Translation from Arabic

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated Financial Statements
For The Financial Period Ended March 31, 2016

And Review Report

Translation from Arabic

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KPMG

Hazem Hassan
Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza - Cairo - Egypt

Telephone : (202) 35 36 22 00 - 35 36 22 11
Telefax : (202) 35 36 23 01 - 35 36 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahram

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, 2016 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

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 27.15 million which does not have a matching obligation out of which, an amount of approximately USD 4.71 million has been carried forward from previous years and the remaining amount of approximately USD 22.44 million has been formed during the current period. The aforementioned matter has led to a reduction in net profit for the period with an amount of approximately USD 22.44, an increase in the provisions balance as at March 31, 2016 by approximately USD 27.15 million and a decrease in equity attributable to owners of the Company balance by approximately USD 27.15 million. We have issued a qualified auditor's report on the consolidated financial statements for the year ended on December 31, 2015 for the same reason.

(2) Starting from 2012, the Company's management accounts for some available-for-sale investments through the early adoption of the International Financial Reporting Standard No. (9) *"Financial Instruments"* despite the fact that accounting for such investments should be made in accordance with the Egyptian Accounting Standard No. (26) *"Financial Instruments: - Recognition and Measurement"*, the said matter has resulted in an increase in the balance of retained earnings with an amount of approximately USD 179.48 million, the decrease of the fair value reserve balance with an amount of approximately USD 178.36 million and also an increase in the net profit attributable to the equity holders of the Company for the period with an amount of USD 1.12 million. We have previously issued a qualified report on the audit of the consolidated financial statements for the financial year ended as at December 31, 2015, for the same reason.

Qualified Conclusion

Based on our review on the consolidated financial statements of Egypt Kuwait Holding Company, with the exception of the effect of the matters described in paragraphs (1) & (2) in the Basis for Qualified Conclusion, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do no present fairly in all material respects, the consolidated financial position of Egypt Kuwait Holding Company as at March 31, 2016 and of its financial performance and its cash flows for the three-month then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo, May 19, 2016

Egypt Kuwait Holding Company

(An Egyptian Joint Stock Company)

Consolidated Statement of Financial Position

As at March 31, 2016

	Note No.	31/3/2016 USD	31/12/2015 USD
Assets			
Non-current assets			
Equity - accounted investees	(7)	139 844 223	155 057 733
Available -for- sale investments	(8)	122 262 029	115 930 389
Egyptian General Petroleum Corporation	(9-1)	-	11 401
Property, plant and equipment (net)	(10)	251 774 137	267 486 929
Exploration & development assets	(11)	-	93 594 442
Projects under construction	(12)	11 232 550	10 646 031
Goodwill	(13)	70 699 576	75 612 858
Other intangible assets (net)	(14)	25 095 132	27 307 394
Other debtors	(15)	192 923	225 224
Notes receivable		34 930	2 558
Total non-current assets		621 135 500	745 874 959
Current assets			
Cash at banks & on hand	(17)	316 376 851	396 867 046
Investment in treasury bills	(18)	47 571 685	6 044 646
Financial assets at fair value through profit and loss	(19)	107 496 191	112 495 674
Trade & notes receivable	(20)	37 088 060	69 566 932
Egyptian General Petroleum Corporation	(9-1)	12 841 195	14 132 102
Debtors & other debit balances	(21)	112 298 816	138 509 968
Inventories	(22)	50 845 419	67 846 708
Work in progress	(23)	6 906 103	8 395 895
Total current assets		691 424 320	813 858 971
Total assets		1 312 559 820	1 559 733 930
Equity			
Issued & fully paid up capital	(24)	256 110 292	256 110 292
Legal reserve	(25)	123 559 511	121 957 282
Special reserve - share premium	(26)	57 954 547	57 954 547
General reserve	(27)	8 380 462	8 380 462
Fair value reserve	(28) , (8)	(174 686 865)	(175 271 701)
Retained earnings		286 662 373	299 919 262
Foreign currency translation differences of foreign operations	(29)	(65 994 100)	(47 179 262)
		491 986 220	**521 870 882**
Non-controlling interests	(30)	233 486 703	269 784 026
Total equity		725 472 923	791 654 908
Non-current liabilities			
Long - term loans & bank facilities	(31)	98 323 884	123 097 749
Other long-term liabilities	(32)	718 055	833 980
Egyptian General Petroleum Corporation	(9-2)	-	581 332
Provisions	(34)	-	4 070 000
Deferred tax liabilities	(33)	28 822 580	29 721 891
Total non-current liabilities		127 864 519	158 304 952
Current liabilities			
Provisions	(34)	37 438 173	13 827 109
Bank overdraft	(35)	44 661 480	42 735 150
Short term loan installments & bank facilities	(36)	120 143 618	216 757 972
Suppliers & subcontractors	(37)	14 419 947	83 576 453
Egyptian General Petroleum Corporation	(9-2)	61 763 722	47 416 032
Dividends payable		25 429 402	1 037 946
Creditors & other credit balances	(38)	155 366 036	204 423 408
Total current liabilities		459 222 378	609 774 070
Total liabilities		587 086 897	768 079 022
Total equity and liabilities		1 312 559 820	1 559 733 930

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

Group Chief Financial Officer	Senior Executive Vice President	Board Member	Managing Director	Chairman & Managing Director
Medhat Hamed Bonna	Sahar Hassan Farahat	Ayman Ibrahim Laz	Sherif Al Zayat	Moataz Adel Al- Alfi

*Review Report " attached "
KPMG Hazem Hassan

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)
Consolidated Income Statement
For the financial period ended March 31, 2016

Continuing operations	Note No.	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Operating revenues	(39)	95 493 127	60 174 898
Operating costs	(40)	(66 826 949)	(46 461 421)
Gross profit		**28 666 178**	**13 713 477**
Income from investment activity	(41)	8 080 679	7 290 124
Other income	(42)	33 376 096	4 357 624
Selling & distribution expenses	(43)	(2 790 938)	(1 717 531)
General & administrative expenses		(5 952 953)	(5 742 871)
Other expenses	(44)	(22 488 111)	(58 050)
Operating profit		**38 890 951**	**17 842 773**
Financing income		6 422 937	4 366 063
Financing costs		(2 882 508)	(3 438 418)
Net financing income	(45)	3 540 429	927 645
Share of profit of associates		1 093 946	1 932 779
Net profit for the period before income tax		**43 525 326**	**20 703 197**
Income tax expense	(46)	(5 573 463)	(3 079 202)
Net profit for the period from continuing operation		**37 951 863**	**17 623 995**
Discontinued operations			
losses from discontinued operation (net of income tax)	(47)	(10 948 951)	(1 861 604)
Losses from discontinued operation of non-controlling interest	(47)	-	(2 395 431)
Net profit for the period		27 002 912	13 366 960
Net profit attributable to:			
Owners of the Company		21 831 630	15 033 139
Minority interests	(30)	5 171 282	(1 666 179)
Net profit for the period		27 002 912	13 366 960
Earnings per share (US cent / Share)	(48)	2.24	1.54
Earnings per share (US cent / Share) from continuing operation	(48)	3.36	1.86

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

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)
Consolidated Statement of Comprehensive Income
For the financial period ended March 31, 2016

	Note No.	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Net profit for the period		27 002 912	13 366 960
Other comprehensive income items			
Net change in fair value of financial assets at fair value through other comprehensive income	(28)	549 170	(12 602 681)
Foreign currency translation difference of foreign operations	(29)	(21 362 613)	(7 216 579)
Total other comprehensive income items for the period before income tax		**(20 813 443)**	**(19 819 260)**
Income tax related to other comprehensive income items		-	-
Total other comprehensive income for the period after income tax		**(20 813 443)**	**(19 819 260)**
Total comprehensive income for the period		**6 189 469**	**(6 452 300)**
Total comprehensive income for the period attributable to:			
Owners of the Company		3 601 628	(1 532 766)
Non-controlling interests		2 587 841	(4 919 534)
Total comprehensive income for the period		**6 189 469**	**(6 452 300)**

* **The accompanying notes on pages from (6) to (64) 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
As at March 31, 2016

	Note No.	Share capital USD	Legal reserve USD	Special reserve - Share premium USD	General reserve USD	Fair value reserve USD	Cumulative translation adjustments USD	Retained earnings USD	Treasury Shares USD	Total USD	Non-controlling interests USD	Total equity USD
		Attributable to equity holders of the Company										
Balance as at January 1, 2015		243 914 564	121 957 282	57 954 547	8 380 462	(143 723 798)	(43 719 971)	590 484 370	(7 121 774)	828 125 682	435 351 602	1 263 477 284
Change in equity during the period												
Dividends distribution for shareholders		-	-	-	-	-	-	(27 101 618)	-	(27 101 618)	-	(27 101 618)
Dividends distribution for employees and board members		-	-	-	-			(10 568 815)	-	(10 568 815)	-	(10 568 815)
Loss on acquisition of non-controlling interests		-	-	-	-	-		(174 386)	-	(174 386)	-	(174 386)
Non-controlling interests		-	-	-	-	-	-	-	-	-	(2 759 796)	(2 759 796)
Comprehensive income for the period												-
Net profit for the period		-	-	-	-	-	-	15 033 139		15 033 139	(1 666 179)	13 366 960
Net change in fair value of financial assets at fair value through other comprehensive income		-	-	-	-	(11 117 187)	-	-	-	(11 117 187)	(1 485 494)	(12 602 681)
Cumulative translation adjustments		-	-	-	-	-	(5 448 718)	-	-	(5 448 718)	(1 767 861)	(7 216 579)
Total comprehensive income		-	-	-	-	(11 117 187)	(5 448 718)	15 033 139	-	(1 532 766)	(4 919 534)	(6 452 300)
Balance as at March 31, 2015		243 914 564	121 957 282	57 954 547	8 380 462	(154 840 985)	(49 168 689)	567 672 690	(7 121 774)	788 748 097	427 672 272	1 216 420 369
Balance as at January 1, 1016		256 110 292	121 957 282	57 954 547	8 380 462	(175 271 701)	(47 179 262)	299 919 262	-	521 870 882	269 784 026	791 654 908
Change on equity during the period												
Amounts transferred to legal reserves	(25)	-	1 602 229	-	-	-	-	(1 602 229)	-	-	-	-
Dividends to distribution for shareholders		-	-	-	-	-	-	(24 391 456)	-	(24 391 456)	-	(24 391 456)
Dividends distribution to employees and board members		-	-	-	-	-	-	(9 094 834)	-	(9 094 834)	-	(9 094 834)
Loss on sale of treasury shares		-	-	-	-	-	-	-	-	-	-	-
Set aside amount for financing the incentive and bonus plan	(49)	-	-	-	-	-	-	-	-	-	-	-
Non-Controlling interests	(30)	-	-	-	-	-	-	-	-	-	(38 885 164)	(38 885 164)
Comprehensive income for the period		-	-	-	-	-	-	-	-	-	-	-
Net profit for the period		-	-	-	-	-	-	21 831 630	-	21 831 630	5 171 282	27 002 912
Net change in fair value of financial assets at fair value through other comprehensive income	(28)	-	-	-	-	584 836	-	-	-	584 836	(35 666)	549 170
Cumulative translation adjustments	(29)	-	-	-	-	-	(18 814 838)	-	-	(18 814 838)	(2 547 775)	(21 362 613)
Total comprehensive income		-	-	-	-	584 836	(18 814 838)	21 831 630	-	3 601 628	2 587 841	6 189 469
Balance as at March 31, 2016		256 110 292	123 559 511	57 954 547	8 380 462	(174 686 865)	(65 994 100)	286 662 373	-	491 986 220	233 486 703	725 472 923

