

Translated

Egypt Kuwait Holding Company
and its subsidiaries
Consolidated financial statements
For the financial period ended at March 31, 2021
and limited review report

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Hazem Hassan

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Limited review report on interim consolidated financial statements To the Board of Directors of Egypt Kuwait Holding Company

Introduction

We have reviewed the accompanying consolidated statement of financial position of Egypt Kuwait Holding Company – An Egyptian Joint Stock Company, as of March 31, 2021 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three -month period then ended , and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our review on the consolidated financial statements of Egypt Kuwait Holding Company, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information do not present fairly, in all material respects, the consolidated financial position of Egypt Kuwait Holding Company as of March 31, 2021 , and of its financial performance and its cash flows for the three -month period then ended in accordance with Egyptian Accounting Standards.

Emphasis of Matter Paragraph

As indicated in (Note 51) from the notes to the financial statements. Most of the world countries, including Egypt, were exposed to the novel epidemic of Corona virus (Covid-19) during year 2020. This epidemic caused disturbances in most commercial and economic activities in general and on certain number of group's activities, such as energy, fertilizer and chemicals activity in particular. Therefore, this might have a significant impact on the pre-defined operational, marketing plans and future cash flows associated with it in addition to the associated elements of revenues, cost of revenues and the effect on gross / net profit of the group during the period / the following periods.



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As indicated in the above-mentioned note, the Group's management is taking the advantage of the actions taken by the Egyptian government to support these activities as well as reducing the cost of production and changing the selling mix of certain activities in addition to taking several actions to face this risk and limiting its impact on its financial position. However, in light of instability and uncertainty as a result of the current events, the magnitude of the impact of that event depends mainly on the time period for the continuation of those effects at which that event is expected to end and the effects and capacity that it entails the group to fulfill its plans to face this threat, which is difficult to determine at the current time.

KPMG Hazem Hassan

KPMG Hazem Hassan

Public Accountants & Consultants

KPMG Hazem Hassan
Public Accountants and Consultants

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Cairo, May 11 , 2021

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated statement of financial position as of March 31, 2021

All numbers are in US Dollars

	Note No.	31/3/2021	31/12/2020
Assets			
Non-current assets			
Equity - accounted investees (associates Companies)	(16)	25 110 947	24 612 567
Financial assets at fair value through other comprehensive income	(17)	214 647 237	237 188 715
Financial assets at amortized cost	(18)	218 643 983	204 080 465
Property, plant and equipment and projects under construction	(19)	263 655 492	263 642 413
Exploration & development assets	(20)	75 940 275	73 012 244
Right of use assets	(21)	12 584 743	12 801 010
Goodwill	(22)	63 514 041	63 514 041
Intangible assets	(23)	1 559 217	1 682 156
Biological assets	(24)	1 859 009	1 795 936
Notes receivables		262 959	263 245
Total non-current assets		877 777 903	882 592 792
Current assets			
Cash and cash equivalents	(25)	222 265 423	212 867 993
Financial assets at amortized cost	(18)	248 039 945	211 287 961
Financial assets at fair value through profit or loss	(26)	39 117 588	39 404 659
Trade & notes receivables	(27)	97 154 259	79 382 105
Other current assets	(28)	91 464 656	76 458 641
Inventories	(29)	68 045 366	73 698 519
Work in progress	(30)	30 713 129	32 338 938
Non-current assets held for sale	(31)	13 255 557	13 255 557
Total current assets		810 055 923	738 694 373
Total assets		1 687 833 826	1 621 287 165
Equity and Liabilities			
Equity of the Parent Company			
Issued & paid up capital	(32)	281 721 321	256 110 292
Set aside for issued & paid up capital increase		-	25 611 029
Legal reserve	(33)	128 055 146	127 895 052
Other reserves	(33)	(190 042 325)	(170 944 003)
Retained earnings		334 964 385	322 556 508
Treasury shares	(34)	-	(8 199 679)
Total equity of the Parent Company		554 698 527	553 029 199
Non-controlling interests	(13)	196 196 434	238 133 608
Total equity		750 894 961	791 162 807
Liabilities			
Non-current liabilities			
Long-term loans	(35)	212 116 076	142 324 271
Other long-term liabilities	(36)	4 586 197	2 841 505
Lease contracts liabilities	(21)	10 709 395	10 829 778
Deferred tax liabilities	(37)	16 818 178	17 487 884
Total non-current liabilities		244 229 846	173 483 438
Current liabilities			
Provisions	(38)	30 972 642	29 571 408
Portion due during the period of long-term loans	(35)	35 226 663	67 793 230
Bank facilities	(39)	300 733 853	258 581 559
Lease contracts liabilities	(21)	1 863 539	1 791 433
Insurance policyholders rights	(40)	108 886 920	105 377 827
Suppliers, contractors, notes payable & other credit balances	(41)	170 682 024	163 654 471
Accrued income tax		44 343 378	29 870 992
Total current liabilities		692 709 019	656 640 920
Total liabilities		936 938 865	830 124 358
Total equity and liabilities		1 687 833 826	1 621 287 165

* The accompanying notes on pages from (6) to (64) are an integral part of these consolidated financial statements and to be read therewith.

Group Chief Financial Officer
Medhat Hamed Bonna

Managing Director
Sherif Al Zayat

Chairman & Managing Director
*Al-Montaz Adel Al-Aifi

*Limited review Report " attached "

Egypt Kuwait Holding Company

(An Egyptian Joint Stock Company)

Consolidated statement of income for the financial period ended March 31, 2021

All numbers are in US Dollars

	Note No.	The three - month ended 31/3/2021	The three - month ended 31/3/2020
Revenues	(5)	178 645 081	152 327 785
Cost of revenue recognition	(6)	(113 962 658)	(104 525 600)
Gross profit		64 682 423	47 802 185
Income from investments	(7)	12 885 358	8 619 946
Other income	(8)	1 160 984	2 351 817
Selling & distribution expenses	(9)	(1 670 276)	(1 427 139)
General & administrative expenses		(7 965 363)	(8 994 527)
Reversal of impairment (charges) for expected credit losses	(10)	395 543	(504 157)
Other expenses	(11)	(1 306 877)	(3 020 889)
Net operating profit		68 181 792	44 827 236
Interest income		1 685 175	1 503 901
Forward foreign exchange contracts' profit		-	2 541 646
Financing expenses		(4 464 222)	(3 911 852)
Net profit from foreign currency translation differences		(603 898)	4 856 702
Net financing (losses) cost/ income		(3 382 945)	4 990 397
Company's share of profit of Equity - accounted investees (associates Companies)		414 603	-
Net profit for the period before income tax		65 213 450	49 817 633
Income tax	(12)	(12 202 869)	(9 090 364)
Net profit for the period		53 010 581	40 727 269
Net profit attributable to:			
Owners of the Parent Company		42 742 942	30 340 956
Non-controlling interests	(13)	10 267 639	10 386 313
Net profit for the period		53 010 581	40 727 269
Basic / Diluted earnings per share of profits (US cent / Share)	(14)	3.19	2.55

* The accompanying notes on pages from (6) to (64) are an integral part of these consolidated financial statements and to be read therewith.

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated statement of comprehensive income for the financial period ended March 31, 2021

All numbers are in US Dollars	Note No.	The three - month ended 31/3/2021	The three - month ended 31/3/2020
Net profit for the period		53 010 581	40 727 269
Other comprehensive income			
<u>Items that will not be reclassified to statement of income</u>			
Financial assets at fair value through other comprehensive income	(17)	(14 059 337)	(62 153 653)
		<u>(14 059 337)</u>	<u>(62 153 653)</u>
<u>Items may be reclassified subsequently to statement of income</u>			
Foreign currency translation differences		(9 692 962)	(1 830 094)
		<u>(9 692 962)</u>	<u>(1 830 094)</u>
Total other comprehensive income for the period after deducting tax		(23 752 299)	(63 983 747)
Total comprehensive income		<u>29 258 282</u>	<u>(23 256 478)</u>
Total comprehensive income attributable to:			
Owners of the Parent Company		23 644 620	(32 812 833)
Non-controlling interests		5 613 662	9 556 355
Total comprehensive income		<u>29 258 282</u>	<u>(23 256 478)</u>

* The accompanying notes on pages from (6) to (64) are an integral part of these consolidated financial statements and to be read therewith.

	Notes No.	Issued & paid up capital	Set aside of issued & paid up capital increase	Legal reserve	Special reserve - Share premium	General reserve	Reserves			Share-based payment	Retained earnings	Treasury shares	Total equity of the parent Company	Non-controlling interests	Total equity
							Fair value reserve	Transition reserve	Total other reserves						
Balance as of January 1, 2020		256,110,292	-	127,240,575	57,954,547	8,380,462	107,022	(108,047,809)	(121,605,778)	9,549,682	301,770,284	-	573,064,975	217,237,963	790,302,938
Total comprehensive income															
Net profit for the period		-	-	-	-	-	-	-	-	-	30,340,956	-	30,340,956	10,130,113	40,471,069
Other comprehensive income		-	-	-	-	-	(62,153,009)	(1,000,780)	(63,153,789)	-	-	-	(63,153,789)	(829,958)	(63,983,747)
Total comprehensive income		-	-	-	-	-	(62,153,009)	(1,000,780)	(63,153,789)	-	30,340,956	-	(32,812,833)	9,300,155	(23,256,478)
Transactions with owners of the Company															
Transferred to legal reserve		-	-	654,477	-	-	-	-	-	-	(654,477)	-	-	-	-
Shareholders dividends		-	-	-	-	-	-	-	-	-	(61,466,470)	-	(61,466,470)	-	(61,466,470)
Employees and board members dividends		-	-	-	-	-	-	-	-	-	(8,739,127)	-	(8,739,127)	(3,246,659)	(11,985,786)
Non-controlling interests in subsidiaries dividends		-	-	-	-	-	-	-	-	-	-	-	-	(8,100,512)	(8,100,512)
Net change of Share-based payment		-	-	-	-	-	-	-	-	(8,012,246)	8,012,246	-	-	-	-
Purchase of treasury shares		-	-	-	-	-	-	-	-	-	-	(2,568,211)	(2,568,211)	-	(2,568,211)
Total transactions with owners of the Company		-	-	654,477	-	-	-	-	-	(8,012,246)	(62,847,825)	(2,568,211)	(72,773,808)	(11,347,201)	(84,121,009)
Other changes															
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	(2,977,489)	(2,977,489)
Total other changes		-	-	-	-	-	-	-	-	-	-	-	-	(2,977,489)	(2,977,489)
Balance as of March 31, 2020		256,110,292	-	127,895,052	57,954,547	8,380,462	(62,045,987)	(109,048,589)	(184,759,567)	1,537,356	269,263,412	(2,568,211)	467,478,334	212,469,628	679,947,962
Balance as of January 1, 2021															
Balance as of January 1, 2021		256,110,292	25,611,029	127,895,052	57,954,547	8,380,462	(54,656,195)	(102,622,817)	(170,944,003)	-	322,556,508	(8,199,679)	553,829,199	238,133,608	791,962,807
Total comprehensive income															
Net profit for the period		-	-	-	-	-	-	-	-	-	42,742,942	-	42,742,942	10,267,639	53,010,581
Other comprehensive income		-	-	-	-	-	(10,796,400)	(8,101,922)	(19,098,322)	-	-	-	(19,098,322)	(4,651,977)	(23,750,299)
Total comprehensive income		-	-	-	-	-	(10,796,400)	(8,101,922)	(19,098,322)	-	42,742,942	-	23,644,620	5,615,662	29,258,282
Transactions with owners of the Company															
Issued & paid up capital increase		25,611,029	(25,611,029)	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to legal reserve		-	-	160,094	-	-	-	-	-	-	(160,094)	-	-	-	-
Employees and board members dividends		-	-	-	-	-	-	-	-	-	(13,722,763)	-	(13,722,763)	(3,592,424)	(17,315,187)
Non-controlling interests in subsidiaries dividends		-	-	-	-	-	-	-	-	-	-	-	-	(3,395,950)	(3,395,950)
Acquisition of minority share		-	-	-	-	-	-	-	-	-	(17,204,725)	-	(17,204,725)	(19,981,144)	(37,185,869)
Sale of treasury shares	(34)	-	-	-	-	-	-	-	-	-	752,317	8,199,679	8,952,196	-	8,952,196
Total transactions with owners of the Company		25,611,029	(25,611,029)	160,094	-	-	-	-	-	-	(30,335,045)	8,199,679	(21,975,232)	(18,969,518)	(68,944,810)
Other changes															
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	(581,318)	(581,318)
Total other changes		-	-	-	-	-	-	-	-	-	-	-	-	(581,318)	(581,318)
Balance as of March 31, 2021		281,721,321	-	128,055,146	57,954,547	8,380,462	(65,452,995)	(199,921,739)	(190,042,325)	-	334,964,365	-	554,698,517	196,196,434	750,894,961

