

Translated

Egypt Kuwait Holding Company
and its subsidiaries
Interim Consolidated financial statements
For the financial period ended at September 30, 2022
and limited review report

Translated

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Hazem Hassan

Public Accountants & Consultants

B (105) – Avenue (2) – Smart Village
Km 28 Cairo – Alex Desert Road
Giza – Cairo – Egypt
Postal Code : 12577

Telephone : (202) 35 37 5000 – 35 37 5005
E-mail : Egypt@kpmg.com.eg
Fax : (202) 35 37 3537
P.O. Box : (5) Smart Village

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

Introduction

We have reviewed the accompanying consolidated statement of financial position of Egypt Kuwait Holding Company – An Egyptian Joint Stock Company, as of September 30, 2022 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our review of the consolidated financial statements of Egypt Kuwait Holding Company, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information do not present fairly, in all material respects, the consolidated financial position of Egypt Kuwait Holding Company as of September 30, 2022, and of its financial performance and its cash flows for the nine-months period then ended in accordance with Egyptian Accounting Standards.

Emphasis of Matter Paragraph

As indicated in Note No. (50) from the notes to the financial statements. Most of the world countries, including Egypt, were exposed to the novel epidemic of Corona virus (Covid-19) during year 2020, Effect of this epidemic is extended till current period. This epidemic caused disturbances in most commercial and economic activities in general and on certain number of group's activities, such as energy, fertilizer and chemicals activity in particular. Therefore, this might have a significant impact on the pre-defined operational, marketing plans and future cash flows associated with it in addition to the associated elements of revenues, cost of revenues and the effect on gross / net profit of the group during the period and the following periods.



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

KPMG Hazem Hassan

KPMG Hazem Hassan

Public Accountants & Consultants

Cairo, 13 November , 2022

KPMG Hazem Hassan
Public Accountants and Consultants
(25)

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

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Interim consolidated statement of financial position as of September 30, 2022
All numbers are in US Dollars

	Note No.	30/9/2022	(Restated) 31/12/2021	(Restated) 1/1/2021
Assets				
Non-current assets				
Equity - accounted investees (associates Companies)	(15)	20 534 374	19 046 486	24 612 567
Financial assets at fair value through other comprehensive income	(16)	109 470 680	143 449 731	237 188 715
Financial assets at amortized cost	(17)	277 084 140	335 806 653	204 080 465
Property, plant and equipment and projects under construction	(18)	321 022 292	296 141 133	263 642 413
Exploration & development assets	(19)	163 998 384	166 390 857	73 012 244
Right of use assets	(20)	9 788 019	12 091 539	12 801 010
Goodwill	(21)	85 181 268	139 615 877	63 514 041
Intangible assets	(22)	770 958	1 190 960	1 682 156
Biological assets	(23)	3 545 651	3 270 479	1 550 797
Trade & notes receivables		5 057 588	123 353	263 245
Total non-current assets		996 453 354	1 117 127 068	882 347 653
Current assets				
Cash and cash equivalents	(24)	459 478 116	190 013 037	312 867 993
Financial assets at fair value through other comprehensive income	(16)	151 953 776	66 232 783	-
Financial assets at amortized cost	(17)	93 582 835	351 098 103	311 287 961
Financial assets at fair value through profit or loss	(25)	29 893 855	54 109 648	39 404 659
Trade & notes receivables	(26)	137 291 200	104 248 145	79 382 105
Derivative financial instruments	(27)	-	1 209 064	-
Other current assets	(28)	102 995 522	132 825 240	75 643 258
Inventories	(29)	114 115 292	88 717 153	73 698 519
Work in progress	(30)	29 515 750	31 941 307	32 338 938
Non-current assets held for sale	(31)	28 155 558	28 155 558	13 255 557
Total current assets		1 146 981 904	1 048 590 038	737 878 990
Total assets		2 143 435 258	2 165 677 106	1 620 226 643
Equity and Liabilities				
Equity of the Parent Company :				
Issued & paid up capital	(32)	281 721 321	281 721 321	256 110 292
Set aside for issued & paid up capital increase		-	-	25 611 029
Legal reserve		129 587 671	128 055 146	137 895 052
Other reserves	(33)	(304 820 781)	(180 427 018)	(163 440 787)
Retained earnings	(34)	544 062 943	444 234 326	310 028 262
Treasury shares		-	-	(8 199 679)
Total equity of the Parent Company		650 551 154	673 583 775	548 004 169
Non-controlling interests	(34.12)	288 452 915	235 477 190	237 662 360
Total equity		939 004 069	909 060 965	785 666 529
Liabilities				
Non-current liabilities				
Long-term loans	(35)	271 019 267	256 739 897	142 324 271
Bank facilities	(39)	148 721 611	198 688 990	135 107 429
Other long-term liabilities	(36)	11 068 923	3 886 761	2 841 505
Lease contracts liabilities	(20)	8 175 293	9 871 539	10 829 778
Deferred tax liabilities	(37)	10 886 998	14 088 096	17 786 770
Total non-current liabilities		449 872 092	483 275 283	308 889 753
Current liabilities				
Provisions	(38)	68 461 392	69 894 101	34 327 480
Portion due during the year of long-term loans	(35)	80 560 281	116 782 700	67 793 230
Bank facilities	(39)	115 058 798	128 912 633	123 474 130
Lease contracts liabilities	(20)	1 919 147	2 453 880	1 546 294
Insurance policyholders' rights	(40)	103 284 915	115 307 443	105 377 827
Suppliers, contractors, notes payable & other credit balances	(41)	304 137 772	284 062 249	163 280 408
Derivative financial instruments	(27)	3 300 542	-	-
Accrued income tax		78 832 250	55 927 852	29 870 992
Total current liabilities		754 559 097	773 340 858	525 670 361
Total liabilities		1 204 431 189	1 256 616 141	834 560 114
Total equity and liabilities		2 143 435 258	2 165 677 106	1 620 226 643

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

Group Chief Financial Officer
Medhat Hamed Bonna

Managing Director
Sherif Al Zayat

Chairman
Loay Jasim Al-Kharafi

* Limited review report attached *

EGYPT KUWAIT HOLDING CO.
S.A.E
C . R . # 114648

Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Interim consolidated statement of income for the financial period ended September 30, 2022

All numbers are in US Dollars

	Note No.	The nine-months ended 30/9/2022		The nine-months ended 30/9/2021	
		From 1/7/2022 To 30/9/2022	From 1/1/2022 To 30/9/2022	From 1/7/2021 To 30/9/2021	From 1/1/2021 To 30/9/2021
Revenues	(5)	260 767 282	809 876 707	194 834 687	544 141 420
Cost of revenue recognition	(6)	(132 675 923)	(401 756 042)	(115 546 988)	(332 777 821)
Gross profit		128 091 359	408 120 665	79 287 699	211 363 599
Income from investments	(7)	11 676 080	37 546 473	16 231 891	44 254 711
Other income	(8)	2 534 891	18 852 053	744 808	3 363 628
Selling & distribution expenses	(9)	(1 755 921)	(5 926 415)	(1 400 088)	(4 989 348)
General & administrative expenses		(16 755 695)	(46 418 735)	(10 048 691)	(27 205 190)
Reversal of expected credit (losses)		389 759	2 756 410	63 979	499 662
Other expenses	(10)	(1 561 462)	(3 973 476)	(544 160)	(2 519 720)
Net operating profit		122 619 011	410 956 975	84 335 438	224 767 342
Interest income		2 644 350	5 015 248	1 440 075	4 315 363
Forward foreign exchange contracts' (losses) profit		(1 000 170)	(4 698 546)	(70 746)	2 827 120
Financing expenses		(8 631 636)	(24 578 852)	(7 793 207)	(17 722 707)
Net profit (losses) from foreign currency translation differences		3 700 785	691 881	(757 716)	(1 490 273)
Net financing cost		(3 286 671)	(23 570 269)	(7 181 594)	(12 070 497)
Company's share of profit of equity - accounted investees (associates Companies)		604 312	1 618 858	493 748	1 202 879
Net profit for the period before income tax		119 936 652	389 005 564	77 647 592	213 899 724
Income tax	(11)	(23 723 872)	(76 907 340)	(13 848 099)	(40 805 269)
Net profit for the period		96 212 780	312 098 224	63 799 493	173 094 455
Net profit attributable to:					
Owners of the Parent Company		63 641 840	207 084 645	46 816 839	134 735 911
Non-controlling interests	(12)	32 570 940	105 013 579	16 982 654	38 358 544
Net profit for the period		96 212 780	312 098 224	63 799 493	173 094 455
Basic / Diluted earnings per share of profits (US cent / Share)	(13)	4.68	16.13	3.59	10.26

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

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Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Interim consolidated statement of comprehensive income for the financial period ended September 30, 2022

All numbers are in US Dollars

	Note No.	The nine-months ended 30/9/2022		The nine-months ended 30/9/2021	
		From 1/7/2022 To 30/9/2022	From 1/1/2022 To 30/9/2022	From 1/7/2021 To 30/9/2021	From 1/1/2021 To 30/9/2021
Net profit for the period		96 212 780	312 098 224	63 799 493	173 094 455
Other comprehensive income					
<u>Items that will not be reclassified to statement of income</u>					
Financial assets at fair value through other comprehensive income	(16)	(4 787 061) (4 787 061)	(24 889 519) (24 889 519)	3 859 319 3 859 319	(9 008 160) (9 008 160)
<u>Items may be reclassified subsequently to statement of income</u>					
Foreign currency translation differences		(23 174 585) (23 174 585)	(115 410 148) (115 410 148)	(2 422 812) (2 422 812)	(1 932 658) (1 932 658)
Total other comprehensive income for the period after deducting tax		(27 961 646) 68 251 134	(140 299 667) 171 798 557	1 436 507 65 236 000	(10 940 818) 162 153 637
Total comprehensive income					
Total comprehensive income attributable to:					
Owners of the Parent Company		38 903 353	82 690 882	48 964 001	127 580 967
Non-controlling interests		29 347 781	89 107 675	16 271 999	34 572 670
Total comprehensive income		68 251 134	171 798 557	65 236 000	162 153 637

