		(6 916 450)	-
Payments for acquisition of property, plant and equipment, projects under construction, intangible assets & investment property		(39 664 249)	(20 004 857)
Payments for acquisition of exploration & development assets		(17 026 120)	-
Proceeds from sale of property, plant and equipment		191 309	26 308
Proceeds from sale of other intangible assets		-	4 535 546
Proceeds from (Payments for) sale of available-for-sale investments		(2 553 778)	129 937 958
Proceeds from (Payments for) financial assets held to maturity		52 618 129	(108 776 120)
Dividends received from equity - accounted investees		-	499 242
Proceeds from disposal of discontinued operations		-	42 639 917
Net cash available from investing activities		**13 178 026**	**75 019 454**
Cash flows from financing activities			
Proceeds from loans and borrowings		145 367 264	145 575 326
Payment of loans and borrowings		(175 695 095)	(215 545 420)
Payments for acquisition of non-controlling interests		(7 713 467)	(19 055 040)
Non-controlling interests		(30 492 310)	(8 749 013)
Dividends paid		(62 906 547)	(38 670 776)
Net cash used in financing activities		**(131 440 155)**	**(136 444 923)**
Foreign currency translation differences		(2 798 014)	(3 461 202)
Net change in cash and cash equivalents during the year		**(325 646)**	**120 838 525**
Cash and cash equivalents at beginning of the year		224 520 953	103 682 428
Cash and cash equivalents at end of the year	(17)	**224 195 307**	**224 520 953**

* The accompanying notes on pages from (6) to (58) 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, 2018

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.
- 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 27, 2019.

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 polices 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 in recognized 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-exiting relationship. Such amounts are generally recognised 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 are 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. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

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
Usufruct of lands	25
Buildings of the Parent Company's premises	50
Buildings & constructions	20–56 or according to lease term, which is lower
Machinery & equipment	3 – 20
Stations & electric transformers	10
Means of transportation	4 – 10
Furniture & office equipment	2 – 10
Computer hardware & software and Decorations	3 – 6.67
Air-conditions	4 – 6.67
Tools & supplies	5
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 Intangible assets

3-5-1 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.

3-5-2 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 it relates. All other expenditures are expensed as incurred.

3-5-3 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.

3-6 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.

3-6-1 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.

3-6-2 Non-derivative financial assets - measurement

3-6-2-1 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.

3-6-2-2 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.

3-6-2-3 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.

3-6-2-4 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 gain or loss accumulated in equity is reclassified to consolidated statement of income.

3-6-3 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.

3-7 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.

3-8 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.

3-9 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.

3-10 Investments property
Investment property is initially measured at cost; and subsequently presented in the consolidated financial statements, net of accumulated depreciation and impairment losses. The investment property is presented in the consolidated financial statements, net of both accumulated depreciation and accumulated impairment losses.

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;
  or
- 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 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 goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

3-15 Finance leasing
The accrued rental value due from finance lease contracts in addition to what the Group bears for maintenance and repairing expenses of leased assets; are charged to the consolidated statement of Income each financial year. If the Group at the end of the contract decided to exercise the purchase option of the leased asset, this asset will be recorded as a fixed asset by the value of using the purchase option which is agreed upon in the contract. This asset will be depreciated based on its useful life according to the Group's fixed asset depreciation policy for similar assets.

3-16 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.

3-17 Loans and borrowings
- Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs.
- Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the consolidated income statement over the period of the borrowings on an effective interest basis.

3-18 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.

3-19 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.

3-20 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.

3-21 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 actually 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 - individuals - branches) at the percentage of average technical provisions for each insurance branch to total technical provisions, during the financial year.
- The return on free fund investments shall be recorded in the statements of income,

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.

3-22 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.

3-23 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.

3-24 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 year.

3-25 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

3-26 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

3-27 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.

3-28 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.

3-29 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.

3-30 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 as the percentage of direct premiums after excluding 50% of the indirect premiums after excluding 50% of the indirect expenses of the company's branches and charging them to production costs.

3-31 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 policyholders by ensuring that all commitments towards policyholders are met in accordance with the methods in practice. Top management recognizes the necessity to have effective and efficient risk management systems.

Insurance risk

The risk of insurance contracts 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 into.

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

Interest rate risk
The Group adopts a policy of ensuring that about 1.09% of its 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- 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 year 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
The oil segment is managed on centralized basis, but is operated in Sudan. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Segment sector

	Oil & gas		Chemicals & fertilizers		Other operations		Discontinued operations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Operating revenues	118 668 934	53 455 750	310 305 604	291 908 311	33 009 998	3 397 670	-	-	461 984 536	348 761 731
Net operating profit	50 977 845	56 513 394	61 395 764	60 220 492	29 930 245	9 218 182	-	-	142 303 854	125 952 068
Financing expenses	(1 426 758)	(1 476 620)	(1 632 858)	(3 385 939)	(9 002 288)	(8 193 120)	-	-	(12 061 904)	(13 055 679)
Interest income	1 671 806	1 157 905	10 949 430	10 127 261	14 133 119	14 533 576	-	-	26 754 355	25 818 742
Company's share of profit / (loss) of associates	3 827 251	-	-	(1 435 851)	(2 540 165)	1 060 023	-	-	1 287 086	(375 828)
Net profit for the year before income tax	55 031 693	56 477 518	71 414 580	66 831 700	25 972 778	30 389 082	-	17 256 512	152 419 051	136 441 788
Income tax	(8 404 001)	(5 903 195)	(18 510 833)	(12 446 731)	(289 329)	(430 707)	-	-	(27 204 163)	(18 780 633)
Net profit	46 627 693	50 574 322	52 903 747	54 384 969	25 683 448	29 958 376	-	-	125 214 888	134 917 667
Total assets	297 846 258	263 791 410	532 567 330	574 742 926	286 533 387	211 793 855	-	-	1 116 946 975	1 050 328 191
Equity - accounted investees	3 830 058	-	-	19 286 251	12 389 230	9 915 177	-	-	16 219 288	29 201 428
Total liabilities	192 886 337	126 996 714	93 663 257	101 203 051	117 950 494	131 749 650	-	-	404 500 088	359 949 415
Depreciation & amortization	16 514 101	1 666 316	25 037 803	25 174 100	579 929	354 784	-	-	42 131 833	27 195 200

