

Translation from Arabic

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Consolidated Financial Statements
For The Financial Year Ended December 31, 2016

And Auditor's Report

Contents	Page
Auditor's Report	-
Consolidated Statement of Financial Position	1
Consolidated Income Statement	2
Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6 - 64



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AUDITOR'S REPORT

To the Shareholders of Egypt Kuwait Holding Company

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Egypt Kuwait Holding Company S.A.E, which comprise the financial position as at December 31, 2016, the consolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Except as described in paragraph (4) in the Basis for Qualified Opinion paragraph, we conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

- (1) The provisions balance, in the consolidated statement of financial position, includes an amount of approximately USD 13.33 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 8.62 million has been formed during the current year. The aforementioned matter has led to a reduction in net profit for the year with an amount of approximately USD 8.62, an increase in the provisions balance as at December 31, 2016 by approximately USD 13.33 million and a decrease in equity attributable to owners of the Company balance by approximately USD 13.33 million. We have issued a qualified auditor's report on the consolidated financial statements for the financial 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 179.69 million, the decrease of the fair value reserve balance with an amount of approximately USD 170.87 million and also an decrease in the net profit attributable to the equity holders of the Company for the year with an amount of USD 8.76 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.
- (3) The Company's management recognized revenues of approximately USD 14.55 million in the consolidated income statement, despite the fact that such revenues are pertaining to previous financial periods, a matter that led to an increase in the revenues related to the financial year ended as at December 31, 2016 with an amount of approximately USD 14.55 million and an increase in the income tax expense for the year with an amount of approximately USD 3.27 million. The aforementioned resulted in an increase in the net profit for the year with an amount of approximately USD 11.28 million and decrease in the opening balance of both the retained earnings and non-controlling interests with the amounts of approximately USD 9.47 million and USD 1.81 million respectively.
- (4) As indicated in details in note no. (53) of the notes accompanying the consolidated financial statements, the Company's management has not provided us with the documents pertinent to the fulfilment of the criteria of granting all the incentive and bonus plan to the executive members of the board of directors and managers, whereby the consolidated income statement was charged by a total amount of approximately USD 17.56 million for the financial year ended December 31, 2016 while increasing the shareholders' equity with the same amount. Accordingly, we were not able to determine whether any adjustments might be necessary to the amounts shown in the consolidated financial statements and whether such share incentive plan was in accordance with the requirements of the Egyptian Accounting Standard No. (39) as amended in 2015 - "Share-based Payment".



Hazem Hassan

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Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been provided with the documents referred to in paragraph (4) on the consolidated financial statements and the effect of matters described in paragraphs (1) to (3) in the Basis for Qualified Opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Egypt Kuwait Holding Company as at December 31, 2016, and of its consolidated financial performance and its consolidated cash flows for the year ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Report on Other Legal and Regulatory Requirements

The Company keeps proper accounting records, which include all that is required by law and the statutes of the Company, the financial statements, are in agreement thereto, the Company maintains proper costing accounts, the Company maintains proper costing accounts, the inventory was counted by management in accordance with methods in practice.

The financial information included in the board of directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account.

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo, March 1, 2017

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)
Consolidated Statement of Financial Position
As at December 31 2016

	Note No.	31/12/2016 USD	31/12/2015 USD
<u>Assets</u>			
<u>Non-current assets</u>			
Equity - accounted investees	(7)	63 782 363	155 057 733
Available -for- sale investments	(8)	116 953 348	115 930 389
Held to maturity financial assets	(9)	113 528 198	-
Property, plant and equipment (net)	(11)	221 707 554	267 486 929
Exploration & development assets	(12)	-	93 594 442
Projects under construction	(13)	12 173 378	10 646 031
Goodwill	(14)	51 038 635	75 612 858
Other intangible assets (net)	(15)	18 205 606	27 307 394
Other debtors	(16)	249 714	227 782
Total non-current assets		597 638 796	745 863 558
<u>Current assets</u>			
Cash at banks & on hand	(18)	242 186 165	396 867 046
Investment in treasury bills	(19)	12 353 745	6 044 646
Held to maturity financial assets	(9)	6 259 781	-
Financial assets at fair value through profit and loss	(20)	15 159 821	112 495 674
Trade & notes receivable	(21)	21 277 548	69 566 932
Egyptian General Petroleum Corporation	(10-1)	1 416 404	7 324 260
Debtors & other debit balances	(22)	23 164 028	113 119 688
Inventories	(23)	46 498 518	67 846 708
Work in progress	(24)	7 604 774	8 395 895
Assets held for sale	(25)	38 368 005	-
Total current assets		414 288 789	781 660 849
Total assets		1 011 927 585	1 527 524 407
<u>Equity</u>			
Issued & fully paid up capital	(26)	256 110 292	256 110 292
Legal reserve	(27)	123 559 511	121 957 282
Special reserve - share premium	(28)	57 954 547	57 954 547
General reserve	(29)	8 380 462	8 380 462
Fair value reserve	(30),(8)	(170 395 430)	(175 271 701)
Amount set aside for share-based payments transactions	(31)	17 561 848	-
Retained earnings		325 259 517	299 919 262
Foreign currency translation differences of foreign operations	(32)	(217 373 270)	(47 179 262)
		401 057 477	521 870 882
Non-controlling interests	(33)	224 276 236	269 784 026
Total equity		625 333 713	791 654 908
<u>Non-current liabilities</u>			
Long - term loans & bank facilities	(35)	119 409 164	123 097 749
Other long-term liabilities	(36)	372 908	833 980
Egyptian General Petroleum Corporation	(10-2)	-	581 332
Provisions	(38)	-	4 070 000
Deferred tax liabilities	(37)	26 571 939	29 721 891
Total non-current liabilities		146 354 011	158 304 952
<u>Current liabilities</u>			
Provisions	(38)	21 448 727	13 827 109
Bank overdraft	(39)	4 841 589	42 735 150
Short term loan installments & bank facilities	(40)	76 213 486	216 757 972
Suppliers & subcontractors	(41)	14 250 675	83 576 453
Egyptian General Petroleum Corporation	(10-2)	23 983 418	15 206 509
Dividends payable		1 037 400	1 037 946
Creditors & other credit balances	(42)	98 459 966	204 423 408
Liabilities held for sale	(25)	4 600	-
Total current liabilities		240 239 861	577 564 547
Total liabilities		386 593 872	735 869 499
Total equity and liabilities		1 011 927 585	1 527 524 407

* 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

Managing Director

Chairman & Managing Director

Medhat Hamed Bonna

Sahar Hassan Farahat

Sherif Al Zayat

Moataz Adel Al- Alfi

* Auditor's Report " attached "
KPMG Hazem Hassan

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

	Note	<u>2016</u>	<u>2015</u>
<u>Continuing operations</u>	<u>No.</u>	<u>USD</u>	<u>USD</u>
Operating revenues	(43)	343 079 552	257 552 573
Operating costs	(44)	(234 033 205)	(197 335 278)
Gross profit		109 046 347	60 217 295
Income from investment activity	(45)	18 147 978	22 045 588
Other income	(46)	3 117 962	5 225 313
Selling & distribution expenses	(47)	(10 047 583)	(7 430 756)
General & administrative expenses		(21 987 663)	(25 337 194)
Share based payments expense	(53)	(17 561 848)	-
Other expenses	(48)	(10 706 484)	(1 889 670)
Operating profit		70 008 709	52 830 576
Financing income	(49)	45 365 481	12 480 601
Financing costs	(49)	(11 349 590)	(14 232 737)
Net financing income (costs)		34 015 891	(1 752 136)
Share of profit of associates		5 275 943	3 579 924
Net profit for the year before income tax		109 300 543	54 658 364
Income tax expense	(50)	(22 194 762)	(5 491 552)
Net profit for the year from continuing operation		87 105 781	49 166 812
Discontinued operations			
Gain (loss) from discontinued operation (net of income tax)	(51)	(10 630 332)	(3 104 809)
Non-controlling interest shares in the gain from discontinued operation	(51)	-	3 333 653
Net profit for the year		76 475 449	49 395 656
Net profit attributable to:			
Owners of the Company		62 542 790	36 272 437
Non-controlling interests	(33)	13 932 659	13 123 219
Net profit for the year		76 475 449	49 395 656
Basic earnings per share (US cent / Share)	(52)	5.60	2.52
Diluted earning per share (US cent / Share)	(52)	5.33	2.52
Basic earnings per share (US cent / Share) from continuing operation	(52)	6.69	2.84
Diluted earning per share (US cent / Share) from continuing operation	(52)	6.37	2.84

* 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 year ended December 31, 2016

	<u>Note No.</u>	<u>2016 USD</u>	<u>2015 USD</u>
Net profit for the year		76 475 449	49 395 656
Other comprehensive income items			
Net change in fair value of available -for- sale investments	(30)	4 015 369	(30 154 906)
Foreign currency translation difference of foreign operations	(32)	(179 736 331)	(5 760 669)
Total other comprehensive income items for the year before income tax		<u>(175 720 962)</u>	<u>(35 915 575)</u>
Income tax related to other comprehensive income items		-	-
Total other comprehensive income for the year after income tax		<u>(175 720 962)</u>	<u>(35 915 575)</u>
Total comprehensive income for the year		<u>(99 245 513)</u>	<u>13 480 081</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		(102 774 947)	1 265 243
Non-controlling interests		3 529 434	12 214 838
Total comprehensive income for the year		<u>(99 245 513)</u>	<u>13 480 081</u>

* 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 Changes in Equity
For the financial year ended December 31, 2016