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

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated Statement of Cash Flows
For the financial period ended March 31, 2016

	Note No.	The three- month ended 31/3/2016 USD	The three- month ended 31/3/2015 USD
Cash flows from operating activities			
Net profit (loss) for the period before income tax		43 525 326	20 703 197
Adjustments for:			
Depreciation & amortization of property, plant and equipment and other non-tangible assets	(10) , (14)	7 133 891	7 446 706
Exploration & development assets depletion		-	5 136 753
Company's share of profits of associates	(7)	(1 093 946)	(1 932 779)
Unrealized gain on held for trading investments	(41) , (19)	(1 065 199)	(573 118)
Accrued interest & financing expenses		2 882 508	3 438 418
Interest income		(3 539 033)	(3 799 220)
Gain on sale of fixed assets		(68 879)	(16 204)
Provisions no longer required	(34)	(12 469)	(4 153 766)
Provisions other than depreciation	(34)	22 488 111	-
Reversal of impairment loss on debtors and other debit balances		(33 086 991)	-
Impairment loss on debtors and other debit balances		-	58 050
Loss of disposal of discontinued operations	(47)	(10 948 951)	(4 257 035)
Operating profit before changes in assets & liabilities available from operating activities		**26 214 368**	**22 051 002**
Change in financial assets at fair value through profit and loss		6 064 682	(36 166 351)
Change in trade & notes receivable		(9 183 657)	3 572 183
Change in debtors & other debit balances		(8 863 868)	(9 179 160)
Change in inventories		3 033 865	4 271 440
Change in work in progress		1 489 792	(3 749 018)
Change in suppliers & subcontractors		3 507 860	5 581 626
Change in creditors & other credit balances		(8 682 435)	20 549 357
Change in Egyptian General Petroleum Corporation		13 766 358	4 605 466
Change in blocked deposits		13 096 476	31
Provisions used		-	(212 868)
Interest & financing expenses paid		(2 905 832)	(4 795 055)
Net change in assets of unconsolidated subscription due to loss of control		(39 363 876)	-
Net cash available from (used in) operating activities		**(1 826 267)**	**6 528 653**
Cash flows from investing activities			
Interest income received		2 962 812	3 720 841
Payments for acquisition of fixed assets & projects under construction		(1 555 779)	(1 451 610)
Payments for acquisition of exploration & development assets		-	(18 253 142)
Proceeds from sale of fixed assets		60 087	124 033
Proceeds from Egyptian General Petroleum Corporation		1 302 308	8 028 414
Payments for acquisition of available -for- sale investments		(6 022 624)	(14 354 197)
Payments for acquisition of investments in associates		-	(18 379 135)
Dividends received from associates		1 200 000	-
Payments for investment on treasury bills (more then three month)	(18)	(31 112 088)	(5 978 477)
Net cash used in investing activities		**(33 165 284)**	**(46 543 273)**
Cash flows from financing activities			
Repayment of long-term loans & bank facilities		(5 993 932)	(53 122 035)
Proceeds from long-term loans & bank facilities		-	38 697 960
Proceeds from short-term loans & bank facilities		7 758 798	5 455 580
Repayment of short-term loans & bank facilities		(50 042 679)	(181 772)
Proceeds from bank overdraft		26 172	7 142 691
Payments for acquisition of non-controlling interests		-	(787 500)
Non-controlling interests		41 424 300	(5 400 037)
Dividends paid		(9 094 834)	(10 568 815)
Net cash used in financing activities		**(15 922 175)**	**(18 763 928)**
Foreign currency translation differences		(7 965 200)	1 889 837
Net change in cash and cash equivalents during the period		**(58 878 926)**	**(56 888 711)**
Cash and cash equivalents at beginning of the period		346 901 181	372 351 161
Cash and cash equivalents at end of the period	(17)	**288 022 255**	**315 462 450**

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

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Notes to the consolidated financial statements
For the financial period ended March 31, 2016

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 year ended December 31, 2015 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 and exploitation of oil, natural gas activity, chill technology by natural gas activity, communications and selling & distributing of chemicals & plastic activity, manufacturing of painting activity and life, responsibilities and properties insurance activity (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, 2016.

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 (4).

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 interest

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 profit or loss. 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 losses 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 profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- qualifying cash flow hedges to the extent that the hedges are effective.

3-2-2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro 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 profit or loss 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 profit or loss.

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 (3-12-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 and equipment is recognized in profit or loss.

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 profit or loss. 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 fixed assets caption when they are completed and are ready for their intended use.

3-5 Intangible assets

3-5-1 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 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 profit or loss. Goodwill is not amortized.

3-6 Financial instruments

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

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

3-6-1 Non-derivative financial assets and liabilities- recognition and disposal

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

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

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

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

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

3-6-2-1 Financial assets measured at fair value through profit or loss

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

3-6-2-2 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.

3-6-2-3 Loans and receivables

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

3-6-2-4 Available for sale 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 profit or loss.

3-6-3 Non-derivative financial liabilities - measurement

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

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

3-7 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.

3-8 Assets held for sale

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

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

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

3-9 Construction contracts in progress

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

In the statement of financial position, construction contracts in progress for which costs incurred plus recognised profits exceed progress billings and recognised losses are presented as trade and other receivables. Contracts for which progress billings and recognised losses exceed costs incurred plus recognised profits are presented as deferred income/revenue. Advances received from customers are presented as deferred.

3-10 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 (3-12-a).

3-11 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.

3-12 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.

3-13 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 income statement 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.

3-14 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.

3-15 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.

3-16 Trade payables and other credit balances

Trade payables and other credit balances are stated at cost.

3-17 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.

3-18 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.

3-19 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 income statement 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 year 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) Drilling, petroleum services, exploration and exploitation of oil & natural gas activity revenue

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. Services revenue is recognized when the service is rendered. 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.

d) 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.

e) 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 year during which those losses are assessed.

f) Sale of electricity

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

g) 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.

h) Gain on sale of investments

Gain on sale of investments in securities is recorded as soon as their ownership is transferred to the buyer and is computed based on the difference between the selling price and the book value on the date of sale.

i) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- dividends on preference shares issued classified as financial liabilities;
- the net gain or loss on the disposal of available-for-sale financial assets;
- the net gain or loss on financial assets at fair value through profit or loss;
- 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;
- the fair value loss on contingent consideration classified as a financial liability;
- impairment losses recognized on financial assets (other than trade receivables);

- the net gain or loss on hedging instruments that are recognized in profit or loss; and
- the reclassification of net gains previously recognized in OCI.

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

j) Commission income

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

k) Dividends

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

3-20 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 years. End of service benefits are repayable by the insurance company. The Companies contribution is confined to the annual insurance premiums. The Group contributions are charged to the consolidated 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 year and any adjustment to the tax payable or receivable in respect of previous years. 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, 1% of the total revenues of these companies are due to General Authority for Investments. The said fees are calculated and charged to the consolidated income statement according to the accrual basis of accounting.

3-21 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 statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative period.

3-22 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.

3-23 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- 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.

4-1 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 31 % 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.

4-2 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 88.883 million equivalents to USD 10.021 million as unsecured bank facilities. Interest would be payable at a rate ranging between 10% and 11.5%.
- L.E 247.40 million equivalent to USD 48.165 million as bank facilities secured by commercial papers and collateral checks and promissory notes. Interest would be payable at a rate ranging between 1.5% and 2.5% above CORRIDOR rate for Egyptian Pound.
- USD 67.859 million as bank facilities secured by promissory notes, mortgage portfolios and insurance policies. Interest would be payable at a rate ranging between 1% and 2.5% above LIBOR.

4-3 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.

4-4 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.

4-5 Interest rate risk

The Group adopts a policy of ensuring that about 2.2 % of its exposure to changes in interest rates on borrowings is on fixed rate basis. The Company does not enter into interest rate swap.

4-6 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.

4-7 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 period divided by total shareholders' equity, the Board of Directors also monitors the level of dividends to shareholders.

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

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

5- New Issues and Amendments issued to the Egyptian Accounting Standards (EAS's) and have been adopted effective from January 1st, 2016 :

During the year 2015, a modified version of the Egyptian Accounting Standards (EAS) was issued including some of the new accounting standards and the amendments to some existing standards provided that they shall come into force for the financial years that start after January 1, 2016, while taking into consideration that the early implementation of these standards is not permissible.

In the following table, we shall present the most prominent amendments on the consolidated financial statements of the Company as at March 31, 2016 :

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian Standard No. (1) Presentation of Financial Statements	***Financial Position Statement*** • The Standard does not require to present the working capital presentation. The reference financial statements that was included in 2006 Standards was excluded; which presented the working capital presentation. • A statement shall be added to the statement of financial position including balances of the beginning of the first presented comparative period in case of retrospective implementation or change in an accounting policy or reclassification carried out by the entity.	• The presented financial statements, disclosures and their accompanying notes including the comparative figures have been re-presented. Adding a new statement, *Statement of Comprehensive Income*, for the current and comparative period.
	Income Statement (Profit or Loss)/Statement of Comprehensive Income The entity shall disclose all recognized income and expense captions during the financial year in two separate statements; one of them presents the profit or loss components (*Income Statement*) and the other one starts with the profit or loss and presents the other comprehensive income items *(Statement of Comprehensive Income)*.	

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian Standard No. (10) Property, Plant and Equipment *(PPE)*	• The option of using the revaluation model in the subsequent measurement of PPE has been canceled.	The amendment on the standard has no impact on the figures presented in the financial statements.
	• The financial shall disclose a reconciliation of the carrying amount – movement of the PPE and its depreciations- in the notes accompanying the financial statements at the beginning and the end of the current period and the comparable period.	
	• The strategic (major) spare parts and stand-by equipment can be classified as PPE when the entity expects to use them for more than one period (when the definition of PPE applies thereto).	The comparative figures related to the PPE in the notes accompanying the financial statements have been re-presented to be in conformity with the required amendments on the standard.
Egyptian Standard No. (45) Fair Value Measurement	The new Egyptian Accounting Standard No. (45) "*Fair Value Measurement*" was issued and shall be applied when another Standard requires or allows measurement or disclosure to be made at fair value. This Standard aims the following: (a) Defining the fair value (b) Laying down a framework to measure the fair value in one Standard. (c) Identifying the disclosure required for the fair value measurements.	The standard has been applied prospectively on preparing the interim financial statements as at March 31, 2016, including the disclosure requirements stated in this standard.
Egyptian Standard No. (29) Business Combination	• **The purchase method was cancelled and replaced by the acquisition method; as results:** 1- Changing the acquisition cost to become the cash consideration transferred; and to be measured at fair value at the acquisition date. 2- Contingent consideration: the fair value of the consideration shall be recognized at the acquisition date as a part of consideration transferred. 3- Changing the method of measuring goodwill in case of Step Acquisition is made.	This amended standard has been applied on business combination which its acquisition date is on or after January 1st, 2016. Therefore, no amendments have been made on the assets and liabilities arising from business combination that occurred before January 1st, 2016.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
	• **The transaction cost (the cost related to the acquisition):** Shall be charged to the Income Statement as an expense in which the costs incurred it and shall not be added to the cash consideration transferred; except for the costs of issuing equity or debt instruments directly related to the acquisition process.	
Egyptian -Standard No.(42) The Consolidated Financial Statements	• The new Egyptian Accounting Standard No. (42) *"The Consolidated Financial Statements"* was issued and accordingly Egyptian Accounting Standard No. (17) *"The Consolidated and Separate Financial Statements"* has changed to become *"The Separate Financial Statements"*. Pursuant to the new Egyptian Accounting Standard No. (42) *"The Consolidated Financial Statements"* .The control model has changed to determine the investee entity that must be consolidated.	The amendment on the standard has no impact on the figures presented in the financial statements.
	• Accounting for the changes in the equity of the parent company in a subsidiary are accounted for as transactions with equity holders in their capacity as equity holders.	
	• Any Investment retained in a former subsidiary re-measured at fair value at the date when control is lost and recognize any resulting difference in the Income Statement.	These amendments are not retroactively applied.
	• Losses applicable to the Non-Controlling Interest "NCI" in a subsidiary including component of Other Comprehensive Income are allocated to the owners of the holding entity and the NCI even if this causes the NCI to have a deficit.	