7- Equity-accounted investees

	Ownership %	31/12/2018	31/12/2017
Listed in stock exchange investments			
Delta Insurance Co.(S.A.E.)*	-	-	6 320 555
Not listed in stock exchange investments			
Building Materials Industries Co. (S.A.E.)	38.32	34 175 480	36 581 169
El Shorouk for Melamine & Resins Co. (S.A.E.)*	-	-	836 703
TOSS Co. (Limited Liability Co.- Cayman Islands)	28.07	3 830 058	-
Egyptian Tankers Co. (S.A.E.- Free Zone)**	30	17 128 175	-
		55 133 713	**43 738 427**
Impairment losses ***		(38 914 425)	(14 536 999)
		16 219 288	**29 201 428**

*During the year, an additional interest was acquired in the share capital of Delta Insurance Company and El-shorouk for Melamine & Resins Co. Accordingly, the Group has control over these companies. (Note no. 48)

**The investment in Egyptian Tankers Co. was reclassified from non-current asset held for sale by the fair value (Note no. 23)

*** The impairment loss analysis as follow:

	Building Materials Industries Co.	Egyptian Tankers Co.	Total
Beginning balance	14 536 999	-	14 536 999
Impairment transferred from non-current assets held for sale	-	12 575 675	12 575 675
Impairment loss formed during the year	7 249 251	4 552 500	11 801 751
	21 786 250	**17 128 175**	**38 914 425**

Investments in associates

Summary of financial information for associates, not adjusted for the percentage ownership held by the Group:

Description	Equity	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Revenues	Expenses	Profits (Losses)
December 31, 2018										
Egyptian Tankers Co. *	46 026 210	36 141 214	88 703 418	124 844 632	62 238 462	16 579 960	78 818 422	38 298 653	43 935 648	(5 636 995)
TOSS Co.**	3 136 156	130 481 765	62 866 915	193 348 680	190 212 524	-	190 212 524	39 920 078	28 750 517	11 169 561
Building Materials Industries Co. ***	32 703 690	12 633 140	107 829 692	120 462 832	44 145 363	43 613 779	87 759 142	54 815 523	64 871 549	(10 056 026)

*The financial information of the above-mentioned Company according to the financial statements for the financial year ended September 30, 2018 since the Company's financial statements for the financial year ended December 31, 2018 have not been the prepared.

**The financial information of the above-mentioned Company according to the financial statements for the financial year ended March 31, 2018 and the Company' share in profit for the financial year ended December 31, 2018 was calculated based on management report which prepared for this purpose since the Company's financial statements for the financial year ended December 31, 2018 have not been the prepared.

***The financial information of the above-mentioned Company according to the financial statements for the financial year ended December 31, 2017 and the Company' share in loss for the financial year ended December 31, 2018 was calculated based on management report which prepared for this purpose since the Company's financial statements for the financial year ended December 31, 2018 have not been the prepared.

8- Available – for – sale investments

	Ownership	31/12/2018	31/12/2017
Investments measured at fair value			
Portfolios managed by abroad investment manager	-	19 649 028	17 819 727
Local companies' securities listed in the Egyptian Stock Exchange (EGX)	-	3 052 045	3 293 328
Investments measured at cost*			
Inayah Egypt for Medical care Programs Management Co.	20%	55 928	-
United Arab Chemical Carriers Co.	1.19%	14 112 997	14 178 197
MOG Energy Co.- previously named Tri Ocean Co. **	15.27%	34 462 504	34 462 504
TOD Company	28.07%	2 807	2 807
		71 335 309	**69 756 563**
Impairment losses		**(38 802 712)**	**(40 895 996)**
		32 532 597	**28 860 567**

*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 adjourned call for the 22 April 2019 hearing.

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.

9- Financial assets held to maturity

	31/12/2018	31/12/2017
Portfolios (deposits) held at a foreign bank	89 326 568	112 565 707
Portfolios (treasury bills) held at an abroad investment manager	10 027 500	661 097 85
Investment certificates at local banks "Insurance Sector"	68 691 275	-
Governmental bonds	20 308 945	22 184 180
Treasury bills	70 726 776	25 889 359
Designated governmental bonds "Insurance Sector"	10 768 900	-
	269 849 964	**245 736 907**
Classified as follows:-		
Short–term (due within one year)	170 080 844	137 185 652
Long–term (due after one year)	99 769 120	108 551 255

10- Property, plant and equipment

	Land	Buildings & con-structions	Vehicles & transpor-tation	Furniture & office equip-ment	Machin-ery & equip-ment	Tools & supplies	Stations, gen-erators & electric transform-ers	Computer, software & decora-tions	Leasehold improve-ments	Total
Cost										
As at 1/1/2017	15 451 733	51 928 458	9 494 071	6 385 256	399 793 455	2 122 426	37 566 139	3 858 545	1 163 326	527 763 409
Additions	1 728 293	973 163	423 489	321 891	1 037 539	56 717	164 897	289 270	28 909	5 024 168
Assets acquired through business combination	-	-	-	-	-	112 210	-	-	-	112 210
Reversal of impairment loss of property, plant & equipment	-	-	-	-	-	-	(267 773)	-	-	(267 773)
Disposals	-	-	(2 916)	(5 732)	(38 545)	-	(38 602)	(97 928)	(23 065)	(206 788)
Cost as at 31/12/2017	**17 180 026**	**52 901 621**	**9 914 644**	**6 701 415**	**400 792 449**	**2 291 353**	**37 424 661**	**4 049 887**	**1 169 170**	**532 425 226**
As at 1/1/2018	17 180 026	52 901 621	9 914 644	6 701 415	400 792 449	2 291 353	37 424 661	4 049 887	1 169 170	532 425 226
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
Assets acquired through business combination	8 728 997	2 484 542	1 020 673	826 568	1 582 460	-	106 537	1 477 428	129 785	16 356 990
Disposals	-	(117 470)	(216 540)	(29 916)	(15 026)	(20 793)	-	(8 913)	(22 000)	(430 658)
Cost as at 31/12/2018	**27 839 333**	**55 525 876**	**11 949 480**	**7 993 881**	**406 164 643**	**2 337 242**	**62 594 950**	**6 546 145**	**1 282 105**	**582 233 655**
Depreciation and impairment loss										
Accumulated depreciation and impairment as at 1/1/2017	-	18 596 319	7 923 283	5 005 255	193 385 119	1 758 428	6 823 065	2 857 923	647 586	236 996 978
Depreciation	-	1 835 801	306 759	225 392	18 124 581	24 589	465 345	393 047	42 899	21 418 413
Accumulated depreciation of disposals	-	-	(2 916)	(5 732)	(38 545)	-	(1 422)	(97 929)	-	(146 544)
Accumulated depreciation and impairment as at 31/12/2017	-	**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**
Carrying amount										
Accumulated depreciation and impairment as at 1/1/2018	-	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
Depreciation	-	1 868 664	433 137	295 991	17 526 284	29 464	1 798 751	535 704	37 007	22 525 002
Accumulated depreciation of disposals	-	(68 692)	(211 269)	(29 427)	(15 026)	(20 793)	-	(8 210)	-	(353 417)
Assets acquired through business combination	-	1 189 800	929 998	627 708	713 935	-	62 637	1 072 264	-	4 596 342
Accumulated depreciation and impairment as at 31/12/2018	-	**23 421 892**	**9 378 992**	**6 119 187**	**229 696 348**	**1 791 688**	**9 148 376**	**4 752 799**	**727 492**	**285 036 774**
Net book value as at 31/12/2018	27 839 333	32 103 984	2 570 488	1 874 694	176 468 295	545 554	53 446 574	1 793 346	554 613	297 196 881
Effect of foreign exchange	(7 098 560)	(10 448 034)	(1 002 801)	(873 552)	(27 250 983)	(427 126)	(19 636 057)	(106 457)	(102 198)	(66 945 768)
Net book value as at December 31, 2018	**20 740 773**	**21 655 950**	**1 567 687**	**1 001 142**	**149 217 312**	**118 428**	**33 810 517**	**1 686 889**	**452 415**	**230 251 113**
Net book value as at 31/12/2017	17 180 026	32 469 501	1 687 518	1 476 500	189 321 294	508 336	30 137 673	896 846	478 685	274 156 379
Effect of foreign exchange	(7 049 762)	(10 385 577)	(992 503)	(815 674)	(26 373 781)	(314 270)	(20 161 127)	(230 795)	(90 978)	(66 414 467)
Net book value as at December 31, 2017	**10 130 264**	**22 083 924**	**695 015**	**660 826**	**162 947 513**	**194 066**	**9 976 546**	**666 051**	**387 707**	**207 741 912**