* The accompanying notes on pages from (5) to (64) are an integral part of these consolidated financial statements and should be read therewith.

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated statement of cash flows for the financial period ended March 31, 2021

All numbers are in US Dollars

	Note No.	The three - month ended 31/3/2021	The three - month ended 31/3/2020
<u>Cash flows from operating activities</u>			
Net profit for the period before income tax		65 213 450	49 817 633
<u>Adjustments for:</u>			
Depreciation & amortization		9 148 089	12 632 677
Company's share of profit of Equity - accounted investees (associates Companies)		(414 603)	-
Changes in fair value of financial assets at fair value through profit or loss		575 353	(4 117 351)
Financing expenses		4 464 222	3 911 852
Interest income		(1 685 175)	(1 503 901)
Capital gain		(747 405)	(33 176)
Provisions no longer required		(206 389)	-
Provisions formed		1 306 877	3 020 889
Reversal of impairment loss on debtors and other debit balances		-	(2 000 000)
Forward foreign exchange contracts' profit		-	(2 541 646)
Gain on sale of financial assets at amortized cost		(6 053 335)	-
Income from financial assets at amortized cost		(7 407 376)	(12 736 531)
Reversal of impairment (charges) for expected credit losses		(395 543)	504 157
		63 798 165	46 954 603
<u>Change in:</u>			
Financial assets at fair value through profit or loss		(288 282)	7 565 682
Trade & notes receivables		(17 763 367)	(5 276 448)
Other current assets		(18 825 855)	(7 555 023)
Inventory		5 653 153	2 225 753
Work in progress		1 625 809	8 256 407
Lease contracts liabilities		135 577	(753 197)
Suppliers, contractors, notes payable & other credit balances		2 849 683	(6 725 188)
Insurance policyholder's rights		3 509 093	6 085 544
Time deposits		(534 284)	5 358 116
Provisions used		(99 462)	(403 149)
Income tax paid		1 539 305	(2 412 282)
Net cash from operating activities		41 599 535	53 320 818
<u>Cash flows from investing activities</u>			
Collected interest		3 604 496	2 721 702
Payments for additions of property, plant and equipment, projects under construction and intangible assets	(15)	(5 247 428)	(7 360 601)
Payments for acquisition of biological assets		(213 671)	-
Payments for acquisition of exploration & development assets		(5 496 098)	-
Proceeds from sale of property, plant and equipment, projects under construction and intangible assets		773 213	31 803
Payments for (proceeds from) financial assets at fair value through other comprehensive income		7 391 138	(90 041 646)
(Payments for) proceeds from financial assets at amortized cost		(100 062 869)	36 277 194
Net cash used in investing activities		(99 251 219)	(58 371 548)
<u>Cash flows from financing activities</u>			
Proceeds from loans and bank facilities		170 426 680	95 402 563
Payments of loans and bank facilities		(91 049 148)	(12 801 000)
Payments of financing expenses		(4 387 616)	(3 911 852)
Non-controlling interests	(15)	(68 390 114)	197 444
Payments of purchase of treasury shares		-	(2 568 211)
Proceeds from sale of treasury shares		8 952 196	-
Dividends paid		(14 448 565)	(8 739 127)
Forward foreign exchange contracts' profit		-	105 542
Net cash from financing activities		1 103 433	67 685 359
Foreign currency translation differences of accumulated financial statements		2 394 904	(2 523 199)
Net change in cash and cash equivalents during the period		(54 153 347)	60 111 430
Balance of cash and cash equivalents at beginning of the period		351 562 628	172 688 385
Balance of cash and cash equivalents at end of the period	(25)	297 409 281	232 799 815

* The accompanying notes on pages from (6) to (64) are an integral part of these consolidated financial statements and to be read therewith.

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. 114 648 on 20/7/1997. The duration of the Company according to the Company's Statute, is 25 years starting from the date of registration in the Commercial Registry.
- 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: -
 - Securities underwriting and promotion.
 - Participation in Companies, which issue securities or increasing their capital.
 - Venture capital.

In addition, the Company is entitled to establish other projects or modify its purposes in conformity with the Investment Law. The Company is also entitled to establish or participate in projects not governed by the Investment Law subject to the approval of the General Investment Authority & General Capital Market Authority.

On March 6, 2002 the General Investment Authority gave permission to the Company to use the excess funds in investing outside the Arab Republic of Egypt by participating in establishing companies & contributing to projects & portfolios of marketable securities managed abroad.

- The registered office of the Company is located at 14 Hassan Mohamed El Razaz St.-Dokki-Egypt. Mr. Al Moataz Adel AL-Alfi is the Chairman of the Company.
- The Company is listed in the Egyptian Stock Exchange of the Arab Republic of Egypt and Kuwait Stock Exchange.
- The consolidated financial statements comprise of the financial statements of Egypt Kuwait Holding Company (the Parent Company) & its subsidiaries (referred to as the "Group") and the Group's share in the profit or loss of associates is also included. 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 and 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 generally and real estate development.

2- Accounting framework of the preparation consolidated financial statements

- The consolidated financial statements have been prepared in accordance with Egyptian accounting standards in compliance with Egyptian Laws.
- The consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 11, 2021.
- Details of the Group's accounting policies are included in Note 52.

3- Functional and presentation currency

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

Notes to the consolidated financial statements

For the financial period ended March 31, 2021

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

4- Use of estimates and judgments

- In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates
- Estimates and underlying assumptions are reviewed on an ongoing basis.

A- Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note 52-4 – revenue recognition: revenue is recognized as detailed in the accounting policies applied.
- Note 52-18 – equity-accounted investees (associates Companies): whether the Group has significant influence over an investee.
- Note 52-22 – lease contracts classification.

B- Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at March 31, 2021 that might have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Notes (52-21) – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note (52-20) – measurement of ECL for cash at banks, trade and notes receivables and other current assets.

C- Measurement of fair values

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

The Group has an established control framework with respect to fair values measurement. This includes the presence valuation team that has overall responsibility for reviewing all fair values according to the different levels in the hierarchies referred to below, and a report of those values and methods of measuring them will be issued directly to the board of directors. A report on the material matters related to the evaluation process will be issued to the Internal Audit Committee.

Accreditation is measured in the fair value of assets and liabilities mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs of the quoted prices included in level (1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 47 – financial instruments.

Notes to the consolidated financial statements

For the financial period ended March 31, 2021

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

5- Revenues

	The three- month ended 31/3/2021	The three- month ended 31/3/2020
Fertilizers activity revenue	64 992 960	47 393 613
Chemicals & plastic activity revenue	47 322 781	34 472 944
Gas & electricity supplies activity revenues	34 496 074	38 631 821
Drilling and petroleum services activity	13 782 085	14 716 162
Insurance activity	16 099 613	13 663 430
Cooling technology by natural gas activity revenue	1 203 888	2 117 317
Agencies activity revenue	199 009	221 185
Other activity revenue	548 671	1 111 313
	178 645 081	152 327 785

6- Cost of revenue recognition

	The three- month ended 31/3/2021	The three- month ended 31/3/2020
Fertilizers activity cost	43 029 251	33 980 504
Chemicals & plastic activity cost	29 895 514	23 184 295
Gas & electricity supplies activity cost	21 913 278	27 491 917
Drilling and petroleum services activity cost	4 937 565	6 577 331
Insurance activity cost	12 664 770	10 745 069
Cooling technology by natural gas activity cost	953 219	1 737 377
Agencies activity cost	138 667	168 145
Other activity cost	430 394	640 962
	113 962 658	104 525 600

7- Income from investments

	The three- month ended 31/3/2021	The three- month ended 31/3/2020
Income from financial assets at amortized cost	7 407 376	10 239 558
Gain on sale of financial assets at amortized cost	6 053 335	2 496 973
Change in fair value of financial assets at fair value through profit or loss	(575 353)	(4 117 351)
Income from investments at fair value through other comprehensive income	-	766
	12 885 358	8 619 946

8- Other Income

	The three- month ended 31/3/2021	The three- month ended 31/3/2020
Reversal of impairment loss on debtors & other debt balance	-	2 000 000
Provisions no longer required	206 389	-
Capital gain	747 405	33 176
Other	207 190	318 641
	1 160 984	2 351 817

Notes to the consolidated financial statements

For the financial period ended March 31, 2021

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

9- Selling & distribution expenses

	The three- month ended 31/3/2021	The three- month ended 31/3/2020
Chemicals & plastic activity	1 483 845	1 171 406
Fertilizers activity	91 006	94 316
Cooling technology by natural gas activity	39 474	36 497
Other	55 951	124 920
	1 670 276	1 427 139

