Translation from Arabic

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated Financial Statements
For The Financial Period Ended March 31, 2018

And Review Report

Translation from Arabic

Contents	Page
Auditor's Report	-
Consolidated Statement of Financial Position	1
Consolidated Statement of Income	2
Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6 – 66

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Translation from Arabic

Report on Review of Interim Consolidated Financial Statements
To the Board of Directors of Egypt Kuwait Holding Company

Introduction

We have performed a limited review for the accompanying consolidated statement of financial position of Egypt Kuwait Holding Company – An Egyptian Joint Stock Company subject to the provisions of Investment Incentives & Guarantees Law – as of March 31, 2018 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month 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 interim consolidated financial statements based on our review.

Scope of Limited Review

Except as discussed in the two paragraphs no. (2) & (3) in the Basis for Qualified Conclusion, 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Company, and applying analytical and other limited 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 interim consolidated financial statements.

Basis for Qualified conclusion

(1) The provisions balance, in the consolidated statement of financial position, includes an amount of approximately USD 23.58 million which does not have a matching obligation out of which, an amount of approximately USD 23.3 million has been carried forward from previous years and the remaining amount of approximately USD 0.38 million has been formed during the current financial period. The aforementioned matter has led to a reduction in net profit for the year with an amount of approximately USD 0.38 million , an increase in the provisions balance as at March 31, 2018 by approximately USD 23.58 million, and a decrease in equity attributable to owners of the Company balance as at March 31, 2018 by approximately USD 23.58 million. We have issued a qualified auditor's report on the consolidated financial statements for the financial year ended on December 31, 2017 for the same reason.

(2) The consolidated financial statements as at March 31, 2018 included the financial statements of Delta Insurance Co. (a subsidiary that the Group has obtained control over it during March 2018) which have total assets of approximately USD 90.73 million , total liabilities of approximately USD 71.99 million , total revenues of approximately USD 8.03 million and total expenses of approximately USD 6.43 million that were consolidated based on the financial statements prepared in accordance with the Application Guidance of the Egyptian Accounting Standards applicable to Insurance Sector in light of the Egyptian Accounting Standards and not in accordance with the Egyptian Accounting Standards . We were unable to determine the effect of the necessary adjustments that should be recognized in the consolidated financial statements of the financial period ended March 31, 2018 had the financial statements of such subsidiary been prepared in accordance with the International Financial Reporting Standards.

In addition , the Group's management has not accounted for the step acquisition of Delta Insurance Co. at fair value on the date of control. . We were unable to determine the effect of the necessary adjustments that should have been recognized in the consolidated financial statements of the financial period ended March 31, 2018 related to the previously held interest in the associate at the acquisition date.

(3) As stated in detail in note no. (55) of the notes to the consolidated financial statements , despite the transfer of ownership of part of remaining shares of the incentives and bonus plan to the beneficienaries during March 2018 , the Group's management did has not provided us with the documents pertaining to the allocation and granting of any of the remaining shares of the the incentives and bonus plan . As a result , we were unable to determine the effect of the necessary adjustments that should have been recognized in the consolidated financial statements as at March 31, 2018.

On the other hand , the Company's management has not transferred the balance set aside for the share-based payments transactions amounting to approximately USD 17.56 million as at March 31, 2018 to retained earnings in spite of finalizing the share ownership procedures pertaining to part of the shares of the incentives and bonus plan to the executive board of directors and senior managers in 2017 . The said matter that caused an overstatement in the balance set aside for the share-based payments transactions with an approximate amount of USD 17.56 million and a decrease in the retained earnings balance with the same amount. We have issued a qualified auditors' report on the consolidated financial statements for the financial year ended on December 31, 2017 for the same reason.

Qualified Conclusion

Except for the probable adjustments in the consolidated financial statements that we could have been aware of, had the the accounting for the step acquisition of Delta Insurance Co. was made based on fair value pursuant to what was mentioned in paragraph No. (2) and had we provided with the documents referred to in paragragh (3) and with the exception of the matters described in paragraphs (1) in the Basis for Qualified Conclusion,, and 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 at March 31, 2018 , and of its financial performance and its cash flows for the three -month period then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo, May 15, 2018

Translation from Arabic

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)
Consolidated Statement of Financial Position
As at March 31, 2018

	Note No.	31/3/2018 USD	31/12/2017 USD
Assets			
Non-current assets			
Equity - accounted investees	(7)	23 173 628	29 201 428
Available -for- sale investments	(8)	31 635 868	28 860 567
Held to maturity financial assets	(9)	103 673 427	108 551 255
Property, plant and equipment (net)	(11)	206 981 561	207 741 912
Exploration & development assets	(12)	23 735 903	24 591 508
Projects under construction	(13)	25 911 557	25 154 067
Goodwill	(15)	55 152 745	52 413 767
Other intangible assets (net)	(16)	13 159 176	14 595 297
Investment Property	(17)	586 039	-
Sundry debtors & notes receivables	(18)	7 018 722	11 727 932
Total non-current assets		491 028 626	502 837 733
Current assets			
Cash at banks & on hand	(20)	322 500 723	224 894 312
Investment in treasury bills	(21)	6 407 258	25 889 359
Held to maturity financial assets	(9)	128 268 569	111 296 293
Financial assets at fair value through profit and loss	(22)	11 406 287	15 024 540
Trade & notes receivable	(23)	62 686 251	58 500 466
Egyptian General Petroleum Corporation	(10 -1)	1 675 589	2 802 262
Debtors & other debit balances	(24)	56 557 463	37 587 084
Inventories	(25)	65 406 239	60 225 430
Work in progress	(26)	3 883 083	6 718 212
Assets held for sale	(27)	4 552 500	4 552 500
Total current assets		663 343 962	547 490 458
Total assets		1 154 372 588	1 050 328 191
Equity			
Issued & fully paid up capital	(28)	256 110 292	256 110 292
Legal reserve	(29)	126 248 763	125 178 004
Special reserve - share premium	(30)	57 954 547	57 954 547
General reserve	(31)	8 380 462	8 380 462
Fair value reserve	(8) ، (32)	6 071 079	5 081 987
Amount set aside for share-based payments transactions	(33)	17 561 848	17 561 848
Retained earnings		188 741 920	219 881 881
Foreign currency translation differences of foreign operations	(34)	(212 550 425)	(211 220 462)
		448 518 486	478 928 559
Treasury shares	(35)	(221 050)	-
		448 297 436	478 928 559
Non-controlling interests	(36)	217 668 315	214 716 217
Total equity		665 965 751	693 644 776
Liabilities			
Non-current liabilities			
Long - term loans & bank facilities	(38)	30 711 995	33 056 995
Other long-term liabilities	(39)	864 971	298 993
Egyptian General Petroleum Corporation	(10-2)	6 959 731	7 572 033
Deferred tax liabilities	(40)	25 401 892	24 367 095
Total non-current liabilities		63 938 589	65 295 116
Current liabilities			
Provisions	(41)	34 832 462	33 206 603
Short - term loan installments, bank facilities & bank overdraft	(42)	92 122 218	97 423 850
Suppliers, subcontractors & notes payable	(43)	21 500 171	13 050 716
Egyptian General Petroleum Corporation	(10 -2)	10 139 407	24 962 878
Dividends payable		51 340 642	1 037 400
Policyholders rights	(44)	61 470 404	-
Creditors & other credit balances	(45)	153 062 944	121 706 852
Total current liabilities		424 468 248	291 388 299
Total liabilities		488 406 837	356 683 415
Total equity and liabilities		1 154 372 588	1 050 328 191

* **The accompanying notes on pages from (6) to (66) are an integral part of these consolidated financial statements and to be read therewith.**

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

*** Auditor's Report " attached "**
KPMG Hazem Hassan

Translation from Arabic

Egypt Kuwait Holding Company

(An Egyptian Joint Stock Company)

Consolidated Income Statement

For the financial period ended March 31, 2018

	Note No.	The three-month ended 31/3/2018 USD	The three-month ended 31/3/2017 USD
Operating revenues	(46)	112 877 179	96 666 566
Operating costs	(47)	(75 954 294)	(65 025 637)
Gross profit		**36 922 885**	**31 640 929**
Income from investments activity	(48)	4 772 433	7 075 810
Other income	(49)	664 118	4 171 382
Selling & distribution expenses	(50)	(1 323 760)	(858 815)
General & administrative expenses		(7 166 275)	(7 309 495)
Other expenses	(51)	(610 683)	(1 659 193)
Operating profit		**33 258 718**	**33 060 618**
Financing income	(52)	7 962 917	6 538 918
Financing costs	(52)	(2 841 264)	(4 263 290)
Net financing income		5 121 653	**2 275 628**
Share of profit (loss) of associates		1 126 651	(330 342)
Net profit for the period before income tax		**39 507 022**	**35 005 904**
Income tax expense	(53)	(6 874 244)	(7 134 412)
Net profit for the period		**32 632 778**	**27 871 492**
Net profit attributable to:			
Owners of the Company		25 378 885	22 383 213
Non-controlling interests	(36)	7 253 893	5 488 279
Net profit for the period		**32 632 778**	**27 871 492**
Earnings per share (US cent / Share)	(54)	**2.22**	**2.14**

***The accompanying notes on pages from (6) to (66) 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, 2018

	Note No.	The three-month ended 31/3/2018 USD	The three-month ended 31/3/2017 USD
Net profit for the period		32 632 778	27 871 492
Other comprehensive income items			
Available -for- sale investments - net change in fair value		1 784 691	9 358 242
Foreign operations - foreign currency translation difference	(34)	(1 493 833)	7 373 048
Total other comprehensive income items for the period before income tax		290 858	16 731 290
Income tax related to other comprehensive income items		-	-
Total other comprehensive income for the period after income tax		290 858	16 731 290
Total comprehensive income for the period		32 923 636	44 602 782
Total comprehensive income for the period attributable to:			
Owners of the Company		25 038 014	38 282 749
Non-controlling interests		7 885 622	6 320 033
Total comprehensive income for the period		**32 923 636**	**44 602 782**

The accompanying notes on pages from (6) to (66) are an integral part of these consolidated financial statements and to be read therewith.

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Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated Statement of Changes in Equity
For the financial period ended March 31, 2018

	Note No.	Share capital USD	Legal reserve USD	Special reserve - Share premium USD	General reserve USD	Fair value reserve USD	Cumulative translation adjustments USD	Amount set aside for share based payment transactions USD	Retained earnings USD	Treasury Stocks USD	Total USD	Non-controlling interests USD	Total equity USD
		Attributable to equity holders of the Company											
Balance as at January 1, 2017 (before restatement)		256 110 292	123 559 511	57 954 547	8 380 462	9 867 000	(217 373 270)	17 561 848	144 997 087	-	401 057 477	224 276 236	625 333 713
Prior period adjustments		-	-	-	-	-	-	-	(4 765 570)	-	(4 765 570)	-	(4 765 570)
Balance as at January 1, 2017 (after restatement)		256 110 292	123 559 511	57 954 547	8 380 462	9 867 000	(217 373 270)	17 561 848	140 231 517	-	396 291 907	224 276 236	620 568 143
Change in equity during the period													
Amounts transferred to legal reserves	(29)	-	1 618 493	-	-	-	-	-	(1 618 493)	-	-	-	-
Dividends distribution for shareholders		-	-	-	-	-	-	-	(31 160 061)	-	(31 160 061)	-	(31 160 061)
Dividends distribution for employees and board members		-	-	-	-	-	-	-	(7 510 715)	-	(7 510 715)	-	(7 510 715)
Gain on acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-
Non-Controlling interests		-	-	-	-	-	-	-	-	-	-	(5 455 026)	(5 455 026)
Comprehensive income for the period													
Net profit for the period		-	-	-	-	-	-	-	22 383 213	-	22 383 213	5 488 279	27 871 492
Change in fair value of available - for - sale investments	(32)	-	-	-	-	8 824 196	-	-	-	-	8 824 196	534 046	9 358 242
Cumulative translation adjustments	(34)	-	-	-	-	-	7 075 340	-	-	-	7 075 340	297 708	7 373 048
Total comprehensive income		-	-	-	-	8 824 196	7 075 340	-	22 383 213	-	38 282 749	6 320 033	44 602 782
Balance as at March 31, 2017		256 110 292	125 178 004	57 954 547	8 380 462	18 691 196	(210 297 930)	17 561 848	122 325 461	-	395 903 880	225 141 243	621 045 123
Balance as at January 1, 2018		256 110 292	125 178 004	57 954 547	8 380 462	5 081 987	(211 220 462)	17 561 848	219 881 881	-	478 928 559	214 716 217	693 644 776
Change in equity during the period													
Amounts transferred to legal reserves	(29)	-	1 070 759	-	-	-	-	-	(1 070 759)	-	-	-	-
Dividends distribution for shareholders		-	-	-	-	-	-	-	(50 303 242)	-	(50 303 242)	-	(50 303 242)
Dividends distribution to employees and board members		-	-	-	-	-	-	-	(4 524 034)	-	(4 524 034)	-	(4 524 034)
Gain (loss) on acquisition of non-controlling interests	(36)	-	-	-	-	-	-	-	(620 811)	-	(620 811)	620 811	-
Treasury stocks	(35)	-	-	-	-	-	-	-	-	(221 050)	(221 050)	-	(221 050)
Non-Controlling interests		-	-	-	-	-	-	-	-	-	-	(5 554 335)	(5 554 335)
Comprehensive income for the period													
Net profit (loss) for the period		-	-	-	-	-	-	-	25 378 885	-	25 378 885	7 253 893	32 632 778
Net change in fair value of financial assets at fair value through other comprehensive income	(32)	-	-	-	-	989 092	-	-	-	-	989 092	795 599	1 784 691
Cumulative translation adjustments	(34)	-	-	-	-	-	(1 329 963)	-	-	-	(1 329 963)	(163 870)	(1 493 833)
Total comprehensive income		-	-	-	-	989 092	(1 329 963)	-	25 378 885	-	25 038 014	7 885 622	32 923 636
Balance as at March 31, 2018		256 110 292	126 248 763	57 954 547	8 380 462	6 071 079	(212 550 425)	17 561 848	188 741 920	(221 050)	448 297 436	217 668 315	665 965 751