11- Exploration & development assets

	Producing wells	Equipment / field services	Total
Cost			
As of 1/1/2017	-	-	-
Assets acquired through business combination	17 828 128	6 763 380	24 591 508
Additions	-	-	-
As of 31/12/2017	**17 828 128**	**6 763 380**	**24 591 508**
As of 1/1/2018	17 828 128	6 763 380	24 591 508
Additions	17 026 120	-	17 026 120
As of 31/12/2018	**34 854 248**	**6 763 380**	**41 617 628**
Accumulated depletion, amortization and impairment losses			
As of 1/1/2017	-	-	-
Amortization	-	-	-
As of 31/12/2017	-	-	-
As of 1/1/2018	-	-	-
Amortization	13 560 407	258 078	13 818 485
As of 31/12/2018	**13 560 407**	**258 078**	**13 818 485**
Carrying amount at 1/1/2017	-	-	-
Carrying amount at 31/12/2017	**17 828 128**	**6 763 380**	**24 591 508**
Carrying amount at 31/12/2018	**21 293 841**	**6 505 302**	**27 799 143**

12- Projects under construction

	31/12/2018	31/12/2017
Advance payments for purchasing of property, plant & equipment	12 578 565	802 543
Exploration & development works	7 183 595	-
Electric transformers	878 644	682 391 22
Others	2 315 098	842 959 1
	22 955 902	**25 154 067**

13- Goodwill

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

	31/12/2018	31/12/2017
National Gas Co. (Natgas)	6 939 222	6 997 929
Sprea Misr for Production of Chemicals & Plastics Co.	9 787 792	9 870 597
El Fayoum Gas Co.	1 425 855	1 437 917
Alex Fertilizer Co.	34 107 324	34 107 324
Delta Insurance Co.	3 228 350	-
Shield Gas Systems Co.	5 103 083	-
	60 591 626	**52 413 767**

14- Other intangible assets

	Net as at 1/1/2018	Amortization	Translation differences	Net as at 31/12/2018
Deferred revenue charges*	1 811 953	(434 717)	(13 373)	1 363 494
Right to use**	344 033 11	(5 092 313)	-	5 941 031
Other assets**	1 750 000	(250 000)	-	1 500 000
	14 595 297	**(5 777 030)**	**(13 373)**	**8 804 525**

* This item represents 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.

** This items represents 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- Investments' property

	Land	Built properties	Total
Acquired costs through business combination	53 690	813 564	867 254
Additions	-	-	-
Transferred from property, plant, & equipment	-	116 168	116 168
Translation differences	(450)	(7 475)	(7 925)
Cost as at 31/12/2018	**53 240**	**922 257**	**975 497**
Depreciation			
Accumulated depreciation acquired through business combination	-	281 245	281 245
Depreciation	-	11 316	11 316
Transferred from property, plant, & equipment	-	68 000	68 000
Translation differences	-	(2 774)	(2 774)
Accumulated depreciation at 31/12/2018	**-**	**357 787**	**357 787**
Net book value at 31/12/2018	**53 240**	**564 470**	**617 710**
Net book value at 31/12/2017	**-**	**-**	**-**

16- Other debtors & notes receivable

	31/12/2018	31/12/2017
Property, plant and equipment' debtors	-	41 020
Notes receivable	283 156	11 686 912
	283 156	**11 727 932**

17- Cash and Cash equivalents

	31/12/2018	31/12/2017
Cash on hand	827 831	340 554
Bank – current accounts	79 318 305	85 699 697
Bank – time deposits (less than three month)	122 814 918	131 390 323
Bank – time deposits (more than three month)	348 683	2 636 932
Checks under collection	3 657 172	4 826 806
	206 966 909	**224 894 312**

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

	31/12/2018	31/12/2017
Cash and Cash equivalents	206 966 909	224 894 312
Investments in treasury bills - during three months	17 672 076	578 840 2
Bank – time deposits (more than three month)	(348 683)	(2 636 932)
Bank overdraft	(94 995)	(577 005)
	224 195 307	**224 520 953**

18- Financial assets at fair value through profit and 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:

	31/12/2018	31/12/2017
Portfolios managed by abroad investment managers	1 105 970	4 427 594
Egyptian Companies' stocks (listed in the Egyptian Stock Exchange)	483 802	635 152
Investments funds	1 779 467	1 749 442
Governmental bonds	8 621 644	8 212 352
	11 990 883	**15 024 540**