10- Reversal of Impairment (charges) for expected credit losses

	The three- month ended 31/3/2021	The three- month ended 31/3/2020
Chargers for expected loss on debtors & other debt balance	(409 297)	(104 214)
Reversal of impairment (charges) for expected credit losses on other debtors & other debt balance	-	4 132
Reversal of impairment (charges) for expected credit losses on trade & notes receivables	-	19 270
Chargers for expected credit losses on cash at banks	804 840	-
Reversal of impairment (charges) for expected credit losses on cash at banks	-	(423 345)
	395 543	(504 157)

11- Other expenses

	The three- month ended 31/3/2021	The three- month ended 31/3/2020
Provisions Formed	1 306 877	3 020 889
	1 306 877	3 020 889

12- Income tax

	The three- month ended 31/3/2021	The three- month ended 31/3/2020
Current income tax expense	12 900 193	10 085 364
Deferred income tax	(697 324)	(995 000)
	12 202 869	9 090 364

Notes to the consolidated financial statements

For the financial period ended March 31, 2021

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

Adjustments to calculate the effective tax rate

	The three- month ended 31/3/2021	The three- month ended 31/3/2020
Consolidated net accounting profit before income tax	65 213 450	49 817 633
Tax rate	% 22,5	% 22.5
Expected income tax on accounting profit	14 673 026	11 208 967
Expenses are not applicable to tax deduction	143 193	165 129
Tax exemptions	(2 849 743)	(2 329 474)
Provisions effect	204 539	27 361
Property, plant & equipment depreciation and other assets amortization	738 456	702 887
Books' currency differences	7 698	50 870
Others	2 548	259 624
Deferred income tax	(697 324)	(995 000)
Tax according to consolidated statement of profit or loss and other comprehensive income	12 202 869	9 090 364
Effective tax rate	%18.71	% 18.25

13- 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)	Non- controlling share in equity excluding profits/(losses) for the period	Non-controlling interests as of 31/3/2021	Non-controlling interests as of 31/3/2020
National Gas Co. "Natgas"	16,02	1 467 183	19 399 885	20 867 068	20 867 068
Globe for Communications & Information Technology Co.	1	-	5 834	5 834	5 834
Cooling Technology by Natural Gas Co.- Gas Chill	14,01	19 919	559 474	579 393	610 536
Midor Suez for Oil Refinery Co.	0,002	-	6	6	6
El Fayoum Gas Co.	22,01	192 179	2 147 308	2 339 487	2 147 796
Bawabat Al Kuwait Holding Company	35,55	7 092 644	140 862 147	147 954 791	191 064 145
Arabian Company for Fertilizers	19,83	-	(18 250)	(18 250)	(23 124)
El Shorouk for Melamine & Resins Co.	6,61	3 439	165 723	169 162	167 161
NSCO Co.	0,003	216	1 339	1 555	1 340
Delta Insurance co.	38,49	1 492 059	22 792 601	24 284 660	23 276 252
Gas Technology Co. (Go Gas)	0,8	-	12 728	12 728	-
Total		10 267 639	185 928 795	196 196 434	238 133 608

14- Basic / diluted earnings per share of profits

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

	The three- month ended 31/3/2021	The three- month ended 31/3/2020
Net profit for the period (owners of the parent Company)	42 742 942	30 340 956
Employees share in profit & board of directors' remuneration – proposal	(3 094 271)	(1 619 341)
Employees & board of directors' share in profit in subsidiaries - proposal	(3 711 747)	(2 709 456)
Shareholders' share in net profit of the period	35 936 924	26 012 159
Weighted average number of shares outstanding during the period	1 126 885 287	1 021 791 248
Basic / diluted Earnings per share of profits (US cent / Share)	3.19	2.55

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

	The three- month ended 31/3/2021	The three- month ended 31/3/2020
Issued shares at the beginning of the period	1 016 393 170	1 017 206 623
Effect of issuance of bonus shares	102 444 117	-
Effect of issuance of bonus shares to finance the incentive shares	-	7 234 547
Treasury shares	8 048 000	(2 649 922)
Weighted average number of shares outstanding during the period	1 126 885 287	1 021 791 248

15- Non-cash transactions

For the purpose of preparing the consolidated statement of cash flows for the financial period ended March 31, 2021, the effect of the following transactions has been excluded from investing activities and financing activities which considered as non-cash transactions:

974 963	Property, plant & equipment additions –included in suppliers, subcontractors, noted payables & other creditors.
5 869 875	Acquisition of minority shares –included in suppliers, subcontractors, noted payables & other creditors.

16- Equity-accounted investees (associates companies)

	Ownership		
	%	31/3/2021	31/12/2020
<u>Investments listed in stock exchange</u>			
El-Mohandes Insurance Company	24,99	17 811 756	17 253 617
<u>Investments not listed in stock</u>			
TOSS Co. (Limited Liability Co.- Cayman Islands)	28,07	6 940 362	6 940 362
Inayah Egypt for Medical Care Programs Management Co.	20	358 829	418 588
Egyptian Tankers Co. (S.A.E.- Free Zone)	30	17 128 175	17 128 175
		42 239 122	41 740 742
Impairment losses		(17 128 175)	(17 128 175)
		25 110 947	24 612 567

17- Financial assets at fair value through other comprehensive income

	Ownership		
	%	31/3/2021	31/12/2020
<u>Financial assets at fair value</u>			
Portfolios managed by abroad investment managers	-	212 963 897	225 603 364
Local companies' securities listed in the Egyptian Stock Exchange (EGX)	-	1 680 533	1 814 581
<u>Financial assets measured at cost*</u>			
United Arab Chemical Carriers Co.	-	-	14 108 171
MOG Energy Co.- previously named Tri Ocean Co. **	%15,27	34 462 504	34 462 504
TOD Company	28,07%	2 807	2 807
		249 109 741	275 991 427
Impairment losses		(34 462 504)	(38 802 712)
		214 647 237	237 188 715

* 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", control lost over this Company during the year 2016. A lawsuit was filed by the management of MOG Energy Co. - under No. 433 for year 2016 related to a case of misappropriation of significant funds. The first hearing of the case was set before the Southern Cairo Criminal Court on November 24, 2018 and the call has been delayed several times, most recently on December 5, 2020 until the court's verdict is decided, and on December 5, 2020 the court ruled with a sense of embarrassment and referred the lawsuit to another circuit, and the first session is scheduled for March 31, 2021 and the call has been postponed to the

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For the financial period ended March 31, 2021

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May 26, 2021 session, 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.

The movement of financial assets at fair value is as follows: -

	<u>31/3/2021</u>	<u>31/12/2020</u>
Fair value	214 644 430	227 417 945
<u>Deduct:</u>		
Cost	228 703 767	277 476 991
Fair value reserve	(14 059 337)	(50 059 046)
<u>Classified as follows:</u>		
Owners of the parent company	(10 796 400)	(54 763 217)
Non-controlling interests	(3 262 937)	4 704 171
	(14 059 337)	(50 059 046)

18- Financial assets at amortized cost

	<u>31/3/2021</u>	<u>31/12/2020</u>
Investment certificates at local banks "Insurance Sector"	94 113 160	112 612 841
Governmental bonds	82 097 416	73 646 665
Treasury bills	248 039 945	211 287 961
Designated governmental bonds "Insurance Sector"	42 433 407	17 820 959
	466 683 928	415 368 426
<u>Classified as follows: -</u>		
Short term (due within one year)	248 039 945	211 287 961
Long term (due after one year)	218 643 983	204 080 465

19. Property, plant and equipment and projects under construction

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.) for the financial period ended March 31, 2021
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	Land	Buildings & constructions	Vehicles & transportation	Furniture & office equipment	Machinery & equipment	Tools & supplies	Stations, generators & electric transformers	Computer, software & decorations	Leasehold improvements	Projects under construction	Total
Cost as of 1/1/2020	28 049 596	57 661 513	12 094 614	8 550 183	410 543 622	2 356 739	68 188 449	6 997 765	1 225 045	18 396 648	614 641 174
Additions	6 668 184	1 552 104	628 373	589 422	1 972 204	98 002	13 178 087	1 595 512	-	-	25 992 388
Change in projects under construction	-	-	-	-	-	-	-	-	-	22 483 947	22 483 947
Disposals	(2 175 719)	(1 861)	(1 258 946)	(32 509)	(9 367)	(48 513)	-	(18 339)	(41 457)	-	(2 586 711)
Cost as of 31/12/2020	32 542 061	59 211 756	13 064 041	9 107 096	412 504 459	2 406 228	81 367 136	8 274 938	1 183 588	40 880 595	640 463 898
Cost as of 1/1/2021	32 542 061	59 211 756	13 064 041	9 107 096	412 504 459	2 406 228	81 367 136	8 274 938	1 183 588	40 880 595	640 463 898
Additions	2 390	30 417	152 898	354 661	224 720	34 696	841 468	126 802	-	-	1 768 062
Change in projects under construction	-	-	-	-	-	-	-	-	-	4 454 329	4 454 329
Disposals	-	(31 047)	-	-	-	-	-	(1 607)	(9 853)	-	(42 507)
Cost as of 31/12/2021	32 544 451	59 211 126	13 216 939	9 461 757	412 731 189	2 440 924	82 208 604	8 400 133	1 173 735	45 254 924	646 643 782
Depreciation and impairment loss	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment loss as of 1/1/2020	-	26 080 096	9 929 120	6 455 329	247 048 099	1 830 051	10 810 555	5 383 062	763 509	-	388 299 821
Depreciation	-	1 994 767	763 194	561 931	18 370 190	49 578	2 548 370	711 165	44 975	-	25 844 170
Accumulated depreciation of disposals	-	(1 049)	(258 946)	(10 697)	(6 587)	(48 513)	-	(18 339)	(41 457)	-	(385 508)
Accumulated depreciation and impairment losses as of 31/12/2020	-	28 073 814	10 433 368	7 006 563	265 411 702	1 831 116	13 358 925	6 075 888	767 027	-	332 958 483
Accumulated depreciation and impairment losses as of 1/1/2021	-	28 073 814	10 433 368	7 006 563	265 411 702	1 831 116	13 358 925	6 075 888	767 027	-	332 958 483
Depreciation	-	520 351	183 308	149 175	4 617 982	16 654	665 176	167 608	9 804	-	6 329 258
Accumulated depreciation of disposals	-	(15 092)	-	-	-	-	-	(1 607)	-	-	(16 699)
Accumulated depreciation and impairment losses as of 31/12/2021	-	28 579 073	10 616 676	7 155 738	270 029 684	1 847 770	14 024 101	6 241 889	776 031	-	339 270 962
Carrying amount as of 31/12/2020	32 542 061	31 137 942	2 630 673	2 100 533	137 094 757	575 112	68 008 211	2 199 050	416 561	40 880 595	327 565 495
Effect of change in foreign exchange rates	(5 087 774)	(10 273 986)	(872 303)	(711 922)	(25 372 332)	(417 994)	(14 730 664)	(48 372)	(130 525)	(6 278 180)	(63 863 082)
Carrying amount as of December 31, 2020	27 454 287	20 863 956	1 758 370	1 388 611	111 722 425	157 118	53 277 547	1 150 678	286 036	34 602 415	263 702 413
Carrying amount as of 31/3/2021	32 544 451	30 632 053	2 680 263	2 306 019	142 701 505	593 154	68 184 503	2 158 244	397 704	45 254 924	327 372 820
Effect of change in foreign exchange rates	(5 087 780)	(10 273 867)	(882 315)	(716 526)	(25 384 182)	(418 048)	(14 731 178)	(19 619)	(130 499)	(6 173 314)	(63 717 328)
Carrying amount as of March 31, 2021	27 456 671	20 358 186	1 717 948	1 589 493	117 317 323	175 106	53 453 325	2 138 625	267 205	39 081 610	263 655 492