Attributable to equity holders of the Company

Note No.	Share capital USD	Legal reserve USD	Special reserve - Share premium USD	General reserve USD	Fair value reserves USD	Cumulative translation adjustments USD	Amount set aside for share based payment transactions USD	Retained earnings USD	Set aside amount for financing the executive and bonus plan USD	Treasury Shares USD	Total USD	Non-controlling interests USD	Total equity USD
Balance as at January 1, 2015	243 914 564	121 957 282	57 954 547	8 380 462	(143 723 798)	(43 719 971)	-	324 769 741	-	(7 121 774)	562 411 053	270 317 743	832 728 796
Change in equity during the year													
Increase in issued and paid capital	12 195 728	-	-	-	-	-	-	-	(12 195 728)	-	-	-	-
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	-	-	-	-	-	-	-	(8 871 339)	-	-	(8 871 339)	-	(8 871 339)
Losses of sale of treasury shares	-	-	-	-	-	-	-	(2 385 416)	-	7 121 774	4 736 358	-	4 736 358
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(12 748 555)	(12 748 555)
Set aside amount for financing the incentive and bonus plan	-	-	-	-	-	-	-	(12 195 728)	12 195 728	-	-	-	-
Comprehensive income for the year													
Net profit for the year	-	-	-	-	-	-	-	36 272 437	-	-	36 272 437	13 123 219	49 395 656
Change in fair value of available-for-sale investments	-	-	-	-	(31 547 903)	-	-	-	-	-	(31 547 903)	1 392 997	(30 154 906)
Cumulative translation adjustments	-	-	-	-	-	(3 459 291)	-	-	-	-	(3 459 291)	(2 301 378)	(5 760 669)
Total comprehensive income													
Balance as at December 31, 2015	256 110 292	121 957 282	57 954 547	8 380 462	(31 547 903)	(3 459 291)	-	36 272 437	-	-	1 565 243	13 214 838	13 480 081
Change in equity during the year													
Amounts transferred to legal reserves	-	1 602 229	-	-	-	-	-	(1 602 229)	-	-	-	-	-
Dividends distribution for shareholders	-	-	-	-	-	-	-	(24 391 456)	-	-	(24 391 456)	-	(24 391 456)
Dividends distribution to employees and board members	-	-	-	-	-	-	-	(12 432 400)	-	-	(12 432 400)	-	(12 432 400)
Gain on acquisition of non-controlling interests	-	-	-	-	-	-	-	1 223 550	-	-	1 223 550	(1 223 550)	-
Equity-settled share-based payments	-	-	-	-	-	-	17 561 848	-	-	-	17 561 848	-	17 561 848
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(47 813 674)	(47 813 674)
Comprehensive income for the year													
Net profit for the year	-	-	-	-	-	-	-	62 542 790	-	-	62 542 790	13 932 659	76 475 449
Change in fair value of available-for-sale investments	-	-	-	-	4 876 271	-	-	-	-	-	4 876 271	(860 902)	4 015 369
Cumulative translation adjustments	-	-	-	-	-	(170 194 008)	-	-	-	-	(170 194 008)	(9 542 323)	(179 736 331)
Total comprehensive income													
Balance as at December 31, 2016	256 110 292	123 559 511	57 954 547	8 380 462	(4 876 271)	(170 194 008)	17 561 848	62 542 790	-	-	(103 774 837)	3 539 434	(99 245 513)
					(170 395 430)	(217 373 270)		325 259 517	-	-	401 057 477	224 276 236	625 333 713

* 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 year ended December 31, 2016

	Note No.	2016 USD	2015 USD
Cash flows from operating activities			
Net profit for the year before income tax		109 300 543	54 658 364
Adjustments for:			
Depreciation & amortization of property, plant and equipment and other non-tangible assets	(11),(15)	28 196 641	29 292 658
Exploration & development assets depletion		-	8 332 927
Gain on sale of available -for- sale investments		(541 489)	(4 700 764)
Company's share of profits of associates	(7)	(5 275 943)	(3 013 197)
Unrealized gain on held for trading investments	(45),(20)	(865 879)	(5 764 420)
Accrued interest & financing expenses		11 349 590	24 027 695
Interest income		(13 547 054)	(13 052 682)
Capital gain		(71 321)	(72 099)
Provisions no longer required	(38)	(85 511)	(4 827 414)
Provisions other than depreciation	(38)	10 706 484	3 525 109
Reversal of impairment loss on debtors and other debit balances		(4 593)	(96 975)
Impairment loss on debtors and other debit balances		-	64 561
Share based payments expense	(53)	17 561 848	-
Impairment loss on property, plant and equipment		-	459 845
Gain (Loss) of disposal of discontinued operations	(51)	(10 630 332)	228 844
Operating profit before changes in assets & liabilities available from operating activities		146 092 984	89 062 452
Changes in:-			
Held for trading investments		103 471 734	97 990 894
Trade & notes receivable		6 475 931	8 043 073
Debtors & other debit balances		17 695 612	(17 341 185)
Inventories		7 380 766	(4 535 863)
Work in progress		791 121	(1 691 608)
Suppliers & subcontractors		3 338 588	28 978 225
Creditors & other credit balances		(82 764 816)	5 031 807
Egyptian General Petroleum Corporation		8 195 577	(683 684)
Blocked deposits		35 607 795	(55 607 767)
Time deposits	(18)	(117 912 482)	-
Provisions used	(38)	(351 375)	(591 162)
Interest & financing expenses paid		(11 370 395)	(21 465 245)
Net change in assets of unconsolidated subscription due to loss of control		(39 363 876)	(4 898 417)
Net cash available from operating activities		77 287 164	122 291 520
Cash flows from investing activities			
Proceeds from sale of non-current assets held for sale		-	1 250 000
Interest received		15 898 531	11 964 175
Payments for acquisition of property, plant and equipment & projects under construction		(18 392 064)	(12 085 091)
Payments for acquisition of exploration & development assets		-	(53 513 073)
Proceeds from sale of property, plant and equipment		1 067 396	87 402
Proceeds from Egyptian General Petroleum Corporation		5 907 856	7 153 620
Proceeds from sale of available -for- sale investments		8 568 998	10 745 545
Payments for acquisition of available -for- sale investments		(6 080 354)	(14 354 197)
Payments for acquisition of investments in associates		-	(18 148 063)
Payments for held to maturity financial assets		(156 529 603)	-
Proceeds from held to maturity financial assets		12 129 571	-
Dividends received from associates		1 712 914	582 914
Payments for investment on treasury bills (more than three months)	(19)	(44 276 852)	-
Proceeds from treasury bills (more than three months)		31 923 107	-
Proceeds from disposal of discontinued operations		-	4 577 650
Net cash used in investing activities		(148 070 500)	(61 739 118)
Cash flows from financing activities			
Repayment of long-term loans & bank facilities		-	(105 686 963)
Proceeds from long-term loans & bank facilities		8 766 257	61 544 528
Proceeds from short-term loans & bank facilities		121 303 885	49 010 533
Repayment of short-term loans & bank facilities		(201 192 807)	(15 801 926)
Proceeds from bank overdraft		71 512	-
Repayment of bank overdraft		(38 153 612)	(23 504 322)
Payments for acquisition of non-controlling interests		(3 043 968)	(15 315 675)
Non-controlling interests		27 719 974	(7 212 601)
Dividends paid		(36 824 402)	(37 672 544)
Proceeds from sale of treasury shares		-	4 736 358
Net cash used in financing activities		(121 353 161)	(89 902 612)
Foreign currency translation differences		(51 082 256)	3 930 619
Net change in cash and cash equivalents during the year		(243 218 753)	(25 419 591)
Cash and cash equivalents at beginning of the year		346 901 181	372 320 772
Cash and cash equivalents at end of the year	(18)	103 682 428	346 901 181

* 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 year ended December 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, 2016 comprise the financial statements of Egypt Kuwait Holding Company (the Parent Company) & its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. The Group is involved in several activities which are represented in investment activities, selling & supplying of natural gas activity, drilling, petroleum & petrochemicals services activity, fertilizers activity, exploration & exploitation of oil, natural gas activity, chill technology by natural gas activity, communications and selling & distributing of chemicals & plastic activity, manufacturing of Formica chips & MDF of all types and sizes, and the activity of life insurance and responsibilities and properties insurance (note No. 3-1-1).

2- Basis of preparation of the consolidated financial statements

a) Statement of compliance

- These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.
- The consolidated financial statements were authorized for issuance by the Board of Directors of the Company on February 28, 2017.

b) Basis of measurement

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

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

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

c) Functional and presentation currency

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

d) Use of estimates and judgments

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

e) Measurement of fair values

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

3- Significant accounting policies

The accounting policies 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 loss are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3-2 Foreign currency

3-2-1 Foreign currency transactions

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

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

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

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to 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 & 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:

<u>Asset</u>	<u>Years</u>
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 its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and are ready for their intended use.

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 re-measurement 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).

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) Chemicals and plastic activity revenue

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

d) Cooling technology by natural gas activity revenue

- Revenues are recognized when goods are delivered to customers. Service revenue is recognized when the service is rendered to customers. No revenue is recognized if there is uncertainty for the consideration or its associated costs.
- Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that is probable that they will result in revenue and can be measured reliably.

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

e) Sale of electricity

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

f) Fertilizers activity revenue

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

g) 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.

h) Finance income and finance costs

The Group's finance income and finance costs include:

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

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

i) **Commission income**

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

j) **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 consolidated income statement and statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

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 year.

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 sudden 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 10.15 % 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 187.004 million equivalents to USD 9.755 million as unsecured bank facilities. Interest would be payable at a rate ranging between 10% and 13.5%.
- L.E 377.062 million equivalent to USD 19.67 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.
- L.E 155.741 million equivalent to USD 8.124 million as bank facilities secured by promissory notes. Interest would be payable at a rate ranging between 1% and 2.5% above LIBOR.
- L.E 393.341 million equivalents to USD 20.519 million as unsecured bank facilities. Interest would be payable at a rate ranging between 1% and 4%.

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 1.88 % 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 year divided by total shareholders' equity, the Board of Directors also monitors the level of dividends to shareholders.