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

	Issued & paid up capital	Net aside for issued & paid up capital increase	Legal reserve	Special reserve – Share premium	General reserve	Fair value reserve	Transferable reserve	Total other reserves	Retained earnings	Treasury shares	Total equity of the parent Company	Non-controlling interests	Total equity
	Note No.												(Continued)
Balance as of January 1, 2021 before adjustment		256,110,292	25,611,019	127,895,852	57,954,547	8,380,462	(54,656,395)	(170,944,003)	321,852,064	(8,199,679)	521,214,745	237,723,791	799,048,538
Price period adjustments	(14)	-	-	-	-	-	7,303,216	7,303,216	(17,823,792)	-	(4,328,574)	(61,433)	(4,382,007)
Balance as of January 1, 2021 after adjustment		256,110,292	25,611,019	127,895,852	57,954,547	8,380,462	(47,353,179)	(163,440,787)	310,028,262	(8,199,679)	548,084,169	237,662,358	785,666,529
Comprehensive income													
Net profit for the period		-	-	-	-	-	-	-	134,795,911	-	134,795,911	38,358,544	173,094,455
Other comprehensive income		-	-	-	-	-	(4,279,820)	(7,154,944)	-	-	(7,154,944)	(3,785,944)	(10,940,888)
Total comprehensive income		-	-	-	-	-	(4,279,820)	(7,154,944)	134,795,911	-	127,640,967	34,572,600	162,153,567
Transactions with owners of the Company													
Issued & paid up capital increase		75,631,079	125,611,019	-	-	-	-	-	-	-	-	-	-
Transferred to legal reserve		-	-	160,094	-	-	-	-	(160,094)	-	-	-	-
Employees and board members' dividends		-	-	-	-	-	-	-	(17,813,372)	-	(17,813,372)	(5,022,350)	(22,835,721)
Non-controlling interests in subsidiaries' dividends		-	-	-	-	-	-	-	-	-	-	(4,255,910)	(4,255,910)
Acquisition of non-controlling interests without change in control		-	-	-	-	-	-	-	(17,204,725)	-	(17,204,725)	(19,981,144)	(57,185,869)
Acquisition of subsidiary with non-controlling interests		-	-	-	-	-	-	-	732,517	8,199,679	8,932,196	23,609,465	23,609,465
Sale of treasury shares		-	-	-	-	-	-	-	(34,425,674)	8,999,679	(25,065,991)	(26,649,939)	(51,715,640)
Total transactions with owners of the Company		75,631,079	125,611,019	160,094	-	-	-	-	-	8,999,679	(25,065,991)	(26,649,939)	(51,715,640)
Other changes													
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	(2,198,000)	(2,198,000)
Total other changes		-	-	-	-	-	-	-	-	-	-	(2,198,000)	(2,198,000)
Balance as of September 30, 2021		281,721,321	-	128,055,146	57,954,547	8,380,462	(54,432,849)	(178,595,731)	410,338,099	-	649,519,235	243,387,083	892,906,318
Balance as of January 1, 2022 before adjustment		281,721,321	-	128,055,146	57,954,547	8,380,462	(48,848,500)	(187,930,234)	456,028,108	-	677,964,351	235,338,623	913,442,974
Price period adjustments	(14)	-	-	-	-	-	7,301,216	7,301,216	(11,433,792)	-	(4,328,574)	(61,433)	(4,382,007)
Balance as of January 1, 2022 after adjustment		281,721,321	-	128,055,146	57,954,547	8,380,462	(41,547,284)	(180,427,018)	444,234,326	-	673,583,775	235,477,190	909,060,965
Total comprehensive income													
Net profit for the period		-	-	-	-	-	-	-	207,084,645	-	207,084,645	105,013,579	312,098,224
Other comprehensive income		-	-	-	-	-	(21,093,693)	(124,393,763)	-	-	(124,393,763)	(15,905,904)	(140,299,667)
Total comprehensive income		-	-	-	-	-	(21,093,693)	(124,393,763)	207,084,645	-	82,490,882	89,107,675	171,798,557
Transactions with owners of the Company													
Transferred to legal reserve		-	-	1,512,525	-	-	-	-	(1,512,525)	-	-	-	-
Shareholders' dividends		-	-	-	-	-	-	-	(78,881,970)	-	(78,881,970)	-	(78,881,970)
Employees and board members' dividends		-	-	-	-	-	-	-	(26,841,533)	-	(26,841,533)	(5,917,466)	(32,758,999)
Non-controlling interests in subsidiaries' dividends		-	-	-	-	-	-	-	-	-	-	(22,223,603)	(22,223,603)
Sale of non-controlling interests without change in control		-	-	-	-	-	-	-	6,457,601	-	6,457,601	6,457,601	6,457,601
Total transactions with owners of the Company		-	-	1,512,525	-	-	-	-	(80,246,887)	-	(80,246,887)	(22,683,467)	(102,930,739)
Other changes													
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	-	(14,448,483)	(14,448,483)
Total other changes		-	-	-	-	-	-	-	-	-	-	(14,448,483)	(14,448,483)
Balance as of September 30, 2022		281,721,321	-	129,567,671	57,954,547	8,380,462	(82,418,979)	(180,716,811)	544,062,945	-	650,551,154	288,487,915	939,039,069

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

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Egypt Kuwait Holding Company
(An Egyptian Joint Stock Company)

Interim consolidated statement of cash flows for the financial period ended September 30, 2022

All numbers are in US Dollars

	Note No.	The nine-months ended 30/9/2022	The nine-months ended 30/9/2021
Cash flows from operating activities			
Net profit for the period before income tax		389 005 564	213 899 724
Adjustments for:			
Depreciation & amortization		37 719 820	31 377 601
Company's share of profit of equity - accounted investees (associates Companies)		(1 618 858)	(1 202 879)
Changes in fair value of financial assets at fair value through profit or loss		(2 701 692)	899 225
Financing expenses		24 578 852	17 722 707
Interest income		(5 015 248)	(4 315 363)
Capital gain		(452 244)	(817 395)
Provisions no longer required		(2 265 756)	(203 694)
Provisions formed		3 973 476	2 519 720
Reversal of write down of inventory		(54 410)	-
Foreign exchange currency differences		4 212 108	-
Gain on sale of subsidiary's share		(8 542 399)	-
Forward foreign exchange contracts' losses (profit)		4 698 546	(2 827 120)
Income from financial assets at fixed return		(30 472 567)	(44 958 888)
Other income - loan settlement		49 654 788	-
Reversal of expected credit losses		(2 756 410)	(499 662)
		459 963 570	211 593 976
Change in:			
Financial assets at fair value through profit or loss		26 917 485	(8 614 104)
Trade & notes receivables		(40 308 619)	(12 629 851)
Other current assets		30 950 111	(38 694 636)
Inventories		(25 343 729)	(5 289 232)
Work in progress		2 425 557	823 375
Lease contracts liabilities		829 106	(539 054)
Suppliers, contractors, notes payable & other credit balances		24 319 115	(10 334 294)
Insurance policyholders' rights		(13 022 528)	7 709 727
Time deposits		8 197 200	(27 564 147)
Restricted deposits		-	(40 000 000)
Provisions used		(1 144 058)	(685 238)
Paid income tax		(38 659 386)	(23 716 707)
Net change in assets of the acquired company at the acquisition date		-	67 899 587
Net cash from operating activities		435 123 824	119 959 402
Cash flows from investing activities			
Collected interest		7 109 477	4 606 005
Payments for additions of property, plant & equipment, and projects under construction	(14)	(66 715 081)	(32 588 889)
Payments for additions of biological assets		(442 982)	(653 941)
Payments for additions of exploration & development assets		(14 142 241)	(36 611 299)
Proceeds from sale of property, plant and equipment		483 085	1 056 521
(Payments for) proceeds from financial assets at fair value through other comprehensive income		(85 183 884)	5 560 148
Proceeds from (payments for) financial assets at amortized cost		296 441 567	(229 112 309)
Proceeds from sale of investments in subsidiary		15 000 000	-
Net cash from (used in) investing activities		152 549 941	(287 743 764)
Cash flows from financing activities			
Proceeds from loans and bank facilities		154 553 395	225 187 198
Payments of loans and bank facilities		(240 317 658)	(116 082 759)
Payments of financing expenses		(24 502 246)	(17 646 101)
Non-controlling interests		(14 448 483)	(68 886 195)
Proceeds from sale of treasury shares		-	8 952 196
Paid dividends		(130 872 011)	(24 350 439)
(Payments of) proceeds from forward foreign exchange contracts		(26 105)	1 050 859
Net cash (used in) from financing activities		(255 613 108)	8 224 759
Foreign currency translation differences of accumulated financial statements		(107 685 940)	4 402 834
Net change in cash and cash equivalents during the period		224 374 717	(155 156 769)
Cash and cash equivalents at beginning of the period		253 572 583	351 562 628
Cash and cash equivalents at end of the period	(24)	477 947 300	196 405 859

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

1- Company's background and activities

- Egypt Kuwait Holding Company "The Company" was incorporated by virtue of the Chairman of General Investment Authority's resolution No. 197 of 1997, according to the provisions of Investment Law No. 230 of 1989 and according to Law No. 8 of 1997, concerning Investment Incentives & Guarantees and Law No. 95 of 1992 concerning Capital Market. The Company was registered in Giza Governorate Commercial Registry under No. 114 648 on 20/7/1997. The duration of the Company according to the Company's Statute, is 25 years starting from the date of registration in the Commercial Registry.
- On March 31, 2022, the General Assembly of the shareholders of the Holding Company approved to extend the duration of the Company for additional 25 years.
- The Company's financial year starts on January 1st and ends on December 31st each year.
- The Company's purpose is represented in investment in all activities stated in Article 1 of Law No. 230 of 1989, provided that its object does not include accepting deposits or performing banking transactions and comprise the following activities: -
 - Securities underwriting and promotion.
 - Participation in Companies, which issue securities or increasing their capital.
 - Venture capital.

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

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

- The registered office of the Company is located at 14 Hassan Mohamed El Razaz St.-Dokki-Egypt. Mr. Loay Jassim Al-Kharafi is the Chairman of the Company.
- The Company is listed in the Egyptian Stock Exchange of the Arab Republic of Egypt and Kuwait Stock Exchange.
- The consolidated financial statements comprise of the financial statements of Egypt Kuwait Holding Company (the Parent Company) & its subsidiaries (referred to as the "Group") and the Group's share in the profit or loss of associates is also included. The Group is involved in several activities which are represented in investment activities, selling & supplying of natural gas activity, drilling, petroleum, petrochemicals services activity, fertilizers activity, exploration and exploitation of oil, natural gas activity, chill technology by natural gas activity, communications and selling & distributing of chemicals & plastic activity, manufacturing of Formica chips & MDF of all types and sizes, the activity of life insurance generally, real estate development and Microfinance and consumer finance.

2- Accounting framework of the preparation consolidated financial statements

- The consolidated financial statements have been prepared in accordance with Egyptian accounting standards in compliance with Egyptian Laws.
- The consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 13, 2022.
- Details of the Group's accounting policies are included in Note 53.

3- Functional and presentation currency

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

4- Use of estimates and judgments

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

A- Judgments

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

- Note 53-4 – revenue recognition: revenue is recognized as detailed in the accounting policies applied.
- Note 53-1 – equity-accounted investees (associates Companies): whether the Group has significant influence over an investee.
- Note 53-22 – lease contracts classification.

B- Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at September 30, 2022 that might have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Notes (53-21)–recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note (53-20) – measurement of ECL for cash at banks, trade and notes receivables and other current assets.