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)

Notes to the consolidated financial statements (Cont.) for the financial period ended March 31, 2021

All numbers are in US Dollars

Translated

20- Exploration and development assets

<u>Cost</u>	<u>Producing wells</u>	<u>Equipment / field services</u>	<u>Projects under construction</u>	<u>Total</u>
As of 1/1/2020	86 305 967	33 895 906	-	120 201 873
Additions	766 055	-	3 695 776	4 461 831
As of 31/12/2020	<u>87 072 022</u>	<u>33 895 906</u>	<u>3 695 776</u>	<u>124 663 704</u>
As of 1/1/2021	87 072 022	33 895 906	3 695 776	124 663 704
Additions	-	-	5 440 558	5 440 558
As of 31/3/2021	<u>87 072 022</u>	<u>33 895 906</u>	<u>9 136 334</u>	<u>130 104 262</u>
<u>Accumulated amortization, depletion, and impairment losses</u>				
As of 1/1/2020	31 185 396	1 252 399	-	32 437 795
Amortization	17 617 490	1 596 175	-	19 213 665
As of 31/12/2020	<u>48 802 886</u>	<u>2 848 574</u>	<u>-</u>	<u>51 651 460</u>
As of 1/1/2021	48 802 886	2 848 574	-	51 651 460
Amortization	307 594	2 204 933	-	2 512 527
As of 31/3/2021	<u>49 110 480</u>	<u>5 053 507</u>	<u>-</u>	<u>54 163 987</u>
Carrying amount of 31/12/2020	<u>38 269 136</u>	<u>31 047 332</u>	<u>3 695 776</u>	<u>73 012 244</u>
Carrying amount of 31/3/2021	<u>37 961 542</u>	<u>28 842 399</u>	<u>9 136 334</u>	<u>75 940 275</u>

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For the financial period ended March 31, 2021

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21- Right of use assets

	31/3/2021	31/12/2020
Cost		
Cost as of 1/1/2021	13 765 315	-
Additions	-	13 765 315
Cost as of 31/3/2021	13 765 315	13 765 315
Accumulated depreciation		
Accumulated depreciation as of 1/1/2021	(1 011 385)	-
Depreciation	(216 467)	(1 011 385)
Accumulated depreciation as of 31/3/2021	(1 227 852)	(1 011 385)
Net amount	12 537 463	12 753 930
Effect of foreign exchange rate	47 280	47 080
Net carrying amount as of 31 March 2021	12 584 743	12 801 010

* Present value of the total liabilities resulted from right of use at March 31, 2021 is amounted to USD 12 572 934 as follows:

	31/3/2021	31/12/2020
Short-term lease contracts liabilities	1 863 539	1 791 433
Long-term lease contracts liabilities	10 709 395	10 829 778
	12 572 934	12 621 211

22-Goodwill

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

	31/3/2021	31/12/2020
National Gas Co. (Natgas)	7 887 681	7 887 681
Sprea Misr	11 125 601	11 125 601
El Fayoum Gas Co.	1 620 743	1 620 743
Alex Fertilizer Co.	34 107 324	34 107 324
Delta Insurance Co.	3 669 609	3 669 609
Shield Gas Systems Co.	5 103 083	5 103 083
	63 514 041	63 514 041

23- Intangible assets

	Net as of 1/1/2021	Amortization	Translation differences	Net as of 31/3/2021
Deferred revenue charges*	682 156	(60 593)	154	621 717
Other assets**	1 000 000	(62 500)	-	937 500
	<u>1 682 156</u>	<u>(123 093)</u>	<u>154</u>	<u>1 559 217</u>

* This item is represented in the 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 item is represented in the amounts paid to others, whereby, it is expected to obtain future economic benefits to the subsidiary which will be amortized over 8 years.

24- Biological assets

	31/3/2021	31/12/2020
Tree forests	780 534	780 534
Wages, salaries and consultations	517 662	388 311
Fertilizers and pesticides	111 362	82 397
Tools rent	122 355	106 665
Right of use assets' depreciation	120 868	95 597
Usufruct benefit	61 285	245 139
Property plant and equipment depreciation	23 709	15 724
Other	121 234	81 569
	<u>1 859 009</u>	<u>1 795 936</u>

This balance is represented in the acquisition cost of the tree forest (Eucalyptus and Casorina trees) which are located on the leased land by the subsidiary.

25- Cash and cash equivalents

	31/3/2021	31/12/2020
Cash on hand	789 454	168 063
Banks – current accounts	99 245 987	93 199 056
Banks – time deposits (less than three month)	122 819 959	121 433 550
Banks – time deposits (more than three month)	925 950	391 666
	<u>223 781 350</u>	<u>215 192 335</u>
Expected credit loss	(1 515 927)	(2 324 342)
	<u>222 265 423</u>	<u>212 867 993</u>

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

	31/3/2021	31/12/2020
Cash & cash equivalents	223 781 350	181 102 238
Investments in treasury bills - during three month	74 553 881	57 246 221
Bank – time deposits (more than three month)	(925 950)	(1 651 471)
Banks overdraft	-	(3 897 173)
	297 409 281	232 799 815

26- Financial assets at fair value through profit or loss

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

	31/3/2021	31/12/2020
Portfolios managed by abroad investment managers	3 070 592	2 905 957
Egyptian Companies' stocks (listed in the Egyptian Stock Exchange)	265 715	287 320
Investments funds	5 891 206	5 759 512
Governmental bonds	29 890 075	30 451 870
	39 117 588	39 404 659

27- Trade & notes receivable

	31/3/2021	31/12/2020
Trade receivables	41 481 255	29 789 742
Egyptian General Petroleum Corporation*	40 475 696	38 895 038
	81 956 951	68 684 780
Expected credit losses	(1 030 170)	(1 021 669)
Notes receivable	16 227 478	11 718 994
	97 154 259	79 382 105

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

	31/3/2021	31/12/2020
Natgas Co.	897 324	1 092 516
El Fayoum Gas Co.	500 438	500 438
NSCO Co.	39 077 934	37 302 084
	40 475 696	38 895 038

28- Other current assets

	31/3/2021	31/12/2020
Tax Authority	16 307 285	15 961 020
Accrued revenue	16 423 449	16 254 012
Accounts receivables from insurance	10 772 799	10 128 281
Uncollected issued bills	9 718 472	9 034 673
Suppliers-advanced payments	16 704 996	8 710 473
Deposits with others	6 067 256	5 614 922
Cheques under collection	2 233 870	2 143 629
Prepaid expenses	4 029 641	2 902 975
Insurance and reinsurance Companies	1 855 037	2 109 730
Due from Building Materials Industries Co.	603 290	597 568
Loans guaranteed by individuals' insurance	402 093	435 074
Imprests & employees' custodies	599 780	221 534
Payments to employees under dividends account	294 595	662 529
Due from related parties *	165 845 972	165 845 972
Other debit balances	10 001 566	8 132 213
	261 860 101	248 754 605
Expected credit losses	(170 395 445)	(172 295 964)
	91 464 656	76 458 641

* This item is represented in due balances from one of subsidiaries. It worth mentioning that the Company lost control over the above-mentioned subsidiary during year 2016, and an expected credit loss is fully formed for this balance (Year 2020: amount of USD 165 845 972).

29- Inventories

	31/3/2021	31/12/2020
Supplies	25 868 361	27 055 318
Spare parts and tools	21 182 309	22 964 420
Finished goods and work in process	5 285 974	8 051 688
Letters of credit & goods in transit	2 181 630	1 200 337
Fuel and oil	13 605 187	14 504 335
	68 123 461	73 776 098
Write down of inventory	(78 095)	(77 579)
	68 045 366	73 698 519

30- Work in progress

	31/3/2021	31/12/2020
Gas sectors	-	99 311
Land & buildings under development	30 184 396	31 823 881
Others	528 733	415 746
	30 713 129	32 338 938

31- Non-current assets held for sale

Assets related to the Building Materials Industries Company – equity-accounted investees company are presented as non-current held for sale as of March 31, 2021, as during the last quarter of year 2019 an agreement was signed to manage the sale of shares owned by the group in the Building Materials Industries Company - equity-accounted investees of 38.32% to a party outside the group.

32- Share capital

- The Company's authorized capital is USD 500 million.
- The issued capital was initially determined amounted to USD 120 million (One hundred & twenty million USD) distributed over 12 million shares at a par value of USD 10 per share. The Founders and subscribers through methods other than public subscription have subscribed to 9 million shares at a value of USD 90 million (Only ninety million USD) 3 million shares at USD 30 million (Only thirty million USD) were offered for public subscription and they were fully underwritten. The issued capital was fully paid. The issued capital has been increased and the share of the Company was split several times to reach an amount of USD 243 914 564.5 distributed over 975 658 258 shares of par value of US Cent 25 each fully paid.
- 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 affect such increase was made on the Company's commercial register on September 13, 2015. Accordingly, the issued capital is USD 256 110 292.5 distributed over 1 024 441 170 shares with a par value of US Cent 25 each that is fully paid.
- On June 11, 2015, the extra-ordinary general assembly of the Company unanimously approved the increase of the issued and paid – up capital from USD 243 914 564.5 to USD 256 110 292.5 with an amount of increase of USD 12 195 728 as bonus increase distributed over 48 782 912 bonus share whose nominal value amounts to US Cent 25 for the purpose of financing the incentive & bonus plan of the Company's employees and managers and executive board of directors members issued from the Egyptian Financial Supervisory Authority on 12 November 2014.
- On December 27, 2020, the ordinary general assembly of the company unanimously approved interim dividends at the rate of 10% of the issued and paid-up capital as dividends of one bonus shares for every 10 shares. This interim dividends from the retained earnings shown in the issued independent financial statements of the company for the financial period ending September 30, 2020 including auditor's report used to increase the issued and paid-up capital of the company from USD 256 110 292.5 to USD 281 721 321.75 with a value of USD 25 611 029.25 bonus increase distributed over number of 102 444 117 bonus shares with a nominal value of US Cent 25 per share.
- On December 27, 2020, the extra-ordinary general assembly of the Company unanimously approved to increase the issued and paid – up capital from USD 256 110 292.5 to USD 281 721 321.75 with an amount of USD 25 611 029.25 as bonus increase distributed over 102 444 117 bonus share whose nominal value amounts to US Cent 25 per share.
- On March 22, 2021, the increase was made on the Company's commercial register. Accordingly, the issued capital is USD 281 721 321.75 distributed over 1 126 885 287 shares, with a par value of US Cent 25 each that is fully paid.