* **The accompanying notes on pages from (6) to (66) 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 Cash Flows
For the financial period ended March 31 , 2018

	Note No.	The three-month ended 31/3/2018 USD	The three-month ended 31/3/2017 USD
Cash flows from operating activities			
Net profit for the period before income tax		39 507 022	35 005 904
Adjustments for:			
Depreciation & amortization of property, plant and equipment and other intangible assets	(11) & (16)	6 872 866	6 706 128
Exploration & development assets depletion		2 502 943	-
Company's share of profits (loss) of associates	(7)	(1 126 651)	330 342
Unrealized gain on held for trading investments value	(48)	(172 507)	(193 365)
Accrued interest & financing expenses	(52)	2 734 976	2 883 663
Interest income	(52)	(7 962 917)	(6 538 918)
Capital gain	(49)	(347)	(998 189)
Provisions no longer required	(41)	-	(10 693)
Provisions other than depreciation	(41)	474 617	1 659 193
Reversal of impairment loss on debtors and other debit balances	(51)	136 066	-
Reversal of Impairment losses on Intangible Assets	(49)	-	(3 000 000)
		42 966 068	35 844 065
Changes in:-			
Financial assets at fair value through profit and loss		3 765 725	(1 165 195)
Trade & notes receivable		1 167 008	(14 870 576)
Debtors & other debit balances		(9 470 158)	(11 312 696)
Inventories		(3 796 082)	(2 737 735)
Work in progress		2 835 129	1 019 577
Suppliers & subcontractors		8 336 135	(2 853 275)
Creditors & other credit balances		16 593 724	30 711 429
Egyptian General Petroleum Corporation		(15 435 773)	11 432 178
Time deposits	(20)	(13 454)	17 200 386
Provisions used	(41)	-	(162 000)
Interest & financing expenses paid		(2 734 976)	(2 882 582)
Net change in assets of the acquired assets		(1 096 077)	-
Net cash available from operating activities		43 117 269	60 223 576
Cash flows from investing activities			
Interest recieved		7 866 792	6 637 409
Payments for acquisition of property, plant and equipment, projects under construction & intangible assets		(1 571 219)	(3 762 479)
Payments for acquisition of exploration & development assets		(1 647 338)	-
Proceeds from sale of fixed assets		10 659	276
Proceeds from sale of other intangible assets		-	4 000 000
Proceeds from (Payments for) Egyptian General Petroleum Corporation		1 126 673	(334 410)
Proceeds from sale of available -for- sale investments		-	13 065 444
Payments for acquisition of available -for- sale investments		(1 671 930)	-
Payments for held to maturity financial assets		-	(9 241 699)
Proceeds from held to maturity financial assets		49 918 425	8 788 386
Payments for investment on treasury bills (more then three months)		20 050 094	-
Proceeds from treasury bills (more then three months)		-	7 794 343
Net cash available from investing activities		74 082 156	26 947 270
Cash flows from financing activities			
Repayment of long-term loans & bank facilities		-	(8 492 067)
Proceeds from long-term loans & bank facilities		-	597 894
Proceeds from short-term loans & bank facilities		35 531 976	13 105 331
Repayment of short-term loans & bank facilities		(43 280 713)	(21 120 324)
Proceeds from bank overdraft		-	-
Repayment of bank overdraft		-	(39 560)
Payments for acquisition of non-controlling interests		(4 632 400)	-
Non-controlling interests		(200 110)	(4 623 278)
Dividends paid		(4 524 034)	(7 510 715)
Net cash used in financing activities		(17 105 281)	(28 082 719)
Foreign currency translation differences		(2 035 299)	(1 908 838)
Net change in cash and cash equivalents during the period		98 058 845	57 179 289
Cash and cash equivalents at beginning of the period		224 520 953	103 682 428
Cash and cash equivalents at end of the period	(20)	322 579 798	160 861 717

* **The accompanying notes on pages from (6) to (66) are an integral part of these consolidated financial statements and to be read therewith.**

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Notes to the consolidated financial statements
For the financial period ended March 31, 2018

1- Background and activities

- Egypt Kuwait Holding Company "The Company" was incorporated by virtue of the Chairman of General Investment Authority's resolution No. 197 of 1997, according to the provisions of Investment Law No. 230 of 1989 and according to Law No. 8 of 1997, concerning Investment Incentives & Guarantees and Law No. 95 of 1992 concerning Capital Market.

  The Company was registered in Giza Governorate Commercial Registry under No. 114648 on 20/7/1997. The duration of the Company according to the Company's Statute, is 25 years starting from the date of registration in the Commercial Registry.

  The Company's financial year starts on January 1st and ends on December 31st each year.

- The Company's purpose is represented in investment in all activities stated in Article 1 of Law No. 230 of 1989, provided that its object does not include accepting deposits or performing banking transactions and comprise the following activities:-

  A - Securities underwriting and promotion.
  B- Participation in Companies, which issue securities or increasing their capital.
  C- Venture capital.

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

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

- The registered office of the Company is located at 14 Hassan Mohamed El Razaz St.-Dokki - Egypt. Mr. Moataz Adel AL-Alfi is the Chairman of the Company.

- The consolidated financial statements for the financial period ended March 31, 2018 comprise the financial statements of Egypt Kuwait Holding Company (the Parent Company) & its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. The Group is involved in several activities which are represented in investment activities, selling & supplying of natural gas activity, drilling, petroleum & petrochemicals services activity, fertilizers activity, exploration & exploitation of oil, natural gas activity, chill technology by natural gas activity, communications and selling & distributing of chemicals & plastic activity, manufacturing of Formica chips & MDF of all types and sizes, and the activity of life insurance and responsibilities and properties insurance (note No. 3-1-1).

2- Basis of preparation of the consolidated financial statements

a) Statement of compliance

- These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 15, 2018.

b) Basis of measurement

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

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

The methods used to measure fair values are discussed further in note No (2-e).

c) Functional and presentation currency

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

d) Use of estimates and judgments

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

e) Measurement of fair values

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

3- Significant accounting policies

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

3-1 Basis of consolidation

3-1-1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

3-1-2 Non-controlling interests

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

3-1-3 Loss of control

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

3-1-4 Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.
Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.
A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.
Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs.
Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees.

3-1-5 Transactions eliminated on consolidation

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

3-2 Foreign currency

3-2-1 Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.
However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to consolidated income statement);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

3-2-2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into USD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into USD at the exchange rates at the dates of the transactions.
Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.
When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to consolidated income statement as part of the gain or loss on disposal.
If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.
When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to consolidated statement of income.

3-3 Property, plant and equipment & depreciation

a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation (3-3-C) and any accumulated impairment losses (3-15-b).

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

b) Subsequent costs

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

c) **Depreciation**

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

Asset	Years
Usufruct of lands	25
Buildings of the Parent Company's premises	50
Buildings & constructions	20 – 50 or according to lease term
Machinery & equipment	3 – 20
Stations & electric transformers	10
Means of transportation	4 – 10
Furniture & office equipment	2 – 10
Computer hardware & software and Decorations	3 – 6.67
Air-conditions	4 – 6.67
Tools & supplies	5
Leasehold improvements	Over the lower of lease term or estimated useful life

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

3-4 Projects under construction

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

3-5 Intangible assets

3-5-1 Recognition and measurement

Goodwill

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

Exploration and development expenses

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

Other intangible assets

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

Deferred charges

Actual costs incurred by the Company while establishing Al Nubaria Electricity station in excess of contractual value and were not refunded from the Egyptian Holding Company for Natural Gas (EGAS) including the amount paid as a non- refundable grant. Cost of other assets is amortized using the straight line method over Fifteen years starting from pumping the Gas to the station.

3-5-2 Subsequent expenditures

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

3-5-3 Amortization

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

3-6 Investments property

Investment property is initially measured at cost; and subsequently presented in the consolidated financial statements, net of accumulated depreciation and impairment losses. Buildings are depreciated on a straight-line method basis using a depreciation rate of 1.8% and maintaining a residual value at the end of the asset's life. The investment property is presented in the consolidated financial statements, net of both accumulated depreciation and accumulated impairment losses.

3-7 Financial instruments

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

- The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities category.

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

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

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

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

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

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

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

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

3-7-2-2 Held – to – maturity financial assets

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

3-7-2-3 Loans and receivables

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

3-7-2-4 Available for sale financial assets

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

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

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.
Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

3-8 Accounts receivable from insurances

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

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

3-9 Insurance and reinsurance companies (Debit balances)

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

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

3-10 Inventories

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

Petrochemicals inventories is valued based on the following basis:

- Inventories of purchased supplies, utilities and spare parts, fuel and oil are stated at cost. The cost is calculated based on moving average principle.

Unfinished goods

- The cost of work in process is determined based on indirect manufacturing costs till the latest production process reached and includes an appropriate share of overheads till the current process.

Finished goods

- Inventory of finished products is determined based on the cost or net realizable value which is lower.

3-11 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.
Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on re-measurement are recognized in consolidated income statement.
Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

3-12 Construction contracts in progress

Construction contracts in progress represents the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs incurred plus profits recognized to date less progress billings and recognized losses.
In the statement of financial position, construction contracts in progress for which costs incurred plus recognized profits exceed progress billings and recognized losses are presented as trade and other receivables. Contracts for which progress billings and recognized losses exceed costs incurred plus recognized profits are presented as deferred income/revenue. Advances received from customers are presented as deferred.

3-13 Debtors and other debit balances

Debtors are recorded at their nominal value net of any irrecoverable amounts. An estimate of doubtful debts is made when collections of the full amount is no longer probable. Bad debts are written off when identified. Other debit balances are stated at cost less impairment losses (3-15).

3-14 Cash and cash equivalents

For the purpose of preparing the consolidated statement of cash flows, "cash & cash equivalents" comprise cash at banks & on hand, time deposits with original maturities of three month or less and net of bank overdraft balances, which are repayable on demand and form an integral part of the Group cash management.

3-15 Impairment of assets

a) Non-derivative financial assets

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

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

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortized cost

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

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

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.

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

Available for sale financial assets

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

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

Equity-accounted investees

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

b) Non-financial assets

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

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

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.
Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3-16 Finance leasing

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

3-17 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Provision for warranty

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

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.

3-18 Credit balances of insurance and reinsurance companies

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

3-19 Loans and borrowings

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

3-20 Trade payables and other credit balances

Trade payables and other credit balances are stated at cost.

3-21 Share capital

a) Ordinary shares

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

b) Repurchase and reissue of ordinary share

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

c) Dividends

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

3-22 Equity settled share – based payments

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

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

3-23 Revenue

a) Gas activity revenue

Refundable works

- Refundable revenues generated from executed works for the Egyptian Holding Company for Natural Gas (EGAS) in respect of the two projects at West of Alexandria and Borg Al Arab are recorded in the consolidated income statement using the percentage of completion method, based on the percentage of the actual cost according to the accrual basis up to the date of the consolidated balance sheet date divided by the total estimated cost until completion of the project multiplied by the total contractual value of the two projects.
- Refundable revenue generated from construction contracts are recorded using the percentage of completion method, contract execution costs that could not be estimated in a reliable way its revenues is recognized in the refundable cost limit.

Minimum take commissions

- Minimum commission revenue guaranteed by the agreement with the Egyptian General Petroleum Corporation for selling and piping natural gas is recognized after the first customer in the concession area. This commission is subject to audit and financial adjustments periodically at the end of each year.
- Minimum commission revenue in respect of pushing gas to Al Nubaria electrical station is represented in the company's minimum revenue included in the agreement concluded with the Egyptian Holding Company for Natural Gas (EGAS) and due at the end of each year of the agreement term.
- Fayum Gas Company receives minimum guaranteed commission from EGPC for operating, managing, and maintaining the gas transmission and distribution grid, annexes and for collecting payments from customers. The commission is calculated based on investment spent by Fayum Gas, with a minimum guaranteed internal rate of return (IRR) of 18%. Minimum commission is recognized in the statement of income when it accrues at the higher of the actual commission or minimum commission guaranteed by EGPC. For actual gas sales, Fayum Gas remits the funds it collects to EGPC net of its actual commission, which is calculated as a percentage of gas consumption.

Natural gas sales commission

Revenues from natural gas sales commission are recognized on Al Nubaria electrical station according to the sold quantities and the agreed upon prices.

Commercial sector revenue

Revenues from commercial sector are recognized when the services are rendered to the customers.