C- Measurement of fair values

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

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

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

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

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

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5- Revenues

	The nine-months ended 30/9/2022		The nine-months ended 30/9/2021	
	From 1/7/2022 To 30/9/2022	From 1/1/2022 To 30/9/2022	From 1/7/2021 To 30/9/2021	From 1/1/2021 To 30/9/2021
Fertilizer's activity revenues	123 105 501	379 677 061	66 575 318	195 256 998
Chemicals & plastic activity revenues	47 618 744	160 733 376	40 814 925	128 489 624
Gas & electricity supplies activity revenues	34 640 409	107 909 745	37 177 561	105 892 822
Drilling and petroleum services activity revenues	30 977 082	101 858 742	29 928 019	60 176 549
Insurance activity revenues	19 920 604	48 363 083	18 499 463	47 267 392
Cooling technology by natural gas activity revenues	2 024 126	5 406 676	1 188 528	4 623 605
Agencies activity revenues	163 535	535 916	187 791	575 198
Other activity revenues	2 317 281	5 392 108	463 082	1 859 232
	260 767 282	809 876 707	194 834 687	544 141 420

6-Cost of revenue recognition

	The nine-months ended 30/9/2022		The nine-months ended 30/9/2021	
	From 1/7/2022 To 30/9/2022	From 1/1/2022 To 30/9/2022	From 1/7/2021 To 30/9/2021	From 1/1/2021 To 30/9/2021
Fertilizer's activity costs	50 412 378	148 876 309	35 028 869	116 942 857
Chemicals & plastic activity costs	33 073 872	100 576 035	29 326 058	82 679 860
Gas & electricity supplies activity costs	22 480 461	70 404 718	24 072 324	68 887 977
Drilling and petroleum services activity costs	10 689 228	36 756 868	13 295 673	24 000 776
Insurance activity costs	11 743 363	34 186 302	12 878 560	35 135 047
Cooling technology by natural gas activity costs	1 882 259	4 914 245	383 492	3 214 722
Agencies activity costs	57 323	293 408	143 437	416 257
Other activity costs	2 337 039	5 748 157	418 575	1 500 325
	132 675 923	401 756 042	115 546 988	332 777 821

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7- Income from investments

	The nine-months ended 30/9/2022		The nine-months ended 30/9/2021	
	From 1/7/2022 To 30/9/2022	From 1/1/2022 To 30/9/2022	From 1/7/2021 To 30/9/2021	From 1/1/2021 To 30/9/2021
Income from financial assets at fixed return	11 608 534	30 472 567	16 756 738	44 958 888
Gain on sale of financial assets at fixed return	3 358	3 358	-	-
Gain from investments at fair value through profit or loss	385 424	1 047 770	-	-
Change in fair value of financial assets at fair value through profit or loss	(320 986)	(2 701 692)	(524 975)	(899 225)
Income from investments at fair value through other comprehensive income	(250)	182 071	128	195 048
Gain on sale of subsidiary's share	-	8 542 399	-	-
	11 676 080	37 546 473	16 231 891	44 254 711

8- Other income

	The nine-months ended 30/9/2022		The nine-months ended 30/9/2021	
	From 1/7/2022 To 30/9/2022	From 1/1/2022 To 30/9/2022	From 1/7/2021 To 30/9/2021	From 1/1/2021 To 30/9/2021
Drawback and exports subsidies revenues	(34 954)	941 559	656 059	1 503 132
Provisions no longer required	1 396 277	2 265 756	(206 389)	203 694
Capital gain	341 865	452 244	39 566	817 395
Loan settlement*	-	13 772 060	-	-
Other	831 703	1 420 434	255 572	839 407
	2 534 891	18 852 053	744 808	3 363 628

- * On February 23, 2022, MOG Energy Company (one of the group companies) signed a settlement contract for the joint loan granted from several banks, which provides for a final settlement by paying an amount of USD 27 million approximately in return for exempting the company from paying the total remaining amount of the loan value and the interest payable, totaling the amount on the settlement date USD 63.42 million approximately.
On February 27, 2022, the management of MOG Energy Company ended the settlement with the banks and paid the agreed settlement amount, and the company obtained clearances from all the lending banks, each according to its share in the loan.

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

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Notes to the interim consolidated financial statements (Cont.)

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- * The group share of that exemption amounting to USD 49.65 million approximately, the goodwill value of MOG Energy Company has been reduced (Note No. 21), and the remaining amount of settlement has been recognized in other income account with an amount of USD 13.77 million approximately.

9- Selling & distribution expenses

	The nine-months ended 30/9/2022		The nine-months ended 30/9/2021	
	From 1/7/2022 To 30/9/2022	From 1/1/2022 To 30/9/2022	From 1/7/2021 To 30/9/2021	From 1/1/2021 To 30/9/2021
Chemicals & plastic activity	1 543 187	5 255 980	1 197 023	4 367 803
Fertilizer's activity	114 734	389 802	123 205	348 047
Cooling technology by natural gas activity	46 902	141 362	-	78 805
Other	51 098	139 271	79 860	194 693
	1 755 921	5 926 415	1 400 088	4 989 348

10- Other expenses

	The nine-months ended 30/9/2022		The nine-months ended 30/9/2021	
	From 1/7/2022 To 30/9/2022	From 1/1/2022 To 30/9/2022	From 1/7/2021 To 30/9/2021	From 1/1/2021 To 30/9/2021
Provisions formed	1 561 462	3 973 476	544 160	2 519 720
	1 561 462	3 973 476	544 160	2 519 720

11- Income tax

	The nine-months ended 30/9/2022		The nine-months ended 30/9/2021	
	From 1/7/2022 To 30/9/2022	From 1/1/2022 To 30/9/2022	From 1/7/2021 To 30/9/2021	From 1/1/2021 To 30/9/2021
Current income tax expense	24 544 182	79 325 220	14 677 752	43 041 002
Deferred income tax expense (benefit)	(820 310)	(2 417 880)	(829 653)	(2 235 733)
	23 723 872	76 907 340	13 848 099	40 805 269

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Notes to the interim consolidated financial statements (Cont.)

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Adjustments to calculate the effective tax rate

	The nine- months ended 30/9/2022	The nine- months ended 30/9/2021
Consolidated net accounting profit before income tax	389 005 564	213 899 724
Tax rate	22.5 %	22.5 %
Expected income tax on accounting profit	87 526 252	48 127 438
Expenses not applicable to tax deduction	327 212	280 499
Tax exemptions	(12 303 768)	(7 990 840)
Provision's effect	(135 669)	350 500
Property, plant & equipment' depreciation, and other assets amortization	2 234 934	2 279 168
Capital gain & loss	518 330	(14 274)
Books' currency differences	1 212 542	30 594
Other	(54 613)	(22 083)
Deferred income tax	(2 417 880)	(2 235 733)
Tax according to consolidated statement of income	76 907 340	40 805 269
Effective tax rate	19.77%	19.08%

12- Non-controlling interests

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

	Non- controlling interests %	Non- controlling share in subsidiaries' profits	Non- controlling share in equity excluding profits (losses) for the period	Non-controlling interests as of 30/9/2022	Non-controlling interests as of 31/12/2021
National Gas Co. "Natgas"	16.02	4 304 223	18 442 188	22 746 411	25 132 616
Globe for Communications & Information Technology Co.	1	-	4 688	4 688	5 834
Cooling Technology by Natural Gas Co.- Gas Chill	14.01	20 491	561 765	582 256	752 652
Gas Technology Co.- Go Gas	0.80	-	10 368	10 368	12 903
Midor Suez for Oil Refinery Co.	0.002	-	6	6	6
El Fayoum Gas Co.	22.01	624 315	1 923 992	2 548 307	2 701 219
Bawabat Al Kuwait Holding Company	35.40	69 146 595	142 729 701	211 876 296	171 344 363
Arab Company for Phosphate Fertilizer	19.79	(2 624)	(18 523)	(21 147)	(18 537)
El Shorouk for Melamine & Resins Co.	4.95	21 028	102 743	123 771	130 091
NSCO Co.	0.0007	146	474	620	474
Delta Insurance Co.	36.78	5 124 765	18 859 015	23 983 780	26 266 399
MOG Energy Co.	21.71	26 094 104	(5 314 605)	20 779 499	9 149 170
Global MDF	16.20	(319 464)	6 137 524	5 818 060	-
		105 013 579	183 439 336	288 452 915	235 477 190

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13- Basic / diluted earnings per share of profits

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

	<u>The nine-months ended 30/9/2022</u>		<u>The nine-months ended 30/9/2021</u>	
	<u>From 1/7/2022 To 30/9/2022</u>	<u>From 1/1/2022 To 30/9/2022</u>	<u>From 1/7/2021 To 30/9/2021</u>	<u>From 1/1/2021 To 30/9/2021</u>
Net profit for the period (owners of the parent Company)	63 641 840	207 084 645	46 816 839	134 735 911
Employees & board member's share in profit -parent Co.	(3 541 752)	(11 509 272)	(2 455 969)	(7 367 907)
Employees & board member's share in profit in subsidiaries - proposal	(7 354 154)	(13 764 809)	(3 904 209)	(11 712 627)
Shareholder's share in net profit for the period	<u>52 745 934</u>	<u>181 810 564</u>	<u>40 456 661</u>	<u>115 655 377</u>
Number of outstanding shares during the period	1 126 885 287	1 126 885 287	1 126 885 287	1 126 885 287
Basic/diluted earnings per share of profits (US cent / Share)	<u>4.68</u>	<u>16.13</u>	<u>3.59</u>	<u>10.26</u>

- Number of outstanding shares during the period calculated as follows:

	<u>The nine-months ended 30/9/2022</u>	<u>The nine-months ended 30/9/2021</u>
Issued shares at the beginning of the period	1 126 885 287	1 016 393 170
Effect of bonus shares issuance	-	102 444 117
Treasury shares	-	8 048 000
Number of outstanding shares during the period	<u>1 126 885 287</u>	<u>1 126 885 287</u>

14- Non-cash transactions

For the purpose of preparing the consolidated statement of cash flows for the financial period ended September 30, 2022, the effect of the amount USD 520 612 – Property, plant & equipment additions – recorded in suppliers, contractors, notes payables & other creditors have been excluded from investing activities which considered as a non-cash transaction.

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
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15- Equity-accounted investees (associates companies)

	Ownership	30/9/2022	31/12/2021
	%		
<u>Investments listed in stock exchange</u>			
El-Mohandes Insurance Company	24.99	20 165 459	18 546 476
<u>Investments not listed in stock exchange</u>			
Inayah Egypt for Medical Care Programs Management Co.	12.644	368 915	500 010
The Egyptian Company for Petroleum Tankers	30	17 128 175	17 128 175
		37 662 549	36 174 661
Impairment losses		(17 128 175)	(17 128 175)
		20 534 374	19 046 486

16- Financial assets at fair value through other comprehensive income

	30/9/2022	31/12/2021
Portfolios managed by investment managers abroad	269 721 644	217 503 717
Local companies' securities listed in the Egyptian Stock Exchange (EGX)	1 165 905	1 641 890
	270 887 549	219 145 607
Expected credit losses	(9 463 093)	(9 463 093)
	261 424 456	209 682 514
Non-current	109 470 680	143 449 731
Current	151 953 776	66 232 783
	261 424 456	209 682 514
The movement of financial assets at fair value is as follows: -		
	30/9/2022	31/12/2021
Fair value	270 887 549	219 145 607
<u>Deduct:</u>		
Cost	358 196 509	281 565 048
Fair value reserve	(87 308 960)	(62 419 441)
<u>Classified as follows:</u>		
Shareholders of the Parent Company	(82 428 979)	(61 345 284)
Non-controlling interests	(4 879 981)	(1 074 157)
	(87 308 960)	(62 419 441)

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
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17-Financial assets at amortized cost

	30/9/2022	31/12/2021
Investment certificates in local banks "Insurance Sector"	2 659 847	3 882 877
Designated investment certificates in banks "Insurance Sector"	40 644 501	68 962 444
Governmental bonds	174 196 739	188 059 712
Treasury bills	77 373 884	351 098 103
Designated governmental bonds "Insurance Sector"	72 271 991	72 647 271
Governmental bonds in Insurance Sector	3 520 013	2 254 349
	370 666 975	686 904 756
<u>Classified as follows: -</u>		
Current (due within one year)	93 582 835	351 098 103
Non-current (due after one year)	277 084 140	335 806 653

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

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18. Intangible assets and goodwill and projects under construction