33- Reserves

	<u>31/3/2021</u>	<u>31/12/2020</u>
Special reserve – share premium	57 954 547	57 954 547
General reserve	8 380 462	8 380 462
Fair value reserve	(65 452 595)	(54 656 195)
Foreign exchange reserves	(190 924 739)	(182 622 817)
	<u>(190 042 325)</u>	<u>(170 944 003)</u>

Legal reserve

According to the Companies' Law and the Parent Company's article of association, the Company is required to set aside 5% of the annual net profit of the Holding Company to form the legal reserve. The transfer to legal reserve ceases once the reserve reach 50% of the issued share capital of the Holding Company. The reserve is not distributable. However, it can be used to increase the share capital or offset losses. The Holding Company is required to set aside 5% of the annual net profit until it reaches 50% of the issued share capital of the Holding Company.

Special reserve – share premium

The balance is represented in the remaining amount of the share premium of the issued share capital increase of a number of 136 363 636 shares during year 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 is represented in the accumulated net change in the fair value of Financial assets at fair value through other comprehensive income until the investment is derecognized.

Translation differences reserve

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

34- Treasury shares

During the period 8 048 000 shares of Egyptian – Kuwait Holding Company were sold at a cost of USD 8 107 673, which resulted in profit with an amount of USD 752 517 added to retained earnings balance.

35- Loans

<u>The Company name</u>	<u>Loan's currency</u>	<u>Interest rates</u>	<u>Maturity date</u>	<u>31/3/2021</u>	<u>31/12/2020</u>
<u>Egypt Kuwait Holding Company</u>					
Loan guaranteed by investment portfolio	USD	4% above Libor-3 months	2019-2022	-	86 400 000
Loan guaranteed by investment portfolios	USD	2.5% above Libor-6 months	2022-2027	200 000 000	77 000 000
<u>National Gas Co. "Natgas"</u>					
Loan guaranteed by first class official trade mortgage over some production owned by the company	EGP	1% above the minimum borrowing rate by 17.75% till November 2019 & 1% after that date till the end of the loan	2021-2026	10 684 590	10 082 580
Loan guaranteed by treasury bills	EGP	8% decreasing rate according to the central bank initiative.	2021	4 033 777	3 194 910
Loan guaranteed by treasury bills	EGP	0.25% above average Corridor rate	2021	2 542 912	1 039 505
Loan guaranteed by treasury bills	EGP	0.25% above average Corridor rate	2021	984 672	1 953 725
<u>AD Astra Co.</u>					
Loan guaranteed by the pledge of the acquired assets	Euro	From 1.75% to 2.50% annually above Libor	2036	17 385 058	18 735 051
<u>Nile Wood Co.</u>					
Loan guaranteed by the pledge of the building and the financial elements of the factory after operating and mortgage deposits	EGP	8% annually replaced with a return of by 1.5% above Corridor rate, annual borrowing in case of funding deviation from the initiative of the Central Bank of Egypt.	2020-2028	11 711 730	11 711 730
Total				247 342 739	210 117 501
Current loans				35 226 663	67 793 230
Non-current loans				212 116 076	142 324 271

Notes to the consolidated financial statements

For the financial period ended March 31, 2021

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36- Other long-term liabilities

	31/3/2021	31/12/2020
Noted payable	2 616 805	2 616 805
Customers advance payment	781 911	224 700
Other payable	1 187 481	-
	4 586 197	2 841 505

37- Deferred tax liabilities

	31/3/2021	31/12/2020
Property, plant and equipment – projects under constructor's and other assets	16 818 178	17 487 884
	16 818 178	17 487 884

Deferred tax assets-not recognized

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

38- Provisions

	Balance as of 1/1/2020	Provisions formed	Provisions used	Provisions no longer required	Translation differences	Balance as of 31/12/2021
Retention provisions	323 838	-	(224)	-	-	323 614
Other provisions*	29 247 570	1 327 943	(99 238)	(206 389)	379 142	30 649 028
	29 571 408	1 327 943	(99 462)	(206 389)	379 142	30 972 642

* 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.

- The provisions formed during the period includes an amount of USD 21 066, represented in the present value of the expected cost to bring the asset to its first intended condition recognized in the exploration and development assets item amounting to USD 766 055 during year 2020.

Notes to the consolidated financial statements

For the financial period ended March 31, 2021

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39- Bank facilities

<u>The Company name</u>	<u>Facility's Currency</u>	<u>Interest rate</u>	<u>31/3/2021</u>	<u>31/12/2020</u>
<u>Egypt Kuwait Holding Company</u>				
Credit facility guaranteed by a promissory note	EGP & USD	0.5% annually above corridor, 2.5% above Libor generally for USD	18 854 724	18 281 120
Facility without guarantee	USD	2.9% above Libor 3 months for USD	25 000 000	25 000 000
Credit facility guaranteed by investment portfolio	USD	From 3.3125% to 4.3125%	27 242 422	28 150 460
Facility guaranteed by investment portfolio for one of the subsidiaries	USD	2.75% above Libor for 3 months	78 900 000	51 900 000
Facility without guarantee	USD & EGP	1.25% annually above corridor and 2.25% above Libor generally for USD	26 010 460	16 473 348
Facility without guarantee	USD & EGP	0.75% annually above corridor and 2.3% above Libor generally for USD	30 053 628	30 056 965
<u>Cooling Technology by Natural Gas Co (Gas Chill)</u>				
Bank overdraft guaranteed by deposits	EGP	2% over deposit interest rate	142 787	294 515
<u>National Gas Co. (Natgas)</u>				
Credit facility guaranteed by a promissory note	EGP	0.5% above corridor	8 324 950	11 131 846
Credit facility guaranteed by a promissory note	EGP	0.75% above corridor	4 200 600	1 115 074
Credit facility guaranteed by a promissory note	EGP	0.5% above corridor	3 719 739	2 401 302
Credit facility guaranteed by a promissory note	EGP	0.5% above corridor	1 363 508	1 739 532
Credit facility guaranteed by a promissory note	EGP	0.5% above corridor	-	-
Credit facility guaranteed by a promissory note	EGP	8% annually as part of the Central Bank's initiative to support industrial activity.	1 233 821	1 229 469
<u>B/F</u>			225 046 639	187 773 631

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For the financial period ended March 31, 2021

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<u>The Company name</u> <u>C/F</u>	<u>Facility's</u> <u>Currency</u>	<u>Interest rate</u>	<u>31/3/2021</u> 225 046 639	<u>31/12/2020</u> 187 773 631
<u>Alex Fert Co.</u>				
Credit facility guaranteed by deposits	USD	2.5% over deposit rate	37 945 658	38 065 811
Credit facility guaranteed by investment portfolio	USD	1.625% annually above Libor for 3 months	3 264 516	4 650 000
<u>Bawabat Al Kuwait Holding Co.</u>				
Credit facility guaranteed by investment portfolio	USD	1.625% annually above Libor for 3 months	-	265 000
<u>Spreea Misr Co.</u>				
Credit facility guaranteed by a promissory note	EGP	8% annually as part of the Central Bank's initiative to support industrial activity.	6 246 206	7 808 873
Credit facility guaranteed by an insurance policy against both the risk of fire and burglary in favor of the bank at rate of 110% of the company's assets value.	EGP	8% annually as part of the Central Bank's initiative to support industrial activity.	3 516 769	4 399 791
Credit facility guaranteed by the factory insurance policy in favor of the bank at rate of 110% of the company's assets value.	EGP	8% annually as part of the Central Bank's initiative to support industrial activity.	11 770 680	4 109 399
Credit facility guaranteed by a promissory note and providing the bank with an insurance policy against theft and fire on the inventories.	EGP	8% annually as part of the Central Bank's initiative to support industrial activity.	3 390 224	3 969 574
<u>Shield gas Co.</u>				
Credit facility guaranteed by deposits	USD	1% over deposit rate	1 021 712	908 780
Credit facility guaranteed by investment portfolio	USD	2.5% annually above Libor for 3 months	2 451 545	143 059
<u>OGI Co.</u>				
Credit facility guaranteed by investment portfolio	USD	0.859% annually	6 079 904	6 487 641
			300 733 853	258 581 559

40- Insurance policyholder's rights

	31/3/2021	31/12/2020
Technical provisions for individual's insurance	79 002 800	24 229 828
Technical provisions for property and liability insurance	26 177 039	77 450 050
Policyholder's rights for investments units	3 069 673	2 905 957
Provision for outstanding claims	637 408	791 992
	108 886 920	105 377 827

41- Suppliers, contractors, notes payable & other creditors

	31/3/2021	31/12/2020
Suppliers & contractors	22 932 067	19 469 972
Note payable	5 014 472	4 328 721
Trade receivables – Advanced payments	43 603 852	47 467 116
Accrued expenses	35 852 728	40 119 855
Deposits from others	13 935 555	13 323 693
National Egyptian Authority for Petroleum*	2 549 792	4 558 398
Insurance and reinsurance Companies	8 261 994	9 394 337
Collected installments	2 041 632	2 136 759
Dividends payable	1 196 641	1 196 641
Dividends payable-non-controlling interests	2 698 039	3 620 315
Insured current account	796 340	1 160 629
Employees' dividends payable	434 448	168 901
Property, Plant & equipment creditors	974 963	597 147
Other credit balances	30 389 501	16 111 987
	170 682 024	163 654 471

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

	31/3/2021	31/12/2020
National Gas Co. (Natgas)	-	1 396 948
El Fayoum Gas Co.	2 549 792	3 161 450
	2 549 792	4 558 398

42- 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.