Bill of quantities revenue

Bill of quantities revenues are recognized when the services are rendered to the client.

Network operation & gas distribution commission

Revenues from operation of network and gas distribution are recognized in the light of amounts distributed to customers and the agreed upon prices.

Revenues & costs of construction contracts

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

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

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

b) Communications, geographic maps and agencies activities revenue

- Revenue from sale of geographic maps is recognized in the consolidated income statement when the significant risks and rewards of ownership have been transferred to the buyer.
- Revenue from services of agencies is recognized in the consolidated income statement when the service is rendered.

c) Chemicals and plastic activity 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.

d) Cooling technology by natural gas activity revenue

- Revenues are recognized when goods are delivered to customers. 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.
- Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that is probable that they will result in revenue and can be measured reliably.

As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract which is determined by the Company's technicians. Contract expenses are recognized as incurred unless they create an asset related to future contract activity. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. A provision for expected loss on a contract- if any- is formed in the financial period during which those losses are assessed.

e) Sale of electricity

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

f) Fertilizers activity revenue

Revenue from the sale of goods is recognized when the risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is uncertainty for the consideration or its associated costs or any expected sales return or continuation of management involvement with the goods.

g) Insurance activity revenue

- Revenues from long-term insurance policies are fully recognized in the consolidated statement of profit or after excluding a percentage of 100% of the premiums value belonging to the following financial years after deducting the percentage of such years from the production commission with a percentage that must not exceed 20% of the premium value.
- Revenues related to the incoming reinsurance agreements, whose accounts have not completed a whole insurance year yet, shall be deferred in addition to other extraordinary or discretionary cases in which certain deferred accounts are not completed for the years subsequent to the financial position year. Such revenues are recorded under the liabilities in the statement of financial position till the completion of the insurance year of such accounts.

Net income from Investment

Net income from investment is allocated as follows:

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

h) Rental income

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

i) Gain on sale of investments

Participations of solidarity insurance contracts are fully recognized in the statements of revenues and expenses with the formation of a provision for the value of unearned participations that belong to subsequent financial periods.

j) **Finance income and finance costs**

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- The foreign currency gain or loss on financial assets and financial liabilities;
- The gain on the measurement to fair value of any pre-existing interest in an acquiree in a business combination;

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

k) **Commission income**

Commission income is recognized as it accrues in the consolidated statement of income.

l) **Dividends**

Dividends income is recognized in the consolidated income statement on the date the Group's right to receive payments is established.

3-24 **Expenses**

a) **Lease payments**

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

b) **Employees' pension**

- The Group contributes to the government social insurance system for the benefit of its personnel in accordance with the social insurance law. Under this law, the employees and the employers contribute into the system on a fixed percentage-of-salaries basis. The Group's liability is confined to the amount of its contribution. Contributions are charged to the consolidated income statement using the accrual basis of accounting.
- Some Companies within the Group contribute to the Group Insurance plan for the benefit of their employees at an insurance Company. According to this plan, employees are granted end of service benefit on retirement, death and full disability during the service period. End of service benefits are repayable by the insurance company. The Companies contribution is confined to the annual insurance premiums. The Group contributions are charged to the consolidated income statement as they are incurred according to accrual basis of accounting.

c) **Income tax**

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

Current tax

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

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- taxable temporary differences arising on the initial recognition of goodwill
- temporary differences on the initial recognition of assets or liabilities in a transaction that:

1) is not a business combination
2) Neither affects accounting nor taxable profit or loss.

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

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

d) General Authority for Investments fees

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

e) Allocation of general and administrative expenses – insurance activity

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

f) 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.

3-25 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.
When an operation is classified as a discontinued operation, the comparative consolidated income statement and statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

3-26 Earnings per share

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

3-27 Segment reporting

A business segment is a group of interrelated assets and operations engaged in providing products or services that are subject to risks and benefits that are different from those of other business segments or engaged in providing products or services within a particular economic environment that is attributed by risks and benefits different from those of segments operating in other economic environments.

4- Insurance activity risks

Regulatory framework of the Risk Management Department

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

Insurance risk

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

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

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

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

Technical bases used in estimating the mathematical reserve

First : Used Life Table

Life and death rates of table A 49/52 ULT, taking into account using the premiums calculated on the basis of the life table A 67/70 ULT for the contracts that the Authority stipulated when approving them , while the remaining bases used in pricing shall remain constant .
Partial disability and permanent total disability: reinsurance rates.

Second: Used Interest Rates

Collective Contracts

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

Individual Contracts

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

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

Maximum rates allowed to be used are 3%.

Third: Methods used to calculate reserves

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

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

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

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

Fourth: Assumptions regarding wage scale

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

Fifth: Amounts charged to administrative expenses

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

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

The main risks the Company faces are as follows :

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

policyholders (cancellation and liquidation rates) than what was expected.

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

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

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

Reinsurance activity risks

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

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

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

5- Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk.

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

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

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

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

5-1 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.

Approximately 3.73% of the Group's sales are attributable to sales transactions with a governmental customer and other sales are attributable to a large group of local customers. However, geographically there is no concentration of credit risk.

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

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

Investments

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

Guarantees

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

5-2 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.

In addition, the Group maintains the following lines of credit:

- L.E 241.77 million equivalent to USD 13.7 million as unsecured bank facilities. Interest would be payable at a rate ranging between 19.75% and 20.1%.
- L.E 837.95 million equivalent to USD 45.69 million as bank facilities secured by commercial papers and collateral checks and promissory notes. Interest would be payable at a rate ranging

between 0.75% above CORRIDOR rate for Egyptian Pound and 4.5% above LIBOR rate for USD.

- USD 7.9 million as bank facilities secured by promissory notes. Interest would be payable at a rate 2.5% above LIBOR rate for USD.

- L.E 289.88 million equivalent to USD 16.43 million as unsecured bank facilities. Interest would be payable at a rate ranging between 0.75% and 4% above CORRIDOR rate and 6% above LIBOR rate for USD.

5-3 Market risk

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

5-4 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.

5-5 Interest rate risk

The Group adopts a policy of ensuring that about 11.39% of its exposure to changes in interest rates on borrowings is on fixed rate basis. The Company does not enter into interest rate swap.

5-6 Other market prices risk

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

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

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

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

5-7 Capital management

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

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

The Board of the Parent Company seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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

6- Segment reporting

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

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

Segment capital expenditure is the total cost incurred during the 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 & plastic sector.
- Other operations.

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

Geographical segments

The oil segment is managed on centralized basis, but is operated in Sudan. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Egypt Kuwait Holding Co.
(An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.)
For the financial period ended March 31, 2018

Segment reporting

Business segments	Oil & gas		Chemicals & fertilizers		Other operations		Total	
	31/03/2018 USD	31/03/2017 USD	31/03/2018 USD	31/03/2017 USD	31/03/2018 USD	31/03/2017 USD	31/03/2018 USD	31/03/2017 USD
Revenues								
Total segments revenues	28 944 425	14 988 421	78 590 441	82 656 431	11 241 396	5 767 183	118 776 262	103 412 035
Segment result	13 399 658	5 384 871	18 214 428	21 731 366	(156 859)	(808 099)	31 457 227	26 308 138
Interest & financing expenses	515 350	57 777	285 550	485 852	1 934 076	2 340 034	2 734 976	2 883 663
Interest income	436 736	284 058	3 894 330	2 345 328	3 631 851	3 909 532	7 962 917	6 538 918
Share of profits (loss) of associates	-	-	-	46 770	1 126 651	(377 112)	1 126 651	(330 342)
Net profit (loss) for the period before income tax	13 748 484	5 115 362	22 615 039	27 945 221	3 234 514	1 973 699	39 598 037	35 034 282
Income tax	(2 174 187)	(1 293 355)	(4 667 292)	(5 841 057)	(32 766)	-	(6 874 245)	(7 134 412)
Zakat	-	-	(47 902)	(14 936)	-	-	(47 902)	(14 936)
Contribution to Kuwait foundation for the advancement of sciences (KFAS)	-	-	(43 112)	(13 442)	-	-	(43 112)	(13 442)
Profits	11 574 297	3 822 007	17 856 733	22 075 786	3 201 748	1 973 699	32 632 778	27 871 492

Egypt Kuwait Holding Co.
(An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.)
For the financial period ended March 31, 2018

Segment reporting (Cont.)

Other information

	Oil & gas		Chemicals & fertilizers		Other operations		Total	
	31/03/2018	31/12/2017	31/03/2018	31/12/2017	31/03/2018	31/12/2017	31/03/2018	31/12/2017
	USD	USD	USD	USD	USD	USD	USD	USD
Segments assets	254 485 336	263 791 410	573 399 015	555 456 675	303 314 609	201 878 678	1 131 198 960	1 021 126 763
Investment in equity accounted investees	-	-	17 265 903	19 286 251	5 907 725	9 915 177	23 173 628	29 201 428
Total assets	254 485 336	263 791 410	590 664 918	574 742 926	309 222 334	211 793 855	1 154 372 588	1 050 328 191
Total liabilities	133 476 734	126 996 714	105 399 926	97 937 051	249 530 177	131 749 650	488 406 837	356 683 415

	Oil & gas		Chemicals & fertilizers		Other operations		Total	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	USD	USD	USD	USD	USD	USD	USD	USD
Capital expenditures	6 196 510	3 583 796	628 856	403 721	18 115 215	9 016 661	24 940 581	13 004 178
Depreciation of property, plant and equipment , exploration & development asset depletion and amortization of intangible assets	2 814 053	380 751	6 428 586	6 244 992	133 170	80 385	9 375 809	6 706 128

7- Equity-accounted investees

Description	Legal form	Ownership %	Paid amount of participation %	Carrying amount as at 31/3/2018 USD	Carrying amount as at 31/12/2017 USD
Quoted investments					
Delta Insurance Co.	S.A.E	-	-	-	6 320 555
Unquoted investments					
Building Materials Industries Co.**	S.A.E	38,3249	100	36 865 429	36 746 703
El Shorouk for Melamine & Resins Co.***	S.A.E	77.97	100	-	836 703
TOSS CO.	Limited liability Co. at .Cayman Islands	28.07	100	1 010 732	-
				37 876 161	**43 903 961**
Impairment losses				(14 702 533)	(14 702 533)
				23 173 628	**29 201 428**

* During the period, the Company acquired additional stake of 23.38% in the share capital of Delta Insurance Company with an amount of USD 6 625 614 The Company's participation percentage increased to 55.40% and the Group has control over the company. Accordingly, the accounting for this investment was made as a subsidiary -note No. (14) below.

** The investment cost in Building Materials Industries Co. amounts to USD 62 491 648. The market value of the Company's investments in Building Materials Industries Co. amounted to USD 32 331 776 according to the last transactions made on these shares in 2012. As a result of the downturn in the performance of Building Materials Industries Company and its incurrence of significant losses, an impairment testing for the investment value was carried out. And resulted in the increase in the book value above its recoverable amount according to the study prepared by a specialized consultancy office. Therefore, an impairment loss of USD 14 702 533 was recognized in the consolidated statement of income under other expenses caption at end of year 2017 .

The recoverable amount of the associate was based on value in use, estimated using discounted cash flows. The key assumptions used in the estimation of the recoverable amount are set out below:

- The value assigned to the key assumptions represent management's assessment of future trends in the cement industry and have been based on historical data from both external and internal sources.

Average discount rate	16.5%
Terminal value growth rate	4%

- The discount rate was a post – tax measure estimated based on the historical industry - average weighted – average cost of capital. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter and taking into consideration the assumptions that a market participant would make.

*** During the period the Company acquired additional stake of 28.02% in El Shorouk for Melamine &Resins Co. with an amount of USD 90 556 and the Group has control over this Company. Accordingly, the accounting was made for this investment was made as a subsidiary- note No. (14) below.

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

Description	Equity USD	Current assets USD	Non current assets USD	Total assets USD	Current liabilities USD	Non current liabilities USD	Total liabilities USD	Revenues USD	Expenses USD	Profits (Losses) USD
March 31, 2018										
TOSS Co.	3 136 156	130 481 765	62 866 915	193 348 680	190 212 524	-	190 212 524	15 388 583	9 668 704	5 719 879
Building Materials Industries Co. *	33 138 048	12 633 140	107 977 482	120 610 622	43 858 795	43 613 779	87 472 574	43 261 367	37 485 007	5 776 360

* The financial information of the above mentioned companies are based on the financial statements for the finacial year ended December 31, 2017 since the issuance of financial statements for the financial Period ended March 31, 2018 have not been completed yet.

December 31, 2017	Equity USD	Current assets USD	Non current assets USD	Total assets USD	Current liabilities USD	Non current liabilities USD	Total liabilities USD	Revenues USD	Expenses USD	Profits (Losses) USD
Delta Insurance Co	17 009 095	30 790 573	54 229 084	85 019 657	66 493 207	1 517 355	68 010 562	9 396 498	2 599 617	6 796 881
Building Materials Industries Co.	33 138 048	12 633 140	107 977 482	120 610 622	43 858 795	43 613 779	87 472 574	54 615 800	64 206 065	(9 590 265)

8- Available - for - sale investments

Description	Legal form	Ownership %	Paid amount of participation %	Balance as at 31/3/2018 USD	Balance as at 31/12/2017 USD
Investments at fair value					
Portfolios managed by international investment managers	-	-	-	20 235 170	17 819 727
Local companies securities listed in the Egyptian Exchange	S.A.E Companies	-	100	3 537 376	3 293 328
Investments measured at cost					
INAYA Egypt for medical care programs management	S.A.E Companies	20	100	56 689	-
United Arab Chemical Carriers Co.	Limited by Shares Co. in UAE	1.19	100	14 282 353	14 178 197
Other companies *				170 761 304	170 761 304
TOD		28.07	100	2 807	2 807
				208 875 699	206 055 363
Impairment losses**				(177 239 831)	(177 194 796)
				31 635 868	28 860 567

* This item is represented in the value of investments in unconsolidated subsidiaries due to loss of control over them during 2016

** This item includes USD 170 761 304 an amount of represents the impairment losses in the value of investments in unconsolidated subsidiaries due to loss of control over them during 2016 .