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian Standard No.(43) Joint Arrangements	• The new Egyptian Accounting Standard No. (43) "Joint Arrangements" was issued and accordingly Egyptian Accounting Standard No. (27) "Interests in Joint Ventures". • According to the new Egyptian Accounting Standard No. (43) "Joint Arrangements" a new model for the joint arrangements was laid down in order to classifies and determine their kind whether (Joint Venture) or (Joint Operation). As such, action depends on the substance of the arrangement and not only its legal form. In case the arrangement is classified as a joint venture, each party of the arrangement parties shall account for that investment using the equity method only (as the proportionate consolidation method was eliminated) whether in the Consolidated or Individual Financial Statements issued thereby.	The amendment on the standard has no impact on the figures presented in the financial statements.
Egyptian Standard No. (18) Investments in Associates	• The accounting treatment of the joint ventures shall be added to this standard accordingly, the Investments in associates and joint ventures shall be accounted for that investments using the equity method in the Consolidated and Individual Financial Statements.	The amendment on the standard has no impact on the comparative figures presented.
	• The entity shall discontinue to use the Equity method from the date when its investment ceases to be an associate or a joint venture provided that the retained interest shall be re-measured using the fair value and the difference shall be recognized in the Income Statement . • If an investment in an associate becomes an investment in a joint venture or vice versa, the entity continue to apply the Equity Method and does not re-measure the retained Interest. • If an entity's ownership interest in an associate or a joint venture reduced, but the entity continues to apply the Equity Method, the entity shall reclassify to profit or loss the proportions of the gain or loss that previously been recognized in OCI relating to that reduction in Ownership interest.	No retroactive restatement are applied with regard to discontinue of using the equity method if the date of discontinuance of using the equity method occurred in the period before the application of this amended standard and also , with regard to the changes in the Company's interests in the associate or the joint venture with the continuance of using the Equity Method.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian Standard No. (44) Disclosure of Interests in Other Entities	• A new Egyptian Accounting Standard No.(44) "Disclosure of Interests in Other Entities" was issued in order to comprise all the required disclosures pertaining to the investments in subsidiaries, associates, joint arrangements, and the unconsolidated Structured Entities. • The objective of this standard is to comply the entity to disclose the information that enable users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance, and cash flows.	The amendment on the standard has no impact on the comparative figures presented.
Egyptian Standard No. (36) Exploration for and Evaluation of Mineral Resources	The option of using the revaluation model in the subsequent measurement of the PPE and intangible assets has been canceled.	The amendment on the standard has no impact on the figures presented in the financial statements.
Egyptian Standard No. (14) Borrowing Costs	• Elimination of the previous benchmark treatment that recognized the borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset in the Income Statement without being capitalized on the asset.	The amendment on the standard has no impact on the comparative figures presented.
Egyptian Standard No. (41) Operating Segments	EAS 33 "Segment Reports" has been replaced with EAS (41) "Operating Segments". Accordingly, the disclosure and the volume of the required disclosures that the Segment Reports must disclose on; mainly depends on the Segments information presented to Chief Operating Decision Maker (CODM) of the entity to make decisions on the resources that must be allocated to the segment and assess its performance.	Re-presenting the information corresponding to the earlier periods including the interim periods has been made , unless the information is not available and the cost of preparing such information is too high.

New or Amended Standards	Summary of the Most Significant Amendments	Possible Impact on the Financial Statements
Egyptian Standard No. (25) Financial Instruments: presentation	• Any financial instrument with a resale right shall be classified as an equity instrument instead of classifying it as a financial liability; if it meets the conditions in accordance with the paragraphs (16 A or 16 b) or paragraphs (16 c and 16 d) of the same Standard, from the date the instrument has all the features and meets all the conditions set out in those paragraphs. • An entity shall re-classify the financial instrument from the date the instrument ceases to have all the features or meet all conditions set out in those paragraphs.	Re-presenting any financial instrument that meets all the conditions including all the presented comparative periods have been made.
Egyptian Standard No. (40) Financial Instruments: Disclosures	• A new Egyptian Accounting Standard No. (40) *"Financial Instruments: Disclosures"* was issued including all the disclosures required for the financial instruments. • Accordingly, EAS (25) was amended by separating the disclosures from it. The name of the Standard became "Financial Instruments: Presentation" instead of "Financial Instruments: Presentation and Disclosure"	Retroactive amendment to all the comparative figures of the presented disclosures have been carried out.

6- Segment reporting

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

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

Segment capital expenditure is the total cost incurred during the year to acquire fixed assets 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.

6- Segment reporting

Business segments	Oil & gas		Chemicals & fertilizers		Other operations		Total		Less: discontinued operations		Total continuing operations	
	31/03/2016 USD	31/03/2015 USD	31/03/2016 USD	31/03/2015 USD	31/03/2016 USD	31/03/2015 USD	31/03/2016 USD	31/03/2015 USD	31/03/2016 USD	31/03/2015 USD	31/03/2016 USD	31/03/2015 USD
Revenues												
Total segments revenues	24 326 911	35 649 938	71 932 807	45 732 046	8 408 034	10 892 246	104 667 752	92 274 230	-	22 876 429	104 667 752	69 397 801
Segment result	42 064 899	1 391 747	14 719 194	1 793 073	(19 898 499)	9 513 949	36 885 594	12 698 769	-	(3 434 507)	36 885 594	16 133 276
Interest & financing expenses	264 174	4 494 479	537 738	1 047 211	2 080 596	2 127 947	2 882 508	7 669 637	-	4 231 219	2 882 508	3 438 418
Interest income	265 287	2 071 346	1 702 809	907 047	1 570 937	1 437 423	3 539 033	4 415 816	-	616 596	3 539 033	3 799 220
Share of profits of associates	-	-	271 608	-	822 338	1 932 779	1 093 946	1 932 779	-	-	1 093 946	1 932 779
Net profit (loss) for the year before income tax	31 326 789	1 998 168	16 822 360	3 913 389	(15 512 933)	10 534 605	32 636 216	16 446 162	(10 948 951)	(4 257 035)	43 585 167	20 703 197
Income tax	(1 725 636)	(1 585 250)	(3 847 827)	(1 493 952)	-	-	(5 573 463)	(3 079 202)	-	-	(5 573 463)	(3 079 202)
Zakat	-	-	(31 496)	-	-	-	(31 496)	-	-	-	(31 496)	-
(KFAS)Contribution to Kuwait foundation for the advancement of sciences	-	-	(28 345)	-	-	-	(28 345)	-	-	-	(28 345)	-
Profits (Losses)	29 601 153	412 918	12 914 692	2 419 437	(15 512 933)	10 534 605	27 002 912	13 366 960	(10 948 951)	(4 257 035)	37 951 863	17 623 995

6- Segment reporting (Cont.)

Other information

	Oil & gas		Chemicals & fertilizers		Other operations		Consolidation	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	USD	USD	USD	USD	USD	USD	USD	USD
Segment assets	264 313 094	458 457 441	585 596 885	622 450 897	322 805 618	323 767 859	**1 172 715 597**	**1 404 676 197**
Investment in equity accounted investees	-	14 900 000	19 848 078	20 076 341	119 996 145	120 081 392	**139 844 223**	**155 057 733**
Total assets	**264 313 094**	**473 357 441**	**605 444 963**	**642 527 238**	**442 801 763**	**443 849 251**	**1 312 559 820**	**1 559 733 930**
Total liabilities	189 678 518	380 079 608	123 788 405	129 797 997	273 619 974	258 201 417	**587 086 897**	**768 079 022**

	Oil & gas		Chemicals & fertilizers		Other operations		Consolidation	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	USD	USD	USD	USD	USD	USD	USD	USD
Capital expenditures	(1 244 439)	(18 613 290)	(806 259)	(7 415 398)	(5 527 705)	(26 409 396)	**(7 578 403)**	**(52 438 084)**
Depreciation of property, plant and equipment , exploration & development asset depletion and	715 465	6 008 181	6 343 545	6 444 131	74 881	131 147	**7 133 891**	**12 583 459**

Geographical segmants

	Egypt		Sudan		Total	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	USD	USD	USD	USD	USD	USD
Segment revenues	104 667 752	72 222 746	-	20 051 484	**104 667 752**	**92 274 230**
Capital expenditures	(7 578 403)	(51 248 627)	-	(1 189 457)	**(7 578 403)**	**(52 438 084)**

	Egypt		Sudan		Total	
	USD	USD	USD	USD	USD	USD
Segment assets	1 312 559 820	1 197 580 314	-	362 153 616	**1 312 559 820**	**1 559 733 930**

7- Equity-accounted investees

Description	Legal form	Ownership %	Paid amount of participation %	Carrying amount as at 31/3/2016 USD	Carrying amount as at 31/12/2015 USD
Quoted investments					
Delta Insurance Co.	S.A.E	32.02	100	14 590 139	14 189 472
Unquoted investments					
Egyptian Co. for Oil Tankers	S.A.E under the Private Free Zones System	30	100	18 548 176	19 342 058
Egyptian Hydrocarbon Co.	S.A.E under the Private Free Zones System	33.597	86.48	37 064 009	51 857 225
Building Material Industries Co.*	S.A.E	30.068	100	49 898 562	49 737 821
El Sharouk for Mellamin & Resins Co.	S.A.E	49.95	100	1 490 778	1 742 308
Other associates	S.A.E	13.397	100	18 252 559	18 188 849
				139 844 223	155 057 733

- The fair value of the Group's investments in associates listed in the Egyptian Exchange (Delta Insurance Co.) amounted to USD 4 874 599 at the consolidated balance sheet data (2015: USD 5 500 633).

- As from the beginning of 2013, its investment in Building Material Industries Co. has been reclassified as an associate due to the availability of significant influence of the company's management over this associate through participation of its financial and operating policies. The direct investment percentage is 15.068% and the indirect investment percentage through a subsidiary is 15%. The investment cost in Building Material Industries Co. amounts to USD 45 225 745.

  The market value of the Company's investments in Building Material Industries Co. amounted to USD 62 769 146 according to the last transactions made on these shares.