19- Trade & notes receivable

	31/12/2018	31/12/2017
Trade receivables	36 933 208	33 488 580
Egyptian General Petroleum Corporation*	29 555 824	12 168 660
Impairment losses of trade receivables	(2 230 672)	(130 821)
Notes receivable	9 110 113	15 776 309
	73 368 473	**61 302 728**

* Egyptian General Petroleum Corporation' balance is related to the following companies:

	31/12/2018	31/12/2017
Natgas Co.	247 278	833 936
El Fayoum Gas Co.	1 285 559	1 968 326
NSCO Co.	28 022 987	9 366 398
	29 555 824	**12 168 660**

20- Debtors & other debit balances

	31/12/2018	31/12/2017
Tax Authority	10 502 337	3 334 422
Prepaid expenses	3 468 690	2 120 444
Deposits with others	3 704 624	1 854 577
Imprests & employees advances	377 776	109 739
Uncollected issued bills	3 474 259	4 402 327
Suppliers-advance payments	9 233 555	5 517 642
Accrued revenues	4 950 955	3 520 190
Other debit balances	16 480 482	17 149 879
Due from related parties *	173 345 972	177 145 972
Impairment losses of debtors & other debit balances *	(177 772 021)	(177 568 108)
	47 766 629	**37 587 084**

*This item represented in balance due from one of subsidiaries, this balance is fully impaired during 2017. It worth mentioning that the company lost control over the above mentioned subsidiary during year 2016.

21- Inventory

	31/12/2018	31/12/2017
Supplies	32 783 553	33 953 570
Spare parts and tools	19 387 877	15 733 256
Finished goods and work in process	8 755 057	9 811 535
Letters of credit & goods in transit	139 450	252 149
Fuel and oil	15 866 839	474 920
Write down of inventory	(291 154)	-
	76 641 622	**60 225 430**

22- Work in progress

	31/12/2018	31/12/2017
Gas sectors	7 125 612	6 656 065
Land & buildings under development	23 078 071	-
Others	103 752	62 147
	30 307 435	**6 718 212**

23- Non–current assets held for sale

	31/12/2018	31/12/2017
Investment in Egyptian Tankers Company	17 128 175	17 128 175
Impairment losses	(12 575 675)	(12 575 675)
	4 552 500	**4 552 500**
Transferred to Equity - accounted investees	(4 552 500)	-
	-	**4 552 500**

On July 2, 2017, a conditional agreement was signed to sell the 30% owned shares in the Egyptian Tanker Company to an external party from the Group as result of the due diligence procedures for these shares. As this contract was not implemented, it was reclassified as Equity - accounted investees (Note No. 7)

24- 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 paid in full. 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 paid in full.
- 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.
- 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 distributed over 1 024 441 170 shares with a par value of USD 25 cent each that is paid in full.

25- Reserves

	31/12/2018	31/12/2017
Legal reserve	126 248 763	125 178 004
Special reserve – share premium	57 954 547	57 954 547
General reserve	8 380 462	8 380 462
Fair value reserve	6 143 550	5 081 987
Foreign exchange reserves	(214 005 332)	(211 220 462)
	(15 278 010)	**(14 625 462)**

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 associates owner equity's translations.

26- 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 details in Note No. (47).

27- Treasury shares

This balance represents the amount of number of 687 269 shares of the Egypt Kuwait Holding Company' shares at a cost of USD 221 050 by the Delta Insurance Company' portfolio (one of the Group's subsidiaries). For the purpose of maintaining the par value of the share stability and supporting the share in the market.

28- Prior period adjustments

During the year, net profit and non-controlling interests balance were restated by an amount of USD 1 392 688 and USD 1 873 312 respectively, in order to correct the retrospective accounting error starting from 2017 for one of the group's subsidiaries.

This error resulted from unrecognized additional gas quantities used during year 2017, an agreement between the subsidiary and the Egyptian Natural Gas Holding Company was taken place during last quarter of 2018 to determine the additional quantity pricing.

29- Non-controlling interests

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

	Non-controlling interests %	Non-controlling share in subsidiaries profits (losses) for the year	Non-controlling share in equity excluding profits (losses)	Non-controlling interests as at 31/12/2018	Non-controlling interests as at 31/12/2017
National Gas Co. "Natgas"	16.025	3 782 764	7 746 281	11 529 045	9 146 641
Globe Telecom Co.	-	-	-	-	1 167
Globe for Communications & Information Technology Co.	1	(11)	5 163	5 152	5 207
International Financial Investments Co.	-	-	-	-	26 383
Egyptian Company for Petrochemicals	-	-	-	-	17 567
Cooling Technology by Natural Gas Co.- Gas Chill	14.014	46 162	235 950	282 112	248 897
Midor for Logistic Services Co.	0.011	(5)	141	136	160
Midor Suez for Oil Refinery Co.	0	-	6	6	-
El Fayoum Gas Co.	22.01	484 574	755 757	1 240 331	822 869
Sprea Misr for Production of Chemicals & Plastics Co.	-	-	-	-	6 698
Henosis for Construction & Real-Estate Development Co.	-	-	-	-	88
Middle East for River Transport Co.	-	-	-	-	306
Bawabat Al Kuwait Holding Company	45,90	23 025 776	154 033 469	177 059 245	202 588 657
Arabian Company for Fertilizers	22.3	(303)	(21 582)	(21 885)	(24 298)
Nahood International Limited Co.	-	-	-	-	2 563
El shorouk for Melamine & resins co.	21.73	56 618	335 335	391 953	-
NSCO Co.	0	497	(298)	199	-
Delta Insurance co.	43,52	2 705 946	12 224 981	14 930 927	-
Total		**30 102 018**	**175 315 203**	**205 417 221**	**212 842 905**

30- Loans and borrowings

The company name	Loan'scurrency	Interest rates	Maturity date	31/12/2018	31/12/2017
Egypt Kuwait Holding Company					
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	10 839 328
Loan guaranteed by a promissory note	USD	4% above Libor-3 months	2019-2020	5 400 000	9 000 000
Loan guaranteed by a promissory note	USD	4% above Libor-3 months	2019	4 000 000	8 000 000
Loan guaranteed by a promissory note	USD	5% above Libor-3 months	2018-2022	13 500 000	15 000 000
Loan guaranteed by a promissory note	EGP	1% above the corridor	2019-2021	3 355 705	4 512 126
National Electricity Technology Company (Kahraba)					
Loan guaranteed by a promissory note	EGP	10.5% annually	2018	-	162 867
Alex Fert Co.					
Guaranteed by first class official trade mortgage over some production assets	USD	Variable, according to the average Libor in excess to margin	2018-2019	5 471 667	14 851 667
AD Astra Co.					
Guaranteed by the pledge of the acquired assets	Euro	From 2% to 2.75% annually above Libor	2018-2020	7 203 469	-
Total				**45 001 790**	**62 365 988**
Short-term loans				**26 998 321**	**25 924 898**
Long-term loans				**18 003 469**	**36 441 090**

31- Other long-term liabilities

	31/12/2018	31/12/2017
Egyptian General petroleum Corporation*	-	7 572 033
Notes payable	1 188 766	-
Customers advance payment	257 735	290 197
Other payable	564 993	8 796
	2 011 494	**7 871 026**

* Egyptian General Petroleum Corporation' balance is related to El Fayoum for Gas Co.