	Land	Buildings & constructions	Vehicles & transportation	Furniture & office equipment	Machinery & equipment	Tools & supplies	Stations, generators & electric transformers	Computer, software & developments	Improvements	Expenses network	Projects under construction	Total
Cost as of 1/1/2021	32,542,064	59,211,756	13,064,041	9,107,026	412,505,459	2,406,228	81,507,126	8,274,936	1,181,548	-	40,800,595	600,431,898
Addition	6,465	221,440	1,508,415	1,011,048	2,282,836	325,622	3,771,755	1,329,541	-	2,749,726	-	10,093,548
Change in projects under construction	-	-	-	-	-	-	-	-	-	-	45,844,932	43,844,932
Disposal	-	(11,029)	(2,54,938)	(37,865)	-	-	-	(126,461)	-	-	(410,290)	(410,290)
Cost of assets acquired through business combination	-	-	569,417	465,178	-	-	-	(1,006,889)	441,872	-	623,875	1,187,411
Cost as of 31/12/2021	32,548,526	59,482,170	14,987,135	10,534,479	414,788,295	2,631,850	85,138,891	10,564,985	0,625,460	2,749,726	87,271,402	712,163,839
Cost as of 1/1/2022	32,548,526	59,482,170	14,987,135	10,534,479	414,788,295	2,631,850	85,138,891	10,564,985	1,025,461	2,749,726	87,271,402	712,163,839
Addition	5,082,742	7,921,864	675,659	879,465	1,442,230	53,807	1,687,722	1,830,182	-	-	-	19,614,108
Change in projects under construction	-	-	-	-	-	-	-	-	-	-	47,001,585	47,001,585
Disposal	-	-	(227,832)	(54,636)	-	-	(534,535)	-	-	-	-	(860,021)
Cost as of 31/09/2022	37,631,268	67,399,202	15,334,962	11,379,208	416,331,563	2,685,657	86,373,878	12,455,587	1,625,460	2,749,726	134,872,987	798,538,760
<u>Depreciation and impairment losses</u>												
Accumulated depreciation and impairment losses as of 1/1/2021	-	28,073,814	10,433,548	7,006,563	265,411,702	1,831,116	13,358,925	6,075,888	707,027	-	-	332,578,403
Depreciation	-	2,645,195	938,977	679,546	10,544,833	84,583	3,962,731	642,864	35,826	488,510	-	26,883,493
Accumulated depreciation of disposals	-	(15,082)	(210,192)	(3,719)	(6,679)	-	(9,134)	(9,134)	-	-	-	(124,097)
Accumulated depreciation of assets acquired through business combination	-	-	497,628	433,133	-	-	-	1,079,099	441,872	-	-	3,472,422
Accumulated depreciation and impairment losses as of 31/12/2021	-	30,503,927	11,659,001	8,008,932	283,549,856	1,915,699	16,321,656	7,789,707	1,244,725	488,510	-	348,731,821
Accumulated depreciation and impairment losses as of 1/1/2022	-	30,503,927	11,659,001	8,008,932	283,549,856	1,915,699	16,321,656	7,789,707	1,244,725	488,510	-	348,731,821
Depreciation	-	1,503,431	655,246	471,441	13,845,037	74,510	2,977,524	914,151	30,020	333,485	-	20,314,893
Accumulated depreciation of disposals	-	(21,139)	(219,487)	(54,636)	(6,679)	-	(534,535)	-	-	-	-	(879,991)
Accumulated depreciation and impairment losses as of 31/09/2022	-	31,686,225	12,095,140	8,515,737	297,794,893	1,990,209	18,184,695	8,703,856	1,274,745	812,003	-	369,857,725
Carrying amount as of 31/12/2021	32,548,526	29,198,241	3,347,334	2,435,547	110,819,419	716,151	68,817,235	2,715,198	180,735	2,261,206	87,271,402	360,491,018
Effect of change in foreign exchange rates	(5,060,313)	(10,202,601)	(800,166)	(454,335)	(25,036,917)	(417,919)	(11,681,760)	(635,721)	(443,629)	(1,441)	(4,742,961)	(64,349,823)
Carrying amount as of December 31, 2021	27,488,211	18,995,642	2,547,168	1,981,202	105,802,502	298,232	54,135,475	2,749,326	237,107	2,259,767	80,328,441	296,141,195
Carrying amount as of 1/09/2022	37,611,268	55,591,977	3,259,602	2,863,531	118,436,672	693,346	68,087,181	9,531,729	350,715	1,937,723	134,872,987	407,880,975
Effect of change in foreign exchange rates	(9,779,246)	(10,028,819)	(1,219,888)	(1,004,349)	(28,584,816)	(420,783)	(15,203,665)	(1,475,329)	(1,433,629)	(4,17,669)	(9,440,010)	(84,418,083)
Carrying amount as of September 30, 2022	28,335,022	25,565,674	2,039,722	1,849,227	89,931,856	274,565	42,903,718	3,276,390	307,087	1,520,056	125,231,977	321,022,292

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19- Exploration and development assets

	<u>Producing wells</u>	<u>Exploration wells</u>	<u>Development wells</u>	<u>Equipment / field services</u>	<u>Pipelines</u>	<u>Projects under construction</u>	<u>Total</u>
<u>Cost</u>							
As of 1/1/2021	87 072 022	-	-	33 895 986	-	3 695 776	124 663 704
Additions	2 377 597	-	-	-	-	58 244 293	60 621 890
Adjustments	(3 846 697)	-	-	-	-	-	(3 846 697)
Cost of assets acquired through business combination	172 473 320	24 095 854	105 830 089	190 334 748	159 832 556	-	652 568 567
As of 31/12/2021	258 078 242	24 095 854	105 830 089	224 230 654	159 832 556	61 940 069	834 007 464
As of 1/1/2022	258 078 242	24 095 854	105 830 089	224 230 654	159 832 556	61 940 069	834 007 464
Additions	30 540 429	-	-	44 807 489	-	1 485 907	76 833 825
Disposals	-	-	-	(574 602)	-	-	(574 602)
Change in projects under constructions	-	-	-	-	-	(61 940 069)	(61 940 069)
As of 30/9/2022	288 618 671	24 095 854	105 830 089	268 463 541	159 832 556	1 485 907	848 326 618
<u>Accumulated amortization, depletion, and impairment losses</u>							
As of 1/1/2021	48 802 886	-	-	2 848 574	-	-	51 651 460
Amortization	15 158 701	-	-	5 051 363	-	-	20 210 064
Accumulated amortization of assets acquired through business combination	148 134 389	24 095 854	104 780 635	158 911 649	159 832 556	-	595 755 083
As of 31/12/2021	212 095 976	24 095 854	104 780 635	166 811 586	159 832 556	-	667 616 607
As of 1/1/2022	212 095 976	24 095 854	104 780 635	166 811 586	159 832 556	-	667 616 607
Amortization	9 482 896	-	-	7 228 731	-	-	16 711 627
As of 30/9/2022	221 578 872	24 095 854	104 780 635	174 040 317	159 832 556	-	684 328 234
Carrying amount as of 31/12/2021	45 982 266	-	1 049 454	57 419 068	-	61 940 069	166 390 857
Carrying amount as of 30/9/2022	67 039 799	-	1 049 454	94 423 224	-	1 485 907	163 998 384

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20- Right of use assets

	30/9/2022	31/12/2021
<u>Cost</u>		
Cost at the beginning of the period	13 966 015	13 765 315
Additions	-	23 357
Cost of assets acquired through business combination	-	177 343
Cost at the end of the period	13 966 015	13 966 015
<u>Accumulated depreciation</u>		
Accumulated depreciation at the beginning of the period	(1 933 589)	(1 011 385)
Depreciation	(667 006)	(895 602)
Accumulated depreciation of assets acquired through business combination	-	(26 602)
Accumulated depreciation at the end of the period	(2 600 595)	(1 933 589)
Net amount	11 365 420	12 032 426
Effect of change in foreign exchange rates	(1 577 401)	59 113
Net carrying amount	9 788 019	12 091 539

* Present value of the total liabilities resulted from right of use as follows:

	30/9/2022	31/12/2021
Short-term lease contracts liabilities	1 919 147	2 453 880
Long-term lease contracts liabilities	8 175 293	9 871 539
	10 094 440	12 325 419

21- Goodwill

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

	30/9/2022	31/12/2021
National Gas Co. (Natgas)	6 346 418	7 897 722
Sprea Misr	8 951 699	11 139 765
El Fayoum Gas Co.	1 304 055	1 622 806
Alex Fertilizer Co.	34 107 324	34 107 324
Delta Insurance Co.	2 952 578	3 674 278
Shield Gas Co.	5 103 083	5 103 083
MOG Energy Co.	26 416 111	76 070 899
	85 181 268	139 615 877

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)**Translated****Notes to the interim consolidated financial statements (Cont.)****For the financial period ended September 30, 2022****All amounts are in US Dollars unless otherwise is mentioned****22- Intangible assets**

	Net as of 1/1/2022	Amortization	Translation differences	Net as of 30/9/2022
Deferred revenue charges*	440 960	(159 515)	(72 987)	208 458
Other assets**	750 000	(187 500)	-	562 500
	<u>1 190 960</u>	<u>(347 015)</u>	<u>(72 987)</u>	<u>770 958</u>

* This item is represented in the costs related to Nubaria Electrical Station and pressure reduction station in Beheira government. Both stations will be delivered to the Egyptian Natural Gas Holding Company (EGAS) at the end of the agreement. Which will be amortized over 15 years.

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

23- Biological assets

	30/9/2022	31/12/2021
Tree forests	539 567	781 527
Wages, salaries, and consultations	1 043 460	926 936
Fertilizers and pesticides	203 594	156 008
Tools' rent	149 681	162 892
Right of use assets' amortization	202 465	196 929
Usufruct benefit	355 117	260 400
Property plant and equipment' depreciation	760 692	545 505
Other	291 075	240 282
	<u>3 545 651</u>	<u>3 270 479</u>

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

24- Cash and cash equivalents

	30/9/2022	31/12/2021
Banks – current accounts	124 611 962	100 683 428
Banks – time deposits (less than three months)	296 877 693	44 232 861
Banks – time deposits (more than three months)	38 556 440	46 753 640
Cash on hand	1 081 322	565 628
	<u>461 127 417</u>	<u>192 235 557</u>
Expected credit losses	(1 649 301)	(2 222 520)
	<u>459 478 116</u>	<u>190 013 037</u>

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)**Translated****Notes to the interim consolidated financial statements (Cont.)****For the financial period ended September 30, 2022****All amounts are in US Dollars unless otherwise is mentioned**

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

	<u>30/9/2022</u>	<u>30/9/2021</u>
Cash & cash equivalents	461 127 417	192 421 610
Investments in treasury bills - during three months	55 376 323	71 940 062
Restricted deposits	-	(40 000 000)
Time deposits (more than three months)	(38 556 440)	(27 955 813)
	<u>477 947 300</u>	<u>196 405 859</u>

25- Financial assets at fair value through profit or loss

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

	<u>30/9/2022</u>	<u>31/12/2021</u>
Portfolios managed by investment managers	4 567 008	4 516 140
Egyptian Companies' stocks (listed in the Egyptian Stock Exchange)	169 500	264 570
Investments funds	7 392 297	19 983 393
Governmental bonds	17 765 050	29 345 545
	<u>29 893 855</u>	<u>54 109 648</u>

26- Trade & notes receivable

	<u>30/9/2022</u>	<u>31/12/2021</u>
Trade receivables	74 910 001	51 199 301
Egyptian General Petroleum Corporation*	46 200 241	35 760 966
	<u>121 110 242</u>	<u>86 960 267</u>
(Deduct): Expected credit losses	(3 980 072)	(1 648 743)
Notes receivable	20 161 030	18 936 621
	<u>137 291 200</u>	<u>104 248 145</u>

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

	<u>30/9/2022</u>	<u>31/12/2021</u>
Natgas Co.	1 221 803	1 574 082
El Fayoum Gas Co.	414 046	515 251
NSCO Co.	44 564 392	33 671 633
	<u>46 200 241</u>	<u>35 760 966</u>

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)**Translated****Notes to the interim consolidated financial statements (Cont.)****For the financial period ended September 30, 2022****All amounts are in US Dollars unless otherwise is mentioned****27- Derivative financial instruments**

The balance of USD 3 300 542 is represented in financial liabilities – derivative financial instruments (year 2021: USD 1 209 064 financial assets – derivative financial instruments), as one of the Group's subsidiaries signed forward exchange contracts in USD with a related bank which deals with, the contractual value of these contracts is amounted to EGP 469 200 000 as of September 30, 2022 (EGP 220 640 000 as of December 31, 2021), these transactions resulted in losses amounting to EGP 84 010 000 during the period (profits amounting to EGP 57 483 037 during year 2021) were recognized in the consolidated statement of income.