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- 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 were 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 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 period, the beneficiary shall be entitled to receive 100 % of total dividends and exercise the right of voting on the resolutions of the Company.
- The conditional terms for granting shares are as follows:
 - A) Increase the Company's net profit by 15% annually.
 - B) Increase the Company's share price by 15% annually in the Egyptian stock Exchange.

Details of beneficiaries of the plan are as follows: -

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

- On February 27, 2017, the Committee of the incentives and bonus plan unanimously agreed to grant 21 463 699 shares to the beneficiaries of the plan, while the methods of granting the remaining shares of the incentive plan and who deserve them shall be discussed in its upcoming meetings. On March 29, 2017, the ownership of such shares 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 Stock Exchange at an annual rate of 15% with a total number of shares that reached 24 391 456 shares. On March 29, 2018, the ownership of these shares was transferred to the beneficiaries.
- On March 30, 2019, the Company's Incentive and Bonus Plan Committee unanimously decided to grant 11 141 777 shares to the beneficiaries of the plan. This decision is to fulfill the second criteria related to increasing the Company's share price in the Egyptian Stock Exchange at an annual rate of 15% with a total number of shares that reached 24 391 456 shares. On April 4, 2019 the ownership of these shares was transferred to the beneficiaries.
- On February 16, 2020, the incentives and bonus committee unanimously agreed to grant 7 234 547 shares to the beneficiaries of the plan after the approval of the board of directors, on February 26, 2020 the board of directors approved this granted. So, all shares were granted to the beneficiaries.
- According to the above-mentioned granted decisions, the Incentive and Bonus Plan' movements are as follows:

	No. of shares
Shares for Incentive and Bonus Plan	48 782 912
<u>Deduct:</u>	
Shares granted to the first criterion 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
Shares granted to the second criterion on March 30, 2019	11 141 777
Shares granted to the second criterion on February 16, 2020	7 234 547
Total shares granted	(48 782 912)
Total remaining available shares	-

43- Subsidiaries Companies

Main subsidiaries are represented in the following:

	Country of Incorporation	Direct & indirect Ownership %	
		31/3/2021	31/12/2020
<u>Companies under direct control</u>			
International Financial Investments Co. S.A. E	Egypt	100	100
Bawabat Al Kuwait Holding Co.– S.A.K *	Kuwait	64,45	54.65
Delta Insurance Co.	Egypt	61,5	61.5
Globe for Communication & Information Technology Co.	Egypt	99	99
Globe Telecom Co.	Egypt	100	100
ECO for Agriculture Development Co.	Egypt	100	100
ECO for Industrial Development Co	Egypt	100	100
MAT Company for Trading	Egypt	100	100
EKHN B.V.	Netherlands	100	100
Global MDF Industries B.V.	Netherlands	100	100
EKH Microfinnace		100	-
<u>Subsidiaries Companies of International Financial Investments Co.</u>			
Spreea Misr for Production of Chemicals & Plastics Co. S.A. E	Egypt	100	100
Egyptian Company for Petrochemicals S.A.E	Egypt	100	100
National Energy Co - S.A. E	Egypt	100	100
El Fayoum Gas Holding Company	Virgin Islands	100	100
Midor Suez Oil Refining Co.	Egypt	100	100
NSCO INVESTMENT LIMITED Company	Cayman Islands	99,997	99.997
BKH Megan	Cayman Islands	100	100
Arabian Fertilizer Limited Co.	United Arab of Emirates	100	100
National Gas Company (NATGAS) S.A. E	Egypt	83,98	83.98
Nahood International Limited Co.	United Arab of Emirates	60	60
Solidarity Mena Limited Co.	United Arab of Emirates	100	100
Solidarity International Limited Co.	United Arab of Emirates	100	100
MEA Investments Co.	United Arab of Emirates	100	100
Polar Star Investments Co.	United Arab of Emirates	100	100
Egypt Kuwait Investments Holding Limited Co.	United Arab of Emirates	100	100
IFIC Petrochemicals Co.	Cayman Islands	100	100
Ekuity Holding International - Limited by Shares	Cayman Islands	100	100
Henosis for Construction & Real-Estate Development Co.	Egypt	100	100
Capital Investment Limited Luxembourg Co.	Luxembourg	100	100
OGI Capital - Limited Liability Co.- Free Zone - Jebel Ali	United Arab of Emirates	100	100

	Country of Incorporation	Direct & indirect Ownership %	
		31/3/2021	31/12/2020
AD ASTRA REAL ESTATE, S.L. Co.	Spain	100	100
AD ASTRA PROYECTO MISR, S.L. Co.	Spain	100	100
AD ASTRA PROYECTO ALCAZAR, S.L. Co.	Spain	100	100
AD ASTRA PROYECTO CAIRO, S.L. Co.	Spain	100	100
SISTEMAS INDUSTRIALES SALGAR II S.L	Spain	100	100
AD ASTRA PROYECTO MEDINA, S.L. Co.	Spain	100	100
Gas Serve Co.	Egypt	100	100
Shield Gas Co.	United Arab of Emirates	100	100
EEK Investment Holding LTD Co.	United Arab of Emirates	100	100
International Fertilizer trading Co.	Cayman Islands	100	100
NSCO Investment INC Co.	Panama	99,997	99.997
IFIC Investments Limited Co.	United Arab of Emirates	100	100
IFIC Global Co.	Cayman Islands	100	100
<u>Subsidiary of Globe Telecom Co.</u>			
Globe for Trading & Agencies Co.	Egypt	100	100
<u>Subsidiaries of National Gas Co. Natgas</u>			
Al Watania for Electric Technology Co.(Kahraba) S.A.E.	Egypt	91,95	91.95
Al Nubaria for Natural Gas Co. S.A.E.	Egypt	83,98	83.98
<u>Subsidiaries of BKH Megan Co.</u>			
Middle East for River Transport Co.- S.A.E	Egypt	100	100
<u>Subsidiaries of National Energy Company</u>			
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
Technology Gas Co. GoGas	Egypt	93	-
<u>Subsidiaries of Bawabat Al Kuwait Holding Co.</u>			
Alex Fert Co. - S.A.E.	Egypt	57,25	45.29
International Logistics Co. – L.L.C.	Kuwait	64,45	54.65
<u>Subsidiary of Egyptian Company for Petrochemicals</u>			
El Shorouk for Melamine & Resins Co.	Egypt	93,39	93,39
<u>Subsidiary of Global MDF Co.</u>			
Cairo Wood for Imports and Exports Co. (S.A.E.)	Egypt	100	100
Nile Waste Co.	Egypt	100	100
Nile Wood Co. (S.A.E.)	Egypt	100	100
<u>Subsidiary of Sprea Misr for Production of Chemicals & Plastics Co.</u>			
Asprea for Chemicals Co. (S.A.E.)	Egypt	100	100

- * An additional 9,80 % in Bawabat Al Kuwait Holding Co.' capital share was acquired during the period, and an additional share of 5,81% in Alex fertilizer Co.'s capital share was acquired.
- The consolidated financial statements as of March 31, 2021 doesn't include some subsidiaries of the Energy Group due to loss of control over them during 2016.

44- Transactions with related parties

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

- The Group has agreed with Abu Qir Fertilizers and Chemical Industries Co. on signing rental contracts for a plot of land to construct the factory on it with a yearly rental value USD 622 494 effective from July 15, 2003 and last for 25 years, a contract for a building to use it as a temporary headquarter for the Company's management with an annual rental value of 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.

45- Dividends approved, and board of directors' remuneration

- 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.

The shareholders of the Parent Company unanimously proposed the interim dividends approved by the Ordinary General Assembly of the company held on December 27, 2020, interim dividends by 10% of the issued and paid-up capital as bonus shares dividends per 10 shares from the retained earnings represented in the separate financial statements, for the financial period ended September 30, 2020, with a total amount of USD 25 611 029, and it was decided to distribute remunerations to the Board of Directors members with an amount of USD 5 814 836, and employees' profit shares with an amount of USD 662 529, which was approved by the Parent company's shareholders' general assembly held on March 30, 2021.

The shareholders of the Parent Company approved cash dividends for the financial year ended December 31, 2019 of 6 Cent/share with a total amount of USD 61 466 470 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 28, 2020.

46- 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 ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board of Directors.

Credit risk

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

Trade and other receivables

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

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

Investments

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

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 the exposure to changes in interest rates on borrowings is on fixed rate basis. The Company does not enter into interest rate swap.

Other market price risk

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

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

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

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

Capital management

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

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

The Board of the Parent Company seeks to maintain a balance between the higher returns that 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 period; the Parent Company is not subject to externally imposed capital requirements.

47- 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:

	31/3/2021	31/12/2020
Other current assets	241 125 464	237 141 157
Financial assets at amortized cost	466 683 928	415 368 426
Trade & notes receivable	98 447 388	80 667 019
	806 256 780	733 176 602

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

	31/3/2021	31/12/2020
Governmental customers	40 703 900	39 124 216
Retail customers	11 742 101	8 546 880
Final consumers customers	20 528 431	18 620 821
Export customers	8 982 519	2 392 863
Notes receivable	16 490 437	11 982 239
	98 447 388	80 667 019

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

	31/3/2021		31/12/2020	
	Balance	Impairment	Balance	Impairment
Past due within 30 days	5 319 000	-	5 715 702	-
Past due from 1-3 month	3 734 626	-	3 972 849	-
Past due from 3 months-1 year	77 366 141	-	69 989 443	(32 644)
More than one year	12 027 621	(1 030 170)	989 025	(989 025)
	98 447 388	(1 030 170)	80 667 019	(1 021 669)

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

Liquidity risk

The following are the contractual maturities of financial liabilities:

March 31, 2021

	Due date			
	Carrying amount	During 1 year	1-2 years	2-5 years
Loans & bank facilities	548 076 592	335 960 516	212 116 076	-
Suppliers, contractors, noted payables & other creditors	127 078 172	127 078 172	-	-
Accrued income tax	44 343 378	44 343 378	-	-
Insurance policyholders' rights	108 886 920	108 886 920	-	-
	828 385 062	616 268 986	212 116 076	-

December 31, 2020

	Due date			
	Carrying amount	During 1 year	1-2 years	2-5 years
Loans & bank facilities	468 699 060	326 374 789	142 324 271	-
Suppliers, contractors, noted payables & other creditors	116 187 355	116 187 355	-	-
Accrued income tax	29 870 992	29 870 992	-	-
Insurance policyholders' rights	105 377 827	105 377 827	-	-
	720 135 234	577 810 963	142 324 271	-