32- Deferred tax liabilities

	31/12/2018	31/12/2017
Property, plant and equipment & other assets	23 254 655	24 367 095
	23 254 655	**24 367 095**

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.

33- Provisions

	Balance as at 1/1/2018	Provisions formed	Provisions of acquired subsidiaries	Provisions used	Provisions -no longer required	Translation differences	Balance as at 31/12/2018
Retention provisions	265 303	16 835	-	-	-	(61 103)	221 035
Other provisions*	32 941 300	2 048 167	1 329 961	(768 073)	(16 207 330)	(190 374)	19 153 651
Total	**33 206 603**	**2 065 002**	**1 329 961**	**(768 073)**	**(16 207 330)**	**(251 477)**	**19 374 686**

* 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.

34- Bank facilities

company name	Facility' Currency	Interest rate	31/12/2018	31/12/2017
Egypt Kuwait Holding Company				
Credit facility guaranteed by a promissory note	USD & EGP	1.25% annually above corridor and 5% above Libor-3 months for USD	10 006 000	10 080 156
Credit facility guaranteed by a promissory note	USD & EGP	0.5% annually above corridor, 3.75% above Libor generally for USD	18 214 434	18 744 857
Bank facilities guaranteed by Securities portfolio	USD	6.25 % above Libor and 4.95% above Libor for 3 months for USD	416	8 167 335
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	14 401 090
International Financial Investments Co.				
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	3 780 571
Cooling Technology by Natural Gas Co.- Gas Chill				
Bank overdraft guaranteed by deposits	EGP	2% over deposit interest rate	235 664	193 828
Sprea Misr for Production of Chemicals & Plastics Co.				
Credit facility guaranteed by a promissory note and insurance policy on Company's assets for any risks for the bank' favor.	USD & EGP	0.75% annually above corridor for EGP and 4% above Libor for USD	-	1 769 224
National Gas Co. (Natgas)				
Credit facility guaranteed by a promissory note	EGP	20.10%	-	510 813
Credit facility guaranteed by a promissory note	EGP	19.75%	4 943 492	6 118 142
Credit facility guaranteed by a promissory note	EGP	0.75% over corridor	864 524	3 771 836
Credit facility guaranteed by a promissory note	EGP	17.75%	1 731 847	-
Sheild Gas Co.				
Credit facility guaranteed by deposits	AED	1.5% over deposit price	630 165	-
			54 574 219	**67 537 852**

35- Suppliers, subcontractors & notes payable

	31/12/2018	31/12/2017
Suppliers & contractors	33 305 655	16 270 856
Notes payable	1 677 159	994 056
	34 982 814	**17 264 912**

36- Insurance policy holder rights

	31/12/2018	31/12/2017
Technical provisions for individual' insurance	54 777 290	-
Technical provisions for property and liability insurance	13 384 053	-
Policy holder rights for investments units	919 988	-
	69 081 331	-

37- Creditors & other credit balances

	31/12/2018	31/12/2017
Insurance and reinsurance companies	4 817 928	-
Customers – advance payments	50 720 897	33 900 541
Accrued expenses	38 854 938	27 304 464
Egyptian General Petroleum Corporation*	9 964 720	41 927 691
Deposits for others	8 559 654	6 063 140
Corporate tax	27 376 964	18 936 793
Dividends payable	1 037 400	1 037 400
Other credit balances	14 791 604	17 588 905
	156 124 105	**146 758 934**

*Egyptian General Petroleum Corporation' balance is related to the following companies:

National Gas Co. (Natgas)	5 762 012	23 827 895
El Fayoum Gas Co.	4 202 708	18 099 796
	9 964 720	**41 927 691**

38- Operating revenues

	2018	2017
Gas supplies activity revenues	78 665 857	53 455 750
Communication & geographic maps activity revenue	74 017	363 812
Agencies activity revenue	1 440 594	1 538 078
Chemicals & plastic activity revenue	121 983 923	114 896 518
Cooling technology by natural gas activity revenue	1 311 979	1 495 780
Fertilizers activity revenue	188 321 682	177 011 793
Drilling activity and petroleum services revenue	38 691 098	-
Insurance activity revenue	31 495 386	-
	461 984 536	**348 761 731**

39- Operating costs

	2018	2017
Gas supplies activity cost	49 068 234	32 754 005
Communication & geographic maps activity cost	46 125	98 472
Agencies activity cost	879 673	1 017 301
Chemicals & plastic activity cost	86 219 034	77 709 578
Cooling technology by natural gas activity cost	1 020 667	1 020 344
Fertilizers activity cost	135 803 846	139 752 393
Drilling activity and petroleum services cost	18 246 620	-
Insurance activity cost	25 343 771	-
	316 627 970	**252 352 093**

40- Income from investments

	2018	2017
Gain from sale of financial assets at fair value through OCI	-	49 969 456
Gain from sale of financial investments at fair value through profit or loss	-	41 459
Gain on previously held interest in subsidiaries	6 183 113	-
Gain from acquisition of subsidiaries	348 088	-
Income from investments available -for- sale	1 268 571	5 616 387
Income from investments in treasury bills	10 190 303	4 293 178
Income from governmental bonds	4 939 527	4 822 045
Income from sale of financial investments at fair value through profit and loss	25 106	12 325
Unrealized gain of financial investments at fair value through profit and loss	107 791	588 741
	23 062 499	**65 343 591**