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

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

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 December 31, 2016:

<u>New or Amended Standards</u>	<u>Summary of the Most Significant Amendments</u>	<u>Possible Impact on the Financial Statements</u>
<u>Egyptian Standard No. (1)</u> Presentation of Financial Statements	<p><u>Financial Position Statement</u></p> <ul style="list-style-type: none"> • 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. <p><u>Income Statement (Profit or Loss)/ Statement of Comprehensive Income</u></p> <p>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 (<i>Income Statement</i>) and the other one starts with the profit or loss and presents the other comprehensive income items (<i>Statement of Comprehensive Income</i>).</p>	<ul style="list-style-type: none"> • The presented financial statements, disclosures and their accompanying notes including the comparative figures have been re-presented. <p>Adding a new statement, <i>Statement of Comprehensive Income</i>, for the current and comparative year.</p>

<u>New or Amended Standards</u>	<u>Summary of the Most Significant Amendments</u>	<u>Possible Impact on the Financial Statements</u>
<u>Egyptian Standard No. (10)</u> Property, Plant and Equipment (<i>PPE</i>)	<ul style="list-style-type: none"> The option of using the revaluation model in the subsequent measurement of PPE has been canceled. 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 year and the comparable year. 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). 	<p>The amendment on the standard has no impact on the figures presented in the financial statements.</p> <p>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.</p>
<u>Egyptian Standard No. (23)</u> Intangible assets	The option of using the revaluation model in the subsequent measurement of intangible assets has been canceled	The amendment on the standard has no impact on the figures presented in the financial statements.
<u>Egyptian Standard No. (45)</u> Fair Value Measurement	<p>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:</p> <ol style="list-style-type: none"> Defining the fair value Laying down a framework to measure the fair value in one Standard. 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.
<u>Egyptian Standard No. (29)</u> Business Combination	<ul style="list-style-type: none"> The purchase method was cancelled and replaced by the acquisition method; as results: <ol style="list-style-type: none"> Changing the acquisition cost to become the cash consideration transferred; and to be measured at fair value at the acquisition date. Contingent consideration: the fair value of the consideration shall be recognized at the acquisition date as a part of consideration transferred. Changing the method of measuring goodwill in case of Step Acquisition is made. 	<p>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.</p>

**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.
 - 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.
 - 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.
- The amendment on the standard has no impact on the figures presented in the financial statements.
- These amendments are not retroactively applied.

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.
- The amendment on the standard has no impact on the figures presented in the financial statements.

**New or Amended
Standards**

Summary of the Most Significant Amendments

**Possible Impact on the
Financial Statements**

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.

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 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.

The amendment on the standard has no impact on the comparative figures presented.

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.

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.

<u>New or Amended Standards</u>	<u>Summary of the Most Significant Amendments</u>	<u>Possible Impact on the Financial Statements</u>
<u>Egyptian Standard No. (36)</u> 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.
<u>Egyptian Standard No. (14)</u> 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 figures presented in the financial statements.
<u>Egyptian Standard No. (41)</u> 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.
<u>Egyptian Standard No. (25)</u> Financial Instruments: presentation	<ul style="list-style-type: none"> 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.
<u>Egyptian Standard No. (40)</u> Financial Instruments: Disclosures	<ul style="list-style-type: none"> 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 property, plant and equipment and intangible assets other than goodwill.

Business segments

The Group comprises the following main business segments:

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

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

Geographical segments

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

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

Translation from Arabic

6- Segment reporting	Oil & gas			Chemicals & fertilizers			Other operations			Less: discontinued operations			Total continuing operations		
	31/12/2016	31/12/2015	USD	31/12/2016	31/12/2015	USD	31/12/2016	31/12/2015	USD	31/12/2016	31/12/2015	USD	31/12/2016	31/12/2015	USD
Business segments															
Revenues															
Total segments revenues	97 096 624	93 145 072		254 014 030	172 819 770		15 392 818	17 213 243		354 851	83 031 286		366 148 621	200 146 799	
Segment result	46 843 637	30 243 362		45 974 468	11 856 725		(31 866 904)	(5 061 691)		318 619	216 328		60 632 582	36 822 068	
Interest & financing expenses	672 497	1 309 442		1 992 472	3 572 761		8 684 621	9 410 969		-	9 855 393		11 349 590	4 437 779	
Interest income	1 451 316	1 867 550		8 043 921	3 880 832		4 051 817	6 118 692		-	1 185 608		13 547 054	10 681 466	
Share of profits of associates	296 494	-		972 702	(242 965)		4 006 747	3 822 889		106 784	(566 727)		5 169 159	4 146 651	
Net profit (loss) for the year before income tax	37 888 880	32 686 728		55 990 318	18 809 791		4 925 114	3 476 635		(10 630 332)	228 844		109 434 644	54 744 310	
Income tax	(10 317 818)	(5 531 272)		(11 876 944)	39 720		(49 340)	-		-	-		(22 244 102)	(5 491 552)	
Zakat	-	-		(68 226)	(42 986)		-	-		-	-		(68 226)	(42 986)	
(KFAS)Contribution to Kuwait foundation for the advancement of sciences	-	-		(65 875)	(42 960)		-	-		-	-		(65 875)	(42 960)	
Profits (Losses)	27 571 062	27 155 456		43 979 273	18 763 565		4 875 774	3 476 635		(10 630 332)	228 844		87 056 441	49 166 812	

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

6- Segment reporting (Cont.)

Other information

	Oil & gas		Chemicals & fertilizers		Other operations		Less: discontinued operations		Total continuing operations	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Segment assets	126 281 093	426 247 918	530 443 186	622 450 897	291 420 947	323 767 859	38 368 005	-	909 777 221	1 372 466 674
Investment in equity accounted investees	-	14 900 000	18 464 804	20 076 341	87 235 956	120 081 392	-	-	105 700 760	155 057 733
Total assets	126 281 093	441 147 918	548 907 990	642 527 238	378 656 903	443 849 251	38 368 005	-	1 015 477 981	1 527 524 407
Total liabilities	89 590 741	347 870 085	401 474 513	129 797 997	195 528 618	258 201 417	4 600	-	386 589 272	735 869 499
Capital expenditures										
Depreciation of property, plant and equipment , exploration & development asset depletion and amortization of intangible assets										
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
	(62 567 766)	(56 647 413)	(25 820 266)	(8 654 310)	(98 354 208)	(32 798 701)	-	-	(186 742 240)	(98 100 424)
	2 514 149	11 685 596	25 395 122	25 645 516	287 370	294 473	-	-	28 196 641	37 625 585

Geographical segments

	Egypt		Sudan		Total	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	USD	USD	USD	USD	USD	USD
Segment revenues	366 503 472	241 443 724	-	41 734 361	366 503 472	283 178 085
Capital expenditures	(186 742 240)	(92 745 654)	-	(5 354 770)	(186 742 240)	(98 100 424)
Segment assets	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	USD	USD	USD	USD	USD	USD
	1 053 845 986	1 165 370 791	-	362 153 616	1 053 845 986	1 527 524 407

7- Equity-accounted investees

<u>Description</u>	<u>Legal form</u>	<u>Ownership</u> %	<u>Paid amount</u> <u>of</u> <u>participation</u> %	<u>Carrying</u> <u>amount as at</u> <u>31/12/2016</u> USD	<u>Carrying</u> <u>amount as at</u> <u>31/12/2015</u> USD
<u>Quoted investments</u>					
Delta Insurance Co.	S.A.E	32.02	100	5 460 482	14 189 472
<u>Unquoted investments</u>					
Egyptian Co. for Oil Tankers	S.A.E under the Private Free Zones System	30	100	18 148 175	19 342 058
Egyptian Hydrocarbon Co.*	S.A.E under the Private Free Zones System	-	-	-	51 857 225
Building Material Industries Co.**	S.A.E	30.068	100	24 116 623	49 737 821
El Sharouk for Mellamin & Resins Co.	S.A.E	49.95	100	628 014	1 742 308
Other associates	S.A.E	13.397	100	15 429 069	18 188 849
				<u>63 782 363</u>	<u>155 057 733</u>

- The fair value of the Group's investments in associates listed in the Egyptian Exchange (Delta Insurance Co.) amounted to USD 2 571 179 at the consolidated balance sheet data (2015: USD 5 500 633).
- The Group investment in Egyptian Hydrocarbon Co. has been reclassified as non-current assets held for sale as mentioned in detail in note No. (25) below.
- 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 23 198 274 according to the last transactions made on these shares.

Egypt Kuwait Holding Co.

(An Egyptian Joint Stock Company)

Notes to the consolidated financial statements (Cont.)

For the financial year ended December 31, 2016

Translation from Arabic

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

December 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	15 564 400	35 064 043	33 732 245	68 796 288	52 959 929	271 959	53 231 888	12 519 627	1 958 607	10 561 020
Egyptian Company for Oil Tankers	58 732 633	37 191 775	97 620 356	134 812 131	43 098 605	32 980 893	76 079 498	44 625 818	44 501 034	124 784
El Shorouk for Melamine & Resins Co.	1 241 809	1 323 640	1 876 145	3 199 785	1 284 541	673 435	1 957 976	6 675 675	6 620 851	54 824
Building Material Industries Co. *	39 860 189	10 638 226	95 766 830	106 405 056	36 129 184	30 415 683	66 544 867	92 814 537	89 301 705	3 512 832

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

December 31, 2015

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**

<u>Description</u>	<u>Legal form</u>	<u>Ownership</u> %	<u>Paid amount</u> <u>of</u> <u>participation</u> %	<u>Balance</u> <u>as at</u> <u>31/12/2016</u> <u>USD</u>	<u>Balance</u> <u>as at</u> <u>31/12/2015</u> <u>USD</u>
<u>Investments at fair value</u>					
Portfolios managed by international investment managers (*)	-	-	-	71 435 926	63 243 316
Local companies securities listed in the Egyptian Exchange	S.A.E companies	-	100	1 540 237	8 592 595
<u>Investments measured at cost</u>					
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	13 977 185	14 094 428
Other companies **				170 761 304	50
				<u>287 714 652</u>	<u>115 930 389</u>
Impairment loss				<u>(170 761 304)</u>	<u>-</u>
				<u>116 953 348</u>	<u>115 930 389</u>

* 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 170.87 million that was included in equity under fair value reserve out of which an amount of USD 179.63 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 year as mentioned in detail in note No. (51).

9- **Held to maturity financial assets**

	<u>31/12/2016</u> <u>USD</u>	<u>31/12/2015</u> <u>USD</u>
Portfolios *	92 333 158	-
Governmental bonds	27 454 821	-
	<u>119 787 979</u>	<u>-</u>
<u>Classified as Follows:-</u>		
Current portion (due within one year)	6 259 781	-
Long – term portion (due after one year)	<u>113 528 198</u>	<u>-</u>

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

- The Group's exposure to interest rate risk and foreign currency risk related to cash at the banks and on hand are disclosed in note No. (56).