9- Held to maturity financial assets

	31/3/2018 USD	31/12/2017 USD
Portfolios *	109 040 611	112 565 707
Portfolios **	39 876 869	85 097 661
Investment certificates ***	50 578 231	-
Governmental bonds	21 124 828	22 184 180
Designated Bonds ****	11 321 457	-
	231 941 996	219 847 548
Classified as Follows:-		
Current portion (due within one year)	128 268 569	111 296 293
Long – term portion (due after one year)	103 673 427	108 551 255

* This balance represents the amortized cost of the portfolios held at a foreign bank and is represented in the value of time deposits of due dates ranging from 1.5 years to 3 years during December, 2019.

** This balance represents the amortized cost of the portfolios held at international investment managers, represents in the book value of the investment in Egyptian treasury bills Due in May, 2018 represents as follows:-

	31/3/2018 USD	31/12/2017 USD
Treasury bills (due after 3 months)	40 291 414	88 269 465
Income from investment in treasury bills (not due yet)	(414 545)	(3 171 804)
	39 876 869	85 097 661

*** This balance represents the amortized cost of Suez Canal investment certificates and National Bank of Egypt investment certificates (Group B).

**** This balance represents the amortized cost of held to maturity bonds listed in the Egyptian Exchange whose market value is USD 17 411 390 as at December 31,2017 with annual return rates that range between 12.4 % to 13.9% for The Egyptian pound and 5.75% for US Dollar . The said interest is to be paid semiannually. The Company maintains these bonds for the purpose of obtaining contractual cash flow over the term of the bonds.

- The Group's exposure to interest rate risk and foreign currency risk related to cash at the banks and on hand are disclosed in note No. (58).

10- Egyptian General Petroleum Corporation

National Gas Co. "NATGAS'' and Fayoum Gas Co. deal with the Egyptian General Petroleum Corporation represented by the Egyptian Holding Company for Natural Gas (EGAS) according to the agreements signed between the two parties. These agreements resulted in the following debit and credit balances:

10-1 Debit balances

	31/3/2018 USD	31/12/2017 USD
National Gas Company (NATGAS)		
Egyptian Holding Company for Natural Gas (EGAS)	507 221	833 936
	507 221	833 936
Fayoum Gas Company		
Egyptian Holding Company for Natural Gas (EGAS)	268 236	1 088 094
Egyptian General Petroleum Corporation	900 132	880 232
	1 168 368	1 968 326
	1 675 589	2 802 262

10-2 Credit balances

Represented in the following:

	31/3/2018 USD	31/12/2017 USD
National Gas (NATGAS)		
Egyptian General Petroleum Corporation	10 023 157	23 827 895
	10 023 157	23 827 895
Fayoum Gas Company		
Egyptian Holding Company for Natural Gas (EGAS)	116 250	1 134 983
Egyptian General Petroleum Corporation	6 959 731	7 572 033
	7 075 981	8 707 016
	17 099 138	32 534 911

Classified as Follows:-

Current portion (due within one year)	10 139 407	24 962 878
Long – term portion (due after one year)	6 959 731	7 572 033

- The Group's exposure to interest rate risk and foreign currency risk related to balances due to and from Egyptian General Petroleum Corporation are disclosed in note No. (58).

11- Property, plant and equipment (net)

	Lands * USD	Buildings & constructions USD	Vehicles USD	Furniture & office equipment USD	Machinery & equipment USD	Tools & supplies USD	Stations & electric transformers USD	Computer, software, hardware & decorations USD	Leasehold improvements USD	Total USD
Cost										
Cost as at 1/1/2017	15 451 733	51 928 458	9 494 071	6 385 256	399 793 455	2 122 426	37 566 139	3 858 545	1 163 326	527 763 409
Additions during the year	1 728 293	973 163	423 489	321 891	1 037 539	56 717	164 897	289 270	28 909	5 024 168
Assets acquired through business combination	-	-	-	-	-	112 210	-	-	-	112 210
Reversal of impairment loss on fixed assets during the year	-	-	-	-	-	-	(267 773)	-	-	(267 773)
Disposals during the year	-	-	(2 916)	(5 732)	(38 545)	-	(38 602)	(97 929)	(23 065)	(206 789)
Cost as at 31/12/2017	17 180 026	52 901 621	9 914 644	6 701 415	400 792 449	2 291 353	37 424 661	4 049 886	1 169 170	532 425 225
Cost as at 1/1/2018	17 180 026	52 901 621	9 914 644	6 701 415	400 792 449	2 291 353	37 424 661	4 049 886	1 169 170	532 425 225
Additions during the period	-	-	221 387	81 479	312 482	28 588	29 675	140 118	-	813 729
Assets acquired through business combination	796 848	2 484 542	158 420	752 665	1 571 644	-	106 537	1 433 131	129 785	7 433 572
Disposals during the period	-	-	-	-	(1 674)	(20 793)	-	(492)	(10 312)	(33 271)
Cost as at 31/3/2018	17 976 874	55 386 163	10 294 451	7 535 559	402 674 901	2 299 148	37 560 873	5 622 643	1 288 643	540 639 255
Depreciation and impairment										
Accumulated depreciation and impairment as at 1/1/2017	-	18 596 319	7 923 283	5 005 255	193 385 119	1 758 428	6 823 065	2 857 923	647 586	236 996 978
Depreciation for the year	-	1 835 801	306 759	225 392	18 124 581	24 589	465 345	393 046	42 899	21 418 412
Accumulated depreciation of disposals	-	-	(2 916)	(5 732)	(38 545)	-	(1 422)	(97 929)	-	(146 544)
Accumulated depreciation and impairment as at 31/12/2017	-	20 432 120	8 227 126	5 224 915	211 471 155	1 783 017	7 286 988	3 153 040	690 485	258 268 846
Accumulated depreciation and impairment as at 1/1/2018	-	20 432 120	8 227 126	5 224 915	211 471 155	1 783 017	7 286 988	3 153 040	690 485	258 268 846
Depreciation for the period	-	469 509	79 879	47 874	4 550 910	7 173	102 632	160 198	9 512	5 427 687
Accumulated depreciation of disposals	-	-	-	-	(1 674)	(20 793)	-	(492)	-	(22 959)
Assets acquired through business combination	-	1 189 800	135 330	578 696	707 123	-	62 637	1 066 031	-	3 739 617
Accumulated depreciation and impairment as at 31/3/2018	-	22 091 429	8 442 335	5 851 485	216 727 514	1 769 397	7 452 257	4 378 777	699 997	267 413 191
Carrying amount as at 31/3/2018	17 976 874	33 294 734	1 852 116	1 684 074	185 947 387	529 751	30 108 616	1 243 866	588 646	273 226 064
Effect of foreign exchange	(7 024 023)	(10 356 874)	(990 166)	(813 864)	(26 317 451)	(320 341)	(20 110 127)	(221 356)	(90 301)	(66 244 503)
Carrying amount as at March 31, 2018	10 952 851	22 937 860	861 950	870 210	159 629 936	209 410	9 998 489	1 022 510	498 345	206 981 561
Carrying amount as at 31/12/2017	17 180 026	32 469 501	1 687 518	1 476 500	189 321 294	508 336	30 137 673	896 846	478 685	274 156 379
Effect of foreign exchange	(7 049 762)	(10 385 577)	(992 503)	(815 674)	(26 373 781)	(314 270)	(20 161 127)	(230 795)	(90 978)	(66 414 467)
Carrying amount as at December 31, 2017	10 130 264	22 083 924	695 015	660 826	162 947 513	194 066	9 976 546	666 051	387 707	207 741 912

- Fixed assets include an amount of USD 24 352 296 representing the cost of fully depreciated items as at March 31, 2018.
- * Lands item includes an amount of USD 637 thousand representing the value of plots of lands which its transfer of titles in name of the Group of companies are currently undertaken.

12- Exploration and development assets

Cost	Exploration of wells USD	Development of wells USD	Producing wells USD	Equipment/field services USD	Pipe lines USD	Project under cosnstruction USD	Total USD
Cost at 1/1/2017	-	-	-	-	-	-	-
Assets acquired through business combination	-	-	17 828 128	6 763 380	-	-	24 591 508
Additions during the year	-	-	-	-	-	-	-
Cost at 31/12/2017	-	-	17 828 128	6 763 380	-	-	24 591 508
Cost at 1/1/2018	-	-	17 828 128	6 763 380	-	-	24 591 508
Additions during the period	-	-	83 215	-	-	894 750	977 965
Adjustments	-	-	669 373	-	-	-	669 373
Cost at 31/3/2018	-	-	18 580 716	6 763 380	-	894 750	26 238 846
Accumulated depletion, amortization and impairment losses							
Accumulated depletion, amortization and impairment losses as at 1/1/2017	-	-	-	-	-	-	-
Depletion for the year	-	-	-	-	-	-	-
Accumulated depletion, amortization and impairment losses as at 31/12/2017	-	-	-	-	-	-	-
Accumulated depletion, amortization and impairment losses as at 1/1/2018	-	-	-	-	-	-	-
Depletion for the period	-	-	2 454 888	48 055	-	-	2 502 943
Accumulated depletion, amortization and impairment losses as at 31/3/2018	-	-	2 454 888	48 055	-	-	2 502 943
Carrying amount at 1/1/2017	-	-	-	-	-	-	-
Carrying amount at 31/12/2017	-	-	17 828 128	6 763 380	-	-	24 591 508
Carrying amount at 31/3/2018	-	-	16 125 828	6 715 325	-	894 750	23 735 903

13- Projects under construction

This balance is represented as follows: -

	31/3/2018 USD	31/12/2017 USD
Construction of plant for fertilizers using nitrogen	14 471 667	14 471 667
Advance payments for purchasing of property, plant and equipment	147 708	802 543
Electric transformers	22 611 934	22 391 682
Others	3 151 915	1 959 842
	40 383 224	39 625 734
Impairment losses	(14 471 667)	(14 471 667)
	25 911 557	25 154 067

14- Subsidiaries Acquisition :

Delta Insurance co.

During March 2018, the Group acquired additional stake of 23.38% of the shares and voting rights in Delta Insurance Co. As a result, the Group's equity interest in Delta Insurance Co. increased from 32.2% to 55.4%.

Taking control over Delta Insurance Co. will enable the Group to diversify its activities and increase its volume of operations in a matter that strengthens the financial position of the Group and its operating income. For the financial period ended March 31, 2018, Delta Insurance Co. contributed revenue of USD 8 033 400 and profits of USD 1 603 675 to the Group's results.

In determining these amounts, management has assumed that the fair value adjustments determined provisionally that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2018

The consideration paid for acquisition is USD 6 591 981.

El Shorouk for melamine & resins co.

During March 2018, the Group acquired additional stake of 28.02% of the shares and voting rights in El Shorouk for melamine & resins co As a result, the Group's equity interest in El Shorouk for melamine & resins co. increased from 49.95% to 77.97%.

Taking control over El Shorouk for melamine & resins co. will enable the Group to diversify its activities and increase its volume of operations in a matter that strengthens the financial position of the Group and its operating income. For the financial period ended March 31, 2018, El Shorouk for melamine & resins co. contributed revenue of USD 1 480 644 and profits of USD 119 470 to the Group's results.

In determining these amounts, management has assumed that the fair value adjustments determined provisionally that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2018

The consideration paid for acquisition is USD 119 470.

15- Goodwill

This balance is represented as follows:

	31/3/2018 USD	31/12/2017 USD
The carrying amount of goodwill relating to National Gas Co. (NATGAS)	7 033 633	6 997 929
The carrying amount of goodwill relating to Sprea Co.	9 920 959	9 870 597
The carrying amount of goodwill relating to Fayoum Gas Co.	1 445 254	1 437 917
The carrying amount of goodwill relating to Alex Fert Co.	34 107 324	34 107 324
The carrying amount of goodwill relating to Delta Insurance Co.	2 645 575	-
	55 152 745	52 413 767

16- Other intangible assets (net)

This balance is represented as follows:

	Balance as at 1/1/2018 USD	Additions during the period USD	Amortization for the period USD	Foreign exchange USD	Net as at 31/12/2018 USD
Deferred charges (*)	1 811 953	-	(109 602)	9 058	1 711 409
Right of use (**)	11 033 344	-	(1 273 077)	-	9 760 267
Other assets (****)	1 750 000	-	(62 500)	-	1 687 500
	14 595 297	-	(1 445 179)	9 058	13 159 176

(*) This item represents the additional actual costs incurred by National Gas Co.- NATGAS for carrying out of the works related to Nubaria Electrical Station that has not recovered from Egyptian Natural Gas (EGAS) including the grant of signing the agreement for Gas sales commission for the station first operation year which will be amortized over 15 years from the agreement term which is 20 years.