41- Other Income

	2018	2017
Provisions no longer required	16 207 330	138 110
Reversal of impairment loss of debtors	3 808 530	31 094 062
Reversal of impairment loss on inventory	13 207	-
Reversal of impairment loss of intangible assets	-	3 000 000
Reversal of impairment loss on property, plant & equipment	-	267 773
Capital gain	114 068	966 063
Net profit and income from properties' investments	47 265	-
Others	2 066 671	1 898 499
	22 257 071	**37 364 507**

42- Selling & distribution expenses

	2018	2017
Cooling technology by natural gas activity's	97 739	65 102
Chemicals & plastic activity's	3 703 803	2 774 265
Fertilizers activity's	305 687	333 227
	4 107 229	**3 172 594**

43- Other expenses

	2018	2017
Provisions formed	2 065 002	11 817 238
Impairment loss of debtors	833 677	5 558
Impairment loss of equity – accounted investees	11 801 751	-
Bad debts	-	176 494
Impairment loss of financial investments available -for- sale	-	6 433 492
Impairment loss of financial investments at fair value through profit or loss	-	16 289 654
Impairment loss of non-current assets held for sale	-	13 228 175
	14 700 430	**47 950 611**

44- Income tax

	2018	2017
Current income tax	29 749 624	21 137 897
Deferred income tax	(2 545 461)	(2 357 264)
	27 204 163	**18 780 633**

45- Discontinued operations

Items represented as follow:

	2018	2017
Discontinued operations profit –a Company from other operations corporate sector(A)	-	18 276 512
Discontinued operations loss –a Company from other operations corporate sector(B)	-	(1 020 000)
Profit from discontinued operations	-	17 256 512
The holding company share from discontinued operations	-	17 256 512
Earnings per share from discontinued operations (US cent / Share)	**-**	**1.73**

A. During the financial year ended December 31, 2016, an approval on selling offer have been taken, with respect to selling the entire number of shares owned by the Group in a subsidiary company of which it owns 26% of the shares of a company (an associate) the transaction was executed during sep,2017.

B. On July 2, 2017, a conditional sale contract was concluded to the effect of selling the shares owned by the Group in the Egyptian Company for Oil Tankers (an associate) that represent 15% of the Company's shares to a third party outside the Group in return for an amount of USD15 million in the light of the results of the due diligence investigation on the said shares.

46- 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:

	2018	2017
Net profit for the year attributable to owners of the holding Company	95 112 870	118 752 847
Employees' share in profit - proposal	(32 929)	(27 100)
Remuneration of board of directors of the holding company- proposal	-	-
Employees & board of directors' share in profit in subsidiaries and associates- proposal	(13 152 118)	(13 138 032)
Shareholders' share in net profit of the year	81 927 823	105 587 715
Weighted average number of shares outstanding during the year	**1 005 377 577**	**997 121 957**
Earnings per share (US cent / Share)	**8,15**	**10,59**

- Employees' profit share and of board of directors remuneration was based of board of directors' proposal to be discussed and approved by the general assembly meeting.

Earnings per share from continuing operations

	2018	2017
Net profit for the year attributable to owners of the holding Company	95 112 870	101 496 335
Employees' share in profit - proposal	(32 929)	(27 100)
Remuneration of board of directors of the holding company- proposal	-	-
Employees & board of directors' share in profit in subsidiaries and associates- proposal	(13 152 118)	(13 138 032)
Shareholders' share in net profit of the year	81 927 823	88 331 203
Weighted average number of shares outstanding during the year	**1 005 377 577**	**997 121 957**
Earnings per share (US cent / Share)	**8,15**	**8,86**

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

	2018	2017
Issued shares at the beginning of the year	997 121 957	170 441 024 1
Effect of incentive shares	8 942 889	(27 319 213)
Effect of repurchased shares (treasury shares)	(687 269)	-
Weighted average number of shares outstanding during the year	**1 005 377 577**	**997 121 957**

47- 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 Company'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 individuals' 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% in the Egyptian stock market.

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 Supervision 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 was 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 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.
- According to the above-mentioned, the Incentive and Bonus Plan' movements are as follows:

	No. of shares
Shares for Incentive and Bonus Plan	**48 782 912**
Shares granted on February 27, 2017	21 463 699
Shares granted to the first criterion on March 24, 2018	2 927 757
Shares granted to the second criterion on March 24, 2018	6 015 132
Total shares granted	**(30 406 588)**
Total remaining available shares	**18 376 324**

48- Subsidiaries Acquisition

Delta Insurance Co.

During the year, the Group acquired additional shares of Delta Insurance Co. 24.46%. As a result, the Group's equity interest in Delta Insurance Co. increased from 32.02% to 56.48%. The Group has control over Delta Insurance Company.

The comparison between the consideration paid and the consideration of the share acquired from the net assets of Delta Insurance Co. on the date of acquisition is as follows:-

Fair value for the Company's net assets on the date of control	27 964 206
The consideration of 56.48 % from the net assets of the Co. on the date of control.	16 803 706
Acquisition result as the following:	**11 160 500**
Fixed Assets-Land	7 932 150
Goodwill	3 228 350

El Shorouk for Melamine & Resins Co.

During March 2018, the Group acquired additional share from El Shorouk for Melamine & Resins Co. 28.02%. Accordingly, the Group's equity interest in El Shorouk for Melamine & Resins Co. increased from 49.95% to 77.97%. The Group has control over El Shorouk for melamine & resins Company.

The comparison between the consideration paid and the book value of the share acquired from the net assets of El Shorouk for Melamine & Resins Co. on the date of acquisition.

Consideration paid	90 555
Share of acquired shares from the net assets of the Company	(438 643)
Acquisition profit	**(348 088)**

Shield Gas Systems Co.:

The Group acquired all shares of Shield Gas systems Co. during October 2018, accordingly this Company becomes fully controlled by the group starting from that date.

The comparison between the consideration paid and the book value of the share acquired from the net assets of Shield Gas Co. at the date of acquisition is as follows:-

Consideration paid	3 524 441
Increase of liabilities from the assets on the acquisition date	1 578 642
Acquisition result	**5 103 083**

Purchase price allocation study is in process to determine the fair value of the identified assets and the goodwill resulted from this transaction.