10- Egyptian General Petroleum Corporation

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

10-1 Debit balances

	<u>31/12/2016</u> USD	<u>31/12/2015</u> USD
<u>National Gas Company (NATGAS)</u>		
Egyptian Holding Company for Natural Gas (EGAS)	256 715	3 416 540
Egyptian General Petroleum Corporation	-	-
	<u>256 715</u>	<u>3 416 540</u>
<u>Fayoum Gas Company</u>		
Egyptian Holding Company for Natural Gas (EGAS)	388 267	1 041 984
Egyptian General Petroleum Corporation	771 422	2 865 736
	<u>1 159 689</u>	<u>3 907 720</u>
	<u>1 416 404</u>	<u>7 324 260</u>
<u>Classified as Follows:-</u>		
Current portion (due within one year)	<u>1 416 404</u>	<u>7 324 260</u>
Long – term portion (due after one year)	<u>-</u>	<u>-</u>

10-2 Credit balances

Represented in the following:

	<u>31/12/2016</u> USD	<u>31/12/2015</u> USD
<u>National Gas (NATGAS)</u>		
Egyptian General Petroleum Corporation	23 841 039	14 634 384
	<u>23 841 039</u>	<u>14 634 384</u>
<u>Fayoum Gas Company</u>		
Egyptian Holding Company for Natural Gas (EGAS)	142 379	572 124
Egyptian General Petroleum Corporation	-	581 333
	<u>142 379</u>	<u>1 153 457</u>
	<u>23 983 418</u>	<u>15 787 841</u>
<u>Classified as Follows:-</u>		
Current portion (due within one year)	<u>23 983 418</u>	<u>15 206 509</u>
Long – term portion (due after one year)	<u>-</u>	<u>581 332</u>

- 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. (56).

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

11- Property, plant and equipment

	Lands *	Usfruct of lands	Buildings & constructions	Vehicles	Furniture & office equipment	Machinery & equipment	Tools & supplies	Stations & electric transformers	Computer, software, hardware & decorations	Leasehold improvements	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	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 year	509,645	-	909,733	400,371	463,888	12,438,148	47,169	1,506,689	589,074	-	16,864,717
Disposals during the year	-	-	-	(257,505)	(61,471)	(2,358,581)	(1,343)	-	(29,120)	-	(2,707,020)
Cost of disposed of assets due to loss of control **	-	-	(7,248,356)	(2,136,281)	(1,275,314)	-	(10,220)	-	(2,288,796)	(501,201)	(13,460,168)
Cost as at 31/12/2016	15,451,733	-	51,928,458	9,494,071	6,385,256	399,793,455	2,122,426	37,566,139	3,838,545	1,163,326	527,763,409
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 year	-	-	1,930,734	458,773	201,229	18,523,473	34,765	775,190	302,669	67,008	22,293,841
Accumulated depreciation of disposals	-	-	-	(257,505)	(60,979)	(1,363,231)	(343)	-	(28,887)	-	(1,710,945)
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 31/12/2016	-	-	18,596,319	7,923,283	5,005,255	193,385,119	1,758,428	6,823,065	2,837,923	647,586	236,996,978
Carrying amount as at 31/12/2016	15,451,733	-	33,332,139	1,570,788	1,380,001	206,408,336	363,998	30,743,074	1,000,622	515,740	290,766,431
Effect of foreign exchange	(7,248,051)	-	(10,656,606)	(1,018,208)	(929,262)	(27,198,699)	(318,173)	(21,450,968)	(147,316)	(91,594)	(69,058,877)
Carrying amount as at December 31, 2016	8,203,682	-	22,675,533	552,580	450,739	179,209,637	45,825	9,293,106	853,306	424,146	221,707,554
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)	-	(604,734)	(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 23,395,302 representing the cost of fully depreciated items as at December 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 year as mentioned in detail in note No.(51).

12- 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	105 911 420	152 229 955	154 231 341	159 818 936	459 995	596 747 501
Additions during the year		-	-	44 020 882	13 081 923	13 620	-	57 116 425
Adjustments during the year		-	(81 331)	-	(3 522 021)	-	-	(3 603 352)
Cost at 31/12/2015		24 095 854	105 830 089	196 250 837	163 791 243	159 832 556	459 995	650 260 574
Cost at 1/1/2016		24 095 854	105 830 089	196 250 837	163 791 243	159 832 556	459 995	650 260 574
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 31/12/2016		-	-	-	-	-	-	-

Accumulated depletion, amortization and impairment

Accumulated depletion, amortization and impairment as at 1/1/2015	24 095 854	104 780 635	130 717 828	128 459 957	159 818 936	459 995	548 333 205
Depletion for the year	-	-	5 720 986	2 611 004	937	-	8 332 927
Accumulated depletion, amortization and impairment as at 31/12/2015	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 1/1/2016	24 095 854	104 780 635	136 438 814	131 070 961	159 819 873	459 995	556 666 132
Depletion for the year	-	-	-	-	-	-	-
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 31/12/2016	-	-	-	-	-	-	-
Carrying amount at 31/12/2016	-	-	-	-	-	-	-
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 cost and accumulated depreciation and depletion of the assets of the unconsolidated subsidiary due to loss of control over it during the year as mentioned in detail in note No (51).

13- Projects under construction

This balance is represented as follows: -

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Construction of plant for fertilizers using nitrogen	14 471 667	14 471 667
Advance payments for purchasing of property, plant and equipment	11 083 582	2 745 307
Buildings and constructions	-	1 043 989
Others	1 089 796	6 856 735
	26 645 045	25 117 698
Impairment losses	(14 471 667)	(14 471 667)
	12 173 378	10 646 031

14- Goodwill

This balance is represented in the following:

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
The carrying amount of goodwill relating to National Gas Co. (NATGAS)	6 472 263	15 866 151
The carrying amount of goodwill relating to Plastichem Co.	9 129 145	22 379 246
The carrying amount of goodwill relating to Fayoum Gas Co.	1 329 903	3 260 137
The carrying amount of goodwill relating to Alex Fert Co.	34 107 324	34 107 324
	51 038 635	75 612 858

15- Other intangible assets (net)

This balance is represented as follows:

	<u>Balance as at 1/1/2016</u>	<u>Additions during the year</u>	<u>Amortization for the year</u>	<u>Foreign exchange</u>	<u>Net as at 31/12/2016</u>
	USD	USD	USD	USD	USD
Deferred charges (*)	6 089 424	-	(810 487)	(3 198 988)	2 079 949
Right of use (**)	21 217 970	-	(5 092 313)	-	16 125 657
Water rights	3 000 000	-	-	-	3 000 000
	30 307 394	-	(5 902 800)	(3 198 988)	21 205 606
Impairment losses	(3 000 000)	-	-	-	(3 000 000)
	27 307 394	-	(5 902 800)	(3 198 988)	18 205 606

(*) 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.

16- Other debtors & notes receivable

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Property, plant and equipment selling receivables	63 860	225 224
Notes receivable	185 854	2 558
	<u>249 714</u>	<u>227 782</u>

- The Group's exposure to credit and foreign currency risks related to debtors is disclosed in note No. (56).

17- Unrecognized deferred tax assets

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Deductible temporary differences	4 006 578	4 048 267
Tax losses	4 790	-
	<u>4 011 368</u>	<u>4 048 267</u>

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

18- Cash at banks & on hand

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Cash on hand	109 977	237 565
Bank – current accounts	34 228 326	35 926 786
Bank – time deposits (less than three month)	67 088 080	335 773 131
Bank – time deposits (more than three month)*	137 913 432	20 000 950
Checks under collection	2 846 350	4 928 614
	<u>242 186 165</u>	<u>396 867 046</u>

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

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Cash at banks & on hand	242 186 165	396 867 046
Add:		
Investments in treasury bills - less than three months (note No. 19)	-	6 044 646
Less:		
Bank – time deposits (more than three month)	137 913 432	20 000 950
Bank overdraft – Local banks note No. (39)	590 305	401 766
Blocked deposits	-	35 607 795
Cash & cash equivalents in the consolidated statement of cash flows	<u>103 682 428</u>	<u>346 901 181</u>

- The Group's exposure to interest rate risk and foreign currency risk related to cash at banks & on hand are disclosed in note No. (56).

19- Investments in treasury bills

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Treasury bills (due in 3 month)	-	6 104 679
Treasury bills (due more than 3 month)	12 909 253	-
Income from investment in treasury bills (not due yet)	(555 508)	(60 033)
	<u>12 353 745</u>	<u>6 044 646</u>

- The Group's exposure to interest rate risk and foreign currency risk related to cash at banks & on hand are disclosed in note No. (56).

20- 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:

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Portfolios managed by international investment managers	10 359 108	56 282 439
Egyptian Companies' stocks (listed in the Egyptian Exchange)	261 974	1 521 441
Investments in direct mutual funds	398	54 691 794
Governmental bonds	4 538 341	-
Market value of financial assets at fair value through profit & loss	<u>15 159 821</u>	<u>112 495 674</u>

21- Trade & notes receivable

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Local customers	11 834 802	62 598 530
Export customers	4 005 571	3 848 076
	<u>15 840 373</u>	<u>66 446 606</u>
Impairment loss on trade receivables	(96 649)	(248 968)
	<u>15 743 724</u>	<u>66 197 638</u>
Notes receivable	5 533 824	3 369 294
	<u>21 277 548</u>	<u>69 566 932</u>

- The Group's exposure to credit and foreign currency risks related to trade receivables is disclosed in note No. (56).