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

March 31, 2016	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	19 500 223	80 752 926	45 804 845	126 557 771	106 572 899	484 649	107 057 548	5 021 167	1 976 617	3 044 550
Egyptian Company for Oil Tankers	60 082 717	101 094 562	36 526 110	137 620 672	41 470 757	36 067 198	77 537 955	9 144 231	7 669 358	1 474 873
El Shorouk for Melamine & Resins Co.	2 523 881	2 581 053	4 173 791	6 754 844	2 769 543	1 461 420	4 230 963	1 718 891	1 765 479	(46 588)
Egyptian Hydrocarbon Co. *	152 722 963	40 129 020	549 993 276	590 122 296	77 186 311	360 213 022	437 399 333	14 077	1 154 551	(1 140 474)
Building Materail Industries Co. **	92 806 437	30 763 572	238 116 520	268 880 092	74 909 381	101 164 274	176 073 655	108 156 469	108 655 501	(499 032)

* The financial information for the above mentioned companies are based on management reports for the financial period ended March 31, 2016 since the review of the financial statements for the financial period ended March 31, 2016 have not been completed yet.

** The financial information for the above mentioned companies are based on the financial year ended December 31, 2015 since the review of the financial statements for the financial period ended March 31, 2016 have not been completed yet.

Delta Insurance Co	20 921 487	84 041 650	51 220 073	135 261 723	113 816 840	523 396	114 340 236	3 350 087	1 597 645	1 752 442
Egyptian Company for Oil Tankers	63 665 894	41 769 228	100 270 346	142 039 574	26 242 430	52 131 250	78 373 680	54 640 776	42 930 695	11 710 081
El Shorouk for Melamine & Resins Co.	2 910 544	2 537 681	4 777 846	7 315 527	2 743 500	1 661 483	4 404 983	6 501 359	7 338 618	(837 259)
Egyptian Hydrocarbon Co.	153 863 434	43 885 733	533 975 271	577 861 004	119 969 699	304 027 871	423 997 570	415 504	3 255 954	(2 840 450)
Building Material Industries Co.	92 806 437	30 763 572	238 116 520	268 880 092	74 909 381	101 164 274	176 073 655	108 156 469	108 655 501	(499 032)

8- Available for sale investments

Description	Legal form	Ownership %	Paid amount of participation %	Balance as at 31/3/2016 USD	Balance as at 31/12/2015 USD
Investments at fair value					
Portfolios managed by international investment managers (*)	-	-	-	68 926 776	63 243 316
Local companies securities listed in the Egyptian Exchange	S.A.E companies	-	100	9 163 909	8 592 595
Investments measured at cost					
I Squared Capital Investment Limited	Limited liability Co. at Cayman Islands	15	100	30 000 000	30 000 000
United Arab Chemical Carriers Co.	Limited by Shares Co. in UAE	3.16	100	14 171 344	14 094 428
Other companies **				170 761 304	50
				293 023 333	115 930 389
Impairment loss				(170 761 304)	-
				122 262 029	115 930 389

* This item is represented in the value of the investment portfolios owned by the Company in Kuwait and as from the beginning of 2012 they have been accounted for through the early adoption of IFRS (9) *"Financial Instruments"* instead of EAS (26) *"Financial Instruments: - Recognition and Measurement "*. The said matter resulted in recognizing gains and losses on the re-measurement of these portfolios at fair value including the loss on disposal of part of them with total amount of USD 178.36 million that was included in equity under fair value reserve out of which an amount of USD 179.48 million belongs to year 2015 and the remaining amount belongs to the current year.

** This item is represented in the value of investments in unconsolidated subsidiaries due to loss of control over them during the period as mentioned in detail in note No. (47).

9- 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:

9-1 Debit balances

	2016/3/31 USD	31/12/2015 USD
National Gas Company (NATGAS)		
Egyptian Holding Company for Natural Gas (EGAS)	9 879 380	10 224 382
Egyptian General Petroleum Corporation	-	11 401
	9 879 380	10 235 783
Fayoum Gas Company		
Egyptian Holding Company for Natural Gas (EGAS)	696 978	1 041 984
Egyptian General Petroleum Corporation	2 264 837	2 865 736
	2 961 815	3 907 720
	12 841 195	14 143 503
Classified as Follows:-		
Current portion (due within one year)	12 841 195	14 132 102
Long – term portion (due after one year)	-	11 401

9-2 Credit balances

Represented in the following:

	2016/3/31 USD	31/12/2015 USD
National Gas (NATGAS)		
Egyptian General Petroleum Corporation	61 437 894	46 843 907
	61 437 894	46 843 907
Fayoum Gas Company		
Egyptian Holding Company for Natural Gas (EGAS)	325 828	572 124
Egyptian General Petroleum Corporation	-	581 333
	325 828	1 153 457
	61 763 722	47 997 364
Classified as Follows:-		
Current portion (due within one year)	61 763 722	47 416 032
Long – term portion (due after one year)	-	581 332

- 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. (52).

Egypt Kuwait Holding Co.
(An Egyptian Joint Stock Company)
Notes to the consolidated financial statements (Cont.)
For the financial period ended March 31, 2016

10- Property, plant and equipment

	Lands * USD	Usfruct of 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 1/1/2015	13 941 475	584 638	59 023 775	11 439 827	6 805 669	390 599 608	2 095 029	36 304 001	5 647 927	1 664 527	528 106 476
Additions during the year	1 000 613	-	387 102	403 168	548 927	630 949	48 096	132 088	391 706	-	3 542 649
Disposals during the year	-	-	-	(167 667)	(28 474)	(2 701)	(1 657)	-	(400 780)	-	(601 279)
Cost of assets of discontinued operation	-	(584 638)	(1 143 796)	(187 842)	(67 969)	(1 513 968)	(55 648)	(376 639)	(51 466)	-	(3 981 966)
Cost as at 31/12/2015	14 942 088	-	58 267 081	11 487 486	7 258 153	389 713 888	2 085 820	36 059 450	5 587 387	1 664 527	527 065 880
Cost as at 1/1/2016	14 942 088	-	58 267 081	11 487 486	7 258 153	389 713 888	2 085 820	36 059 450	5 587 387	1 664 527	527 065 880
Additions during the period	474 666	-	-	23 441	110 652	220 172	9 431	-	130 898	-	969 260
Disposals during the period	-	-	-	(153 657)	(18 020)	-	-	-	-	-	(171 677)
Cost of disposed of assets due to loss of control**	-	-	(7 248 356)	(2 136 381)	(1 275 314)	-	(10 220)	-	(2 288 796)	(501 201)	(13 460 168)
Cost as at 31/3/2016	15 416 754	-	51 018 725	9 220 989	6 075 471	389 934 060	2 085 031	36 059 450	3 429 489	1 163 326	514 403 295
Depreciation and impairment											
Accumulated depreciation and impairment as at 1/1/2015	-	93 785	18 014 400	9 256 214	5 789 073	159 165 769	1 713 014	5 477 260	4 675 817	1 007 143	205 192 475
Depreciation for the year	-	-	2 255 605	618 047	313 032	18 674 804	42 438	909 562	302 224	74 636	23 190 348
Impairment losses for the year	-	-	459 846	-	-	-	-	-	-	-	459 846
Accumulated depreciation of disposals	-	-	-	(158 980)	(20 611)	(10 394)	(1 657)	-	(394 334)	-	(585 976)
Accumulated depreciation and impairment of assets of discontinued operation	-	(93 785)	(1 214 491)	(149 507)	(27 335)	(1 605 302)	(19 569)	(338 947)	(32 639)	-	(3 481 575)
Accumulated depreciation and impairment as at 31/12/2015	-	-	19 515 360	9 565 774	6 054 159	176 224 877	1 734 226	6 047 875	4 551 068	1 081 779	224 775 118
Accumulated depreciation and impairment as at 1/1/2016	-	-	19 515 360	9 565 774	6 054 159	176 224 877	1 734 226	6 047 875	4 551 068	1 081 779	224 775 118
Depreciation for the period	-	-	493 307	129 142	70 157	4 626 370	9 905	218 380	53 834	18 238	5 619 333
Impairment losses for the period	-	-	-	-	-	-	-	-	-	-	--
Accumulated depreciation of disposals	-	-	-	(162 022)	(18 447)	-	-	-	-	-	(180 469)
Accumulated depreciation of disposed of assets due to loss of control**	-	-	(2 849 775)	(1 843 759)	(1 189 154)	-	(10 220)	-	(1 966 927)	(501 201)	(8 361 036)
Accumulated depreciation and impairment as at 31/3/2016	-	-	17 158 892	7 689 135	4 916 715	180 851 247	1 733 911	6 266 255	2 637 975	598 816	221 852 946
Carrying amount as at 31/3/2016	15 416 754	-	33 859 833	1 531 854	1 158 756	209 082 813	351 120	29 793 195	791 514	564 510	292 550 349
Effect of foreign exchange	(4 581 803)	-	(6 818 408)	(689 395)	(515 645)	(16 301 447)	(268 245)	(11 473 766)	(47 494)	(80 009)	(40 776 212)
Carrying amount as at March 31, 2016	**10 834 951**	-	**27 041 425**	**842 459**	**643 111**	**192 781 366**	**82 875**	**18 319 429**	**744 020**	**484 501**	**251 774 137**
Carrying amount as at 31/12/2015	14 942 088	-	38 751 721	1 921 712	1 203 994	213 489 011	351 594	30 011 575	1 036 319	582 748	302 290 762
Effect of foreign exchange	(3 928 944)	-	(5 956 567)	(604 734)	(388 004)	(14 508 309)	(257 104)	(9 008 412)	(77 422)	(74 337)	(34 803 833)
Carrying amount as at December 31, 2015	**11 013 144**	-	**32 795 154**	**1 316 978**	**815 990**	**198 980 702**	**94 490**	**21 003 163**	**958 897**	**508 411**	**267 486 929**

- Fixed assets include an amount of USD 22 033 384 representing the cost of fully depreciated items as at March 31, 2016.

* 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.

** This item is represented in the value of the cost and accumulated depreciation of the assets of an unconsolidated subsidiary because of loss of control over it during the period as mentioned in detail in note No.(47).

11- Exploration and development assets

Cost	Note no.	Exploration of wells USD	Development of wells USD	Producing wells USD	Equipment/field services USD	Pipe lines USD	Under construction USD	Total USD
Cost at 1/1/2015		24 095 854	105 830 089	196 250 837	163 791 243	159 832 556	459 995	650 260 574
Additions during the period		-	-	-	-	-	-	-
Cost of disposed of assets due to loss of control*		(24 095 854)	(105 830 089)	(196 250 837)	(163 791 243)	(159 832 556)	(459 995)	(650 260 574)
Cost at 31/3/2016		-	-	-	-	-	-	-
Accumulated depletion, amortization and impairment								
Accumulated depletion, amortization and impairment as at 1/1/2015		24 095 854	104 780 635	136 438 814	131 070 961	159 819 873	459 995	556 666 132
Depletion for the period		-	-	-	-	-	-	-
Accumulated depletion of disposed of assets due to loss of control *		(24 095 854)	(104 780 635)	(136 438 814)	(131 070 961)	(159 819 873)	(459 995)	(556 666 132)
Accumulated depletion, amortization and impairment as at 31/3/2016		-	-	-	-	-	-	-
Carrying amount at 31/3/2016		-	-	-	-	-	-	-
Carrying amount at 31/12/2015		-	**1 049 454**	**59 812 023**	**32 720 282**	**12 683**	-	**93 594 442**

* This item is represented in the value of the cost and accumulated deprecation and depletion of the assets of the unconsolidated subsidiary due to loss of control over it during the period as mentioned in detail in note No (47).