(**) The right of use item is represented in the amounts paid to a related party as a right to use of the ammonia export pipeline owned by the related party on exporting the ammonia produced by the Group. According to the settlement contract, the outflow of the future economic benefits is expected to be obtained over ten years.

(***) This item represents the capitalized amount of the expenditures incurred to reach a final agreement of a dispute of a subsidiary within the Group, whereby, it is expected to obtain future economic benefits to the subsidiary as a result of the said agreement for 8 years.

17- Investment Property

Description	Vacant plots of land	Built properties	Total
	USD	USD	USD
Cost			
Investment property added as a result of acquisition of subsidiaries during the period	53 690	813 564	867 254
Foreign currency translation differences	274	4 151	4 425
Cost at 31/3/2018	53 964	817 715	871 679
Depreciation			
Accumulated depreciation as a result of acquisition of subsidiaries during the period	-	281 245	281 245
Depreciation during the period	-	2 960	2 960
Foreign currency translation differences	-	1 435	1 435
Accumulated depreciation at 31/3/2018	-	285 640	285 640
Carrying amount at 31/3/2018	53 964	532 075	586 039
Carrying amount at 31/12/2017	-	-	-

- The fair value of investment properties were not disclosed due to the time and cost constraints.

18- sundry debtors & notes receivable

	31/3/2018	31/12/2017
	USD	USD
Property, plant and equipment selling receivables	31 342	41 020
Notes receivable	6 987 380	11 686 912
	7 018 722	11 727 932

- The Group's exposure to credit and foreign currency risks related to debtors is disclosed in note No. (58).

19- Unrecognized deferred tax assets

	31/3/2018	31/12/2017
	USD	USD
Deductible temporary differences	5 157 778	5 157 778
Tax losses	5 567	5 567
	5 163 345	5 163 345

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available, against which the Company can utilize the benefits there from

20- Cash at banks & on hand

	31/3/2018 USD	31/12/2017 USD
Cash on hand	750 972	340 554
Bank – current accounts	184 099 647	85 699 697
Bank – time deposits (less than three month)	128 835 671	131 390 323
Bank – time deposits (more than three month)	2 650 386	2 636 932
Checks under collection	6 164 047	4 826 806
	322 500 723	224 894 312

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

	31/3/2018 USD	31/3/2017 USD
Cash at banks & on hand	322 500 723	272 711 432
Add:		
Investments in treasury bills - less than three months (note No. 21)	3 408 571	9 608 821
Less:		
Bank – time deposits (more than three month)	2 650 386	120 713 046
Bank overdraft – Local banks note No. (42)	679 110	745 490
Cash & cash equivalents in the consolidated statement of cash flows	322 579 798	160 861 717

- The Group's exposure to interest rate risk and foreign currency risk related to cash at banks & on hand are disclosed in note No. (58).

21- Investments in treasury bills

	31/3/2018 USD	31/12/2017 USD
Treasury bills (due in 3 month)	3 408 571	2 840 578
Treasury bills (due after 3 month)	3 344 671	24 274 969
Income from investment in treasury bills (not due yet)	(345 984)	(1 226 188)
	6 407 258	25 889 359

- The Group's exposure to interest rate risk and foreign currency risk related to cash at banks & on hand are disclosed in note No. (58).

22- Financial assets at fair value through profit and loss

This item is represented in the market value of the portfolios owned by the Group, which consist of Egyptian companies stocks and portfolios managed by investment managers abroad for the purpose of dealing in international stock exchanges. These investments are represented as follows:

	31/3/2018 USD	31/12/2017 USD
Portfolios managed by international investment managers	714 108	4 427 594
Egyptian Companies' stocks (listed in the Egyptian Exchange)	702 765	635 152
Investments in direct mutual funds	1 995 932	1 749 442
Governmental bonds	7 993 482	8 212 352
Market value of financial assets at fair value through profit & losses	11 406 287	15 024 540

23- Trade & notes receivable

	31/3/2018 USD	31/12/2017 USD
Local customers	41 419 115	37 995 635
Export customers	8 526 718	4 859 343
	49 945 833	42 854 978
Impairment losses on trade receivables	(160 996)	(130 821)
	49 784 837	42 724 157
Notes receivable	12 901 414	15 776 309
	62 686 251	58 500 466

- The Group's exposure to credit and foreign currency risks related to trade receivables is disclosed in note No. (58).

24- Debtors & other debit balances

	31/3/2018 USD	31/12/2017 USD
Tax Authority	7 918 251	3 334 422
Prepaid expenses	2 667 174	2 120 444
Deposits with others	1 894 798	1 854 577
Imprests & employees advances	387 880	109 739
Uncollected bills	4 157 925	4 402 327
Suppliers - advance payments	8 170 637	5 517 642
Accrued revenues	10 719 687	3 520 190
Due from El Shorouk for Melamine & Resins Co. – an associate	-	1 377 967
Other debit balances	18 842 867	15 771 912
Due from unconsolidated subsidiaries *	73 347 172	73 347 172
Loans secured by individual insurance policies	370 565	-
Insurance and reinsurance companies	1 580 554	-
Insurance receivables	3 272 295	-
Agents and producers – current account	62 628	-
Medical department companies	705 160	-
	134 097 593	111 356 392
Impairment losses on debtors & other debit balances **	(77 540 130)	(73 769 308)
	56 557 463	37 587 084

* This amount is represented in the value of balances due from an unconsolidated subsidiary at March 31, 2018 due to loss of control over it during 2016.

** This item includes an amount of USD 73 347 712 representing the impairment losses on the balances due from an unconsolidated subsidiary as at March 31, 2018 (2017: USD 73 347 712) due to loss of control over it during 2016.

- The Group's exposure to credit and foreign currency risks related to debtors is disclosed in note No. (58).

25- Inventories

	31/3/2018 USD	31/12/2017 USD
Supplies – held at gas company warehouses	9 429 587	8 514 203
Supplies – subcontractors' warehouses	2 377 289	696 516
Tools & equipment	137 673	160 255
Basic & secondary raw materials	25 485 937	24 456 057
Goods in transit	299 676	94 861
Spare parts & supplies	16 140 643	15 573 001
Packaging materials	230 511	273 952
Work in process	410 794	79 096
Finished goods	6 271 992	4 701 364
Letters of credit	26 766	157 288
Fuel and oil	495 919	474 920
Goods held with others	4 112 926	5 031 075
Agriculture Seeds	12 907	12 842
	65 432 620	60 225 430
Impairment losses on inventories	(26 381)	-
	65 406 239	60 225 430

26- Work in progress

This balance is represented in the expenditures pertaining to projects of gas customers – commercial and house sector that have not been delivered yet to those customers of National Gas Company (NATGAS) at the consolidated balance sheet date and also to the expenditures of other projects as follows:

	31/3/2018 USD	31/12/2017 USD
Cost of gas customers projects	3 717 122	6 656 065
Cost of other projects	165 961	62 147
	3 883 083	6 718 212

27- Non – current assets held for sale

The item is represented as follows:

	31/3/2018 USD	31/12/2017 USD
Egyptian company for oil tankers	17 128 175	17 128 175
Impairment losses	(12 575 675)	(12 575 675)
	4 552 500	4 552 500

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

On measuring investment to lower of its carrying amount or its fair value less costs to sell, an impairment loss of USD 12 575 675 was recognized the consolidated statement of income at end of 2017.

The recoverable amount of the company was determined based on fair value less costs to sell and the fair value was estimated based on recognize date of the market of the assets related to this specialized industry.

Non-current assets – held for sale

	31/3/2018 USD	31/12/2017 USD
Equity-accounted investees	4 552 500	4 552 500
	4 552 500	4 552 500

28- Share capital

- The Company's authorized share capital is USD 500 million (Five hundred million USD).
- The issued capital was initially determined amounted to USD 120 million (One hundred & twenty million USD) distributed over 12 million shares at a par value of USD 10 per share. The Founders and subscribers through methods other than public subscription have subscribed to 9 million shares at a value of USD 90 million (Only ninety million USD) 3 million shares at USD 30 million (Only thirty million USD) were offered for public subscription and they were fully underwritten. The issued capital was paid in full. The issued capital has been increased and the share of the Company was split several times to reach an amount of USD 243 914 564.5 distributed over 975 658 258 shares of par value of US Cent 25 each paid in full.
- On June 11, 2015, the extra-ordinary general assembly of the Company unanimously approved the increase of the issued and paid – up capital from USD 243 914 564.5 to USD 256 110 292.5 with an amount of increase of USD 12 195 728 as bonus increase distributed over 48 782 912 bonus share whose nominal value amounts to 25 Cent for the purpose of financing the incentive & bonus plan of the Company's employees and managers and executive board of directors members.
- On June 11, 2015, the ordinary general assembly of the Company unanimously approved to transfer part of the retained earnings of the Company as shown in the consolidated financial statements for the financial year ended at December 31, 2014 that were approved by the shareholder's' ordinary general assembly held on March 22, 2015 to 48 782 912 bonus shares with an amount of USD 12 195 728 for the purpose of financing the incentive & bonus plan of the Company's employees and managers and executive board of directors members, that has been approved by the Egyptian Financial Supervisory Authority on November 12, 2014. Annotation to effect such increase was made on the Company's commercial register on September 13, 2015. Accordingly, the issued capital is USD 256 110 292 distributed over 1 024 441 170 shares with a par value of USD 25 cent each that is paid in full.

29- Legal reserve

According to the Companies' Law and the Parent Company's statue, the Company is required to set aside 5% of the annual net profit to form a legal reserve. The transfer to legal reserve ceases once the reserve reach 50% of the issued share capital. The reserve is not distributable. However, it can be used to increase the share capital or offset losses. The Parent Company is required to resume setting aside 5% of the annual net profit until it reaches 50% of the issued share capital of the Parent Company. If the reserve falls below the defined level (50% of the issued share capital), then the Company is required to resume setting aside 5% of the annual net profit until it reaches 50% of the issued share capital. The legal reserve balance includes an amount of USD 89 528 204 representing the amount credited to the legal reserve according to the provision of Article No. (94) of the executive regulations of law No. 159 of 1981 related to the addition of the share premium to the legal reserve until equal to half of the issued capital out of which an amount of USD 17 045 454 was credited to the legal reserve from the value of capital increase made during 2014.

30- Special reserve – share premium

The balance amounting to USD 57 954 547 is represented in the remaining amount of the share premium collected from the share capital increase of a number of 136 363 636 shares during 2014 after deducting the amounts credited to the legal reserve.

31- General reserve

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

32- Fair value reserve

This item includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognized.

33- Amount set aside for share-based payments transactions

The balance of this item amounting to USD 17 561 848 as at March 31, 2018 is represented in the increase in the equity related to granting and allocating the shares of the incentives and bonus plan as mentioned in details in note No. (55) below.

34- Foreign currency translation differences of foreign operations

The balance shown in the equity section as at March 31, 2018 is represented in the cumulative translation adjustments resulting from translating the financial statements of subsidiaries from foreign currencies to US Dollars for the purpose of consolidating these statements in the consolidated financial statements for the financial period ended at March 31, 2018. In addition, this balance includes a share in the cumulative translation adjustments included in the consolidated equity of associates.

35- Treasury Shares

This balance represents the cost of purchasing of 687 269 shares of the Parent Company shares at a cost of USD 221 050 by Delta Insurance Company (one of the Group's subsidiaries that was acquired during the period).

36- Non-controlling interests

The balance of non - controlling interests of USD 217 668 315 as at March 31, 2018 is represented in their share in subsidiaries' equity as follows:

	Non-controlling interests	Non-controlling share in subsidiaries profits (losses) for the period	Non-controlling share in equity excluding profits (losses) for the period	Non-controlling interests as at 31/3/2018	Non-controlling interests as at 31/12/2017
	%	USD	USD	USD	USD
National Gas Co. "NATGAS"	16.025	1 053 950	9 190 756	10 244 706	9 146 641
Globe Telecom Co.	0.07	135	1 172	1 307	1 167
Globe for Communications & Information Technology Co.	1	-	5 233	5 233	5 207
International Financial Investments Co.	0.01	(94)	29 334	29 240	26 383
Energy Group of companies	0.8	97	17 659	17 756	17 567
Cooling Technology by Natural Gas Co.- Gas Chill	14.014	2 913	239 469	242 382	248 897
Midor for Logistic Services Co.	0.011	(2)	154	152	160
Fayoum Gas Co.	22.01	145 267	767 934	913 201	822 869
Sprea Misr for Production of Chemicals & Plastics Co.	0.01	771	6 486	7 257	6 698
Henosis for Construction & Real-Estate Development Co.	0.012	(2)	89	87	88
Capital Investment Limited Luxembourg	0.01	-	-	-	-
Middle East for River Transport Co.	0.01	-	306	306	306
Bawabat Al Kuwait Holding Company	50.25	5 308 068	192 177 730	197 485 798	204 461 969
Arabian Company for Fertilizers	25.28	(28)	(24 461)	(24 489)	(24 298)
Nahood International Limited Co.	0.01	-	2 563	2 563	2 563
El shorouk for melamine & resins Co.	22.66	27 073	354 845	381 918	-
Delta Insurance Co.	44.6	715 745	7 645 153	8 360 898	-
		7 253 893	210 414 422	217 668 315	214 716 217

37- Dividends declared and paid & board of directors remuneration

The Board of directors of the Parent Company proposal cash dividends for the financial year ended December 31, 2017 of 5 Cent/share with a total amount of USD 50 303 242 and has not proposed any remunerations for the board of directors. The proposal is subject to the shareholders general assembly meeting of the period company held on March 24, 2018.