28- Other current assets

	30/9/2022	31/12/2021
Accrued revenue	26 820 125	25 584 303
Suppliers-advanced payments	7 557 450	34 848 801
Tax Authority	14 190 628	17 010 528
Uncollected issued bills	-	9 581 844
Accounts receivables from insurance	11 172 425	14 608 452
Deposits with others	12 786 330	7 845 372
Prepaid expenses	4 939 756	2 404 235
Cheques under collection	2 868 601	2 234 338
Due from Building Materials Industries Co.	6 279 647	4 530 289
Insurance and reinsurance Companies	2 122 931	1 621 485
Payments to employees under dividends account	1 155 039	1 280 892
Imprests & employees' custodies	886 604	299 734
Loans guaranteed by individuals' insurance policies	267 827	374 451
Refunded networks costs from the corporation	831 553	2 504 293
Due from Sudapet Co.	1 411 896	1 411 896
Debtors- west Jabal al-Zeit	2 641 930	2 641 930
Due from Egyptian Hydrocarbon Co.	500 000	500 000
Other debit balances	11 446 673	11 640 912
	107 879 415	140 923 755
Expected credit losses	(4 883 893)	(8 098 515)
	102 995 522	132 825 240

29- Inventories

	30/9/2022	31/12/2021
Supplies	57 556 812	33 952 200
Spare parts and tools	31 138 284	30 423 646
Fuel and oil	14 385 267	14 023 698
Finished goods and work in process	11 653 626	10 949 173
Letters of credit & goods in transit	3 711	45 254
	114 737 700	89 393 971
(Deduct): Inventory write down	(622 408)	(676 818)
	114 115 292	88 717 153

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
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30- Work in progress

	30/9/2022	31/12/2021
Land & buildings under development	29 266 056	30 770 371
Others	249 694	1 170 936
	29 515 750	31 941 307

31- Non-current assets held for sale

	30/9/2022	31/12/2021
Building Materials Industries Co.*	13 255 558	13 255 558
Egyptian Hydrocarbon Co.**	14 900 000	14 900 000
	28 155 558	28 155 558

* Assets related to Building Materials Industries Company – Equity - accounted investees (associates Companies) are presented as non-current held for sale as of September 30, 2022, during the last quarter of year 2019, an agreement was signed to manage the sale of shares owned by the group in Building Materials Industries Company - Equity - accounted investees (associates Companies) of 38.32% to a party outside the group. The agreement to manage the sale process has been continued until an appropriate selling price is determined for the group.

**Assets related to the Egyptian Hydrocarbon Company – financial assets at fair value through other comprehensive income are presented as non-current held for sale as of September 30, 2022, during year 2017 one of the group's subsidiaries signed an agreement for sale 10% Egyptian Hydrocarbon Company shares to a party outside the group, An amount of USD 2 million was obtained as a selling advance during year 2017, which is recognized in the credit balances, and the contract with the buyer was renewed until the rest of the contract value is paid.

32- Share capital

- The Company's authorized 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 fully paid. The issued capital has been increased and the share of the Company was split several times to reach an amount of USD 281 721 321.75 distributed over 1 126 885 287 shares of par value of US Cent 25 each fully paid and has been noted in the commercial register.

33- Reserves

	30/9/2022	31/12/2021
Special reserve – share premium	57 954 547	57 954 547
General reserve	8 380 462	8 380 462
Fair value reserve	(82 428 979)	(61 345 284)
Foreign exchange reserves	(288 726 811)	(185 416 743)
	(304 820 781)	(180 427 018)

Legal reserve

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

Special reserve – share premium

The balance is represented in the remaining amount of the share premium of the issued share capital increase of a number of 136 363 636 shares during year 2014 after deducting the amount of USD 17 045 454 credited to the legal reserve.

General reserve

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

Fair value reserve

This item is represented in the accumulated net change in the fair value of Financial assets at fair value through other comprehensive income until the investment is derecognized.

Translation differences reserve

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

34-Prior periods adjustments

During the period, the opening retained earnings' balance and non-controlling interests were restated by an amount of USD 11 823 792 and an amount of USD 61 433 respectively as follows:

	Retained earnings	Non- controlling interests
The opening retained earnings' balance has been decreased by the amount of expected credit losses for some of the Financial Investments at Fair Value Through Other Comprehensive Income (Group-funded investment portfolio) which were recorded in the financial year 2020 included in the fair value reserve instead of the consolidated income statement on that date.	7 503 216	-
The opening retained earnings' balance and non-controlling interests have been decreased by the unrecorded liabilities during years from 2003 to 2020.	4 320 576	61 433
	11 823 792	61 433

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35- Loans

	<u>Loan's currency</u>	<u>Interest rates</u>	<u>Maturity date</u>	<u>30/9/2022</u>	<u>31/12/2021</u>
<u>Egyptian Kuwait Holding Co.</u>					
Loan guaranteed by investment portfolio	USD	2.75% above Libor-6 months.	2023-2026	60 000 000	-
Loan guaranteed by investment portfolio	EGP	11.75% above average Corridor rate	2022-2023	9 726 044	-
Loan guaranteed by investment portfolios	USD	2.5% above Libor-6 months.	2022-2027	193 583 333	200 000 000
<u>National Gas Co. "Natgas"</u>					
Loan without guarantee	EGP	8% decreasing rate according to the central bank initiative.	2021-2026	4 676 779	7 067 052
Loan guaranteed by treasury bills	EGP	0.25% above average Corridor rate.	2022	3 460 011	4 705 273
<u>AD Astra Co.</u>					
Loan guaranteed by the pledge of the acquired assets	Euro	From 1.75% to 3.25% annually.	2036	12 572 887	14 689 273
<u>MOG Energy Co.</u>					
Loan without guarantee	USD	From 4.75% to 5.50% annually above Libor-6 Months.	2022	-	90 695 521
Loan without guarantee	USD	-	2022-2028	13 894 963	14 088 741
<u>Asprea for Chemicals Co.</u>					
A loan secured by a commercial mortgage on the financed assets	EGP	0.50% annually above Corridor rate, announced by the Central Bank with interest rate 1.25% above Libor for USD	2022-2026	23 149 641	14 849 774
<u>Sprea misr for Chemicals & Plastic Co.</u>					
Loan without guarantee	EGP	0.75% annually above Corridor rate, announced by the Central Bank and 1.25% above Libor for USD	2021-2026	5 776 895	477 013
<u>Nile Wood Co.</u>					
A loan secured by a commercial mortgage on the financed assets	EGP	8% annually and replaced by a return of 1.5% above corridor rate in the event of that the financing departs from the initiative of the Central Bank of Egypt.	2023-2028	24 738 995	26 949 950
Total				351 579 548	373 522 597
Current loans				80 560 281	116 782 700
Non-current loans				271 019 267	256 739 897

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
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36- Other long-term liabilities

	30/9/2022	31/12/2021
Notes payable	6 854 276	835 962
Customers advance payment	2 856 576	1 635 105
Accrued loan' interest	160 197	-
Deferred revenue	1 197 874	1 415 694
	11 068 923	3 886 761

37- Deferred tax liabilities

	30/9/2022	31/12/2021
Property, plant and equipment and other assets	10 886 998	14 088 096
	10 886 998	14 088 096

Deferred tax assets-not recognized

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

38- Provisions

	Balance as of 1/1/2022	Provisions formed	Provisions used	Provisions no longer required	Translation differences	Balance as of 30/9/2022
Retention provisions	373 549	7 740	-	(97 674)	(65 690)	217 925
Other provisions*	69 520 552	4 793 857	(1 144 058)	(2 168 082)	(2 754 802)	68 247 467
	69 894 101	4 801 597	(1 144 058)	(2 265 756)	(2 820 492)	68 465 392

* The provisions relate to expected claims from certain entities related to Company's business. The usual disclosure information about the provisions has not been disclosed in accordance with Egyptian accounting standards, as we believe that doing so will seriously affect the results of the negotiations with those entities.

- The provisions formed during the period includes an amount of USD 828 121, is represented in the financing expenses of the present value of the provisions to bring the asset to its first intended condition recognized in the exploration and development assets item amounting to USD 766 055 during year 2020.

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
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39- Bank facilities

<u>Egyptian Kuwait Holding Co.</u>	<u>Facility's Currency</u>	<u>Interest rate</u>	<u>30/9/2022</u>	<u>31/12/2021</u>
Credit facility without guarantee	EGP & USD	0.5% annually above corridor, 2.5% above Libor generally for USD	17 240 035	17 406 827
Facility guaranteed by investment portfolio for one of the subsidiaries	EGP & USD	1.25% annually above Libor 3 months, 0.5% annually above corridor rate	-	24 488 071
Credit facility guaranteed by investment portfolio	USD	1.125%	46 299 119	36 500 000
Facility guaranteed by investment portfolio for one of the subsidiaries	USD	2.75% above LIBOR for 3 months	57 000 000	78 900 000
Facility without guarantee	USD & EGP	1% annually above corridor and 2.5% above LIBOR for 3 months for USD	8 429 213	28 690 896
Facility without guarantee	USD & EGP	0.75% annually above corridor and 2.3% above LIBOR generally for USD	30 097 073	29 996 685
Facility guaranteed by investment portfolio for one of the subsidiaries	EGP	0.25% above corridor	15 325 419	19 116 282
<u>Gas Chill Co.</u>				
Credit facility guaranteed by deposits	EGP	2% over deposit interest rate	1 222 161	1 915 593
<u>National gas Co. "Natgas"</u>				
Facility without guarantee	EGP	0.5% above corridor	3 667 957	2 832 976
Facility without guarantee	EGP	0.75% above corridor	1 128 199	870 929
Facility without guarantee	EGP	0.5% above corridor	1 047 278	4 204 890
Facility without guarantee	EGP	0.25% above corridor	1 152 104	-
Facility without guarantee	EGP	0.25% above corridor	7 117 620	6 446 042
Facility without guarantee	EGP	8% annually as part of the Central Bank's initiative to support industrial activity.	1 318 094	-
C/F			191 044 272	251 369 191