12- Projects under construction

This balance is represented as follows: -

	31/3/2016 USD	31/12/2015 USD
Construction of plant for fertilizers using nitrogen	14 471 667	14 471 667
Advance payments for purchasing of fixed assets	2 697 522	2 745 307
Buildings and constructions	1 058 526	1 043 989
Others	7 476 502	6 856 735
	25 704 217	25 117 698
Impairment losses	(14 471 667)	(14 471 667)
	11 232 550	10 646 031

13- Goodwill

This balance is represented in the following:

	31/3/2016 USD	31/12/2015 USD
The carrying amount of goodwill relating to National Gas Co. (NATGAS)	13 987 971	15 866 151
The carrying amount of goodwill relating to Plastichem Co.	19 730 069	22 379 246
The carrying amount of goodwill relating to Fayoum Gas Co.	2 874 212	3 260 137
The carrying amount of goodwill relating to Alex Fert Co.	34 107 324	34 107 324
	70 699 576	75 612 858

14- Other intangible assets (net)

This balance is represented as follows:

	Balance as at 1/1/2016 USD	Additions during the period USD	Amortization for the period USD	Foreign exchange USD	Net as at 31/3/2016 USD
Deferred charges (*)	6 089 424	-	(241 480)	(697 704)	5 150 240
Right of use (**)	21 217 970	-	(1 273 078)	-	19 944 892
Water rights (***)	3 000 000	-	-	-	3 000 000
	30 307 394	-	(1 514 558)	(697 704)	28 095 132
Impairment losses (***)	(3 000 000)	-	-	-	(3 000 000)
	27 307 394	-	(1 514 558)	(697 704)	25 095 132

(*) 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 value of Water Rights paid on account of the right to use ground water, where a subsidiary of one of the Group's subsidiaries, concluded an agreement on October 16, 2012 for the industrial usufruct of ground water by Pocatello, Idaho, for the purpose of constructing a plant for producing fertilizers using Nitrogen extracted from an area near American Falls, Idaho. The impairment losses on the value of these rights were recognized in light of the discontinuance of financing of the construction of the plant of fertilizers using nitrogen according to what has been mentioned in detail in note No. (52) below.

15- Other debtors

	31/3/2016 USD	31/12/2015 USD
Fixed assets selling receivables	192 923	225 224
	192 923	225 224

- The Group's exposure to credit and foreign currency risks related to debtors is disclosed in note No. (52).

16- Unrecognized deferred tax assets

	31/3/2016 USD	31/12/2015 USD
Deductible temporary differences	3 935 908	4 048 267
	3 935 908	4 048 267

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 therefrom.

17- Cash at banks & on hand

	31/3/2016 USD	31/12/2015 USD
Bank – current accounts	24 676 087	35 926 786
Bank – time deposits (less than three month)	243 876 834	335 773 131
Bank – time deposits (more than three month)	42 512 269	20 000 950
Checks under collection	4 889 996	4 928 614
Cash on hand	421 665	237 565
	316 376 851	396 867 046

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

	31/3/2016 USD	31/3/2015 USD
Cash at banks & on hand	316 376 851	305 861 512
Add:		
Investments in treasury bills note No. (18)	16 459 597	10 183 991
Less:		
Bank – time deposits (more than three month)	42 512 269	947
Bank overdraft – Local banks note No. (35)	2 301 924	582 106
Cash & cash equivalents in the consolidated statement of cash flows	288 022 255	315 462 450

- The Group's exposure to interest rate risk and foreign currency risk related to cash at banks & on hand are disclosed in note No. (52).

18- Investments in treasury bills

	31/3/2016 USD	31/12/2015 USD
Treasury bills (due in 3 month)	16 459 597	6 104 679
Treasury bills (due more than 3 month)	32 651 796	-
Income from investment in treasury bills (not due yet)	(1 539 708)	(60 033)
	47 571 685	6 044 646

- The Group's exposure to interest rate risk and foreign currency risk related to cash at banks & on hand are disclosed in note No. (52).

19- 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:

	31/3/2016 USD	31/12/2015 USD
Portfolios managed by international investment managers	55 387 018	56 282 439
Egyptian Companies' stocks (listed in the Egyptian Exchange)	1 497 454	1 521 441
Investments in direct mutual funds	50 611 719	54 691 794
Market value of held for trading investments	107 496 191	112 495 674

20- Trade & notes receivable

	31/3/2016 USD	31/12/2015 USD
Local customers	24 769 593	62 598 530
Export customers	5 112 719	3 848 076
	29 882 312	66 446 606
Impairment loss on trade receivables	(216 356)	(248 968)
	29 665 956	66 197 638
Notes receivable	7 422 104	3 369 294
	37 088 060	69 566 932

- The Group's exposure to credit and foreign currency risks related to trade receivables is disclosed in note No. (52).

21- Debtors & other debit balances

	31/3/2016	31/12/2015
	USD	USD
Due from Sudapet Co.and Nilepet Co.	-	22 149 309
Tax Authority	2 142 381	4 786 935
Prepaid expenses	2 309 475	1 992 603
Deposits with others	3 510 902	2 100 586
Imprests & employees advances	380 673	388 718
Uncollected bills	33 576 331	36 022 409
Suppliers - advance payments	8 623 199	5 477 789
Change in crude oil value due from partners	-	18 212 937
Accrued revenues	6 109 634	5 085 866
Due from El Shorouk for Melamine & Resins Co. – an associate	2 837 406	2 987 201
Other debit balances	14 498 426	30 022 355
Due from Carbon Holdings Co. *	6 837 176	10 519 685
Due from unconsolidated subsidiaries **	136 698 567	-
	217 524 170	139 746 393
Impairment loss on debtors & other debit balances ***	(105 225 354)	(1 236 425)
	112 298 816	138 509 968

* This balance is represented in the secured amount due from Carbon Holdings Limited according to the Premium Agreement concluded on July 4, 2011. The collection of this amount together with the return is due after five years on July 4, 2016.

** This This amount is represented in the value of balances due from an unconsolidated subsidiary at March 31, 2016 due to loss of control over it as mentioned in detail in note No. (47).

*** This balance includes an amount of USD 104 127 068 representing the impairment losses on the balances due from an unconsolidated subsidiary as at March 31, 2016 due to loss of control over it as mentioned in detail in note No. (47).

- The Group's exposure to credit and foreign currency risks related to debtors is disclosed in note No. (52).

22- Inventories

	31/3/2016	31/12/2015
	USD	USD
Supplies – held on the gas company warehouses	7 283 656	7 991 585
Supplies – subcontractors' warehouses	1 701 210	1 393 466
Tools & equipment	174 839	177 994
Crude oil	-	135 339
Basic & secondary raw materials	16 641 859	19 830 495
Goods in transit	353 222	1 258 960
Spare parts & supplies	16 032 464	27 214 155
Packaging materials	116 926	110 589
Work in process	2 654 610	2 117 028
Finished goods	5 056 289	6 216 615
Letters of credit	318 911	2 371 006
Goods held with others	511 433	-
	50 845 419	68 817 232
Write down of inventories	-	(970 524)
	50 845 419	67 846 708

23- Work in progress

This item 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:

	31/3/2016 USD	31/12/2015 USD
Cost of gas customers projects	6 736 415	8 232 611
Cost of other projects	169 688	163 284
	6 906 103	8 395 895

24- 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 209 823 655.5 distributed over 839 294 622 shares of par value of US Cent 25 each paid in full.
- On May 22, 2013 the board of directors of the Parent Company unanimously approved to increase the issued capital of the Company to become USD 243 914 564.5 instead of USD 209 823 655.5 with an increase percentage of 16% of the issued capital through the issuance of 136 363 636 shares, the nominal value of each share is US Cent 25 to be offered for subscription to the senior shareholders of the Company according to their principal contribution percentage in the issued capital, provided that the capital shares increase shall be issued at the nominal value of the share in addition to the share premium that shall be determined based on the difference between the issuance price of the share and its nominal value. The price of the share issuance shall be calculated according to the medium average of the closing prices of the Company's share in the Egyptian Stock Exchange that is six month prior to the date of holding the extraordinary general assembly meeting that shall consider the proposal of the board of directors to the effect of increasing the issued capital of the Company. The extraordinary general assembly meeting was decided to be held on December 30, 2013.
- On December 30, 2013, the extra-ordinary general assembly of the Company approved by majority of votes on the increase of the issued capital of the Parent Company that amounted to USD 209 823 655.5 to become USD 243 914 564.5 through the issuance of 136 363 636 shares whose nominal value amounted to USD 34 090 909, provided that the capital increase shares shall be issued at the price of US cent 80 per share (US cent 25 as a nominal value + US cent 55 as a share premium). The price of the share was calculated based on the average of the closing prices of the Company's share in the Egyptian Stock Exchange during the period of six month preceding the date of holding the extra-ordinary general assembly meeting of the Company and pursuant to the approval of the Egyptian Financial Supervisory Authority that was issued on September 2, 2013, and according to the final study prepared by the independent financial advisor of USD Cent 82 per share along with having a discount rate on the average market price of the share amounting to USD Cent 2 that represents a percentage of around 2.4% on the market price of the share as an incentive given to the old shareholders of the Company to subscribe in the increase shares, provided that the increase shares of the Company's issued capital shall be offered for subscription according to the following conditions:

- The increase shares shall be offered for subscription to the old shareholders of the Company according to the original percentage of contribution of each shareholder in the Company's issued capital before the increase.

- Each shareholder shall be committed upon subscription in the increase shares to pay a percentage of 100% in cash of the nominal value per share in addition to the percentage of 100% in cash of the share premium of the shares that the shareholder desires to subscribe therein.
- In case of not covering the subscription in the increase shares during the first phase of subscription, the matter should be presented to the Board of Directors to consider the re-offering of the unsubscribed shares once again to the shareholders who did not sell the right of subscription and the buyer of the subscription right without being confined to the original percentage of contribution before the increase or taking a decision to the effect of increasing the issued capital within the limit of the shares subscribed therein.
- The trading of the subscription right may be carried out in the increase shares during the year of subscription in such shares in a manner separated from the original shares as per Article (30) of the Executive Regulations of the Capital Market Law No. 95 of 1992 and the decision of the Board of Directors of the Egyptian Financial Supervisory Authority No. 23 of the year 2012.