22- Debtors & other debit balances

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Due from Sudapet Co. and Nilepet Co.	-	22 149 309
Tax Authority	1 898 009	4 786 935
Prepaid expenses	866 305	1 992 603
Deposits with others	1 926 799	2 100 586
Imprests & employees advances	131 257	388 718
Uncollected bills	2 909 397	10 632 129
Suppliers - advance payments	3 514 934	5 477 789
Change in crude oil value due from partners	-	18 212 937
Accrued revenues	3 220 263	5 085 866
Due from El Shorouk for Melamine & Resins Co. – an associate	1 219 049	2 987 201
Other debit balances	7 871 668	30 022 355
Due from Carbon Holdings Co.	-	10 519 685
Due from unconsolidated subsidiaries *	137 214 059	-
	<u>160 771 740</u>	<u>114 356 113</u>
Impairment loss on debtors & other debit balances **	<u>(137 607 712)</u>	<u>(1 236 425)</u>
	<u>23 164 028</u>	<u>113 119 688</u>

* This amount is represented in the value of balances due from an unconsolidated subsidiary at December 31, 2016 due to loss of control over it during the year as mentioned in details in note No. (51).

** This balance includes an amount of USD 137 214 059 representing the impairment losses on the balances due from an unconsolidated subsidiary as at December 31, 2016 due to loss of control over it as mentioned in detail in note No. (51).

- The Group's exposure to credit and foreign currency risks related to debtors is disclosed in note No. (56).

23- Inventories

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Supplies – held on the gas company warehouses	6 186 959	7 991 585
Supplies – subcontractors' warehouses	862 588	1 393 466
Tools & equipment	124 793	177 994
Crude oil	-	135 339
Basic & secondary raw materials	10 576 578	19 830 495
Goods in transit	1 057 230	1 258 960
Spare parts & supplies	13 520 143	27 214 155
Packaging materials	229 624	110 589
Work in process	55 968	2 117 028
Finished goods	7 932 531	6 216 615
Letters of credit	35 983	2 371 006
Fuel and oil	456 842	-
Goods held with others	5 459 279	-
	<u>46 498 518</u>	<u>68 817 232</u>
Write down of inventories	<u>-</u>	<u>(970 524)</u>
	<u>46 498 518</u>	<u>67 846 708</u>

24- 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:

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Cost of gas customers projects	7 576 290	8 232 611
Cost of other projects	28 484	163 284
	<u>7 604 774</u>	<u>8 395 895</u>

25- Assets held for sale

The assets of a subsidiary within other operating segment was presented as non-current assets held for sale as at December 31, 2016, whereas, an approval on selling offer have been taken during the financial year ended as at December 31, 2016, with respect to selling the entire number of shares owned by the Group in this company of which it owns 26% of the shares of a company (an associate) to a third party outside the Group. There are no impairment losses in value when measuring the investment at book value or fair value less the selling cost, whichever is less.

- Non-current assets held for sale

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Equity-accounted investees	37 064 009	-
Debtors and other debit balances	1 303 996	-
	<u>38 368 005</u>	<u>-</u>

- Liabilities held for sale

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Accrued expenses	4 600	-
	<u>4 600</u>	<u>-</u>

26- Share capital

- The Company's authorized share capital is USD 500 million (Five hundred million USD).
- The issued capital was initially determined amounted to USD 120 million (One hundred & twenty million USD) distributed over 12 million shares at a par value of USD 10 per share. The Founders and subscribers through methods other than public subscription have subscribed to 9 million shares at a value of USD 90 million (Only ninety million USD) 3 million shares at USD 30 million (Only thirty million USD) were offered for public subscription and they were fully underwritten. The issued capital was paid in full. The issued capital has been increased and the share of the Company was split several times to reach an amount of USD 243 914 564.5 distributed over 975 658 258 shares of par value of US Cent 25 each paid in full.
- On June 11, 2015, the extra-ordinary general assembly of the Company unanimously approved the increase of the issued and paid – up capital from USD 243 914 564.5 to USD 256 110 292.5 with an amount of increase of USD 12 195 728 as bonus increase distributed over 48 782 912 bonus share whose nominal value amounts to 25 Cent for the purpose of financing the incentive & bonus plan of the Company's employees and managers and executive board of directors members.

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

27- Legal reserve

According to the Companies' Law and the Parent Company's statute, 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.

28- 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.

29- 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.

30- Fair value reserve

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

31- Amount set aside for share-based payments transactions

The balance of this item amounting to USD 17 561 848 as at December 31, 2016 is represented in the increase in the equity related to granting and allocating the shares of the incentives and bonus plan as mentioned in details in note No. (53) below.

32- Foreign currency translation differences of foreign operations

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

33- Non-controlling interests

The balance of non - controlling interests of USD 224 276 236 as at December 31, 2016 is represented in their share in subsidiaries' equity as follows:

	Non-controlling interests	Non-controlling share in subsidiaries profits (losses) for the year	Non-controlling share in equity excluding profits (losses) for the year	Non-controlling interests as at 31/12/2016	Non-controlling interests as at 31/12/2015
	%	USD	USD	USD	USD
National Gas Co. "NATGAS" (consolidated)	16.025	6 218 277	1 384 093	7 602 370	11 192 381
Globe Telecom Co. (consolidated)	0.07	753	210	963	1 402
Globe for Communications & Information Technology Co.	1	(11)	4 836	4 825	11 848
International Financial Investments Co.	0.01	6 979	44 176	51 155	57 402
Energy Group	24.8	1 345	12 880	14 225	27 603 092
Cooling Technology by Natural Gas Co.- Gas Chill	14.014	70 037	(453 674)	(383 637)	2 552 260
Midor for Logistic Services Co.	0.11	(2)	160	158	161
Fayoum Gas Co.	22.01	379 615	129 441	509 056	814 094
Sprea Misr for Production of Chemicals & Plastics Co.	0.01	3 025	1 561	4 586	7 526
Henosis for Construction & Real-Estate Development Co.	0.012	(30)	113	83	-
Capital Investment Limited Luxembourg	0.01	(4)	2	(2)	-
Middle East for River Transport Co.	0.01	-	306	306	306
Bawabat Al Kuwait Holding Company	58.33	7 250 320	209 245 298	216 495 618	227 569 379
Arabian Company for Fertilizers	25.28	2 355	(25 825)	(23 470)	(25 825)
		<u>13 932 659</u>	<u>210 343 577</u>	<u>224 276 236</u>	<u>269 784 026</u>

34- Dividends declared and paid & board of directors remuneration

The board of directors proposed cash dividends for the financial year ended December 31, 2016 of 3.13 Cent/share with a total amount of USD 30 489 321 and has not approved any remunerations for the board of directors. The proposal is subject to the shareholders general assembly meeting of the Parent Company held.

The shareholders of the Parent Company approved cash dividends for the financial year ended December 31, 2015 of 2.52 Cent/share with a total amount of USD 24 391 456 and has not approved any remunerations for the board of directors. The approval was made by the shareholders general assembly meeting of the Parent Company held on March 15, 2016.

35- 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. (56).

	<u>31/12/2016</u> USD	<u>31/12/2015</u> USD
<u>A- Loans & bank facilities granted to Egypt Kuwait Holding Company</u>		
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.	86 100 000	94 000 106
During October 2014, it was agreed with the bank to amend the payment schedule so that the loan is paid over 3 annual installments starting from 30/9/2015 and ending on 30/9/2017, each installment amounts to USD 25 million except the last installment which will be USD 50 million. During September the bank agreed to postpone the accrued installment from 30/9/2015 to 30/6/2016, Negotiations with the bank is currently in process to modify the loan re-payment schedule. On December 6, 2016 , the bank agreed to amend the loan payment schedule in order to settle the loan over 14 quarterly installments starting from 15/12/2016 and ending on 15/12/2020 at a value of USD 2 million each except for the first and the last installments amounting to USD 4 million & USD 62.1 million respectively which are guaranteed by the pledge of the investment portfolio owned by one of the subsidiaries whose market value amounted approximately to KWD 18.613 million on November 24, 2016. An interest rate of 1.75% above LIBOR (London Interbank Offered Rate) is to be computed on the loan for three months and the agreement came into force and the first installment thereof was paid during the month of December 2016. While signing the new agreement by means of the two parties is in process.		
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.	24 600 000	30 200 000
C/F	110 700 000	124 200 106

Translation from Arabic

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
B/F	110 700 000	124 200 106
<u>B- Loans & bank facilities granted to NATGAS Company</u>		
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% according to the CORRIDOR rate on deposit in addition to 2.25 % 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.	-	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.	318 696	1 159 691
The equivalent to the amount used from the loan granted to the Company by one of the banks with an amount of L.E 200 million or its equivalent in foreign currency for the purpose of utilizing such amount in financing Burj Al-Arab station. The loan shall be settled on 22 quarterly installments; the first installment shall fall due on 1/2/2018 till 1/5/2023 with an annual interest rate of 1.5 % above the lending rate of the indebtedness in the Egyptian pound; and an annual interest rate of 5 % above the LIBOR of the indebtedness in foreign currencies.	9 306 852	-
<u>C- Loans granted to Alex Fert</u>	24 231 667	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 on July 22, 2014.		
The loan is secured by a first class commercial official mortgage on some of the production assets owned by the Company. The loan is to be repaid according to the schedules in the contract over 10 semiannual installments starting from the date of using the loan. Starting from June 2015, the Company pays the loan on monthly installments and the loan interest rate is variable and is determined in the light of the average LIBOR of six months in addition to a margin.		
Loans related to subsidiaries	-	73 110 406
	144 557 215	240 110 575
<u>Deduct:</u>		
Total current portion of long-term loan (note No. 40)	25 148 051	117 012 826
Balance as at December 31, 2016	119 409 164	123 097 749

36- Other long-term liabilities

This balance is represented in the following:-

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Customers – advance payments for electricity connection	360 944	795 265
Deferred income	11 964	38 715
	372 908	833 980

The Group's exposure to foreign currency and liquidity risks related to long-term liabilities are disclosed in note No. (56).