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
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B/F	<u>Facility's Currency</u>	<u>Interest rate</u>	<u>30/9/2022</u> 191 044 272	<u>31/12/2021</u> 251 369 191
Facility without guarantee	EGP	8% decreasing rate as part of the Central Bank's initiative.	1 367 508	-
Facility without guarantee	EGP	8% annually as part of the Central Bank's initiative to support industrial activity.	2 451 884	747 244
Facility without guarantee	EGP	8% decreasing rate as part of the Central Bank's initiative.	4 393 837	-
Facility without guarantee	EGP	8% annually as part of the Central Bank's initiative to support industrial activity	4 761 257	8 466 159
Facility without guarantee	EGP	8% annually as part of the Central Bank's initiative to support industrial activity	9 812 667	-
Facility without guarantee	EGP	8% decreasing rate according to the Central Bank's initiative	1 402 134	2 476 769
<u>Sprea misr for Chemicals & Plastic Co.</u>				
Facility without guarantee	EGP	8% annually as part of the Central Bank's initiative to support industrial activity.	7 687 509	5 697 208
Facility without guarantee	EGP	8% annually as part of the Central Bank's initiative to support industrial activity.	-	18 076 874
Facility without guarantee	EGP	8% annually as part of the Central Bank's initiative to support industrial activity	7 948 164	11 096 037
Facility without guarantee	EGP	8% annually as part of the Central Bank's initiative to support industrial activity	9 438 793	16 563 433
C/F			240 308 025	314 492 915

Egypt Kuwait Holding Co. (An Egyptian Joint Stock Company)
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B/F	<u>Facility's Currency</u>	<u>Interest rate</u>	<u>30/9/2022</u> 240 308 025	<u>31/12/2021</u> 314 492 915
Facility without guarantee	EGP	8% annually as part of the Central Bank's initiative to support industrial activity	3 278 502	-
Facility without guarantee	EGP	0.5% above corridor	5 422 672	-
Facility without guarantee	EGP	0.5% above corridor	1 946 512	-
Facility without guarantee	EGP	8% annually as part of the Central Bank's initiative to support industrial activity.	3 081 599	3 051 685
<u>Bedavty for Small & Micro Projects Co.</u>				
Facility without guarantee	EGP	0.25% above corridor	9 193 241	-
<u>Shield Gas Co.</u>				
Credit facility guaranteed by investment portfolio	USD	2.5% annually above LIBOR for 3 months	-	3 383 033
Credit facility without guarantee	AED	3.83%	14 282	99 114
Credit facility without guarantee	AED	2.5% above IBOR rate	535 576	269 956
<u>OGI Co.</u>				
Credit facility guaranteed by investment portfolio	USD	0.859% annually	-	6 304 920
			263 780 409	327 601 623
Current facilities			115 058 798	128 912 633
Non-current facilities			148 721 611	198 688 990

40- Insurance policyholder s' rights

	<u>30/9/2022</u>	<u>31/12/2021</u>
Technical provisions for individual's insurance	22 153 592	25 659 612
Technical provisions for property and liability insurance	74 921 483	84 408 112
Policyholder s' rights for investments units	4 567 008	4 516 140
Provision for outstanding claims	642 832	723 579
	102 284 915	115 307 443

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41- Suppliers, contractors, notes payable & other creditors

	30/9/2022	31/12/2021
Suppliers & contractors	48 221 783	38 505 684
Notes payable	7 924 629	4 428 933
Customers – Advanced payments	49 335 437	48 361 318
Accrued expenses	46 757 456	48 373 467
Deposits from others	14 062 878	17 537 275
National Egyptian Authority for Petroleum*	16 629 915	17 195 798
Insurance and reinsurance Companies	11 938 850	10 890 500
Collected installments	1 369 408	962 725
Dividends payable	1 196 641	1 196 641
Dividends payable-non-controlling interests	9 502 283	10 824 862
Insured current account	1 401 802	1 123 908
Financing from non- controlling interests	8 536 574	7 952 840
Operating companies	7 916 941	7 042 845
Employees' dividends payable	4 483 809	168 670
Property, plant & equipment creditors	520 612	648 132
Other credit balances	74 338 754	68 848 651
	304 137 772	284 062 249

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

	30/9/2022	31/12/2021
National Gas Co. (Natgas)	2 635 895	8 550 566
El Fayoum Gas Co.	13 994 020	8 645 232
	16 629 915	17 195 798

42- Subsidiaries Companies

Main subsidiaries are represented in the following:

	Country of Incorporation	Direct & indirect Ownership %	
		30/9/2022	31/12/2021
<u>Companies under direct control</u>			
International Financial Investments Co. S.A. E	Egypt	100	100
Bawabat Al Kuwait Holding Co.– S.A.K	Kuwait	64.60	64.54
Delta Insurance Co.	Egypt	63.22	63.22
Globe for Communication & Information Technology Co.	Egypt	99	99
Globe Telecom Co.	Egypt	100	100
ECO for Agriculture Development Co.	Egypt	100	100
MAT Company for Trading	Egypt	100	100
EKHN B.V.	Netherlands	100	100
Global MDF Industries B.V.	Netherlands	83.8	100
EKH Microfinance	Netherlands	100	100

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	Country of Incorporation	Direct & indirect Ownership %	
		30/9/2022	31/12/2021
<u>Companies under direct control</u>			
Mega Me for Trade Co.	Egypt	100	100
Arab Company for Phosphate Fertilizer	Egypt	80.21	80.21
OGI Capital Limited Co. (L.L.C) Free Zone – Jabal Ali	United Arab of Emirates	100	100
<u>Subsidiaries Companies of International Financial Investments Co.</u>			
Sprea Misr for Production of Chemicals & Plastics Co. S.A. E	Egypt	100	100
Egyptian Company for Petrochemicals S.A.E	Egypt	100	100
National Energy Co - S.A. E	Egypt	100	100
El Fayoum Gas Holding Company	Virgin Islands	100	100
Midor Suez Oil Refining Co.	Egypt	100	100
NSCO INVESTMENT LIMITED Company	Cayman Islands	99.9993	99.9993
BKH Megan	Cayman Islands	100	100
Arabian Fertilizer Limited Co.	United Arab of Emirates	100	100
National Gas Company (NATGAS) S.A. E	Egypt	83.98	83.98
Nahood International Limited Co.	United Arab of Emirates	60	60
Solidarity Mena Limited Co.	United Arab of Emirates	100	100
Solidarity International Limited Co.	United Arab of Emirates	100	100
Solidarity group limited Co.	United Arab of Emirates	100	100
MEA Investments Co.	United Arab of Emirates	100	100
Africa Netherlands	Netherlands	100	100
IFIC Petrochemicals Co.	Cayman Islands	100	100
Ekuity Holding International - Limited by Shares	Cayman Islands	100	100
Henosis for Construction & Real-Estate Development Co.	Egypt	100	100
Capital Investment Limited Luxembourg Co.	Luxembourg	100	100
AD ASTRA REAL ESTATE, S.L. Co.	Spain	100	100
AD ASTRA PROYECTO MISR, S.L. Co.	Spain	100	100
AD ASTRA PROYECTO ALCAZAR, S.L. Co.	Spain	100	100
AD ASTRA PROYECTO CAIRO, S.L. Co.	Spain	100	100
SISTEMAS INDUSTRIALES SALGAR II S.L Co.	Spain	100	100
AD ASTRA PROYECTO MEDINA, S.L. Co.	Spain	100	100

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	Country of Incorporation	Direct & indirect Ownership %	
		30/9/2022	31/12/2021
<u>Subsidiaries Companies of International Financial Investments Co.</u>			
Gas Serve Co.	Egypt	100	100
Shield Gas Co.	United Arab of Emirates	100	100
EEK Investment Holding LTD Co.	United Arab of Emirates	100	100
International Fertilizer trading Co.	Cayman Islands	100	100
NSCO Investment INC Co.	Panama	99.9993	99.9993
IFIC Investments Limited Co.	United Arab of Emirates	100	100
IFIC Global Co.	Cayman Islands	100	100
<u>Subsidiary of Solidarity Group Limited</u>			
MOG Energy group Companies	Egypt	78.29	78.29
<u>Subsidiary of Globe Telecom Co.</u>			
Globe for Trading & Agencies Co.	Egypt	100	100
<u>Subsidiaries of National Gas Co. Natgas</u>			
Al Watania for Electric Technology Co. (Kahraba) S.A.E.	Egypt	91.95	91.95
Al Nubaria for Natural Gas Co. S.A.E.	Egypt	83.98	83.98
Egypt Kuwait Investment Holding Limited Company	United Arab of Emirates	83.98	100
Kahraba Future Co.	Egypt	91.95	91.95
Gas Line Co.	Egypt	83.98	83.98
<u>Subsidiaries of BKH Megan Co.</u>			
Middle East for River Transport Co.- S.A.E	Egypt	100	100
Mert Holding	Cayman Islands	100	100
BMIC Holding	Cayman Islands	100	100
<u>Subsidiaries of National Energy Company</u>			
Cooling Technology by Natural Gas Co. (Gas Chill) S.A.E.	Egypt	85.99	85.99
El Fayoum Gas Co. S.A.E.	Egypt	77.99	77.99
Technology Gas Co. GoGas	Egypt	99.20	99.20
<u>Subsidiaries of Bawabat Al Kuwait Holding Co.</u>			
Alex Fert Co. - S.A.E.	Egypt	57.3	57.3
International Logistics Co. – L.L.C.	Kuwait	64.60	64.54
Polar Star Investments Co.	United Arab of Emirates	57.3	57.3

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	Country of Incorporation	Direct & indirect Ownership %	
		30/9/2022	31/12/2021
<u>Subsidiary of Egyptian Company for Petrochemicals</u>			
El Shorouk for Melamine & Resins Co.	Egypt	93.05	93.05
<u>Subsidiaries of Global MDF Co.</u>			
Cairo Wood for Imports and Exports Co. (S.A.E.)	Egypt	83.8	100
Nile Waste Co.	Egypt	83.8	100
Nile Wood Co. (S.A.E.)	Egypt	83.8	100
ECO for Agriculture Development Co.	Egypt	83.8	100
<u>Subsidiary of Sprea Misr for Production of Chemicals & Plastics Co.</u>			
Asprea for Chemicals Co. (S.A.E.)	Egypt	100	100
<u>Subsidiaries of EKH Microfinance Co.</u>			
Bedayty for Small & Micro Projects Co.	Egypt	100	100
Bedayaty for Consumer Finance Co.	Egypt	100	100

- A lawsuit was filed by the management of MOG Energy Co. - under No. 433 for year 2016 related to a case of misappropriation of significant funds. The first hearing of the case was set before the Southern Cairo Criminal Court on November 24, 2018 and the call has been delayed several times, most recently one was on December 5, 2020 until the court's verdict is decided. On the same call the court ruled with a sense of embarrassment and referred the lawsuit to another circuit, the first session was scheduled for March 31, 2021 and the call has been postponed to the May 26, 2021 session for pleading and the presence of the accused. On that date, the court ruled in absentia sentenced the three defendants to life imprisonment, and refund an amounts equivalent to the seized amounts and financial penalty equivalent to the embezzled amounts, whereas, one of the defendants repeated the procedures, on July 27, 2021, he was sentenced in his presence to three years in prison, and fined him with a financial penalty equivalent to the various amounts and refund the embezzled amounts with the confiscation of the seized counterfeit documents and charged him with criminal expenses. No negative impact was reflected neither on the financial statements of MOG Energy Co. nor on the consolidated financial statements or separate financial statements belonging to the Company, as in case of collecting amounts from the defendants, a positive impact shall be reflected on the financial statements of MOG Energy Co. An impairment loss was fully formed for this investment in the consolidated financial statements during year 2016.