- On April 2, 2014, the subscription in the share capital increase has been started through the issuance of 136 363 636 shares with US cent 80 per share. On May 4, 2014, the subscription was closed and the percentage of covering reached 91.2% and a resolution from the Board of Directors of the Company held on May 14, 2014, has been issued to approve the re- offering the shares of the share capital increase of the Company which have not been subscripted in to the seniors shareholders of the Company and the buyers of the subscription rights to cover the remaining shares of the subscription without the restriction of the participation original percentage of each one of them in the Company's share capital before the increase. The Subscription and the increase of the issued capital was covered in full.
- On July 13, 2014, the minute of board of directors meeting of the Company held on June 30, 2014 was approved to the effect of increasing the issued capital of the Company with the amount of USD 209 823 655.5. Thus, the issued capital of the Company after the increase amounted to USD 243 914 564.5 that was paid in full upon subscription through depositing it in cash at the bank as per the bank certificate issued by National Bank of Kuwait - Egypt (formerly National Egyptian Bank) on June 30, 2014.
- On October 2, 2014, the Egyptian Financial Supervisory Authority approved the issuance of the issued capital increase shares with a number of 136 363 636 cash, nominal shares with a par value of USD 25 cent per share with total amount of issuance of USD 34 090 909 that is paid in full with the percentage of 100% in cash, while taking into consideration that the difference between the nominal value and fair value with the amount of USD 74 999 999.8 shall be allocated as share premium in the reserve account in accordance with the provisions of article 94 of the executive regulations of law No. 159 of 1981.
- On October 8, 2014, the resolution of the Chairman of GAFI No. 1919/2 of the year 2014 was issued to authorize the increase of the issued capital of the Company with the amount of USD 34 090 909 and the amendment of the articles No. (6) and (7) of the articles of association of the Company.
- On October 9, 2014, the value of the issued capital increase amounted to USD 34 090 909 was annotated. Accordingly the issued capital of the Company amounted to USD 243 914 564.5 distributed over 975 658 258 shares with a par value of USD 25 cent each that is paid in full.
- On June 11, 2015, the extra-ordinary general assembly of the Company unanimously approved the increase of the issued and paid – up capital from USD 243 914 564.5 to USD 256 110 292.5 with an amount of increase of USD 12 195 728 as bonus increase distributed over 48 782 912 bonus share whose nominal value amounts to 25 Cent for the purpose of financing the incentive & bonus plan of the Company's employees and managers and executive board of directors members.

- On June 11, 2015, the ordinary general assembly of the Company unanimously approved to transfer part of the retained earnings of the Company as shown in the consolidated financial statements for the financial year ended at December 31, 2014 that were approved by the shareholder's' ordinary general assembly held on March 22, 2015 to 48 782 912 bonus shares with an amount of USD 12 195 728 for the purpose of financing the incentive & bonus plan of the Company's employees and managers and executive board of directors members, that has been approved by the Egyptian Financial Supervisory Authority on November 12, 2014. Annotation to effect such increase was made on the Company's commercial register on September 13, 2015. Accordingly, the issued capital is USD 256 110 292 distributed over 1 024 441 170 shares with a par value of USD 25 cent each that is paid in full.

25- 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.

26- 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.

27- 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.

28- Fair value reserve

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

29- Foreign currency translation differences of foreign operations

The balance shown in the equity section as at March 31, 2016 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 year ended at March 31, 2016. In addition, this balance includes a share in the cumulative translation adjustments included in the consolidated equity of associates.

30- Non-controlling interests

The balance of non - controlling interests of USD 233 486 703 as at March 31, 2016 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 31/3/2016	Non-controlling interests as at 31/12/2015
	%	USD	USD	USD	USD
National Gas Co. "NATGAS" (consolidated)	25.06	1 699 549	10 184 968	11 884 517	11 192 381
Globe Telecom Co. (consolidated)	0.07	352	1 074	1 426	1 402
Globe for Communications & Information Technology Co.	1	-	10 472	10 472	11 848
International Financial Investments Co.	0.01	2 664	43 527	46 191	57 402
Energy Group	24.8	-	172	172	27 603 092
Cooling Technology by Natural Gas Co.- Gas Chill	16.27	22 840	2 493 142	2 515 982	2 552 260
Midor for Logistic Services Co.	0.11	-	161	161	161
Fayoum Gas Co.	22.01	91 883	708 919	800 802	814 094
Sprea Misr for Production of Chemicals & Plastics Co.	0.01	718	6 436	7 154	7 526
Middle East for River Transport Co.	0.01	-	306	306	306
Bawabat Al Kuwait Holding Company	58.33	3 352 627	214 892 069	218 244 696	227 569 379
Arabian Company for Fertilizers	25.28	649	(25 825)	(25 176)	(25 825)
		5 171 282	228 315 421	233 486 703	269 784 026

31- 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. (52).

	31/3/2016 USD	31/12/2015 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. The contract is currently under signing after being amended. 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 31/12/2015 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 the bank agreed to postpone the accrued installment from 31/12/2015 to 30/6/2016.	94 000 106	94 000 106
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 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.	28 400 000	30 200 000
B- Loans & bank facilities granted to NATGAS Company		
The amount used of the loan granted to the Company from a bank amounting to L.E 86 million with annual interest rate of 11% to finance the purchase of assets specialized for Borg El Arab project. The loan shall be repaid over 16 semi-annual installments. The first installment due on 30/4/2010 till 31/10/2017 and an insurance policy shall be issued on all the financed assets in favor of the bank.	6 397 689	8 028 704
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 Borg Al Arab project. The loan shall be settled on ninety six monthly installments starting from 19/11/2010 till 19/11/2018.	941 775	1 159 691
C/F	**129 739 570**	**133 388 501**

B/F	**129 739 570**	**133 388 501**
E- **Loans granted to Alex Fert**	31 266 667	33 611 668

The Company concluded a contract with Ahli United 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.
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 on July 22, 2014. The loan bears variable interest which is determined based on the average LIBOR for 6 month in addition to margin.

Loans related to subsidiaries	-	73 110 406
	161 006 237	**240 110 575**
Deduct:		
Total current portion of long-term loan (note No. 36)	62 682 353	117 012 826
Balance as at March 31, 2016	**98 323 884**	**123 097 749**

32- Other long-term liabilities

This balance is represented in the following:-

	2016/3/31 USD	31/12/2015 USD
Customers – advance payments for electricity connection	685 992	795 265
Deferred income	32 063	38 715
	718 055	833 980

The Group's exposure to foreign currency and liquidity risks related to long-term liabilities are disclosed in note No. (52).

33- Deferred tax liabilities

Deferred tax liabilities are attributable to the following:-

	2016/3/31 USD	31/12/2015 USD
Property, plant and equipment & other assets	28 822 580	29 721 891
	28 822 580	29 721 891

34- Provisions

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

	Balance as at 1/1/2016	Provisions formed during the period	Provisions of discontinued operations	Provisions used during the period	Provisions - no longer required during the period	Foreign exchange	Balance as at 31/3/2016
	USD	USD	USD	USD	USD	USD	USD
Provision for technical risks of works	414 215	-	-	-	-	-	414 215
Provision for other liabilities- short term	13 259 407	22 488 111	(2 126 739)	4 070 000		(790 865)	36 899 914
Provision for onerous contracts	153 487	-	-	-	(12 469)	(16 974)	124 044
Total provisions classified as current liabilities	13 827 109	22 488 111	(2 126 739)	4 070 000	(12 469)	(807 839)	37 438 173
Provision for other liabilities – classified as non – current liabilities	4 070 000	-	-	(4 070 000)	-	-	-
Total	17 897 109	22 488 111	(2 126 739)	-	(12 469)	(807 839)	37 438 173

35- Bank-overdraft

This balance shown on the consolidated balance sheet of USD 44 661 480 as at March 31, 2016 is represented as follows:

	31/3/2016 USD	31/12/2015 USD
The value of the temporary bank facilities granted to the Group and guaranteed by some of investment portfolios owned the Group as stated in note No. (19) Above.	42 359 556	42 333 384
Bank overdraft from local banks	2 301 924	401 766
	44 661 480	42 735 150

- For more information about the Group's exposure to interest rate, foreign currency, liquidity risks see note No. (52).

36- Short – term loan installments & bank facilities

This balance shown on the consolidated balance sheet amounting to USD 120 143 618 as at March 31, 2016 is represented in the loan installments and bank facilities balance granted to the Group as follows:

	31/3/2016 USD	31/12/2015 USD
Current portion of loans and bank facilities as stated in note No. (31) below.	62 682 353	117 012 826
Credit facilities granted to the Parent Company and International Financial Investments Company (*)	53 603 363	92 689 352
Credit facilities granted to Cooling Technology by Natural Gas Co.	3 451 406	4 604 482
Credit facilities granted to Sprea Misr for Production of Chemicals & Plastic Co.(**)	406 496	2 451 312
Credit Facilities granted to Fayoum Gas Co. (***)	-	-
Balance as at March 31, 2016	120 143 618	216 757 972

(*) The credit facilities balance granted to the Parent Company and International Financial Investments Company as at March 31, 2016 is represented as follows:

	31/3/2016	31/12/2015
	USD	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.	19 491 464	20 028 824
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 1.5% in addition to the borrowing rate of the bank indebtedness in foreign currency.	12 970 584	14 323 624
The amount used from the bank facility granted to the Company and International Financial Investments Company - a subsidiary- a credit facility in EGP and USD with a total amount of USD 26 million (or EGP equivalent to a maximum of L.E 173.714 million) till 30/11/2013, in accordance with the bank agreement on February 2, 2013 for the purpose of financing the working capital requirements including financing the dividends and the short term investments. The facility bears an interest rate of 0.75% above the lending Corridor (currently 10.25%) for Egyptian pound withdrawals and 2.5% above LIBOR for 3 month for issuance of a signed promissory note for both companies with a total amount of USD 26 million. On August 10, 2015 it was agreed to renew the facility for one year and the facility ends on July 31 , 2016, The amount used of this bank facility by International Financial Investments Company amounts to L.E 33 027 113 as at December 31, 2015.	21 141 315	22 729 108
The amount used from the bank facility granted from a bank, according to the agreement concluded with the bank on April 6, 2015 with a total amount of USD 25 million that bears an interest rate of 1% above U.S. dollar deposits, On July 26, 2015 It was agreed to increase the facility with a total amount of USD 63 million the facility bears an interest rate of 1 % above deposit interest and that facility under the guarantee of company deposits with the bank.	-	35 607 796
	53 603 363	92 689 352

(**) The credit facilities balance granted to Sprea Misr for Production of Chemicals & Plastics Co. and Plastichem Co.as at March 31, 2016 is represented as follows:

	31/3/2016 USD	31/12/2015 USD
The amount used from the bank facilities granted to Sprea Misr for Production of Chemicals & Plastics Co. and Plastichem Co. from a bank with a total amount of L.E 115.475 million and USD 250 000 and bears an interest rate of 2% per annum above CORRIDOR rate for Egyptian pound and 3% 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.	405 455	536 881
The amount used from the credit facilities granted to the Company from a bank with total amount of L.E 20 million that bears an interest rate of 1.25% per annum above the average CORRIDOR rate.	1 041	3 450
The amount used from the credit facilities granted to the Company from a bank with total amount of L.E 120 million that bears an interest rate of 1.5% per annum above the average CORRIDOR rate and guaranteed by a corporate guarantee from Plastichem Co. and the insurance against burglary and fire on the assets of Speria Cp. and its subsidiaries in favor of the bank.	-	1 910 981
	406 496	2 451 312

(***) The bank facilities item granted to Fayoum Gas Co. as at March 31, 2016 is represented in the following:

	31/3/2016 USD	31/12/2015 USD
The used amount from the credit facilities granted to the Company from a bank with a total amount of L.E 50 million and bears average interest rate of 10% per annum.	-	-
	-	-

- For more information about the Group's exposure to interest rate, foreign currency, liquidity risks see note No. (52).

37- Suppliers & subcontractors

	31/3/2016 USD	31/12/2015 USD
Sundry suppliers	13 822 598	83 371 980
Deferred payments to subcontractors	20 200	22 912
	13 842 798	83 394 892
Notes payable	577 149	181 561
	14 419 947	83 576 453

- The Group's exposure to foreign currency and liquidity risk related to suppliers are disclosed in note No. (52).