37- Deferred tax liabilities

Deferred tax liabilities are attributable to the following:-

	<u>31/12/2016</u> USD	<u>31/12/2015</u> USD
Property, plant and equipment & other assets	26 571 939	29 721 891
	<u>26 571 939</u>	<u>29 721 891</u>

38- Provisions

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

	<u>Balance as at 1/1/2016</u> USD	<u>Provisions formed during the year</u> USD	<u>Provisions derecognized due to loss of control in a subsidiary</u> USD	<u>Provisions reclassified during the year</u> USD	<u>Provisions used during the year</u> USD	<u>Provisions - no longer required during the year</u> USD	<u>Foreign exchange differences</u> USD	<u>Balance as at 31/12/2016</u> USD
Provision for technical risks of works	414 215	34 626	-	-	(239 811)	-	-	209 030
Provision for other liabilities- short term	13 259 407	10 671 858	(2 126 739)	4 070 000	(104 912)	(49 340)	(4 501 182)	21 219 092
Provision for onerous contracts	153 487	-	-	-	(6 652)	(36 171)	(90 059)	20 605
Total provisions classified as current liabilities	13 827 109	10 706 484	(2 126 739)	4 070 000	(351 375)	(85 511)	(4 591 241)	21 448 727
Provision for other liabilities – classified as non – current liabilities	4 070 000	-	-	(4 070 000)	-	-	-	-
Total	17 897 109	10 706 484	(2 126 739)	-	(351 375)	(85 511)	(4 591 241)	21 448 727

39- Bank-overdraft

This balance shown on the consolidated balance sheet of USD 4 841 589 as at December 31, 2016 is represented as follows:

	<u>31/12/2016</u> USD	<u>31/12/2015</u> 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. (20) Above.	4 251 284	42 333 384
Bank overdraft from local banks	590 305	401 766
	<u>4 841 589</u>	<u>42 735 150</u>

- For more information about the Group's exposure to interest rate, foreign currency, liquidity risks see note No. (56).

40- Short – term loan installments & bank facilities

This balance shown on the consolidated balance sheet amounting to USD 76 213 486 as at December 31, 2016 is represented in the loan installments and bank facilities balance granted to the Group as follows:

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Current portion of loans and bank facilities as stated in note No. (35) below.	25 148 051	117 012 826
Credit facilities granted to the Parent Company and International Financial Investments Company (*)	47 552 502	92 689 352
Credit facilities granted to Cooling Technology by Natural Gas Co.	196 852	4 604 482
Credit facilities granted to Sprea Misr for Production of Chemicals & Plastics Co.(**)	3 155 840	2 451 312
Credit facilities granted to Fayoum Gas Co.	20	-
Credit facilities granted to NATGAS	160 221	-
Balance as at December 31, 2016	<u>76 213 486</u>	<u>216 757 972</u>

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

	<u>31/12/2016</u>	<u>31/12/2015</u>
	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. During the year, it was agreed to renew the credit facility to become L.E 180 million and /or within the limit of an amount of USD 3 million at maximum. In addition an annual interest rate of 0.75% above CORRIDOR rate (currently 15.75%) shall be due thereon for Egyptian Pound and 6% for the foreign currency .The term of the facility is one year that shall end on May 31, 2017, and this facility is guaranteed by a promissory note amounting to USD 180 and /or within the limit of an amount of USD 3 million at maximum.	7 237 405	20 028 824
Represent the amount used from the bank facility granted from a bank, according to the agreement concluded with the bank on September 17, 2015 it was agreed to grant the facility with a total amount of LE 200 million or it's equivalents in foreign currency that bears an interest rate of 1% above CORRIDOR rate with minimum 11.25% per annum for Egyptian pound indebtedness and 4% in addition to the borrowing rate of the bank indebtedness in foreign currency.	17 222 824	14 323 624
Represent the amount used of the credit facilities granted to the Company and International Financial Investments Company - a subsidiary; which is a credit facility in Egyptian Pound and US Dollar with a total amount of USD 26 million (or equivalent to EGP 173.714 million at maximum) till 30/11/2013, in accordance with the bank agreement obtained on February 2, 2013 for the purpose of financing the working capital requirements including financing the short-term investments. The credit facility bears an interest rate of 0.75% above the corridor mid-rate of the central bank (currently 10.25%) for withdrawals in Egyptian pound and 2.5% above LIBOR for 3 months in return for issuing a promissory note signed by both companies with a total amount of USD 26 million. In accordance with the bank approval on November 10, 2014, the credit facility was renewed for one year period that expired as at November 10, 2015 with a total amount of USD 26 million and L.E 31,818,181. On August 10, 2015, it was agreed to renew the credit facility for one year that ended as at July 31, 2016. Accordingly to the approval of the bank obtained on October 30, 2016, the credit facility was renewed again for another period that ended as at November 30, 2016 with a total amount of USD 26 million (or its equivalent in Egyptian Pound). Negotiations are currently in process with the bank to renew the credit facility for another period while taking into account that the amount used by the International Financial Investments Company amounts to L.E 71,363,967 as at December 31, 2016.	17 875 789	22 729 108
C/F	<u>42 336 018</u>	<u>57 081 556</u>

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
B/F	42 336 018	57 081 556

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

Represented in the amount used from the credit facility granted to the Company by one of the banks in accordance with the agreement concluded with the bank on July 1, 2014 based on which an approval to grant the Company credit facilities within the limit of L.E. 350 million or its equivalent in foreign currency, with an interest rate of 1.5 % above the Corridor rate including the commission on the highest debit balance without minimum limit on debit balance with Egyptian Pound and 4% in addition to the lending rate of the bank for the indebtedness in foreign currencies.

5 216 484 -

47 552 502 92 689 352

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

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	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 127.975 million and USD 500 000 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.	1 577 010	536 881
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 0.75% per annum above the average CORRIDOR rate.	-	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 0.5% 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.	1 578 830	1 910 981
	<u>3 155 840</u>	<u>2 451 312</u>

- For more information about the Group's exposure to interest rate, foreign currency, liquidity risks see note No. (56).

41- Suppliers & subcontractors

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Sundry suppliers	13 561 087	83 371 980
Deferred payments to subcontractors	323 672	22 912
	<u>13 884 759</u>	<u>83 394 892</u>
Notes payable	365 916	181 561
	<u>14 250 675</u>	<u>83 576 453</u>

- The Group's exposure to foreign currency and liquidity risk related to suppliers are disclosed in note No. (56).

42- Creditors & other credit balances

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Customers - advance payments	23 688 555	52 813 082
Accrued expenses	23 356 377	49 612 933
Egyptian General Petroleum Corporation	9 670 530	19 557 406
Deposits to others	6 042 649	12 326 836
Income tax payable	13 151 242	13 875 959
Deferred income of minimum commission	-	6 528 415
Installments under collection	13 66 593	3 918 002
Unearned revenue of gas distribution commissions	-	5 095 403
Accrued interest on loan	3 041	4 995 950
Deferred income – current portion	3 829	9 386
Loans from non-controlling interests	-	4 900 000
Other credit balances	21 177 150	30 790 036
	<u>98 459 966</u>	<u>204 423 408</u>

- The Group's exposure to foreign currency and liquidity risks related to creditors are disclosed in note No. (56).

43- Operating revenues

	<u>2016</u>	<u>2015</u>
	USD	USD
Gas supplies activity revenues	85 937 583	86 910 115
Communication & geographic maps activity revenue	187 860	247 581
Agencies activity revenue	2 115 550	1 710 512
Chemicals & plastic activity revenue	115 979 237	94 815 991
Cooling technology by natural gas activity revenue	3 237 652	1 745 557
Fertilizers activity revenue	135 621 670	72 122 817
	<u>343 079 552</u>	<u>257 552 573</u>

44- Operating costs

	<u>2016</u>	<u>2015</u>
	USD	USD
Gas supplies activity cost	44 150 363	56 631 767
Communication & geographic maps activity cost	249 285	123 165
Agencies activity cost	1 605 422	1 327 438
Chemicals & plastic activity cost	73 548 290	67 358 180
Cooling technology by natural gas activity cost	2 511 232	1 577 133
Fertilizers activity cost	111 968 613	70 317 595
	<u>234 033 205</u>	<u>197 335 278</u>

45- Income from investment activity

	<u>2016</u>	<u>2015</u>
	USD	USD
Gain on sale of held for trading investments	658 529	145 292
Income from held for trading investments	7 228	6 908
Unrealized gain on held for trading investments	865 879	5 764 420
Gain on sale of available -for- sale investments	541 489	4 700 764
Income from available -for- sale investments	6 864 375	10 051 966
Income from treasury bills	3 536 641	1 376 238
Income from governmental bonds	5 673 837	-
	<u>18 147 978</u>	<u>22 045 588</u>

46- Other Income

	<u>2016</u>	<u>2015</u>
	USD	USD
Provisions - no longer required	85 511	4 827 414
Reversal of impairment loss on debtors	4 593	96 975
Capital gain (loss)	71 321	31 864
Other	2 956 537	269 060
	<u>3 117 962</u>	<u>5 225 313</u>

47- Selling & distribution expenses

	<u>2016</u>	<u>2015</u>
	USD	USD
Cooling technology by natural gas activity's selling & distribution expenses	163 198	73 382
Chemicals & plastic activity's selling & distribution expenses	3 753 556	4 203 148
Phosphate fertilizers activity's selling & distribution expenses	6 130 829	3 154 226
	<u>10 047 583</u>	<u>7 430 756</u>

48- Other expenses

	<u>2016</u>	<u>2015</u>
	USD	USD
Provisions formed	10 706 484	1 825 107
Impairment loss on debtors	-	64 563
	<u>10 706 484</u>	<u>1 889 670</u>

49- Net financing income

	<u>2016</u> USD	<u>2015</u> USD
<u>Financing income</u>		
Interest income	13 547 054	11 867 074
Foreign exchange profit	31 818 427	613 527
	<u>45 365 481</u>	<u>12 480 601</u>
<u>Financing costs</u>		
Financing expenses	11 349 590	14 232 737
	<u>11 349 590</u>	<u>14 232 737</u>
	<u>34 015 891</u>	<u>(1 752 136)</u>

50- Income tax expense

	<u>2016</u> USD	<u>2015</u> USD
Current income tax expense	22 896 905	11 155 373
Deferred income tax benefit	(702 143)	(5 663 821)
	<u>22 194 762</u>	<u>5 491 552</u>

Reconciliation of effective tax rate

	<u>2016</u> USD	<u>2015</u> USD
Consolidated profit before income tax	98 670 211	54 887 208
Tax rate	22.5%	22.5%
Expected income tax	<u>22 200 797</u>	<u>12 349 622</u>
Non – deductible expenses	5 379 455	1 395 681
Tax exemptions	(4 652 325)	(4 926 645)
Effect of provisions	(163 626)	(2 550 070)
Capital gain / loss	(24 056)	(7 250)
Fixed assets depreciation & amortization of other assets	837 919	(890 808)
Foreign currency translation differences	(463 567)	-
Effects of tax losses	(633 992)	238 537
Others	(156 480)	(117 515)
Temporary tax adjustments	(129 363)	-
Tax as shown in the consolidated statement of income	<u>22 194 762</u>	<u>5 491 552</u>
Effective tax rate	<u>22.5%</u>	<u>10%</u>

51- Discontinued operations

The item of losses from discontinued operations amounted to USD 10 630 332 as follows:-

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Discontinued operation gain (loss) – Drilling & Petroleum Service sector (A)	(10 545 673)	441 440
(Loss) from discontinued operation in a subsidiary working in Chemicals sector	-	2 800
Discontinued operation gain (loss) – a Company from other operations sectors (B)	(84 659)	(215 396)
Gain (losses) from discontinued operations	(10 630 332)	228 844
The Parent Company's share in losses from discontinued operations	(10 630 332)	(3 104 809)
Basic losses per share from discontinued operations (US cent / Share)	(1.09)	(0,32)
Diluted losses per share from discontinued operations (US cent / Share)	(1.04)	(0,32)

- (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 December 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 year 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.