49- Subsidiaries Companies

A- Main subsidiaries are represented in the following:

	Country of Incorporation	Ownership % 2018	Ownership % 2017
Companies under direct control			
International Financial Investments Co. S.A.E	Egypt	100	99.99
Bawabat Al Kuwait Holding Co.– S.A.K **	Kuwait	54.10	49.75
Delta Insurance Co. (A subsidiary acquired during the year)	Egypt	56.48	-
Globe for Communication & Information Technology Co.	Egypt	99	99.93
Globe Telecom Co.	Egypt	100	99.93
Globe Fiber Co.	Egypt	99.93	99.93
EKHO for Agriculture Development Co.	Egypt	100	100
EKHO for Industrial Development Co	Egypt	100	100
MAT Company for trading	Egypt	100	100
Subsidiaries companies of International Financial Investments Co.			
Sprea Misr for Production of Chemicals & Plastics Co. S.A.E	Egypt	100	100
Egyptian Company for Petrochemicals S.A.E	Egypt	100	99.2
National Energy Co - S.A.E	Egypt	99.99	99.99
El Fayoum Gas Holding Company	Virgin Islands	100	100
Midor Logistics Co.	Egypt	99.89	99.89
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	83,97	83,97
EK Global Investments Co.	Cayman Islands	100	100
Nahood International Limited Co.	United Arab of Emirates	100	60
Solidarity Mena Limited Co.	United Arab of Emirates	100	100
Solidarity International Limited Co.	United Arab of Emirates	100	100
Capital Investment Limited Luxembourg Co.	United Arab of Emirates	100	100
MEA Investments Co.	United Arab of Emirates	100	100
Capital Investment Limited 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.	Egypt	100	100
Ekuity Holding International - Limited by Shares	Cayman Islands	100	100
Henosis for Construction & Real-Estate Development Co.	Egypt	100	99.99
Capital Investment Limited Luxembourg Co.	Luxembourg	100	99.99

	Country of Incorporation	Ownership % 2018	Ownership % 2017
OGI Capital - Limited Liability Co.- Free Zone - Jebel Ali	United Arab of Emirates	100	100
Nile Wood Co. S.A.E.	Egypt	100	100
AD ASTRA REAL ESTATE, S.L. Co. *	Spain	100	-
AD ASTRA PROYECTO MISR, S.L. Co. *	Spain	100	-
AD ASTRA PROYECTO ALCAZAR, S.L. Co.*	Spain	100	-
AD ASTRA PROYECTO CAIRO, S.L. Co. *	Spain	100	-
SISTEMAS INDUSTRIALES SALGAR II S.L Co. *	Spain	100	-
AD ASTRA PROYECTO MEDINA, S.L. Co. *	Spain	100	-
Gas serve Co.*	Egypt	100	-
Shield Gas systems Co.*	United Arab of Emirates	100	-
EEK Investment Co.*	United Arab of Emirates	100	-
Subsidiary of Globe Telecom Co.			
Globe for Trading & Agencies Co.	Egypt	99.93	99.93
Subsidiaries of National Gas Co.- Natgas			
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	83,97	83,97
Subsidiaries of BKH Megan Co.			
Middle East for River Transport Co.- S.A.E	Egypt	99.99	99.99
Subsidiaries of National Energy Company			
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
Subsidiaries of Bawabat Al Kuwait Holding Co.			
Alex Fert Co. - S.A.E.	Egypt	44.38	42.64
International Petrochemicals Investments Company IPIC (under optional liquidation)	Egypt	50.83	50.02
International Logistics Co. – L.L.C.	Kuwait	52.67	49.75
Magnida Holding LP Co. (under optional liquidation)	Cayman Islands	50.83	50.02
IPIC Global Co.	Cayman Islands	50.83	50.02
Subsidiary of Egyptian Company for Petrochemicals			
El Shorouk for Melamine & Resins Co. (A subsidiary acquired during the year)	Egypt	78	-
Subsidiary of Nile Wood Co.			
Cairo wood Co.	Egypt	100	-

* These companies were established during the year.

** An additional 4.35% from Bawabat Al Kuwait Holding Co. share was acquired during the year, this transaction considered as control accordingly, the resulted losses with an amount of USD 768 171 was recorded in the equity section.

- The consolidated financial statements as of 31 December 2018 doesn't include some subsidiaries of the Energy Group due to loss of control over them during 2016.

B- Loss control over Subsidiaries

1- During the first quarter of 2016, a stake of the Group's investments in MOG ENERGY Co. (previously named as Tri Ocean for Energy Co.) was sold. Under the sale contract, all management and voting rights in the said Company were assigned for the benefit of the Buyer in return for the Buyer's compliance with specific contractual terms. Accordingly, the consolidated financial statements of MOG ENERGY Co. and its subsidiaries were excluded and not aggregated as part of the consolidated financial statements of the Company based on the management's estimates.

2- The company received a letter from the head of central financial reporting supervisory department in the Financial supervisory authority "FRA" based on one of the company's shareholders owning 10 000 share from the Egyptian Kuwait holding company's shares complain related to certain comments on the consolidated financial statements. One of those comments related to assessment of the control lost over Mog Energy Company "previously named as Tri Ocean for Energy Company".

3- Incentive and bonus plan of the Company's employees and managers

Further comment were raised in the letter mentioned on note "49-B-2" related to recalculation of the beneficiaries' bonus resulted from the incentive and bonus scheme. Number of meetings were held with the FRA to clarify the company's views in this regard, legal advisor opinion was obtained to support the company' position regarding the assessment of the control lost over Mog Energy company starting from the date of the assignment contract. Finally, it was agreed with the FRA to hold an extra ordinary general assembly meeting to decide on the incentive and bonus committee's resolution regarding shares allocation.

An extraordinary general assembly meeting held on 17 December 2018 approved the incentive and bonus committee's resolution regarding shares allocation. Majority of the shareholders representing 99.6% from the shares attending such extraordinary meeting after excluding the shares of all shareholders participated on the committee's resolution regarding shares allocation, their representatives, beneficiaries and any other related shareholders from the voting process approving such decision.

Based on the letter from the FRA dated January 3, 2019, an agreement between the company and the FRA concluded that the company would pay an amount of reconciling the company's violation of the Egyptian Stock Exchange disclosures rules.

50- 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. The conditions of those transactions were equivalent to those prevailing in the free market. 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.

51- 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, 2017 of 5 Cent / share with a total amount of USD 50 303 242 and has not proposed any remunerations for the board of directors. The proposal is subject to the shareholders general assembly meeting of the Parent Company held on March 24, 2018.

The shareholders of the Parent Company approved cash dividends for the financial year ended December 31, 2016 of 3.125 Cent/share with a total amount of USD 31 160 061 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 18, 2017.