38- Creditors & other credit balances

	31/3/2016 USD	31/12/2015 USD
Customers - advance payments	41 756 723	52 813 082
Accrued expenses	27 915 736	49 612 933
Egyptian General Petroleum Corporation*	19 944 147	19 557 406
Deposits to others	11 224 776	12 326 836
Income tax payable	7 876 718	13 875 959
Estimated income tax	6 063 660	-
Deferred income of minimum commission	5 054 289	6 528 415
Installments under collection	3 667 384	3 918 002
Unearned revenue of gas distribution commissions	6 830 547	5 095 403
Accrued interest on loan	522	4 995 950
Deferred income – current portion	8 275	9 386
Loans from minority interests	-	4 900 000
Other credit balances	25 023 259	30 790 036
	155 366 036	204 423 408

* On May 6, 2014 , an agreement has been signed to reschedule the indebtedness due to the Egyptian General Petroleum Corporation as at June 30, 2013 from subsidiary with a net amount of EGP 125 552 293 to be repaid over three years. An amount of L.E 80 million was paid until March 31, 2016. Accordingly, the said indebtedness balance as at March 31, 2016 amounted to USD 5 135 546 equivalent to L.E. 45 552 293.

- The Group's exposure to foreign currency and liquidity risks related to creditors are disclosed in note No. (52).

39- Operating revenues

	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Gas supplies activity revenues	22 305 403	14 497 514
Communication & geographic maps activity revenue	-	94 945
Agencies activity revenue	823 460	674 592
Chemicals & plastic activity revenue	32 513 271	24 678 125
Cooling technology by natural gas activity revenue	734 502	939 461
Fertilizers activity revenue	39 116 491	19 290 261
	95 493 127	60 174 898

40- Operating costs

	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Gas supplies activity cost	14 154 687	8 650 537
Communication & geographic maps activity cost	22 835	20 309
Agencies activity cost	610 486	530 543
Chemicals & plastic activity cost	22 047 304	17 262 999
Cooling technology by natural gas activity cost	582 297	908 843
Fertilizers activity cost	29 409 340	19 088 190
	66 826 949	46 461 421

41- Income from investment activity

	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Gain on sale of held for trading investments	36 321	377
Gain on sale of available -for- sale investments	5 968 843	6 716 629
Unrealized gain on held for trading investments	1 065 199	573 118
Gain on investments in treasury bills	1 010 316	-
	8 080 679	7 290 124

42- Other Income

	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Provisions - no longer required	12 469	4 153 766
Reversal of impairment loss on debtors*	33 086 991	2 158
Capital gain	68 879	16 204
Other	207 757	185496
	33 376 096	4 357 624

a. This amount is represented in the reversal of impairment losses on the balances due from an unconsolidated subsidiary during the period which works in the energy field. The reversal of this impairment loss was made due to the expectation of such amounts because of the rise up in the crude oil prices during the period.

43- Selling & distribution expenses

	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Cooling technology by natural gas activity's selling & distribution expenses	48 367	12 577
Chemicals & plastic activity's selling & distribution expenses	1 190 609	1 131 432
Phosphate fertilizers activity's selling & distribution expenses	1 551 962	573 522
	2 790 938	1 717 531

44- Other expenses

	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Provisions formed	22 488 111	-
Impairment loss on debtors*	-	58 050
	22 488 111	58 050

45- Net financing income

	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Financing income		
Interest income	3 539 033	3 799 220
Foreign exchange profit	2 883 904	566 843
	6 422 937	4 366 063
Financing costs		
Financing expenses	(2 882 508)	(3 438 418)
	(2 882 508)	(3 438 418)
	3 540 429	927 645

46- Income tax expense

	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Current income tax expense	6 063 660	3 414 678
Deferred income tax benefit	(490 197)	(335 476)
	5 573 463	3 079 202

47- Discontinued operations

The item of losses from discontinued operations amounted to USD 10 948 951 as follows:-

	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Discontinued operation loss – Drilling & Petroleum Service Sector (A)	10 948 951	4 018 376
Discontinued operation loss – A company within the Chemicals & Plastic Sector (B)	-	238 659
	10 948 951	4 257 035

(A) On February 25, 2016, an agreement was signed whereby the transfer of the shares owned by the Group in a subsidiary working in the energy field was transferred to an investor outside the Group. The Group has assigned all management and voting rights related to the shares owned by the Group in this subsidiary. Accordingly this subsidiary has been accounted for as unconsolidated subsidiary in the consolidated financial statements as at March 31, 2016.

The Company's assets, liabilities, non-controlling interest, and its related items of comprehensive income have been excluded. The resulting losses from loss of control of USD 10 948 951 have been recognized in the income statement during the period and any remaining investments in the unconsolidated subsidiary have been recognized at fair value on that date.

The Company's assets and liabilities were not a discontinued operation and were not classified as non-current assets held for sale as at December 31, 2015. The comparative figures of the consolidated income statement were re-presented to show the discontinued operation separately from the continued operations.

Losses from discontinued operation is represented as follows:

Results of discontinued operation	The three-month ended 31/3/2016 USD	The three-month ended31/3/2015 USD
Revenues	-	22 179 770
Expenses	-	(26 198 146)
Loss from operating activities	-	(4 018 376)
Income tax expense	-	-
Losses from operating activities, net of income tax	-	(4 018 376)
The Company's share in losses from operating activities	-	(1 622 945)
The non -controlling interest in losses from operating activities	-	(2 395 431)
Loss on disposal of discontinued operation	(10 948 951)	-
Loss from discontinued operation (net of tax)	(10 948 951)	(4 018 376)
The Company's share from discontinued operation (net of tax)	(10 948 951)	(1 622 945)
Weighted average number of shares outstanding during the period	975 658 258	973 372 126
losses per share from discontinued operation (US cent / Share)	(1.12)	(0.17)

(B) On May 26, 2015, an agreement was signed whereby the transfer of the shares owned by the Group in a subsidiary was transferred to an investor outside the group. The sale was completed during September 2015.
The Company's assets and liabilities were not a discontinued operation and were not classified as non-current assets held for sale as at March 31, 2015. The comparative figures of the consolidated statement of profit or loss were re-presented to show the discontinued operation separately from the continued operation.

Losses from discontinued operation is represented as follows:

Results of discontinued operation	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Revenues	-	1 764 628
Expenses	-	(2 003 287)
Loss from operating activities	-	(238 659)
Income tax expense	-	-
Losses from operating activities, net of income tax	-	(238 659)
The Company's share in losses from operating activities	-	(238 659)
Loss on disposal of discontinued operation	-	-
Loss from discontinued operation (net of tax)	-	(238 659)
The Company's share from discontinued operation (net of tax)	-	(238 659)
Weighted average number of shares outstanding during the period	-	973 372 126
losses per share from discontinued operation (US cent / Share)	-	(0.024)

48- Earnings per share

The calculation of earnings per share for the financial year ended March 31, 2016 was based on the profit attributable to ordinary shareholders of USD 21 831 630 (amounted to USD 15 033 139 for the financial period ended March 31, 2015) and a weighted average number of ordinary shares outstanding during the period of 975 658 258 shares during the financial period ended March 31, 2016 (973 372 126 shares during the financial period ended March 31, 2015) calculated as follows:

Profit attributable to equity holders

	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Net profit for the year attributable to equity holders of the Parent Company	21 831 630	15 033 139
Employees' share in profit	-	-
Board of directors' emoluments of the Parent	-	-
Employees & board of directors' share in profit in subsidiaries and associates	-	-
Shareholders' share in net profit of the period	21 831 630	15 033 139
Weighted average number of shares outstanding during the period	975 658 258	973 372 126
Earnings per share (US cent / Share)	2.24	1.54

Earnings per share from continued operations

	The three-month ended 31/3/2016 USD	The three-month ended 31/3/2015 USD
Net profit for the period attributable to equity holders of the Parent Company	32 780 581	18 124 324
Employees' share in profit	-	-
Board of directors' emoluments of the Parent Company	-	-
Employees & board of directors' share in profit in subsidiaries and associates	-	-
Shareholders' share in net profit of the period	32 780 581	18 124 324
Weighted average number of shares outstanding during the period	975 658 258	973 372 126
Earnings per share (US cent / share)	3.36	1.86

Weighted average number of shares outstanding during the period:-

	the three-month ended 31/3/2016 USD	the three-month ended 31/3/2015 USD
Issued shares at beginning of the period	975 658 258	975 658 258
Effect of issuance of bonus shares (incentive shares)	48 782 912	-
	1 024 441 170	975 658 258
Effect of issuance of incentive shares	(48 782 912)	-
Effect of own shares held (treasury shares)	-	(2 286 132)
Weighted average number of shares outstanding during the period	975 658 258	973 372 126

49- 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 was added to the shareholders register labeled as "the incentive and bonus plan for employees of Egypt Kuwait Holding Co."
- No shares have been granted or allocated to beneficiaries to date and the incentive shares will be allocated during the period, accordingly, no charge was made to the consolidated statement of income during the financial period ended March 31, 2016.

50- Controlled entities

Material subsidiaries are represented in the following:

Subsidiary name

Subsidiary name	Country Of Incorporation	Ownership 31/3/2016 %	Ownership 31/12/2015 %
National Gas Company (NATGAS) S.A.E (*)	Egypt	74.94	74.94
Al Nubaria for Natural Gas Company S.A.E	Egypt	74.93	74.93
Globe Telecom Company S.A.E	Egypt	99.93	99.93
Globe Fiber for Information & Communication Company S.A.E	Egypt	99.9	99.9
Globe for Trading & Agencies Company S.A.E	Egypt	100	100
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	87.47	87.47
Globe for Communication & Information Technology Company S.A.E	Egypt	99	99
Midor for Logestic Services Company S.A.E	Egypt	99.89	99.89
Cooling Technology by Natural Gas Company (Gas Chill) S.A.E	Egypt	83.73	83.73
Sprea Misr for Production of Chemicals & Plastics Company S.A.E	Egypt	100	100
Plastichem Company S.A.E	Egypt	99.997	99.997
Midor Suez for Oil Refining Company S.A.E	Egypt	99.99	99.99
Egyptian Company for Petrochemicals S.A.E	Egypt	99.27	99.27
Fayoum Gas Company S.A.E	Egypt	77.99	77.99
Fayoum Gas Holding Company - Limited Liability Co.	British Virgin Islands	100	100
Solidarity Group	United Arab of Emirates	100	100
Arabian Fertilizers - Limited Liability Co. at the Jebel Ali Free Zone	UAE	99.99	99.99
Arabian Company for Fertilizers. S.A.E	Egypt	74.72	74.72
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	99.9	99.9
Alexfert Investments- Limited Liability Co.	Cayman Islands	99.99	99.99
International Fertilizers Trading- Limited Liability Co.	Cayman Islands	99.99	99.99
Bawabat Al Kuwait Holding Company – S.A.K (***)	Kuwait	41.67	41.67
Alex Fert Co. (Abou Quir) - under the Public Free Zones System (***)	Egypt	37.81	37.81
International Petrochemicals Investments Company - under the Public Free Zones System (***)	Egypt	46.14	46.14
International Logistics Company – L.L.C. (***)	Kuwait	41.67	41.67
Magnolia Holding LP Co. (****)	Cayman Islands	46.14	46.14
IPIC Global Co. (***)	Cayman Islands	46.14	46.14
Magnolia Energy Infrastructure LP Co. (****)	USA	46.14	46.14
Magnolia Idaho Nitrogen Co. (****)	USA	46.14	46.14
ECO for Agriculture Development Co.	Egypt	100	-

- The consolidated financial statements as at March 31, 2016 did not include some subsidiaries of the Group which are working in the energy field because of loss of control over them as mentioned in detail in note No. (47) above

(*) During the year 2015, an additional stake of 18 % of the share capital of National Gas Company (NATGAS) S.A.E was acquired for USD 14 528 175 and the acquisition resulted in a loss of USD 8 696 954 that has been recognized within equity as it considered transaction among the Company's shareholders.