43- Transactions with related parties

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

- The Group has agreed with Abu Qir Fertilizers and Chemical Industries Co. on signing rental contracts for a plot of land to construct the factory on it with a yearly rental value USD 622 494 effective from July 15, 2003 and last for 25 years, a contract for a building to use it as a temporary headquarter for the Company's management with an annual rental value of EGP 237 600 with annual increase amounting to EGP 16 632 effective from December 1, 2003 and last for July 14, 2028. The Company has also leased a plot of land with an annual rental value of USD 421 000 to construct a water station effective from January 30, 2005, and last for 25 years. The Company has also agreed with Abu Qir Fertilizers and Chemical Industries Company on signing a contract for using its sea and land facilities for exporting amounts of the produced ammonia.

44- Dividends approved, and board of directors' remuneration

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

The shareholders of the Parent Company approved cash dividends for the financial year ended December 31, 2021, of 7 Cent/share with a total amount of USD 78 881 970, approved remunerations for the board of directors amounting to USD 8 542 983, approved employees' dividends amounting to USD 1 280 892. The approval was made by the shareholders general assembly meeting of the Parent Company held on March 31, 2022.

45- Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk.

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

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

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

The Board of Directors of the Parent Company is assisted in its oversight role by the Audit Committee and Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of

risk management controls and procedures, the result of which are reported to the Board of Directors.

Credit risk

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

Trade and other receivables

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

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

Investments

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

Guarantees

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for an appropriate period including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is exposed to currency risk on borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Egyptian Pound.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge and no derivatives are entered into.

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

Interest rate risk

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

Other market price risk

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

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

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

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

Capital management

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

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

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

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

46- Financial instruments**Credit risk exposure**

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

	<u>30/9/2022</u>	<u>31/12/2021</u>
Other current assets	95 382 209	103 670 719
Financial assets at amortized cost	370 666 975	686 904 756
Trade & notes receivable	146 328 860	106 020 241
	<u>612 378 044</u>	<u>896 595 716</u>

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

	30/9/2022	31/12/2021
Governmental customers	46 201 200	35 762 159
Retail customers	15 206 627	6 643 452
Final consumers customers	54 114 263	38 443 707
Export customers	10 645 740	6 110 949
Notes receivable	20 161 030	19 059 974
	146 328 860	106 020 241

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

	30/9/2022		31/12/2021	
	Balance	Expected credit loss	Balance	Expected credit loss
Past due within 30 days	25 391 780	-	30 287 998	-
Past due from 1-3 month	15 624 587	-	8 249 865	-
Past due from 3 months-1 year	104 601 063	(3 268 642)	66 163 950	(330 315)
More than one year	711 430	(711 430)	1 318 428	(1 318 428)
	146 328 860	(3 980 072)	106 020 241	(1 648 743)

Liquidity risk

The following are the contractual maturities of financial liabilities:

September 30, 2022

	Due date				
	Carrying amount	During 1 year	1-2 years	2-5 years	More than 5 years
Loans & bank facilities	615 359 957	231 651 118	104 324 344	279 384 495	-
Suppliers, contractors, noted payables & other creditors	254 802 335	254 802 335	-	-	-
Accrued income tax	78 832 250	78 832 250	-	-	-
Insurance policyholders' rights	102 284 915	102 284 915	-	-	-
Lease liabilities	10 094 440	1 919 147	-	-	8 175 293
Financial derivatives	3 300 542	3 300 542	-	-	-
Other long-term liabilities	9 710 852	-	-	9 710 852	-
	1 074 385 291	672 790 307	104 324 344	289 095 347	8 175 293

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December 31, 2021

	Carrying amount	Due date			
		During 1 year	1-2 years	2-5 years	More than 5 years
Loans & bank facilities	701 124 220	245 695 333	236 859 917	145 723 472	72 845 498
Suppliers, contractors, noted payables & other creditors	235 700 931	235 700 931	-	-	-
Accrued income tax	55 927 852	55 927 852	-	-	-
Insurance	115 307 443	115 307 443	-	-	-
policyholders' rights					
Lease liabilities	12 325 419	2 453 880	-	-	9 871 539
Other long-term liabilities	2 471 067	-	-	2 471 067	-
	<u>1 122 856 932</u>	<u>655 085 439</u>	<u>236 859 917</u>	<u>148 194 539</u>	<u>82 717 037</u>

Currency risk

Currency risk exposure

The Group exposure to foreign currency risk was as follows based on original currencies.

September 30, 2022

Description	USD	L.E	K.W. D	EURO	GBP	SAR	AED
Cash & cash equivalents	71 493 692	1 329 715 023	8 088	6 267 123	26 640	2 165 700	177 350
Assets and financial investments	-	7 485 609 425	-	-	-	-	-
Other current assets	-	1 235 362 855	-	280 440	-	-	1 512 446
Trade & notes receivable	9 894 978	1 117 534 963	-	856 938	-	-	10 805 274
Bank loans	(21 253 085)	(1 798 884 341)	-	(3 657 677)	-	-	-
Bank facilities	(5 773 941)	(648 972 419)	-	(8 915 210)	(155 006)	-	(549 857)
Suppliers, contractors, notes payable & other creditors	(12 703 362)	(3 192 461 023)	(23 644)	(9 350 777)	(5 752)	-	13 237 234
Insurance	-	(1 999 670 088)	-	-	-	-	-
policyholders' rights							
Net risk exposure	<u>41 658 282</u>	<u>3 528 234 395</u>	<u>(15 556)</u>	<u>(14 519 163)</u>	<u>(134 118)</u>	<u>2 165 700</u>	<u>25 182 447</u>

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December 31, 2021

Description	USD	EGP	KWD	EUR	GBP	AED	JPY
Cash & cash equivalents	71 521 931	747 058 446	278	6 754 555	12 883	247 059	419
Assets and financial investments	162 125 252	11 206 086 573	-	-	-	-	-
Other current assets	388 285	1 302 350 099	-	232 531	-	5 514 612	-
Trade & notes receivable	7 521 958	766 336 954	-	963 316	-	11 160 697	-
Bank loans	-	(1 121 022 217)	-	(12 663 167)	(27 300)	(12 424 188)	-
Bank facilities	(475 500)	(1 287 754 041)	-	-	-	(1 355 408)	-
Suppliers, contractors, notes payable & other creditors	(68 352 910)	(4 086 478 716)	-	(7 141 441)	(5 757)	(34 642 604)	-
Insurance policyholders' rights	-	(1 811 479 930)	-	-	-	-	-
Net risk exposure	172 720 016	5 715 097 168	278	(11 854 206)	(20 174)	(31 499 832)	419

The following is the average exchange rates during the period:

US Dollar	Average exchange rate during the period		Spot rate at the financial statements date	
	30/9/2022	30/9/2021	30/9/2022	31/12/2021
L.E	17.88	15.69	19.55	15.71
K.W. D	0.3057	0.3016	0.31	0.3021
EURO	0.941	0.8333	0.9708	0.8849
GBP	0.797	0.71942	0.92	0.7407
AED	3.6715	3.6725	3.6748	3.6725
SAR	3.48	-	3.75	-

Interest rate risk

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

	30/9/2022	31/12/2021
Financial liabilities at fixed rate	138 046 780	204 673 645
Financial liabilities at variable rate	477 313 177	496 450 575
	615 359 957	701 124 220

47- Capital commitments

Total capital commitments amounted to USD 23 592 820 as of September 30, 2022, is represented in the amount of contributions in long-term investments and property, plant & equipment which have not been requested to be paid till the consolidated financial position date (year 2021: an amount of USD 27 348 825).

48- Contingent liabilities

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

- Uncovered letters of credit amounting to USD 69 909 859 (year 2021: an amount of USD 9 205 369).
- Letters of guarantee issued by banks on the account of the Group and in favor of others amounting to USD 19 085 135 (year 2021: an amount of USD 8 733 527).

49- Tax status

Corporate profit tax

- The Company has a tax exemption for 5 years according to Investment Law No. 8 of 1997 and ended on December 31, 2003.
- Tax inspection for year 2009 was carried out and the resulted differences were settled.
- Years from 2010 to 2020, the preparation of inspection are currently under process.
- The annual tax returns were submitted on the 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 2016 was carried out and the final assessment was determined and resulting differences were settled.
- Years from January 2017 till 2019 is under inspection.
- Monthly withheld taxes are settled on due dates.

Stamp tax

- Inspection for the stamp tax from inception till 2016 was carried out and the final assessment was made, and the Company settled the resulting differences.
- Years 2017 till 2019 was carried out, notified and appeal was submitted.
- The due tax is settled on due dates.

Property tax

- The company has been notified by the accrued tax related to some properties owned by the company till 2021 and the survey of the Company's rest properties has not been carried out.

50- Significant events during the financial statements

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

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

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

- Risk of inability to achieve growth rates for the pre-defined business plan, associated with the changes in the expectations of the cash flows, and therefore the effect on going concern. However, the Group's management is taking the advantage of the actions taken by the Egyptian government to support these activities, such as reducing interest rate and postponing the debts payment to face this risk and limiting its impact on its financial position. Certain significant actions are:
- Working on group's advantage of Central Bank's initiative to reduce interest rates and delay in payment of debts for a period of six months.
- Maintain sufficient cash liquidity in different currencies within the limits necessary to proceed its activity.
- Invest the available surplus liquidity at the maximum return to maximize profitability.
- Exclusion of unnecessary expenses.

Expected effect on financial statements for the upcoming following of the financial period ended September 30, 2022:

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

a-Fertilizer, chemicals and plastic activities

- Despite the continuing spread of the new epidemic of Corona (Covid-19), the group management succeeded in continuing the growth of operation and achieving an increase in sales growth rates, and it is expected that there will be no material impact on the net profit resulting from this field.
- There is no expected effect on the collection from external or local customers for the invested companies.
- Changing the selling mix is according to market conditions by selecting to produce and sell the most demanding and profitable products of the invested companies.

b- Natural gas delivery activity

Despite the expected decline in both the number of residential customers converted to natural gas and expected decline in value of gas consumption collections compared to the estimated budget of the first financial quarter year 2020 of the invested companies. However, part of this revenue was offset by increased other Companies' activities and precautionary measures to exclude unnecessary expenses and minimizing other expense. As expecting, no significant impact on the net profit resulting from that activity.

c- Other Group's activities

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

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

- Follow all precautionary and preventive measures announced by the World Health Organization and the Egyptian Ministry of Health.
- Minimize the presence of staff to the maximum extent possible while enabling the work from home policy to be as effective as possible.
- Minimize the number of business dealers to the maximum extent possible and all modern technological means to reduce the number of meetings and gatherings.

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- Measure the temperatures for all the visitors to the Group's companies and factories before entering and following all the necessary and announced procedures from the Egyptian Ministry of Health when any suspicious cases arise of high temperatures or any other symptoms.
- Conduct disinfectant and sterilization campaigns in the some of the Group companies' areas as a community service, which helps to establish positive relationships between customers and the Group.
- Workers wear all protective tools while working such as face masks, gloves, medical sanitizers and frequently warning them and the customers who visit the offices and factories to social distance.