Currency risk**Currency risk exposure**

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

31 March 2021

Description	L.E	K.W.D	EURO	GBP	AED	JPY
Cash & cash equivalents	764 304 015	2 087	1 825 184	11 206	98 730	419
Financial assets at amortized cost	3 938 723 423	-	-	-	-	-
Other current assets	460 461 566	13 181	-	-	-	-
Trade & notes receivable	761 474 914	-	584 959	-	-	-
Bank loans	(491 436 221)	-	(372 711)	-	-	-
Bank facilities	(690 693 039)	-	-	-	-	-
Suppliers, contractors, noted payables & other creditors	(1 414 615 451)	-	(515 734)	-	-	-
Net risk exposure	3 328 219 208	15 268	1 521 698	11 206	98 730	419

31 December 2020

Description	L.E	K.W. D	EURO	GBP	AED	JPY
Cash & cash equivalents	613 765 652	12 781	908 937	12 332	103 218	419
Financial assets at amortized cost	1 743 480 517	-	-	-	-	-
Other current assets	676 276 419	1 342 477	-	-	-	-
Trade & notes receivables	504 214 935	-	342 494	-	-	-
Bank loans	(405 577 446)	-	(343 753)	-	-	-
Bank facilities	(600 139 938)	-	-	-	-	-
Suppliers, contractors, noted payables & other creditors	(1 263 821 638)	-	(112 670)	-	-	-
Net risk exposure	1 268 198 501	1 355 258	795 008	12 332	103 218	419

The following is the average exchange rates during the period:

US Dollar	Average exchange rate during the period		Spot rate at the financial statements date	
	31/3/2021	31/3/2020	31/3/2021	31/12/2020
L.E	15,69	15,76	15,73	15,73
K.W. D	0,302604	0,3058	0,3024	0,3067
EURO	0,83333	0,90909	0,8547	0,81301
GBP	0,72464	0,78206	0,8474576	0,72993
AED	3,6745	3,7037	3,672	3,7

Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against US Dollar as of March 31, 2021 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Equity		Profit or Loss	
	Strengthening	Weakening	strengthening	Weakening
L.E	9 947 382	(9 013 762)	1 528 638	(1 396 803)
EURO	11 934	(9 913)	55 118	(48 985)
GBP	(10 176)	9 042	(10 176)	9 042
K.W. D	2 889 293	(2 631 109)	327 730	(313 504)
AED	113 468	(102 801)	12 867	(11 782)
USD	(5 023)	4 991	(5 023)	4 991
	12 946 878	(11 743 552)	1 909 154	(1 757 041)

Notes to the consolidated financial statements

For the financial period ended March 31, 2021

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

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against US dollar as of December 31, 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Equity		Profit or Loss	
	Strengthening	Weakening	strengthening	Weakening
L.E	9 235 417	(8 369 603)	4 408 207	(4 002 127)
EURO	57 564	(50 759)	80 762	(71 748)
GBP	(13 857)	12 080	(13 857)	12 080
K.W. D	3 376 388	(3 071 552)	894 624	(826 147)
AED	116 155	(105 231)	26 588	(24 194)
USD	(5 023)	4 991	(5 023)	4 991
	12 766 644	(11 580 074)	5 391 301	(4 907 145)

Interest rate risk

The interest rate profile of the Group's interest bearing-financial instruments at the consolidated financial statements date:

	31/3/2021	31/12/2020
Financial liabilities at fixed rate	32 237 604	28 004 747
	32 237 604	28 004 747
Financial liabilities at variable rate	515 838 988	440 694 313
	515 838 988	440 694 313

48- Capital commitments

Total capital commitments amounted to USD 27 384 202 as of March 31, 2021 is 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 2020: an amount of USD 30 578 539).

49- Contingent liabilities

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

- Uncovered letters of credit amounting to USD 8 994 637 (year 2020: an amount of USD 6 551 193).
- Letters of guarantee issued by banks on the account of the Group and in favor of others amounting to USD 9 821 254 (year 2020: an amount of USD 10 827 947).

50- Tax status**Corporate profit tax**

- The Company has 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, no taxes forms are received from the Tax Authority and the Company's records were not requested for inspection within the determined sample by the Tax Authority till authorizing of these financial statements for issuance.
- Tax inspection for year 2009 was carried out and the resulted differences were settled. Carried forward losses item was submitted to the tax appeal committees for further memos. The decision was issued to support the opinion of the tax authority, and the assessment, payment, and final settlement were made.
- Years from 2010 to 2012, the preparation of inspection are currently under process.
- Years 2013 & 2014, the Company was notified by tax inspection request Form no. (19). The Company submits an appeal and the legal procedures for the re-examination of the documents and submitting the legal books are in progress.
- Regarding years from 2015 till 2019, 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 (company sample examination from 2010 till 2019).

Salary tax

- The tax inspection for salary tax for the period from inception till 2013 was carried out and the final assessment was determined and resulting differences were settled.
- Years 2014 till 2016 was carried out and the final assessment was determined and resulting differences were settled.
- Period from January 2017 till 15 March 2021, monthly withheld taxes are settled on due dates.

Stamp tax

- Inspection for the stamp tax from inception 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 was carried out and the final assessment was determined and resulting differences were settled.
- The due tax is settled on due dates.

Property tax

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

51- Significant events during the financial statements

At the beginning of year 2020, the novel epidemic of Corona (Covid-19) has been spread and the World Health Organization announced that the outbreak of this virus can be described as a pandemic and a global epidemic, which led to the world's governments, including the Egyptian government to set up a precautionary measures to combat the spread of this epidemic, This includes travel & quarantine restrictions and the closure of some businesses. These measures cause economic slowdown and contraction globally and in local level, which had an impact on all the activities in different ways.

The size and nature of the most significant potential and specific financial impacts for this risk generally on economic climate and the Group's activity in particular are identified as follow:

- Customer credit risk granted to customers and high indicators of payment failure.
- Stock market price fluctuations and significant changes in the fair values of financial assets and investments.

Notes to the consolidated financial statements**For the financial period ended March 31, 2021****All amounts are in US Dollars if otherwise isn't mentioned**

- Increased presence indication of non-financial assets and investments' decline.
- Risk of inability to achieve growth rates for the pre-defined business plan, associated with the changes in the expectations of the cash flows, and therefore the effect on going concern.

However, the Group's management is taking the advantage of the actions taken by the Egyptian government to support these activities, such as reducing interest rate and postponing the debts payment to face this risk and limiting its impact on its financial position. Certain significant actions are:

- Working on group's advantage of Central Bank's initiative to reduce interest rates and delay in payment of debts for a period of six months.
- Advantage of income tax installment' initiative for year 2019.
- Maintain sufficient cash liquidity in different currencies within the limits necessary to proceed its activity.
- Invest the available surplus liquidity at the maximum return to maximize profitability.
- Providing raw materials, exclusion of unnecessary expenses and reducing the cost of production, negotiate with local suppliers for the maximum possible credit limit period for payment, obtaining the maximum payment discount from external suppliers to avoid the effect of the expected increase in the foreign exchange rate and maintaining the margins of profitability.
- For end-consumer Companies such as natural gas delivery sector Companies. The Group's management is keen to clarify the precautionary measures for customers which contributes to their reassurance of maintaining business execution rates.

Expected effect on financial statements for the upcoming following of the financial period ended March 31, 2021 as follow:**Fertilizer, chemicals and plastic activities**

- Average fertilizer prices are decreased during year 2021 compared to the estimated budget, which decreases the revenues compared to the estimated budget. Expecting to continue this decline till the following periods. However, this decline is offset by a reduction in the cost of production, which leads to absorb the decrease in the value of sales and maintain the lack of substantial decrease in total net profit and the estimated budget during the period.
- There is no expected effect on the collection from external or local customers.
- Changing the selling mix is according to market conditions by selecting to produce and sell the most demanding and profitable products.

Natural gas delivery activity

Despite the expected decline in both the number of residential customers converted to natural gas and expected decline in value of gas consumption collections compared to the estimated budget. However, part of this revenue was offset by increased other Companies' activities and precautionary measures to exclude unnecessary expenses and minimizing other expense. As expecting, no significant impact on the net profit resulting from that activity.

Other Group's activities

It is not expected that there will be a significant financial effect on the rest of the Group's activities during the following periods.

The Group's management has also implemented a number of precautionary and preventive measures as follows:

- Follow all precautionary and preventive measures announced by the World Health Organization and the Egyptian Ministry of Health.
- Minimize the presence of staff to the maximum extent possible while enabling the work from home policy to be as effective as possible.
- Minimize the number of business dealers to the maximum extent possible and all modern technological means to reduce the number of meetings and gatherings.
- Measure the temperatures for all the visitors to the Group's companies and factories before entering and following all the necessary and announced procedures from the Egyptian Ministry of Health when any suspicious cases arise of high temperatures or any other symptoms.
- Conduct disinfectant and sterilization campaigns in the some of the Group companies' areas as a community service, which helps to establish positive relationships between customers and the Group.
- Workers wear all protective tools while working such as face masks, gloves, medical sanitizers and frequently warning them and the customers who visit the offices and factories to social distance.

52- Significant accounting policies applied

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

52-1 Basis of consolidation**Business combinations**

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

Subsidiaries

Subsidiaries are entities controlled by the Group.

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

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

Non-controlling interests

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

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

Loss of control

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

Interest in equity – accounted investees

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

And has no rights to the assets, and obligations for the liabilities, relating to an arrangement.

Associate Companies are companies in which the Group has significant influence over financial and operating policies but does not extend to be a control or a joint venture.

A joint venture is when the Group has rights only to the net assets of the arrangements.

Investments in associates and joint ventures are accounted for using the equity method and are recognized initially at cost. The cost of the investments includes transaction costs.

Subsequent measurement in the consolidated financial statements by increasing or decreasing the carrying value of the investment by the Group's share of the profit or loss and OCI items of the equity-accounted investees, until the date that significant influence ceases\ joint control is stopped.

Transactions eliminated on consolidation

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

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

52-2 Foreign currency

Foreign currency transactions

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

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

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

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

Foreign currency differences are generally recognized in profit or loss.

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

- An investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);

- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and adjustments arising on acquisition, are translated at the exchange rates at the reporting date. Revenues and expenses of foreign operations are translated into US Dollar at the exchange rates at dates of the transactions.

Foreign currency differences are recognized in OCI items and the accumulated balance in the translation differences reserve, excluding the translation differences allocated to non-controlling interests.

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

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

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

52-3 Discontinued operation

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.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is represented as if the operation had been discontinued from the start of the comparative year.

52-4 Revenue recognition

The Group applied the EAS No. 48 as of January 1, 2020.

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

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

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

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

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

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

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

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

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

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

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

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

Satisfaction of performance obligation

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

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

Determine the transaction price

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

Control transfer in contracts with customers

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

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

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

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

Other matters to be considered

Variable consideration if the consideration pledged in a contract includes a variable amount, then the Group shall estimate the amount of the consideration in which it has a right in exchange for transferring the goods or services pledged to the customer, the Group estimates

the transaction price on contracts with the variable consideration using the expected value or the most likely amount method. this method is applied consistently throughout the contract and for identical types of contracts.