Gain (Losses) from discontinued operation is represented as follows:

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Results of discontinued operation		
Revenues	-	81 294 403
Share of gain of associates	403 278	-
Expenses	-	(80 852 963)
Gains from operating activities	-	441 440
Income tax expense	-	-
Gains from operating activities, net of income tax	403 278	441 440
The Parent Company's share in gains from operating activities	403 278	(2 892 213)
The non -controlling interest in gains from operating activities	-	3 333 653
Loss on disposal of discontinued operation	(10 948 951)	-
Gain (Loss) from discontinued operation (net of tax)	(10 545 673)	441 440
The Parent Company's share in gain (loss) from discontinued operation (net of tax)	(10 545 673)	(2 892 213)

- (B) During the financial year ended December 31, 2016, an approval on selling offer have been taken, with respect to selling the entire number of shares owned by the Group in a subsidiary company of which it owns 26% of the shares of a company (associate company) as mentioned in details in note No. (25) above.

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 operation.

Gain (Losses) from discontinued operation is represented as follows:

	<u>2016</u> USD	<u>2015</u> USD
Results of discontinued operation		
Revenues	248 067	365 639
Share of loss of associates	(296 494)	(566 727)
Expenses	(36 232)	(14 308)
Losses from operating activities	(84 659)	(215 396)
Income tax expense	-	-
Losses from operating activities, net of income tax	(84 659)	(215 396)
The Parent Company's share in loss from operating activities	(84 659)	(215 396)
The non-controlling interest share in losses from operating activities	-	-
Gain (loss) on disposal of discontinued operations	-	-
Loss from discontinued operation (net of tax)	(84 659)	(215 396)
The Parent Company's share in loss from discontinued operation (net of tax)	(84 659)	(215 396)

52- Earnings per share

52-1 Basic earnings per share

The calculation of basic earnings per share for the financial year ended December 31, 2016 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year as follows:

Profit attributable to equity holders

	<u>31/12/2016</u> USD	<u>31/12/2015</u> USD
Net profit for the year attributable to equity holders of the Parent Company	62 542 790	36 272 437
Employees' share in profit	(53 925)	(57 924)
Board of directors' emoluments of the Parent	-	-
Employees & board of directors' share in profit in subsidiaries and associates	(7 880 007)	(11 846 615)
Shareholders' share in net profit of the year (Basic)	54 608 858	24 367 898
Weighted average number of shares outstanding during the year (Basic)	975 658 258	966 513 730
Basic earnings per share (US cent / Share)	5.60	2.52

Earnings per share from continued operations

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Net profit for the year attributable to equity holders of the Parent Company	73 173 122	39 377 246
Employees' share in profit	(53 925)	(57 924)
Board of directors' emoluments of the Parent Company	-	-
Employees & board of directors' share in profit in subsidiaries and associates	(7 880 007)	(11 846 615)
Shareholders' share in net profit of the year (Basic)	65 239 190	27 472 707
Weighted average number of shares outstanding during the year (Basic)	975 658 258	966 513 730
Basic earnings per share (US cent / share)	6.69	2.84

Weighted average number of shares outstanding during the year (Basic) :-

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Issued shares at the beginning of the year	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)	-	(9 144 528)
Weighted average number of shares outstanding during the year (Basic)	975 658 258	966 513 730

52-2 Diluted earnings per share

The calculation of diluted earnings per share for the financial year ended December 31, 2016 has been based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the financial year after adjustments for the effects of the dilutive potential ordinary shares as follows:

Profit attributable to equity holders

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Net profit for the year attributable to equity holders of the Parent Company (Basic)	54 608 858	24 367 898
Adjustments for incentive and bonus plan	-	-
Net profit for the year attributable to equity holders of the Parent Company (Diluted)	54 608 858	24 367 898
Weighted average number of shares outstanding during the year (Diluted)	1 024 441 170	966 513 730
Diluted earnings per share (US cent / Share)	5.33	2.52

Diluted earnings per share from continued operations

	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
Net profit for the year attributable to equity holders of the Parent Company (Basic)	65 239 190	27 472 707
Adjustments for incentive and bonus plan	-	-
Net profit for the year attributable to equity holders of the Parent Company (Diluted)	65 239 190	27 472 707
Weighted average number of shares outstanding during the year (Diluted)	1 024 441 170	966 513 730
Diluted earnings per share (US cent / Share)	6.37	2.84

- On June 9, 2016 all the shares belong to the incentives and bonus plan were granted to the beneficiaries of the plan, The weighted average number of shares outstanding (diluted) during the year were calculated as follows:-

	<u>2016</u>	<u>2015</u>
	USD	USD
Issued shares at the beginning of the year	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 own shares held (treasury shares)	-	(9 144 528)
Weighted average number of shares outstanding during the year (diluted)	1 024 441 170	966 513 730

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

- On September 11, 2014, the extra - ordinary general assembly unanimously agreed to approve the incentive & bonus plan of the Company's employees and managers and executive board of directors members, through the allocation of 48 782 912 shares, at a percentage of 5% of its total shares issued till December 31, 2014 to apply the incentive and bonus plan through one of the following:-
 - Issuance of new shares through capital increase or by transferring from reserve or part thereof or retained earnings to shares by which the value of issued capital is increased.
 - Transfer of treasury shares to incentive and bonus plan and to be financed from reserves.
- On November 12, 2014, the Egyptian Financial Supervisory Authority approved applying the incentive & bonus plan of the Company's employees and board of directors members, which includes granting the Company's shares to the board members, managing directors, sectors 'heads , general managers and the other employees in the Company or its subsidiaries (equity settled share- based payments) according to the level of the Company's or individuals' economic performance pursuant to the shareholders , and the terms and conditions stated in the said plan.
- On June 11, 2015, the ordinary general assembly of the Company approved by the majority of votes to transfer part of the retained earnings as shown in the consolidated financial statements for the financial year ended at December 31, 2014, that were approved by the shareholder's' ordinary general assembly held on March 22, 2015 to 48 782 912 bonus shares with an amount of USD 12 195 728 for the purpose of financing the incentive & bonus plan of the Company's employees and managers and executive board of directors members, that has been approved by the Egyptian Financial Supervisory Authority on November 12, 2014. Annotation to the effect of such increase was made on the Company's commercial register on September 13, 2015.
- On September 16, 2015 the Listing committee of the Egyptian stock exchange approved listing the incentive shares to finance the incentive and bonus plan for employees and board members. On October 5, 2015, the incentive shares were added to the shareholders register labeled as "the incentive and bonus plan for employees of Egypt Kuwait Holding Co."

- On June 9, 2016, the Supervisory Committee on the incentives and bonus plan agreed to grant and allocate all the shares belong to the incentives and bonus plan to the beneficiaries of the plan as well as determining the number of shares allocated to each one of them. The vesting date of such shares was also determined to be December 31, 2016. All the shares were granted to the executive members of the Board of Directors and the senior managers of the Company, a matter that resulted in recognizing an expense for equity-settled share-based payment arrangements in the consolidated statement of income with a total amount of USD 17 561 848 and a corresponding increase with the same amount included in the equity caption under the item amount set aside for share-based payments transactions. The beneficiary may dispose of the shares only after the lapse of three years from the date of share transfer to him. During this year, the beneficiary shall be entitled to receive 100 % of total dividends and exercise the right of voting on the resolutions of the Company.

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

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

54- Controlled entities

Material subsidiaries are represented in the following:

Subsidiary name

<u>Subsidiary name</u>	<u>Country Of Incorporation</u>	<u>Ownership</u>	
		<u>31/12/2016</u>	<u>31/12/2015</u>
		<u>%</u>	<u>%</u>
National Gas Company (NATGAS) S.A.E (*)	Egypt	83.97	74.94
Al Nubaria for Natural Gas Company S.A.E	Egypt	83.97	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	91.95	87.47
Globe for Communication & Information Technology Company S.A.E	Egypt	99	99
Midor for Logistic Services Company S.A.E	Egypt	99.89	99.89
Cooling Technology by Natural Gas Company (Gas Chill) S.A.E	Egypt	85.99	83.73
Spreea Misr for Production of Chemicals & Plastics Company S.A.E	Egypt	100	100
Plastichem Company S.A.E	Egypt	99.997	99.997

<u>Subsidiary name</u>	<u>Country Of Incorporation</u>	<u>Ownership</u>	
		<u>31/12/2016</u>	<u>31/12/2015</u>
		%	%
Midor Suez for Oil Refining Company S.A.E	Egypt	99.99	99.99
Egyptian Company for Petrochemicals S.A.E	Egypt	99.2	99.2
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	99.99	99.99
Alexfert Investments- Limited Liability Co. (****)	Cayman Islands	-	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
EKHO for Agriculture Development Co.	Egypt	100	-
Henosis for Construction & Real-Estate Development Co.	Egypt	99.99	-
Capital Investment Limited Luxembourg	Luxembourg	99.99	-
EKHO for Industrial Development Co	Egypt	100	-
MAT Trading Co.	Egypt	100	-
OGI Capital Limited	United Arab of Emirates	100	-

- The consolidated financial statements as at December 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. (51) above

(*) During the year, an additional stake of 9 % of the share capital of National Gas Company (NATGAS) S.A.E was acquired for USD 3 043 968 and the acquisition resulted in a gain of USD 1 223 550 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.