52- 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:

	31/12/2018	31/12/2017
Debtors & other debit balances	212 836 405	207 558 126
Financial investments held to maturity	269 849 964	245 736 907
Trade & notes receivables	75 882 301	73 120 461
	558 568 670	**526 415 494**

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

	31/12/2018	31/12/2017
Governmental customers	30 132 986	2 903 393
Retail customers	18 276 605	13 786 989
Final consumers customers	9 362 271	22 517 325
Export customers	8 717 170	6 449 533
Notes receivables	9 393 269	27 463 221
	75 882 301	**73 120 461**

Impairment losses

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

	31/12/2018		31/12/2017	
	Balance	Impairment losses	Balance	Impairment losses
Not past due	-	-	-	-
Past due within 30 days	9 750 209	-	21 454	-
Past due from 1-3 month	10 653 395	-	5 159 963	-
Past due from 3-12 month	53 864 614	-	48 722 656	-
More than one year	1 614 083	(2 230 672)	19 216 388	(130 821)
	75 882 301	**(2 230 672)**	**73 120 461**	**(130 821)**

Liquidity risk

The following are the contractual maturities of financial liabilities:

		Due date			
31 December 2018	Carrying amount	During 1 year	1-2 years	2-5 years	More than 5 years
Bank loans & facilities	99 671 003	88 871 003	4 800 000	6 000 000	-
Creditors & other credit balances	105 968 201	105 968 201	-	-	-
Suppliers & subcontractors	36 171 580	34 982 814	634 186	554 580	-
	241 810 784	**229 822 018**	**5 434 186**	**6 554 580**	**-**

		Due date			
31 December 2017	Carrying amount	During 1 year	1-2 years	2-5 years	More than 5 years
Bank loans & facilities	130 480 845	102 473 102	17 207 743	10 800 000	-
Creditors & other credit balances	120 439 222	120 439 222	-	-	-
Suppliers & subcontractors	17 264 912	17 264 912	-	-	-
	268 184 979	**240 177 236**	**17 207 743**	**10 800 000**	**-**

Currency risk

Currency risk exposure

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

31 December 2018	L.E.	K.W.D	EURO	GBP	AED	JPY
Description						
Cash at banks & on hand	391 710 295	382 074	1 134 922	41 233	103 512	1 253 579
Financial assets held to maturity	982 065 293	-	-	-	-	-
Debtors & other debit balances	491 479 592	-	252	-	-	-
Trade & notes receivables	520 810 872	-	1 722 382	-	-	-
Guaranteed bank loans	(3 355 705)	-	(7 203 469)	-	(2 316 783)	-
Not guaranteed bank facilities	(199 026 417)	-	-	-	-	-
Creditors & other credit balances	(710 667 793)	(8 149)	(3 402 898)	-	-	-
Trade payable	(110 809 788)	-	(93 370)	-	-	-
Net risk exposure	**1 362 206 349**	**373 925**	**(7 842 181)**	**41 233**	**(2 213 271)**	**1 253 579**

31 December 2017	L.E.	K.W.D	EURO	GBP
Description				
Cash at banks & on hand	958 528 010	2 439	1 091 861	93 318
Investments held to maturity	2 985 924 698	-	-	-
Debtors & other debit balances	607 632 157	-	-	-
Trade & notes receivables	622 851 001	-	772 724	7 642
Guaranteed bank loans	(2 887 630)	-	-	-
Not guaranteed bank facilities	(113 185 648)	-	-	-
Creditors & other credit balances	(1 395 834)	(1 970)	(2 645 210)	-
Trade payables	(51 143 491)	-	(10 894)	-
Net risk exposure	**5 006 323 263**	**469**	**(791 519)**	**100 960**

The following is the average exchange rates during the year:

	Average exchange rate during the year		Spot rate at the financial statements' date	
	2018	2017	31/12/2018	31/12/2017
L.E	17.82	17.83	17.88	17.73
K.W.D	0.3021	0.302100	0.3036	0.30225
EURO	0.85108	0.8990	0.8688	0.8399
GBP	0.375855	0.77860	0.77712	0.7399
AED	3.67364	3.675	3.67647	3.670

Interest rate risk

	31/12/2018	31/12/2017
Financial liabilities at fixed rate instruments	7 775 527	6 791 822
	7 775 527	**6 791 822**
Financial liabilities at variable rate instruments	91 800 482	123 112 018
	91 800 482	**123 112 018**

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

53- Capital commitments

Total capital commitments amounted to USD 2.46 on December 31, 2018 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 2017: an amount of USD 3.78 million).

54- 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 11 264 497 (year 2017: an amount of USD
- 7 075 824).
- Letters of guarantee issued by banks on the account of the Group and in favor of others amounting to USD 11 292 155 (year 2017: an amount of USD 10 077 426).

55- 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 resulting tax differences were settled.
- Years 2013 & 2014, the Company was notified by tax inspection request Form no. (31) and Form no. (32) and the preparation of inspection documents are currently under process.
- Regarding years from 2015 till 2017, 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.

- The tax inspection for years 2014 till 2016 was carried out and the company settled the resulting differences and the settlement is currently in process.
- 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 are 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.

56- Comparative figures

Some comparative figures of the consolidated statement of financial position, consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows were restated as a result of what have been mentioned in detail in note No. (28). Items affected by restatement are as the follows:

Consolidated statement of financial position	
Increase of suppliers, subcontractors & notes payable balance	4 214 196
Decrease of creditors & other credit balance	948 196
Decrease of retained earnings balance	1 392 688
Decrease of non-controlling interest balance	1 873 312

Consolidated income statement	
Increase in the operating costs	4 214 196
Decrease of income tax	948 196
Decrease of non-controlling interest	1 873 312

Consolidated statement of changes in equity	
Decrease of net profit for year 2017 company's shareholders	1 392 688
Decrease of non-controlling interest balance	1 873 312

	Earnings per share Before adjustments	After Adjustments
Earnings per share	10.73	10.59
Earnings per share from continuing operations	9.00	8.86

Some comparative figures were restated 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 held to maturity balance	25 889 359
Decrease of investment in treasury bills balance	25 889 359
Increase of trades & notes receivable balance	2 802 262
Decrease debtors & other debit balances	2 802 262
Increase of Other long-term liabilities balance	7 572 033
Increase of banks overdrafts balance	577 005
Decrease of credit facilities balance	5 089 131
Increase of loans balance	4 512 126
Decrease of Egyptian General Petroleum Corporation balance	32 534 911
Decrease of dividends payable balance	1 037 400
Increase of creditors & other credit balances	26 000 278

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