The significant funding component

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

Revenue recognition**Sale of goods revenue**

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

Services revenue

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

Gas lines conversion revenue

Revenue is recognized when gas is delivered to the customer.

Gas distribution commissions revenue

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

Sale of electricity revenue

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

Rental income

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

Gain on sale of investments

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

52-5 Employee benefits**Employees' pension**

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

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

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.

52-6 Finance income and costs

The Group's finance income and finance costs include:

- Interest income.
- Interest expense.
- Net gain or loss on financial assets at FVTPL.
- Foreign currency gain or loss on financial assets and financial liabilities.

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

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

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

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

52-7 Income tax

Current income tax expense and deferred tax is recognized as revenue or expense in profit or loss for the period except in cases where the tax arises from a process or event that is recognized - in the same period or in different period- outside profit or loss whether in other comprehensive income, equity directly or business combination

Current income tax

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

Deferred tax

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

- The initial recognition of goodwill.
- Or the initial recognition of assets or liabilities in a transaction that is:
 1. Not a business combination.
 2. And not affects neither accounting nor taxable profit or loss (tax 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. Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

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

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

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

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

52-8 Basic / diluted earnings per share of profit

Basic / diluted earnings per share of profit is calculated by dividing the profit attributable to ordinary shareholders of the Company (After excluding the employees' profit share and the remuneration of the Board of Directors members) by the weighted average number of ordinary shares outstanding during the period.

52-9 The General Authority for Investment and Free Zones (GAFI) fees

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

52-10 Property, plant & equipment & Depreciation

Recognition and measurement

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

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

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

Subsequent costs

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

Depreciation

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

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

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

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

Projects under construction

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

52-11 Exploration and development assets

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

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

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

Exploration drilling cost and cost of drilling an exploration well are initially capitalized pending determination whether or not the well contains proven reserves.

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

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

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

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

Development wells are depleted when starting production.

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

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

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

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

52-12 Intangible assets**Recognition and measurement****Goodwill**

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

Research and development

Expenditure on research activities is recognized as expense when incurred.

Development expenditure is capitalized only if the expenditure attributable to the intangible asset during the development period can be measured reliably, a technical feasibility study is available to complete the intangible asset, making it available for sale or to use, future economic benefits are probable from the intangible asset, and the availability of sufficient technical, financial, and other resources to complete development and to use or sell the intangible asset. Intent availability to complete the intangible asset to use or sell, the ability to use or sell the intangible asset. Otherwise, it is recognized as expense when 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 are recognized, including deferred income expenditures, the right to use, other assets in which they have definite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditures

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

Amortization

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

52-13 Biological assets

Biological assets are recognized at cost less accumulated depreciation and impairment losses of the asset value.

52-14 Inventories

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

52-15 Works in progress

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

52-16 Non-current 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 remeasurement are recognized in profit or loss. 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.

52-17 Cash and cash equivalents

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

52-18 Financial instruments**1) Recognition and initial measurement**

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

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

2) Classification and subsequent measurement**Financial assets**

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

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

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

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

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

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

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

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

Financial assets- Business Model Assessment

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

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

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

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

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

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

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

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

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

Financial assets – Subsequent measurement and gains and losses

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

3) Derecognition**Financial assets**

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

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

Financial liabilities

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

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

4) Offsetting

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

52-19 Share capital**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".

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

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

Dividends

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

52-20 Impairment**1) Non-derivative financial assets****Financial instruments and contract assets**

The Group recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

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

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

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when

one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

2)Non-financial assets

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

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

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

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

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

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

52-21 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 increase in the carrying amount of the provision resulting from the use of the discount to figure out the present value, which reflects the passage of time, is recognized as a finance cost.

52-22 Lease contracts**1) Determining whether the arrangement contains a lease contract or not**

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

2) Leased assets

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

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

3) Lease payments

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

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

52-23 Operating profit

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

52-24 Fair value measurement

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

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

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

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

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

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

52-25 Insurance activity' policies**Insurance activity revenue**

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

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

Net income from Investment- insurance activity

Net income from investment is allocated as follows:

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

Accounts receivable from insurances

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

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

Insurance and reinsurance companies (Debit balances)

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

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

Technical provisions for Insurance on individuals and fund formation

a) Mathematical reserve

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

b) Provision for outstanding claims

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

Technical provisions for properties and liabilities insurances

a) Provision for unearned premium

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

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

b) Provisions for outstanding claims

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

c) Provisions for retrograded fluctuations

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

Credit balances of insurance and reinsurance companies

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

Allocation of general and administrative expenses – insurance activity

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

Production costs - insurance activity

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

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

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

Insurance risk

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

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

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

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

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

Life and death rates of table A 49/52 ULT, 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, 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.

53- Segment reporting

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

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

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

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

Business segments

The Group comprises the following main business segments:

- Oil & gas sector.
- Fertilizers & chemicals sector.
- Insurance sector.
- Wood Processing sector.
- Other operations.

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

Geographical segments

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

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.) for the financial period ended March 31, 2021

All numbers are in US Dollars

53. Segment reporting (Cont.)

	Oil & gas sector		Chemicals & fertilizers sector		Insurance sector		Wood processing sector		Other operations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues	49 482 047	55 465 300	112 315 740	81 866 558	16 099 613	13 663 430	-	-	747 681	1 332 497	178 648 081	152 327 785
Net profit (loss) operating	20 930 344	19 010 096	33 459 705	19 734 023	4 321 383	-	(275 462)	-	9 745 622	6 083 117	68 181 792	44 827 236
Financing expenses	(847 679)	(334 943)	(812 281)	(1 142 620)	-	-	-	-	(2 804 262)	(2 986 659)	(4 464 222)	(4 464 222)
Interest income	694 532	479 290	543 875	848 968	(3 618)	62 177	247 642	4 619	204 744	290 121	1 685 175	1 685 175
Company's share of profit of Equity - accounted investees (associates Companies)	-	-	-	-	414 603	-	-	-	-	-	414 603	-
Net profit (loss) for the period before income tax	20 835 137	19 084 571	32 610 748	27 660 118	4 779 719	3 009 628	(27 820)	(254 025)	7 015 666	317 341	65 213 450	49 817 633
Income tax	(3 262 497)	(3 110 415)	(8 596 765)	(5 893 178)	(3 049 484)	318 485	18 721	-	2 687 156	(405 256)	(12 202 869)	(9 090 364)
Net profit (loss) for the period	17 572 640	15 974 155	24 013 983	21 766 941	4 432 363	2 691 143	(9 099)	(254 025)	7 000 604	549 055	53 010 581	40 727 269
Total assets	490 359 458	463 112 858	683 436 428	679 344 000	175 995 862	169 269 545	58 131 264	56 459 282	279 910 814	253 101 480	1 687 833 826	1 621 287 165
Equity - accounted investees (associates Companies)	6 940 362	6 940 362	-	-	17 811 756	17 253 618	-	-	358 829	418 587	25 110 947	34 612 567
Total liabilities	(258 959 480)	(241 315 195)	(155 293 993)	(156 256 040)	(125 851 589)	(122 930 912)	(28 834 860)	(27 122 346)	(367 998 943)	(282 499 865)	(936 938 865)	(830 124 358)
Depreciation & amortization	(3 767 429)	(6 423 443)	(5 174 720)	(5 999 067)	(59 666)	(70 157)	(61 026)	(20 427)	(85 238)	(119 583)	(9 148 089)	(12 632 677)

54- Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with Egyptian Accounting Standards (EASs) 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 period if the revision affects both current and future periods.

The significant judgements made by management in applying the Group's accounting policies was as following

Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Determine if the arrangement includes a lease.
- Lease contracts classification.

Use of estimates and assumptions

The Group assess future estimates and assumptions, the resulting accounting estimates are rarely equal to the relevant actual results. Below are the estimates and assumptions that are subject to significant risks which may causes a significant adjustment to the carrying amounts of assets and liabilities during the following financial year.

Impairment of non-financial assets

The Group evaluates the asset at the date of the financial reporting, if there is an indication that the asset value has decreased. If any indication is found, the Group evaluates the collectable amount of the asset, the collectable amount of the asset is the asset fair value less cost of sale or its used value which is higher. When evaluating the used value, the estimated future cash flows of the asset are discounted to its present value using a discount rate reflects current market valuation of the time value of money and the risks specific to the asset. When determining the fair value deducted by the costs of sale, recent market transactions are considered.

If the collectable amount of the asset is estimated to be less than its carrying amount, the asset carrying amount is reduced to its collectable amount, the impairment loss is recognized directly in the income statement.

If the impairment loss is subsequently reversed, the asset carrying amount is increased to the adjusted value of the collectable amount, but only to the extent the carrying amount do not exceed the carrying amount that could have been determined in the absence of an impairment loss of the carrying amount of the asset in previous years, The reversed impairment loss is recognized directly in the income statement.

Expected credit losses provision for commercial customers

The Group uses provision record to calculate expected credit losses for commercial customers, the provision rates are based on the customer Company's delay days.

The provision record is initially based on the observed historical Group default rates, the Group calculates the matrix accurately to adjust the historical credit loss experiment with forward-looking information. For example, if the expected economic conditions (i.e. GDP and the overall inflation rate) are expected to deteriorate over the next year, which may increase the number of defaults in the industrial sector, the historical default rates are adjusted. At each reporting date, the historical default rates are updated and observed and changes in future-oriented estimates are analyzed.

The assessment of the relationship between the historical default rates that are observed, the expected economic conditions and the expected credit losses is a significant estimate. The experiment of the historical credit loss and expectations of the Group's economic conditions may not represent the actual default of the customer's payment in the future.

Provisions

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

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

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

Useful life of fixed assets

The Group management determines the estimated productive life of the fixed assets for the purpose of calculating depreciation, which is calculated after consideration of the expected use of the asset or actual aging. The department regularly reviews estimated productive ages at least annually and the method of depreciation to ensure that the method and time of depreciation are agreed with the expected pattern of economic benefits of assets.

Lease contracts – estimation of the additional borrowing rate

The Group cannot easily determine the implied interest rate in the contract lease, and therefore uses the additional borrowing rate to measure the lease obligations. The additional borrowing rate is the interest rate that the group must pay to assume the necessary financing over a similar period and with a similar guarantee to obtain an asset with the same value as the "right of use" in a similar economic environment. Therefore, the additional borrowing rate reflects what the group "must pay", which requires an estimation when there are no declared rates or when it needs to be modified to reflect the terms and conditions of the lease contract.