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 :-

	<u>Note No.</u>	<u>USD</u>
<u>Impairment losses related to Nitrogen fertilizers project</u>		
Impairment loss on projects under construction	(13)	14 471 667
Impairment loss on intangible assets	(15)	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 year ended December 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.

(****) During the financial year ended December 31, 2016, the management of the Group has agreed to the offer to sell the shares owned by it in this company, As a result, Alexfert Investments Co's assets and liabilities were re-classified as non-current assets held for sale as mentioned in detail in note No. (25), (51).

55- 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.

56- Financial instruments

56-1 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	31/12/2016	31/12/2015
	No.	USD	USD
Other debtors - due from Sudapet Co. and Nilepet Co.Ltd.	(22)	-	22 149 309
Other debtors - due from Carbon Holdings Limited Co.	(22)	-	10 519 685
Property, plant and equipment selling receivables	(16)	63 860	225 224
Held to maturity financial assets	(9)	119 788 978	-
Due from Egyptian General Petroleum Corporation	(10)	1 416 404	7 324 260
Financial assets at fair value through profit and loss – Governmental bonds	(20)	4 538 341	-
Trade receivables	(21)	15 840 373	66 446 606
Cash & cash equivalents	(18)	242 076 188	396 629 481
		<u>383 724 144</u>	<u>503 294 565</u>

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

	31/12/2016	31/12/2015
	USD	USD
Governmental customer	1 752 130	7 750 009
Retail customers	45 842	153 350
End user customers	11 453 234	62 019 431
Export customers	4 005 571	3 848 076
	<u>17 256 777</u>	<u>73 770 866</u>

56-2 Impairment losses

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

	<u>31/12/2016</u>		<u>31/12/2015</u>	
	<u>Balance</u>	<u>Impairment</u>	<u>Balance</u>	<u>Impairment</u>
	<u>USD</u>	<u>losses</u>	<u>USD</u>	<u>losses</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Not past due	2 646 520	-	3 420 944	-
Past due 0-30 days	3 752 386	-	3 114 843	-
Past due 1-3 month	5 677 990	-	6 308 968	-
Past due 3-12 month	4 005 256	-	19 978 825	-
More than one year	1 174 625	96 649	40 947 286	248 968
	<u>17 256 777</u>	<u>96 649</u>	<u>73 770 866</u>	<u>248 968</u>

Impairment loss amounting to USD 96 649 as at December 31, 2016 was basically attributable to chemicals & plastic and telecommunications and gas customers.

56-3 Liquidity risk

The following are the contractual maturities of financial liabilities:

December 31, 2016

	<u>Carrying</u>	<u>6 months or</u>	<u>6-12</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than</u>
	<u>amount</u>	<u>less</u>	<u>months</u>	<u>USD</u>	<u>USD</u>	<u>5 years</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Secured bank loans & facilities	127 032 596	20 537 703	18 937 396	9 923 379	75 418 201	2 215 917
Unsecured bank facilities	68 590 054	47 790 054	3 800 000	7 600 000	9 400 000	-
Suppliers & subcontractors	14 250 675	13 950 624	300 051	-	-	-
Egyptian General Petroleum Corporation	33 653 948	33 653 948	-	-	-	-
Bank overdraft	4 841 589	4 841 589	-	-	-	-
	<u>248 368 862</u>	<u>120 773 918</u>	<u>23 037 447</u>	<u>17 523 379</u>	<u>84 818 201</u>	<u>2 215 917</u>

December 31, 2015

	<u>Carrying</u>	<u>6 month or</u>	<u>6-12</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than</u>
	<u>amount</u>	<u>less</u>	<u>month</u>	<u>USD</u>	<u>USD</u>	<u>5 years</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
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	35 345 247	14 634 384	20 710 863	-	-	-
Bank overdraft	42 735 150	25 728 341	17 006 809	-	-	-
	<u>501 512 571</u>	<u>278 421 447</u>	<u>145 025 145</u>	<u>59 555 943</u>	<u>18 510 036</u>	<u>-</u>

56-4 Currency risk

Exposure to currency risk

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

December 31, 2016

Description	USD	L.E	K.W.D	EURO	GBP
Cash at banks & on hand	211 493 503	567 232 819	-	1 147 683	4 089
Held to maturity financial assets	92 333 158	526 308 919	-	-	-
Investment in treasury bills	-	236 821 292	-	-	-
Debtors	10 089 565	175 413 629	-	139	-
Due from Egyptian General Petroleum Corporation	-	27 152 457	-	-	-
Trade & notes receivables	2 270 123	360 465 597	-	406 646	-
Bank overdraft	(4 785 212)	-	-	(58 836)	-
Secured bank loans	(121 166 075)	(112 461 200)	-	-	-
Unsecured bank facilities	(53 616 770)	(287 037 852)	-	-	-
Due to Egyptian General Petroleum Corporation	-	(645 146 187)	-	-	-
Trade payables	(11 518 638)	(52 207 152)	-	(9 037)	-
Creditors	(13 015 997)	(549 002 607)	(1 938)	(90 000)	-
Other long-term liabilities	-	(229 353)	-	-	-
Net exposure	112 083 657	247 310 362	(1 938)	1 396 595	4 089

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 year:

	Average exchange rate during the year ended		Spot rate	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
L.E	14.44	7.67	19.17	7.82
K.D	0.30352	0.3035	0.30655	0.3040
EURO	0.93695	0.9148	0.9582	0.9157
GBP	0.74695	0.6755	0.8174	0.6765
SDG	3.6762	3.67249	3.68	3.67249

56-5 Interest rate risk

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

	<u>Carrying amount</u>	
	<u>31/12/2016</u>	<u>31/12/2015</u>
	USD	USD
<u>Fixed rate instruments</u>		
Financial liabilities	3 671 408	6 526 901
	<u>3 671 408</u>	<u>6 526 901</u>
<u>Variable rate instruments</u>		
Financial liabilities	191 951 242	333 328 820
	<u>191 951 242</u>	<u>333 328 820</u>

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 profit or loss.

56-6 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:

	<u>31/12/2016</u>		<u>31/12/2015</u>	
	<u>Carrying Amount</u>	<u>Fair value</u>	<u>Carrying Amount</u>	<u>Fair value</u>
	USD	USD	USD	USD
Available for sale investments	116 953 348	116 953 348	115 930 389	115 930 389
Held to maturity financial assets	119 787 978	119 787 978	-	-
Due from Egyptian General Petroleum Corporation	1 416 404	1 416 404	7 324 260	7 324 260
Debtors	18 846 649	18 846 649	105 874 520	105 874 520
Cash and cash equivalents	242 186 165	242 186 165	396 867 046	396 867 046
Investments in treasury bills	12 353 745	12 353 745	6 044 646	6 044 646
Financial assets at fair value through profit or loss	15 159 821	15 159 821	112 495 674	112 495 674
Trade receivables	21 463 402	21 463 402	69 569 490	69 569 490
Secured bank loans	(127 032 596)	(127 032 596)	(218 738 473)	(218 738 473)
Unsecured bank facilities	(68 590 054)	(68 590 054)	(121 117 248)	(121 117 248)
Suppliers & subcontractors	(14 250 675)	(14 250 675)	(83 576 453)	(83 576 453)
Due to Egyptian General Petroleum Corporation	(33 653 948)	(33 653 948)	(35 345 247)	(35 345 247)
Creditors	(65 433 059)	(65 433 059)	(135 253 069)	(135 253 069)
Bank overdraft	(4 841 589)	(4 841 589)	(42 735 150)	(42 735 150)
Other long-term liabilities	(372 908)	(372 908)	(833 980)	(833 980)
	<u>233 992 683</u>	<u>233 992 683</u>	<u>176 506 405</u>	<u>176 506 405</u>

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

57- Capital commitments

Total capital commitments amounted to USD 36 330 as at December 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).

58- Contingent liabilities

In addition to amounts provided for in the consolidated balance sheet, there are contingent liabilities as at December 31, 2016 totaled USD 16.381 million (2015: USD 37.547 million) represented in the following:

- Uncovered letters of credit amounting to USD 11 815 209 (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 4 565 957 (2015: USD 18 167 812).
- Due to the delay in the execution of the contract concluded between one of the subsidiaries and one of its customers on October 12, 2009 the customer filed a lawsuit against the Company claiming for a compensation due to the said delay and subject matter is still considered before the court. The court issued in ruling to the effect of referring the lawsuit again to the Experts office and a session to consider the said lawsuit was determined to be held on June 18, 2014 then it was postponed several times till March 2, 2017, Based on the legal advisor's opinion, it is probable that the court shall issue its judgment in favor of the Company, in addition the claim of the customer to amend the contract value in proportion with the actual cost of the said project.

59- Tax status

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

- 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 inception till 2006 was carried out and the final assessment was determined and resulting differences were settled.
- The tax inspection for years from 2007 till 2013 was carried out and the final assessment was made and the Company settled the resulting differences.
- The tax inspection for years 2014 and 2015 is currently in process.
- Monthly withheld taxes are settled on due dates.

Stamp tax

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

Property tax

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

60- Comparative figures

Some comparative figures were reclassified to conform to the current year's presentation. Items affected by reclassification in the consolidated statement of financial position are as follows:

	USD
Decrease in debtors and other debit balances	25 390 280
Decrease in due from Egyptian General Petroleum Corporation	6 807 842
Decrease in due to Egyptian General Petroleum Corporation	32 209 523
Decrease in due from Egyptian General Petroleum Corporation – non-current portion	11 401