The shareholders of the Parent Company approved cash dividends for the financial year ended December 31, 2016 of 3.125 Cent/share with a total amount of USD 31 160 061 and has not approved any remunerations for the board of directors. The approval was made by the shareholders general assembly meeting of the Parent Company held on March 18, 2017.

38- Long-term loans & bank facilities

- This note provides information about the contractual terms of the Group's loans, which are measured at amortized cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risks see note No. (58).

	31/3/2018 USD	31/12/2017 USD
A- Loans & bank facilities granted to Egypt Kuwait Holding Company		
The value of USD loan granted to the Company from a bank according to the medium-term finance agreement of USD 100 million dated October 6, 2011 for the purpose of financing the industrial investments of the Group. The loan is to be repaid over 4 equal annual installments starting from 30/6/2012 and ending on 30/6/2015, The loan is guaranteed by the pledge of the investment portfolio owned by one of the subsidiaries whose market value amounting to approximately KD 49.9 million as at September 8, 2011. The loan bears an interest rate of 2% above LIBOR for 3 month. During December 2012, the negotiation was made with the bank to increase the loan to USD 125 million and to modify the payment schedule so that the loan is paid over 4 annual installments starting 30/9/2013 and ending 30/9/2016, each installment amounts to USD 25 million except the last installment which will be USD 50 million. During October 2014, it was agreed with the bank to amend the payment schedule so that the loan is paid over 3 annual installments starting from 30/9/2015 and ending on 30/9/2017, each installment amounts to USD 25 million except the last installment which will be USD 50 million. During September 2015. the bank agreed to postpone the accrued installment from 30/9/2015 to 30/6/2016, Negotiations with the bank is currently in process to modify the loan re-payment schedule. On December 6, 2016 , the bank agreed to amend the loan payment schedule in order to settle the loan over 14 quarterly installments starting from 15/12/2016 and ending on 15/12/2020 at a value of USD 2 million each except for the first and the last installments amounting to USD 4 million & USD 62.1 million respectively which are guaranteed by the pledge of the investment portfolio owned by one of the subsidiaries whose market value amounted approximately to KWD 18.613 million on November 24, 2016. An interest rate of 1.75% above LIBOR (London Interbank Offered Rate) is to be computed on the loan for three months and the agreement came into force and the first installment thereof was paid during the month of December 2016. While signing the new agreement by means of the two parties in February 2, 2017.	10 839 328	10 839 328
Represents the balance of the medium - term loan granted to the Company from a bank with an amount of L.E 280 million or the equivalent in foreign currency for the purpose of financing the Company's activities according to the financing contract concluded with the bank during September 2014.The loan is to be repaid over 5 years and the withdrawal duration is 6 month starting from the date of approval .The loan will be repaid on semiannual installments The loan bears an interest rate of the declared CORRIDOR lending rate of 2.7 % with minimum rate of 12% per annum including commission on the highest debit balance on the indebtedness in Egyptian Pound and bears 4% above LIBOR for three month on the indebtedness in foreign currency.	13 200 000	17 000 000
C/F	**24 039 328**	**27 839 328**

	31/3/2018 USD	31/12/2017 USD
B/F	**24 039 328**	**27 839 328**
Represents the balance of the loan granted to the Company from a bank with an amount of USD 15 million for the purpose of financing the Company's activities according to the financing contract concluded with the bank during December 2017.The loan is to be repaid over 5 years and the withdrawal duration is 6 month starting from the date of approval. The loan shall be settled on semi-annually installments. The loan bears an interest of 5% above LIBOR for three month on the indebtedness in foreign currency.	15 000 000	15 000 000
B- Loans & bank facilities granted to NATGAS Company		
The equivalent to the amount used from the loan granted to the Company by a bank with an amount of L.E 20 million at an annual interest rate of 10.5 % to finance the purchase of assets for Burj Al Arab project. The loan shall be settled on ninety six monthly installments starting from 19/11/2010 till 19/11/2018.	115 705	162 861
The equivalent to the amount used from the loan granted to the Company by one of the banks with an amount of L.E 200 million or its equivalent in foreign currency for the purpose of utilizing such amount in financing Burj Al-Arab station. The loan shall be settled on 22 quarterly installments; the first installment shall fall due on 1/2/2018 till 1/5/2023 with an annual interest rate of 1.5 % above the lending rate of the indebtedness in the Egyptian pound; and an annual interest rate of 5 % above the LIBOR of the indebtedness in foreign currencies.	-	6
C- Loans granted to Alex Fert		
The Company concluded a contract with a bank for a medium-term loan with an amount of USD 50 million. The Company has used an amount of USD 46.9 million from the available loan balance based on the contract with the bank on July 22, 2014. The loan is secured by a first class commercial official mortgage on some of the production assets owned by the Company. The loan is to be repaid according to the schedules in the contract over 10 semiannual installments starting from the date of using the loan. Starting from June 2015, the Company pays the loan on monthly installments and the loan interest rate is variable and is determined in the light of the average LIBOR of six months in addition to a margin.	12 506 667	14 851 667
	51 661 700	**57 853 862**
Deduct:		
Total current portion of long-term loan (note No. 42)	20 949 705	24 796 867
Balance as at March 31, 2018	**30 711 995**	**33 056 995**

39- Other long-term liabilities

This balance is represented in the following:-

	31/3/2018 USD	31/12/2017 USD
Customers – advance payments for electricity connection	284 069	290 197
General Authority for social insurance	573 101	-
Deferred income	7 801	8 796
	864 971	298 993

The Group's exposure to foreign currency and liquidity risks related to long-term liabilities are disclosed in note No. (58).

40- Deferred tax liabilities

Deferred tax liabilities are attributable to the following:-

	31/3/2018 USD	31/12/2017 USD
Property, plant and equipment & other assets	25 401 892	24 367 095
	25 401 892	24 367 095

41- Provisions

Movement on provisions during the period is represented as follows:-

	Balance as at 1/1/2018 USD	Provisions formed during the period USD	Provisions of subsidiaries acquired during the period USD	Provisions used during the period USD	Provisions - no longer required during the period USD	Foreign exchange differences USD	Balance as at 31/3/2018 USD
Provision for technical risks of works	265 303	-	-	-	-	(58 312)	206 991
Provision for other liabilities	32 941 300	474 617	1 329 961	-	-	(120 407)	34 625 471
Total	33 206 603	474 617	1 329 961	-	-	(178 719)	34 832 462

42- Short – term loan installments, bank facilities & bank-overdraft

This balance shown on the consolidated balance sheet amounting to USD 92 122 218 as at March 31, 2018 is represented in the loan installments and bank facilities balance granted to the Group as follows:

	31/3/2018 USD	31/12/2017 USD
Current portion of loans and bank facilities as stated in note No. (38) above.	20 949 705	24 796 867
Credit facilities granted to the Parent Company and International Financial Investments Company (*)	52 964 785	51 518 800
Credit facilities granted to Cooling Technology by Natural Gas Co (Gas chill).	52 241	193 828
Credit facilities granted to Sprea Misr for Production of Chemicals & Plastics Co.(**)	193 837	1 769 224
Credit facilities granted to El Fayoum for gas Co.	269	-
Credit facilities granted to NatGas Co. (***)	12 134 573	10 400 791
The value of the temporary bank facilities granted to the Group which are guaranteed by some of investment portfolios owned by the Group as stated in note No. (22) above.	5 147 698	8 167 335
Bank overdraft from local banks	679 110	577 005
Balance as at March 31, 2018	92 122 218	97 423 850

(*) The credit facilities balance granted to the Parent Company and International Financial Investments Company as at March 31, 2018 is represented as follows:

	31/3/2018 USD	31/12/2017 USD
The amount used from the bank facility granted from a bank, according to the agreement concluded with the bank on August 15, 2012 with a total amount of L.E 150 million and bears an interest rate of 2.25% above CORRIDOR rate with minimum 10% for Egyptian pound withdrawals and 3.25% above LIBOR rate for 3 month for US dollar withdrawals. On August 31, 2015 it was agreed to renew and increase the facility limit with a total amount of LE 180 million that it's to be used within a maximum amount of USD 13.6 million in dollars and the rest to be used in Egyptian pounds and the facility ends on May 31, 2016. During the year, it was agreed to renew the credit facility to become L.E 180 million and /or within the limit of an amount of USD 3 million at maximum. In addition an annual interest rate of 0.75% above CORRIDOR rate (currently 15.75%) shall be due thereon for Egyptian Pound and 6% for the foreign currency .The term of the facility is one year that shall end on May 31, 2017. During the year, it was agreed to renew the credit facility for one year beginning from October 1, 2017 to September 30, 2018 with an interest rate of 1.25% per annum above the CORRIDOR rate (currently 19.75%) for the Egyptian pound and 6% for foreign currency. This facility is guaranteed by promissory note of to USD 180 and / or within the limit of an amount of USD 3 million as maximum.	10 003 579	10 080 156
	10 003 579	**10 080 156**

C/F

Translation from Arabic

	31/3/2018	31/12/2017
	USD	USD
B/F	**10 003 579**	**10 080 156**
Represent the amount used from the bank facility granted from a bank, according to the agreement concluded with the bank on September 17, 2015 it was agreed to grant the facility with a total amount of LE 200 million or it's equivalents in foreign currency that bears an interest rate of 1% above CORRIDOR rate with minimum 11.25% per annum for Egyptian pound indebtedness and 4% in addition to the borrowing rate of the bank indebtedness in foreign currency. On September 13, 2017. it was agreed to renew the credit facility granted to the Company to become within the limit of L.E 364 million or equivalent in foreign currency and bears an interest rate of 1.25% per annum above CORRIDOR rate (currently 19.75%) for the Egyptian pound and 6% for foreign currency. This facility is guaranteed by promissory note amounted to USD 180 and / or within the limit of as of USD 3 million at maximum.	20 904 519	18 744 857
Represented in the amount used from the credit facility granted to the Company by one of the banks in accordance with the agreement concluded with the bank on July 1, 2014 based on which an approval to grant the Company credit facilities within the limit of L.E. 350 million or its equivalent in foreign currency, with an interest rate of 1.5 % above the Corridor rate including the commission on the highest debit balance without minimum limit on debit balance with Egyptian Pound and 4% in addition to the lending rate of the bank for the indebtedness in foreign currencies.	3 968 254	4 512 126
Represent the amount used of the credit facilities granted to the Company and International Financial Investments Company - a subsidiary; which is a credit facility in Egyptian Pound and US Dollar with a total amount of USD 26 million (or equivalent to L.E 173.714 million at maximum) till 30/11/2013, in accordance with the bank agreement obtained on February 2, 2013 for the purpose of financing the working capital requirements including financing the short-term investments. The credit facility bears an interest rate of 0.75% above the corridor mid-rate of the central bank (currently 10.25%) for withdrawals in Egyptian pound and 2.5% above LIBOR for 3 months in return for issuing a promissory note signed by both companies with a total amount of USD 26 million. In accordance with the bank approval on November 10, 2014, the credit facility was renewed for one year period that expired as at November 10, 2015 with a total amount of USD 26 million and L.E 31 818 181. On August 10, 2015, it was agreed to renew the credit facility for one year that ended as at July 31, 2016. Accordingly to the approval of the bank obtained on October 30, 2016, the credit facility was renewed again for another period that ended as at November 30, 2016 with a total amount of USD 26 million (or its equivalent in Egyptian Pound). Negotiations are currently in process with the bank to renew the credit facility for another period while taking into account that the amount used by the International Financial Investments Company amounts to L.E 3 760 704 as at March 31, 2018.	18 088 433	18 181 661
	52 964 785	**51 518 800**

(**) The credit facilities balance granted to Sprea Misr for Production of Chemicals & Plastics Co. as at March 31, 2018 is represented as follows:

	31/3/2018 USD	31/12/2017 USD
The amount used from the bank facilities granted to Sprea Misr for Production of Chemicals & Plastics Co. from a bank with a total amount of L.E 360 million and USD 1 500 000 and bears an interest rate of 0.75% per annum above CORRIDOR rate for Egyptian pound and 4% above LIBOR rate for US Dollar, and guaranteed by promissory note, trust receipt and insurance policy on the assets of the Group against all risks in favor of the bank.	**193 837**	1 769 224
The amount used from the credit facilities granted to the Company from a bank with total amount of L.E 400 million that bears an interest rate of 0.5% per annum above the CORRIDOR average rate for Egyptian Pound and 4.5% above LIBOR rate for U.S Dollar and guaranteed by a corporate guarantee from Plastichem Co. and the insurance against burglary and fire on the assets of Sprea Cp. and its subsidiaries in favor of the bank.	-	-
	193 837	**1 769 224**

(***) The credit facilities balance granted to NATGAS as at March 31, 2018 is represented as follows:

	31/3/2018 USD	31/12/2017 USD
Represented in the amount used from the credit facilities granted to the Company by one of the banks with a total amount of L.E. 60 million with an interest rate of 20.10 % and monthly commission on the highest debit balance by 0.05% to finance the Company's projects.	1 468 677	510 813
Represented in the amount used from the credit facilities granted to the Company by one of the banks with a total amount of L.E. 300 million with an interest rate of 19.75 %	6 759 960	6 118 142
Represented in the amount used from the credit facilities granted to the Company by one of the banks with a total amount of L.E. 80 million with an interest rate of 0.75 % above average CORRIDOR rate.	3 905 936	3 771 836
	12 134 573	10 400 791

- For more information about the Group's exposure to interest rate, foreign currency, liquidity risks see note No. (58).