51- Comparative figures

Some comparative figures of the consolidated statement of financial position and consolidated statement of changes in equity were restated as a result of what have been mentioned in detail in note No. (34). Items affected by restatement are as the follows:

Consolidated statement of financial position

7 503 216	Decrease in other reserves balance – Fair value reserve
11 823 792	Decrease in retained earnings balance
61 433	Decrease in non-controlling interests balance
4 756 072	Increasing provisions balance
374 063	Decrease in Suppliers, contractors, notes payable & other credit balances – Accrued expenses

Consolidated change in equity statement

11 823 792	Decrease in retained earnings balance
61 433	Decrease in non-controlling interests balance
7 503 216	Decrease in other reserves balance – Fair value reserve

52- Subsequent events

The Central Bank of Egypt has decided in its meeting held on October 27, 2022, to announce the implementation of the flexible exchange rate for pricing foreign currencies. provided that the prices of buying and selling currencies are determined in the Egyptian pound based on the forces of supply and demand, and accordingly the US dollar exchange rate took an increase against the Egyptian pound. which led to an increase from 19.55 Egyptian pounds to approximately 23 Egyptian pounds at the end of October 27, 2022. The increase in the exchange rate of the US dollar against the Egyptian pound will lead to an increase in the profit from foreign currency translation differences recorded in the consolidated income statement for the nine-months ended September 30, 2022, from USD 691 881 approximately to USD 14.6 million approximately and an increase in foreign currency translation difference reserve balance in equity from USD 289 million to USD 358 million approximately.

53- Significant accounting policies applied

The Group has consistently applied the following accounting policies during all financial

periods presented in these consolidated financial statements.

53-1 Basis of consolidation

Business combinations

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

Subsidiaries

Subsidiaries are entities controlled by the Group.

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

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

Non-controlling interests

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

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

Loss of control

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

Equity – accounted investees

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

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

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

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

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

Subsequent measurement in the consolidated financial statements by increasing or decreasing

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

Transactions eliminated on consolidation

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

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

53-2 Foreign currency

Foreign currency transactions

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

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

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

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

Foreign currency differences are generally recognized in profit or loss.

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

- An investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

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

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

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

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

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

53-3 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

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

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

53-4 Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

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

Satisfaction of performance obligation

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

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

Determine the transaction price

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

Control transfer in contracts with customers

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

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

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

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

Other matters to be considered

Variable consideration if the consideration pledged in a contract includes a variable amount, then the Group shall estimate the amount of the consideration in which it has a right in exchange for transferring the goods or services pledged to the customer, the Group estimates the transaction price on contracts with the variable consideration using the expected value or the most likely amount method. this method is applied consistently throughout the contract and for identical types of contracts.

The significant funding component

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

Revenue recognition

Sale of goods revenue

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

Services revenue

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

Gas lines conversion revenue

Revenue is recognized when gas is delivered to the customer.

Gas distribution commissions revenue

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

Sale of electricity revenue

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

Rental income

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

Gain on sale of investments

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

53-5 Employee benefits

Employees' pension

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

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

Equity settled share – based payments

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

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

53-6 Finance income and costs

The Group's finance income and finance costs include:

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

Interest income or expense is recognized using the effective interest method. Dividend income

is recognized in profit or loss on the date on which the Group's right to receive payment is established.

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

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

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

53-7 Income tax

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

Current income tax

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

Deferred tax

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

- The initial recognition of goodwill.
- Or the initial recognition of assets or liabilities in a transaction that is:
 1. Not a business combination.
 2. And not affects neither accounting nor taxable profit or loss (tax loss).
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary

differences when using tax rates enacted or substantively enacted at the reporting date.

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

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

53-8 Basic / diluted earnings per share of profit

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

53-9 The General Authority for Investment and Free Zones (GAFI) fees

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

53-10 Property, plant & equipment & Depreciation

Recognition and measurement

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

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

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

Subsequent costs

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

Depreciation

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

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

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

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

Projects under construction

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

53-11 Exploration and development assets

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

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

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

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

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

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

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

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

Development wells are depleted when starting production.

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

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

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

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

53-12 Intangible assets

Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries. Goodwill is measured at cost less any accumulated impairment losses. Impairment of goodwill is not reversed subsequently. In case

of gain on bargain purchase it is directly recognized immediately in the income statement.

Research and development

Expenditure on research activities is recognized as expense when incurred.

Development expenditure is capitalized only if the expenditure attributable to the intangible asset during the development period can be measured reliably, a technical feasibility study is available to complete the intangible asset, making it available for sale or to use, future economic benefits are probable from the intangible asset, and the availability of sufficient technical, financial, and other resources to complete development and to use or sell the intangible asset. Intent availability to complete the intangible asset to use or sell, the ability to use or sell the intangible asset. Otherwise, it is recognized as expense when incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Other intangible assets

Other intangible assets are recognized, including deferred income expenditures, the right to use, other assets in which they have definite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditures

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

Amortization

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

53-13 Biological assets

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

53-14 Inventories

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

53-15 Works in progress

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

53-16 Non-current assets held for sale

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

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets,

investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies.

Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

53-17 Cash and cash equivalents

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

53-18 Financial instruments

1) Recognition and initial measurement

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

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

2) Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to

be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets- Business Model Assessment

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

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

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

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

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

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

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

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

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

termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

3) Derecognition

Financial assets

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

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

Financial liabilities

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

modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

4) Offsetting

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

53-19 Share capital

Ordinary shares

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

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

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

Dividends

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

53-20 Impairment

1) Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

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

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

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is two years past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable

expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2) Non-financial assets

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

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

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

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

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

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

53-21 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the carrying amount of the provision resulting from the use of the discount to figure out the present value, which reflects the passage of time, is recognized as a finance cost.

53-22 Lease contracts

1) Determining whether the arrangement contains a lease contract or not

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

2) Leased assets

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

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

3) Lease payments

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

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

53-23 Operating profit

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

53-24 Fair value measurement

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

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

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

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

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

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

53-25 Insurance activity policies

Insurance activity revenue

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

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

Net income from Investment- insurance activity

Net income from investment is allocated as follows:

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

Accounts receivable from insurances

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

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

Insurance and reinsurance companies (Debit balances)

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

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

Technical provisions for Insurance on individuals and fund formation

a) Mathematical reserve

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

b) Provision for outstanding claims

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

Technical provisions for properties and liabilities insurances

a) Provision for unearned premium

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

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

b) Provisions for outstanding claims

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

c) Provisions for retrograded fluctuations

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

Credit balances of insurance and reinsurance companies

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

Allocation of general and administrative expenses – insurance activity

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

Production costs - insurance activity

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

Insurance activity risks

Regulatory framework of the Risk Management Department

The objective of the Company's Risk Management Department and Financial Management Department is to protect the Company's shareholders from events that impede the achievement of financial performance objectives, including failure to take advantage of opportunities. Risk Management Department also works on protecting the rights of policyholders by ensuring that

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

Insurance risk

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

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

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

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

Technical bases used in estimating the mathematical reserve

First: Used Life Table

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

Partial disability and permanent total disability: reinsurance rates.

Second: Used Interest Rates

Collective Contracts

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

Individual Contracts

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

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

Maximum rates allowed to be used are 3%.

Third: Methods used to calculate reserves

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

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

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

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

Fourth: Assumptions regarding wage scale

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

Fifth: Amounts charged to administrative expenses

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

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

The main risks the Company faces are as follows:

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

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

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

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

Reinsurance activity risks

As customarily applied in the other insurance companies and in order to limit the risk of encountering loss arising from insurance claims of large amounts, the Company engage into reinsurance agreements with other parties. These reinsurance contracts allow greater diversification in the business field and enable management to monitor the possibility of

encountering loss due to significant risks and provide additional growth potential. However, this procedure does not relieve the Company of its obligations towards its insured parties, and the Company shall remain liable to its policyholders for the reinsured part of the compensation under settlement in case the reinsurers fail to comply with their obligations under the reinsurance contract and therefore the credit risk shall remain-with respect to reinsurance -to the extent that any reinsurer is unable to settle his obligations.

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

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

54- Segment reporting

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

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

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

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

Business segments

The Group comprises the following main business segments:

- Energy sector.
- Chemicals & Fertilizers sector.
- Insurance sector.
- Wood Processing sector.
- Other operations.

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

Geographical segments

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

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

Notes to the interim consolidated financial statements (Cont.) for the financial period ended September 30, 2022

All numbers are in US Dollars

54- Segment reporting (Cont.)

	Energy sector			Chemicals & fertilizers sector			Insurance sector			Wood processing sector			Other operations			Total		
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenues	215 175 163	170 692 976	540 410 437	323 746 622	48 363 083	47 267 392	1 091 709	86 679	4 836 315	2 347 751	809 876 707	544 141 420						
Net operating loss	111 999 157	64 866 047	283 435 103	107 096 804	15 865 126	13 762 746	(2 304 344)	(1 350 052)	1 961 933	40 391 797	410 956 975	224 767 342						
Financing expenses	(4 733 175)	(2 470 727)	(3 798 113)	(3 211 804)	-	-	(1 112 970)	187 320	(15 934 594)	(12 227 497)	(24 578 852)	(17 722 707)						
Interest income	1 255 416	1 567 848	2 660 284	1 412 211	396 224	53 683	135 857	531 319	567 467	750 302	5 015 248	4 315 363						
Company's share of profit of equity - accounted investees (associates Companies)	-	-	-	-	1 618 858	1 202 879	-	-	-	-	1 618 858	1 202 879						
Net profit (loss) for the period before income tax	106 702 413	63 738 344	274 511 312	106 995 704	17 879 735	15 023 419	(3 323 833)	(633 770)	(6 764 063)	28 776 027	389 005 564	213 899 734						
Income tax	(10 518 064)	(10 213 039)	(64 101 473)	(28 192 076)	(2 339 786)	(9 738 918)	7 806	(1 54 716)	44 177	7 392 980	(76 907 340)	(40 805 269)						
Net profit (loss) for the period	96 184 349	53 525 305	210 409 839	78 803 628	15 539 949	12 778 270	(3 331 637)	(687 986)	(6 719 886)	28 675 238	312 098 224	173 094 465						
Total assets	679 304 109	703 674 490	986 987 685	804 028 140	181 164 663	191 825 725	156 232 855	83 294 142	129 745 946	382 854 609	2 143 435 258	2 165 677 106						
Equity - accounted investees (associates Companies)	-	-	-	-	20 534 374	18 546 476	-	-	-	5103 010	20 534 374	19 046 486						
Total liabilities	428 075 542	527 605 952	240 008 320	189 181 059	129 525 605	138 358 432	47 993 979	48 112 839	338 825 743	353 357 759	1 204 431 189	1 256 616 141						
Depreciation & amortization	(21 090 812)	(15 600 700)	(15 545 218)	(15 089 374)	(5 766)	(158 554)	(739 038)	(1 105 830)	(208 986)	(423 673)	(37 719 820)	(31 377 601)						

55- Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with Egyptian Accounting Standards (EASs) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis, revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods.

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

Judgments

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

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

Use of estimates and assumptions

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

Impairment of non-financial assets

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

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

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

Expected credit losses provision for commercial customers

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

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

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

Provisions

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

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

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

Useful life of fixed assets

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

Lease contracts – estimation of the additional borrowing rate

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