(**) During the year 2015, an additional stake of 20 % of the share capital of Middle East for River Transport Co was acquired for USD 787 500 and the acquisition resulted in a loss of USD 174 385 that has been recognized within equity as it considered transaction among the Company's shareholders.

(***) 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 year 2012, the Group through, IPIC Global Co. – a subsidiary and its subsidiaries acquired 99 % in the share capital of Magnolia 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.
According to the sale/purchase agreement concluded with the selling party, the purchase price amounts to USD 25 million is to be repaid as follows:

- An amount of USD 3 million after 91 days from the contract date (Closing payment).
- An amount of USD 7 million after 12 months from the date of obtaining the required finance of the project (Financial close payment).
- An amount of USD 15 million after completing the project (Completion payment).

During 2012, the study of the construction of a plant for producing fertiliers using Nitrogen in the United States of America was commenced.

- The project's plan was to produce an amount of 2200 ton of Ammonia daily that will be upgraded to Urea and UAN.
- Contracts were signed between each of Betchel with UHDE and KBR with Keweit for developing the project and the work started on January 6, 2014.
- The main government permits were given, Special Use Permit and Air Permit.
- A discussion has started for making a Gas Supply Agreement and Take-Off Agreement.

The total payments for the investment in this project amounted to USD 38 980 650 and the Group's share in these payments amounted to USD 17 749 167 till the date of the issuance of the financial statements.

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 loss on projects under construction	(12)	14 471 667
Impairment loss on intangible assets	(14)	3 000 000
Total impairment losses related to Nitrogen fertilizers project		**17 471 667**

The said investments were accounted for as an asset acquisition and not as a business combination due to the fact that the acquisition does not represent an activity in addition to the fact that the acquire has limited assets and did not carry out any operating or production activities. The said assets were recorded at the paid amount and the remaining amounts were not recorded until fulfilling the remaining terms of payment according to the contract and until determining the fair values of the net assets acquired in order to allocate the acquisition cost over the assets based on the relative fair value. In addition, the assets, liabilities and operating results of the said company for the financial year ended in December 31, 2015 and for the financial period ended March 31, 2016 were included in the consolidated financial statements at end of the year based on the management's reports prepared by the financial department of the said company as the audit and the review thereof have not been finalized yet.

51- 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 Parent Company rents part of its present premises from Delta Insurance Co. - An associate in which the Parent Company holds 32.02 % of its issued capital by virtue of lease contracts ending on June 30, 2020 and January 31, 2017. In addition, the Company has made Group insurance agreements with Delta Insurance Co.

- 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.

52- Financial instruments

52-1 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.	31/3/2016 USD	31/12/2015 USD
Other debtors - due from Sudapet Co. and Nilepet Co.Ltd.	(21)	-	22 149 309
Other debtors - due from Carbon Holdings Limited Co.	(21)	6 837 176	10 519 685
Fixed assets selling receivables		192 923	225 224
Due from Egyptian General Petroleum Corporation	(9)	12 841 195	14 143 503
Trade receivables	(20)	29 882 312	66 446 606
Cash & cash equivalents	(17)	315 955 186	396 629 481
		365 708 792	510 113 808

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

	31/3/2016 USD	31/12/2015 USD
Governmental customer	13 253 915	14 569 252
Retail customers	122 983	153 350
End user customers	24 233 890	62 019 431
Export customers	5 112 719	3 848 076
	42 723 507	80 590 109

52-2 Impairment losses

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

	31/3/2016		31/12/2015	
	Balance USD	Impairment losses USD	Balance USD	Impairment losses USD
Not past due	2 669 102	-	3 420 944	-
Past due 0-30 days	5 090 493	-	3 114 843	-
Past due 1-3 month	11 837 529	-	13 128 211	-
Past due 3-12 month	17 688 410	-	19 978 825	-
More than one year	5 437 973	216 356	40 947 286	248 968
	42 723 507	216 356	80 590 109	248 968

Impairment loss amounting to USD 216 356 as at March 31, 2016 was basically attributable to chemicals & plastic and telecommunications and gas customers.

52-3 Liquidity risk

The following are the contractual maturities of financial liabilities:

March 31, 2016

	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	140 215 466	27 461 563	57 126 336	51 787 253	3 840 314	-
Unsecured bank facilities	78 252 036	53 652 036	3 800 000	7 600 000	13 200 000	-
Suppliers & subcontractors	14 419 947	9 672 923	4 747 024	-	-	-
Egyptian General Petroleum Corporation	81 707 869	61 437 894	20 269 975	-	-	-
Bank overdraft	44 661 480	27 653 216	17 008 264	-	-	-
	359 256 798	**179 877 632**	**102 951 599**	**59 387 253**	**17 040 314**	**-**

December 31, 2015

	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	218 738 473	65 463 666	96 008 828	51 955 943	5 310 036	-
Unsecured bank facilities	121 117 248	94 717 248	5 600 000	7 600 000	13 200 000	-
Suppliers & subcontractors	83 576 453	77 877 808	5 698 645	-	-	-
Egyptian General Petroleum Corporation	67 554 770	46 843 907	20 710 863	-	-	-
Bank overdraft	42 735 150	25 728 341	17 006 809	-	-	-
	533 722 094	310 630 970	145 025 145	59 555 943	18 510 036	-

52-4 Currency risk

Exposure to currency risk

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

March 31, 2016

Description	USD	L.E	K.W.D	EURO	GBP
Cash at banks & on hand	189 604 622	1 117 627 049	506	851 360	25 673
Investments in treasury bills	-	-	-	-	-
Debtors	49 161 069	474 435 646	-	-	12 400
Due from Egyptian General Petroleum Corporation	-	113 901 404	-	-	-
Trade & notes receivables	4 514 753	281 499 705	-	1 229 872	-
Bank overdraft	(44 475 681)	-	-	(209 942)	-
Secured bank loans	(124 767 318)	(137 025 074)	-	-	-
Unsecured bank facilities	(71 559 692)	(59 361 090)	-	-	-
Due to Egyptian General Petroleum Corporation	-	(724 748 800)	-	-	-
Trade payables	(8 935 822)	(47 533 031)	-	(29 551)	(142 740)
Creditors	(57 482 668)	(497 091 561)	(120 624)	(54 552)	-
Other long-term liabilities	-	(284 399)	-	-	-
Net exposure	(63 940 737)	521 419 849	(120 118)	1 787 187	(104 667)

December 31, 2015

Description	USD	L.E	K.W.D	EURO	GBP
Cash at banks & on hand	279 982 264	905 279 631	-	1 061 782	51 814
Investments in treasury bills	-	-	-	-	-
Debtors	89 494 905	385 544 321	-	-	600
Due from Egyptian General Petroleum Corporation	18 063	110 602 195	-	-	-
Trade & notes receivables	42 954 904	208 179 355	-	249 267	-
Bank overdraft	(42 620 426)	-	-	(102 414)	-
Secured bank loans	(278 245 731)	(70 637 166)	-	-	-
Unsecured bank facilities	(41 742 585)	(84 924 621)	-	-	-
Due to Egyptian General Petroleum Corporation	(61 299)	(375 339 392)	-	-	-
Trade payables	(80 432 306)	(22 613 639)	-	(35 380)	(142 740)
Creditors	(140 383 799)	(508 052 761)	(106 568)	(54 928)	-
Other long-term liabilities	(1 065)	(6 521 726)	-	-	-
Net exposure	(171 037 075)	541 516 197	(106 568)	1 118 327	(90 326)

The following exchange rates applied during the period:

	Average exchange rate during the period ended		Spot rate	
	31/3/2016	31/3/2015	31/3/2016	31/12/2015
L.E	8.02	7.465	8.87	7.82
K.D	0.3017	0.2962	0.3024	0.3040
EURO	0.90035	0.8756	0.8850	0.9175
GBP	0.68545	0.65805	0.6944	0.6765
SDG	-	6.2876	-	6.319

52-5 Interest rate risk

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

	Carrying amount	
	31/3/2016	31/12/2015
	USD	USD
Fixed rate instruments		
Financial liabilities	4 799 678	6 526 901
	4 799 678	6 526 901
Variable rate instruments		
Financial liabilities	213 667 824	333 328 820
	213 667 824	333 328 820

The Group does not account for any fixed rate financial assets and liabilities at fair value through consolidated profit or loss, 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.

52-6 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:

	31/3/2016		31/12/2015	
	Carrying Amount USD	Fair value USD	Carrying Amount USD	Fair value USD
Available for sale investments	122 262 029	122 262 029	115 930 389	115 930 389
Due from Egyptian General Petroleum Corporation	12 841 195	12 841 195	14 143 503	14 143 503
Debtors	112 491 739	112 491 739	138 735 192	138 735 192
Cash and cash equivalents	316 376 851	316 376 851	396 867 046	396 867 046
Investments in treasury bills	47 571 685	47 571 685	6 044 646	6 044 646
Financial assets at fair value through profit or loss	107 496 191	107 496 191	112 495 674	112 495 674
Trade receivables	37 122 739	37 122 739	69 569 490	69 569 490
Secured bank loans	(140 215 466)	(140 215 466)	(218 738 473)	(218 738 473)
Unsecured bank facilities	(78 252 036)	(78 252 036)	(121 117 248)	(121 117 248)
Suppliers & subcontractors	(14 419 947)	(14 419 947)	(83 576 453)	(83 576 453)
Due to Egyptian General Petroleum Corporation	(81 707 869)	(81 707 869)	(67 554 770)	(67 554 770)
Creditors	(155 366 036)	(155 366 036)	(204 423 408)	(204 423 408)
Bank overdraft	(44 661 480)	(44 661 480)	(42 735 150)	(42 735 150)
Other long-term liabilities	(718 055)	(718 055)	(833 980)	(833 980)
	240 821 540	240 821 540	114 806 458	114 806 458

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

53- Capital commitments

Total capital commitments amounted to USD 664 020 as at March 31, 2016 represented in the amount of contributions in long – term investments which have not been requested to be paid till the consolidated balance sheet date (2015: USD 8 353 244).

54- Contingent liabilities

In addition to amounts provided for in the consolidated balance sheet, there are contingent liabilities as at March 31, 2016 totaled USD 24.962 million (2015: USD 37.547 million) represented in the following:

- Uncovered letters of credit amounting to USD 10 188 097 (2015: USD 19 379 247).
- Letters of guarantee issued by banks on the account of the Group and in favor of others amounting to USD 14 773 693 (2015: USD 18 167 812).

55- Tax status

Corporate profit tax

- The Company enjoyed a tax exemption for 5 years according to Investment Law No. 8 of 1997 and ended on December 31, 2003.
- Tax inspection for corporate profit tax from inception till 2004 was carried out and the resulting tax differences were settled.

- Years from 2005 till 2008 The Company's records were not requested for inspection within the determined sample by the Tax Authority till authorizing of these financial statements for issuance.
- 2009 is currently inspected.
- Years from 2010 till 2015 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 the beginning of activity till 2006 was carried out and the final assessment was determined and resulting differences were settled.
- The tax inspection for years 2007 / 2014 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.

Property tax

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