43- Suppliers, subcontractors & notes payable

	31/3/2018 USD	31/12/2017 USD
Sundry suppliers	20 494 210	11 716 679
Deferred payments to subcontractors	365 671	339 981
Notes payable	640 290	994 056
	21 500 171	13 050 716

- The Group's exposure to foreign currency and liquidity risk related to suppliers are disclosed in note No. (58).

44- Policyholders rights

	31/3/2018 USD	31/12/2017 USD
Technical provisions for individual insurance	48 594 288	-
Technical provisions for property and casualty insurance	12 306 952	-
Policyholders rights associated with investment units	569 164	-
	61 470 404	-

45- Creditors & other credit balances

	31/3/2018 USD	31/12/2017 USD
Customers - advance payments	36 900 268	33 900 541
Accrued expenses	27 697 712	27 304 464
Egyptian General Petroleum Corporation	20 110 928	16 964 813
Insurance & reinsurance companies	4 702 576	-
Credit policyholders	600 400	-
Deposits to others	6 490 248	6 063 140
Corporate tax	18 942 069	19 884 989
Income tax payable	7 494 975	-
Installments under collection	3 868 357	3 628 982
Deferred revenue – current portion	-	4 155
Sundry creditors	4 472 516	4 565 770
Other credit balances	21 782 895	9 389 998
	153 062 944	121 706 852

- The Group's exposure to foreign currency and liquidity risks related to creditors are disclosed in note No. (58).

46- Operating revenues

	The three-month ended 31/3/2018 USD	The three-month ended 31/3/2017 USD
Gas supplies activity revenues	18 053 783	13 158 100
Communication & geographic maps activity revenue	68 011	9 144
Agencies activity revenue	348 854	473 990
Chemicals & plastic activity revenue	32 975 809	32 905 486
Cooling technology by natural gas activity revenue	165 148	445 170
Fertilizers activity revenue	44 919 426	49 674 676
Drilling activity and petroleum services revenue	8 569 907	-
Insurance activity revenue	7 776 241	-
	112 877 179	96 666 566

47- Operating costs

	The three-month ended 31/3/2018 USD	The three-month ended 31/3/2017 USD
Gas supplies activity cost	9 830 669	8 944 349
Communication & geographic maps activity cost	23 832	12 036
Agencies activity cost	179 938	319 567
Chemicals & plastic activity cost	23 051 116	20 570 621
Cooling technology by natural gas activity cost	121 184	335 690
Fertilizers activity cost	33 071 688	34 843 374
Drilling activity and petroleum services cost	3 668 532	-
Insurance activity cost	6 007 335	-
	75 954 294	65 025 637

48- Income from investment activity

	The three-month ended 31/3/2018 USD	The three-month ended 31/3/2017 USD
Gain on acquisition of subsidiaries	348 088	-
Gain on sale of held for trading investments	-	17 158
Income from held for trading investments	57 916	5 164
Unrealized gain on held for trading investments	172 507	193 365
Income from available -for- sale investments	607 452	5 029 804
Income from treasury bills	2 358 875	484 241
Income from governmental bonds	1 227 595	1 346 078
	4 772 433	7 075 810

49- Other Income

	The three-month ended 31/3/2018 USD	The three-month ended 31/3/2017 USD
Provisions no longer required	-	10 693
Reversal of impairment loss on intangible assets(note No.16)	-	3 000 000
Capital gains	347	998 189
Income from investment properties	6 746	-
Other	657 025	162 500
	664 118	4 171 382

50- Selling & distribution expenses

	The three-month ended 31/3/2018 USD	The three-month ended 31/3/2017 USD
Cooling technology by natural gas activity's selling & distribution expenses	23 740	21 478
Chemicals & plastic activity's selling & distribution expenses	1 221 311	764 658
Phosphate fertilizers activity's selling & distribution expenses	78 709	72 679
	1 323 760	858 815

51- Other expenses

	The three-month ended 31/3/2018 USD	The three-month ended 31/3/2017 USD
Provisions formed	474 617	1 659 193
Impairment loss on debtors	136 066	-
	610 683	1 659 193

52- Net financing income (cost)

	The three-month ended 31/3/2018 USD	The three-month ended 31/3/2017 USD
Financing income		
Interest income	7 962 917	6 538 918
	7 962 917	6 538 918
Financing costs		
Financing expenses	(2 734 976)	(2 883 663)
Foreign exchange translation difference	(106 288)	(1 379 627)
	(2 841 264)	(4 263 290)
Net financing income	5 121 653	2 275 628

53- Income tax expense

	The three-month ended 31/3/2018 USD	The three-month ended 31/3/2017 USD
Current income tax expense	7 494 975	7 848 252
Deferred income tax benefit	(620 731)	(713 840)
	6 874 244	7 134 412

54- Earnings per share

The calculation of earnings per share for the financial period ended March 31, 2018 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the period as follows:

Profit attributable to equity holders

	The three-month ended 31/3/2018 USD	The three-month ended 31/3/2017 USD
Net profit for the period attributable to equity holders of the Parent Company	25 378 885	22 383 213
Employees' share in profit	(6 775)	(13 481)
Board of directors' emoluments of the Parent company	-	-
Employees & board of directors' share in profit in subsidiaries and associates	(3 062 276)	(1 023 158)
Shareholders' share in net profit of the period	22 309 834	21 346 574
Weighted average number of shares outstanding during the period	1 005 382 577	997 121 957
Earnings per share (US cent / Share)	2,22	2,14

Weighted average number of shares outstanding during the period:-

	The three-month ended 31/3/2018 USD	The three-month ended 31/3/2017 USD
Issued shares at the beginning of the period	997 121 957	975 658 258
Effect of issuance of bonus shares to finance the incentive shares)	27 319 213	48 782 912
	1 024 441 170	1 024 441 170
Effect of issuance of incentive shares	(18 371 324)	(27 319 213)
Effect of re purchase stocks (Treasury shares)	(687 269)	-
Weighted average number of shares outstanding during the period	1 005 382 577	997 121 957

55- Incentive and bonus plan of the Parent Company's employees and directors

- On September 11, 2014, the extra - ordinary general assembly unanimously agreed to approve the incentive & bonus plan of the Company's employees and managers and executive board of directors members, through the allocation of 48 782 912 shares, at a percentage of 5% of its total shares issued till December 31, 2014 to apply the incentive and bonus plan through one of the following:-
  - Issuance of new shares through capital increase or by transferring from reserve or part thereof or retained earnings to shares by which the value of issued capital is increased.
  - Transfer of treasury shares to incentive and bonus plan and to be financed from reserves.
- On November 12, 2014, the Egyptian Financial Supervisory Authority approved applying the incentive & bonus plan of the Company's employees and board of directors members, which includes granting the Company's shares to the board members, managing directors, sectors 'heads , general managers and the other employees in the Company or its subsidiaries (equity settled share-based payments) according to the level of the Company's or individuals' economic performance pursuant to the shareholders , and the terms and conditions stated in the said plan.

- On June 11, 2015, the ordinary general assembly of the Company approved by the majority of votes to transfer part of the retained earnings as shown in the consolidated financial statements for the financial year ended at December 31, 2014, that were approved by the shareholder's' ordinary general assembly held on March 22, 2015 to 48 782 912 bonus shares with an amount of USD 12 195 728 for the purpose of financing the incentive & bonus plan of the Company's employees and managers and executive board of directors members, that has been approved by the Egyptian Financial Supervisory Authority on November 12, 2014. Annotation to the effect of such increase was made on the Company's commercial register on September 13, 2015.
- On September 16, 2015 the Listing committee of the Egyptian stock exchange approved listing the incentive shares to finance the incentive and bonus plan for employees and board members. On October 5, 2015, the incentive shares 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 belong to 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 payment arrangements in the consolidated income statement with a total amount of USD 17 561 848 and a corresponding increase with the same amount included in the equity caption under the item amount set aside for share-based payments transactions. The beneficiary may dispose of the shares only after the lapse of three years from the date of share transfer to him. During 2016, the beneficiary shall be entitled to receive 100 % of total dividends and exercise the right of voting on the resolutions of the Company.

  Details of beneficiaries of the plan and the granting conditions of the shares to them are as follows:

The Allottee	Grant date	Number of shares	Fair value of share at grant date US cent	Exercise Price US cent	Conditions
The executive members of the Board of Directors and the senior managers	June 9, 2016	48 782 912	36	-	- The Company achieves increase in net profit by 15% annually - Increase in the company's share price in the Egyptian Stock Exchange by 15% annually

- On February 27, 2017, the Supervision Committee of the incentives and bonus plan unanimously agreed to grant 21 463 699 shares to the beneficiaries of the plan while the methods of granting the remaining shares of the incentive plan and who deserve them shall be discussed in its upcoming meetings. On March 29, 2017, the ownership of such shares was transferred to the beneficiaries. Accordingly the available shares pertaining to incentives and bonus plan became 27 319 213 shares. The remaining shares of the plan_were not allocated or granted during the year till authorizing the consolidated financial statements for issuance.

- 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 the value of the remaining shares allocated to the first criterion for the growth of the company's profits amounted to 24 391 456 shares. The Company also decided to unanimously approve the granting of a number of 6 015 132 shares to the beneficiaries of the second standard for increasing the share price of the Company on the Egyptian exchange by 15% per annum amounting to 24 391 456 shares.

- On March 29, 2018, the shares were transferred to the beneficiaries. The bonus and incentive system shares are now available at 18 376 324 shares.

56- Controlled entities

Material subsidiaries are represented in the following:

Subsidiary name	Country Of Incorporation	Ownership 31/3/2018 %	Ownership 31/12/2017 %
National Gas Company (NATGAS) S.A.E	Egypt	83,97	83.97
Al Nubaria for Natural Gas Company S.A.E	Egypt	83,97	83.97
Globe Telecom Company S.A.E	Egypt	99.93	99.93
International Financial Investments Company S.A.E under Private Free Zones System	Egypt	99.99	99.99
Ekuity Holding International - Limited by Shares	Cayman Islands	100	100
Al Watania for Electric Technology Company (Kahraba) S.A.E	Egypt	91.95	91.95
Cooling Technology by Natural Gas Company (Gas Chill) S.A.E	Egypt	85.99	85.99
Sprea Misr for Production of Chemicals & Plastics Company S.A.E	Egypt	100	100
Egyptian Company for Petrochemicals S.A.E	Egypt	99.2	99.2
Fayoum Gas Company S.A.E	Egypt	77.99	77.99
Solidarity Group	United Arab of Emirates	100	100
National Energy Co - S.A.E	Egypt	99.99	99.99
Middle East for River Transport Co.- S.A.E under Private Free Zones System	Egypt	99.99	99.99
Alexfert Investments- Limited Liability Co. (***)	Cayman Islands	-	-
Bawabat Al Kuwait Holding Company – S.A.K (*)	Kuwait	51.45	49.75
Alex Fert Co. (Abou Quir) - under the Public Free Zones System	Egypt	42.64	42.64
International Petrochemicals Investments Company - under the private Free Zones System (**)	Egypt	50.02	50.02
International Logistics Company – L.L.C. (**)	Kuwait	49.75	49.75
Magnida Holding LP Co. (**)	Cayman Islands	50.02	50.02
IPIC Global Co. (**)	Cayman Islands	50.02	50.02
EKHO for Agriculture Development Co.	Egypt	100	100
Henosis for Construction & Real-Estate Development Co.	Egypt	99.99	99.99
Capital Investment Limited Luxembourg	Luxembourg	99.99	99.99
EKHO for Industrial Development Co	Egypt	100	100
OGI CAPITAL - Limited Liability Co. at the Jebel Ali Free Zone	United Arab of Emirates	100	100
NSCO INVESTMENT LIMITED ****	Cayman Islands	99.997	99.997
Delta Insurance Co.	Egypt	55.4	-
El Shorouk for melamine & resins Co.	Egypt	77.33	-

- The consolidated financial statements as at March 31, 2018 did not include some subsidiaries of the Group which are working in the energy field because of loss of control over them during 2016 .

(*) Starting from April 1st, 2012, the investments in Bawabat Al Kuwait Holding Company and its subsidiaries (International Logistics Company, Alex Fert Co. "Abou Quir", International Petrochemicals Investments Company, Magnolia Holding LP Co., IPIC Global Co. Magnolia Energy Infrastructure LP Co. and Magnolia Idaho Nitrogen Co.) have been accounted for as subsidiaries of the Group instead of accounting for them as associates despite the fact that the Group has no more than 50% of their voting powers and this was because the Group has de- facto control over the financial and operating policies of Bawabat Al Kuwait Holding Company by the Group as the Group is the main shareholder in it and has half of the board of directors members of Bawabat Al Kuwait and one of its members works as the vice president and the managing director of Bawabat Al Kuwait, who stated to exercise his executive duties as from April 1st, 2012 and this matter has put the management contract of Bawabat Al Kuwait concluded with one of the Group's companies which is wholly owned by the Parent Company into effect. In addition, the smallness of contributions percentages in equity and the distribution of the non-controlling interests in the share capital significantly.

During the period, the Company acquired additional stake of 1.7 % in the share capital of Bawabat Al Kuwait Holding Company K.S.C. with an amount of USD 4 632 400. The resulting loss on acquisition amounted to USD 620 811 and was recognized in equity as the transaction is considered a transaction among shareholders of the Company. The company is currently consolidated based on control and voting rights.

(**) During year 2012, the Group through, IPIC Global Co. – a subsidiary and its subsidiaries acquired 99 % in the share capital of Magnida Idaho Nitrogen (formerly Southeast Idaho Energy) in the United States of America of an amount of USD 3 million, which owns water rights of an amount of USD 3 million at the acquisition date, for the purpose of constructing a plant for producing fertilizers using Nitrogen extracted from an area near American Falls, Idaho.

On November 6, 2014, the Board of Directors of the subsidiary Company has decided that the fertilizers project is economically infeasible and has decided not to expend any further amounts other than the amounts already paid of USD 38 980 650. This decision was taken as a result of the decrease of the IRR due to the significant change in the investment cost of the project. Accordingly, the impairment testing for this investment was made on that date and it was concluded that the value of investment is impaired in full as follows :-

	Note No.	USD
Impairment losses related to Nitrogen fertilizers project		
Impairment losses on projects under construction	(13)	14 471 667
Impairment losses on intangible assets	(16)	-
Total impairment losses related to Nitrogen fertilizers project		**14 471 667**

During the year 2017, the full water rights were sold, all obligations due from the Company were fulfilled, and all licenses of the project were expired. It was agreed with the General Partner to take all necessary legal procedures for winding down the Company legally. As the Company is a limited partner in this project, there is not any probable obligation expected to be assumed.

(***) During 2016 the management of the Group has agreed to the offer to sell the shares owned by it in this company, As a result, Alexfert Investments Co's assets and liabilities were re-classified as non-current assets held for sale as mentioned in detail in note No. (27) & (54).

(****) During August, 2017 NSCO Investment Limited was established in partnership with MOG Energy co. with the aim of acquiring a stake of 40% in TONS' Co's capital. This stake was acquired free of charge and this investment was initially classified as investments in associates. During November, 2017 the subscription of the capital increase of NSCO INVESTMENT LIMITED was underwriting and the Company has subscribed to the entire amount of the increase of USD 20 million. On December 18, 2017 the increase was fully paid and registered in the shareholders' register. The carrying amount of the investment did not differ on its fair value on the date of acquisition in accordance with the study made in this regard.

57- Transactions with related parties

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

- The Group has agreed with Abu Qir Fertilizers and Chemical Industries Company on signing rental contracts for a plot of land to construct the factory on it, a contract for a building to use it as a temporary headquarter for the Company's management and a contract for a plot of land to construct the water station. The Company has also agreed on signing a contract for using its sea and land facilities for exporting amounts of the produced ammonia.

- On February 28, 2017, the board of directors of the Parent Company unanimously decided to set an amount of 5% of the annual profits to the chairman and managing director of the Company. The decision is effective from the 2016 results and decided to grant part of the said amount to the employees. The said amount will be set and granted from the board of directors' bonuses of subsidiaries.

58- Financial instruments

58-1 Credit risk

Exposure to credit risk

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

	Note No.	31/3/2018 USD	31/12/2017 USD
Property, plant and equipment selling receivables	(18)	31 342	41 020
Held to maturity financial assets	(9)	231 941 996	219 847 548
Due from Egyptian General Petroleum Corporation	(10)	1 675 589	2 802 262
Investments in treasury bills	(21)	6 407 258	25 889 359
Financial assets at fair value through profit and loss – Governmental bonds	(22)	11 406 287	15 024 540
Trade receivables	(23)	49 945 833	42 854 978
Cash & cash equivalents	(20)	321 749 751	224 553 758
		623 158 056	531 013 456

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

	31/3/2018 USD	31/12/2017 USD
Governmental customers	1 925 589	2 903 393
Retail customers	17 501 650	13 786 989
End user customers	26 200 309	22 517 325
Export customers	5 993 874	6 449 533
	51 621 422	45 657 240

58-2 Impairment losses

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

	31/3/2018		31/12/2017	
	Balance USD	Impairment losses USD	Balance USD	Impairment losses USD
Not past due	-	-	-	-
Past due 1-30 days	30 154	-	21 454	-
Past due 1-3 month	6 135 792	-	5 159 963	-
Past due 3-12 month	38 900 165	-	32 946 347	-
More than one year	6 555 311	160 996	7 529 476	130 821
	51 621 422	160 996	45 657 240	130 821

Impairment loss amounting to USD 160 996 as at March 31, 2018 was basically attributable to chemicals & plastic and telecommunications and gas customers.

58-3 Liquidity risk

The following are the contractual maturities of financial liabilities:

March 31, 2018

	Carrying amount USD	6 months or less USD	6-12 months USD	1-2 years USD	2-5 years USD	More than 5 years USD
Secured bank loans & facilities	17 173 881	2 255 845	9 446 369	5 471 667	-	-
Unsecured bank facilities	105 660 332	105 660 332	-	-	-	-
Suppliers & subcontractors	21 500 171	19 804 069	1 696 102	-	-	-
Egyptian General Petroleum Corporation	37 210 066	20 110 928	10 139 407	6 959 731	-	-
	181 544 450	147 831 174	21 281 878	12 431 398	-	-

December 31, 2017

	Carrying amount USD	6 month or less USD	6-12 month USD	1-2 years USD	2-5 years USD	More than 5 years USD
Secured bank loans & facilities	44 165 773	10 678 030	14 880 000	9 607 743	9 000 000	-
Unsecured bank facilities	86 315 072	73 115 072	3 800 000	7 600 000	1 800 000	-
Suppliers & subcontractors	13 050 716	11 130 369	1 920 347	-	-	-
Egyptian General Petroleum Corporation	49 499 724	41 927 691	7 572 033	-	-	-
	193 031 285	136 851 162	28 172 380	17 207 743	10 800 000	-

58-4 Currency risk

Exposure to currency risk

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

March 31, 2018

Description	USD	L.E	K.W.D	EURO	GBP
Cash at banks & on hand	253 434 443	1 206 559 213	-	405 846	-
Held to maturity financial assets	130 165 439	1 795 338 465	-	-	-
Investment in treasury bills	-	113 024 031	-	-	-
Debtors	2 668 053	589 223 617	-	-	-
Due from Egyptian General Petroleum Corporation	-	29 557 390	-	-	-
Trade & notes receivables	960 667	791 993 402	-	373 580	-
Secured bank loans	(17 058 175)	(2 041 045)	-	-	-
Unsecured bank facilities	(93 372 494)	(108 378 730)	-	-	-
Due to Egyptian General Petroleum Corporation	-	(656 385 546)	-	-	-
Trade payables	(8 399 395)	(127 096 369)	-	(5 028)	-
Creditors	(38 544 542)	(648 078 933)	-	(3 294 864)	-
Net exposure	229 853 996	2 983 715 495	-	(2 520 466)	-

December 31, 2017

Description	USD	L.E	K.W.D	EURO	GBP
Cash at banks & on hand	169 397 637	958 528 010	2 439	1 091 861	93 318
Held to maturity financial assets	77 326 039	1 018 124 833	-	-	-
Investment in treasury bills	-	1 967 799 865	-	-	-
Debtors	72 249 155	557 948 046	-	-	-
Due from Egyptian General Petroleum Corporation	-	49 684 111	-	-	-
Trade & notes receivables	22 440 338	622 851 001	-	772 724	7 642
Secured bank loans	(44 002 907)	(2 887 630)	-	-	-
Unsecured bank facilities	(79 931 223)	(113 185 648)	-	-	-
Due to Egyptian General Petroleum Corporation	-	(877 630 107)	-	-	-
Trade payables	(10 153 172)	(51 143 491)	-	(10 894)	-
Creditors	(38 457 911)	(518 204 142)	(1 970)	(2 645 210)	-
Net exposure	**168 867 956**	**3 611 884 848**	**469**	**(791 519)**	**100 960**

The following exchange rates applied during the period:

	Average exchange rate during the period ended		Spot rate	
USD	31/3/2018	31/3/2017	31/3/2018	31/12/2017
L.E	17.67	17.77	17.64	17.73
K.W.D	.3	0.3053	.3	.30225
EURO	.826	0.945	.81235	.8399
GBP	.7399	0.8102	.7115	.7399
AED	3.67	3.6761	3.67	3.670

58-5 Interest rate risk

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

	Carrying amount	
	31/3/2018	31/12/2017
	USD	USD
Fixed rate instruments		
Financial liabilities	12 496 626	3 965 670
	12 496 626	3 965 670
Variable rate instruments		
Financial liabilities	109 658 480	117 770 836
	109 658 480	117 770 836

The Group does not account for any fixed rate financial assets and liabilities at fair value through consolidated income statement and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the consolidated financial statements date would not impact the consolidated income statement

58-6 Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follow:

	31/3/2018		31/12/2017	
	Carrying Amount USD	Fair value USD	Carrying Amount USD	Fair value USD
Available for sale investments	31 635 868	31 635 868	28 860 567	28 860 567
Held to maturity financial assets	231 941 996	231 941 996	219 847 548	219 847 548
Due from Egyptian General Petroleum Corporation	1 675 589	1 675 589	2 802 262	2 802 262
Debtors	123 259 782	123 259 782	103 718 306	103 718 306
Cash and cash equivalents	322 500 723	322 500 723	224 894 312	224 894 312
Investments in treasury bills	6 407 258	6 407 258	25 889 359	25 889 359
Financial assets at fair value through profit or loss	11 406 287	11 406 287	15 024 540	15 024 540
Trade& notes receivable	62 686 251	62 686 251	58 500 466	58 500 466
Secured bank loans	(17 173 881)	(17 173 881)	(44 165 773)	(44 165 773)
Unsecured bank facilities	(105 660 332)	(105 660 332)	(86 315 072)	(86 315 072)
Suppliers & subcontractors	(21 500 171)	(21 500 171)	(13 050 716)	(13 050 716)
Due to Egyptian General Petroleum Corporation	(17 099 138)	(17 099 138)	(32 534 911)	(32 534 911)
Creditors	(88 464 964)	(88 464 964)	(60 501 847)	(60 501 847)
Other long-term liabilities	(857 170)	(857 170)	(290 197)	(290 197)
	540 758 098	540 758 098	442 678 844	442 678 844

The basis for determining fair values is disclosed in note No. (2) above.

59- Capital commitments

Total capital commitments amounted to USD 3.785 million as at March 31, 2018 represented in the amount of contributions in long – term investments which have not been requested to be paid till the consolidated balance sheet date (2017: USD 3.78).

60- Contingent liabilities

In addition to amounts provided for in the consolidated statement of financial position, there are contingent liabilities as at March 31, 2018 totaled USD 14. 8 million (2017: USD 17.15 million) represented in the following:

- Uncovered letters of credit amounting to USD 6 501 229 (2017: USD 7 075 824).
- Letters of guarantee issued by banks on the account of the Group and in favor of others amounting to USD 8 321 791 (2017: USD 10 077 426).
- Due to the delay in the execution of the contract concluded between one of the subsidiaries and one of its customers on October 12, 2009 the customer filed a lawsuit against the Company claiming for a compensation due to the said delay and subject matter is still considered before the court. The court issued in ruling to the effect of referring the lawsuit again to the Experts office and a session to consider the said lawsuit was determined to be held on June 18, 2014 then it was postponed several times till March 2018, Based on the legal advisor's opinion, it is probable that the court shall issue its judgment in favor of the Company, in addition the claim of the customer to amend the contract value in proportion with the actual cost of the said project.

61- Tax status

The following is a summary of the tax position of the Company:

Corporate profit tax

- The Company enjoyed a tax exemption for 5 years according to Investment Law No. 8 of 1997 and ended on December 31, 2003.
- Tax inspection for corporate profit tax from inception till 2004 was carried out and the resulting tax differences were settled.
- Years from 2005 till 2008 The Company's records were not requested for inspection within the determined sample by the Tax Authority till authorizing of these financial statements for issuance.
- 2009 is currently inspected.
- Years from 2010 till 2016 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.
- The annual tax returns are submitted on due date according to the provisions of Law No. 91 of 2005.

Salary tax

- The tax inspection for salary tax for the period from inception till 2006 was carried out and the final assessment was determined and resulting differences were settled.
- The tax inspection for years from 2007 till 2013 was carried out and the final assessment was made and the Company settled the resulting differences.
- The tax inspection for years 2014 till 2016 was carried out and the company settled the resulting differences and the settlement is currently in process.
- Monthly withheld taxes are settled on due dates.

Stamp tax

- Inspection for the stamp tax for the period from the beginning of activity till 31/7/2006 was carried out and the final assessment was made and the Company settled the resulting differences.
- The due tax are settled on due dates.

Property tax

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